
The City of Manassas Park, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2013

Davis and Associates Certified Public Accountants, PLLC
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Alexandria, Virginia 22310
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CITY OF MANASSAS PARK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 2013

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Gary Fields, Director of Finance, One Park Center Court, Manassas Park, Virginia 20111. For information about the City, refer to the City's web page at www.cityofmanassaspark.us/

CITY OF MANASSAS PARK, VIRGINIA

FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013

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CITY OF MANASSAS PARK

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(703) 335-8800 * Fax (703) 335-0053
www.cityofmanassaspark.us

City Manager:
James W. (Jim) Zumwalt

Mayor:
Frank Jones

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

Vice Mayor:
Bryan E. Polk

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

The comprehensive annual financial report of the City of Manassas Park for the year ended June 30, 2013 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Manassas Park issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Manassas Park. All disclosures necessary to enable the reader to gain an understanding of the City of Manassas Park's activities have been included.

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

The City of Manassas Park is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1997) and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the compliance section of this report.

Davis and Associates, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Manassas Park's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Manassas Park is located within the Washington, D.C. metropolitan area. The City is 2.5 square miles in size and has 15,332 residents according to the 2010 census. Manassas Park was incorporated as an independent city in 1975, the last such incorporation in Virginia. Previously, Manassas Park was a town within Prince William County.

A seven-member Governing Body governs the City. Six council members are elected to staggered, four-year terms. The Mayor is elected to a four-year term. The Governing Body is responsible for establishing tax rates, appropriating funds, and setting municipal policies and appointing certain City officials. The Governing Body appoints a City Clerk, City Attorney, City Assessor and City Manager. The City Manager serves at the pleasure of the Governing Body and is responsible for the execution of policies approved by the Governing Body, including recommending changes to municipal policies, preparing proposed budgets and supervising City employees.

The financial reporting entity (*the government*) includes all funds of the primary government (*i.e., the City of Manassas Park as legally defined*), as well as all of its component units. The government provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities; cultural events; and welfare services.

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component unit included in this report is the Manassas Park School Board. Additionally, the Potomac and Rappahannock Transportation District Commission is included as an investment of the City's General Fund, because it is a joint venture in which the City has an equity interest. However, the Industrial Development Authority, a related organization of the City of Manassas Park and the Upper Occoquan Sewage Authority, a jointly governed organization, has not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

LOCAL ECONOMY

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

The past 12 years have seen major investments in public facilities by the City, including a new fire station, police station and community center. The largest investment was made in City Schools. A new elementary school (Cougar) was opened in 2001. A new middle school was completed 2006. In spring of 2009, Manassas Park Elementary School, a LEED's certified project, was opened for 4th and 5th graders, as well as a facility for preschool & kindergarten. Other major public facilities in the City include a regional park that operates a water park, a public golf course, and a Virginia Railway Express station for commuters.

The 2010 US Census shows Manassas Park residents with a median household income of \$70,299, compared to the State of Virginia of \$61,406. The City's unemployment rate was 5.02% as of June 2013, which was less than the State average unemployment rate of 5.6%.

The financial condition of the City was severely impacted by the 2008 recession, causing a downturn in housing prices, as well reduced revenues from State sources, such as sales tax. An overall decline of 8% in City assessed values in 2008 was followed up in 2009 with a massive 33% decline in average assessments. The 2010 assessments only declined 3%. However, following those declines, the City has seen an upturn in its real estate valuations with a 5.5% increase in 2011; an increase of 4% in 2012; and a 5.7% increase in 2013. Projections for 2014 are that the City will see almost a 10% increase in property values.

With this recovery in the City, as well as the entire region, the long-term outlook for the City is encouraging. Current mixed-use developments are underway. Plans are being made that will see the development of surplus City sites and the continued development of a city center area along Manassas Drive, as well as expansion of the private sector development within the City. The City continues to strive to enhance and improve municipal services, even during difficult economic times.

MAJOR INITIATIVES

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

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

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

Good communication with the citizenry and local business community are critical elements of the City's public services. The City has quarterly publications of a City newsletter and an annual report. Also, information and notices are transmitted on two of the City's own cable television channels, one new channel with the addition of another service provider, provides simultaneous broadcast of Governing Body meetings. The City of Manassas Park was one of the first Northern Virginia localities to provide state-of-the-art cable television to its citizens in 1982, with most public meetings televised live to the citizens. The City's web page describes various aspects of the City's services and includes a directory of all privately owned businesses located in the City.

FINANCIAL INFORMATION

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

Single Audit

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

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2013 disclosed no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

Budgeting Controls

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

Debt Administration

At June 30, 2013, the City had a number of debt issues outstanding, including \$107,014,175 of general obligation bonds and notes payable from the governmental funds, \$4,875,000 Literary Fund loans payable from the governmental funds, and \$14,800,000 of general obligation bonds payable from the Enterprise Fund.

Cash Management

Cast temporarily idle during the year was invested in demand deposits, certificates of deposit, repurchase agreements, money market funds, U.S. Treasury bills, and other government obligations. The yield on investments ranged from 1.00 to 4.00 percent. Either federal depository insurance or the Virginia Security for Public Deposits Act insures all City deposits.

Risk Management

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

Independent Audit

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

Awards and Recognition

Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manassas Park, Virginia for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This is the first year since 2007 that the City has applied for and received this prestigious award that recognizes conformance with the highest standards for preparation of state and local government financial reports.


In order to be awarded the Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States and applicable legal requirements. The City is proud of this accomplishment. A Certificate of Achievement is valid for one year. We believe our CAFR continues to meet the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

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

Sincerely,



Gary Fields
Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Manassas Park
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

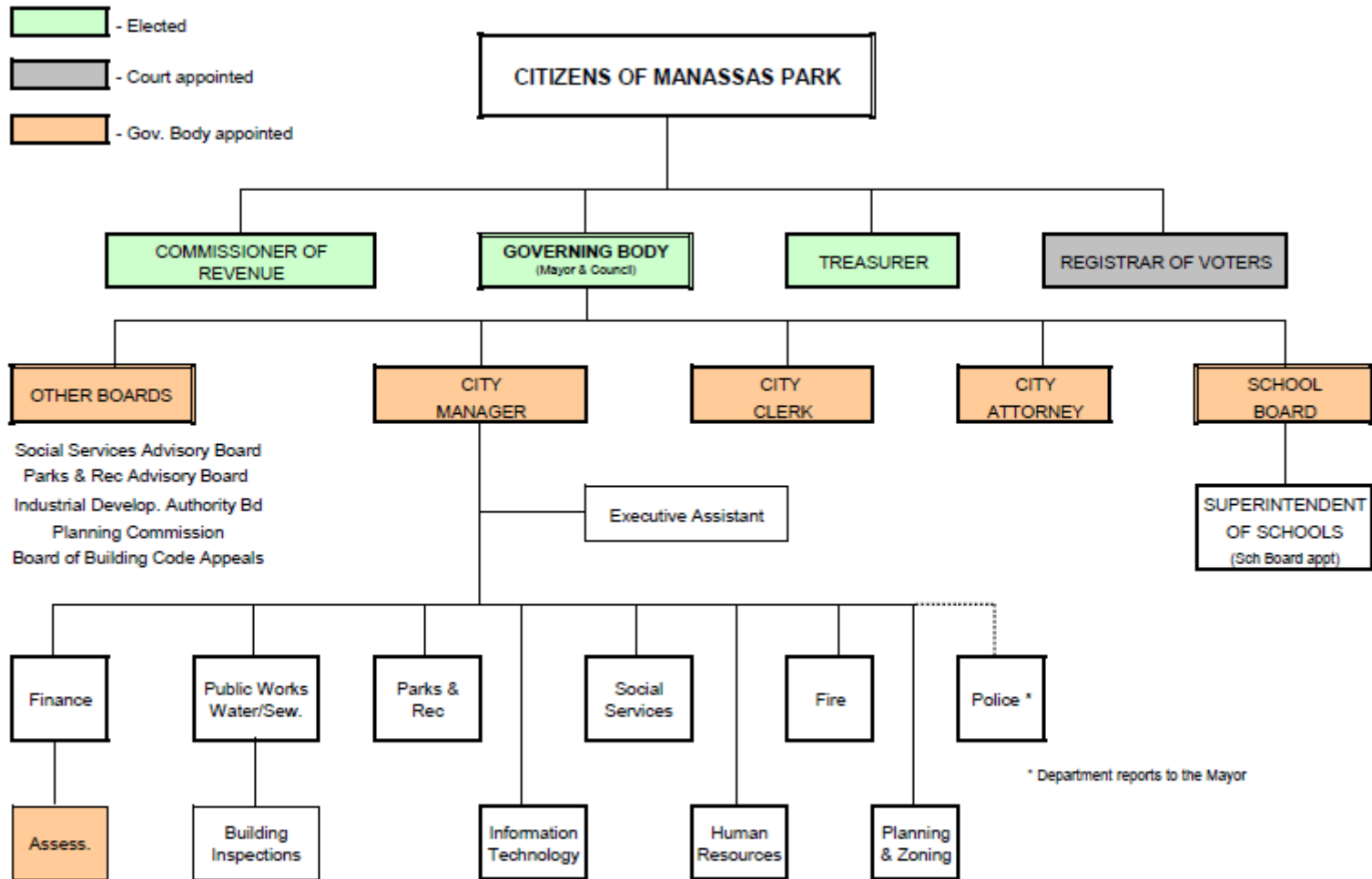
June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

City of Manassas Park, Virginia

Organizational Chart



CITY OF MANASSAS PARK, VIRGINIA

PRINCIPAL OFFICIALS
Fiscal Year Ended June 30, 2013

City Council

Frank Jones, Mayor

Bryan E. Polk, Vice-Mayor

Preston Banks

Brian Leeper

Keith D. Miller

William J. Treuting, Jr.

Suhas Naddoni

Other Officials

City Manager

Jim Zumwalt

City Clerk

Lana A. Conner

Commissioner of the Revenue

Debra D. Wood

Treasurer

Winifred O'Neal

Superintendent of Schools

Dr. Bruce McDade

Independent Auditor's Report

The Honorable Governing Body
City of Manassas Park, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manassas Park, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedule of Pension Funding Progress, and Schedule of OPEB Funding Progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City of Manassas Park, Virginia's internal control over financial reporting and compliance.

Davis & Associates, PLLC

November 29, 2013
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, 2013. 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, 2013 by \$20.9 million (net position). Of this amount, \$13.7 million is unrestricted and may be used to meet the City's future obligations. The School Board's net position was \$23.0 million, of which \$20.5 million is reported as invested in capital assets and \$132,000 is restricted for retiree health insurance benefits and the remaining \$2.4 million is unrestricted. (See Exhibit 1)
- The Government's net position increased by \$2.4 million and the School Board's net position increased by \$1.3 million. (See Exhibit 2)
- The unassigned balance of the General Fund was \$1.6 million. Additionally, the Fund had total revenues of \$33.9 million.
- Net position of governmental activities increased \$979,000 to \$9.8 million and net position of business-type activities increased \$1.4 million to \$11.1 million.
- During FY 2013, gross bonded debt of governmental activities decreased by \$3.1 million from \$101.3 million to \$98.2 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 Position and the Statement of Activities, which are the government-wide statements, report information about City finances as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities 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 Position and the Statement of Activities report the City's net position and changes in assets. One can think of the City's net position—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position help determine whether the City's financial position is improving or deteriorating.

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

Governmental activities - Most of the City's basic services are reported here: general government, 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 activities of the water and sewer, solid waste management, and storm water enterprises are reported here. The City charges a fee to customers to help cover all or most of the cost of services provided by these activities.

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.

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 18-21 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. Enterprise funds may be used to report activity for which a fee is charged to external users for goods or services. Internal service funds account for goods and services provided on a cost reimbursement basis for activities within the government.

The City maintains three proprietary funds to account for its water and sewer, solid waste management, and storm water operations. Currently, no internal service funds are maintained.

The basic Proprietary Funds financial statements can be found on pages 22-24 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 26-65 of this report.

Other information

In addition to the basic financial statements and accompanying notes, supplementary information is presented.

Required supplementary information can be found on pages 66-69 of this report.

Other supplementary information can be found on pages 72-99 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Summary of Net Assets (000s omitted)

	Governmental Activities		Business - Type Activities		Total Primary Government		Component Unit School Board	
	2013	2012	2013	2012	2013	2012	2013	2012
Current & other assets	\$ 19,461	\$ 11,376	\$ 7,174	\$ 4,566	\$ 26,635	\$ 15,942	\$ 5,981	\$ 5,046
Capital assets	113,517	116,478	20,234	20,868	133,752	137,346	20,947	21,346
Total Assets	\$ 132,978	\$ 127,854	\$ 27,409	\$ 25,434	\$ 160,387	\$ 153,288	\$ 26,928	\$ 26,392
Long-term debt outstanding	\$ 120,613	\$ 116,719	\$ 14,786	\$ 14,777	\$ 135,400	\$ 131,496	\$ 1,293	\$ 1,179
Other liabilities	2,572	2,322	1,528	1,004	4,101	3,326	2,587	3,420
Total liabilities	\$ 123,186	\$ 119,041	\$ 16,315	\$ 15,781	\$ 139,500	\$ 134,822	\$ 3,879	\$ 4,599
Net assets:								
Invested in capital assets, net of related debt	\$ 1,628	\$ 8,733	\$ 5,531	\$ 5,865	\$ 7,159	\$ 14,598	\$ 20,533	\$ 20,931
Restricted (retiree health benefits)	-	-	-	-	-	-	132	137
Unrestricted (deficit)	8,165	80	5,563	3,789	13,727	3,869	2,384	725
Total net assets	\$ 9,793	\$ 8,813	\$ 11,094	\$ 9,654	\$ 20,887	\$ 18,467	\$ 23,049	\$ 21,793

The City's combined net position increased from \$18.5 million at June 30, 2012 to \$20.9 million at June 30, 2013. Seventeen percent of the City's net position of governmental activities is 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 66 percent of total (governmental and business-type) net position unrestricted and available for providing services to the citizens of the City.

The Component Unit School Board's net position increased by \$1.3 million.

The net position of the City's business-type activities is \$11.1 million, an increase of \$1.4 million. As with the governmental activities, a significant amount of the net position is invested in capital assets. The City uses these assets to provide services to its citizens. The unrestricted net position of the business-type activities was \$5.6 million on June 30, 2013.

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 Position (000's omitted) For Fiscal Years Ending June 30, 2013 and 2012

	Governmental Activities		Business - Type Activities		Total Primary Government		Component Unit School Board	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenues:								
Program revenues:								
Charges for services	\$ 1,979	\$ 2,315	\$ 9,395	\$ 6,443	\$ 11,373	\$ 8,758	\$ 543	\$ 558
Operating grants and contributions	1,945	2,055	-	-	1,945	2,055	22,962	19,213
Capital grants and contributions	670	654	-	-	670	654	-	-
General revenues:								
Property taxes	22,178	21,095	-	-	22,178	21,095	-	-
Other taxes	4,223	4,028	-	-	4,223	4,028	-	-
Payment from City of Manassas Park	-	-	-	-	-	-	10,449	10,637
Grants and contributions not restricted to specific programs	2,250	2,250	-	-	2,250	2,250	-	-
Other	676	926	5	-	681	926	153	101
Total revenues	\$ 33,920	\$ 33,323	\$ 9,399	\$ 6,443	\$ 43,320	\$ 39,766	\$ 34,107	\$ 30,509
Expenses:								
General government	\$ 3,180	\$ 3,336	\$ -	\$ -	\$ 3,180	\$ 3,336	\$ -	\$ -
Judicial administration	433	295	-	-	433	295	-	-
Public safety	7,036	7,230	-	-	7,036	7,230	-	-
Public works	1,410	1,876	-	-	1,410	1,876	-	-
Health and welfare	2,602	2,560	-	-	2,602	2,560	-	-
Education	10,476	12,145	-	-	10,476	12,145	32,851	30,328
Parks, recreation and cultural	2,839	3,310	-	-	2,839	3,310	-	-
Community development	126	118	-	-	126	118	-	-
Interest on long-term debt	5,843	5,364	-	-	5,843	5,364	-	-
Enterprise funds	-	-	6,956	6,127	6,956	6,127	-	-
School Board	-	-	-	-	-	-	-	-
Total expenses	\$ 33,943	\$ 36,234	\$ 6,956	\$ 6,127	\$ 40,900	\$ 42,361	\$ 32,851	\$ 30,328
Increase (decrease) in net assets before transfers	\$ (23)	\$ (2,911)	\$ 2,443	\$ 316	\$ 2,420	\$ (2,595)	\$ 1,256	\$ 181
Transfers	1,003	994	(1,003)	(1,027)	-	(33)	-	-
Increase (decrease) in net assets	\$ 979	\$ (1,917)	\$ 1,441	\$ (711)	\$ 2,420	\$ (2,628)	\$ 1,256	\$ 181
Net assets - beginning, as adjusted	8,813	10,730	9,653	10,364	18,466	21,094	21,793	21,612
Net assets - ending	\$ 9,792	\$ 8,813	\$ 11,094	\$ 9,653	\$ 20,886	\$ 18,466	\$ 23,049	\$ 21,793

GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

Governmental Activities

Revenues

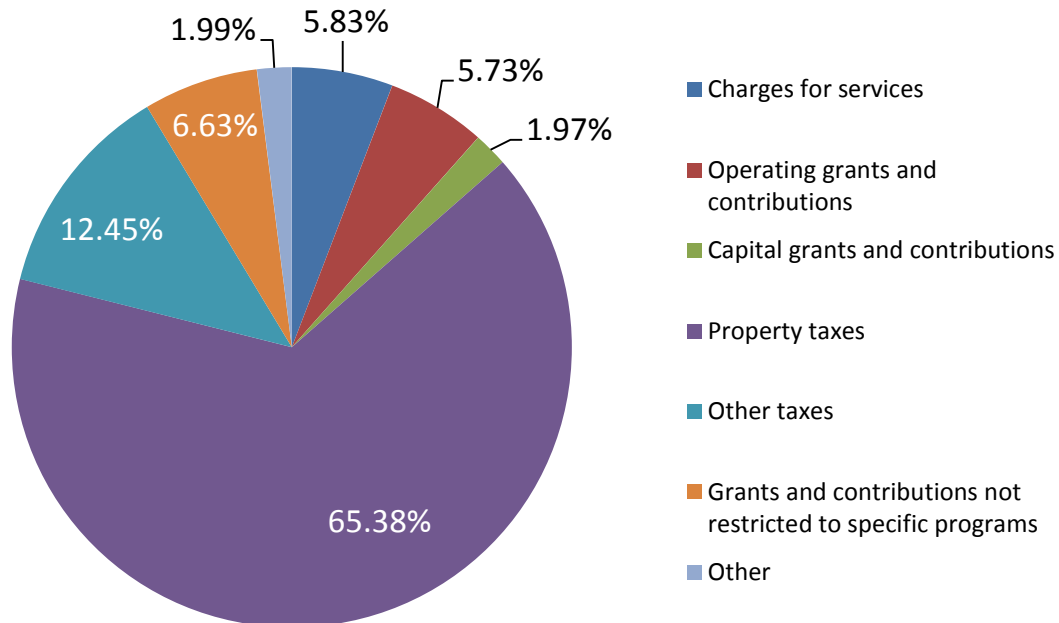
For FY 2013, revenues from governmental activities totaled \$33.9 million. General Revenues, specifically Property Taxes and Other Local Taxes, are the largest components of revenues (78 percent). General Property Tax revenues were \$22.2 million. Real Property Tax, the City's largest single source of revenue, accounted for \$19.0 million, which represents 56% of total revenues.

