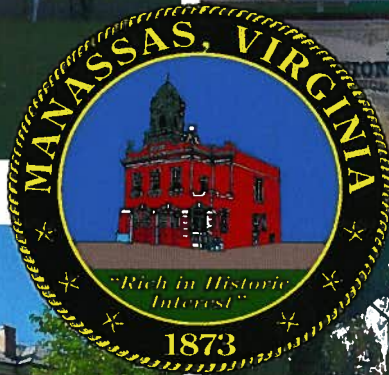


*City of*  
**MANASSAS**  
*Virginia*



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2011**



# **CITY OF MANASSAS, VIRGINIA**

## **Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011**



***Prepared by  
The Department of Finance***



**CITY OF MANASSAS, VIRGINIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2011**

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**CITY OF MANASSAS, VIRGINIA  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

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# **INTRODUCTORY SECTION**





# CITY OF MANASSAS VIRGINIA

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

MAYOR  
Harry J. Parrish II

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

CITY MANAGER  
Lawrence D. Hughes

December 13, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the City of Manassas, Virginia, (the City) for the fiscal year ended June 30, 2011 is hereby submitted. The Code of the Commonwealth of Virginia requires that all local governments shall be audited annually with a report to the governing body by December 31. This report is published to fulfill that requirement.

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

The City's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2011. The independent auditor's report is located at the front of the FINANCIAL SECTION of the CAFR.

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

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

## Profile of the City

The City is located thirty miles southwest of Washington, D. C. It has an area of ten square miles with an estimated population of 37,821. The Town of Manassas received its charter in 1873. In May of 1975, the Town of Manassas became a city.



ManassasCivilWar.org

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

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

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

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

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

### **Real estate tax year change**

Effective January 1, 2011, the City Council changed the tax year from a calendar year to a fiscal year ending June 30. The purpose of the change was to align the real estate tax assessment year with the fiscal year budget process to enable planning and execution of City budgets that use a stable real property assessment base throughout the entire budget execution. Prior to tax year 2011, the two taxes payments (June 5 and December 5) for the calendar year tax year were due in two different fiscal years. Therefore, the budget was based on the assessed values and tax rates of two tax years. Beginning with tax year 2012, the two payments (December 5 and June 5) for the fiscal year tax year are both due in the same fiscal year. For the transition, tax year 2011 is a six month tax year. There is more discussion of the tax year changes in the MD&A.

### **Local economy and long-term financial planning**

Each fall, the City Council dedicates much time and discussion to the preparation of the five-year fiscal forecast that provides planning and direction to the City Staff in the preparation of upcoming budget. This year, the focal points of the forecast discussions were 1) maintaining public safety services funded

with federal grants which are lapsing in the coming year and 2) maintaining the current level of real estate revenue. From January 1, 2010 to January 1, 2011 the residential real estate values increased 6.9% while commercial real estate values increased 4.8%. At the time of the forecast discussions (October, 2011) it was estimated that in calendar year 2011 residential and commercial real estate values will increase only marginally. While real estate revenues are not projected to increase, other tax revenues (sales, meals, etc) are estimated to increase by 3.5%. The five year forecast adopted by City Council on November 14, 2011 provides City Council's direction for the FY 2013 budget; average tax bills should not increase, one-time revenues should not be used for operating expenditures and the general fund undesignated fund balance should not fall below the level of the City's Council's policy (13%).

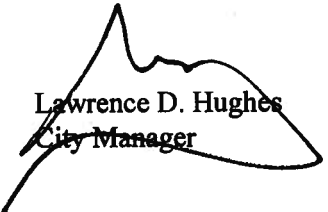
### **Awards and acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manassas for its CAFR for the fiscal year ended June 30, 2010. This was the twenty-sixth consecutive years that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

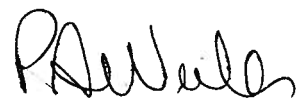
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Lawrence D. Hughes  
City Manager



Patricia A. Weiler  
Finance & Administration Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Manassas  
Virginia

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

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



*Linda C. Sandison*

President

*Jeffrey R. Enner*

Executive Director

**CITY OF MANASSAS, VIRGINIA  
CITY COUNCIL**

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

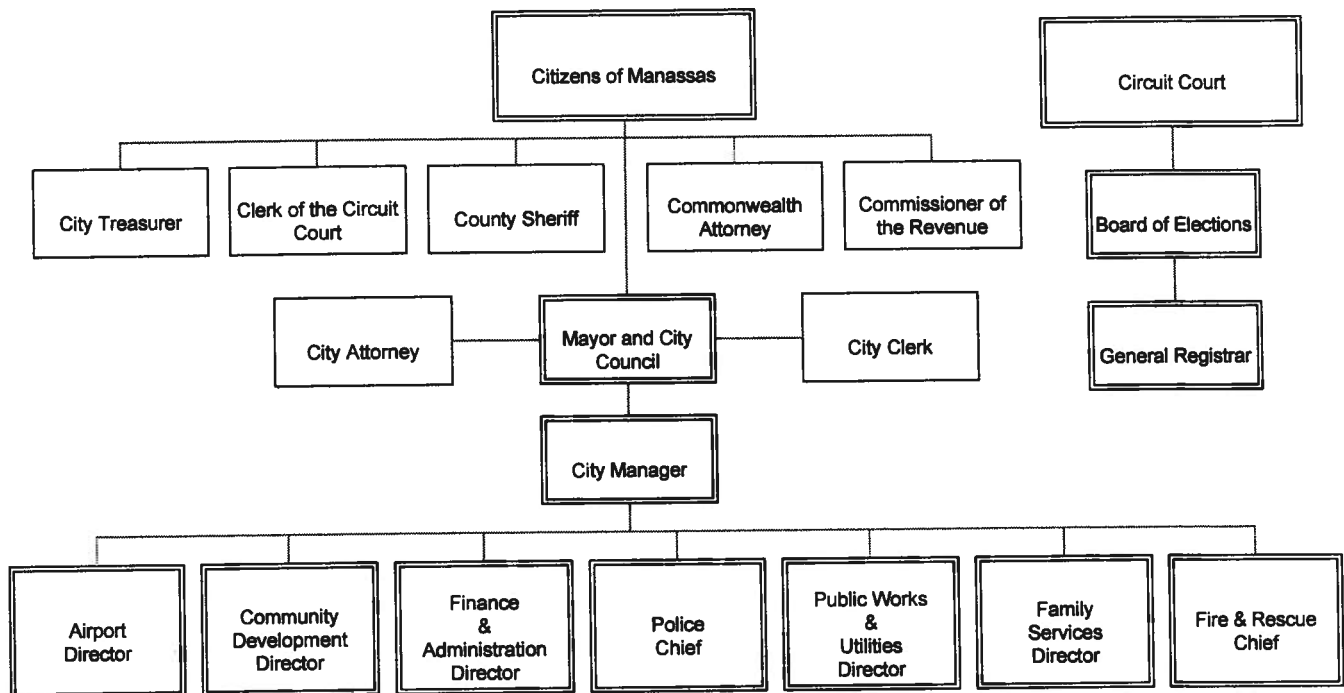
**CITY MANAGER**  
Lawrence D. Hughes

**CITY OF MANASSAS PUBLIC SCHOOLS  
SCHOOL BOARD**

Scott M. Albrecht, Chairman  
Arthur P. Bushnell, Vice Chairman  
Kermit H. Dance  
Timothy J. Demeria  
Roland J. Magee, Jr.  
Pamela J. Sebesky  
Sanford S. Williams

**SUPERINTENDENT OF SCHOOLS**  
Dr. Gail Pope

# CITY OF MANASSAS ORGANIZATIONAL CHART





# **FINANCIAL SECTION**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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

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

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

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

As described in Note 1 to the financial statements, the City of Manassas, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011, on our consideration of the City of Manassas, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedule of pension and OPEB funding progress 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 management's discussion and analysis and schedule of funding progress 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 management's discussion and analysis and schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manassas, Virginia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
December 13, 2011

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF MANASSAS, VIRGINIA**  
**Management's Discussion and Analysis**  
**June 30, 2011**

---

As management of the City of Manassas, Virginia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011 (fiscal year 2011). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 1-3 of this report. Throughout this section, information is presented about the City, the primary government. We have also included information about the "Total Reporting Unit", which is the total of the City and its only component unit, the Manassas City Public Schools (MCPS). Due to the material relationship between the City and MCPS, we believe that Total Reporting Unit information more accurately reflects the financial condition of the City of Manassas.

**Financial Highlights**

- The assets of the Total Reporting Unit exceeded its liabilities at June 30, 2011 by \$339,500,440 (net assets). \$254,873,854 of the Total Reporting Unit's net assets is invested in capital and \$8,023,464 is restricted in their use. The remaining net assets, \$76,603,122 are not restricted.
- The assets of the City exceeded its liabilities at June 30, 2011 by \$283,497,683, (net assets). \$242,636,934 of the City's net assets is invested in capital, \$8,023,464 is restricted in their use, and the remaining balance of \$32,837,285 is unrestricted net assets. The deficit net assets of the Governmental Activities (\$12,850,980) is the result of bonds issued by the City for MCPS. This debt is reflected as a liability of the City. However, the schools built with the bond proceeds are the assets of MCPS. At year-end, the City has 38,977,500 of debt outstanding relating to school buildings of MCPS.
- The unassigned fund balance for the City's general fund at June 30, 2011 was \$11,878,166. This amount is 12.3 percent of total general fund revenues of \$96,780,783 for fiscal year 2011. City Council's policy is to maintain the general fund unassigned fund balance at 13% of general fund revenues excluding payment of lieu of debt services from MCPS of \$5,410,273. General fund unassigned fund balance as a percent of general fund revenues per the City Council's policy (\$96,780,783 less \$5,410,273) is 13 percent.
- Effective January 1, 2011 the City Council changed the tax year from a calendar year to a fiscal year ending June 30. For the transition, tax year 2011 is a six month tax year and therefore the levy for tax year 2011 is one half the amount of 2010 levy. The change also resulted in a reduction of the taxes receivable and unearned tax revenues of the Governmental Activities. The effects of the tax year change are explained in more detail on page 12.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-62 of this report.

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

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

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

### **Government-wide Financial Analysis**

Effective January 1, 2011 the City Council changed the tax year from a calendar year to a fiscal year ending June 30. The purpose of the change was to align the real estate tax assessment year with the fiscal year budget process to enable planning and execution of City budgets that use a stable real property assessment base throughout the entire budget execution. Prior to tax year 2011, the two taxes payments (June 5 and December 5) for the calendar year tax year were due in two different fiscal years. Therefore, the budget was based on the assessed values and tax rates of two tax years. Beginning with tax year 2012, the two payments (December 5 and June 5) for the fiscal year tax year are both due in the same fiscal year. For the transition, tax year 2011 is a six month tax year and therefore the levy for tax year 2011 is one half the amount of 2010 levy. The taxes for the 2011 tax year were due May 5, 2011. The tax year change resulted in a \$26,498,725 reduction of the taxes receivable and a \$25,020,957 unearned tax revenues. The net effect is a \$1,477,768 reduction of net assets of the governmental activities.

Net assets of the City's governmental activities increased by \$5,455,353 in fiscal year 2011 to \$167,539,727. The increase can be attributed to the net of 1) the net reduction of \$1,477,768 for the change of the tax year to a fiscal year ending June 30; 2) the reduction of debt through planned payments \$3,983,340; 3) the increase in long term debt from the 2010 D bond issue (\$2,871,300); 4) the construction of capital assets \$8,287,329; and 5) the depreciation of capital assets (\$5,483,599).

The net assets of the business-type activities increased by \$12,431,053 in fiscal year 2011 to \$115,957,956. Program revenues for the electric, water, and sewer utilities exceeded expenses by \$14,439,065 and the business activities transferred \$1,123,440 to the governmental activities.

The net assets of MCPS have decreased by \$1,682,773 which is the due primarily to the net of an \$1,417,225 increase from operations, \$1,512,923 purchase of capital assets and (\$4,369,358) of depreciation of its capital assets.



The following tables summarize the Statement of Net Assets for the reporting unit as of June 30, 2011.

|                                            | Governmental<br>Activities<br>FY 2011 | Governmental<br>Activities<br>FY 2010 | Business-type<br>Activities<br>FY 2011 | Business-type<br>Activities<br>FY 2010 | Total<br>Primary<br>Government<br>FY 2011 | Total<br>Primary<br>Government<br>FY 2010 |
|--------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------------|-------------------------------------------|
| Current assets                             | \$ 42,528,616                         | \$ 65,018,462                         | \$ 63,177,101                          | \$ 49,959,712                          | \$ 105,705,717                            | \$ 114,978,174                            |
| Capital assets                             | 197,509,040                           | 193,643,814                           | 99,061,319                             | 100,032,517                            | 296,570,359                               | 293,676,331                               |
| Total assets                               | 240,037,656                           | 258,662,276                           | 162,238,420                            | 149,992,229                            | 402,276,076                               | 408,654,505                               |
| Current liabilities                        | 9,146,072                             | 32,259,011                            | 13,576,288                             | 14,980,537                             | 22,722,360                                | 47,239,548                                |
| Long-term liabilities                      | 63,351,857                            | 64,318,891                            | 32,704,176                             | 31,484,789                             | 96,056,033                                | 95,803,680                                |
| Total liabilities                          | 72,497,929                            | 96,577,902                            | 46,280,464                             | 46,465,326                             | 118,778,393                               | 143,043,228                               |
| Net assets:                                |                                       |                                       |                                        |                                        |                                           |                                           |
| Invested in capital assets,<br>net of debt | 175,427,553                           | 176,462,932                           | 67,209,381                             | 69,265,780                             | 242,636,934                               | 245,728,712                               |
| Restricted                                 | 4,963,154                             | 1,905,999                             | 3,060,310                              | 54,724                                 | 8,023,464                                 | 1,960,723                                 |
| Unrestricted (deficit)                     | (12,850,980)                          | (16,284,557)                          | 45,688,265                             | 34,206,399                             | 32,837,285                                | 17,921,842                                |
| Total net assets                           | \$ 167,539,727                        | \$ 162,084,374                        | \$ 115,957,956                         | \$ 103,526,903                         | \$ 283,497,683                            | \$ 265,611,277                            |

|                                            | MCPS<br>FY 2011 | MCPS<br>FY 2010 | Total<br>Reporting<br>Unit<br>FY 2011 | Total<br>Reporting<br>Unit<br>FY 2010 |
|--------------------------------------------|-----------------|-----------------|---------------------------------------|---------------------------------------|
| Current assets                             | \$ 18,948,322   | \$ 17,888,031   | \$ 124,654,039                        | \$ 132,866,205                        |
| Capital assets                             | 51,853,509      | 54,675,100      | 348,423,868                           | 348,351,431                           |
| Total assets                               | 70,801,831      | 72,563,131      | 473,077,907                           | 481,217,636                           |
| Current liabilities                        | 11,012,123      | 11,369,057      | 33,734,483                            | 58,608,605                            |
| Long-term liabilities                      | 3,786,951       | 3,508,544       | 99,842,984                            | 99,312,224                            |
| Total liabilities                          | 14,799,074      | 14,877,601      | 133,577,467                           | 157,920,829                           |
| Net assets:                                |                 |                 |                                       |                                       |
| Invested in capital assets,<br>net of debt | 51,214,420      | 53,900,305      | 254,873,854                           | 256,960,742                           |
| Restricted                                 | -               | -               | 8,023,464                             | 1,960,723                             |
| Unrestricted                               | 4,788,337       | 3,785,225       | 76,603,122                            | 64,375,342                            |
| Total net assets                           | \$ 56,002,757   | \$ 57,685,530   | \$ 339,500,440                        | \$ 323,296,807                        |

The following tables summarize the change in net assets for the City for the year ended June 30, 2011.

|                                   | Governmental<br>Activities<br>FY 2011 | Governmental<br>Activities<br>FY 2010 | Business-type<br>Activities<br>FY 2011 | Business-type<br>Activities<br>FY 2010 | Total<br>Primary<br>Government<br>FY 2011 | Total<br>Primary<br>Government<br>FY 2010 |
|-----------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------------|-------------------------------------------|
| Revenues:                         |                                       |                                       |                                        |                                        |                                           |                                           |
| Program revenues:                 |                                       |                                       |                                        |                                        |                                           |                                           |
| Charges for services              | \$ 3,833,644                          | \$ 3,456,867                          | \$ 93,332,159                          | \$ 82,704,243                          | \$ 97,165,803                             | \$ 86,161,110                             |
| Operating grants, contributions   | 11,968,013                            | 8,804,363                             | 289,574                                | 1,652,441                              | 12,257,587                                | 10,456,804                                |
| Capital grants, contributions     | -                                     | -                                     | 5,529,714                              | 5,354,797                              | 5,529,714                                 | 5,354,797                                 |
| General Revenues:                 |                                       |                                       |                                        |                                        |                                           |                                           |
| Property Taxes                    | 61,594,324                            | 62,237,982                            | -                                      | -                                      | 61,594,324                                | 62,237,982                                |
| Other Taxes                       | 16,045,899                            | 14,897,257                            | -                                      | -                                      | 16,045,899                                | 14,897,257                                |
| Unrestricted grants               | 8,204,284                             | 8,117,505                             | -                                      | -                                      | 8,204,284                                 | 8,117,505                                 |
| City appropriation to MCPS        | -                                     | -                                     | -                                      | -                                      | -                                         | -                                         |
| Other                             | 8,004,339                             | 8,890,156                             | (396,231)                              | 221,558                                | 7,608,108                                 | 9,111,714                                 |
| Total revenues                    | 109,650,503                           | 106,404,130                           | 98,755,216                             | 89,933,039                             | 208,405,719                               | 196,337,169                               |
| Expenses:                         |                                       |                                       |                                        |                                        |                                           |                                           |
| General government                | 8,411,567                             | 8,473,478                             | -                                      | -                                      | 8,411,567                                 | 8,473,478                                 |
| Public safety                     | 24,460,979                            | 24,539,518                            | -                                      | -                                      | 24,460,979                                | 24,539,518                                |
| Public works                      | 8,341,752                             | 9,312,018                             | -                                      | -                                      | 8,341,752                                 | 9,312,018                                 |
| Health and welfare                | 7,490,361                             | 7,973,696                             | -                                      | -                                      | 7,490,361                                 | 7,973,696                                 |
| Culture, rec, development         | 6,731,424                             | 6,138,833                             | -                                      | -                                      | 6,731,424                                 | 6,138,833                                 |
| Interest on long-term debt        | 2,758,789                             | 2,605,659                             | -                                      | -                                      | 2,758,789                                 | 2,605,659                                 |
| Electric                          | -                                     | -                                     | 59,796,816                             | 51,740,779                             | 59,796,816                                | 51,740,779                                |
| Water                             | -                                     | -                                     | 6,655,580                              | 6,819,870                              | 6,655,580                                 | 6,819,870                                 |
| Sewer                             | -                                     | -                                     | 11,851,071                             | 12,029,865                             | 11,851,071                                | 12,029,865                                |
| Airport                           | -                                     | -                                     | 3,369,665                              | 3,392,717                              | 3,369,665                                 | 3,392,717                                 |
| Solid Waste                       | -                                     | -                                     | 2,957,779                              | 2,868,737                              | 2,957,779                                 | 2,868,737                                 |
| City Square Pavilion              | -                                     | -                                     | 370,416                                | 317,848                                | 370,416                                   | 317,848                                   |
| Candy Factory                     | -                                     | -                                     | 199,396                                | 191,763                                | 199,396                                   | 191,763                                   |
| Telecommunications                | -                                     | -                                     | -                                      | 521,024                                | -                                         | 521,024                                   |
| Education                         | 47,123,718                            | 47,592,844                            | -                                      | -                                      | 47,123,718                                | 47,592,844                                |
| Total expenses                    | 105,318,590                           | 106,636,046                           | 85,200,723                             | 77,882,603                             | 190,519,313                               | 184,518,649                               |
| Increase (decrease) in net assets |                                       |                                       |                                        |                                        |                                           |                                           |
| before transfers                  | 4,331,913                             | (232,016)                             | 13,554,493                             | 12,050,436                             | 17,886,406                                | 11,818,420                                |
| Transfers                         | 1,123,440                             | 1,195,914                             | (1,123,440)                            | (1,195,914)                            | -                                         | -                                         |
| Change in net assets              | 5,455,353                             | 963,898                               | 12,431,053                             | 10,854,522                             | 17,886,406                                | 11,818,420                                |
| Net assets beginning              | 162,084,374                           | 161,120,476                           | 103,526,903                            | 92,672,381                             | 265,611,277                               | 253,792,857                               |
| Net assets ending                 | \$ 167,539,727                        | \$ 162,084,374                        | \$ 115,957,956                         | \$ 103,526,903                         | \$ 283,497,683                            | \$ 265,611,277                            |

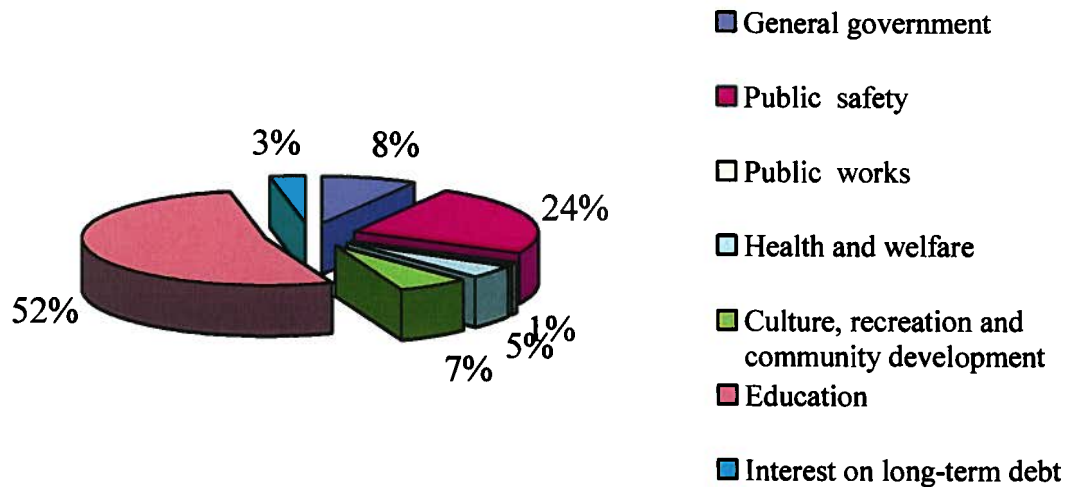
|                                                       | MCPS<br>FY 2011      | MCPS<br>FY 2010      | Total<br>Reporting<br>Unit<br>FY 2011 | Total<br>Reporting<br>Unit<br>FY 2010 |
|-------------------------------------------------------|----------------------|----------------------|---------------------------------------|---------------------------------------|
| Revenues:                                             |                      |                      |                                       |                                       |
| Program revenues:                                     |                      |                      |                                       |                                       |
| Charges for services                                  | \$ 1,726,651         | \$ 1,750,817         | \$ 98,892,454                         | \$ 87,911,927                         |
| Operating grants, contributions                       | 39,912,710           | 39,458,609           | 52,170,297                            | 49,915,413                            |
| Capital grants, contributions                         | -                    | -                    | 5,529,714                             | 5,354,797                             |
| General Revenues:                                     |                      |                      |                                       |                                       |
| Property Taxes                                        | -                    | -                    | 61,594,324                            | 62,237,982                            |
| Other Taxes                                           | -                    | -                    | 16,045,899                            | 14,897,257                            |
| Unrestricted grants                                   | -                    | -                    | 8,204,284                             | 8,117,505                             |
| City appropriation to MCPS                            | 47,123,718           | 47,592,844           | 47,123,718                            | 47,592,844                            |
| Other                                                 | 8,136                | 15,919               | 7,616,244                             | 9,127,633                             |
| Total revenues                                        | <u>88,771,215</u>    | <u>88,818,189</u>    | <u>297,176,934</u>                    | <u>285,155,358</u>                    |
| Expenses:                                             |                      |                      |                                       |                                       |
| General government                                    | -                    | -                    | 8,411,567                             | 8,473,478                             |
| Public safety                                         | -                    | -                    | 24,460,979                            | 24,539,518                            |
| Public works                                          | -                    | -                    | 8,341,752                             | 9,312,018                             |
| Health and welfare                                    | -                    | -                    | 7,490,361                             | 7,973,696                             |
| Culture, rec, development                             | -                    | -                    | 6,731,424                             | 6,138,833                             |
| Interest on long-term debt                            | -                    | -                    | 2,758,789                             | 2,605,659                             |
| Electric                                              | -                    | -                    | 59,796,816                            | 51,740,779                            |
| Water                                                 | -                    | -                    | 6,655,580                             | 6,819,870                             |
| Sewer                                                 | -                    | -                    | 11,851,071                            | 12,029,865                            |
| Airport                                               | -                    | -                    | 3,369,665                             | 3,392,717                             |
| Solid Waste                                           | -                    | -                    | 2,957,779                             | 2,868,737                             |
| City Square Pavilion                                  | -                    | -                    | 370,416                               | 317,848                               |
| Candy Factory                                         | -                    | -                    | 199,396                               | 191,763                               |
| Telecommunications                                    | -                    | -                    | -                                     | 521,024                               |
| Education                                             | 90,453,988           | 91,418,260           | 137,577,706                           | 139,011,104                           |
| Total expenses                                        | <u>90,453,988</u>    | <u>91,418,260</u>    | <u>280,973,301</u>                    | <u>275,936,909</u>                    |
| Increase (decrease) in net assets<br>before transfers | (1,682,773)          | (2,600,071)          | 16,203,633                            | 9,218,349                             |
| Transfers                                             | -                    | -                    | -                                     | -                                     |
| Change in net assets                                  | <u>(1,682,773)</u>   | <u>(2,600,071)</u>   | <u>16,203,633</u>                     | <u>9,218,349</u>                      |
| Net assets beginning                                  | 57,685,530           | 60,285,601           | 323,296,807                           | 314,078,458                           |
| Net assets ending                                     | <u>\$ 56,002,757</u> | <u>\$ 57,685,530</u> | <u>\$ 339,500,440</u>                 | <u>\$ 323,296,807</u>                 |

The table below details the governmental activities expenses and program revenues showing the net cost by program/function. The total governmental activities net program/function costs were \$89,516,933, a reduction of \$4,857,983 from last fiscal year. As the table and chart below indicate, education continues to be the City's largest program with expenses totaling \$47,123,718. The education expense in the governmental activities reflects the City's local revenue which is appropriated to MCPS. The program revenues of education are recorded in the component unit, MCPS, and therefore are not in the table or chart.

#### Governmental Activities Expenses and Program Revenues

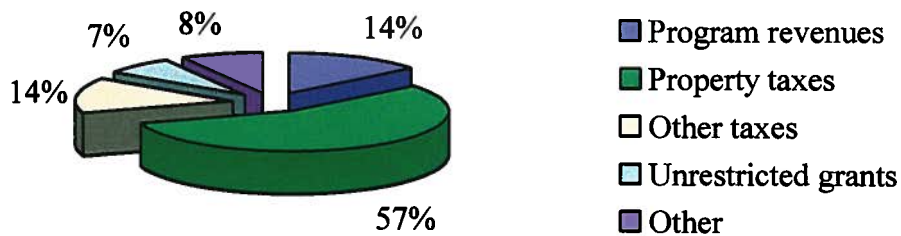
|                                               | <b>Program<br/>Expenses<br/>FY 2011</b> | <b>Program<br/>Revenues<br/>FY 2011</b> | <b>Net<br/>Program<br/>Cost<br/>FY 2011</b> | <b>Net<br/>Program<br/>Cost<br/>FY 2010</b> |
|-----------------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------------------------|---------------------------------------------|
| General government                            | \$ 8,411,567                            | \$ 1,025,292                            | \$ 7,386,275                                | \$ 7,694,750                                |
| Public safety                                 | 24,460,979                              | 3,027,236                               | 21,433,743                                  | 21,663,377                                  |
| Public works                                  | 8,341,752                               | 7,521,426                               | 820,326                                     | 4,540,802                                   |
| Health and welfare                            | 7,490,361                               | 3,317,247                               | 4,173,114                                   | 4,545,063                                   |
| Culture, recreation and community development | 6,731,424                               | 910,456                                 | 5,820,968                                   | 5,732,421                                   |
| Education                                     | 47,123,718                              | -                                       | 47,123,718                                  | 47,592,844                                  |
| Interest on long-term debt                    | 2,758,789                               | -                                       | 2,758,789                                   | 2,605,659                                   |
| <b>Total</b>                                  | <b>\$ 105,318,590</b>                   | <b>\$ 15,801,657</b>                    | <b>\$ 89,516,933</b>                        | <b>\$ 94,374,916</b>                        |

#### Governmental Activities Net Program Costs



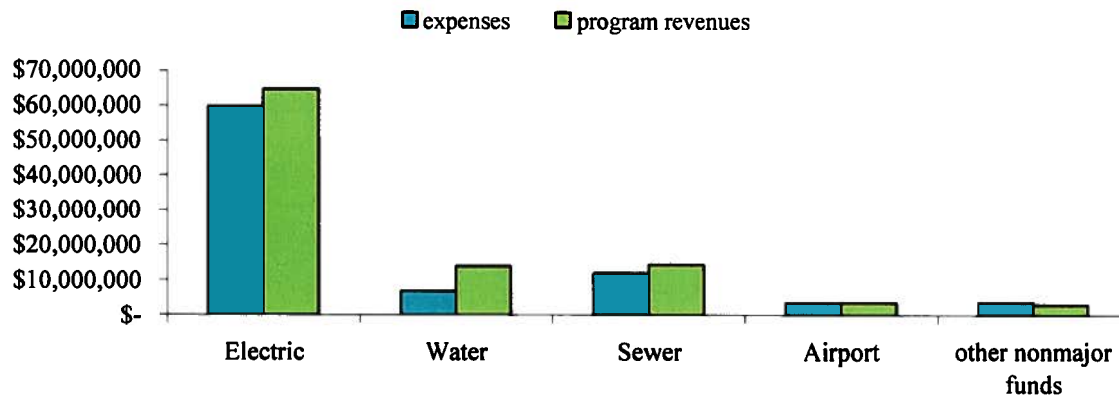
In addition to program revenues of \$15,801,657, there are also general revenues in the governmental activities, which are revenues that are not attributed to any specific program/function. The total general revenues in fiscal year 2011 are \$94,972,286 for total governmental activities revenues of \$110,773,943. General revenues in fiscal year 2011 are \$3,173,899 more than fiscal year 2010, due mostly to an increase in program revenues. The chart below indicates that the property taxes continue to be the largest source of revenue for the governmental activities.

#### Governmental Activities Revenues



The cost of all business-type activities in fiscal year 2011 was \$85,200,723. As depicted in the chart below, program revenues of \$99,151,447 offset the cost of doing business. The Electric, Water and Airport Funds received grants of \$1.25 million, \$3.0 million and \$1.2 million, respectively in capital grants which are reflected as revenues.

#### Business-type Activities Expenses and Program Revenues



## Financial Analysis of the Government's Funds

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

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

At the end of fiscal year 2011, the City's governmental funds reported combined ending fund balances of \$28,713,948 a increase of \$1,116,478 from fiscal year 2010. This increase is a net of the \$1,212,957 decrease in non-major funds and a \$2,329,435 increase in the general fund. The general fund increase is due to a reduction in expenditure in FY 2011, primary in public works, capital outlay and debt service.

The general fund is the chief operating fund of the City. At the end of fiscal year 2011, the unassigned fund balance of the general fund was \$11,878,166 while total fund balance was \$23,333,489. As a measure of the general fund's liquidity, it may be useful to compare unassigned to total revenues and expenditures. Unassigned fund balance represents 13 percent of total general fund expenditures, while total fund balance represents 26 percent of that same amount. Unassigned fund balance represents 12 percent of total general fund revenues of \$96,780,783 for fiscal year 2011. City Council's policy is to maintain the general fund unassigned fund balance at 13% of general fund revenues excluding payment of lieu of debt services from MCPS of \$5,410,273. General fund unassigned fund balance as a percent of general fund revenues per the City Council's policy (\$96,780,783 less \$5,410,273) is 13 percent.

