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# The City of Manassas Park, Virginia

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## Financial Statements and Independent Auditor's Report

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For the Year Ended June 30,  
2011

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CITY OF MANASSAS PARK, VIRGINIA

FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2011

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**Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Manassas Park, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2011, on our consideration of the City of Manassas Park, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

*Davis & Associates*

December 19, 2011  
Alexandria, Virginia



## CITY OF MANASSAS PARK

### Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) offers readers of the City of Manassas Park's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year that ended June 30, 2011. The information presented here should be considered in conjunction with additional information provided in the letter of transmittal.

#### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at June 30, 2011 by \$21.9 million (net assets). Of this amount, \$5.4 million is unrestricted and may be used to meet the City's future obligations. The School Board's net assets were \$21.6 million, of which \$21.8 million is reported as invested in capital assets and \$141,428 is restricted for retiree health insurance benefits and the remaining (\$296,725) is unrestricted. (See Exhibit 1)
- The Government's net assets decreased by \$3.3 million and the School Board's net assets decreased by \$660,000. (See Exhibit 2)
- The unassigned balance of the General Fund was (\$2.1) million. Additionally, the Fund had total revenues of \$32.0 million.
- Net assets of governmental activities decreased \$1.2 million to \$10.7 million and net assets of business-type activities decreased \$2.0 million to \$11.2 million.
- During FY 2011, gross bonded debt of governmental activities decreased by \$1.2 million from \$103.6 million to \$102.4 million.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The Government-Wide financial statements can be found on pages 14-16 of this report.

## **FUND FINANCIAL STATEMENTS**

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

The City has three kinds of funds:

### **Governmental Funds**

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

The basic Governmental Funds financial statements can be found on pages 19-22 of this report.

### **Proprietary Funds**

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

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

The basic Proprietary Funds financial statements can be found on pages 23-25 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 26-67 of this report.

### **Other information**

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

Required supplementary information can be found on pages 69-71 of this report.

Other supplementary information can be found on pages 75-104 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Summary of Net Assets (000s omitted)

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit School Board	
	2011	2010	2011	2010	2011	2010	2011	2010
Current & other assets	\$ 12,257	\$ 12,638	\$ 5,141	\$ 8,031	\$ 17,398	\$ 20,669	\$ 4,255	\$ 4,052
Capital Assets	119,752	122,906	21,386	20,550	141,138	143,456	22,098	23,030
Total Assets	\$ 132,009	\$ 135,544	\$ 26,527	\$ 28,581	\$ 158,536	\$ 164,125	\$ 26,353	\$ 27,082
Long-Term Debt Outstanding	\$ 117,770	\$ 118,870	\$ 14,760	\$ 14,775	\$ 132,530	\$ 133,645	\$ 967	\$ 939
Other liabilities	3,508	4,694	567	561	4,075	5,255	3,775	3,872
Total liabilities	\$ 121,278	\$ 123,564	\$ 15,327	\$ 15,336	\$ 136,605	\$ 138,900	\$ 4,742	\$ 4,811
Net assets:								
Invested in capital assets, net of related debt	\$ 10,192	\$ 10,158	\$ 6,374	\$ 5,539	\$ 16,566	\$ 15,697	\$ 21,767	\$ 22,580
Restricted (retiree health benefits)	-	-	-	-	-	-	141	114
Unrestricted (deficit)	539	1,822	4,826	7,706	5,365	9,528	(297)	(423)
Total net assets	\$ 10,731	\$ 11,980	\$ 11,200	\$ 13,245	\$ 21,931	\$ 25,225	\$ 21,611	\$ 22,271

The City's combined net assets decreased from \$25.2 million at June 30, 2010 to \$21.9 million at June 30, 2011. Almost all (95 percent) of the City's net assets of governmental activities are invested in capital assets (streets, drainage, construction in progress, buildings, equipment, etc.). The capital assets are net of the outstanding principal of the debt associated with their acquisition. These assets are not available for future expenditures since they will not be sold. The City has a sound financial position with 24 percent of total (governmental and business-type) net assets unrestricted and available for providing services to the citizens of the City.

The Component Unit School Board net assets decreased by \$660,000.

The net assets of the City's business-type activities are \$11.2 million, a decrease of \$2.0 million.

As with the governmental activities, a significant amount of the net assets is invested in capital assets. The City uses these assets to provide services to its citizens. The unrestricted net assets of the business-type activities were \$4.8 million on June 30, 2011.

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

Statement of Activities  
Changes in Net Assets (000s omitted)  
For Fiscal Years Ending June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit School Board	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 2,039	\$ 1,331	\$ 5,720	\$ 5,623	\$ 7,759	\$ 6,954	\$ 561	\$ 540
Operating grants and Contributions	2,313	4,976	-	-	2,313	4,976	17,738	17,094
Capital grants and contributions	761	10	-	193	761	203	-	-
General revenues:								
Property taxes	19,706	20,352	-	-	19,706	20,352	-	-
Other taxes	4,136	3,635	-	-	4,136	3,635	-	-
Payment from City of Manassas Park	-	-	-	-	-	-	10,244	10,754
Grants and contributions not restricted to specific programs	2,281	2,253	-	-	2,281	2,253	-	-
Other	816	972	-	50	816	1,022	1,318	180
Total Revenues	<u>\$ 32,052</u>	<u>\$ 33,529</u>	<u>\$ 5,720</u>	<u>\$ 5,866</u>	<u>\$ 37,772</u>	<u>\$ 39,395</u>	<u>\$ 29,861</u>	<u>\$ 28,568</u>
<b>Expenses:</b>								
General government	\$ 3,526	\$ 4,043	\$ -	\$ -	\$ 3,526	\$ 4,043	\$ -	\$ -
Judicial administration	491	560	-	-	491	560	-	-
Public safety	7,194	9,813	-	-	7,194	9,813	-	-
Public works	1,975	2,997	-	-	1,975	2,997	-	-
Health and welfare	2,967	4,057	-	-	2,967	4,057	-	-
Education	10,182	10,769	-	-	10,182	10,769	30,520	29,783
Parks recreation and cultural	3,576	2,658	-	-	3,576	2,658	-	-
Community development	129	120	-	-	129	120	-	-
Interest on long-term debt	4,247	5,096	-	-	4,247	5,096	-	-
Water and Sewer	-	-	6,779	7,542	6,779	7,542	-	-
School Board	-	-	-	-	-	-	-	-
Total Expenses	<u>\$ 34,287</u>	<u>\$ 40,113</u>	<u>\$ 6,779</u>	<u>\$ 7,542</u>	<u>\$ 41,066</u>	<u>\$ 47,655</u>	<u>\$ 30,520</u>	<u>\$ 29,783</u>
(Decrease) in net assets before transfers	\$ (2,235)	\$ (6,584)	\$ (1,059)	\$ (1,676)	\$ (3,294)	\$ (8,260)	\$ (659)	\$ (1,215)
Transfers	985	822	(985)	(822)	-	-	-	-
(Decrease) in net assets	<u>\$ (1,250)</u>	<u>\$ (5,762)</u>	<u>\$ (2,044)</u>	<u>\$ (2,498)</u>	<u>\$ (3,294)</u>	<u>\$ (8,260)</u>	<u>\$ (659)</u>	<u>\$ (1,215)</u>
Net Assets - beginning, as adjusted	11,980	17,742	13,245	15,743	25,225	33,485	22,271	23,486
Net Assets - ending	<u>\$ 10,730</u>	<u>\$ 11,980</u>	<u>\$ 11,201</u>	<u>\$ 13,245</u>	<u>\$ 21,931</u>	<u>\$ 25,225</u>	<u>\$ 21,612</u>	<u>\$ 22,271</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

### Governmental Activities

#### Revenues

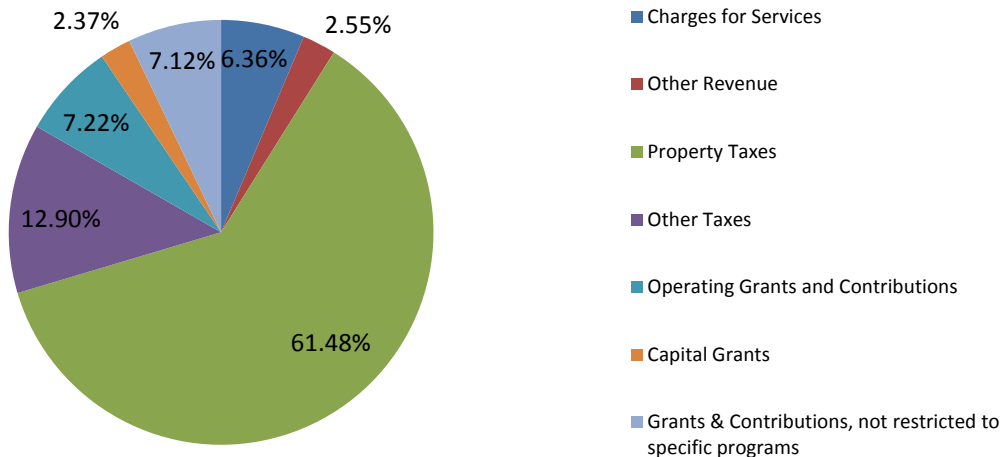
For FY 2011, revenues from governmental activities totaled \$32.0 million. General Revenues, specifically Property Taxes and Other Local Taxes, are the largest components of revenues (74 percent). General Property Tax revenues were \$19.7 million. Real Property Tax, the City's largest single source of revenue, accounted for \$16.7 million, which represents 52% of total revenues.

The City received a total \$2.3 million from Personal Property Taxes, which is comprised of taxes on individual automobiles, business personal property, and machinery and tools, the second largest revenue source. Of the \$2.3 million, the City received reimbursement from the Commonwealth of Virginia of \$1.4 million for taxes on individual automobiles.

Other Local Taxes includes revenue from local sales, consumer utilities, business licenses, and meals taxes. Local sales tax revenues were \$1.4 million for FY 2011, an increase of \$0.3 million from FY 2010. Consumers' utility tax revenue and taxes on recordation and wills remained relatively flat.

The combination of these revenue sources resulted in an overall increase in revenue from other local taxes for FY 2011 from \$3.6 million in 2010 to \$4.1 million in 2011.

### Revenue by Source - Governmental Activities



## GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

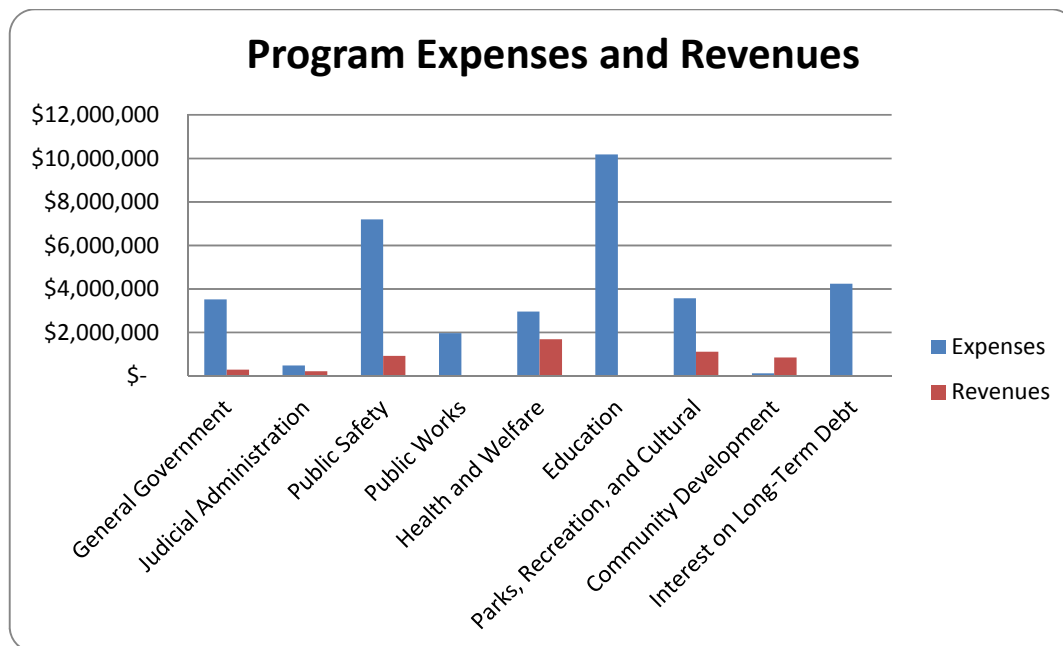
### Expenses

For FY 2011, expenses for governmental activities totaled \$34.3 million.

The City's five largest funded programs are local support for education, public safety, public works, health and human services, and parks and recreation. Education continues to be one of the City's highest priorities and commitments. The City's education expense totaled \$10.2 million, a slight change from the previous year's amount.

Expenses for governmental activities, the Statement of Activities (Exhibit 2) on page 15, shows that \$2.0 million was financed by those receiving services, \$2.3 million from operating grants and contributions, and \$761,000 from capital grants and contributions, with the City's general revenues financing \$27.9 million of the remaining program expenses.

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



### Business-Type Activities

The City's business-type activity is composed of an enterprise fund for water and sewer operations. Net assets of business-type activity decreased \$2 million. The decrease in net assets, which is similar to the reduction in the previous year, is the result of charges for services not sufficiently covering expenses.

At June 30, 2011, total net assets for business-type activities were \$11.2 million, of which \$6.4 million is invested in capital assets. The balance of \$4.8 million is unrestricted and available to provide funding for future operations.

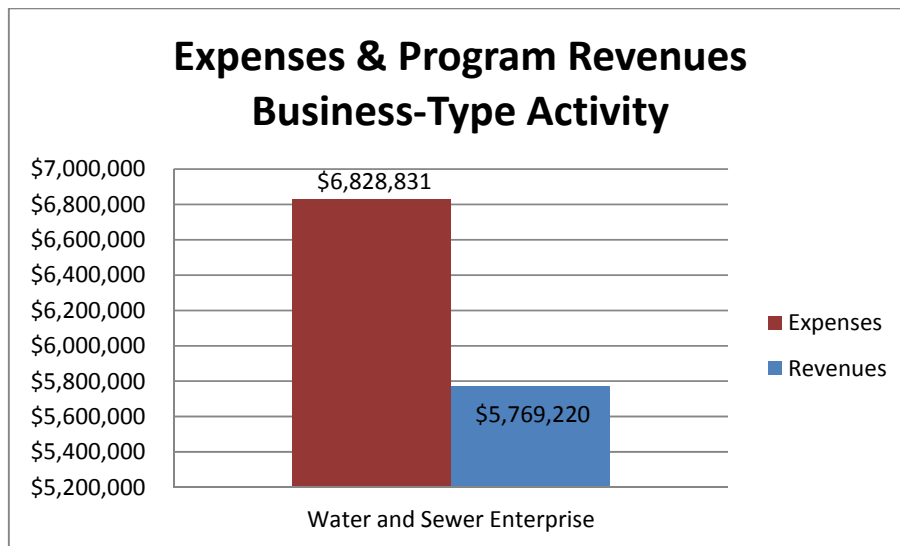
### Revenues

Total revenues, both operating and non-operating, were \$5.7 million. Of the \$5.7 million - \$49,000 were non-operating revenues, the remainder was provided by charges for services.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

### Expenses

Expenses totaled \$6.8 million.



The City's Proprietary Fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities but in more detail. Please refer to pages 23-25 for more details.

### Component Unit - School Board

The net assets of the School Board decreased by \$660,000. This decrease was primarily related to the increase in expenses incurred by the School Board relative to FY 2010.

## FUND FINANCIAL ANALYSIS:

### Governmental Funds

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

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of FY 2011, the City's governmental funds reported a combined fund balance of \$7.0 million. Of the combined fund balance, assignments for School Debt Service were \$3.1 million.

## FUND FINANCIAL ANALYSIS: (Continued)

### General Fund

The General Fund is the chief operating fund of the City. At the end of FY 2011, the unassigned fund balance was (\$1.9) million. The unassigned fund balance represents (6.9) percent of total General Fund revenues.

#### FY 2011 General Fund Budgetary Highlights

	(000s omitted)			
	Original Budget	Amended Budget	Actual	Amended vs Actual
Revenues, & Other Sources:				
Taxes	\$ 24,445	\$ 24,445	\$ 23,843	\$ (602)
Intergovernmental	5,101	5,101	5,355	254
Other	2,912	2,912	2,855	(57)
Transfers	1,235	1,235	4,287	3,052
Issuance of debt	-	-	-	-
Total	<u>\$ 33,693</u>	<u>\$ 33,693</u>	<u>\$ 36,340</u>	<u>\$ 2,647</u>
Expenditures, Transfers & Other Uses:				
Expenditures	\$ 28,057	\$ 28,057	\$ 27,342	\$ 715
Transfers	5,388	5,388	5,388	-
Total	<u>\$ 33,445</u>	<u>\$ 33,445</u>	<u>\$ 32,730</u>	<u>\$ 715</u>
Change in Fund Balance	<u>\$ 248</u>	<u>\$ 248</u>	<u>\$ 3,610</u>	<u>\$ 3,362</u>

Actual revenues and other financing sources were more than the amended budget revenues by \$2.6 million. This variance is a mostly the result of a larger than expected transfer for debt service purposes.

Expenditures, transfers and other uses of funds were \$0.7 million less than the FY 2011 amended budget. Expenditure savings were attributable primarily to expenditures on Public Safety and Health & Welfare, which were less than the amended budget by \$288,000 and \$302,000, respectively.

### Proprietary Fund

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

### Water and Sewer Fund

The Water and Sewer Fund ended FY 2011 with net assets of \$11.2 million. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The primary government investment in capital assets as of June 30, 2011 for its governmental and business-type activities was \$141.1 million, net of depreciation, as reflected in the schedule below.

Capital Assets (000s omitted) (net of depreciation) as of June 30, 2011				
	Govern- Mental	Business- Type	Total	Component Unit
Land	\$ 5,561	\$ -	\$ 5,561	\$ 1,637
Buildings and system	102,238	-	102,238	19,269
Machinery and equipment	2,268	-	2,268	1,192
Infrastructure	9,409	-	9,409	-
Construction in progress	276	1,489	1,765	-
Utility Plant and Equipment	-	19,897	19,897	-
Total	\$ 119,752	\$ 21,386	\$ 141,138	\$ 22,098

Investments in Capital Assets in FY 2011 include continuation of the street and sidewalk enhancements program and the completed construction of the Community Center building.

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

### Long-Term Debt

At the end of FY 2011, the City's total outstanding bonded debt was \$130.9 million, including \$14.8 million of business-type activity debt supported by the enterprise fund, resulting in debt of governmental activities of \$116.1 million. Accrued compensated absences, bank loans and capital leases are not included in the bonded debt amounts.

During FY 2011, the City retired \$1.2 million of outstanding principal.

At June 30, 2011, the City of Manassas Park maintained an "AA-" rating from Standard & Poor's, and an "A1" from Moody's for General Obligation debt.

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

## EMPLOYMENT STATISTICS

The City's unemployment rate for June 2011 was 5.2% percent. This compares favorably to the State's unemployment rate of 6.1% percent and the national average rate of 9.1% percent for June 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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Manassas Park, City Hall, One Park Center, Manassas Park, VA 20111 or [g.fields@manassasparkva.gov](mailto:g.fields@manassasparkva.gov).



## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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June 30, 2011  
Statement of Net Assets

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 883,796	\$ 2,780,166	\$ 3,663,962	\$ 2,309,170
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,092,896	-	1,092,896	-
Accounts receivable	552,926	409,883	962,809	571,187
Notes receivable	-	-	-	-
Due from other governmental units	1,397,973	-	1,397,973	1,312,326
Inventories	-	-	-	36,018
Prepaid expenses	218,250	294,618	512,868	2,571
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	3,052,767	319,812	3,372,579	23,916
Other assets:				
Investment in joint venture	2,552,685	-	2,552,685	-
Investment in Land	-	815,629	815,629	-
Unamortized bond issue costs	1,129,025	520,574	1,649,599	-
Restricted assets	1,377,004	-	1,377,004	-
Capital assets (net of accumulated depreciation):				
Land	5,560,783	-	5,560,783	1,637,491
Buildings and improvements	102,237,975	-	102,237,975	19,269,269
Machinery and equipment	2,267,918	-	2,267,918	1,191,659
Infrastructure	9,409,168	-	9,409,168	-
Utility plant and equipment	-	19,897,150	19,897,150	-
Construction in progress	275,826	1,488,857	1,764,683	-
Total assets	\$ 132,008,991	\$ 26,526,688	\$ 158,535,680	\$ 26,353,606
<b>LIABILITIES</b>				
Accounts payable	\$ 1,954,935	\$ 227,240	\$ 2,182,175	\$ 1,202,238
Accounts payable, payable from restricted assets	-	-	-	-
Accrued liabilities	1,019,789	23,794	1,043,583	2,560,843
Retainage payable, payable from restricted assets	100,000	-	100,000	-
Accrued interest payable	-	271,384	271,384	-
Unearned revenue	-	-	-	11,638
Deposits payable	432,977	44,227	477,204	-
Long-term liabilities:				
Due within one year	1,286,247	6,778	1,293,025	166,976
Due in more than one year	116,483,844	14,752,811	131,236,655	800,405
Total liabilities	\$ 121,277,792	\$ 15,326,234	\$ 136,604,026	\$ 4,742,101
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	10,192,577	6,374,387	16,566,964	21,766,802
Restricted for:				
Retiree health benefit	-	-	-	141,428
Unrestricted (deficit)	538,623	4,826,068	5,364,691	(296,725)
Total net assets	\$ 10,731,200	\$ 11,200,454	\$ 21,931,655	\$ 21,611,505

June 30, 2011  
Statement of Activities

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,526,179	\$ 114,232	\$ 179,906	\$ -
Judicial administration	490,668	219,512	-	-
Public safety	7,194,524	295,965	637,710	-
Public works	1,975,496	-	-	-
Health and welfare	2,966,358	205,637	1,485,083	-
Education	10,182,020	-	-	-
Parks, recreation, and cultural	3,576,168	1,107,280	9,913	-
Community development	128,613	96,531	-	761,210
Interest on long-term debt	4,246,782	-	-	-
Total governmental activities	\$ 34,286,808	\$ 2,039,156	\$ 2,312,612	\$ 761,210
Business-type activities:				
Water and sewer	\$ 6,779,429	\$ 5,719,818	\$ -	\$ -
Total business-type activities	\$ 6,779,429	\$ 5,719,818	\$ -	\$ -
Total primary government	\$ 41,066,237	\$ 7,758,974	\$ 2,312,612	\$ 761,210
COMPONENT UNIT:				
School Board	\$ 30,520,498	\$ 561,429	\$ 17,738,089	\$ -
Total component unit	\$ 30,520,498	\$ 561,429	\$ 17,738,089	\$ -
General revenues:				
General property taxes				
Other local taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Cigarette taxes				
Other local taxes				
Payment from City of Manassas Park				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Changes in net assets				
Net assets – beginning, as adjusted				
Net assets – ending				

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

June 30, 2011  
Statement of Activities

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (3,232,041)	\$ -	\$ (3,232,041)	\$ -	
(271,156)	-	(271,156)	-	
(6,260,849)	-	(6,260,849)	-	
(1,975,496)	-	(1,975,496)	-	
(1,275,638)	-	(1,275,638)	-	
(10,182,020)	-	(10,182,020)	-	
(2,458,975)	-	(2,458,975)	-	
729,128	-	729,128	-	
(4,246,782)	-	(4,246,782)	-	
<u>\$ (29,173,829)</u>	<u>\$ -</u>	<u>\$ (29,173,829)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ (1,059,610)</u>	<u>\$ (1,059,610)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ (1,059,610)</u>	<u>\$ (1,059,610)</u>	<u>\$ -</u>	
<u>\$ (29,173,829)</u>	<u>\$ (1,059,610)</u>	<u>\$ (30,233,439)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,220,980)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,220,980)</u>	
\$ 19,706,438	\$ -	\$ 19,706,438	\$ -	
1,412,889	-	1,412,889	-	
768,963	-	768,963	-	
706,616	-	706,616	-	
396,685	-	396,685	-	
851,143	-	851,143	-	
-	-	-	10,243,503	
-	-	-	1,317,774	
815,859	-	815,859	-	
2,280,974	-	2,280,974	-	
984,604	(984,604)	-	-	
<u>\$ 27,924,171</u>	<u>\$ (984,604)</u>	<u>\$ 26,939,567</u>	<u>\$ 11,561,277</u>	
<u>\$ (1,249,658)</u>	<u>\$ (2,044,214)</u>	<u>\$ (3,293,872)</u>	<u>\$ (659,703)</u>	
<u>11,980,859</u>	<u>13,244,668</u>	<u>25,225,527</u>	<u>22,271,208</u>	
<u>\$ 10,731,200</u>	<u>\$ 11,200,454</u>	<u>\$ 21,931,655</u>	<u>\$ 21,611,505</u>	

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

## FUND FINANCIAL STATEMENTS

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June 30, 2011  
Balance Sheet  
Governmental Funds

	General	School Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,052,767	\$ -	\$ 2,038,546	\$ 895,285	\$ 5,986,599
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,092,896	-	-	-	1,092,896
Accounts receivable	552,926	-	-	-	552,926
Due from other funds	140,201	-	-	-	140,201
Due from other governmental units	1,128,734	-	-	269,239	1,397,973
Prepaid items	178,149	-	14,901	25,200	218,250
Investment in joint venture	2,552,685	-	-	-	2,552,685
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	1,368,853	8,151	1,377,004
Total assets	\$ 8,698,358	\$ -	\$ 3,422,300	\$ 1,197,875	\$ 13,318,533
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Reconciled overdraft	\$ 2,050,036	\$ -	\$ -	\$ -	\$ 2,050,036
Accounts payable	536,615	-	737,739	680,581	1,954,935
Accrued liabilities	294,546	-	231,607	493,636	1,019,789
Retainage payable, payable from restricted assets	-	-	100,000	-	100,000
Due to other funds	-	-	140,201	-	140,201
Deferred revenue	788,134	-	-	-	788,134
Deposits payable	432,977	-	-	-	432,977
Total liabilities	\$ 4,102,308	\$ -	\$ 1,209,547	\$ 1,174,217	\$ 6,486,072
Fund balances:					
Assigned for:					
Emergencies	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	1,095,863	-	2,197,852	-	3,293,715
Transportation	2,552,685	-	-	-	2,552,685
School debt service	3,052,767	-	-	-	3,052,767
Unassigned:					
Reported in:					
General fund	(2,105,265)	-	-	-	(2,105,265)
Debt service funds	-	-	-	460	460
Capital projects funds	-	-	14,901	23,198	38,099
Total fund balances	\$ 4,596,050	\$ -	\$ 2,212,753	\$ 23,658	\$ 6,832,461
Total liabilities and fund balances	\$ 8,698,358	\$ -	\$ 3,422,300	\$ 1,197,875	\$ 13,318,534

June 30, 2011

Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets

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

Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds	\$	6,832,461
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		119,751,670
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,917,159
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(117,770,091)
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Net assets of governmental activities	\$	<u>10,731,200</u>
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June 30, 2011  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

	General	School Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 19,706,438	\$ -	\$ -	\$ -	\$ 19,706,438
Other local taxes	4,136,296	-	-	-	4,136,296
Permits, privilege fees, and regulatory					
Licenses	46,173	-	-	-	46,173
Fines and forfeitures	219,512	-	-	-	219,512
Revenue from the use of					
money and property	47,736	610	-	20	48,366
Charges for services	1,726,410	-	-	-	1,726,410
Miscellaneous	621,244	-	147,712	-	768,956
Recovered costs	193,939	-	-	-	193,939
Intergovernmental revenues:					
Commonwealth	4,204,299	-	256,731	-	4,461,030
Federal	1,150,497	-	-	948,782	2,099,279
Total revenues	\$ 32,052,544	\$ 610	\$ 404,443	\$ 948,802	\$ 33,406,399
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 3,299,738	\$ -	\$ -	\$ -	\$ 3,299,738
Judicial administration	481,512	-	-	-	481,512
Public safety	6,577,725	-	-	948,782	7,526,507
Public works	1,193,804	-	-	-	1,193,804
Health and welfare	2,909,297	-	-	-	2,909,297
Education	9,992,014	-	-	-	9,992,014
Parks, recreation, and cultural	2,761,682	-	-	-	2,761,682
Community development	126,213	-	-	-	126,213
Capital projects	-	-	1,214,462	-	1,214,462
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other fiscal charges	-	4,632,497	-	775,536	5,408,033
Total expenditures	\$ 27,341,985	\$ 4,632,497	\$ 1,214,462	\$ 1,724,318	\$ 34,913,262
Excess (deficiency) of revenues over (under) expenditures	\$ 4,710,559	\$ (4,631,887)	\$ (810,019)	\$ (775,516)	\$ (1,506,863)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 4,287,371	\$ 4,631,497	\$ -	\$ 778,950	\$ 9,697,818
Transfers out	(5,388,103)	(3,052,767)	(270,000)	-	(8,710,870)
Total other financing sources (uses)	\$ (1,100,732)	\$ 1,578,730	\$ (270,000)	\$ 778,950	\$ 986,948
Net change in fund balances	\$ 3,609,827	\$ (3,053,157)	\$ (1,080,019)	\$ 3,434	\$ (519,915)
Fund balances - beginning, as adjusted	986,223	3,053,157	3,292,772	20,224	7,352,376
Fund balances - ending	\$ 4,596,050	\$ -	\$ 2,212,753	\$ 23,658	\$ 6,832,461

June 30, 2011  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities

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

Net change in fund balances – total governmental funds	\$ (519,915)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(2,176,755)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	107,766
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect on issuance costs, premiums, discounts, and similar items when debt is first issues, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	38,990
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>1,300,256</u>
Change in net assets of governmental activities	<u>\$ (1,249,658)</u>

June 30, 2011  
Statement of Net Assets  
Proprietary Funds

	Enterprise Fund Water and Sewer Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,780,166
Accounts receivable, net of allowance for uncollectibles	409,883
Investment in land	815,629
Prepaid expenses	294,618
Total current assets	\$ <u>4,300,296</u>
Noncurrent assets:	
Restricted current assets:	
Cash and cash equivalents (in custody of others)	\$ <u>319,812</u>
Other assets:	
Unamortized bond issue costs	\$ <u>520,574</u>
Capital assets:	
Utility plant and equipment	\$ 27,765,488
Less accumulated depreciation	(6,379,481)
Total capital assets	\$ <u>21,386,007</u>
Total noncurrent assets	\$ <u>22,226,393</u>
Total assets	\$ <u>26,526,688</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 227,240
Accrued liabilities	23,794
Accrued interest payable	271,384
Deposits payable	44,227
Compensated absences - current portion	6,778
Total current liabilities	\$ <u>573,423</u>
Noncurrent liabilities:	
Bonds payable	\$ 14,691,808
Compensated absences - net of current portion	61,003
Total noncurrent liabilities	\$ <u>14,752,811</u>
Total liabilities	\$ <u>15,326,234</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 6,374,387
Unrestricted	4,826,068
Total net assets	\$ <u>11,200,454</u>

June 30, 2011  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds

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	Enterprise Fund Water and Sewer Fund
<b>OPERATING REVENUES</b>	
Charges for services:	
Water and sewer revenues	\$ 5,546,189
Other revenues	173,629
Total operating revenues	\$ <u>5,719,818</u>
<b>OPERATING EXPENSES</b>	
Water and sewer operations	\$ 2,603,797
Inflow and infiltration	1,605,515
Operation and maintenance of U.O.S.A. plant	1,332,332
Depreciation	652,979
Total operating expenses	\$ <u>6,194,624</u>
Operating income (loss)	\$ <u>(474,805)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ 10,735
Antenna lease charges	38,667
Interest expense	(634,207)
Total nonoperating revenues (expenses)	\$ <u>(584,805)</u>
Income before contributions and transfers	\$ (1,059,610)
Transfers out	\$ <u>(984,604)</u>
Change in net assets	\$ (2,044,214)
Total net assets - beginning	13,244,668
Total net assets - ending	\$ <u>11,200,454</u>

June 30, 2011  
Statement of Cash Flows  
Proprietary Funds

		Enterprise Fund Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$	5,724,875
Payments to suppliers		(4,823,778)
Payments to employees and on behalf of employees		(728,065)
Net cash provided (used) by operating activities	\$	<u>173,032</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	\$	(984,604)
Antenna lease fees		38,667
Net cash provided (used) by noncapital financing activities	\$	<u>(945,937)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions to utility plant	\$	(1,488,857)
Interest payments on bonded debt		(634,207)
Net cash provided (used) by capital and related financing activities	\$	<u>(2,123,064)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from interest income	\$	<u>10,735</u>
Net increase (decrease) in cash and cash equivalents	\$	(2,885,234)
Cash and cash equivalents - beginning		5,985,212
Cash and cash equivalents - ending	\$	<u><u>3,099,978</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$	<u>(474,805)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	\$	652,979
(Increase) decrease in accounts receivable		5,056
(Increase) decrease in prepaid expenses		(513)
Increase (decrease) in deposits		11,632
Increase (decrease) in accounts payable and compensated absences		(15,859)
Increase (decrease) in accrued liabilities		(5,459)
Total adjustments	\$	<u>647,837</u>
Net cash provided (used) by operating activities	\$	<u><u>173,032</u></u>

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

## NOTES TO THE PRINCIPAL FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

**Blended Component Units** - The City has no blended component units for the fiscal year ended June 30, 2011.

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

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

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

The City has organized the Industrial Development Authority of Manassas Park to promote and develop commercial and industrial enterprise within the City. The Authority issues bonds to enterprises who locate within the City as a means of attracting business. Although the Authority's members are appointed by City Council, the Authority is not a part of the City's reporting entity because the City has no accountability for fiscal matters. The bonds are not obligations of the City or the Commonwealth of Virginia, but are secured solely by revenues received from the businesses on whose behalf they are issued. The Authority had no revenue bonds outstanding at June 30, 2011.



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

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

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

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

PRTC's financial position as of June 30, 2009 (most recent data available), and operating results for the year then ended, along with comparable information for the City of Manassas Park's share for the year ended June 30, 2011, follows:

	June 30, 2009 Total (000's)	June 30, 2011 City's Share (000's)
Total assets	\$ 90,987	\$ 2,553
Total liabilities	19,819	-
Net Equity	\$ 71,168	\$ 2,553
Total revenues	\$ 71,640	\$ 908
Total expenditures	(79,250)	(1,110)
Net income (loss)	\$ (7,610)	\$ (202)

Each Commission member, including the Virginia Department of Rail and Public Transportation representative, is entitled to one vote in all matters requiring action by the Commission. A majority vote of the Commission members present and voting and a majority of the jurisdictions represented are required to act. For purposes of determining the number of jurisdictions present, Virginia Department of Rail and Public Transportation is not counted as a separate jurisdiction. The Commissioners adopt an annual operating budget based on projected motor vehicle fuel sales.

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

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

The Upper Occoquan Service Authority (UOSA) was created under the provisions of the Virginia Water and Sewer Authorities Act to be the single regional entity to construct, finance and operate the regional sewage treatment facility. UOSA is a jointly governed organization formed on March 3, 1971 by a concurrent resolution of the governing bodies of the Counties of Fairfax and Prince William and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight-person Board of Directors consisting of two members appointed to four-year terms by the governing body of each participating jurisdiction. In turn, the UOSA Board adopts an annual operating budget based on projected sewage flows.

Each jurisdiction's percentage share of UOSA's capacity as of June 30, 2009 (latest available information) is as follows:

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

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

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

The City is obligated under a cost sharing agreement with UOSA to fund the City's current allocated share of UOSA's annual operating costs and debt service. Accordingly, the City made payments to UOSA in fiscal year 2011 as follows:

Operating and debt service costs	\$ <u>1,332,332</u>
Total	\$ <u>1,332,332</u>

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

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

The City's share of construction costs was determined based on their portion of estimated capacity

rights of the facilities. The City funds its obligations to UOSA through payments from the Enterprise Fund. Operation and maintenance charges are paid to UOSA monthly and debt service is paid quarterly.

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

The City has also entered into a supplemental agreement with the City of Manassas dated August 13, 1981 for 600,000 gallons per day of the City's capacity. The City of Manassas Park received a total of \$3,375,000 in connection with this sale.

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

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

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

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

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

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

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

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

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

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific

expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating

revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

***1. Deposits and investments***

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

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

***2. Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

***3. Inventory***

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

***4. Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

***5. Property Taxes***

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

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

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$209,362 at June 30, 2011 and is comprised of water and sewer billings.

## **7. *Use of Estimates***

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

## **8. *Restricted assets***

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

## **9. *Capital assets***

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

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

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

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

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



## ***10. Compensated absences***

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The City accrues salary-related payments associated with the payment of compensated absences. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

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

## ***12. Fund equity***

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

## ***13. Net assets***

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

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

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

	Primary Government	Component Unit - School Board
Bonds and notes payable	\$ (116,602,148)	\$ -
Capital leases	-	(331,617)
Other post-employment benefits	(307,022)	(492,082)
Compensated absences	(860,921)	(143,682)
	<u>\$ (117,770,091)</u>	<u>\$ (967,381)</u>

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

	Primary Government	Unit Component - School Board
Capital Assets	\$ 144,366,569	\$ 32,433,092
Accumulated Depreciation	(24,614,899)	(10,334,673)
Net adjustment to increase <i>fund balances—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	<u>\$ 119,751,670</u>	<u>\$ 22,098,419</u>

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

	Primary Government	Unit Component - School Board
Unamortized bond issue costs	\$ 1,129,025	\$ ~
Deferred Revenue	788,134	~
Net adjustment to increase <i>fund balances—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	<u>\$ 1,917,159</u>	<u>\$ ~</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these differences for the primary government and discretely presented component unit are as follows:

	Primary Government	Unit Component - School Board
Capital Outlay	\$ 1,448,546	\$ ~
Depreciation Expense	(3,625,301)	(931,900)
Allocation of debt financed school assets based on current year repayments	-	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	\$ <u>(2,176,755)</u>	\$ <u>(931,900)</u>

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

	Primary Government	Unit Component - School Board
Deferred Revenue	\$ 107,766	\$ ~
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	\$ <u>107,766</u>	\$ <u>~</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of these differences for the primary government and discretely presented component unit are as follows:

	Primary Government	Unit Component - School Board
Debt issued or incurred:		
Issuance of general obligation bonds, net of premiums, discounts and issuance costs	\$ ~	\$ ~
Capital Lease	~	~
Principal repayments		
Amortization of premiums, discounts and debt issuance costs	38,990	~
General obligation debt and capital leases	\$ ~	\$ 118,652
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	\$ <u>38,990</u>	\$ <u>118,652</u>

A final element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these differences for the primary government and discretely presented component unit are as follows:

	Primary Government	Unit Component- School Board
Compensated absences	\$ 11,434	\$ (3,002)
Other post-employment benefits	(93,352)	(144,111)
Accrued interest	1,382,174	-
Net adjustment to increase (decrease) <i>net changes in fund balances-</i> <i>total governmental funds</i> to arrive at change in <i>net assets of</i> <i>governmental activities</i>	\$ 1,300,256	\$ (147,114)

**A. Budgetary Information**

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

1. Prior to May 1, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. All revisions to the budget at the fund level must be approved by the City Council. Management may transfer budgeted amounts between functions without approval by City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Capital Projects and Water and Sewer Funds.
6. Budgets for all funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP) except for the school building fund which does not budget for the receipt or expenditure of capital lease proceeds. Capital lease payments are budgeted in the period payments are due.
7. Quarterly appropriations are made by City Council to the fund level. Appropriations can be revised only by City Council. Several supplemental appropriations were necessary during this fiscal year. All appropriations lapse at year-end except for capital projects funds where appropriations carry forward the duration of the project.
8. All budgetary data presented in the accompanying financial statements is the legally amended or revised budget for the year ended June 30, 2011.
9. The following funds have legally adopted budgets: General Fund, City Debt Service Fund, School Debt Service Fund, City Capital Projects Fund, Water and Sewer Fund, School Operating Fund, School Cafeteria Fund, and School Capital Projects Fund. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the fund level.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2011, the City Debt Service, School Debt Service, School Building, Gang Task Force, and the School Cafeteria Funds exceeded appropriations.