The City received a total \$2.5 million from Personal Property Taxes, which is comprised of taxes on individual automobiles, business personal property, and machinery and tools, the second largest revenue source. Of the \$2.5 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 \$1.5 million for FY 2013, which equaled the FY 2012 amount. Consumers' utility tax revenue and taxes on recordation and wills remained relatively unchanged relative to the previous year.

The combination of these revenue sources resulted in an overall increase in revenue from other local taxes for FY 2013 from \$4.0 million in 2012 to \$4.2 million in 2013.

Revenue by Source - Governmental Activities



GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

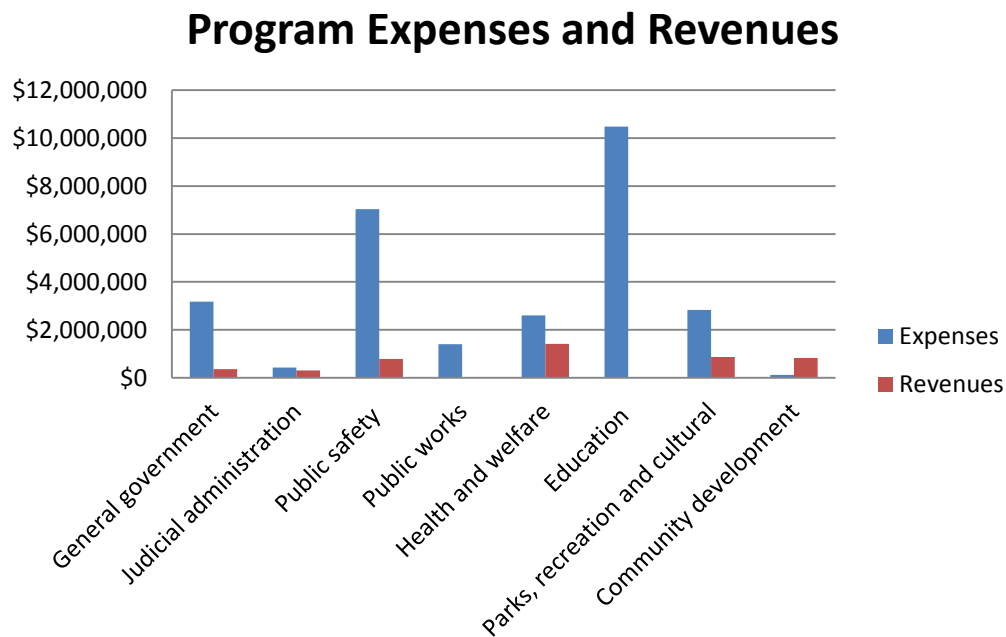
Expenses

For FY 2013, expenses for governmental activities totaled \$33.9 million.

The City's five largest funded programs are local support for education, public safety, public works, health and welfare, and parks & recreation. Education continues to be one of the City's highest priorities and commitments. The City's education expense totaled \$10.5 million, a decrease of \$1.7 million from the previous year's amount. The School's debt service, which is paid by the City, decreased by \$1.0 million from the previous fiscal year.

Expenses for governmental activities, the Statement of Activities (Exhibit 2) on page 15, shows that \$2.0 million was financed by those receiving services, \$1.9 million from operating grants and contributions, and \$670,000 from capital grants and contributions, with the City's general revenues financing \$29.3 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 enterprise funds for water and sewer, solid waste management, and storm water operations. Net position of business-type activity increased by \$1.4 million. The increase in net position is, in part, the result of a rise in charges for services from the previous year.

At June 30, 2013, total net position for business-type activities was \$11.1 million, of which \$5.5 million is invested in capital assets. The balance of \$5.6 million is unrestricted and available to provide funding for future operations.

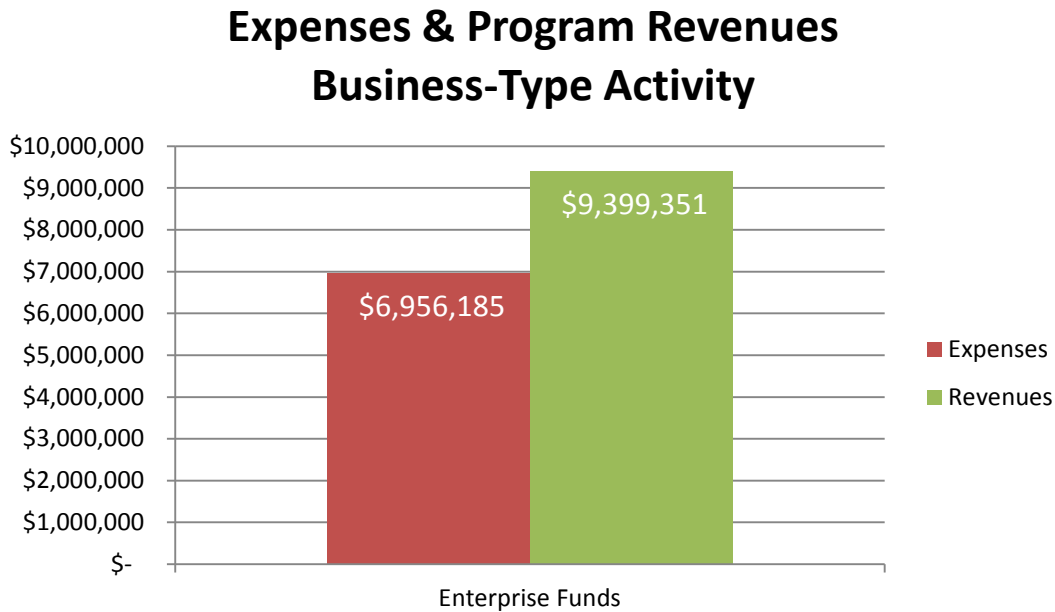
Revenues

Total revenues, both operating and non-operating, were \$9.4 million. Of this amount, \$51,000 was non-operating revenues and the remainder was provided by charges for services.

GOVERNMENT-WIDE FINANCIAL ANALYSIS: (Continued)

Expenses

Expenses totaled \$7.0 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 22-24 for more details.

Component Unit - School Board

The net position of the School Board increased by \$1.3 million. This increase was primarily related to a rise in Operating Grants and Contributions revenue relative to FY 2012.

FUND FINANCIAL ANALYSIS:

Governmental Funds

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

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

At the end of FY 2013, the City's governmental funds reported a combined fund balance of \$8.4 million.

FUND FINANCIAL ANALYSIS: (Continued)

General Fund

The General Fund is the chief operating fund of the City. At the end of FY 2013, the unassigned fund balance was \$1.6 million. The unassigned fund balance represents 4.6 percent of total General Fund revenues.

FY 2013 General Fund Budgetary Highlights (000's omitted)

	Original Budget	Amended Budget	Actual	Amended vs. Actual
Revenues & Other Sources				
Taxes	\$ 25,714	\$ 25,714	\$ 26,401	\$ 687
Intergovernmental	5,206	5,206	4,865	(341)
Other	2,611	2,611	2,662	51
Transfers	1,128	1,128	1,128	-
Issuance of debt	-	-	-	-
Total	\$ 34,659	\$ 34,659	\$ 35,056	\$ 397
Expenditures, Transfers, and Other Uses:				
Expenditures	\$ 28,170	\$ 28,170	\$ 27,912	\$ 258
Transfers	6,489	6,489	6,489	-
Total	\$ 34,659	\$ 34,659	\$ 34,400	\$ 258
Change in Fund Balance	\$ -	\$ -	\$ 655	\$ 655

Actual revenues and other financing sources were more than the amended budget revenues by \$397,000. This variance is mostly the result of a larger than expected increase in General Property Taxes.

Expenditures, transfers and other uses of funds were \$258,000 less than the FY 2013 amended budget. Expenditure savings were attributable primarily to expenditures on Public Safety, which were less than the amended budget by \$338,000.

Proprietary Funds

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

The Water and Sewer, Storm Water, and Solid Waste Management Funds ended FY 2013 with a net position of \$11.1 million, \$226,000, and \$(264,000), respectively. Other factors concerning the finances of these funds 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, 2013 for its governmental and business-type activities was \$133.8 million, net of depreciation, as reflected in the schedule below.

	<u>Governmental</u>	<u>Business- Type</u>	<u>Total</u>	<u>Component Unit</u>
Land	\$ 5,561	\$ -	\$ 5,561	\$ 1,637
Buildings and system	97,598	-	97,598	18,165
Machinery and equipment	1,902	-	1,902	1,144
Infrastructure	8,457	-	8,457	-
Construction in progress	-	-	-	-
Utility plant and equipment	-	20,234	20,234	-
Total	<u>\$ 113,517</u>	<u>\$ 20,234</u>	<u>\$ 133,752</u>	<u>\$ 20,947</u>

Investments in Capital Assets in FY 2013 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 7 of this report.

Long-Term Debt

At the end of FY 2013, the City's total outstanding bonded debt was \$126.7 million, including \$14.8 million of business-type activity debt supported by the enterprise fund, resulting in debt of governmental activities of \$111.9 million. Accrued compensated absences, bank loans and capital leases are not included in the bonded debt amounts.

During FY 2013, the City issued \$35.0 million in refinancing debt while retiring \$38.0 million of outstanding principal.

At June 30, 2013, the City of Manassas Park had a "BBB" rating from Standard & Poor's, and an "A3" from Moody's for General Obligation debt.

Detailed information on the City's long-term debt can be found in Note 8 to this report.

EMPLOYMENT STATISTICS

The City's unemployment rate for June 2013 was 5.02% percent. This compares favorably to the State's unemployment rate of 5.6% percent and the national average rate of 7.6% percent for June 2013.

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.

June 30, 2013
Statement of Net Position

	Primary Government			Component Unit School Board
	Governmental Activities	Business - Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 3,400,359	\$ 4,349,803	\$ 7,750,162	\$ 3,415,106
Receivables (net of allowance for uncollectibles):				
Taxes receivable	879,388	-	879,388	-
Accounts receivable	1,032,244	887,791	1,920,035	797,939
Notes receivable	-	-	-	-
Due from other governmental units	1,153,586	-	1,153,586	1,483,626
Inventories	-	-	-	25,423
Prepaid expenses	866,210	294,075	1,160,285	131,349
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	306,607	306,607	127,361
Other assets:				
Investment in joint venture	3,257,268	-	3,257,268	-
Investment in land	-	815,629	815,629	-
Unamortized bond premiums	7,766,395	520,574	8,286,969	-
Restricted assets	1,105,536	-	1,105,536	-
Capital assets (net of accumulated depreciation):				
Land	5,560,783	-	5,560,783	1,637,491
Buildings and improvements	97,597,993	-	97,597,993	18,165,214
Machinery and equipment	1,901,564	-	1,901,564	1,144,248
Infrastructure	8,457,083	-	8,457,083	-
Utility plant and equipment	-	20,234,169	20,234,169	-
Construction in progress	-	-	-	-
Total assets	\$ 132,978,409	\$ 27,408,649	\$ 160,387,057	\$ 26,927,757
LIABILITIES				
Reconciled overdraft	\$ -	\$ 1,218,924	\$ 1,218,924	\$ -
Accounts payable	1,875,926	227,116	2,103,043	237,226
Accrued liabilities	82,629	(239,346)	(156,717)	2,348,907
Retainage payable, payable from restricted assets	100,000	-	100,000	-
Accrued interest payable	-	271,384	271,384	-
Unearned revenue	-	-	-	499
Deposits payable	513,813	50,272	564,085	-
Long-term liabilities:				
Due within one year	2,520,962	58,202	2,579,164	320,361
Due in more than one year	118,092,326	14,728,203	132,820,529	972,150
Total liabilities	\$ 123,185,656	\$ 16,314,755	\$ 139,500,411	\$ 3,879,143
NET POSITION				
Net investment in capital assets	\$ 1,628,248	\$ 5,530,973	\$ 7,159,221	\$ 20,532,985
Restricted for:				
Retiree health benefit	-	-	-	131,588
Unrestricted (deficit)	8,164,504	5,562,921	13,727,425	2,384,042
Total net position	\$ 9,792,752	\$ 11,093,894	\$ 20,886,646	\$ 23,048,615

For the Year Ended June 30, 2013

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:	\$ 3,179,850	\$ 182,473	\$ 177,313	\$ -
Judicial administration	432,654	307,560	-	-
Public safety	7,035,619	272,597	522,685	-
Public works	1,409,808	-	-	-
Health and welfare	2,602,329	199,721	1,215,606	-
Education	10,475,632	-	-	-
Parks, recreation, and cultural	2,838,718	849,185	29,066	-
Community development	126,305	167,332	-	669,533
Interest on long-term debt	5,842,574	-	-	-
Total governmental activities	\$ 33,943,489	\$ 1,978,867	\$ 1,944,670	\$ 669,533
Business-type activities:				
Solid Waste Management	\$ 700,115	\$ 713,658	\$ -	\$ -
Storm Water	174,325	232,162	-	-
Water and Sewer	6,081,746	8,448,695	-	-
Total business-type activities	\$ 6,956,185	\$ 9,394,515	\$ -	\$ -
Total primary government	\$ 40,899,674	\$ 11,373,382	\$ 1,944,670	\$ 669,533
COMPONENT UNIT:				
School Board	\$ 32,850,738	\$ 542,565	\$ 22,962,258	\$ -
Total component unit	\$ 32,850,738	\$ 542,565	\$ 22,962,258	\$ -

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

For the Year Ended June 30, 2013
Statement of Activities

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component
	Governmental	Business-	Total	Unit
	Activities	Type		School
		Activities		Board
	\$ (2,820,064)	\$ -	\$ (2,820,064)	\$ -
	(125,094)	-	(125,094)	-
	(6,240,338)	-	(6,240,338)	-
	(1,409,808)	-	(1,409,808)	-
	(1,187,002)	-	(1,187,002)	-
	(10,475,632)	-	(10,475,632)	-
	(1,960,467)	-	(1,960,467)	-
	710,559	-	710,559	-
	(5,842,574)	-	(5,842,574)	-
	<u>\$ (29,350,420)</u>	<u>\$ -</u>	<u>\$ (29,350,420)</u>	<u>\$ -</u>
	\$ -	\$ 13,544	\$ 13,544	\$ -
	-	57,837	57,837	-
	-	2,366,949	2,366,949	-
	<u>\$ -</u>	<u>\$ 2,438,330</u>	<u>\$ 2,438,330</u>	<u>\$ -</u>
	<u>\$ (29,350,420)</u>	<u>\$ 2,438,330</u>	<u>\$ (26,912,090)</u>	<u>\$ -</u>
	\$ -	\$ -	\$ -	\$ (9,345,916)
	\$ -	\$ -	\$ -	\$ (9,345,916)
General revenues:				
General property taxes	\$ 22,177,590	\$ -	\$ 22,177,590	\$ -
Other local taxes				
Local sales and use taxes	1,531,387	-	1,531,387	-
Consumer utility taxes	783,654	-	783,654	-
Business license taxes	711,715	-	711,715	-
Cigarette taxes	323,193	-	323,193	-
Other local taxes	873,290	-	873,290	-
Payment from the City of Manassas Park	-	-	-	10,449,252
Unrestricted revenues from the use of money				
and property	-	4,836	4,836	3,512
Miscellaneous	675,890	-	675,890	149,020
Grants and contributions not restricted to				
specific programs	2,250,465	-	2,250,465	-
Transfers	1,002,633	(1,002,633)	-	-
Total general revenues and transfers	<u>\$ 30,329,817</u>	<u>\$ (997,797)</u>	<u>\$ 29,332,020</u>	<u>\$ 10,601,784</u>
Changes in net position	979,397	1,440,532	2,419,930	1,255,869
Net position - beginning, as adjusted	8,813,354	9,653,361	18,466,715	21,792,746
Net position - ending	<u>\$ 9,792,751</u>	<u>\$ 11,093,894</u>	<u>\$ 20,886,645</u>	<u>\$ 23,048,615</u>

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

June 30, 2013
Balance Sheet
Governmental Funds

	General	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,093,839	\$ -	\$ 2,283,279	\$ 23,240	\$ 3,400,359
Receivables (net of allowance for uncollectibles):					
Taxes receivable	879,388	-	-	-	879,388
Accounts receivable	1,032,244	-	-	-	1,032,244
Due from other funds	140,060	-	-	-	140,060
Due from other governmental units	1,153,586	-	-	-	1,153,586
Prepaid items	122,903	719,115	24,192	-	866,210
Investment in joint venture	3,257,268	-	-	-	3,257,268
Restricted assets:					
Temporarily restricted:	-	-	-	-	-
Cash and cash equivalents	-	-	-	1,105,536	1,105,536
Total assets	<u>\$ 7,679,289</u>	<u>\$ 719,115</u>	<u>\$ 2,307,472</u>	<u>\$ 1,128,776</u>	<u>\$ 11,834,651</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 492,262	\$ 625,313	\$ 758,422	\$ -	\$ 1,875,997
Accrued liabilities	8,547	6,885	231,607	(164,410)	82,629
Retainage payable, payable from restricted assets	-	-	100,000	-	100,000
Due to other funds	-	-	140,060	-	140,060
Deferred revenue	740,956	-	-	-	740,956
Deposits payable	513,813	-	-	-	513,813
Total liabilities	<u>\$ 1,755,578</u>	<u>\$ 632,198</u>	<u>\$ 1,230,088</u>	<u>\$ (164,410)</u>	<u>\$ 3,453,455</u>
Fund balances:					
Assigned for:					
Public Safety	\$ -	\$ -	\$ -	\$ 1,269,946	\$ 1,269,946
Emergencies	1,095,863	-	-	-	1,095,863
Transportation	3,257,268	-	-	-	3,257,268
Unassigned:					
Reported in:					
General fund	1,570,580	86,917	-	-	1,657,497
Capital projects funds	-	-	1,077,383	23,239	1,100,622
Total fund balances	<u>\$ 5,923,711</u>	<u>\$ 86,917</u>	<u>\$ 1,077,383</u>	<u>\$ 1,293,186</u>	<u>\$ 8,381,197</u>
Total liabilities and fund balances	<u>\$ 7,679,288</u>	<u>\$ 719,115</u>	<u>\$ 2,307,471</u>	<u>\$ 1,128,776</u>	<u>\$ 11,834,651</u>

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

June 30, 2013

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

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

Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds	\$	8,381,197
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		113,517,423
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		8,537,933
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(120,643,799)</u>
Net assets of governmental activities	\$	<u><u>9,792,752</u></u>

