

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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*FISCAL YEAR ENDED JUNE 30, 2010*



**CITY OF MANASSAS PARK,  
VIRGINIA**



**CITY OF MANASSAS PARK, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED**  
**JUNE 30, 2010**

**Prepared By:**

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Gary Fields, Finance Director  
Manassas Park, Virginia



CITY OF MANASSAS PARK, VIRGINIA

FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010

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# CITY OF MANASSAS PARK

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

*Mayor:*  
*Frank Jones*

*Vice Mayor:*  
*Bryan E. Polk*

*City Manager:*  
*James W. (Jim) Zumwalt*

*Council Members:*  
*Preston Banks*  
*Brian Leeper*  
*Keith D. Miller*  
*Suhas Naddoni*  
*Bill Treuting*

May 10, 2011

## ***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, 2010 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 this report be audited by an independent firm of certified public accountants. 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 financial 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 Park's principal elected and appointed officials. The financial section includes Independent Auditors' Report, Management's Discussion and Analysis, the basic financial statements, required supplementary information, and supporting schedules. The 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 Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the compliance section of this report.

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Manassas Park's financial statements for the year ended June 30, 2010. 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 is located within the Washington, D.C. metropolitan area. The City is 2.5 square miles in size and has approximately 13,000 residents. Manassas Park was incorporated as an independent city in 1975, the last such incorporation in Virginia. Previously, Manassas Park was a town within Prince William County.

A seven-member Governing Body 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 recommending changes to municipal policies, preparing proposed budgets and supervising City employees.

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 District Commission is included as an investment of the City's General Fund, because it is a joint 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.

## □ LOCAL ECONOMY □

The City has built a viable community with a strong tax base of small businesses, a quality educational system, and an attractive community that thousands are choosing to call home. The tax base is primarily residential (greater than 80%).

The past 10 years have seen major investments in public facilities by the City. The City Schools are a shining example of this investment. A new elementary school was opened in February 2001. The new middle school was completed and occupied in October 2006. In spring of 2009, Cougar Upper Elementary School, a LEEDs certified project, was opened for 4<sup>th</sup> and 5<sup>th</sup> graders, as well as a facility for preschool & kindergarten. Major public facilities including a regional park that operates a water park, a public golf course, and a Virginia Railway Express station.

□ **LOCAL ECONOMY** □  
(Continued)

In 2007, Manassas Park residents had a median adjusted gross income of \$69,930, compared to the Virginia state average of \$70,335. The City's unemployment rate was 6.0% as of June 2009, which was less than the State average unemployment rate of 6.7%.

The financial condition of the City has been detrimentally impacted by the past few years' downturn in housing prices, as well reduced revenues from State sources, such as sales tax. An overall decline of 8% in City assessed values in 2008 was followed up in 2009 with a 33% decline in average assessments. The 2010 assessments declined 3%. Projections for 2011 are optimistic that the City will experience a small increase in property values.

In spite of the assessed value declines experienced in the City, as well as the entire region, the long-term outlook of the City is encouraging. A state of the art Community Center, complete with an indoor Olympic competition pool was opened in January 2010. The next few years will see the development of surplus City sites and the continued development of a town center area along Manassas Drive; and expansion of the private sector development within the City. The City continues to strive to enhance and improve municipal services, even during these difficult economic times.

□ **MAJOR INITIATIVES** □

As mentioned above, since 1999, there has been a significant commitment to improving the City's School buildings in order to provide first class facilities for students. The final project is the new upper elementary school and kindergarten which began construction in spring of 2007. The Kindergarten/Pre-school building opened for students in October 2008. Occupancy of the Upper Elementary school building is expected in April 2009. This will complete the "inventory" of quality state-of-the-art school facilities provided for all Manassas Park students, from pre-K to high school seniors. Both schools were designed to be "green" and to qualify as a LEEDs Certified Gold building, the first such elementary school in the state of Virginia and one of only a few in the entire country.

The City owns a significant amount of commercially zoned property that has been and will be marketed for development or redevelopment. The largest project recently completed is the "City Center", a mixed-use project on eighteen acres of formerly vacant property across from City Hall. The project includes 400,000 square feet of residential, office and retail space. The property was designed, and is being marketed, in a manner that would be conducive to retail, office and residential development and destination shopping. There are future phases of the project in the planning stages.

Other proposed developments plan to take advantage of the State's Public/Private Education Act. This allows for creative financing possibilities that appeal to both the developer and the City.

Good communication with the citizenry and local business community are critical elements of the City's public services. The City has quarterly publications of a City newsletter and an annual report. Also, information and notices are transmitted on two of the City's own cable television channels, one new channel with the addition of another service provider, provides simultaneous broadcast of Governing Body meetings. The City of Manassas Park was one of the first Northern Virginia localities

□ **MAJOR INITIATIVES** □  
(Continued)

to provide state-of-the-art cable television to its citizens in 1982, with most public meetings televised live to the citizens. The City's web page describes various aspects of the City's services and includes a directory of all privately owned businesses located in the City.

□ **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.

**Single Audit**

As a recipient of federal and state financial assistance, the City also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2010 disclosed instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

**Budgeting Controls**

In addition to internal accounting controls the City also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the Governing Body. Budgetary control is maintained at the fund level and any unspent appropriations at the fiscal year end may be re-appropriated as part of the following year's revised budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**Debt Administration**

At June 30, 2010, the City had a number of debt issues outstanding, including \$110,497,211 of general obligation bonds and notes payable from the governmental funds, \$6,750,000 Literary Fund loans payable from the governmental funds, and \$14,800,000 of general obligation bonds payable from the Enterprise Fund.

□ **FINANCIAL INFORMATION** □  
(Continued)

**Cash Management**

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, repurchase agreements, money market funds, U.S. Treasury bills, and other government obligations. The yield on investments ranged from 1.50 to 4.00 percent. All City deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

**Risk Management**

The City periodically reviews its risk management program. Substantially all of the City's coverage is through independent third party insurers.

**Independent Audit**

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates, CPA's, was selected by the City. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditors' report related specifically to the Single Audit is included in the Compliance Section.

□ **OTHER INFORMATION** □

**Acknowledgments**

Without the leadership and support of the Mayor and Governing Body, preparation of this report would not have been possible.

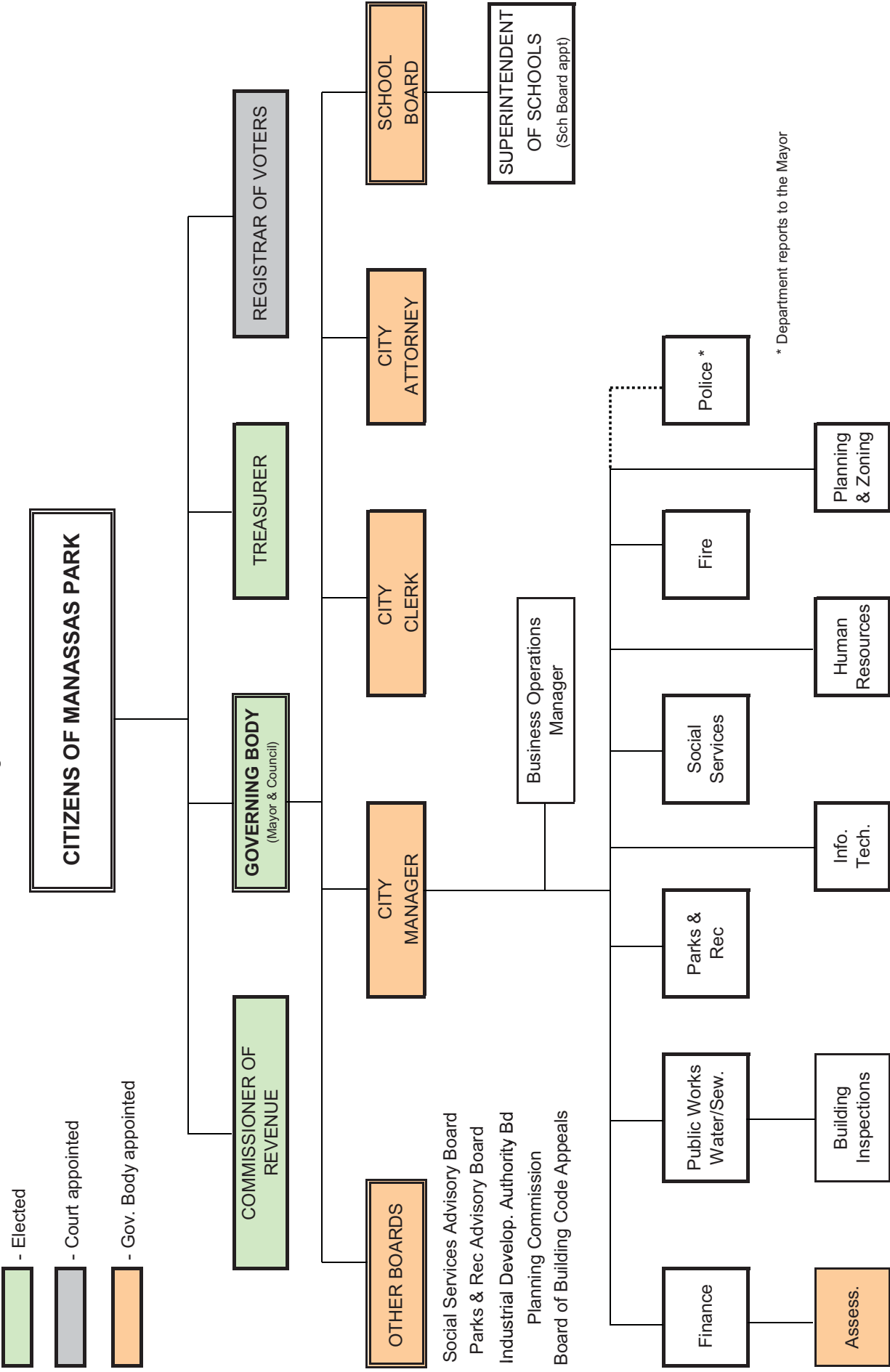
The preparation of this annual financial report could not have been accomplished without the dedicated effort of the entire Finance Department; Debra D. Wood, Commissioner of the Revenue; Winnie O'Neal, Treasurer; Krista Kelly, School Board Finance Director, and the members of their staffs. Their efforts over the past years toward upgrading the accounting and financial reporting systems of the City of Manassas Park have led substantially to the improved quality of the information being reported to the City of Manassas Park.

Sincerely,

  
Gary Fields  
Director of Finance

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City of Manassas Park, Virginia  
Organization Chart



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**CITY OF MANASSAS PARK, VIRGINIA**

**DIRECTORY OF PRINCIPAL OFFICIALS  
FISCAL YEAR ENDED JUNE 30, 2010**

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**MAYOR AND CITY COUNCIL**

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Michael R. Bunner

Fran Kassinger

Keith Miller

William J. Treuting, Jr.

Suhas Naddoni

Frank Jones, Mayor

Bryan E. Polk, Vice Mayor

**OTHER OFFICIALS**

---

City Manager

Mercury T. Payton

City Clerk

Lana A. Conner

Treasurer

Winifred O'Neal

Commissioner of the Revenue

Debra D. Wood

Superintendent of Schools

Thomas DeBolt

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

### **The Honorable Governing Body City of Manassas Park, Virginia**

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Manassas Park, Virginia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2011, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, Schedule of Pension Funding Progress, and Schedule of OPEB Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Manassas Park, Virginia. The combining and individual fund financial statements and schedules, supporting schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
May 10, 2011

## CITY OF MANASSAS PARK

### Management's Discussion and Analysis

The Management 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, 2010. The information presented here should be considered in conjunction with additional information provided in the letter of transmittal.

#### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at June 30, 2010 by \$25.2 million (net assets). Of this amount, \$9.5 million is unrestricted and may be used to meet the City's future obligations. The School Board's net assets were \$22.3 million of which is \$22.1 million is reported as invested in capital assets and \$113,700 is restricted for retiree health insurance benefits and the remaining (\$423,000) is unrestricted. (See Exhibit 1)
- The Government's net assets decreased by \$8.3 million and the School Board's net assets decreased by \$1.2 million. (See Exhibit 2)
- The unreserved, undesignated fund balance for the General Fund of (\$2,662,325) represents a negative 8 percent of total General Fund revenues of \$32.0 million compared to the Council-adopted target of 15.0 percent.
- Net assets of governmental activities decreased \$5.76 million to \$12.0 million and net assets of business-type activities decreased \$2.50 million to \$13.2 million.
- During FY 2010, gross bonded debt increased by \$0.7 million from \$116.5 million to \$117.2 million.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The Management Discussion and Analysis serves as an introduction to the City's basic financial statements, which are composed of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements, similar to those used by private-sector companies, report information about the City as a whole. 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 Assets* 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 using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

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

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS: (Continued)**

In the *Statement of Net Assets* 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, police, fire, public works, health and human services, parks and recreation, community development. These activities are primarily funded with property taxes, other taxes and intergovernmental revenue.

Business-type activities - The financial activity of the water and sewer enterprise is reported here. The City charges a fee to customers to help cover all or most of the cost of services provided by this activity.

Component unit – The City also includes a separate legal entity -- the School Board, in its report. While legally separate, the School Board's financial relationship with the City makes the City financially accountable.

The Government-Wide financial statements can be found on pages 17-19 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 most significant 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. The City uses governmental, proprietary, and fiduciary fund financial statements to provide more detailed information about the City's most significant funds.

The City has three kinds of funds:

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements provide a near or 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 pages 23-26 of this report.

### **Proprietary Funds**

Proprietary funds are used 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. An enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. Internal service funds are used to account for goods and services provided on a cost reimbursement basis from activities within the government.

The City maintains a single proprietary fund to account for its water and sewer operations. Currently, no internal service funds are maintained.

The basic Proprietary Funds financial statements can be found on pages 27-29 of this report.

## FUND FINANCIAL STATEMENTS: (Continued)

### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-71 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Required supplementary information can be found on pages 73-77 of this report.

Other supplementary information can be found on pages 79-111 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Assets** - The following table reflects condensed information on the City's net assets:

**Summary of Net Assets (000s omitted)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Component Unit School Board</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current & other assets	\$ 13,028	\$ 27,675	\$ 8,031	\$ 11,366	\$ 21,059	\$ 39,041	\$ 4,052	\$ 5,352
Capital assets	122,906	113,682	20,550	20,841	143,456	134,523	23,030	22,690
Total assets	<u>\$ 135,934</u>	<u>\$ 141,357</u>	<u>\$ 28,581</u>	<u>\$ 32,207</u>	<u>\$ 164,515</u>	<u>\$ 173,564</u>	<u>\$ 27,082</u>	<u>\$ 28,042</u>
Long-term debt								
outstanding	\$ 118,870	\$ 118,505	\$ 14,775	\$ 14,446	\$ 133,645	\$ 132,951	\$ 939	\$ 847
Other liabilities	5,084	5,110	561	2,018	5,645	7,128	3,872	3,709
Total liabilities	<u>\$ 123,954</u>	<u>\$ 123,615</u>	<u>\$ 15,336</u>	<u>\$ 16,464</u>	<u>\$ 139,290</u>	<u>\$ 140,079</u>	<u>\$ 4,811</u>	<u>\$ 4,556</u>
Net assets:								
Invested in capital assets, net of related debt	\$ 10,158	\$ 16,209	\$ 5,539	\$ 6,473	\$ 15,697	\$ 22,682	\$ 22,580	\$ 22,299
Restricted (retiree health benefits)	-	-	-	-	-	-	114	114
Unrestricted (deficit)	1,822	1,533	7,706	9,270	9,528	10,803	(423)	1,073
Total net assets	<u>\$ 11,980</u>	<u>\$ 17,742</u>	<u>\$ 13,245</u>	<u>\$ 15,743</u>	<u>\$ 25,225</u>	<u>\$ 33,485</u>	<u>\$ 22,271</u>	<u>\$ 23,486</u>

The City's combined net assets decreased from \$33.5 million at June 30, 2009 to \$25.2 million at June 30, 2010 primarily due to a decrease in current assets offset by an increase in capital assets in governmental activities. Almost all (85 percent) of the City's net assets of governmental activities are invested in capital assets (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 City has a sound financial position with 35 percent of total (governmental and business-type) net assets unrestricted and available for providing services to the citizens of the City.

The Component Unit School Board net assets decreased by \$1.2 million primarily as a result of a decrease in current assets.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

The net assets of the City's business-type activities are \$13.2 million, a decrease of \$2.5 million. The decrease is due primarily to a decrease of tap fees (capital contributions) received.

As with the governmental activities, a significant amount of the net assets is invested in capital assets. The City uses these assets to provide services to its citizens. The unrestricted net assets of the business-type activities were \$7.7 million on June 30, 2010.

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

<b>Statement of Activities</b> <b>Changes in Net Assets (000s omitted)</b> <b>For Fiscal Years Ending June 30, 2010 and 2009</b>								
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Component Unit School Board</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Revenues:								
Program revenues:								
Charges for services	\$ 1,331	\$ 1,871	\$ 5,664	\$ 4,652	\$ 6,995	\$ 6,523	\$ 540	\$ 949
Operating grants and contributions	4,976	3,836	-	-	4,976	3,836	-	-
Capital grants and contributions	10	10	193	2,032	203	2,042	17,094	16,413
General revenues:								
Property taxes	20,352	23,094	-	-	20,352	23,094	-	-
Other taxes	3,635	4,809	-	-	3,635	4,809	-	-
Payment from City of Manassas Park	-	-	-	-	-	-	10,754	12,421
Grants and contributions not restricted to specific programs	2,253	1,572	-	-	2,253	1,572	-	-
Other	972	1,437	9	74	981	1,511	180	67
Total Revenues	\$ 33,529	\$ 36,629	\$ 5,866	\$ 6,758	\$ 39,395	\$ 43,387	\$ 28,568	\$ 29,850
Expenses:								
General government	\$ 4,043	\$ 4,428	\$ -	\$ -	\$ 4,043	\$ 4,428	\$ -	\$ -
Judicial administration	560	538	-	-	560	538	-	-
Public safety	9,813	8,485	-	-	9,813	8,485	-	-
Public works	2,997	3,530	-	-	2,997	3,530	-	-
Health and welfare	4,057	4,383	-	-	4,057	4,383	-	-
Education	10,769	12,436	-	-	10,769	12,436	29,783	29,692
Parks recreation and cultural	2,658	2,473	-	-	2,658	2,473	-	-
Community development	120	436	-	-	120	436	-	-
Interest on long-term debt	5,096	3,847	-	-	5,096	3,847	-	-
Water and Sewer	-	-	7,542	5,867	7,542	5,867	-	-
School Board	-	-	-	-	-	-	-	-
Total Expenses	\$ 40,113	\$ 40,556	\$ 7,542	\$ 5,867	\$ 47,655	\$ 46,423	\$ 29,783	\$ 29,692
Increase in net assets before transfers	\$ (6,584)	\$ (3,927)	\$ (1,676)	\$ 891	\$ (8,260)	\$ (3,036)	\$ (1,215)	\$ 158
Transfers	822	625	(822)	(625)	-	-	-	-
Increase in net assets	\$ (5,762)	\$ (3,302)	\$ (2,498)	\$ 266	\$ (8,260)	\$ (3,036)	\$ (1,215)	\$ 158
Net Assets - beginning, as adjusted	17,742	21,044	15,743	15,477	33,485	36,521	23,486	23,328
Net Assets - ending	\$ 11,980	\$ 17,742	\$ 13,245	\$ 15,743	\$ 25,225	\$ 33,485	\$ 22,271	\$ 23,486



## GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

### Governmental Activities

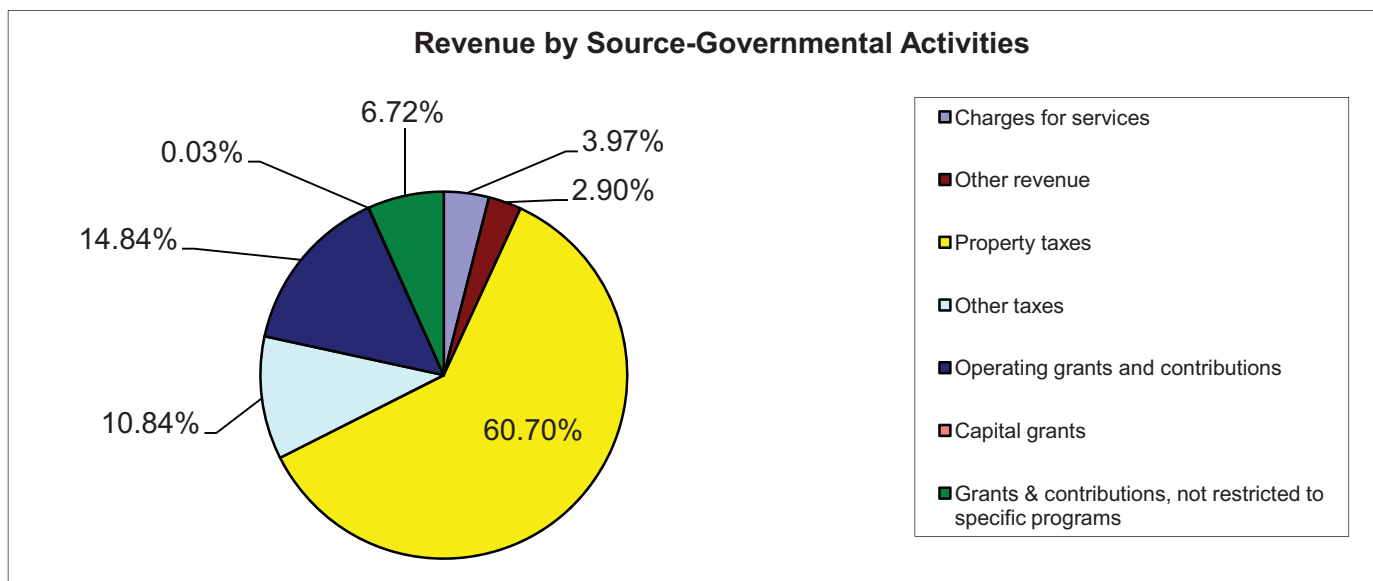
#### Revenues

For FY 2010, revenues from governmental activities totaled \$33.5 million. General Revenues, specifically Property Taxes and Other Local Taxes, are the largest components of revenues (72 percent). General Property Tax revenues were \$20.4 million. Real Property Tax, the City's largest single source of revenue, was \$17.4 million, which represents 52% of total revenues.

The City received a total of \$4.0 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. Of the \$4.0 million, the City received reimbursement from the Commonwealth of Virginia of \$1.4 million for taxes on individual automobiles.

Other Local Taxes includes revenue from local sales, consumer utilities, business licenses, and meals taxes. Local sales tax revenues were \$1.1 million for FY 2010, a decrease of \$0.3 million from FY 2009. Consumers' utility tax revenue and taxes on recordation and wills remained relatively flat, respectively.

The combination of these revenue sources resulted in an overall decrease in revenue from other local taxes for FY 2010 from \$4.8 million in 2009 to \$3.6 million in 2010.



#### Expenses

For FY 2010, expenses for governmental activities totaled \$40.1 million, which did not include budgeted increases for any functions, except Parks, Recreation and Cultural. As a result of the GASB 34 financial reporting requirements, depreciation expense replaces retirement of principal on long-term debt and is allocated to governmental activities.

