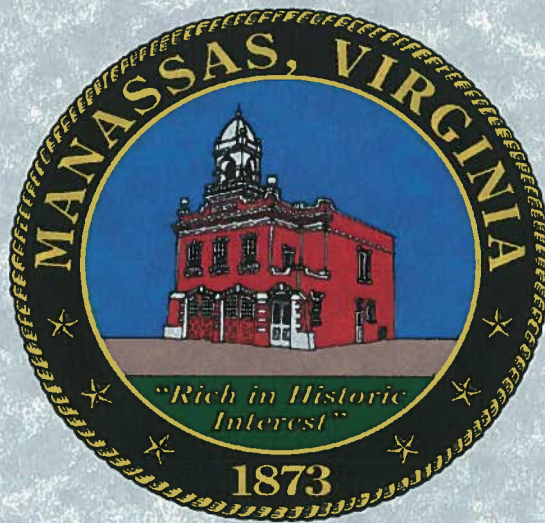


CITY OF MANASSAS VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2010**

CITY OF MANASSAS, VIRGINIA

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010



*Prepared by
The Department of Finance*

CITY OF MANASSAS, VIRGINIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

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INTRODUCTORY SECTION



CITY OF MANASSAS VIRGINIA

9027 Center Street
Manassas, VA 20110
Facsimile: 703/335-0042
Telephone: 703/257-8234

MAYOR
Harry J. Parrish II

CITY COUNCIL
Andrew L. Harrover, V. Mayor
Marc T. Aveni
Sheryl L. Bass
J. Steven Randolph
Jonathan L. Way
Mark D. Wolfe

CITY MANAGER
Lawrence D. Hughes

December 13, 2010

Honorable Mayor Parrish, City Council Members and Citizens
City of Manassas
Manassas, Virginia:

The Comprehensive Annual Financial Report (CAFR) of the City of Manassas, Virginia, (the City) for the fiscal year ended June 30, 2010 is hereby submitted. The Code of the Commonwealth of Virginia requires that all local governments shall be audited annually with a report to the governing body by December 31. This report is published to fulfill that requirement.

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

The City's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2010. The independent auditor's report is located at the front of the FINANCIAL SECTION of the CAFR.

Management's Discussion and Analysis (MD&A) is found immediately following the independent auditor's report. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it.

The independent audit of the financial statements of the City was part of a broader federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. These reports are available in the SINGLE AUDIT SECTION of the CAFR.



Profile of the City

The City is located thirty miles southwest of Washington, D. C. It has an area of ten square miles with an estimated population of 35,648. The Town of Manassas received its charter in 1873. In May of 1975, the Town of Manassas became a city.

The legislative and policy making body of the City is the elected Mayor and a six member City Council, elected at large for staggered four-year terms. The City Council appoints the City Manager who serves as the Chief Administrative Officer. The School Board members are also elected at large for staggered four-year terms. The School Board appoints the Superintendent as the Chief Administrative Officer for the school system. Other elected City officials are the Commissioner of the Revenue and the City Treasurer. Also, elected officials shared with Prince William County are the Commonwealth's Attorney, Clerk of the Court and Sheriff. The judges of the Circuit Court, General District Court, and the Juvenile and Domestic Relations Courts are appointed by the state legislature.

The City provides the full range of municipal services including public safety (police, fire, and rescue), highway and streets, health and social services, public improvements, planning and zoning, recreation and cultural services, and general administrative services. The City also operates eight proprietary functions: the electric, water and sewer utilities, solid waste collection, a regional airport, a pavilion, a performing arts center, and a broadband internet access over the electric infrastructure.

The City of Manassas Public Schools (MCPS) is included in this report as a discretely presented component unit. MCPS does not issue its own financial statement; therefore, you will find fund statements for MCPS beginning on page 89. There are no other entities in the report.

The City Council and the School Board adopted a joint resolution in February of 2009 committing to budget planning and revenue sharing. The City will transfer 58.5% of general tax revenues to the Schools annually. Each year both bodies will adopt a five-year forecast. When they adopt their annual operating budgets, each will also adopt a Five-Year Capital Improvement Plan consistent with the projected revenues.

The annual operating budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit their recommended budgets to the City Manager in January. The City Manager uses these recommendations as the starting point for developing his proposed budget. The City Manager presents this proposed budget to the City Council at the end of February. The School Board presents the proposed budget for MCPS to the City Council by April 1. The City Council holds numerous public work sessions on the budget in March and April. Council is required to hold a public hearing and adopt a budget by June 30 for the fiscal year beginning July 1. MCPS budget is appropriated and controlled at the total budget level. The City's appropriated budget is legally controlled at the fund level. City Council must approve all transfers between funds. Department directors may make transfers of appropriations within a department and the City Manager may transfer between departments within a fund.

Local Economy and long-term financial planning

Each fall, the City Council dedicates much time and discussion to the preparation of the five-year fiscal forecast that provides planning and direction to the City Staff in the preparation of upcoming budget. This year, the focal points of the forecast discussions were the stabilization of residential real estate values with the continuing decline of the commercial real estate values. From January 1, 2009 to January 1, 2010 the residential real estate values increased 1.5% while commercial real estate values declined 12.6%. At the time of the forecast discussions (September, 2010) it was estimated that in calendar year 2010 residential real estate values will increase another 2.7% and commercial real estate values will decline 2.8%.

The five year forecast adopted by City Council on November 8, 2010 provides City Council's direction for the FY 2012 budget. Tax revenues are estimated to increase by 1% (\$850,000) and the general fund undesignated fund balance is not fall below the level of the City's Council's policy (13%).

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manassas for its CAFR for the fiscal year ended June 30, 2009. This was the twenty-fifth consecutive years that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance and Administration Department. We would like to express our appreciation to all members of the department and most especially to Sharon Teasdale for publishing the CAFR. The Mayor and the members of the City Council are to be commended for their support in strategically planning and managing the fiscal policies of the City.

Respectfully submitted,



Lawrence D. Hughes
City Manager



Patricia A. Weiler
Finance & Administration Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Manassas
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**CITY OF MANASSAS, VIRGINIA
CITY COUNCIL**

Harry J. Parrish II, Mayor
Andrew L. Harrover, Vice-Mayor
Marc T. Aveni
Sheryl L. Bass
J. Steven Randolph
Jonathan L. Way
Mark D. Wolfe

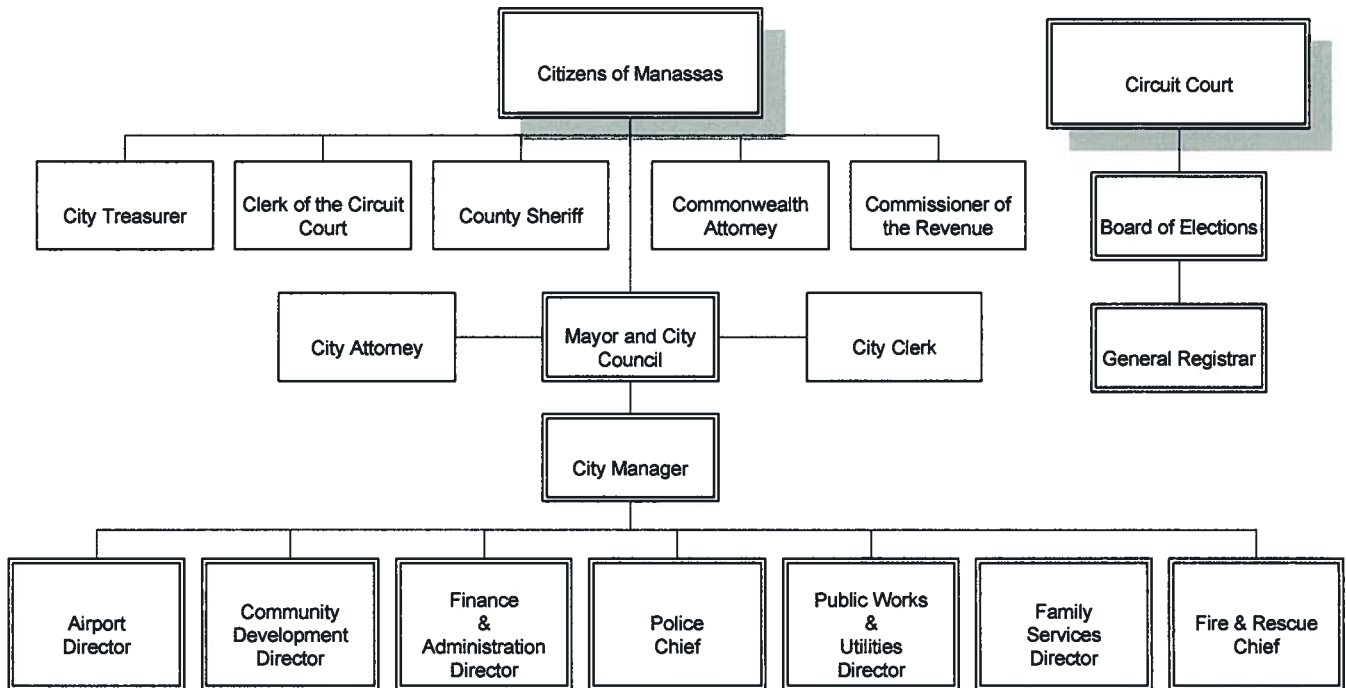
CITY MANAGER
Lawrence D. Hughes

**CITY OF MANASSAS PUBLIC SCHOOLS
SCHOOL BOARD**

Arthur P. Bushnell, Chairman
Scott M. Albrecht, Vice Chairman
Dora L. Brooks
Kermit H. Dance
Tim J. Demeria
R.J. “Jack” Magee
Curtis W. Wunderly

SUPERINTENDENT OF SCHOOLS
Dr. Gail Pope

CITY OF MANASSAS ORGANIZATIONAL CHART



FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Honorable Members of the City Council
City of Manassas, Virginia
Manassas, 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, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the City of Manassas, Virginia's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Manassas, 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 *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. 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 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, Virginia, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof and the budgetary comparison for the General Fund 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 December 13, 2010, on our consideration of the 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 and the Schedule of Funding Progress, 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, 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, Virginia. The combining and individual fund financial statements and 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

Fredericksburg, Virginia
December 13, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MANASSAS, VIRGINIA

Management's Discussion and Analysis June 30, 2010

As management of the City of Manassas, Virginia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010 (fiscal year 2010). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 1-3 of this report. Throughout this section, information is presented about the City, the primary government. We have also included information about the "Total Reporting Unit", which is the total of the City and its only component unit, the Manassas City Public Schools (MCPS). Due to the material relationship between the City and MCPS, we believe that Total Reporting Unit information more accurately reflects the financial condition of the City of Manassas.

Financial Highlights

- The assets of the Total Reporting Unit exceeded its liabilities at June 30, 2010 by 323,296,807 (net assets). \$256,960,742 of the Total Reporting Unit's net assets is invested in capital and \$1,960,723 is restricted in their use. The remaining net assets, \$64,375,342, are not restricted.
- The assets of the City exceeded its liabilities at June 30, 2010 by \$265,611,277, (net assets). \$245,728,712 of the City's net assets are invested in capital, \$1,960,723 are restricted in their use, and the remaining balance of \$17,921,842 is unrestricted net assets. The deficit net assets of the Governmental Activities (\$16,284,557) are the result of bonds issued by the City for MCPS. This debt is reflected as a liability for the City. However, the schools built with the bond proceeds are the assets of MCPS. At year-end, the City has \$42,668,275 of debt outstanding relating to school buildings of MCPS.
- Unreserved undesignated fund balance for the City's general fund at June 30, 2010 was \$13,891,163. This amount is 14 percent of total general fund revenues of \$96,855,808 for fiscal year 2010. City Council's policy is to maintain the general fund unreserved undesignated fund balance at 13% of general fund revenues excluding payment of lieu of debt services from MCPS of \$5,637,807. General fund unreserved undesignated fund balance as a percent of general fund revenues per the City Council's policy (\$96,855,808 less \$5,637,807) is 15.2 percent.
- The increase of \$1,697,163 in the general fund unreserved undesignated fund balance from the fiscal year 2009 balance is due largely to the reduction in the general fund advances to other funds. In fiscal year 2010, the airport fund paid the general fund \$1,568,000 of its \$1,960,000 loan bringing the loan balance to \$392,000 at June 30, 2010.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include

general government, public safety, public works, health and welfare, and culture, recreation, and community development. The business-type activities of the City include electric, water and sewer utilities, solid waste collection, a regional airport, a city pavilion, a performing arts center, and broadband internet access over the electric infrastructure.

The government-wide financial statements include not only the City (known as the primary government), but also a legally separate school district (MCPS) for which the City is financially accountable. Financial information for the component unit (MCPS) is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the annual appropriated budget. The City also adopts annual appropriated budgets for five nonmajor governmental funds – family services, Owens Brooke district, fire rescue, Liberia house, and Speiden Carper house funds. The budgetary comparison statements for these funds are provided elsewhere in this report.

The basic governmental fund financial statements can be found on pages 26-31 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water and sewer utilities, solid waste collection, a regional airport, a city pavilion, a performing arts center, and broadband internet access over the electric infrastructure. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, building maintenance, and for its information technology systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer utilities and regional airport which are considered to be major funds of the City. The other four enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the four nonmajor enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32-37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-61 of this report.

Other Information. In addition to the basic financial statements, this report also presents certain required supplementary information. A schedule of funding progress for the City's defined benefit plan is provided.

The combining statements referred to earlier in connection with non-major governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 67-88 of this report.

MCPS, the City's component unit, does not issue separate financial statements. Therefore you will find fund statements for MCPS on pages 90-98 of this report.

Government-wide Financial Analysis

Net assets of the City's governmental activities increased by \$963,898 in fiscal year to \$162,084,374. The increase can be attributed to the net of a \$5,288,418 reduction of debt through planned payments, an increase of deferred revenues of (\$1,459,960) and increase of long-term debt of (\$2,952,663).

The net assets of the business-type activities increased by \$10,854,522 in fiscal year 2010 to \$103,526,903. The three major reasons for this are (1) program revenues exceeded expenses by \$6,695,639 (2) the airport fund received \$5,347,970 in capital grants, and (3) the net transfers out to other funds was \$1,195,914.

The net assets of MCPS have decreased by \$2,600,071 which is due primarily to the net of an \$878,000 increase from operations, \$857,000 purchase of capital assets and (\$4,364,496) of depreciation of its capital assets.

The following tables summarize the Statement of Net Assets for the reporting unit as of June 30, 2010.

	Governmental Activities FY 2010	Governmental Activities FY 2009	Business-type Activities FY 2010	Business-type Activities FY 2009	Total Primary Government FY 2010	Total Primary Government FY 2009
Current assets	\$ 65,018,462	\$ 66,643,844	\$ 49,959,712	\$ 41,829,198	\$ 114,978,174	\$ 108,473,042
Capital assets	193,643,814	194,208,242	100,032,517	94,306,787	293,676,331	288,515,029
Total assets	<u>258,662,276</u>	<u>260,852,086</u>	<u>149,992,229</u>	<u>136,135,985</u>	<u>408,654,505</u>	<u>396,988,071</u>
Current liabilities	32,259,011	32,976,978	14,980,537	13,827,093	47,239,548	46,804,071
Long-term liabilities	64,318,891	66,754,632	31,484,789	29,636,511	95,803,680	96,391,143
Total liabilities	<u>96,577,902</u>	<u>99,731,610</u>	<u>46,465,326</u>	<u>43,463,604</u>	<u>143,043,228</u>	<u>143,195,214</u>
Net assets:						
Invested in capital assets, net of debt	176,462,932	177,487,923	69,265,780	63,687,537	245,728,712	241,175,460
Restricted	1,905,999	2,837,832	54,724	354,727	1,960,723	3,192,559
Unrestricted (deficit)	(16,284,557)	(19,205,279)	34,206,399	28,630,117	17,921,842	9,424,838
Total net assets	<u>\$ 162,084,374</u>	<u>\$ 161,120,476</u>	<u>\$ 103,526,903</u>	<u>\$ 92,672,381</u>	<u>\$ 265,611,277</u>	<u>\$ 253,792,857</u>

	MCPS FY 2010	MCPS FY 2009	Total Reporting Unit FY 2010	Total Reporting Unit FY 2009
Current assets	\$ 17,888,031	\$ 17,754,200	\$ 132,866,205	\$ 126,227,242
Capital assets	54,675,100	58,183,226	348,351,431	346,698,255
Total assets	<u>72,563,131</u>	<u>75,937,426</u>	<u>481,217,636</u>	<u>472,925,497</u>
Current liabilities	11,369,057	12,705,690	58,608,605	59,509,761
Long-term liabilities	3,508,544	2,946,135	99,312,224	99,337,278
Total liabilities	<u>14,877,601</u>	<u>15,651,825</u>	<u>157,920,829</u>	<u>158,847,039</u>
Net assets:				
Invested in capital assets, net of debt	53,900,305	57,277,879	256,960,742	252,178,564
Restricted	-	-	1,960,723	3,192,559
Unrestricted	3,785,225	3,007,722	64,375,342	58,707,335
Total net assets	<u>\$ 57,685,530</u>	<u>\$ 60,285,601</u>	<u>\$ 323,296,807</u>	<u>\$ 314,078,458</u>

The following tables summarize the change in net assets for the City for the year ended June 30, 2010.

	Governmental Activities FY 2010	Governmental Activities FY 2009	Business-type Activities FY 2010	Business-type Activities FY 2009	Total Primary Government FY 2010	Total Primary Government FY 2009
Revenues:						
Program revenues:						
Charges for services	\$ 3,456,867	\$ 3,653,508	\$ 82,704,243	\$ 89,603,086	\$ 86,161,110	\$ 93,256,594
Operating grants, contributions	8,804,363	9,192,809	1,652,441	111,479	10,456,804	9,304,288
Capital grants, contributions	-	-	5,354,797	722,786	5,354,797	722,786
General Revenues:						
Property Taxes	62,237,982	67,644,580	-	-	62,237,982	67,644,580
Other Taxes	14,897,257	18,355,300	-	-	14,897,257	18,355,300
Unrestricted grants	8,117,505	3,933,837	-	-	8,117,505	3,933,837
City appropriation to MCPS	-	-	-	-	-	-
Other	8,890,156	8,766,913	221,558	458,239	9,111,714	9,225,152
Total revenues	106,404,130	111,546,947	89,933,039	90,895,590	196,337,169	202,442,537
Expenses:						
General government	8,473,478	8,600,672	-	-	8,473,478	8,600,672
Public safety	24,539,618	24,236,806	-	-	24,539,618	24,236,806
Public works	9,312,018	9,703,176	-	-	9,312,018	9,703,176
Health and welfare	7,973,696	8,435,426	-	-	7,973,696	8,435,426
Culture, rec, development	6,138,833	6,499,227	-	-	6,138,833	6,499,227
Interest on long-term debt	2,605,659	2,785,179	-	-	2,605,659	2,785,179
Electric	-	-	51,740,779	61,561,566	51,740,779	61,561,566
Water	-	-	6,819,870	7,240,285	6,819,870	7,240,285
Sewer	-	-	12,029,865	11,909,773	12,029,865	11,909,773
Airport	-	-	3,392,717	3,390,014	3,392,717	3,390,014
Solid Waste	-	-	2,868,737	2,815,686	2,868,737	2,815,686
City Square Pavilion	-	-	317,848	298,683	317,848	298,683
Candy Factory	-	-	191,763	198,440	191,763	198,440
Telecommunications	-	-	521,024	675,703	521,024	675,703
Education	47,592,844	48,924,698	-	-	47,592,844	48,924,698
Total expenses	106,636,146	109,185,184	77,882,603	88,090,150	184,518,749	197,275,334
Increase (decrease) in net assets						
before transfers	(232,016)	2,361,763	12,050,436	2,805,440	11,818,420	5,167,203
Transfers	1,195,914	1,397,379	(1,195,914)	(1,397,379)	-	-
Change in net assets	963,898	3,759,142	10,854,522	1,408,061	11,818,420	5,167,203
Net assets beginning	161,120,476	157,361,334	92,672,381	91,264,320	253,792,857	248,625,654
Net assets ending	\$ 162,084,374	\$ 161,120,476	\$ 103,526,903	\$ 92,672,381	\$ 265,611,277	\$ 253,792,857

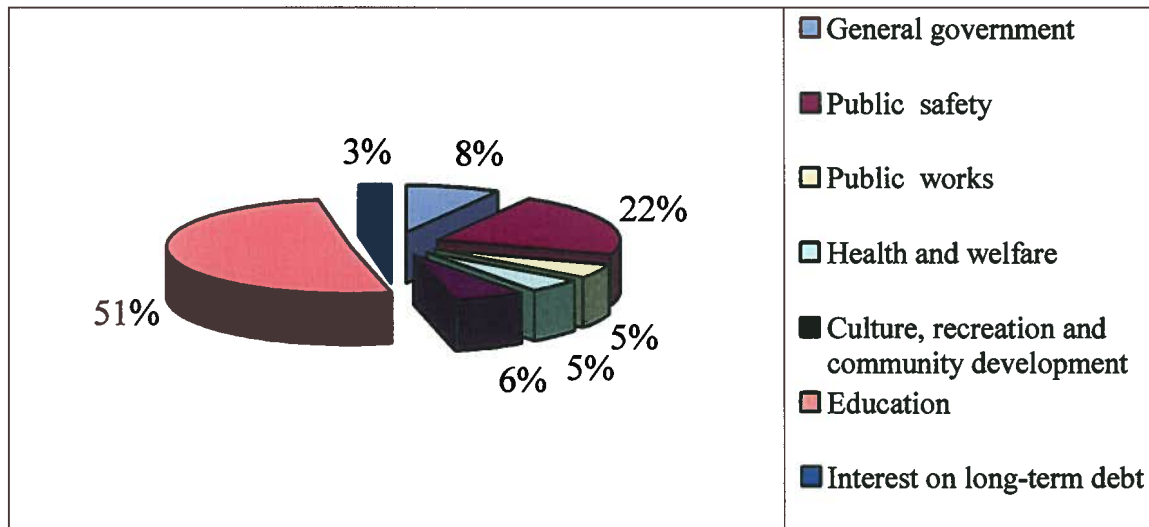
	MCPS FY 2010	MCPS FY 2009	Total Reporting Unit FY 2010	Total Reporting Unit FY 2009
Revenues:				
Program revenues:				
Charges for services	\$ 1,750,817	\$ 2,017,707	\$ 87,911,927	\$ 95,274,301
Operating grants, contributions	39,458,609	39,433,481	49,915,413	48,737,769
Capital grants, contributions	-	-	5,354,797	722,786
General Revenues:				
Property Taxes	-	-	62,237,982	67,644,580
Other Taxes	-	-	14,897,257	18,355,300
Unrestricted grants	-	-	8,117,505	3,933,837
City appropriation to MCPS	47,592,844	48,924,698	47,592,844	48,924,698
Other	15,919	56,262	9,127,633	9,281,414
Total revenues	<u>88,818,189</u>	<u>90,432,148</u>	<u>285,155,358</u>	<u>292,874,685</u>
Expenses:				
General government	-	-	8,473,478	8,600,672
Public safety	-	-	24,539,618	24,236,806
Public works	-	-	9,312,018	9,703,176
Health and welfare	-	-	7,973,696	8,435,426
Culture, rec, development	-	-	6,138,833	6,499,227
Interest on long-term debt	-	-	2,605,659	2,785,179
Electric	-	-	51,740,779	61,561,566
Water	-	-	6,819,870	7,240,285
Sewer	-	-	12,029,865	11,909,773
Airport	-	-	3,392,717	3,390,014
Solid Waste	-	-	2,868,737	2,815,686
City Square Pavilion	-	-	317,848	298,683
Candy Factory	-	-	191,763	198,440
Telecommunications	-	-	521,024	675,703
Education	91,418,260	96,200,496	139,011,104	145,125,194
Total expenses	<u>91,418,260</u>	<u>96,200,496</u>	<u>275,937,009</u>	<u>293,475,830</u>
Increase (decrease) in net assets				
before transfers	(2,600,071)	(5,768,348)	9,218,349	(601,145)
Transfers				
Change in net assets	<u>(2,600,071)</u>	<u>(5,768,348)</u>	<u>9,218,349</u>	<u>(601,145)</u>
Net assets beginning	60,285,601	66,053,949	314,078,458	314,679,603
Net assets ending	<u>\$ 57,685,530</u>	<u>\$ 60,285,601</u>	<u>\$ 323,296,807</u>	<u>\$ 314,078,458</u>

The table below details the governmental activities expenses and program revenues showing the net cost by program/function. The total governmental activities net program/function costs were \$94,374,916 a reduction of \$1,963,949 from last fiscal year. As the table and chart below indicate, education continues to be the City's largest program with expenses totaling \$47,592,844. The education expense in the governmental activities reflects the City's local revenue which is appropriated to MCPS. The program revenues of education are recorded in the component unit, MCPS, and therefore are not in the table or chart.

Governmental Activities Expenses and Program Revenues

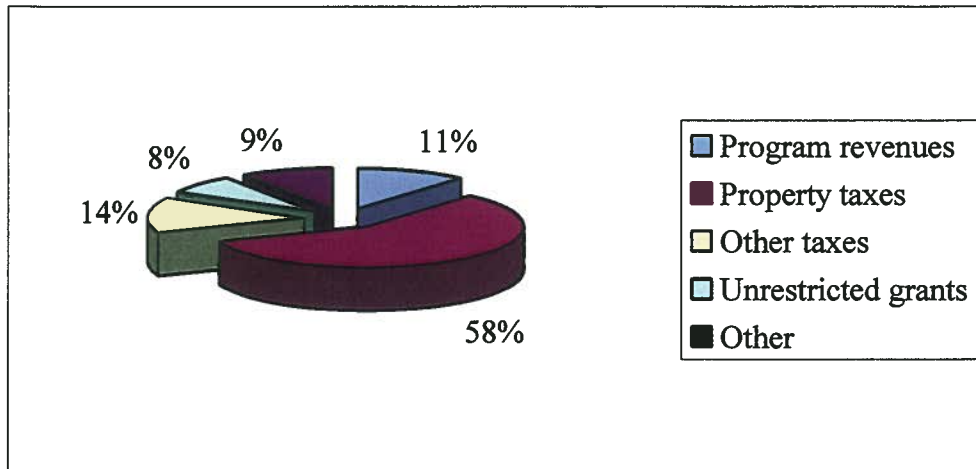
	Program Expenses FY 2010	Program Revenues FY 2010	Net Program Cost FY 2010	Net Program Cost FY 2009
General government	\$ 8,473,478	\$ 778,728	\$ 7,694,750	\$ 8,134,799
Public safety	24,539,618	2,876,241	21,663,377	20,867,501
Public works	9,312,018	4,771,216	4,540,802	4,650,580
Health and welfare	7,973,696	3,428,633	4,545,063	4,868,928
Culture, recreation and community development	6,138,833	406,412	5,732,421	6,107,180
Education	47,592,844	-	47,592,844	48,924,698
Interest on long-term debt	2,605,659	-	2,605,659	2,785,179
Total	\$ 106,636,146	\$ 12,261,230	\$ 94,374,916	\$ 96,338,865

Governmental Activities Net Program Costs



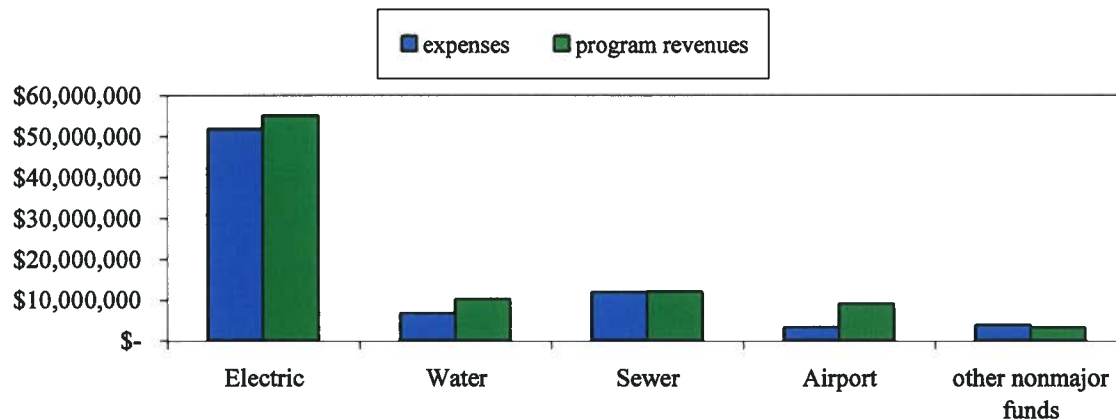
In addition to program revenues of \$12,261,230, there are also general revenues in the governmental activities, which are revenues that are not attributed to any specific program/function. The total general revenues in fiscal year 2010 are \$95,338,814 for total governmental activities revenues of \$107,600,044. General revenues in fiscal year 2010 are \$5,344,282 less than fiscal year 2009. While unrestricted grants increased over \$4 million, property taxes were down \$5.4 million due to declining assessment and other taxes were down \$3.5 million due to the economy. The chart below indicates that the property taxes continue to be the largest source of revenue for the governmental activities.