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

Total nets assets at the end of fiscal year 2011 in the Electric, Water, Sewer, Airport, and the non-major funds are \$42,184,488; \$22,387,478; \$15,760,527; \$32,361,144; and \$3,264,319, respectively. The increase or (decrease) in total net assets for the Electric, Water, Sewer, and Airport funds is \$4,242,586; \$7,170,738; \$1,955,269; and (\$664,571), respectively. Only 38% of the total net assets of these funds is unrestricted in its use. The remaining 62% is invested of capital assets, net of related debt. The unrestricted nets assets at the end of fiscal year 2011 in the Electric, Water, Sewer, Airport, and the nonmajor funds are \$25,783,344; \$9,460,072; \$9,352,559; \$290,172; and \$802,128, respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

Fiscal year 2011 was the third consecutive year of budget reductions for the City. In fiscal years 2009, 2010 and 2011 the City's general fund budget has been reduced by a total of \$10.9 million (10%). The City has a revenue sharing agreement with MCPS which states that if the City does not receive tax revenue, the City support of education will be reduced. The City support of the MCPS have been reduced \$2.2 million (4.5%).

### Capital Asset and Debt Administration

**Capital assets.** The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2011 is \$296,570,359, an increase of \$2,894,028 from June 30, 2010. The net increase in the governmental activities assets of \$3,865,226 is due to \$4,361,473 additional assets and depreciation of assets. The net decrease of \$971,198 in the business-type net assets is due primarily depreciation of assets.

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

|                                 | Capital Assets<br>FY 2011 | Accumulated<br>Depreciation<br>FY 2011 | Capital Assets<br>net of<br>Accumulated<br>Depreciation<br>FY 2011 | Capital Assets<br>net of<br>Accumulated<br>Depreciation<br>FY 2010 | Net<br>Increase<br>(Decrease)<br>Capital Assets |
|---------------------------------|---------------------------|----------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|
| <b>Governmental Activities</b>  |                           |                                        |                                                                    |                                                                    |                                                 |
| Land                            | \$ 84,882,264             | \$ -                                   | \$ 84,882,264                                                      | \$ 84,882,264                                                      | \$ -                                            |
| Buildings and improvements      | 28,519,277                | (20,595,491)                           | 7,923,786                                                          | 8,373,098                                                          | (449,312)                                       |
| Machinery and equipment         | 12,123,845                | (10,992,050)                           | 1,131,795                                                          | 1,596,021                                                          | (464,226)                                       |
| Construction in progress        | 14,301,643                | -                                      | 14,301,643                                                         | 6,510,561                                                          | 7,791,082                                       |
| Infrastructure                  | 155,124,318               | (65,854,766)                           | 89,269,552                                                         | 92,281,870                                                         | (3,012,318)                                     |
| Total                           | <u>\$ 294,951,347</u>     | <u>\$ (97,442,307)</u>                 | <u>\$ 197,509,040</u>                                              | <u>\$ 193,643,814</u>                                              | <u>\$ 3,865,226</u>                             |
| <b>Business-type Activities</b> |                           |                                        |                                                                    |                                                                    |                                                 |
| Land                            | \$ 9,468,637              | \$ -                                   | \$ 9,468,637                                                       | \$ 9,468,637                                                       | \$ -                                            |
| Buildings and improvements      | 4,652,249                 | (2,193,626)                            | 2,458,623                                                          | 2,691,239                                                          | (232,616)                                       |
| Investment in Plant             | 160,311,791               | (115,385,302)                          | 44,926,489                                                         | 49,051,104                                                         | (4,124,615)                                     |
| Machinery and equipment         | 5,938,215                 | (5,372,564)                            | 565,651                                                            | 566,415                                                            | (764)                                           |
| Purchased capacity              | 27,153,049                | (9,796,313)                            | 17,356,736                                                         | 18,743,242                                                         | (1,386,506)                                     |
| Construction in progress        | 24,285,183                | -                                      | 24,285,183                                                         | 19,511,880                                                         | 4,773,303                                       |
| Total                           | <u>\$ 231,809,124</u>     | <u>\$ (132,747,805)</u>                | <u>\$ 99,061,319</u>                                               | <u>\$ 100,032,517</u>                                              | <u>\$ (971,198)</u>                             |
| <b>Total Primary Government</b> |                           |                                        |                                                                    |                                                                    |                                                 |
| Land                            | \$ 94,350,901             | \$ -                                   | \$ 94,350,901                                                      | \$ 94,350,901                                                      | \$ -                                            |
| Buildings and improvements      | 33,171,526                | (22,789,117)                           | 10,382,409                                                         | 11,064,337                                                         | (681,928)                                       |
| Investment in Plant             | 160,311,791               | (115,385,302)                          | 44,926,489                                                         | 49,051,104                                                         | (4,124,615)                                     |
| Machinery and equipment         | 18,062,060                | (16,364,614)                           | 1,697,446                                                          | 2,162,436                                                          | (464,990)                                       |
| Purchased capacity              | 27,153,049                | (9,796,313)                            | 17,356,736                                                         | 18,743,242                                                         | (1,386,506)                                     |
| Construction in progress        | 38,586,826                | -                                      | 38,586,826                                                         | 26,022,441                                                         | 12,564,385                                      |
| Infrastructure                  | 155,124,318               | (65,854,766)                           | 89,269,552                                                         | 92,281,870                                                         | (3,012,318)                                     |
| Total                           | <u>\$ 526,760,471</u>     | <u>\$ (230,190,112)</u>                | <u>\$ 296,570,359</u>                                              | <u>\$ 293,676,331</u>                                              | <u>\$ 2,894,028</u>                             |
| <b>MCPS</b>                     |                           |                                        |                                                                    |                                                                    |                                                 |
| Land                            | \$ 2,336,649              | \$ -                                   | \$ 2,336,649                                                       | \$ 2,336,649                                                       | \$ -                                            |
| Buildings and improvements      | 124,303,745               | (76,521,369)                           | 47,782,376                                                         | 50,106,342                                                         | (2,323,966)                                     |
| Machinery and equipment         | 7,470,593                 | (5,736,109)                            | 1,734,484                                                          | 2,232,109                                                          | (497,625)                                       |
| Total                           | <u>\$ 134,110,987</u>     | <u>\$ (82,257,478)</u>                 | <u>\$ 51,853,509</u>                                               | <u>\$ 54,675,100</u>                                               | <u>\$ (2,821,591)</u>                           |

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

|                              | Governmental<br>Activities<br>FY 2011 | Governmental<br>Activities<br>FY 2010 | Business-type<br>Activities<br>FY 2011 | Business-type<br>Activities<br>FY 2010 | Total<br>Primary<br>Government<br>FY 2011 | Total<br>Primary<br>Government<br>FY 2010 |
|------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------------|-------------------------------------------|
| General obligation bonds     | \$ 56,624,910                         | \$ 58,114,225                         | \$ 30,603,393                          | \$ 29,714,312                          | \$ 87,228,303                             | \$ 87,828,537                             |
| Premium on bonds             | 2,276,066                             | 64,277                                | 856,545                                | 660,425                                | 3,132,611                                 | 724,702                                   |
| Deferred Amount on Refunding | (1,674,463)                           | -                                     | -                                      | -                                      | (1,674,463)                               | -                                         |
| Capital leases               | 1,150,534                             | 1,483,960                             | -                                      | -                                      | 1,150,534                                 | 1,483,960                                 |
| Note payable                 | -                                     | 250,973                               | -                                      | -                                      | -                                         | 250,973                                   |
| Compensated absences         | 2,277,810                             | 2,393,456                             | 816,238                                | 790,052                                | 3,094,048                                 | 3,183,508                                 |
| OPEB Obligation payable      | 2,697,000                             | 2,012,000                             | 428,000                                | 320,000                                | 3,125,000                                 | 2,332,000                                 |
| <b>Total</b>                 | <b>\$ 63,351,857</b>                  | <b>\$ 64,318,891</b>                  | <b>\$ 32,704,176</b>                   | <b>\$ 31,484,789</b>                   | <b>\$ 96,056,033</b>                      | <b>\$ 95,803,680</b>                      |

|                              | MCPS<br>FY 2011     | MCPS<br>FY 2010     | Total<br>Reporting<br>Unit<br>FY 2011 | Total<br>Reporting<br>Unit<br>FY 2010 |
|------------------------------|---------------------|---------------------|---------------------------------------|---------------------------------------|
| General obligation bonds     | \$ -                | \$ -                | \$ 87,228,303                         | \$ 87,828,537                         |
| Premium on bonds             | -                   | -                   | 3,132,611                             | 724,702                               |
| Deferred Amount on Refunding | -                   | -                   | (1,674,463)                           | -                                     |
| Capital leases               | 639,089             | 774,794             | 1,789,623                             | 2,258,754                             |
| Note payable                 | -                   | -                   | -                                     | 250,973                               |
| Compensated absences         | 1,917,862           | 1,829,750           | 5,011,910                             | 5,013,258                             |
| OPEB Obligation payable      | 1,230,000           | 904,000             | 4,355,000                             | 3,236,000                             |
| <b>Total</b>                 | <b>\$ 3,786,951</b> | <b>\$ 3,508,544</b> | <b>\$ 99,842,984</b>                  | <b>\$ 99,312,224</b>                  |

The City's total debt of \$96,056,033 is a net increase of \$252,353. The proceeds of the 2010 DE bond refunding issues resulted in an increase to general obligation bonds of \$5,540,000 while the bond principal payments in fiscal year 2011 decreased the balance by \$4,588,870. Capital leases and the note payable were reduced by principal payments while the OPEB obligation payable increased by \$793,000. The net increase to the MCPS total debt is \$278,407 which is primarily the result of the principal payment on the leases and an increase of \$326,000 to the OPEB obligation.

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

The Code of the Commonwealth of Virginia, as amended, (Virginia Code) limits the amount of general obligation debt the City may issue to 10 percent of the assessed valuation of the real estate subject to taxation. The assessed valuation of the real estate subject to taxation in the City as of January 1, 2011 is \$3,796,750,900 making the current legal debt limitation of the City \$379,675,090. The City's general obligation debt applicable to the limit is \$87,228,303 leaving a legal debt margin of \$292,446,787. Additional information on the City's long-term debt can be found in note 10 on pages 50-52 of this report.

#### Economic Factors and Next Year's Budget

- The unemployment rate for the City in May 2011 was 6.9 percent, which is higher than the state rate (6.5 percent) but lower than federal rate (9.1 percent).
- Real property taxable assessed value increased 6.0 percent in 2010 from \$3,591,782,600 on January 1, 2010 to \$3,796,750,900 on January 1, 2011. The City is projecting assessed value to increase only marginally in 2011. The City is projecting a 3.5 percent increase in local use taxes and has taken all these factors into consideration as it begins preparing its fiscal year 2013 budget for City Council consideration in the spring of 2012.

#### Requests for Information

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



# **BASIC FINANCIAL STATEMENTS**



## CITY OF MANASSAS, VIRGINIA

Exhibit A

Statement of Net Assets  
June 30, 2011

|                                                    | Governmental<br>Activities | Business<br>Type<br>Activities | Total<br>Primary<br>Government | Component<br>Unit<br>Manassas City<br>Public Schools | Total<br>Reporting<br>Unit |
|----------------------------------------------------|----------------------------|--------------------------------|--------------------------------|------------------------------------------------------|----------------------------|
| <b>Assets</b>                                      |                            |                                |                                |                                                      |                            |
| Cash and investments                               | \$ 29,852,304              | \$ 39,920,504                  | \$ 69,772,808                  | \$ 14,194,131                                        | \$ 83,966,939              |
| Cash and investments - restricted                  | 4,863,154                  | 3,060,310                      | 7,923,464                      | -                                                    | 7,923,464                  |
| Receivables                                        | 2,776,322                  | 18,341,381                     | 21,117,703                     | 1,177,241                                            | 22,294,944                 |
| Internal balances                                  | 392,000                    | (392,000)                      | -                              | -                                                    | -                          |
| Due from other governments                         | 4,644,836                  | 184,565                        | 4,829,401                      | 3,576,950                                            | 8,406,351                  |
| Inventory and other assets                         | -                          | 2,062,341                      | 2,062,341                      | -                                                    | 2,062,341                  |
| Capital assets not being<br>depreciated:           |                            |                                |                                |                                                      |                            |
| Land and land rights                               | 84,882,264                 | 9,468,637                      | 94,350,901                     | 2,336,649                                            | 96,687,550                 |
| Construction in progress                           | 14,301,643                 | 24,285,183                     | 38,586,826                     | -                                                    | 38,586,826                 |
| Capital assets net of accumulated<br>depreciation: |                            |                                |                                |                                                      |                            |
| Buildings and improvements                         | 7,923,786                  | 2,458,623                      | 10,382,409                     | 47,782,376                                           | 58,164,785                 |
| Investment in plant                                | -                          | 44,926,489                     | 44,926,489                     | -                                                    | 44,926,489                 |
| Machinery and equipment                            | 1,131,795                  | 565,651                        | 1,697,446                      | 1,734,484                                            | 3,431,930                  |
| Infrastructure                                     | 89,269,552                 | -                              | 89,269,552                     | -                                                    | 89,269,552                 |
| Purchased capacity                                 | -                          | 17,356,736                     | 17,356,736                     | -                                                    | 17,356,736                 |
| <b>Total assets</b>                                | <b>240,037,656</b>         | <b>162,238,420</b>             | <b>402,276,076</b>             | <b>70,801,831</b>                                    | <b>473,077,907</b>         |
| <b>Liabilities</b>                                 |                            |                                |                                |                                                      |                            |
| Payables                                           | 5,022,958                  | 8,378,671                      | 13,401,629                     | 11,012,123                                           | 24,413,752                 |
| Accrued interest payable                           | 1,204,016                  | 564,307                        | 1,768,323                      | -                                                    | 1,768,323                  |
| Due to other governments                           | 2,753,371                  | -                              | 2,753,371                      | -                                                    | 2,753,371                  |
| Unearned revenues                                  | 165,727                    | 4,633,310                      | 4,799,037                      | -                                                    | 4,799,037                  |
| Long term liabilities:                             |                            |                                |                                |                                                      |                            |
| Due within one year                                | 5,446,327                  | 2,464,851                      | 7,911,178                      | 428,738                                              | 8,339,916                  |
| Due in more than one year                          | 57,905,530                 | 30,239,325                     | 88,144,855                     | 3,358,213                                            | 91,503,068                 |
| <b>Total liabilities</b>                           | <b>72,497,929</b>          | <b>46,280,464</b>              | <b>118,778,393</b>             | <b>14,799,074</b>                                    | <b>133,577,467</b>         |
| <b>Net assets</b>                                  |                            |                                |                                |                                                      |                            |
| Invested in capital assets, net of<br>related debt | 175,427,553                | 67,209,381                     | 242,636,934                    | 51,214,420                                           | 254,873,854 A              |
| Restricted for:                                    |                            |                                |                                |                                                      |                            |
| Capital projects                                   | 4,863,154                  | 3,060,310                      | 7,923,464                      | -                                                    | 7,923,464                  |
| Nonexpendable Cemetery                             |                            |                                |                                |                                                      |                            |
| Principal                                          | 100,000                    | -                              | 100,000                        | -                                                    | 100,000                    |
| Unrestricted (deficit)                             | (12,850,980)               | 45,688,265                     | 32,837,285                     | 4,788,337                                            | 76,603,122 A               |
| <b>Total net assets</b>                            | <b>\$ 167,539,727</b>      | <b>\$ 115,957,956</b>          | <b>\$ 283,497,683</b>          | <b>\$ 56,002,757</b>                                 | <b>\$ 339,500,440</b>      |

A. The sum of the columns does not equal the Total Reporting Unit column by a difference of \$38,977,500 because the debt related to the Component Unit Manassas City Public Schools (MCPS) is reflected in the primary government's Governmental Activities column reducing unrestricted net assets. The assets are reflected in the Component Unit column as Invested in capital assets, net of related debt. The Total Reporting Unit column matches the assets with the debt and reports the net amount of the Invested in capital assets, net of related debt line.

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

**CITY OF MANASSAS, VIRGINIA**

**Statement of Activities  
For the Year Ended June 30, 2011**

| <b>Functions/Programs</b>                      | <b>Expenses</b> | <b>Program Revenues</b>         |                                                   |                                                 |
|------------------------------------------------|-----------------|---------------------------------|---------------------------------------------------|-------------------------------------------------|
|                                                |                 | <b>Charges for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> |
| <b>Primary government:</b>                     |                 |                                 |                                                   |                                                 |
| Governmental activities:                       |                 |                                 |                                                   |                                                 |
| General government                             | \$ 8,411,567    | \$ 769,067                      | \$ 256,225                                        | \$ -                                            |
| Public safety                                  | 24,460,979      | 1,755,053                       | 1,272,183                                         | -                                               |
| Public works                                   | 8,341,752       | 865,261                         | 6,656,165                                         | -                                               |
| Health and welfare                             | 7,490,361       | 38,807                          | 3,278,440                                         | -                                               |
| Culture, recreation, and community development | 6,731,424       | 405,456                         | 505,000                                           | -                                               |
| Education                                      | 47,123,718      | -                               | -                                                 | -                                               |
| Interest on long term debt                     | 2,758,789       | -                               | -                                                 | -                                               |
| Total governmental activities                  | 105,318,590     | 3,833,644                       | 11,968,013                                        | -                                               |
| Business-type activities:                      |                 |                                 |                                                   |                                                 |
| Electric                                       | 59,796,816      | 63,213,305                      | 154,171                                           | 1,254,738                                       |
| Water                                          | 6,655,580       | 10,760,754                      | 31,642                                            | 3,067,470                                       |
| Sewer                                          | 11,851,071      | 14,260,452                      | -                                                 | -                                               |
| Airport                                        | 3,369,665       | 2,134,108                       | 98,057                                            | 1,207,506                                       |
| Solid waste                                    | 2,957,779       | 2,916,356                       | 5,704                                             | -                                               |
| City Square Pavilion                           | 370,416         | 16,787                          | -                                                 | -                                               |
| Candy Factory                                  | 199,396         | 30,397                          | -                                                 | -                                               |
| Telecommunications                             | -               | -                               | -                                                 | -                                               |
| Total business-type activities                 | 85,200,723      | 93,332,159                      | 289,574                                           | 5,529,714                                       |
| Total primary government                       | \$ 190,519,313  | \$ 97,165,803                   | \$ 12,257,587                                     | \$ 5,529,714                                    |
| <b>Component unit:</b>                         |                 |                                 |                                                   |                                                 |
| Manassas City Public Schools                   | 90,488,831      | 1,761,494                       | 39,912,710                                        | -                                               |
| Total component unit                           | \$ 90,488,831   | \$ 1,761,494                    | \$ 39,912,710                                     | \$ -                                            |
| General revenues:                              |                 |                                 |                                                   |                                                 |
| Property taxes                                 |                 |                                 |                                                   |                                                 |
| Sales taxes                                    |                 |                                 |                                                   |                                                 |
| Business License taxes                         |                 |                                 |                                                   |                                                 |
| Meals taxes                                    |                 |                                 |                                                   |                                                 |
| Other taxes                                    |                 |                                 |                                                   |                                                 |
| Unrestricted grants                            |                 |                                 |                                                   |                                                 |
| Unrestricted investment earnings               |                 |                                 |                                                   |                                                 |
| Other unrestricted revenues                    |                 |                                 |                                                   |                                                 |
| Payment to component unit                      |                 |                                 |                                                   |                                                 |
| Payment from component unit                    |                 |                                 |                                                   |                                                 |
| Transfers                                      |                 |                                 |                                                   |                                                 |
| Total general revenues and transfers           |                 |                                 |                                                   |                                                 |
| Change in net assets                           |                 |                                 |                                                   |                                                 |
| Net assets - beginning                         |                 |                                 |                                                   |                                                 |
| Net assets - ending                            |                 |                                 |                                                   |                                                 |

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

## Exhibit B

| Net (Expense) Revenue and<br>Changes in Net Assets |                             |                |                                 |                   |
|----------------------------------------------------|-----------------------------|----------------|---------------------------------|-------------------|
| Primary Government                                 |                             |                | Component Unit                  | Total             |
| Governmental<br>Activities                         | Business-type<br>Activities | Total          | Manassas City<br>Public Schools | Reporting<br>Unit |
| \$ (7,386,275)                                     | \$ -                        | \$ (7,386,275) | \$ -                            | \$ (7,386,275)    |
| (21,433,743)                                       | -                           | (21,433,743)   | -                               | (21,433,743)      |
| (820,326)                                          | -                           | (820,326)      | -                               | (820,326)         |
| (4,173,114)                                        | -                           | (4,173,114)    | -                               | (4,173,114)       |
| (5,820,968)                                        | -                           | (5,820,968)    | -                               | (5,820,968)       |
| (47,123,718)                                       | -                           | (47,123,718)   | -                               | (47,123,718)      |
| (2,758,789)                                        | -                           | (2,758,789)    | -                               | (2,758,789)       |
| (89,516,933)                                       | -                           | (89,516,933)   | -                               | (89,516,933)      |
| -                                                  | 4,825,398                   | 4,825,398      | -                               | 4,825,398         |
| -                                                  | 7,204,286                   | 7,204,286      | -                               | 7,204,286         |
| -                                                  | 2,409,381                   | 2,409,381      | -                               | 2,409,381         |
| -                                                  | 70,006                      | 70,006         | -                               | 70,006            |
| -                                                  | (35,719)                    | (35,719)       | -                               | (35,719)          |
| -                                                  | (353,629)                   | (353,629)      | -                               | (353,629)         |
| -                                                  | (168,999)                   | (168,999)      | -                               | (168,999)         |
| -                                                  | -                           | -              | -                               | -                 |
| -                                                  | 13,950,724                  | 13,950,724     | -                               | 13,950,724        |
| (89,516,933)                                       | 13,950,724                  | (75,566,209)   | -                               | (75,566,209)      |
| -                                                  | -                           | -              | (48,814,627)                    | (48,814,627)      |
| -                                                  | -                           | -              | (48,814,627)                    | (48,814,627)      |
| 61,594,324                                         | -                           | 61,594,324     | -                               | 61,594,324        |
| 7,305,186                                          | -                           | 7,305,186      | -                               | 7,305,186         |
| 2,759,079                                          | -                           | 2,759,079      | -                               | 2,759,079         |
| 2,584,054                                          | -                           | 2,584,054      | -                               | 2,584,054         |
| 3,397,580                                          | -                           | 3,397,580      | -                               | 3,397,580         |
| 8,204,284                                          | -                           | 8,204,284      | -                               | 8,204,284         |
| 335,487                                            | 90,745                      | 426,232        | 8,136                           | 434,368           |
| 2,258,579                                          | (486,976)                   | 1,771,603      | -                               | 1,771,603         |
| -                                                  | -                           | -              | 47,123,718                      | 47,123,718        |
| 5,410,273                                          | -                           | 5,410,273      | -                               | 5,410,273         |
| 1,123,440                                          | (1,123,440)                 | -              | -                               | -                 |
| 94,972,286                                         | (1,519,671)                 | 93,452,615     | 47,131,854                      | 140,584,469       |
| 5,455,353                                          | 12,431,053                  | 17,886,406     | (1,682,773)                     | 16,203,633        |
| 162,084,374                                        | 103,526,903                 | 265,611,277    | 57,685,530                      | 323,296,807       |
| \$ 167,539,727                                     | \$ 115,957,956              | \$ 283,497,683 | \$ 56,002,757                   | \$ 339,500,440    |

## CITY OF MANASSAS, VIRGINIA

Exhibit C

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

|                                                           | General              | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------------------------------|----------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>                                             |                      |                                   |                                |
| Cash and investments                                      | \$ 21,437,552        | \$ 4,155,240                      | \$ 25,592,792                  |
| Cash and investments - restricted                         | -                    | 4,863,154                         | 4,863,154                      |
| Receivable (net of allowances for uncollectibles):        |                      |                                   |                                |
| Taxes receivable                                          | 2,431,103            | 218,520                           | 2,649,623                      |
| Accounts receivable                                       | 120,774              | 5,925                             | 126,699                        |
| Due from other governments                                | 2,131,354            | 2,513,482                         | 4,644,836                      |
| Advances to other funds                                   | 2,685,230            | -                                 | 2,685,230                      |
| <b>Total assets</b>                                       | <b>\$ 28,806,013</b> | <b>\$ 11,756,321</b>              | <b>\$ 40,562,334</b>           |
| <b>Liabilities and fund balances</b>                      |                      |                                   |                                |
| <b>Liabilities:</b>                                       |                      |                                   |                                |
| Accounts payable                                          | \$ 1,782,280         | \$ 1,187,060                      | \$ 2,969,340                   |
| Retainage payable                                         | -                    | 150,988                           | 150,988                        |
| Deposits                                                  | 1,571,307            | 9,803                             | 1,581,110                      |
| Due to other governments                                  | 35,927               | 2,547,029                         | 2,582,956                      |
| Deferred revenues                                         | 2,083,010            | 187,752                           | 2,270,762                      |
| Advances from other funds                                 | -                    | 2,293,230                         | 2,293,230                      |
| <b>Total liabilities</b>                                  | <b>5,472,524</b>     | <b>6,375,862</b>                  | <b>11,848,386</b>              |
| <b>Fund balances:</b>                                     |                      |                                   |                                |
| <b>Nonspendable:</b>                                      |                      |                                   |                                |
| Long term advances to other funds                         | 950,239              | -                                 | 950,239                        |
| Permanent fund principal                                  | -                    | 100,000                           | 100,000                        |
| <b>Restricted:</b>                                        |                      |                                   |                                |
| Communication systems                                     | -                    | 154,034                           | 154,034                        |
| Road maintenance                                          | -                    | 45,223                            | 45,223                         |
| Fire rescue system                                        | -                    | 1,122,056                         | 1,122,056                      |
| Museum system                                             | -                    | 1,287,147                         | 1,287,147                      |
| Bond proceeds for capital projects                        | 521,443              | 4,863,154                         | 5,384,597                      |
| Cemetery maintenance                                      | -                    | 83,279                            | 83,279                         |
| Proffers and developer contributions for capital projects | 2,477,700            | -                                 | 2,477,700                      |
| <b>Committed:</b>                                         |                      |                                   |                                |
| Social services programs                                  | -                    | 56,401                            | 56,401                         |
| Museum system                                             | -                    | 11,463                            | 11,463                         |
| Economic development                                      | 657,000              | 137,182                           | 794,182                        |
| Capital projects                                          | -                    | 225,600                           | 225,600                        |
| Capital Reserve Fund                                      | 4,988,348            | -                                 | 4,988,348                      |
| OPEB liability                                            | 918,000              | -                                 | 918,000                        |
| General government                                        | 942,593              | -                                 | 942,593                        |
| Unassigned                                                | 11,878,166           | (2,705,080)                       | 9,173,086                      |
| <b>Total fund balances</b>                                | <b>23,333,489</b>    | <b>5,380,459</b>                  | <b>28,713,948</b>              |
| <b>Total liabilities and fund balances</b>                | <b>\$ 28,806,013</b> | <b>\$ 11,756,321</b>              | <b>\$ 40,562,334</b>           |

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

## CITY OF MANASSAS, VIRGINIA

Exhibit C-1

**Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Assets  
June 30, 2011**

Ending fund balance - governmental funds \$ 28,713,948

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

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

Capital assets, not being depreciated:

|                          |               |  |
|--------------------------|---------------|--|
| Land and land rights     | \$ 84,882,264 |  |
| Construction in progress | 14,301,643    |  |

Capital assets, being depreciated:

|                            |             |  |
|----------------------------|-------------|--|
| Buildings and improvements | 28,240,793  |  |
| Machinery and equipment    | 3,073,669   |  |
| Infrastructure             | 155,124,318 |  |

|                      |             |  |
|----------------------|-------------|--|
| Total capital assets | 285,622,687 |  |
|----------------------|-------------|--|

|                               |              |             |
|-------------------------------|--------------|-------------|
| Less accumulated depreciation | (89,121,124) | 196,501,563 |
|-------------------------------|--------------|-------------|

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 2,105,035

Internal service funds are used by management to charge the costs of information technology and equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Assets:

|                               |             |  |
|-------------------------------|-------------|--|
| Current assets                | 4,259,512   |  |
| Capital assets                | 9,328,660   |  |
| Less accumulated depreciation | (8,321,183) |  |

|             |           |           |
|-------------|-----------|-----------|
| Liabilities | (540,152) | 4,726,837 |
|-------------|-----------|-----------|

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

|                                             |              |              |
|---------------------------------------------|--------------|--------------|
| General obligation bonds and literary loans | (56,624,910) |              |
| Premium on bonds issued                     | (2,276,066)  |              |
| Accrued interest on long-term debt          | (1,204,016)  |              |
| Capital leases                              | (1,142,958)  |              |
| Deferred amount on refunding bonds          | 1,674,463    |              |
| Claims payable                              | (170,415)    |              |
| Compensated absences                        | (2,066,754)  |              |
| Net OPEB obligation                         | (2,697,000)  | (64,507,656) |

|                                       |                       |
|---------------------------------------|-----------------------|
| Net assets of governmental activities | <u>\$ 167,539,727</u> |
|---------------------------------------|-----------------------|

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

## CITY OF MANASSAS, VIRGINIA

Exhibit D

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

|                                                                      | <u>General</u>       | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------------------------------------------------------|----------------------|--------------------------------------------|-----------------------------------------|
| <b>Revenues</b>                                                      |                      |                                            |                                         |
| General property taxes                                               | \$ 57,029,780        | \$ 5,583,825                               | \$ 62,613,605                           |
| Other local taxes                                                    | 16,045,899           | -                                          | 16,045,899                              |
| Permits, fees and licenses                                           | 784,597              | -                                          | 784,597                                 |
| Fines and forfeitures                                                | 633,285              | -                                          | 633,285                                 |
| Use of money and property                                            | 107,738              | 217,241                                    | 324,979                                 |
| Charges for services                                                 | 609,771              | 462,657                                    | 1,072,428                               |
| Payment in lieu of debt service                                      | 5,410,273            | -                                          | 5,410,273                               |
| Recovered costs                                                      | 1,973,170            | -                                          | 1,973,170                               |
| Miscellaneous                                                        | 1,178,116            | 172,678                                    | 1,350,794                               |
| Intergovernmental                                                    | 13,008,154           | 7,093,246                                  | 20,101,400                              |
| Total revenues                                                       | <u>96,780,783</u>    | <u>13,529,647</u>                          | <u>110,310,430</u>                      |
| <b>Expenditures</b>                                                  |                      |                                            |                                         |
| Current:                                                             |                      |                                            |                                         |
| General government administration                                    | 8,122,146            | 4,341                                      | 8,126,487                               |
| Public safety                                                        | 17,379,273           | 6,459,608                                  | 23,838,881                              |
| Public works                                                         | 4,120,680            | 37,484                                     | 4,158,164                               |
| Health and welfare                                                   | 2,265,776            | 5,192,560                                  | 7,458,336                               |
| Culture, recreation, and community development                       | 6,364,037            | 5,187                                      | 6,369,224                               |
| Education                                                            | 47,123,718           | -                                          | 47,123,718                              |
| Capital outlay                                                       | 515,329              | 8,449,150                                  | 8,964,479                               |
| Debt service:                                                        |                      |                                            |                                         |
| Principal retirement of capital lease                                | 305,762              | -                                          | 305,762                                 |
| Interest and fees on capital lease                                   | 21,256               | -                                          | 21,256                                  |
| Principal retirement                                                 | 4,521,588            | -                                          | 4,521,588                               |
| Interest and fees on long term debt                                  | 2,789,996            | -                                          | 2,789,996                               |
| Total expenditures                                                   | <u>93,529,561</u>    | <u>20,148,330</u>                          | <u>113,677,891</u>                      |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>3,251,222</u>     | <u>(6,618,683)</u>                         | <u>(3,367,461)</u>                      |
| <b>Other financing sources (uses)</b>                                |                      |                                            |                                         |
| Transfers in                                                         | 1,769,720            | 2,546,082                                  | 4,315,802                               |
| Transfers out                                                        | (3,001,948)          | (268,518)                                  | (3,270,466)                             |
| Bonds issued                                                         | -                    | 2,871,300                                  | 2,871,300                               |
| Premium on bonds issued                                              | -                    | 256,862                                    | 256,862                                 |
| Refunding bonds issued                                               | 18,668,189           | -                                          | 18,668,189                              |
| Premium on refunded bonds                                            | 2,297,023            | -                                          | 2,297,023                               |
| Payment to refunded bonds escrow agent                               | (20,654,771)         | -                                          | (20,654,771)                            |
| Total other financing sources (uses)                                 | <u>(921,787)</u>     | <u>5,405,726</u>                           | <u>4,483,939</u>                        |
| <b>Net change in fund balances</b>                                   | 2,329,435            | (1,212,957)                                | 1,116,478                               |
| <b>Fund balance - beginning</b>                                      | <u>21,004,054</u>    | <u>6,593,416</u>                           | <u>27,597,470</u>                       |
| <b>Fund balance - ending</b>                                         | <u>\$ 23,333,489</u> | <u>\$ 5,380,459</u>                        | <u>\$ 28,713,948</u>                    |