The City's five largest funded programs are local support for education, public safety, public works, health and human services, and parks and recreation. Education continues to be one of the City's highest priorities and commitments. The City's education expense totaled \$10.8 million, a marked decrease from FY 2009 due to the decrease in property assessments. Additionally, the City transferred \$4.8 million to the Schools for debt service.

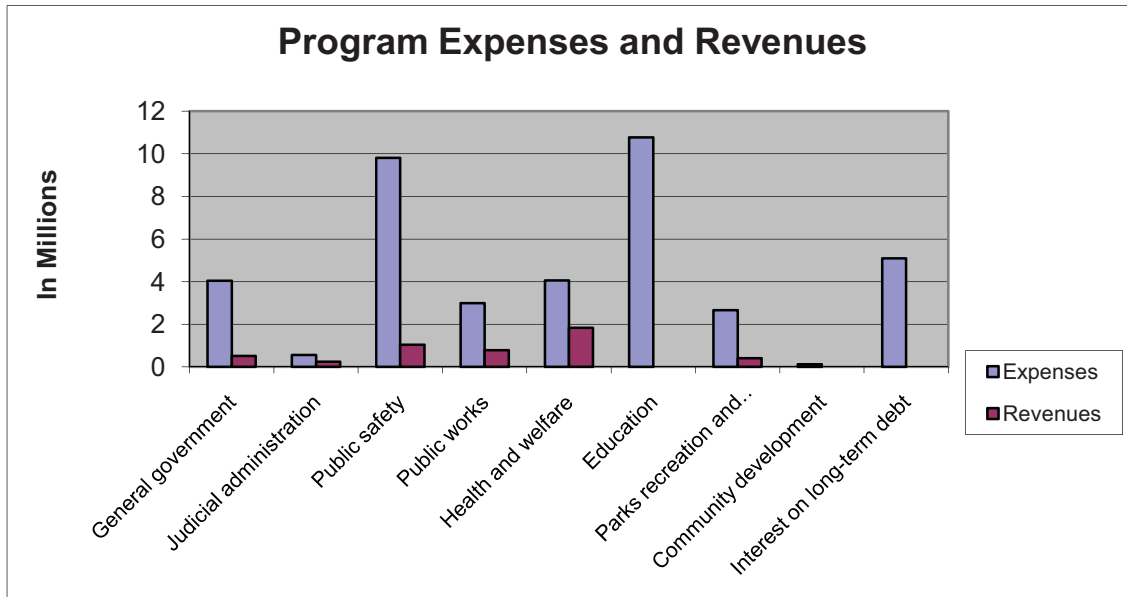
Expenses for governmental activities, the Statement of Activities (Exhibit 2) on page 18, shows that \$1.3 million was financed by those receiving services; \$5.0 million from operating grants and contributions, \$10,128 from capital grants and contributions, with the City's general revenues financing \$28.0 million of the remaining program expenses.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

### Governmental Activities: (Continued)

#### Expenses: (Continued)

The graph that follows shows the program expenses and program revenues generated by governmental activities.



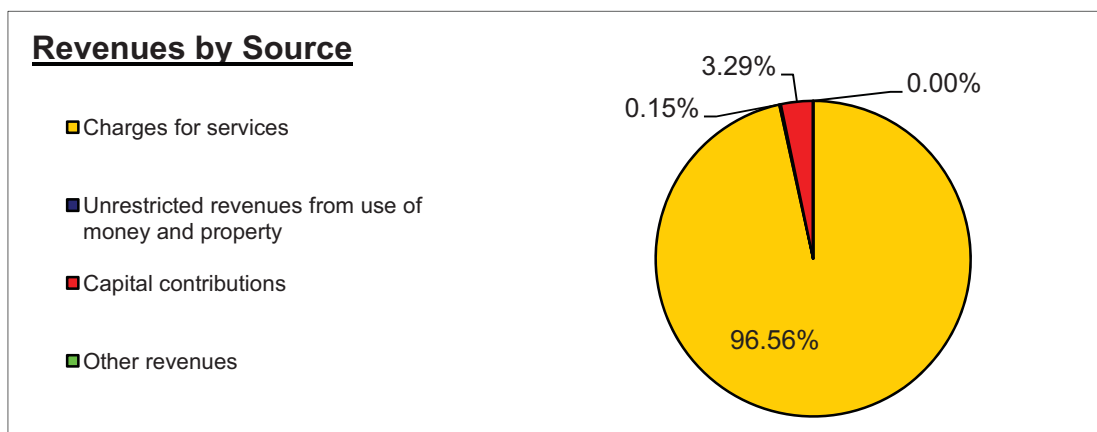
#### Business-type Activities

The City's business-type activity is composed of an enterprise fund for water and sewer operations. Net assets of business-type activity decreased \$2.5 million. The decrease in overall net assets is directly attributed to the decrease of revenue from tap fees.

At June 30, 2010, total net assets for business-type activities were \$13.2 million, of which \$5.5 million is invested in capital assets. The balance of \$7.7 million is unrestricted and available to provide funding for future operations.

#### Revenues

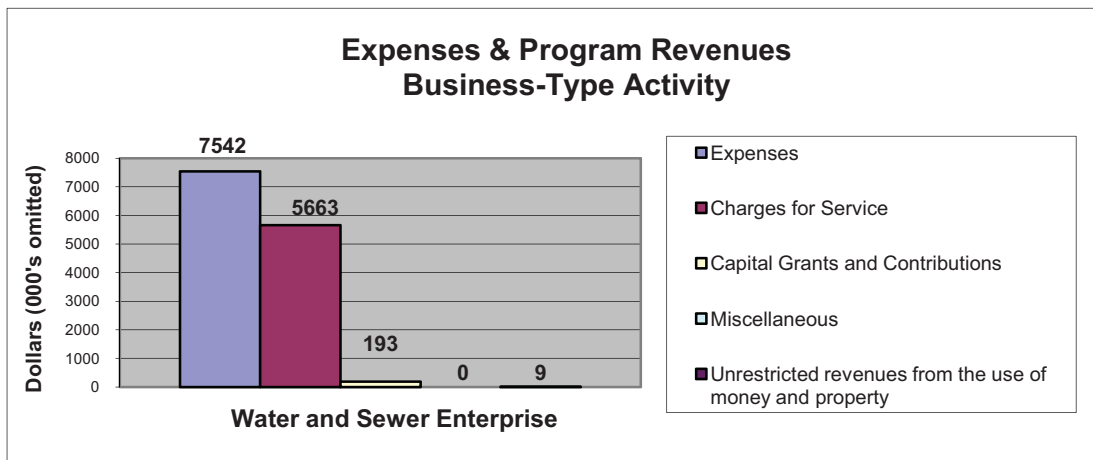
Total revenues, both operating and non-operating, were \$5.9 million: charges for service totaled \$5.6 million; capital grants and contributions tap fees provided \$0.2 million and miscellaneous of \$0.2 million. The following chart illustrates the revenues by source.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

### Expenses

Expenses totaled \$7.5 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 pages 27-29 for more details.

### Component Unit - School Board

The net assets of the School Board decreased \$1.2 million. This decrease was primarily attributable to the decrease in transfer from the City for tax revenue due to the decreased in assessed values during FY 2010.

## FUND FINANCIAL ANALYSIS

### Governmental Funds

Governmental Funds comprise the General Fund and Other Governmental Funds, which includes the Debt Service Fund, School Debt Service, 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 unreserved 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 2010, the City's governmental funds reported a combined fund balance of \$7.4 million. The significant decrease in fund balance is attributable to completed or nearly completed capital projects, primarily the City's new Community Center. These projects account for \$11.5 million of the decrease in combined fund balance from \$20.5 million in FY 2009.

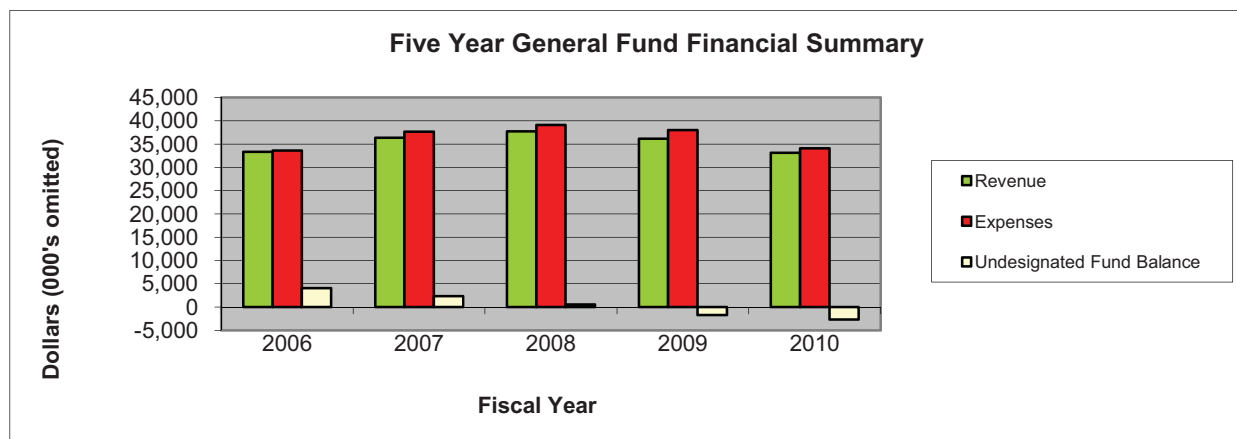
- Of the combined fund balance, negative \$247,715 constitutes unreserved fund balance, \$(2.7) million for the General Fund, \$2.4 million for the School Debt Service Fund and \$(.02) million for the City Capital Projects Fund and School Building Fund combined.
- Of the combined fund balance, \$667,418 belongs to the School Debt Service Fund and is restricted for future debt service payments. The fund balance decreased by \$136,043 in fiscal year 2010.
- The School Building Fund Balances decreased significantly, \$111,055, due to the construction of a new elementary school.

## FUND FINANCIAL ANALYSIS: (Continued)

### General Fund

The General Fund is the chief operating fund of the City. At the end of FY 2010, the undesignated fund balance was \$(2.6) million. The undesignated fund balance represents a negative 8.3 percent of total General Fund revenues, below the Council's adopted financial policy target of 15.0 percent.

The following graph presents General Fund summary financial information for the past five years.



### FY 2010 General Fund Budgetary Highlights (000s omitted)

	Original Budget	Amended Budget	Actual	Amended vs Actual
<b>Revenues, &amp; Other Sources:</b>				
Taxes	\$ 25,882	\$ 24,942	\$ 24,332	\$ (1,350)
Intergovernmental	5,686	5,370	5,616	(287)
Other	2,909	2,509	2,085	(759)
Transfers	1,072	1,072	1,131	(386)
Issuance of debt	-	-	-	-
<b>Total</b>	<b>\$ 35,549</b>	<b>\$ 33,893</b>	<b>\$ 33,164</b>	<b>\$ (2,782)</b>
<b>Expenditures, Transfers &amp; Other Uses:</b>				
Expenditures	\$ 30,366	\$ 30,366	\$ 28,943	\$ 5,706
Transfers	5,183	5,183	5,183	(4,789)
<b>Total</b>	<b>\$ 35,549</b>	<b>\$ 35,549</b>	<b>\$ 34,126</b>	<b>\$ 917</b>
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (1,656)</b>	<b>\$ (962)</b>	<b>\$ (3,699)</b>

Actual revenues and other financing sources were less than the amended budget revenues by \$2.8 million. The largest portion of this negative variance is attributable to less revenue from the Other local taxes and Charges for Services that were less than the amended budget.

## FUND FINANCIAL ANALYSIS: (Continued)

### General Fund: (Continued)

Expenditures, transfers and other uses of funds were \$.9 million less than the FY 2010 amended budget. Expenditure savings were attributable primarily to appropriations for education being \$1.4 million less than the amended budget due to the reduction in assessed values.

### Proprietary Fund

The City of Manassas Park's proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail. The City maintains a single proprietary fund for the Water and Sewer Enterprise.

### Water and Sewer Fund

The Water and Sewer Fund ended FY 2010 with net assets of \$13.2 million. The decrease in net assets is directly attributed to the significant decrease in the collection of tap fees, from \$2.0 million in FY 2009 to \$0.2 million in FY 2010. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The primary government investment in capital assets as of June 30, 2010 for its governmental and business-type activities was \$143.5 million, net of depreciation, as reflected in the schedule below.

**Capital Assets (000s omitted)**  
**(net of depreciation)**  
**as of June 30, 2010**

	<b>Govern- mental</b>	<b>Business- Type</b>	<b>Total</b>	<b>Component Unit</b>
Land	\$ 5,561	\$ -	\$ 5,561	\$ 1,637
Buildings and system	83,631	-	83,631	19,863
Machinery and equipment	2,413	-	2,413	1,530
Infrastructure	10,038	-	10,038	-
Construction in progress	21,264	-	21,264	-
Utility Plant and Equipment	-	20,550	20,550	-
Total	<u>\$ 122,907</u>	<u>\$ 20,550</u>	<u>\$ 143,457</u>	<u>\$ 23,030</u>

Investments in Capital Assets in FY 2010 include continuation of the street and sidewalk enhancements program, and the completed construction of the Community Center building.

Detailed information on the City's Capital Assets can be found in Note 8 of this report.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Long-term Debt**

At the end of FY 2010, the City's total outstanding debt was \$132.0 million, including \$14.8 million of business-type activity debt supported by the enterprise fund, resulting in net bonded debt of governmental activities of \$117.2 million. Accrued compensated absences, bank loans and capital leases are not included in the bonded debt amounts.

During FY 2010, the City retired \$13.1 million of outstanding principal and issued \$13.6 million of new long-term debt.

At June 30, 2010, the City of Manassas Park maintained an "A" rating from Standard & Poor's, and an "A3" from Moody's for General Obligation debt.

Detailed information on the City's long-term debt can be found in Note 9 to this report.

### **ECONOMIC FACTORS**

- The City's unemployment rate for June 2010 was 6.5 percent. This compares favorably to the State's unemployment rate of 7.3 percent and favorably to the national average rate of 9.7 percent for June 2010.
- The recent downturn in housing prices in the region has significantly impacted the City's real estate tax revenue. An overall increase of 4% or more is expected for the July 1, 2010 assessments.
- Despite signs of growth slowing down, the projections for the city's economic growth show that it is expected to grow faster than the economies of nearby counties partly because its base is small (resulting in higher percent change) and, as a result, the economy is likely to change more as it grows yielding higher growth rates.
- The City continues to own several business properties that will be marketed for development or redevelopment.

All of these factors were considered in preparing the City's budget for 2011 fiscal year.

### **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 [g.fields@manassasparkva.gov](mailto:g.fields@manassasparkva.gov).

## **BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 389,780	\$ 5,665,400	\$ 6,055,180	\$ 2,244,018
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,092,596	-	1,092,596	-
Accounts receivable	152,786	414,939	567,725	543,579
Notes receivable	-	815,629	815,629	-
Due from other governmental units	1,595,869	-	1,595,869	1,210,568
Inventories	-	-	-	29,366
Prepaid expenses	172,325	294,105	466,430	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	5,874,004	319,812	6,193,816	23,908
Other assets:				
Investment in joint venture	2,552,685	-	2,552,685	-
Unamortized bond issue costs	1,198,427	520,574	1,719,001	-
Capital assets (net of accumulated depreciation):				
Land	5,560,783	-	5,560,783	1,637,491
Buildings and improvements	83,630,539	-	83,630,539	19,863,323
Machinery and equipment	2,412,929	-	2,412,929	1,529,505
Infrastructure	10,037,816	-	10,037,816	-
Utility plant and equipment	-	20,550,129	20,550,129	-
Construction in progress	21,263,953	-	21,263,953	-
Total assets	\$ 135,934,492	\$ 28,580,588	\$ 164,515,080	\$ 27,081,758
<b>LIABILITIES</b>				
Accounts payable	\$ 1,610,136	\$ 227,240	\$ 1,837,376	\$ 1,077,542
Accounts payable, payable from restricted assets	737,741	-	737,741	-
Accrued liabilities	426,713	29,253	455,966	2,777,659
Retainage payable, payable from restricted assets	100,000	-	100,000	-
Accrued interest payable	1,382,174	271,384	1,653,558	-
Unearned revenue	1,207	-	1,207	16,429
Deposits payable	825,996	32,595	858,591	-
Long-term liabilities:				
Due within one year	1,295,523	8,364	1,303,887	137,960
Due in more than one year	117,574,143	14,767,084	132,341,227	800,960
Total liabilities	\$ 123,953,633	\$ 15,335,920	\$ 139,289,553	\$ 4,810,550
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 10,158,642	\$ 5,538,509	\$ 15,697,151	\$ 22,580,500
Restricted for:				
Retiree health benefit	-	-	-	113,700
Unrestricted (deficit)	1,822,217	7,706,159	9,528,376	(422,992)
Total net assets	\$ 11,980,859	\$ 13,244,668	\$ 25,225,527	\$ 22,271,208

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

## CITY OF MANASSAS PARK, VIRGINIA

## Statement of Activities

For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 4,042,638	\$ 103,718	\$ 411,531	\$ -
Judicial administration	559,672	235,557	-	-
Public safety	9,813,118	299,932	2,234,669	10,128
Public works	2,996,931	69,907	716,976	-
Health and welfare	4,057,559	225,128	1,607,642	-
Education	10,769,321	-	-	-
Parks, recreation, and cultural	2,657,667	397,330	5,000	-
Community development	119,764	-	-	-
Interest on long-term debt	5,095,520	-	-	-
Total governmental activities	<u>\$ 40,112,190</u>	<u>\$ 1,331,572</u>	<u>\$ 4,975,818</u>	<u>\$ 10,128</u>
Business-type activities:				
Water and sewer	\$ 7,541,752	\$ 5,622,665	\$ -	\$ 192,982
Total business-type activities	<u>\$ 7,541,752</u>	<u>\$ 5,622,665</u>	<u>\$ -</u>	<u>\$ 192,982</u>
Total primary government	<u>\$ 47,653,942</u>	<u>\$ 6,954,237</u>	<u>\$ 4,975,818</u>	<u>\$ 203,110</u>
<b>COMPONENT UNIT:</b>				
School Board	\$ 29,782,968	\$ 539,718	\$ 17,094,138	\$ -
Total component unit	<u>\$ 29,782,968</u>	<u>\$ 539,718</u>	<u>\$ 17,094,138</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Cigarette taxes				
Other local taxes				
Payment from City of Manassas Park				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning, as adjusted				
Net assets - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (3,527,389)	\$ -	\$ (3,527,389)	\$ -
(324,115)	-	(324,115)	-
(7,268,389)	-	(7,268,389)	-
(2,210,048)	-	(2,210,048)	-
(2,224,789)	-	(2,224,789)	-
(10,769,321)	-	(10,769,321)	-
(2,255,337)	-	(2,255,337)	-
(119,764)	-	(119,764)	-
(5,095,520)	-	(5,095,520)	-
<u>\$ (33,794,672)</u>	<u>\$ -</u>	<u>\$ (33,794,672)</u>	<u>\$ -</u>
\$ -	\$ (1,726,105)	\$ (1,726,105)	\$ -
\$ -	\$ (1,726,105)	\$ (1,726,105)	\$ -
<u>\$ (33,794,672)</u>	<u>\$ (1,726,105)</u>	<u>\$ (35,520,777)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (12,149,112)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,149,112)</u>
\$ 20,352,144	\$ -	\$ 20,352,144	\$ -
1,138,777	-	1,138,777	-
721,268	-	721,268	-
632,868	-	632,868	-
404,116	-	404,116	-
737,669	-	737,669	-
-	-	-	10,754,116
169,053	49,587	218,640	2,321
802,521	-	802,521	177,745
2,253,053	-	2,253,053	-
821,625	(821,625)	-	-
<u>\$ 28,033,094</u>	<u>\$ (772,038)</u>	<u>\$ 27,261,056</u>	<u>\$ 10,934,182</u>
<u>\$ (5,761,578)</u>	<u>\$ (2,498,143)</u>	<u>\$ (8,259,721)</u>	<u>\$ (1,214,930)</u>
17,742,437	15,742,811	33,485,248	23,486,138
<u>\$ 11,980,859</u>	<u>\$ 13,244,668</u>	<u>\$ 25,225,527</u>	<u>\$ 22,271,208</u>

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## **Fund Financial Statements**

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Balance Sheet  
Governmental Funds  
June 30, 2010

	General	School Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 2,385,738	\$ -	\$ 505,983	\$ 2,891,721
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,092,596	-	-	-	1,092,596
Accounts receivable	152,786	-	-	-	152,786
Due from other funds	140,266	-	-	-	140,266
Due from other governmental units	915,288	-	-	680,581	1,595,869
Prepaid items	128,847	-	17,778	25,700	172,325
Investment in joint venture	2,552,685	-	-	-	2,552,685
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	667,418	5,198,455	8,131	5,874,004
Total assets	<u>\$ 4,982,468</u>	<u>\$ 3,053,156</u>	<u>\$ 5,216,233</u>	<u>\$ 1,220,395</u>	<u>\$ 14,472,252</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Reconciled overdraft	\$ 1,788,094	\$ -	\$ 713,847	\$ -	\$ 2,501,941
Accounts payable	409,966	-	-	1,200,170	1,610,136
Accounts payable, payable from restricted assets	-	-	737,741	-	737,741
Accrued liabilities	195,106	-	231,607	-	426,713
Retainage payable, payable from restricted assets	-	-	100,000	-	100,000
Due to other funds	-	-	140,266	-	140,266
Deferred revenue	777,083	-	-	-	777,083
Deposits payable	825,996	-	-	-	825,996
Total liabilities	<u>\$ 3,996,245</u>	<u>\$ -</u>	<u>\$ 1,923,461</u>	<u>\$ 1,200,170</u>	<u>\$ 7,119,876</u>
Fund balances:					
Reserved for:					
Emergencies	\$ 1,095,863	\$ -	\$ -	\$ -	\$ 1,095,863
Construction	-	-	3,274,994	8,131	3,283,125
Transportation	2,552,685	-	-	-	2,552,685
School debt service	-	667,418	-	-	667,418
Unreserved:					
Reported in:					
General fund	(2,662,325)	-	-	-	(2,662,325)
Debt service funds	-	2,385,738	-	(2,954)	2,382,784
Capital projects funds	-	-	17,778	15,048	32,826
Total fund balances	<u>\$ 986,223</u>	<u>\$ 3,053,156</u>	<u>\$ 3,292,772</u>	<u>\$ 20,225</u>	<u>\$ 7,352,376</u>
Total liabilities and fund balances	<u>\$ 4,982,468</u>	<u>\$ 3,053,156</u>	<u>\$ 5,216,233</u>	<u>\$ 1,220,395</u>	<u>\$ 14,472,252</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 7,352,376
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	122,906,020
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	592,129
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(118,869,666)</u>
Net assets of governmental activities	\$ <u>11,980,859</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	General	School Debt Service Fund	City Capital Projects	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 20,697,342	\$ -	\$ -	\$ -	\$ 20,697,342
Other local taxes	3,634,698	-	-	-	3,634,698
Permits, privilege fees, and regulatory licenses	58,302	-	-	-	58,302
Fines and forfeitures	262,980	-	-	-	262,980
Revenue from the use of money and property	118,365	4,111	46,551	26	169,053
Charges for services	1,010,290	-	-	-	1,010,290
Miscellaneous	632,521	-	170,000	-	802,521
Recovered costs	2,442	-	-	-	2,442
Intergovernmental revenues:					
Commonwealth	4,574,916	-	110,325	-	4,685,241
Federal	1,041,537	-	-	1,512,221	2,553,758
Total revenues	<u>\$ 32,033,393</u>	<u>\$ 4,111</u>	<u>\$ 326,876</u>	<u>\$ 1,512,247</u>	<u>\$ 33,876,627</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 3,337,526	\$ -	\$ -	\$ -	\$ 3,337,526
Judicial administration	500,014	-	-	-	500,014
Public safety	6,661,087	-	-	1,453,133	8,114,220
Public works	1,949,266	-	-	-	1,949,266
Health and welfare	3,610,447	-	-	-	3,610,447
Education	10,552,384	-	-	-	10,552,384
Parks, recreation, and cultural	2,213,340	-	-	-	2,213,340
Community development	118,991	-	-	-	118,991
Capital projects	-	-	12,144,134	111,081	12,255,215
Debt service:					
Principal retirement	-	362,036	127,274	980,345	1,469,655
Interest and other fiscal charges	-	4,000,623	7,686	985,119	4,993,428
Total expenditures	<u>\$ 28,943,055</u>	<u>\$ 4,362,659</u>	<u>\$ 12,279,094</u>	<u>\$ 3,529,678</u>	<u>\$ 49,114,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,090,338</u>	<u>\$ (4,358,548)</u>	<u>\$ (11,952,218)</u>	<u>\$ (2,017,431)</u>	<u>\$ (15,237,859)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 1,130,713	\$ 4,222,505	\$ -	\$ 1,961,938	\$ 7,315,156
Transfers out	(5,182,574)	-	(1,251,869)	(59,088)	(6,493,531)
Issuance of refinancing bonds	-	-	13,640,000	-	13,640,000
Payment to refunding bond escrow agent	-	-	(11,932,538)	-	(11,932,538)
Bond issue costs	-	-	(459,062)	-	(459,062)
Total other financing sources (uses)	<u>\$ (4,051,861)</u>	<u>\$ 4,222,505</u>	<u>\$ (3,469)</u>	<u>\$ 1,902,850</u>	<u>\$ 2,070,025</u>
Net change in fund balances	\$ (961,523)	\$ (136,043)	\$ (11,955,687)	\$ (114,581)	\$ (13,167,834)
Fund balances - beginning, as adjusted	1,947,746	3,189,199	15,248,459	134,806	20,520,210
Fund balances - ending	<u>\$ 986,223</u>	<u>\$ 3,053,156</u>	<u>\$ 3,292,772</u>	<u>\$ 20,225</u>	<u>\$ 7,352,376</u>

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

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds	\$ (13,167,834)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

7,825,016

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

(345,198)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

237,613

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.