For the Year Ended June 30, 2013

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

	General	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 22,177,590	\$ -	\$ -	\$ -	\$ 22,177,590
Other local taxes	4,223,238	-	-	-	4,223,238
Permits, privilege fees, and regulatory licenses	52,565	-	-	-	52,565
Fines and forfeitures	307,560	-	-	-	307,560
Revenue from the use of money and property	38,875	57,977	15,529	20	112,400
Charges for service	1,506,341	-	-	-	1,506,341
Miscellaneous	607,909	-	186,270	-	794,179
Recovered costs	149,129	-	-	-	149,129
Intergovernmental revenues:					
Commonwealth	4,257,341	-	71,876	-	4,329,217
Federal	607,327	-	-	700,836	1,308,163
Total revenues	<u>\$ 33,927,876</u>	<u>\$ 57,977</u>	<u>\$ 273,675</u>	<u>\$ 700,856</u>	<u>\$ 34,960,384</u>
EXPENDITURES					
Current:					
General government administration	\$ 3,179,850	\$ -	\$ -	\$ -	\$ 3,179,850
Judicial administration	432,654	-	-	-	432,654
Public safety	6,846,500	-	-	189,119	7,035,619
Public works	1,409,808	-	-	-	1,409,808
Health and welfare	2,602,329	-	-	-	2,602,329
Education	10,475,632	-	-	-	10,475,632
Parks, recreation, and cultural	2,838,718	-	-	-	2,838,718
Community development	126,305	-	-	-	126,305
Capital projects	-	-	455,720	-	455,720
Debt service:					
Principal retirement	-	947,652	-	-	947,652
Interest and other fiscal charges	-	5,531,931	-	-	5,531,931
Total expenditures	<u>\$ 27,911,796</u>	<u>\$ 6,479,583</u>	<u>\$ 455,720</u>	<u>\$ 189,119</u>	<u>\$ 35,036,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,016,080</u>	<u>\$ (6,421,606)</u>	<u>\$ (182,045)</u>	<u>\$ 511,737</u>	<u>\$ (75,834)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 1,127,633	\$ 6,508,522	\$ -	\$ -	\$ 7,636,155
Transfers out	(6,488,522)	-	(145,000)	-	(6,633,522)
Total other financing sources (uses)	<u>\$ (5,360,889)</u>	<u>\$ 6,508,522</u>	<u>\$ (145,000)</u>	<u>\$ -</u>	<u>\$ 1,002,633</u>
Net change in fund balances	\$ 655,191	\$ 86,916	\$ (327,045)	\$ 511,737	\$ 926,799
Fund balances - beginning, as adjusted	<u>5,268,520</u>	<u>-</u>	<u>1,404,428</u>	<u>781,449</u>	<u>7,454,397</u>
Fund balances - ending	<u>\$ 5,923,711</u>	<u>\$ 86,916</u>	<u>\$ 1,077,383</u>	<u>\$ 1,293,186</u>	<u>\$ 8,381,197</u>

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

For the Year Ended June 30, 2013
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities

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

Net change in fund balances – total governmental funds	\$ 926,799
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.	(2,960,985)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(837,285)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,812,986
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>37,884</u>
Change in net assets of governmental activities	<u>\$ 979,398</u>

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

June 30, 2013
Statement of Net Position
Proprietary Funds

	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,122,549	\$ 227,253	\$ -	\$ 4,349,803
Accounts receivable, net of allowance for uncollectibles	(126,613)	-	1,014,404	887,791
Investment in land	815,629	-	-	815,629
Prepaid expenses	294,075	-	-	294,075
Total current assets	<u>\$ 5,105,640</u>	<u>\$ 227,253</u>	<u>\$ 1,014,404</u>	<u>\$ 6,347,298</u>
Noncurrent assets:				
Restricted current assets:				
Cash and cash equivalents (in custody of others)	\$ 306,607	\$ -	\$ -	\$ 306,607
Other assets:				
Unamortized bond issue costs	\$ 520,574	\$ -	\$ -	\$ 520,574
Capital assets:				
Utility plant and equipment	\$ 27,919,310	\$ -	\$ -	\$ 27,919,310
Less accumulated depreciation	(7,685,140)	-	-	(7,685,140)
Total capital assets	<u>\$ 20,234,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,234,169</u>
Total noncurrent assets	<u>\$ 21,061,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,061,351</u>
Total assets	<u>\$ 26,166,991</u>	<u>\$ 227,253</u>	<u>\$ 1,014,404</u>	<u>\$ 27,408,649</u>
LIABILITIES				
Current liabilities:				
Reconciled Overdraft	\$ -	\$ -	\$ 1,218,924	\$ 1,218,924
Accounts payable	227,116	-	-	227,116
Accrued liabilities	(299,487)	1,031	59,110	(239,346)
Accrued interest payable	271,384	-	-	271,384
Deposits payable	50,272	-	-	50,272
Compensated absences - current portion	58,202	-	-	58,202
Total current liabilities	<u>\$ 307,487</u>	<u>\$ 1,031</u>	<u>\$ 1,278,034</u>	<u>\$ 1,586,552</u>
Noncurrent liabilities:				
Bonds payable	\$ 14,703,196	\$ -	\$ -	\$ 14,703,196
Compensated absences - net of current portion	25,006	-	-	25,006
Total noncurrent liabilities	<u>\$ 14,728,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,728,203</u>
Total liabilities	<u>\$ 15,035,690</u>	<u>\$ 1,031</u>	<u>\$ 1,278,034</u>	<u>\$ 16,314,755</u>
NET POSITION				
Net investment in capital assets	\$ 5,530,973	\$ -	\$ -	\$ 5,530,973
Unrestricted	5,600,328	226,223	(263,630)	5,562,921
Total net position	<u>\$ 11,131,301</u>	<u>\$ 226,223</u>	<u>\$ (263,630)</u>	<u>\$ 11,093,894</u>
Total Liabilities and Net Position	<u>\$ 26,166,991</u>	<u>\$ 227,254</u>	<u>\$ 1,014,404</u>	<u>\$ 27,408,649</u>

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

For the Year Ended June 30, 2013

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total Enterprise Funds
OPERATING REVENUES				
Charges for services:				
Customer charges	\$ 8,244,794	\$ 232,162	\$ 713,658	\$ 9,190,614
Other revenues	157,361	-	-	157,361
Total operating revenues	<u>\$ 8,402,155</u>	<u>\$ 232,162</u>	<u>\$ 713,658</u>	<u>\$ 9,347,975</u>
OPERATING EXPENSES				
Routine O&M	\$ 1,869,659	\$ 174,325	\$ 700,115	\$ 2,744,099
Inflow and infiltration	1,327,355	-	-	1,327,355
Operation and maintenance of U.O.S.A. plant	1,338,681	-	-	1,338,681
Depreciation	672,610	-	-	672,610
Other expense	35,265	-	-	35,265
Total operating expenses	<u>\$ 5,243,570</u>	<u>\$ 174,325</u>	<u>\$ 700,115</u>	<u>\$ 6,118,009</u>
Operating income (loss)	<u>\$ 3,158,585</u>	<u>\$ 57,837</u>	<u>\$ 13,544</u>	<u>\$ 3,229,966</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	\$ 4,836	\$ -	\$ -	\$ 4,836
Antenna lease charges	46,540	-	-	46,540
Interest expense	(838,176)	-	-	(838,176)
Total nonoperating revenues (expenses)	<u>\$ (786,801)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (786,801)</u>
Income before contributions and transfers	<u>\$ 2,371,785</u>	<u>\$ 57,837</u>	<u>\$ 13,544</u>	<u>\$ 2,443,165</u>
Transfers out	<u>\$ (880,257)</u>	<u>\$ -</u>	<u>\$ (122,376)</u>	<u>\$ (1,002,633)</u>
Change in net assets	\$ 1,491,528	\$ 57,837	\$ (108,832)	\$ 1,440,532
Total net assets - beginning	9,639,774	168,386	(154,798)	9,653,361
Total net assets - ending	<u>\$ 11,131,302</u>	<u>\$ 226,223</u>	<u>\$ (263,630)</u>	<u>\$ 11,093,894</u>

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

CITY OF MANASSAS PARK, VIRGINIA

Exhibit 9

For the Year Ended June 30, 2013

Statement of Cash Flows

Proprietary Funds

	Water and Sewer Fund	Storm Water Fund	Solid Waste Management Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 9,043,270	\$ 232,162	\$ -	\$ 9,275,432
Payments to suppliers	(4,137,443)	(173,294)	(641,004)	(4,951,741)
Payments to employees and on behalf of employees	(718,015)	-	-	(718,015)
Net cash provided (used) by operating activities	<u>\$ 4,187,812</u>	<u>\$ 58,868</u>	<u>\$ (641,004)</u>	<u>\$ 3,605,675</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ (880,257)	\$ -	\$ -	\$ (880,257)
Antenna lease fees	46,540	-	-	46,540
Net cash provided (used) by noncapital financing activities	<u>\$ (833,717)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (833,717)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Additions to utility plant	\$ (356,651)	\$ -	\$ -	\$ (356,651)
Principal payments on bonded debt	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Tap Fees	-	-	-	-
Reconciled Overdraft	-	-	1,218,924	1,218,924
Interest payments on bonded debt	(838,176)	-	(122,376)	(960,552)
Net cash provided (used) by capital and related financing activities	<u>\$ (1,194,827)</u>	<u>\$ -</u>	<u>\$ 1,096,548</u>	<u>\$ (98,279)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from interest income	\$ 4,836	\$ -	\$ -	\$ 4,836
Net Cash provided by investing activities	<u>4,836</u>	<u>-</u>	<u>-</u>	<u>4,836</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,164,103	\$ 58,868	\$ 455,544	\$ 2,678,515
Cash and cash equivalents - beginning	1,958,446	168,386	(455,544)	1,671,288
Cash and cash equivalents - ending	<u>\$ 4,122,549</u>	<u>\$ 227,254</u>	<u>\$ -</u>	<u>\$ 4,349,803</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 3,158,585	\$ 57,837	\$ 13,544	\$ 3,229,966
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	\$ 672,610	\$ -	\$ -	\$ 672,610
Bond Discount	-	-	-	-
(Increase) decrease in accounts receivable	641,115	-	(713,658)	(72,543)
(Increase) decrease in prepaid expenses	30	-	-	30
(Increase) decrease in deposits	6,000	-	-	6,000
(Increase) decrease in accounts payable	(2,275)	-	-	(2,275)
Increase (decrease) in accrued liabilities	(288,254)	1,031	59,110	(228,113)
Increase (Decrease) in compensated absences	(1)	-	-	(1)
Total adjustments	<u>\$ 1,029,226</u>	<u>\$ 1,031</u>	<u>\$ (654,548)</u>	<u>\$ 375,708</u>
Net cash provided (used) by operating activities	<u>\$ 4,187,812</u>	<u>\$ 58,868</u>	<u>\$ (641,004)</u>	<u>\$ 3,605,674</u>

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

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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, 2013.

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. During the current year, the City provided \$10,449,252 of operating support to the Manassas Park City School Board.

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, 2013.

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.

A. Reporting Entity (continued)

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

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

	<u>Members</u>	<u>Percentage of Membership</u>	<u>Jurisdiction</u>	<u>Percentage of Jurisdictions</u>
Prince William County	6	40.00%	1	14.29%
Stafford County	2	13.33%	1	14.29%
Manassas	1	6.67%	1	14.29%
Manassas Park	1	6.67%	1	14.29%
Fredericksburg	1	6.67%	1	14.28%
House	2	13.33%	1	14.28%
Senate	1	6.67%	1	14.28%
Virginia Department of Rail and Public Transportation	1	6.66%	-	0.00%
	<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, 2013, follows:

	<u>June 30, 2009 Total (000's)</u>	<u>June 30, 2013 City's Share (000's)</u>
Total Assets	\$ 90,987	\$ 2,553
Total Liabilities	19,819	-
Net Equity	<u>\$ 71,168</u>	<u>\$ 2,553</u>
Total Revenues	\$ 71,640	\$ 908
Total Expenditures	(79,250)	(1,110)
Net Income (Loss)	<u>\$ (7,610)</u>	<u>\$ (202)</u>

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.

A. Reporting Entity (continued)

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 (based upon UOSA capacity of 54 mgd) is as follows:

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

UOSA's financial condition as of June 30, 2011 (latest available financial information) and operating results for the year then ended is summarized as follows:

Total Assets	\$ 637,303,357
Total Liabilities	537,851,308
Net Equity	<u>\$ 99,452,049</u>
 Total Revenues	 \$ 42,515,923
Total Expenses	47,350,658
Net (Loss)	<u>\$ (4,834,735)</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 2013 as follows:

Operating and reserve maintenance costs	\$ 1,327,355
Debt service	<u>2,176,857</u>
 Total	 <u>\$ 3,504,212</u>

A. Reporting Entity (continued)

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

Issue	Original Amount	Maturity	Interest
Term - 1995A	259,715,000	July 1, 2015 - July 1 2029	4.75 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 - 2007A	43,215,000	July 1, 2027	4.125 to 4.50%
Term - 2007A	47,100,000	July 1, 2029	4.50%
Term - 2007B	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 Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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.

B. Government-Wide and Fund Financial Statements (continued)

Statement of Net Position - The Statement of Net Position 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 Position and will report depreciation expense—the cost of “using up” capital assets—in the Statement of Activities. The net position of a government will be broken down into three categories - 1) 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 and proprietary funds. 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.

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

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 ***Debt Service Fund*** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds, including public improvement bonds and obligations issued through the Virginia Public School Authority. The Debt Service Fund is 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.

The ***Solid Waste Management Fund*** accounts for the resources used for garbage collection activities.

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

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.

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

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 Position 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.

D. Assets, Liabilities, and Net Position or Equity (continued)**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. There was no allowance for uncollectible accounts as of June 30, 2013.

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:

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

D. Assets, Liabilities, and Net Position or Equity (continued)***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 Position. 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 position. 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

Beginning with fiscal year 2011, the City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amount cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

D. Assets, Liabilities, and Net Position or Equity (continued)

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Council policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance/resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). The City's Fund Balance Policy adopted by the Governing Body delegates the authority to assign fund balances for specific purposes to the City Manager. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City.

13. Net position

Net position is the difference between assets and liabilities. Net position invested in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is displayed in three components—net investment in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted.

14. New accounting pronouncements

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Inflows of Resources, Deferred Outflows of Resources, and Net Position* (GASB Statement No. 63). This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The City has elected to do so by changing the references of net assets (deficit) to net position.

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

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statements of net position. 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	\$ (119,233,337)	\$ -
Capital leases	-	(413,968)
Other post-employment benefits	(472,522)	(727,380)
Compensated absences	(937,940)	(151,163)
	<u>\$ (120,643,799)</u>	<u>\$ (1,292,511)</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	Component Unit - School Board
Capital Assets	\$ 144,835,600	\$ 32,883,477
Accumulated Depreciation	(31,318,178)	(11,936,524)
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 113,517,423</u>	<u>\$ 20,946,953</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	Component Unit - School Board
Deferred revenue	\$ 740,956	\$ -
Premium on Bond Issuance	7,796,977	-
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 8,537,933</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 position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these differences for the primary government and discretely presented component unit are as follows:

	Primary Government	Component Unit - School Board
Capital Outlay	\$ 374,621	\$ 513,011
Depreciation Expense	(3,335,607)	(912,132)
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	\$ (2,960,985)	\$ (399,121)

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 position. 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	Component Unit - School Board
Debt issued or incurred:		
Issuance of general obligation bonds, net of premiums, discounts and issuance costs	\$ 41,829,628	\$ -
Principal repayments:		
Amortization of premiums, discounts and debt issuance costs		
General obligation debt and capital leases	\$ (38,016,642)	\$ 135,415
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	\$ 3,812,986	\$ 135,415

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
continued

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

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	Component Unit - School Board
Compensated absences	\$ (62,402)	\$ (10,140)
Other post-employment benefits	100,285	(104,210)
Accrued Interest	<u>-</u>	<u>-</u>
Net adjustment to increase (decrease) <i>net changes in fund balances</i> <i>- total governmental funds</i> to arrive at changes in <i>net position of</i> <i>governmental activities</i>	\$ <u><u>37,884</u></u>	\$ <u><u>(114,350)</u></u>

A. Budgetary Information

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

1. Prior to April 1, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. All revisions to the budget at the fund level must be approved by the City Council. Management may transfer budgeted amounts between functions without approval by City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Capital Projects and Water and Sewer Funds.
6. Budgets for all funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP) 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 at the fund level. Appropriations can be revised only by City Council. Several supplemental appropriations were necessary during this fiscal year. All appropriations lapse at year-end except for capital projects funds where appropriations carry forward the duration of the project.
8. All budgetary data presented in the accompanying financial statements is the legally amended or revised budget for the year ended June 30, 2013.
9. The following funds have legally adopted budgets: General Fund, 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, 2013, the Gang Task Force Fund and School Cafeteria Fund 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 debt investments as of June 30, 2013 are as follows:

Locality's Debt Investments' Values		
U.S. Agency Securities	\$	1,020,729
U.S. Treasury Money Market		546,946
Local Government Investment Pool		179,323
State Non-Arbitrage Pool		597,100
Total	\$	<u><u>2,344,098</u></u>

Interest Rate Risk

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

Investment Maturities			
Investment Type		Fair Value	1-5 Years
U.S. Agency Securities	\$	<u><u>1,020,729</u></u>	\$ <u><u>1,020,729</u></u>

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, 2013:

		Discretely Presented Component Unit		
Primary Government		School Board		Total Reporting Entity
Totals	\$ 1,153,586	\$ 1,483,626	\$ 2,637,212	

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 1,127,633	\$ (6,488,522)
Debt Service Fund	6,508,522	-
City Capital Projects Fund	-	(145,000)
Gang Task Force Fund	-	-
Enterprise Fund	-	(880,257)
Stormwater Fund	-	(122,376)
Total	\$ <u>7,636,155</u>	\$ <u>(7,636,155)</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.