**Deposits**

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

**Investments**

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

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

**Credit Risk of Debt Securities**

The City’s rated debt investments as of June 30, 2011 were rated by *Standard and Poor’s* and the ratings are presented below using *Standard and Poor’s* rating scale.

Locality's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAA	AAA <sub>m</sub>
U.S. Agency Securities	\$ 1,522,526	\$ -
U.S. Treasury Money Market	92,342	-
Local Government Investment Pool	178,758	-
State Non-Arbitrage Pool	-	1,188,795
Total	\$ 1,793,626	\$ 1,188,795

**Interest Rate Risk**

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

Investment Maturities (in years)		
Investment Type	Fair Value	1-5 Years
U.S. Agency Securities	\$ 1,522,526	\$ 1,522,526

**External Investment Pools**

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

The fair value of the positions in the Local Government Investment Pool (LGIP) are the same as the value

of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

#### NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units are as follows at June 30, 2011:

	Primary Government	Discretely Presented Component Unit School Board	Total Reporting Entity
Totals \$	<u>1,397,973</u>	<u>1,466,328</u>	<u>\$ 2,864,301</u>

#### NOTE 6 INTERFUND OBLIGATIONS

Interfund obligations for the year ended June 30, 2011 consisted of the following:

Fund	Interfund Receivable	Interfund Payable
Primary Government:		
General Fund	\$ 140,201	\$ -
Capital Projects Fund	-	140,201
Total	<u>\$ 140,201</u>	<u>\$ 140,201</u>

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

#### NOTE 7 INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 4,287,371	\$ 5,388,103
City Debt Service Fund	778,950	-
School Debt Service Fund	4,631,497	3,052,767
City Capital Projects Fund	-	270,000
Gang Task Force Fund	-	-
Enterprise Fund	-	984,604
Entries to Reconcile Fund Transfers	-	2,344
Total	<u>\$ 9,697,818</u>	<u>\$ 9,697,818</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization. Reconciling entries consist of the following: a School Debt Service transfer of (\$610) and a City Debt Service transfer of \$2,954, which total to \$2,344.

## NOTE 8

## CAPITAL ASSETS

**Primary Government:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,560,783	\$ -	\$ -	\$ 5,560,783
Construction in progress	<u>21,263,953</u>	<u>275,826</u>	<u>(21,263,953)</u>	<u>275,826</u>
Total capital assets not being Depreciated	<u>\$ 26,824,736</u>	<u>\$ 275,826</u>	<u>\$ (21,263,953)</u>	<u>\$ 5,836,609</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 93,162,482	\$ 21,104,052	\$ -	\$ 114,266,534
Machinery and equipment	6,600,677	355,026	-	6,955,703
Infrastructure	<u>17,307,723</u>	<u>-</u>	<u>-</u>	<u>17,307,723</u>
Total capital assets being depreciated	<u>\$ 117,070,882</u>	<u>\$ 21,459,078</u>	<u>\$ -</u>	<u>\$ 138,529,960</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (9,531,943)	\$ (2,496,616)	\$ -	\$ (12,028,559)
Machinery and equipment	(4,187,748)	(500,037)	-	(4,687,785)
Infrastructure	<u>(7,269,907)</u>	<u>(628,648)</u>	<u>-</u>	<u>(7,898,555)</u>
Total accumulated depreciation	<u>\$ (20,989,598)</u>	<u>\$ (3,625,301)</u>	<u>\$ -</u>	<u>\$ (24,614,899)</u>
Total capital assets being depreciated, net	<u>\$ 96,081,284</u>	<u>\$ 17,833,777</u>	<u>\$ -</u>	<u>\$ 113,915,061</u>
Governmental activities capital assets, net	<u>\$ 122,906,020</u>	<u>\$ 18,109,603</u>	<u>\$ (21,263,953)</u>	<u>\$ 119,751,670</u>



Primary Government: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ <u>-</u>	\$ <u>1,488,857</u>	\$ <u>-</u>	\$ <u>1,488,857</u>
Capital assets being depreciated:				
Utility plant and equipment	\$ <u>26,276,631</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>26,276,631</u>
Less accumulated depreciation	<u>(5,726,502)</u>	<u>(652,979)</u>	<u>-</u>	<u>(6,379,481)</u>
Total capital assets being depreciated, net	\$ <u>20,550,129</u>	\$ <u>(652,979)</u>	\$ <u>-</u>	\$ <u>19,897,150</u>
Business-type activities capital assets, net	\$ <u><u>20,550,129</u></u>	\$ <u><u>835,878</u></u>	\$ <u><u>-</u></u>	\$ <u><u>21,386,007</u></u>

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

Governmental activities:	
General government administration	\$ 163,694
Public safety	491,718
Public works	758,991
Health and Welfare	1,738
Parks, recreation, and cultural	<u>761,970</u>
Total depreciation expense-governmental activities	\$ 2,178,111
Depreciation on joint tenancy assets-transferred to School Board	<u>1,447,190</u>
Total	\$ <u><u>3,625,301</u></u>
Business-type activities:	
Water and sewer fund	\$ <u>652,979</u>
Total depreciation expense-business-type activities	\$ <u><u>652,979</u></u>

**Discretely Presented Component Unit:**

Capital asset activity for the School Board for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance (1)
Capital assets not being depreciated:				
Land	\$ 1,637,491	\$ -	\$ -	\$ 1,637,491
Total capital assets not being depreciated	\$ 1,637,491	\$ -	\$ -	\$ 1,637,491
Capital assets being depreciated:				
Buildings and improvements	\$ 27,189,015	\$ -	\$ -	\$ 27,189,015
Machinery and equipment	3,606,586	-	-	3,606,586
Total capital assets being depreciated	\$ 30,795,601	\$ -	\$ -	\$ 30,795,601
Less accumulated depreciation for:				
Buildings and improvements	\$ (7,325,692)	\$ (594,054)	\$ -	\$ (7,919,746)
Machinery and equipment	(2,077,081)	(337,846)	-	(2,414,927)
Total accumulated depreciation	\$ (9,402,773)	\$ (931,900)	\$ -	\$ (10,334,673)
Total capital assets being depreciated, net	\$ 21,392,828	\$ (931,900)	\$ -	\$ 20,460,928
School Board capital assets, net	\$ 23,030,319	\$ (931,900)	\$ -	\$ 22,098,419

Capital asset activity for the School Board for the year ended June 30, 2011 was as follows:

Depreciation expense	\$ 931,900
Depreciation on joint tenancy assets-transferred to School Board	~
Net increases in accumulated depreciation	\$ 931,900

- (1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the City of Manassas Park, Virginia for the year ended June 30, 2011, is that school financed assets in the amount of \$73,125,694 are reported in the Primary Government for financial reporting purposes.

NOTE 9 LONG-TERM DEBT

Primary Government—Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2012	\$ 554,523	\$ 5,174,812	\$ 625,000	\$ 183,750
2013	572,652	5,146,776	625,000	165,000
2014	795,213	5,115,339	625,000	146,250
2015	2,448,633	5,059,135	625,000	127,500
2016	4,452,964	4,939,702	625,000	108,750
2017	4,677,521	4,745,879	625,000	90,000
2018	5,527,317	4,533,314	625,000	71,250
2019	5,742,364	4,283,069	625,000	52,500
2020	6,007,675	4,008,920	375,000	33,750
2021	6,273,264	3,717,919	375,000	22,500
2022	6,579,145	3,416,510	375,000	11,250
2023	5,290,335	3,124,352	-	-
2024	5,520,986	2,879,236	-	-
2025	5,776,495	2,612,542	-	-
2026	6,042,263	2,328,270	-	-
2027	5,980,000	2,039,355	-	-
2028	6,280,000	1,743,825	-	-
2029	6,575,000	1,433,404	-	-
2030	6,890,000	1,119,693	-	-
2031	6,535,000	808,311	-	-
2032	3,765,000	543,300	-	-
2033	3,940,000	365,175	-	-
2034	2,450,000	178,578	-	-
2035	625,000	58,350	-	-
2036	660,000	19,800	-	-
Totals	\$ 109,961,350	\$ 69,395,566	\$ 6,125,000	\$ 1,012,500

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

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2011.

	Balance July 1, 2010	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2011
Compensated absences:				
General	\$ 872,355	\$ -	\$ 11,434	\$ 860,921
General Obligation Debt:				
Bonds – General	110,497,211	-	535,861	109,961,350
Bond Anticipation Notes	-	-	-	-
Capital Leases	-	-	-	-
Literary Fund Loans – General	6,750,000	-	625,000	6,125,000
Totals	\$ 118,119,566	\$ -	\$ 1,172,295	\$ 116,947,271
Deferred Amount on Advance Refunding	(477,307)	18,358	-	(458,949)
Other Post-Employment Benefits	213,670	112,326	18,974	307,022
Premium on Bonds Issued	1,013,737	-	38,990	974,747
Total long-term obligations for financial statement presentation	\$ 118,869,666	\$ 130,684	\$ 1,230,259	\$ 117,770,091

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

**Primary Government—Governmental Activity Indebtedness: (Continued)****Details of Long-Term Indebtedness:**

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<b><u>General obligation bonds:</u></b>		
\$9,145,000 General Obligation Bonds, dated November 10, 2004 maturing annually with interest at 4.10% to 5.60% payable semi-annually through July 15, 2009.	\$ 8,405,000	\$ 275,000
\$6,314,536 VPSA General Obligation Bonds, dated November 10, 2005 including a premium of \$330,045 maturing annually with interest from 4.60% to 5.10% payable semi-annually through July 2026	4,646,350	279,523
\$26,875,000 General Obligation Bonds, dated June 6, 2007, principal maturing annually beginning April 15, 2015 with interest from 4.00% to 4.75% payable semi-annually through April 2034	24,755,000	-
\$30,000,000 public improvement bonds dated December 1, 2005 maturing annually beginning August 15, 2015 with interest from 4.0% to 5.125% payable semi-annually through August 2030	23,680,000	-
<b><u>Refunding Bonds:</u></b>		
\$32,240,000 General Obligation Refunding Bonds, dated May 8, 2008 maturing annually beginning January 1, 2016 with interest between 3.00% and 5.00% payable semi-annually through January 1, 2033	30,745,000	-
\$6,695,000 General Obligation Advance Refunding Bonds, dated June 6, 2007, principal maturing annually beginning April 15, 2016 with interest between 4.00% and 5.50% payable semi-annually through April 2022.	4,090,000	-

NOTE 9 LONG-TERM DEBT continued

Primary Government—Governmental Activity Indebtedness: (Continued)

Details of Long-term Indebtedness: (Continued)

	Total Amount Outstanding	Amount Due Within One Year
<u>Refunding Bonds: (Continued)</u>		
\$14,035,000 General Obligation Refunding Bonds, dated March 30, 2010 due in annual installments from \$205,000 to \$660,000 beginning July 15, 2015, including interest at 3.125% to 6.00% payable semi-annually through July 15, 2035	\$ 10,395,000	\$ -
 \$3,245,000 General Obligation Refunding Bonds, dated March 30, 2010 due in annual installments from \$385,000 to \$555,000 beginning July 15, 2015, including interest at 5.25% to 7.00% payable semi-annually through July 15, 2021	 <u>3,245,000</u>	 <u>-</u>
Total general obligation bonds/notes	\$ <u>109,961,350</u>	\$ <u>554,523</u>
<u>State Literary Fund Loans:</u>		
\$5,000,000, issued May 15, 1999, due in annual installments of \$250,000 through May 15, 2019, interest payable annually at 3%	\$ 2,000,000	\$ 250,000
 \$7,500,000, issued August 15, 2001, due in annual installments of \$375,000 through August 15, 2022, interest payable annually at 3%	 <u>4,125,000</u>	 <u>375,000</u>
Total State Literary Fund Loans	\$ <u>6,125,000</u>	\$ <u>625,000</u>
Total	\$ <u>116,086,350</u>	\$ <u>1,179,523</u>
 Compensated absences (payable from General Fund)	\$ 860,921	\$ 86,092
Deferred amount on advance refunding	(458,949)	(18,358)
Other post-employment benefits	307,022	-
Premium on bonds issued	<u>974,747</u>	<u>38,990</u>
Total	\$ <u>117,770,091</u>	\$ <u>1,286,247</u>

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

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2012	\$ -	\$ 669,827
2013	-	669,827
2014	-	669,827
2015	-	669,827
2016	1,000,000	649,151
2017	1,045,000	606,260
2018	1,075,000	560,250
2019	1,120,000	511,029
2020	1,175,000	458,591
2021	1,225,000	402,718
2022	1,295,000	340,361
2023	730,000	290,550
2024	765,000	257,137
2025	800,000	222,159
2026	835,000	185,617
2027	870,000	147,510
2028	910,000	107,727
2029	955,000	66,044
2030	1,000,000	22,350
Totals	\$ 14,800,000	\$ 7,506,762

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

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2011:

	<u>Balance July 1, 2010</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2011</u>
Enterprise Fund				
Compensated absences	\$      83,640	\$           -	\$      15,859	\$      67,781
General obligation bonds	<u>14,800,000</u>	<u>         -</u>	<u>         -</u>	<u>14,800,000</u>
Totals	\$ 14,883,640	\$           -	\$      15,859	\$ 14,867,781
Less: deferred amount on refunding	<u>(108,192)</u>	<u>         -</u>	<u>         -</u>	<u>(108,192)</u>
Total long-term obligations for financial statement presentation	<u>\$ 14,775,448</u>	<u>\$           -</u>	<u>\$      15,859</u>	<u>\$ 14,759,589</u>



**Primary Government—Governmental Activity Indebtedness: (Continued)****Primary Government—Enterprise Activity Indebtedness: (Continued)****Details of long-term indebtedness:**

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<b><u>General obligation bonds:</u></b>		
\$3,640,000 General Obligation Refunding Bonds, dated March 30, 2010 due in annual installments from \$205,000 to \$660,000 beginning July 15, 2015, including interest at 3.125% to 6.00 % payable semi-annually through July 15, 2035	\$ 3,640,000	\$ -
\$11,160,000 General Obligation Refunding Bonds, dated March 30, 2010 due in annual installments from \$385,000 to \$555,000 beginning July 15, 2015, including interest at 5.25% to 7.00% payable semi annually through July 15, 2021	11,160,000	-
Less deferral on advance refunding	<u>(108,192)</u>	<u>-</u>
Sub-total general obligation water and sewer refunding bonds	<u>\$ 14,691,808</u>	<u>\$ -</u>
Accrued compensated absences (payable from Water and Sewer Fund)	\$ 67,781	\$ 6,778
Total long-term obligations	<u>\$ 14,759,589</u>	<u>\$ 6,778</u>

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

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

Year Ending June 30,	General Long-Term Debt Capital Leases	
	Principal	Interest
2012	\$ 122,851	\$ 10,590
2013	127,682	5,759
2014	66,516	1,491
2015	14,568	135
Totals	<u>\$ 331,617</u>	<u>\$ 17,975</u>

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

The following is a summary of long-term debt transactions of the Discretely Presented Component Unit-School Board for the year ended June 30, 2011:

	Balance July 1, 2010	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2011
Capital lease	\$ 449,819	\$ ~	\$ 118,202	\$ 331,617
Other post employment benefits	347,971	213,814	69,703	492,082
Compensated absences	141,130	8,273	5,721	143,682
Totals	\$ 938,920	\$ 222,087	\$ 193,626	\$ 967,381

**Details of Long-term Indebtedness:**

	Total Amount Outstanding	Amount Due Within One Year
<b><u>Capital Leases:</u></b>		
\$600,000 capital lease entered on October 6, 2006, due in monthly installments of \$8,179, including interest at 3.92%, through October 13, 2013	\$ 218,515	\$ 91,212
\$161,180 capital lease entered on November 20, 2009, due in monthly installments of \$2,941, including interest at 3.70%, through November 1, 2014	113,102	31,639
Total capital leases	331,617	122,851
Other post-employment benefits	492,082	-
Accrued compensated absences (payable from School Fund)	143,682	44,125
Total long-term obligations	\$ 967,381	\$ 166,976

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 610,186
Less: Accumulated depreciation	(289,005)
Total	\$ 321,181

**General Obligation Debt Limit**

The Commonwealth of Virginia imposes a legal debt limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. As of June 30, 2011 the City's aggregated general obligation indebtedness is approximately \$1.07 million less than the Commonwealth's limit as summarized in Schedule 3.

On June 6, 2007, the City of Manassas Park, Virginia issued \$6,695,000 in General Obligation Advance Refunding Bonds, Series, 2007 with an effective interest rate of 3.84%. The Series 2007 bonds were issued to refund \$6,445,000 of General Obligation Refunding Bonds, Series of 1999. The 2007 bonds will be repaid in various installments beginning April 1, 2010 to 2022. As a result, the 1999 bonds maturing annually on July 15, 2010 through July 15, 2021 are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$27,783. The advance refunding resulted in an economic gain of \$257,109. At June 30, 2011 the defeased bonds had balances outstanding of \$6,075,000.

On March 30, 2010, the City of Manassas Park, Virginia issued \$14,035,000 in Lease Revenue Bonds, Series, 2010A with an effective interest rate of 6.00%. The Series 2010A bonds were issued to refund \$815,000 of General Obligation Water and Sewer Refunding Bonds, Series of 1995; \$7,500,000 of Bond Anticipation Notes Payable, Series of 2006; \$1,495,000 of General Obligation Refunding Bonds, Series of 2008; and \$2,335,000 of General Obligation Advance Refunding Bonds, Series of 2007; a total of \$12,145,000. The various bonds will be repaid in various installments beginning May 4, 2010 to 2016. As a result, the various bonds maturing annually on May 4, 2010 through November 1, 2016 are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$1,890,000. The advance refunding resulted in an economic gain of \$232,938. At June 30, 2011 the defeased bonds had balances outstanding of \$4,645,000.