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



## CITY OF MANASSAS, VIRGINIA

Exhibit D-1

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2011**

---

|                                                        |    |           |
|--------------------------------------------------------|----|-----------|
| Net change in fund balances - total governmental funds | \$ | 1,116,478 |
|--------------------------------------------------------|----|-----------|

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

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

|                      |    |             |           |
|----------------------|----|-------------|-----------|
| Capital outlays      | \$ | 8,964,479   |           |
| Depreciation expense |    | (4,894,474) | 4,070,005 |

|                                                                                                                                                                       |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | 125,000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                                                                                                                                                                                               |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Some revenues will not be collected for several months after the fiscal year end, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount. | (1,019,281) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

|                                               |             |           |
|-----------------------------------------------|-------------|-----------|
| Issuance of New bonds                         | (2,871,300) |           |
| Issuance of Refunded Bonds                    | (251,862)   |           |
| Premium in bonds issues                       | (2,074,904) |           |
| Gain on refunding bonds                       | 85,000      |           |
| Deferred amount on refunding bonds            | 1,674,463   |           |
| Amortization of premium on bonds              | 119,977     |           |
| Principal payments of notes payable           | 250,973     |           |
| Principal payment of bonds and literary loans | 4,270,614   |           |
| Principal payments of capital leases          | 305,762     | 1,508,723 |

|                                                                                                                                                                                                                                                                                        |        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due. This is the amount of the timing differences of accrued interest. | 32,543 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

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

|                      |           |           |
|----------------------|-----------|-----------|
| Compensated absences | 147,868   |           |
| Net OPEB obligation  | (685,000) | (537,132) |

|                                                                                                                                                                               |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net assets is reported with governmental activities. | 159,017 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                 |    |           |
|-------------------------------------------------|----|-----------|
| Change in net assets of governmental activities | \$ | 5,455,353 |
|-------------------------------------------------|----|-----------|

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

## CITY OF MANASSAS, VIRGINIA

Exhibit E  
Page 1 of 2Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2011

|                                   | Adopted<br>Budget    | Revised<br>Budget    | Actual               | Variance<br>Positive<br>(Negative) |
|-----------------------------------|----------------------|----------------------|----------------------|------------------------------------|
| <b>Revenues:</b>                  |                      |                      |                      |                                    |
| From local sources:               |                      |                      |                      |                                    |
| Taxes:                            |                      |                      |                      |                                    |
| Property                          | \$ 57,441,170        | \$ 57,441,170        | \$ 57,029,780        | \$ (411,390)                       |
| Other local                       | 17,935,630           | 17,935,630           | 16,045,899           | (1,889,731)                        |
| Permits, fees and licenses        | 372,050              | 377,300              | 784,597              | 407,297                            |
| Fines and forfeitures             | 571,150              | 571,150              | 633,285              | 62,135                             |
| Use of money and property:        |                      |                      |                      |                                    |
| Interest                          | 50,000               | 50,000               | 88,033               | 38,033                             |
| Interest from bond proceeds       | -                    | -                    | 19,705               | 19,705                             |
| Charges for services              | 550,400              | 610,634              | 609,771              | (863)                              |
| Payment in lieu of debt service   | 5,507,380            | 5,410,269            | 5,410,273            | 4                                  |
| Recovered cost                    | 1,973,170            | 1,973,170            | 1,973,170            | -                                  |
| Proffers                          | -                    | -                    | 195,747              | 195,747                            |
| Miscellaneous                     | 358,040              | 476,791              | 982,369              | 505,578                            |
| Total from local sources          | <u>84,758,990</u>    | <u>84,846,114</u>    | <u>83,772,629</u>    | <u>(1,073,485)</u>                 |
| From other governments:           |                      |                      |                      |                                    |
| From the Commonwealth of Virginia |                      |                      |                      |                                    |
| PPTRA                             | 3,786,630            | 3,786,630            | 3,786,634            | 4                                  |
| Communications tax                | -                    | -                    | 3,022,248            | 3,022,248                          |
| Other                             | 4,696,110            | 5,294,166            | 5,922,952            | 628,786                            |
| From the Federal government       | 106,570              | 1,273,060            | 276,320              | (996,740)                          |
| Total from other governments      | <u>8,589,310</u>     | <u>10,353,856</u>    | <u>13,008,154</u>    | <u>2,654,298</u>                   |
| Total revenues                    | <u>93,348,300</u>    | <u>95,199,970</u>    | <u>96,780,783</u>    | <u>1,580,813</u>                   |
| <b>Expenditures:</b>              |                      |                      |                      |                                    |
| Departmental:                     |                      |                      |                      |                                    |
| City council                      | 904,900              | 927,913              | 896,550              | 31,363                             |
| Clerk's office                    | 261,850              | 261,850              | 257,585              | 4,265                              |
| City manager                      | 376,130              | 395,630              | 377,096              | 18,534                             |
| Electoral board                   | 256,250              | 256,250              | 244,741              | 11,509                             |
| Treasurer                         | 632,100              | 632,100              | 589,823              | 42,277                             |
| Commissioner of the revenue       | 1,111,870            | 1,111,870            | 1,099,125            | 12,745                             |
| Finance and administration        | 2,936,600            | 2,882,799            | 2,658,671            | 224,128                            |
| Police                            | 13,207,990           | 14,213,357           | 12,953,466           | 1,259,891                          |
| Correction and detention          | 2,895,900            | 3,050,516            | 3,181,542            | (131,026)                          |
| Public works                      | 6,683,230            | 6,839,871            | 6,360,828            | 479,043                            |
| Community development             | 3,379,560            | 4,859,885            | 4,320,696            | 539,189                            |
| Total departmental expenditures   | <u>\$ 32,646,380</u> | <u>\$ 35,432,041</u> | <u>\$ 32,940,123</u> | <u>\$ 2,491,918</u>                |

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

## CITY OF MANASSAS, VIRGINIA

Exhibit E  
Page 2 of 2Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2011

|                                                                      | Adopted<br>Budget | Revised<br>Budget     | Actual               | Variance<br>Positive<br>(Negative) |
|----------------------------------------------------------------------|-------------------|-----------------------|----------------------|------------------------------------|
| <b>Expenditures (continued):</b>                                     |                   |                       |                      |                                    |
| Debt service:                                                        |                   |                       |                      |                                    |
| Principal retirement - general                                       | \$ 872,890        | \$ 665,130            | \$ 1,221,575         | \$ (556,445)                       |
| Principal retirement - schools                                       | 3,605,780         | 3,605,780             | 3,605,775            | 5                                  |
| Interest and fees on long-term debt - general                        | 596,240           | 787,603               | 1,006,754            | (219,151)                          |
| Interest and fees on long-term debt - schools                        | 1,901,600         | 1,804,489             | 1,804,498            | (9)                                |
| Total debt service                                                   | <u>6,976,510</u>  | <u>6,863,002</u>      | <u>7,638,602</u>     | <u>(775,600)</u>                   |
| Shared services                                                      | 4,676,030         | 4,676,030             | 4,676,023            | 7                                  |
| Joint services                                                       | 1,048,480         | 1,181,143             | 1,005,795            | 175,348                            |
| Contributions                                                        | 145,300           | 166,300               | 145,300              | 21,000                             |
| Education                                                            | 46,958,400        | 46,958,400            | 47,123,718           | (165,318)                          |
| Total expenditures                                                   | <u>92,451,100</u> | <u>95,276,916</u>     | <u>93,529,561</u>    | <u>1,747,355</u>                   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>897,200</u>    | <u>(76,946)</u>       | <u>3,251,222</u>     | <u>3,328,168</u>                   |
| <b>Other financing sources (uses):</b>                               |                   |                       |                      |                                    |
| Transfers in                                                         | 1,557,440         | 1,607,440             | 1,769,720            | 162,280                            |
| Transfers out                                                        | (2,454,640)       | (3,266,678)           | (3,001,948)          | 264,730                            |
| Bonds issued                                                         | -                 | 171,183               | -                    | (171,183)                          |
| Premium on refunded bonds                                            | -                 | -                     | 2,297,023            | 2,297,023                          |
| Refunded bonds issued                                                | -                 | -                     | 18,668,189           | 18,668,189                         |
| Payment to bond escrow                                               | -                 | -                     | (20,654,771)         | (20,654,771)                       |
| Total other financing sources (uses)                                 | <u>(897,200)</u>  | <u>(1,488,055)</u>    | <u>(921,787)</u>     | <u>566,268</u>                     |
| <b>Net change in fund balance</b>                                    | <u>\$ -</u>       | <u>\$ (1,565,001)</u> | <u>2,329,435</u>     | <u>\$ 3,894,436</u>                |
| <b>Fund balance, beginning</b>                                       |                   |                       | <u>21,004,054</u>    |                                    |
| <b>Fund balance, ending</b>                                          |                   |                       | <u>\$ 23,333,489</u> |                                    |

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

## CITY OF MANASSAS, VIRGINIA

**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

|                                                           | <u>Electric</u>      | <u>Water</u>         | <u>Sewer</u>         |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|
| <b>Assets</b>                                             |                      |                      |                      |
| Current assets:                                           |                      |                      |                      |
| Equity in pooled cash and investments - unrestricted      | \$ 20,811,499        | \$ 9,711,965         | \$ 7,799,327         |
| Equity in pooled cash and investments - restricted        | -                    | 3,005,486            | -                    |
| Accounts receivable (net of allowance for uncollectibles) | 10,815,812           | 5,102,425            | 2,000,938            |
| Due from other governments                                | 36,352               | -                    | -                    |
| Inventory                                                 | 1,734,242            | 290,218              | 37,881               |
| Total current assets                                      | <u>33,397,905</u>    | <u>18,110,094</u>    | <u>9,838,146</u>     |
| Noncurrent assets:                                        |                      |                      |                      |
| Capital assets:                                           |                      |                      |                      |
| Land and land rights                                      | 220,631              | 1,453,839            | 1,698,365            |
| Buildings and improvements                                | -                    | -                    | -                    |
| Investment in plant                                       | 67,147,870           | 26,955,627           | 16,796,847           |
| Machinery and equipment                                   | 5,103,032            | 349,789              | 84,751               |
| Construction in progress                                  | 4,265,482            | 8,935,444            | 868,954              |
| Purchased capacity                                        | -                    | 9,553,340            | 17,599,709           |
| Less accumulated depreciation                             | (58,565,511)         | (26,701,226)         | (15,244,266)         |
| Total noncurrent assets                                   | <u>18,171,504</u>    | <u>20,546,813</u>    | <u>21,804,360</u>    |
| <b>Total assets</b>                                       | <u>51,569,409</u>    | <u>38,656,907</u>    | <u>31,642,506</u>    |
| <b>Liabilities and net assets</b>                         |                      |                      |                      |
| Current liabilities:                                      |                      |                      |                      |
| Accounts payable                                          | 5,956,665            | 522,802              | 47,397               |
| Retainage payable                                         | -                    | 14,339               | -                    |
| Deposits                                                  | 905,232              | 203,644              | -                    |
| Accrued interest payable                                  | 35,589               | 154,687              | 305,677              |
| Compensated absences -current                             | 72,463               | 28,534               | 10,869               |
| Bonds payable - current                                   | 684,340              | 792,150              | 580,000              |
| Capital lease obligations - current                       | -                    | -                    | -                    |
| Total current liabilities                                 | <u>7,654,289</u>     | <u>1,716,156</u>     | <u>943,943</u>       |
| Noncurrent liabilities:                                   |                      |                      |                      |
| Unearned revenue                                          | -                    | 4,444,837            | 8,050                |
| Advance from other funds                                  | -                    | -                    | -                    |
| Compensated absences                                      | 410,622              | 161,693              | 61,594               |
| OPEB obligations                                          | 234,000              | 114,000              | 52,000               |
| Bonds payable and premium on bonds payable                | 1,086,010            | 9,832,743            | 14,816,392           |
| Total noncurrent liabilities                              | <u>1,730,632</u>     | <u>14,553,273</u>    | <u>14,938,036</u>    |
| <b>Total liabilities</b>                                  | <u>9,384,921</u>     | <u>16,269,429</u>    | <u>15,881,979</u>    |
| Net assets:                                               |                      |                      |                      |
| Invested in capital assets, net of related debt           | 16,401,154           | 9,921,920            | 6,407,968            |
| Restricted for capital projects                           | -                    | 3,005,486            | -                    |
| Unrestricted                                              | 25,783,334           | 9,460,072            | 9,352,559            |
| <b>Total net assets</b>                                   | <u>\$ 42,184,488</u> | <u>\$ 22,387,478</u> | <u>\$ 15,760,527</u> |

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

**Exhibit F**

| <u>Airport</u>       | <u>Other Nonmajor<br/>Enterprise</u> | <u>Total Enterprise</u> | <u>Internal Service<br/>Funds</u> |
|----------------------|--------------------------------------|-------------------------|-----------------------------------|
| \$ 779,545           | \$ 818,168                           | \$ 39,920,504           | \$ 4,259,512                      |
| 54,824               | -                                    | 3,060,310               | -                                 |
| 158,724              | 263,482                              | 18,341,381              | -                                 |
| 148,213              | -                                    | 184,565                 | -                                 |
| -                    | -                                    | 2,062,341               | -                                 |
| <u>1,141,306</u>     | <u>1,081,650</u>                     | <u>63,569,101</u>       | <u>4,259,512</u>                  |
| 6,095,802            | -                                    | 9,468,637               | -                                 |
| -                    | 4,652,249                            | 4,652,249               | 278,484                           |
| 49,411,447           | -                                    | 160,311,791             | -                                 |
| 344,991              | 55,652                               | 5,938,215               | 9,050,176                         |
| 10,215,303           | -                                    | 24,285,183              | -                                 |
| -                    | -                                    | 27,153,049              | -                                 |
| (29,991,092)         | (2,245,710)                          | (132,747,805)           | (8,321,183)                       |
| <u>36,076,451</u>    | <u>2,462,191</u>                     | <u>99,061,319</u>       | <u>1,007,477</u>                  |
| <u>37,217,757</u>    | <u>3,543,841</u>                     | <u>162,630,420</u>      | <u>5,266,989</u>                  |
| 345,158              | 264,841                              | 7,136,863               | 321,520                           |
| 83,065               | -                                    | 97,404                  | -                                 |
| 35,078               | 450                                  | 1,144,404               | -                                 |
| 68,354               | -                                    | 564,307                 | -                                 |
| 8,435                | 2,135                                | 122,436                 | 31,358                            |
| 285,925              | -                                    | 2,342,415               | -                                 |
| -                    | -                                    | -                       | 7,576                             |
| <u>826,015</u>       | <u>267,426</u>                       | <u>11,407,829</u>       | <u>360,454</u>                    |
| 180,423              | -                                    | 4,633,310               | -                                 |
| 392,000              | -                                    | 392,000                 | -                                 |
| 47,797               | 12,096                               | 693,802                 | 179,698                           |
| 28,000               | -                                    | 428,000                 | -                                 |
| 3,382,378            | -                                    | 29,117,523              | -                                 |
| <u>4,030,598</u>     | <u>12,096</u>                        | <u>35,264,635</u>       | <u>179,698</u>                    |
| <u>4,856,613</u>     | <u>279,522</u>                       | <u>46,672,464</u>       | <u>540,152</u>                    |
| 32,016,148           | 2,462,191                            | 67,209,381              | 999,901                           |
| 54,824               | -                                    | 3,060,310               | -                                 |
| 290,172              | 802,128                              | 45,688,265              | 3,726,936                         |
| <u>\$ 32,361,144</u> | <u>\$ 3,264,319</u>                  | <u>\$ 115,957,956</u>   | <u>\$ 4,726,837</u>               |

**CITY OF MANASSAS, VIRGINIA**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2011**

|                                                         | <u>Electric</u>      | <u>Water</u>         | <u>Sewer</u>         |
|---------------------------------------------------------|----------------------|----------------------|----------------------|
| <b>Operating revenues</b>                               |                      |                      |                      |
| Charges for services                                    | \$ 59,885,437        | \$ 9,911,056         | \$ 12,178,264        |
| Connection charges                                      | 181,393              | 849,698              | 2,082,188            |
| Total operating revenues                                | <u>60,066,830</u>    | <u>10,760,754</u>    | <u>14,260,452</u>    |
| <b>Operating expenses</b>                               |                      |                      |                      |
| Personal services                                       | 4,790,773            | 2,299,119            | 926,871              |
| Contractual services                                    | 930,497              | 367,657              | 413,650              |
| Supplies                                                | 1,464,350            | 1,007,710            | 51,385               |
| Internal and other services                             | 1,732,134            | 1,365,562            | 601,877              |
| Purchased power                                         | 48,848,484           | -                    | -                    |
| Contract treatment charges                              | -                    | -                    | 7,719,382            |
| Depreciation and amortization                           | 1,951,650            | 1,200,299            | 1,402,200            |
| Total operating expenses                                | <u>59,717,888</u>    | <u>6,240,347</u>     | <u>11,115,365</u>    |
| <b>Operating income (loss)</b>                          | <u>348,942</u>       | <u>4,520,407</u>     | <u>3,145,087</u>     |
| <b>Nonoperating revenue (expense)</b>                   |                      |                      |                      |
| Intergovernmental grants                                | 154,171              | 31,642               | -                    |
| Interest revenue                                        | 53,214               | 19,856               | 13,478               |
| Service reimbursements                                  | 3,146,475            | -                    | -                    |
| Other                                                   | 196,754              | 16,986               | 36,680               |
| Interest expense                                        | (78,928)             | (415,233)            | (735,706)            |
| Total nonoperating revenue (expense)                    | <u>3,471,686</u>     | <u>(346,749)</u>     | <u>(685,548)</u>     |
| <b>Income (loss) before transfers and contributions</b> | 3,820,628            | 4,173,658            | 2,459,539            |
| Transfers in                                            | -                    | 287,000              | -                    |
| Transfers out                                           | (832,780)            | (357,390)            | (504,270)            |
| Capital Contributions (return)                          | 1,254,738            | 3,067,470            | -                    |
| <b>Change in net assets</b>                             | <u>4,242,586</u>     | <u>7,170,738</u>     | <u>1,955,269</u>     |
| <b>Total net assets - beginning</b>                     | <u>37,941,902</u>    | <u>15,216,740</u>    | <u>13,805,258</u>    |
| <b>Total net assets - ending</b>                        | <u>\$ 42,184,488</u> | <u>\$ 22,387,478</u> | <u>\$ 15,760,527</u> |

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

Exhibit G

| <u>Airport</u>       | <u>Other Nonmajor<br/>Enterprise</u> | <u>Total Enterprise</u> | <u>Internal Service<br/>Funds</u> |
|----------------------|--------------------------------------|-------------------------|-----------------------------------|
| \$ 2,134,108         | \$ 2,963,540                         | \$ 87,072,405           | \$ 6,445,601                      |
| -                    | \$ -                                 | 3,113,279               | -                                 |
| <u>2,134,108</u>     | <u>2,963,540</u>                     | <u>90,185,684</u>       | <u>6,445,601</u>                  |
| 678,940              | 161,279                              | 8,856,982               | 2,161,134                         |
| 190,740              | 2,789,728                            | 4,692,272               | 1,050,265                         |
| 96,146               | 9,730                                | 2,629,321               | 1,505,229                         |
| 343,431              | 330,672                              | 4,373,676               | 1,171,976                         |
| -                    | -                                    | 48,848,484              | -                                 |
| -                    | -                                    | 7,719,382               | -                                 |
| <u>1,836,867</u>     | <u>236,182</u>                       | <u>6,627,198</u>        | <u>589,125</u>                    |
| <u>3,146,124</u>     | <u>3,527,591</u>                     | <u>83,747,315</u>       | <u>6,477,729</u>                  |
| <u>(1,012,016)</u>   | <u>(564,051)</u>                     | <u>6,438,369</u>        | <u>(32,128)</u>                   |
| 98,057               | 5,704                                | 289,574                 | 70,897                            |
| 2,819                | 1,378                                | 90,745                  | 10,508                            |
| -                    | -                                    | 3,146,475               | -                                 |
| (737,396)            | -                                    | (486,976)               | 32,972                            |
| <u>(223,541)</u>     | <u>-</u>                             | <u>(1,453,408)</u>      | <u>(1,336)</u>                    |
| <u>(860,061)</u>     | <u>7,082</u>                         | <u>1,586,410</u>        | <u>113,041</u>                    |
| <u>(1,872,077)</u>   | <u>(556,969)</u>                     | <u>8,024,779</u>        | <u>80,913</u>                     |
| -                    | 284,000                              | 571,000                 | 278,104                           |
| -                    | -                                    | (1,694,440)             | (200,000)                         |
| <u>1,207,506</u>     | <u>-</u>                             | <u>5,529,714</u>        | <u>-</u>                          |
| <u>(664,571)</u>     | <u>(272,969)</u>                     | <u>12,431,053</u>       | <u>159,017</u>                    |
| <u>33,025,715</u>    | <u>3,537,288</u>                     | <u>103,526,903</u>      | <u>4,567,820</u>                  |
| <u>\$ 32,361,144</u> | <u>\$ 3,264,319</u>                  | <u>115,957,956</u>      | <u>\$ 4,726,837</u>               |

**CITY OF MANASSAS, VIRGINIA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2011**

|                                                                                                       | <b>Electric</b>      | <b>Water</b>         | <b>Sewer</b>        |
|-------------------------------------------------------------------------------------------------------|----------------------|----------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                                                           |                      |                      |                     |
| Receipts from customers and users                                                                     | \$ 57,371,135        | \$ 7,358,862         | \$ 14,283,278       |
| Other miscellaneous receipts (expenses)                                                               | 196,754              | 16,986               | 36,680              |
| Payments to suppliers                                                                                 | (51,468,977)         | (1,654,470)          | (8,207,387)         |
| Payments to employees                                                                                 | (4,687,133)          | (2,260,708)          | (914,831)           |
| Payments for interfund services used                                                                  | (1,316,129)          | (925,576)            | (594,192)           |
| Net cash provided (used) by operating activities                                                      | <u>95,650</u>        | <u>2,535,094</u>     | <u>4,603,548</u>    |
| <b>Cash Flows from Noncapital Financing Activities</b>                                                |                      |                      |                     |
| Transfers from other funds                                                                            | -                    | 287,000              | -                   |
| Transfers to other funds                                                                              | (832,780)            | (357,390)            | (504,270)           |
| Receipts from service reimbursements                                                                  | 3,146,475            | 19,856               | -                   |
| Operating grants received                                                                             | 154,171              | -                    | -                   |
| Net cash provided (used) by noncapital and related financing activities                               | <u>2,467,866</u>     | <u>(50,534)</u>      | <u>(504,270)</u>    |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                       |                      |                      |                     |
| Capital grants and contributions received                                                             | 1,254,738            | 3,067,470            | -                   |
| Bonds issued                                                                                          | 597,000              | 3,953,250            | -                   |
| Bonds defeased                                                                                        | (597,000)            | (1,194,550)          | -                   |
| Principal paid on capital debt                                                                        | (626,650)            | (410,010)            | (555,000)           |
| Interest paid on capital debt                                                                         | (78,928)             | (415,233)            | (735,706)           |
| Purchases of capital assets                                                                           | (2,436,435)          | (1,007,208)          | (250,686)           |
| Net cash provided (used) by capital and related financing activities                                  | <u>(1,887,275)</u>   | <u>3,993,719</u>     | <u>(1,541,392)</u>  |
| <b>Cash Flows from Investing Activities</b>                                                           |                      |                      |                     |
| Interest received                                                                                     | 53,214               | 31,642               | 13,478              |
| Net cash provided by investing activities                                                             | <u>53,214</u>        | <u>31,642</u>        | <u>13,478</u>       |
| Net increase in cash and cash equivalents                                                             | 729,455              | 6,509,921            | 2,571,364           |
| Cash and cash equivalents, beginning                                                                  | 20,082,044           | 6,207,530            | 5,227,963           |
| Cash and cash equivalents, ending                                                                     | <u>\$ 20,811,499</u> | <u>\$ 12,717,451</u> | <u>\$ 7,799,327</u> |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                      |                      |                     |
| Operating income (loss)                                                                               | \$ 348,942           | \$ 4,520,407         | \$ 3,145,087        |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                      |                      |                     |
| Depreciation expense                                                                                  | 1,951,650            | 1,200,299            | 1,402,200           |
| Other miscellaneous receipts (expenses)                                                               | 196,754              | 16,986               | 36,680              |
| (Increase) decrease in accounts receivable                                                            | (2,578,263)          | (3,059,393)          | 81,346              |
| (Increase) decrease in due from other governments                                                     | (36,352)             | -                    | -                   |
| (Increase) decrease in inventories                                                                    | (224,140)            | 9,719                | 5,213               |
| Increase (decrease) in OPEB payable                                                                   | 59,000               | 29,000               | 13,000              |
| Increase (decrease) in unearned revenue                                                               | -                    | (347,879)            | (58,520)            |
| Increase (decrease) in customer deposits                                                              | (81,081)             | 5,380                | -                   |
| Increase (decrease) in accounts payable                                                               | 426,680              | 156,199              | (17,877)            |
| Increase (decrease) in compensated absences payable                                                   | 32,460               | 4,376                | (3,581)             |
| Total adjustments                                                                                     | <u>(253,292)</u>     | <u>(1,985,313)</u>   | <u>1,458,461</u>    |
| Net cash provided (used) by operating activities                                                      | <u>\$ 95,650</u>     | <u>\$ 2,535,094</u>  | <u>\$ 4,603,548</u> |

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



Exhibit H

| Airport        | Other Nonmajor<br>Enterprise | Total Enterprise | Internal Service<br>Funds |
|----------------|------------------------------|------------------|---------------------------|
| \$ 3,773,263   | \$ 2,928,269                 | \$ 85,714,807    | \$ 6,445,601              |
| (737,396)      | -                            | (486,976)        | 32,972                    |
| (454,227)      | (2,821,968)                  | (64,607,029)     | (3,133,965)               |
| (678,520)      | (159,952)                    | (8,701,144)      | (2,120,463)               |
| (181,914)      | (285,551)                    | (3,303,362)      | (612,157)                 |
| 1,721,206      | (339,202)                    | 8,616,296        | 611,988                   |
| -              | 284,000                      | 571,000          | 278,104                   |
| -              | -                            | (1,694,440)      | (200,000)                 |
| -              | -                            | 3,166,331        | -                         |
| 98,057         | 5,704                        | 257,932          | 70,897                    |
| 98,057         | 289,704                      | 2,300,823        | 149,001                   |
| 1,207,506      | -                            | 5,529,714        | -                         |
| -              | -                            | 4,550,250        | -                         |
| -              | -                            | (1,791,550)      | -                         |
| (277,959)      | -                            | (1,869,619)      | (27,664)                  |
| (223,541)      | -                            | (1,453,408)      | (1,336)                   |
| (3,259,588)    | -                            | (6,953,917)      | (259,346)                 |
| (2,553,582)    | -                            | (1,988,530)      | (288,346)                 |
| 2,819          | 1,378                        | 102,531          | 10,508                    |
| 2,819          | 1,378                        | 102,531          | 10,508                    |
| (731,500)      | (48,120)                     | 9,031,120        | 483,151                   |
| 1,565,869      | 866,288                      | 33,949,694       | 3,776,361                 |
| \$ 834,369     | \$ 818,168                   | \$ 42,980,814    | \$ 4,259,512              |
| \$ (1,012,016) | \$ (564,051)                 | \$ 6,438,369     | \$ (32,128)               |
| 1,836,867      | 236,182                      | 6,627,198        | 589,125                   |
| (737,396)      | -                            | (486,976)        | 32,972                    |
| 20,145         | (35,270)                     | (5,571,435)      | -                         |
| 1,624,327      | -                            | 1,587,975        | -                         |
| -              | -                            | (209,208)        | -                         |
| 7,000          | -                            | 108,000          | -                         |
| (2,803)        | -                            | (409,202)        | -                         |
| (2,515)        | -                            | (78,216)         | -                         |
| (4,510)        | 23,113                       | 583,605          | (10,204)                  |
| (7,893)        | 824                          | 26,186           | 32,223                    |
| 2,733,222      | 224,849                      | 2,177,927        | 644,116                   |
| \$ 1,721,206   | \$ (339,202)                 | \$ 8,616,296     | \$ 611,988                |

## CITY OF MANASSAS, VIRGINIA

### Notes to the Financial Statements June 30, 2011

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#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting entity

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

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

##### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the City) and its component unit (MCPS). For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from the legally separate component unit.

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

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

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

##### C. Measurement focus, basis of accounting and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or soon enough thereafter. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, sales taxes, other local taxes, and intergovernmental revenue are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues from the use of money and property and from intergovernmental grants are recorded as earned regardless of when collected. The legal and contractual requirements of the individual programs are used as guidance in determining revenue recognition. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the general fund as the only major governmental fund. The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

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

Additionally, the City reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

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

#### **D. Cash, cash equivalents and investments**

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

State statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool and the State Non-Arbitrage Program.

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

Interest earned is allocated to the respective funds, based on each fund's equity in the pooled account, except when the interest earnings are restricted. \$19,705 of interest earned on invested bond proceeds in the transportation fund was allocated to the general fund. Because the use of these earnings is restricted, they are held in the general fund until budgeted and appropriated for an allowable use.

#### **E. Receivables and payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal years are referred to as "advances to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

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

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

#### **F. Inventories and prepaid items**

Inventories of the enterprise funds are valued at cost using the first-in/first-out (FIFO) method. The cost is recorded as an expense at the time the individual inventory items are consumed. Inventories at June 30, 2011 of the governmental fund types and the internal service funds are not material and are recognized as expenditures/expenses when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. There are no prepaid items in the current fiscal year.

#### **G. Capital assets**

Capital assets, which include property, plant, equipment, intangibles, and infrastructure (i.e., roads, bridges, storm water management structures, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City and MCPS as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical cost records exist. Donated capital assets are valued at their estimated fair market value on the date received. Assets recorded under capital lease agreements are recorded at lower of fair value or net present value of future minimum lease payments on the date of lease inception.

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

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

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

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

#### **H. Compensated absences**

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

#### **I. Long-term obligations**

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

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

#### **J. Fund equity / Net assets**

Net assets are the difference between assets and liabilities. In government-wide and proprietary fund financial statements, net assets are classified as *invested in capital asset net of related debt, restricted, and unrestricted*. Net assets invested in capital asset net of related debt represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

The City and MCPS implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) this fiscal year. GASB 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

In the fund financial statements, governmental funds report five classifications of fund balances. The classifications and a description of each follow.

- Nonspendable – amounts not in a spendable format (inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund)
- Restricted – amounts constrained to specific purposes by their providers (grantors, bondholders) through constitutional provisions, or by enabling legislation

- Committed – amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts can not be used for any other purpose unless the government takes the same highest level action to remove or change the constraint
- Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority
- Unassigned – amounts that are available for any purpose; positive amounts are only reported in the general fund

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The City Council establishes (and modifies or rescinds) fund balance commitments by passage of a 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). With adoption of its fund balance policy, the City Council formalized their decision not to assign fund balances or grant that authority to any individual. In the general fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 13% of the actual GAAP basis operating revenues less payment in lieu of debt service from MCPS.