(311,175)

Change in net assets of governmental activities

\$ (5,761,578)

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

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2010

	Enterprise Fund Water and Sewer Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 5,665,400
Accounts receivable, net of allowance for uncollectibles	414,939
Notes receivable	815,629
Prepaid expenses	294,105
Total current assets	\$ <u>7,190,073</u>
Noncurrent assets:	
Restricted current assets:	
Cash and cash equivalents (in custody of others)	\$ <u>319,812</u>
Other assets:	
Unamortized bond issue costs	\$ <u>520,574</u>
Capital assets:	
Utility plant and equipment	\$ 26,276,631
Less accumulated depreciation	<u>(5,726,502)</u>
Total capital assets	\$ <u>20,550,129</u>
Total noncurrent assets	\$ <u>21,390,515</u>
Total assets	\$ <u>28,580,588</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 227,240
Accrued liabilities	29,253
Accrued interest payable	271,384
Deposits payable	32,595
Compensated absences - current portion	8,364
Total current liabilities	\$ <u>568,836</u>
Noncurrent liabilities:	
Bonds payable	\$ 14,691,808
Compensated absences - net of current portion	75,276
Total noncurrent liabilities	\$ <u>14,767,084</u>
Total liabilities	\$ <u>15,335,920</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 5,538,509
Unrestricted	7,706,159
Total net assets	\$ <u><u>13,244,668</u></u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2010

	Enterprise Fund Water and Sewer Fund
<b>OPERATING REVENUES</b>	
Charges for services:	
Water and sewer revenues	\$ 5,408,306
Other revenues	214,359
Total operating revenues	<u>\$ 5,622,665</u>
<b>OPERATING EXPENSES</b>	
Water and sewer operations	\$ 3,156,581
Inflow and infiltration	1,615,962
Operation and maintenance of U.O.S.A. plant	1,274,420
Depreciation	630,485
Total operating expenses	<u>\$ 6,677,448</u>
Operating income (loss)	<u>\$ (1,054,783)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ 9,384
Antenna lease charges - watertower	40,203
Interest expense	(864,304)
Total nonoperating revenues (expenses)	<u>\$ (814,717)</u>
Income before contributions and transfers	<u>\$ (1,869,500)</u>
Capital contributions	\$ 192,982
Transfers out	<u>(821,625)</u>
Change in net assets	<u>\$ (2,498,143)</u>
Total net assets - beginning, as adjusted	15,742,811
Total net assets - ending	<u><u>\$ 13,244,668</u></u>

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

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2010

	Enterprise Fund Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 5,605,267
Payments to suppliers	(5,968,243)
Payments to employees and on behalf of employees	(1,029,082)
Net cash provided (used) by operating activities	<u>\$ (1,392,058)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	\$ (821,625)
Antenna lease fees	40,203
Net cash provided (used) by noncapital financing activities	<u>\$ (781,422)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Additions to utility plant	\$ (339,836)
Principal payments on bonds	(3,245,000)
Proceeds from bond issuance	3,557,741
Tap fees	192,982
Interest payments	(733,569)
Net cash provided (used) by capital and related financing activities	<u>\$ (567,682)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	\$ 9,384
Net increase (decrease) in cash and cash equivalents	\$ (2,731,778)
Cash and cash equivalents - beginning	8,716,990
Cash and cash equivalents - ending	<u><u>\$ 5,985,212</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (1,054,783)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 630,485
(Increase) decrease in accounts receivable	(17,398)
(Increase) decrease in prepaid expenses	702,335
Increase (decrease) in accounts payable and compensated absences	(1,642,935)
Increase (decrease) in accrued liabilities	(9,762)
Total adjustments	<u>\$ (337,275)</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,392,058)</u></u>

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

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## CITY OF MANASSAS PARK, VIRGINIA

### Notes to Financial Statements As of June 30, 2010

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#### **Note 1—Summary Of Significant Accounting Policies:**

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The financial statements of the City conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

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

The City of Manassas Park, Virginia (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.

**Blended Component Units** - The City has no blended component units for the fiscal year ended June 30, 2010.

**Discretely Presented Component Unit** - The component unit column in the combined financial statements includes the financial data of the City's discretely presented component unit. The component unit is reported in a separate column to emphasize that it is legally separate from the City.

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.

**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 Authority had no revenue bonds outstanding at June 30, 2010.

**Joint Ventures** - A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Potomac and Rappahannock Transportation District Commission is a joint venture of the City and is included in the combined financial statements of the City as an investment in the general fund.

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

### A. Reporting Entity: (Continued)

The Potomac and Rappahannock Transportation Commission (PRTC), was created in fiscal year 1987 to levy a two percent fuel tax authorized by the Commonwealth of Virginia. The PRTC is a joint venture with the contiguous jurisdictions of Prince William and Stafford Counties and the Cities of Manassas, Manassas Park, and Fredericksburg and was established to improve transportation systems, comprised of transit facilities, public highways and other modes of transport.

The governing body of each member jurisdiction appoints, from among its members, its representatives to act as Commissioners. The Commission has fourteen members and one ex-officio representative from the Virginia Department of Rail and Public Transportation. The composition of the Commission is as follows:

	<u>Members</u>	<u>Percentage of Membership</u>	<u>Jurisdiction</u>	<u>Percentage of Jurisdictions</u>
Prince William County	6	40.00%	1	14.29%
Stafford County	2	13.33%	1	14.29%
Manassas	1	6.67%	1	14.29%
Manassas Park	1	6.67%	1	14.29%
Fredericksburg	1	6.67%	1	14.28%
House	2	13.33%	1	14.28%
Senate	1	6.67%	1	14.28%
Virginia Department of Rail and Public Transportation	1	6.66%	-	-
	<u>15</u>	<u>100.00%</u>	<u>7</u>	<u>100.00%</u>

PRTC's financial position as of June 30, 2009 (most recent data available), and operating results for the year then ended, along with comparable information for the City of Manassas Park's share for the year ended June 30, 2010, follows:

	<u>June 30, 2009 Total (000's)</u>	<u>June 30, 2010 City's Share (000's)</u>
Total assets	\$ 90,987	\$ 2,553
Total liabilities	19,819	-
Net Equity	<u>\$ 71,168</u>	<u>\$ 2,553</u>
Total revenues	\$ 71,640	\$ 908
Total expenditures	(79,250)	(1,110)
Net income (loss)	<u>\$ (7,610)</u>	<u>\$ (202)</u>

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

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#### A. Reporting Entity: (Continued)

Each Commission member, including the Virginia Department of Rail and Public Transportation representative, is entitled to one vote in all matters requiring action by the Commission. A majority vote of the Commission members present and voting and a majority of the jurisdictions represented are 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. The Commissioners adopt an annual operating budget based on projected motor vehicle fuel sales.

The City has an equity interest in this joint venture equal to its share of the gas tax proceeds less expenditures authorized by the Governing Body. The gas tax proceeds are authorized by the Commonwealth of Virginia and are restricted for transportation. The direct financial interest is restricted and is reported as an investment in joint venture. Complete financial statements of the Potomac and Rappahannock Transportation District Commission can be obtained from their administrative offices in Woodbridge, Virginia.

**Jointly Governed Organizations** - A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

The Upper Occoquan Service Authority (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 jointly governed organization formed on March 3, 1971 by a concurrent resolution of the governing bodies of the Counties of Fairfax and Prince William 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's percentage share of UOSA's capacity as of June 30, 2009 (latest available information) is as follows:

	<u>Percentage of Total Allocated Capacity</u>
Fairfax County	51.11%
Prince William County	29.25%
City of Manassas	14.24%
City of Manassas Park	5.40%
	<u>100.00%</u>

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

### A. Reporting Entity: (Continued)

UOSA's financial condition as of June 30, 2009 (latest available financial information) and operating results for the year then ended is summarized as follows:

Total assets	\$	560,892,614
Total liabilities		456,551,831
Net equity	\$	<u>104,340,783</u>
Total revenues	\$	45,804,937
Total expenses		48,364,698
Net (loss)	\$	<u>(2,559,761)</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 2009 as follows:

Operating and reserve maintenance costs	\$	1,062,266
Debt service		<u>1,888,216</u>
Total	\$	<u>2,950,482</u>

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

Issue	Original Amount	Maturity	Interest
Serial - 1995 A	\$ 28,885,000	July 1, 2010	4.30 to 6.00%
Term - 1995 A	259,715,000	July 1, 2015-July 1, 2029	4.75 to 5.00%
Serial - 1995 B	42,260,000	July 1, 2010	3.95 to 5.00%
Serial - 2003	58,150,000	July 1, 2021	2.00 to 5.00%
Serial - 2004	49,395,000	July 1, 2015	3.00 to 5.00%
Serial - 2005	82,465,000	July 1, 2025	3.85 to 4.01%
Serial - 2007 A	43,215,000	July 1, 2027	4.125 to 4.50%
Term - 2007 A	47,100,000	July 1, 2029	4.50%
Term - 2007 B	119,715,000	July 1, 2041	4.50 to 5.00%

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.

The City has entered into a supplemental agreement with Fairfax City for 600,000 gallons per day of the City's capacity. The City's share of operating and maintenance costs are billed directly from the Authority, but debt service payments are made through the City of Manassas Park.

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

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**A. Reporting Entity: (Continued)**

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.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets 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. *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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

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.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the City.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the fire revolving loan, drug enforcement, and industrial development funds.

The *City Debt Service and School Debt Service Funds* account 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. Debt service funds consist of the City Debt Service Fund and the School debt service fund. The school debt service fund is a major fund.

The *City Capital Projects and School Building Funds* account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The City's two capital project funds consist of the City Capital Projects Fund and the School Building Fund. The City capital projects fund is a major fund.

The *Gang Task Force Fund* accounts for the revenues and expenditures of the Gang Task Force Grant.

The government reports the following major proprietary funds:

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



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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. *Deposits and investments***

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.

Investments for the government, as well as for its component unit, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**2. *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) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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**D. Assets, Liabilities, and Net Assets or Equity: (Continued)**

**2. *Receivables and payables: (Continued)***

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. *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.

**4. *Prepaid Expenses***

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.

**5. *Property Taxes***

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 November 5th. The City bills and collects its own property taxes.

**6. *Allowance for Uncollectible Accounts***

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,056,452 at June 30, 2010 and is comprised of property taxes, \$841,925, and water and sewer billings, \$214,527.

**7. *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.

**8. *Restricted assets***

Unspent proceeds of the City's general obligation bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

**9. *Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.



**Note 1—Summary Of Significant Accounting Policies: (Continued)****D. Assets, Liabilities, and Net Assets or Equity: (Continued)****9. *Capital assets***

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year.

Property, plant, and equipment 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	50
Structures, lines, and accessories	40
Infrastructure	30
Machinery and equipment	5-10

**10. *Compensated Absences***

Vested or accumulated vacation and sick 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 and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Assets. 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. The City accrues salary-related payments associated with the payment of compensated absences. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**11. *Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

### D. Assets, Liabilities, and Net Assets or Equity: (Continued)

#### 11. *Long-term obligations: (Continued)*

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

#### 12. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### 13. *Net Assets*

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

## Note 2—Reconciliation of Government-Wide and Fund Financial Statements:

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net assets—governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of these differences for the primary government and discretely presented component unit are as follows:

	Primary Government	Component Unit - School Board
Bonds and notes payable	\$ (117,783,641)	\$ -
Capital leases	-	(449,819)
Other post employment benefits	(213,670)	(347,971)
Compensated absences	(872,355)	(141,130)
Net adjustment to increase (decrease) fund balances-total governmental funds to arrive at net assets-governmental activities	<u>\$ (118,869,666)</u>	<u>\$ (938,920)</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 2—Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets: (Continued)

Another element of the reconciliation explains that "long-term" assets including capital assets are not available to meet the obligations of the government in the current period. The details of these are as follows:

	Primary Government	Component Unit - School Board
Capital assets	\$ 143,895,618	\$ 32,433,092
Accumulated depreciation	(20,989,598)	(9,402,773)
Net adjustment to increase fund balances-total governmental funds to arrive at net assets-governmental activities	\$ 122,906,020	\$ 23,030,319

A final element of the reconciliation includes other long-term assets that are not available to pay for current-period expenditures and, therefore are deferred in the funds. The details of these differences are as follows:

	Primary Government	Component Unit - School Board
Unamortized bond issue costs	\$ 1,198,427	\$ -
Deferred revenue	775,876	-
Accrued interest payable	(1,382,174)	-
Net adjustment to increase <i>fund balances-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ 592,129	\$ -

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 2—Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 details of these differences for the primary government and discretely presented component unit, are as follows:

	Primary Government	Component Unit - School Board
Capital outlay	\$ 12,017,643	\$ 1,844,590
Depreciation expense	(3,021,782)	(2,674,771)
Allocation of debt financed school assets based on current year repayments	<u>(1,170,845)</u>	<u>1,170,845</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 7,825,016</u>	<u>\$ 340,664</u>

Another element of the reconciliation explains that certain revenues do not provide current financial resources and are not reported as revenues in the funds.

	Primary Government	Component Unit - School Board
Deferred revenue	\$ <u>(345,198)</u>	\$ <u>-</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (345,198)</u>	<u>\$ -</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 2—Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)**

Another element of that reconciliation states that “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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of these differences for the primary government and discretely presented component unit, are as follows:

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Debt issued or incurred:		
Issuance of general obligation bonds, net of premiums, discounts and issuance costs	\$ (13,180,938)	\$ -
Capital lease	-	(161,180)
Principal repayments:		
Amortization of premiums, discounts and debt issuance costs	16,358	-
General obligation debt and capital leases	13,402,193	101,932
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>237,613</u>	\$ <u>(59,248)</u>

A final element of that reconciliation states that “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 details of these differences for the primary government and discretely presented component unit, are as follows:

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Compensated absences	\$ (92,459)	\$ 127,673
Other post employment benefits	(100,266)	(160,123)
Accrued interest	(118,450)	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(311,175)</u>	\$ <u>(32,450)</u>

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 3—Stewardship, Compliance, and Accountability:

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#### A. Budgetary Information

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

1. Prior to May 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) except for the school building fund which does not budget for the receipt or expenditure of capital lease proceeds. Capital lease payments are budgeted in the period payments are due.
7. Quarterly appropriations are made by City Council to 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, 2010.
9. The following funds have legally adopted budgets: General Fund, City Debt Service Fund, School Debt Service Fund, City Capital Projects Fund, Water and Sewer Fund, School Operating Fund, School Cafeteria Fund, and School Capital Projects Fund. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the fund level.

#### B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2010, the City Debt Service, School Debt Service, School Building, Gang Task Force, and the School Cafeteria Funds exceeded appropriations.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

### Note 4—Deposits and Investments:

#### Deposits

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

#### 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 the State Treasurer’s Local Government Investment Pool (LGIP) and the State Non-Arbitrage Pool (SNAP).

The City does not have a formal investment policy addressing the risks related to investments.

#### Credit Risk of Debt Securities

The City’s rated debt investments as of June 30, 2010 were rated by *Standard and Poor’s* and the ratings are presented below using *Standard and Poor’s* rating scale.

Locality's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAA	AAAm	
U.S. Agency Securities	\$ 1,538,933	\$ -	
U.S. Treasury Money Market	151,632	-	
Local Government Investment Pool	178,186	-	
State Non-Arbitrage Pool	-	5,239,709	
Total	\$ 1,868,751	\$ 5,239,709	

#### Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	Fair Value	1-5 Years
U.S. Agency Securities	\$ 1,538,933	\$ 1,538,933

# CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

## Note 4—Deposits and Investments: (Continued)

### External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

The fair value of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

## Note 5—Due From Other Governmental Units:

Amounts due from other governmental units are as follows at June 30, 2010:

		Discretely Presented Component Unit	
	Primary Government	School Board	Total Reporting Entity
<u>Federal Government:</u>			
Categorical aid-welfare	\$ 44,195	\$ -	\$ 44,195
Categorical aid-public safety	900,465	10,265	910,730
Categorical aid-education	-	167,672	167,672
Categorical aid-School Food	-	51,875	51,875
<u>Commonwealth of Virginia:</u>			
Local sales tax	209,581	-	209,581
State sales tax	-	345,387	345,387
Regional tuition	-	481,353	481,353
Technology funds	-	154,016	154,016
Categorical aid-Comprehensive Services Act	200,715	-	200,715
Categorical aid-welfare	24,818	-	24,818
Categorical aid-other	48,912	-	48,912
Noncategorical aid:			
Deeds tax	4,612	-	4,612
Auto Rental tax	18,529	-	18,529
Communication tax	129,242	-	129,242
Shared Expenses-Treasurer	7,006	-	7,006
Shared Expenses-Commissioner of Revenue	7,794	-	7,794
Totals	\$ 1,595,869	\$ 1,210,568	\$ 2,806,437



**CITY OF MANASSAS PARK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 6—Interfund Obligations:**

Interfund obligations for the year ended June 30, 2010 consisted of the following:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General Fund	\$ 140,266	\$ -
Capital Projects Fund	-	140,266
	<u>          </u>	<u>          </u>
Total	\$ 140,266	\$ 140,266

The above interfund obligations represent temporary advances between funds or amounts allocable to one fund and not yet transferred between the funds.

**Note 7—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 1,130,713	\$ 5,182,574
City Debt Service Fund	1,961,938	-
School Debt Service Fund	4,222,505	-
City Capital Projects Fund	-	1,251,869
Gang Task Force Fund	-	59,088
Enterprise Fund	-	821,625
	<u>          </u>	<u>          </u>
Total	\$ 7,315,156	\$ 7,315,156

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them 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, 2010 (Continued)

**Note 8—Capital Assets:**

Capital asset activity for the year ended June 30, 2010 was as follows:

**Primary Government:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,560,783	\$ -	\$ -	\$ 5,560,783
Construction in progress	10,526,145	11,048,118	(310,310)	21,263,953
Total capital assets not being depreciated	<u>\$ 16,086,928</u>	<u>\$ 11,048,118</u>	<u>\$ (310,310)</u>	<u>\$ 26,824,736</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 93,242,035	\$ 1,091,292	\$ (1,170,845)	\$ 93,162,482
Machinery and equipment	6,412,134	188,543	-	6,600,677
Infrastructure	17,307,723	-	-	17,307,723
Total capital assets being depreciated	<u>\$ 116,961,892</u>	<u>\$ 1,279,835</u>	<u>\$ (1,170,845)</u>	<u>\$ 117,070,882</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (7,713,429)	\$ (2,115,542)	\$ 297,028	\$ (9,531,943)
Machinery and equipment	(3,613,128)	(574,620)	-	(4,187,748)
Infrastructure	(6,641,259)	(628,648)	-	(7,269,907)
Total accumulated depreciation	<u>\$ (17,967,816)</u>	<u>\$ (3,318,810)</u>	<u>\$ 297,028</u>	<u>\$ (20,989,598)</u>
Total capital assets being depreciated, net	<u>\$ 98,994,076</u>	<u>\$ (2,038,975)</u>	<u>\$ (873,817)</u>	<u>\$ 96,081,284</u>
Governmental activities capital assets, net	<u><u>\$ 115,081,004</u></u>	<u><u>\$ 9,009,143</u></u>	<u><u>\$ (1,184,127)</u></u>	<u><u>\$ 122,906,020</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 8—Capital Assets: (Continued)**

**Primary Government: (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ <u>1,305,356</u>	\$ <u>295,835</u>	\$ <u>(1,601,191)</u>	\$ <u>-</u>
Capital assets being depreciated:				
Utility plant and equipment	\$ <u>24,631,439</u>	\$ <u>1,645,192</u>	\$ <u>-</u>	\$ <u>26,276,631</u>
Less accumulated depreciation	<u>(5,096,017)</u>	<u>(630,485)</u>	<u>-</u>	<u>(5,726,502)</u>
Total capital assets being depreciated, net	\$ <u>19,535,422</u>	\$ <u>1,014,707</u>	\$ <u>-</u>	\$ <u>20,550,129</u>
Business-type activities capital assets, net	\$ <u><u>20,840,778</u></u>	\$ <u><u>1,310,542</u></u>	\$ <u><u>(1,601,191)</u></u>	\$ <u><u>20,550,129</u></u>

Depreciation expenses was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government administration	\$ 165,859
Public safety	588,575
Public works	738,382
Health and Welfare	1,738
Parks, recreation, and cultural	<u>139,446</u>
Total depreciation expense-governmental activities	\$ 1,634,000
Depreciation on joint tenancy assets-transferred to School Board	<u>1,684,810</u>
Total	\$ <u><u>3,318,810</u></u>
Business-type activities:	
Water and sewer fund	\$ <u>630,485</u>
Total depreciation expense-business-type activities	\$ <u><u>630,485</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 8—Capital Assets: (Continued)**

**Discretely Presented Component Unit:**

Capital asset activity for the School Board for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance (1)</u>
Capital assets not being depreciated:				
Land	\$ 1,637,491	\$ -	\$ -	\$ 1,637,491
Total capital assets not being depreciated	<u>\$ 1,637,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,637,491</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 26,018,170	\$ 1,170,845	\$ -	\$ 27,189,015
Machinery and equipment	3,446,806	159,780	-	3,606,586
Total capital assets being depreciated	<u>\$ 29,464,976</u>	<u>\$ 1,330,625</u>	<u>\$ -</u>	<u>\$ 30,795,601</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (6,686,656)	\$ (2,323,846)	\$ 1,684,810	\$ (7,325,692)
Machinery and equipment	(1,726,156)	(350,925)	-	(2,077,081)
Total accumulated depreciation	<u>\$ (8,412,812)</u>	<u>\$ (2,674,771)</u>	<u>\$ 1,684,810</u>	<u>\$ (9,402,773)</u>
Total capital assets being depreciated, net	<u>\$ 21,052,164</u>	<u>\$ (1,344,146)</u>	<u>\$ 1,684,810</u>	<u>\$ 21,392,828</u>
School Board capital assets, net	<u>\$ 22,689,655</u>	<u>\$ (1,344,146)</u>	<u>\$ 1,684,810</u>	<u>\$ 23,030,319</u>

Capital asset activity for the School Board for the year ended June 30, 2010 was as follows:

Depreciation expense	\$ 2,292,860
Depreciation on joint tenancy assets-transferred to School Board	<u>381,911</u>
Net increases in accumulated depreciation	<u>\$ 2,674,771</u>

(1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the City of Manassas Park, Virginia for the year ended June 30, 2010, is that school financed assets in the amount of \$73,125,694 are reported in the Primary Government for financial reporting purposes.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 9—Long-Term Debt:**

**Primary Government—Governmental Activity Indebtedness:**

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

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2011	\$ 535,861	\$ 5,043,120	\$ 625,000	\$ 202,500
2012	554,523	5,174,812	625,000	183,750
2013	572,652	5,146,776	625,000	165,000
2014	795,213	5,115,339	625,000	146,250
2015	2,448,633	5,059,135	625,000	127,500
2016	4,452,964	4,939,702	625,000	108,750
2017	4,677,521	4,745,879	625,000	90,000
2018	5,527,317	4,533,314	625,000	71,250
2019	5,742,364	4,283,069	625,000	52,500
2020	6,007,675	4,008,920	375,000	33,750
2021	6,273,264	3,717,919	375,000	22,500
2022	6,579,145	3,416,510	375,000	11,250
2023	5,290,335	3,124,352	-	-
2024	5,520,986	2,879,236	-	-
2025	5,776,495	2,612,542	-	-
2026	6,042,263	2,328,270	-	-
2027	5,980,000	2,039,355	-	-
2028	6,280,000	1,743,825	-	-
2029	6,575,000	1,433,404	-	-
2030	6,890,000	1,119,693	-	-
2031	6,535,000	808,311	-	-
2032	3,765,000	543,300	-	-
2033	3,940,000	365,175	-	-
2034	2,450,000	178,578	-	-
2035	625,000	58,350	-	-
2036	660,000	19,800	-	-
Totals	\$ 110,497,211	\$ 74,438,686	\$ 6,750,000	\$ 1,215,000

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 9—Long-Term Debt: (Continued)**

**Primary Government—Governmental Activity Indebtedness: (Continued)**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2010.