On March 30, 2010, the City of Manassas Park, Virginia issued \$3,245,000 in Lease Revenue Bonds, Series, 2010B with an effective interest rate of 6.00%. The Series 2010B bonds were issued to refund \$2,605,000 of General Obligation Advance Refunding Bonds, Series of 2007. The 2007 bonds will be repaid in various installments beginning April 1, 2010 to 2015. As a result, the 2007 bonds maturing annually on April 1, 2010 through April 1, 2015 are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$640,000. The advance refunding resulted in an economic gain of \$207,793. At June 30, 2011 the defeased bonds had balances outstanding of \$2,295,000.

**Water Treatment Capacity Purchase Agreement:**

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

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

**Wholesale Water Rate Agreement:**

The Cities also entered into a wholesale water rate agreement whereas Manassas Park agrees to purchase from Manassas 182.4 million gallons per year of treated water whether Manassas Park uses the water or not. The agreed upon minimum increases to 212.4 million gallons per year on the fifth anniversary of the water rate agreement. The rate is determined based upon a “Cost of Service Model” developed by Manassas and agreed to by both parties.

**A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension

Plan Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## **B. Funding Policy**

### **Primary Government**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended 2011 was 9.54% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2011 was 7.57% of annual covered payroll.

## **C. Annual Pension Cost**

### **Primary Government**

For fiscal year 2011, the Primary Government's annual pension cost of \$755,799 equal to the Primary Government's required and actual contributions.

### Three-Year Trend Information for the City of Manassas Park

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 755,799	100%	\$ -
2010	\$ 664,968	100%	\$ -
2009	\$ 692,604	100%	\$ -

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

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

For fiscal year 2011, the School Board's annual pension cost of \$126,706 was equal to the School Board's required and actual contributions.

### Three-Year Trend Information for the School Board (Non-professional)

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 126,706	100%	\$ -
2010	\$ 135,621	100%	\$ -
2009	\$ 133,439	100%	\$ -

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the School's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School'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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

**D. Funded Status and Funding Progress**

Primary Government

As of June 30, 2010, the most recent actuarial valuation date, the Primary Government plan was 98.36% funded. The actuarial accrued liability for benefits was \$24,989,939, and the actuarial value of assets was \$19,596,045, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,393,894. The covered payroll (annual payroll of active employees covered by the plan) was \$8,055,497, and ratio of the UAAL to the covered payroll was 66.96%.

Discretely Presented Component Unit – School Board (Non-Professional)

As of June 30, 2010, the most recent actuarial valuation date, the School Board plan was 87.87% funded. The actuarial accrued liability for benefits was \$2,733,890, and the actuarial value of assets was \$2,402,327, resulting in an unfunded actuarial accrued liability (UAAL) of \$331,563. The covered payroll (annual payroll of active employees covered by the plan) was \$1,407,850, and ratio of the UAAL to the covered payroll was 23.55%.

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

**E. Professional Employees – Discretely Presented Component Unit School Board:**

Plan Description

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

Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and the City of Manassas Park School Board is required to contribute at an actuarially determined rate. The current rate is 8.81% of annual covered payroll. The contribution requirements of plan members and the City of Manassas Park School Board are established and may be amended by the VRS Board of Trustees. The School



Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$1,571,433, \$1,796,233, and \$1,366,605 respectively, and equal to the required contributions for each year.

#### NOTE 13 DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$788,134 is comprised of the following:

##### Primary Government-Deferred Property Taxes

Deferred revenue representing deferred property tax revenues totaled \$788,134.

#### NOTE 14 COST SHARING AGREEMENTS

The City is obligated under a contract for services with Prince William County. Services provided by the County include those of a Sheriff, Commonwealth's Attorney, courts, library and certain social programs. These cost sharing agreements do not meet the criteria discussed in Note 1 for inclusion within the financial reporting entity of the City, as the City is not responsible for the fiscal matters of these programs.

#### NOTE 15 CONTINGENT LIABILITIES

Federal programs in which the City and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. All major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, future disallowances of current grant program expenditures, if any, would be immaterial.

#### NOTE 16 DEFERRED COMPENSATION PLAN

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

#### NOTE 17 SURETY BONDS

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

## NOTE 18 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays an annual premium to the association for its workers compensation insurance.

In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

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

## NOTE 19 ASSIGNED AND UNASSIGNED FUND BALANCES

### **Primary Government:**

Portions of the General Fund balance are assigned as follows:

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

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

Fund balance in the amount of \$3,052,767 is assigned for School Debt Service.

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

Fund balance in the amount of \$2,197,852 is assigned for construction. These amounts are the net of restricted construction funds held and related liabilities due.

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

Portions of the School Cafeteria Fund Balance are assigned/unassigned as follows:

Funds balance in the amount of \$63,908 is unassigned and available for school food services.

Portions of the School Operating Fund Balance are assigned/unassigned as follows:

Fund balance in the amount of \$141,428 is assigned to establish a retiree medical trust fund for future retiree health insurance benefits.

Fund balance in the amount of \$275,132 is unassigned and available for subsequent expenditures.

**Primary Government:****A. Plan Description**

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

**B. Funding Policy**

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

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

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

Annual required contribution	\$	111,436
Interest on net OPEB obligation		4,457
Adjustment to annual required contribution		(3,567)
Annual OPEB cost (expense)		<u>112,326</u>
Contributions made		<u>(18,974)</u>
Increase (decrease) in net OPEB obligation		93,352
Net OPEB obligation - beginning of year		<u>213,670</u>
Net OPEB obligation - end of year	\$	<u>307,022</u>

### C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 112,326	16.89%	\$ 307,022
June 30, 2010	113,734	11.84%	213,670
June 30, 2009	116,926	3.00%	113,404

### D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 is as follows:

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

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

#### *Actuarial Methods and Assumptions*

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

In the July 1, 2008 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.50% average investment rate of return (net of administrative expenses). The actuarial assumptions also include a 3.50% payroll growth rate. Both rates include a 4.00% inflation

assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was twenty-eight years.

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

**A. Plan Description**

The City of Manassas Park School Board provides post-retirement medical, prescription drug, and dental insurance benefits on behalf of its eligible retirees and their dependents. The School Board maintains three fully-insured medical and dental plans, which are offered to current and retired employees and their dependents that are under 65. The School Board also maintains a separate fully-insured medical and dental plan for retirees over the age of 65. To be eligible to continue coverage under the School Board's plan, employees must (1) be age 55 with five years of service or age 50 with ten years of service with the School Board; (2) be eligible for and receive an immediate retirement benefit from VRS; and (3) be employed by the School Board at the time of retirement and have been covered under the medical and/or dental plan for at least two full years prior to retirement.

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

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

**B. Funding Policy**

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

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

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

Annual required contribution	\$	212,687
Interest on net OPEB obligation		6,381
Adjustment to annual required contribution		<u>(5,254)</u>
Annual OPEB cost (expense)		213,814
Contributions made		<u>(69,703)</u>
Increase (decrease) in net OPEB obligation		144,111
Net OPEB obligation - beginning of year		<u>347,971</u>
Net OPEB obligation - end of year	\$	<u>492,081</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 213,814	32.60%	\$ 492,082
June 30, 2010	237,571	32.60%	347,971
June 30, 2009	245,305	23.00%	187,848

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

The funded status of the plan as of June 30, 2011 is as follows:

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

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

#### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time

of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.50% average investment rate or return (net of administrative expenses). The actuarial assumptions also include a 3.50% payroll growth rate. Both rates include a 4.00% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. the remaining amortization period at June 30, 2011, was twenty-eight years.

NOTE 21      HEALTH INSURANCE CREDIT PROGRAM-OTHER POST-EMPLOYMENT BENEFITS  
(OPEB)

**A. Plan Description**

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

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

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

**B. Funding Policy**

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2011 was 1.00% of annual covered payroll.

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

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

thirty years.

For 2011, the School Board's contribution of \$14,822 was equal to the ARC and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years are as follows:

<b>Three-Year Trend Information for School Board (Non-professional)</b>				
Fiscal Year Ending		Annual OPEB Cost (APC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$	4,370	100%	\$ -
6/30/10		4,298	100%	-
6/30/09		4,229	100%	-

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

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	22,389
Actuarial value of plan assets	\$	15,873
Unfunded actuarial accrued liability (UAAL)	\$	6,516
Funded ratio (actuarial value of plan assets/AAL)		70.90%
Covered payroll (active plan members)	\$	1,407,850
UAAL as a percentage of covered payroll		.46%

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

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

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

#### **E. Actuarial Methods and Assumptions**

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



The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2011 was 26 years.

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

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$99,102, \$166,037, and \$161,324, respectively, and equaled the required contributions for each year.

**NOTE 22      SUBSEQUENT EVENTS**

Events or transactions sometimes occur subsequent to the balance-sheet date, but prior to the issuance of the financial statement that have a material effect on the financial statements and therefore require adjustment or disclosure in the statements. In accordance with AU Section 560, the entity is required to disclose those events—that if not disclosed—would cause the financial statements to be misleading.

In July 2011, Standard & Poor's, a credit rating agency, downgraded the credit rating of the City of Manassas Park from double-A minus to triple-B, a five-notch drop. While this reduction does not immediately impact the financial statements of Manassas Park for FY 2011, it increases the cost of any future borrowing by the City and should be taken into consideration during any review of the City's financial situation.

**REQUIRED SUPPLEMENTARY INFORMATION NOTE TO REQUIRED  
SUPPLEMENTARY INFORMATION**

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

June 30, 2011

General Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 20,226,043	\$ 20,226,043	\$ 19,706,438	\$ (519,605)
Other local taxes	4,218,500	4,218,500	4,136,296	(82,204)
Permits, privilege fees, and regulatory licenses	65,330	65,330	46,173	(19,157)
Fines and forfeitures	340,000	340,000	219,512	(120,488)
Revenue from the use of money and property	50,000	50,000	47,736	(2,264)
Charges for services	1,715,151	1,715,151	1,726,410	11,259
Miscellaneous	742,321	742,321	621,244	(121,077)
Recovered costs	-	-	193,939	193,939
Intergovernmental revenues:				
Commonwealth	4,042,217	4,042,217	4,204,299	162,082
Federal	1,058,524	1,058,524	1,150,497	91,973
Total revenues	<u>\$ 32,458,086</u>	<u>\$ 32,458,086</u>	<u>\$ 32,052,544</u>	<u>\$ (405,542)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,983,370	\$ 2,983,370	\$ 3,299,738	\$ (316,370)
Judicial administration	480,289	480,289	481,512	(1,223)
Public safety	6,865,501	6,865,501	6,577,725	287,776
Public works	1,192,475	1,192,475	1,193,804	(1,329)
Health and welfare	3,211,596	3,211,596	2,909,297	302,300
Education	10,458,882	10,459,131	9,992,014	467,117
Parks, recreation, and cultural	2,739,914	2,739,914	2,761,682	(21,769)
Community development	124,375	124,375	126,213	(1,838)
Total expenditures	<u>\$ 28,056,401</u>	<u>\$ 28,056,650</u>	<u>\$ 27,341,985</u>	<u>\$ 714,665</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 4,401,685</u>	<u>\$ 4,401,436</u>	<u>\$ 4,710,559</u>	<u>\$ 309,123</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,234,604	\$ 1,234,604	\$ 4,287,371	\$ 3,052,767
Transfers out	(5,387,937)	(5,387,688)	(5,388,103)	(415)
Total other financing sources and uses	<u>\$ (4,153,333)</u>	<u>\$ (4,153,084)</u>	<u>\$ (1,100,732)</u>	<u>\$ 3,052,352</u>
Net change in fund balances	\$ 248,352	\$ 248,352	\$ 3,609,827	\$ 3,361,475
Fund balances - beginning	(248,352)	(248,352)	986,223	1,234,575
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,596,050</u>	<u>\$ 4,596,050</u>

June 30, 2011  
 Schedule of Pension Funding Progress  
 Last Three Fiscal Years

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**Primary Government:**

## City Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (a/b)	Coverage Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/08	\$ 17,519,224	\$ 19,913,320	\$ 2,394,096	87.98%	\$ 8,610,970	27.80%
6/30/09	18,840,054	22,169,697	3,329,643	84.98%	8,798,113	37.84%
6/30/10	19,596,045	24,989,939	5,393,894	78.42%	8,055,497	66.96%

**Discretely Presented Component Unit:**

## School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (a/b)	Coverage Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/08	\$ 1,998,263	\$ 2,347,412	\$ 349,149	85.13%	\$ 1,456,139	23.98%
6/30/09	2,242,074	2,315,804	73,730	96.82%	1,568,132	4.70%
6/30/10	2,402,327	2,733,890	331,563	87.87%	1,407,850	23.55%

June 30, 2011  
 Schedule of OPEB Funding Progress  
 Last Fiscal Year

**Primary Government:**

## City OPEB Plan

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

**Discretely Presented Component Unit:**

## School Board OPEB Plan

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

## School Board Health Insurance Credit Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Coverage Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
9/30/08	\$ 6,976	\$ 25,308	\$ 18,332	27.56%	\$ 1,456,139	1.26%
9/30/09	3,454	38,384	34,930	9.00%	1,476,160	2.37%
9/30/10	15,873	22,389	6,516	70.90%	1,407,850	.46%

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June 30, 2011  
Combining Balance Sheet  
Nonmajor Governmental Funds

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	
	Gang Task Force	City Debt Service	School Building Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 904,978	\$ (24,740)	\$ 15,047	\$ 895,285
Due from other governmental units	269,239	-	-	269,239
Prepaid items	-	25,200	-	25,200
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	8,151	8,151
Total assets	<u>\$ 1,174,217</u>	<u>\$ 460</u>	<u>\$ 23,198</u>	<u>\$ 1,197,875</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 680,581	\$ -	\$ -	\$ 680,581
Accrued liabilities	493,636	-	-	493,636
Total liabilities	<u>\$ 1,174,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174,217</u>
Fund balances:				
Reserved for:				
Construction	\$ -	\$ -	\$ -	\$ -
Unreserved:				
Reported in:				
Debt service funds	-	460	-	460
Capital projects funds	-	-	23,198	23,198
Total fund balances	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 23,198</u>	<u>\$ 23,658</u>
Total liabilities and fund balances	<u>\$ 1,174,217</u>	<u>\$ 460</u>	<u>\$ 23,198</u>	<u>\$ 1,197,875</u>

June 30, 2011

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	
	Gang Task Force	City Debt Service	School Building Fund	Total
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 20	\$ 20
Intergovernmental revenues:				
Federal	948,782	-	-	948,782
Total revenues	<u>\$ 948,782</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 948,802</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 948,782	\$ -	\$ -	\$ 948,782
Capital projects	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	775,536	-	775,536
Total expenditures	<u>\$ 948,782</u>	<u>\$ 775,536</u>	<u>\$ -</u>	<u>\$ 1,724,318</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ -</u>	<u>\$ (775,536)</u>	<u>\$ 20</u>	<u>\$ (775,516)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 778,950	\$ -	\$ 778,950
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 778,950</u>	<u>\$ -</u>	<u>\$ 778,950</u>
Net change in fund balances	\$ -	\$ 3,414	\$ 20	\$ 3,434
Fund balances - beginning	-	(2,954)	23,178	20,224
Fund balances - ending	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 23,198</u>	<u>\$ 23,658</u>

June 30, 2011

City Debt Service Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and other fiscal charges	775,996	775,996	775,536	460
Total expenditures	<u>\$ 775,996</u>	<u>\$ 775,996</u>	<u>\$ 775,536</u>	<u>\$ 460</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ (775,996)</u>	<u>\$ (775,996)</u>	<u>\$ (775,536)</u>	<u>\$ 460</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 775,996</u>	<u>\$ 775,996</u>	<u>\$ 778,950</u>	<u>\$ 2,954</u>
Total other financing sources and uses	<u>\$ 775,996</u>	<u>\$ 775,996</u>	<u>\$ 778,950</u>	<u>\$ 2,954</u>
Net change in fund balances	\$ -	\$ -	\$ 3,414	\$ 3,414
Fund balances - beginning	-	-	(2,954)	(2,954)
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 460</u></u>	<u><u>\$ 460</u></u>

June 30, 2011

School Debt Service Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 610	\$ (390)
Total revenues	\$ 1,000	\$ 1,000	\$ 610	\$ (390)
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and other fiscal charges	4,632,497	4,632,497	4,632,497	-
Total expenditures	\$ 4,632,497	\$ 4,632,497	\$ 4,632,497	\$ -
Excess (deficiency) of revenues over (under)				
Expenditures	\$ (4,631,497)	\$ (4,631,497)	\$ (4,631,887)	\$ (390)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (3,052,767)	\$ (3,052,767)
Transfers in	4,631,497	4,631,497	4,631,497	-
Total other financing sources and uses	\$ 4,631,497	\$ 4,631,497	\$ 1,578,730	\$ (3,052,767)
Net change in fund balances	\$ -	\$ -	\$ (3,053,157)	\$ (3,053,157)
Fund balances - beginning, as adjusted	-	-	3,053,157	3,053,157
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

June 30, 2011

City Capital Projects Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Miscellaneous	2,823,500	2,823,500	147,712	(2,675,788)
Intergovernmental revenues:				
Commonwealth	1,000,000	1,000,000	256,731	(743,269)
Total revenues	<u>\$ 3,848,500</u>	<u>\$ 3,848,500</u>	<u>\$ 404,443</u>	<u>\$ (3,444,057)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 5,001,685	\$ 5,001,685	\$ 1,214,462	\$ 3,787,223
Total expenditures	<u>\$ 5,001,685</u>	<u>\$ 5,001,685</u>	<u>\$ 1,214,462</u>	<u>\$ 3,787,223</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ (1,153,185)</u>	<u>\$ (1,153,185)</u>	<u>\$ (810,019)</u>	<u>\$ 343,166</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	<u>(270,000)</u>	<u>(270,000)</u>	<u>(270,000)</u>	<u>-</u>
Total other financing sources and uses	<u>\$ (270,000)</u>	<u>\$ (270,000)</u>	<u>\$ (270,000)</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,423,185)	\$ (1,423,185)	\$ (1,080,019)	\$ 343,166
Fund balances - beginning, as adjusted	<u>1,423,185</u>	<u>1,423,185</u>	<u>3,292,772</u>	<u>1,869,587</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,212,753</u>	<u>\$ 2,212,753</u>

June 30, 2011

School Building Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 20	\$ 20
Total revenues	\$ -	\$ -	\$ 20	\$ 20
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under)				
Expenditures	\$ -	\$ -	\$ 20	\$ 20
Net change in fund balances	\$ -	\$ -	\$ 20	\$ 20
Fund balances - beginning, as adjusted	-	-	23,178	23,178
Fund balances - ending	\$ -	\$ -	\$ 23,198	\$ 23,198

June 30, 2011

Gang Task Force Fund

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

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Federal	\$ -	\$ -	\$ 948,782	\$ 948,782
Total revenues	\$ -	\$ -	\$ 948,782	\$ 948,782
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 948,782	\$ (948,782)
Total expenditures	\$ -	\$ -	\$ 948,782	\$ (948,782)
Excess (deficiency) of revenues over (under)				
Expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