Governmental Activities Revenues



The cost of all business-type activities in fiscal year 2010 was \$77,882,603. As depicted in the chart below, program revenues of \$89,711,481 offset the cost of doing business. The Airport received \$5.3 million in capital grants which are reflected as revenues.

Business-type Activities Expenses and Program Revenues



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the City's financing requirements. In particular, 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 fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$27,597,470 a decrease of \$201,571 from fiscal year 2009. This is due to the decrease of \$2,230,487 in non-major funds and a \$2,028,916 increase in the general fund. The increase in the general fund is due to a transfer from the non-major capital projects funds. The City reduced the scope of and cancelled several capital projects and transferred the project balances of \$4,408,301 to the general fund. Sixty-four percent (\$17,602,479) of the governmental funds combined fund balances is unreserved and undesignated and therefore is available for spending at the City's discretion. The remainder of the fund balances is reserved or designated to indicate that it is not available for new spending because it has already been committed for 1) advances to other funds (\$562,064), 2) capital projects (\$6,211,078), 3) the perpetual care of the municipal cemetery (\$182,806), 4) the Manassas Museum System (\$793,295), and 5) next year's expenditures (\$2,245,748).

The general fund is the chief operating fund of the City. At the end of fiscal year 2010, unreserved, undesignated fund balance of the general fund was \$13,891,163, while total fund balance was \$21,004,054. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to fund expenditures. Unreserved, undesignated fund balance represents 15 percent of total general fund expenditures, while total fund balance represents 22 percent of that same amount. Unreserved, undesignated fund balance represents 14 percent of total general fund revenues of \$96,855,808 for fiscal year 2010. City Council's policy is to maintain the general fund unreserved undesignated fund balance at 13% of general fund revenues excluding payment of lieu of debt services from MCPS of \$5,637,807. General fund unreserved undesignated fund balance as a percent of general fund revenues per the City Council's policy (\$96,855,808 less \$5,637,807) is 15.2 percent.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total nets assets at the end of fiscal year 2010 in the Electric, Water, Sewer, Airport, and the non-major funds are \$37,941,902; \$15,216,740; \$13,805,258; \$33,025,715; and \$3,537,288, respectively. The increase or (decrease) in total net assets for the Electric, Water, Sewer, and Airport funds is \$1,378,744; \$3,452,149; (\$398,009); and \$5,704,703, respectively. Only 32% of the total net assets of these funds is unrestricted in its use. The remaining 68% is invested of capital assets, net of related debt. The unrestricted nets assets at the end of fiscal year 2010 in the Electric, Water, Sewer, Airport, and the nonmajor funds are \$22,646,580; \$2,484,117; \$6,834,613; \$1,402,174; and \$838,915, respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Fiscal year 2010 was the second consecutive year of major budget reductions for the City. In September 2008 (fiscal year 2009), the City began planning for severe reductions in sales tax revenue due to the declining economy and a significant loss of property tax revenue due to a projected decline in real estate assessments. On December 12, 2008, the City Manager announced a major reorganization of the City departmental structure, reducing the number of departments from twelve to seven. The staffing plan was reduced by fifty three positions (15 FTE). In the fiscal year 2010 budget, the staffing plan was reduced by another sixteen positions (10 FTE). In the past two fiscal years the City's general fund budget has been reduced by \$6.7 million. The City has a revenue sharing agreement with Manassas City Public Schools which states that if the City does not receive tax revenue, the City support of education will be reduced. The loss of tax revenue in FY 2009 and FY 2010 resulted in a \$2,246,650 reduction to the City's local share of education costs.

The City projected the revenue loss and took the necessary action to also reduce expenditures so as to maintain the financial stability of the City.

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2010 is \$293,676,331, an increase of \$5,161,302 from June 30, 2009. The net decrease in the governmental activities assets of \$564,428 is due to \$5,514,533 additional assets and depreciation of assets. The net increase of \$5,725,730 in the business-type net assets is due primarily to improvements at the water plant and the extension of a runway at the airport.

The following tables summarize the capital assets of the City and MCPS. Additional information on the capital assets is found in Note 5 on pages 45-46 of this report

	Capital Assets FY 2010	Accumulated Depreciation FY 2010	Capital Assets net of Accumulated Depreciation FY 2010	Capital Assets net of Accumulated Depreciation FY 2009	Net Increase (Decrease) Capital Assets
Governmental Activities					
Land	\$ 84,882,264	\$ -	\$ 84,882,264	\$ 83,292,223	\$ 1,590,041
Buildings and improvements	28,339,162	(19,966,064)	8,373,098	8,479,960	(106,862)
Machinery and equipment	11,950,588	(10,354,567)	1,596,021	2,155,302	(559,281)
Construction in progress	6,510,561	-	6,510,561	5,983,565	526,996
Infrastructure	154,277,422	(61,995,552)	92,281,870	94,297,192	(2,015,322)
Total	<u>\$ 285,959,997</u>	<u>\$ (92,316,183)</u>	<u>\$ 193,643,814</u>	<u>\$ 194,208,242</u>	<u>\$ (564,428)</u>
Business-type Activities					
Land	\$ 9,468,637	\$ -	\$ 9,468,637	\$ 9,468,637	\$ -
Buildings and improvements	4,652,249	(1,961,010)	2,691,239	2,923,851	(232,612)
Investment in Plant	159,667,453	(110,616,349)	49,051,104	54,269,810	(5,218,706)
Machinery and equipment	5,876,271	(5,309,856)	566,415	409,557	156,858
Purchased capacity	27,153,049	(8,409,807)	18,743,242	20,129,748	(1,386,506)
Construction in progress	19,511,880	-	19,511,880	7,105,184	12,406,696
Total	<u>\$ 226,329,539</u>	<u>\$ (126,297,022)</u>	<u>\$ 100,032,517</u>	<u>\$ 94,306,787</u>	<u>\$ 5,725,730</u>
Total Primary Government					
Land	\$ 94,350,901	\$ -	\$ 94,350,901	\$ 92,760,860	\$ 1,590,041
Buildings and improvements	32,991,411	(21,927,074)	11,064,337	11,403,811	(339,474)
Investment in Plant	159,667,453	(110,616,349)	49,051,104	54,269,810	(5,218,706)
Machinery and equipment	17,826,859	(15,664,423)	2,162,436	2,564,859	(402,423)
Purchased capacity	27,153,049	(8,409,807)	18,743,242	20,129,748	(1,386,506)
Construction in progress	26,022,441	-	26,022,441	13,088,749	12,933,692
Infrastructure	154,277,422	(61,995,552)	92,281,870	94,297,192	(2,015,322)
Total	<u>\$ 512,289,536</u>	<u>\$ (218,613,205)</u>	<u>\$ 293,676,331</u>	<u>\$ 288,515,029</u>	<u>\$ 5,161,302</u>
MCPS					
Land	\$ 2,336,649	\$ -	\$ 2,336,649	\$ 2,336,649	\$ -
Buildings and improvements	122,837,241	(72,730,899)	50,106,342	53,476,666	(3,370,324)
Machinery and equipment	7,395,830	(5,163,721)	2,232,109	2,369,911	(137,802)
Total	<u>\$ 132,569,720</u>	<u>\$ (77,894,620)</u>	<u>\$ 54,675,100</u>	<u>\$ 58,183,226</u>	<u>\$ (3,508,126)</u>

Long-term debt. The following tables summarize the long-term debt of the City and MCPS. Additional information on long-term debt is found in Note 10 on pages 50-52 of this report.

	Governmental Activities FY 2010	Governmental Activities FY 2009	Business-type Activities FY 2010	Business-type Activities FY 2009	Total Primary Government FY 2010	Total Primary Government FY 2009
General obligation bonds	\$ 58,114,225	\$ 60,651,425	\$ 29,714,312	\$ 28,659,250	\$ 87,828,537	\$ 89,310,675
Premium on bonds	64,277	-	660,425	609,066	724,702	609,066
Capital leases	1,483,960	1,841,720	-	-	1,483,960	1,841,720
Note payable	250,973	501,949	-	-	250,973	501,949
Compensated absences	2,393,456	2,432,538	790,052	765,261	3,183,508	3,197,799
OPEB Obligation payable	2,012,000	1,327,000	320,000	212,000	2,332,000	1,539,000
Early retirement payable	-	-	-	-	-	-
Total	\$ 64,318,891	\$ 66,754,632	\$ 31,484,789	\$ 30,245,577	\$ 95,803,680	\$ 97,000,209

	MCPS FY 2010	MCPS FY 2009	Total Reporting Unit FY 2010	Total Reporting Unit FY 2009
General obligation bonds	\$ -	\$ -	\$ 87,828,537	\$ 89,310,675
Premium on bonds	-	-	724,702	609,066
Capital leases	774,794	905,347	2,258,754	2,747,067
Note payable	-	-	250,973	501,949
Compensated absences	1,829,750	1,861,942	5,013,258	5,059,741
OPEB Obligation payable	904,000	578,000	3,236,000	2,117,000
Early retirement payable	-	178,846	-	178,846
Total	\$ 3,508,544	\$ 3,524,135	\$ 99,312,224	\$ 100,524,344

The City's total debt of \$95,803,680 is a net decrease of \$1,196,529. The proceeds of the 2010 ABC bond issues resulted in an increase to general obligation bonds of \$5,115,000 while the bond principal payments in fiscal year 2010 decreased the balance by \$6,597,120. Capital leases and the note payable were reduced by principal payments while the OPEB obligation payable increased by \$793,000. The net decrease to the MCPS total debt is \$15,621 which is the result of the retirement of the early retirement payable, principal payment on the leases and an increase of \$326,000 to the OPEB obligation.

The City's rating for general obligation debt from Standard & Poor's is "AA". The rating from Moody's is "Aa2".

The Code of the Commonwealth of Virginia, as amended, (Virginia Code) limits the amount of general obligation debt the City may issue to 10 percent of the assessed valuation of the real estate subject to taxation. The assessed valuation of the real estate subject to taxation in the City as of January 1, 2010 is \$3,591,782,600 making the current legal debt limitation of the City \$359,178,260. The City's general obligation debt applicable to the limit is \$87,828,537 leaving a legal debt margin of \$271,349,723. Additional information on the City's long-term debt can be found in note 10 on pages 50-52 of this report.

Economic Factors and Next Year's Budget

- The unemployment rate for the City in May 2010 was 7.4 percent, which is higher than the state rate (6.9 percent) but lower than federal rate (9.3 percent).
- Real property taxable assessed value decreased 4.5 percent in 2009 from \$3,759,026,700 on January 1, 2009 to \$3,591,782,600 on January 1, 2010. This is an improvement from the 24 percent decrease in the value in 2008 (\$4,982,424,800 to \$3,759,026,700). The City is projecting the assessed value to increase 0.5 percent in 2010.
- The City is also projecting a small increase in local use taxes and has taken all these factors into consideration as it begins preparing its fiscal year 2012 budget for City Council consideration in the spring of 2011.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance and Administration Director, 9027 Center Street, City of Manassas, Virginia, 20110.

BASIC FINANCIAL STATEMENTS



CITY OF MANASSAS, VIRGINIA

Exhibit A

Statement of Net Assets
June 30, 2010

	Governmental Activities	Business Type Activities	Total Primary Government	Component Unit Manassas City Public Schools	Total Reporting Unit
Assets					
Cash and investments	\$ 29,679,279	\$ 33,901,369	\$ 63,580,648	\$ 9,870,400	\$ 73,451,048
Cash and investments - restricted	1,905,999	54,724	1,960,723	-	1,960,723
Receivables	29,275,047	12,769,946	42,044,993	1,583,454	43,628,447
Internal balances	392,000	(392,000)	-	-	-
Due from other governments	3,766,137	1,772,540	5,538,677	6,434,177	11,972,854
Inventory and other assets	-	1,853,133	1,853,133	-	1,853,133
Capital assets not being depreciated:					
Land and land rights	84,882,264	9,468,637	94,350,901	2,336,649	96,687,550
Construction in progress	6,510,561	19,511,880	26,022,441	-	26,022,441
Capital assets net of accumulated depreciation:					
Buildings and improvements	8,373,098	2,691,239	11,064,337	50,106,342	61,170,679
Investment in plant	-	49,051,104	49,051,104	-	49,051,104
Machinery and equipment	1,596,021	566,415	2,162,436	2,232,109	4,394,545
Infrastructure	92,281,870	-	92,281,870	-	92,281,870
Purchased capacity	-	18,743,242	18,743,242	-	18,743,242
Total assets	258,662,276	149,992,229	408,654,505	72,563,131	481,217,636
Liabilities					
Payables	4,788,033	9,229,266	14,017,299	11,369,057	25,386,356
Accrued interest payable	1,236,557	512,639	1,749,196	-	1,749,196
Due to other governments	1,047,737	-	1,047,737	-	1,047,737
Unearned revenues	25,186,684	5,238,632	30,425,316	-	30,425,316
Long term liabilities:					
Due within one year	5,342,243	2,260,077	7,602,320	410,167	8,012,487
Due in more than one year	58,976,648	29,224,712	88,201,360	3,098,377	91,299,737
Total liabilities	96,577,902	46,465,326	143,043,228	14,877,601	157,920,829
Net assets					
Invested in capital assets, net of related debt	176,462,932	69,265,780	245,728,712	53,900,305	256,960,742 A
Restricted for:					
Capital projects	1,905,999	54,724	1,960,723	-	1,960,723
Unrestricted (deficit)	(16,284,557)	34,206,399	17,921,842	3,785,225	64,375,342 A
Total net assets	\$ 162,084,374	\$ 103,526,903	\$ 265,611,277	\$ 57,685,530	\$ 323,296,807

A. The sum of the columns does not equal the Total Reporting Unit column by a difference of \$42,668,275 because the debt related to the Component Unit Manassas City Public Schools (MCPS) is reflected in the primary government's Governmental Activities column reducing unrestricted net assets. The assets are reflected in the Component Unit column as Invested in capital assets, net of related debt. The Total Reporting Unit column matches the assets with the debt and reports the net amount of the Invested in capital assets, net of related debt line.

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

CITY OF MANASSAS, 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
Primary government:				
Governmental activities:				
General government	\$ 8,473,478	\$ 463,437	\$ 315,291	\$ -
Public safety	24,539,618	1,909,779	966,462	-
Public works	9,312,018	643,891	4,127,325	-
Health and welfare	7,973,696	33,348	3,395,285	-
Culture, recreation, and community development	6,138,833	406,412	-	-
Education	47,592,844	-	-	-
Interest on long term debt	2,605,659	-	-	-
Total governmental activities	106,636,146	3,456,867	8,804,363	-
Business-type activities:				
Electric	51,740,779	54,968,258	-	5,926
Water	6,819,870	10,301,071	-	901
Sewer	12,029,865	12,091,738	-	-
Airport	3,392,717	2,080,115	1,645,912	5,347,970
Solid waste	2,868,737	2,896,323	6,529	-
City Square Pavilion	317,848	13,526	-	-
Candy Factory	191,763	27,984	-	-
Telecommunications	521,024	325,228	-	-
Total business-type activities	77,882,603	82,704,243	1,652,441	5,354,797
Total primary government	\$ 184,518,749	\$ 86,161,110	\$ 10,456,804	\$ 5,354,797
Component unit:				
Manassas City Public Schools	91,418,260	1,750,817	39,458,609	-
Total component unit	\$ 91,418,260	\$ 1,750,817	\$ 39,458,609	\$ -
General revenues:				
Property taxes				
Sales taxes				
Business License taxes				
Meals taxes				
Other taxes				
Unrestricted grants				
Unrestricted investment earnings				
Other unrestricted revenues				
Payment to component unit				
Gain (loss) on sale of capital assets				
Payment from component unit				
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 B

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	Total
Governmental Activities	Business-type Activities	Total	Manassas City Public Schools	Reporting Unit
\$ (7,694,750)	\$ -	\$ (7,694,750)	\$ -	\$ (7,694,750)
(21,663,377)	-	(21,663,377)	-	(21,663,377)
(4,540,802)	-	(4,540,802)	-	(4,540,802)
(4,545,063)	-	(4,545,063)	-	(4,545,063)
(5,732,421)	-	(5,732,421)	-	(5,732,421)
(47,592,844)	-	(47,592,844)	-	(47,592,844)
(2,605,659)	-	(2,605,659)	-	(2,605,659)
(94,374,916)	-	(94,374,916)	-	(94,374,916)
-	3,233,405	3,233,405	-	3,233,405
-	3,482,102	3,482,102	-	3,482,102
-	61,873	61,873	-	61,873
-	5,681,280	5,681,280	-	5,681,280
-	34,115	34,115	-	34,115
-	(304,322)	(304,322)	-	(304,322)
-	(163,779)	(163,779)	-	(163,779)
-	(195,796)	(195,796)	-	(195,796)
-	11,828,878	11,828,878	-	11,828,878
(94,374,916)	11,828,878	(82,546,038)	-	(82,546,038)
-	-	-	(50,208,834)	(50,208,834)
-	-	-	(50,208,834)	(50,208,834)
62,237,982	-	62,237,982	-	62,237,982
6,881,710	-	6,881,710	-	6,881,710
2,450,090	-	2,450,090	-	2,450,090
2,423,969	-	2,423,969	-	2,423,969
3,141,488	-	3,141,488	-	3,141,488
8,117,505	-	8,117,505	-	8,117,505
290,853	115,836	406,689	15,919	422,608
2,955,393	105,722	3,061,115	-	3,061,115
-	-	-	47,592,844	47,592,844
6,103	-	6,103	-	6,103
5,637,807	-	5,637,807	-	5,637,807
1,195,914	(1,195,914)	-	-	-
95,338,814	(974,356)	94,364,458	47,608,763	141,973,221
963,898	10,854,522	11,818,420	(2,600,071)	9,218,349
161,120,476	92,672,381	253,792,857	60,285,601	314,078,458
\$ 162,084,374	\$ 103,526,903	\$ 265,611,277	\$ 57,685,530	\$ 323,296,807

CITY OF MANASSAS, VIRGINIA

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2010

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 20,925,576	\$ 4,977,342	\$ 25,902,918
Cash and investments - restricted	-	1,905,999	1,905,999
Receivable (net of allowances for uncollectibles):			
Taxes receivable	25,804,925	2,953,083	28,758,008
Accounts receivable	517,039	-	517,039
Due from other governments	3,186,962	579,175	3,766,137
Advances to other funds	562,064	-	562,064
Total assets	\$ 50,996,566	\$ 10,415,599	\$ 61,412,165
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 1,985,255	\$ 732,751	\$ 2,718,006
Retainage payable	-	13,362	13,362
Deposits	1,724,941	-	1,724,941
Due to other governments	877,322	-	877,322
Deferred revenues	25,404,994	2,906,006	28,311,000
Advances from other funds	-	170,064	170,064
Total liabilities	<u>29,992,512</u>	<u>3,822,183</u>	<u>33,814,695</u>
Fund balances:			
Reserved for:			
Advance to other funds	562,064	-	562,064
Capital projects	4,305,079	1,905,999	6,211,078
Cemetery maintenance	-	182,806	182,806
Museum system	-	793,295	793,295
Unreserved:			
Designated for:			
Next year's expenditures	2,245,748	-	2,245,748
Undesignated reported in:			
Special revenue funds	-	1,567,040	1,567,040
Capital projects funds	-	2,144,276	2,144,276
General fund	13,891,163	-	13,891,163
Total fund balances	<u>21,004,054</u>	<u>6,593,416</u>	<u>27,597,470</u>
Total liabilities and fund balances	\$ 50,996,566	\$ 10,415,599	\$ 61,412,165

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

CITY OF MANASSAS, VIRGINIA

Exhibit C-1

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

Ending fund balance - governmental funds	\$	27,597,470
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital assets, not being depreciated:		
Land and land rights	84,882,264	
Construction in progress	6,510,561	
Capital assets, being depreciated:		
Buildings and improvements	28,060,678	
Machinery and equipment	3,065,598	
Infrastructure	154,277,422	
Total capital assets	276,796,523	
Less accumulated depreciation	(84,489,965)	192,306,558

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		3,124,315
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Internal service funds are used by management to charge the costs of information technology and equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Assets:		
Current assets	3,776,361	
Capital assets	9,163,474	
Less accumulated depreciation	(7,826,218)	
Liabilities	(545,797)	4,567,820

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds and literary loans	(58,114,225)	
Premium on bonds issued	(64,277)	
Accrued interest on long-term debt	(1,236,557)	
Capital leases	(1,448,720)	
Notes payable	(250,973)	
Claims payable	(170,415)	
Compensated absences	(2,214,622)	
Net OPEB Obligation	(2,012,000)	(65,511,789)

Net assets of governmental activities	\$	162,084,374
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The notes to the financial statements are an integral part of this statement.

CITY OF MANASSAS, VIRGINIA

Exhibit D

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
General property taxes	\$ 58,267,390	\$ 5,430,552	\$ 63,697,942
Other local taxes	14,897,257	-	14,897,257
Permits, fees and licenses	923,525	-	923,525
Fines and forfeitures	521,655	-	521,655
Use of money and property	163,124	113,092	276,216
Charges for services	686,605	457,746	1,144,351
Payment in lieu of debt service	5,637,807	-	5,637,807
Recovered costs	1,973,170	-	1,973,170
Miscellaneous	1,105,391	296,394	1,401,785
Intergovernmental	12,679,884	4,241,984	16,921,868
Total revenues	<u>96,855,808</u>	<u>10,539,768</u>	<u>107,395,576</u>
Expenditures			
Current:			
General government administration	8,087,758	-	8,087,758
Public safety	17,663,977	5,955,318	23,619,295
Public works	5,281,377	31,412	5,312,789
Health and welfare	2,629,789	5,346,546	7,976,335
Culture, recreation, and community development	5,676,542	58,474	5,735,016
Education	47,592,844	-	47,592,844
Capital outlay	739,470	3,569,206	4,308,676
Debt service:			
Principal retirement of capital lease	296,856	-	296,856
Interest and fees on capital lease	20,637	-	20,637
Principal retirement	4,988,176	-	4,988,176
Interest and fees on long term debt	2,701,136	-	2,701,136
Total expenditures	<u>95,678,562</u>	<u>14,960,956</u>	<u>110,639,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,177,246</u>	<u>(4,421,188)</u>	<u>(3,243,942)</u>
Other financing sources (uses)			
Transfers in	5,936,701	4,368,612	10,305,313
Transfers out	(5,085,031)	(4,445,574)	(9,530,605)
Bonds issued	-	2,200,000	2,200,000
Premium on bonds issued	-	67,663	67,663
Total other financing sources (uses)	<u>851,670</u>	<u>2,190,701</u>	<u>3,042,371</u>
Net change in fund balances	2,028,916	(2,230,487)	(201,571)
Fund balance - beginning	<u>18,975,138</u>	<u>8,823,903</u>	<u>27,799,041</u>
Fund balance - ending	<u>\$ 21,004,054</u>	<u>\$ 6,593,416</u>	<u>\$ 27,597,470</u>

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

CITY OF MANASSAS, VIRGINIA

Exhibit D-1

**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**

Net change in fund balances - total governmental funds	\$	(201,571)
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Amounts reported for governmental activities in the statement of activities are different because:

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 capital outlays was exceeded by depreciation in the current period.