NOTE 7 CAPITAL ASSETS

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,560,783	\$ -	\$ -	\$ 5,560,783
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 5,560,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,560,783</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 114,266,534	\$ -	\$ -	\$ 114,266,534
Machinery and equipment	7,050,111	374,621	-	7,424,732
Infrastructure	17,583,551	-	-	17,583,551
Total capital assets being depreciated	<u>\$ 138,900,196</u>	<u>\$ 374,621</u>	<u>\$ -</u>	<u>\$ 139,274,817</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (14,342,402)	\$ (2,326,139)	\$ -	\$ (16,668,541)
Machinery and equipment	(5,120,147)	(403,021)	-	(5,523,168)
Infrastructure	(8,520,022)	(606,446)	-	(9,126,468)
Total accumulated depreciation	<u>\$ (27,982,571)</u>	<u>\$ (3,335,607)</u>	<u>\$ -</u>	<u>\$ (31,318,178)</u>
Total capital assets being depreciated, net	<u>\$ 110,917,625</u>	<u>\$ (2,960,985)</u>	<u>\$ -</u>	<u>\$ 107,956,640</u>
Governmental activities capital assets, net	<u><u>\$ 116,478,408</u></u>	<u><u>\$ (2,960,985)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 113,517,423</u></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	\$ 162,565	\$ -	\$ 162,565	\$ -
Capital assets being depreciated:				
Utility plant and equipment	\$ 27,718,075	\$ 201,235	\$ -	\$ 27,919,310
Less accumulated depreciation	(7,012,530)	(672,610)	-	(7,685,140)
Total capital assets being depreciated, net	\$ 20,705,545	\$ (471,376)	\$ -	\$ 20,234,169
Business-type activities capital assets, net	\$ 20,868,110	\$ (471,376)	\$ 162,565	\$ 20,234,169

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

Governmental activities:

General government administration	\$ 164,540
Public safety	433,487
Public works	709,766
Health and welfare	1,738
Parks, recreation, and cultural	543,555
Total depreciation expense - governmental activities	\$ 1,853,086
Depreciation on joint tenancy assets - transferred to School Board	1,482,521
Total	\$ 3,335,607

Business-type activities:

Water and sewer fund	\$ 672,610
Total depreciation expense - business-type activities	\$ 672,610

Discretely Presented Component Unit:

Capital asset activity for the School Board for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance ⁽¹⁾</u>
Capital assets not being depreciated:				
Land	\$ 1,637,491	\$ -	\$ -	\$ 1,637,491
Total capital assets not being depreciated	<u>\$ 1,637,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,637,491</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 27,189,015	\$ -	\$ -	\$ 27,189,015
Machinery and equipment	3,594,908	513,011	50,948	4,056,971
Total capital assets being depreciated	<u>\$ 30,783,923</u>	<u>\$ 513,011</u>	<u>\$ 50,948</u>	<u>\$ 31,245,986</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (8,470,311)	\$ (553,490)	\$ -	\$ (9,023,801)
Machinery and equipment	(2,605,029)	(358,642)	(50,948)	(2,912,723)
Total accumulated depreciation	<u>\$ (11,075,340)</u>	<u>\$ (912,132)</u>	<u>\$ (50,948)</u>	<u>\$ (11,936,524)</u>
Total capital assets being depreciated, net	<u>\$ 19,708,583</u>	<u>\$ (399,121)</u>	<u>\$ -</u>	<u>\$ 19,309,462</u>
School Board capital assets, net	<u>\$ 21,346,074</u>	<u>\$ (399,121)</u>	<u>\$ -</u>	<u>\$ 20,946,953</u>

Capital asset activity for the School Board for the year ended June 30, 2013, was as follows:

Depreciation expense	\$ (912,132)
Depreciation on joint tenancy assets - transferred to School Board	-
Net increases in accumulated depreciation	<u>\$ (912,132)</u>

- (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, 2013, is that school financed assets in the amount of \$73,125,694 are reported in the Primary Government for financial reporting purposes.

Primary Government – Governmental Activity Indebtedness:

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

Year Ending June 30,	<u>General Obligation Bonds</u>		<u>Literary Fund Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 870,213	\$ 4,660,180	\$ 625,000	\$ 146,250
2015	1,673,633	5,019,116	625,000	127,500
2016	3,647,964	4,932,744	625,000	108,750
2017	4,297,521	4,763,995	625,000	90,000
2018	5,472,317	4,559,930	625,000	71,250
2019	5,702,364	4,291,567	625,000	52,500
2020	5,977,675	4,011,270	375,000	33,750
2021	6,253,264	3,711,814	375,000	22,500
2022	6,569,145	3,398,393	375,000	11,250
2023	5,290,335	3,093,504	-	-
2024	5,540,986	2,828,465	-	-
2025	5,806,495	2,553,378	-	-
2026	6,077,263	2,262,842	-	-
2027	6,025,000	1,966,631	-	-
2028	6,330,000	1,662,126	-	-
2029	6,625,000	1,353,843	-	-
2030	6,895,000	1,091,838	-	-
2031	6,520,000	797,653	-	-
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	\$ <u>107,014,175</u>	\$ <u>58,124,492</u>	\$ <u>4,875,000</u>	\$ <u>663,750</u>

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, 2013.

	<u>Balance July 1, 2012</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Compensated absences:					
General	\$ 875,538	\$ 685,801	\$ 623,400	\$ 937,940	\$ 623,400
General Obligation Debt:					
Bonds - General	109,406,827	34,960,000	37,352,652	107,014,175	870,213
Literary Fund Loans - General	<u>5,500,000</u>	<u>-</u>	<u>625,000</u>	<u>4,875,000</u>	<u>625,000</u>
Total	<u>\$ 115,782,365</u>	<u>\$ 35,645,801</u>	<u>\$ 38,601,052</u>	<u>\$ 112,827,115</u>	<u>\$ 2,118,613</u>
Deferred Amount on Advanced					
Refunding	(440,591)	18,358	-	(422,233)	(18,358)
Other Post-Employment Benefits	441,940	100,285	69,703	472,522	-
Premiums on Bonds Issued	<u>935,757</u>	<u>6,869,628</u>	<u>38,990</u>	<u>7,766,395</u>	<u>420,636</u>
Total long-term obligations for financial statement presentation	<u>\$ 116,719,471</u>	<u>\$ 42,634,072</u>	<u>\$ 38,709,745</u>	<u>\$ 120,643,799</u>	<u>\$ 2,520,890</u>

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.

General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the government and are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage, interest and income tax regulations under those provisions.

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

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds:</u>		
\$9,145,000 General Obligation Bonds, dated November 10, 2004, maturing annually with interest at 4.10% to 5.60% payable semi-annually through July 15, 2029. Issued for construction of Middle School.	\$ 7,840,000	\$ 305,000
\$6,134,536 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. Issued for building an addition to High School.	4,084,175	285,213
\$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. Issued for construction of upper Elementary School.	11,655,000	-
<u>Refunding Bonds:</u>		
\$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. Issued for Community Center construction and refinancing.	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. Issued for refinancing.	4,090,000	-
\$10,395,000 Lease Revenue 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. Issued for refinancing.	10,395,000	205,000

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

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>Refunding Bonds: (Continued)</u>		
\$3,245,000 Lease Revenue 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. Issued for refinancing.	\$ 3,245,000	\$ -
\$11,385,000 VRA General Obligation Refunding Bond, dated April 4, 2013, due in annual installments from \$75,000 to \$965,000 beginning October 1, 2013, including interest at 2.46% to 4.83% payable semi-annually through October 1, 2030. Issued for refinancing.	11,385,000	75,000
\$23,575,000 VPSA General Obligation Bond Refunding Bond, dated May 9, 2013, due in annual installments from \$150,000 to \$2,415,000 beginning July 15, 2016, including interest at 3.05% to 5.05% payable semi-annually through July 15, 2030. Issued for refinancing.	<u>23,575,000</u>	<u>-</u>
Total general obligation bonds/notes	\$ <u>107,014,175</u>	\$ <u>870,213</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 3.00%. Issued for construction of Elementary School.	\$ 1,500,000	\$ 250,000
\$7,500,000 issued August 15, 2001, due in annual installments of \$375,000 through August 15, 2022, interest payable annually at 3.00%. Issued for construction of addition to High School.	<u>3,375,000</u>	<u>375,000</u>
Total State Literary Fund Loans	\$ <u>4,875,000</u>	\$ <u>625,000</u>
Total	\$ <u>111,889,175</u>	\$ <u>1,495,213</u>
Compensated absences (payable from General Fund)	\$ 937,940	\$ 623,400
Deferred amount on advance refunding	(422,233)	(18,358)
Other post-employment benefits	472,522	-
Premium on bonds issued	\$ <u>7,766,395</u>	\$ <u>420,636</u>
Total	\$ <u><u>120,643,799</u></u>	\$ <u><u>2,520,890</u></u>

Primary Government – Enterprise Activity Indebtedness

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
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	\$ <u>14,800,000</u>	\$ <u>6,167,108</u>

Primary Government – Enterprise Activity Indebtedness: (Continued)

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2013:

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013	Due Within One Year
Enterprise Fund					
Compensated absences	\$ 79,102	\$ 62,307	\$ 58,202	\$ 83,208	\$ 58,202
General obligation bonds	14,800,000	-	-	14,800,000	-
Totals	<u>\$ 14,879,102</u>	<u>\$ 62,307</u>	<u>\$ 58,202</u>	<u>\$ 14,883,208</u>	<u>\$ 58,202</u>
Less: deferred amount on refunding	<u>\$ (102,498)</u>	<u>\$ 5,694</u>	<u>\$ -</u>	<u>\$ (96,804)</u>	<u>\$ (5,694)</u>
Total long-term obligations for financial statement presentation	<u><u>\$ 14,776,604</u></u>	<u><u>\$ 68,002</u></u>	<u><u>\$ 58,202</u></u>	<u><u>\$ 14,786,404</u></u>	<u><u>\$ 52,507</u></u>

Primary Government – Enterprise Activity Indebtedness: (Continued)**Details of Long-Term Indebtedness**

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds:</u>		
\$3,640,000 Lease Revenue 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. Issued for refinancing of water & sewer-related debt.	\$ 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. Issued for refinancing of water & sewer-related debt.	11,160,000	-
Less deferral on advance refunding	(96,804)	(5,694)
Sub-total general obligation water and sewer refunding bonds	\$ 14,703,196	\$ (5,694)
Accrued compensated absences (payable from Water and Sewer Fund)	\$ 83,208	\$ 58,202
Total long-term obligations	\$ 14,786,404	\$ 52,507

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
2014	\$ 169,198	\$ 16,433
2015	111,941	10,385
2016	91,645	5,978
2017	41,184	2,565
Totals	\$ 413,968	\$ 35,361

Discretely Presented Component Unit – School Board Indebtedness: (Continued)

The following is a summary of long-term debt transactions of the Discretely Presented Component Unit-School Board for the year ended June 30, 2013:

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013	Due Within One Year
Capital lease	\$ 414,810	\$ 255,732	\$ 256,574	\$ 413,968	\$ 169,198
Other post-employment benefits	623,170	173,913	69,703	727,380	-
Compensated absences	141,022	166,223	156,083	151,163	151,163
Totals	\$ 1,179,003	\$ 595,868	\$ 482,360	\$ 1,292,511	\$ 320,361

Details of Long-Term Indebtedness:

	Total Amount Outstanding	Amount Due Within One Year
<u>Capital Leases:</u>		
\$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	\$ 32,451	\$ 32,451
\$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	48,634	34,065
\$250,000 capital lease entered on July 25, 2011, due in monthly installments of \$4,386, including interest at 2.03% through July 25, 2016	157,151	49,895
\$255,732 capital lease entered on June 29, 2012, due in annual installments ranging from \$39,364 to \$80,000, including interest through June 29, 2016	175,732	52,787
Total capital leases	413,968	169,198
Other post-employment benefits	727,380	-
Accrued compensated absences (payable from School Fund)	151,163	151,163
Total long-term obligations	\$ 1,292,511	\$ 320,361

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 1,249,011
Less: Accumulated depreciation	(456,705)
Total	\$ 792,306

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, 2013, the City's aggregated general obligation indebtedness is approximately \$18.9 million less than the Commonwealth's limit as summarized in Schedule 3.

NOTE 9

DEBT REFUNDING

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.

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.

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.

On April 4, 2013, the City of Manassas Park, Virginia issued \$11,385,000 in VRA General Obligation Refunding Bonds, Series 2013. The Series 2013 VRA bonds were issued to refund \$11,840,000 of the General Obligation Bonds, Series 2005. The Series 2005 bonds will be purchased at the price of \$13,122,883, resulting in an economic gain of \$168,094. On May 9, 2013, the City of Manassas Park, Virginia issued \$23,575,000 in VPSA General Obligation Bonds, Series 2013. The Series 2013 VPSA bonds were issued to refund \$11,840,000 of the General Obligation Bonds, Series 2005, and \$13,100,000 of the General Obligation Bonds, Series 2007. A portion of the proceeds of the Series 2013 VPSA bonds will be used to defease and refund, and on April 1, 2017, redeem the outstanding principal amount of the Series 2007 Bonds maturing on April 1, 2019 through 2025, inclusive and April 1, 2029. Additionally, a portion of the proceeds of the Series 2013 VPSA bonds will be used to redeem and defease the Series 2005 bonds, resulting in a total present value savings of \$1,763,147 from the VPSA Series 2013 refunding bonds.

NOTE 10

COMMITMENTS

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/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding PolicyPrimary 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 2013 was 8.08% 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 2013 was 7.57% of annual covered payroll.

C. Annual Pension CostPrimary Government

For fiscal year 2013, the Primary Government's annual pension cost of \$972,298 equaled the Primary Government's required and actual contributions.

Three-Year Trend Information for the City of Manassas Park

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 972,298	100%	\$ -
2012	967,807	100%	-
2011	755,799	100%	0

The FY 2013 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 Town'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 Town'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.

C. Annual Pension Cost (continued)**Discretely Presented Component Unit – School Board (Non-professional)**

For fiscal year 2013, the School Board's annual pension cost of \$124,798 was equal to the School Board's required and actual contributions.

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

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 124,798	100%	-
2012	122,890	100%	-
2011	126,706	100%	-

The FY 2013 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, 2012, the most recent actuarial valuation date, the Primary Government plan was 77.41% funded. The actuarial accrued liability for benefits was \$ 28,466,923, and the actuarial value of assets was \$21,182,182, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 7,284,741. The covered payroll (annual payroll of active employees covered by the plan) was \$ 8,064,173, and ratio of the UAAL to the covered payroll was 90.33%.

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

As of June 30, 2012, the most recent actuarial valuation date, the School Board plan was 90.13% funded. The actuarial accrued liability for benefits was \$2,960,316, and the actuarial value of assets was \$2,552,506, resulting in an unfunded actuarial accrued liability (UAAL) of \$292,093. The covered payroll (annual payroll of active employees covered by the plan) was \$1,465,152, and ratio of the UAAL to the covered payroll was 19.94%.

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 (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, 2013, 2012, and 2011 were \$1,738,083, \$1,738,083 and \$1,571,433, respectively, and equal to the required contributions for each year.

NOTE 12 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 \$740,956 is comprised of the following:

Primary Government-Deferred Property Taxes

Deferred revenue representing deferred property tax revenues totaled \$740,956.

NOTE 13 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 14 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. The Federal Government performed an audit of the Gang Task Force Grant and in the opinion of management, future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 15 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 16 SURETY BONDS

	<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 Memorial League:	
School Board Employees Blanket Bond	\$ 1,000,000

NOTE 17 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 18 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 emergencies. Expenditures from this assigned balance require a two-thirds majority vote of approval of City Council.

Fund balance in the amount of \$3,257,268 is assigned for transportation. This amount is the expendable balance of funds held by the Potomac and Rappahannock Transportation Commission.

Portions of the Gang Task Force Fund balance are assigned as follows:

Fund balance in the amount of \$1,269,946 is assigned for public safety.

Discretely Presented Component Unit – School Board:

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

Funds balance in the amount of \$60,179 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 \$131,588 is assigned to establish a retiree medical trust fund for future retiree health insurance benefits.

Fund balance in the amount of \$3,202,406 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 post-employment 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	\$	100,285
Interest on net OPEB obligation		4,011
Adjustment to annual required contribution		(5,254)
Annual OPEB cost (expense)		<u>99,043</u>
Contributions made		<u>(69,703)</u>
Increase (decrease) in net OPEB obligation		29,340
Net OPEB obligation - beginning of year		<u>441,940</u>
Net OPEB obligation - end of year	\$	<u><u>471,280</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years 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, 2013	\$ 99,043	21.28%	\$ 471,280
June 30, 2012	112,318	25.21%	441,940
June 30, 2011	112,326	36.59%	307,022

Primary Government: (continued)**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2013, is as follows:

Actuarial valuation date		7/1/2008
Actuarial value of assets		-
Actuarial accrued liability	\$	1,241,361
Unfunded actuarial liability	\$	1,244,361
Funded ratio		0.00%
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 multi-year 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, 2013, was twenty-six 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	\$	172,276
Interest on net OPEB obligation		6,891
Adjustment to annual required contribution		(5,254)
Annual OPEB cost (expense)		173,913
Contributions made		(69,703)
Increase (decrease) in net OPEB obligation		104,210
Net OPEB obligation - beginning of year		623,169
Net OPEB obligation - end of year	\$	727,380

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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, 2013	\$ 173,913	40.08%	\$ 727,379
June 30, 2012	191,418	32.60%	623,169
June 30, 2011	213,814	23.00%	492,082

Discretely Presented Component Unit – School Board: (continued)**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2013, is as follows:

Actuarial valuation date		7/1/2008
Actuarial value of assets	\$	-
Actuarial accrued liability	\$	2,611,374
Unfunded actuarial liability	\$	2,611,374
Funded ratio		0.00%
Annualized covered payroll	\$	11,824,984
Ratio of unfunded actuarial liability to annual covered payroll		22.10%
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 multi-year 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, 2013, was twenty-six years.

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 11.

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 2013 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 2013, the School Board's contribution of \$2,846 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 2013 and the two preceding years are as follows:

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 4,266	100%	\$ -
June 30, 2012	4,320	100%	-
June 30, 2011	4,370	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	28,192
Actuarial value of plan assets	\$	23,405
Unfunded actuarial accrued liability (UAAL)	\$	4,787
Funded ratio (actuarial value of plan assets/AAL)		83.02%
Covered payroll (active plan members)	\$	1,465,152
UAAL as a percentage of covered payroll		0.33%

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%, a payroll growth rate of 3%, no escalation in retiree subsidies and an annual healthcare cost trend rate of 8.0%, trending down over the next five years to a rate of 5.0% for future years. The initial unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis over twenty six 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.

NOTE 20 HEALTH INSURANCE CREDIT PROGRAM-OTHER POST-EMPLOYMENT BENEFITS
(OPEB) continued

F. **Professional Employees – Discretely Presented Component Unit – School Board: (continued)**

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, 2013, 2012, and 2011 were \$117,937, \$136,772, and \$99,102, respectively and equaled the required contributions for each year.