	Balance July 1, 2009	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2010
Compensated absences:				
General	\$ 779,896	\$ 181,348	\$ 88,889	\$ 872,355
General Obligation Debt:				
Bonds - General	101,674,592	13,640,000	4,817,381	110,497,211
Bond Anticipation Notes	7,500,000	-	7,500,000	-
Capital Leases	127,274	-	127,274	-
Literary Fund Loans - General	7,375,000	-	625,000	6,750,000
Totals	\$ 117,456,762	\$ 13,821,348	\$ 13,158,544	\$ 118,119,566
Deferred Amount on Advance Refunding	(162,668)	17,899	332,538	(477,307)
Other Post Employment Benefits	113,404	113,734	13,468	213,670
Premium on Bonds Issued	1,097,292	-	83,555	1,013,737
Total long-term obligations for financial statement presentation	\$ 118,504,790	\$ 13,952,981	\$ 13,588,105	\$ 118,869,666

**Note:** Section 15.2-1800.1, Code of Virginia, 1950, as amended, was enacted during the year ended June 30, 2002, which affected the reporting of local school capital assets and related debt for financial statement purposes. All debt historically reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as a result of this legislation.

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 9—Long-Term Debt: (Continued)

Primary Government—Governmental Activity Indebtedness: (Continued)

Details of Long-term Indebtedness:

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<b><u>General obligation bonds:</u></b>		
\$9,145,000 General Obligation Bonds, dated November 10, 2004 maturing annually with interest at 4.10% to 5.60% payable semi-annually through July 15, 2029	\$ 8,665,000	\$ 260,000
\$6,314,536 VPSA General Obligation Bonds, dated November 10, 2005 including a premium of \$330,045 maturing annually with interest from 4.60% to 5.10% payable semi-annually through July 2026	4,922,211	275,861
\$26,875,000 General Obligation Bonds, dated June 6, 2007, principal maturing annually beginning April 15, 2015 with interest from 4.00% to 4.75% payable semi-annually through April 2034	24,755,000	-
\$30,000,000 public improvement bonds dated December 1, 2005 maturing annually beginning August 15, 2015 with interest from 4.0% to 5.125% payable semi-annually through August 2030	23,680,000	-
<b><u>Refunding Bonds:</u></b>		
\$32,240,000 General Obligation Refunding Bonds, dated May 8, 2008 maturing annually beginning January 1, 2016 with interest between 3.00% and 5.00% payable semi-annually through January 1, 2033	30,745,000	-
\$6,695,000 General Obligation Advance Refunding Bonds, dated June 6, 2007, principal maturing annually beginning April 15, 2016 with interest between 4.00% and 5.50% payable semi-annually through April 2022.	4,090,000	-

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

Note 9—Long-Term Debt: (Continued)

Primary Government—Governmental Activity Indebtedness: (Continued)

Details of Long-term Indebtedness: (Continued)

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<b><u>General obligation bonds: (Continued)</u></b>		
<b><u>Refunding Bonds: (Continued)</u></b>		
\$14,035,000 General Obligation Refunding Bonds, dated March 30, 2010 due in annual installments from \$205,000 to \$660,000 beginning July 15, 2015, including interest at 3.125% to 6.00% payable semi-annually through July 15, 2035	\$ 10,395,000	\$ -
 \$3,245,000 General Obligation Refunding Bonds, dated March 30, 2010 due in annual installments from \$385,000 to \$555,000 beginning July 15, 2015, including interest at 5.25% to 7.00% payable semi-annually through July 15, 2021	 3,245,000	 -
 Total general obligation bonds/notes	 \$ 110,497,211	 \$ 535,861
 <b><u>State Literary Fund Loans:</u></b>		
\$5,000,000, issued May 15, 1999, due in annual installments of \$250,000 through May 15, 2019, interest payable annually at 3%	\$ 2,250,000	\$ 250,000
 \$7,500,000, issued August 15, 2001, due in annual installments of \$375,000 through August 15, 2022, interest payable annually at 3%	 4,500,000	 375,000
 Total State Literary Fund Loans	 \$ 6,750,000	 \$ 625,000
Total	<u>\$ 6,750,000</u>	<u>\$ 625,000</u>
 Compensated absences (payable from General Fund)	\$ 872,355	\$ 87,236
Defferred amount on advance refunding	(477,307)	(33,932)
Other post employment benefits	213,670	-
Premium on bonds issued	1,013,737	81,358
Total	<u>\$ 118,869,666</u>	<u>\$ 1,295,523</u>



CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 9—Long-Term Debt: (Continued)**

**Primary Government—Enterprise Activity Indebtedness:**

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2011	\$ -	\$ 634,207
2012	-	669,827
2013	-	669,827
2014	-	669,827
2015	-	669,827
2016	1,000,000	649,151
2017	1,045,000	606,260
2018	1,075,000	560,250
2019	1,120,000	511,029
2020	1,175,000	458,591
2021	1,225,000	402,718
2022	1,295,000	340,361
2023	730,000	290,550
2024	765,000	257,137
2025	800,000	222,159
2026	835,000	185,617
2027	870,000	147,510
2028	910,000	107,727
2029	955,000	66,044
2030	1,000,000	22,350
Totals	\$ 14,800,000	\$ 8,140,969

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2010:

	Balance July 1, 2009	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2010
Enterprise Fund				
Compensated absences	\$ 77,962	\$ 83,640	\$ 77,962	\$ 83,640
General obligation bonds	14,405,000	3,640,000	3,245,000	14,800,000
Totals	\$ 14,482,962	\$ 3,723,640	\$ 3,322,962	\$ 14,883,640
Less: deferred amount on refunding	(37,768)	(108,192)	(37,768)	(108,192)
Total long-term obligations for financial statement presentation	\$ 14,445,194	\$ 3,615,448	\$ 3,285,194	\$ 14,775,448

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 9—Long-Term Debt: (Continued)**

**Primary Government—Enterprise Activity Indebtedness: (Continued)**

Details of long-term indebtedness:

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<b><u>General obligation bonds:</u></b>		
\$3,640,000 General Obligation Refunding Bonds, dated March 30, 2010 due in annual installments from \$205,000 to \$660,000 beginning July 15, 2015, including interest at 3.125% to 6.00% payable semi-annually through July 15, 2035	\$ 3,640,000	\$ -
\$11,160,000 General Obligation Refunding Bonds, dated March 30, 2010 due in annual installments from \$385,000 to \$555,000 beginning July 15, 2015, including interest at 5.25% to 7.00% payable semi-annually through July 15, 2021	11,160,000	-
Less deferral on advance refunding	(108,192)	-
Sub-total general obligation water and sewer refunding bonds	\$ 14,691,808	\$ -
Accrued compensated absences (payable from Water and Sewer Fund)	\$ 83,640	\$ 8,364
Total long-term obligations	<u>\$ 14,775,448</u>	<u>\$ 8,364</u>

**Discretely Presented Component Unit—School Board Indebtedness:**

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

Year Ending June 30,	General Long-term Debt	
	Capital Leases	
	Principal	Interest
2011	\$ 118,202	\$ 15,239
2012	122,851	10,590
2013	127,682	5,759
2014	66,516	1,491
2015	14,568	135
Totals	<u>\$ 449,819</u>	<u>\$ 33,214</u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 9—Long-Term Debt: (Continued)**

**Discretely Presented Component Unit—School Board Indebtedness: (Continued)**

The following is a summary of long-term debt transactions of the Discretely Presented Component Unit-School Board for the year ended June 30, 2010:

	Balance July 1, 2009	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2010
Capital lease	\$ 390,571	\$ 161,180	\$ 101,932	\$ 449,819
Other post employment benefits	187,848	237,571	77,448	347,971
Compensated absences	268,803	141,130	268,803	141,130
Totals	<u>\$ 847,222</u>	<u>\$ 539,881</u>	<u>\$ 448,183</u>	<u>\$ 938,920</u>

Details of Long-term Indebtedness:

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<b><u>Capital Leases:</u></b>		
\$600,000 capital lease entered on October 6, 2006, due in monthly installments of \$8,179, including interest at 3.92%, through October 13, 2013	\$ 306,226	\$ 87,711
\$161,180 capital lease entered on November 20, 2009, due in monthly installments of \$2,941, including interest at 3.70%, through November 1, 2014	143,593	30,491
Total capital leases	449,819	118,202
Other post employment benefits	347,971	-
Accrued compensated absences (payable from School Fund)	141,130	19,758
Total long-term obligations	<u>\$ 938,920</u>	<u>\$ 137,960</u>

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 1,102,586
Less: Accumulated depreciation	<u>(492,400)</u>
Total	<u>\$ 610,186</u>

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 9—Long-Term Debt: (Continued)

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#### General Obligation Debt Limit

The Commonwealth of Virginia imposes a legal debt limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. As of June 30, 2010 the City's aggregated general obligation indebtedness is approximately \$5 million greater than the Commonwealth's limit as summarized in Schedule 3.

### Note 10—Debt Refunding:

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On June 6, 2007, the City of Manassas Park, Virginia issued \$6,695,000 in General Obligation Advance Refunding Bonds, Series, 2007 with an effective interest rate of 3.84%. The Series 2007 bonds were issued to refund \$6,445,000 of General Obligation Refunding Bonds, Series of 1999. The 2007 bonds will be repaid in various installments beginning April 1, 2010 to 2022. As a result, the 1999 bonds maturing annually on July 15, 2010 through July 15, 2021 are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$27,783. The advance refunding resulted in an economic gain of \$257,109. At June 30, 2010 the defeased bonds had balances outstanding of \$6,075,000.

On March 30, 2010, the City of Manassas Park, Virginia issued \$14,035,000 in Lease Revenue Bonds, Series, 2010A with an effective interest rate of 6.00%. The Series 2010A bonds were issued to refund \$815,000 of General Obligation Water and Sewer Refunding Bonds, Series of 1995; \$7,500,000 of Bond Anticipation Notes Payable, Series of 2006; \$1,495,000 of General Obligation Refunding Bonds, Series of 2008; and \$2,335,000 of General Obligation Advance Refunding Bonds, Series of 2007; a total of \$12,145,000. The various bonds will be repaid in various installments beginning May 4, 2010 to 2016. As a result, the various bonds maturing annually on May 4, 2010 through November 1, 2016 are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$1,890,000. The advance refunding resulted in an economic gain of \$232,938. At June 30, 2010 the defeased bonds had balances outstanding of \$4,645,000.

On March 30, 2010, the City of Manassas Park, Virginia issued \$3,245,000 in Lease Revenue Bonds, Series, 2010B with an effective interest rate of 6.00%. The Series 2010B bonds were issued to refund \$2,605,000 of General Obligation Advance Refunding Bonds, Series of 2007. The 2007 bonds will be repaid in various installments beginning April 1, 2010 to 2015. As a result, the 2007 bonds maturing annually on April 1, 2010 through April 1, 2015 are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$640,000. The advance refunding resulted in an economic gain of \$207,793. At June 30, 2010 the defeased bonds had balances outstanding of \$2,295,000.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 11—Commitments:

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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.

#### Wholesale Water Rate Agreement

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.

### Note 12—Defined Benefit Pension Plan:

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#### A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, and firefighters) or at age 50 with 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and, if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained 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, 2010 (Continued)

### Note 12—Defined Benefit Pension Obligation: (Continued)

#### B. Funding Policy

##### Primary Government

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Statute and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended June 30, 2010 was 7.82% of annual covered payroll.

##### Discretely Presented Component Unit - School Board (Non-professional)

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Statute and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2010 was 14.15% of annual covered payroll.

#### C. Annual Pension Cost

##### Primary Government

For fiscal year 2010, the City's annual pension cost of \$664,968 (does not include employee share of \$425,171 which was assumed by the City) was equal to the City's required and actual contributions.

##### Three-Year Trend Information for City - Primary Government

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)<sup>1</sup></u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 684,401	100%	\$ -
6/30/09	692,604	100%	-
6/30/10	664,968	100%	-

<sup>1</sup>Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

### Note 12—Defined Benefit Pension Obligation: (Continued)

#### C. Annual Pension Cost: (Continued)

##### Discretely Presented Component Unit - School Board (Non-professional)

For fiscal year 2010, the School Board's annual pension cost of \$135,621 (does not include employee share of \$74,110 which was assumed by the School Board) was equal to the School Board's required and actual contributions.

Three-Year Trend Information for School Board (Non-professional)			
Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$ 106,040	100%	\$ -
6/30/09	133,439	100%	-
6/30/10	135,621	100%	-

<sup>1</sup>Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

#### D. Funded Status and Funding Progress

##### Primary Government

As of June 30, 2009, the most recent actuarial valuation date, the plan was 84.98% funded. The actuarial accrued liability for benefits was \$22,169,697, and the actuarial value of assets was \$18,840,054, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,329,643. The covered payroll (annual payroll of active employees covered by the plan) was \$8,798,113, and ratio of the UAAL to the covered payroll was 37.84%.

##### Discretely Presented Component Unit - School Board (Non-professional)

As of June 30, 2009 the most recent actuarial valuation date, the plan was 96.82% funded. The actuarial accrued liability for benefits was \$2,315,804, and the actuarial value of assets was \$2,242,074, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,730. The covered payroll (annual payroll of active employees covered by the plan) was \$1,568,132, and ratio of the UAAL to the covered payroll was 4.70%.



## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 12—Defined Benefit Pension Obligation: (Continued)

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#### D. Funded Status and Funding Progress: (Continued)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

#### E. Professional Employees - Discretely Presented Component Unit School Board:

##### Plan Description

The City of Manassas Park School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500 or a copy may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf>.

##### Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and the City of Manassas Park School Board is required to contribute at an actuarially determined rate. The current rate is 8.81% of annual covered payroll. The contribution requirements of plan members and the City of Manassas Park School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$1,796,233, \$1,366,605, and \$1,687,761 respectively, and equal to the required contributions for each year.

### Note 13—Deferred Revenue:

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Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$777,083 is comprised of the following:

Primary Government-Deferred Property Taxes - Deferred revenue representing deferred property tax revenues totaled \$775,876. Prepaid property taxes totaled \$1,207.



## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 14—Cost Sharing Agreements:

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The City is obligated under a contract for services with Prince William County. Services provided by the County include those of a Sheriff, Commonwealth's Attorney, courts, library and certain social programs.

These cost sharing agreements do not meet the criteria discussed in Note 1 for inclusion within the financial reporting entity of the City, as the City is not responsible for the fiscal matters of these programs.

### Note 15—Contingent Liabilities:

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Federal programs in which the City and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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, future disallowances of current grant program expenditures, if any, would be immaterial.

### Note 16—Deferred Compensation Plan:

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The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In compliance with revisions to Section 457 of the Internal Revenue Code effective August 20, 1996, the assets are held for the exclusive benefit of City employees. Accordingly, assets and the resulting liabilities of the Deferred Compensation Plan are no longer recorded in the City's financial statements.

### Note 17—Surety Bonds:

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Winifred O'Neal, 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—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; injuries to employees; and natural disasters. The City joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays an annual premium to the association for its workers compensation insurance.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### **Note 18—Risk Management: (Continued)**

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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 employee health and life insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **Note 19—Designated and Reserved Fund Balances:**

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#### **Primary Government:**

Portions of the General Fund balance are designated and/or reserved as follows:

Fund balance in the amount of \$1,095,863 is reserved for emergencies. Expenditures from this reserved balance require a two-thirds majority vote of approval of City Council.

Fund balance in the amount of \$2,552,685 is reserved for transportation. This amount is the expendable balance of funds held by the Potomac and Rappahannock Transportation Commission.

Portions of the Capital Projects Fund and School Building Fund are reserved as follows:

Fund balance in the amounts of \$8,131 and \$4,483,049 are reserved for construction in the school building and capital projects funds, respectively. These amounts are the net of restricted construction funds held and related liabilities due.

Portions of the School Debt Service Fund Balance are reserved as follows:

Fund balance in the amount of \$667,418 is reserved for School debt service.

#### **Discretely Presented Component Unit - School Board:**

Portions of the School Cafeteria Fund Balance are designated as follows:

Funds balance in the amount of \$18,246 is designated for school food services.

Portions of the School Operating Fund Balance are reserved or designated as follows:

Fund balance in the amount of \$113,700 is reserved to establish a retiree medical trust fund for future retiree health insurance benefits.

Fund balance in the amount of \$23,908 is reserved for repayment of leased school buses.

Fund balance in the amount of \$23,955 is designated for subsequent expenditures.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

### Note 20—Other Post Employment Benefits Program:

#### Primary Government:

##### A. Plan Description

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.

##### B. Funding Policy

The City has elected not to pre-fund the other post employment benefit liability. The City funds other post employment benefits on a "pay-as-you-go" basis, which is the practice of paying for these benefits as they become due each year.

##### C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expenses) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	\$	112,978
Interest on net OPEB obligation		4,536
Adjustment to annual required contribution		(3,780)
Annual OPEB cost (expense)		<u>113,734</u>
Contributions made		<u>(13,468)</u>
Increase (decrease) in net OPEB obligation		100,266
Net OPEB obligation - beginning of year		113,404
Net OPEB obligation - end of year	\$	<u><u>213,670</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 113,734	11.84%	\$ 213,670
June 30, 2009	116,926	3.00%	113,404

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 20—Other Post Employment Benefits Program: (Continued)

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#### Primary Government: (Continued)

##### D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial valuation date		07/01/2008
Actuarial value of assets		-
Actuarial accrued liability	\$	1,241,361
Unfunded actuarial liability	\$	1,244,361
Funded ratio		0.0%
Annualized covered payroll	\$	7,253,838
Ratio of unfunded actuarial liability to annual covered payroll		17.1%
Actuarial cost method		Entry-Age Normal

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

#### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.50% average investment rate or return (net of administrative expenses). The actuarial assumptions also include a 3.50% payroll growth rate. Both rates include a 4.00% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was twenty-eight years.

## CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### Note 20—Other Post Employment Benefits Program: (Continued)

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#### Discretely Presented Component Unit-School Board:

##### A. Plan Description

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. 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.

Retirees are required to contribute the full premium rate. However, depending on the number of years of service at retirement, the School Board provides a monthly subsidy ranging from \$150 to \$250 until the retiree reaches age 65.

Retirees with at least 10 years of service and that are eligible for a sick leave payout may make an irrevocable election to receive a retiree health insurance subsidy benefit in lieu of direct payment for sick leave. The premium subsidy is paid until the death of the retiree or until participation in the School Board group health plan ceases. The subsidy depends on the number of years of service and ranges from \$.25 to \$.50 per day of sick leave.

##### B. Funding Policy

The School Board has elected not to pre-fund the other post employment benefit liability. The School Board funds other post employment benefits on a "pay-as-you-go" basis, which is the practice of paying for these benefits as they become due each year.

##### C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expenses) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation to the plan:

Annual required contribution	\$ 236,319
Interest on net OPEB obligation	7,514
Adjustment to annual required contribution	(6,262)
Annual OPEB cost (expense)	<u>237,571</u>
Contributions made	(77,448)
Increase (decrease) in net OPEB obligation	<u>160,123</u>
Net OPEB obligation - beginning of year	187,848
Net OPEB obligation - end of year	<u><u>\$ 347,971</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 20—Other Post Employment Benefits Program: (Continued)**

**Discretely Presented Component Unit-School Board: (Continued)**

**C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 237,571	32.60%	\$ 347,971
June 30, 2009	245,305	23.00%	187,848

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial valuation date	07/01/2008
Actuarial value of assets	-
Actuarial accrued liability	\$ 2,611,374
Unfunded actuarial liability	\$ 2,611,374
Funded ratio	0.0%
Annualized covered payroll	\$ 11,824,984
Ratio of unfunded actuarial liability to annual covered payroll	22.1%
Actuarial cost method	Entry-Age Normal

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Note 20—Other Post Employment Benefits Program: (Continued)**

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**Discretely Presented Component Unit-School Board: (Continued)**

**D. Funded Status and Funding Progress: (Continued)**

*Actuarial Methods and Assumptions: (Continued)*

In the July 1, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.50% average investment rate or return (net of administrative expenses). The actuarial assumptions also include a 3.50% payroll growth rate. Both rates include a 4.00% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was twenty-eight years.