Capital outlays	4,308,677	
Depreciation expense	<u>(4,845,769)</u>	(537,092)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	426,120
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Some revenues will not be collected for several months after the fiscal year end, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount.	(1,459,959)
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The issuance of long-term debt 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 the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of bonds and premium on bonds	(2,267,663)	
Amortization of premium on bonds	3,386	
Principal payments of notes payable	250,976	
Principal payment of bonds and literary loans	4,737,200	
Principal payments of capital leases	<u>296,856</u>	3,020,755

Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due. This is the amount of the timing differences of accrued interest.	98,885
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Under the modified accrual basis of accounting used in governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:

Compensated absences	59,328	
Net OPEB Obligation	<u>(685,000)</u>	(625,672)

Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net assets is reported with governmental activities.	242,432
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Change in net assets of governmental activities	<u><u>\$ 963,898</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MANASSAS, VIRGINIA

Exhibit E
Page 1 of 2Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund
For the Year Ended June 30, 2010

	Adopted Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues:				
From local sources:				
Taxes:				
Property	\$ 60,964,190	\$ 60,964,190	\$ 58,267,390	\$ (2,696,800)
Other local	18,522,140	18,522,140	14,897,257	(3,624,883)
Permits, fees and licenses	627,200	627,200	923,525	296,325
Fines and forfeitures	598,100	598,100	521,655	(76,445)
Use of money and property:				
Interest	600,000	600,000	154,870	(445,130)
Interest from bond proceeds	-	-	8,254	8,254
Charges for services	723,900	794,025	686,605	(107,420)
Payment in lieu of debt service	5,637,810	5,637,810	5,637,807	(3)
Recovered cost	1,973,170	1,973,170	1,973,170	-
Proffers	-	-	195,747	195,747
Miscellaneous	422,170	514,338	909,644	395,306
Total from local sources	<u>90,068,680</u>	<u>90,230,973</u>	<u>84,175,924</u>	<u>(6,055,049)</u>
From other governments:				
From the Commonwealth of Virginia				
PPTRA	3,786,630	3,786,630	3,786,634	4
Communications tax	-	-	3,022,248	3,022,248
Other	5,103,020	5,179,876	5,594,682	414,806
From the Federal government	100,700	1,670,463	276,320	(1,394,143)
Total from other governments	<u>8,990,350</u>	<u>10,636,969</u>	<u>12,679,884</u>	<u>2,042,915</u>
Total revenues	<u>99,059,030</u>	<u>100,867,942</u>	<u>96,855,808</u>	<u>(4,012,134)</u>
Expenditures:				
Departmental:				
City council	979,030	729,659	727,563	2,096
Clerk's office	262,310	263,917	257,494	6,423
City manager	375,580	377,625	370,490	7,135
Electoral board	269,830	269,830	274,767	(4,937)
Treasurer	683,580	683,580	638,980	44,600
Commissioner of the revenue	1,125,260	1,125,160	1,108,800	16,360
Finance and administration	3,008,280	3,058,558	2,761,718	296,840
Police	13,868,040	15,103,036	13,538,597	1,564,439
Correction and detention	3,195,900	3,407,553	3,086,550	321,003
Public works	7,502,400	8,206,632	7,721,918	484,714
Community development	4,151,510	4,607,995	3,895,775	712,220
Total departmental expenditures	<u>\$ 35,421,720</u>	<u>\$ 37,833,545</u>	<u>\$ 34,382,652</u>	<u>\$ 3,450,893</u>

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

CITY OF MANASSAS, VIRGINIA

Exhibit E
Page 2 of 2Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund
For the Year Ended June 30, 2010

	Adopted Budget	Revised Budget	Actual	Variance Positive (Negative)
Expenditures (continued):				
Debt service:				
Principal retirement - general	\$ 1,130,700	\$ 1,130,700	\$ 1,381,676	\$ (250,976)
Principal retirement - schools	3,606,500	3,606,500	3,606,500	-
Interest and fees on long-term debt - general	642,440	642,440	669,829	(27,389)
Interest and fees on long-term debt - schools	2,031,310	2,031,310	2,031,307	3
Total debt service	<u>7,410,950</u>	<u>7,410,950</u>	<u>7,689,312</u>	<u>(278,362)</u>
Shared services	5,103,480	5,103,480	5,103,480	-
Joint services	1,004,320	1,004,320	747,974	256,346
Contributions	163,300	171,300	162,300	9,000
Education	49,523,010	49,523,010	47,592,844	1,930,166
Total expenditures	<u>98,626,780</u>	<u>101,046,605</u>	<u>95,678,562</u>	<u>5,368,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>432,250</u>	<u>(178,663)</u>	<u>1,177,246</u>	<u>1,355,909</u>
Other financing sources (uses):				
Transfers in	1,528,400	4,477,400	5,936,701	1,459,301
Transfers out	(2,327,100)	(4,288,355)	(5,085,031)	(796,676)
Total other financing sources (uses)	<u>(798,700)</u>	<u>189,045</u>	<u>851,670</u>	<u>662,625</u>
Net change in fund balance	<u>\$ (366,450)</u>	<u>\$ 10,382</u>	<u>2,028,916</u>	<u>\$ 2,018,534</u>
Fund balance, beginning			<u>18,975,138</u>	
Fund balance, ending			<u>\$ 21,004,054</u>	

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

CITY OF MANASSAS, VIRGINIA

**Statement of Net Assets
Proprietary Funds
June 30, 2010**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Assets			
Current assets:			
Equity in pooled cash and investments - unrestricted	\$ 20,082,044	\$ 6,207,530	\$ 5,227,963
Equity in pooled cash and investments - restricted	-	-	-
Accounts receivable (net of allowance for uncollectibles)	8,237,549	2,043,032	2,082,284
Due from other governments	-	-	-
Inventory	1,510,102	299,937	43,094
Total current assets	<u>29,829,695</u>	<u>8,550,499</u>	<u>7,353,341</u>
Noncurrent assets:			
Capital assets:			
Land and land rights	220,631	1,453,839	1,698,365
Buildings and improvements	-	-	-
Investment in plant	67,147,870	26,311,289	16,796,847
Machinery and equipment	5,073,872	301,809	106,216
Construction in progress	2,013,625	8,664,654	618,268
Purchased capacity	-	10,150,391	17,002,658
Less accumulated depreciation	(56,763,676)	(26,101,113)	(13,266,480)
Total noncurrent assets	<u>17,692,322</u>	<u>20,780,869</u>	<u>22,955,874</u>
Total assets	<u>47,522,017</u>	<u>29,331,368</u>	<u>30,309,215</u>
Liabilities and net assets			
Current liabilities:			
Accounts payable	5,524,666	254,010	54,868
Retainage payable	-	242,977	-
Deposits	986,314	198,263	-
Accrued interest payable	46,510	77,608	316,083
Compensated absences -current	67,594	27,878	11,407
Bonds payable - current	673,000	635,610	555,000
Capital lease obligations - current	-	-	-
Total current liabilities	<u>7,298,084</u>	<u>1,436,346</u>	<u>937,358</u>
Noncurrent liabilities:			
Unearned revenue	-	5,022,673	32,733
Advance from other funds	-	-	-
Compensated absences	383,031	157,973	64,637
OPEB obligations	175,000	85,000	39,000
Bonds payable and premium on bonds payable	1,724,000	7,410,636	15,430,229
Capital lease obligations	-	-	-
Total noncurrent liabilities	<u>2,282,031</u>	<u>12,676,282</u>	<u>15,566,599</u>
Total liabilities	<u>9,580,115</u>	<u>14,112,628</u>	<u>16,503,957</u>
Net assets:			
Invested in capital assets, net of related debt	15,295,322	12,734,623	6,970,645
Restricted for capital projects	-	-	-
Unrestricted	22,646,580	2,482,117	6,834,613
Total net assets	<u>\$ 37,941,902</u>	<u>\$ 15,216,740</u>	<u>\$ 13,805,258</u>

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

Exhibit F

<u>Airport</u>	<u>Other Nonmajor Enterprise</u>	<u>Total Enterprise</u>	<u>Internal Service Funds</u>
\$ 1,511,145	\$ 872,687	\$ 33,901,369	\$ 3,776,361
54,724	-	54,724	-
178,870	228,211	12,769,946	-
1,772,540	-	1,772,540	-
-	-	1,853,133	-
<u>3,517,279</u>	<u>1,100,898</u>	<u>50,351,712</u>	<u>3,776,361</u>
6,095,802	-	9,468,637	-
-	4,652,249	4,652,249	278,484
49,411,447	-	159,667,453	-
338,722	55,652	5,876,271	8,884,990
8,215,333	-	19,511,880	-
-	-	27,153,049	-
<u>(28,154,225)</u>	<u>(2,009,528)</u>	<u>(126,295,022)</u>	<u>(7,826,218)</u>
<u>35,907,079</u>	<u>2,698,373</u>	<u>100,034,517</u>	<u>1,337,256</u>
<u>39,424,358</u>	<u>3,799,271</u>	<u>150,386,229</u>	<u>5,113,617</u>
1,135,653	248,126	7,217,323	331,724
546,346	-	789,323	-
37,593	450	1,222,620	-
72,438	-	512,639	-
9,619	2,010	118,508	26,826
277,959	-	2,141,569	-
-	-	-	27,664
<u>2,079,608</u>	<u>250,586</u>	<u>12,001,982</u>	<u>386,214</u>
183,226	-	5,238,632	-
392,000	-	392,000	-
54,506	11,397	671,544	152,007
21,000	-	320,000	-
3,668,303	-	28,233,168	-
-	-	-	7,576
<u>4,319,035</u>	<u>11,397</u>	<u>34,855,344</u>	<u>159,583</u>
<u>6,398,643</u>	<u>261,983</u>	<u>46,857,326</u>	<u>545,797</u>
31,568,817	2,698,373	69,267,780	1,302,016
54,724	-	54,724	-
1,402,174	838,915	34,204,399	3,265,804
<u>\$ 33,025,715</u>	<u>\$ 3,537,288</u>	<u>\$ 103,526,903</u>	<u>\$ 4,567,820</u>

CITY OF MANASSAS, VIRGINIA

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

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues			
Charges for services	\$ 51,646,953	\$ 10,029,825	\$ 11,501,162
Connection charges	215,979	271,246	590,576
Total operating revenues	<u>51,862,932</u>	<u>10,301,071</u>	<u>12,091,738</u>
Operating expenses			
Personal services	4,803,692	2,332,940	891,752
Contractual services	1,138,538	494,020	523,425
Supplies	1,836,408	1,212,199	45,493
Internal and other services	1,721,034	1,364,307	601,657
Purchased power	39,532,734	-	-
Contract treatment charges	-	-	7,799,344
Depreciation and amortization	2,584,655	1,170,070	1,407,699
Total operating expenses	<u>51,617,061</u>	<u>6,573,536</u>	<u>11,269,370</u>
Operating income (loss)	<u>245,871</u>	<u>3,727,535</u>	<u>822,368</u>
Nonoperating revenue (expense)			
Intergovernmental grants	-	-	-
Interest revenue	76,046	13,460	17,187
Service reimbursements	3,105,326	-	-
Gain (loss) on sale of capital assets	-	-	-
Other	24,284	9,400	38,061
Interest expense	(123,718)	(246,334)	(760,495)
Total nonoperating revenue (expense)	<u>3,081,938</u>	<u>(223,474)</u>	<u>(705,247)</u>
Income (loss) before transfers and contributions	3,327,809	3,504,061	117,121
Transfers in	17,483	287,000	-
Transfers out	(1,972,474)	(339,813)	(515,130)
Capital Contributions (return)	5,926	901	-
Change in net assets	<u>1,378,744</u>	<u>3,452,149</u>	<u>(398,009)</u>
Total net assets - beginning	<u>36,563,158</u>	<u>11,764,591</u>	<u>14,203,267</u>
Total net assets - ending	<u>\$ 37,941,902</u>	<u>\$ 15,216,740</u>	<u>\$ 13,805,258</u>

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

Exhibit G

<u>Airport</u>	<u>Other Nonmajor Enterprise</u>	<u>Total Enterprise</u>	<u>Internal Service Funds</u>
\$ 2,080,115	\$ 3,263,061	\$ 78,521,116	\$ 6,136,848
-	\$ -	1,077,801	-
<u>2,080,115</u>	<u>3,263,061</u>	<u>79,598,917</u>	<u>6,136,848</u>
649,142	302,062	8,979,588	2,114,188
223,503	2,785,415	5,164,901	1,090,225
65,069	86,785	3,245,954	1,256,376
324,190	488,081	4,499,269	1,204,777
-	-	39,532,734	-
-	-	7,799,344	-
1,842,735	236,182	7,241,341	687,377
<u>3,104,639</u>	<u>3,898,525</u>	<u>76,463,131</u>	<u>6,352,943</u>
<u>(1,024,524)</u>	<u>(635,464)</u>	<u>3,135,786</u>	<u>(216,095)</u>
1,645,912	6,529	1,652,441	-
6,586	2,557	115,836	14,637
-	-	3,105,326	-
-	-	-	6,103
31,586	2,391	105,722	18,269
<u>(288,078)</u>	<u>(847)</u>	<u>(1,419,472)</u>	<u>(1,688)</u>
<u>1,396,006</u>	<u>10,630</u>	<u>3,559,853</u>	<u>37,321</u>
371,482	(624,834)	6,695,639	(178,774)
-	1,341,769	1,646,252	698,038
(14,749)	-	(2,842,166)	(276,832)
5,347,970	-	5,354,797	-
<u>5,704,703</u>	<u>716,935</u>	<u>10,854,522</u>	<u>242,432</u>
<u>27,321,012</u>	<u>2,820,353</u>	<u>92,672,381</u>	<u>4,325,388</u>
<u>\$ 33,025,715</u>	<u>\$ 3,537,288</u>	<u>103,526,903</u>	<u>\$ 4,567,820</u>

CITY OF MANASSAS, VIRGINIA

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

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 51,245,930	\$ 8,718,441	\$ 11,574,975
Other miscellaneous receipts	24,284	9,400	38,061
Payments to other funds	-	-	-
Payments to suppliers	(41,364,917)	(2,037,488)	(8,592,035)
Payments to employees	(4,738,255)	(2,289,368)	(886,324)
Payments for interfund services used	(687,413)	(903,008)	(595,269)
Net cash provided (used) by operating activities	<u>4,479,629</u>	<u>3,497,977</u>	<u>1,539,408</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	17,483	287,000	-
Transfers to other funds	(1,972,474)	(339,813)	(515,130)
Receipts from service reimbursements	3,105,326	-	-
Operating grants received	-	-	-
Net cash provided (used) by noncapital and related financing activities	<u>1,150,335</u>	<u>(52,813)</u>	<u>(515,130)</u>
Cash Flows from Capital and Related Financing Activities			
Capital grants and contributions received	5,926	901	-
Sale of capital assets	-	-	-
Bonds issued	-	4,765,000	-
Bonds defeased	-	(1,840,000)	-
Principal paid on capital debt	(573,000)	(491,800)	(535,000)
Interest paid on capital debt	(123,718)	(246,334)	(760,495)
Purchases of capital assets	(1,408,107)	(5,464,678)	(386,685)
Net cash provided (used) by capital and related financing activities	<u>(2,098,899)</u>	<u>(3,276,911)</u>	<u>(1,682,180)</u>
Cash Flows from Investing Activities			
Interest received	76,046	13,460	17,187
Net cash provided by investing activities	<u>76,046</u>	<u>13,460</u>	<u>17,187</u>
Net increase in cash and cash equivalents	3,607,111	181,713	(640,715)
Cash and cash equivalents, beginning	16,474,933	6,025,817	5,868,678
Cash and cash equivalents, ending	<u>\$ 20,082,044</u>	<u>\$ 6,207,530</u>	<u>\$ 5,227,963</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 245,871	\$ 3,727,535	\$ 822,368
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	2,584,655	1,170,070	1,407,699
Other miscellaneous receipts	24,284	9,400	38,061
(Increase) decrease in accounts receivable	(602,404)	(1,064,468)	(507,609)
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in inventories	167,804	(27,609)	(3,442)
(Increase) decrease in advance to other funds	835,194	-	-
Increase (decrease) in OPEB payable	59,000	29,000	13,000
Increase (decrease) in unearned revenue	-	(492,641)	(9,154)
Increase (decrease) in customer deposits	(14,598)	(25,521)	-
Increase (decrease) in accounts payable	1,178,435	163,208	(212,486)
Increase (decrease) in compensated absences payable	1,388	9,003	(9,029)
Increase (decrease) advance from other funds	-	-	-
Total adjustments	<u>4,233,758</u>	<u>(229,558)</u>	<u>717,040</u>
Net cash provided (used) by operating activities	<u>\$ 4,479,629</u>	<u>\$ 3,497,977</u>	<u>\$ 1,539,408</u>

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

Exhibit H

Airport	Other Nonmajor Enterprise	Total Enterprise	Internal Service Funds
\$ 1,175,826	\$ 3,238,628	\$ 75,953,800	\$ 6,136,848
31,586	1,544	104,875	18,269
(1,568,000)	(835,194)	(2,403,194)	-
(436,598)	(2,933,769)	(55,364,807)	(2,900,697)
(628,111)	(292,507)	(8,834,565)	(2,086,696)
(176,388)	(437,789)	(2,799,867)	(608,330)
(1,601,685)	(1,259,087)	6,656,242	559,394
-	1,341,769	1,646,252	698,038
(14,749)	-	(2,842,166)	(276,832)
-	-	3,105,326	-
1,645,912	6,529	1,652,441	-
1,631,163	1,348,298	3,561,853	421,206
5,347,970	-	5,354,797	-
-	-	-	6,103
-	-	4,765,000	-
-	-	(1,840,000)	-
(270,138)	-	(1,869,938)	(60,904)
(288,078)	-	(1,418,625)	(1,688)
(4,453,741)	-	(11,713,211)	(233,921)
336,013	-	(6,721,977)	(290,410)
6,586	2,557	115,836	14,637
6,586	2,557	115,836	14,637
372,077	91,768	3,611,954	704,827
1,193,792	780,919	30,344,139	3,071,534
\$ 1,565,869	\$ 872,687	\$ 33,956,093	\$ 3,776,361
\$ (1,024,524)	\$ (635,464)	\$ 3,135,786	\$ (216,095)
1,842,735	236,182	7,241,341	687,377
31,586	1,544	104,875	18,269
28,226	(24,433)	(2,170,688)	-
(916,625)	-	(916,625)	-
-	-	136,753	-
-	-	835,194	-
7,000	-	108,000	-
(21,241)	-	(523,036)	-
5,352	-	(34,767)	-
3,784	(15,129)	1,117,812	49,597
10,022	13,407	24,791	20,246
(1,568,000)	(835,194)	(2,403,194)	-
(577,161)	(623,623)	3,520,456	775,489
\$ (1,601,685)	\$ (1,259,087)	\$ 6,656,242	\$ 559,394

CITY OF MANASSAS, VIRGINIA

Notes to the Financial Statements June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

The City's only discretely presented component unit, the Manassas City Public Schools (MCPS), is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. MCPS is responsible for elementary and secondary education within the City. MCPS is governed by an elected seven-member School Board. The City is financially accountable for MCPS because the City Council approves MCPS's budget, levies taxes to support MCPS's budget and issues debt for MCPS. MCPS has a June 30 year end and does not issue separate financial statements.

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 (the City) and its component unit (MCPS). 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. The primary government is reported separately from the legally separate component unit.

The sum of the Total Primary Government and the Component Unit Manassas City Public Schools columns on the statement of net assets does not equal the Total Reporting Unit column because the debt related to MCPS is reflected in the primary government's Governmental Activities column reducing unrestricted net assets. The assets are reflected in the Component Unit Manassas City Public Schools column as Invested in capital assets, net of related debt. The Total Reporting Unit column matches the assets with the debt and reports the net amount in Net assets Invested in capital assets, net of related debt.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported 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 and fiduciary 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.

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 available to be used to pay liabilities of the current period if they are collectible within the current period or soon enough thereafter. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, sales taxes, other local taxes, and intergovernmental revenue are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues from the use of money and property and from intergovernmental grants are recorded as earned regardless of when collected. The legal and contractual requirements of the individual programs are used as guidance in determining revenue recognition. All other revenue items are considered to be measurable and available only when cash is received by the City. 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.

The City reports the general fund as the only major governmental fund. The general fund is the City'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 City reports the following major enterprise funds:

The electric, water, and sewer funds account for the activities of these utilities. The airport fund accounts for the activities of the Manassas Regional Airport.

Additionally, the City reports the following fund type:

Internal service funds account for vehicle maintenance, building maintenance, and information technology services provided to other departments of the City on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both 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 the business-type activities and enterprise funds, subject to this same limitation. The City 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 charges between the City's enterprise funds and various other functions of the government. Eliminations 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 for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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. Cash, cash equivalents and investments

The City considers all highly liquid investments with purchase maturities of three months or less to be cash and cash equivalents. Restricted cash and temporary cash investments for all funds and its component unit are maintained in a single pooled account, except for those investments required to be maintained in separate accounts in order to comply with legal restrictions.

State 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, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool and the State Non-Arbitrage Program.

Investments are reported at fair value, except for money market investments that have a remaining maturity at the time of purchase of one year or less. These investments are reported at amortized cost which approximates fair value.

Interest earned is allocated to the respective funds, based on each fund's equity in the pooled account, except when the interest earnings are restricted. \$8,255 of interest earned on invested bond proceeds in the transportation fund was allocated to the general fund. Because the use of these earnings is restricted, they are held in the general fund until budgeted and appropriated for an allowable use.

E. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal years are referred to as "advances 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".

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.

All trade and property receivables are shown net of allowance for uncollectibles. The City's allowance for uncollectible accounts is based upon historical data.

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

F. Inventories and prepaid items

Inventories of the enterprise funds are valued at cost using the first-in/first-out (FIFO) method. The cost is recorded as an expense at the time the individual inventory items are consumed. Inventories at June 30, 2010 of the governmental fund types and the internal service funds are not material and are recognized as expenditures/expenses when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. There are no prepaid items in the current fiscal year.

G. Capital assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure (i.e., roads, bridges, storm water management structures, 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 City and MCPS as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical cost records exist.

Donated capital assets are valued at their estimated fair market value on the date received. Assets recorded under capital lease agreements are recorded at lower of fair value or net present value of future minimum lease payments on the date of lease inception.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest incurred during the construction phase of capital assets of business-type activities is included in the capitalized value of the assets constructed. There was no interest incurred on construction projects in the current fiscal year.

Both the City and MCPS depreciate capital assets using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Electric systems	20
Water systems	20-50
Sewer systems	20-50
Buildings and improvements	20
Machinery and equipment	3-10
Infrastructure	10-50
Purchased Capacity	20

H. Compensated absences

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

I. Long-term obligations

In the government-wide financial statements and the 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. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

J. Fund equity / Net assets

Net assets in government-wide and proprietary fund financial statements are classified as *invested in capital asset net of related debt, restricted, and unrestricted*. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for a specific future use. Designated fund balances represent management's tentative plans for future use of financial resources.

K. Encumbrances

Encumbrance accounting, the recording of commitments resulting from approved purchase orders and contracts, is employed by the City for its governmental fund types. Encumbrances outstanding at fiscal year-end lapse and are automatically reappropriated and reencumbered in the next fiscal year as an amendment to the adopted budget. Therefore, fund balances are not reserved for encumbrances at year end.

L. Restricted assets

Restricted assets are liquid assets which have limitations on their use. Unspent amounts from the issuance of general obligation bonds are reported as restricted cash and investments in the City's governmental and enterprise funds.

M. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. For the year ended June 30, 2010, the general fund estimated uncollectible taxes receivable in the amount of \$682,237; the electric, water, sewer, airport funds and solid waste funds estimated uncollectible accounts receivable in the amounts of \$40,064, \$6,841, \$10,464, \$15,861 and \$1,147 respectively. Accordingly, actual results could differ from these estimates.

N. Adoption of Governmental Accounting Standards Board (GASB) pronouncements

The City and MCPS implemented GASB Statement No. 51 "Accounting and Financial Reporting for Intangible Assets" (GASB 51) this fiscal year. GASB 51 requires governments to capitalize intangible assets including computer software, easements and water rights in its statement of net assets. This Statement also provides specific guidance for the recording of these assets, including, when they should be recognized as tangible assets, guidance on when internally-generated computer software should be capitalized, and determining their useful lives for amortization.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The City Council adopts and appropriates annual budgets for the following governmental funds: general fund, family services, Owens Brooke district, fire and rescue, Liberia house and Speiden Carper house funds. The City Council also adopts and appropriates an annual budget for MCPS. These annual budgets are adopted on a basis consistent with generally accepted accounting principles; modified accrual basis of accounting.

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

The City's appropriated budget is prepared by fund and department. Appropriations are legally controlled at the fund level. The City Council must approve all transfers between funds. The budget is administratively controlled at the department level. The City Manager may approve transfers between departments within a fund. The City's department heads may transfer budgeted appropriations within a department within a fund. The City Council approved supplemental appropriations in the general fund totaling \$8,552,099 in fiscal year 2010, which included \$260,067 of outstanding encumbrances at June 30, 2009. Appropriations to MCPS are legally controlled at the total appropriation level.

B. Deficit fund equity

The museum publishing fund had a deficit fund balance in the amount of \$17,489 as of June 30, 2010. The museum publishing fund accounts for the publishing and sale of printed material related to the history of the area. In fiscal year 2010 a book was published at a cost of \$35,000. This fund may continue to carry a negative fund balance until revenue from the sale of this book offsets the cost of publishing the book.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits and investments

The City maintains an investment policy which establishes guidelines for safeguarding and efficient management of City funds and for the purchase and sale of investment instruments. The goal is to minimize risk and to ensure the availability of cash to meet the City's expenditures, while generating revenue from the use of funds which might otherwise remain idle. The City's policy applies to all financial assets under the authority of the Treasurer.

The primary objectives of the Treasurer's investment activities, in priority order, are safety, liquidity, and yield. Safety of principal is the foremost objective of the investment of public funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The investment portfolio shall remain sufficiently liquid to meet all operational requirements that may be reasonably anticipated. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary year and economic cycles, taking into account the investment risk constraints and liquidity. All investments shall be in compliance at all times with provisions in the Code of Virginia. Deposits will be secured in accordance with the Virginia Security for Public Deposits Act, as per the Code of Virginia.

As of June 30, 2010, the reporting unit had the following deposits and investments:

Deposits and investments	Years to maturity	Fair value
Primary government:		
U.S. government agency obligations	3.18	\$ 1,002,187
U.S. government agency obligations	5.00	2,000,000
Local Government Investment Pool	0.00	60,472,228
Virginia State Non-Arbitrage Program	0.00	1,436,854
Wells Fargo VML 2010 Bond	-	1,006,599
Commonwealth cash reserve fund	0.00	54,723
Deposits and cash equivalents (temporally deficit)	0.00	(431,220)
Total primary government		<u>65,541,371</u>
MCPS:		
Deposits and cash equivalents	0.00	<u>9,870,400</u>
Total MCPS		<u>9,870,400</u>
Total reporting unit		<u><u>\$ 75,411,771</u></u>

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the investment maturity or duration of its investment portfolio to less than five years.

Credit risk. The City has no investment policy that would further limit its investment choices. The City pre-qualifies all banks, financial institutions, and other depositories and ensures that they demonstrate an acceptable level of financial stability both before receiving or managing the City's funds and periodically thereafter. As of June 30, 2010, the City's investment in the Local Government Investment Pool and the Virginia State Non-Arbitrage Program were rated AAA by Standard & Poor's. All of the City's investments in U.S. agencies carry the explicit guarantee of the U.S. government.

Concentration of credit risk. The City places no limit on the amount the City may invest in any one issuer. Ninety-two percent (92%) of the City's investments are in the Local Government Investment Pool.

Custodial credit risk. For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the City may not recover its deposits. All of the bank balances were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et.seq. of the Code of Virginia.

For investments, custodial credit risk is the risk that, in the event of the failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Per City policy, the Treasurer's designated custodian shall hold all securities purchased by the City. The securities must be in the City's name and identifiable on the custodian's books as belonging to the City. The custodian must be a third party.