NOTE 21 EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 29, 2013, the date which the financial statements were available to be issued. No events are known that would materially affect its financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended June 30, 2013

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	\$ 21,733,899	\$ 21,733,899	\$ 22,177,590	\$ 443,691
Other local taxes	3,980,000	3,980,000	4,223,238	243,238
Permits, privilege fees, and regulatory licenses	51,130	51,130	52,565	1,435
Fines and forfeitures	258,000	258,000	307,560	49,560
Revenue from the use of money and property	25,000	25,000	38,875	13,875
Charges for services	1,999,590	1,999,590	1,506,341	(493,249)
Miscellaneous	277,500	277,500	607,909	330,409
Recovered costs	-	-	149,129	149,129
Intergovernmental revenues:				
Commonwealth	4,350,691	4,350,691	4,257,341	(93,350)
Federal	855,231	855,231	607,327	(247,904)
Total revenues	\$ 33,531,041	\$ 33,531,041	\$ 33,927,876	\$ 396,835
EXPENDITURES				
Current:				
General government administration	\$ 3,208,578	\$ 3,208,578	\$ 3,179,850	\$ 28,728
Judicial administration	468,907	468,907	432,654	36,253
Public safety	7,184,082	7,184,082	6,846,500	337,582
Public works	1,293,085	1,293,085	1,409,808	(116,723)
Health and welfare	2,606,161	2,606,161	2,602,329	3,832
Education	10,472,167	10,472,167	10,475,632	(3,465)
Parks, recreation, and cultural	2,814,027	2,814,027	2,838,718	(24,691)
Community development	123,145	123,145	126,305	(3,160)
Total expenditures	\$ 28,170,152	\$ 28,170,152	\$ 27,911,796	\$ 258,356
Excess (deficiency) of revenues over (under) expenditures	\$ 5,360,889	\$ 5,360,889	\$ 6,016,080	\$ 655,191
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,127,633	\$ 1,127,633	\$ 1,127,633	\$ -
Transfers out	(6,488,522)	(6,488,522)	(6,488,522)	-
Total other financing sources and uses	\$ (5,360,889)	\$ (5,360,889)	\$ (5,360,889)	\$ -
Net change in fund balances	\$ -	\$ -	\$ 655,191	\$ 655,191
Fund balances - beginning	-	-	5,268,520	5,268,520
Fund balances - ending	\$ -	\$ -	\$ 5,923,711	\$ 5,923,711

Schedule of Pension Funding Progress
Last Three Fiscal Years

Primary Government:

City Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Coverage Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/10	\$ 19,596,045	\$ 24,989,939	\$ 5,393,894	78.42%	\$ 8,055,497	66.96%
6/30/11	20,630,609	26,658,927	6,028,318	77.39%	7,979,534	75.55%
6/30/12	21,182,182	28,466,923	7,284,741	74.41%	8,064,173	90.33%

Discretely Presented Component Unit

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Coverage Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/10	\$ 2,402,327	\$ 2,733,890	\$ 331,563	87.87%	\$ 1,407,850	23.55%
6/30/11	2,552,508	2,820,207	267,699	90.51%	1,377,692	19.43%
6/30/12	2,668,223	2,960,316	292,093	90.13%	1,465,152	19.94%

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)
9/30/10	\$ 15,873	\$ 22,389	\$ 6,516	70.90%	\$ 1,407,850	0.46%
9/30/11	21,127	24,951	3,823	84.68%	1,377,692	0.28%
9/30/12	23,405	28,192	4,787	83.02%	1,465,152	0.33%

June 30, 2013

Combining Balance Sheet

Nonmajor Governmental Funds

	Special Revenue Funds	Capital Projects Fund	
	Gang Task Force	School Building Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 23,240	\$ 23,240
Accounts receivable	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Temporarily restricted:	-	-	-
Cash and cash equivalents	1,105,536	-	1,105,536
Total assets	\$ 1,105,536	\$ 23,240	\$ 1,128,776
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	(164,410)	-	(164,410)
Total liabilities	\$ (164,410)	\$ -	\$ (164,410)
Fund balances:			
Reserved for:			
Public Safety	\$ 1,269,946	\$ -	\$ 1,269,946
Unreserved:			
Reported in:			
Debt service funds	-	-	-
Capital projects funds	-	23,240	23,240
Total fund balances	\$ 1,269,946	\$ 23,240	\$ 1,293,186
Total liabilities and fund balances	\$ 1,105,536	\$ 23,240	\$ 1,128,776

For the Year Ended June 30, 2013

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

Nonmajor Governmental Funds

	Special Revenue Fund	Capital Projects Fund	
	Gang Task Force	School Building Fund	Total
REVENUES			
Revenue from the use of money and property	\$ -	\$ 20	\$ 20
Intergovernmental revenues:			
Federal	700,836	-	700,836
Total revenues	\$ 700,836	\$ 20	\$ 700,856
EXPENDITURES			
Current:			
Public safety	\$ 189,119	\$ -	\$ 189,119
Capital projects	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	\$ 189,119	\$ -	\$ 189,119
Excess (deficiency) of revenues over (under) expenditures	\$ 511,717	\$ 20	\$ 511,737
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -
Net change in fund balances	\$ 511,717	\$ 20	\$ 511,737
Fund balances - beginning	758,229	23,219	781,448
Fund balances - ending	\$ 1,269,946	\$ 23,240	\$ 1,293,186

For the Year Ended June 30, 2013

Gang Task Force Fund

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

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental revenues:				
Federal	\$ -	\$ -	\$ 700,836	\$ 700,836
Total revenues	\$ -	\$ -	\$ 700,836	\$ 700,836
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 185,032	\$ (185,032)
Total expenditures	\$ -	\$ -	\$ 185,032	\$ (185,032)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 515,804	\$ 515,804
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 515,804	\$ 515,804
Fund balances - beginning, as adjusted	-	-	758,229	758,229
Fund balances - ending	\$ -	\$ -	\$ 1,274,033	\$ 1,274,033

For the Year Ended June 30, 2013

Debt Service 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				
Revenue from the use of money and property	\$ -	\$ -	\$ 57,977	\$ 57,977
Total revenues	\$ -	\$ -	\$ 57,977	\$ 57,977
EXPENDITURES				
Debt service:				
Principal retirement	\$ 1,197,652	\$ 1,197,652	\$ 947,652	\$ 250,000
Interest and other fiscal charges	5,310,870	5,310,870	5,531,931	(221,061)
Total expenditures	\$ 6,508,522	\$ 6,508,522	\$ 6,479,583	\$ 28,939
Excess (deficiency) of revenues over (under) expenditures	\$ (6,508,522)	\$ (6,508,522)	\$ (6,421,606)	\$ 86,916
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Transfers in	6,508,522	6,508,522	6,508,522	-
Total other financing sources and uses	\$ 6,508,522	\$ 6,508,522	\$ 6,508,522	\$ -
Net change in fund balances	\$ -	\$ -	\$ 86,916	\$ 86,916
Fund balances - beginning, as adjusted	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 86,916	\$ 86,916

For the Year Ended June 30, 2013

City Capital Projects 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				
Revenue from the use of money and property	\$ -	\$ -	\$ 15,529	\$ 15,529
Miscellaneous	1,359,995	1,359,995	186,270	(1,173,725)
Intergovernmental revenues:				
Commonwealth	3,814,500	3,814,500	71,876	(3,742,624)
Total revenues	\$ 5,174,495	\$ 5,174,495	\$ 273,675	\$ (4,900,820)
EXPENDITURES				
Capital projects	\$ 4,647,226	\$ 4,647,226	\$ 455,720	\$ 4,191,506
Total expenditures	\$ 4,647,226	\$ 4,647,226	\$ 455,720	\$ 4,191,506
Excess (deficiency) of revenues over (under) expenditures	\$ 527,269	\$ 527,269	\$ (182,045)	\$ (709,314)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(145,000)	(145,000)	(145,000)	-
Total other financing sources and uses	\$ (145,000)	\$ (145,000)	\$ (145,000)	\$ -
Net change in fund balances	\$ 382,269	\$ 382,269	\$ (327,045)	\$ (709,314)
Fund balances - beginning, as adjusted	(382,269)	(382,269)	1,404,428	1,786,697
Fund balances - ending	\$ -	\$ -	\$ 1,077,383	\$ 1,077,383

For the Year Ended June 30, 2013

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		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 20	\$ 20
Total revenues	\$ -	\$ -	\$ 20	\$ 20
EXPENDITURES				
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	-	-	23,219	23,219
Fund balances - ending	<u>-</u>	<u>-</u>	<u>23,239</u>	<u>23,239</u>

June 30, 2013

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

	2013	2012
Governmental funds capital assets:		
Land	\$ 5,560,783	\$ 5,560,783
Buildings and improvements	114,266,534	114,266,534
Machinery and equipment	7,424,732	7,050,111
Infrastructure	17,583,551	17,583,549
Construction in progress	-	-
Total governmental funds capital assets	<u>144,835,600</u>	<u>144,460,977</u>
Investments in governmental funds capital assets by sources:		
General fund	<u>144,835,600</u>	<u>144,460,977</u>
Total governmental funds capital assets	<u>144,835,600</u>	<u>144,460,977</u>

CITY OF MANASSAS PARK, VIRGINIA

Exhibit 20

June 30, 2013

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

Function and Activity	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government administration:						
City council	\$ 5,045,820	\$ 3,724,580	\$ 377,235	\$ -	\$ -	\$ 9,147,635
Finance	-	-	738,682	-	-	738,682
Technology initiative	-	-	7,809	-	-	7,809
Total general government administration	<u>\$ 5,045,820</u>	<u>\$ 3,724,580</u>	<u>\$ 1,123,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,894,126</u>
Public safety:						
Police department	\$ 514,963	\$ 9,985,491	\$ 2,034,974	\$ -	\$ -	\$ 12,535,428
Fire and rescue	-	3,332,759	2,267,480	-	-	5,600,239
Total public safety	<u>\$ 514,963</u>	<u>\$ 13,318,250</u>	<u>\$ 4,302,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,135,667</u>
Public works:						
Streets	\$ -	\$ 5,824	\$ 1,073,085	\$ 17,583,551	\$ -	\$ 18,662,460
Buildings and grounds	-	-	367,380	-	-	367,380
Garage	-	-	34,415	-	-	34,415
Total public works	<u>\$ -</u>	<u>\$ 5,824</u>	<u>\$ 1,474,880</u>	<u>\$ 17,583,551</u>	<u>\$ -</u>	<u>\$ 19,064,255</u>
Education:						
Schools	\$ -	\$ 73,125,694	\$ -	\$ -	\$ -	\$ 73,125,694
Total education	<u>\$ -</u>	<u>\$ 73,125,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,125,694</u>
Health and welfare:						
Social services	\$ -	\$ 52,153	\$ 9,897	\$ -	\$ -	\$ 62,050
Total health and welfare	<u>\$ -</u>	<u>\$ 52,153</u>	<u>\$ 9,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,050</u>
Parks, recreation, and cultural:						
Parks and recreation	\$ -	\$ 24,040,033	\$ 513,775	\$ -	\$ -	\$ 24,553,808
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ 24,040,033</u>	<u>\$ 513,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,553,808</u>
Total governmental funds capital assets	<u>\$ 5,560,783</u>	<u>\$ 114,266,534</u>	<u>\$ 7,424,732</u>	<u>\$ 17,583,551</u>	<u>\$ -</u>	<u>\$ 144,835,600</u>

June 30, 2013

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, 2012	Additions	Deductions	Governmental Funds Capital Assets June 30, 2013
General government administration:				
City council	\$ 9,127,726	\$ -	\$ -	\$ 9,127,726
Finance	738,682	-	-	738,682
Technology initiative	7,809	19,909	-	27,718
Total general government administration	\$ 9,874,217	\$ 19,909	\$ -	\$ 9,894,126
Public safety:				
Police department	\$ 12,191,523	\$ 343,905	\$ -	\$ 12,535,428
Fire and rescue	5,600,239	-	-	5,600,239
Total public safety	\$ 17,791,762	\$ 343,905	\$ -	\$ 18,135,667
Public works:				
Streets	\$ 18,662,458	\$ -	\$ -	\$ 18,662,458
Buildings and grounds	367,380	-	-	367,380
Garage	29,340	5,077	-	34,417
Total public works	\$ 19,059,178	\$ 5,077	\$ -	\$ 19,064,255
Education:				
Schools	\$ 73,125,694	\$ -	\$ -	\$ 73,125,694
Total education	\$ 73,125,694	\$ -	\$ -	\$ 73,125,694
Health and welfare:				
Social services	\$ 62,050	\$ -	\$ -	\$ 62,050
Total health and welfare	\$ 62,050	\$ -	\$ -	\$ 62,050
Parks, recreation, and cultural:				
Parks and recreation	\$ 24,548,076	\$ 5,732	\$ -	\$ 24,553,808
Total parks, recreation, and cultural	\$ 24,548,076	\$ 5,732	\$ -	\$ 24,553,808
Total governmental funds capital assets	\$ 144,460,977	\$ 374,623	\$ -	\$ 144,835,600

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

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, 2013

Combining Balance Sheet

Discretely Presented Component Unit – School Board

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,312,998	\$ 102,108	\$ 3,415,106
Receivables (net of allowance for uncollectibles):			
Accounts receivable	797,939	-	797,939
Due from other governmental units	1,434,471	49,155	1,483,626
Inventories	5,396	20,028	25,423
Prepaid items	131,349	-	131,349
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	127,361	-	127,361
Total assets	<u>\$ 5,809,514</u>	<u>\$ 171,290</u>	<u>\$ 5,980,804</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 232,693	\$ 4,533	\$ 237,226
Accrued liabilities	2,242,828	106,079	2,348,907
Deferred revenue	-	499	499
Total liabilities	<u>\$ 2,475,521</u>	<u>\$ 111,111</u>	<u>\$ 2,586,632</u>
Fund balances:			
Assigned for:			
Retiree health benefit	\$ 131,588	\$ -	\$ 131,588
Unassigned:			
Designed for subsequent expenditure/food services	3,202,406	60,179	3,262,585
Total fund balances	<u>\$ 3,333,994</u>	<u>\$ 60,179</u>	<u>\$ 3,394,173</u>
Total liabilities and fund balances	<u>\$ 5,809,514</u>	<u>\$ 171,290</u>	<u>\$ 5,980,805</u>

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

Total fund balances per above	\$ 3,394,173
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,946,953
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>(1,292,511)</u>
Net position of governmental activities	<u>\$ 23,048,615</u>

For the Year Ended June 30, 2013

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
REVENUES			
Revenue from the use of money and property	\$ 3,512	\$ -	\$ 3,512
Charges for services	26,850	515,715	542,565
Miscellaneous	32,199	-	32,199
Recovered costs	99,391	17,430	116,821
Intergovernmental revenues:			
Local government	10,449,252	-	10,449,252
Commonwealth	20,080,012	34,129	20,114,141
Federal	1,327,594	933,185	2,260,779
Total revenues	\$ 32,018,811	\$ 1,500,459	\$ 33,519,270
EXPENDITURES			
Current:			
Education	\$ 30,492,899	\$ 1,496,655	\$ 31,989,554
Total expenditures	\$ 30,492,899	\$ 1,496,655	\$ 31,989,554
Excess (deficiency) of revenues over (under) expenditures	\$ 1,525,912	\$ 3,804	\$ 1,529,716
Net change in fund balance	\$ 1,525,912	\$ 3,804	\$ 1,529,716
Fund balances - beginning, as adjusted	1,572,284	56,375	1,628,659
Fund balances - ending	\$ 3,098,196	\$ 60,179	\$ 3,158,374

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

Net change in fund balances - total governmental funds - per above	\$ 1,529,716
--	--------------

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

	(399,121)
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The issuance of long-term debt (e.g., leases) provided current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.

	135,415
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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.

	(10,140)
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Change in net position of governmental activities	\$ 1,255,869
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For the Year Ended June 30, 2013

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 3,512	\$ 1,512
Charges for services	-	-	26,850	26,850
Miscellaneous	1,104,585	1,150,000	32,199	(1,117,801)
Recovered costs	80,000	80,000	99,391	19,391
Intergovernmental revenues:				
Local government	10,364,224	10,364,224	10,449,252	85,028
Commonwealth	19,760,369	19,891,364	20,080,012	188,648
Federal	1,188,822	1,390,114	1,327,594	(62,520)
Total revenues	\$ 32,500,000	\$ 32,877,703	\$ 32,018,811	\$ (858,892)
EXPENDITURES				
Current:				
Education	\$ 32,500,000	\$ 32,823,663	\$ 30,492,899	\$ 2,330,764
Total expenditures	\$ 32,500,000	\$ 32,823,663	\$ 30,492,899	\$ 2,330,764
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 54,040	\$ 1,525,912	\$ 1,471,872
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ 54,040	\$ 1,525,912	\$ 1,471,872
Fund balances - beginning, as adjusted	-	(54,040)	1,572,284	1,626,324
Fund balances - ending	\$ -	\$ -	\$ 3,098,196	\$ 3,098,196

For the Year Ended June 30, 2013

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

School Cafeteria Fund				
Budgeted Amounts			Variance with	
Original	Final	Actual Amounts	Final Budget - Positive (Negative)	
\$ -	\$ -	\$ -	\$ -	\$ -
545,000	545,000	515,715	(29,285)	
11,250	11,250	17,430	6,180	
32,761	34,105	34,129	24	
830,989	875,500	933,185	57,685	
\$ 1,420,000	\$ 1,465,855	\$ 1,500,459	\$ 34,604	
\$ 1,420,000	\$ 1,431,565	\$ 1,496,655	\$ (65,090)	
\$ 1,420,000	\$ 1,431,565	\$ 1,496,655	\$ (65,090)	
\$ -	\$ 34,290	\$ 3,804	\$ (30,486)	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ 34,290	\$ 3,804	\$ (30,486)	
-	(34,290)	56,375	90,665	
\$ -	\$ -	\$ 60,179	\$ 60,179	

June 30, 2013

Capital Assets Used in the Operation of Governmental Funds

Discretely Presented Component Unit – School Board

Comparative Schedules by Source

	2013	2012
	<u> </u>	<u> </u>
Governmental funds capital assets:		
Land	\$ 1,637,491	\$ 1,637,491
Buildings and improvements	27,189,015	27,189,015
Machinery and equipment	<u>4,056,971</u>	<u>3,594,908</u>
Total governmental funds capital assets	\$ <u><u>32,883,477</u></u>	\$ <u><u>32,421,414</u></u>
Investments in governmental funds capital assets by sources:		
Permanent fund	\$ <u>32,883,477</u>	\$ <u>32,421,414</u>
Total governmental funds capital assets	\$ <u><u>32,883,477</u></u>	\$ <u><u>32,421,414</u></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, 2013

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>4,056,971</u>	\$ <u>32,883,477</u>
Total governmental funds capital assets	\$ <u><u>1,637,491</u></u>	\$ <u><u>27,189,015</u></u>	\$ <u><u>4,056,971</u></u>	\$ <u><u>32,883,477</u></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, 2013

Capital Assets Used in the Operation of Governmental Funds

Discretely Presented Component Unit – School Board

Schedule of Activities by Function and Activity

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2013</u>
Education:				
Schools	\$ <u>32,421,414</u>	\$ <u>513,011</u>	\$ <u>50,948</u>	\$ <u>32,883,477</u>
Total governmental funds capital assets	\$ <u><u>32,421,414</u></u>	\$ <u><u>513,011</u></u>	\$ <u><u>50,948</u></u>	\$ <u><u>32,883,477</u></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.