#### **K. Encumbrances**

Encumbrance accounting, the recording of commitments resulting from approved purchase orders and contracts, is employed by the City for its governmental fund types. Encumbrances outstanding at fiscal year-end lapse and are reappropriated and reencumbered in the next fiscal year as an amendment to the adopted budget. The City's material encumbrances are for capital projects and are disclosed in Note 10 C Construction commitments.

#### **L. Restricted assets**

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

#### **M. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. For the year ended June 30, 2011, the general fund estimated uncollectible taxes receivable in the amount of \$699,446. The electric, water, sewer, airport funds and solid waste funds estimated uncollectible accounts receivable in the amounts of \$52,425, \$10,042, \$10,055, \$1,402 and \$1,324 respectively. Accordingly, actual results could differ from these estimates.

#### **N. Governmental fund types**

The City and MCPS implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) this fiscal year. GASB 54 provides comprehensive definitions of the governmental fund types. The City's general fund is used to account for and report all financial resources not accounted for and reported in any other fund. Special revenue funds account for and reports financial resources that are restricted or committed to expenditures for a specific purpose. The City has ten special revenue funds. Capital projects funds account for and report financial resources that are restricted or committed to expenditures for capital outlays. The City has four capital projects funds. Permanent funds account for and report resources that are restricted such that only earnings may be used for the intended purpose. The City has one permanent fund.

### **NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Budgetary information**

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

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

The City's appropriated budget is prepared by fund and department. Appropriations are legally controlled at the fund level. The City Council must approve all transfers between funds. The budget is administratively controlled at the department level. The City Manager may approve transfers between departments within a fund. The City's department heads may transfer budgeted appropriations within a department within a fund. The City Council approved supplemental appropriations in the general fund totaling \$3,925,455 in fiscal year 2011, which included \$91,910 of outstanding encumbrances at June 30, 2010. Appropriations to MCPS are legally controlled at the total appropriation level.

#### **B. Deficit fund equity**

The museum publishing fund had a deficit fund balance in the amount of \$10,653 as of June 30, 2011. The museum publishing fund accounts for the publishing and sale of printed material related to the history of the area. In fiscal year 2010 a book was published at a cost of \$35,000. This fund may continue to carry a negative fund balance until revenue from the sale of this book offsets the cost of publishing the book.

### **NOTE 3 DEPOSITS AND INVESTMENTS**

#### **A. Deposits and investments**

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

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

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

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

**Credit risk.** The City has no investment policy that would further limit its investment choices. The City pre-qualifies all banks, financial institutions, and other depositories and ensures that they demonstrate an acceptable level of financial stability both before receiving or managing the City's funds and periodically thereafter. As of June 30, 2011, the City's investment in the Local Government Investment Pool and the Virginia State Non-Arbitrage Program were rated AAA by Standard & Poor's. All of the City's investments in U.S. agencies carry the explicit guarantee of the U.S. government.

**Concentration of credit risk.** The City places no limit on the amount the City may invest in any one issuer. Eighty – eight percent (88%) of the City's investments are in the Local Government Investment Pool.

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

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

As of June 30, 2011, the reporting unit had the following deposits and investments:

| <u>Deposits and investments</u>                    | <u>Years to maturity</u> | <u>Fair value</u>           |
|----------------------------------------------------|--------------------------|-----------------------------|
| <b>Primary government:</b>                         |                          |                             |
| U.S. government agency obligations                 | 5.00                     | \$ 999,634                  |
| Local Government Investment Pool                   | 0.00                     | 69,086,136                  |
| Virginia State Non-Arbitrage Program               | 0.00                     | 7,809,693                   |
| Wells Fargo VML 2010 Bond                          | -                        | 903,968                     |
| Commonwealth cash reserve fund                     | 0.00                     | 54,824                      |
| Deposits and cash equivalents (temporally deficit) | 0.00                     | (1,157,983)                 |
| Total primary government                           |                          | <u>77,696,272</u>           |
| <b>MCPS:</b>                                       |                          |                             |
| Deposits and cash equivalents                      | 0.00                     | <u>14,194,131</u>           |
| Total MCPS                                         |                          | <u>14,194,131</u>           |
| Total reporting unit                               |                          | <u><u>\$ 91,890,403</u></u> |



#### NOTE 4 RECEIVABLES

Receivables at June 30, 2011, for the City's individual major funds, nonmajor and other funds, and the component unit MCPS consist of the following:

| <u>Funds:</u>            | <u>Taxes</u>        | <u>Accounts</u>      | <u>Gross</u><br><u>receivables</u> | <u>Less:</u><br><u>allowance for</u><br><u>uncollectibles</u> | <u>Net</u><br><u>total</u><br><u>receivables</u> |
|--------------------------|---------------------|----------------------|------------------------------------|---------------------------------------------------------------|--------------------------------------------------|
| General                  | \$ 3,130,549        | \$ 120,774           | \$ 3,251,323                       | \$ (699,446)                                                  | \$ 2,551,877                                     |
| Nonmajor governmental    | 218,520             | 5,925                | 224,445                            | -                                                             | 224,445                                          |
| Electric                 | -                   | 10,868,237           | 10,868,237                         | (52,425)                                                      | 10,815,812                                       |
| Water                    | -                   | 5,112,467            | 5,112,467                          | (10,042)                                                      | 5,102,425                                        |
| Sewer                    | -                   | 2,010,993            | 2,010,993                          | (10,055)                                                      | 2,000,938                                        |
| Airport                  | -                   | 160,126              | 160,126                            | (1,402)                                                       | 158,724                                          |
| Nonmajor business type   | -                   | 264,806              | 264,806                            | (1,324)                                                       | 263,482                                          |
| Total primary government | <u>\$ 3,349,069</u> | <u>\$ 18,543,328</u> | <u>\$ 21,892,397</u>               | <u>\$ (774,694)</u>                                           | <u>\$ 21,117,703</u>                             |
| MCPS                     | <u>\$ -</u>         | <u>\$ 1,177,241</u>  | <u>\$ 1,177,241</u>                | <u>\$ -</u>                                                   | <u>\$ 1,177,241</u>                              |

Due from other governments:

| <u>Due to:</u>           | <u>Federal</u>      | <u>State</u>        | <u>Local</u>     | <u>Total</u>        |
|--------------------------|---------------------|---------------------|------------------|---------------------|
| General                  | \$ 259,953          | \$ 1,805,751        | \$ 65,650        | \$ 2,131,354        |
| Electric                 | 36,352              | -                   | -                | 36,352              |
| Nonmajor governmental    | 90,266              | 2,423,216           | -                | 2,513,482           |
| Airport                  | 67,661              | 80,552              | -                | 148,213             |
| Total primary government | <u>\$ 454,232</u>   | <u>\$ 4,309,519</u> | <u>\$ 65,650</u> | <u>\$ 4,829,401</u> |
| MCPS                     | <u>\$ 1,605,121</u> | <u>\$ 1,971,829</u> | <u>\$ -</u>      | <u>\$ 3,576,950</u> |

#### NOTE 5 CAPITAL ASSETS

The following is a schedule of changes in capital asset activity of the primary government for the year ended June 30, 2011:

|                                             | <u>June 30, 2010</u> | <u>Additions</u>   | <u>Deletions</u> | <u>June 30, 2011</u> |
|---------------------------------------------|----------------------|--------------------|------------------|----------------------|
| <b>Governmental activities:</b>             |                      |                    |                  |                      |
| Capital assets, not being depreciated:      |                      |                    |                  |                      |
| Land and land rights                        | \$ 84,882,264        | \$ -               | \$ -             | \$ 84,882,264        |
| Construction in progress                    | 6,510,561            | 8,287,329          | (496,247)        | 14,301,643           |
| Total capital assets not being depreciated  | <u>91,392,825</u>    | <u>8,287,329</u>   | <u>(496,247)</u> | <u>99,183,907</u>    |
| Capital assets, being depreciated:          |                      |                    |                  |                      |
| Buildings and improvements                  | 28,339,162           | 180,115            | -                | 28,519,277           |
| Machinery and equipment                     | 11,950,588           | 273,671            | (100,414)        | 12,123,845           |
| Infrastructure                              | 154,277,422          | 1,103,957          | (257,061)        | 155,124,318          |
| Total capital assets being depreciated      | <u>194,567,172</u>   | <u>1,557,743</u>   | <u>(357,475)</u> | <u>195,767,440</u>   |
| Less accumulated depreciation for:          |                      |                    |                  |                      |
| Buildings and improvements                  | (19,966,064)         | (629,427)          | -                | (20,595,491)         |
| Machinery and Equipment                     | (10,354,567)         | (737,897)          | 100,414          | (10,992,050)         |
| Infrastructure                              | (61,995,552)         | (4,116,275)        | 257,061          | (65,854,766)         |
| Total accumulated depreciation              | <u>(92,316,183)</u>  | <u>(5,483,599)</u> | <u>357,475</u>   | <u>(97,442,307)</u>  |
| Total capital assets being depreciated, net | <u>102,250,989</u>   | <u>(3,925,856)</u> | <u>-</u>         | <u>98,325,133</u>    |
| Governmental activities capital assets, net | <u>193,643,814</u>   | <u>4,361,473</u>   | <u>(496,247)</u> | <u>197,509,040</u>   |

**Business-type activities:****Capital assets, not being depreciated:**

|                                            |            |           |           |            |
|--------------------------------------------|------------|-----------|-----------|------------|
| Land and land rights                       | 9,468,637  | -         | -         | 9,468,637  |
| Construction in progress                   | 19,511,880 | 5,417,669 | (644,366) | 24,285,183 |
| Total capital assets not being depreciated | 28,980,517 | 5,417,669 | (644,366) | 33,753,820 |

**Capital assets, being depreciated:**

|                                        |             |         |           |             |
|----------------------------------------|-------------|---------|-----------|-------------|
| Investment in plant                    | 159,667,453 | 644,338 | -         | 160,311,791 |
| Buildings and improvements             | 4,652,249   | -       | -         | 4,652,249   |
| Machinery and equipment                | 5,876,271   | 238,359 | (176,415) | 5,938,215   |
| Purchased Capacity                     | 27,153,049  | -       | -         | 27,153,049  |
| Total capital assets being depreciated | 197,349,022 | 882,697 | (176,415) | 198,055,304 |

**Less accumulated depreciation for:**

|                                |               |             |         |               |
|--------------------------------|---------------|-------------|---------|---------------|
| Investment in plant            | (110,616,344) | (4,768,958) | -       | (115,385,302) |
| Buildings and improvements     | (1,961,013)   | (232,613)   | -       | (2,193,626)   |
| Machinery and equipment        | (5,309,858)   | (239,121)   | 176,415 | (5,372,564)   |
| Purchased Capacity             | (8,409,807)   | (1,386,506) | -       | (9,796,313)   |
| Total accumulated depreciation | (126,297,022) | (6,627,198) | 176,415 | (132,747,805) |

**Total capital assets being depreciated, net**

|                                              |                |              |                |                |
|----------------------------------------------|----------------|--------------|----------------|----------------|
| Business-type activities capital assets, net | 71,052,000     | (5,744,501)  | -              | 65,307,499     |
| Total primary government                     | 100,032,517    | (326,832)    | (644,366)      | 99,061,319     |
|                                              | \$ 293,676,331 | \$ 4,034,641 | \$ (1,140,613) | \$ 296,570,359 |

The following is a schedule of changes in capital assets of the component unit MCPS for the year ended June 30, 2011:

|                                               | June 30, 2010 | Additions      | Deletions | June 30, 2011 |
|-----------------------------------------------|---------------|----------------|-----------|---------------|
| <b>Capital assets, not being depreciated:</b> |               |                |           |               |
| Land and land rights                          | \$ 2,336,649  | \$ -           | \$ -      | \$ 2,336,649  |
| Total capital assets not being depreciated    | 2,336,649     | -              | -         | 2,336,649     |
| <b>Capital assets, being depreciated:</b>     |               |                |           |               |
| Buildings and improvements                    | 122,837,241   | 1,466,504      | -         | 124,303,745   |
| Machinery and equipment                       | 7,395,830     | 81,263         | (6,500)   | 7,470,593     |
| Total capital assets being depreciated        | 130,233,071   | 1,547,767      | (6,500)   | 131,774,338   |
| <b>Less accumulated depreciation for:</b>     |               |                |           |               |
| Buildings and improvements                    | (72,730,899)  | (3,790,470)    | -         | (76,521,369)  |
| Machinery and equipment                       | (5,163,721)   | (578,888)      | 6,500     | (5,736,109)   |
| Total accumulated depreciation                | (77,894,620)  | (4,369,358)    | 6,500     | (82,257,478)  |
| Total capital assets being depreciated, net   | 52,338,451    | (2,821,591)    | -         | 49,516,860    |
| MCPS capital assets, net                      | \$ 54,675,100 | \$ (2,821,591) | \$ -      | \$ 51,853,509 |

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

Governmental activities:

|                                                                                                                                    |                     |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| General Government                                                                                                                 | \$ 177,581          |
| Public Safety                                                                                                                      | 233,022             |
| Public Works                                                                                                                       | 4,150,274           |
| Health and Welfare                                                                                                                 | 2,645               |
| Culture and Recreation                                                                                                             | 330,952             |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets | 589,125             |
| Total depreciation expense - governmental activities                                                                               | <u>\$ 5,483,599</u> |

Business type activities:

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Electric                                              | \$ 1,951,650        |
| Water                                                 | 1,200,299           |
| Sewer                                                 | 1,402,200           |
| Airport                                               | 1,836,867           |
| City Square Pavilion                                  | 108,419             |
| Candy Factory                                         | 127,763             |
| Total depreciation expense - business type activities | <u>\$ 6,627,198</u> |

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

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

#### NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The interfund balances as of June 30, 2011 are as follows:

| Advances from/to other funds |                                      |                     |
|------------------------------|--------------------------------------|---------------------|
| Receivable Fund              | Payable Fund                         | Amount              |
| General                      | Family Services                      | \$ 1,383            |
| General                      | Owens Brooke District                | 49,597              |
| General                      | Museum Publishing                    | 10,653              |
| General                      | Transportation Capital Projects Fund | 2,231,597           |
| General                      | Airport                              | 392,000             |
| Total                        |                                      | <u>\$ 2,685,230</u> |

In 2002 the general fund lent the Owens Brooke District fund \$213,000 to repair the streets in the district. In 2008 the general fund lent the airport fund \$1,960,000 to purchase property for airport expansion projects. Both funds have made payments to bring the balances to the amounts in the table. The interfund loans from the general fund to the family services and museum publishing funds are for short term obligations of these funds at June 30, 2011.

The primary purpose of interfund transfers is to provide funding for operations and capital projects. The interfund transfers for the fiscal year 2011 are as follows:

| Transfers out          | Transfers in        |                       |                  |                     |                   | Total Transfers Out |
|------------------------|---------------------|-----------------------|------------------|---------------------|-------------------|---------------------|
|                        | General Fund        | Nonmajor Governmental | Water            | Nonmajor Enterprise | Internal Service  |                     |
| General fund           | \$ -                | \$ 2,439,844          | \$ -             | \$ 284,000          | \$ 278,104        | \$ 3,001,948        |
| Nonmajor governmental  | 162,280             | 106,238               | -                | -                   | -                 | 268,518             |
| Electric fund          | 832,780             | -                     | -                | -                   | -                 | 832,780             |
| Water fund             | 357,390             | -                     | -                | -                   | -                 | 357,390             |
| Sewer fund             | 217,270             | -                     | 287,000          | -                   | -                 | 504,270             |
| Internal service funds | 200,000             | -                     | -                | -                   | -                 | 200,000             |
| Total transfers in     | <u>\$ 1,769,720</u> | <u>\$ 2,546,082</u>   | <u>\$287,000</u> | <u>\$ 284,000</u>   | <u>\$ 278,104</u> | <u>\$ 5,164,906</u> |

#### NOTE 7 PAYABLES

Payables at June 30, 2011, for the City and MCPS consist of the following:

|                             | Accrued Payroll and Related |                   |                      |                     | Total Payables      |
|-----------------------------|-----------------------------|-------------------|----------------------|---------------------|---------------------|
|                             | Accounts                    | Retainages        | Liabilities          | Deposits            |                     |
| General fund                | \$ 898,884                  | \$ -              | \$ 883,396           | \$ 1,571,307        | \$ 3,353,587        |
| Nonmajor governmental funds | 981,623                     | 150,988           | 205,437              | 9,803               | 1,347,851           |
| Electric fund               | 5,796,017                   | -                 | 160,648              | 905,232             | 6,861,897           |
| Water fund                  | 449,645                     | 14,339            | 73,157               | 203,644             | 740,785             |
| Sewer fund                  | 16,086                      | -                 | 31,311               | -                   | 47,397              |
| Airport fund                | 322,805                     | 83,065            | 22,353               | 35,078              | 463,301             |
| Nonmajor enterprise funds   | 261,648                     | -                 | 3,193                | 450                 | 265,291             |
| Internal service funds      | 110,745                     | -                 | 210,775              | -                   | 321,520             |
| Total primary government    | <u>8,837,453</u>            | <u>248,392</u>    | <u>1,590,270</u>     | <u>2,725,514</u>    | <u>13,401,629</u>   |
| MCPS                        | <u>1,993,800</u>            | <u>-</u>          | <u>9,018,323</u>     | <u>-</u>            | <u>11,012,123</u>   |
| Total reporting unit        | <u>\$ 10,831,253</u>        | <u>\$ 248,392</u> | <u>\$ 10,608,593</u> | <u>\$ 2,725,514</u> | <u>\$24,413,752</u> |

#### NOTE 8 DEFERRED AND UNEARNED REVENUES

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2011, the deferred revenues reported on the fund financial statements for the governmental funds are as follows:

|                                                           | Deferred Revenue    |
|-----------------------------------------------------------|---------------------|
| General fund                                              |                     |
| Property taxes receivable                                 | \$ 1,917,283        |
| Vehicle license taxes and bank franchise taxes receivable | 165,727             |
| Nonmajor governmental funds                               |                     |
| Property taxes receivable                                 | 187,752             |
| Total deferred revenues                                   | <u>\$ 2,270,762</u> |

On the statement of net assets, unearned revenues are liabilities for assets which have been received but for which the revenue has not yet been earned. The balances of unearned revenues at June 30, 2011 on the statement of net assets for governmental and business-type activities are as follows:

|                                                                | <u>Unearned Revenue</u>            |                                     |
|----------------------------------------------------------------|------------------------------------|-------------------------------------|
|                                                                | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
| <b>General Fund</b>                                            |                                    |                                     |
| Vehicle License and Bank Franchise Taxes                       | \$ 165,727                         | \$ -                                |
| <b>Water fund</b>                                              |                                    |                                     |
| Prepaid connection fees                                        | -                                  | 1,650                               |
| Water capacity sold to Prince William County Service Authority | -                                  | 2,650,695                           |
| Water capacity sold to City of Manassas Park                   | -                                  | 1,792,491                           |
| <b>Sewer fund</b>                                              |                                    |                                     |
| Prepaid connection fees                                        | -                                  | 8,050                               |
| <b>Airport Fund</b>                                            |                                    |                                     |
| Leases and rentals                                             | -                                  | 180,424                             |
| <b>Total unearned revenues</b>                                 | <u>\$ 165,727</u>                  | <u>\$ 4,633,310</u>                 |

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

#### **NOTE 9 LEASES**

##### **A. Operating**

The City has various leases for real estate and equipment with non-cancelable lease terms. Total rental expense under operating leases of the primary government for the year ended June 30, 2011 was \$306,492. The future minimum lease payments for these leases are as follows:

| <u>Fiscal year<br/>ending June 30</u> | <u>Governmental<br/>Activities</u> |
|---------------------------------------|------------------------------------|
| 2012                                  | \$ 239,417                         |
| 2013                                  | 239,417                            |
| 2014                                  | 239,417                            |
| 2015                                  | 84,909                             |
| 2016                                  | 5,055                              |
| 2017-2020                             | 20,220                             |
| <b>Total minimum lease payments</b>   | <u>\$ 828,435</u>                  |

##### **B. Capital**

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

The assets acquired through capital leases are as follows:

|                                | Governmental<br>Activities | MCPS              |
|--------------------------------|----------------------------|-------------------|
| Assets:                        |                            |                   |
| Animal Shelter                 | \$ 3,079,522               | \$ -              |
| Street Sweeper                 | 147,251                    | -                 |
| Telephone System               | -                          | 1,110,719         |
| Less: Accumulated depreciation | (1,225,083)                | (165,716)         |
| Total                          | <u>\$ 2,001,690</u>        | <u>\$ 945,003</u> |

The following is a schedule of future minimum lease payments for capital leases at June 30, 2011:

| Fiscal year<br>ending June 30                  | Govenmental<br>Activities | MCPS              |
|------------------------------------------------|---------------------------|-------------------|
| 2012                                           | \$ 344,692                | \$ 163,870        |
| 2013                                           | 346,934                   | 163,870           |
| 2014                                           | 357,341                   | 163,870           |
| 2015                                           | 181,311                   | 163,870           |
| 2016                                           | -                         | 40,967            |
| Total minimum lease payments                   | <u>1,230,278</u>          | <u>696,447</u>    |
| Less-amount representing interest              | <u>(79,744)</u>           | <u>(57,358)</u>   |
| Present value of future minimum lease payments | <u>\$ 1,150,534</u>       | <u>\$ 639,089</u> |

#### NOTE 10 LONG-TERM DEBT

##### A. City debt and related interest to maturity

The City issues general obligation bonds to provide funds for acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. All outstanding bonds are serial bonds. All authorized debt has been issued. There is no overlapping debt for the City. General obligation bonds and State literary fund loans outstanding as of June 30, 2011, are summarized on the next page.

| Purpose                                                     | Series                    | Interest rates | Amount        |
|-------------------------------------------------------------|---------------------------|----------------|---------------|
| Governmental activities - public improvements               | Series 2005 A Refunding   | 3.50 - 5.25%   | \$ 284,660    |
| Governmental activities - public improvements               | Series 2005 B             | 3.25 - 5.00%   | 9,711,000     |
| Governmental activities - public improvements               | Series 2010 ABC VML/VACo  | 2.00 - 6.07%   | 2,200,000     |
| Governmental activities - public improvements               | Series 2010 D             | 2.00 - 5.00%   | 2,871,300     |
| Governmental activities - public improvements               | Series 2010 E Refunding   | 2.00 - 3.00%   | 2,580,450     |
| Governmental activities - school facilities                 | Series 2004               | 3.00 - 5.00%   | 6,400,000     |
| Governmental activities - school facilities                 | Series 2005 A Refunding   | 3.50 - 5.25%   | 9,963,500     |
| Governmental activities - school facilities                 | Series 2005 B             | 3.25 - 5.00%   | 6,474,000     |
| Governmental activities - school facilities                 | Series 2010 D Refunding   | 2.00 - 5.00%   | 15,915,000    |
| Total general obligation bonds for governmental activities  |                           |                | 56,399,910    |
| Governmental activities - school facilities                 | State literary fund loans | 3.00 - 6.00%   | 225,000       |
| Total governmental activities                               |                           |                | 56,624,910    |
| Business-type activities - sewer system                     | Series 2007 VML/VACo      | 4.25 - 5.00%   | 14,855,000    |
| Business-type activities - electric system                  | Series 2005 A Refunding   | 3.50 - 5.25%   | 1,200,000     |
| Business-type activities - electric system                  | Series 2010 E Refunding   | 2.00 - 3.00%   | 570,350       |
| Business-type activities - water system                     | Series 2005 A Refunding   | 3.50 - 5.25%   | 1,646,840     |
| Business-type activities - water system                     | Series 2009 VRA Refunding | 4.13 - 5.13%   | 1,850,000     |
| Business-type activities - water system                     | Series 2010 ABC VML/VACo  | 2.00 - 6.07%   | 2,915,000     |
| Business-type activities - water system                     | Series 2010 D             | 2.00 - 5.00%   | 2,758,700     |
| Business-type activities - water system                     | Series 2010 E Refunding   | 2.00 - 3.00%   | 1,139,200     |
| Business-type activities - airport system                   | Series 1994 B             | 5.50 - 6.00%   | 150,000       |
| Business-type activities - airport system                   | Series 1994 C             | 5.40 - 6.10%   | 225,000       |
| Business-type activities - airport system                   | Series 2004 VARF          | 5.00%          | 1,068,303     |
| Business-type activities - airport system                   | Series 2005 C             | 5.25 - 5.50%   | 2,225,000     |
| Total general obligation bonds for business-type activities |                           |                | 30,603,393    |
| Total general obligation bonds and State literary loans     |                           |                | \$ 87,228,303 |

General obligation bonds and State literary fund loans outstanding as of June 30, 2011 are totaled by series below:

| Series                    | Interest rates | Amount        |
|---------------------------|----------------|---------------|
| Series 1994 B             | 5.50 - 6.00%   | \$ 150,000    |
| Series 1994 C             | 5.40 - 6.10%   | 225,000       |
| Series 2004               | 3.00 - 5.00%   | 6,400,000     |
| Series 2004 VARF          | 5.00%          | 1,068,303     |
| Series 2005 A Refunding   | 3.50 - 5.25%   | 13,095,000    |
| Series 2005 B             | 3.25 - 5.00%   | 16,185,000    |
| Series 2005 C             | 5.25 - 5.50%   | 2,225,000     |
| Series 2007 VML/VACo      | 4.25 - 5.00%   | 14,855,000    |
| Series 2009 VRA Refunding | 4.13 - 5.13%   | 1,850,000     |
| Series 2010 ABC VML/VACo  | 2.00 - 6.07%   | 5,115,000     |
| Series 2010 D             | 2.00 - 5.00%   | 5,630,000     |
| Series 2010 D Refunding   | 2.00 - 5.00%   | 15,915,000    |
| Series 2010 E Refunding   | 2.00 - 3.00%   | 4,290,000     |
| General obligations bonds |                | 87,003,303    |
| State literary fund loans |                | 225,000       |
| Total                     |                | \$ 87,228,303 |

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

| Fiscal year<br>ending<br>June 30 | Governmental activities   |                      |                           |                  | Business-type activities  |                      |
|----------------------------------|---------------------------|----------------------|---------------------------|------------------|---------------------------|----------------------|
|                                  | General Obligations Bonds |                      | State Literary Fund Loans |                  | General Obligations Bonds |                      |
|                                  | Principal                 | Interest             | Principal                 | Interest         | Principal                 | Interest             |
| 2012                             | \$ 4,518,510              | \$ 2,351,933         | \$ 225,000                | \$ 12,250        | \$ 2,342,415              | \$ 1,415,071         |
| 2013                             | 4,546,870                 | 2,187,900            | -                         | -                | 2,387,172                 | 1,318,128            |
| 2014                             | 4,574,210                 | 2,017,807            | -                         | -                | 1,833,108                 | 1,218,013            |
| 2015                             | 4,605,260                 | 1,819,344            | -                         | -                | 1,750,502                 | 1,140,438            |
| 2016                             | 4,629,190                 | 1,626,761            | -                         | -                | 1,815,193                 | 1,064,219            |
| 2017-2021                        | 18,111,820                | 5,508,895            | -                         | -                | 8,411,223                 | 4,092,745            |
| 2022-2026                        | 14,108,250                | 3,488,826            | -                         | -                | 8,144,579                 | 2,085,392            |
| 2027-2031                        | 1,305,800                 | 178,307              | -                         | -                | 3,919,201                 | 332,734              |
| Total                            | <u>\$ 56,399,910</u>      | <u>\$ 19,179,773</u> | <u>\$ 225,000</u>         | <u>\$ 12,250</u> | <u>\$ 30,603,393</u>      | <u>\$ 12,666,740</u> |

## B. Changes in long-term liabilities

During the year ended June 30, 2011, the following changes occurred in long-term liabilities:

|                                  | June 30, 2010       | Additions           | Reductions            | June 30, 2011       | Due Within<br>One Year |
|----------------------------------|---------------------|---------------------|-----------------------|---------------------|------------------------|
| <b>Primary Government</b>        |                     |                     |                       |                     |                        |
| Governmental activities:         |                     |                     |                       |                     |                        |
| General obligation bonds payable | \$57,601,950        | \$21,489,750        | \$(22,691,790)        | \$56,399,910        | \$4,518,510            |
| State literary loans payable     | 512,275             | -                   | (287,275)             | 225,000             | 225,000                |
| Premium on bonds                 | 64,277              | 2,331,766           | (119,977)             | 2,276,066           | -                      |
| Deferred amount on refunding     | -                   | (1,674,463)         | -                     | (1,674,463)         | -                      |
| Note Payable                     | 250,973             | -                   | (250,973)             | -                   | -                      |
| Capital leases                   | 1,483,960           | -                   | (333,426)             | 1,150,534           | 330,087                |
| Compensated absences             | 2,393,456           | 1,950,134           | (2,065,780)           | 2,277,810           | 372,730                |
| OPEB obligation payable          | 2,012,000           | 685,000             | -                     | 2,697,000           | -                      |
| Total governmental activities    | <u>64,318,891</u>   | <u>24,782,187</u>   | <u>(25,749,221)</u>   | <u>63,351,857</u>   | <u>5,446,327</u>       |
| Business-type activities:        |                     |                     |                       |                     |                        |
| General obligation bonds         | 29,714,312          | 4,550,250           | (3,661,169)           | 30,603,393          | 2,342,415              |
| Premium on bonds                 | 660,425             | 246,789             | (50,669)              | 856,545             | -                      |
| Compensated absences             | 790,052             | 665,173             | (638,987)             | 816,238             | 122,436                |
| OPEB obligation payable          | 320,000             | 108,000             | -                     | 428,000             | -                      |
| Total business-type activities   | <u>31,484,789</u>   | <u>5,570,212</u>    | <u>(4,350,825)</u>    | <u>32,704,176</u>   | <u>2,464,851</u>       |
| <b>Total Primary Government</b>  | <u>\$95,803,680</u> | <u>\$30,352,399</u> | <u>\$(30,100,046)</u> | <u>\$96,056,033</u> | <u>\$7,911,178</u>     |
| <b>MCPS</b>                      |                     |                     |                       |                     |                        |
| Capital leases                   | \$ 774,794          | \$ -                | \$ (135,705)          | \$ 639,089          | \$ 141,059             |
| Compensated absences             | 1,829,750           | 2,516,048           | (2,427,936)           | 1,917,862           | 287,679                |
| OPEB obligation payable          | 904,000             | 326,000             | -                     | 1,230,000           | -                      |
| <b>Total MCPS</b>                | <u>\$ 3,508,544</u> | <u>\$ 2,842,048</u> | <u>\$ (2,563,641)</u> | <u>\$ 3,786,951</u> | <u>\$ 428,738</u>      |

The General Fund is used to liquidate compensated absences and the OPEB obligation for the City's governmental activities and the School Fund is used to liquidate the MCPS compensated absences and OPEB obligation. The enterprise funds are used to liquidate the compensated absences and OPEB of those operations.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$211,056 of compensated absences and \$7,576 of capital leases are included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.



### C. Construction commitments

The City has active construction projects as of June 30, 2011. The projects include the widening and construction of existing streets, city hall, police facility improvements and electric, water, sewer, and airport projects. At year end, the City's commitments with contractors are as follows:

|                           | Spent-to-date        | Remaining<br>Commitments |
|---------------------------|----------------------|--------------------------|
| General capital projects  | \$ 1,064,639         | \$ 32,254                |
| Streets capital projects  | 3,443,801            | 3,072,369                |
| Storm water management    | 40,896               | 32,973                   |
| Sewer capital projects    | 868,953              | 10,186                   |
| Water capital projects    | 7,949,170            | 7,193,201                |
| Electric capital projects | 607,535              | 343,338                  |
| Airport capital projects  | 9,508,749            | 1,744,633                |
| Total                     | <u>\$ 23,483,743</u> | <u>\$ 12,428,954</u>     |

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

### D. Defeasance of long-term debt

On July 9, 2010, the City issued a \$15,915,000 General Obligation Refunding Bond, Series 2010 D, (refunding bond). This refunding bond was authorized by the Charter of the City and the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991. Refunding bond was issued to refund \$16,000,000 aggregate principal amount of the City's \$31,500,000 General Obligation Bond Series 2004 (refunded bond D). The net proceeds (\$17,831,354) of the refunding bond were placed in an irrevocable trust to provide for all future debt service payments on the refunded bond. Accordingly, the trust account assets and the liability for the refunded bond are not included in the City's financial statements. On June 30, 2011, \$16,000,000 in principal of the refunded bond is considered defeased by the City. This refunding was undertaken to reduce total debt service payments over the next fifteen years by \$773,860 and resulted in a net present value savings of \$640,836 (4.02%).