NOTE 4 RECEIVABLES

Receivables at June 30, 2010, for the City's individual major funds, nonmajor and other funds, and the component unit MCPS consist of the following:

			Gross	Less:	Net
			receivables	allowance for uncollectibles	total receivables
<u>Funds:</u>	<u>Taxes</u>	<u>Accounts</u>			
General	\$ 26,487,162	\$ 517,039	\$ 27,004,201	\$ (682,237)	\$ 26,321,964
Nonmajor governmental	2,953,083	-	2,953,083	-	2,953,083
Electric	-	8,277,613	8,277,613	(40,064)	8,237,549
Water	-	2,049,873	2,049,873	(6,841)	2,043,032
Sewer	-	2,092,748	2,092,748	(10,464)	2,082,284
Airport	-	194,731	194,731	(15,861)	178,870
Nonmajor business type	-	229,358	229,358	(1,147)	228,211
Total primary government	<u>\$ 29,440,245</u>	<u>\$ 13,361,362</u>	<u>\$ 42,801,607</u>	<u>\$ (756,614)</u>	<u>\$ 42,044,993</u>
MCPS	<u>\$ -</u>	<u>\$ 1,583,454</u>	<u>\$ 1,583,454</u>	<u>\$ -</u>	<u>\$ 1,583,454</u>

Due from other governments:

<u>Due to:</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General	\$ 386,231	\$ 2,255,320	\$ 545,411	\$ 3,186,962
Nonmajor governmental	203,086	376,089	-	579,175
Airport	120,088	908,166	744,286	1,772,540
Total primary government	<u>\$ 709,405</u>	<u>\$ 3,539,575</u>	<u>\$ 1,289,697</u>	<u>\$ 5,538,677</u>
MCPS	<u>\$ 4,182,359</u>	<u>\$ 2,251,818</u>	<u>\$ -</u>	<u>\$ 6,434,177</u>

NOTE 5 CAPITAL ASSETS

The following is a schedule of changes in capital asset activity of the primary government for the year ended June 30, 2010:

	June 30, 2009	Additions	Deletions	June 30, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Land and land rights	\$ 83,292,223	\$ 1,590,041	\$ -	\$ 84,882,264
Construction in progress	5,983,565	1,072,811	(545,815)	6,510,561
Total capital assets not being depreciated	89,275,788	2,662,852	(545,815)	91,392,825
Capital assets, being depreciated:				
Buildings and improvements	27,705,350	633,812	-	28,339,162
Machinery and equipment	11,697,791	319,523	(66,726)	11,950,588
Infrastructure	152,575,758	1,898,346	(196,682)	154,277,422
Total capital assets being depreciated	191,978,899	2,851,681	(263,408)	194,567,172
Less accumulated depreciation for:				
Buildings and improvements	(19,225,390)	(740,674)	-	(19,966,064)
Machinery and Equipment	(9,542,489)	(878,804)	66,726	(10,354,567)
Infrastructure	(58,278,566)	(3,913,668)	196,682	(61,995,552)
Total accumulated depreciation	(87,046,445)	(5,533,146)	263,408	(92,316,183)
Total capital assets being depreciated, net	104,932,454	(2,681,465)	-	102,250,989
Governmental activities capital assets, net	194,208,242	(18,613)	(545,815)	193,643,814
Business-type activities:				
Capital assets, not being depreciated:				
Land and land rights	9,468,637	-	-	9,468,637
Construction in progress	7,105,184	12,426,638	(19,942)	19,511,880
Total capital assets not being depreciated	16,573,821	12,426,638	(19,942)	28,980,517
Capital assets, being depreciated:				
Investment in plant	159,532,080	135,373	-	159,667,453
Buildings and improvements	4,652,249	-	-	4,652,249
Machinery and equipment	5,451,269	522,034	(97,032)	5,876,271
Purchased Capacity	27,153,049	-	-	27,153,049
Total capital assets being depreciated	196,788,647	657,407	(97,032)	197,349,022
Less accumulated depreciation for:				
Investment in plant	(105,262,270)	(5,354,079)	-	(110,616,349)
Buildings and improvements	(1,728,398)	(232,612)	-	(1,961,010)
Machinery and equipment	(5,041,712)	(365,176)	97,032	(5,309,856)
Purchased Capacity	(7,023,301)	(1,386,506)	-	(8,409,807)
Total accumulated depreciation	(119,055,681)	(7,338,373)	97,032	(126,297,022)
Total capital assets being depreciated, net	77,732,966	(6,680,966)	-	71,052,000
Business-type activities capital assets, net	94,306,787	5,745,672	(19,942)	100,032,517
Total primary government	\$ 288,515,029	\$ 5,727,059	\$ (565,757)	\$ 293,676,331

The following is a schedule of changes in capital assets of the component unit MCPS for the year ended June 30, 2010:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 2,336,649	\$ -	\$ -	\$ 2,336,649
Total capital assets not being depreciated	<u>2,336,649</u>	<u>-</u>	<u>-</u>	<u>2,336,649</u>
Capital assets, being depreciated:				
Buildings and improvements	122,651,351	185,890	-	122,837,241
Machinery and equipment	<u>6,730,982</u>	<u>671,106</u>	<u>(6,258)</u>	<u>7,395,830</u>
Total capital assets being depreciated	129,382,333	856,996	(6,258)	130,233,071
Less accumulated depreciation for:				
Buildings and improvements	(69,174,685)	(3,556,214)	-	(72,730,899)
Machinery and equipment	<u>(4,361,071)</u>	<u>(808,282)</u>	<u>5,632</u>	<u>(5,163,721)</u>
Total accumulated depreciation	<u>(73,535,756)</u>	<u>(4,364,496)</u>	<u>5,632</u>	<u>(77,894,620)</u>
Total capital assets being depreciated, net	<u>55,846,577</u>	<u>(3,507,500)</u>	<u>(626)</u>	<u>52,338,451</u>
MCPS capital assets, net	<u>\$ 58,183,226</u>	<u>\$ (3,507,500)</u>	<u>\$ (626)</u>	<u>\$ 54,675,100</u>

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

Governmental activities:

General Government	\$ 189,812
Public Safety	326,738
Public Works	3,946,939
Health and Welfare	2,645
Culture and Recreation	379,635
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>687,377</u>

Total depreciation expense - governmental activities \$ 5,533,146

Business type activities:

Electric	\$ 2,681,687
Water	1,170,070
Sewer	1,407,699
Airport	1,842,735
City Square Pavilion	108,419
Candy Factory	127,763
Telecommunications	<u>-</u>

Total depreciation expense - business type activities \$ 7,338,373

The City purchased water rights from Prince William County Service Authority in 1998 and 2002 totaling \$9,553,340. Purchased water capacity is recognized as an asset and is amortized in the water fund over 20 years. Amortization expense in the water fund in the current fiscal year totaled \$536,373.

The cost to the City in 1990 of its initial share of the Upper Occoquan Sewage Authority (UOSA) was \$597,051. This cost is recognized as purchased sewer treatment capacity. In December 2007, the city purchased from Fairfax County an additional one (1) million gallons per day (MGD) of UOSA sewer treatment capacity for \$17,002,658. The purchased sewer treatment capacity is recognized as an asset and is amortized over 20 years. Amortization expense in the sewer fund in the current fiscal year totaled \$850,133.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The interfund balances as of June 30, 2010 are as follows:

Advances from/to other funds		
Receivable Fund	Payable Fund	Amount
General	Family Services	\$ 86,292
General	Owens Brooke District	66,283
General	Museum Publishing	17,489
General	Airport	392,000
Total		<u>\$ 562,064</u>

In 2002 the general fund lent the Owens Brooke District fund \$213,000 to repair the streets in the district. In 2008 the general fund lent the airport fund \$1,960,000 to purchase property for airport expansion projects. Both funds have made payments to bring the balances to the amounts in the table. The interfund loans from the general fund to the family services and museum publishing funds are for short term obligations of these funds at June 30, 2010.

The primary purpose of interfund transfers is to provide funding for operations and capital projects. The interfund transfers for the fiscal year 2010 are as follows:

Transfers out	Transfers in						Total Transfers Out
	General Fund	Nonmajor Governmental	Electric	Water	Nonmajor Enterprise	Internal Service	
General fund	\$ -	\$ 4,240,976	\$ -	\$ -	\$ 268,500	\$ 575,555	\$ 5,085,031
Nonmajor governmental	4,408,301	36	17,483	-	-	19,754	4,445,574
Electric fund	793,350	52,600	-	-	1,073,269	53,255	1,972,474
Water fund	327,990	-	-	-	-	11,823	339,813
Sewer fund	207,060	-	-	287,000	-	21,070	515,130
Airport fund	-	-	-	-	-	14,749	14,749
Internal service funds	200,000	75,000	-	-	-	1,832	276,832
Total transfers in	<u>\$ 5,936,701</u>	<u>\$ 4,368,612</u>	<u>\$ 17,483</u>	<u>\$287,000</u>	<u>\$1,341,769</u>	<u>\$ 698,038</u>	<u>\$12,649,603</u>

NOTE 7 PAYABLES

Payables at June 30, 2010, for the City and MCPS consist of the following:

	Accrued Payroll and Related				Total
	Accounts	Retainages	Liabilities	Deposits	Payables
General fund	\$ 903,685	\$ -	\$ 1,081,570	\$1,724,941	\$ 3,710,196
Nonmajor governmental funds	525,397	13,362	207,354	-	746,113
Electric fund	5,376,312	-	148,354	986,314	6,510,980
Water fund	183,031	242,977	70,979	198,263	695,250
Sewer fund	26,178	-	28,690	-	54,868
Airport fund	1,114,616	546,346	21,037	37,593	1,719,592
Nonmajor enterprise funds	245,436	-	2,690	450	248,576
Internal service funds	268,794	-	62,930	-	331,724
Total primary government	8,643,449	802,685	1,623,604	2,947,561	14,017,299
MCPS	2,701,575	-	8,667,482	-	11,369,057
Total reporting unit	\$ 11,345,024	\$ 802,685	\$ 10,291,086	\$2,947,561	\$25,386,356

NOTE 8 DEFERRED AND UNEARNED REVENUES

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2010, the deferred revenues reported on the fund financial statements for the governmental funds are as follows:

	<u>Deferred Revenue</u>
General fund	
Property taxes receivable for 2010 taxes due in fiscal year 2011 and to fund fiscal year 2011 appropriations	\$ 23,396,706
Uncollected tax billings	2,008,288
Nonmajor governmental funds	
Property taxes receivable for 2010 taxes due in fiscal year 2011 and to fund fiscal year 2011 appropriations	2,753,977
Uncollected tax billings	152,029
Total deferred revenues	<u>\$ 28,311,000</u>

On the statement of net assets, unearned revenues are liabilities for assets which have been received but for which the revenue has not yet been earned. The balances of unearned revenues at June 30, 2010 on the statement of net assets for governmental and business-type activities are as follows:

	<u>Unearned Revenue</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Fund		
Property taxes receivable to fund fiscal year 2011 appropriations	\$ 25,186,684	\$ -
Water fund		
Prepaid connection fees	-	1,650
Water capacity sold to Prince William County Service Authority	-	3,029,366
Water capacity sold to City of Manassas Park	-	1,991,657
Sewer fund		
Prepaid connection fees	-	32,733
Airport Fund		
Leases and rentals	-	183,226
Total unearned revenues	<u>\$ 25,186,684</u>	<u>\$ 5,238,632</u>

The Prince William County Service Authority purchased five (5) million gallons per day (MGD) of water capacity from the City from 1997 through 2002 for the total amount of \$7,498,260. In February 2001, the City of Manassas Park purchased one (1) MGD of water capacity from the City for \$3,750,000. The City recognizes the sale of water capacity as deferred revenue which is amortized in the water fund over 20 years.

NOTE 9 LEASES**A. Operating**

The City has various leases for real estate and equipment with non-cancelable lease terms. Total rental expense under operating leases of the primary government for the year ended June 30, 2010 was \$128,245. The future minimum lease payments for these leases are as follows:

<u>Fiscal year ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 5,055
2012	5,055
2013	5,055
2014	5,055
2015	5,055
2016-2019	20,220
Total minimum lease payments	<u>\$ 45,495</u>

B. Capital

Capital leases for the City and MCPS expire at various dates through 2016. All leases are non-cancelable, however, they are contingent upon the City Council appropriating funds for each year's payments. The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>MCPS</u>
Assets:		
Animal Shelter	\$ 3,079,522	\$ -
Street Sweeper	147,251	-
Telephone System	-	1,092,875
Less: Accumulated depreciation	<u>(1,012,208)</u>	<u>(109,288)</u>
Total	<u>\$ 2,214,565</u>	<u>\$ 983,587</u>

The following is a schedule of future minimum lease payments for capital leases at June 30, 2010:

<u>Fiscal year ending June 30</u>	<u>Govenmental Activities</u>	<u>MCPS</u>
2011	\$ 356,018	\$ 163,870
2012	344,692	163,870
2013	346,933	163,870
2014	357,342	163,870
2015	181,311	163,870
2016	-	40,966
Total minimum lease payments	<u>1,586,296</u>	<u>860,316</u>
Less-amount representing interest	<u>(102,336)</u>	<u>(85,522)</u>
Present value of future minimum lease payments	<u>\$ 1,483,960</u>	<u>\$ 774,794</u>

NOTE 10 LONG-TERM DEBT

A. City debt and related interest to maturity

The City issues general obligation bonds to provide funds for acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. All outstanding bonds are serial bonds. All authorized debt has been issued. There is no overlapping debt for the City. General obligation bonds and State literary fund loans outstanding as of June 30, 2010, are summarized below.

Purpose	Series	Interest rates	Amount
Governmental activities - public improvements	Series 1999	4.00 - 4.90%	\$ 2,708,450
Governmental activities - public improvements	Series 2005 A Refunding	3.50 - 5.25%	364,500
Governmental activities - public improvements	Series 2005 B	3.25 - 5.00%	10,173,000
Governmental activities - public improvements	Series 2010 ABC VML/VACo	2.00 - 6.07%	2,200,000
Governmental activities - school facilities	Series 2004	3.00 - 5.00%	24,000,000
Governmental activities - school facilities	Series 2005 A Refunding	3.50 - 5.25%	11,374,000
Governmental activities - school facilities	Series 2005 B	3.25 - 5.00%	6,782,000
Total general obligation bonds for governmental activities			<u>57,601,950</u>
Governmental activities - school facilities	State literary fund loans	3.00 - 6.00%	<u>512,275</u>
Total governmental activities			<u>58,114,225</u>
Business-type activities - Sewer	Series 2007 VML/VACo	4.25 - 5.00%	15,410,000
Business-type activities - electric system	Series 1999	4.00 - 4.90%	597,000
Business-type activities - electric system	Series 2005 A Refunding	3.50 - 5.25%	1,800,000
Business-type activities - water system	Series 1999	4.00 - 4.90%	1,194,550
Business-type activities - water system	Series 2002 VRA	3.10 - 5.10%	125,000
Business-type activities - water system	Series 2005 A Refunding	3.50 - 5.25%	1,876,500
Business-type activities - water system	Series 2009 VRA Refunding	4.13 - 5.13%	1,850,000
Business-type activities - water system	Series 2010 ABC VML/VACo	2.00 - 6.07%	2,915,000
Business-type activities - airport system	Series 1994 B	5.50 - 6.00%	200,000
Business-type activities - airport system	Series 1994 C	5.40 - 6.10%	300,000
Business-type activities - airport system	Series 2004 VARF	5.00%	1,126,262
Business-type activities - airport system	Series 2005 C	5.25 - 5.50%	2,320,000
Total general obligation bonds for business-type activities			<u>29,714,312</u>
Total general obligation bonds and State literary loans			<u>\$ 87,828,537</u>

General obligation bonds and State literary fund loans outstanding as of June 30, 2010 are totaled by series below:

Series	Interest rates	Amount
Series 1994 B	5.50 - 6.00%	\$ 200,000
Series 1994 C	5.40 - 6.10%	300,000
Series 1999	4.00 - 4.90%	4,500,000
Series 2002 VRA	3.10 - 5.10%	125,000
Series 2004	3.00 - 5.00%	24,000,000
Series 2004 VARF	5.00%	1,126,262
Series 2005 A Refunding	3.50 - 5.25%	15,415,000
Series 2005 B	3.25 - 5.00%	16,955,000
Series 2005 C	5.25 - 5.50%	2,320,000
Series 2007 VML/VACo	4.25 - 5.00%	15,410,000
Series 2009 VRA Refunding	4.13 - 5.13%	1,850,000
Series 2010 ABC VML/VACo	2.00 - 6.07%	5,115,000
General obligations bonds		<u>87,316,262</u>
State literary fund loans		<u>512,275</u>
Total		<u>\$ 87,828,537</u>

Annual debt service to maturity for general obligation bonds and State literary fund loans is as follows:

Fiscal year ending June 30	Governmental activities				Business-type activities	
	General Obligations Bonds		State Literary Fund Loans		General Obligations Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 4,111,550	\$ 2,534,822	\$ 287,275	\$ 27,614	\$ 2,141,569	\$ 1,422,645
2012	4,282,310	2,380,180	225,000	12,250	2,168,615	1,339,224
2013	4,314,380	2,212,602	-	-	2,219,662	1,241,176
2014	4,348,030	2,039,230	-	-	1,669,288	1,139,115
2015	4,385,100	1,838,057	-	-	1,590,662	1,059,987
2016-2020	19,055,740	6,119,862	-	-	7,876,226	4,086,032
2021-2025	14,877,750	2,318,104	-	-	7,425,539	2,201,595
2026-2030	2,227,090	163,182	-	-	4,622,751	462,999
Total	<u>\$ 57,601,950</u>	<u>\$ 19,606,039</u>	<u>\$ 512,275</u>	<u>\$ 39,864</u>	<u>\$ 29,714,312</u>	<u>\$ 12,952,773</u>

B. Changes in long-term liabilities

During the year ended June 30, 2010, the following changes occurred in long-term liabilities:

	June 30, 2009	Additions	Reductions	June 30, 2010	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable	\$ 59,837,150	\$ 2,200,000	\$ (4,435,200)	\$ 57,601,950	\$ 4,111,550
State literary loans payable	814,275	-	(302,000)	512,275	287,275
Premium on bonds	-	67,663	(3,386)	64,277	-
Note Payable	501,949	-	(250,976)	250,973	250,973
Capital leases	1,841,720	-	(357,760)	1,483,960	333,426
Compensated absences	2,432,538	2,195,764	(2,234,846)	2,393,456	359,019
OPEB obligation payable	1,327,000	853,867	(168,867)	2,012,000	-
Total governmental activities	<u>66,754,632</u>	<u>5,317,294</u>	<u>(7,753,035)</u>	<u>64,318,891</u>	<u>5,342,243</u>
Business-type activities:					
General obligation bonds	28,659,250	4,765,000	(3,709,938)	29,714,312	2,141,569
Premium on bonds	609,066	89,692	(38,333)	660,425	-
Compensated absences	765,261	669,762	(644,971)	790,052	118,508
OPEB obligation payable	212,000	134,624	(26,624)	320,000	-
Total business-type activities	<u>29,636,511</u>	<u>5,659,078</u>	<u>(4,419,866)</u>	<u>31,484,789</u>	<u>2,260,077</u>
Total Primary Government	<u>\$ 96,391,143</u>	<u>\$ 10,976,372</u>	<u>\$ (12,172,901)</u>	<u>\$ 95,803,680</u>	<u>\$ 7,602,320</u>
MCPS					
Early Retirement	\$ 178,846	\$ -	\$ (178,846)	\$ -	\$ -
Capital leases	905,347	-	(130,553)	774,794	135,704
Compensated absences	1,861,942	2,410,543	(2,442,735)	1,829,750	274,463
OPEB obligation payable	578,000	658,000	(332,000)	904,000	-
Total MCPS - long-term liabilities	<u>\$ 3,524,135</u>	<u>\$ 3,068,543</u>	<u>\$ (3,084,134)</u>	<u>\$ 3,508,544</u>	<u>\$ 410,167</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$178,833 of compensated absences and \$35,240 of capital leases are included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

C. Early retirement – MCPS

MCPS participated in an early retirement program offered by the Virginia Retirement System (VRS) to employees over fifty (50) years of age and with at least five (5) years of service. Under the program, MCPS was required to assume an actuarially determined retirement liability. MCPS elected to make annual payments over 20 years to fund the actuarially determined obligation. In the current fiscal year, MCPS paid the balance of the liability.

D. Construction commitments

The City has active construction projects as of June 30, 2010. The projects include the widening and construction of existing streets, city hall, police facility improvements and electric, water, sewer, and airport projects. At year end, the City's commitments with contractors are as follows:

	<u>Spent-to-date</u>	<u>Remaining</u> <u>Commitments</u>
General capital projects	\$ 562,600	\$ 244,403
Gateway capital projects	-	-
Streets capital projects	714,942	194,041
Storm water management	-	-
Sewer capital projects	-	-
Water capital projects	7,858,106	220,209
Electric capital projects	297,002	94,035
Airport capital projects	8,187,908	2,369,952
	<u>\$ 17,620,558</u>	<u>\$ 3,122,640</u>

The Mayfield fort renovation and improvements to city hall are the significant projects in the general capital projects fund. These projects are funded with general fund revenues. The major projects in the transportation capital projects fund are Centerville Road and Wellington Road. Projects in the water and electric funds are financed by those funds. State and Federal grants are the primary funding source for the airport fund projects.

E. Defeasance of long-term debt

On October 23, 2009, the City issued a \$1,850,000 General Obligation Refunding Bond, Series 2009, (refunding bond). This refunding bond was authorized by the Charter of the City and the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991. The refunding bond was issued to refund \$1,840,000 aggregate principal amount of the City's \$2,800,000 General Obligation Bond Series 2002 (refunded bond). The net proceeds (\$1,981,083) of the refunding bond were placed in an irrevocable trust to provide for all future debt service payments on the refunded bond. Accordingly, the trust account assets and the liability for the refunded bond are not included in the City's financial statements. On June 30, 2010, \$1,840,000 in principal of the refunded bond is considered defeased by the City. This refunding was undertaken to reduce total debt service payments over the next twelve years and resulted in a net present value savings of \$56,814 (3.088%).

In prior years, the City defeased Series 1994A, 1995, 1996A, and 1997A of General Obligation Bonds by placing the net proceeds from the issuance of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2010, \$15,845,000 in principal of bonds outstanding for these bonds is considered defeased by the City.

F. Bonded debt issuances

On March 15, 2010, the City issued \$2,200,000 General Obligation Bond Series 2010A, \$90,000 General Obligation Bond Series 2010B and \$2,825,000 General Obligation Bond Series 2010C to finance water plant improvements and transportation projects. Bond Series 2010A are Taxable Recovery Zone Economic Development Bonds with interest rates ranging from 5.512% to 6.067%. Bond Series 2010B are taxable Build America Bonds with an interest rate of 5.612%. Bond Series 2010C are tax-exempt bonds with interest rates ranging from 2.0% to 4%. The maturity date for all three issues is March 15, 2030.

NOTE 11 RISK MANAGEMENT

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

NOTE 12 JOINT VENTURES

A. Upper Occoquan Sewage Authority

The Upper Occoquan Sewage 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 joint venture formed on March 3, 1971 by a concurrent resolution of the governing bodies of Fairfax and Prince William Counties and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight-person Board of Directors consisting of two members appointed to four-year terms by the governing body of each participating jurisdiction. In turn, the UOSA Board adopts an annual operating budget based on projected sewage flows.

Each jurisdiction has a percentage share of UOSA's capacity. The City does not recognize an investment in UOSA because the participants do not have an equity interest. Each jurisdiction's percentage share of UOSA's capacity as of June 30, 2010 is as follows:

Jurisdiction	Percentage of total allocated capacity
Fairfax County	45.55%
Prince William County	32.96%
City of Manassas	16.09%
City of Manassas Park	5.40%
	<u>100.00%</u>

UOSA's current operating costs and annual debt service is funded by each of the participants based on their allocated capacity with certain modifications. UOSA currently has five Sewage System Revenue Bond issues outstanding: two issued in 1995, one issued in 2003, one issued in 2004, and one issued in 2005. The sewer enterprise fund is funding 100 percent of the City's share of the debt issues. As of June 30, 2010, the City's committed share of UOSA's remaining debt service (including interest) is as follows:

Fiscal year ending June 30	Principal	Interest	Total
2011	\$ 733,169	1,466,218	\$ 2,199,387
2012	461,089	1,430,612	1,891,701
2013	484,144	1,407,558	1,891,702
2014	507,558	1,384,009	1,891,567
2015	530,129	1,361,497	1,891,626
2016 - 2020	3,117,625	6,373,487	9,491,112
2021 - 2025	3,790,929	5,510,134	9,301,063
2026 - 2030	4,849,881	4,498,463	9,348,344
2031 - 2035	5,795,321	3,292,163	9,087,484
2036 - 2040	7,271,767	1,815,042	9,086,809
2041 - 2042	3,059,989	222,780	3,282,769
Total	<u>\$ 30,601,601</u>	<u>\$ 28,761,963</u>	<u>\$ 59,363,564</u>

The sewer fund made payments in fiscal year 2010 for its share of UOSA's operating costs and debt service costs of \$5,687,011 and \$2,112,333, respectively. The sewer fund capitalizes its share of UOSA's construction costs as purchased capacity. These costs are amortized over 20 years, the estimated useful life of the system constructed. No construction costs were paid or capitalized in 2010.

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

B. Potomac and Rappahannock Transportation Commission

The Potomac and Rappahannock Transportation Commission (PRTC) was created in fiscal year 1987 to account for a two percent fuel tax authorized by the Commonwealth of Virginia. The PRTC, a joint venture with the contiguous jurisdictions of Prince William and Stafford Counties and the Cities of Manassas, Manassas Park and Fredericksburg, was established to improve transportation systems composed of transit facilities, public highways, and other modes of transport. While each jurisdiction effectively controls PRTC's use of motor fuel tax proceeds from that jurisdiction, they do not have an explicit measurable equity interest in PRTC.

The governing body of each member jurisdiction appoints, from among its members, its representatives to act as Commissioners. The Commission has 14 members and one ex-officio representative from the Virginia Department of Rail and Public Transportation. The composition of the Commission is as follows:

<u>Jurisdiction</u>	<u>Number of Members</u>	<u>Percent of membership</u>
Prince William County	6	40.00%
Stafford County	2	13.33%
Manassas	1	6.67%
Manassas Park	1	6.67%
Fredericksburg	1	6.67%
Commonwealth House	2	13.33%
Commonwealth Senate	1	6.67%
Virginia Department of Rail and Public Transportation	1	6.66%
Total	15	100.00%

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

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

NOTE 13 CONTINGENT LIABILITIES

The City receives financial assistance from numerous Federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. In the opinion of management, no material refund will be required as a result of expenditures disallowed, if any, by grantor agencies.

The City is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operation. Although the outcome of these matters is not presently determinable, in the opinion of management of the City and the City attorneys, the resolution of these matters will not have a material, adverse effect on the City's financial condition.

**NOTE 14 DEFINED BENEFIT PENSION PLAN
VIRGINIA RETIREMENT SYSTEM**

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)

The City and MCPS contribute to the Virginia Retirement System (VRS).

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, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) 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, firefighters, and sheriffs 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.

B. Funding policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be and has been assumed by the employer. In addition, the City and MCPS are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's and MCPS's non-professional employer contribution rates for the fiscal year ended 2010 were 8.03% and 7.17% of annual covered payroll, respectively.

The MCPS's contributions for professional employees were \$5,705,278, \$6,840,952 and \$7,043,239 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008. The contribution rates for 2009 and 2008 were 8.81% and 10.30% respectively. The contribution rate from July 2009 through March 2010 was 8.81% while the rate was 0.00% for April through June 2010.

C. Annual pension cost

For fiscal year 2010, the City's annual pension cost of \$3,736,658 was equal to the City's required and actual contributions.

For fiscal year 2010, MCPS's annual pension cost for the non-professional employees was \$589,787, which was equal to the MCPS's required and actual contributions.

<u>Fiscal year ending June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
City:			
2008	\$ 3,888,725	100%	\$ -
2009	3,944,561	100%	-
2010	3,736,658	100%	-
MCPS - School Professional:			
2008	\$ 7,043,239	100%	\$ -
2009	6,840,952	100%	-
2010	5,705,278	100%	-
MCPS - School Non-professional:			
2008	\$ 517,042	100%	\$ -
2009	599,641	100%	-
2010	589,787	100%	-

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 and 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 City and 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

As of June 30, 2009, the most recent actuarial valuation date, the City's plan was 82.25% funded. The actuarial accrued liability for benefits was \$92,408,582, and the actuarial value of assets was \$76,006,358, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,402,224. The covered payroll (annual payroll of active employees covered by the plan) was \$25,791,951, and ratio of the UAAL to the covered payroll was 63.59%.

As of June 30, 2009, the most recent actuarial valuation date, the City School Board's plan was 86.93% funded. The actuarial accrued liability for benefits was \$11,446,211, and the actuarial value of assets was \$9,949,758, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,496,453. The covered payroll (annual payroll of active employees covered by the plan) was \$4,768,932, and ratio of the UAAL to the covered payroll was 31.38%.

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.

NOTE 15 OTHER POST EMPLOYMENT BENEFITS – HEALTH CARE INSURANCE

The City and MCPS provide post-retirement health care insurance benefits for employees who are eligible for retirement benefits and who retire from the City or MCPS. There is no provision for deferral of benefits for employees who separate from City or MCPS employment without retiring. In FY 2008 the City and MCPS implemented Governmental Accounting Standards Board Statement 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension (GASB 45). The City and MCPS made the decision not to fund the plans in FY 2008. The City and MCPS are examining options for the most fiscally responsible solution for both entities.