June 30, 2011

Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules by Source

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$ 5,560,783	\$ 5,560,783
Buildings and improvements	114,266,534	93,162,482
Machinery and equipment	6,955,703	6,600,677
Infrastructure	17,307,723	17,307,723
Construction in progress	<u>275,826</u>	<u>21,263,953</u>
Total governmental funds capital assets	\$ <u>144,366,569</u>	\$ <u>143,895,618</u>
Investments in governmental funds capital assets by source:		
General fund	\$ <u>144,366,569</u>	\$ <u>143,895,618</u>
Total governmental funds capital assets	\$ <u><u>144,366,569</u></u>	\$ <u><u>143,895,618</u></u>



June 30, 2011  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Function and Activity

Function and Activity	Land	Buildings and Improve- ments	Machinery and Equipment	Infra- structure	Construction in Progress	Total
General government administration:						
City council	\$ 5,045,820	\$ 3,724,580	\$ 313,384	\$ -	\$ -	\$ 9,083,784
Finance	-	-	738,682	-	-	738,682
Technology initiative	-	-	7,809	-	-	7,809
Total general government Administration	\$ 5,045,820	\$ 3,724,580	\$ 1,059,875	\$ -	\$ -	\$ 9,830,275
Public safety:						
Police department	\$ 514,963	\$ 9,985,491	\$ 1,662,497	\$ -	\$ -	\$ 12,162,951
Fire and rescue	-	3,332,759	2,245,586	-	-	5,578,345
Total public safety	\$ 514,963	\$ 13,318,250	\$ 3,908,083	\$ -	\$ -	\$ 17,741,296
Public works:						
Streets	\$ -	\$ 5,824	\$ 1,073,085	\$ 17,307,723	\$ 275,826	\$ 18,662,458
Buildings and grounds	-	-	367,380	-	-	367,380
Garage	-	-	29,340	-	-	29,340
Total public works	\$ -	\$ 5,824	\$ 1,469,805	\$ 17,307,723	\$ 275,826	\$ 19,059,178
Education:						
Schools	\$ -	\$ 73,125,694	\$ -	\$ -	\$ -	\$ 73,125,694
Total education	\$ -	\$ 73,125,694	\$ -	\$ -	\$ -	\$ 73,125,694
Health and welfare:						
Social services	\$ -	\$ 52,153	\$ 9,897	\$ -	\$ -	\$ 62,050
Total health and welfare	\$ -	\$ 52,153	\$ 9,897	\$ -	\$ -	\$ 62,050
Parks, recreation, and cultural:						
Parks and recreation	\$ -	\$ 24,040,033	\$ 508,043	\$ -	\$ -	\$ 24,548,076
Total parks, recreation, and Cultural	\$ -	\$ 24,040,033	\$ 508,043	\$ -	\$ -	\$ 24,548,076
Total governmental funds capital Assets	\$ 5,560,783	\$ 114,266,534	\$ 6,955,703	\$ 17,307,723	\$ 275,826	\$ 144,366,569

June 30, 2011  
Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity

Function and Activity	Governmental Funds Capital Assets July 1, 2010	Additions	Deductions	Governmental Funds Capital Assets June 30, 2011
General government administration:				
City council	\$ 9,083,784	\$ 353,227	\$ (353,227)	\$ 9,083,784
Finance	738,682	-	-	738,682
Technology initiative	7,809	-	-	7,809
Total general government administration	<u>\$ 9,830,275</u>	<u>\$ 353,227</u>	<u>\$ (353,227)</u>	<u>\$ 9,830,275</u>
Public safety:				
Police department	\$ 11,967,826	\$ 195,125	\$ -	\$ 12,162,951
Fire and rescue	5,578,345	-	-	5,578,345
Total public safety	<u>\$ 17,546,171</u>	<u>\$ 195,125</u>	<u>\$ -</u>	<u>\$ 17,741,296</u>
Public works:				
Streets	\$ 18,386,632	\$ 275,826	\$ -	\$ 18,662,458
Buildings and grounds	367,380	159,901	(159,901)	367,380
Garage	29,340	-	-	29,340
Total public works	<u>\$ 18,783,352</u>	<u>\$ 435,727</u>	<u>\$ (159,901)</u>	<u>\$ 19,059,178</u>
Education:				
Schools	\$ 73,125,694	\$ -	\$ -	\$ 73,125,694
Total education	<u>\$ 73,125,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,125,694</u>
Health and welfare:				
Social services	\$ 62,050	\$ -	\$ -	\$ 62,050
Total health and welfare	<u>\$ 62,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,050</u>
Parks, recreation, and cultural:				
Parks and recreation	\$ 24,548,076	\$ 20,750,825	\$ (20,750,825)	\$ 24,548,076
Total parks, recreation, and cultural	<u>\$ 24,548,076</u>	<u>\$ 20,750,825</u>	<u>\$ (20,750,825)</u>	<u>\$ 24,548,076</u>
Total governmental funds capital assets	<u>\$ 143,895,618</u>	<u>\$ 21,734,904</u>	<u>\$ (21,263,953)</u>	<u>\$ 144,366,569</u>

## DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

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School Operating Fund accounts for the School Board's elementary, middle and high schools. The Cafeteria Fund accounts for the operations of the school food services.

June 30, 2011  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,189,212	\$ 119,958	\$ 2,309,170
Receivables (net of allowance for uncollectibles):			
Accounts receivable	570,253	934	571,187
Due from other governmental units	1,259,533	52,792	1,312,326
Inventories	6,024	29,994	36,018
Prepaid items	2,571	-	2,571
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	23,916	-	23,916
Total assets	<u>\$ 4,051,509</u>	<u>\$ 203,678</u>	<u>\$ 4,255,187</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,152,560	\$ 49,679	\$ 1,202,238
Accrued liabilities	2,482,389	78,454	2,560,843
Deferred revenue	-	11,638	11,638
Total liabilities	<u>\$ 3,634,949</u>	<u>\$ 139,771</u>	<u>\$ 3,774,720</u>
Fund balances:			
Assigned for:			
Retiree health benefit	\$ 141,428	\$ -	\$ 141,428
Unassigned:			
Designated for subsequent expenditure/food services	275,132	63,908	339,040
Total fund balances	<u>\$ 416,560</u>	<u>\$ 63,908</u>	<u>\$ 480,468</u>
Total liabilities and fund balances	<u>\$ 4,051,509</u>	<u>\$ 203,678</u>	<u>\$ 4,255,187</u>

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

Total fund balances per above	\$ 480,468
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,098,419
Long-term liabilities, including compensated absences and capital leases are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(967,381)</u>
Net assets of governmental activities	<u>\$ 21,611,505</u>

June 30, 2011

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds - Discretely Presented Component Unit - School Board

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 5,587	\$ -	\$ 5,587
Charges for services	25,432	535,997	561,429
Miscellaneous	13,758	-	13,758
Recovered costs	37,024	16,334	53,358
Intergovernmental revenues:			
Local government	9,973,815	-	9,973,815
Commonwealth	15,288,194	29,246	15,317,440
Federal	1,680,207	798,357	2,478,564
Total revenues	\$ 27,024,017	\$ 1,379,934	\$ 28,403,951
<b>EXPENDITURES</b>			
Current:			
Education	\$ 26,769,020	\$ 1,334,272	\$ 28,103,292
Total expenditures	\$ 26,769,020	\$ 1,334,272	\$ 28,103,292
Excess (deficiency) of revenues over (under) expenditures	\$ 254,997	\$ 45,662	\$ 300,659
Net change in fund balances	\$ 254,997	\$ 45,662	\$ 300,659
Fund balances - beginning, as adjusted	161,563	18,246	179,809
Fund balances - ending	\$ 416,560	\$ 63,908	\$ 480,468

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

Net change in fund balances - total governmental funds - per above	\$ 300,659
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(931,900)
The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	118,652
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(147,114)
Change in net assets of governmental activities	\$ (659,703)

June 30, 2011

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board

	School Operating Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 2,005	\$ 2,000	\$ 5,587	\$ 3,587
Charges for services	16,600	16,150	25,432	9,282
Miscellaneous	1,033,217	917,617	13,758	(903,859)
Recovered costs	119,998	104,999	37,024	(67,975)
Intergovernmental revenues:				
Local government	10,443,503	10,079,254	9,973,815	(105,439)
Commonwealth	14,514,160	15,179,322	15,288,194	108,872
Federal	1,617,036	1,872,480	1,680,207	(192,273)
Total revenues	<u>\$ 27,746,519</u>	<u>\$ 28,171,822</u>	<u>\$ 27,024,017</u>	<u>\$ (1,147,805)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Education	\$ 27,753,907	\$ 28,177,810	\$ 26,769,020	\$ 1,408,790
Total expenditures	<u>\$ 27,753,907</u>	<u>\$ 28,177,810</u>	<u>\$ 26,769,020</u>	<u>\$ 1,408,790</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ (7,388)</u>	<u>\$ (5,988)</u>	<u>\$ 254,997</u>	<u>\$ 260,985</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	\$ 7,388	\$ 5,988	\$ -	\$ (5,988)
Total other financing sources and uses	<u>\$ 7,388</u>	<u>\$ 5,988</u>	<u>\$ -</u>	<u>\$ (5,988)</u>
Net change in fund balances	\$ -	\$ -	\$ 254,997	\$ 254,997
Fund balances - beginning, as adjusted	<u>-</u>	<u>-</u>	<u>161,563</u>	<u>161,563</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,560</u>	<u>\$ 416,560</u>

June 30, 2011

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Discretely Presented Component Unit – School Board

School Cafeteria Fund				
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
622,430	534,348	535,997		1,649
1,500	500	2,075		1,575
5,000	7,250	14,259		7,009
-	-	-		-
27,951	27,951	29,246		1,295
655,649	690,449	798,357		107,908
\$ 1,312,530	\$ 1,260,498	\$ 1,379,934	\$	119,436
\$ 1,145,955	\$ 1,244,843	\$ 1,334,272	\$	(89,429)
\$ 1,145,955	\$ 1,244,843	\$ 1,334,272	\$	(89,429)
\$ 166,575	\$ 15,655	\$ 45,662	\$	30,007
\$ (166,575)	\$ (15,655)	\$ -	\$	15,655
\$ (166,575)	\$ (15,655)	\$ -	\$	15,655
\$ -	\$ -	\$ 45,662	\$	45,662
-	-	18,246		18,246
\$ -	\$ -	\$ 63,908	\$	63,908

June 30, 2011

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

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$ 1,637,491	\$ 1,637,491
Buildings and improvements	27,189,015	26,018,170
Machinery and equipment	3,606,586	3,446,806
Total governmental funds capital assets	<u>\$ 32,433,092</u>	<u>\$ 31,102,467</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 32,433,092	\$ 31,102,467
Total governmental funds capital assets	<u>\$ 32,433,092</u>	<u>\$ 31,102,467</u>

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



June 30, 2011

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

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

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

June 30, 2011  
 Capital Assets Used in the Operation of Governmental Funds -  
 Discretely Presented Component Unit - School Board  
 Schedule of Changes by Function and Activity

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<u>Function and Activity</u>	<u>Governmental Funds Capital Assets July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2011</u>
Education:				
Schools	\$ <u>31,102,467</u>	\$ <u>1,330,625</u>	\$ <u>-</u>	\$ <u>32,433,092</u>
Total governmental funds capital assets	\$ <u>31,102,467</u>	\$ <u>1,330,625</u>	\$ <u>-</u>	\$ <u>32,433,092</u>

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



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## CITY OF MANASSAS PARK, VIRGINIA

## Schedule 1

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June 30, 2011

Schedule of Revenues - Budget and Actual

Governmental Funds

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,606,043	\$ 16,606,043	\$ 16,656,917	\$ 50,874
Real and personal public service corporation taxes	475,000	475,000	487,210	12,210
Personal property taxes	2,865,000	2,865,000	2,283,554	(581,446)
Penalties	180,000	180,000	151,015	(28,985)
Interest	100,000	100,000	127,742	27,742
Total general property taxes	\$ 20,226,043	\$ 20,226,043	\$ 19,706,438	\$ (519,605)
Other local taxes:				
Local sales and use taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,412,889	\$ (87,111)
Consumers' utility taxes	718,500	718,500	768,963	50,463
Business license taxes	750,000	750,000	706,616	(43,384)
Motor vehicle licenses	250,000	250,000	281,148	31,148
Bank stock taxes	25,000	25,000	45,857	20,857
Taxes on recordation and wills	275,000	275,000	176,884	(98,116)
Cigarette taxes	400,000	400,000	396,685	(3,315)
Meals taxes	300,000	300,000	347,255	47,255
Total other local taxes	\$ 4,218,500	\$ 4,218,500	\$ 4,136,296	\$ (82,204)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 3,860	\$ 1,860
Courthouse maintenance fees	100	100	251	151
Zoning and subdivision permits	-	-	550	550
Building permits	30,000	30,000	21,364	(8,636)
Courthouse security fees	15,000	15,000	10,858	(4,142)
Permits and other licenses	18,230	18,230	9,291	(8,939)
Total permits, privilege fees, and regulatory Licenses	\$ 65,330	\$ 65,330	\$ 46,173	\$ (19,157)
Fines and forfeitures:				
Court fines and forfeitures	\$ 300,000	\$ 300,000	\$ 192,059	\$ (107,941)
Parking fines	20,000	20,000	22,312	2,312
Other fines	20,000	20,000	5,141	(14,859)
Total fines and forfeitures	\$ 340,000	\$ 340,000	\$ 219,512	\$ (120,488)
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 47,736	\$ (2,264)
Total revenue from use of money and property	\$ 50,000	\$ 50,000	\$ 47,736	\$ (2,264)
Charges for services:				
Commuter rail parking	\$ 66,150	\$ 66,150	\$ 74,537	\$ 8,387
Fee for fiscal services	16,000	16,000	20,996	4,996
Site plan reviews	-	-	21,995	21,995
Charges for EMS	275,000	275,000	295,965	20,965
Charges for extended care	225,000	225,000	205,637	(19,363)
Charges for parks and recreation	1,133,000	1,133,000	1,107,280	(25,720)
Total charges for services	\$ 1,715,150	\$ 1,715,150	\$ 1,726,410	\$ 11,259

## CITY OF MANASSAS PARK, VIRGINIA

## Schedule 1

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June 30, 2011

Schedule of Revenues - Budget and Actual

Governmental Funds (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Miscellaneous revenue:				
Miscellaneous	\$ 45,000	\$ 45,000	\$ 92,177	\$ 47,177
Other refunds	437,321	437,321	418,321	(19,000)
Rebates & refunds from schools	60,000	60,000	99,052	39,052
Net change in investment in joint venture	200,000	200,000	11,694	(188,306)
Total miscellaneous revenue	<u>\$ 742,321</u>	<u>\$ 742,321</u>	<u>\$ 621,244</u>	<u>\$ (121,077)</u>
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 193,939	\$ 193,939
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,939</u>	<u>\$ 193,939</u>
Total revenue from local sources	<u>\$ 27,357,344</u>	<u>\$ 27,357,344</u>	<u>\$ 26,697,748</u>	<u>\$ (659,596)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Tax on deeds	\$ 100,000	\$ 100,000	\$ 71,953	\$ (28,047)
Motor vehicle rental tax	35,000	35,000	75,036	40,036
Communication taxes	750,000	750,000	761,895	11,895
Rolling stock tax	3,167	3,167	3,697	530
Personal property tax relief funds	1,100,000	1,100,000	1,368,393	268,393
Total Noncategorical aid	<u>\$ 1,988,167</u>	<u>\$ 1,988,167</u>	<u>\$ 2,280,974</u>	<u>\$ 292,807</u>
Categorical aid:				
Shared expenses:				
Commissioner of revenue	\$ 88,000	\$ 88,000	\$ 75,165	\$ (12,835)
Treasurer	75,000	75,000	63,802	(11,198)
Registrar/electoral board	50,000	50,000	40,938	(9,062)
Total shared expenses	<u>\$ 213,000</u>	<u>\$ 213,000</u>	<u>\$ 179,906</u>	<u>\$ (33,094)</u>
Welfare:				
Welfare administration & assistance	\$ 156,918	\$ 156,918	\$ 7,158	\$ (149,760)
Comprehensive service act program	575,000	575,000	461,449	(113,551)
VHDA reimbursement	3,500	3,500	-	(3,500)
DSS operating expense reimbursement	60,000	60,000	-	(60,000)
Total welfare	<u>\$ 795,418</u>	<u>\$ 795,418</u>	<u>\$ 468,607</u>	<u>\$ (326,811)</u>
Other categorical aid:				
Juvenile detention	\$ 29,763	\$ 29,763	\$ -	\$ (29,763)
Street maintenance	500,000	500,000	761,210	261,210
Aid to localities with police departments	435,067	435,067	411,314	(23,753)
Four-for-life grant	9,802	9,802	11,563	1,761
Litter grant	5,000	5,000	5,910	910
Firefighters assistance	28,000	28,000	26,323	(1,677)
Other state funds	38,000	38,000	58,492	20,492
Total other categorical aid	<u>\$ 1,045,632</u>	<u>\$ 1,045,632</u>	<u>\$ 1,274,812</u>	<u>\$ 229,179</u>
Total categorical aid	<u>\$ 2,054,050</u>	<u>\$ 2,054,050</u>	<u>\$ 1,923,324</u>	<u>\$ (130,726)</u>
Total revenue from the Commonwealth	<u>\$ 4,042,217</u>	<u>\$ 4,042,217</u>	<u>\$ 4,204,299</u>	<u>\$ 162,081</u>

## CITY OF MANASSAS PARK, VIRGINIA

## Schedule 1

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June 30, 2011

Schedule of Revenues - Budget and Actual

Governmental Funds (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Welfare administration & assistance	\$ 978,524	\$ 978,524	\$ 1,016,476	\$ 37,952
Other categorical aid:				
State domestic preparedness equipment support	\$ -	\$ -	\$ -	\$ -
Gang task force grant	80,000	80,000	124,108	44,108
Parks and recreation grants	-	-	9,913	9,913
Total other categorical aid	\$ 80,000	\$ 80,000	\$ 134,020	\$ 54,020
Total revenue from the federal government	\$ 1,058,524	\$ 1,058,524	\$ 1,150,497	\$ 91,973
Total General Fund	\$ 32,458,085	\$ 32,458,085	\$ 32,052,544	\$ (405,542)
<b>Special Revenue Fund:</b>				
<b>Gang Task Force Fund:</b>				
Revenue from the federal government:				
Categorical aid:				
Gang Task Force grant	\$ -	\$ -	\$ 948,782	\$ 948,782
Total categorical aid	\$ -	\$ -	\$ 948,782	\$ 948,782
Total revenue from the federal government	\$ -	\$ -	\$ 948,782	\$ 948,782
Total Gang Task Force Fund	\$ -	\$ -	\$ 948,782	\$ 948,782
<b>School Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1000	\$ 1000	\$ 610	\$ (390)
Total revenue from use of money and property	\$ 1000	\$ 1000	\$ 610	\$ (390)
Total revenue from local sources	\$ 1000	\$ 1000	\$ 610	\$ (390)
Total School Debt Service Fund	\$ 1000	\$ 1000	\$ 610	\$ (390)
<b>Capital Projects Funds:</b>				
<b>City Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Total revenue from use of money and property	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Miscellaneous revenue:				
Proffers	\$ 2,823,500	\$ 2,823,500	\$ 147,712	\$ (2,675,788)
Total miscellaneous revenue	\$ 2,823,500	\$ 2,823,500	\$ 147,712	\$ (2,675,788)
Total revenue from local sources	\$ 2,848,500	\$ 2,848,500	\$ 147,712	\$ (2,700,788)
Revenue from the Commonwealth:				
Noncategorical aid:				
PRTC Motor fuels tax	\$ 1,000,000	\$ 1,000,000	\$ 256,731	\$ (743,269)
Total Noncategorical aid	\$ 1,000,000	\$ 1,000,000	\$ 256,731	\$ (743,269)