**Note 21—Health Insurance Credit Program—Other Post-Employment Benefits (OPEB):**

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**A. Plan Description**

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the School Board, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 12.

**B. Funding Policy**

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2010 was 1.00% of annual covered payroll.



CITY OF MANASSAS PARK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 21—Health Insurance Credit Program—Other Post-Employment Benefits (OPEB): (Continued)**

**C. OPEB Cost and Net OPEB Obligation**

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The School Board is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2010, the School Board's contribution of \$14,822 was equal to the ARC and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years are as follows:

Three-Year Trend Information for School Board (Non-professional)			
Fiscal Year Ending	Annual OPEB Cost (APC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/08	\$ 4,356	100%	\$ -
6/30/09	4,229	100%	-
6/30/10	4,298	100%	-

**D. Funded Status and Funding Progress**

The funded status of the plan as of September 30, 2009, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 18,323
Actuarial value of plan assets	\$ 10,047
Unfunded actuarial accrued liability (UAAL)	\$ 8,276
Funded ratio (actuarial value of plan assets/ AAL)	54.83%
Covered payroll (active plan members)	\$ 1,568,132
UAAL as a percentage of covered payroll	0.53%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.



**Note 21—Health Insurance Credit Program—Other Post-Employment Benefits (OPEB): (Continued)**

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**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2010 was 27 years.

**F. Professional Employees - Discretely Presented Component Unit School Board**

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$166,037, \$161,324, and \$170,415, respectively and equaled the required contributions for each year.

**CITY OF MANASSAS PARK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**Note 22—Fund Balance/Net Asset Adjustments:**

Fund balances and net assets were restated as of July 1, 2009 as follows:

	Fund Balances			Net Assets		
	School Debt Service	City Capital Projects	School Operating	Governmental Activities	Water and Sewer Fund	Component Unit-School Board
Net assets/fund balances as previously reported	\$ 3,888,541	\$ 15,947,801	\$ 1,262,403	\$ 19,141,121	\$ 15,657,895	\$ 23,105,010
Adjustment for overstated cash balances	(699,342)	(699,342)	-	(1,398,684)	84,916	-
Regional tuition revenue previously unrecorded	-	-	381,128	-	-	381,128
Totals as restated	<u>\$ 3,189,199</u>	<u>\$ 15,248,459</u>	<u>\$ 1,643,531</u>	<u>\$ 17,742,437</u>	<u>\$ 15,742,811</u>	<u>\$ 23,486,138</u>

### **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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

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## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 21,027,060	\$ 20,832,059	\$ 20,697,342	\$ (134,717)
Other local taxes	4,854,800	4,109,800	3,634,698	(475,102)
Permits, privilege fees, and regulatory licenses	77,010	77,010	58,302	(18,708)
Fines and forfeitures	412,500	312,000	262,980	(49,020)
Revenue from the use of money and property	195,000	99,325	118,365	19,040
Charges for services	1,508,582	1,374,582	1,010,290	(364,292)
Miscellaneous	656,823	586,823	632,521	45,698
Recovered costs	59,244	59,244	2,442	(56,802)
Intergovernmental revenues:				
Commonwealth	4,382,201	4,194,264	4,574,916	380,652
Federal	1,304,015	1,175,667	1,041,537	(134,130)
Total revenues	<u>\$ 34,477,235</u>	<u>\$ 32,820,774</u>	<u>\$ 32,033,393</u>	<u>\$ (787,381)</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,262,298	\$ 3,262,298	\$ 3,337,526	\$ (75,228)
Judicial administration	501,356	501,356	500,014	1,342
Public safety	6,945,469	6,945,469	6,661,087	284,382
Public works	1,519,208	1,519,208	1,949,266	(430,058)
Health and welfare	3,559,472	3,559,472	3,610,447	(50,975)
Education	11,906,140	10,551,910	10,552,384	(474)
Parks, recreation, and cultural	2,529,687	2,529,687	2,213,340	316,347
Community development	142,380	142,380	118,991	23,389
Total expenditures	<u>\$ 30,366,010</u>	<u>\$ 29,011,780</u>	<u>\$ 28,943,055</u>	<u>\$ 68,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,111,225</u>	<u>\$ 3,808,994</u>	<u>\$ 3,090,338</u>	<u>\$ (718,656)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,071,625	\$ 1,071,625	\$ 1,130,713	\$ 59,088
Transfers out	<u>(5,182,850)</u>	<u>(5,182,850)</u>	<u>(5,182,574)</u>	<u>276</u>
Total other financing sources and uses	<u>\$ (4,111,225)</u>	<u>\$ (4,111,225)</u>	<u>\$ (4,051,861)</u>	<u>\$ 59,364</u>
Net change in fund balances	\$ -	\$ (302,231)	\$ (961,523)	\$ (659,292)
Fund balances - beginning	-	302,231	1,947,746	1,645,515
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,223</u>	<u>\$ 986,223</u>

Schedule of Pension Funding Progress  
Last Three Fiscal Years

**Primary Government:**

**City Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Coverage Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/07	\$ 15,335,728	\$ 16,382,366	\$ 1,046,638	93.61%	\$ 7,847,696	13.34%
6/30/08	17,519,224	19,913,320	2,394,096	87.98%	8,610,970	27.80%
6/30/09	18,840,054	22,169,697	3,329,643	84.98%	8,798,113	37.84%

**Discretely Presented Component Unit:**

**School Board Non-Professional Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Coverage Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/07	\$ 1,699,909	\$ 2,082,202	\$ 382,293	81.64%	\$ 1,476,160	25.90%
6/30/08	1,998,263	2,347,412	349,149	85.13%	1,456,139	23.98%
6/30/09	2,242,074	2,315,804	73,730	96.82%	1,568,132	4.70%

Schedule of OPEB Funding Progress  
Last Fiscal Year

Primary Government:

City OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Coverage Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
7/1/08	\$ -	\$ 1,241,361	\$ 1,241,361	0.00%	\$ 7,253,838	17.11%

Discretely Presented Component Unit:

School Board OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Coverage Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
7/1/08	\$ -	\$ 2,611,374	\$ 2,611,374	0.00%	\$ 11,824,984	22.08%

School Board Health Insurance Credit Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Coverage Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
9/30/07	\$ 10,047	\$ 18,323	\$ 8,276	54.83%	\$ 1,568,132	0.53%
9/30/08	6,976	25,308	18,332	27.56%	1,456,139	1.26%
9/30/09	3,454	38,384	34,930	9.00%	1,476,160	2.37%

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**OTHER SUPPLEMENTARY INFORMATION**

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## **Combining and Individual Fund Statements and Schedules**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
	Gang Task Force	City Debt Service	School Building Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 490,935	\$ 15,048	\$ 505,983
Due from other governmental units	680,581	-	-	680,581
Prepaid items	-	25,700	-	25,700
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	8,131	8,131
Total assets	<u>\$ 680,581</u>	<u>\$ 516,635</u>	<u>\$ 23,179</u>	<u>\$ 1,220,395</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 680,581	\$ 519,589	\$ -	\$ 1,200,170
Total liabilities	<u>\$ 680,581</u>	<u>\$ 519,589</u>	<u>\$ -</u>	<u>\$ 1,200,170</u>
Fund balances:				
Reserved for:				
Construction	\$ -	\$ -	\$ 8,131	\$ 8,131
Unreserved:				-
Reported in:				
Debt service funds	-	(2,954)	-	(2,954)
Capital projects funds	-	-	15,048	15,048
Total fund balances	<u>\$ -</u>	<u>\$ (2,954)</u>	<u>\$ 23,179</u>	<u>\$ 20,225</u>
Total liabilities and fund balances	<u>\$ 680,581</u>	<u>\$ 516,635</u>	<u>\$ 23,179</u>	<u>\$ 1,220,395</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	
	Gang Task Force	City Debt Service	School Building Fund	Total
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 26	\$ 26
Intergovernmental revenues:				
Federal	1,512,221	-	-	1,512,221
Total revenues	\$ 1,512,221	\$ -	\$ 26	\$ 1,512,247
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 1,453,133	\$ -	\$ -	\$ 1,453,133
Capital projects	-	-	111,081	111,081
Debt service:				
Principal retirement	-	980,345	-	980,345
Interest and other fiscal charges	-	985,119	-	985,119
Total expenditures	\$ 1,453,133	\$ 1,965,464	\$ 111,081	\$ 3,529,678
Excess (deficiency) of revenues over (under) expenditures	\$ 59,088	\$ (1,965,464)	\$ (111,055)	\$ (2,017,431)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 1,961,938	\$ -	\$ 1,961,938
Transfers out	(59,088)	-	-	(59,088)
Total other financing sources and uses	\$ (59,088)	\$ 1,961,938	\$ -	\$ 1,902,850
Net change in fund balances	\$ -	\$ (3,526)	\$ (111,055)	\$ (114,581)
Fund balances - beginning	-	572	134,234	134,806
Fund balances - ending	\$ -	\$ (2,954)	\$ 23,179	\$ 20,225

## City Debt Service Fund

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

For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES				
Debt service:				
Principal retirement	\$ 980,345	\$ 980,345	\$ 980,345	\$ -
Interest and other fiscal charges	-	-	985,119	(985,119)
Total expenditures	\$ 980,345	\$ 980,345	\$ 1,965,464	\$ (985,119)
Excess (deficiency) of revenues over (under) expenditures				
	\$ (980,345)	\$ (980,345)	\$ (1,965,464)	\$ (985,119)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 980,345	\$ 980,345	\$ 1,961,938	\$ 981,593
Total other financing sources and uses	\$ 980,345	\$ 980,345	\$ 1,961,938	\$ 981,593
Net change in fund balances	\$ -	\$ -	\$ (3,526)	\$ (3,526)
Fund balances - beginning	-	-	572	572
Fund balances - ending	\$ -	\$ -	\$ (2,954)	\$ (2,954)

## School Debt Service Fund

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

For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,111	\$ 4,111
Total revenues	\$ -	\$ -	\$ 4,111	\$ 4,111
EXPENDITURES				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 362,036	\$ (362,036)
Interest and other fiscal charges	4,787,233	4,787,233	4,000,623	786,610
Total expenditures	\$ 4,787,233	\$ 4,787,233	\$ 4,362,659	\$ 424,574
Excess (deficiency) of revenues over (under) expenditures	\$ (4,787,233)	\$ (4,787,233)	\$ (4,358,548)	\$ 428,685
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 4,080,862	\$ 4,080,862	\$ 4,222,505	\$ 141,643
Total other financing sources and uses	\$ 4,080,862	\$ 4,080,862	\$ 4,222,505	\$ 141,643
Net change in fund balances	\$ (706,371)	\$ (706,371)	\$ (136,043)	\$ 570,328
Fund balances - beginning, as adjusted	706,371	706,371	3,189,199	2,482,828
Fund balances - ending	\$ -	\$ -	\$ 3,053,156	\$ 3,053,156

## City Capital Projects Fund

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

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 25,000	\$ 25,000	\$ 46,551	\$ 21,551
Miscellaneous	2,200,000	2,200,000	170,000	(2,030,000)
Intergovernmental revenues:				
Commonwealth	500,000	500,000	110,325	(389,675)
Total revenues	<u>\$ 2,725,000</u>	<u>\$ 2,725,000</u>	<u>\$ 326,876</u>	<u>\$ (2,398,124)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 24,691,523	\$ 24,691,523	\$ 12,144,134	\$ 12,547,389
Debt service:				
Principal retirement	127,274	127,274	127,274	-
Interest and other fiscal charges	7,686	7,686	7,686	-
Total expenditures	<u>\$ 24,826,483</u>	<u>\$ 24,826,483</u>	<u>\$ 12,279,094</u>	<u>\$ 12,547,389</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (22,101,483)</u>	<u>\$ (22,101,483)</u>	<u>\$ (11,952,218)</u>	<u>\$ 10,149,265</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 22,891,516	\$ 22,891,516	\$ -	\$ (22,891,516)
Transfers out	(790,033)	(790,033)	(1,251,869)	(461,836)
Issuance of refinancing bonds	-	-	13,640,000	13,640,000
Payment to refunded bond escrow agent	-	-	(11,932,538)	(11,932,538)
Bond issue costs	-	-	(459,062)	(459,062)
Total other financing sources and uses	<u>\$ 22,101,483</u>	<u>\$ 22,101,483</u>	<u>\$ (3,469)</u>	<u>\$ (22,104,952)</u>
Net change in fund balances	\$ -	\$ -	\$ (11,955,687)	\$ (11,955,687)
Fund balances - beginning, as adjusted	-	-	15,248,459	15,248,459
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,292,772</u>	<u>\$ 3,292,772</u>



## School Building Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 26	\$ 26
Total revenues	\$ -	\$ -	\$ 26	\$ 26
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ -	\$ 111,081	\$ (111,081)
Total expenditures	\$ -	\$ -	\$ 111,081	\$ (111,081)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (111,055)	\$ (111,055)
Net change in fund balances	\$ -	\$ -	\$ (111,055)	\$ (111,055)
Fund balances - beginning	-	-	134,234	134,234
Fund balances - ending	\$ -	\$ -	\$ 23,179	\$ 23,179

## Gang Task Force Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental revenues:				
Federal	\$ -	\$ -	\$ 1,512,221	\$ 1,512,221
Total revenues	\$ -	\$ -	\$ 1,512,221	\$ 1,512,221
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 1,453,133	\$ (1,453,133)
Total expenditures	\$ -	\$ -	\$ 1,453,133	\$ (1,453,133)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 59,088	\$ 59,088
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (59,088)	\$ (59,088)
Total other financing sources and uses	\$ -	\$ -	\$ (59,088)	\$ (59,088)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Capital Assets Used in the Operation of Governmental Funds  
 Comparative Schedules by Source  
 June 30, 2010

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	<u>2010</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$ 5,560,783	\$ 5,560,783
Buildings and improvements	93,162,482	93,242,035
Machinery and equipment	6,600,677	6,412,134
Infrastructure	17,307,723	17,307,723
Construction in progress	21,263,953	10,526,145
Total governmental funds capital assets	<u>\$ 143,895,618</u>	<u>\$ 133,048,820</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 143,895,618	\$ 133,048,820
Total governmental funds capital assets	<u>\$ 143,895,618</u>	<u>\$ 133,048,820</u>

Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2010

Function and Activity	Land	Buildings and Improve- ments	Machinery and Equipment	Infra- structure	Construction in Progress	Total
General government administration:						
City council	\$ 5,045,820	\$ 3,371,353	\$ 313,384	\$ -	\$ 353,227	\$ 9,083,784
Finance	-	-	738,682	-	-	738,682
Technology initiative	-	-	7,809	-	-	7,809
Total general government administration	\$ 5,045,820	\$ 3,371,353	\$ 1,059,875	\$ -	\$ 353,227	\$ 9,830,275
Public safety:						
Police department	\$ 514,963	\$ 9,985,491	\$ 1,467,372	\$ -	\$ -	\$ 11,967,826
Fire and rescue	-	3,332,759	2,245,586	-	-	5,578,345
Total public safety	\$ 514,963	\$ 13,318,250	\$ 3,712,958	\$ -	\$ -	\$ 17,546,171
Public works:						
Streets	\$ -	\$ 5,824	\$ 1,073,085	\$ 17,307,723	\$ -	\$ 18,386,632
Buildings and grounds	-	-	207,479	-	159,901	367,380
Garage	-	-	29,340	-	-	29,340
Total public works	\$ -	\$ 5,824	\$ 1,309,904	\$ 17,307,723	\$ 159,901	\$ 18,783,352
Education:						
Schools	\$ -	\$ 73,125,694	\$ -	\$ -	\$ -	\$ 73,125,694
Total education	\$ -	\$ 73,125,694	\$ -	\$ -	\$ -	\$ 73,125,694
Health and welfare:						
Social services	\$ -	\$ 52,153	\$ 9,897	\$ -	\$ -	\$ 62,050
Total health and welfare	\$ -	\$ 52,153	\$ 9,897	\$ -	\$ -	\$ 62,050
Parks, recreation, and cultural:						
Parks and recreation	\$ -	\$ 3,289,208	\$ 508,043	\$ -	\$ 20,750,825	\$ 24,548,076
Total parks, recreation, and cultural	\$ -	\$ 3,289,208	\$ 508,043	\$ -	\$ 20,750,825	\$ 24,548,076
Total governmental funds capital assets	\$ 5,560,783	\$ 93,162,482	\$ 6,600,677	\$ 17,307,723	\$ 21,263,953	\$ 143,895,618

Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes By Function and Activity  
For the Year Ended June 30, 2010

Function and Activity	Governmental Funds Capital Assets July 1, 2009	Additions	Deductions	Governmental Funds Capital Assets June 30, 2010
General government administration:				
City council	\$ 9,057,640	\$ 260,351	\$ (234,207)	\$ 9,083,784
Finance	738,682	-	-	738,682
Technology initiative	7,809	-	-	7,809
Total general government administration	<u>\$ 9,804,131</u>	<u>\$ 260,351</u>	<u>\$ (234,207)</u>	<u>\$ 9,830,275</u>
Public safety:				
Police department	\$ 11,967,826	\$ -	\$ -	\$ 11,967,826
Fire and rescue	5,439,761	188,543	(49,959)	5,578,345
Total public safety	<u>\$ 17,407,587</u>	<u>\$ 188,543</u>	<u>\$ (49,959)</u>	<u>\$ 17,546,171</u>
Public works:				
Streets	\$ 18,386,632	\$ -	\$ -	\$ 18,386,632
Buildings and grounds	367,380	-	-	367,380
Garage	29,340	-	-	29,340
Total public works	<u>\$ 18,783,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,783,352</u>
Education:				
Schools	\$ 73,914,628	\$ 381,911	\$ (1,170,845)	\$ 73,125,694
Total education	<u>\$ 73,914,628</u>	<u>\$ 381,911</u>	<u>\$ (1,170,845)</u>	<u>\$ 73,125,694</u>
Health and welfare:				
Social services	\$ 62,050	\$ -	\$ -	\$ 62,050
Total health and welfare	<u>\$ 62,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,050</u>
Parks, recreation, and cultural:				
Parks and recreation	\$ 13,077,072	\$ 11,471,004	\$ -	\$ 24,548,076
Total parks, recreation, and cultural	<u>\$ 13,077,072</u>	<u>\$ 11,471,004</u>	<u>\$ -</u>	<u>\$ 24,548,076</u>
Total governmental funds capital assets	<u>\$ 133,048,820</u>	<u>\$ 12,301,809</u>	<u>\$ (1,455,011)</u>	<u>\$ 143,895,618</u>

## Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2010

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,170,681	\$ 73,337	\$ 2,244,018
Receivables (net of allowance for uncollectibles):			
Accounts receivable	543,479	100	543,579
Due from other governmental units	1,158,693	51,875	1,210,568
Inventories	4,795	24,571	29,366
Prepaid items	-	-	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	23,908	-	23,908
Total assets	<u>\$ 3,901,556</u>	<u>\$ 149,883</u>	<u>\$ 4,051,439</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,037,458	\$ 40,084	\$ 1,077,542
Accrued liabilities	2,702,535	75,124	2,777,659
Deferred revenue	-	16,429	16,429
Total liabilities	<u>\$ 3,739,993</u>	<u>\$ 131,637</u>	<u>\$ 3,871,630</u>
Fund balances:			
Reserved for:			
Retiree health benefit	\$ 113,700	\$ -	\$ 113,700
Equipment purchases - capital lease	23,908	-	23,908
Unreserved:			
Designated for subsequent expenditure	23,955	18,246	42,201
Total fund balances	<u>\$ 161,563</u>	<u>\$ 18,246</u>	<u>\$ 179,809</u>
Total liabilities and fund balances	<u>\$ 3,901,556</u>	<u>\$ 149,883</u>	<u>\$ 4,051,439</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above \$ 179,809

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 23,030,319

Long-term liabilities, including compensated absences and capital leases are not due and payable in the current period and, therefore, are not reported in the funds. (938,920)

Net assets of governmental activities \$ 22,271,208

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2010

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 2,321	\$ -	\$ 2,321
Charges for services	18,960	520,758	539,718
Miscellaneous	172,805	4,940	177,745
Recovered costs	127,235	-	127,235
Intergovernmental revenues:			
Local government	10,537,179	-	10,537,179
Commonwealth	13,949,507	25,591	13,975,098
Federal	2,389,944	729,096	3,119,040
Total revenues	<u>\$ 27,197,951</u>	<u>\$ 1,280,385</u>	<u>\$ 28,478,336</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 28,722,362	\$ 1,262,313	\$ 29,984,675
Debt service:			
Principal retirement	101,932	-	101,932
Interest and other fiscal charges	16,805	-	16,805
Total expenditures	<u>\$ 28,841,099</u>	<u>\$ 1,262,313</u>	<u>\$ 30,103,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,643,148)</u>	<u>\$ 18,072</u>	<u>\$ (1,625,076)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of capital lease	\$ 161,180	\$ -	\$ 161,180
Total other financing sources and uses	<u>\$ 161,180</u>	<u>\$ -</u>	<u>\$ 161,180</u>
Net change in fund balances	\$ (1,481,968)	\$ 18,072	\$ (1,463,896)
Fund balances - beginning, as adjusted	1,643,531	174	1,643,705
Fund balances - ending	<u>\$ 161,563</u>	<u>\$ 18,246</u>	<u>\$ 179,809</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (1,463,896)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 340,664

The issuance of long-term debt (e.g., 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (59,248)

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. (32,450)

Change in net assets of governmental activities \$ (1,214,930)

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2010

School Operating Fund								
					Variance with Final Budget Positive (Negative)			
Budgeted Amounts								
Original		Final		Actual				
<b>REVENUES</b>								
Revenue from the use of money and property	\$	2,005	\$	2,005	\$	2,321	\$	316
Charges for services		12,999		22,800		18,960		(3,840)
Miscellaneous		685,997		1,071,046		172,805		(898,241)
Recovered costs		99,998		99,998		127,235		27,237
Intergovernmental revenues:								
Local government		11,969,138		11,969,138		10,537,179		(1,431,959)
Commonwealth		13,169,546		14,410,574		13,949,507		(461,067)
Federal		973,859		1,035,468		2,389,944		1,354,476
Total revenues	\$	26,913,542	\$	28,611,029	\$	27,197,951	\$	(1,413,078)
<b>EXPENDITURES</b>								
Current:								
Education	\$	28,323,880	\$	30,006,723	\$	28,722,362	\$	1,284,361
Debt service:								
Principal retirement		101,932		101,932		101,932		-
Interest and other fiscal charges		16,805		16,805		16,805		-
Total expenditures	\$	28,442,617	\$	30,125,460	\$	28,841,099	\$	1,284,361
Excess (deficiency) of revenues over (under) expenditures								
	\$	(1,529,075)	\$	(1,514,431)	\$	(1,643,148)	\$	(128,717)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of capital lease	\$	-	\$	1,400	\$	161,180	\$	159,780
Total other financing sources and uses	\$	-	\$	1,400	\$	161,180	\$	159,780
Net change in fund balances								
	\$	(1,529,075)	\$	(1,513,031)	\$	(1,481,968)	\$	31,063
Fund balances - beginning, as adjusted		1,529,075		1,513,031		1,643,531		130,500
Fund balances - ending	\$	-	\$	-	\$	161,563	\$	161,563



School Cafeteria Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ -	\$ -	\$ -	\$ -	-
-	-	520,758	520,758	-
-	-	4,940	4,940	-
-	-	-	-	-
-	-	-	-	-
-	-	25,591	25,591	-
-	-	729,096	729,096	-
\$ -	\$ -	\$ 1,280,385	\$ 1,280,385	-
\$ -	\$ -	\$ 1,262,313	\$ (1,262,313)	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ 1,262,313	\$ (1,262,313)	-
\$ -	\$ -	\$ 18,072	\$ 18,072	-
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ 18,072	\$ 18,072	-
-	-	174	174	-
\$ -	\$ -	\$ 18,246	\$ 18,246	-

Capital Assets Used in the Operation of Governmental Funds -  
Discretely Presented Component Unit - School Board  
Comparative Schedules by Source  
June 30, 2010

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	<u>2010</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$ 1,637,491	\$ 1,637,491
Buildings and improvements	27,189,015	26,018,170
Machinery and equipment	3,606,586	3,446,806
Total governmental funds capital assets	\$ <u>32,433,092</u>	\$ <u>31,102,467</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 32,433,092	\$ 31,102,467
Total governmental funds capital assets	\$ <u>32,433,092</u>	\$ <u>31,102,467</u>

- (1) The above schedule of capital assets reflects the net amount of assets after the transfer of joint tenancy assets to the Primary Government.