For the Year Ended June 30, 2013
 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)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,608,899	\$ 18,608,899	\$ 18,994,791	\$ 385,892
Real and personal public service corporation taxes	475,000	475,000	451,588	(23,412)
Personal property taxes	2,375,000	2,375,000	2,458,195	83,195
Penalties	150,000	150,000	161,609	11,609
Interest	125,000	125,000	111,407	(13,593)
Total general property taxes	<u>\$ 21,733,899</u>	<u>\$ 21,733,899</u>	<u>\$ 22,177,590</u>	<u>\$ 443,691</u>
Other local taxes:				
Local sales and use taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,531,387	\$ 131,387
Consumers' utility taxes	760,000	760,000	783,654	23,654
Business license taxes	650,000	650,000	711,715	61,715
Motor vehicle licenses	270,000	270,000	390,325	120,325
Bank stock taxes	25,000	25,000	20,383	(4,617)
Taxes on recordation and wills	175,000	175,000	112,156	(62,844)
Cigarette taxes	400,000	400,000	323,193	(76,807)
Meals taxes	300,000	300,000	350,425	50,425
Total other local taxes	<u>\$ 3,980,000</u>	<u>\$ 3,980,000</u>	<u>\$ 4,223,238</u>	<u>\$ 243,238</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,500	\$ 2,500	\$ 4,290	\$ 1,790
Courthouse maintenance fees	1,000	1,000	314	(686)
Zoning and subdivision permits	500	500	3,450	2,950
Building permits	20,000	20,000	32,067	12,067
Courthouse security fees	15,000	15,000	23	(14,977)
Permits and other licenses	12,130	12,130	12,421	291
Total permits, privilege fees, and regulatory licenses	<u>\$ 51,130</u>	<u>\$ 51,130</u>	<u>\$ 52,565</u>	<u>\$ 1,435</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 220,000	\$ 220,000	\$ 277,026	\$ 57,026
Parking fines	33,000	33,000	30,534	(2,466)
Other fines	5,000	5,000	-	(5,000)
Total fines and forfeitures	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ 307,560</u>	<u>\$ 49,560</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 25,000	\$ 25,000	\$ 38,875	\$ 13,875
Total revenue from use of money and property	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 38,875</u>	<u>\$ 13,875</u>
Charges for services:				
Commuter rail parking	\$ 75,000	\$ 75,000	\$ 82,177	\$ 7,177
Fee for fiscal services	15,000	15,000	17,507	2,507
Site plan reviews	25,000	25,000	85,155	60,155
Charges for EMS	325,000	325,000	272,597	(52,403)
Charges for extended care	225,000	225,000	199,721	(25,279)
Charges for parks and recreation	1,334,590	1,334,590	849,185	(485,405)
Total charges for services	<u>\$ 1,999,590</u>	<u>\$ 1,999,590</u>	<u>\$ 1,506,341</u>	<u>\$ (493,249)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 157,500	\$ 157,500	\$ 177,232	\$ 19,732
Other refunds	20,000	20,000	76,915	56,915
Rebates & refunds from schools	100,000	100,000	65,675	(34,326)
Net change in investment in joint venture	-	-	288,088	288,088
Total miscellaneous revenue	<u>\$ 277,500</u>	<u>\$ 277,500</u>	<u>\$ 607,909</u>	<u>\$ 330,409</u>

CITY OF MANASSAS PARK, VIRGINIA

Schedule 1

Page 2 of 5

For the Year Ended June 30, 2013
 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)
General Fund: (Continued)				
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 149,129	\$ 149,129
Total recovered costs	\$ -	\$ -	\$ 149,129	\$ 149,129
Total revenue from local sources	\$ 28,325,119	\$ 28,325,119	\$ 29,063,208	\$ 738,089
Revenue from the Commonwealth:				
Noncategorical aid:				
Tax on deeds	\$ 75,000	\$ 75,000	\$ 27,615	\$ (47,385)
Motor vehicle rental tax	70,000	70,000	101,718	31,718
Communication taxes	775,000	775,000	748,389	(26,611)
Rolling stock tax	3,500	3,500	4,351	851
Personal property tax relief funds	1,368,393	1,368,393	1,368,393	-
Total Noncategorical aid	\$ 2,291,893	\$ 2,291,893	\$ 2,250,465	\$ (41,428)
Categorical aid:				
Shared expenses:				
Commissioner of revenue	\$ 72,000	\$ 72,000	\$ 75,080	\$ 3,080
Treasurer	60,000	60,000	62,481	2,481
Registrar/electoral board	45,000	45,000	39,752	(5,248)
Total shared expenses	\$ 177,000	\$ 177,000	\$ 177,313	\$ 313
Welfare:				
Welfare administration & assistance	\$ 214,520	\$ 214,520	\$ 213,829	\$ (691)
Comprehensive service act program	463,904	463,904	470,546	6,642
VHDA reimbursement	-	-	-	-
DSS operating expense reimbursement	50,000	50,000	-	(50,000)
Total welfare	\$ 728,424	\$ 728,424	\$ 684,375	\$ (44,049)
Other categorical aid:				
Juvenile detention	\$ -	\$ -	\$ -	\$ -
Street maintenance	650,000	650,000	669,533	19,533
Aid to localities with police departments	419,000	419,000	419,825	825
Four-for-life grant	10,127	10,127	11,805	1,678
Litter grant	5,000	5,000	-	(5,000)
Firefighters assistance	29,247	29,247	39,731	10,484
Other state funds	40,000	40,000	4,294	(35,706)
Total other categorical aid	\$ 1,153,374	\$ 1,153,374	\$ 1,145,187	\$ (8,187)
Total categorical aid	\$ 2,058,798	\$ 2,058,798	\$ 2,006,875	\$ (51,923)
Total revenue from the Commonwealth	\$ 4,350,691	\$ 4,350,691	\$ 4,257,341	\$ (93,350)
Revenue from the federal government:				
Categorical aid:				
Welfare administration & assistance	\$ 531,231	\$ 531,231	\$ 531,231	\$ -
Other categorical aid:				
State domestic preparedness equipment support	\$ -	\$ -	\$ 2,067	\$ 2,067
Gang task force grant	309,000	309,000	44,963	(264,037)
Parks and recreation grants	5,000	5,000	21,850	16,850
Other grant revenues	10,000	10,000	7,216	(2,784)
Total other categorical aid	\$ 324,000	\$ 324,000	\$ 76,096	\$ (247,904)
Total revenue from the federal government	\$ 855,231	\$ 855,231	\$ 607,327	\$ (247,904)
Total General Fund	\$ 33,531,041	\$ 33,531,041	\$ 33,927,876	\$ 396,835

For the Year Ended June 30, 2013
 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)
Special Revenue Fund:				
Gang Task Force Fund:				
Revenue from the federal government:				
Categorical aid:				
Gang Task Force grant	\$ -	\$ -	\$ 700,836	\$ 700,836
Total categorical aid	\$ -	\$ -	\$ 700,836	\$ 700,836
Total revenue from the federal government	\$ -	\$ -	\$ 700,836	\$ 700,836
Total Gang Task Force Fund	\$ -	\$ -	\$ 700,836	\$ 700,836
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 57,977	\$ 57,977
Total revenue from use of money and property	\$ -	\$ -	\$ 57,977	\$ 57,977
Total revenue from local sources	\$ -	\$ -	\$ 57,977	\$ 57,977
Total School Debt Service Fund	\$ -	\$ -	\$ 57,977	\$ 57,977
Capital Projects Funds:				
City Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15,529	\$ 15,529
Total revenue from use of money and property	\$ -	\$ -	\$ 15,529	\$ 15,529
Miscellaneous revenue:				
Proffers	\$ -	\$ -	\$ 186,270	\$ 186,270
Gang task force reimbursement	10,500	10,500	-	(10,500)
Capital projects fund - fund balance	1,349,495	1,349,495	-	(1,349,495)
Total miscellaneous revenue	\$ 1,359,995	\$ 1,359,995	\$ 186,270	\$ (1,173,725)
Total revenue from local sources	\$ 1,359,995	\$ 1,359,995	\$ 201,799	\$ (1,158,196)
Revenue from the Commonwealth:				
Noncategorical aid:				
Fire equipment grants	\$ 97,500	\$ 97,500	\$ -	\$ (97,500)
PRTC Motor fuels tax	1,410,444	1,410,444	1,597	(1,408,847)
Total Noncategorical aid	\$ 1,507,944	\$ 1,507,944	\$ 1,597	\$ (1,506,347)
Categorical aid:				
VDOT street funds	\$ 2,306,556	\$ 2,306,556	\$ 70,279	\$ (2,236,277)
Total Categorical aid	\$ 2,306,556	\$ 2,306,556	\$ 70,279	\$ (2,236,277)
Total revenue from the Commonwealth	\$ 3,814,500	\$ 3,814,500	\$ 71,876	\$ (3,742,624)
Total City Capital Projects Fund	\$ 5,174,495	\$ 5,174,495	\$ 273,675	\$ (4,900,820)

For the Year Ended June 30, 2013
 Schedule of Revenues – Budget and Actual
 Governmental Funds

<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>
School Building Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 20	\$ 20
Total revenue from use of money and property	\$ -	\$ -	\$ 20	\$ 20
Total revenue from local sources	\$ -	\$ -	\$ 20	\$ 20
Total School Building Fund	\$ -	\$ -	\$ 20	\$ 20
Total Primary Government	\$ 38,705,536	\$ 38,705,536	\$ 34,960,384	\$ (3,745,152)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ -	\$ -
Revenue from use of property	2,000	2,000	3,512	1,512
Total revenue from use of money and property	\$ 2,000	\$ 2,000	\$ 3,512	\$ 1,512
Charges for services:				
Tuition	\$ -	\$ -	\$ 26,850	\$ 26,850
Total charges for services	\$ -	\$ -	\$ 26,850	\$ 26,850
Miscellaneous revenue:				
Other miscellaneous	\$ 1,104,585	\$ 1,150,000	\$ 32,199	\$ (1,117,801)
Total miscellaneous revenue	\$ 1,104,585	\$ 1,150,000	\$ 32,199	\$ (1,117,801)
Recovered costs:				
Rebates/refunds	\$ 80,000	\$ 80,000	\$ 99,391	\$ 19,391
Total recovered costs	\$ 80,000	\$ 80,000	\$ 99,391	\$ 19,391
Total revenue from local sources	\$ 1,186,585	\$ 1,232,000	\$ 161,952	\$ (1,070,048)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from City of Manassas Park, Virginia	\$ 10,364,224	\$ 10,364,224	\$ 10,449,252	\$ 85,028
Other intergovernmental revenues	-	-	-	-
Total revenue from the local governments	\$ 10,364,224	\$ 10,364,224	\$ 10,449,252	\$ 85,028
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,450,746	\$ 2,469,292	\$ 2,465,871	\$ (3,421)
Basic school aid	17,276,123	17,387,737	17,571,329	183,592
Other state funds	33,500	34,335	42,812	8,477
Total categorical aid	\$ 19,760,369	\$ 19,891,364	\$ 20,080,012	\$ 188,648
Total revenue from the Commonwealth	\$ 19,760,369	\$ 19,891,364	\$ 20,080,012	\$ 188,648

For the Year Ended June 30, 2013
 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)
Discretely Presented Component Unit - School Board:				
(Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I: Grants to local educational agencies	\$ 250,000	\$ 267,255	\$ 296,234	\$ 28,979
Title II, part D: Education technology state grant	-	-	-	-
Title VI-B: Special education grants to states	-	-	-	-
Title VI-B: Special education preschool grants	-	-	-	-
Vocational education: Basic grants to states	25,000	(58,123)	14,420	72,544
English language acquisition grants	40,000	118,768	57,892	(60,876)
Drug free schools	-	-	-	-
Advanced placement incentive program	-	-	-	-
Title II, Part A: Improving teacher quality	45,000	60,913	60,913	-
Title VI, Part A: State assessment grant	489,688	536,416	433,249	(103,167)
FEMA Disaster Funds	-	-	-	-
State Fiscal Stabilization Funds	339,134	464,886	464,886	-
RTI Initiative	-	-	-	-
Total categorical aid	\$ 1,188,822	\$ 1,390,114	\$ 1,327,594	\$ (62,520)
Total revenue from the federal government	\$ 1,188,822	\$ 1,390,114	\$ 1,327,594	\$ (62,520)
Total School Operating Fund	\$ 32,500,000	\$ 32,877,703	\$ 32,018,811	\$ (858,892)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 545,000	\$ 545,000	\$ 515,715	\$ (29,285)
Total charges for services	\$ 545,000	\$ 545,000	\$ 515,715	\$ (29,285)
Miscellaneous revenue:				
Catering revenue	\$ -	\$ -	\$ -	\$ -
Total miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Recovered costs:				
Rebates/refunds	\$ 11,250	\$ 11,250	\$ 17,430	\$ 6,180
Total recovered costs	\$ 11,250	\$ 11,250	\$ 17,430	\$ 6,180
Total revenue from local sources	\$ 556,250	\$ 556,250	\$ 533,145	\$ (23,105)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 32,761	\$ 34,105	\$ 34,129	\$ 24
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 830,989	\$ 875,500	\$ 933,185	\$ 57,685
Total School Cafeteria Fund	\$ 1,420,000	\$ 1,465,855	\$ 1,500,459	\$ 34,604
Total Discretely Presented Component Unit - School Board	\$ 33,920,000	\$ 34,343,558	\$ 33,519,270	\$ (824,288)

For the Year Ended June 30, 2013

Schedule of Expenditures - Budget and Actual
Governmental Funds

<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>
General Fund:				
General government administration:				
Legislative:				
City council	\$ 218,061	\$ 218,061	\$ 205,355	\$ 12,706
General and financial administration:				
Management services	\$ 293,168	\$ 293,168	\$ 294,537	\$ (1,369)
Legal services and insurances	620,823	620,823	585,066	35,757
Independent auditor	10,000	10,000	8,332	1,668
Commissioner of revenue	307,737	307,737	301,590	6,147
Treasurer	336,202	336,202	431,561	(95,359)
Finance	523,835	523,835	506,942	16,893
Other general and financial administration	767,949	767,949	732,866	35,083
Total general and financial administration	\$ 2,859,714	\$ 2,859,714	\$ 2,860,894	\$ (1,180)
Board of elections:				
Electoral board and officials	\$ 130,803	\$ 130,803	\$ 113,601	\$ 17,202
Total general government administration	\$ 3,208,578	\$ 3,208,578	\$ 3,179,850	\$ 28,728
Judicial administration:				
Courts:				
Courts	\$ 234,924	\$ 234,924	\$ 198,666	\$ 36,258
Sheriff	233,983	233,983	233,988	(5)
Total courts	\$ 468,907	\$ 468,907	\$ 432,654	\$ 36,253
Commonwealth's attorney:				
Commonwealth's attorney	\$ -	\$ -	\$ -	\$ -
Total judicial administration	\$ 468,907	\$ 468,907	\$ 432,654	\$ 36,253
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,053,977	\$ 3,053,977	\$ 2,831,050	\$ 222,927
E-911	796,083	796,083	682,180	113,903
Total law enforcement and traffic control	\$ 3,850,060	\$ 3,850,060	\$ 3,513,230	\$ 336,830
Fire and rescue services:				
Fire department	\$ 2,284,576	\$ 2,284,576	\$ 2,198,346	\$ 86,230
Total fire and rescue services	\$ 2,284,576	\$ 2,284,576	\$ 2,198,346	\$ 86,230

For the Year Ended June 30, 2013

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)
General Fund: (Continued)				
Public Safety: (Continued)				
Correction and detention:				
County jail	\$ 620,000	\$ 620,000	\$ -	\$ 620,000
Juvenile detention home	112,269	112,269	843,735	(731,466)
Total correction and detention	<u>\$ 732,269</u>	<u>\$ 732,269</u>	<u>\$ 843,735</u>	<u>\$ (111,466)</u>
Inspections:				
Building	<u>\$ 207,803</u>	<u>\$ 207,803</u>	<u>\$ 195,910</u>	<u>\$ 11,893</u>
Other protection:				
Animal control	<u>\$ 109,374</u>	<u>\$ 109,374</u>	<u>\$ 95,279</u>	<u>\$ 14,095</u>
Total public safety	<u>\$ 7,184,082</u>	<u>\$ 7,184,082</u>	<u>\$ 6,846,500</u>	<u>\$ 337,582</u>
Public works:				
Maintenance of highways, streets, bridges & sidewalks:				
Streets	<u>\$ 404,622</u>	<u>\$ 404,622</u>	<u>\$ 543,411</u>	<u>\$ (138,789)</u>
Maintenance of general buildings & grounds:				
General properties	\$ 457,749	\$ 457,749	\$ 299,125	\$ 158,624
City garage	<u>430,714</u>	<u>430,714</u>	<u>567,272</u>	<u>(136,558)</u>
Total maintenance of general buildings & grounds	<u>\$ 888,463</u>	<u>\$ 888,463</u>	<u>\$ 866,397</u>	<u>\$ 22,066</u>
Total public works	<u>\$ 1,293,085</u>	<u>\$ 1,293,085</u>	<u>\$ 1,409,808</u>	<u>\$ (116,723)</u>
Health and welfare:				
Health:				
Local health department	<u>\$ 25,167</u>	<u>\$ 25,167</u>	<u>25,671</u>	<u>\$ (504)</u>
Total health	<u>\$ 25,167</u>	<u>\$ 25,167</u>	<u>\$ 25,671</u>	<u>\$ (504)</u>
Mental health and mental retardation:				
Chapter X board	<u>\$ 603,712</u>	<u>\$ 603,712</u>	<u>\$ 603,708</u>	<u>\$ 4</u>
Total mental health and mental retardation	<u>\$ 603,712</u>	<u>\$ 603,712</u>	<u>\$ 603,708</u>	<u>\$ 4</u>
Welfare:				
Welfare administration and assistance	\$ 1,050,105	\$ 1,050,105	\$ 1,045,776	\$ 4,329
Comprehensive services act	806,790	806,790	806,790	-
Area agency on aging	84,688	84,688	84,684	4
Other social services programs	<u>35,699</u>	<u>35,699</u>	<u>35,700</u>	<u>(1)</u>
Total welfare	<u>\$ 1,977,282</u>	<u>\$ 1,977,282</u>	<u>\$ 1,972,950</u>	<u>\$ 4,332</u>
Total health and welfare	<u>\$ 2,606,161</u>	<u>\$ 2,606,161</u>	<u>\$ 2,602,329</u>	<u>\$ 3,832</u>