On July 9, 2010, the City issued a \$4,495,000 General Obligation Refunding Bond, Series 2010 E, (refunding bond). The refunding bond was authorized by the Charter of the City and the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991. Refunding bond was issued to refund \$4,500,000 aggregate principal amount of the City's \$10,550,000 General Obligation Bond Series 1999 (refunded bond). The net proceeds (\$4,614,968) of the refunding bond were placed in an irrevocable trust to provide for all future debt service payments on the refunded bond. Accordingly, the trust account assets and the liability for the refunded bond are not included in the City's financial statements. On June 30, 2011, \$3,950,000 in principal of the refunded bond is considered defeased by the City. This refunding was undertaken to reduce total debt service payments over the next eight years by \$538,069 and resulted in a net present value savings of \$431,906 (9.6%).

In prior years, the City defeased Series 1994A, 1995, 1996A, and 1997A and 2002 of General Obligation Bonds by placing the net proceeds from the issuance of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2011, \$15,350,000 in principal of bonds outstanding for these bonds is considered defeased by the City.

### E. Bonded debt issuances

On July 9, 2010, the City issued \$5,630,000 General Obligation Bond Series 2010D, to finance the acquisition, construction, and equipping of road improvements, public safety improvements and water system improvements. Bond Series 2010D are tax-exempt bonds with interest rates ranging from 2.0% to 5%. The maturity date for all three issues is March 15, 2030.

## NOTE 11 RISK MANAGEMENT

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

## NOTE 12 JOINT VENTURES

### A. Upper Occoquan Sewage Authority

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

Each jurisdiction has a percentage share of UOSA's capacity. The City does not recognize an investment in UOSA because the participants do not have an equity interest. Each jurisdiction's percentage share of UOSA's capacity as of June 30, 2011 is as follows:

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

UOSA's current operating costs and annual debt service is funded by each of the participants based on their allocated capacity with certain modifications. UOSA currently has five Sewage System Revenue Bond issues outstanding: two issued in 1995, one issued in 2003, one issued in 2004, and one issued in 2005. The sewer enterprise fund is funding 100 percent of the City's share of the debt issues. As of June 30, 2011, the City's committed share of UOSA's remaining debt service (including interest) is as follows:

| Fiscal year<br>ending June 30 | Principal            | Interest             | Total                |
|-------------------------------|----------------------|----------------------|----------------------|
| 2012                          | \$ 461,089           | \$ 1,430,612         | \$ 1,891,701         |
| 2013                          | 484,144              | 1,407,558            | 1,891,702            |
| 2014                          | 507,558              | 1,384,009            | 1,891,567            |
| 2015                          | 530,129              | 1,361,497            | 1,891,626            |
| 2016                          | 556,932              | 1,334,500            | 1,891,432            |
| 2017-2021                     | 3,284,396            | 6,215,165            | 9,499,561            |
| 2022-2026                     | 3,926,730            | 5,319,897            | 9,246,627            |
| 2027-2031                     | 5,043,827            | 4,275,954            | 9,319,781            |
| 2032-2036                     | 6,071,481            | 3,016,886            | 9,088,367            |
| 2037-2041                     | 7,606,527            | 1,479,886            | 9,086,413            |
| 2042                          | 1,395,619            | 69,781               | 1,465,400            |
| Total                         | <u>\$ 29,868,432</u> | <u>\$ 27,295,745</u> | <u>\$ 57,164,177</u> |

The sewer fund made payments in fiscal year 2011 for its share of UOSA's operating costs and debt service costs of \$5,905,896 and \$1,813,486, respectively. The sewer fund capitalizes its share of UOSA's construction costs as

purchased capacity. These costs are amortized over 20 years, the estimated useful life of the system constructed. No construction costs were paid or capitalized in 2011.

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

#### **B. Potomac and Rappahannock Transportation Commission**

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

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

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

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

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

#### **NOTE 13 CONTINGENT LIABILITIES**

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

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

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

**A. Plan description**

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

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

All full-time, salaried permanent (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 as early as 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 35 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% 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 a Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for member 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 Website at <http://www.varetire.org/Pdf/publications/2010-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**B. Funding policy**

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 and has been assumed by

the employer. In addition, the City and MCPS are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's and MCPS's non-professional employer contribution rates for the fiscal year ended 2011 were 8.82% and 7.04% of annual covered payroll, respectively.

The MCPS's contributions for professional employees were \$4,350,523, \$5,705,278, and \$6,840,952 to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009. The contribution rates for 2010 and 2009 were 8.81% and 8.81% respectively. The contribution rate for fiscal year ended 2011 was 3.93%

### C. Annual pension cost

For fiscal year 2011, the City's annual pension cost of \$3,691,481 was equal to the City's required and actual contributions.

For fiscal year 2011, MCPS's annual pension cost for the non-professional employees was \$542,834 which was equal to the MCPS's required and actual contributions.

| <u>Fiscal year<br/>ending June 30</u> | <u>Annual<br/>Pension<br/>Cost</u> | <u>Percentage<br/>of Annual<br/>Pension Cost<br/>Contributed</u> | <u>Net<br/>Pension<br/>Obligation</u> |
|---------------------------------------|------------------------------------|------------------------------------------------------------------|---------------------------------------|
| City:                                 |                                    |                                                                  |                                       |
| 2009                                  | \$ 3,944,561                       | 100%                                                             | -                                     |
| 2010                                  | 3,736,658                          | 100%                                                             | -                                     |
| 2011                                  | 3,691,481                          | 100%                                                             |                                       |
| MCPS - School Professional:           |                                    |                                                                  |                                       |
| 2009                                  | \$ 6,840,952                       | 100%                                                             | -                                     |
| 2010                                  | 5,705,278                          | 100%                                                             | -                                     |
| 2011                                  | 4,350,523                          | 100%                                                             | -                                     |
| MCPS - School Non-professional:       |                                    |                                                                  |                                       |
| 2009                                  | \$ 599,641                         | 100%                                                             | -                                     |
| 2010                                  | 589,787                            | 100%                                                             | -                                     |
| 2011                                  | 542,834                            | 100%                                                             | -                                     |

The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2010 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls 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

As of June 30, 2010, the most recent actuarial valuation date, the City's plan was 75.60% funded. The actuarial accrued liability for benefits was \$102,464,991, and the actuarial value of assets was \$77,458,846, resulting in an unfunded actuarial accrued liability (UAAL) of \$25,006,145. The covered payroll (annual payroll of active employees covered by the plan) was \$24,027,386, and ratio of the UAAL to the covered payroll was 104.07%.

As of June 30, 2010, the most recent actuarial valuation date, the City School Board's plan was 81.23% funded. The actuarial accrued liability for benefits was \$12,816,020, and the actuarial value of assets was \$10,410,616, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,405,404. The covered payroll (annual payroll of active employees covered by the plan) was \$4,626,278, and ratio of the UAAL to the covered payroll was 51.99%.

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

#### **NOTE 15 OTHER POST EMPLOYMENT BENEFITS – HEALTH CARE INSURANCE**

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

##### **A. Plan Descriptions**

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

Membership in the City's plan consisted of the following at June 30, 2011 the date of the last actuarial valuation.

- (1) Number of Participants
  - a. Active Employees 414
  - b. Retirees (Pre-Medicare) 24
- (2) Active Statistics
  - a. Average Age 42.58
  - b. Average Service 10.34
- (3) Inactive Statistics – Average Age 56.65

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

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

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

##### **B. OPEB Cost and Net OPEB Obligation**

The City's and MCPS's OPEB costs are based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represent the level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded liabilities over a

period of not to exceed thirty years. The following table shows the components of the City's and MCPS's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's and MCPS's net OPEB obligation.

|                                            | City               | MCPS                |
|--------------------------------------------|--------------------|---------------------|
| Annual required contribution               | \$ 980,000         | \$ 656,000          |
| Interest on net OPEB obligation            | 93,280             | 36,160              |
| Adjustment to annual required contribution | (89,692)           | (34,769)            |
| Annual OPEB cost (expense)                 | \$ 983,588         | \$ 657,391          |
| Contributions made                         | (190,588)          | (331,391)           |
| Increase in net OPEB obligation            | \$ 793,000         | \$ 326,000          |
| Net OPEB obligation-beginning of year      | 2,332,000          | 904,000             |
| Net OPEB obligation-end of year            | <u>\$3,125,000</u> | <u>\$ 1,230,000</u> |

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

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--------------------------------------------|---------------------|
| City:             |                  |                                            |                     |
| June 30, 2011     | \$ 983,588       | 19.38%                                     | \$ 3,125,000        |
| June 30, 2010     | 988,491          | 19.78%                                     | 2,332,000           |
| June 30, 2009     | 984,000          | 19.41%                                     | 1,539,000           |
| MCPS:             |                  |                                            |                     |
| June 30, 2011     | \$ 657,391       | 50.41%                                     | \$ 1,230,000        |
| June 30, 2010     | 658,000          | 50.46%                                     | 904,000             |
| June 30, 2009     | 485,000          | 40.41%                                     | 578,000             |

### C. Funded Status and Funding Progress

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

|                                   | City          | MCPS          |
|-----------------------------------|---------------|---------------|
| Actuarial Valuation Date          | June 30, 2011 | June 30, 2010 |
| Actuarial Value of Assets         | -             | -             |
| Actuarial Accrued Liability (AAL) | 3,893,700     | 6,469,000     |
| Unfunded ALL (UALL)               | 3,893,700     | 6,469,000     |
| Funded Ratio                      | 0.0%          | 0.0%          |
| Covered Payroll                   | 24,650,600    | 54,983,529    |
| UAAL as a % of covered payroll    | 15.80%        | 11.77%        |

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

### D. Actuarial Methods and Assumptions

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

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

|                               | City                                         | MCPS                                         |
|-------------------------------|----------------------------------------------|----------------------------------------------|
| Actuarial Valuation Date      | June 30, 2011                                | June 30, 2010                                |
| Actuarial Cost Method         | Projected Unit Credit                        | Projected Unit Credit                        |
| Amortization Method           | Level Percentage of Covered Payroll,<br>Open | Level Percentage of Covered Payroll,<br>Open |
| Remaining Amortization Period | 26 years                                     | 27 years                                     |
| Asset Valuation Method        | Weighted Average                             | Weighted Average                             |
| Actuarial Assumptions:        |                                              |                                              |
| Investment Rate of Return     | 4%                                           | 4%                                           |
| Healthcare Cost Trend Rate    | 6.30%                                        | 6.70%                                        |
| Initial                       | 10.10%                                       | 9.00%                                        |
| Ultimate                      | 4.70%                                        | 5.10%                                        |

#### **NOTE 16 OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE CREDIT PROGRAM**

##### **A. Plan Descriptions**

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

An employee of the City or a nonprofessional employee of MCPS, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45. The health insurance credit program for professional employees of MCPS is described in section F. of this note.

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

##### **B. Funding policy**

As a participating local political subdivision, the City is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The City's and MCPS's contribution rates for the fiscal year ended 2011 were .17% and .31% of annual covered payroll respectively.

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

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



For FY 2011, the City's contribution of \$41,116 and MCPS's contribution of \$13,626 were equal to the ARC and OPEB cost. The City's and MCPS's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

| <u>Fiscal<br/>Year<br/>Ended</u> | <u>Annual<br/>OPEB<br/>Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net<br/>OPEB<br/>Obligation</u> |
|----------------------------------|---------------------------------|-----------------------------------------------------------|------------------------------------|
| City:                            |                                 |                                                           |                                    |
| June 30, 2010                    | \$ 45,070                       | 100.00%                                                   | \$ -                               |
| June 30, 2011                    | 41,116                          | 100.00%                                                   | -                                  |
| MCPS:                            |                                 |                                                           |                                    |
| June 30, 2010                    | \$ 14,822                       | 100.00%                                                   | \$ -                               |
| June 30, 2011                    | 13,626                          | 100.00%                                                   | -                                  |

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

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

|                                   | <u>City</u>   | <u>MCPS</u>   |
|-----------------------------------|---------------|---------------|
| Actuarial Valuation Date          | June 30, 2010 | June 30, 2010 |
| Actuarial Accrued Liability (AAL) | \$ 757,809    | \$ 209,137    |
| Actuarial Value of Assets         | \$ 316,177    | \$ 90,491     |
| Unfunded AAL                      | \$ 441,632    | \$ 118,646    |
| Funded Ratio                      | 41.7%         | 43.3%         |
| Covered Payroll                   | \$24,027,386  | \$ 4,626,278  |
| UAAL as a % of covered payroll    | 1.84%         | 2.56%         |

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plans assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

|                               | City                          | MCPS                          |
|-------------------------------|-------------------------------|-------------------------------|
| Actuarial Valuation Date      | June 30, 2010                 | June 30, 2010                 |
| Actuarial Cost Method         | Entry Age Normal              | Entry Age Normal              |
| Amortization Method           | Level Percentage of Pay, Open | Level Percentage of Pay, Open |
| Remaining Amortization Period | 26 years                      | 26 years                      |
| Asset Valuation Method        | Market Value of Assets        | Market Value of Assets        |
| Actuarial Assumptions:        |                               |                               |
| Investment Rate of Return     | 7.00%                         | 7.00%                         |
| Payroll Growth Rate           | 3.00%                         | 3.00%                         |
| Includes Inflation at         | 2.50%                         | 2.50%                         |

**F. Professional Employees – MCPS**

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

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of 1) twice the amount of their creditable service or 2) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

MCPS is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$273,905, \$360,014, and \$496,187, respectively and equaled the required contributions for each year.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

## CITY OF MANASSAS, VIRGINIA

Exhibit I

**Required Supplementary Information**  
**Schedule of Funding Progress**  
**For the Year Ended June 30, 2011**

| Actuarial<br>Valuation<br>Date                                          | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>Percentage of<br>Covered<br>Payroll |
|-------------------------------------------------------------------------|---------------------------------|--------------------------------------------|---------------------------------------------------------|-----------------|--------------------|--------------------------------------------------|
| <b>DEFINED BENEFIT PENSION PLAN - VIRGINIA RETIREMENT SYSTEM</b>        |                                 |                                            |                                                         |                 |                    |                                                  |
| City:                                                                   |                                 |                                            |                                                         |                 |                    |                                                  |
| June 30, 2004                                                           | 48,946,660                      | 54,288,274                                 | 5,341,614                                               | 90.16%          | 19,945,310         | 26.78%                                           |
| June 30, 2005                                                           | 52,064,600                      | 64,476,297                                 | 12,411,697                                              | 80.75%          | 20,966,473         | 59.20%                                           |
| June 30, 2006                                                           | 57,094,713                      | 68,626,617                                 | 11,531,904                                              | 83.20%          | 22,319,352         | 51.67%                                           |
| June 30, 2007                                                           | 65,621,081                      | 76,078,525                                 | 10,457,444                                              | 86.25%          | 23,114,993         | 45.24%                                           |
| June 30, 2008                                                           | 73,779,202                      | 85,755,182                                 | 11,975,980                                              | 86.03%          | 24,813,583         | 48.26%                                           |
| June 30, 2009                                                           | 76,006,358                      | 92,408,582                                 | 16,402,224                                              | 82.25%          | 25,791,951         | 63.59%                                           |
| June 30, 2010                                                           | 77,458,846                      | 102,464,991                                | 25,006,145                                              | 75.60%          | 24,027,386         | 104.07%                                          |
| MCPS Non-professional:                                                  |                                 |                                            |                                                         |                 |                    |                                                  |
| June 30, 2004                                                           | 6,099,900                       | 6,072,609                                  | (27,291)                                                | 100.45%         | 3,442,809          | -0.79%                                           |
| June 30, 2005                                                           | 6,421,523                       | 6,999,229                                  | 577,706                                                 | 91.75%          | 3,445,137          | 16.77%                                           |
| June 30, 2006                                                           | 7,027,778                       | 8,044,926                                  | 1,017,148                                               | 87.36%          | 3,663,405          | 27.77%                                           |
| June 30, 2007                                                           | 8,166,242                       | 9,304,100                                  | 1,137,858                                               | 87.77%          | 4,207,745          | 27.04%                                           |
| June 30, 2008                                                           | 9,335,615                       | 10,468,078                                 | 1,132,463                                               | 89.18%          | 4,640,181          | 24.41%                                           |
| June 30, 2009                                                           | 9,949,758                       | 11,446,211                                 | 1,496,453                                               | 86.93%          | 4,768,932          | 31.38%                                           |
| June 30, 2010                                                           | 10,410,616                      | 12,816,020                                 | 2,405,404                                               | 81.23%          | 4,626,278          | 51.99%                                           |
| <b>OTHER POST EMPLOYMENT BENEFITS - HEALTH CARE INSURANCE</b>           |                                 |                                            |                                                         |                 |                    |                                                  |
| City:                                                                   |                                 |                                            |                                                         |                 |                    |                                                  |
| June 30, 2008                                                           | \$ -                            | \$ 4,505,000                               | \$ 4,505,000                                            | 0.00%           | \$ 24,329,932      | 18.50%                                           |
| June 30, 2009                                                           | -                               | 4,829,000                                  | 4,829,000                                               | 0.00%           | 28,037,244         | 17.22%                                           |
| June 30, 2010                                                           | -                               | 4,829,000                                  | 4,829,000                                               | 0.00%           | 28,037,244         | 17.22%                                           |
| June 30, 2011                                                           | -                               | 3,893,700                                  | 3,893,700                                               | 0.00%           | 24,650,600         | 15.80%                                           |
| MCPS:                                                                   |                                 |                                            |                                                         |                 |                    |                                                  |
| June 30, 2008                                                           | -                               | 4,420,000                                  | 4,420,000                                               | 0.00%           | 47,373,740         | 9.30%                                            |
| June 30, 2009                                                           | -                               | 4,420,000                                  | 4,420,000                                               | 0.00%           | 50,664,847         | 8.72%                                            |
| June 30, 2010                                                           | -                               | 6,134,000                                  | 6,134,000                                               | 0.00%           | 55,299,023         | 11.09%                                           |
| June 30, 2011                                                           | -                               | 6,469,000                                  | 6,469,000                                               | 0.00%           | 54,983,529         | 11.77%                                           |
| <b>OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE CREDIT PROGRAM</b> |                                 |                                            |                                                         |                 |                    |                                                  |
| City:                                                                   |                                 |                                            |                                                         |                 |                    |                                                  |
| June 30, 2007                                                           | \$ 237,081                      | \$ 930,352                                 | \$ 693,271                                              | 25.48%          | \$ 23,114,993      | 3.00%                                            |
| June 30, 2008                                                           | 267,003                         | 791,109                                    | 524,106                                                 | 33.75%          | 24,813,583         | 2.11%                                            |
| June 30, 2009                                                           | 247,181                         | 689,723                                    | 442,542                                                 | 35.84%          | 25,791,951         | 1.72%                                            |
| June 30, 2010                                                           | 316,177                         | 757,809                                    | 441,632                                                 | 41.72%          | 24,027,386         | 1.84%                                            |
| MCPS Non-professional:                                                  |                                 |                                            |                                                         |                 |                    |                                                  |
| June 30, 2007                                                           | 47,134                          | 268,455                                    | 221,321                                                 | 17.56%          | 4,207,745          | 5.26%                                            |
| June 30, 2008                                                           | 66,601                          | 210,781                                    | 144,180                                                 | 31.60%          | 4,640,181          | 3.11%                                            |
| June 30, 2009                                                           | 64,674                          | 180,372                                    | 115,698                                                 | 35.86%          | 4,768,932          | 2.43%                                            |
| June 30, 2010                                                           | 90,491                          | 209,137                                    | 118,646                                                 | 43.27%          | 4,626,278          | 2.56%                                            |

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULES**

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

*Family Services Fund* – to account for revenues from the Federal government and the Commonwealth that are restricted for social services, housing, and human services programs.

*Family Services Publishing Fund* – to account for revenues from the sale of the book “My Mom Has a Job” and committed by City Council for social service programs.

*PEG Fund* – to account for revenue received for cable surcharge fees and restricted by the contract with the cable companies for communications.

*Owens Brooke District Fund* – to account for real estate tax revenues levied and collected for maintaining the roads of the Owens Brooke District.

*Fire Rescue Fund* – to account for real estate tax revenues levied and collected for expenditures of the fire and rescue function.

*Merchant Museum Fund* – to account for donations received from the Merchant family which are restricted by contract for expenditures of the Museum System.

*Museum Collections Fund* – to account for donations received which are restricted for expenditures related to the Manassas Museum collection of artifacts.

*Museum Publishing Fund* – to account for revenues from the sales of museum publications which the City Council has committed to expenditures for future publications .

*Speiden Carper House* – to account for a donation received from the Carper family which is restricted by the contract for expenditures to maintain the historical Speiden Carper House.

*Manassas Landing* – to account for the lease revenues from buildings at Manassas Landing which City Council has committed for future development of Manassas Landing.

## CAPITAL PROJECTS FUNDS

*General Capital Projects Fund* – to account for federal and state grants and bonds which are restricted and local funds which City Council has committed for expenditures to purchase and/or construct capital facilities for general government functions.

*Gateway Capital Projects Fund* – to account for federal and state grants and bonds which are restricted and local funds which City Council has committed for expenditures to develop Manassas Landing.

*Transportation Capital Projects Fund* – to account for federal and state grants and bonds which are restricted and local funds which City Council has committed for expenditures to construct new streets and highways.

*Storm Water Management Capital Projects Fund* – to account for federal and state revenues and bonds which are restricted and local funds which City Council has committed for expenditures to construct storm water facilities.

## PERMANENT FUND

*Cemetery Maintenance Fund* – to account for fees from the sale of cemetery plots which are invested in a perpetual card fund established in the City Code of Ordinances. The Code stipulates that \$100,000 of the fees are to remain intact and any amount in excess of \$100,000 is restricted for expenditures for cemetery maintenance.

## CITY OF MANASSAS, VIRGINIA

Exhibit J

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

|                                                    | Combined<br>Special<br>Revenue<br>Funds | Combined<br>Capital<br>Project<br>Funds | Permanent<br>Fund<br>Cemetery<br>Maintenance | Total<br>Nonmajor<br>Governmental<br>Funds |
|----------------------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------------------|
| <b>Assets</b>                                      |                                         |                                         |                                              |                                            |
| Cash and investments                               | \$ 2,868,909                            | \$ 1,103,052                            | \$ 183,279                                   | \$ 4,155,240                               |
| Cash and investments - restricted                  | -                                       | 4,863,154                               | -                                            | 4,863,154                                  |
| Receivable (net of allowances for uncollectibles): |                                         |                                         |                                              |                                            |
| Taxes receivable                                   | 218,520                                 | -                                       | -                                            | 218,520                                    |
| Accounts receivable                                | 5,925                                   | -                                       | -                                            | 5,925                                      |
| Due from other governments                         | 453,169                                 | 2,060,313                               | -                                            | 2,513,482                                  |
| <b>Total assets</b>                                | <u>\$ 3,546,523</u>                     | <u>\$ 8,026,519</u>                     | <u>\$ 183,279</u>                            | <u>\$ 11,756,321</u>                       |
| <b>Liabilities and fund balances</b>               |                                         |                                         |                                              |                                            |
| <b>Liabilities:</b>                                |                                         |                                         |                                              |                                            |
| Accounts payable                                   | \$ 484,482                              | \$ 702,578                              | \$ -                                         | \$ 1,187,060                               |
| Retainage payable                                  | -                                       | 150,988                                 | -                                            | 150,988                                    |
| Deposits                                           | 9,803                                   | -                                       | -                                            | 9,803                                      |
| Due to other governments                           | -                                       | 2,547,029                               | -                                            | 2,547,029                                  |
| Deferred revenues                                  | 187,752                                 | -                                       | -                                            | 187,752                                    |
| Advances from other funds                          | 61,633                                  | 2,231,597                               | -                                            | 2,293,230                                  |
| <b>Total liabilities</b>                           | <u>743,670</u>                          | <u>5,632,192</u>                        | <u>-</u>                                     | <u>6,375,862</u>                           |
| <b>Fund balances:</b>                              |                                         |                                         |                                              |                                            |
| <b>Nonspendable:</b>                               |                                         |                                         |                                              |                                            |
| Permanent fund principal                           | -                                       | -                                       | 100,000                                      | 100,000                                    |
| <b>Restricted:</b>                                 |                                         |                                         |                                              |                                            |
| Communication systems                              | 154,034                                 | -                                       | -                                            | 154,034                                    |
| Road maintenance                                   | 45,223                                  | -                                       | -                                            | 45,223                                     |
| Fire rescue system                                 | 1,122,056                               | -                                       | -                                            | 1,122,056                                  |
| Museum system                                      | 1,287,147                               | -                                       | -                                            | 1,287,147                                  |
| Bond proceeds for capital projects                 | -                                       | 4,863,154                               | -                                            | 4,863,154                                  |
| Cemetery maintenance                               | -                                       | -                                       | 83,279                                       | 83,279                                     |
| <b>Committed:</b>                                  |                                         |                                         |                                              |                                            |
| Social services programs                           | 56,401                                  | -                                       | -                                            | 56,401                                     |
| Museum system                                      | 11,463                                  | -                                       | -                                            | 11,463                                     |
| Economic development                               | 137,182                                 | -                                       | -                                            | 137,182                                    |
| Capital projects                                   | -                                       | 225,600                                 | -                                            | 225,600                                    |
| <b>Unassigned</b>                                  | <u>(10,653)</u>                         | <u>(2,694,427)</u>                      | <u>-</u>                                     | <u>(2,705,080)</u>                         |
| <b>Total fund balances</b>                         | <u>2,802,853</u>                        | <u>2,394,327</u>                        | <u>183,279</u>                               | <u>5,380,459</u>                           |
| <b>Total liabilities and fund balances</b>         | <u>\$ 3,546,523</u>                     | <u>\$ 8,026,519</u>                     | <u>\$ 183,279</u>                            | <u>\$ 11,756,321</u>                       |

## CITY OF MANASSAS, VIRGINIA

Exhibit K

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2011**

|                                                                      | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Project<br/>Funds</b> | <b>Permanent<br/>Fund<br/>Cemetery<br/>Maintenance</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|----------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| <b>Revenues</b>                                                      |                                      |                                      |                                                        |                                                      |
| General property taxes                                               | \$ 5,583,825                         | \$ -                                 | \$ -                                                   | \$ 5,583,825                                         |
| Use of money and property                                            | 216,768                              | -                                    | 473                                                    | 217,241                                              |
| Charges for services                                                 | 462,657                              | -                                    | -                                                      | 462,657                                              |
| Miscellaneous                                                        | 149,678                              | 23,000                               | -                                                      | 172,678                                              |
| Intergovernmental                                                    | 3,802,734                            | 3,290,512                            | -                                                      | 7,093,246                                            |
| Total revenues                                                       | <u>10,215,662</u>                    | <u>3,313,512</u>                     | <u>473</u>                                             | <u>13,529,647</u>                                    |
| <b>Expenditures</b>                                                  |                                      |                                      |                                                        |                                                      |
| Current:                                                             |                                      |                                      |                                                        |                                                      |
| General government administration                                    | 4,341                                | -                                    | -                                                      | 4,341                                                |
| Public safety                                                        | 6,459,608                            | -                                    | -                                                      | 6,459,608                                            |
| Public works                                                         | 37,484                               | -                                    | -                                                      | 37,484                                               |
| Health and welfare                                                   | 5,192,560                            | -                                    | -                                                      | 5,192,560                                            |
| Culture, recreation, and community development                       | 5,187                                | -                                    | -                                                      | 5,187                                                |
| Capital outlay                                                       | -                                    | 8,449,150                            | -                                                      | 8,449,150                                            |
| Total expenditures                                                   | <u>11,699,180</u>                    | <u>8,449,150</u>                     | <u>-</u>                                               | <u>20,148,330</u>                                    |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(1,483,518)</u>                   | <u>(5,135,638)</u>                   | <u>473</u>                                             | <u>(6,618,683)</u>                                   |
| <b>Other financing sources (uses)</b>                                |                                      |                                      |                                                        |                                                      |
| Transfers in                                                         | 2,088,316                            | 457,766                              | -                                                      | 2,546,082                                            |
| Transfers out                                                        | (162,280)                            | (106,238)                            | -                                                      | (268,518)                                            |
| Bonds issued                                                         | -                                    | 2,871,300                            | -                                                      | 2,871,300                                            |
| Premium on bonds issued                                              | -                                    | 256,862                              | -                                                      | 256,862                                              |
| Total other financing sources (uses)                                 | <u>1,926,036</u>                     | <u>3,479,690</u>                     | <u>-</u>                                               | <u>5,405,726</u>                                     |
| <b>Net change in fund balances</b>                                   | <u>442,518</u>                       | <u>(1,655,948)</u>                   | <u>473</u>                                             | <u>(1,212,957)</u>                                   |
| <b>Fund balances - beginning</b>                                     | <u>2,360,335</u>                     | <u>4,050,275</u>                     | <u>182,806</u>                                         | <u>6,593,416</u>                                     |
| <b>Fund balances - ending</b>                                        | <u>\$ 2,802,853</u>                  | <u>\$ 2,394,327</u>                  | <u>\$ 183,279</u>                                      | <u>\$ 5,380,459</u>                                  |





## CITY OF MANASSAS, VIRGINIA

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011**

|                                                    | <b>Family<br/>Services</b> | <b>Family<br/>Services<br/>Publishing</b> | <b>PEG</b>        | <b>Owens<br/>Brooke<br/>District</b> |
|----------------------------------------------------|----------------------------|-------------------------------------------|-------------------|--------------------------------------|
| <b>Assets</b>                                      |                            |                                           |                   |                                      |
| Cash and investments                               | \$ -                       | \$ 56,401                                 | \$ 154,034        | \$ 95,048                            |
| Receivable (net of allowances for uncollectibles): |                            |                                           |                   |                                      |
| Taxes receivable                                   | -                          | -                                         | -                 | 154                                  |
| Accounts receivable                                | -                          | -                                         | -                 | -                                    |
| Due from other governments                         | 293,833                    | -                                         | -                 | -                                    |
| <b>Total assets</b>                                | <b>293,833</b>             | <b>56,401</b>                             | <b>154,034</b>    | <b>95,202</b>                        |
| <b>Liabilities and fund balances</b>               |                            |                                           |                   |                                      |
| <b>Liabilities:</b>                                |                            |                                           |                   |                                      |
| Accounts payable                                   | 282,647                    | -                                         | -                 | 228                                  |
| Deposits                                           | 9,803                      | -                                         | -                 | -                                    |
| Deferred revenues                                  | -                          | -                                         | -                 | 154                                  |
| Advances from other funds                          | 1,383                      | -                                         | -                 | 49,597                               |
| <b>Total liabilities</b>                           | <b>293,833</b>             | <b>-</b>                                  | <b>-</b>          | <b>49,979</b>                        |
| <b>Fund balances:</b>                              |                            |                                           |                   |                                      |
| <b>Restricted:</b>                                 |                            |                                           |                   |                                      |
| Communication systems                              | -                          | -                                         | 154,034           | -                                    |
| Road maintenance                                   | -                          | -                                         | -                 | 45,223                               |
| Fire rescue system                                 | -                          | -                                         | -                 | -                                    |
| Museum system                                      | -                          | -                                         | -                 | -                                    |
| <b>Committed:</b>                                  |                            |                                           |                   |                                      |
| Social services programs                           | -                          | 56,401                                    | -                 | -                                    |
| Museum system                                      | -                          | -                                         | -                 | -                                    |
| Economic development                               | -                          | -                                         | -                 | -                                    |
| Unassigned (deficit)                               | -                          | -                                         | -                 | -                                    |
| <b>Total fund balances</b>                         | <b>-</b>                   | <b>56,401</b>                             | <b>154,034</b>    | <b>45,223</b>                        |
| <b>Total liabilities and fund balances</b>         | <b>\$ 293,833</b>          | <b>\$ 56,401</b>                          | <b>\$ 154,034</b> | <b>\$ 95,202</b>                     |