Capital Assets Used in the Operation of Governmental Funds -  
Discretely Presented Component Unit - School Board  
Schedule by Function and Activity  
June 30, 2010

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Education:				
Schools	\$ 1,637,491	\$ 27,189,015	\$ 3,606,586	\$ 32,433,092
Total governmental funds capital assets	\$ 1,637,491	\$ 27,189,015	\$ 3,606,586	\$ 32,433,092

- (1) The above schedule of capital assets reflects the net amount of assets after the transfer of joint tenancy assets to the Primary Government.

Capital Assets Used in the Operation of Governmental Funds -  
Discretely Presented Component Unit - School Board  
Schedule of Changes By Function and Activity  
For the Year Ended June 30, 2010

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets	
	July 1, 2009	Additions	Deductions	June 30, 2010	
Education:					
Schools	\$ 31,102,467	\$ 1,330,625	\$ -	\$ 32,433,092	
Total governmental funds capital assets	\$ 31,102,467	\$ 1,330,625	\$ -	\$ 32,433,092	

- (1) The above schedule of capital assets reflects the net amount of assets after the transfer of joint tenancy assets to the Primary Government.

## **Supporting Schedules**

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Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 17,162,060	\$ 17,447,059	\$ 17,410,143	\$ (36,916)
Real and personal public service corporation taxes	300,000	300,000	399,935	99,935
Personal property taxes	3,215,000	2,735,000	2,594,898	(140,102)
Penalties	225,000	225,000	165,918	(59,082)
Interest	125,000	125,000	126,448	1,448
Total general property taxes	\$ 21,027,060	\$ 20,832,059	\$ 20,697,342	\$ (134,717)
Other local taxes:				
Local sales and use taxes	\$ 1,900,000	\$ 1,275,000	\$ 1,138,777	\$ (136,223)
Consumers' utility taxes	744,800	744,800	721,268	(23,532)
Business license taxes	875,000	875,000	632,868	(242,132)
Motor vehicle licenses	275,000	275,000	270,030	(4,970)
Bank stock taxes	30,000	30,000	31,825	1,825
Taxes on recordation and wills	300,000	180,000	137,368	(42,632)
Cigarette taxes	400,000	400,000	404,116	4,116
Meals taxes	330,000	330,000	298,446	(31,554)
Total other local taxes	\$ 4,854,800	\$ 4,109,800	\$ 3,634,698	\$ (475,102)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 5,230	\$ 3,230
Courthouse maintenance fees	100	100	14	(86)
Zoning and subdivision permits	5,000	5,000	-	(5,000)
Building permits	35,000	35,000	24,172	(10,828)
Courthouse security fees	4,120	4,120	14,548	10,428
Permits and other licenses	30,790	30,790	14,338	(16,452)
Total permits, privilege fees, and regulatory licenses	\$ 77,010	\$ 77,010	\$ 58,302	\$ (18,708)
Fines and forfeitures:				
Court fines and forfeitures	\$ 350,000	\$ 249,500	\$ 220,995	\$ (28,505)
Parking fines	37,500	37,500	24,481	(13,019)
Other fines	25,000	25,000	17,504	(7,496)
Total fines and forfeitures	\$ 412,500	\$ 312,000	\$ 262,980	\$ (49,020)
Revenue from use of money and property:				
Revenue from use of money	\$ 175,000	\$ 99,325	\$ 118,365	\$ 19,040
Revenue from use of property	20,000	-	-	-
Total revenue from use of money and property	\$ 195,000	\$ 99,325	\$ 118,365	\$ 19,040
Charges for services:				
Commuter rail parking	\$ 66,150	\$ 66,150	\$ 70,987	\$ 4,837
Fee for fiscal services	16,000	16,000	15,227	(773)
Site plan reviews	-	-	31,397	31,397
Charges for EMS	300,000	261,000	270,221	9,221
Charges for extended care	262,500	212,500	225,128	12,628
Charges for parks and recreation	863,932	818,932	397,330	(421,602)
Total charges for services	\$ 1,508,582	\$ 1,374,582	\$ 1,010,290	\$ (364,292)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Miscellaneous revenue:				
Miscellaneous	\$ 111,000	\$ 41,000	\$ 107,531	\$ 66,531
Other refunds	463,323	463,323	447,724	(15,599)
Rebates & refunds from schools	82,500	82,500	98,992	16,492
Net change in investment in joint venture	-	-	(21,726)	(21,726)
Total miscellaneous revenue	<u>\$ 656,823</u>	<u>\$ 586,823</u>	<u>\$ 632,521</u>	<u>\$ 45,698</u>
Recovered costs:				
Other recovered costs	\$ 59,244	\$ 59,244	\$ 2,442	\$ (56,802)
Total recovered costs	<u>\$ 59,244</u>	<u>\$ 59,244</u>	<u>\$ 2,442</u>	<u>\$ (56,802)</u>
Total revenue from local sources	<u>\$ 28,791,019</u>	<u>\$ 27,450,843</u>	<u>\$ 26,416,940</u>	<u>\$ (1,033,903)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Tax on deeds	\$ 100,000	\$ 100,000	\$ 43,460	\$ (56,540)
Motor vehicle rental tax	35,000	35,000	73,900	38,900
Communication taxes	860,000	690,000	765,683	75,683
Rolling stock tax	3,167	3,167	-	(3,167)
Personal property tax relief funds	1,250,000	1,250,000	1,368,393	118,393
Total noncategorical aid	<u>\$ 2,248,167</u>	<u>\$ 2,078,167</u>	<u>\$ 2,251,436</u>	<u>\$ 173,269</u>
Categorical aid:				
Shared expenses:				
Commissioner of revenue	\$ 88,000	\$ 88,000	\$ 86,384	\$ (1,616)
Treasurer	80,000	80,000	77,685	(2,315)
Registrar/electoral board	51,708	51,708	48,543	(3,165)
Total shared expenses	<u>\$ 219,708</u>	<u>\$ 219,708</u>	<u>\$ 212,612</u>	<u>\$ (7,096)</u>
Welfare:				
Welfare administration & assistance	\$ 186,495	\$ 168,558	\$ 296,417	\$ 127,859
Comprehensive service act program	598,000	598,000	550,535	(47,465)
Total welfare	<u>\$ 784,495</u>	<u>\$ 766,558</u>	<u>\$ 846,952</u>	<u>\$ 80,394</u>
Other categorical aid:				
Juvenile detention	\$ 29,763	\$ 29,763	\$ -	\$ (29,763)
Street maintenance	500,000	500,000	608,268	108,268
Aid to localities with police departments	492,000	492,000	418,212	(73,788)
Four-for-life grant	9,802	9,802	10,128	326
Litter grant	5,000	5,000	-	(5,000)
Firefighters assistance	27,125	27,125	28,389	1,264
Other state funds	66,141	66,141	198,919	132,778
Total other categorical aid	<u>\$ 1,129,831</u>	<u>\$ 1,129,831</u>	<u>\$ 1,263,916</u>	<u>\$ 134,085</u>
Total categorical aid	<u>\$ 2,134,034</u>	<u>\$ 2,116,097</u>	<u>\$ 2,323,480</u>	<u>\$ 207,383</u>
Total revenue from the Commonwealth	<u>\$ 4,382,201</u>	<u>\$ 4,194,264</u>	<u>\$ 4,574,916</u>	<u>\$ 380,652</u>



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Welfare administration & assistance	\$ 1,163,405	\$ 1,035,057	\$ 760,690	\$ (274,367)
Other categorical aid:				
State domestic preparedness equipment support	\$ 70,110	\$ 70,110	\$ 224,340	\$ 154,230
Gang task force grant	70,500	70,500	12,688	(57,812)
Parks and recreation grants	-	-	5,000	5,000
State and community highway safety program	-	-	38,819	38,819
Total other categorical aid	\$ 140,610	\$ 140,610	\$ 280,847	\$ 140,237
Total revenue from the federal government	\$ 1,304,015	\$ 1,175,667	\$ 1,041,537	\$ (134,130)
Total General Fund	\$ 34,477,235	\$ 32,820,774	\$ 32,033,393	\$ (787,381)
<b>Special Revenue Fund:</b>				
<b>Gang Task Force Fund:</b>				
Revenue from the federal government:				
Categorical aid:				
Gang Task Force grant	\$ -	\$ -	\$ 1,512,221	\$ 1,512,221
Total categorical aid	\$ -	\$ -	\$ 1,512,221	\$ 1,512,221
Total revenue from the federal government	\$ -	\$ -	\$ 1,512,221	\$ 1,512,221
Total Gang Task Force Fund	\$ -	\$ -	\$ 1,512,221	\$ 1,512,221
<b>School Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,111	\$ 4,111
Total revenue from use of money and property	\$ -	\$ -	\$ 4,111	\$ 4,111
Total revenue from local sources	\$ -	\$ -	\$ 4,111	\$ 4,111
Total School Debt Service Fund	\$ -	\$ -	\$ 4,111	\$ 4,111
<b>Capital Projects Funds:</b>				
<b>City Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 25,000	\$ 25,000	\$ 46,551	\$ 21,551
Total revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 46,551	\$ 21,551
Miscellaneous revenue:				
Proffers	\$ 2,200,000	\$ 2,200,000	\$ 170,000	\$ (2,030,000)
Total miscellaneous revenue	\$ 2,200,000	\$ 2,200,000	\$ 170,000	\$ (2,030,000)
Total revenue from local sources	\$ 2,225,000	\$ 2,225,000	\$ 216,551	\$ (2,008,449)
Revenue from the Commonwealth:				
Noncategorical aid:				
PRTC Motor fuels tax	\$ 500,000	\$ 500,000	\$ 1,617	\$ (498,383)
Total noncategorical aid	\$ 500,000	\$ 500,000	\$ 1,617	\$ (498,383)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds: (Continued)</b>				
<b>City Capital Projects Fund: (Continued)</b>				
Categorical aid:				
VDOT street funds	\$ -	\$ -	\$ 108,708	\$ 108,708
Total categorical aid	\$ -	\$ -	\$ 108,708	\$ 108,708
Total revenue from the Commonwealth	\$ 500,000	\$ 500,000	\$ 110,325	\$ (389,675)
Total City Capital Projects Fund	\$ 2,725,000	\$ 2,725,000	\$ 326,876	\$ (2,398,124)
<b>School Building Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 26	\$ 26
Total revenue from local sources	\$ -	\$ -	\$ 26	\$ 26
Total School Building Fund	\$ -	\$ -	\$ 26	\$ 26
Total Primary Government	\$ 37,202,235	\$ 35,545,774	\$ 33,876,627	\$ (1,669,147)
<b>Discretely Presented Component Unit-School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 11	\$ 11
Revenue from the use of property	2,005	2,005	2,310	305
Total revenue from use of money and property	\$ 2,005	\$ 2,005	\$ 2,321	\$ 316
Charges for services:				
Tuition	\$ 12,999	\$ 22,800	\$ 18,960	\$ (3,840)
Total charges for services	\$ 12,999	\$ 22,800	\$ 18,960	\$ (3,840)
Miscellaneous revenue:				
Other miscellaneous	\$ 685,997	\$ 1,071,046	\$ 172,805	\$ (898,241)
Total miscellaneous revenue	\$ 685,997	\$ 1,071,046	\$ 172,805	\$ (898,241)
Recovered costs:				
Rebates / refunds	\$ 99,998	\$ 99,998	\$ 127,235	\$ 27,237
Total recovered costs	\$ 99,998	\$ 99,998	\$ 127,235	\$ 27,237
Total revenue from local sources	\$ 800,999	\$ 1,195,849	\$ 321,321	\$ (874,528)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from City of Manassas Park, Virginia	\$ 11,969,138	\$ 11,969,138	\$ 10,537,179	\$ (1,431,959)
Total revenues from local governments	\$ 11,969,138	\$ 11,969,138	\$ 10,537,179	\$ (1,431,959)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,057,342	\$ 1,907,170	\$ 1,963,348	\$ 56,178
Basic school aid	7,069,129	8,119,114	7,558,608	(560,506)
Other state funds	4,043,075	4,384,290	4,427,551	43,261
Total categorical aid	\$ 13,169,546	\$ 14,410,574	\$ 13,949,507	\$ (461,067)
Total revenue from the Commonwealth	\$ 13,169,546	\$ 14,410,574	\$ 13,949,507	\$ (461,067)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Title I: Grants to local educational agencies	\$ 335,463	\$ 314,104	\$ 298,947	\$ (15,157)
Title II, part D: Education technology state grant	2,699	2,699	2,018	(681)
Title VI-B: Special education grants to states	426,999	473,643	757,505	283,862
Title VI-B: Special education preschool grants	28,404	-	18,337	18,337
Vocational education: Basic grants to states	28,999	52,854	56,514	3,660
English language acquisition grants	71,999	96,867	74,535	(22,332)
Drug free schools	6,899	11,283	10,452	(831)
Advanced placement incentive program	1,399	1,399	-	(1,399)
Title II, Part A: Improving teacher quality	69,999	81,620	71,476	(10,144)
Title VI, Part A: State assessment grant	999	999	-	(999)
FEMA Disaster Funds	-	-	8,190	8,190
State Fiscal Stabilization Funds	-	-	1,069,527	1,069,527
RTI Initiative	-	-	22,443	22,443
Total categorical aid	\$ 973,859	\$ 1,035,468	\$ 2,389,944	\$ 1,354,476
Total revenue from the federal government	\$ 973,859	\$ 1,035,468	\$ 2,389,944	\$ 1,354,476
Total School Operating Fund	\$ 26,913,542	\$ 28,611,029	\$ 27,197,951	\$ (1,413,078)
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 520,758	\$ 520,758
Total charges for services	\$ -	\$ -	\$ 520,758	\$ 520,758
Miscellaneous revenue:				
Catering revenue	\$ -	\$ -	\$ 4,940	\$ 4,940
Total miscellaneous revenue	\$ -	\$ -	\$ 4,940	\$ 4,940
Total revenue from local sources	\$ -	\$ -	\$ 525,698	\$ 525,698
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 25,591	\$ 25,591
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 729,096	\$ 729,096
Total School Cafeteria Fund	\$ -	\$ -	\$ 1,280,385	\$ 1,280,385
Total Discretely Presented Component Unit - School Board	\$ 26,913,542	\$ 28,611,029	\$ 28,478,336	\$ (132,693)

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
City council	\$ 211,750	\$ 211,750	\$ 214,589	\$ (2,839)
General and financial administration:				
Management services	\$ 295,778	\$ 295,778	\$ 278,754	\$ 17,024
Legal services	375,000	375,000	367,048	7,952
Independent auditor	35,000	35,000	58,690	(23,690)
Commissioner of revenue	341,390	341,390	328,472	12,918
Treasurer	374,153	374,153	370,817	3,336
Finance	549,532	549,532	558,525	(8,993)
Other general and financial administration	940,390	940,390	1,043,759	(103,369)
Total general and financial administration	\$ 2,911,243	\$ 2,911,243	\$ 3,006,065	\$ (94,822)
Board of elections:				
Electoral board and officials	\$ 139,305	\$ 139,305	\$ 116,872	\$ 22,433
Total general government administration	\$ 3,262,298	\$ 3,262,298	\$ 3,337,526	\$ (75,228)
Judicial administration:				
Courts:				
Courts	\$ 177,645	\$ 177,645	\$ 185,050	\$ (7,405)
Sheriff	218,736	218,736	218,736	-
Total courts	\$ 396,381	\$ 396,381	\$ 403,786	\$ (7,405)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 104,975	\$ 104,975	\$ 96,228	\$ 8,747
Total judicial administration	\$ 501,356	\$ 501,356	\$ 500,014	\$ 1,342
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,150,403	\$ 3,150,403	\$ 2,907,117	\$ 243,286
E-911	577,566	577,566	583,846	(6,280)
Total law enforcement and traffic control	\$ 3,727,969	\$ 3,727,969	\$ 3,490,963	\$ 237,006
Fire and rescue services:				
Fire department	\$ 2,252,993	\$ 2,252,993	\$ 2,292,542	\$ (39,549)
Total fire and rescue services	\$ 2,252,993	\$ 2,252,993	\$ 2,292,542	\$ (39,549)

## Schedule of Expenditures - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
County Jail	\$ 530,693	\$ 530,693	\$ 532,383	\$ (1,690)
Juvenile detention home	108,999	108,999	102,382	6,617
Total correction and detention	<u>\$ 639,692</u>	<u>\$ 639,692</u>	<u>\$ 634,765</u>	<u>\$ 4,927</u>
Inspections:				
Building	<u>\$ 196,323</u>	<u>\$ 196,323</u>	<u>\$ 198,571</u>	<u>\$ (2,248)</u>
Other protection:				
Animal control	<u>\$ 128,492</u>	<u>\$ 128,492</u>	<u>\$ 44,246</u>	<u>\$ 84,246</u>
Total public safety	<u>\$ 6,945,469</u>	<u>\$ 6,945,469</u>	<u>\$ 6,661,087</u>	<u>\$ 284,382</u>
Public works:				
Maintenance of highways, streets, bridges & sidewalks:				
Streets	<u>\$ 430,645</u>	<u>\$ 430,645</u>	<u>\$ 767,957</u>	<u>\$ (337,312)</u>
Maintenance of general buildings and grounds:				
General Properties	\$ 550,345	\$ 550,345	\$ 674,947	\$ (124,602)
City garage	538,218	538,218	506,362	31,856
Total maintenance of general buildings and grounds	<u>\$ 1,088,563</u>	<u>\$ 1,088,563</u>	<u>\$ 1,181,309</u>	<u>\$ (92,746)</u>
Total public works	<u>\$ 1,519,208</u>	<u>\$ 1,519,208</u>	<u>\$ 1,949,266</u>	<u>\$ (430,058)</u>
Health and welfare:				
Health:				
Local health department	\$ 48,575	\$ 48,575	\$ 48,575	\$ -
Total health	<u>\$ 48,575</u>	<u>\$ 48,575</u>	<u>\$ 48,575</u>	<u>\$ -</u>
Mental health and mental retardation:				
Chapter X board	\$ 684,447	\$ 684,447	\$ 684,444	\$ 3
Total mental health and mental retardation	<u>\$ 684,447</u>	<u>\$ 684,447</u>	<u>\$ 684,444</u>	<u>\$ 3</u>

## Schedule of Expenditures - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Welfare administration and assistance	\$ 1,604,284	\$ 1,604,284	\$ 1,404,901	\$ 199,383
Comprehensive services act	1,040,000	1,040,000	1,070,356	(30,356)
Area agency on aging	107,271	107,271	107,268	3
Other social services programs	74,895	74,895	74,892	3
Tax relief for the elderly	-	-	220,011	(220,011)
Total welfare	<u>\$ 2,826,450</u>	<u>\$ 2,826,450</u>	<u>\$ 2,877,428</u>	<u>\$ (50,978)</u>
Total health and welfare	<u>\$ 3,559,472</u>	<u>\$ 3,559,472</u>	<u>\$ 3,610,447</u>	<u>\$ (50,975)</u>
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 14,731	\$ 14,731	\$ 15,205	\$ (474)
Contribution to Manassas Park School Board	11,891,409	10,537,179	10,537,179	-
Total education	<u>\$ 11,906,140</u>	<u>\$ 10,551,910</u>	<u>\$ 10,552,384</u>	<u>\$ (474)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration and maintenance	<u>\$ 1,970,967</u>	<u>\$ 1,970,967</u>	<u>\$ 1,654,620</u>	<u>\$ 316,347</u>
Library:				
Regional Library	<u>\$ 558,720</u>	<u>\$ 558,720</u>	<u>\$ 558,720</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 2,529,687</u>	<u>\$ 2,529,687</u>	<u>\$ 2,213,340</u>	<u>\$ 316,347</u>
Community development:				
Planning and community development:				
Planning and zoning	<u>\$ 142,380</u>	<u>\$ 142,380</u>	<u>\$ 118,991</u>	<u>\$ 23,389</u>
Total planning and community development	<u>\$ 142,380</u>	<u>\$ 142,380</u>	<u>\$ 118,991</u>	<u>\$ 23,389</u>
Total community development	<u>\$ 142,380</u>	<u>\$ 142,380</u>	<u>\$ 118,991</u>	<u>\$ 23,389</u>
Total General Fund	<u><u>\$ 30,366,010</u></u>	<u><u>\$ 29,011,780</u></u>	<u><u>\$ 28,943,055</u></u>	<u><u>\$ 68,725</u></u>
<b>Special Revenue Fund:</b>				
<b>Gang Task Force Fund</b>				
Public safety:				
Other protection:				
Payment to localities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,453,133</u>	<u>\$ (1,453,133)</u>
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,453,133</u>	<u>\$ (1,453,133)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,453,133</u>	<u>\$ (1,453,133)</u>
Total Gang Task Force Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,453,133</u></u>	<u><u>\$ (1,453,133)</u></u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Debt Service Funds:</b>				
<b>City Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 980,345	\$ 980,345	\$ 980,345	\$ -
Interest and other fiscal charges	-	-	985,119	(985,119)
Total City Debt Service Fund	<u>\$ 980,345</u>	<u>\$ 980,345</u>	<u>\$ 1,965,464</u>	<u>\$ (985,119)</u>
<b>School Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 362,036	\$ (362,036)
Interest	4,787,233	4,787,233	4,000,623	786,610
Total School Debt Service	<u>\$ 4,787,233</u>	<u>\$ 4,787,233</u>	<u>\$ 4,362,659</u>	<u>\$ 424,574</u>
<b>Capital Projects Funds:</b>				
<b>City Capital Projects Fund:</b>				
Capital projects expenditures:				
Fire station/vehicles	\$ 40,000	\$ 40,000	\$ 138,679	\$ (98,679)
Parks and recreation projects	45,000	45,000	30,929	14,071
Community center	19,406,783	19,406,783	10,897,929	8,508,854
Fire station furnishings	10,000	10,000	4,104	5,896
Police PAK system	73,000	73,000	33,434	39,566
Street improvements	4,392,500	4,392,500	968,253	3,424,247
Manassas Drive sidewalks (PRTC)	600,000	600,000	-	600,000
Technology initiative	42,500	42,500	9,168	33,332
Well system upgrade / pressure valves	-	-	450	(450)
Public safety vehicles	46,240	46,240	51,548	(5,308)
Other projects	35,500	35,500	9,640	25,860
Total capital projects	<u>\$ 24,691,523</u>	<u>\$ 24,691,523</u>	<u>\$ 12,144,134</u>	<u>\$ 12,547,389</u>
Debt service:				
Principal retirement	\$ 127,274	\$ 127,274	\$ 127,274	\$ -
Interest and other fiscal charges	7,686	7,686	7,686	-
Total debt service	<u>\$ 134,960</u>	<u>\$ 134,960</u>	<u>\$ 134,960</u>	<u>\$ -</u>
Total City Capital Projects Fund	<u>\$ 24,826,483</u>	<u>\$ 24,826,483</u>	<u>\$ 12,279,094</u>	<u>\$ 12,547,389</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds: (Continued)</b>				
<b>School Building Fund:</b>				
Capital projects expenditures:				
Manassas Park Middle School	\$ -	\$ -	\$ 11,585	\$ (11,585)
Manassas Park Elementary School	-	-	84,480	(84,480)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,081</u>	<u>\$ (111,081)</u>
Total School Building Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,081</u>	<u>\$ (111,081)</u>
Total Primary Government	<u>\$ 60,960,071</u>	<u>\$ 59,605,841</u>	<u>\$ 49,114,486</u>	<u>\$ 10,491,355</u>
<b>Discretely Presented Component Unit-School Board:</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 20,747,116	\$ 22,269,767	\$ 20,488,427	\$ 1,781,340
Administration, Attendance and health services	2,004,475	1,915,709	1,849,233	66,476
Pupil transportation	1,361,124	1,594,018	1,775,650	(181,632)
Operation and maintenance of school plant	2,753,638	2,784,956	3,238,237	(453,281)
Facilities	56,500	44,642	31,890	12,752
Technology	1,401,027	1,397,631	1,338,925	58,706
Total education	<u>\$ 28,323,880</u>	<u>\$ 30,006,723</u>	<u>\$ 28,722,362</u>	<u>\$ 1,284,361</u>
Debt service:				
Principal payments	\$ 101,932	\$ 101,932	\$ 101,932	\$ -
Interest payments	16,805	16,805	16,805	-
Total debt service	<u>\$ 118,737</u>	<u>\$ 118,737</u>	<u>\$ 118,737</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 28,442,617</u>	<u>\$ 30,125,460</u>	<u>\$ 28,841,099</u>	<u>\$ 1,284,361</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Food services	\$ -	\$ -	\$ 1,262,313	\$ (1,262,313)
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,262,313</u>	<u>\$ (1,262,313)</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 28,442,617</u>	<u>\$ 30,125,460</u>	<u>\$ 30,103,412</u>	<u>\$ 22,048</u>



Computation of Legal Debt Margin  
At June 30, 2010

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Total assessed value of taxed real property (1)		\$	<u>1,128,689,117</u>
Debt limit - 10 percent of total assessed value		\$	112,868,912
Amount of debt applicable to debt limit:			
Gross debt (2)	\$	132,047,211	
Less: Water and sewer general obligation refunding bonds		<u>(14,800,000)</u>	
Total amount of debt applicable to debt limit	\$	<u>117,247,211</u>	
Legal debt margin	\$	<u>(4,378,299)</u>	

(1) Includes public utility real property.