A. Plan Descriptions

The City of Manassas Retiree Health Insurance Plan is a single-employer defined benefit post-employment healthcare plan for retired City employees. It is administered by the City and was approved by the City Council with policy P-2009-03. Any employee who retires from the City is allowed to remain on the City's healthcare policy until the age of sixty-five (65) with the same medical coverage (including dependant coverage) as regular full-time employees. Retirees with less than fifteen (15) years of service are responsible for the full cost of the monthly premium. For retirees who were employed with the City on or before June 30, 2009 and who were vested with VRS on or before June 30, 2009, the City provides a monthly subsidy of \$100 to retirees with fifteen to nineteen (15-19) years of service or a \$200 monthly subsidy to retirees with more than twenty (20) years of service. There are no benefits after the retiree attains age sixty-five (65). There is no provision for deferral of benefits for employees who separate from City employment without retiring.

Membership in the City's plan consisted of the following at July 30, 2009 the date of the last actuarial valuation.

- (1) Number of Participants
 - a. Active Employees 366
 - b. Retirees (Pre-Medicare) 21
- (2) Active Statistics
 - a. Average Age 42.13
 - b. Average Service 10.49
- (3) Inactive Statistics – Average Age 56.92

The MCPS Retiree Health Insurance Plan is a single-employer defined benefit post-employment healthcare plan for retired MCPS employees. It is administered by MCPS and was approved by the MCPS School Board. Any employee who retires from MCPS is allowed to remain on MCPS's healthcare policy until the age of sixty-five (65) with the same medical coverage (including dependant coverage) as active employees. Retirees with less than fifteen (15) years of service are responsible for the full cost of the monthly premium. MCPS pays 40% of the monthly premium for retirees with at least fifteen (15) years of service. There are no benefits after the retiree attains age sixty-five (65). There is no provision for deferral of benefits for employees who separate from MCPS employment without retiring.

Membership in MCPS's plan consisted of the following at June 30, 2010 the date of the last actuarial valuation.

- (1) Number of Participants
 - a. Active Employees 698
 - b. Retirees (Pre-Medicare) 55
- (2) Active Statistics
 - c. Average Age 44.72
 - d. Average Service 9.93
- (3) Inactive Statistics – Average Age 61.17

B. OPEB Cost and Net OPEB Obligation

The City's and MCPS's OPEB costs are based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represent the level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded liabilities over a period of not to exceed thirty years. The following table shows the components of the City's and MCPS's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's and MCPS's net OPEB obligation.

	City	MCPS
Annual required contribution	\$ 980,000	\$ 656,000
Interest on net OPEB obligation	61,560	23,000
Adjustment to annual required contribution	(53,069)	(21,000)
Annual OPEB cost (expense)	\$ 988,491	\$ 658,000
Contributions made	(195,491)	(332,000)
Increase in net OPEB obligation	\$ 793,000	\$ 326,000
Net OPEB obligation-beginning of year	1,539,000	578,000
Net OPEB obligation-end of year	<u>\$2,332,000</u>	<u>\$ 904,000</u>

The City's and MCPS's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2010 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City:			
June 30, 2010	\$988,491	19.78%	\$ 2,332,000
June 30, 2009	984,000	19.41%	1,539,000
June 30, 2008	918,000	18.70%	746,000
MCPS:			
June 30, 2010	\$658,000	50.46%	\$ 904,000
June 30, 2009	485,000	40.41%	578,000
June 30, 2008	485,000	40.40%	289,000

C. Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date is as follows.

	City	MCPS
Actuarial Valuation Date	June 30, 2009	June 30, 2010
Actuarial Value of Assets	-	-
Actuarial Accrued Liability (AAL)	4,829,000	6,134,000
Unfunded ALL (UALL)	4,829,000	6,134,000
Funded Ratio	0.0%	0.0%
Covered Payroll	28,037,244	55,299,023
UAAL as a % of covered payroll	17.22%	11.09%

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 employments, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedules of employer contributions present trend information about the amounts contributed to the plans by the City and MCPS in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years.

D. 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 City and the plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculation. Additional information as of the latest actuarial valuation follows.

	City	MCPS
Actuarial Valuation Date	June 30, 2009	June 30, 2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Covered Payroll	Level Percentage of Covered Payroll
Remaining Amortization Period	28 years	28 years
Asset Valuation Method	Weighted Average	Weighted Average
Actuarial Assumptions:		
Investment Rate of Return	4%	4%
Healthcare Cost Trend Rate	6.50%	6.50%
Initial	10.50%	10.50%
Ultimate	7.50%	6.50%

NOTE 16 OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE CREDIT PROGRAM

A. Plan Descriptions

The City and MCPS participate 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 City or a nonprofessional employee of MCPS, 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. The health insurance credit program for professional employees of MCPS is described in section F. of this note.

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 14.

B. Funding policy

As a participating local political subdivision, the City 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 City's and MCPS's contribution rates for the fiscal year ended 2010 were .26% and .53% of annual covered payroll respectively.

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 City and MCPS are 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 FY 2010, the City's contribution of \$45,070 and MCPS's contribution of \$24,613 were equal to the ARC and OPEB cost. The City's and MCPS's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City:			
June 30, 2010	\$45,070	100.00%	\$ -
MCPS:			
June 30, 2010	\$14,822	100.00%	\$ -

D. Funded Status and Funding Progress

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

	City	MCPS
Actuarial Valuation Date	June 30, 2009	June 30, 2009
Actuarial Accrued Liability (AAL)	\$ 689,723	\$ 180,372
Actuarial Value of Assets	\$ 247,181	\$ 64,674
Unfunded AAL	\$ 442,542	\$ 115,698
Funded Ratio	35.8%	35.9%
Covered Payroll	\$25,791,951	\$ 4,768,932
UAAL as a % of covered payroll	1.72%	2.43%

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 plans and the annual required contributions of the City and MCPS 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 plans assets are 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.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plans (the plans 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. Additional information as of the latest actuarial valuation follows.

	<u>City</u>	<u>MCPS</u>
Actuarial Valuation Date	June 30, 2009	June 30, 2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Pay, Open	Level Percentage of Pay, Open
Remaining Amortization Period	27 years	27 years
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Payroll Growth Rate	3.00%	3.00%
Includes Inflation at	2.50%	2.50%

F. Professional Employees – MCPS

MCPS 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 1) twice the amount of their creditable service or 2) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

MCPS 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 \$360,014, \$496,187, and \$496,364, respectively and equaled the required contributions for each year.

NOTE 17 EXTRAORDINARY ITEM

On February 6, 2010, the roof of Mayfield Intermediate School was compromised due to record snowfall accumulation. The building was deemed uninhabitable by order of the Fire Marshall. Students and teachers were reassigned to two area churches for the remainder of the school year. Mayfield Intermediate School repairs were completed in July 2010 and the school reopened in August 2010. Costs associated with repair of the building and related extra costs to operate school at two sites were reimbursed by liability insurance. As of June 30, 2010, \$1.3 million in reimbursable expenses had been recorded by Manassas City Public Schools. As of September 28, 2010, total costs related to the extraordinary snowfall exceeded \$1.4 million. Costs of building repairs totaled \$939 thousand and with extra expenses of almost \$550 thousand. All costs recorded in FY 2010 have been reimbursed as of the date of preparation of these financial statements.

NOTE 18 SUBSEQUENT EVENTS

On July 29, 2010, the City issued \$21,545,000 in General Obligation Public Improvement and Refunding Bonds, Series 2010D and \$4,495,000 General Obligation Public Improvement Refunding Bonds Series 2010E. The bonds and refunding bonds are authorized by the Charter of the City and the Public Finance Act of 1991, (Chapter 26 of Title 15.2, Code of Virginia of 1950, as amended). The Series 2010D refunding bonds totaling \$15,915,000 were issued to refund \$16,000,000 aggregate principal amount of the City's \$24,000,000 General Obligation Public Improvement Bond Series 2004. The Series 2010D General Obligation Public Improvement bonds totaling \$5,630,000 were issued to fund road, public safety and water system improvements. The Series 2010E refunding bonds were issued to refund \$4,500,000 aggregate principal amount of the City's \$10,550,000 General Obligation Public Improvement Bond Series 1999. The net proceeds of both refunding bond series were placed in irrevocable trusts for the purpose of generating resources for all future debt service payments of the refunded bonds. The refunding bonds are considered to be defeased and the liability for the 1999 and 2004 Bonds are removed from the City's financial records.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANASSAS, VIRGINIA

Exhibit I

**Required Supplementary Information
Schedule of Funding Progress
For the Year Ended June 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<u>DEFINED BENEFIT PENSION PLAN - VIRGINIA RETIREMENT SYSTEM</u>						
City:						
June 30, 2003	\$ 46,872,006	\$ 50,038,817	\$ 3,166,811	93.67%	\$ 19,255,327	16.45%
June 30, 2004	48,946,660	54,288,274	5,341,614	90.16%	19,945,310	26.78%
June 30, 2005	52,064,600	64,476,297	12,411,697	80.75%	20,966,473	59.20%
June 30, 2006	57,094,713	68,626,617	11,531,904	83.20%	22,319,352	51.67%
June 30, 2007	65,621,081	76,078,525	10,457,444	86.25%	23,114,993	45.24%
June 30, 2008	73,779,202	85,755,182	11,975,980	86.03%	24,813,583	48.26%
June 30, 2009	76,006,358	92,408,582	16,402,224	82.25%	25,791,951	63.59%
MCPS Non-professional:						
June 30, 2003	5,810,790	5,223,708	(587,082)	111.24%	2,925,964	-20.06%
June 30, 2004	6,099,900	6,072,609	(27,291)	100.45%	3,442,809	-0.79%
June 30, 2005	6,421,523	6,999,229	577,706	91.75%	3,445,137	16.77%
June 30, 2006	7,027,778	8,044,926	1,017,148	87.36%	3,663,405	27.77%
June 30, 2007	8,166,242	9,304,100	1,137,858	87.77%	4,207,745	27.04%
June 30, 2008	9,335,615	10,468,078	1,132,463	89.18%	4,640,181	24.41%
June 30, 2009	9,949,758	11,446,211	1,496,453	86.93%	4,768,932	31.38%
<u>OTHER POST EMPLOYMENT BENEFITS - HEALTH CARE INSURANCE</u>						
City:						
June 30, 2008	\$ -	\$ 4,505,000	\$ 4,505,000	0.00%	\$ 24,329,932	18.50%
June 30, 2009	-	4,829,000	4,829,000	0.00%	28,037,244	17.22%
MCPS:						
June 30, 2008	-	4,420,000	4,420,000	0.00%	47,373,740	9.30%
June 30, 2009	-	4,420,000	4,420,000	0.00%	50,664,847	8.72%
June 30, 2010	-	6,134,000	6,134,000	0.00%	55,299,023	11.09%
<u>OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE CREDIT PROGRAM</u>						
City:						
June 30, 2007	\$ 237,081	\$ 930,352	\$ 693,271	25.48%	\$ 23,114,993	3.00%
June 30, 2008	267,003	791,109	524,106	33.75%	24,813,583	2.11%
June 30, 2009	247,181	689,723	442,542	35.84%	25,791,951	1.72%
MCPS Non-professional:						
June 30, 2007	47,134	268,455	221,321	17.56%	4,207,745	5.26%
June 30, 2008	66,601	210,781	144,180	31.60%	4,640,181	3.11%
June 30, 2009	64,674	180,372	115,698	35.86%	4,768,932	2.43%

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Family Services Fund – To account for revenues and expenditures for the social services, housing, and other human services programs.

Family Services Publishing Fund – To account for revenues and publishing costs of the book entitled “My Mom Has a Job” and future publications.

Revenue Maximization Fund – To account for revenues received from the Federal Government used for the purpose of servicing children with special needs.

PEG Fund – To account for revenue received for cable surcharge fees.

Owens Brooke District Fund – To account for revenues received for the purpose of maintaining roads of the Owens Brooke District.

Fire Rescue Fund – To account for revenues and expenditures of the fire and rescue function.

Merchant Museum Fund – To account for donations received from the Merchant family which is restricted for use by the Museum System.

Museum Collections Fund – To account for donations received for the specific purpose of collections.

Museum Publishing Fund – To account for revenues and publishing costs for various publications of the City of Manassas Museum.

Liberia House Fund – To account for donations received which are restricted for use at the Liberia House Plantation.

Speiden Carper House – To account for revenues and expenditures used to maintain the historical Speiden Carper House that was donated to the city by the Carper family.

CAPITAL PROJECTS FUNDS

General Capital Projects Fund – To account for purchase and/or construction of major capital facilities for general government functions.

Gateway Capital Projects Fund – To account for construction projects to develop the Gateway Business Park.

Transportation Capital Projects Fund – To account for major construction of new streets and highways within the City limits.

PERMANENT FUND

Cemetery Maintenance Fund – To account for monies provided by private donors restricted for cemetery purposes. The principal amount is to be maintained intact and invested. Investment earnings are recorded in the Cemetery Fund.

CITY OF MANASSAS, VIRGINIA

Exhibit J

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Combined Special Revenue Funds	Combined Capital Project Funds	Permanent Fund Cemetery Maintenance	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 2,496,714	\$ 2,297,822	\$ 182,806	\$ 4,977,342
Cash and investments - restricted	-	1,905,999	-	1,905,999
Receivable (net of allowances for uncollectibles):				
Taxes receivable	2,953,083	-	-	2,953,083
Due from other governments	579,175	-	-	579,175
Total assets	<u>\$ 6,028,972</u>	<u>\$ 4,203,821</u>	<u>\$ 182,806</u>	<u>\$ 10,415,599</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 592,567	\$ 140,184	\$ -	\$ 732,751
Retainage payable	-	13,362	-	13,362
Deferred revenues	2,906,006	-	-	2,906,006
Advances from other funds	170,064	-	-	170,064
Total liabilities	<u>3,668,637</u>	<u>153,546</u>	<u>-</u>	<u>3,822,183</u>
Fund balances:				
Reserved for:				
Capital projects	-	1,905,999	-	1,905,999
Cemetery maintenance	-	-	182,806	182,806
Museum system	793,295	-	-	793,295
Unreserved:				
Undesignated	1,567,040	2,144,276	-	3,711,316
Total fund balances	<u>2,360,335</u>	<u>4,050,275</u>	<u>182,806</u>	<u>6,593,416</u>
Total liabilities and fund balances	<u>\$ 6,028,972</u>	<u>\$ 4,203,821</u>	<u>\$ 182,806</u>	<u>\$ 10,415,599</u>

CITY OF MANASSAS, VIRGINIA

Exhibit K

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

	Special Revenue Funds	Capital Project Funds	Permanent Fund Cemetery Maintenance	Total Nonmajor Governmental Funds
Revenues				
General property taxes	\$ 5,430,552	\$ -	\$ -	\$ 5,430,552
Use of money and property	6,063	106,238	791	113,092
Charges for services	457,746	-	-	457,746
Miscellaneous	118,194	178,200	-	296,394
Intergovernmental	3,631,277	610,707	-	4,241,984
Total revenues	<u>9,643,832</u>	<u>895,145</u>	<u>791</u>	<u>10,539,768</u>
Expenditures				
Current:				
Public safety	5,955,318	-	-	5,955,318
Public works	31,412	-	-	31,412
Health and welfare	5,346,546	-	-	5,346,546
Culture, recreation, and community development	58,474	-	-	58,474
Capital outlay	-	3,569,206	-	3,569,206
Total expenditures	<u>11,391,750</u>	<u>3,569,206</u>	<u>-</u>	<u>14,960,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,747,918)</u>	<u>(2,674,061)</u>	<u>791</u>	<u>(4,421,188)</u>
Other financing sources (uses)				
Transfers in	1,919,472	2,449,140	-	4,368,612
Transfers out	(37,273)	(4,408,301)	-	(4,445,574)
Bonds issued	-	2,200,000	-	2,200,000
Premium on bonds issued	-	67,663	-	67,663
Total other financing sources (uses)	<u>1,882,199</u>	<u>308,502</u>	<u>-</u>	<u>2,190,701</u>
Net change in fund balances	<u>134,281</u>	<u>(2,365,559)</u>	<u>791</u>	<u>(2,230,487)</u>
Fund balances - beginning	<u>2,226,054</u>	<u>6,415,834</u>	<u>182,015</u>	<u>8,823,903</u>
Fund balances - ending	<u>\$ 2,360,335</u>	<u>\$ 4,050,275</u>	<u>\$ 182,806</u>	<u>\$ 6,593,416</u>



CITY OF MANASSAS, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	<u>Family Services</u>	<u>Family Services Publishing</u>	<u>Revenue Maximization</u>	<u>PEG</u>
Assets				
Cash and investments	\$ -	\$ 56,255	\$ 139	\$ 64,697
Receivable (net of allowances for uncollectibles):				
Taxes receivable	-	-	-	-
Due from other governments	440,892	-	-	-
Total assets	<u>440,892</u>	<u>56,255</u>	<u>139</u>	<u>64,697</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	343,261	-	139	3,278
Deferred revenues	-	-	-	-
Advances from other funds	86,292	-	-	-
Total liabilities	<u>429,553</u>	<u>-</u>	<u>139</u>	<u>3,278</u>
Fund balances:				
Reserved for:				
Museum system	-	-	-	-
Unreserved:				
Undesignated (deficit)	11,339	56,255	-	61,419
Total fund balances	<u>11,339</u>	<u>56,255</u>	<u>-</u>	<u>61,419</u>
Total liabilities and fund balances	<u>\$ 440,892</u>	<u>\$ 56,255</u>	<u>\$ 139</u>	<u>\$ 64,697</u>

Owens Brooke District	Fire Rescue	Merchant Museum	Museum Collections	Museum Publishing	Liberia House	Speiden Carper House	Total Nonmajor Special Revenue Funds
\$ 88,883	\$ 1,032,340	\$ 793,295	\$ 11,907	\$ -	\$ 60	\$ 449,138	\$ 2,496,714
20,298	2,932,785	-	-	-	-	-	2,953,083
-	138,283	-	-	-	-	-	579,175
<u>109,181</u>	<u>4,103,408</u>	<u>793,295</u>	<u>11,907</u>	<u>-</u>	<u>60</u>	<u>449,138</u>	<u>6,028,972</u>
217	245,398	-	-	-	60	214	592,567
20,298	2,885,708	-	-	-	-	-	2,906,006
66,283	-	-	-	17,489	-	-	170,064
<u>86,798</u>	<u>3,131,106</u>	<u>-</u>	<u>-</u>	<u>17,489</u>	<u>60</u>	<u>214</u>	<u>3,668,637</u>
-	-	793,295	-	-	-	-	793,295
22,383	972,302	-	11,907	(17,489)	-	448,924	1,567,040
<u>22,383</u>	<u>972,302</u>	<u>793,295</u>	<u>11,907</u>	<u>(17,489)</u>	<u>-</u>	<u>448,924</u>	<u>2,360,335</u>
<u>\$ 109,181</u>	<u>\$ 4,103,408</u>	<u>\$ 793,295</u>	<u>\$ 11,907</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 449,138</u>	<u>\$ 6,028,972</u>

CITY OF MANASSAS, VIRGINIA

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

	Family Services	Family Services Publishing	Revenue Maximization	PEG
Revenues				
General property taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	243	15	-
Charges for services	33,349	-	-	-
Miscellaneous	-	-	-	63,289
Intergovernmental	3,395,285	-	-	-
Total revenues	<u>3,428,634</u>	<u>243</u>	<u>15</u>	<u>63,289</u>
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	14,489
Health and welfare	5,337,813	-	8,733	-
Culture, recreation, and community development	-	-	-	-
Total expenditures	<u>5,337,813</u>	<u>-</u>	<u>8,733</u>	<u>14,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,909,179)</u>	<u>243</u>	<u>(8,718)</u>	<u>48,800</u>
Other financing sources (uses)				
Transfers in	1,915,534	-	-	-
Transfers out	(1,675)	-	(36)	-
Total other financing sources (uses)	<u>1,913,859</u>	<u>-</u>	<u>(36)</u>	<u>-</u>
Net change in fund balances	<u>4,680</u>	<u>243</u>	<u>(8,754)</u>	<u>48,800</u>
Fund balance - beginning	<u>6,659</u>	<u>56,012</u>	<u>8,754</u>	<u>12,619</u>
Fund balance (deficit) - ending	<u>\$ 11,339</u>	<u>\$ 56,255</u>	<u>\$ -</u>	<u>\$ 61,419</u>

Exhibit M

Owens Brooke District	Fire Rescue	Merchant Museum	Museum Collections	Museum Publishing	Liberia House	Speiden Carper House	Total Nonmajor Special Revenue Funds
\$ 40,282	\$ 5,390,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,430,552
395	-	3,390	52	-	-	1,968	6,063
-	413,912	-	-	10,485	-	-	457,746
-	11,534	43,371	-	-	-	-	118,194
-	235,992	-	-	-	-	-	3,631,277
40,677	6,051,708	46,761	52	10,485	-	1,968	9,643,832
-	5,955,318	-	-	-	-	-	5,955,318
16,923	-	-	-	-	-	-	31,412
-	-	-	-	-	-	-	5,346,546
-	-	4,576	335	35,082	4,907	13,574	58,474
16,923	5,955,318	4,576	335	35,082	4,907	13,574	11,391,750
23,754	96,390	42,185	(283)	(24,597)	(4,907)	(11,606)	(1,747,918)
-	-	-	-	-	3,938	-	1,919,472
-	(35,562)	-	-	-	-	-	(37,273)
-	(35,562)	-	-	-	3,938	-	1,882,199
23,754	60,828	42,185	(283)	(24,597)	(969)	(11,606)	134,281
(1,371)	911,474	751,110	12,190	7,108	969	460,530	2,226,054
\$ 22,383	\$ 972,302	\$ 793,295	\$ 11,907	\$ (17,489)	\$ -	\$ 448,924	\$ 2,360,335

CITY OF MANASSAS, VIRGINIA

Exhibit N

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Family Services Fund
For the Year Ended June 30, 2010**

	Adopted Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for services	\$ 59,460	\$ 59,460	\$ 33,349	\$ (26,111)
Intergovernmental	3,837,050	4,167,544	3,395,285	(772,259)
Total revenues	<u>3,896,510</u>	<u>4,227,004</u>	<u>3,428,634</u>	<u>(798,370)</u>
Expenditures				
Current:				
Health and welfare	5,947,110	6,531,567	5,337,813	1,193,754
Total expenditures	<u>5,947,110</u>	<u>6,531,567</u>	<u>5,337,813</u>	<u>1,193,754</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,050,600)</u>	<u>(2,304,563)</u>	<u>(1,909,179)</u>	<u>395,384</u>
Other financing sources				
Transfers in	2,050,600	2,299,741	1,915,534	(384,207)
Transfers out	-	(1,675)	(1,675)	-
Total other financing sources	<u>2,050,600</u>	<u>2,298,066</u>	<u>1,913,859</u>	<u>(384,207)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (6,497)</u>	<u>4,680</u>	<u>\$ 11,177</u>
Fund balance, beginning			<u>6,659</u>	
Fund balance, ending			<u>\$ 11,339</u>	

CITY OF MANASSAS, VIRGINIA

Exhibit O

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Owens Brooke District Fund
For the Year Ended June 30, 2010**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
General property taxes	\$ 40,200	\$ 40,200	\$ 40,282	\$ 82
Use of money and property	-	-	395	395
Total revenues	<u>40,200</u>	<u>40,200</u>	<u>40,677</u>	<u>477</u>
Expenditures				
Current:				
Public works	<u>40,200</u>	<u>40,200</u>	<u>16,923</u>	<u>23,277</u>
Total expenditures	<u>40,200</u>	<u>40,200</u>	<u>16,923</u>	<u>23,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>23,754</u>	<u>23,754</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>\$ -</u>	 23,754	 <u>\$ 23,754</u>
Fund balance, beginning, (deficit)			<u>(1,371)</u>	
Fund balance, ending			<u>\$ 22,383</u>	

CITY OF MANASSAS, VIRGINIA

Exhibit P

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

	Adopted Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues				
General property taxes	\$ 5,394,840	\$ 5,394,840	\$ 5,390,270	\$ (4,570)
Charges for services	400,000	400,000	413,912	13,912
Miscellaneous	-	10,415	11,534	1,119
Intergovernmental	123,000	506,945	235,992	(270,953)
Total revenues	<u>5,917,840</u>	<u>6,312,200</u>	<u>6,051,708</u>	<u>(260,492)</u>
Expenditures				
Current:				
Public safety	<u>6,040,390</u>	<u>6,661,664</u>	<u>5,955,318</u>	<u>706,346</u>
Total expenditures	<u>6,040,390</u>	<u>6,661,664</u>	<u>5,955,318</u>	<u>706,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(122,550)</u>	<u>(349,464)</u>	<u>96,390</u>	<u>445,854</u>
Other financing uses				
Transfers out	<u>-</u>	<u>(46,563)</u>	<u>(35,562)</u>	<u>(11,001)</u>
Total other financing uses	<u>-</u>	<u>(46,563)</u>	<u>(35,562)</u>	<u>(11,001)</u>
Net change in fund balances	<u>\$ (122,550)</u>	<u>\$ (396,027)</u>	<u>60,828</u>	<u>\$ 456,855</u>
Fund balance, beginning			<u>911,474</u>	
Fund balance, ending			<u>\$ 972,302</u>	

CITY OF MANASSAS, VIRGINIA

Exhibit Q

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

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures				
Current:				
Culture, recreation, and community development	\$ 8,000	\$ 8,000	\$ 4,907	\$ 3,093
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>4,907</u>	<u>3,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,000)</u>	<u>(8,000)</u>	<u>(4,907)</u>	<u>3,093</u>
Other financing sources				
Transfers in	<u>8,000</u>	<u>8,000</u>	<u>3,938</u>	<u>(4,062)</u>
Total other financing sources	<u>8,000</u>	<u>8,000</u>	<u>3,938</u>	<u>(4,062)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(969)</u>	<u>\$ (969)</u>
Fund balance, beginning			<u>969</u>	
Fund balance, ending			<u>\$ -</u>	

CITY OF MANASSAS, VIRGINIA

Exhibit R

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Speiden Carper House Fund
 For the Year Ended June 30, 2010

	Adopted Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues				
Use of money and property	\$ 22,440	\$ 22,440	\$ 1,968	\$ (20,472)
Charges for services	3,000	3,000	-	(3,000)
Miscellaneous	1,380	1,380	-	(1,380)
Total revenues	<u>26,820</u>	<u>26,820</u>	<u>1,968</u>	<u>(24,852)</u>
Expenditures				
Current:				
Culture, recreation, and community development	<u>26,820</u>	<u>33,918</u>	<u>13,574</u>	<u>20,344</u>
Total expenditures	<u>26,820</u>	<u>33,918</u>	<u>13,574</u>	<u>20,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(7,098)</u>	<u>(11,606)</u>	<u>(4,508)</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>\$ (7,098)</u>	 (11,606)	 <u>\$ (4,508)</u>
Fund balance, beginning			<u>460,530</u>	
Fund balance, ending			<u>\$ 448,924</u>	

CITY OF MANASSAS, VIRGINIA

Exhibit S

Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2010

	General Capital Projects	Gateway Capital Projects	Transportation Capital Projects	Total Nonmajor Capital Project Funds
Assets				
Cash and investments	\$ 1,113,900	\$ 276,014	\$ 907,908	\$ 2,297,822
Cash and investments - restricted	-	-	1,905,999	1,905,999
Total assets	<u>\$ 1,113,900</u>	<u>\$ 276,014</u>	<u>\$ 2,813,907</u>	<u>\$ 4,203,821</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 945	\$ -	\$ 139,239	\$ 140,184
Retainage payable	6,615	-	6,747	13,362
Total liabilities	<u>7,560</u>	<u>-</u>	<u>145,986</u>	<u>153,546</u>
Fund balances:				
Reserved for:				
Capital projects	-	-	1,905,999	1,905,999
Unreserved:				
Undesignated	1,106,340	276,014	761,922	2,144,276
Total fund balances	<u>1,106,340</u>	<u>276,014</u>	<u>2,667,921</u>	<u>4,050,275</u>
Total liabilities and fund balances	<u>\$ 1,113,900</u>	<u>\$ 276,014</u>	<u>\$ 2,813,907</u>	<u>\$ 4,203,821</u>

CITY OF MANASSAS, VIRGINIA

Exhibit T

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

	General Capital Projects	Gateway Capital Projects	Transportation Capital Projects	Total Nonmajor Capital Project Funds
Revenues				
Use of money and property	\$ -	\$ 106,238	\$ -	\$ 106,238
Miscellaneous	-	-	178,200	178,200
Intergovernmental	11,955	-	598,752	610,707
Total revenues	<u>11,955</u>	<u>106,238</u>	<u>776,952</u>	<u>895,145</u>
Expenditures				
Capital outlay	292,739	2,120,055	1,156,412	3,569,206
Total expenditures	<u>292,739</u>	<u>2,120,055</u>	<u>1,156,412</u>	<u>3,569,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(280,784)</u>	<u>(2,013,817)</u>	<u>(379,460)</u>	<u>(2,674,061)</u>
Other financing sources (uses)				
Transfers in	204,051	2,100,000	145,089	2,449,140
Transfers out	(85,428)	-	(4,322,873)	(4,408,301)
Bonds issued	-	-	2,200,000	2,200,000
Premium on bonds issued	-	-	67,663	67,663
Total other financing sources (uses)	<u>118,623</u>	<u>2,100,000</u>	<u>(1,910,121)</u>	<u>308,502</u>
Net change in fund balances	<u>(162,161)</u>	<u>86,183</u>	<u>(2,289,581)</u>	<u>(2,365,559)</u>
Fund balance - beginning	<u>1,268,501</u>	<u>189,831</u>	<u>4,957,502</u>	<u>6,415,834</u>
Fund balance - ending	<u>\$ 1,106,340</u>	<u>\$ 276,014</u>	<u>\$ 2,667,921</u>	<u>\$ 4,050,275</u>

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Solid Waste Fund – To account for provision of solid waste collection for the residents of the City. All activities necessary to provide this service are accounted for in this fund.