**Exhibit L**

| <b>Fire<br/>Rescue</b> | <b>Merchant<br/>Museum</b> | <b>Museum<br/>Collections</b> | <b>Museum<br/>Publishing</b> | <b>Spelden<br/>Carper<br/>House</b> | <b>Manassas<br/>Landing</b> | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> |
|------------------------|----------------------------|-------------------------------|------------------------------|-------------------------------------|-----------------------------|---------------------------------------------------------|
| \$ 1,127,037           | \$ 840,973                 | \$ 11,937                     | \$ -                         | \$ 446,297                          | \$ 137,182                  | \$ 2,868,909                                            |
| 218,366                | -                          | -                             | -                            | -                                   | -                           | 218,520                                                 |
| 5,925                  | -                          | -                             | -                            | -                                   | -                           | 5,925                                                   |
| 159,336                | -                          | -                             | -                            | -                                   | -                           | 453,169                                                 |
| <u>1,510,664</u>       | <u>840,973</u>             | <u>11,937</u>                 | <u>-</u>                     | <u>446,297</u>                      | <u>137,182</u>              | <u>3,546,523</u>                                        |
| 201,010                | -                          | 474                           | -                            | 123                                 | -                           | 484,482                                                 |
| -                      | -                          | -                             | -                            | -                                   | -                           | 9,803                                                   |
| 187,598                | -                          | -                             | -                            | -                                   | -                           | 187,752                                                 |
| -                      | -                          | -                             | 10,653                       | -                                   | -                           | 61,633                                                  |
| <u>388,608</u>         | <u>-</u>                   | <u>474</u>                    | <u>10,653</u>                | <u>123</u>                          | <u>-</u>                    | <u>743,670</u>                                          |
| -                      | -                          | -                             | -                            | -                                   | -                           | 154,034                                                 |
| -                      | -                          | -                             | -                            | -                                   | -                           | 45,223                                                  |
| 1,122,056              | -                          | -                             | -                            | -                                   | -                           | 1,122,056                                               |
| -                      | 840,973                    | -                             | -                            | 446,174                             | -                           | 1,287,147                                               |
| -                      | -                          | -                             | -                            | -                                   | -                           | 56,401                                                  |
| -                      | -                          | 11,463                        | -                            | -                                   | -                           | 11,463                                                  |
| -                      | -                          | -                             | -                            | -                                   | 137,182                     | 137,182                                                 |
| -                      | -                          | -                             | (10,653)                     | -                                   | -                           | (10,653)                                                |
| <u>1,122,056</u>       | <u>840,973</u>             | <u>11,463</u>                 | <u>(10,653)</u>              | <u>446,174</u>                      | <u>137,182</u>              | <u>2,802,853</u>                                        |
| <u>\$ 1,510,664</u>    | <u>\$ 840,973</u>          | <u>\$ 11,937</u>              | <u>\$ -</u>                  | <u>\$ 446,297</u>                   | <u>\$ 137,182</u>           | <u>\$ 3,546,523</u>                                     |

**CITY OF MANASSAS, VIRGINIA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2011**

|                                                                      | <b>Family<br/>Services</b> | <b>Family<br/>Services<br/>Publishing</b> | <b>PEG</b>        | <b>Owens<br/>Brooke<br/>District</b> |
|----------------------------------------------------------------------|----------------------------|-------------------------------------------|-------------------|--------------------------------------|
| <b>Revenues</b>                                                      |                            |                                           |                   |                                      |
| General property taxes                                               | \$ -                       | \$ -                                      | \$ -              | \$ 40,254                            |
| Use of money and property                                            | -                          | 146                                       | -                 | 269                                  |
| Charges for services                                                 | 38,807                     | -                                         | -                 | -                                    |
| Miscellaneous                                                        | -                          | -                                         | 96,956            | -                                    |
| Intergovernmental                                                    | 3,236,504                  | -                                         | -                 | -                                    |
| Total revenues                                                       | <u>3,275,311</u>           | <u>146</u>                                | <u>96,956</u>     | <u>40,523</u>                        |
| <b>Expenditures</b>                                                  |                            |                                           |                   |                                      |
| Current:                                                             |                            |                                           |                   |                                      |
| General government administration                                    | -                          | -                                         | 4,341             | -                                    |
| Public safety                                                        | -                          | -                                         | -                 | -                                    |
| Public works                                                         | -                          | -                                         | -                 | 17,683                               |
| Health and welfare                                                   | 5,192,560                  | -                                         | -                 | -                                    |
| Culture, recreation, and community development                       | -                          | -                                         | -                 | -                                    |
| Total expenditures                                                   | <u>5,192,560</u>           | <u>-</u>                                  | <u>4,341</u>      | <u>17,683</u>                        |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(1,917,249)</u>         | <u>146</u>                                | <u>92,615</u>     | <u>22,840</u>                        |
| <b>Other financing sources (uses)</b>                                |                            |                                           |                   |                                      |
| Transfers in                                                         | 1,905,910                  | -                                         | -                 | -                                    |
| Transfers out                                                        | -                          | -                                         | -                 | -                                    |
| Total other financing sources (uses)                                 | <u>1,905,910</u>           | <u>-</u>                                  | <u>-</u>          | <u>-</u>                             |
| <b>Net change in fund balances</b>                                   | <u>(11,339)</u>            | <u>146</u>                                | <u>92,615</u>     | <u>22,840</u>                        |
| <b>Fund balance - beginning</b>                                      | <u>11,339</u>              | <u>56,255</u>                             | <u>61,419</u>     | <u>22,383</u>                        |
| <b>Fund balance (deficit) - ending</b>                               | <u>\$ -</u>                | <u>\$ 56,401</u>                          | <u>\$ 154,034</u> | <u>\$ 45,223</u>                     |

Exhibit M

| <b>Fire<br/>Rescue</b> | <b>Merchant<br/>Museum</b> | <b>Museum<br/>Collections</b> | <b>Museum<br/>Publishing</b> | <b>Spelden<br/>Carper<br/>House</b> | <b>Manassas<br/>Landing</b> | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> |
|------------------------|----------------------------|-------------------------------|------------------------------|-------------------------------------|-----------------------------|---------------------------------------------------------|
| \$ 5,543,571           | \$ -                       | \$ -                          | \$ -                         | \$ -                                | \$ -                        | \$ 5,583,825                                            |
| -                      | 2,142                      | 30                            | -                            | 1,156                               | 213,025                     | 216,768                                                 |
| 419,386                | -                          | -                             | 4,464                        | -                                   | -                           | 462,657                                                 |
| 4,007                  | 45,536                     | -                             | 3,179                        | -                                   | -                           | 149,678                                                 |
| 566,230                | -                          | -                             | -                            | -                                   | -                           | 3,802,734                                               |
| <u>6,533,194</u>       | <u>47,678</u>              | <u>30</u>                     | <u>7,643</u>                 | <u>1,156</u>                        | <u>213,025</u>              | <u>10,215,662</u>                                       |
| -                      | -                          | -                             | -                            | -                                   | -                           | 4,341                                                   |
| 6,459,608              | -                          | -                             | -                            | -                                   | -                           | 6,459,608                                               |
| -                      | -                          | -                             | -                            | -                                   | 19,801                      | 37,484                                                  |
| -                      | -                          | -                             | -                            | -                                   | -                           | 5,192,560                                               |
| -                      | -                          | 474                           | 807                          | 3,906                               | -                           | 5,187                                                   |
| <u>6,459,608</u>       | <u>-</u>                   | <u>474</u>                    | <u>807</u>                   | <u>3,906</u>                        | <u>19,801</u>               | <u>11,699,180</u>                                       |
| <u>73,586</u>          | <u>47,678</u>              | <u>(444)</u>                  | <u>6,836</u>                 | <u>(2,750)</u>                      | <u>193,224</u>              | <u>(1,483,518)</u>                                      |
| 76,168                 | -                          | -                             | -                            | -                                   | 106,238                     | 2,088,316                                               |
| -                      | -                          | -                             | -                            | -                                   | (162,280)                   | (162,280)                                               |
| <u>76,168</u>          | <u>-</u>                   | <u>-</u>                      | <u>-</u>                     | <u>-</u>                            | <u>(56,042)</u>             | <u>1,926,036</u>                                        |
| 149,754                | 47,678                     | (444)                         | 6,836                        | (2,750)                             | 137,182                     | 442,518                                                 |
| <u>972,302</u>         | <u>793,295</u>             | <u>11,907</u>                 | <u>(17,489)</u>              | <u>448,924</u>                      | <u>-</u>                    | <u>2,360,335</u>                                        |
| <u>\$ 1,122,056</u>    | <u>\$ 840,973</u>          | <u>\$ 11,463</u>              | <u>\$ (10,653)</u>           | <u>\$ 446,174</u>                   | <u>\$ 137,182</u>           | <u>\$ 2,802,853</u>                                     |

## CITY OF MANASSAS, VIRGINIA

Exhibit N

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Family Services Fund  
For the Year Ended June 30, 2011**

|                                                                      | <b>Adopted<br/>Budget</b> | <b>Revised<br/>Budget</b> | <b>Actual</b>      | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------------------------------------|---------------------------|---------------------------|--------------------|---------------------------------------------|
| <b>Revenues</b>                                                      |                           |                           |                    |                                             |
| Charges for services                                                 | \$ 63,232                 | \$ 43,818                 | \$ 38,807          | \$ (5,011)                                  |
| Intergovernmental                                                    | 3,685,958                 | 3,618,486                 | 3,236,504          | (381,982)                                   |
| Total revenues                                                       | <u>3,749,190</u>          | <u>3,662,304</u>          | <u>3,275,311</u>   | <u>(386,993)</u>                            |
| <b>Expenditures</b>                                                  |                           |                           |                    |                                             |
| Current:                                                             |                           |                           |                    |                                             |
| Health and welfare                                                   | 5,919,830                 | 5,837,624                 | 5,192,560          | 645,064                                     |
| Total expenditures                                                   | <u>5,919,830</u>          | <u>5,837,624</u>          | <u>5,192,560</u>   | <u>645,064</u>                              |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(2,170,640)</u>        | <u>(2,175,320)</u>        | <u>(1,917,249)</u> | <u>258,071</u>                              |
| <b>Other financing sources</b>                                       |                           |                           |                    |                                             |
| Transfers in                                                         | 2,170,640                 | 2,170,640                 | 1,905,910          | (264,730)                                   |
| Total other financing sources                                        | <u>2,170,640</u>          | <u>2,170,640</u>          | <u>1,905,910</u>   | <u>(264,730)</u>                            |
| <b>Net change in fund balances</b>                                   | <u>\$ -</u>               | <u>\$ (4,680)</u>         | <u>(11,339)</u>    | <u>\$ (6,659)</u>                           |
| <b>Fund balance, beginning</b>                                       |                           |                           | <u>11,339</u>      |                                             |
| <b>Fund balance, ending</b>                                          |                           |                           | <u>\$ -</u>        |                                             |

## CITY OF MANASSAS, VIRGINIA

Exhibit O

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
PEG Fund  
For the Year Ended June 30, 2011**

|                                                                      | <b>Adopted<br/>Budget</b> | <b>Revised<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------------------------------------|---------------------------|---------------------------|-------------------|---------------------------------------------|
| <b>Revenues</b>                                                      |                           |                           |                   |                                             |
| Miscellaneous                                                        | \$ 75,000                 | \$ 75,000                 | \$ 96,956         | \$ 21,956                                   |
| Total revenues                                                       | <u>75,000</u>             | <u>75,000</u>             | <u>96,956</u>     | <u>21,956</u>                               |
| <b>Expenditures</b>                                                  |                           |                           |                   |                                             |
| Current:                                                             |                           |                           |                   |                                             |
| Culture, recreation, and community development                       | -                         | -                         | 4,341             | (4,341)                                     |
| Total expenditures                                                   | <u>-</u>                  | <u>-</u>                  | <u>4,341</u>      | <u>(4,341)</u>                              |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>75,000</u>             | <u>75,000</u>             | <u>92,615</u>     | <u>17,615</u>                               |
| <br><b>Net change in fund balances</b>                               | <br><u>\$ 75,000</u>      | <br><u>\$ 75,000</u>      | <br>92,615        | <br><u>\$ 17,615</u>                        |
| <b>Fund balance, beginning</b>                                       |                           |                           | <u>61,419</u>     |                                             |
| <b>Fund balance, ending</b>                                          |                           |                           | <u>\$ 154,034</u> |                                             |

## CITY OF MANASSAS, VIRGINIA

Exhibit P

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Owens Brooke District Fund  
For the Year Ended June 30, 2011**

|                                                                      | <b>Adopted<br/>Budget</b> | <b>Revised<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------------------------------------|---------------------------|---------------------------|-------------------|---------------------------------------------|
| <b>Revenues</b>                                                      |                           |                           |                   |                                             |
| General property taxes                                               | \$ 40,200                 | \$ 40,200                 | \$ 40,254         | \$ 54                                       |
| Use of money and property                                            | -                         | -                         | 269               | 269                                         |
| Total revenues                                                       | <u>40,200</u>             | <u>40,200</u>             | <u>40,523</u>     | <u>323</u>                                  |
| <b>Expenditures</b>                                                  |                           |                           |                   |                                             |
| Current:                                                             |                           |                           |                   |                                             |
| Public works                                                         | <u>40,200</u>             | <u>40,200</u>             | <u>17,683</u>     | <u>22,517</u>                               |
| Total expenditures                                                   | <u>40,200</u>             | <u>40,200</u>             | <u>17,683</u>     | <u>22,517</u>                               |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>-</u>                  | <u>-</u>                  | <u>22,840</u>     | <u>22,840</u>                               |
| <br><b>Net change in fund balances</b>                               | <br><u>\$ -</u>           | <br><u>\$ -</u>           | <br><u>22,840</u> | <br><u>\$ 22,840</u>                        |
| <b>Fund balance, beginning</b>                                       |                           |                           | <u>22,383</u>     |                                             |
| <b>Fund balance, ending</b>                                          |                           |                           | <u>\$ 45,223</u>  |                                             |



## CITY OF MANASSAS, VIRGINIA

Exhibit Q

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Fire Rescue Fund  
For the Year Ended June 30, 2011**

|                                                                      | <b>Adopted<br/>Budget</b> | <b>Revised<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------------------------------------|---------------------------|---------------------------|---------------------|---------------------------------------------|
| <b>Revenues</b>                                                      |                           |                           |                     |                                             |
| General property taxes                                               | \$ 5,584,570              | \$ 5,584,570              | \$ 5,543,571        | \$ (40,999)                                 |
| Charges for services                                                 | 300,000                   | 300,000                   | 419,386             | 119,386                                     |
| Miscellaneous                                                        | -                         | 3,181                     | 4,007               | 826                                         |
| Intergovernmental                                                    | 123,000                   | 2,209,283                 | 566,230             | (1,643,053)                                 |
| <b>Total revenues</b>                                                | <u>6,007,570</u>          | <u>8,097,034</u>          | <u>6,533,194</u>    | <u>(1,563,840)</u>                          |
| <b>Expenditures</b>                                                  |                           |                           |                     |                                             |
| Current:                                                             |                           |                           |                     |                                             |
| Public safety                                                        | 6,192,410                 | 8,656,386                 | 6,459,608           | 2,196,778                                   |
| <b>Total expenditures</b>                                            | <u>6,192,410</u>          | <u>8,656,386</u>          | <u>6,459,608</u>    | <u>2,196,778</u>                            |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(184,840)</u>          | <u>(559,352)</u>          | <u>73,586</u>       | <u>632,938</u>                              |
| <b>Other financing uses</b>                                          |                           |                           |                     |                                             |
| Transfers in                                                         | -                         | 76,168                    | 76,168              | -                                           |
| <b>Total other financing uses</b>                                    | <u>-</u>                  | <u>76,168</u>             | <u>76,168</u>       | <u>-</u>                                    |
| <b>Net change in fund balances</b>                                   | <u>\$ (184,840)</u>       | <u>\$ (483,184)</u>       | <u>149,754</u>      | <u>\$ 632,938</u>                           |
| <b>Fund balance, beginning</b>                                       |                           |                           | <u>972,302</u>      |                                             |
| <b>Fund balance, ending</b>                                          |                           |                           | <u>\$ 1,122,056</u> |                                             |

## CITY OF MANASSAS, VIRGINIA

Exhibit R

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Spelden Carper House Fund  
For the Year Ended June 30, 2011**

|                                                                      | <b>Adopted<br/>Budget</b> | <b>Revised<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------------------------------------|---------------------------|---------------------------|-------------------|---------------------------------------------|
| <b>Revenues</b>                                                      |                           |                           |                   |                                             |
| Use of money and property                                            | \$ 2,500                  | \$ 2,500                  | \$ 1,156          | \$ (1,344)                                  |
| Total revenues                                                       | <u>2,500</u>              | <u>2,500</u>              | <u>1,156</u>      | <u>(1,344)</u>                              |
| <b>Expenditures</b>                                                  |                           |                           |                   |                                             |
| Current:                                                             |                           |                           |                   |                                             |
| Culture, recreation, and community development                       | <u>2,500</u>              | <u>2,500</u>              | <u>3,906</u>      | <u>(1,406)</u>                              |
| Total expenditures                                                   | <u>2,500</u>              | <u>2,500</u>              | <u>3,906</u>      | <u>(1,406)</u>                              |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>-</u>                  | <u>-</u>                  | <u>(2,750)</u>    | <u>(2,750)</u>                              |
| <b>Net change in fund balances</b>                                   | <u>\$ -</u>               | <u>\$ -</u>               | <u>(2,750)</u>    | <u>\$ (2,750)</u>                           |
| <b>Fund balance, beginning</b>                                       |                           |                           | <u>448,924</u>    |                                             |
| <b>Fund balance, ending</b>                                          |                           |                           | <u>\$ 446,174</u> |                                             |

## CITY OF MANASSAS, VIRGINIA

Exhibit S

**Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2011**

|                                            | <b>General<br/>Capital<br/>Projects</b> | <b>Gateway<br/>Capital<br/>Projects</b> | <b>Transportation<br/>Capital<br/>Projects</b> | <b>Storm Water<br/>Management<br/>Capital<br/>Projects</b> | <b>Total Nonmajor<br/>Capital Project<br/>Funds</b> |
|--------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------|
| <b>Assets</b>                              |                                         |                                         |                                                |                                                            |                                                     |
| Cash and investments                       | \$ 867,895                              | \$ 169,776                              | \$ -                                           | \$ 65,381                                                  | \$ 1,103,052                                        |
| Cash and investments - restricted          | 3,128,163                               | -                                       | 1,734,991                                      | -                                                          | 4,863,154                                           |
| Accounts receivable                        | -                                       | -                                       | -                                              | -                                                          | -                                                   |
| Due from other governments                 | -                                       | -                                       | 2,060,313                                      | -                                                          | 2,060,313                                           |
| <b>Total assets</b>                        | <b>\$ 3,996,058</b>                     | <b>\$ 169,776</b>                       | <b>\$ 3,795,304</b>                            | <b>\$ 65,381</b>                                           | <b>\$ 8,026,519</b>                                 |
| <b>Liabilities and fund balances</b>       |                                         |                                         |                                                |                                                            |                                                     |
| <b>Liabilities:</b>                        |                                         |                                         |                                                |                                                            |                                                     |
| Accounts payable                           | \$ 8,256                                | \$ -                                    | \$ 684,765                                     | \$ 9,557                                                   | \$ 702,578                                          |
| Retainage payable                          | -                                       | -                                       | 150,988                                        | -                                                          | 150,988                                             |
| Due to other governments                   | 2,547,029                               | -                                       | -                                              | -                                                          | 2,547,029                                           |
| Advances from other funds                  | -                                       | -                                       | 2,231,597                                      | -                                                          | 2,231,597                                           |
|                                            | -                                       | -                                       | -                                              | -                                                          | -                                                   |
| <b>Total liabilities</b>                   | <b>2,555,285</b>                        | <b>-</b>                                | <b>3,067,350</b>                               | <b>9,557</b>                                               | <b>5,632,192</b>                                    |
| <b>Fund balances:</b>                      |                                         |                                         |                                                |                                                            |                                                     |
| <b>Restricted:</b>                         |                                         |                                         |                                                |                                                            |                                                     |
| Bond proceeds for capital projects         | 3,128,163                               | -                                       | 1,734,991                                      | -                                                          | 4,863,154                                           |
| <b>Committed:</b>                          |                                         |                                         |                                                |                                                            |                                                     |
| Capital projects                           | -                                       | 169,776                                 | -                                              | 55,824                                                     | 225,600                                             |
| Unassigned                                 | (1,687,390)                             | -                                       | (1,007,037)                                    | -                                                          | (2,694,427)                                         |
| <b>Total fund balances</b>                 | <b>1,440,773</b>                        | <b>169,776</b>                          | <b>727,954</b>                                 | <b>55,824</b>                                              | <b>2,394,327</b>                                    |
| <b>Total liabilities and fund balances</b> | <b>\$ 3,996,058</b>                     | <b>\$ 169,776</b>                       | <b>\$ 3,795,304</b>                            | <b>\$ 65,381</b>                                           | <b>\$ 8,026,519</b>                                 |

## CITY OF MANASSAS, VIRGINIA

Exhibit T

**Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2011**

|                                                                      | <b>General<br/>Capital<br/>Projects</b> | <b>Gateway<br/>Capital<br/>Projects</b> | <b>Transportation<br/>Capital<br/>Projects</b> | <b>Storm Water<br/>Management<br/>Capital<br/>Projects</b> | <b>Total Nonmajor<br/>Capital Project<br/>Funds</b> |
|----------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------|
| <b>Revenues</b>                                                      |                                         |                                         |                                                |                                                            |                                                     |
| Miscellaneous                                                        | \$ -                                    | \$ -                                    | \$ 15,500                                      | \$ 7,500                                                   | \$ 23,000                                           |
| Intergovernmental                                                    | 29,126                                  | -                                       | 3,261,386                                      | -                                                          | 3,290,512                                           |
| Total revenues                                                       | <u>29,126</u>                           | <u>-</u>                                | <u>3,276,886</u>                               | <u>7,500</u>                                               | <u>3,313,512</u>                                    |
| <b>Expenditures</b>                                                  |                                         |                                         |                                                |                                                            |                                                     |
| Capital outlay                                                       | 3,174,901                               | -                                       | 5,233,353                                      | 40,896                                                     | 8,449,150                                           |
| Total expenditures                                                   | <u>3,174,901</u>                        | <u>-</u>                                | <u>5,233,353</u>                               | <u>40,896</u>                                              | <u>8,449,150</u>                                    |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(3,145,775)</u>                      | <u>-</u>                                | <u>(1,956,467)</u>                             | <u>(33,396)</u>                                            | <u>(5,135,638)</u>                                  |
| <b>Other financing sources (uses)</b>                                |                                         |                                         |                                                |                                                            |                                                     |
| Transfers in                                                         | 352,046                                 | -                                       | 16,500                                         | 89,220                                                     | 457,766                                             |
| Transfers out                                                        | -                                       | (106,238)                               | -                                              | -                                                          | (106,238)                                           |
| Bonds issued                                                         | 2,871,300                               | -                                       | -                                              | -                                                          | 2,871,300                                           |
| Premium on bonds issued                                              | 256,862                                 | -                                       | -                                              | -                                                          | 256,862                                             |
|                                                                      | -                                       | -                                       | -                                              | -                                                          | -                                                   |
| Total other financing sources (uses)                                 | <u>3,480,208</u>                        | <u>(106,238)</u>                        | <u>16,500</u>                                  | <u>89,220</u>                                              | <u>3,479,690</u>                                    |
| <b>Net change in fund balances</b>                                   | <u>334,433</u>                          | <u>(106,238)</u>                        | <u>(1,939,967)</u>                             | <u>55,824</u>                                              | <u>(1,655,948)</u>                                  |
| <b>Fund balance - beginning</b>                                      | <u>1,106,340</u>                        | <u>276,014</u>                          | <u>2,667,921</u>                               | <u>-</u>                                                   | <u>4,050,275</u>                                    |
| <b>Fund balance - ending</b>                                         | <u>\$ 1,440,773</u>                     | <u>\$ 169,776</u>                       | <u>\$ 727,954</u>                              | <u>\$ 55,824</u>                                           | <u>\$ 2,394,327</u>                                 |

## **NONMAJOR ENTERPRISE FUNDS**

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

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

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

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

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

## CITY OF MANASSAS, VIRGINIA

Exhibit U

**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2011**

|                                                           | <b>Solid<br/>Waste</b> | <b>City<br/>Square<br/>Pavillon</b> | <b>Candy<br/>Factory</b> | <b>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</b> |
|-----------------------------------------------------------|------------------------|-------------------------------------|--------------------------|----------------------------------------------------|
| <b>Assets</b>                                             |                        |                                     |                          |                                                    |
| <b>Current assets</b>                                     |                        |                                     |                          |                                                    |
| Equity in pooled cash and investments - unrestricted      | \$ 408,695             | \$ 177,331                          | \$ 232,142               | \$ 818,168                                         |
| Accounts receivable (net of allowance for uncollectibles) | 263,482                | -                                   | -                        | 263,482                                            |
| <b>Total current assets</b>                               | <u>672,177</u>         | <u>177,331</u>                      | <u>232,142</u>           | <u>1,081,650</u>                                   |
| <b>Noncurrent assets</b>                                  |                        |                                     |                          |                                                    |
| Capital assets:                                           |                        |                                     |                          |                                                    |
| Buildings and improvements                                | -                      | 2,096,997                           | 2,555,252                | 4,652,249                                          |
| Machinery and equipment                                   | -                      | 55,652                              | -                        | 55,652                                             |
| Less accumulated depreciation                             | -                      | (1,096,082)                         | (1,149,628)              | (2,245,710)                                        |
| <b>Total noncurrent assets</b>                            | <u>-</u>               | <u>1,056,567</u>                    | <u>1,405,624</u>         | <u>2,462,191</u>                                   |
| <b>Total assets</b>                                       | <u>672,177</u>         | <u>1,233,898</u>                    | <u>1,637,766</u>         | <u>3,543,841</u>                                   |
| <b>Liabilities and net assets</b>                         |                        |                                     |                          |                                                    |
| <b>Current liabilities</b>                                |                        |                                     |                          |                                                    |
| Accounts payable                                          | 263,591                | 1,250                               | -                        | 264,841                                            |
| Deposits                                                  | -                      | 450                                 | -                        | 450                                                |
| Compensated absences-current                              | 2,135                  | -                                   | -                        | 2,135                                              |
| <b>Total current liabilities</b>                          | <u>265,726</u>         | <u>1,700</u>                        | <u>-</u>                 | <u>267,426</u>                                     |
| <b>Noncurrent liabilities</b>                             |                        |                                     |                          |                                                    |
| Compensated absences                                      | 12,096                 | -                                   | -                        | 12,096                                             |
| <b>Total noncurrent liabilities</b>                       | <u>12,096</u>          | <u>-</u>                            | <u>-</u>                 | <u>12,096</u>                                      |
| <b>Total liabilities</b>                                  | <u>277,822</u>         | <u>1,700</u>                        | <u>-</u>                 | <u>279,522</u>                                     |
| <b>Net assets</b>                                         |                        |                                     |                          |                                                    |
| Invested in capital assets, net of related debt           | -                      | 1,056,567                           | 1,405,624                | 2,462,191                                          |
| Unrestricted (deficit)                                    | 394,355                | 175,631                             | 232,142                  | 802,128                                            |
| <b>Total net assets</b>                                   | <u>\$ 394,355</u>      | <u>\$ 1,232,198</u>                 | <u>\$ 1,637,766</u>      | <u>\$ 3,264,319</u>                                |

## CITY OF MANASSAS, VIRGINIA

Exhibit V

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2011**

|                                               | <b>Solid<br/>Waste</b> | <b>City<br/>Square<br/>Pavillion</b> | <b>Candy<br/>Factory</b> | <b>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</b> |
|-----------------------------------------------|------------------------|--------------------------------------|--------------------------|----------------------------------------------------|
| <b>Operating revenues</b>                     |                        |                                      |                          |                                                    |
| Charges for services                          | \$ 2,916,356           | \$ 16,787                            | \$ 30,397                | \$ 2,963,540                                       |
| Total operating revenues                      | <u>2,916,356</u>       | <u>16,787</u>                        | <u>30,397</u>            | <u>2,963,540</u>                                   |
| <b>Operating expenses</b>                     |                        |                                      |                          |                                                    |
| Personal services                             | 153,620                | 7,659                                | -                        | 161,279                                            |
| Contractual services                          | 2,599,010              | 190,718                              | -                        | 2,789,728                                          |
| Supplies                                      | 5,110                  | 4,620                                | -                        | 9,730                                              |
| Internal and other services                   | 200,039                | 59,000                               | 71,633                   | 330,672                                            |
| Depreciation and amortization                 | -                      | 108,419                              | 127,763                  | 236,182                                            |
| Total operating expenses                      | <u>2,957,779</u>       | <u>370,416</u>                       | <u>199,396</u>           | <u>3,527,591</u>                                   |
| <b>Operating income (loss)</b>                | <u>(41,423)</u>        | <u>(353,629)</u>                     | <u>(168,999)</u>         | <u>(564,051)</u>                                   |
| <b>Nonoperating revenue (expense)</b>         |                        |                                      |                          |                                                    |
| Intergovernmental grants                      | 5,704                  | -                                    | -                        | 5,704                                              |
| Interest revenue                              | 1,378                  | -                                    | -                        | 1,378                                              |
| Total nonoperating revenue                    | <u>7,082</u>           | <u>-</u>                             | <u>-</u>                 | <u>7,082</u>                                       |
| <b>Income (loss) before transfers</b>         | <u>(34,341)</u>        | <u>(353,629)</u>                     | <u>(168,999)</u>         | <u>(556,969)</u>                                   |
| Transfers in                                  | -                      | 238,500                              | 45,500                   | 284,000                                            |
| <b>Change in net assets</b>                   | <u>(34,341)</u>        | <u>(115,129)</u>                     | <u>(123,499)</u>         | <u>(272,969)</u>                                   |
| <b>Total net assets (deficit) - beginning</b> | <u>428,696</u>         | <u>1,347,327</u>                     | <u>1,761,265</u>         | <u>3,537,288</u>                                   |
| <b>Total net assets (deficit) - ending</b>    | <u>\$ 394,355</u>      | <u>\$ 1,232,198</u>                  | <u>\$ 1,637,766</u>      | <u>\$ 3,264,319</u>                                |