(2) Includes general obligations payable and literary fund loans payable.

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## Statistical Section

### Contents

### Tables

#### Financial Trends

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

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#### Revenue Capacity

These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

6 - 9

#### Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

10 - 13

#### Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

14 - 15

#### Operating Information

These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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#### *Sources:*

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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Net Assets by Component  
Last Eight Fiscal Years  
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 16,913,268	\$ 18,529,748	\$ 21,347,169	\$ 22,768,214	\$ 17,965,771	\$ 19,998,796	\$ 16,208,837	\$ 10,158,642
Restricted	-	922,664	1,124,998	1,494,759	-	-	-	-
Unrestricted	8,267,702	5,078,156	3,680,911	4,160,738	6,458,155	2,443,881	1,533,600	1,822,217
Total governmental activities net assets	<u>\$ 25,180,970</u>	<u>\$ 24,530,568</u>	<u>\$ 26,153,078</u>	<u>\$ 28,423,711</u>	<u>\$ 24,423,926</u>	<u>\$ 22,442,677</u>	<u>\$ 17,742,437</u>	<u>\$ 11,980,859</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 6,944,848	\$ 7,018,105	\$ 8,096,164	\$ 9,160,463	\$ 9,191,736	\$ 9,042,212	\$ 6,473,546	\$ 5,538,509
Unrestricted	10,119,578	9,798,801	9,401,479	8,955,129	7,684,124	6,349,929	9,269,265	7,706,159
Total business-type activities net assets	<u>\$ 17,064,426</u>	<u>\$ 16,816,906</u>	<u>\$ 17,497,643</u>	<u>\$ 18,115,592</u>	<u>\$ 16,875,860</u>	<u>\$ 15,392,141</u>	<u>\$ 15,742,811</u>	<u>\$ 13,244,668</u>
Primary government								
Invested in capital assets, net of related debt	\$ 23,858,116	\$ 25,547,853	\$ 29,443,333	\$ 31,928,677	\$ 27,157,507	\$ 29,041,008	\$ 22,682,383	\$ 15,697,151
Restricted	-	922,664	1,124,998	1,494,759	-	-	-	-
Unrestricted	18,387,280	14,876,957	13,082,390	13,115,867	14,142,279	8,793,810	10,802,865	9,528,376
Total primary government net assets	<u>\$ 42,245,396</u>	<u>\$ 41,347,474</u>	<u>\$ 43,650,721</u>	<u>\$ 46,539,303</u>	<u>\$ 41,299,786</u>	<u>\$ 37,834,818</u>	<u>\$ 33,485,248</u>	<u>\$ 25,225,527</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB Statement 34.

Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities:								
General government	\$ 2,267,575	\$ 2,371,822	\$ 2,487,349	\$ 3,092,298	\$ 3,639,495	\$ 3,835,114	\$ 4,314,847	\$ 4,042,638
Judicial administration	282,373	257,239	375,191	269,122	288,349	360,418	537,701	559,672
Public safety	3,746,342	4,387,390	4,997,815	5,838,083	6,705,352	7,623,083	8,485,280	9,813,118
Public works	2,906,456	2,272,790	2,853,701	3,478,615	3,376,327	3,247,845	3,529,688	2,996,931
Health and welfare	2,446,437	2,607,811	3,630,655	3,516,367	3,654,486	3,545,899	4,382,948	4,057,559
Education	8,855,044	10,274,071	13,273,248	15,032,589	19,637,339	17,352,580	12,436,101	10,769,321
Parks, recreation and cultural	1,278,660	1,592,917	1,531,253	1,912,888	2,157,786	2,323,943	2,473,183	2,657,667
Community development	193,509	178,560	119,457	165,714	-	48,599	435,532	119,764
Interest on long-term debt	1,052,701	1,076,881	1,328,123	2,206,732	2,842,832	4,335,192	3,847,039	5,095,520
Total governmental activities expenses	\$ 23,029,097	\$ 25,019,481	\$ 30,596,792	\$ 35,512,408	\$ 42,301,966	\$ 42,672,673	\$ 40,442,319	\$ 40,112,190
Business-type activities:								
Water and Sewer	\$ 3,787,471	\$ 4,121,868	\$ 4,044,139	\$ 4,893,659	\$ 4,895,554	\$ 4,828,407	\$ 5,867,322	\$ 7,541,752
Total business-type activities expenses	\$ 3,787,471	\$ 4,121,868	\$ 4,044,139	\$ 4,893,659	\$ 4,895,554	\$ 4,828,407	\$ 5,867,322	\$ 7,541,752
Total primary government expenses	\$ 26,816,568	\$ 29,141,349	\$ 34,640,931	\$ 40,406,067	\$ 47,197,520	\$ 47,501,080	\$ 46,309,641	\$ 47,653,942
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$ 12,000	\$ 16,996	\$ 19,734	\$ 24,865	\$ 30,046	\$ 30,378	\$ 48,126	\$ 103,718
Judicial administration	-	4,234	2,723	3,653	3,425	10,593	325,687	235,557
Public safety	104,682	271,628	418,954	427,275	336,106	519,856	243,553	299,932
Public works	144,255	26,486	-	58,402	61,321	793,115	747,060	69,907
Health and welfare	-	-	293,776	245,087	227,519	214,939	237,263	225,128
Parks, recreation and cultural	421,571	447,124	234,883	258,104	226,769	422,376	268,919	397,330
Community development	10,749	12,045	20,034	7,170	-	-	-	-
Operating grants and contributions	2,047,638	1,962,750	2,963,637	3,383,992	3,270,584	3,378,377	3,835,569	4,975,818
Capital grants and contributions	858,620	-	9,274	700,625	29,526	16,408	10,325	10,128
Total governmental activities program revenues	\$ 3,599,515	\$ 2,741,263	\$ 3,963,015	\$ 5,109,173	\$ 4,185,296	\$ 5,386,042	\$ 5,716,502	\$ 6,317,518
Business-type activities:								
Charges for services:								
Water and sewer	\$ 2,958,690	\$ 3,119,773	\$ 3,302,274	\$ 3,570,295	\$ 3,608,526	\$ 3,629,021	\$ 4,651,552	\$ 5,622,665
Capital grants and contributions	4,457,000	330,000	1,862,960	1,742,000	343,613	20,000	2,032,343	192,982
Total business-type activities program revenues	\$ 7,415,690	\$ 3,449,773	\$ 5,165,234	\$ 5,312,295	\$ 3,952,139	\$ 3,649,021	\$ 6,683,895	\$ 5,815,647
Total primary government program revenues	\$ 11,015,205	\$ 6,191,036	\$ 9,128,249	\$ 10,421,468	\$ 8,137,435	\$ 9,035,063	\$ 12,400,397	\$ 12,133,165
Net (expense) / revenue								
Governmental activities	\$ (19,429,582)	\$ (22,278,218)	\$ (26,633,777)	\$ (30,403,235)	\$ (38,116,670)	\$ (37,286,631)	\$ (34,725,817)	\$ (33,794,672)
Business-type activities	3,628,219	(672,095)	1,121,095	418,636	(943,415)	(1,179,386)	816,573	(1,726,105)
Total primary government net expense	\$ (15,801,363)	\$ (22,950,313)	\$ (25,512,682)	\$ (29,984,599)	\$ (39,060,085)	\$ (38,466,017)	\$ (33,909,244)	\$ (35,520,777)

Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 12,292,373	\$ 14,726,538	\$ 17,842,816	\$ 20,092,811	\$ 23,315,372	\$ 22,988,122	\$ 23,093,932	\$ 20,352,144
Other local taxes	4,160,394	4,833,743	5,800,210	6,003,726	5,676,137	5,304,217	4,809,112	3,634,698
Permits, privilege fees and regulatory licenses	281,542	-	-	-	-	-	-	-
Unrestricted grants and contributions	1,790,717	1,660,976	1,806,340	4,392,046	2,050,160	1,695,029	1,572,032	2,253,053
Unrestricted revenues from use of money and property	289,997	122,589	300,185	821,675	1,184,060	1,975,533	847,954	169,053
Miscellaneous	464,343	634,135	2,751,645	515,827	564,327	2,792,481	589,635	802,521
Gain on sale of capital assets	1,717,325	-	-	-	826,829	-	-	-
Transfers	10,992	(350,165)	602,874	-	500,000	550,000	625,000	821,625
Total governmental activities	\$ 21,007,683	\$ 21,627,816	\$ 29,104,070	\$ 31,826,085	\$ 34,116,885	\$ 35,305,382	\$ 31,537,665	\$ 28,033,094
Business-type activities:								
Miscellaneous	\$ -	\$ -	\$ -	\$ 33,075	\$ 26,116	\$ -	\$ -	\$ -
Unrestricted revenues from use of money & property	97,208	74,410	131,142	166,238	177,567	245,667	74,181	49,587
Transfers	(10,992)	350,165	(602,874)	-	(500,000)	(550,000)	(625,000)	(821,625)
Total business-type activities	\$ 86,216	\$ 424,575	\$ (440,358)	\$ 199,313	\$ (296,317)	\$ (304,333)	\$ (550,819)	\$ (772,038)
Total primary government	\$ 21,093,899	\$ 22,052,391	\$ 28,663,712	\$ 32,025,398	\$ 33,820,568	\$ 35,001,049	\$ 30,986,846	\$ 27,261,056
<b>Change in Net Assets</b>								
Governmental activities	\$ 1,578,101	\$ (650,402)	\$ 2,470,293	\$ 1,422,850	\$ (3,999,785)	\$ (1,981,249)	\$ (3,188,152)	\$ (5,761,578)
Business-type activities	3,714,435	(247,520)	680,737	617,949	(1,239,732)	(1,483,719)	265,754	(2,498,143)
Total primary government	\$ 5,292,536	\$ (897,922)	\$ 3,151,030	\$ 2,040,799	\$ (5,239,517)	\$ (3,464,968)	\$ (2,922,398)	\$ (8,259,721)

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB Statement 34.

(1) Beginning in fiscal year 2004 the City reports the permits, privileges and regulatory licenses as charges for services.

CITY OF MANASSAS PARK, VIRGINIA

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

	<u>2001</u>	<u>2002</u>	<u>2003 (1)</u>	<u>2004 (1)</u>	<u>2005 (1)</u>
General fund					
Reserved	\$ 1,027,696	\$ 1,084,142	\$ 1,148,008	\$ 2,070,672	\$ 2,111,222
Unreserved	<u>7,377,247</u>	<u>6,380,776</u>	<u>5,390,378</u>	<u>3,858,615</u>	<u>4,690,023</u>
Total general fund	<u>\$ 8,404,943</u>	<u>\$ 7,464,918</u>	<u>\$ 6,538,386</u>	<u>\$ 5,929,287</u>	<u>\$ 6,801,245</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ 142,828	\$ 6,640,500
Unreserved, reported in:					
Capital projects funds	1,305,288	-	7,299,333	336,508	(1,696,589)
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,305,288</u>	<u>\$ -</u>	<u>\$ 7,299,333</u>	<u>\$ 479,336</u>	<u>\$ 4,943,911</u>

(1) Includes School Building Fund and School Debt Service reported by the primary government



Table 3

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<u>2006 (1)</u>	<u>2007 (1)</u>	<u>2008 (1)</u>	<u>2009 (1)</u>	<u>2010 (1)</u>
\$ 2,480,983	\$ 2,851,025	\$ 3,232,440	\$ 3,670,274	\$ 3,648,548
<u>4,051,281</u>	<u>2,355,991</u>	<u>579,450</u>	<u>(1,722,528)</u>	<u>(2,662,325)</u>
\$ <u><u>6,532,264</u></u>	\$ <u><u>5,207,016</u></u>	\$ <u><u>3,811,890</u></u>	\$ <u><u>1,947,746</u></u>	\$ <u><u>986,223</u></u>
\$ 17,100,519	\$ 39,473,550	\$ 46,464,897	\$ 18,739,323	\$ 3,950,543
1,574,018	887,393	383,973	(1,707,248)	32,826
<u>-</u>	<u>806,318</u>	<u>1,240,726</u>	<u>1,540,389</u>	<u>2,382,784</u>
\$ <u><u>18,674,537</u></u>	\$ <u><u>41,167,261</u></u>	\$ <u><u>48,089,596</u></u>	\$ <u><u>18,572,464</u></u>	\$ <u><u>6,366,153</u></u>

CITY OF MANASSAS PARK, VIRGINIA

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

	2001 (2)	2002 (3)	2003 (1)	2004 (1)	2005 (1)
<b>Revenues</b>					
General property taxes	\$ 9,870,450	\$ 11,190,516	\$ 12,444,746	\$ 14,661,144	\$ 17,667,471
Other local taxes	3,781,700	3,674,351	4,160,394	4,833,743	5,800,210
Permits, privilege fees and regulatory licenses	165,285	67,094	281,542	91,520	175,910
Fines and forfeitures	118,132	118,089	104,682	189,338	178,035
Revenue from use of money and property	491,265	110,757	289,997	122,589	303,416
Charges for services	410,472	454,030	588,575	497,655	636,159
Miscellaneous	386,144	644,442	464,343	727,135	2,751,645
Recovered costs	-	-	-	42,409	92,138
Intergovernmental:					
Commonwealth	2,365,481	4,038,015	3,432,054	2,793,361	3,812,767
Federal	536,083	706,549	1,293,218	844,867	846,558
<b>Total revenues</b>	<b>\$ 18,125,012</b>	<b>\$ 21,003,843</b>	<b>\$ 23,059,551</b>	<b>\$ 24,803,761</b>	<b>\$ 32,264,309</b>
<b>Expenditures</b>					
General government administration	\$ 1,617,915	\$ 1,847,971	\$ 1,850,371	\$ 2,198,396	\$ 2,461,195
Judicial administration	190,556	235,596	282,373	257,239	375,191
Public safety	2,700,194	3,119,396	3,642,256	4,453,967	4,717,014
Public works	1,470,236	1,583,450	2,350,021	2,321,422	1,911,181
Health and welfare	1,963,836	2,234,128	2,451,299	2,606,275	3,627,395
Education	6,516	5,926,889	7,641,638	10,862,752	11,911,772
Parks, recreation and cultural	1,181,722	1,224,802	1,236,025	1,418,027	1,446,302
Community development	335,539	268,665	194,240	178,560	122,511
Capital projects	1,478,859	3,727,459	3,265,047	8,769,565	9,132,032
Debt service					
Principal	845,000	3,285,000	1,435,000	229,000	1,544,067
Interest and other fiscal charges	677,172	815,834	1,066,797	124,579	1,072,052
Capital leases	68,742	22,142	-	-	-
<b>Total expenditures</b>	<b>\$ 12,536,287</b>	<b>\$ 24,291,332</b>	<b>\$ 25,415,067</b>	<b>\$ 33,419,782</b>	<b>\$ 38,320,712</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 5,588,725</b>	<b>\$ (3,287,489)</b>	<b>\$ (2,355,516)</b>	<b>\$ (8,616,021)</b>	<b>\$ (6,056,403)</b>
<b>Other financing sources (uses)</b>					
Transfers in	\$ 3,058,812	\$ 4,208,346	\$ 3,644,980	\$ 1,739,438	\$ 3,946,422
Transfers out	(3,040,853)	(4,501,964)	(3,623,208)	(2,089,603)	(3,343,548)
Operating transfer to component unit	(9,564,266)	-	-	-	-
Refunding bonds issued	-	(7,500,000)	-	-	-
Issuance of bond anticipation note	-	-	-	-	-
Refunding of bond anticipation note	-	-	-	-	-
Issuance of general obligation bonds	-	7,500,000	7,000,000	-	9,145,000
Premium on bonds issued	-	-	-	-	359,272
Discount on bonds issued	-	-	-	-	-
Bond issue costs	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Issuance of other long-term debt	-	-	-	500,000	-
Issuance of capital leases	-	-	-	410,090	216,940
Sale of capital assets	4,781,088	1,630,000	1,717,325	627,000	1,068,850
<b>Total other financing sources (uses)</b>	<b>\$ (4,765,219)</b>	<b>\$ 1,336,382</b>	<b>\$ 8,739,097</b>	<b>\$ 1,186,925</b>	<b>\$ 11,392,936</b>
<b>Net change in fund balances</b>	<b>\$ 823,506</b>	<b>\$ (1,951,107)</b>	<b>\$ 6,383,581</b>	<b>\$ (7,429,096)</b>	<b>\$ 5,336,533</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>14.39%</b>	<b>20.05%</b>	<b>11.29%</b>	<b>1.43%</b>	<b>8.96%</b>

(1) Includes School Building Fund and School Debt Service reported by the primary government.

(2) Prior to fiscal year 2002 the contribution from the City to the School Board was included as a transfer to/from component unit. Beginning in fiscal year 2002, the contribution to the school was included in education expense.

(3) Beginning in fiscal year 2003, principal and interest paid on capital leases were included in the total principal and interest expenditures.

Table 4

2006 (1)		2007 (1)		2008 (1)		2009 (1)		2010 (1)	
\$	20,122,307	\$	23,343,036	\$	22,873,462	\$	22,855,998	\$	20,697,342
	6,003,726		5,676,137		5,304,217		4,809,112		3,634,698
	269,389		105,881		187,641		61,535		58,302
	178,624		173,357		267,402		359,919		262,980
	821,677		1,184,062		1,975,533		847,954		169,053
	574,765		606,197		1,524,075		1,449,154		1,010,290
	2,589,564		384,135		2,840,639		589,635		802,521
	34,375		42,284		9,047		5,952		2,442
	5,336,506		4,375,448		3,960,903		4,381,214		4,685,241
	1,187,329		1,224,745		1,128,911		1,036,712		2,553,758
\$	<u>37,118,262</u>	\$	<u>37,115,282</u>	\$	<u>40,071,830</u>	\$	<u>36,397,185</u>	\$	<u>33,876,627</u>
\$	3,395,372	\$	3,554,307	\$	3,769,877	\$	3,613,198	\$	3,337,526
	269,123		288,350		360,418		471,206		500,014
	5,649,817		6,311,384		7,165,877		6,852,347		8,114,220
	2,404,325		2,363,545		2,519,927		2,351,120		1,949,266
	3,515,217		3,714,284		3,536,343		3,837,889		3,610,447
	13,419,763		13,983,290		13,589,111		12,633,695		10,552,384
	1,808,710		2,059,722		2,209,021		2,062,513		2,213,340
	35,345		-		39,900		367,374		118,991
	19,299,802		17,867,519		16,883,184		29,448,466		12,255,215
	1,671,793		2,397,261		2,924,999		1,527,691		1,469,655
	1,458,113		3,213,822		3,913,495		3,839,278		4,993,428
	-		-		-		-		-
\$	<u>52,927,380</u>	\$	<u>55,753,484</u>	\$	<u>56,912,152</u>	\$	<u>67,004,777</u>	\$	<u>49,114,486</u>
\$	<u>(15,809,118)</u>	\$	<u>(18,638,202)</u>	\$	<u>(16,840,322)</u>	\$	<u>(30,607,592)</u>	\$	<u>(15,237,859)</u>
\$	2,994,417	\$	6,223,497	\$	6,510,337	\$	6,660,821	\$	7,315,156
	(2,994,417)		(5,723,497)		(5,960,337)		(6,035,821)		(6,493,531)
	-		-		-		-		-
	-		6,695,000		32,240,000		-		13,640,000
	-		7,500,000		-		-		-
	(7,000,000)		-		-		-		-
	35,984,491		26,875,000		-		-		-
	330,045		261,342		466,004		-		-
	(108,780)		-		-		-		-
	-		-		(375,237)		-		(459,062)
	-		(6,627,847)		(10,722,817)		-		(11,932,538)
	65,007		-		-		-		-
	-		2,102,183		209,581		-		-
	-		2,500,000		-		-		-
\$	<u>29,270,763</u>	\$	<u>39,805,678</u>	\$	<u>22,367,531</u>	\$	<u>625,000</u>	\$	<u>2,070,025</u>
\$	<u>13,461,645</u>	\$	<u>21,167,476</u>	\$	<u>5,527,209</u>	\$	<u>(29,982,592)</u>	\$	<u>(13,167,834)</u>
	9.31%		13.26%		15.73%		14.29%		17.53%

## General Governmental Tax Revenues by Source (1)

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

Fiscal Year	Property Tax	Local sales and use Tax	Communication Tax (2)	Consumer Utility / E-911 Tax	Motor Vehicle License Tax	Recor-dation and Wills Tax	Business License Tax	Meals Tax	Cigarette Tax	Total
2010	\$ 20,697,342	\$ 1,138,777	\$ -	\$ 721,268	\$ 270,030	\$ 137,368	\$ 632,868	\$ 298,446	\$ 404,116	\$ 24,300,215
2009	22,855,998	1,404,092	762,507	729,488	264,669	278,014	715,561	275,082	352,935	27,638,346
2008	22,873,462	1,757,187	782,221	755,048	272,922	275,991	748,004	295,082	369,845	28,129,762
2007	23,343,036	1,814,552	1,400,147	1,400,147	276,725	414,066	908,429	296,515	411,512	30,265,129
2006	20,122,307	2,041,465	1,273,467	1,273,467	287,776	556,676	830,605	300,270	417,608	27,103,641
2005	17,667,471	2,032,705	1,244,478	1,244,478	294,064	483,739	681,181	292,943	562,020	24,503,079
2004	14,661,144	1,712,194	1,095,639	1,095,639	277,821	199,147	733,640	267,923	295,215	20,338,362
2003	12,444,746	1,447,427	1,079,328	1,079,328	264,639	183,849	622,305	243,036	145,246	17,509,904
2002	11,190,516	1,415,216	809,612	809,612	148,967	102,743	632,023	205,018	152,596	15,466,303
2001	9,870,450	1,553,085	808,447	808,447	250,973	90,801	589,818	184,324	140,179	14,296,524

(1) Does not include bank stock taxes

(2) Beginning in fiscal year 2010, Communication taxes were classified as revenue received from the Commonwealth of Virginia.