City Square Pavilion Fund – To account for the operations and maintenance of the Loy E. Harris Pavilion.

Candy Factory Fund – To account for the operation and maintenance of a performing arts center.

Telecommunications Fund – To account for the construction, operations, and maintenance of operating a broadband internet service over the electric infrastructure.

CITY OF MANASSAS, VIRGINIA

Exhibit U

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010

	<u>Solid Waste</u>	<u>City Square Pavilion</u>	<u>Candy Factory</u>	<u>Telecomm- unications</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets					
Current assets					
Equity in pooled cash and investments - unrestricted	\$ 432,190	\$ 206,220	\$ 227,878	\$ 6,399	\$ 872,687
Accounts receivable (net of allowance for uncollectibles)	228,211	-	-	-	228,211
Total current assets	<u>660,401</u>	<u>206,220</u>	<u>227,878</u>	<u>6,399</u>	<u>1,100,898</u>
Noncurrent assets					
Capital assets:					
Buildings and improvements	-	2,096,997	2,555,252	-	4,652,249
Machinery and equipment	-	55,652	-	-	55,652
Less accumulated depreciation	-	(987,663)	(1,021,865)	-	(2,009,528)
Total noncurrent assets	<u>-</u>	<u>1,164,986</u>	<u>1,533,387</u>	<u>-</u>	<u>2,698,373</u>
Total assets	<u>660,401</u>	<u>1,371,206</u>	<u>1,761,265</u>	<u>6,399</u>	<u>3,799,271</u>
Liabilities and net assets					
Current liabilities					
Accounts payable	218,298	23,429	-	6,399	248,126
Deposits	-	450	-	-	450
Compensated absences-current	2,010	-	-	-	2,010
Total current liabilities	<u>220,308</u>	<u>23,879</u>	<u>-</u>	<u>6,399</u>	<u>250,586</u>
Noncurrent liabilities					
Compensated absences	11,397	-	-	-	11,397
Total noncurrent liabilities	<u>11,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,397</u>
Total liabilities	<u>231,705</u>	<u>23,879</u>	<u>-</u>	<u>6,399</u>	<u>261,983</u>
Net assets					
Invested in capital assets, net of related debt	-	1,164,986	1,533,387	-	2,698,373
Unrestricted (deficit)	428,696	182,341	227,878	-	838,915
Total net assets	<u>\$ 428,696</u>	<u>\$ 1,347,327</u>	<u>\$ 1,761,265</u>	<u>\$ -</u>	<u>\$ 3,537,288</u>

CITY OF MANASSAS, VIRGINIA

Exhibit V

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

	Solid Waste	City Square Pavilion	Candy Factory	Telecomm- unications	Total Nonmajor Enterprise Funds
Operating revenues					
Charges for services	\$ 2,896,323	\$ 13,526	\$ 27,984	\$ 325,228	\$ 3,263,061
Total operating revenues	<u>2,896,323</u>	<u>13,526</u>	<u>27,984</u>	<u>325,228</u>	<u>3,263,061</u>
Operating expenses					
Personal services	194,355	-	-	107,707	302,062
Contractual services	2,487,687	187,429	-	110,299	2,785,415
Supplies	2,625	-	-	84,160	86,785
Internal and other services	184,070	22,000	64,000	218,011	488,081
Depreciation and amortization	-	108,419	127,763	-	236,182
Total operating expenses	<u>2,868,737</u>	<u>317,848</u>	<u>191,763</u>	<u>520,177</u>	<u>3,898,525</u>
Operating income (loss)	<u>27,586</u>	<u>(304,322)</u>	<u>(163,779)</u>	<u>(194,949)</u>	<u>(635,464)</u>
Nonoperating revenue (expense)					
Intergovernmental grants	6,529	-	-	-	6,529
Interest revenue	2,557	-	-	-	2,557
Other	250	-	-	2,141	2,391
Interest expense	-	-	-	(847)	(847)
Total nonoperating revenue	<u>9,336</u>	<u>-</u>	<u>-</u>	<u>1,294</u>	<u>10,630</u>
Income (loss) before transfers	<u>36,922</u>	<u>(304,322)</u>	<u>(163,779)</u>	<u>(193,655)</u>	<u>(624,834)</u>
Transfers in	-	218,500	50,000	1,073,269	1,341,769
Change in net assets	<u>36,922</u>	<u>(85,822)</u>	<u>(113,779)</u>	<u>879,614</u>	<u>716,935</u>
Total net assets (deficit) - beginning	<u>391,774</u>	<u>1,433,149</u>	<u>1,875,044</u>	<u>(879,614)</u>	<u>2,820,353</u>
Total net assets (deficit) - ending	<u>\$ 428,696</u>	<u>\$ 1,347,327</u>	<u>\$ 1,761,265</u>	<u>\$ -</u>	<u>\$ 3,537,288</u>

CITY OF MANASSAS, VIRGINIA

Exhibit W

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010

	Solid Waste	City Square Pavilion	Candy Factory	Telecomm- unications	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 2,871,515	\$ 13,526	\$ 28,359	\$ 325,228	\$ 3,238,628
Other miscellaneous receipts	250	-	-	1,294	1,544
Payments to other funds	-	-	-	(835,194)	(835,194)
Payments to suppliers	(2,492,183)	(164,000)	(41,678)	(235,908)	(2,933,769)
Payments to employees	(180,597)	-	-	(111,910)	(292,507)
Payments for interfund services used	(181,409)	(22,000)	(24,000)	(210,380)	(437,789)
Net cash provided (used) by operating activities	<u>17,576</u>	<u>(172,474)</u>	<u>(37,319)</u>	<u>(1,066,870)</u>	<u>(1,259,087)</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	218,500	50,000	1,073,269	1,341,769
Operating grants received	<u>6,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,529</u>
Net cash provided (used) by noncapital and related financing activities	<u>6,529</u>	<u>218,500</u>	<u>50,000</u>	<u>1,073,269</u>	<u>1,348,298</u>
Cash Flows from Investing Activities					
Interest received	<u>2,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,557</u>
Net cash provided by investing activities	<u>2,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,557</u>
Net increase (decrease) in cash and cash equivalents	26,662	46,026	12,681	6,399	91,768
Cash and cash equivalents, beginning	405,528	160,194	215,197	-	780,919
Cash and cash equivalents, ending	<u>\$ 432,190</u>	<u>\$ 206,220</u>	<u>\$ 227,878</u>	<u>\$ 6,399</u>	<u>\$ 872,687</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>\$ 27,586</u>	<u>\$ (304,322)</u>	<u>\$ (163,779)</u>	<u>\$ (194,949)</u>	<u>\$ (635,464)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	108,419	127,763	-	236,182
Other miscellaneous receipts	250	-	-	1,294	1,544
(Increase) decrease in accounts receivable	(24,808)	-	375	-	(24,433)
Increase (decrease) in accounts payable	1,141	23,429	(1,678)	(38,021)	(15,129)
Increase (decrease) in compensated absences payable	13,407	-	-	-	13,407
Increase (decrease) advance from other funds	-	-	-	(835,194)	(835,194)
Total adjustments	<u>(10,010)</u>	<u>131,848</u>	<u>126,460</u>	<u>(871,921)</u>	<u>(623,623)</u>
Net cash provided (used) by operating activities	<u>\$ 17,576</u>	<u>\$ (172,474)</u>	<u>\$ (37,319)</u>	<u>\$ (1,066,870)</u>	<u>\$ (1,259,087)</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

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

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

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

CITY OF MANASSAS, VIRGINIA

Exhibit X

Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

	Building Maintenance	Vehicle Maintenance	Information Technology	Total Internal Service Funds
Assets				
Current assets				
Equity in pooled cash and investments - unrestricted	\$ 403,985	\$ 1,180,397	\$ 2,191,979	\$ 3,776,361
Total current assets	<u>403,985</u>	<u>1,180,397</u>	<u>2,191,979</u>	<u>3,776,361</u>
Noncurrent assets				
Capital assets:				
Buildings and improvements	-	278,484	-	278,484
Machinery and equipment	-	7,910,690	974,300	8,884,990
Less accumulated depreciation	-	(7,051,090)	(775,128)	(7,826,218)
Total noncurrent assets	<u>-</u>	<u>1,138,084</u>	<u>199,172</u>	<u>1,337,256</u>
Total assets	<u>403,985</u>	<u>2,318,481</u>	<u>2,391,151</u>	<u>5,113,617</u>
Liabilities and net assets				
Current liabilities				
Accounts payable	52,128	69,139	210,457	331,724
Compensated absences - current	5,189	10,148	11,489	26,826
Capital lease obligations - current	-	27,664	-	27,664
Total current liabilities	<u>57,317</u>	<u>106,951</u>	<u>221,946</u>	<u>386,214</u>
Noncurrent liabilities				
Compensated absences	29,401	57,505	65,101	152,007
Capital lease obligations	-	7,576	-	7,576
Total noncurrent liabilities	<u>29,401</u>	<u>65,081</u>	<u>65,101</u>	<u>159,583</u>
Total liabilities	<u>86,718</u>	<u>172,032</u>	<u>287,047</u>	<u>545,797</u>
Net assets				
Invested in capital assets, net of related debt	-	1,102,844	199,172	1,302,016
Unrestricted	317,267	1,043,605	1,904,932	3,265,804
Total net assets	<u>\$ 317,267</u>	<u>\$ 2,146,449</u>	<u>\$ 2,104,104</u>	<u>\$ 4,567,820</u>

CITY OF MANASSAS, VIRGINIA

Exhibit Y

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

	Building Maintenance	Vehicle Maintenance	Information Technology	Total Internal Service Funds
Operating revenues				
Charges for services	\$ 1,124,290	\$ 2,585,212	\$ 2,427,346	\$ 6,136,848
Total operating revenues	<u>1,124,290</u>	<u>2,585,212</u>	<u>2,427,346</u>	<u>6,136,848</u>
Operating expenses				
Personal services	373,157	717,840	1,023,191	2,114,188
Contractual services	186,843	115,501	787,881	1,090,225
Supplies	74,333	876,852	305,191	1,256,376
Internal and other services	381,616	471,373	351,788	1,204,777
Depreciation and amortization	-	595,816	91,561	687,377
Total operating expenses	<u>1,015,949</u>	<u>2,777,382</u>	<u>2,559,612</u>	<u>6,352,943</u>
Operating income (loss)	<u>108,341</u>	<u>(192,170)</u>	<u>(132,266)</u>	<u>(216,095)</u>
Nonoperating revenue				
Interest revenue	1,501	4,811	8,325	14,637
Gain (loss) on sale of capital assets	-	6,103	-	6,103
Other	1,450	14,375	2,444	18,269
Interest expense	-	(1,564)	(124)	(1,688)
Total nonoperating revenue	<u>2,951</u>	<u>23,725</u>	<u>10,645</u>	<u>37,321</u>
Income (loss) before transfers and contributions	111,292	(168,445)	(121,621)	(178,774)
Transfers in	47,832	61,949	588,257	698,038
Transfers out	(75,000)	(200,000)	(1,832)	(276,832)
Change in net assets	<u>84,124</u>	<u>(306,496)</u>	<u>464,804</u>	<u>242,432</u>
Total net assets - beginning	<u>233,143</u>	<u>2,452,945</u>	<u>1,639,300</u>	<u>4,325,388</u>
Total net assets - ending	<u>\$ 317,267</u>	<u>\$ 2,146,449</u>	<u>\$ 2,104,104</u>	<u>\$ 4,567,820</u>

CITY OF MANASSAS, VIRGINIA

Exhibit Z

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

	Building Maintenance	Vehicle Maintenance	Information Technology	Total Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 1,124,290	\$ 2,585,212	\$ 2,427,346	\$ 6,136,848
Other miscellaneous receipts	1,450	14,375	2,444	18,269
Payments to suppliers	(584,559)	(1,154,213)	(1,161,925)	(2,900,697)
Payments to employees	(360,007)	(715,170)	(1,011,519)	(2,086,696)
Payments for interfund services used	(75,871)	(337,069)	(195,390)	(608,330)
Net cash provided (used) by operating activities	<u>105,303</u>	<u>393,135</u>	<u>60,956</u>	<u>559,394</u>
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	47,832	61,949	588,257	698,038
Transfers to other funds	(75,000)	(200,000)	(1,832)	(276,832)
Net cash provided (used) by noncapital and related financing activities	<u>(27,168)</u>	<u>(138,051)</u>	<u>586,425</u>	<u>421,206</u>
Cash Flows from Capital and Related Financing Activities				
Sale of capital assets	-	6,103	-	6,103
Principal paid on capital leases	-	(26,655)	(34,249)	(60,904)
Interest paid on capital leases	-	(1,564)	(124)	(1,688)
Purchases of capital assets	-	(82,360)	(151,561)	(233,921)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(104,476)</u>	<u>(185,934)</u>	<u>(290,410)</u>
Cash Flows from Investing Activities				
Interest received	1,501	4,811	8,325	14,637
Net cash provided by investing activities	<u>1,501</u>	<u>4,811</u>	<u>8,325</u>	<u>14,637</u>
Net increase (decrease) in cash and cash equivalents	79,636	155,419	469,772	704,827
Cash and cash equivalents, beginning	324,349	1,024,978	1,722,207	3,071,534
Cash and cash equivalents, ending	<u>\$ 403,985</u>	<u>\$ 1,180,397</u>	<u>\$ 2,191,979</u>	<u>\$ 3,776,361</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 108,341	\$ (192,170)	\$ (132,266)	\$ (216,095)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	-	595,816	91,561	687,377
Other miscellaneous receipts	1,450	14,375	2,444	18,269
Increase (decrease) in accounts payable	(15,453)	(25,653)	90,703	49,597
Increase (decrease) in compensated absences payable	10,965	767	8,514	20,246
Total adjustments	<u>(3,038)</u>	<u>585,305</u>	<u>193,222</u>	<u>775,489</u>
Net cash provided (used) by operating activities	<u>\$ 105,303</u>	<u>\$ 393,135</u>	<u>\$ 60,956</u>	<u>\$ 559,394</u>

DISCRETELY PRESENTED COMPONENT UNIT – MANASSAS CITY PUBLIC SCHOOLS

GOVERNMENTAL FUNDS

Operating Fund – To account for operations and maintenance of the City's public school system.

Capital Projects Fund – To account for the purchase and/or construction of major school facilities.

Food Service Fund – To account for operations of the cafeteria program in the City's schools.

FIDUCIARY FUNDS

Student Activity Agency Fund – To account for the assets held by the School Board in a trustee capacity for its students. This fund is custodial in nature (assets equal liabilities) and does not involve measurements of results of operations.

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

CITY OF MANASSAS, VIRGINIA

Exhibit AA

Balance Sheet
Manassas City Public Schools Component Unit
June 30, 2010

	<u>Operating</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 9,372,687	\$ 158,586	\$ 339,127	\$ 9,870,400
Accounts receivable	1,580,298	-	3,156	1,583,454
Due from other governments	6,316,016	-	118,161	6,434,177
Total assets	<u>\$ 17,269,001</u>	<u>\$ 158,586</u>	<u>\$ 460,444</u>	<u>\$ 17,888,031</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 11,175,961	\$ -	\$ 193,096	\$ 11,369,057
Total liabilities	<u>11,175,961</u>	<u>-</u>	<u>193,096</u>	<u>11,369,057</u>
Fund balances:				
Reserved for:				
Capital projects	-	158,586	-	158,586
Unreserved, designated for:				
Next year's expenditures	2,162,530	-	-	2,162,530
Unreserved, undesignated	3,930,510	-	267,348	4,197,858
Total fund balances	<u>6,093,040</u>	<u>158,586</u>	<u>267,348</u>	<u>6,518,974</u>
Total liabilities and fund balances	<u>\$ 17,269,001</u>	<u>\$ 158,586</u>	<u>\$ 460,444</u>	<u>\$ 17,888,031</u>

CITY OF MANASSAS, VIRGINIA

Exhibit AA-1

**Reconciliation of the Balance Sheet of the Manassas City Public Schools Component Unit
to the Statement of Net Assets
June 30, 2010**

Ending fund balance - total governmental funds		\$ 6,518,974
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Capital assets, not being depreciated:		
Land and land rights	2,336,649	
Capital assets, being depreciated:		
Buildings and improvements	122,837,241	
Machinery and equipment	7,395,830	
Total capital assets	132,569,720	
Less accumulated depreciation	(77,894,620)	54,675,100
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(1,829,750)	
Capital Lease	(774,794)	
Net OPEB Obligation	(904,000)	(3,508,544)
Net assets of governmental activities		<u>\$ 57,685,530</u>

CITY OF MANASSAS, VIRGINIA

Exhibit AB

Statement of Revenues, Expenditures, and Changes in Fund Balances
Manassas City Public Schools Component Unit
For the Year Ended June 30, 2010

	Operating	Capital Projects	Food Service	Total Governmental Funds
Revenues				
Use of money and property	\$ 15,919	\$ -	\$ -	\$ 15,919
Charges for services	541,449	-	1,209,368	1,750,817
From the City of Manassas	47,592,844	-	-	47,592,844
From the Commonwealth	30,951,333	-	51,888	31,003,221
From the Federal government	6,829,727	-	1,625,661	8,455,388
Total revenues	<u>85,931,272</u>	<u>-</u>	<u>2,886,917</u>	<u>88,818,189</u>
Expenditures				
Current:				
Education	78,525,572	-	2,756,393	81,281,965
Capital outlay	817,752	39,244	-	856,996
Payment in lieu of debt service	5,637,807	-	-	5,637,807
Debt Service:				
Principal retirement	130,554	-	-	130,554
Interest and fees on long term debt	33,316	-	-	33,316
Total expenditures	<u>85,145,001</u>	<u>39,244</u>	<u>2,756,393</u>	<u>87,940,638</u>
Excess (deficiency) of revenues over (under) expenditures	786,271	(39,244)	130,524	877,551
Extraordinary items				
Mayfield School roof damage and related expenditures	(1,305,366)	-	-	(1,305,366)
Insurance proceeds - Mayfield School	1,305,366	-	-	1,305,366
Total extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	786,271	(39,244)	130,524	877,551
Fund balance - beginning	<u>5,306,769</u>	<u>197,830</u>	<u>136,824</u>	<u>5,641,423</u>
Fund balance - ending	<u>\$ 6,093,040</u>	<u>\$ 158,586</u>	<u>\$ 267,348</u>	<u>\$ 6,518,974</u>

CITY OF MANASSAS, VIRGINIA

Exhibit AB-1

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Manassas City Public Schools Component Unit
to the Statement of Activities
For the Year Ended June 30, 2010**

Net change in fund balances - total governmental funds	\$	877,551
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Amounts reported for governmental activities in the statement of activities are different because:

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 depreciation exceeded capital outlays in the current period.

Capital outlays	856,996	
Depreciation expense	<u>(4,364,496)</u>	(3,507,500)

In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital asset disposed. (626)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal amounts of long-term debt is reported as an expenditure in governmental funds. This reduces fund balance. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal payments of early retirement	178,846	
Principal payments of capital lease	<u>130,553</u>	309,399

Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount of timing differences of accrued interest. 14,913

Under the modified accrual basis of accounting used in governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:

Compensated absences	32,192	
Net OPEB Obligation	<u>(326,000)</u>	(293,808)

Change in net assets of governmental activities	\$	<u><u>(2,600,071)</u></u>
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CITY OF MANASSAS, VIRGINIA

Exhibit AC

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Manassas City Public Schools Operating Fund
For the Year Ended June 30, 2010

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Use of money and property	\$ -	\$ -	\$ 15,919	\$ 15,919
Charges for services	722,870	722,870	541,449	(181,421)
From the City of Manassas	49,523,010	49,523,010	47,592,844	(1,930,166)
From the Commonwealth	34,683,220	32,859,000	30,951,333	(1,907,667)
From the Federal government	4,302,353	6,296,573	6,829,727	533,154
Total revenues	<u>89,231,453</u>	<u>89,401,453</u>	<u>85,931,272</u>	<u>(3,470,181)</u>
Expenditures				
Education:				
Instruction	62,916,545	63,293,657	60,109,609	3,184,048
Administration	4,986,613	4,417,176	4,262,921	154,255
Pupil transportation	3,701,906	3,683,792	3,462,632	221,160
Operation and maintenance	7,784,801	7,915,795	7,323,684	592,111
Technology Initiative	3,372,784	4,139,158	4,044,506	94,652
Facilities	820,000	933,628	139,972	793,656
Capital Lease payment	163,870	163,870	163,870	-
Payment in lieu of debt service	5,801,677	5,801,677	5,637,807	163,870
Total expenditures	<u>89,548,196</u>	<u>90,348,753</u>	<u>85,145,001</u>	<u>5,203,752</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(316,743)</u>	<u>(947,300)</u>	<u>786,271</u>	<u>1,733,571</u>
Extraordinary items				
Mayfield School roof damage and related expenditures	-	-	(1,305,366)	(1,305,366)
Insurance proceeds - Mayfield School	-	-	1,305,366	1,305,366
Total extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (316,743)</u>	<u>\$ (947,300)</u>	<u>786,271</u>	<u>\$ 1,733,571</u>
Fund balances, beginning			<u>5,306,769</u>	
Fund balances, ending			<u>\$ 6,093,040</u>	

CITY OF MANASSAS, VIRGINIA

Exhibit AD

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Manassas City Public Schools Food Service
For the Year Ended June 30, 2010

	Adopted Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for services	\$ 1,538,514	\$ 1,538,514	\$ 1,209,368	\$ (329,146)
From the Commonwealth	40,361	40,361	51,888	11,527
From the Federal government	1,379,999	1,379,999	1,625,661	245,662
Total revenues	<u>2,958,874</u>	<u>2,958,874</u>	<u>2,886,917</u>	<u>(71,957)</u>
Expenditures				
Food service	<u>2,958,874</u>	<u>2,958,874</u>	<u>2,756,393</u>	<u>202,481</u>
Total expenditures	<u>2,958,874</u>	<u>2,958,874</u>	<u>2,756,393</u>	<u>202,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	130,524	<u>\$ 130,524</u>
Fund balances, beginning			<u>136,824</u>	
Fund balances, ending			<u>\$ 267,348</u>	

CITY OF MANASSAS, VIRGINIA

Exhibit AE

Combining Statement of Fiduciary Net Assets
Manassas City Public Schools
June 30, 2010

	Private Purpose Trust Funds			Agency Fund
	Nancy Lyons Scholarship Fund	E. Shreve Brent Scholarship Fund	Total	Student Activity Funds
Assets				
Cash and investments with fiscal agent	\$ 100,252	\$ 587,273	\$ 687,525	\$ 758,149
Total assets	<u>100,252</u>	<u>587,273</u>	<u>687,525</u>	<u>758,149</u>
Liabilities and net assets				
Liabilities				
Amount held for student activity funds	-	-	-	758,149
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>758,149</u>
Total net assets	<u>\$ 100,252</u>	<u>\$ 587,273</u>	<u>\$ 687,525</u>	<u>\$ -</u>

CITY OF MANASSAS, VIRGINIA

Exhibit AF

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Manassas City Public Schools - Private-Purpose Trust Funds
For the Year Ended June 30, 2010

	Nancy Lyons Scholarship Fund	E. Shreve Brent Scholarship Fund	Total Private - Purpose Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Revenue			
Interest revenue	\$ 3,014	\$ 55,384	\$ 58,398
Total revenue	<u>3,014</u>	<u>55,384</u>	<u>58,398</u>
Expenses			
Scholarship distributions	<u>3,000</u>	<u>2,500</u>	<u>5,500</u>
Total expenses	<u>3,000</u>	<u>2,500</u>	<u>5,500</u>
Change in net assets	14	52,884	52,898
Total net assets (deficit) - beginning	<u>100,238</u>	<u>534,389</u>	<u>634,627</u>
Total net assets (deficit) - ending	<u><u>\$ 100,252</u></u>	<u><u>\$ 587,273</u></u>	<u><u>\$ 687,525</u></u>

CITY OF MANASSAS, VIRGINIA

Exhibit AG

Statement of Changes in Fiduciary Assets and Liabilities
Manassas City Public Schools - Agency Fund
For the Year Ended June 30, 2010

	Balance			Balance
	July 1, 2009	Additions	Deductions	June 30, 2010
Assets				
Cash with fiscal agent:				
Osborn Senior High School	\$ 352,844	\$ 764,999	\$ (688,235)	\$ 429,608
Grace E. Metz Junior High School	91,990	95,703	(89,324)	98,369
Mayfield Intermediate School	31,065	92,365	(72,223)	51,207
Baldwin Elementary School	22,393	34,115	(43,830)	12,678
George C. Round Elementary School	115,512	22,419	(19,905)	118,026
Jennie Dean Elementary School	7,819	38,052	(36,322)	9,549
R. C. Haydon Elementary School	17,929	43,697	(40,041)	21,585
Weems Elementary School	13,748	28,016	(24,637)	17,127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 653,300</u></u>	<u><u>\$ 1,119,366</u></u>	<u><u>\$ (1,014,517)</u></u>	<u><u>\$ 758,149</u></u>
Liabilities				
Amounts held for student activity funds	<u><u>\$ 653,300</u></u>	<u><u>\$ 1,119,366</u></u>	<u><u>\$ (1,014,517)</u></u>	<u><u>\$ 758,149</u></u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	100
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the real estate property tax.	108
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	114
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	118
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	120

CITY OF MANASSAS, VIRGINIA

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 344,527,149	\$ 167,523,584	\$ 173,132,723	\$ 180,050,514	\$ 169,062,478
Restricted	7,846,222	2,837,519	2,447,680	2,979,454	3,526,589
Unrestricted	(9,502,959)	(12,707,424)	(40,723,388)	(38,491,950)	(28,017,364)
Total governmental activities	\$ 342,870,412	\$ 157,653,679	\$ 134,857,015	\$ 144,538,018	\$ 144,571,703
Business-type activities					
Invested in capital assets, net of related debt	\$ 56,869,162	\$ 56,250,284	\$ 56,842,059	\$ 56,664,618	\$ 51,289,335
Restricted for:	53,774	-	1,404,856	73,772	2,776,842
Unrestricted	12,086,697	12,906,321	14,103,480	15,618,679	19,922,330
Total business-type activities	\$ 69,009,633	\$ 69,156,605	\$ 72,350,395	\$ 72,357,069	\$ 73,988,507
Total primary government					
Invested in capital assets, net of related debt	\$ 401,396,311	\$ 223,773,868	\$ 229,974,782	\$ 236,715,132	\$ 220,351,813
Restricted	7,899,996	2,837,519	3,852,536	3,053,226	6,303,431
Unrestricted	2,583,738	198,897	(26,619,908)	(22,873,271)	(8,095,034)
Total primary government	\$ 411,880,045	\$ 226,810,284	\$ 207,207,410	\$ 216,895,087	\$ 218,560,210
Component unit - Manassas City Public Schools					
Invested in capital assets, net of related debt	\$ 38,840,079	\$ 35,663,434	\$ 33,928,832	\$ 39,307,732	\$ 55,118,374
Restricted	-	-	30,121,058	23,590,699	12,857,469
Unrestricted	7,181,208	6,962,899	8,035,992	6,715,495	8,464,659
Total component unit	\$ 46,021,287	\$ 42,626,333	\$ 72,085,882	\$ 69,613,926	\$ 76,440,502
Total reporting unit					
Invested in capital assets, net of related debt	\$ 411,912,740	\$ 234,344,321	\$ 206,908,229	\$ 221,978,099	\$ 217,857,712
Restricted	7,899,996	2,837,519	33,973,594	26,643,925	19,160,900
Unrestricted	38,088,596	32,254,777	38,411,469	37,886,989	57,982,100
Total reporting unit	\$ 457,901,332	\$ 269,436,617	\$ 279,293,292	\$ 286,509,013	\$ 295,000,712

Source: City of Manassas Comprehensive Annual Financial Report

Notes: Table begins with fiscal year 2002, the year the City implemented GASB Statement 34.
Fiscal years 2002, 2003 and 2006 are presented as restated.