## CITY OF MANASSAS, VIRGINIA

Exhibit W

**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2011**

|                                                                                                       | <b>Solid<br/>Waste</b> | <b>City<br/>Square<br/>Pavilion</b> | <b>Candy<br/>Factory</b> | <b>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</b> |
|-------------------------------------------------------------------------------------------------------|------------------------|-------------------------------------|--------------------------|----------------------------------------------------|
| <b>Cash Flows from Operating Activities</b>                                                           |                        |                                     |                          |                                                    |
| Receipts from customers and users                                                                     | \$ 2,881,085           | \$ 16,787                           | \$ 30,397                | \$ 2,928,269                                       |
| Payments to suppliers                                                                                 | (2,561,818)            | (217,517)                           | (42,633)                 | (2,821,968)                                        |
| Payments to employees                                                                                 | (152,293)              | (7,659)                             | -                        | (159,952)                                          |
| Payments for interfund services used                                                                  | (197,551)              | (59,000)                            | (29,000)                 | (285,551)                                          |
| Net cash provided (used) by operating activities                                                      | <u>(30,577)</u>        | <u>(267,389)</u>                    | <u>(41,236)</u>          | <u>(339,202)</u>                                   |
| <b>Cash Flows from Noncapital Financing Activities</b>                                                |                        |                                     |                          |                                                    |
| Transfers from other funds                                                                            | -                      | 238,500                             | 45,500                   | 284,000                                            |
| Operating grants received                                                                             | <u>5,704</u>           | <u>-</u>                            | <u>-</u>                 | <u>5,704</u>                                       |
| Net cash provided (used) by noncapital and related financing activities                               | <u>5,704</u>           | <u>238,500</u>                      | <u>45,500</u>            | <u>289,704</u>                                     |
| <b>Cash Flows from Investing Activities</b>                                                           |                        |                                     |                          |                                                    |
| Interest received                                                                                     | <u>1,378</u>           | <u>-</u>                            | <u>-</u>                 | <u>1,378</u>                                       |
| Net cash provided by investing activities                                                             | <u>1,378</u>           | <u>-</u>                            | <u>-</u>                 | <u>1,378</u>                                       |
| Net increase (decrease) in cash and cash equivalents                                                  | (23,495)               | (28,889)                            | 4,264                    | (48,120)                                           |
| Cash and cash equivalents, beginning                                                                  | 432,190                | 206,220                             | 227,878                  | 866,288                                            |
| Cash and cash equivalents, ending                                                                     | <u>\$ 408,695</u>      | <u>\$ 177,331</u>                   | <u>\$ 232,142</u>        | <u>\$ 818,168</u>                                  |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                        |                                     |                          |                                                    |
| Operating income (loss)                                                                               | <u>\$ (41,423)</u>     | <u>\$ (353,629)</u>                 | <u>\$ (168,999)</u>      | <u>\$ (564,051)</u>                                |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                        |                                     |                          |                                                    |
| Depreciation expense                                                                                  | -                      | 108,419                             | 127,763                  | 236,182                                            |
| (Increase) decrease in accounts receivable                                                            | (35,270)               | -                                   | -                        | (35,270)                                           |
| Increase (decrease) in accounts payable                                                               | 45,292                 | (22,179)                            | -                        | 23,113                                             |
| Increase (decrease) in compensated absences payable                                                   | 824                    | -                                   | -                        | 824                                                |
| Total adjustments                                                                                     | <u>10,846</u>          | <u>86,240</u>                       | <u>127,763</u>           | <u>224,849</u>                                     |
| Net cash provided (used) by operating activities                                                      | <u>\$ (30,577)</u>     | <u>\$ (267,389)</u>                 | <u>\$ (41,236)</u>       | <u>\$ (339,202)</u>                                |



## INTERNAL SERVICE FUNDS

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

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

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

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

## CITY OF MANASSAS, VIRGINIA

Exhibit X

**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2011**

|                                                      | <b>Building<br/>Maintenance</b> | <b>Vehicle<br/>Maintenance</b> | <b>Information<br/>Technology</b> | <b>Total<br/>Internal Service<br/>Funds</b> |
|------------------------------------------------------|---------------------------------|--------------------------------|-----------------------------------|---------------------------------------------|
| <b>Assets</b>                                        |                                 |                                |                                   |                                             |
| Current assets                                       |                                 |                                |                                   |                                             |
| Equity in pooled cash and investments - unrestricted | \$ 566,537                      | \$ 1,144,785                   | \$ 2,548,190                      | \$ 4,259,512                                |
| Total current assets                                 | <u>566,537</u>                  | <u>1,144,785</u>               | <u>2,548,190</u>                  | <u>4,259,512</u>                            |
| Noncurrent assets                                    |                                 |                                |                                   |                                             |
| Capital assets:                                      |                                 |                                |                                   |                                             |
| Buildings and improvements                           | -                               | 278,484                        | -                                 | 278,484                                     |
| Machinery and equipment                              | -                               | 8,087,947                      | 962,229                           | 9,050,176                                   |
| Less accumulated depreciation                        | -                               | (7,496,624)                    | (824,559)                         | (8,321,183)                                 |
| Total noncurrent assets                              | -                               | <u>869,807</u>                 | <u>137,670</u>                    | <u>1,007,477</u>                            |
| <b>Total assets</b>                                  | <u>566,537</u>                  | <u>2,014,592</u>               | <u>2,685,860</u>                  | <u>5,266,989</u>                            |
| <b>Liabilities and net assets</b>                    |                                 |                                |                                   |                                             |
| Current liabilities                                  |                                 |                                |                                   |                                             |
| Accounts payable                                     | 67,849                          | 141,044                        | 112,627                           | 321,520                                     |
| Compensated absences - current                       | 6,103                           | 10,575                         | 14,680                            | 31,358                                      |
| Capital lease obligations - current                  | -                               | 7,576                          | -                                 | 7,576                                       |
| Total current liabilities                            | <u>73,952</u>                   | <u>159,195</u>                 | <u>127,307</u>                    | <u>360,454</u>                              |
| Noncurrent liabilities                               |                                 |                                |                                   |                                             |
| Compensated absences                                 | <u>34,585</u>                   | <u>61,929</u>                  | <u>83,184</u>                     | <u>179,698</u>                              |
| Total noncurrent liabilities                         | <u>34,585</u>                   | <u>61,929</u>                  | <u>83,184</u>                     | <u>179,698</u>                              |
| <b>Total liabilities</b>                             | <u>108,537</u>                  | <u>221,124</u>                 | <u>210,491</u>                    | <u>540,152</u>                              |
| Net assets                                           |                                 |                                |                                   |                                             |
| Invested in capital assets, net of related debt      | -                               | 862,231                        | 137,670                           | 999,901                                     |
| Unrestricted                                         | <u>458,000</u>                  | <u>931,237</u>                 | <u>2,337,699</u>                  | <u>3,726,936</u>                            |
| <b>Total net assets</b>                              | <u>\$ 458,000</u>               | <u>\$ 1,793,468</u>            | <u>\$ 2,475,369</u>               | <u>\$ 4,726,837</u>                         |

## CITY OF MANASSAS, VIRGINIA

Exhibit Y

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

|                                                         | <b>Building<br/>Maintenance</b> | <b>Vehicle<br/>Maintenance</b> | <b>Information<br/>Technology</b> | <b>Total<br/>Internal Service<br/>Funds</b> |
|---------------------------------------------------------|---------------------------------|--------------------------------|-----------------------------------|---------------------------------------------|
| <b>Operating revenues</b>                               |                                 |                                |                                   |                                             |
| Charges for services                                    | \$ 1,240,091                    | \$ 2,670,047                   | \$ 2,535,463                      | \$ 6,445,601                                |
| Total operating revenues                                | <u>1,240,091</u>                | <u>2,670,047</u>               | <u>2,535,463</u>                  | <u>6,445,601</u>                            |
| <b>Operating expenses</b>                               |                                 |                                |                                   |                                             |
| Personal services                                       | 400,065                         | 693,025                        | 1,068,044                         | 2,161,134                                   |
| Contractual services                                    | 248,673                         | 147,639                        | 653,953                           | 1,050,265                                   |
| Supplies                                                | 61,703                          | 1,052,635                      | 390,891                           | 1,505,229                                   |
| Internal and other services                             | 392,523                         | 463,208                        | 316,245                           | 1,171,976                                   |
| Depreciation and amortization                           | -                               | 488,047                        | 101,078                           | 589,125                                     |
| Total operating expenses                                | <u>1,102,964</u>                | <u>2,844,554</u>               | <u>2,530,211</u>                  | <u>6,477,729</u>                            |
| <b>Operating income (loss)</b>                          | <u>137,127</u>                  | <u>(174,507)</u>               | <u>5,252</u>                      | <u>(32,128)</u>                             |
| <b>Nonoperating revenue</b>                             |                                 |                                |                                   |                                             |
| Intergovernmental grants                                | -                               | -                              | 70,897                            | 70,897                                      |
| Interest revenue                                        | 1,306                           | 3,139                          | 6,063                             | 10,508                                      |
| Other                                                   | 2,300                           | 19,723                         | 10,949                            | 32,972                                      |
| Interest expense                                        | -                               | (1,336)                        | -                                 | (1,336)                                     |
| Total nonoperating revenue                              | <u>3,606</u>                    | <u>21,526</u>                  | <u>87,909</u>                     | <u>113,041</u>                              |
| <b>Income (loss) before transfers and contributions</b> | <u>140,733</u>                  | <u>(152,981)</u>               | <u>93,161</u>                     | <u>80,913</u>                               |
| Transfers in                                            | -                               | -                              | 278,104                           | 278,104                                     |
| Transfers out                                           | -                               | (200,000)                      | -                                 | (200,000)                                   |
| <b>Change in net assets</b>                             | <u>140,733</u>                  | <u>(352,981)</u>               | <u>371,265</u>                    | <u>159,017</u>                              |
| <b>Total net assets - beginning</b>                     | <u>317,267</u>                  | <u>2,146,449</u>               | <u>2,104,104</u>                  | <u>4,567,820</u>                            |
| <b>Total net assets - ending</b>                        | <u>\$ 458,000</u>               | <u>\$ 1,793,468</u>            | <u>\$ 2,475,369</u>               | <u>\$ 4,726,837</u>                         |

## CITY OF MANASSAS, VIRGINIA

Exhibit Z

**Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

|                                                                                                       | <b>Building<br/>Maintenance</b> | <b>Vehicle<br/>Maintenance</b> | <b>Information<br/>Technology</b> | <b>Total<br/>Internal Service<br/>Funds</b> |
|-------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------|-----------------------------------|---------------------------------------------|
| <b>Cash Flows from Operating Activities</b>                                                           |                                 |                                |                                   |                                             |
| Receipts from customers and users                                                                     | \$ 1,240,091                    | \$ 2,670,047                   | \$ 2,535,463                      | \$ 6,445,601                                |
| Other miscellaneous receipts                                                                          | 2,300                           | 19,723                         | 10,949                            | 32,972                                      |
| Payments to suppliers                                                                                 | (612,341)                       | (1,259,730)                    | (1,261,894)                       | (3,133,965)                                 |
| Payments to employees                                                                                 | (391,666)                       | (686,349)                      | (1,042,448)                       | (2,120,463)                                 |
| Payments for interfund services used                                                                  | (77,138)                        | (333,672)                      | (201,347)                         | (612,157)                                   |
| Net cash provided (used) by operating activities                                                      | <u>161,246</u>                  | <u>410,019</u>                 | <u>40,723</u>                     | <u>611,988</u>                              |
| <b>Cash Flows from Noncapital Financing Activities</b>                                                |                                 |                                |                                   |                                             |
| Transfers from other funds                                                                            | -                               | -                              | 278,104                           | 278,104                                     |
| Transfers to other funds                                                                              | -                               | (200,000)                      | -                                 | (200,000)                                   |
| Operating grants received                                                                             | -                               | -                              | 70,897                            | 70,897                                      |
| Net cash provided (used) by noncapital and related financing activities                               | <u>-</u>                        | <u>(200,000)</u>               | <u>349,001</u>                    | <u>149,001</u>                              |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                       |                                 |                                |                                   |                                             |
| Principal paid on capital leases                                                                      | -                               | (27,664)                       | -                                 | (27,664)                                    |
| Interest paid on capital leases                                                                       | -                               | (1,336)                        | -                                 | (1,336)                                     |
| Purchases of capital assets                                                                           | -                               | (219,770)                      | (39,576)                          | (259,346)                                   |
| Net cash provided (used) by capital and related financing activities                                  | <u>-</u>                        | <u>(248,770)</u>               | <u>(39,576)</u>                   | <u>(288,346)</u>                            |
| <b>Cash Flows from Investing Activities</b>                                                           |                                 |                                |                                   |                                             |
| Interest received                                                                                     | 1,306                           | 3,139                          | 6,063                             | 10,508                                      |
| Net cash provided by investing activities                                                             | <u>1,306</u>                    | <u>3,139</u>                   | <u>6,063</u>                      | <u>10,508</u>                               |
| Net increase (decrease) in cash and cash equivalents                                                  | 162,552                         | (35,612)                       | 356,211                           | 483,151                                     |
| Cash and cash equivalents, beginning                                                                  | 403,985                         | 1,180,397                      | 2,191,979                         | 3,776,361                                   |
| Cash and cash equivalents, ending                                                                     | <u>\$ 566,537</u>               | <u>\$ 1,144,785</u>            | <u>\$ 2,548,190</u>               | <u>\$ 4,259,512</u>                         |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                                 |                                |                                   |                                             |
| Operating income (loss)                                                                               | <u>\$ 137,127</u>               | <u>\$ (174,507)</u>            | <u>\$ 5,252</u>                   | <u>\$ (32,128)</u>                          |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                                 |                                |                                   |                                             |
| Depreciation expense                                                                                  | -                               | 488,047                        | 101,078                           | 589,125                                     |
| Other miscellaneous receipts                                                                          | 2,300                           | 19,723                         | 10,949                            | 32,972                                      |
| Increase (decrease) in accounts payable                                                               | 15,721                          | 71,905                         | (97,830)                          | (10,204)                                    |
| Increase (decrease) in compensated absences payable                                                   | 6,098                           | 4,851                          | 21,274                            | 32,223                                      |
| Total adjustments                                                                                     | <u>24,119</u>                   | <u>584,526</u>                 | <u>35,471</u>                     | <u>644,116</u>                              |
| Net cash provided (used) by operating activities                                                      | <u>\$ 161,246</u>               | <u>\$ 410,019</u>              | <u>\$ 40,723</u>                  | <u>\$ 611,988</u>                           |

# **DISCRETELY PRESENTED COMPONENT UNIT – MANASSAS CITY PUBLIC SCHOOLS**

## **GOVERNMENTAL FUNDS**

*Operating Fund* – to account for revenues from the Federal government and the Commonwealth that are restricted and local fund which are committed by City Council for expenditures for the City's public school system.

*Capital Projects Fund* – to for bonds which are restricted for the purchase and/or construction of major school facilities.

*Food Service Fund* – to account revenues from the Federal government and the Commonwealth and collected from the sales of schools lunches that are restricted for expenditures of the cafeteria program in the City's schools.

## **FIDUCIARY FUNDS**

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

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

## CITY OF MANASSAS, VIRGINIA

Exhibit AA

**Balance Sheet**  
**Manassas City Public Schools Component Unit**  
**June 30, 2011**

|                                            | <b>Operating</b>     | <b>Capital<br/>Projects</b> | <b>Food<br/>Service</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------------------|----------------------|-----------------------------|-------------------------|-----------------------------------------|
| <b>Assets</b>                              |                      |                             |                         |                                         |
| Cash and investments                       | \$ 13,466,245        | \$ -                        | \$ 727,886              | \$ 14,194,131                           |
| Accounts receivable                        | 1,176,292            | -                           | 949                     | 1,177,241                               |
| Due from other governments                 | 3,461,366            | -                           | 115,584                 | 3,576,950                               |
| <b>Total assets</b>                        | <b>\$ 18,103,903</b> | <b>\$ -</b>                 | <b>\$ 844,419</b>       | <b>\$ 18,948,322</b>                    |
| <b>Liabilities and fund balances</b>       |                      |                             |                         |                                         |
| <b>Liabilities:</b>                        |                      |                             |                         |                                         |
| Accounts payable                           | \$ 10,815,890        | \$ -                        | \$ 196,233              | \$ 11,012,123                           |
| <b>Total liabilities</b>                   | <b>10,815,890</b>    | <b>-</b>                    | <b>196,233</b>          | <b>11,012,123</b>                       |
| <b>Fund balances:</b>                      |                      |                             |                         |                                         |
| <b>Committed:</b>                          |                      |                             |                         |                                         |
| Manassas Next program                      | 436,913              | -                           | -                       | 436,913                                 |
| Capital projects                           | 562,867              | -                           | -                       | 562,867                                 |
| Textbooks                                  | 300,000              | -                           | -                       | 300,000                                 |
| Instruction                                | 998,326              | -                           | -                       | 998,326                                 |
| Food service                               | -                    | -                           | 648,186                 | 648,186                                 |
| Unassigned                                 | 4,989,907            | -                           | -                       | 4,989,907                               |
| <b>Total fund balances</b>                 | <b>7,288,013</b>     | <b>-</b>                    | <b>648,186</b>          | <b>7,936,199</b>                        |
| <b>Total liabilities and fund balances</b> | <b>\$ 18,103,903</b> | <b>\$ -</b>                 | <b>\$ 844,419</b>       | <b>\$ 18,948,322</b>                    |

## CITY OF MANASSAS, VIRGINIA

Exhibit AA-1

**Reconciliation of the Balance Sheet of the Manassas City Public Schools Component Unit  
to the Statement of Net Assets  
June 30, 2011**

---

Ending fund balance - total governmental funds \$ 7,936,199

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

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

|                                        |                     |            |
|----------------------------------------|---------------------|------------|
| Capital assets, not being depreciated: |                     |            |
| Land and land rights                   | \$ 2,336,649        |            |
| Capital assets, being depreciated:     |                     |            |
| Buildings and improvements             | 124,303,745         |            |
| Machinery and equipment                | <u>7,470,593</u>    |            |
| Total capital assets                   | 134,110,987         |            |
| Less accumulated depreciation          | <u>(82,257,478)</u> | 51,853,509 |

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

|                      |                    |             |
|----------------------|--------------------|-------------|
| Compensated absences | (1,917,861)        |             |
| Capital Lease        | (639,090)          |             |
| Net OPEB Obligation  | <u>(1,230,000)</u> | (3,786,951) |

|                                       |  |                             |
|---------------------------------------|--|-----------------------------|
| Net assets of governmental activities |  | <u><u>\$ 56,002,757</u></u> |
|---------------------------------------|--|-----------------------------|

## CITY OF MANASSAS, VIRGINIA

Exhibit AB

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Manassas City Public Schools Component Unit**  
**For the Year Ended June 30, 2011**

|                                                                      | <b>Operating</b>    | <b>Capital<br/>Projects</b> | <b>Food<br/>Service</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------------------------------------------------------|---------------------|-----------------------------|-------------------------|-----------------------------------------|
| <b>Revenues</b>                                                      |                     |                             |                         |                                         |
| Use of money and property                                            | \$ 8,136            | \$ -                        | \$ -                    | \$ 8,136                                |
| Charges for services                                                 | 592,049             | -                           | 1,134,602               | 1,726,651                               |
| From the City of Manassas                                            | 47,123,718          | -                           | -                       | 47,123,718                              |
| From the Commonwealth                                                | 33,302,336          | -                           | 67,693                  | 33,370,029                              |
| From the Federal government                                          | 4,586,580           | -                           | 1,956,101               | 6,542,681                               |
| Total revenues                                                       | <u>85,612,819</u>   | <u>-</u>                    | <u>3,158,396</u>        | <u>88,771,215</u>                       |
| <b>Expenditures</b>                                                  |                     |                             |                         |                                         |
| Current:                                                             |                     |                             |                         |                                         |
| Education                                                            | 77,489,367          | -                           | 2,777,558               | 80,266,925                              |
| Capital outlay                                                       | 1,354,337           | 158,586                     | -                       | 1,512,923                               |
| Payment in lieu of debt service                                      | 5,410,272           | -                           | -                       | 5,410,272                               |
| Debt Service:                                                        |                     |                             |                         |                                         |
| Principal retirement                                                 | 135,705             | -                           | -                       | 135,705                                 |
| Interest and fees on long term debt                                  | 28,165              | -                           | -                       | 28,165                                  |
| Total expenditures                                                   | <u>84,417,846</u>   | <u>158,586</u>              | <u>2,777,558</u>        | <u>87,353,990</u>                       |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | 1,194,973           | (158,586)                   | 380,838                 | 1,417,225                               |
| <b>Net change in fund balances</b>                                   | 1,194,973           | (158,586)                   | 380,838                 | 1,417,225                               |
| <b>Fund balance - beginning</b>                                      | <u>6,093,040</u>    | <u>158,586</u>              | <u>267,348</u>          | <u>6,518,974</u>                        |
| <b>Fund balance - ending</b>                                         | <u>\$ 7,288,013</u> | <u>\$ -</u>                 | <u>\$ 648,186</u>       | <u>\$ 7,936,199</u>                     |



## CITY OF MANASSAS, VIRGINIA

Exhibit AB-1

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of the Manassas City Public Schools Component Unit  
to the Statement of Activities  
For the Year Ended June 30, 2011**

---

|                                                        |              |
|--------------------------------------------------------|--------------|
| Net change in fund balances - total governmental funds | \$ 1,417,225 |
|--------------------------------------------------------|--------------|

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

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

|                      |                    |             |
|----------------------|--------------------|-------------|
| Capital outlays      | 1,512,923          |             |
| Depreciation expense | <u>(4,369,358)</u> | (2,856,435) |

|                                                                                                                                                                       |        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | 34,843 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

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

|                                     |         |
|-------------------------------------|---------|
| Principal payments of capital lease | 135,705 |
|-------------------------------------|---------|

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

|                      |                  |           |
|----------------------|------------------|-----------|
| Compensated absences | (88,111)         |           |
| Net OPEB Obligation  | <u>(326,000)</u> | (414,111) |

|                                                 |                              |
|-------------------------------------------------|------------------------------|
| Change in net assets of governmental activities | <u><u>\$ (1,682,773)</u></u> |
|-------------------------------------------------|------------------------------|

## CITY OF MANASSAS, VIRGINIA

Exhibit AC

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Manassas City Public Schools Operating Fund**  
**For the Year Ended June 30, 2011**

|                                                                  | <b>Adopted<br/>Budget</b> | <b>Revised<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|------------------------------------------------------------------|---------------------------|---------------------------|---------------------|---------------------------------------------|
| <b>Revenues</b>                                                  |                           |                           |                     |                                             |
| Use of money and property                                        | \$ -                      | \$ -                      | \$ 8,136            | \$ 8,136                                    |
| Charges for services                                             | 549,992                   | 549,992                   | 592,049             | 42,057                                      |
| From the City of Manassas                                        | 46,958,400                | 46,958,400                | 47,123,718          | 165,318                                     |
| From the Commonwealth                                            | 33,863,493                | 33,863,493                | 33,302,336          | (561,157)                                   |
| From the Federal government                                      | 4,493,871                 | 4,493,871                 | 4,586,580           | 92,709                                      |
| Total revenues                                                   | <u>85,865,756</u>         | <u>85,865,756</u>         | <u>85,612,819</u>   | <u>(252,937)</u>                            |
| <b>Expenditures</b>                                              |                           |                           |                     |                                             |
| Education:                                                       |                           |                           |                     |                                             |
| Instruction                                                      | 60,865,338                | 61,260,383                | 59,761,959          | 1,498,424                                   |
| Administration, attendance, and health                           | 4,117,667                 | 4,123,219                 | 3,740,449           | 382,770                                     |
| Pupil transportation                                             | 3,469,340                 | 3,543,676                 | 3,474,792           | 68,884                                      |
| Operation and maintenance                                        | 7,861,026                 | 7,802,828                 | 7,356,930           | 445,898                                     |
| Technology                                                       | 3,441,120                 | 3,545,446                 | 3,373,836           | 171,610                                     |
| Facilities                                                       | 635,000                   | 1,584,984                 | 1,135,738           | 449,246                                     |
| Capital lease payment                                            | 163,870                   | 163,870                   | 163,870             | -                                           |
| Payment in lieu of debt service                                  | 5,507,393                 | 5,507,383                 | 5,410,272           | 97,111                                      |
| Contingency                                                      | 789,999                   | 249,739                   | -                   | 249,739                                     |
| Total expenditures                                               | <u>86,850,753</u>         | <u>87,781,528</u>         | <u>84,417,846</u>   | <u>3,363,682</u>                            |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(984,997)</u>          | <u>(1,915,772)</u>        | <u>1,194,973</u>    | <u>3,110,745</u>                            |
| <b>Net change in fund balances</b>                               | <u>\$ (984,997)</u>       | <u>\$ (1,915,772)</u>     | <u>1,194,973</u>    | <u>\$ 3,110,745</u>                         |
| <b>Fund balances, beginning</b>                                  |                           |                           | <u>6,093,040</u>    |                                             |
| <b>Fund balances, ending</b>                                     |                           |                           | <u>\$ 7,288,013</u> |                                             |

## CITY OF MANASSAS, VIRGINIA

Exhibit AD

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Manassas City Public Schools Food Service**  
**For the Year Ended June 30, 2011**

|                                             | <u>Adopted<br/>Budget</u> | <u>Revised<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------------------|---------------------------|---------------------------|-------------------|---------------------------------------------|
| <b>Revenues</b>                             |                           |                           |                   |                                             |
| Charges for services                        | \$ 1,418,634              | \$ 1,418,634              | \$ 1,134,602      | \$ (284,032)                                |
| From the Commonwealth                       | 57,104                    | 57,104                    | 67,693            | 10,589                                      |
| From the Federal government                 | 1,299,999                 | 1,299,999                 | 1,956,101         | 656,102                                     |
| Total revenues                              | <u>2,775,737</u>          | <u>2,775,737</u>          | <u>3,158,396</u>  | <u>382,659</u>                              |
| <b>Expenditures</b>                         |                           |                           |                   |                                             |
| Food services                               | 2,775,737                 | 2,758,177                 | 2,760,538         | (2,361)                                     |
| Technology                                  |                           | 17,560                    | 17,020            | 540                                         |
| Total expenditures                          | <u>2,775,737</u>          | <u>2,775,737</u>          | <u>2,777,558</u>  | <u>(1,821)</u>                              |
| <b>Excess of revenues over expenditures</b> | <u>\$ -</u>               | <u>\$ -</u>               | 380,838           | <u>\$ 380,838</u>                           |
| <b>Fund balances, beginning</b>             |                           |                           | <u>267,348</u>    |                                             |
| <b>Fund balances, ending</b>                |                           |                           | <u>\$ 648,186</u> |                                             |

## CITY OF MANASSAS, VIRGINIA

Exhibit AE

**Combining Statement of Fiduciary Net Assets**  
**Manassas City Public Schools**  
**June 30, 2011**

|                                        | <b>Private Purpose Trust Funds</b>          |                                                 |                   | <b>Agency Fund</b>                    |
|----------------------------------------|---------------------------------------------|-------------------------------------------------|-------------------|---------------------------------------|
|                                        | <b>Nancy Lyons<br/>Scholarship<br/>Fund</b> | <b>E. Shreve Brent<br/>Scholarship<br/>Fund</b> | <b>Total</b>      | <b>Student<br/>Activity<br/>Funds</b> |
| <b>Assets</b>                          |                                             |                                                 |                   |                                       |
| Cash and investments with fiscal agent | \$ 98,851                                   | \$ 692,532                                      | \$ 791,383        | \$ 757,781                            |
| <b>Total assets</b>                    | <u>98,851</u>                               | <u>692,532</u>                                  | <u>791,383</u>    | <u>757,781</u>                        |
| <b>Liabilities and net assets</b>      |                                             |                                                 |                   |                                       |
| <b>Liabilities</b>                     |                                             |                                                 |                   |                                       |
| Amount held for student activity funds | -                                           | -                                               | -                 | 757,781                               |
| <b>Total liabilities</b>               | <u>-</u>                                    | <u>-</u>                                        | <u>-</u>          | <u>757,781</u>                        |
| <b>Total net assets</b>                | <u>\$ 98,851</u>                            | <u>\$ 692,532</u>                               | <u>\$ 791,383</u> | <u>\$ -</u>                           |

## CITY OF MANASSAS, VIRGINIA

Exhibit AF

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Manassas City Public Schools - Private-Purpose Trust Funds**  
**For the Year Ended June 30, 2011**

|                                               | <b>Nancy Lyons<br/>Scholarship<br/>Fund</b> | <b>E. Shreve Brent<br/>Scholarship<br/>Fund</b> | <b>Total<br/>Private - Purpose<br/>Trust<br/>Funds</b> |
|-----------------------------------------------|---------------------------------------------|-------------------------------------------------|--------------------------------------------------------|
| <b>Revenue</b>                                |                                             |                                                 |                                                        |
| Interest revenue                              | \$ 6,599                                    | \$ 117,759                                      | \$ 124,358                                             |
| Total revenue                                 | <u>6,599</u>                                | <u>117,759</u>                                  | <u>124,358</u>                                         |
| <b>Expenses</b>                               |                                             |                                                 |                                                        |
| Scholarship distributions                     | 8,000                                       | 12,500                                          | 20,500                                                 |
| Total expenses                                | <u>8,000</u>                                | <u>12,500</u>                                   | <u>20,500</u>                                          |
| <b>Change in net assets</b>                   | (1,401)                                     | 105,259                                         | 103,858                                                |
| <b>Total net assets (deficit) - beginning</b> | <u>100,252</u>                              | <u>587,273</u>                                  | <u>687,525</u>                                         |
| <b>Total net assets (deficit) - ending</b>    | <u><u>\$ 98,851</u></u>                     | <u><u>\$ 692,532</u></u>                        | <u><u>\$ 791,383</u></u>                               |

## CITY OF MANASSAS, VIRGINIA

Exhibit AG

**Statement of Changes in Fiduciary Assets and Liabilities**  
**Manassas City Public Schools - Agency Fund**  
**For the Year Ended June 30, 2011**

|                                         | <u>Balance</u><br><u>July 1, 2010</u> | <u>Additions</u>    | <u>Deductions</u>     | <u>Balance</u><br><u>June 30, 2011</u> |
|-----------------------------------------|---------------------------------------|---------------------|-----------------------|----------------------------------------|
| <b>Assets</b>                           |                                       |                     |                       |                                        |
| Cash with fiscal agent:                 |                                       |                     |                       |                                        |
| Osborn Senior High School               | \$ 429,608                            | \$ 856,017          | \$ (808,037)          | \$ 477,588                             |
| Grace E. Metz Junior High School        | 98,369                                | 77,914              | (97,823)              | 78,460                                 |
| Mayfield Intermediate School            | 51,207                                | 94,275              | (110,090)             | 35,392                                 |
| Baldwin Elementary School               | 12,678                                | 57,354              | (57,077)              | 12,955                                 |
| George C. Round Elementary School       | 118,026                               | 16,737              | (27,239)              | 107,524                                |
| Jennie Dean Elementary School           | 9,549                                 | 45,674              | (38,497)              | 16,726                                 |
| R. C. Haydon Elementary School          | 21,585                                | 38,551              | (42,816)              | 17,320                                 |
| Weems Elementary School                 | 17,127                                | 44,531              | (49,842)              | 11,816                                 |
| <b>Total assets</b>                     | <u>\$ 758,149</u>                     | <u>\$ 1,231,053</u> | <u>\$ (1,231,421)</u> | <u>\$ 757,781</u>                      |
| <b>Liabilities</b>                      |                                       |                     |                       |                                        |
| Amounts held for student activity funds | <u>\$ 758,149</u>                     | <u>\$ 1,231,053</u> | <u>\$ (1,231,421)</u> | <u>\$ 757,781</u>                      |

# **STATISTICAL SECTION**





## STATISTICAL SECTION

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

| <b>Contents</b>                                                                                                                                                                                                                                                | <b>Page</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.                                                                           | 100         |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the government's most significant local revenue source, the real estate property tax.                                                                                 | 110         |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.                            | 116         |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.                                          | 120         |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. | 122         |

**CITY OF MANASSAS, VIRGINIA**

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

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

Source: City of Manassas Comprehensive Annual Financial Report

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

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

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

Table I

| Fiscal Year           |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2007                  | 2008                  | 2009                  | 2010                  | 2011                  |
| \$ 172,941,450        | \$ 173,610,232        | \$ 177,487,923        | \$ 176,462,932        | \$ 175,427,553        |
| 3,755,019             | 3,171,524             | 2,837,832             | 1,905,999             | 4,863,154             |
| (26,811,818)          | (19,420,422)          | (19,205,279)          | (16,284,557)          | (12,750,980)          |
| <u>\$ 149,884,651</u> | <u>\$ 157,361,334</u> | <u>\$ 161,120,476</u> | <u>\$ 162,084,374</u> | <u>\$ 167,539,727</u> |
|                       |                       |                       |                       |                       |
| \$ 57,065,964         | \$ 66,024,795         | \$ 63,687,537         | \$ 69,265,780         | \$ 67,209,381         |
| 2,521,141             | 343,478               | 354,727               | 54,724                | 3,060,310             |
| 24,797,184            | 24,896,047            | 28,630,117            | 34,206,399            | 45,688,265            |
| <u>\$ 84,384,289</u>  | <u>\$ 91,264,320</u>  | <u>\$ 92,672,381</u>  | <u>\$ 103,526,903</u> | <u>\$ 115,957,956</u> |
|                       |                       |                       |                       |                       |
| \$ 230,007,414        | \$ 239,635,027        | \$ 241,175,460        | \$ 245,728,712        | \$ 242,636,934        |
| 6,276,160             | 3,515,002             | 3,192,559             | 1,960,723             | 7,923,464             |
| (2,014,634)           | 5,475,625             | 9,424,838             | 17,921,842            | 32,937,285            |
| <u>\$ 234,268,940</u> | <u>\$ 248,625,654</u> | <u>\$ 253,792,857</u> | <u>\$ 265,611,277</u> | <u>\$ 283,497,683</u> |
|                       |                       |                       |                       |                       |
| \$ 63,715,611         | \$ 61,416,111         | \$ 57,277,879         | \$ 53,900,305         | \$ 51,214,420         |
| 1,527,377             | -                     | -                     | -                     | -                     |
| 6,525,451             | 4,637,838             | 3,007,722             | 3,785,225             | 4,788,337             |
| <u>\$ 71,768,439</u>  | <u>\$ 66,053,949</u>  | <u>\$ 60,285,601</u>  | <u>\$ 57,685,530</u>  | <u>\$ 56,002,757</u>  |
|                       |                       |                       |                       |                       |
| \$ 239,899,350        | \$ 251,315,863        | \$ 253,083,911        | \$ 256,960,742        | \$ 254,873,854        |
| 7,803,537             | 3,515,002             | 3,192,559             | 1,960,723             | 8,023,464             |
| 58,334,492            | 59,848,738            | 57,801,990            | 64,375,342            | 76,603,122            |
| <u>\$ 306,037,379</u> | <u>\$ 314,679,603</u> | <u>\$ 314,078,460</u> | <u>\$ 323,296,807</u> | <u>\$ 339,500,440</u> |