For the Year Ended June 30, 2013

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)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 22,915	\$ 22,915	\$ 26,380	\$ (3,465)
Contributions to Manassas Park School Board	10,449,252	10,449,252	10,449,252	-
Total education	<u>\$ 10,472,167</u>	<u>\$ 10,472,167</u>	<u>\$ 10,475,632</u>	<u>\$ (3,465)</u>
Parks, recreation and cultural:				
Parks and recreation:				
Administration and maintenance	\$ 2,376,292	\$ 2,376,292	\$ 2,400,982	\$ (24,690)
Library:				
Regional Library	\$ 437,735	\$ 437,735	\$ 437,736	\$ (1)
Total parks, recreation and cultural	<u>\$ 2,814,027</u>	<u>\$ 2,814,027</u>	<u>\$ 2,838,718</u>	<u>\$ (24,691)</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 123,145	\$ 123,145	\$ 126,305	\$ (3,160)
Total planning and community development	<u>\$ 123,145</u>	<u>\$ 123,145</u>	<u>\$ 126,305</u>	<u>\$ (3,160)</u>
Total community development	<u>\$ 123,145</u>	<u>\$ 123,145</u>	<u>\$ 126,305</u>	<u>\$ (3,160)</u>
Total General Fund	<u>\$ 28,170,152</u>	<u>\$ 28,170,152</u>	<u>\$ 27,911,796</u>	<u>\$ 258,356</u>
Special Revenue Funds:				
Gang Task Force Fund:				
Public safety:				
Other protection:				
Payment to localities	\$ -	\$ -	\$ 185,032	\$ (185,032)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,032</u>	<u>\$ (185,032)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,032</u>	<u>\$ (185,032)</u>
Total Gang Task Force Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,032</u>	<u>\$ (185,032)</u>
Debt Service Funds:				
City Debt Service Fund:				
Debt Service:				
Principal retirement	\$ 1,197,652	\$ 1,197,652	\$ 947,652	\$ 250,000
Interest and other fiscal charges	5,310,870	5,310,870	5,531,931	(221,061)
Total City Debt Service Fund	<u>\$ 6,508,522</u>	<u>\$ 6,508,522</u>	<u>\$ 6,479,583</u>	<u>\$ 28,939</u>
Capital Projects Funds:				
City Capital Projects Fund:				
Capital projects expenditures:				
Fire station/vehicles	\$ 216,000	\$ 216,000	\$ 21,438	\$ 194,562
Parks and recreation projects	5,000	5,000	-	5,000
Fire station furnishings	25,000	25,000	-	25,000
Police PAK system	70,000	70,000	69,905	95
Street improvements	1,427,000	1,427,000	22,007	1,404,993
Manassas Drive/Intersection	2,302,000	2,302,000	(26,269)	2,328,269
Technology initiative	430,750	430,750	210,152	220,598
Other projects	5,000	5,000	7,939	(2,939)
Total capital projects	<u>\$ 4,480,750</u>	<u>\$ 4,480,750</u>	<u>\$ 305,172</u>	<u>\$ 4,175,578</u>

For the Year Ended June 30, 2013

Schedule of Expenditures - Budget and Actual
Governmental Funds

<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>
Capital Projects Funds: (Continued)				
City Capital Projects Fund: (Continued)				
Debt service (Public safety vehicles):				
Principal retirement	\$ 10,500	\$ 10,500	\$ 7,200	\$ 3,300
Interest and other fiscal charges	155,976	155,976	143,348	12,628
Total debt service	<u>\$ 166,476</u>	<u>\$ 166,476</u>	<u>\$ 150,548</u>	<u>\$ 15,928</u>
 Total City Capital Projects Fund	 <u>\$ 4,647,226</u>	 <u>\$ 4,647,226</u>	 <u>\$ 455,720</u>	 <u>\$ 4,191,506</u>
 Total Primary Government	 <u>\$ 39,325,900</u>	 <u>\$ 39,325,900</u>	 <u>\$ 35,032,130</u>	 <u>\$ 4,293,770</u>
 Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 28,115,310	\$ 28,430,931	\$ 26,503,281	\$ 1,927,650
Administration, attendance and health services	998,686	998,686	972,012	26,674
Pupil transportation	1,337,093	1,449,036	1,112,079	336,957
Operation and maintenance of school plant	1,160,831	1,154,056	914,699	239,357
Facilities	567,745	470,619	616,068	(145,449)
Technology	320,335	320,335	374,760	(54,425)
Total education	<u>\$ 32,500,000</u>	<u>\$ 32,823,663</u>	<u>\$ 30,492,899</u>	<u>\$ 2,330,764</u>
 Total School Operating Fund	 <u>\$ 32,500,000</u>	 <u>\$ 32,823,663</u>	 <u>\$ 30,492,899</u>	 <u>\$ 2,330,764</u>
 School Cafeteria Fund:				
Education:				
School food services:	<u>\$ 1,420,000</u>	<u>\$ 1,431,565</u>	<u>\$ 1,496,655</u>	<u>\$ (65,090)</u>
 Total School Cafeteria Fund	 <u>\$ 1,420,000</u>	 <u>\$ 1,431,565</u>	 <u>\$ 1,496,655</u>	 <u>\$ (65,090)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 33,920,000</u>	 <u>\$ 34,255,228</u>	 <u>\$ 31,989,554</u>	 <u>\$ 2,265,674</u>

June 30, 2013

Computation of Legal Debt Margin

Total assessed value of taxed real property	\$	<u>1,171,697,063</u>
Debt limit - 10 percent of total assessed value	\$	117,169,706
Amount of debt applicable to debt limit:		
Gross debt ⁽¹⁾	\$	126,689,175
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>98,249,175</u>
Legal debt margin	\$	<u><u>18,920,531</u></u>

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

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how 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 tax.

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

16-17

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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CITY OF MANASSAS PARK, VIRGINIA

Table 1

Net position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 8,733,283	\$ 1,628,248
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>	<u>80,071</u>	<u>8,164,504</u>
Total governmental activities net position	<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>	<u>\$ 8,813,354</u>	<u>\$ 9,792,752</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	\$ 5,864,609	\$ 5,530,973
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>	<u>3,788,753</u>	<u>5,562,921</u>
Total business-type activities net position	<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>\$ 11,200,455</u>	<u>\$ 9,653,362</u>	<u>\$ 11,093,894</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	\$ 14,597,892	\$ 7,159,221
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>	<u>3,868,823</u>	<u>13,727,425</u>
Total primary government net position	<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>	<u>\$ 18,466,715</u>	<u>\$ 20,886,646</u>

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

CITY OF MANASSAS PARK, VIRGINIA

Table 2
Page 1 of 2Change in Net Position
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
Expenses								
Governmental activities:								
General government	\$ 3,092,298	\$ 3,639,495	\$ 3,835,114	\$ 4,314,847	\$ 4,042,638	\$ 3,526,179	\$ 3,336,472	\$ 3,179,850
Judicial administration	269,122	288,349	360,418	537,701	559,672	490,668	294,830	432,654
Public safety	5,838,083	6,705,352	7,623,083	8,485,280	9,813,118	7,194,524	7,230,246	7,035,619
Public works	3,478,615	3,376,327	3,247,845	3,529,688	2,996,931	1,975,496	1,876,329	1,409,808
Health and welfare	3,516,367	3,654,486	3,545,899	4,382,948	4,057,559	2,966,358	2,559,741	2,602,329
Education	15,032,589	19,637,339	17,352,580	12,436,101	10,769,321	10,182,020	12,144,639	10,475,632
Parks, recreation and cultural	1,912,888	2,157,786	2,323,943	2,473,183	2,657,667	3,576,168	3,310,150	2,838,718
Community development	165,714	-	48,599	435,532	119,764	128,613	118,463	126,305
Interest on long-term debt	2,206,732	2,842,832	4,335,192	3,847,039	5,095,520	4,246,782	5,364,219	5,842,574
Total governmental activities expense	\$ 35,512,408	\$ 42,301,966	\$ 42,672,673	\$ 40,442,319	\$ 40,112,190	\$ 34,286,808	\$ 36,235,088	\$ 33,943,489
Business-type activities:								
Solid Waste Management	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 810,622	\$ 700,115
Storm Water	N/A	N/A	N/A	N/A	N/A	N/A	20,974	174,325
Water and Sewer	4,893,659	4,895,554	4,828,407	5,867,322	7,541,752	6,779,429	5,295,066	6,081,746
Total business-type activities expense	\$ 4,893,659	\$ 4,895,554	\$ 4,828,407	\$ 5,867,322	\$ 7,541,752	\$ 6,779,429	\$ 6,126,662	\$ 6,956,185
Total primary government expenses	\$ 40,406,067	\$ 47,197,520	\$ 47,501,080	\$ 46,309,641	\$ 47,653,942	\$ 41,066,237	\$ 42,361,749	\$ 40,899,674
Program Revenue:								
Governmental activities:								
Charges for services:								
General government	\$ 24,865	\$ 30,046	\$ 30,378	\$ 48,126	\$ 103,718	\$ 114,232	\$ 198,343	\$ 182,473
Judicial administration	3,653	3,425	10,593	325,687	235,557	219,512	338,279	307,560
Public safety	427,275	336,106	519,856	243,553	299,932	295,965	314,561	272,597
Public works	58,402	61,321	793,115	747,060	69,907	-	-	-
Health and welfare	245,087	227,519	214,939	237,263	225,128	205,637	210,741	199,721
Parks, recreation and cultural	258,104	226,769	422,376	268,919	397,330	1,107,280	1,143,816	849,185
Community development	7,170	-	-	-	-	96,531	109,064	167,332
Operating grants and contributions	3,383,992	3,270,584	3,378,377	3,835,569	4,975,818	2,312,612	2,055,170	1,944,670
Capital grants and contributions	700,625	29,526	16,408	10,325	10,128	761,210	653,848	669,533
Total governmental activities program revenues	\$ 5,109,173	\$ 4,185,296	\$ 5,386,042	\$ 5,716,502	\$ 6,317,518	\$ 5,112,978	\$ 5,023,822	\$ 4,593,069
Business-type activities:								
Charges for services:								
Solid Waste Management	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 655,824	\$ 713,658
Storm Water	N/A	N/A	N/A	N/A	N/A	N/A	222,309	232,162
Water and sewer	3,570,295	3,608,526	3,629,021	4,651,552	5,622,665	5,719,818	5,564,405	8,448,695
Capital grants and contributions	1,742,000	343,613	20,000	2,032,343	192,982	-	-	-
Total business-type activities program revenues	\$ 5,312,295	\$ 3,952,139	\$ 3,649,021	\$ 6,683,895	\$ 5,815,647	\$ 5,719,818	\$ 6,442,538	\$ 9,394,515
Total primary government program revenues	\$ 10,421,468	\$ 8,137,435	\$ 9,035,063	\$ 12,400,397	\$ 12,133,165	\$ 10,832,796	\$ 11,466,360	\$ 13,987,584
Net (expense)/revenue:								
Governmental activities	\$ (30,403,235)	\$ (38,116,670)	\$ (37,286,631)	\$ (34,725,817)	\$ (33,794,672)	\$ (29,173,830)	\$ (31,211,265)	\$ (29,350,420)
Business-type activities	418,636	(943,415)	(1,179,386)	816,573	(1,726,105)	(1,059,610)	315,876	2,438,330
Total primary government net expense	\$ (29,984,599)	\$ (39,060,085)	\$ (38,466,017)	\$ (33,909,244)	\$ (35,520,777)	\$ (30,233,439)	\$ (30,895,389)	\$ (26,912,090)

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

	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
General Revenue and Other Changes in Net Assets								
Governmental activities:								
Taxes:								
Property taxes	\$ 20,092,811	\$ 23,315,372	\$ 22,988,122	\$ 23,093,932	\$ 20,352,144	\$ 19,706,438	\$ 21,094,698	\$ 22,177,590
Other local taxes	6,003,726	5,676,137	5,304,217	4,809,112	3,634,698	4,136,296	4,028,247	4,223,238
Permits, privilege fees and regulatory licenses	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	4,392,046	2,050,160	1,695,029	1,572,032	2,253,053	2,280,974	2,249,892	2,250,465
Unrestricted revenues from use of money and property	821,675	1,184,060	1,975,533	847,954	169,053	-	-	-
Miscellaneous	515,827	564,327	2,792,481	589,635	802,521	815,859	926,440	675,890
Gain on sale of capital assets	-	826,829	-	-	-	-	-	-
Transfers	-	500,000	550,000	625,000	821,625	984,604	994,143	1,002,633
Total governmental activities	\$ 31,826,085	\$ 34,116,885	\$ 35,305,382	\$ 31,537,665	\$ 28,033,094	\$ 27,924,171	\$ 29,293,419	\$ 30,329,817
Business-type activities								
Miscellaneous	\$ 33,075	\$ 26,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted revenues from use of money and property	166,238	177,567	245,667	74,181	49,587	-	-	4,836
Transfers	-	(500,000)	(550,000)	(625,000)	(821,625)	(984,604)	(1,027,093)	(1,002,633)
Total business-type activities	\$ 199,313	\$ (296,317)	\$ (304,333)	\$ (550,819)	\$ (772,038)	\$ (984,604)	\$ (1,027,093)	\$ (997,797)
Total primary government	\$ 32,025,398	\$ 33,820,568	\$ 35,001,049	\$ 30,986,846	\$ 27,261,056	\$ 26,939,567	\$ 28,266,326	\$ 29,332,020
Change in Net Assets								
Government activities	\$ 1,422,850	\$ (3,999,785)	\$ (1,981,249)	\$ (3,188,152)	\$ (5,761,578)	\$ (1,249,658)	\$ (1,917,846)	\$ 979,397
Business-type activities	617,949	(1,239,732)	(1,483,719)	265,754	(2,498,143)	(2,044,214)	(711,217)	1,440,532
Total primary government	\$ 2,040,799	\$ (5,239,517)	\$ (3,464,968)	\$ (2,922,398)	\$ (8,259,721)	\$ (3,293,872)	\$ (2,629,063)	\$ 2,419,930

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.

⁽²⁾ Beginning in fiscal year 2012 Business-Type Activities itemized into three funds: Solid Waste Management, Storm Water, and Water & Sewer.

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

	2004 ⁽¹⁾	2005 ⁽¹⁾	2006 ⁽¹⁾	2007 ⁽¹⁾	2008 ⁽¹⁾
General fund					
Assigned	\$ 2,070,672	\$ 2,111,222	\$ 2,480,983	\$ 2,851,025	\$ 3,232,440
Unassigned	<u>3,858,615</u>	<u>4,690,023</u>	<u>4,051,281</u>	<u>2,355,991</u>	<u>579,450</u>
Total general fund	<u>\$ 5,929,287</u>	<u>\$ 6,801,245</u>	<u>\$ 6,532,264</u>	<u>\$ 5,207,016</u>	<u>\$ 3,811,890</u>
All other governmental funds					
Assigned	\$ 142,828	\$ 6,640,500	\$ 17,100,519	\$ 39,473,550	\$ 46,464,897
Unassigned, reported in:					
Capital projects funds	336,508	(1,696,589)	1,574,018	887,393	383,973
General Fund	-	-	-	-	-
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>806,318</u>	<u>1,240,726</u>
Total all other governmental funds	<u>\$ 479,336</u>	<u>\$ 4,943,911</u>	<u>\$ 18,674,537</u>	<u>\$ 41,167,261</u>	<u>\$ 48,089,596</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)

	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾
General fund					
Assigned	\$ 3,670,274	\$ 3,648,548	\$ 6,701,315	\$ 4,066,695	\$ 4,353,131
Unassigned	<u>(1,722,528)</u>	<u>(2,662,325)</u>	<u>(2,105,265)</u>	<u>1,201,825</u>	<u>1,570,580</u>
Total general fund	<u>\$ 1,947,746</u>	<u>\$ 986,223</u>	<u>\$ 4,596,050</u>	<u>\$ 5,268,520</u>	<u>\$ 5,923,711</u>
All other governmental funds					
Assigned	\$ 18,739,323	\$ 3,950,543	\$ 2,197,852	\$ 2,162,657	\$ 1,269,946
Unassigned, reported in:					
Capital projects funds	(1,707,248)	32,826	38,099	23,219	1,100,622
General Fund	-	-	-	-	86,917
Debt service funds	<u>1,540,389</u>	<u>2,382,784</u>	<u>460</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 18,572,464</u>	<u>\$ 6,366,153</u>	<u>\$ 2,236,411</u>	<u>\$ 2,185,876</u>	<u>\$ 2,457,485</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)

	2004 ⁽¹⁾	2005 ⁽¹⁾	2006 ⁽¹⁾	2007 ⁽¹⁾	2008 ⁽¹⁾
Revenues					
General property taxes	\$ 14,661,144	\$ 17,667,471	\$ 20,122,307	\$ 23,343,036	\$ 22,873,462
Other local taxes	4,833,743	5,800,210	6,003,726	5,676,137	5,304,217
Permits, privilege fees and regulatory licenses	91,520	175,910	269,389	105,881	187,641
Fines and forfeitures	189,338	178,035	178,624	173,357	267,402
Revenue from use of money and property	122,589	303,416	821,677	1,184,062	1,975,533
Charges for services	497,655	636,159	574,765	606,197	1,524,075
Miscellaneous	727,135	2,751,645	2,589,564	384,135	2,840,639
Recovered costs	42,409	92,138	34,375	42,284	9,047
Intergovernmental:					
Commonwealth	2,793,361	3,812,767	5,336,506	4,375,448	3,960,903
Federal	844,867	846,558	1,187,329	1,224,745	1,128,911
Total revenues	\$ 24,803,761	\$ 32,264,309	\$ 37,118,262	\$ 37,115,282	\$ 40,071,830
Expenditures					
General government administration	\$ 2,198,396	\$ 2,461,195	\$ 3,395,372	\$ 3,554,307	\$ 3,769,877
Judicial administration	257,239	375,191	269,123	288,350	360,418
Public safety	4,453,967	4,717,014	5,649,817	6,311,384	7,165,877
Public works	2,321,422	1,911,181	2,404,325	2,363,545	2,519,927
Health and welfare	2,606,275	3,627,395	3,515,217	3,714,284	3,536,343
Education	10,862,752	11,911,772	13,419,763	13,983,290	13,589,111
Parks, recreation and cultural	1,418,027	1,446,302	1,808,710	2,059,722	2,209,021
Community development	178,560	122,511	35,345	-	39,900
Capital projects	8,769,565	9,132,032	19,299,802	17,867,519	16,883,184
Debt service:					
Principal	229,000	1,544,067	1,671,793	2,397,261	2,924,999
Interest and other fiscal charges	124,579	1,072,052	1,458,113	3,213,822	3,913,495
Capital leases	-	-	-	-	-
Total expenditures	\$ 33,419,782	\$ 38,320,712	\$ 52,927,380	\$ 55,753,484	\$ 56,912,152
Excess of revenues over (under) expenditures	\$ (8,616,021)	\$ (6,056,403)	\$ (15,809,118)	\$ (18,638,202)	\$ (16,840,322)
Other financing sources (uses)					
Transfers in	\$ 1,739,438	\$ 3,946,422	\$ 2,994,417	\$ 6,223,497	\$ 6,510,337
Transfers out	(2,089,603)	(3,343,548)	(2,994,417)	(5,723,497)	(5,960,337)
Operating transfer to component unit	-	-	-	-	-
Refunding bonds issued	-	-	-	6,695,000	32,240,000
Issuance of bond anticipation note	-	-	-	7,500,000	-
Refunding of bond anticipation note	-	-	(7,000,000)	-	-
Issuance of general obligation bonds	-	9,145,000	35,984,491	26,875,000	-
Premium on bonds issued	-	359,272	330,045	261,342	466,004
Discount on bonds issued	-	-	(108,780)	-	-
Bond issue costs	-	-	-	-	(375,237)
Payment to refunded bond escrow agent	-	-	-	(6,627,847)	(10,722,817)
Issuance of other long-term debt	500,000	-	65,007	-	-
Issuance of capital leases	410,090	216,940	-	2,102,183	209,581
Sale of capital assets	627,000	1,068,850	-	2,500,000	-
Total other financing sources (uses)	\$ 1,186,925	\$ 11,392,936	\$ 29,270,763	\$ 39,805,678	\$ 22,367,531
Net change in fund balances	\$ (7,429,096)	\$ 5,336,533	\$ 13,461,645	\$ 21,167,476	\$ 5,527,209
Debt service as a percentage of noncapital expenditures	1.18%	8.83%	9.09%	13.26%	16.72%