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service (1)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2010 \$	1,100,695 \$	110,082 \$	961 \$	27,995 \$	1,239,732 \$	1,239,732	100.00%
2009	1,603,567	124,937	1,032	26,304	1,755,840	1,755,840	100.00%
2008	1,612,469	124,044	1,032	26,304	1,763,849	1,763,849	100.00%
2007	1,767,459	127,797	1,111	24,175	1,920,542	1,920,542	100.00%
2006	1,472,023	124,133	936	24,420	1,621,512	1,621,512	100.00%
2005	1,103,796	106,877	929	20,987	1,232,589	1,232,589	100.00%
2004	887,204	106,601	1,156	18,057	1,013,018	1,013,018	100.00%
2003	737,216	97,925	1,158	17,561	853,860	853,860	100.00%
2002	617,359	90,398	868	16,639	725,264	725,264	100.00%
2001	515,503	81,930	942	16,362	614,737	614,737	100.00%

Source: Commissioner of Revenue, Assessor

(1) Assessed values are established by the State Corporation Commission

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Years		Real Estate		Personal Property		Mobile Homes		Machinery and Tools
2010	\$	1.65	\$	3.50	\$	3.50	\$	3.50
2009		1.24		3.50		3.50		3.50
2008		1.14		3.50		3.50		3.50
2007		1.14		3.50		3.50		3.50
2006		1.25/1.14		3.50		3.50		3.50
2005		1.33/1.29		3.50		3.50		3.50
2004		1.33		3.50		3.50		3.50
2003		1.37/1.33		3.50		3.50		3.50
2002		1.42/1.37		3.50		3.50		3.50
2001		1.44/1.42		3.50		3.50		3.50

1st half/2nd half

(1) Per \$100 of assessed value

Principal Property Taxpayers  
Current Year

Taxpayer	Fiscal Year 2010	
	2010 Assessed Valuation	% of Total Assessed Valuation
Stellar Haverhill LLC	\$ 40,441,000	3.3%
Park Center LLC	33,068,500	2.7%
Centrum-Manassas Park	11,856,300	1.0%
Jerax Enterprises	5,425,500	0.4%
HCW Conner Center LLC	5,195,500	0.4%
RPC of Manassas Park LLC	4,493,800	0.4%
Twenty-Two SAC Self Storage Corp	4,357,800	0.4%
Digital Park LLC	4,046,900	0.3%
The Sills Family LTD Partnership	3,827,700	0.3%
P F S Properties LLC	3,038,200	0.2%
Storage America-Manassas Park	3,035,100	0.2%
L H Manassas LLC	2,888,000	0.2%
	<u>\$ 121,674,300</u>	<u>9.9%</u>

Source: Commissioner of Revenue

Note: Information for the period nine years prior to the current period is not available.

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
2010	\$ 20,715,844	\$ 19,825,330	95.70%	\$ 826,988	\$ 20,652,318	99.69%
2009	23,923,934	22,068,389	92.24%	1,036,355	23,104,744	96.58%
2008	24,614,002	22,132,942	89.92%	971,167	23,104,109	93.87%
2007	24,246,347	23,238,365	95.84%	926,869	24,165,234	99.67%
2006	20,004,837	19,653,859	98.25%	833,869	20,487,728	102.41%
2005	17,073,274	16,891,966	98.94%	402,794	17,294,760	101.30%
2004	14,579,543	13,939,691	95.61%	644,384	14,584,075	100.03%
2003	13,557,770	13,316,071	98.22%	597,903	13,913,974	102.63%
2002	11,949,074	11,563,919	96.78%	581,888	12,145,807	101.65%
2001	10,190,875	9,982,710	97.96%	394,554	10,377,264	101.83%

Source: Commissioner of Revenue, City Treasurer's office



Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Bond Anticipation Note	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Notes			
2010	\$ 110,497,211	\$ -	\$ 6,750,000	\$ -	\$ -	\$ 14,800,000	\$ -	\$ 132,047,211	33.70%	10,966
2009	101,674,592	7,500,000	7,375,000	-	127,274	14,405,000	-	131,081,866	34.25%	11,488
2008	102,415,462	7,500,000	8,000,000	42,002	247,093	1,000,000	-	119,204,557	30.20%	10,336
2007	80,588,362	7,500,000	8,625,000	104,617	2,115,984	1,085,000	-	100,018,963	25.61%	8,677
2006	55,043,808	-	9,250,000	168,967	141,267	1,170,000	-	65,774,042	17.29%	5,645
2005	19,948,480	7,000,000	9,875,000	158,739	240,550	1,250,000	225,000	38,697,769	10.71%	3,404
2004	11,681,287	7,000,000	10,500,000	200,000	39,556	1,325,000	450,000	31,195,843	9.07%	2,854
2003	11,910,000	7,000,000	11,125,000	-	-	1,395,000	750,000	32,180,000	10.01%	2,957
2002	12,720,000	-	11,750,000	-	-	1,460,000	1,050,000	26,980,000	8.84%	2,530
2001	23,255,000	-	4,505,202	-	-	1,525,000	1,350,000	30,635,202	9.52%	2,977
2000	24,255,000	-	4,760,404	-	-	1,585,000	-	30,600,404	10.71%	2,974

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

(1) See the table of Demographic and Economic Statistics - Table 14.

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

Fiscal Year	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)
2010	\$ 117,247,211	\$ -	\$ 117,247,211	9.50%	\$ 9,737
2009	116,549,592	-	116,549,592	6.69%	10,215
2008	117,915,462	-	117,915,462	6.69%	10,224
2007	96,713,362	-	96,713,362	5.04%	8,390
2006	64,293,808	-	64,293,808	3.97%	5,518
2005	38,232,219	-	38,232,219	3.10%	3,363
2004	30,506,287	-	30,506,287	3.01%	2,791
2003	31,430,000	-	31,430,000	3.68%	2,889
2002	25,930,000	-	25,930,000	3.58%	2,432
2001	29,190,137	-	29,190,137	4.75%	2,837
2000	30,497,021	-	30,497,021	5.79%	2,964

(1) Population data can be found in the table of Demographic and Economic Statistics - Table 14.

(2) See the table of Assessed Value and Estimated Actual Value of Taxable Property - Table 6.

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans and excludes revenue bonds, capital leases, compensated absences and debt of the business-type activities.

Legal Debt Margin Information  
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 61,474	\$ 72,526	\$ 85,386	\$ 101,302	\$ 123,259	\$ 162,151	\$ 192,054	\$ 176,385	\$ 174,234	\$ 123,472
Total net debt applicable to limit	\$ 2,919	\$ 2,593	\$ 3,143	\$ 3,051	\$ 3,823	\$ 6,429	\$ 9,671	\$ 11,792	\$ 11,655	\$ 11,725
Legal debt margin	\$ 58,555	\$ 69,933	\$ 82,243	\$ 98,251	\$ 119,436	\$ 155,722	\$ 182,383	\$ 164,593	\$ 162,579	\$ 111,747
Total net debt applicable to the limit as a percentage of debt limit	4.75%	3.58%	3.68%	3.01%	3.10%	3.97%	5.04%	6.69%	6.69%	9.50%

Assessed value	\$ 1,130,284
Total assessed value	\$ 1,130,284
Debt limit (10% of total assessed value)	113,028
Net debt applicable to limit	117,872
Legal debt margin	\$ (4,844)

Note: The amounts reported above are presented in thousands.

Pledged-Revenue Coverage  
Last Ten Fiscal Years

Water and Sewer Bonds							
Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Total Debt Service	Debt Service Coverage
				Principal	Interest		
2010 \$	5,865,234	\$ 6,046,963	\$ (181,729)	\$ 95,000	\$ 864,304	959,304	(0.19)
2009	6,758,076	4,990,017	1,768,059	90,000	483,602	573,602	3.08
2008	3,894,688	4,414,868	(520,180)	85,000	32,499	117,499	N/M
2007	4,155,822	4,387,830	(232,008)	85,000	67,516	152,516	N/M
2006	5,511,608	4,487,036	1,024,572	80,000	71,264	151,264	6.77
2005	5,327,750	3,707,598	1,620,152	75,000	75,366	150,366	10.77
2004	3,194,183	3,787,981	(593,798)	70,000	72,125	142,125	N/M
2003	3,055,898	3,372,875	(316,977)	65,000	75,249	140,249	N/M
2002	3,264,477	3,323,132	(58,655)	65,000	77,692	142,692	N/M
2001	4,849,305	3,163,645	1,685,660	60,000	80,490	140,490	12.00

N/M = Not meaningful

(1) Includes all revenues.

(2) Total operating expenses exclusive of depreciation.

(3) Includes general obligation bonds paid from Enterprise Fund.

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2010	12,042	\$ 391,775,907	\$ 32,534	2,707	5.80%
2009	11,410	382,695,197	33,540	2,464	6.50%
2008	11,533	394,714,957	34,225	2,471	3.20%
2007	11,527	390,603,572	33,886	2,473	2.40%
2006	11,652	380,384,700	32,645	2,321	2.30%
2005	11,369	361,406,400	31,789	2,358	2.10%
2004	10,930	343,776,300	31,453	2,272	2.00%
2003	10,881	321,394,200	29,537	2,327	1.80%
2002	10,662	305,127,900	28,618	2,124	2.70%
2001	10,290	321,966,400	31,289	2,013	1.00%

Source: Weldon Cooper Center, Annual school report - prepared by the City School Board, [www.fedstats.gov](http://www.fedstats.gov)

Principal Employers  
Current Year

Employer	Employees
Manassas Park Schools	331
Finley Asphalt	175
Manassas Park City	159
Atlas Plumbing LLC	140
QMT Associates	81
Owens and Dove, Inc.	69
Strittmatter Equipment	65
Abuelita Mexican Food Products	57
Capital Building Supply	54
Burton & Robinson	50
Totals	1,181

Source: Commissioner of Revenue, Virginia Employment Commission

Note: Information for the period nine years prior to the current period is not available.

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

Function	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Government	19	24	25	26	24	20
Public Safety						
Police Department	33	37	39	44	45	43
Fire & Rescue	23	26	26	29	28	25
Building Inspections	4	8	7	6	6	2
Animal control	1	1	1	1	1	-
Public Works	20	25	23	24	26	21
Health and welfare						
Social Services	12	15	16	14	13	12
Culture and Recreation						
Parks and Recreation	10	19	17	18	15	15
Community Development						
Planning				1	1	1
Totals	<u>122</u>	<u>155</u>	<u>154</u>	<u>163</u>	<u>159</u>	<u>139</u>

**Note:** Excludes summer and seasonal employees

Source: Individual City departments

Capital Asset Statistics by Function  
Last Six Fiscal Years

Function	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General government						
Administration buildings	4	4	5	5	5	5
Vehicles	3	3	3	3	3	3
Public safety						
Police department:						
Patrol units	18	23	28	33	33	33
Other vehicles (fire and rescue)	9	10	10	10	10	7
Building inspections:						
Vehicles	2	4	4	2	2	1
Animal control:						
Vehicles	1	1	1	1	1	1
Public works						
General maintenance:						
Trucks/vehicles	95	100	100	100	100	29
Health and welfare						
Department of Social Services:						
Vehicles	3	3	3	3	3	3
Culture and recreation						
Parks and recreation:						
Community centers	1	1	1	1	1	1
Vehicles	2	4	4	4	5	4
Parks acreage	200	200	200	200	200	200
Swimming pools	2	2	2	1	1	2
Tennis courts	4	4	4	4	4	4
Component Unit - School Board						
Education:						
Schools	4	4	4	4	4	4
School buses	26	26	29	29	29	29

Source: Individual City departments



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited 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, 2010, which collectively comprise the City of Manassas Park, Virginia's basic financial statements and have issued our report thereon dated May 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered City of Manassas Park, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Manassas Park, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Manassas Park, Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. See Finding 2010-1.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Manassas Park, Virginia's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Governmental auditing Standards*.

We noted certain matters that we reported to management of the City of Manassas Park, Virginia in a separate letter dated May 10, 2011.

The 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. We did not audit the City of Manassas Park, Virginia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
May 10, 2011

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## **Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133 Independent Auditors' Report**

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

### **Compliance**

We have audited the City of Manassas Park, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City of Manassas Park, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Manassas Park, Virginia's management. Our responsibility is to express an opinion on the City of Manassas Park, Virginia's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the City of Manassas Park, Virginia's compliance with those requirements.

In our opinion, the City of Manassas Park, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### **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 requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Manassas Park, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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's internal control over compliance.

### Internal Control Over Compliance: (Continued)

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*  
(Charlottesville, Virginia  
May 10, 2011

## CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Agriculture:</b>			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	10.555/2010	\$ 45,483
Department of Education:			
Child Nutrition Cluster:			
National school breakfast program	10.553	10.553/2010	128,276
National school lunch program	10.555	10.555/2010	555,337
Department of Social Services:			
SNAP Cluster:			
State Administrative matching grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010110	143,594
ARRA - State Administrative matching grants for the Supplemental Nutrition Assistance Program	10.561	0040109/0040110	18,621
Total Department of Agriculture			\$ 891,311
<b>Department of Health and Human Services:</b>			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	\$ 10,603
Temporary assistance for needy families (TANF)	93.558	0400109/0400110	96,953
Refugee and entrant assistance - State administered	93.566	0500109/0500110	367
Low-income home energy assistance	93.568	0600409/0600410	5,533
Child welfare services - state grants	93.645	0900109/0900110	323
Foster care - Title IV-E	93.658	1100109/1100110	81,445
ARRA - Foster care - Title IV-E	93.658	1100109/1100110	1,891
Adoption assistance	93.659	1120109/1120110	30,758
ARRA - Adoption assistance	93.659	1120109/1120110	2,973
Social services block grant	93.667	1000109/1000110	39,025
Chafee foster care independence program	93.674	9150109/9150110	1,079
Children's health insurance program	93.767	0540109/0540110	6,086
Medical assistance program	93.778	1200109/1200110	92,300
CCDF Cluster:			
Child care and development block grant	93.575	0770109/0770110	120,635
ARRA - Child care and development block grant	93.713	0740109/0780110	29,177
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	79,327
Total Department of Health and Human Services			\$ 598,475
<b>Department of Justice:</b>			
Direct payments:			
Youth gang prevention	16.544	-	\$ 1,524,909
Pass Through Payments:			
Department of Criminal Justice Services:			
Residential Substance Abuse Treatment for State Prisoners	16.593	3900100-61011	\$ 5,000
Edward Byrne Memorial State and Local Law Enforcement Assistance discretionary grants program	16.580	2009-SB-B9-2389	9,292
Total Department of Justice - pass through			\$ 14,292
Total Department of Justice			\$ 1,539,201

## CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2010

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Transportation:</b>			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	6050700-59238	\$ 38,819
Occupant Protection Incentive Grant	20.602	N/A	14,673
Total Department of Transportation			\$ 53,492
<b>Department of Homeland Security</b>			
Direct payments:			
Disaster grants - public assistance (Presidentially Declared Disasters)	97.036	-	\$ 201,265
Pass Through Payments:			
Department of Emergency Services:			
State Homeland Security Program (SHSP)	97.073	7750100-52708	\$ 7,300
Total Department of Homeland Security			\$ 208,565
<b>Department of Education:</b>			
Pass Through Payments:			
Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	V048A090046	\$ 56,514
Safe and Drug Free Schools and Communities - State Grants	84.186	Q186A090048	10,452
English language acquisition grants	84.365	S365A090046	74,535
Improving teacher quality state grants	84.367	S367A090044	71,476
ARRA - State Fiscal Stabilization Funds (SFSF) Education			
State Grants	84.394	S394A090047	1,069,527
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	S010A090046	221,698
ARRA - Title I Grants to Local Educational Agencies	84.389	S389A090046	77,249
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	H027A090107	494,268
ARRA - Special Education - Grants to States	84.391	H391A090107	283,862
ARRA - Special Education - Preschool Grants	84.392	H392A090107	18,337
Education Technology State Grants Cluster:			
Education technology state grants	84.318	S318X090046	2,018
ARRA - Education technology state grants	84.386	S386A090046	1,818
Total Department of Education			\$ 2,381,754
Total Expenditures of Federal Awards			\$ 5,672,798

See accompanying notes to schedule of expenditures of federal awards.

## CITY OF MANASSAS PARK, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Manassas Park under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Manassas Park, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Manassas Park.

#### Note 2 - Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the City's basic financial statements.

#### Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2010, the City had food commodities totalling \$45,483 in inventory.

#### Note 4 - Amounts Passed-Through to Subrecipients

Grant proceeds in the amount of \$1,453,133 were passed through to subrecipients for the Gang-Free Schools and Community Based Gang Intervention program (CFDA 16.544) for the year ended June 30, 2010.

#### Note 5 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	1,041,537
Special Revenue Funds:		
Gang Task Force fund		1,512,221
Total primary government	\$	<u>2,553,758</u>

Component Unit Public Schools:

School Operating Fund	\$	2,389,944
School Cafeteria Fund		729,096
Total component unit public schools	\$	<u>3,119,040</u>

Total federal expenditures per basic financial statements	\$	<u>5,672,798</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>5,672,798</u></u>
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CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

unqualified

Internal control over financial reporting:

- Material weaknesses identified?

x yes      no

- Significant deficiencies identified that are not considered to be material weaknesses?

     yes x none reported

Noncompliance material to financial statements noted?

     yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?

     yes x no

- Significant deficiencies identified that are not considered to be material weaknesses?

     yes x no

Type of auditors' report issued on compliance for major program:

unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

     yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.544 .....	Youth gang prevention
84.394 .....	State Fiscal Stabilization Funds (SFSF) Education State Grants, Recovery Act
<b>Title I, Part A Cluster</b>	
84.010 .....	Title I Grants to Local Educational Agencies
84.389 .....	ARRA - Title I Grants to Local Educational Agencies
<b>Special Education Cluster (IDEA)</b>	
84.027 .....	Special Education - Grants to States
84.391 .....	ARRA - Special Education - Grants to States
84.392 .....	ARRA - Special Education - Preschool Grants

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

     yes x no

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010 (Continued)

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Section II-Financial Statement Findings

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**Finding 2010-1**

*Criteria:*

Bank accounts should be reconciled on a monthly basis. All pooled cash accounts should be reconciled to the cash held in each individual fund to accurately reflect the cash balances held by the City.

*Condition:*

Bank statements received for the City's operating account are not reconciled to the general ledger on a monthly basis. Cash reported in each of the individual funds is not reconciled to the cash reported in the Treasurer's Accountability Fund. There currently is no single general ledger account that captures the activity of the general operating bank account of the City.

*Cause:* The following factors contributed to the conditions noted above:

Great Plains, the accounting software package utilized by the City and School Board's finance department, is not utilized by the Treasurer's office. All activity from the Treasurer's office must be recorded in the general ledgers of the City and the School Board through general journal entry. The journal entry does not record all cash activity to a single cash account but across various accounts within the cash fund.

The City and the School Board utilize pooled cash activity, however, the City and the School Board maintain separate cash funds that each entity can record transactions to independently.

Bank reconciliations are not performed on a regular basis to ensure all activity is properly recorded within the Great Plains general ledger. Additional reconciliations are not performed to ensure that the reconciled cash held with banks agrees with the cash reported in each individual fund.

*Effect:*

Financial reports generated from the Great Plains accounting system do not accurately reflect the cash position of the City. Fraudulent activities could occur and not be detected on a timely basis. Improper recording of revenues and expenditures could result in the misuse of funds and result in legal or other compliance issues.

*Recommendation:*

Procedures should be implemented to ensure that all cash activity is properly recorded in the accounting system. All cash accounts should be reconciled to the Great Plains general ledger on a monthly basis. Operating account reconciliations should be reviewed and approved by the Treasurer each month. The cash accounts in the Great Plains general ledger should be analyzed for accuracy and allocated between funds as necessary.

*Management's Response and Corrective Action:*

City management has discussed Finding 2010-1 with the auditors. In general, management agrees with the finding and has taken or will take steps to ensure compliance with recommended procedures.

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010 (Continued)

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Section II-Financial Statement Findings

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Finding 2010-1: (Continued)

*Management's Response and Corrective Action: (Continued)*

In response to the contributing factors noted in the "cause" section of the finding, management is providing the following information to mitigate and/or explain the condition:

The Finance and Human Resources departments for the City and School converted to the Microsoft Great Plains system in 2008. Unfortunately, due to several compliance issues with Virginia specific requirements, implementation of Great Plains for the Treasurer's office has been delayed.

The City's procedures in place (consistent with prior years-back to 1988) are that the Treasurer's office records all of their daily activities in the BAI Bright system ("Bright"). The daily cash activity is exported from Bright and imported into the Great Plains system on a monthly basis. The journal entry into Great Plains is an exact replica of the activity in Bright. The total number of transactions in each system is one of the financial controls verified each month, as well as the total dollar amount of the transactions and balance of each fund.

As noted, the City and School are maintaining separate cash funds for ease of daily financial activity. Management believes this practice in no way impairs the ability to join the funds for a combined financial statement.

Regarding monthly bank reconciliations, the City has procedures for monthly reconciliation of the bank accounts to cash balances per the general ledger. However due to the reduction in force in 2010, eliminating the finance staff person preparing the reconciliation, finance staff fell behind in completing the bank reconciliation. It should be noted that a major component of the work involved in preparing the bank reconciliation - reconciling monthly deposits and monthly disbursements - did occur on a timely basis.

Management will implement the recommendation to have the Treasurer review and approve the monthly bank reconciliation, as well as correct the timeliness issue of preparing the bank reconciliation.

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Section III-Federal Award Findings and Questioned Costs

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None

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Section IV-Summary Schedule of Prior Audit Findings

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None

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