The sum of Invested in capital assets, net of related debt of the primary government and the component unit does not equal Invested in capital assets, net of related debt of the total reporting unit, because the debt related to the component unit is reflected in the primary government's general governmental activities reducing Unrestricted net assets. The assets are reflected in the component unit as Invested in capital assets, net of related debt. The total reporting unit matches the assets with the debt and reports the net amount of the Invested in capital assets, net of related debt.

Table I

Fiscal Year			
2007	2008	2009	2010
\$ 172,941,450	\$ 173,610,232	\$ 177,487,923	\$ 176,462,932
3,755,019	3,171,524	2,837,832	1,905,999
(26,811,818)	(19,420,422)	(19,205,279)	(16,284,557)
<u>\$ 149,884,651</u>	<u>\$ 157,361,334</u>	<u>\$ 161,120,476</u>	<u>\$ 162,084,374</u>
\$ 57,065,964	\$ 66,024,795	\$ 63,687,537	\$ 69,265,780
2,521,141	343,478	354,727	54,724
24,797,184	24,896,047	28,630,117	34,206,399
<u>\$ 84,384,289</u>	<u>\$ 91,264,320</u>	<u>\$ 92,672,381</u>	<u>\$ 103,526,903</u>
\$ 230,007,414	\$ 239,635,027	\$ 241,175,460	\$ 245,728,712
6,276,160	3,515,002	3,192,559	1,960,723
(2,014,634)	5,475,625	9,424,838	17,921,842
<u>\$ 234,268,940</u>	<u>\$ 248,625,654</u>	<u>\$ 253,792,857</u>	<u>\$ 265,611,277</u>
\$ 63,715,611	\$ 61,416,111	\$ 57,277,879	\$ 53,900,305
1,527,377	-	-	-
6,525,451	4,637,838	3,007,722	3,785,225
<u>\$ 71,768,439</u>	<u>\$ 66,053,949</u>	<u>\$ 60,285,601</u>	<u>\$ 57,685,530</u>
\$ 239,899,350	\$ 251,315,863	\$ 253,083,911	\$ 256,960,742
7,803,537	3,515,002	3,192,559	1,960,723
58,334,492	59,848,738	57,801,990	64,375,342
<u>\$ 306,037,379</u>	<u>\$ 314,679,603</u>	<u>\$ 314,078,460</u>	<u>\$ 323,296,807</u>

CITY OF MANASSAS, VIRGINIA

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 8,112,221	\$ 8,189,140	\$ 7,207,991	\$ 12,003,385	\$ 10,153,438
Public safety	11,675,264	14,476,880	13,757,870	12,380,077	16,543,855
Public works	9,057,620	8,232,805	8,409,295	8,814,145	9,073,752
Health and welfare	5,890,999	6,639,359	7,192,621	7,490,618	7,692,521
Culture, recreation, development	5,461,194	8,354,374	6,816,495	6,528,971	8,720,514
Education	35,296,290	35,481,928	69,328,739	40,655,630	53,604,226
Interest on long term debt	3,259,166	2,085,094	2,108,285	4,203,926	1,841,298
Total governmental activities	78,752,754	83,459,580	114,821,296	92,076,752	107,629,604
Business-type activities:					
Electric	36,404,224	36,234,214	36,530,966	39,693,800	50,169,324
Water	5,977,249	6,071,302	6,458,050	6,453,095	6,720,779
Sewer	8,016,071	7,574,660	8,164,613	7,955,252	8,436,700
Airport	2,540,615	2,577,678	2,396,046	2,491,573	2,497,631
Solid Waste	1,509,027	1,456,671	1,699,345	2,082,633	2,570,552
City Square Pavilion	275,548	404,243	391,610	402,890	423,748
Candy Factory	-	194,436	165,883	190,437	168,020
Telecommunications	-	-	221,128	419,246	395,351
Total business-type activities	54,722,734	54,513,204	56,027,641	59,688,926	71,382,105
Total primary government	\$ 133,475,488	\$ 137,972,784	\$ 170,848,937	\$ 151,765,678	\$ 179,011,709
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 884,551	\$ 470,818	\$ 486,842	\$ 463,425	\$ 484,100
Public safety	369,758	484,245	452,399	574,992	611,576
Public works	1,008,084	932,496	1,027,173	793,893	962,075
Health and welfare	153,790	157,049	116,478	74,150	54,619
Culture, recreation, development	941,432	528,589	614,602	620,753	436,225
Operating grants/contributions	6,010,710	8,031,624	7,073,367	7,168,447	9,427,043
Capital grants/contributions	790,000	108,414	5,174,650	6,184,595	663,245
Total governmental activities	10,158,325	10,713,235	14,945,511	15,880,255	12,638,883
Business-type activities:					
Charges for services:					
Electric	35,543,555	37,355,062	37,785,564	40,603,688	51,499,542
Water	5,997,091	5,501,194	6,155,194	6,130,480	6,991,660
Sewer	8,731,847	6,722,728	6,997,588	8,047,309	9,189,046
Airport	1,052,880	1,192,054	1,248,913	1,312,948	1,565,442
Solid Waste	1,398,786	1,574,489	1,741,784	2,026,906	2,527,764
City Square Pavilion	1,250	22,198	8,188	8,332	9,748
Candy Factory	-	17,500	32,500	30,375	28,750
Telecommunications	-	-	-	-	165,160
Operating grants/contributions	56,374	62,517	78,608	98,000	128,598
Capital grants/contributions	18,326,290	3,116,693	5,471,641	1,605,683	739,262
Total business-type activities	71,108,073	55,564,435	59,519,980	59,863,721	72,844,972
Total primary government	\$ 81,266,398	\$ 66,277,670	\$ 74,465,491	\$ 75,743,976	\$ 85,483,855

Table II
Page 1 of 2

Fiscal Year			
2007	2008	2009	2010
\$ 7,995,896	\$ 8,485,619	\$ 8,600,672	\$ 8,473,478
20,773,741	22,315,459	24,236,806	24,539,618
10,107,203	10,250,242	9,703,176	9,312,018
8,730,682	8,657,439	8,435,426	7,973,696
6,510,141	5,842,629	6,499,227	6,138,833
48,102,935	48,443,875	48,924,698	47,592,844
3,461,780	3,009,189	2,785,179	2,605,659
105,682,378	107,004,452	109,185,184	106,636,146
55,003,809	59,363,545	61,561,566	51,740,779
7,540,204	7,281,863	7,240,285	6,819,870
9,290,538	11,393,765	11,909,773	12,029,865
2,510,742	2,790,729	3,390,014	3,392,717
2,655,728	2,656,126	2,815,686	2,868,737
438,519	425,006	298,683	317,848
190,157	177,279	198,440	191,763
251,989	327,516	675,703	521,024
77,881,686	84,415,829	88,090,150	77,882,603
\$ 183,564,064	\$ 191,420,281	\$ 197,275,334	\$ 184,518,749
\$ 12,533	\$ 91,197	\$ 124,380	\$ 463,437
2,176,120	2,181,634	1,776,805	1,909,779
1,363,215	1,061,618	1,294,376	643,891
74,298	64,651	65,900	33,348
1,037,388	509,641	392,047	406,412
9,110,430	11,438,714	9,192,809	8,804,363
62,500	-	-	-
13,836,484	15,347,455	12,846,317	12,261,230
58,233,774	61,160,340	63,332,951	54,968,258
8,599,256	8,893,622	9,232,312	10,301,071
10,302,215	10,727,954	11,905,882	12,091,738
1,734,558	1,862,187	1,929,298	2,080,115
2,523,788	2,597,354	2,772,014	2,896,323
11,249	11,657	13,354	13,526
25,600	32,060	30,609	27,984
162,512	197,777	386,666	325,228
102,408	80,563	111,479	1,652,441
5,891,197	4,097,334	722,786	5,354,797
87,586,557	89,660,848	90,437,351	89,711,481
\$ 101,423,041	\$ 105,008,303	\$ 103,283,668	\$ 101,972,711

CITY OF MANASSAS, VIRGINIA

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Net revenue (expenses)					
Governmental activities	\$ (68,594,429)	\$ (72,746,345)	\$ (99,875,785)	\$ (76,196,497)	\$ (94,990,721)
Business-type activities	16,385,339	1,051,231	3,492,339	174,795	1,462,867
Total primary government	<u>\$ (52,209,090)</u>	<u>\$ (71,695,114)</u>	<u>\$ (96,383,446)</u>	<u>\$ (76,021,702)</u>	<u>\$ (93,527,854)</u>
General revenues and other					
Governmental activities:					
Taxes	\$ 56,214,008	\$ 59,009,531	\$ 63,193,222	\$ 70,223,318	\$ 77,135,694
Unrestricted grants	4,883,265	5,038,153	5,223,933	5,007,216	5,473,873
Other	9,507,185	4,375,780	3,413,145	4,609,063	5,086,545
Payment from MCPS	4,822,359	4,609,379	4,333,447	5,013,427	6,357,895
Transfers	(714,194)	1,026,296	915,374	1,024,476	970,399
Total governmental activities	<u>74,712,623</u>	<u>74,059,139</u>	<u>77,079,121</u>	<u>85,877,500</u>	<u>95,024,406</u>
Business-type activities:					
Unrestricted investment earnings	190,066	98,366	82,754	210,961	527,565
Other	197,484	23,671	534,071	645,394	611,405
Transfers	714,194	(1,026,296)	(915,374)	(1,024,476)	(970,399)
Total business-type activities	<u>1,101,744</u>	<u>(904,259)</u>	<u>(298,549)</u>	<u>(168,121)</u>	<u>168,571</u>
Total primary government	<u>\$ 75,814,367</u>	<u>\$ 73,154,880</u>	<u>\$ 76,780,572</u>	<u>\$ 85,709,379</u>	<u>\$ 95,192,977</u>
Changes in Net Assets					
Governmental activities	\$ 6,118,194	\$ 1,312,794	\$ (22,796,664)	\$ 9,681,003	\$ 33,685
Business-type activities	17,487,083	146,972	3,193,790	6,674	1,631,438
Total primary government	<u>\$ 23,605,277</u>	<u>\$ 1,459,766</u>	<u>\$ (19,602,874)</u>	<u>\$ 9,687,677</u>	<u>\$ 1,665,123</u>

Source: City of Manassas Comprehensive Annual Financial Report

Note: Fiscal years 2002, 2003 and 2006 are presented as restated.

Table begins with fiscal year 2002, the year the City implemented GASB Statement 34.

Table II
Page 2 of 2

Fiscal Year			
2007	2008	2009	2010
\$ (91,845,894)	\$ (91,656,997)	\$ (96,338,867)	\$ (94,374,916)
9,704,871	5,245,019	2,347,201	11,828,878
<u>\$ (82,141,023)</u>	<u>\$ (86,411,978)</u>	<u>\$ (93,991,666)</u>	<u>\$ (82,546,038)</u>
\$ 79,492,663	\$ 85,077,974	\$ 85,999,880	\$ 77,135,239
4,082,918	3,993,249	3,933,837	8,117,505
5,963,073	3,149,103	2,991,923	3,252,349
6,827,645	6,287,164	5,774,990	5,637,807
792,543	626,190	1,397,379	1,195,914
<u>97,158,842</u>	<u>99,133,680</u>	<u>100,098,009</u>	<u>95,338,814</u>
994,381	1,409,308	481,835	115,836
489,073	851,894	(23,596)	105,722
(792,543)	(626,190)	(1,397,379)	(1,195,914)
<u>690,911</u>	<u>1,635,012</u>	<u>(939,140)</u>	<u>(974,356)</u>
<u>\$ 97,849,753</u>	<u>\$ 100,768,692</u>	<u>\$ 99,158,869</u>	<u>\$ 94,364,458</u>
\$ 5,312,948	\$ 7,476,683	\$ 3,759,142	\$ 963,898
10,395,782	6,880,031	1,408,061	10,854,522
<u>\$ 15,708,730</u>	<u>\$ 14,356,714</u>	<u>\$ 5,167,203</u>	<u>\$ 11,818,420</u>

CITY OF MANASSAS, VIRGINIA

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
General property taxes	\$ 43,338,256	\$ 45,208,016	\$ 47,118,693	\$ 51,071,595	\$ 55,014,389
Other local taxes	12,980,506	14,054,307	16,117,205	19,029,984	21,849,580
Permits, fees, licenses	1,089,471	1,054,407	1,106,999	857,920	1,012,373
Fines and forfeitures	665,271	710,124	721,508	716,186	718,507
Use of money	936,330	564,740	789,712	1,019,451	2,384,694
Charges for services	684,547	808,665	868,987	953,107	817,715
Payment in lieu of debt service	4,792,359	4,579,379	4,270,426	5,013,427	6,247,895
Recovered costs	1,367,450	1,333,260	1,379,890	1,446,650	1,416,630
Miscellaneous	1,273,415	1,225,114	948,914	995,818	1,305,566
Intergovernmental	11,683,975	13,208,191	12,356,553	12,207,474	15,564,161
Total Revenues	78,811,580	82,746,203	85,678,887	93,311,612	106,331,510
Expenditures					
General government	6,522,368	7,084,381	7,803,486	9,674,647	7,458,300
Public safety	11,191,781	13,437,795	13,195,741	11,774,629	19,644,976
Public works	5,682,134	5,367,411	5,389,164	2,247,149	4,590,352
Health and welfare	5,866,624	6,604,758	7,165,772	7,482,705	7,791,229
Culture, recreation	5,041,807	5,689,268	6,474,734	4,658,628	7,603,100
Education	35,296,290	35,481,928	37,828,739	40,655,630	44,804,226
Education-School Facilities	-	-	31,500,000	-	8,800,000
Non Departmental					
Capital outlay	8,075,199	3,724,745	4,172,118	14,594,541	4,713,826
Debt service					
Principal	4,727,787	4,460,829	4,254,691	4,029,388	5,354,711
Interest	2,371,646	2,171,923	2,133,324	2,495,993	2,820,087
Total expenditures	84,775,636	84,023,038	119,917,769	97,613,309	113,580,807
Excess (deficiency) of revenues over (under) expenditures	\$ (5,964,056)	\$ (1,276,835)	\$ (34,238,882)	\$ (4,301,697)	\$ (7,249,297)
Other financing sources (uses)					
Transfers in	3,934,707	2,735,710	5,055,726	5,008,320	5,682,391
Transfers out	(4,313,359)	(2,043,196)	(4,198,586)	(4,223,358)	(4,950,636)
Bonds issued	-	-	31,500,000	-	20,000,000
Capital lease	-	-	179,014	2,989,089	-
Other	-	-	421,023	1,624,388	266,172
Total other financing sources (uses)	(378,652)	692,514	32,957,177	5,398,439	20,997,927
Net change in fund balance	\$ (6,342,708)	\$ (584,321)	\$ (1,281,705)	\$ 1,096,742	\$ 13,748,630
 Debt service as a percentage of noncapital expenditures	 9.3%	 8.3%	 5.5%	 7.9%	 7.5%

Source: City of Manassas Comprehensive Annual Financial Report

Notes: Table begins with fiscal year 2002, the year the City implemented GASB Statement 34

Capital outlay for fiscal years 2002, 2003, 2004, 2005, 2006, 2007 and 2008 are represented as restated

Table III

Fiscal Year			
2007	2008	2009	2010
\$ 58,284,664	\$ 62,918,748	\$ 66,747,985	\$ 63,697,942
21,237,921	19,687,511	18,355,300	14,897,257
885,919	913,331	533,860	923,525
633,223	544,266	509,871	521,655
2,422,607	1,349,399	544,697	276,216
1,230,695	1,244,643	1,208,576	1,144,351
6,827,645	6,287,164	5,774,990	5,637,807
1,519,416	1,593,210	1,656,460	1,973,170
2,779,960	1,555,185	1,944,405	1,401,785
13,255,848	15,431,962	13,126,646	16,921,868
109,077,898	111,525,419	110,402,790	107,395,576
7,775,056	8,251,309	8,282,142	8,087,758
20,540,744	21,432,111	23,181,421	23,619,295
5,937,436	5,989,842	5,194,725	5,312,789
8,666,345	8,594,700	8,416,209	7,976,335
6,142,894	5,301,265	6,010,353	5,735,016
48,102,935	48,443,875	48,924,698	47,592,844
-	-	-	-
7,431,345	4,499,479	7,372,921	4,308,676
5,721,200	5,448,966	5,256,466	5,285,032
3,421,836	3,109,315	2,906,134	2,721,773
113,739,791	111,070,862	115,545,069	110,639,518
\$ (4,661,893)	\$ 454,557	\$ (5,142,279)	\$ (3,243,942)
4,906,749	4,282,488	5,008,434	10,305,313
(4,268,727)	(4,176,483)	(4,164,899)	(9,530,605)
1,003,901	-	-	2,200,000
-	-	-	-
657,000	-	-	67,663
2,298,923	106,005	843,535	3,042,371
\$ (2,362,970)	\$ 560,562	\$ (4,298,744)	\$ (201,571)
8.6%	8.0%	7.5%	7.5%

CITY OF MANASSAS, VIRGINIA

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund					
Reserved	\$ 1,053,000	\$ 940,743	\$ 2,558,201	\$ 2,817,354	\$ 3,076,613
Unreserved, designated	2,815,997	1,168,685	1,872,603	1,271,573	1,342,139
Unreserved, undesignated	11,824,902	13,672,363	11,917,488	13,443,449	14,910,285
Total general fund	<u>\$ 15,693,899</u>	<u>\$ 15,781,791</u>	<u>\$ 16,348,292</u>	<u>\$ 17,532,376</u>	<u>\$ 19,329,037</u>
All other governmental funds					
Reserved	\$ 561,299	\$ 686,069	\$ 625,417	\$ 688,593	\$ 10,009,929
Unreserved, reported in:					
Special revenue funds	86,962	55,221	48,033	192,526	243,956
Capital projects funds	3,389,332	2,624,090	2,033,079	1,738,068	4,317,271
Total all other governmental funds	<u>\$ 4,037,593</u>	<u>\$ 3,365,380</u>	<u>\$ 2,706,529</u>	<u>\$ 2,619,187</u>	<u>\$ 14,571,156</u>

**Governmental Activities Tax Revenue by Source
Last Nine Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year				
	2002	2003	2004	2005	2006
Real property	\$ 31,467,690	\$ 33,159,077	\$ 37,435,213	\$ 40,602,696	\$ 43,604,988
Personal property	10,082,294	10,623,266	8,377,204	9,228,275	10,300,880
Other	1,788,272	1,425,673	1,306,276	1,240,624	1,108,520
Total property taxes	<u>43,338,256</u>	<u>45,208,016</u>	<u>47,118,693</u>	<u>51,071,595</u>	<u>55,014,389</u>
Sales	4,674,652	5,313,476	6,565,896	6,989,980	7,778,776
Business licenses	2,063,267	2,101,196	2,265,090	2,700,753	3,029,004
Meals	1,895,293	1,975,493	2,298,604	2,583,398	2,596,486
Communications	-	-	-	-	-
Other	4,347,294	4,664,142	4,987,615	6,775,853	7,779,707
Total other local taxes	<u>12,980,506</u>	<u>14,054,307</u>	<u>16,117,205</u>	<u>19,049,984</u>	<u>21,183,973</u>
Total tax revenues	<u>\$ 56,318,762</u>	<u>\$ 59,262,323</u>	<u>\$ 63,235,898</u>	<u>\$ 70,121,579</u>	<u>\$ 76,198,362</u>

Source: City of Manassas Comprehensive Annual Financial Report

Note: Fiscal year 2006 is presented as restated

Table begins with fiscal year 2002, the year the City implemented GASB Statement 34.

In FY 2010, the Virginia Auditor of Public Accounts ruled that the communications tax should be reported by local governments as revenue from the Commonwealth.

Table IV

Fiscal Year			
2007	2008	2009	2010
\$ 3,301,206	\$ 4,498,123	\$ 4,135,238	\$ 4,867,143
2,800,921	3,231,404	2,645,900	2,245,748
14,052,538	11,407,179	12,194,000	13,891,163
<u>\$ 20,154,665</u>	<u>\$ 19,136,706</u>	<u>\$ 18,975,138</u>	<u>\$ 21,004,054</u>
\$ 7,443,946	\$ 4,920,000	\$ 3,209,641	\$ 2,882,100
603,515	1,400,013	1,474,944	1,567,040
3,335,098	6,641,066	4,139,318	2,144,276
<u>\$ 11,382,559</u>	<u>\$ 12,961,079</u>	<u>\$ 8,823,903</u>	<u>\$ 6,593,416</u>

Table V

Fiscal Year			
2007	2008	2009	2010
\$ 46,144,523	\$ 51,019,031	\$ 54,249,494	\$ 52,749,987
11,076,499	10,677,820	10,934,245	9,322,059
1,063,642	1,221,897	1,564,246	1,625,896
<u>58,284,664</u>	<u>62,918,748</u>	<u>66,747,985</u>	<u>63,697,942</u>
8,129,713	7,082,425	6,440,055	6,881,710
3,490,912	3,017,478	2,869,132	2,450,090
2,682,545	2,640,665	2,547,151	2,423,969
1,420,444	3,312,500	3,009,702	-
5,514,307	3,634,443	3,489,260	3,141,488
<u>21,237,921</u>	<u>19,687,511</u>	<u>18,355,300</u>	<u>14,897,257</u>
<u>\$ 79,522,585</u>	<u>\$ 82,606,259</u>	<u>\$ 85,103,285</u>	<u>\$ 78,595,199</u>

CITY OF MANASSAS, VIRGINIA

Table VI

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

Tax Year	Residential	Commercial	Tax Exempt	Total Assessed and Actual Value	Less Tax Exempt	Total Taxable Assessed and Actual Value	Total Direct Tax Rate
2001	\$ 1,450,930,800	\$ 877,031,200	\$ 451,479,800	\$ 2,779,441,800	\$ 451,479,800	\$ 2,327,962,000	\$ 1.240
2002	1,761,933,600	965,318,500	461,095,400	3,188,347,500	461,095,400	2,727,252,100	1.200
2003	2,079,853,200	935,789,000	504,276,900	3,519,919,100	504,276,900	3,015,642,200	1.200
2004	2,387,120,500	1,042,012,000	567,508,600	3,996,641,100	567,508,600	3,429,132,500	1.150
2005	3,022,354,500	1,228,016,800	681,487,600	4,931,858,900	681,487,600	4,250,371,300	1.000
2006	4,094,450,400	1,495,603,600	752,934,300	6,342,988,300	752,934,300	5,590,054,000	0.815
2007	4,110,384,900	1,552,164,900	864,839,600	6,527,389,400	864,839,600	5,662,549,800	0.855
2008	3,186,424,400	1,796,000,400	854,629,500	5,837,054,300	854,629,500	4,982,424,800	1.115
2009	2,046,404,000	1,712,622,700	852,224,300	4,611,251,000	852,224,300	3,759,026,700	1.493
2010	2,083,619,700	1,508,162,900	771,507,200	4,363,289,800	771,507,200	3,591,782,600	1.472

Source: City of Manassas Commissioner of the Revenue

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

Property in the City is reassessed each year.

Tax rates are per \$100 of assessed value.

In 2008 the City enacted a Fire Rescue Levy. The tax rates for 2008, 2009 and 2010 include this levy.

CITY OF MANASSAS, VIRGINIA

Table VII

Property Tax Rates
Last Ten Years

Tax Year	General	Fire Rescue Levy	Total Direct Real Property	Personal Property	Machinery and Tools	Aircraft
2001	\$ 1.240	\$ -	\$ 1.240	\$ 3.050	\$ 1.710	\$ 0.010
2002	1.200	-	1.200	3.050	1.360	0.010
2003	1.200	-	1.200	3.050	2.500	0.010
2004	1.150	-	1.150	3.050	2.500	0.010
2005	1.000	-	1.000	3.050	1.900	0.010
2006	0.815	-	0.815	3.050	1.900	-
2007	0.855	-	0.855	3.050	1.900	-
2008	1.015	0.100	1.115	3.250	2.100	-
2009	1.350	0.143	1.493	3.250	2.100	-
2010	1.318	0.154	1.472	3.250	2.100	-

Source: City of Manassas Commissioner of the Revenue

CITY OF MANASSAS, VIRGINIA

Table VIII

Principal Real Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2010			2001		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Real Assessed Value		Total Taxable Real Assessed Value	Real Assessed Value		Total Taxable Real Assessed Value
Lockheed Martin	\$ 88,734,000	1	2.5%	\$ 98,493,100	2	4.2%
Micron Technology	84,979,200	2	2.4%			
Dominion Semiconductor				164,203,800	1	7.1%
Wellington Place, LLC	49,271,900	3	1.2%	25,980,700	5	1.1%
Battery Heights Associates	41,089,700	4	1.1%	30,553,500	4	1.3%
Verizon	32,189,613	5	0.9%	39,545,888	3	1.7%
Prince William Health System	27,783,400	6	0.8%	12,814,200	10	0.6%
Davis Ford Crossing, LLC	25,154,100	7	0.7%	17,772,600	6	0.8%
Wellington/ Hastings	22,432,600	8	0.6%	16,908,000	8	0.7%
SA Hastings, LLC	22,218,100	9	0.6%			
Liberia Development Corp	21,985,500	10	0.6%	17,410,100	7	0.7%
Fairfield Village Square, LP				16,724,500	9	0.7%
Totals	<u>\$ 415,838,113</u>		<u>11.4%</u>	<u>\$ 440,406,388</u>		<u>18.9%</u>

Source: City of Manassas Commissioner of Revenue

Note: Micron Technology purchased Dominion Semiconductor in 2002.