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

CITY OF MANASSAS PARK, VIRGINIA

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

	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾
Revenues					
General property taxes	\$ 22,855,998	\$ 20,697,342	\$ 19,706,438	\$ 21,094,698	\$ 22,177,590
Other local taxes	4,809,112	3,634,698	4,136,296	4,028,247	4,223,238
Permits, privilege fees and regulatory licenses	61,535	58,302	46,173	77,199	52,565
Fines and forfeitures	359,919	262,980	219,512	338,279	307,560
Revenue from use of money and property	847,954	169,053	48,366	108,961	112,400
Charges for services	1,449,154	1,010,290	1,726,410	1,790,366	1,506,341
Miscellaneous	589,635	802,521	768,956	926,440	794,179
Recovered costs	5,952	2,442	193,939	-	149,129
Intergovernmental:					
Commonwealth	4,381,214	4,685,241	4,461,030	4,150,742	4,329,217
Federal	1,036,712	2,553,758	2,099,279	1,724,222	1,308,163
Total revenues	\$ 36,397,185	\$ 33,876,627	\$ 33,406,399	\$ 34,239,153	\$ 34,960,384
Expenditures					
General government administration	\$ 3,613,198	\$ 3,337,526	\$ 3,299,738	\$ 3,228,061	\$ 3,179,850
Judicial administration	471,206	500,014	481,512	294,830	432,654
Public safety	6,852,347	8,114,220	7,526,507	6,762,969	7,035,619
Public works	2,351,120	1,949,266	1,193,804	1,166,563	1,409,808
Health and welfare	3,837,889	3,610,447	2,909,297	2,558,003	2,602,329
Education	12,633,695	10,552,384	9,992,014	10,659,394	10,475,632
Parks, recreation and cultural	2,062,513	2,213,340	2,761,682	2,762,256	2,838,718
Community development	367,374	118,991	126,213	118,463	126,305
Capital projects	29,448,466	12,255,215	1,214,462	550,032	455,720
Debt service:					
Principal	1,527,691	1,469,655	-	1,179,523	947,652
Interest and other fiscal charges	3,839,278	4,993,428	5,408,033	5,364,219	5,531,931
Capital leases	-	-	-	-	-
Total expenditures	\$ 67,004,777	\$ 49,114,486	\$ 34,913,262	\$ 34,644,311	\$ 35,036,217
Excess of revenues over (under) expenditures	\$ (30,607,592)	\$ (15,237,859)	\$ (1,506,863)	\$ (405,158)	\$ (75,834)
Other financing sources (uses)					
Transfers in	\$ 6,660,821	\$ 7,315,156	\$ 9,697,818	\$ 7,833,158	\$ 7,636,155
Transfers out	(6,035,821)	(6,493,531)	(8,710,870)	(6,806,065)	(6,633,522)
Operating transfer to component unit	-	-	-	-	-
Refunding bonds issued	-	13,640,000	-	-	-
Issuance of bond anticipation note	-	-	-	-	-
Refunding of bond anticipation note	-	-	-	-	-
Issuance of general obligation bonds	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-
Bond issue costs	-	(459,062)	-	-	-
Payment to refunded bond escrow agent	-	(11,932,538)	-	-	-
Issuance of other long-term debt	-	-	-	-	-
Issuance of capital leases	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	\$ 625,000	\$ 2,070,025	\$ 986,948	\$ 1,027,093	\$ 1,002,633
Net change in fund balances	\$ (29,982,592)	\$ (13,167,834)	\$ (519,915)	\$ 621,935	\$ 926,799
Debt service as a percentage of noncapital expenditures	14.21%	17.42%	16.16%	18.94%	18.69%

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

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 ⁽³⁾	Local Sales and Use Tax	Communication Tax ⁽²⁾	Consumer Utility/E-911 Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Business License Tax	Meals Tax	Cigarette Tax	Total
2013	\$ 22,177,590	\$ 1,531,387	\$ -	\$ 783,654	\$ 390,325	\$ 112,156	\$ 711,715	\$ 350,425	\$ 323,193	\$ 26,380,445
2012	21,094,698	1,452,716	-	758,362	333,420	143,523	642,468	359,421	338,336	25,122,944
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

⁽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.⁽³⁾ See Table 7 for Property Tax rates.

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service ⁽¹⁾	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
2013	\$ 1,144,328	\$ 114,934	\$ 1,361	\$ 27,369	\$ 1,287,992	\$ 1,287,992	100%	1.82
2012	1,101,110	109,624	1,219	27,369	1,239,322	1,239,322	100%	1.82
2011	1,006,426	114,600	128	28,787	1,149,941	1,149,941	100%	1.83
2010	1,100,695	110,082	961	27,995	1,239,732	1,239,732	100%	1.82
2009	1,603,567	124,937	1,032	26,304	1,755,840	1,755,840	100%	1.40
2008	1,612,469	124,044	1,032	26,304	1,763,849	1,763,849	100%	1.31
2007	1,767,459	127,797	1,111	24,175	1,920,542	1,920,542	100%	1.30
2006	1,472,023	124,133	936	24,420	1,621,512	1,621,512	100%	1.37
2005	1,103,796	106,877	929	20,987	1,232,589	1,232,589	100%	1.50
2004	887,204	106,601	1,156	18,057	1,013,018	1,013,018	100%	1.56

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

Source: Manassas Park Commissioner of Revenue

Property Tax Rates ⁽¹⁾
 Last Ten Fiscal Years

Fiscal Year		Real Estate		Personal Property		Mobile Homes		Machinery and Tools
2013	\$	1.65	\$	3.50	\$	3.50	\$	3.50
2012		1.65		3.50		3.50		3.50
2011		1.65		3.50		3.50		3.50
2010		1.65		3.50		3.50		3.50
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
		1st half/2nd half						

⁽¹⁾ Per \$100 of assessed value

Source: Manassas Park Commissioner of Revenue

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2013	
	2013 Assessed Valuation	% of Total Assessed Valuation
Haverhill LLC	\$ 51,500,500	4.00%
Reiv Hotel LLC	41,492,200	3.22%
Centrum - Manassas Park	16,700,000	1.30%
Jerax Enterprises	6,216,500	0.48%
HCW Conner Center LLC	5,512,000	0.43%
Twenty-Two SAC Self Storage Corp	4,538,600	0.35%
The Sills Family LTD Partnership	4,139,800	0.32%
Digital Park LLC	4,046,900	0.31%
RPC of Manassas Park LLC	3,811,000	0.30%
Leopold, Charles & Jacqueline M.	3,577,800	0.28%
	<u>\$ 141,535,300</u>	<u>10.99%</u>
Taxpayer	Fiscal Year 2004	
	2004 Assessed Valuation	% of Total Assessed Valuation
Fairfield Manassas Park LP	\$ 30,566,400	3.81%
Centrum - Manassas Park	11,961,300	1.49%
Digital Park LLC	9,705,100	1.21%
Guy H. Lewis, III, Trustee	3,799,700	0.47%
Jerax Enterprises	3,568,000	0.44%
Twenty-Two SAC Self Storage Corporation	3,456,000	0.43%
The Sills Family Limited Partnership	2,925,500	0.36%
Charles and Jacqueline M. Leopold	2,478,800	0.31%
Flourance, Robert H & Sandra	2,450,600	0.31%
Storage America - Manassas Park	2,430,100	0.30%
	<u>\$ 73,341,500</u>	<u>9.13%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Collected Within the Fiscal Year of the Levy				Collections in Subsequent Years	Total Collections to Date				
	Total Tax Levy for Fiscal Year		Percentage of Levy	Amount		Percentage of Levy				
		Amount								
2013	\$	21,259,845	\$	20,667,022	97.21%	\$	798,000	\$	21,465,022	100.97%
2012		20,418,916		19,526,080	95.63%		838,027		20,364,107	99.73%
2011		19,946,043		18,665,377	93.58%		762,305		19,427,682	97.40%
2010		20,715,844		19,825,330	95.70%		826,988		20,652,318	99.69%
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%

Source: Manassas Park Treasurer's Office

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	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 Obligations Bonds	Notes			
2013	\$ 107,014,175	\$ -	\$ 4,875,000	\$ -	\$ -	\$ 14,800,000	\$ -	\$ 126,689,175	30.23%	\$ 8,538
2012	109,406,827	-	5,500,000	-	-	14,800,000	-	129,706,827	30.95%	8,460
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

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

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

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

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Literary Fund Loans	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt ⁽³⁾	Ratio of Net General Obligation Debt to Assessed Value ⁽²⁾	Net Bonded Debt per Capita ⁽¹⁾
2013	\$ 93,374,175	\$ -	\$ 4,875,000	\$ 98,249,175	\$ -	\$ 98,249,175	7.63%	\$ 6,621
2012	95,766,827	-	5,500,000	101,266,827	-	101,266,827	8.17%	6,605
2011	96,321,350	-	6,125,000	102,446,350	-	102,446,350	8.91%	7,121
2010	96,857,211	-	6,750,000	103,607,211	-	103,607,211	8.39%	8,604
2009	101,674,592	7,500,000	7,375,000	116,549,592	-	116,549,592	6.69%	10,215
2008	102,415,462	7,500,000	8,000,000	117,915,462	-	117,915,462	6.69%	10,224
2007	80,588,362	7,500,000	8,625,000	96,713,362	-	96,713,362	5.04%	8,390
2006	55,043,808	-	9,250,000	64,293,808	-	64,293,808	3.97%	5,518
2005	21,357,219	7,000,000	9,875,000	38,232,219	-	38,232,219	3.10%	3,363
2004	13,006,287	7,000,000	10,500,000	30,506,287	-	30,506,287	3.01%	2,791

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

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

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

Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 90,526	\$ 112,478	\$ 149,644	\$ 179,163	\$ 163,877	\$ 163,033	\$ 112,869	103,521	\$ 112,848	\$ 117,170
Total net debt applicable to limit	<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>	<u>101,267</u>	<u>98,249</u>
Legal debt margin	<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>	<u>11,581</u>	<u>18,921</u>
Total net debt applicable to the limit as a percentage of the debt limit	33.70%	33.99%	42.96%	53.98%	71.95%	71.49%	91.79%	98.96%	89.74%	83.85%
Assessed value										\$ <u>1,171,697</u>
Total assessed value										\$ <u>1,171,697</u>
Debt limit (10% of total assessed value)										\$ 117,170
Net debt applicable to limit										<u>98,249</u>
Legal debt margin										\$ <u>18,921</u>

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

Note: The amounts reported above are presented in thousands.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water & Sewer Bonds							
Governmental Activities				Debt Service			
Fiscal Year	Gross Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Principal	Interest	Total Debt Service	Debt Service Coverage
2013	\$ 8,448,695	\$ 4,570,960	\$ 3,877,735	\$ -	\$ 838,176	\$ 838,176	4.63
2012	6,442,538	4,881,944	1,560,594	-	669,828	669,828	2.33
2011	5,769,220	4,209,312	1,559,908	-	498,852	498,852	3.13
2010	5,865,234	6,046,963	(181,729)	95,000	864,304	959,304	(0.19)
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

N/M = Not meaningful

⁽¹⁾ Includes all revenues.

⁽²⁾ Total operating expenses exclusive of depreciation

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income⁽¹⁾</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2013	14,838	\$ 419,100,220	\$ 28,245	3,130	5.02%
2012	15,332	419,100,220	27,335	3,346	4.70%
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%

⁽¹⁾ Most recent data available.

Source: Weldon Cooper Center, Annual School Report

June 30, 2013

Principal Employers

Employer	Employees
Manassas Park Schools	341
City of Manassas Park	140
Atlas Plumbing LLC	160
QMT Associates Inc.	80
Strittmatter Equipment LLC	73
Abuelita Mexican Food Products	63
Lineal Industries Inc.	58
Burton & Robinson Inc.	50
Stafford Systems Inc.	45
James River Equipment VA LLC	43
Totals	1,053

Source: Commissioner of Revenue

Note: Data for FY2004 and total number of employees in City not available.

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

Function	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	19	24	25	26	24	20	20	20	19
Public Safety									
Police Department	33	37	39	44	45	42.5	42.5	43.5	43.5
Fire & Rescue	23	26	26	29	28	25	26	26	25
Building Inspections	4	8	7	6	6	2	2	2	2
Animal Control	1	1	1	1	1	0.5	0.5	0.5	0.5
Public Works	20	25	23	24	26	21	20	20	20
Health and Welfare									
Social Services	12	15	16	14	13	12	12	11	12
Culture and Recreation									
Parks and Recreation	10	19	17	18	15	15	15	16	16
Community Development									
Planning	-	-	-	1	1	1	1	1	1
Totals	<u>122</u>	<u>155</u>	<u>154</u>	<u>163</u>	<u>159</u>	<u>139</u>	<u>139</u>	<u>140</u>	<u>139</u>

Note: Excludes summer, part-time, and seasonal employees.

Source: City Human Resources Department

Capital Asset Statistics by Function
Last Nine Fiscal Years

Function	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government:									
Administration buildings	4	4	5	5	5	5	5	5	5
Vehicles	3	3	3	3	3	3	3	3	3
Public Safety:									
Police Department									
Patrol units	18	23	28	33	33	33	37	37	37
Other vehicles (fire and rescue)	9	10	10	10	10	7	7	10	11
Building Inspections									
Vehicles	2	4	4	2	2	1	1	1	1
Animal Control									
Vehicles	1	1	1	1	1	1	1	1	1
Public Works:									
General Maintenance									
Trucks/vehicles	95	100	100	100	100	29	29	26	26
Health and Welfare:									
Department of Social Services									
Vehicles	3	3	3	3	3	3	3	3	3
Culture and Recreation:									
Parks and Recreation									
Community centers	1	1	1	1	1	1	1	1	1
Vehicles	2	4	4	4	5	4	4	4	4
Parks acreage	200	200	200	200	200	200	200	200	200
Swimming pools	2	2	2	1	1	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	2	2
Component Unit - School Board:									
Education									
Schools	4	4	4	4	4	4	4	4	4
School buses	26	26	29	29	29	29	29	32	34

Source: Individual City Departments, Department of Public Works Fleet Listing

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprise The City of Manassas Park, Virginia's basic financial statements, and have issued our report thereon dated November 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The City of Manassas Park, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City of Manassas Park, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of The City of Manassas Park, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of Manassas Park, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

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, PLLC

Alexandria, Virginia

November 29, 2013

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**

Report on Compliance for Each Major Federal Program

We have audited the City of Manassas Park, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City of Manassas Park, Virginia's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Manassas Park, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Manassas Park, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Manassas Park, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Manassas Park, Virginia's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013

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, 2013. 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.

Report on Internal Control Over Compliance

Management of The City of Manassas Park, Virginia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The City of Manassas Park, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The City of Manassas Park, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprise The City of Manassas Park, Virginia's basic financial statements. We issued our report thereon dated November 29, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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, PLLC

Alexandria, Virginia
November 29, 2013

CITY OF MANASSAS PARK, VIRGINIA

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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CDFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Agriculture:			
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	22,556
National school lunch program	10.555	10.555/2010	910,629
Department of Social Services:			
SNAP Cluster:			
State Administrative matching grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010110	169,134
ARRA - State Administrative matching grants for the Supplemental Nutrition Assistance Program	10.561	0040109/0040110	-
Total Department of Agriculture			\$ 1,102,319
Department of Health and Human Services:			
Pass-Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	\$ 18,012
Temporary assistance for needy families (TANF)	93.558	0400109/0400110	82,803
Refugee and entrant assistance - State administered	93.566	0500109/0500110	4,112
Low-income home energy assistance	93.568	0600409/0600410	7,596
Child welfare services - state grants	93.645	0900109/0900110	267
Foster care - Title IV-E	93.658	1100109/1100110	72,502
ARRA - Foster care - Title IV-E	93.658	1100109/1100110	-
Adoption assistance	93.659	1120109/1120110	14,050
ARRA - Adoption assistance	93.659	1120109/1120110	-
Social services block grant	93.667	1000109/1000110	53,466
Chafee foster care independence program	93.674	9150109/9150110	860
Children's health insurance program	93.767	0540109/0540110	2,700
Medical assistance program	93.778	1200109/1200110	78,024
CCDF Cluster:			
Child care and development block grant	93.575	0770109/0770110	-
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	27,704
Total Department of Health and Human Services			\$ 362,097
Department of Justice:			
Direct payments:			
Youth gang prevention	16.544	-	\$ 745,799
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			\$ 745,799

CITY OF MANASSAS PARK, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Page 2 of 2

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CDFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Transportation:			
Pass-Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	6050700-59238	\$ -
Occupant Protection Incentive Grant	20.602	N/A	-
State and community highway safety program	20.600	60507-59250/50192	25,899
Total Department of Transportation			\$ 25,899
Department of Homeland Security:			
Direct Payments:			
Disaster grants - public assistance (Presidentially Declared Disasters)	97.036	-	\$ 5,234
Pass-Through Payments:			
Department of Emergency Services:			
State Homeland Security Program (SHSP)	97.073	7750100-52708	\$ -
Total Department of Homeland Security			\$ 5,234
Department of Education:			
Pass-Through Payments:			
Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	V048A090046	\$ 13,851
Safe and Drug Free Schools and Communities - State Grants	84.186	Q186A090048	-
English language acquisition grants	84.365	S365A090046	129,593
Improving teacher quality state grants	84.367	S367A090044	134,685
ARRA - State Fiscal Stabilization Funds - (SFSF) Education State Grants	84.394	S394A090047	-
Title I, Part A Cluster:			
Title I Grants to Local Education Agencies	84.010	S010A090046	549,023
ARRA - Title I Grants to Local Education Agencies	84.389	S389A090046	-
Special Education Center (IDEA):			
Special Education - Grants to States	84.027	H027A090107	500,442
ARRA - Special Education - Grants to States	84.391	H391A090107	-
Special Education - Preschool Grants	84.392	H392A090107	-
Education Technology State Grants Cluster:			
Education technology state grants	84.318	S318X090046	-
ARRA - Education technology state grants	84.386	S386A090046	-
Total Department of Education:			\$ 1,327,594
Total Expenditures of Federal Awards			\$ 3,568,942

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, 2013

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, 2013. 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 position, 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	\$	607,327
Special Revenue Funds:		
Gang Task Force Fund		700,836
Total Primary Government	\$	<u>1,308,163</u>
Component Unit - Public Schools:		
School Operating Fund	\$	1,327,594
School Cafeteria Fund		933,185
Total component unit public schools	\$	<u>2,260,779</u>
Total federal expenditures per basic financial statements	\$	<u>3,568,942</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>3,568,942</u></u>

CITY OF MANASSAS PARK, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes x no

Significant deficiency (ies) identified? yes x no

Noncompliance Material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes x no

Significant deficiency (ies) identified? yes x no

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

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

Identification of major programs:

<u>CFDA Number</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 I Grants to Local Educational Agencies
84.389	ARRA - Title I Grants to Local Education 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, 2013

Section II – Financial Statement Findings

There were no reportable findings for the period under audit.

Section III – Federal Award Filings

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

Section IV – Summary Schedule of Prior Audit Findings

There were no findings reported by the Independent Auditor in the performance of the June 30, 2012 audit.