## CITY OF MANASSAS PARK, VIRGINIA

## Schedule 1

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June 30, 2011

Schedule of Revenues - Budget and Actual

Governmental Funds (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds: (Continued)</b>				
<b>City Capital Projects Fund: (Continued)</b>				
Total revenue from the Commonwealth	\$ 1,000,000	\$ 1,000,000	\$ 256,731	\$ (743,269)
Total City Capital Projects Fund	\$ 3,848,500	\$ 3,848,500	\$ 404,443	\$ (3,444,057)
<b>School Building Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 20	\$ 20
Total revenue from local sources	\$ -	\$ -	\$ 20	\$ 20
Total School Building Fund	\$ -	\$ -	\$ 20	\$ 20
Total Primary Government	\$ 36,307,585	\$ 36,307,585	\$ 33,406,399	\$ (2,901,187)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8	\$ 8
Revenue from the use of property	2,005	2,000	5,579	3,579
Total revenue from use of money and property	\$ 2,005	\$ 2,000	\$ 5,587	\$ 3,587
Charges for services:				
Tuition	\$ 16,600	\$ 16,150	\$ 25,432	\$ 9,282
Total charges for services	\$ 16,600	\$ 16,150	\$ 25,432	\$ 9,282
Miscellaneous revenue:				
Other miscellaneous	\$ 1,033,217	\$ 917,617	\$ 13,758	\$ (903,859)
Total miscellaneous revenue	\$ 1,033,217	\$ 917,617	\$ 13,758	\$ (903,859)
Recovered costs:				
Rebates/refunds	\$ 119,998	\$ 104,999	\$ 37,024	\$ (67,975)
Total recovered costs	\$ 119,998	\$ 104,999	\$ 37,024	\$ (67,975)
Total revenue from local sources	\$ 1,171,820	\$ 1,040,766	\$ 81,801	\$ (958,965)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from City of Manassas Park, Virginia	\$ 10,443,503	\$ 10,079,254	\$ 9,973,815	\$ (105,439)
Total revenues from local governments	\$ 10,443,503	\$ 10,079,254	\$ 9,973,815	\$ (105,439)
Revenue from the commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,959,668	\$ 1,959,668	\$ 2,039,777	\$ 80,109
Basic school aid	12,554,492	13,216,198	13,242,315	26,117
Other state funds	-	3,456	6,102	2,646
Total categorical aid	\$ 14,514,160	\$ 15,179,322	\$ 15,288,194	\$ 108,872
Total revenue from the Commonwealth	\$ 14,514,160	\$ 15,179,322	\$ 15,288,194	\$ 108,872



## CITY OF MANASSAS PARK, VIRGINIA

## Schedule 1

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June 30, 2011

Schedule of Revenues - Budget and Actual

Governmental Funds (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Title I: Grants to local educational agencies	\$ 235,737	\$ 268,085	\$ 242,541	\$ (25,544)
Title I, Part A, ARRA: Grants to local educational agencies	78,367	73,119	69,306	(3,813)
Title I, Part G: AP test fees	1,399	1,512	-	(1,512)
Title II, Part A: Improving teacher quality	81,620	83,560	73,415	(10,145)
Title II, part D: Education technology state grant	2,699	-	6,435	6,435
Title II, part D, ARRA: Education technology state grant	-	-	-	-
Title III: English language acquisition grants	96,867	89,971	43,791	(46,180)
Title IV: Drug free schools	11,283	-	831	831
Title VI, part A: State assessment grant	999	-	-	-
Title VI-B, ARRA: Special education grants to states	272,536	260,674	260,674	-
Title VI-B, ARRA: Special education preschool grants	-	-	-	-
Title VI-B: Special education grants to states	473,643	480,771	480,771	-
Title VI-B: Special education preschool grants	309,032	10,908	10,908	-
Vocational education: Basic grants to states	52,854	30,834	28,443	(2,391)
Other federal revenue	-	-	48	48
State Fiscal Stabilization Funds	-	573,047	463,045	(110,002)
RTI Initiative	-	-	-	-
Total categorical aid	\$ 1,617,036	\$ 1,872,480	\$ 1,680,207	\$ (192,273)
Total revenue from the federal government	\$ 1,617,036	\$ 1,872,480	\$ 1,680,207	\$ (192,273)
Total School Operating Fund	\$ 27,746,519	\$ 28,171,822	\$ 27,024,017	\$ (1,147,805)
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 622,430	\$ 534,348	\$ 535,997	\$ 1,649
Total charges for services	\$ 622,430	\$ 534,348	\$ 535,997	\$ 1,649
Miscellaneous revenue:				
Catering revenue	\$ 1,500	\$ 500	\$ 2,075	\$ 1,575
Total miscellaneous revenue	\$ 1,500	\$ 500	\$ 2,075	\$ 1,575
Recovered costs:				
Rebates/refunds	\$ 5,000	\$ 7,250	\$ 14,259	\$ 7,009
Total recovered costs	\$ 5,000	\$ 7,250	\$ 14,259	\$ 7,009
Total revenue from local sources	\$ 628,930	\$ 542,098	\$ 552,331	\$ 10,233
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 27,951	\$ 27,951	\$ 29,246	\$ 1,295
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 655,649	\$ 690,449	\$ 798,357	\$ 107,908
Total School Cafeteria Fund	\$ 1,312,530	\$ 1,260,498	\$ 1,379,934	\$ 119,436
Total Discretely Presented Component Unit - School Board	\$ 29,059,049	\$ 29,432,320	\$ 28,403,951	\$ (1,028,369)

June 30, 2011

Schedule of Expenditures - Budget and Actual  
Governmental Funds

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
City council	\$ 208,980	\$ 208,980	\$ 215,689	\$ (6,709)
General and financial administration:				
Management services	\$ 239,628	\$ 239,628	\$ 332,355	\$ (92,727)
Legal services	350,000	350,000	334,247	15,753
Independent auditor	35,000	35,000	45,880	(10,880)
Commissioner of revenue	302,268	302,268	302,363	(95)
Treasurer	334,000	334,000	398,779	(64,779)
Finance	476,768	476,768	542,212	(65,444)
Other general and financial administration	927,472	927,472	1,027,428	(99,956)
Total general and financial administration	\$ 2,665,136	\$ 2,665,136	\$ 2,983,264	\$ (318,128)
Board of elections:				
Electoral board and officials	\$ 109,252	\$ 109,252	\$ 100,785	\$ 8,467
Total general government administration	\$ 2,983,368	\$ 2,983,368	\$ 3,299,738	\$ (316,370)
Judicial administration:				
Courts:				
Courts	\$ 158,402	\$ 158,402	\$ 159,624	\$ (1,222)
Sheriff	216,718	216,718	216,720	(2)
Total courts	\$ 375,120	\$ 375,120	\$ 376,344	\$ (1,224)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 105,169	\$ 105,169	\$ 105,168	\$ 1
Total judicial administration	\$ 480,289	\$ 480,289	\$ 481,512	\$ (1,223)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,900,364	\$ 2,900,364	\$ 2,685,207	\$ 215,157
E-911	771,964	771,964	756,831	15,133
Total law enforcement and traffic control	\$ 3,672,328	\$ 3,672,328	\$ 3,442,038	\$ 230,290
Fire and rescue services:				
Fire department	\$ 2,245,432	\$ 2,245,432	\$ 2,243,406	\$ 2,026
Total fire and rescue services	\$ 2,245,432	\$ 2,245,432	\$ 2,243,406	\$ 2,026

## CITY OF MANASSAS PARK, VIRGINIA

## Schedule 2

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June 30, 2011

Schedule of Expenditures - Budget and Actual  
Governmental Funds (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public Safety: (Continued)				
Correction and detention:				
County jail	\$ 530,693	\$ 530,693	\$ 496,133	\$ 34,560
Juvenile detention home	112,269	112,269	111,365	904
Total correction and detention	<u>\$ 642,962</u>	<u>\$ 642,962</u>	<u>\$ 607,498</u>	<u>\$ 35,464</u>
Inspections:				
Building	<u>\$ 198,445</u>	<u>\$ 198,445</u>	<u>\$ 195,663</u>	<u>\$ 2,782</u>
Other protection:				
Animal control	<u>\$ 106,334</u>	<u>\$ 106,334</u>	<u>\$ 89,120</u>	<u>\$ 17,214</u>
Total public safety	<u>\$ 6,865,501</u>	<u>\$ 6,865,501</u>	<u>\$ 6,577,725</u>	<u>\$ 287,776</u>
Public works:				
Maintenance of highways, streets, bridges & sidewalks:				
Streets	<u>\$ 567,539</u>	<u>\$ 567,539</u>	<u>\$ 583,235</u>	<u>\$ (15,696)</u>
Maintenance of general buildings & grounds:				
General properties	\$ 341,136	\$ 341,136	\$ 302,418	\$ 38,718
City garage	283,800	283,800	308,151	(24,351)
Total maintenance of general buildings & grounds	<u>\$ 624,936</u>	<u>\$ 624,936</u>	<u>\$ 610,570</u>	<u>\$ 14,366</u>
Total public works	<u>\$ 1,192,475</u>	<u>\$ 1,192,475</u>	<u>\$ 1,193,804</u>	<u>\$ (1,329)</u>
Health and welfare:				
Health:				
Local health department	<u>\$ 51,444</u>	<u>\$ 51,444</u>	<u>\$ 14,035</u>	<u>\$ 37,409</u>
Total health	<u>\$ 51,444</u>	<u>\$ 51,444</u>	<u>\$ 14,035</u>	<u>\$ 37,409</u>
Mental health and mental retardation:				
Chapter X board	<u>\$ 648,005</u>	<u>\$ 648,005</u>	<u>\$ 648,000</u>	<u>\$ 5</u>
Total mental health and mental retardation	<u>\$ 648,005</u>	<u>\$ 648,005</u>	<u>\$ 648,000</u>	<u>\$ 5</u>
Welfare:				
Welfare administration and assistance	\$ 1,350,602	\$ 1,350,602	\$ 1,280,396	\$ 70,206
Comprehensive services act	1,000,000	1,000,000	805,322	194,678
Area agency on aging	87,676	87,676	87,672	4
Other social services programs	73,870	73,870	73,872	(2)
Total welfare	<u>\$ 2,512,148</u>	<u>\$ 2,512,148</u>	<u>\$ 2,247,262</u>	<u>\$ 264,886</u>
Total health and welfare	<u>\$ 3,211,597</u>	<u>\$ 3,211,597</u>	<u>\$ 2,909,297</u>	<u>\$ 302,300</u>

## CITY OF MANASSAS PARK, VIRGINIA

## Schedule 2

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June 30, 2011

Schedule of Expenditures - Budget and Actual  
Governmental Funds (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 15,628	\$ 15,628	\$ 18,809	\$ (3,181)
Contributions to Manassas Park School Board	10,443,254	10,443,503	9,973,205	470,298
Total education	<u>\$ 10,458,882</u>	<u>\$ 10,459,131</u>	<u>\$ 9,992,014</u>	<u>\$ 467,117</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration and maintenance	\$ 2,196,160	\$ 2,196,160	\$ 2,217,926	\$ (21,766)
Library:				
Regional Library	\$ 543,753	\$ 543,753	\$ 543,756	\$ (3)
Total parks, recreation, and cultural	<u>\$ 2,739,913</u>	<u>\$ 2,739,913</u>	<u>\$ 2,761,682</u>	<u>\$ (21,769)</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 124,376	\$ 124,376	\$ 126,213	\$ (1,837)
Total planning and community development	<u>\$ 124,376</u>	<u>\$ 124,376</u>	<u>\$ 126,213</u>	<u>\$ (1,837)</u>
Total community development	<u>\$ 124,376</u>	<u>\$ 124,376</u>	<u>\$ 126,213</u>	<u>\$ (1,837)</u>
Total General Fund	<u>\$ 28,056,401</u>	<u>\$ 28,056,650</u>	<u>\$ 27,341,986</u>	<u>\$ 714,664</u>
<b>Special Revenue Fund:</b>				
<b>Gang Task Force Fund</b>				
Public safety:				
Other protection:				
Payment to localities	\$ -	\$ -	\$ 948,782	\$ (948,782)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,782</u>	<u>\$ (948,782)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,782</u>	<u>\$ (948,782)</u>
Total Gang Task Force Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,782</u>	<u>\$ (948,782)</u>
<b>Debt Service Funds:</b>				
<b>City Debt Service Fund:</b>				
Debt Service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and other fiscal charges	775,996	775,996	775,536	460
Total City Debt Service Fund	<u>\$ 775,996</u>	<u>\$ 775,996</u>	<u>\$ 775,536</u>	<u>\$ 460</u>

## CITY OF MANASSAS PARK, VIRGINIA

## Schedule 2

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June 30, 2011

Schedule of Expenditures - Budget and Actual

Governmental Funds (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>School Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 2,084,996	\$ 2,084,996	\$ 1,160,861	\$ 924,135
Interest & other fiscal charges	2,547,501	2,547,501	3,471,636	(924,135)
Total School Debt Service	\$ 4,632,497	\$ 4,632,497	\$ 4,632,497	\$ -
<b>Capital Projects Funds:</b>				
<b>City Capital Projects Fund:</b>				
Capital projects expenditures:				
Fire station/vehicles	-	-	-	-
Parks and recreation projects	\$ 5,000	\$ 5,000	\$ 581,456	\$ (576,456)
Community center	-	-	-	-
Fire station furnishings	10,000	10,000	2,679	7,321
Police PAK system	70,000	70,000	57,014	12,986
Street improvements	3,875,000	3,875,000	56,313	3,818,687
Manassas Drive sidewalks (PRTC)	-	-	271,446	(271,446)
Technology initiative	25,000	25,000	22,019	2,981
Well system upgrade/pressure valves	-	-	30,920	(30,920)
Public safety vehicles	166,476	166,476	164,368	2,108
Other projects	850,209	850,209	28,247	821,962
Total capital projects	\$ 5,001,685	\$ 5,001,685	\$ 1,214,462	\$ 3,787,223
Total City Capital Projects Fund	\$ 5,001,685	\$ 5,001,685	\$ 1,214,462	\$ 3,787,223
Total Primary Government	\$ 38,466,579	\$ 38,466,828	\$ 34,913,263	\$ 3,553,565
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 20,272,088	\$ 20,635,930	\$ 19,414,968	\$ 1,220,962
Administration, attendance and health services	1,580,460	1,670,300	1,619,110	51,190
Pupil transportation	1,703,217	1,776,831	1,804,569	(27,738)
Operation and maintenance of school plant	2,878,175	2,833,444	2,682,694	150,750
Facilities	8,125	19,925	6,983	12,942
Technology	1,311,842	1,241,379	1,240,696	683
Total education	\$ 27,753,907	\$ 28,177,809	\$ 26,769,020	\$ 1,408,789
Total School Operating Fund	\$ 27,753,907	\$ 28,177,809	\$ 26,769,020	\$ 1,408,789
<b>School Cafeteria Fund:</b>				
Education:				
School food services:	\$ 1,145,955	\$ 1,244,843	\$ 1,334,272	\$ (89,429)
Total School Cafeteria Fund	\$ 1,145,955	\$ 1,244,843	\$ 1,334,272	\$ (89,429)
Total Discretely Presented Component Unit-School Board	\$ 28,899,862	\$ 29,422,652	\$ 28,103,292	\$ 1,319,360

June 30, 2011

Computation of Legal Debt Margin

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Total assessed value of taxed real property at July 1, 2010		\$	<u>1,035,213,000</u>
Debt limit - 10 percent of total assessed value		\$	103,521,300
Amount of debt applicable to debt limit:			
Gross debt (1)	\$	130,886,350	
Less:			
Water and sewer general obligation refunding bonds		(11,160,000)	
Lease revenue bonds		<u>(17,280,000)</u>	
Total amount of debt applicable to debt limit		\$	<u>102,446,350</u>
Legal debt margin		\$	<u><u>1,074,950</u></u>

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

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## Statistical Section

### Contents

### Tables

#### Financial Trends

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

1 - 5

#### Revenue Capacity

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

6 - 9

#### Debt Capacity

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

10 - 13

#### Demographic and Economic Information

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

14 - 15

#### Operating Information

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

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#### *Sources:*

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



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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 18,529,748	\$ 21,347,169	\$ 22,768,214	\$ 17,965,771	\$ 19,998,796	\$ 16,208,837	\$ 10,158,642	\$ 10,192,577
Restricted	922,664	1,124,998	1,494,759	-	-	-	-	-
Unrestricted	<u>5,078,156</u>	<u>3,680,911</u>	<u>4,160,738</u>	<u>6,458,155</u>	<u>2,443,881</u>	<u>1,533,600</u>	<u>1,822,217</u>	<u>754,330</u>
Total governmental activities net assets	<u>\$ 24,530,568</u>	<u>\$ 26,153,078</u>	<u>\$ 28,423,711</u>	<u>\$ 24,423,926</u>	<u>\$ 22,442,677</u>	<u>\$ 17,742,437</u>	<u>\$ 11,980,859</u>	<u>\$ 10,946,907</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 7,018,105	\$ 8,096,164	\$ 9,160,463	\$ 9,191,736	\$ 9,042,212	\$ 6,473,546	\$ 5,538,509	\$ 6,374,387
Unrestricted	<u>9,798,801</u>	<u>9,401,479</u>	<u>8,955,129</u>	<u>7,684,124</u>	<u>6,349,929</u>	<u>9,269,265</u>	<u>7,706,159</u>	<u>4,826,068</u>
Total business-type activities net assets	<u>\$ 16,816,906</u>	<u>\$ 17,497,643</u>	<u>\$ 18,115,592</u>	<u>\$ 16,875,860</u>	<u>\$ 15,392,141</u>	<u>\$ 15,742,811</u>	<u>\$ 13,244,668</u>	<u>\$ 11,200,454</u>
Primary government								
Invested in capital assets, net of related debt	\$ 25,547,853	\$ 29,443,333	\$ 31,928,677	\$ 27,157,507	\$ 29,041,008	\$ 22,682,383	\$ 15,697,151	\$ 16,566,964
Restricted	922,664	1,124,998	1,494,759	-	-	-	-	-
Unrestricted	<u>14,876,957</u>	<u>13,082,390</u>	<u>13,115,867</u>	<u>14,142,279</u>	<u>8,793,810</u>	<u>10,802,865</u>	<u>9,528,376</u>	<u>5,580,398</u>
Total primary government net assets	<u>\$ 41,347,474</u>	<u>\$ 43,650,721</u>	<u>\$ 46,539,303</u>	<u>\$ 41,299,786</u>	<u>\$ 37,834,818</u>	<u>\$ 33,485,248</u>	<u>\$ 25,225,527</u>	<u>\$ 22,147,361</u>