CITY OF MANASSAS, VIRGINIA

**Real Property Tax Levies
Last Ten Years**

Tax Year	Total Tax Levy for Tax Year	Fiscal Year for which Tax Levy Applies				
		2001	2002	2003	2004	2005
2001	\$ 28,795,237	\$ 14,397,410	\$ 14,397,827	\$ -	\$ -	\$ -
2002	32,702,252	-	16,353,152	16,349,100	-	-
2003	35,991,513	-	-	17,998,288	17,993,225	-
2004	39,339,768	-	-	-	19,672,209	19,667,559
2005	42,149,468	-	-	-	-	21,080,022
2006	45,487,710	-	-	-	-	-
2007	47,837,204	-	-	-	-	-
2008	55,042,222	-	-	-	-	-
2009	55,553,210	-	-	-	-	-
2010	26,130,490	-	-	-	-	-
Total Levy for Fiscal Year		\$ 14,397,410	\$ 30,750,979	\$ 34,347,388	\$ 37,665,434	\$ 40,747,581

Source: City of Manassas Commission of the Revenue

Notes: The tax year is the calendar year.

The taxes are due June 5 and December 5. Therefore the first payment of the tax year is for one fiscal year and the second payment of the tax year is for the subsequent fiscal year.

Beginning in Tax Year 2008, the schedule includes the Fire and Rescue Tax Levy

Table IX-a

**Real Property Tax Levies and Collections
Last Ten Years**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Percentage			Percentage	
		Amount	of Levy		Amount	of Levy
2001	\$ 27,524,841	\$ 26,623,319	96.72%	\$ 886,672	\$ 27,509,991	99.95%
2002	30,750,979	30,018,378	97.62%	721,165	30,739,543	99.96%
2003	34,347,388	33,544,853	97.66%	788,321	34,333,174	99.96%
2004	37,665,434	37,062,987	98.40%	589,853	37,652,840	99.97%
2005	40,747,581	39,885,372	97.88%	849,643	40,735,015	99.97%
2006	43,813,301	42,651,696	97.35%	1,139,613	43,791,309	99.95%
2007	46,662,457	44,456,148	95.27%	2,114,873	46,571,021	99.80%
2008	51,439,713	50,006,542	97.21%	1,146,891	51,153,433	99.44%
2009	55,297,716	53,399,535	96.57%	913,800	54,313,335	98.22%
2010	53,907,095	51,987,471	96.44%	-	51,987,471	96.44%

Source: City of Manassas Finance Department

Table IX

Fiscal Year for which Tax Levy Applies					Tax
2006	2007	2008	2009	2010	Year
\$ -	\$ -	\$ -	\$ -	\$ -	2001
-	-	-	-	-	2002
-	-	-	-	-	2003
-	-	-	-	-	2004
21,069,446	-	-	-	-	2005
22,743,855	22,743,855	-	-	-	2006
-	23,918,602	23,918,602	-	-	2007
-	-	27,521,111	27,521,111	-	2008
-	-	-	27,776,605	27,776,605	2009
-	-	-	-	26,130,490	2010
<u>\$ 43,813,301</u>	<u>\$ 46,662,457</u>	<u>\$ 51,439,713</u>	<u>\$ 55,297,716</u>	<u>\$ 53,907,095</u>	

CITY OF MANASSAS, VIRGINIA

Table X

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	State Literary Loans	Capital Leases	Notes	General Obligation Bonds			
2001	\$ 43,184,160	\$ 4,361,550	\$ 18,959	\$ 37,500	\$ 35,213,991	\$ 82,816,160	10.44%	\$ 2,333
2002	39,058,237	3,849,125	12,917	12,500	20,306,752	63,239,531	7.85%	1,762
2003	35,109,845	3,336,700	11,078	-	18,460,016	56,917,639	6.75%	1,568
2004	62,867,578	2,824,275	448,019	-	18,038,997	84,178,869	9.91%	2,306
2005	59,340,191	2,322,275	3,174,943	-	16,521,062	81,358,471	8.95%	2,199
2006	74,467,620	1,820,275	2,778,000	-	17,658,610	96,724,505	10.48%	2,541
2007	69,148,420	1,418,275	2,482,029	1,003,096	15,735,337	89,787,157	9.93%	2,359
2008	64,252,430	1,116,239	2,227,607	752,925	30,481,425	98,830,626	n/a	2,695
2009	59,837,150	814,275	1,841,720	501,949	28,659,250	91,654,344	n/a	2,554
2010	57,601,950	512,275	1,483,960	250,973	29,714,312	89,563,470	n/a	2,512

Source: City of Manassas Comprehensive Annual Financial Report

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

Personal income and population data is found in Table XIII.

n/a = not available

CITY OF MANASSAS, VIRGINIA

Table XI

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

Fiscal Year	Outstanding General Obligation Bonds	Outstanding State Literary Loans	Total Outstanding Bonds Supported by Taxpayers	Percentage of Outstanding Bonds to Total Taxable Assessed and Actual Value of Real Property	Outstanding Bonds Per Capita
2001	\$ 43,184,160	\$ 4,361,550	\$ 47,545,710	2.04%	\$ 1,339
2002	39,058,237	3,849,125	42,907,362	1.57%	1,195
2003	35,109,845	3,336,700	38,446,545	1.27%	1,059
2004	62,867,578	2,824,275	65,691,853	1.92%	1,800
2005	59,340,191	2,322,275	61,662,466	1.45%	1,667
2006	74,467,620	1,820,275	76,287,895	1.36%	2,004
2007	69,148,420	1,418,275	70,566,695	1.25%	1,854
2008	64,252,430	1,116,239	65,368,669	1.31%	1,783
2009	59,837,150	814,275	60,651,425	1.61%	1,690
2010	57,601,950	512,275	58,114,225	1.62%	1,630

Source: City of Manassas Comprehensive Annual Financial Report

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

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

Population data is found in Table XIII.

CITY OF MANASSAS, VIRGINIA

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt limit	\$ 232,796,200	\$ 272,725,210	\$ 301,564,220	\$ 342,913,250	\$ 425,037,130
Total net debt applicable to limit	82,759,701	63,214,114	56,906,561	83,730,850	78,183,528
Legal debt margin	<u>\$ 150,036,499</u>	<u>\$ 209,511,096</u>	<u>\$ 244,657,659</u>	<u>\$ 259,182,400</u>	<u>\$ 346,853,602</u>
Total net debt applicable to limit as a percent of debt limit	35.55%	23.18%	18.87%	24.42%	18.39%

Source: City of Manassas Comprehensive Annual Financial Report

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

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

The debt applicable to the debt margin is the primary government's general obligation bonds and library literacy loans found in Table X.

Table XII

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt limit	\$ 559,005,400	\$ 566,254,980	\$ 498,242,480	\$ 375,902,670	\$ 359,178,260
Total net debt applicable to limit	93,946,505	86,302,032	95,850,094	89,310,675	87,828,537
Legal debt margin	<u>\$ 465,058,895</u>	<u>\$ 479,952,948</u>	<u>\$ 402,392,386</u>	<u>\$ 286,591,995</u>	<u>\$ 271,349,723</u>
Total net debt applicable to limit as a percent of debt limit	16.81%	15.24%	19.24%	23.76%	24.45%

Legal Debt Margin Calculation for Fiscal Year 2010

Real property assessed value January 1, 2010	\$ 4,363,289,800
Less exempt real property assessed value	(771,507,200)
Total taxable real property assessed value	<u>3,591,782,600</u>
Debt limit (10% of taxable real property assessed value)	359,178,260
Total net debt applicable to limit June 30, 2010	87,828,537
Legal debt margin	<u>\$ 271,349,723</u>

CITY OF MANASSAS, VIRGINIA

Table XIII

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population (1)	Personal Income (2)	Per Capita Personal Income	School Enrollment (3)	Unemployment Rate (4)
2001	35,500	\$ 793,056,244	\$ 22,340	6,521	3.1%
2002	35,900	805,706,166	22,443	6,568	4.3%
2003	36,300	843,820,180	23,246	6,675	3.5%
2004	36,500	849,793,043	23,282	6,782	3.1%
2005	37,000	909,335,859	24,577	6,736	2.8%
2006	38,066	922,641,965	24,238	6,525	2.9%
2007	38,066	904,067,097	23,750	6,439	2.7%
2008	36,666	n/a	n/a	6,152	4.8%
2009	35,883	n/a	n/a	6,610	6.4%
2010	35,648	n/a	n/a	6,500	7.4%

Source: (1) City of Manassas Community Development Department
 (2) State of Virginia, Department of Taxation
 (3) Manassas City Public Schools
 (4) Virginia Employment Commission

Note: n/a = not available

CITY OF MANASSAS, VIRGINIA

Table XIV

Principal Employers
Current Year and Four Years Ago

Employer	2009			2006		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Lockheed Martin	1,755	1	8.8%	1,500	1	7.5%
Micron Technology	1,500	2	7.5%	1,186	3	5.9%
Prince William Health System	1,300	3	6.5%	1,400	2	7.0%
Manassas City Public Schools (FTE)	979	4	4.9%	919	4	4.6%
City of Manassas (FTE)	414	5	2.1%	468	5	2.3%
BAE Systems	375	6	1.9%	350	6	1.8%
Didlake, Inc.	165	7	0.8%	n/a	-	-
Colgan Air	163	8	0.8%	250	9	1.3%
Aurora Flight Sciences	120	9	0.6%	200	10	1.0%
High Purity Systems	114	10	0.6%	n/a	-	-
Payne Publishers, Inc.	100	11	0.5%	n/a	-	-
CGI (Oberon Assoc)	90	12	0.5%	275	7	1.4%
S.W.I.F.T.	n/a	-	-	275	8	1.4%
Totals	7,075		35.38%	6,823		34.2%

Source: City of Manassas Community Development Department

Notes: Calendar year 2009 is the most current year available

Information for 2000 (nine years prior) is not available

The first year information is available is 2006, the year GASB 44 was implemented

FTE - full time equivalents

n/a - not available

CITY OF MANASSAS, VIRGINIA

Table XV

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City Manager	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Voter Registration	2.50	2.50	2.50	2.50	2.50	2.55	2.55	2.55	2.55	2.55
Treasurer	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00
Commissioner of the Revenue	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	12.00	12.00
Finance and Administration	14.00	14.00	14.00	14.00	15.00	15.00	15.00	15.00	30.00	30.00
Human Resources	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	-	-
Public Safety										
Police	107.10	109.10	110.25	112.50	115.50	117.50	118.50	124.75	122.75	122.75
Fire	7.00	7.00	7.00	7.00	8.00	8.00	8.00	-	-	-
Rescue	7.00	7.00	11.00	13.00	13.00	15.00	17.00	-	-	-
Fire and Rescue	-	-	-	-	-	-	-	34.00	46.00	46.00
Public Works	71.00	71.50	71.50	71.50	72.00	74.00	77.00	74.00	61.00	52.00
Culture, Recreation, Development										
Recreation and parks	31.00	31.00	31.75	30.15	30.15	24.90	24.90	22.40	-	-
Museum System	7.50	7.50	9.50	9.50	9.50	10.50	10.50	9.50	8.50	8.50
Community Development	7.00	7.00	7.00	7.00	7.00	7.00	7.00	10.00	28.25	28.25
Health and Human Services										
Family Services	32.10	34.75	32.85	32.85	34.85	35.10	35.23	35.99	36.49	36.49
Utilities										
Sewer	16.00	15.00	15.00	15.00	15.00	15.00	14.00	14.00	13.00	13.00
Water	28.00	29.00	29.00	29.00	29.00	31.00	30.00	29.00	28.00	28.00
Electric	57.00	57.00	57.00	57.00	57.00	57.00	57.00	56.00	56.00	56.00
Airport	3.00	4.00	4.00	5.00	5.00	5.00	6.00	6.00	7.00	7.00
Solid Waste	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Vehicle Maintenance	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00
Information Technology	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	-	-
Total primary government	<u>443.20</u>	<u>451.35</u>	<u>457.35</u>	<u>461.00</u>	<u>467.50</u>	<u>471.55</u>	<u>476.68</u>	<u>486.19</u>	<u>472.54</u>	<u>463.54</u>

Source: City of Manassas Annual Operating Budget

CITY OF MANASSAS, VIRGINIA

Table XVI

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Business licenses issued	2,869	2,944	2,872	2,700	3,232	3,300	3,400	3,500	3,600	3,150
Property returns processed	28,766	29,980	30,651	31,175	31,937	32,700	33,300	34,500	33,500	32,000
Public Safety										
Traffic citations	8,096	8,096	7,381	7,631	7,216	7,700	8,162	8,000	8,000	6,000
Criminal arrests	3,332	3,332	3,528	3,216	2,675	2,890	3,063	3,063	3,200	3,200
Police calls for service	n/a	n/a	n/a	58,627	62,017	66,500	66,000	66,000	67,000	67,000
Public Works										
Site plans reviewed	45	23	50	45	55	53	50	45	35	45
Building permits issued	795	751	710	666	724	669	780	665	650	465
Fire inspections	355	350	745	1,007	434	500	500	800	800	800
Acres mowed	n/a	n/a	341	341	353	353	357	361	361	361
Culture, Recreation, Development										
Pool admissions	n/a	10,777	11,098	9,500	9,300	9,500	9,800	8,200	n/a	n/a
Museum facility visitors	n/a	n/a	72,000	80,000	84,630	83,000	84,000	84,000	n/a	n/a
Zoning complaints	n/a	150	179	177	143	300	300	200	n/a	n/a
Existing businesses assisted	n/a	n/a	n/a	50	101	70	70	100	100	50
Health and Human Services										
Family services										
Customers served	n/a	n/a	n/a	31,500	34,500	35,000	35,000	36,500	43,500	60,000
Section 8 vouchers used	n/a	189	197	210	225	225	225	280	275	306
Sewer Utility										
Wastewater processed (1)	1.9	1.8	2.1	2.0	1.6	1.9	2.2	2.1	2.2	2.2
Water Utility										
Drinking water produced (1)	3.4	3.6	4.0	4.1	3.9	4.2	4.4	3.5	4.4	4.6
Electric Utility										
Load management savings	n/a	\$5.9 M	\$ 5.3 M	\$5.9 M	\$6.0 M	\$6.0 M	\$7.5 M	8.1M	7.6M	7.3M
Airport										
Total operations (2)	128,468	137,949	126,453	137,000	124,851	132,000	132,000	130,000	115,000	115,073
Based aircraft	315	373	395	414	402	415	415	435	402	405
Information Technology										
Devices supported	n/a	n/a	430	639	644	651	658	610	1,324	1,289
Visitors to city website	21,054	59,007	90,619	193,510	255,430	289,000	290,000	300,000	450,000	475,000

Source: City of Manassas Annual Operating Budget

Notes: n/a = not available

(1) Billions of gallons per year

(2) Take-offs and landings

CITY OF MANASSAS, VIRGINIA

Table XVII

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Town Hall	1	1	1	1	1	1	1	1	1	1
Parking lots (in spaces)	567	567	607	607	652	652	652	652	652	827
Vehicles in fleet	394	411	422	405	413	418	450	427	436	440
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Rescue stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	238	238	238	238	241	241	241	253	253	243
Street lights	2,465	2,542	2,597	2,644	2,853	-	2,772	2,790	2,918	2,918
Traffic signals	39	41	41	45	49	51	53	55	53	55
Culture, Recreation, Development										
Museums	1	1	1	1	1	1	1	1	1	1
Restored historic buildings:										
Railroad Depot	1	1	1	1	1	1	1	1	1	1
Candy Factory	-	-	1	1	1	1	1	1	1	1
Parks	12	12	12	12	12	12	12	12	12	12
Park acreage	184	184	184	194	194	194	194	194	194	194
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	22	22	22	22	22	22	22	22	22	22
Skate parks	-	-	-	1	1	1	1	1	1	1
Outdoor pavilion	-	1	1	1	1	1	1	1	1	1
Sewer Utility										
Sewer main (miles)	112	112	112	112	112	112	125	125	125	125
Storm sewers (miles)	88	88	88	89	90	92	94	94	72	72
Treatment capacity (1)	8	8	8	8	8	8	8	9	9	9
Water Utility										
Water connections	10,266	10,542	10,459	10,776	10,871	10,884	10,862	10,506	10,647	10,763
Water mains (miles)	152	152	152	152	152	152	152	152	152	152
Water plant capacity (1)	14	14	14	14	14	14	14	14	14	14
Electric Utility										
Distribution stations	6	6	6	6	6	6	6	6	6	6
Peaking generators	17	17	17	17	17	17	19	19	19	19
Electric capacity (2)	37	37	37	37	37	37	41	41	41	41
Airport										
Airport acreage	853	888	889	889	885	885	885	899	899	899
Number of runways	2	2	2	2	2	2	2	2	2	2

Source: City of Manassas Finance Department

Notes: (1) Millions of gallons per day

(2) Megawatts

**SINGLE AUDIT
SECTION**

CITY OF MANASSAS, 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	Total Federal Expenditures
Department of Agriculture:			
Pass through payments: Virginia Department of Agriculture and Consumer Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	10553-301-10	\$ 292,540
National School Lunch Program - Food Donations	10.555	00-571	96,078
National School Lunch Program	10.555	10553-301-10	1,237,043
			<u>1,625,661</u>
Pass through payments: Virginia Department of Social Services			
ARRA State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	10561-765-10	18,621
State Administrative Matching Grants for Supplemental Nutritional Assistance Program	10.561	10561-765-10	372,407
			<u>391,028</u>
			<u>2,016,689</u>
Total Department of Agriculture			
Department of Housing and Urban Development:			
Pass through payments: VHDA and Prince William County			
Section 8 Housing Assistance Payments Program: Special Allocations	14.195	14195-165-10	250,351
Econ Dev Initiative-Special Project, Neighborhood Initiative and Misc Grants	14.251	14251-165-10	11,955
Total Department of Housing and Urban Development			<u>262,306</u>
Department of Education:			
Pass payments: Virginia Department of Education			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	84010-197-10	645,222
ARRA - Title I Grants to Local Educational Agencies	84.389	84389-197-10	373,498
Special Education Cluster (IDEA):			
Special Education: Grants to States	84.027	84027-197-10	1,218,273
Special Education: Preschool Grants	84.173	84173-197-10	49,545
ARRA - Special Education Grants to States	84.391	84391-197-10	723,545
ARRA - Special Education - Preschool Grants	84.392	84392-197-10	23,946
Career and Technical Education: Basic Grants to States	84.048	84048-197-10	99,488
Safe and Drug-Free Schools and Communities: State Grants	84.186	84186-197-10	16,489
Education of Homeless Children and Youth Cluster			
Education for Homeless Children and Youth	84.196	84196-197-10	4,249
ARRA - Education for Homeless Children and Youth	84.387	84387-197-10	5,913
Fund for Improvement of Education	84.215	97J050-210893	88,199
Education Technology State Grants	84.318	84318-197-10	11,169
ARRA - Education Technology State Grants	84.386	84386-197-10	28,123
English Language Acquisition Grants	84.365	84365-197-10	281,925
Improving Teacher Quality State Grants	84.367	84367-197-10	218,020
ARRA - State Fiscal Stabilization Fund(SFSF)-Education State Grants	84.394	84394-197-10	3,129,631
Total Department of Education			<u>6,917,235</u>

CITY OF MANASSAS, 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	Total Federal Expenditures
Department of Health and Human Services:			
Pass through payments: Virginia Department of Social Services			
Promoting Safe and Stable Families	93.556	93556-765-10	\$ 15,786
Temporary Assistance for Needy Families	93.558	93558-765-10	236,161
Refugee and Entrant Assistance: State Administered Programs	93.566	93566-765-10	879
Low-Income Home Energy Assistance	93.568	93568-765-10	10,776
CCDF Cluster:			
Child Care and Development Block Grant	93.575	93575-765-10	144,666
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	93596-765-10	305,157
ARRA - Child Care and Development Block Grant	93.713	93713-765-10	50,605
Adoption Incentive Payments	93.603	93603-765-10	213
Child Welfare Service - State Grants	93.645	93645-765-10	836
Foster Care: Title IV-E	93.658	93658-765-10	120,206
ARRA - Foster Care: Title IV-E	93.658	93658-765-10	2,717
Adoption Assistance	93.659	93659-765-10	58,008
ARRA - Adoption Assistance	93.659	93659-765-10	5,916
Social Services Block Grant	93.667	93667-765-10	74,129
Chafee Foster Care Independence Program	93.674	93674-765-10	1,890
Children's Health Insurance Program	93.767	93767-765-10	16,988
Medical Assistance Program	93.778	93778-765-10	221,709
Total Department of Health and Human Services			<u>1,266,642</u>
Department of Homeland Security:			
Pass through payments: Department of Emergency Management			
Non-Profit Security Program	97.008	7UASI-596-01	129,624
Emergency Management Performance Grants (LEMPG)	97.042	97042-127-10	5,000
Homeland Security Grant Program	97.067	9UASI596-01	15,487
Homeland Security Grant Program	97.067	8UASI593-01	28,798
State Homeland Security Program (SHSP)	97.073	97073-127-10	14,600
State Homeland Security Program (SHSP)	97.073	97073-127-10	4,256
Total Department of Homeland Security			<u>197,765</u>
Department of Justice:			
Direct Payments			
State Criminal Alien Assistance Program (SCAAP)	16.606		211,653
Bulletproof Vest Partnership Program	16.607		6,270
Edward Byrne Memorial Justice Assistance Grant	16.738		29,350
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804		148,652
Pass through payments: Virginia Department of State Police			
ARRA - Internet Crimes Against Children Task Force Program	16.800	16800-156-10	85,315
Total Department of Justice			<u>481,240</u>

CITY OF MANASSAS, 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	Total Federal Expenditures
Department of Transportation:			
Federal Aviation Administration			
Direct payments:			
Airport Improvement Program	20.106		\$ 2,136,847
ARRA - Airport Improvement Program	20.106		<u>2,515,304</u>
			<u>4,652,151</u>
Federal Highway Administration			
Pass through payments: Virginia Department of Motor Vehicles			
State and Community Highway Safety	20.600	3540 / 3973	19,026
Federal Transit Administration			
Pass through payments: Virginia Department of Transportation			
Highway Planning and Construction	20.205	61448	<u>388,467</u>
Total Department of Transportation			<u>5,059,644</u>
Federal Emergency Management Agency:			
Pass through payments: Department of Emergency Management			
		683-94476-00	
Public Assistance Grants - Snow Removal	97.036	683-48952-00	145,906
			<u>145,906</u>
Total Federal Emergency Management Agency			<u>145,906</u>
Total Expenditures of Federal Awards			<u><u>\$ 16,347,427</u></u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

CITY OF MANASSAS, VIRGINIA

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

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, Virginia 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 Circular 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, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Manassas, Virginia.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity indentifying numbers are presented where available.

NOTE 3 FOOD DONATION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

Listed below is a reconciliation of the Schedule of Expenditures of Federal awards to federal revenues in the financial statements.

Federal expenditures	\$ 16,347,427
Federal funds which are not subject to single audit in the General Fund and Airport Fund (rental of building for post office, Memorandum of understanding (MOU), and tower rentals at the airport,).	48,835
Commodities received by School Board not recorded as revenue.	(96,078)
Revenue from the Federal government	<u><u>\$ 16,300,184</u></u>

NOTE 5 FEDERAL OVERSIGHT AGENCY

The federal oversight agency for the City is the U.S. Department of Health and Human Services.

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 Members of the City Council
City of Manassas, Virginia
Manassas, 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 City of Manassas, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the City of Manassas, Virginia's basic financial statements and have issued our report thereon dated December 13, 2010. 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 the City of Manassas, 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, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Manassas, Virginia's internal control over financial reporting.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Manassas, 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 *Government Auditing Standards*.

We noted certain matters that we reported to management of City of Manassas, Virginia in a separate letter dated December 13, 2010.

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

Fredericksburg, Virginia
December 13, 2010

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 Members of the City Council
City of Manassas, Virginia
Manassas, Virginia

Compliance

We have audited the City of Manassas, 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, 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, Virginia's management. Our responsibility is to express an opinion on the City of Manassas, 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, 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's compliance with those requirements.

In our opinion, the City of Manassas, 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

The management of the City of Manassas, 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, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

Fredericksburg, Virginia
December 13, 2010

CITY OF MANASSAS, VIRGINIA**Schedule of Findings and Questioned Costs
Year Ended June 30, 2010**

Section I - Summary of Auditor's Results**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510 (a) of OMB Circular A-133? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP Cluster
93.575/93.596/93.713	CCDF Cluster
93.658	Foster Care: Title IV-E
93.658	ARRA - Foster Care: Title IV-E
20.106	Airport Improvement Program
20.106	ARRA - Airport Improvement Program
84.010/84.389	Title I, Part A Cluster
84.394	ARRA - State Fiscal Stabilization Fund(SFSF)-Education State Grants
84.027/84.173/84.391/84.392	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs \$490,423

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

CITY OF MANASSAS, VIRGINIA

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

Department of Health and Human Services

Finding 2009-1

CCDF Cluster - CFDA No. 93.575/93.596

Condition: Disbursements were made to providers without supporting documentation of a signed service agreement for 7 of 25 files examined. There were 3 files with unsigned agreements and 4 instances where the service agreement was missing from the case file.

Criteria: Child care disbursements to providers should be supported by purchase of service agreements signed by both the client and service provider to document as an allowable cost. Purchase of service agreements are created by the daycare case worker with client and child name, child care center or provider, effective dates, authorized billing amount and rates, any client payment responsibility, and the amount billable to Family Services. The service agreements are sent to all applicable providers, providers return the signed agreements to Family Services, which are also signed by the parent or guardian. The approved agreements are used to verify subsequent invoices for services provided, and to provide basis for an allowable cost determination.

Effect of Condition: Failure to verify invoices against signed service agreement prior to payment may result in the unauthorized use of funds.

Questioned Costs

\$34,816

Recommendation: Family Services should ensure personnel are aware that procedures require signed service agreements to support allowable costs prior to approving requests for payment. We also recommend the Family Services review case files to determine if there are other missing or unsigned agreements. Signed service agreements should be obtained for any that are missing, and compared to payments made for services to ensure program costs were allowable.

Corrective Action: The City redesigned its process for issuing child care vendor payments to ensure that service agreements have all required signatures and are filed as required. Staff has been trained on the new process and the process has been implemented. The City is reviewing all case files to verify that service agreements are complete and filed.

CITY OF MANASSAS

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