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

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
Governmental activities:								
General government	\$ 2,371,822	\$ 2,487,349	\$ 3,092,298	\$ 3,639,495	\$ 3,835,114	\$ 4,314,847	\$ 4,042,638	\$ 3,526,179
Judicial administration	257,239	375,191	269,122	288,349	360,418	537,701	559,672	490,668
Public safety	4,387,390	4,997,815	5,838,083	6,705,352	7,623,083	8,485,280	9,813,118	7,194,524
Public works	2,272,790	2,853,701	3,478,615	3,376,327	3,247,845	3,529,688	2,996,931	1,975,496
Health and welfare	2,607,811	3,630,655	3,516,367	3,654,486	3,545,899	4,382,948	4,057,559	2,966,358
Education	10,274,071	13,273,248	15,032,589	19,637,339	17,352,580	12,436,101	10,769,321	10,182,020
Parks, recreation and cultural	1,592,917	1,531,253	1,912,888	2,157,786	2,323,943	2,473,183	2,657,667	3,576,168
Community development	178,560	119,457	165,714	-	48,599	435,532	119,764	128,613
Interest on long-term debt	1,076,881	1,328,123	2,206,732	2,842,832	4,335,192	3,847,039	5,095,520	4,246,782
Total governmental activities								
Expenses	\$ 25,019,481	\$ 30,596,792	\$ 35,512,408	\$ 42,301,966	\$ 42,672,673	\$ 40,442,319	\$ 40,112,190	\$ 34,286,808
Business-type activities:								
Water and Sewer	\$ 4,121,868	\$ 4,044,139	\$ 4,893,659	\$ 4,895,554	\$ 4,828,407	\$ 5,867,322	\$ 7,541,752	\$ 6,779,429
Total business-type activities								
expenses	\$ 4,121,868	\$ 4,044,139	\$ 4,893,659	\$ 4,895,554	\$ 4,828,407	\$ 5,867,322	\$ 7,541,752	\$ 6,779,429
Total primary government								
expenses	\$ 29,141,349	\$ 34,640,931	\$ 40,406,067	\$ 47,197,520	\$ 47,501,080	\$ 46,309,641	\$ 47,653,942	\$ 41,066,237
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$ 16,996	\$ 19,734	\$ 24,865	\$ 30,046	\$ 30,378	\$ 48,126	\$ 103,718	\$ 114,232
Judicial administration	4,234	2,723	3,653	3,425	10,593	325,687	235,557	219,512
Public safety	271,628	418,954	427,275	336,106	519,856	243,553	299,932	295,965
Public works	26,486	-	58,402	61,321	793,115	747,060	69,907	-
Health and welfare	-	293,776	245,087	227,519	214,939	237,263	225,128	205,637
Parks, recreation and cultural	447,124	234,883	258,104	226,769	422,376	268,919	397,330	1,107,280
Community development	12,045	20,034	7,170	-	-	-	-	96,531
Operating grants and contributions	1,962,750	2,963,637	3,383,992	3,270,584	3,378,377	3,835,569	4,975,818	2,312,612
Capital grants and contributions	-	9,274	700,625	29,526	16,408	10,325	10,128	761,210
Total governmental activities								
program revenues	\$ 2,741,263	\$ 3,963,015	\$ 5,109,173	\$ 4,185,296	\$ 5,386,042	\$ 5,716,502	\$ 6,317,518	\$ 5,112,978
Business-type activities:								
Charges for services:								
Water and sewer	\$ 3,119,773	\$ 3,302,274	\$ 3,570,295	\$ 3,608,526	\$ 3,629,021	\$ 4,651,552	\$ 5,622,665	\$ 5,719,818
Capital grants and contributions	330,000	1,862,960	1,742,000	343,613	20,000	2,032,343	192,982	-
Total business-type activities								
program	\$ 3,449,773	\$ 5,165,234	\$ 5,312,295	\$ 3,952,139	\$ 3,649,021	\$ 6,683,895	\$ 5,815,647	\$ 5,719,818
Revenues								
Total primary government								
program	\$ 6,191,036	\$ 9,128,249	\$ 10,421,468	\$ 8,137,435	\$ 9,035,063	\$ 12,400,397	\$ 12,133,165	\$ 10,832,796
Revenues								
Net (expense) / revenue								
Governmental								
activities	\$ (22,278,218)	\$ (26,633,777)	\$ (30,403,235)	\$ (38,116,670)	\$ (37,286,631)	\$ (34,725,817)	\$ (33,794,672)	\$ (29,173,829)
Business-type								
Activities	(672,095)	1,121,095	418,636	(943,415)	(1,179,386)	816,573	(1,726,105)	(1,059,610)
Total primary government								
net expense	\$ (22,950,313)	\$ (25,512,682)	\$ (29,984,599)	\$ (39,060,085)	\$ (38,466,017)	\$ (33,909,244)	\$ (35,520,777)	\$ (30,233,439)

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Revenues and Other</b>								
<b>Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 14,726,538	\$ 17,842,816	\$ 20,092,811	\$ 23,315,372	\$ 22,988,122	\$ 23,093,932	\$ 20,352,144	\$ 19,706,438
Other local taxes	4,833,743	5,800,210	6,003,726	5,676,137	5,304,217	4,809,112	3,634,698	4,136,296
Permits, privilege fees and regulatory licenses	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	1,660,976	1,806,340	4,392,046	2,050,160	1,695,029	1,572,032	2,253,053	2,280,974
Unrestricted revenues from use of money and property	122,589	300,185	821,675	1,184,060	1,975,533	847,954	169,053	-
Miscellaneous	634,135	2,751,645	515,827	564,327	2,792,481	589,635	802,521	815,859
Gain on sale of capital assets	-	-	-	826,829	-	-	-	-
Transfers	(350,165)	602,874	-	500,000	550,000	625,000	821,625	984,604
Total governmental activities	\$ 21,627,816	\$ 29,104,070	\$ 31,826,085	\$ 34,116,885	\$ 35,305,382	\$ 31,537,665	\$ 28,033,094	\$ 27,924,171
<b>Business-type activities:</b>								
Miscellaneous	\$ -	\$ -	\$ 33,075	\$ 26,116	\$ -	\$ -	\$ -	\$ -
Unrestricted revenues from use of money & property	74,410	131,142	166,238	177,567	245,667	74,181	49,587	-
Transfers	350,165	(602,874)	-	(500,000)	(550,000)	(625,000)	(821,625)	(984,604)
Total business-type activities	\$ 424,575	\$ (440,358)	\$ 199,313	\$ (296,317)	\$ (304,333)	\$ (550,819)	\$ (772,038)	\$ (984,604)
Total primary government	\$ 22,052,391	\$ 28,663,712	\$ 32,025,398	\$ 33,820,568	\$ 35,001,049	\$ 30,986,846	\$ 27,261,056	\$ 26,939,567
<b>Change in Net Assets</b>								
Governmental activities	\$ (650,402)	\$ 2,470,293	\$ 1,422,850	\$ (3,999,785)	\$ (1,981,249)	\$ (3,188,152)	\$ (5,761,578)	\$ (1,249,658)
Business-type activities	(247,520)	680,737	617,949	(1,239,732)	(1,483,719)	265,754	(2,498,143)	(2,044,214)
Total primary government	\$ (897,922)	\$ 3,151,030	\$ 2,040,799	\$ (5,239,517)	\$ (3,464,968)	\$ (2,922,398)	\$ (8,259,721)	\$ (3,293,872)

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

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

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

	<u>2002</u>	<u>2003 (1)</u>	<u>2004 (1)</u>	<u>2005 (1)</u>	<u>2006 (1)</u>
General fund					
Assigned	\$ 1,084,142	\$ 1,148,008	\$ 2,070,672	\$ 2,111,222	\$ 2,480,983
Unassigned	<u>6,380,776</u>	<u>5,390,378</u>	<u>3,858,615</u>	<u>4,690,023</u>	<u>4,051,281</u>
Total general fund	<u>\$ 7,464,918</u>	<u>\$ 6,538,386</u>	<u>\$ 5,929,287</u>	<u>\$ 6,801,245</u>	<u>\$ 6,532,264</u>
All other governmental funds					
Assigned	\$ -	\$ -	\$ 142,828	\$ 6,640,500	\$ 17,100,519
Unassigned, reported in:					
Capital projects funds	-	7,299,333	336,508	(1,696,589)	1,574,018
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ -</u>	<u>\$ 7,299,333</u>	<u>\$ 479,336</u>	<u>\$ 4,943,911</u>	<u>\$ 18,674,537</u>

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

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

	2007 (1)	2008 (1)	2009 (1)	2010 (1)	2011 (1)
General fund					
Assigned	\$ 2,851,025	\$ 3,232,440	\$ 3,670,274	\$ 3,648,548	\$ 6,701,315
Unassigned	<u>2,355,991</u>	<u>579,450</u>	<u>(1,722,528)</u>	<u>(2,662,325)</u>	<u>(2,105,265)</u>
Total general fund	<u>\$ 5,207,016</u>	<u>\$ 3,811,890</u>	<u>\$ 1,947,746</u>	<u>\$ 982,223</u>	<u>\$ 4,596,050</u>
All other governmental funds					
Assigned	39,473,55	46,464,89			
	\$ 0	\$ 7	\$ 18,739,323	\$ 3,950,543	\$ 2,197,852
Unassigned, reported in:					
Capital projects funds	887,393	383,973	(1,707,248)	32,826	38,099
Debt service funds	<u>806,318</u>	<u>1,240,726</u>	<u>1,540,389</u>	<u>2,382,784</u>	<u>460</u>
Total all other governmental funds	<u>41,167,26</u> <u>\$ 1</u>	<u>48,089,59</u> <u>\$ 6</u>	<u>\$ 18,572,464</u>	<u>\$ 6,366,153</u>	<u>\$ 2,236,411</u>

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

## CITY OF MANASSAS PARK, VIRGINIA

Table 4  
Page 1 of 2Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2002 (2)	2003 (1)	2004 (1)	2005 (1)	2006 (1)
<b>Revenues</b>					
General property taxes	\$ 11,190,516	\$ 12,444,746	\$ 14,661,144	\$ 17,667,471	\$ 20,122,307
Other local taxes	3,674,351	4,160,394	4,833,743	5,800,210	6,003,726
Permits, privilege fees and regulatory licenses	67,094	281,542	91,520	175,910	269,389
Fines and forfeitures	118,089	104,682	189,338	178,035	178,624
Revenue from use of money and property	110,757	289,997	122,589	303,416	821,677
Charges for services	454,030	588,575	497,655	636,159	574,765
Miscellaneous	644,442	464,343	727,135	2,751,645	2,589,564
Recovered costs	-	-	42,409	92,138	34,375
Intergovernmental:					
Commonwealth	4,038,015	3,432,054	2,793,361	3,812,767	5,336,506
Federal	706,549	1,293,218	844,867	846,558	1,187,329
<b>Total revenues</b>	<b>\$ 21,003,843</b>	<b>\$ 23,059,551</b>	<b>\$ 24,803,761</b>	<b>\$ 32,264,309</b>	<b>\$ 37,118,262</b>
<b>Expenditures</b>					
General government administration	\$ 1,847,971	\$ 1,850,371	\$ 2,198,396	\$ 2,461,195	\$ 3,395,372
Judicial administration	235,596	282,373	257,239	375,191	269,123
Public safety	3,119,396	3,642,256	4,453,967	4,717,014	5,649,817
Public works	1,583,450	2,350,021	2,321,422	1,911,181	2,404,325
Health and welfare	2,234,128	2,451,299	2,606,275	3,627,395	3,515,217
Education	5,926,889	7,641,638	10,862,752	11,911,772	13,419,763
Parks, recreation and cultural	1,224,802	1,236,025	1,418,027	1,446,302	1,808,710
Community development	268,665	194,240	178,560	122,511	35,345
Capital projects	3,727,459	3,265,047	8,769,565	9,132,032	19,299,802
Debt service					
Principal	3,285,000	1,435,000	229,000	1,544,067	1,671,793
Interest and other fiscal charges	815,834	1,066,797	124,579	1,072,052	1,458,113
Capital leases	22,142	-	-	-	-
<b>Total expenditures</b>	<b>\$ 24,291,332</b>	<b>\$ 25,415,067</b>	<b>\$ 33,419,782</b>	<b>\$ 38,320,712</b>	<b>\$ 52,927,380</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (3,287,489)</b>	<b>\$ (2,355,516)</b>	<b>\$ (8,616,021)</b>	<b>\$ (6,056,403)</b>	<b>\$ (15,809,118)</b>
<b>Other financing sources (uses)</b>					
Transfers in	\$ 4,208,346	\$ 3,644,980	\$ 1,739,438	\$ 3,946,422	\$ 2,994,417
Transfers out	(4,501,964)	(3,623,208)	(2,089,603)	(3,343,548)	(2,994,417)
Operating transfer to component unit	-	-	-	-	-
Refunding bonds issued	(7,500,000)	-	-	-	-
Issuance of bond anticipation note	-	-	-	-	-
Refunding of bond anticipation note	-	-	-	-	(7,000,000)
Issuance of general obligation bonds	7,500,000	7,000,000	-	9,145,000	35,984,491
Premium on bonds issued	-	-	-	359,272	330,045
Discount on bonds issued	-	-	-	-	(108,780)
Bond issue costs	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Issuance of other long-term debt	-	-	500,000	-	65,007
Issuance of capital leases	-	-	410,090	216,940	-
Sale of capital assets	1,630,000	1,717,325	627,000	1,068,850	-
<b>Total other financing sources (uses)</b>	<b>\$ 1,336,382</b>	<b>\$ 8,739,097</b>	<b>\$ 1,186,925</b>	<b>\$ 11,392,936</b>	<b>\$ 29,270,763</b>
<b>Net change in fund balances</b>	<b>\$ (1,951,107)</b>	<b>\$ 6,383,581</b>	<b>\$ (7,429,096)</b>	<b>\$ 5,336,533</b>	<b>\$ 13,461,645</b>
Debt service as a percentage of noncapital expenditures	20.05%	11.29%	1.43%	8.96%	9.31%

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

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

## CITY OF MANASSAS PARK, VIRGINIA

Table 4  
Page 2 of 2

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

	2007 (1)	2008 (1)	2009 (1)	2010 (1)	2011 (1)
<b>Revenues</b>					
General property taxes	\$ 23,343,036	\$ 22,873,462	\$ 22,855,998	\$ 20,697,342	\$ 19,706,438
Other local taxes	5,676,137	5,304,217	4,809,112	3,634,698	4,136,296
Permits, privilege fees and regulatory licenses	105,881	187,641	61,535	58,302	46,173
Fines and forfeitures	173,357	267,402	359,919	262,980	219,512
Revenue from use of money and property	1,184,062	1,975,533	847,954	169,053	48,366
Charges for services	606,197	1,524,075	1,449,154	1,010,290	1,726,410
Miscellaneous	384,135	2,840,639	589,635	802,521	768,956
Recovered costs	42,284	9,047	5,952	2,442	193,939
Intergovernmental:					
Commonwealth	4,375,448	3,960,903	4,381,214	4,685,241	4,461,030
Federal	1,224,745	1,128,911	1,036,712	2,553,758	2,099,279
<b>Total revenues</b>	<b>\$ 37,115,282</b>	<b>\$ 40,071,830</b>	<b>\$ 36,397,185</b>	<b>\$ 33,876,627</b>	<b>\$ 33,406,399</b>
<b>Expenditures</b>					
General government administration	\$ 3,554,307	\$ 3,769,877	\$ 3,613,198	\$ 3,337,526	\$ 3,299,738
Judicial administration	288,350	360,418	471,206	500,014	481,512
Public safety	6,311,384	7,165,877	6,852,347	8,114,220	7,526,507
Public works	2,363,545	2,519,927	2,351,120	1,949,266	1,193,804
Health and welfare	3,714,284	3,536,343	3,837,889	3,610,447	2,909,297
Education	13,983,290	13,589,111	12,633,695	10,552,384	9,992,014
Parks, recreation and cultural	2,059,722	2,209,021	2,062,513	2,213,340	2,761,682
Community development	-	39,900	367,374	118,991	126,213
Capital projects	17,867,519	16,833,184	29,448,466	12,255,215	1,214,462
Debt service					
Principal	2,397,261	2,924,999	1,527,691	1,469,655	-
Interest and other fiscal charges	3,213,822	3,913,495	3,839,278	4,993,428	5,408,033
Capital leases	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 55,753,484</b>	<b>\$ 56,912,152</b>	<b>\$ 67,004,777</b>	<b>\$ 49,114,486</b>	<b>\$ 34,913,262</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (18,638,202)</b>	<b>\$ (16,840,322)</b>	<b>\$ (30,607,592)</b>	<b>\$ (15,237,859)</b>	<b>\$ (1,506,863)</b>
<b>Other financing sources (uses)</b>					
Transfers in	\$ 6,223,497	\$ 6,510,337	\$ 6,660,821	\$ 7,315,156	\$ 9,697,818
Transfers out	(5,723,497)	(5,960,337)	(6,035,821)	(6,493,531)	(8,710,870)
Operating transfer to component unit	-	-	-	-	-
Refunding bonds issued	6,695,000	32,240,000	-	13,640,000	-
Issuance of bond anticipation note	7,500,000	-	-	-	-
Refunding of bond anticipation note	-	-	-	-	-
Issuance of general obligation bonds	26,875,000	-	-	-	-
Premium on bonds issued	261,342	466,004	-	-	-
Discount on bonds issued	-	-	-	-	-
Bond issue costs	-	(375,237)	-	(459,062)	-
Payments to refunded bond escrow agent	(6,627,847)	(10,722,817)	-	(11,932,538)	-
Issuance of other long-term debt	-	-	-	-	-
Issuance of capital leases	2,102,183	209,581	-	-	-
Sale of capital assets	2,500,000	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 39,805,678</b>	<b>\$ 22,367,531</b>	<b>\$ 625,000</b>	<b>\$ 2,070,025</b>	<b>\$ 986,948</b>
<b>Net change in fund balances</b>	<b>\$ 21,167,476</b>	<b>\$ 5,527,209</b>	<b>\$ (29,982,592)</b>	<b>\$ (13,167,834)</b>	<b>\$ (519,915)</b>
Debt service as a percentage of noncapital expenditures	13.26%	15.73%	14.29%	17.53%	16.05%



## CITY OF MANASSAS PARK, VIRGINIA

Table 5

## General Governmental Tax Revenues by Source (1)

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

Fiscal Year	Property Tax	Local sales and use Tax	Communication Tax (2)	Consumer Utility / E-911 Tax	Motor Vehicle License Tax	Recording and Wills Tax	Business License Tax	Meals tax	Cigarette Tax	Total
2011	\$ 19,706,438	\$ 1,412,889	\$ -	\$ 768,963	\$ 281,148	\$ 176,884	\$ 706,616	\$ 347,255	\$ 396,685	\$ 23,796,878
2010	20,697,342	1,138,777	-	721,268	270,030	137,368	632,868	298,446	404,116	24,300,215
2009	22,855,998	1,404,092	762,507	729,488	264,669	278,014	715,561	275,082	352,935	27,638,346
2008	22,873,462	1,757,187	782,221	755,048	272,922	275,991	748,004	295,082	369,845	28,129,762
2007	23,343,036	1,814,552	1,400,147	1,400,147	276,725	414,066	908,429	296,515	411,512	30,265,129
2006	20,122,307	2,041,465	1,273,467	1,273,467	287,776	556,676	830,605	300,270	417,608	27,103,641
2005	17,667,471	2,032,705	1,244,478	1,244,478	294,064	483,739	681,181	292,943	562,020	24,503,079
2004	14,661,144	1,712,194	1,095,639	1,095,639	277,821	199,147	733,640	267,923	295,215	20,338,362
2003	12,444,746	1,447,427	1,079,328	1,079,328	264,639	183,849	622,305	243,036	145,246	17,509,904
2002	11,190,516	1,415,216	809,612	809,612	148,967	102,743	632,023	205,018	152,596	15,466,303

(1) Does not include bank stock taxes

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

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service (1)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2011	\$ 1,006,426	\$ 114,600	\$ 128	\$ 28,787	\$ 1,149,941	\$ 1,149,941	100%
2010	1,100,695	110,082	961	27,995	1,239,732	1,239,732	100%
2009	1,603,567	124,937	1,032	26,304	1,755,840	1,755,840	100%
2008	1,612,469	124,044	1,032	26,304	1,763,849	1,763,849	100%
2007	1,767,459	127,797	1,111	24,175	1,920,542	1,920,542	100%
2006	1,472,023	124,133	936	24,420	1,621,512	1,621,512	100%
2005	1,103,796	106,877	929	20,987	1,232,589	1,232,589	100%
2004	887,204	106,601	1,156	18,057	1,013,018	1,013,018	100%
2003	737,216	97,925	1,158	17,561	853,860	853,860	100%
2002	617,359	90,398	868	16,639	725,264	725,264	100%

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

Property Tax Rates (1)  
Last Ten Fiscal Years

<u>Fiscal Year</u>		<u>Real Estate</u>		<u>Personal Property</u>		<u>Mobile Homes</u>		<u>Machinery and Tools</u>
2011	\$	1.65	\$	3.50	\$	3.50	\$	3.50
2010		1.65		3.50		3.50		3.50
2009		1.24		3.50		3.50		3.50
2008		1.14		3.50		3.50		3.50
2007		1.14		3.50		3.50		3.50
2006		1.25/1.14		3.50		3.50		3.50
2005		1.33/1.29		3.50		3.50		3.50
2004		1.33		3.50		3.50		3.50
2003		1.37/1.33		3.50		3.50		3.50
2002		1.42/1.37		3.50		3.50		3.50
		1st half/2nd half						

(1) Per \$100 of assessed value

Principal Property Taxpayers  
Current Year

Taxpayer	Fiscal Year 2011	
	2011 Assessed Valuation	% of Total Assessed Valuation
LBUBS 2006-C6 Russian Branch LLC	\$ 42,303,100	3.8%
Park Center LLC	34,722,000	3.1%
Centrum-Manassas Park	12,449,200	1.1%
Jerax Enterprises	5,588,300	0.5%
HCW Conner Center LLC	5,351,400	0.5%
RPC of Manassas Park LLC	4,628,700	0.4%
Twenty-Two SAC Self Storage Corp	4,488,600	0.4%
Digital Park LLC	4,046,900	0.4%
The Sills Family LTD Partnership	3,942,600	0.4%
Leopold, Charles & Jacqueline M.	3,473,500	0.3%
PFS Properties LLC	3,129,400	0.3%
Storage America-Manassas Park	3,126,200	0.3%
	<u>\$ 127,249,900</u>	<u>11%</u>

Source: Commissioner of Revenue

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

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 19,946,043	\$ 18,665,377	93.58%	\$ 762,305	\$ 19,427,682	97.40%
2010	20,715,844	19,825,330	95.70%	826,988	20,652,318	99.69%
2009	23,923,934	22,068,389	92.24%	1,036,355	23,104,744	96.58%
2008	24,614,002	22,132,942	89.92%	971,167	23,104,109	93.87%
2007	24,246,347	23,238,365	95.84%	926,869	24,165,234	99.67%
2006	20,004,837	19,653,859	98.25%	833,869	20,487,728	102.41%
2005	17,073,274	16,891,966	98.94%	402,794	17,294,760	101.30%
2004	14,579,543	13,939,691	95.61%	644,384	14,584,075	100.03%
2003	13,557,770	13,316,071	98.22%	597,903	13,913,974	102.63%
2002	11,949,074	11,563,919	96.78%	581,888	12,145,807	101.65%

Source: Commissioner of Revenue, City Treasurer's office

Ratios of Outstanding Debt By Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Bond Anticipation Note	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Notes			
2011	\$ 109,961,350	\$ -	\$ 6,125,000	\$ -	\$ -	\$ 14,800,000	\$ -	130,886,350	28.73%	\$ 9,098
2010	110,497,211	-	6,750,000	-	-	14,800,000	-	132,047,211	33.70%	10,966
2009	101,674,592	7,500,000	7,375,000	-	127,274	14,405,000	-	131,081,866	34.25%	11,488
2008	102,415,462	7,500,000	8,000,000	42,002	247,093	1,000,000	-	119,204,557	30.20%	10,336
2007	80,588,362	7,500,000	8,625,000	104,617	2,115,984	1,085,000	-	100,018,963	25.61%	8,677
2006	55,043,808	-	9,250,000	168,967	141,267	1,170,000	-	65,774,042	17.29%	5,645
2005	19,948,480	7,000,000	9,875,000	158,739	240,550	1,250,000	225,000	38,697,769	10.71%	3,404
2004	11,681,287	7,000,000	10,500,000	200,000	39,556	1,325,000	450,000	31,195,843	9.07%	2,854
2003	11,910,000	7,000,000	11,125,000	-	-	1,395,000	750,000	32,180,000	10.01%	2,957
2002	12,720,000	-	11,750,000	-	-	1,460,000	1,050,000	26,980,000	8.84%	2,530

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2011	\$ 102,446,350	\$ -	\$ 102,446,350	8.91%	\$ 7,121
2010	103,607,211	-	103,607,211	8.39%	8,604
2009	116,549,592	-	116,549,592	6.69%	10,215
2008	117,915,462	-	117,915,462	6.69%	10,224
2007	96,713,362	-	96,713,362	5.04%	8,390
2006	64,293,808	-	64,293,808	3.97%	5,518
2005	38,232,219	-	38,232,219	3.10%	3,363
2004	30,506,287	-	30,506,287	3.01%	2,791
2003	31,430,000	-	31,430,000	3.68%	2,889
2002	25,930,000	-	25,930,000	3.58%	2,432
2001	29,190,137	-	29,190,137	4.75%	2,837

- Population data can be found in the table of Demographic and Economic Statistics - Table 14.
- See the table of Assessed Value and Estimated Actual Value of Taxable Property - Table 6.
- Includes all long-term general obligation bonded debt and Literary Fund Loans and excludes revenue bonds, capital leases, compensated absences and debt of the business-type activities

Legal Debt Margin Information  
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>
Debt limit	\$ 63,400	\$ 75,478	\$ 90,526	\$ 112,478	\$ 149,644	\$ 179,163	\$ 163,877	\$ 163,033	\$ 112,869	\$ 103,521
Total net debt applicable to limit	<u>\$ 25,930</u>	<u>\$ 31,430</u>	<u>\$ 30,506</u>	<u>\$ 38,232</u>	<u>\$ 64,294</u>	<u>\$ 96,713</u>	<u>\$ 117,915</u>	<u>\$ 116,550</u>	<u>\$ 103,607</u>	<u>\$ 102,446</u>
Legal debt margin	<u>\$ 37,470</u>	<u>\$ 44,048</u>	<u>\$ 60,020</u>	<u>\$ 74,246</u>	<u>\$ 85,350</u>	<u>\$ 82,450</u>	<u>\$ 45,962</u>	<u>\$ 46,484</u>	<u>\$ 9,262</u>	<u>\$ 1,075</u>
Total net debt applicable to the limit as a percentage of the debt limit	40.90%	41.64%	33.70%	33.99%	42.96%	53.98%	71.95%	71.49%	91.79%	98.96%

Assessed value	\$ <u>1,035,213</u>
Total assessed value	\$ 1,035,213

Debt limit (10% of total assessed value)	103,521
Net debt applicable to limit	<u>102,446</u>
Legal debt margin	\$ <u>1,075</u>

Note: The amounts reported above are presented in thousands.

\*This is the balance at July 1, 2010



Pledged-Revenue Coverage  
Last Ten Fiscal Years

Water & Sewer Bonds							
Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Total Debt Service	Debt Service Coverage
				Principal	Interest		
2011	\$ 5,769,220	\$ 4,209,312	\$ 1,559,908	\$ -	\$ 498,852	\$ 498,852	3.13
2010	5,865,234	6,046,963	(181,729)	95,000	864,304	959,304	(0.19)
2009	6,758,076	4,990,017	1,768,059	90,000	483,602	573,602	3.08
2008	3,894,688	4,414,868	(520,180)	85,000	32,499	117,499	N/M
2007	4,155,822	4,387,830	(232,008)	85,000	67,516	152,516	N/M
2006	5,511,608	4,487,036	1,024,572	80,000	71,264	151,264	6.77
2005	5,327,750	3,707,598	1,620,152	75,000	75,366	150,366	10.77
2004	3,194,183	3,787,981	(593,798)	70,000	72,125	142,125	N/M
2003	3,055,898	3,372,875	(316,977)	65,000	75,249	140,249	N/M
2002	3,264,477	3,323,132	(58,655)	65,000	77,692	142,692	N/M

N/M = Not meaningful

Includes all revenues.

Total operating expenses exclusive of depreciation.

Includes general obligation bonds paid from Enterprise Fund.

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2011	14,387	\$ 455,635,380	\$ 31,670	3,176	5.20%
2010	12,042	391,775,907	32,534	2,707	5.80%
2009	11,410	382,695,197	33,540	2,464	6.50%
2008	11,533	394,714,957	34,225	2,471	3.20%
2007	11,527	390,603,572	33,886	2,473	2.40%
2006	11,652	380,384,700	32,645	2,321	2.30%
2005	11,369	361,406,400	31,789	2,358	2.10%
2004	10,930	343,776,300	31,453	2,272	2.00%
2003	10,881	321,394,200	29,537	2,327	1.80%
2002	10,662	305,127,900	28,618	2,124	2.70%

Source: Weldon Cooper Center, Annual school report - prepared by the City School Board, [research.stlouisfed.org](http://research.stlouisfed.org)

Principal Employers  
Current Year

<u>Employer</u>	<u>Employees</u>
Manassas Park Schools	373
City of Manassas Park	151
Atlas Plumbing LLC	137
Strittmatter Equipment LLC	95
Owens & Dove, Inc.	95
QMT Associates	80
Abuelita Mexican Food Products	60
Capitol Building Supply	54
Burton & Robinson Inc.	48
Stafford Systems Inc.	45
Totals	<u>1,138</u>

Source: Commissioner of Revenue, Virginia Employment Commission

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

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

Function	Fiscal Year					
	2006	2007	2008	2009	2010	2011
General Government	24	25	26	24	20	32
Public Safety						
Police Department	37	39	44	45	43	43
Fire & Rescue	26	26	29	28	25	26
Building Inspections	8	7	6	6	2	2
Animal control	1	1	1	1	-	-
Public Works	25	23	24	26	21	20
Health and welfare						
Social Services	15	16	14	13	12	12
Culture and Recreation						
Parks and Recreation	19	17	18	15	15	15
Community Development						
Planning			1	1	1	1
Totals	<u>155</u>	<u>154</u>	<u>163</u>	<u>159</u>	<u>139</u>	<u>151</u>

Note: Excludes summer and seasonal employees

Source: Individual City departments

Capital Asset Statistics by Function  
Last Six Fiscal Years

Function	Fiscal Year					
	2006	2007	2008	2009	2010	2011
General government						
Administration buildings	4	5	5	5	5	5
Vehicles	3	3	3	3	3	3
Public safety						
Police department:						
Patrol Units	23	28	33	33	33	37
Other Vehicles (fire and rescue)	10	10	10	10	7	7
Building inspections:						
Vehicles	4	4	2	2	1	1
Animal control:						
Vehicles	1	1	1	1	1	1
Public works						
General maintenance:						
Trucks/vehicles	100	100	100	100	29	29
Health and welfare						
Department of Social Services:						
Vehicles	3	3	3	3	3	3
Culture and recreation						
Parks and recreation:						
Community centers	1	1	1	1	1	1
Vehicles	4	4	4	5	4	4
Parks acreage	200	200	200	200	200	200
Swimming pools	2	2	1	1	2	2
Tennis courts	4	4	4	4	4	4
Component Unit - School Board						
Education:						
Schools	4	4	4	4	4	4
School buses	26	29	29	29	29	29

Source: Individual City departments

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

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

We have audited the accompanying financial statements of the City of Manassas Park, Virginia, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*; 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 Park, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a reportable condition in which the design of or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Park, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



This report is intended solely for the information and use of the Governing Body, management, and 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.

*Davis & Associates*

Alexandria, Virginia  
December 19, 2011

**Independent Auditor's Report On Compliance With Requirements Applicable to Each Major Program, Internal Control Over Compliance, and the Schedule of Expenditures of Federal Awards in Accordance With OMB Circular A-133**

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

**Compliance**

We have audited the compliance of the City of Manassas Park, Virginia with the types of requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The City of Manassas Park, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Manassas Park, Virginia's management. Our responsibility is to express an opinion on the City of Manassas Park, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Manassas Park, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Manassas Park, Virginia's compliance with those requirements.

In our opinion, the City of Manassas Park, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

**Internal Control Over Compliance**

The management of the City of Manassas Park, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Manassas Park, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Manassas Park, Virginia's internal control over compliance.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of

performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Expenditures of Federal Awards**

We have audited the accompanying financial statements of the City of Manassas Park, Virginia, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Manassas Park, Virginia's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, and 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.

***Davis & Associates***

Alexandria, Virginia  
December 19, 2011

## CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CDFA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Agriculture:</b>			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	10.555/2010	\$ -
Department of Education:			
Child Nutrition Cluster:			
National school breakfast program	10.553	10.553/2010	149,772
National school lunch program	10.555	10.555/2010	648,585
Department of Social Services:			
SNAP Cluster:			
State Administrative matching grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010110	132,154
ARRA - State Administrative matching grants for the Supplemental Nutrition Assistance Program	10.561	0040109/0040110	-
Total Department of Agriculture			\$ 930,511
<b>Department of Health and Human Services:</b>			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	\$ 15,561
Temporary assistance for needy families (TANF)	93.558	0400109/0400110	94,289
Refugee and entrant assistance - State administered	93.556	0500109/0500110	2,862
Low-income home energy assistance	93.568	0600409/0600410	7,200
Child welfare services - state grants	93.645	0900109/0900110	513
Foster care - Title IV-E	93.658	1100109/1100110	66,981
ARRA - Foster Care - Title IV-E	93.658	1100109/1100110	328
Adoption assistance	93.659	1120109/1120110	26,518
ARRA - Adoption assistance	93.659	1120109/1120110	1,720
Social services block grant	93.667	1000109/1000110	55,912
Chafee foster care independence program	93.674	9150109/9150110	1,244
Children's health insurance program	93.767	0540109/0540110	3,046
Medical assistance program	93.778	1200109/1200110	79,970
CCDF Cluster:			
Child care and development block grant	93.575	0770109/0770110	102,855
ARRA - Child care and development block grant	93.713	0740109/0780110	-
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	98,690
Total Department of Health and Human Services			\$ 557,689
<b>Department of Justice:</b>			
Direct payments:			
Youth gang prevention	16.554	-	\$ 1,072,890
Pass Through Payments:			
Department of Criminal Justice Services:			
Residential Substance Abuse Treatment for State Prisoners	16.593	3900100-61011	\$ -
Edward Byrne Memorial State and Local Law Enforcement Assistance discretionary grants program	16.580	2009-SB-B9-2389	-
Total Department of Justice - pass through			\$ -
Total Department of Justice			\$ 1,072,890

## CITY OF MANASSAS PARK, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CDFA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Transportation:</b>			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	6050700-59238	\$ -
Occupant Protection Incentive Grant	20.602	N/A	-
Total Department of Transportation			\$ -
<b>Department of Homeland Security</b>			
Direct Payments:			
Disaster grants - public assistance (Presidentially Declared Disasters)	97.036	-	\$ -
Pass Through Payments:			
Department of Emergency Services:			
State Homeland Security Program (SHSP)	97.073	7750100-52708	\$ -
Total Department of Homeland Security			\$ -
<b>Department of Education:</b>			
Pass Through Payments:			
Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	V048A090046	\$ 28,443
Safe and Drug Free Schools and Communities - State Grants	84.186	Q186A090048	831
English language acquisition grants	84.365	S365A090046	43,791
Improving teacher quality state grants	84.367	S367A090044	73,415
ARRA - State Fiscal Stabilization Funds (SFSF) Education State Grants	84.394	S394A090047	463,045
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	S010A090046	242,541
ARRA - Title I Grants to Local Educational Agencies	84.389	S389A090046	69,306
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	H027A090107	480,771
ARRA - Special Education - Grants to States	84.391	H391A090107	260,674
Special Education - Preschool Grants	84.392	H392A090107	10,908
Education Technology State Grants Cluster:			
Education technology state grants	84.318	S318X090046	6,483
ARRA - Education technology state grants	84.386	S386A090046	-
Total Department of Education			\$ 1,680,207
Total Expenditures of Federal Awards			\$ 4,241,297

See accompanying notes to schedule of expenditures of federal awards.

City of Manassas Park, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

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Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Manassas Park, Virginia under programs of the federal government for the year ended June 30, 2011. 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 Park, 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 B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

(2) Pass-through entity identifying numbers are presented where available.

Note C - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 557,689
Special Revenue Funds:	
Gang Task Force Fund	1,072,890
Total primary government	\$ <u>1,630,579</u>

Component Unit Public Schools:

School Operating Fund	\$ 1,680,207
School Cafeteria Fund	930,511
Total component unit public schools	\$ <u>2,610,718</u>

Total federal expenditures per basic financial statements	\$ <u>4,241,297</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u>4,241,297</u>
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CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Section 1 – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified?        yes   x   no

- Significant deficiencies identified that are not considered to be material weaknesses?        yes   x   no

Noncompliance material to financial statements noted?        yes   x   no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?        yes   x   no

- Significant deficiencies identified that are not considered to be material weaknesses?        yes   x   no

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        yes   x   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.544 .....	Youth gang prevention
84.394 .....	State Fiscal Stabilization Funds (SFSF) Education State Grants, Recovery Act
Title I, Part A Cluster	
84.010 .....	Title 1 Grants to Local Educational Agencies
84.389 .....	ARRA - Title I Grants to Local Educational Agencies
Special Education Cluster (IDEA)	
84.027 .....	Special Education - Grants to States
84.391 .....	ARRA – Special Education – Grants to States
84.392 .....	ARRA – Special Education – Preschool

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?        yes   x   no

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2011

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**Section II – Financial Statement Findings**

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There were no reportable findings for the period under audit.

**Section III – Federal Award Findings**

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There were no Federal Award findings for the period under audit.

**Section IV – Summary Schedule of Prior Audit Findings**

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**The Following finding was reported by the Independent Auditor in the performance of the June 30, 2010 audit:**

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

**Current Status**

The City has satisfactorily addressed this finding by hiring a full time professional to reconcile the cash account. All cash accounts of the individual funds are reconciled to the Treasurer's Accountability Fund.