## CITY OF MANASSAS, VIRGINIA

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

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

Table II  
Page 1 of 2

| Fiscal Year    |                |                |                |                |
|----------------|----------------|----------------|----------------|----------------|
| 2007           | 2008           | 2009           | 2010           | 2011           |
| \$ 7,995,896   | \$ 8,485,619   | \$ 8,600,672   | \$ 8,473,478   | \$ 8,411,567   |
| 20,773,741     | 22,315,459     | 24,236,806     | 24,539,618     | 24,460,979     |
| 10,107,203     | 10,250,242     | 9,703,176      | 9,312,018      | 8,341,752      |
| 8,730,682      | 8,657,439      | 8,435,426      | 7,973,696      | 7,490,361      |
| 6,510,141      | 5,842,629      | 6,499,227      | 6,138,833      | 6,731,424      |
| 48,102,935     | 48,443,875     | 48,924,698     | 47,592,844     | 47,123,718     |
| 3,461,780      | 3,009,189      | 2,785,179      | 2,605,659      | 2,758,789      |
| 105,682,378    | 107,004,452    | 109,185,184    | 106,636,146    | 105,318,590    |
| 55,003,809     | 59,363,545     | 61,561,566     | 51,740,779     | 59,796,816     |
| 7,540,204      | 7,281,863      | 7,240,285      | 6,819,870      | 6,655,580      |
| 9,290,538      | 11,393,765     | 11,909,773     | 12,029,865     | 11,851,071     |
| 2,510,742      | 2,790,729      | 3,390,014      | 3,392,717      | 3,369,665      |
| 2,655,728      | 2,656,126      | 2,815,686      | 2,868,737      | 2,957,779      |
| 438,519        | 425,006        | 298,683        | 317,848        | 370,416        |
| 190,157        | 177,279        | 198,440        | 191,763        | 199,396        |
| 251,989        | 327,516        | 675,703        | 521,024        | -              |
| 77,881,686     | 84,415,829     | 88,090,150     | 77,882,603     | 85,200,723     |
| \$ 183,564,064 | \$ 191,420,281 | \$ 197,275,334 | \$ 184,518,749 | \$ 190,519,313 |
| \$ 12,533      | \$ 91,197      | \$ 124,380     | \$ 463,437     | \$ 769,067     |
| 2,176,120      | 2,181,634      | 1,776,805      | 1,909,779      | 1,755,053      |
| 1,363,215      | 1,061,618      | 1,294,376      | 643,891        | 865,261        |
| 74,298         | 64,651         | 65,900         | 33,348         | 38,807         |
| 1,037,388      | 509,641        | 392,047        | 406,412        | 405,456        |
| 9,110,430      | 11,438,714     | 9,192,809      | 8,804,363      | 11,968,013     |
| 62,500         | -              | -              | -              | -              |
| 13,836,484     | 15,347,455     | 12,846,317     | 12,261,230     | 15,801,657     |
| 58,233,774     | 61,160,340     | 63,332,951     | 54,968,258     | 63,213,305     |
| 8,599,256      | 8,893,622      | 9,232,312      | 10,301,071     | 10,760,754     |
| 10,302,215     | 10,727,954     | 11,905,882     | 12,091,738     | 14,260,452     |
| 1,734,558      | 1,862,187      | 1,929,298      | 2,080,115      | 2,134,108      |
| 2,523,788      | 2,597,354      | 2,772,014      | 2,896,323      | 2,916,356      |
| 11,249         | 11,657         | 13,354         | 13,526         | 16,787         |
| 25,600         | 32,060         | 30,609         | 27,984         | 30,397         |
| 162,512        | 197,777        | 386,666        | 325,228        | -              |
| 102,408        | 80,563         | 111,479        | 1,652,441      | 289,574        |
| 5,891,197      | 4,097,334      | 722,786        | 5,354,797      | 5,529,714      |
| 87,586,557     | 89,660,848     | 90,437,351     | 89,711,481     | 99,151,447     |
| \$ 101,423,041 | \$ 105,008,303 | \$ 103,283,668 | \$ 101,972,711 | \$ 114,953,104 |

**CITY OF MANASSAS, VIRGINIA**

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

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

Source: City of Manassas Comprehensive Annual Financial Report

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

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

Table II  
Page 2 of 2

| Fiscal Year     |                 |                 |                 |                 |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2007            | 2008            | 2009            | 2010            | 2011            |
| \$ (91,845,894) | \$ (91,656,997) | \$ (96,338,867) | \$ (94,374,916) | \$ (89,516,933) |
| 9,704,871       | 5,245,019       | 2,347,201       | 11,828,878      | 13,950,724      |
| \$ (82,141,023) | \$ (86,411,978) | \$ (93,991,666) | \$ (82,546,038) | \$ (75,566,209) |
|                 |                 |                 |                 |                 |
| \$ 79,492,663   | \$ 85,077,974   | \$ 85,999,880   | \$ 77,135,239   | \$ 77,640,223   |
| 4,082,918       | 3,993,249       | 3,933,837       | 8,117,505       | 8,204,284       |
| 5,963,073       | 3,149,103       | 2,991,923       | 3,252,349       | 2,594,066       |
| 6,827,645       | 6,287,164       | 5,774,990       | 5,637,807       | 5,410,273       |
| 792,543         | 626,190         | 1,397,379       | 1,195,914       | 1,123,440       |
| 97,158,842      | 99,133,680      | 100,098,009     | 95,338,814      | 94,972,286      |
|                 |                 |                 |                 |                 |
| 994,381         | 1,409,308       | 481,835         | 115,836         | 90,745          |
| 489,073         | 851,894         | (23,596)        | 105,722         | (486,976)       |
| (792,543)       | (626,190)       | (1,397,379)     | (1,195,914)     | (1,123,440)     |
| 690,911         | 1,635,012       | (939,140)       | (974,356)       | (1,519,671)     |
| \$ 97,849,753   | \$ 100,768,692  | \$ 99,158,869   | \$ 94,364,458   | \$ 93,452,615   |
|                 |                 |                 |                 |                 |
| \$ 5,312,948    | \$ 7,476,683    | \$ 3,759,142    | \$ 963,898      | \$ 5,455,353    |
| 10,395,782      | 6,880,031       | 1,408,061       | 10,854,522      | 12,431,053      |
| \$ 15,708,730   | \$ 14,356,714   | \$ 5,167,203    | \$ 11,818,420   | \$ 17,886,406   |

**CITY OF MANASSAS, VIRGINIA**

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

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

Source: City of Manassas Comprehensive Annual Financial Report

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

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



Table III

| Fiscal Year    |               |                |                |                |
|----------------|---------------|----------------|----------------|----------------|
| 2007           | 2008          | 2009           | 2010           | 2011           |
| \$ 58,284,664  | \$ 62,918,748 | \$ 66,747,985  | \$ 63,697,942  | \$ 62,613,605  |
| 21,237,921     | 19,687,511    | 18,355,300     | 14,897,257     | 16,045,899     |
| 885,919        | 913,331       | 533,860        | 923,525        | 784,597        |
| 633,223        | 544,266       | 509,871        | 521,655        | 633,285        |
| 2,422,607      | 1,349,399     | 544,697        | 276,216        | 324,979        |
| 1,230,695      | 1,244,643     | 1,208,576      | 1,144,351      | 1,072,428      |
| 6,827,645      | 6,287,164     | 5,774,990      | 5,637,807      | 5,410,273      |
| 1,519,416      | 1,593,210     | 1,656,460      | 1,973,170      | 1,973,170      |
| 2,779,960      | 1,555,185     | 1,944,405      | 1,401,785      | 1,350,794      |
| 13,255,848     | 15,431,962    | 13,126,646     | 16,921,868     | 20,101,400     |
| 109,077,898    | 111,525,419   | 110,402,790    | 107,395,576    | 110,310,430    |
| 7,775,056      | 8,251,309     | 8,282,142      | 8,087,758      | 8,126,487      |
| 20,540,744     | 21,432,111    | 23,181,421     | 23,619,295     | 23,838,881     |
| 5,937,436      | 5,989,842     | 5,194,725      | 5,312,789      | 4,158,164      |
| 8,666,345      | 8,594,700     | 8,416,209      | 7,976,335      | 7,458,336      |
| 6,142,894      | 5,301,265     | 6,010,353      | 5,735,016      | 6,369,224      |
| 48,102,935     | 48,443,875    | 48,924,698     | 47,592,844     | 47,123,718     |
| -              | -             | -              | -              | -              |
| 7,431,345      | 4,499,479     | 7,372,921      | 4,308,676      | 8,964,479      |
| 5,721,200      | 5,448,966     | 5,256,466      | 5,285,032      | 4,827,350      |
| 3,421,836      | 3,109,315     | 2,906,134      | 2,721,773      | 2,811,252      |
| 113,739,791    | 111,070,862   | 115,545,069    | 110,639,518    | 113,677,891    |
| \$ (4,661,893) | \$ 454,557    | \$ (5,142,279) | \$ (3,243,942) | \$ (3,367,461) |
| 4,906,749      | 4,282,488     | 5,008,434      | 10,305,313     | 4,315,802      |
| (4,268,727)    | (4,176,483)   | (4,164,899)    | (9,530,605)    | (3,270,466)    |
| 1,003,901      | -             | -              | 2,200,000      | 3,128,162      |
| -              | -             | -              | -              | 310,441        |
| 657,000        | -             | -              | 67,663         | -              |
| 2,298,923      | 106,005       | 843,535        | 3,042,371      | 4,483,939      |
| \$ (2,362,970) | \$ 560,562    | \$ (4,298,744) | \$ (201,571)   | \$ 1,116,478   |
| 8.6%           | 8.0%          | 7.5%           | 7.5%           | 7.3%           |

**CITY OF MANASSAS, VIRGINIA**

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

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

Note: The City implemented GASB Statement 54 beginning with fiscal year 2011 - see Note 1 in the Notes to the Basic Financial Statements section of the report.

Table IV

| Fiscal Year          |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2007                 | 2008                 | 2009                 | 2010                 | 2011                 |
| \$ 3,301,206         | \$ 4,498,123         | \$ 4,135,238         | \$ 4,867,143         | \$ -                 |
| 2,800,921            | 3,231,404            | 2,645,900            | 2,245,748            | -                    |
| 14,052,538           | 11,407,179           | 12,194,000           | 13,891,163           | -                    |
| -                    | -                    | -                    | -                    | 950,239              |
| -                    | -                    | -                    | -                    | 2,999,143            |
| -                    | -                    | -                    | -                    | 7,505,941            |
| -                    | -                    | -                    | -                    | 11,878,166           |
| <u>\$ 20,154,665</u> | <u>\$ 19,136,706</u> | <u>\$ 18,975,138</u> | <u>\$ 21,004,054</u> | <u>\$ 23,333,489</u> |
| <br>                 |                      |                      |                      |                      |
| \$ 7,443,946         | \$ 4,920,000         | \$ 3,209,641         | \$ 2,882,100         | \$ -                 |
| 603,515              | 1,400,013            | 1,474,944            | 1,567,040            | -                    |
| 3,335,098            | 6,641,066            | 4,139,318            | 2,144,276            | -                    |
| -                    | -                    | -                    | -                    | 7,654,893            |
| -                    | -                    | -                    | -                    | 56,401               |
| -                    | -                    | -                    | -                    | 374,245              |
| -                    | -                    | -                    | -                    | (2,705,080)          |
| <u>\$ 11,382,559</u> | <u>\$ 12,961,079</u> | <u>\$ 8,823,903</u>  | <u>\$ 6,593,416</u>  | <u>\$ 5,380,459</u>  |

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

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

Source: City of Manassas Comprehensive Annual Financial Report

Note: Fiscal year 2006 is presented as restated

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

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

Table V

| Fiscal Year   |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|
| 2007          | 2008          | 2009          | 2010          | 2011          |
| \$ 46,144,523 | \$ 51,019,031 | \$ 54,249,494 | \$ 52,749,987 | \$ 51,703,328 |
| 11,076,499    | 10,677,820    | 10,934,245    | 9,322,059     | 9,133,899     |
| 1,063,642     | 1,221,897     | 1,564,246     | 1,625,896     | 1,776,378     |
| 58,284,664    | 62,918,748    | 66,747,985    | 63,697,942    | 62,613,605    |
| 8,129,713     | 7,082,425     | 6,440,055     | 6,881,710     | 7,305,186     |
| 3,490,912     | 3,017,478     | 2,869,132     | 2,450,090     | 2,759,079     |
| 2,682,545     | 2,640,665     | 2,547,151     | 2,423,969     | 2,584,054     |
| 1,420,444     | 3,312,500     | 3,009,702     | -             | -             |
| 5,514,307     | 3,634,443     | 3,489,260     | 3,141,488     | 3,397,580     |
| 21,237,921    | 19,687,511    | 18,355,300    | 14,897,257    | 16,045,899    |
| \$ 79,522,585 | \$ 82,606,259 | \$ 85,103,285 | \$ 78,595,199 | \$ 78,659,504 |

## CITY OF MANASSAS, VIRGINIA

Table VI

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

| <b>Tax<br/>Year</b> | <b>Residential</b> | <b>Commercial</b> | <b>Tax Exempt</b> | <b>Total<br/>Assessed<br/>and Actual<br/>Value</b> | <b>Less<br/>Tax Exempt</b> | <b>Total Taxable<br/>Assessed<br/>and Actual<br/>Value</b> | <b>Total<br/>Direct<br/>Tax<br/>Rate</b> |
|---------------------|--------------------|-------------------|-------------------|----------------------------------------------------|----------------------------|------------------------------------------------------------|------------------------------------------|
| 2002                | \$ 1,761,933,600   | \$ 965,318,500    | \$ 461,095,400    | \$ 3,188,347,500                                   | \$ 461,095,400             | \$ 2,727,252,100                                           | \$ 1.200                                 |
| 2003                | 2,079,853,200      | 935,789,000       | 504,276,900       | 3,519,919,100                                      | 504,276,900                | 3,015,642,200                                              | 1.200                                    |
| 2004                | 2,387,120,500      | 1,042,012,000     | 567,508,600       | 3,996,641,100                                      | 567,508,600                | 3,429,132,500                                              | 1.150                                    |
| 2005                | 3,022,354,500      | 1,228,016,800     | 681,487,600       | 4,931,858,900                                      | 681,487,600                | 4,250,371,300                                              | 1.000                                    |
| 2006                | 4,094,450,400      | 1,495,603,600     | 752,934,300       | 6,342,988,300                                      | 752,934,300                | 5,590,054,000                                              | 0.815                                    |
| 2007                | 4,110,384,900      | 1,552,164,900     | 864,839,600       | 6,527,389,400                                      | 864,839,600                | 5,662,549,800                                              | 0.855                                    |
| 2008                | 3,186,424,400      | 1,796,000,400     | 854,629,500       | 5,837,054,300                                      | 854,629,500                | 4,982,424,800                                              | 1.115                                    |
| 2009                | 2,046,404,000      | 1,712,622,700     | 852,224,300       | 4,611,251,000                                      | 852,224,300                | 3,759,026,700                                              | 1.493                                    |
| 2010                | 2,083,619,700      | 1,508,162,900     | 771,507,200       | 4,363,289,800                                      | 771,507,200                | 3,591,782,600                                              | 1.472                                    |
| 2011                | 2,249,477,700      | 1,547,273,200     | 795,895,200       | 4,592,646,100                                      | 795,895,200                | 3,796,750,900                                              | 0.736                                    |

Source: City of Manassas Commissioner of the Revenue

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

Property in the City is reassessed each year.

Tax rates are per \$100 of assessed value.

In 2008 the City enacted a Fire Rescue Levy. The tax rates for 2008 thru 2011 include this levy.

## CITY OF MANASSAS, VIRGINIA

Table VII

**Property Tax Rates  
Last Ten Years**

| <b>Tax<br/>Year</b> | <b>General</b> | <b>Fire<br/>Rescue<br/>Levy</b> | <b>Total<br/>Direct<br/>Real<br/>Property</b> | <b>Personal<br/>Property</b> | <b>Machinery<br/>and Tools</b> | <b>Aircraft</b> |
|---------------------|----------------|---------------------------------|-----------------------------------------------|------------------------------|--------------------------------|-----------------|
| 2002                | \$ 1.200       | \$ -                            | \$ 1.200                                      | \$ 3.050                     | \$ 1.360                       | \$ 0.010        |
| 2003                | 1.200          | -                               | 1.200                                         | 3.050                        | 2.500                          | 0.010           |
| 2004                | 1.150          | -                               | 1.150                                         | 3.050                        | 2.500                          | 0.010           |
| 2005                | 1.000          | -                               | 1.000                                         | 3.050                        | 1.900                          | 0.010           |
| 2006                | 0.815          | -                               | 0.815                                         | 3.050                        | 1.900                          | -               |
| 2007                | 0.855          | -                               | 0.855                                         | 3.050                        | 1.900                          | -               |
| 2008                | 1.015          | 0.100                           | 1.115                                         | 3.250                        | 2.100                          | -               |
| 2009                | 1.350          | 0.143                           | 1.493                                         | 3.250                        | 2.100                          | -               |
| 2010                | 1.318          | 0.154                           | 1.472                                         | 3.250                        | 2.100                          | -               |
| 2011                | 0.659          | 0.077                           | 0.736                                         | 3.250                        | 2.100                          | -               |

Source: City of Manassas Commissioner of the Revenue

## CITY OF MANASSAS, VIRGINIA

Table VIII

Principal Real Property Taxpayers  
Current Year and Nine Years Ago

| Taxpayer                     | 2011                        |      |                                                 | 2002                        |      |                                                 |
|------------------------------|-----------------------------|------|-------------------------------------------------|-----------------------------|------|-------------------------------------------------|
|                              | Taxable<br>Real<br>Assessed | Rank | Percentage of<br>Total Taxable<br>Real Assessed | Taxable<br>Real<br>Assessed | Rank | Percentage of<br>Total Taxable<br>Real Assessed |
|                              | Value                       |      | Value                                           | Value                       |      | Value                                           |
| Lockheed Martin              | \$ 92,379,200               | 1    | 2.4%                                            | \$ 90,279,300               | 1    | 3.0%                                            |
| Micron Technology            | 87,505,000                  | 2    | 2.2%                                            |                             |      |                                                 |
| Dominion Semiconductor       |                             |      |                                                 | 88,094,900                  | 2    | 2.9%                                            |
| Wellington Place, LLC        | 50,544,000                  | 3    | 1.3%                                            | 27,023,700                  | 5    | 0.9%                                            |
| Battery Heights Associates   | 45,126,100                  | 4    | 1.2%                                            | 29,606,600                  | 4    | 1.0%                                            |
| Verizon                      | 35,307,046                  | 5    | 0.9%                                            | 39,506,836                  | 3    | 1.3%                                            |
| Prince William Health System | 28,956,000                  | 6    | 0.7%                                            | 15,987,000                  | 9    | 0.5%                                            |
| Davis Ford Crossing, LLC     | 26,163,900                  | 7    | 0.7%                                            | 17,565,700                  | 7    | 0.6%                                            |
| Wellington/ Hastings         | 23,397,700                  | 8    | 0.6%                                            | 17,831,900                  | 6    | 0.6%                                            |
| BOIII, LLC                   | 18,016,100                  | 9    | 0.5%                                            |                             |      |                                                 |
| Liberia Development Corp     | 17,911,600                  | 10   | 0.5%                                            | 14,754,100                  | 10   | 0.5%                                            |
| Fairfield Village Square, LP |                             |      |                                                 | 17,396,600                  | 8    | 0.6%                                            |
| Totals                       | <u>\$ 425,306,646</u>       |      | <u>11.0%</u>                                    | <u>\$ 358,046,636</u>       |      | <u>11.9%</u>                                    |

Source: City of Manassas Commissioner of Revenue

Note: Micron Technology purchased Dominion Semiconductor in 2002.

**CITY OF MANASSAS, VIRGINIA**

**Real Property Tax Levies  
Last Ten Years**

| Tax<br>Year                | Total Tax<br>Levy for<br>Tax Year | Fiscal Year for which Tax Levy Applies |                      |                      |                      |                      |
|----------------------------|-----------------------------------|----------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                            |                                   | 2002                                   | 2003                 | 2004                 | 2005                 | 2006                 |
| 2002                       | \$ 32,702,252                     | \$ 16,353,152                          | \$ 16,349,100        | \$ -                 | \$ -                 | \$ -                 |
| 2003                       | 35,991,513                        | -                                      | 17,998,288           | 17,993,225           | -                    | -                    |
| 2004                       | 39,339,768                        | -                                      | -                    | 19,672,209           | 19,667,559           | -                    |
| 2005                       | 42,149,468                        | -                                      | -                    | -                    | 21,080,022           | 21,069,446           |
| 2006                       | 45,487,710                        | -                                      | -                    | -                    | -                    | 22,743,855           |
| 2007                       | 47,837,204                        | -                                      | -                    | -                    | -                    | -                    |
| 2008                       | 55,042,222                        | -                                      | -                    | -                    | -                    | -                    |
| 2009                       | 55,553,210                        | -                                      | -                    | -                    | -                    | -                    |
| 2010                       | 52,260,980                        | -                                      | -                    | -                    | -                    | -                    |
| 2011                       | 26,008,807                        | -                                      | -                    | -                    | -                    | -                    |
| Total Levy for Fiscal Year |                                   | <u>\$ 16,353,152</u>                   | <u>\$ 34,347,388</u> | <u>\$ 37,665,434</u> | <u>\$ 40,747,581</u> | <u>\$ 43,813,301</u> |

**Table IX-a**

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

| Fiscal<br>Year | Total Tax<br>Levy for<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|----------------|--------------------------------------|-------------------------------------------------|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                |                                      | Amount                                          | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2002           | \$ 30,750,979                        | \$ 30,018,378                                   | 97.62%                | \$ 721,165                            | \$ 30,739,543             | 99.96%                |
| 2003           | 34,347,388                           | 33,544,853                                      | 97.66%                | 788,321                               | 34,333,174                | 99.96%                |
| 2004           | 37,665,434                           | 37,062,987                                      | 98.40%                | 592,263                               | 37,655,250                | 99.97%                |
| 2005           | 40,747,581                           | 39,885,372                                      | 97.88%                | 849,775                               | 40,735,147                | 99.97%                |
| 2006           | 43,813,301                           | 42,651,696                                      | 97.35%                | 1,145,983                             | 43,797,679                | 99.96%                |
| 2007           | 46,662,457                           | 44,456,148                                      | 95.27%                | 2,164,347                             | 46,620,495                | 99.91%                |
| 2008           | 51,439,713                           | 50,006,542                                      | 97.21%                | 1,279,555                             | 51,286,097                | 99.70%                |
| 2009           | 55,297,716                           | 53,399,535                                      | 96.57%                | 1,571,941                             | 54,971,476                | 99.41%                |
| 2010           | 53,907,095                           | 51,987,471                                      | 96.44%                | 1,113,430                             | 53,100,901                | 98.50%                |
| 2011           | 52,139,297                           | 50,353,653                                      | 96.58%                | -                                     | 50,353,653                | 96.58%                |

Source: City of Manassas Finance Department



Table IX

| Fiscal Year for which Tax Levy Applies |                      |                      |                      |                      | Tax  |
|----------------------------------------|----------------------|----------------------|----------------------|----------------------|------|
| 2007                                   | 2008                 | 2009                 | 2010                 | 2011                 | Year |
| \$ -                                   | \$ -                 | \$ -                 | \$ -                 | \$ -                 | 2002 |
| -                                      | -                    | -                    | -                    | -                    | 2003 |
| -                                      | -                    | -                    | -                    | -                    | 2004 |
| -                                      | -                    | -                    | -                    | -                    | 2005 |
| 22,743,855                             | -                    | -                    | -                    | -                    | 2006 |
| 23,918,602                             | 23,918,602           | -                    | -                    | -                    | 2007 |
| -                                      | 27,521,111           | 27,521,111           | -                    | -                    | 2008 |
| -                                      | -                    | 27,776,605           | 27,776,605           | -                    | 2009 |
| -                                      | -                    | -                    | 26,130,490           | 26,130,490           | 2010 |
| -                                      | -                    | -                    | -                    | 26,008,807           | 2011 |
| <u>\$ 46,662,457</u>                   | <u>\$ 51,439,713</u> | <u>\$ 55,297,716</u> | <u>\$ 53,907,095</u> | <u>\$ 52,139,297</u> |      |

Source: City of Manassas Commission of the Revenue

Notes: The taxes are due June 5 and December 5.  
 For tax years 2002 - 2010, the tax year is the calendar year.  
 For tax years 2002 - 2010, the first payment of the tax year is for one fiscal year and the second payment of the tax year is for the subsequent fiscal year.  
 Effective January 1, 2011 the City changed the tax year to the fiscal year ending June 30.  
 For the transition, tax year 2011 is a six month tax year and therefore the levy for tax year 2011 is about one half the amount of the previous and subsequent levies.  
 The taxes for tax year 2011 were due May 2011.  
 Beginning with tax year 2012 the tax year begins July 1 and end June 30  
 Beginning with the tax year 2012, the two payments for the tax year (December 5 and June 5) are both due in the fiscal year.  
 Beginning in Tax Year 2008, the schedule includes the Fire and Rescue Tax Levy  
 Tax year 2010 began January 1, 2010 and ended December 31, 2010  
 Tax year 2011 began January 1, 2011 and ended June 30, 2011  
 Tax year 2012 will begin July 1, 2011 and ended June 30, 2012

**CITY OF MANASSAS, VIRGINIA**

**Table X**

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

| <b>Fiscal<br/>Year</b> | <b>Governmental Activities</b>          |                                     |                           |              | <b>Business-Type<br/>Activities</b>     | <b>Total<br/>Primary<br/>Government</b> | <b>Percentage<br/>of<br/>Personal<br/>Income</b> |          |
|------------------------|-----------------------------------------|-------------------------------------|---------------------------|--------------|-----------------------------------------|-----------------------------------------|--------------------------------------------------|----------|
|                        | <b>General<br/>Obligation<br/>Bonds</b> | <b>State<br/>Literary<br/>Loans</b> | <b>Capital<br/>Leases</b> | <b>Notes</b> | <b>General<br/>Obligation<br/>Bonds</b> |                                         | <b>Per<br/>Capita</b>                            |          |
| 2002                   | \$ 39,058,237                           | \$ 3,849,125                        | \$ 12,917                 | \$ 12,500    | \$ 20,306,752                           | \$ 63,239,531                           | 7.85%                                            | \$ 1,762 |
| 2003                   | 35,109,845                              | 3,336,700                           | 11,078                    | -            | 18,460,016                              | 56,917,639                              | 6.75%                                            | \$ 1,568 |
| 2004                   | 62,867,578                              | 2,824,275                           | 448,019                   | -            | 18,038,997                              | 84,178,869                              | 9.91%                                            | \$ 2,306 |
| 2005                   | 59,340,191                              | 2,322,275                           | 3,174,943                 | -            | 16,521,062                              | 81,358,471                              | 8.95%                                            | \$ 2,199 |
| 2006                   | 74,467,620                              | 1,820,275                           | 2,778,000                 | -            | 17,658,610                              | 96,724,505                              | 10.48%                                           | \$ 2,541 |
| 2007                   | 69,148,420                              | 1,418,275                           | 2,482,029                 | 1,003,096    | 15,735,337                              | 89,787,157                              | 9.93%                                            | \$ 2,359 |
| 2008                   | 64,252,430                              | 1,116,239                           | 2,227,607                 | 752,925      | 30,481,425                              | 98,830,626                              | 10.76%                                           | \$ 2,695 |
| 2009                   | 59,837,150                              | 814,275                             | 1,841,720                 | 501,949      | 28,659,250                              | 91,654,344                              | n/a                                              | \$ 2,554 |
| 2010                   | 57,601,950                              | 512,275                             | 1,483,960                 | 250,973      | 29,714,312                              | 89,563,470                              | n/a                                              | \$ 2,512 |
| 2011                   | 56,399,910                              | 225,000                             | 1,150,534                 | -            | 30,603,393                              | 88,378,837                              | n/a                                              | \$ 2,337 |

Source: City of Manassas Comprehensive Annual Financial Report

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

Personal income and population data is found in Table XIII.

n/a = not available

## CITY OF MANASSAS, VIRGINIA

Table XI

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

| <b>Fiscal<br/>Year</b> | <b>Outstanding<br/>General<br/>Obligation<br/>Bonds</b> | <b>Outstanding<br/>State<br/>Literary<br/>Loans</b> | <b>Total<br/>Outstanding<br/>Bonds<br/>Supported by<br/>Taxpayers</b> | <b>Percentage of<br/>Outstanding<br/>Bonds to<br/>Total Taxable<br/>Assessed and<br/>Actual Value<br/>of Real<br/>Property</b> | <b>Outstanding<br/>Bonds<br/>Per Capita</b> |
|------------------------|---------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 2002                   | \$ 39,058,237                                           | \$ 3,849,125                                        | \$ 42,907,362                                                         | 1.57%                                                                                                                          | \$ 1,195                                    |
| 2003                   | 35,109,845                                              | 3,336,700                                           | 38,446,545                                                            | 1.27%                                                                                                                          | \$ 1,059                                    |
| 2004                   | 62,867,578                                              | 2,824,275                                           | 65,691,853                                                            | 1.92%                                                                                                                          | \$ 1,800                                    |
| 2005                   | 59,340,191                                              | 2,322,275                                           | 61,662,466                                                            | 1.45%                                                                                                                          | \$ 1,667                                    |
| 2006                   | 74,467,620                                              | 1,820,275                                           | 76,287,895                                                            | 1.36%                                                                                                                          | \$ 2,004                                    |
| 2007                   | 69,148,420                                              | 1,418,275                                           | 70,566,695                                                            | 1.25%                                                                                                                          | \$ 1,854                                    |
| 2008                   | 64,252,430                                              | 1,116,239                                           | 65,368,669                                                            | 1.31%                                                                                                                          | \$ 1,783                                    |
| 2009                   | 59,837,150                                              | 814,275                                             | 60,651,425                                                            | 1.61%                                                                                                                          | \$ 1,690                                    |
| 2010                   | 57,601,950                                              | 512,275                                             | 58,114,225                                                            | 1.62%                                                                                                                          | \$ 1,630                                    |
| 2011                   | 56,399,910                                              | 225,000                                             | 56,624,910                                                            | 1.49%                                                                                                                          | \$ 1,497                                    |

Source: City of Manassas Comprehensive Annual Financial Report

Notes: Details of the City's outstanding debt can be found in the notes to the financial statements.  
Taxable Assessed and Actual Value of Property is found in Table VI.  
Population data is found in Table XIII.

**CITY OF MANASSAS, VIRGINIA**

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

|                                                               | <b>Fiscal Year</b>    |                       |                       |                       |                       |
|---------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                               | <b>2002</b>           | <b>2003</b>           | <b>2004</b>           | <b>2005</b>           | <b>2006</b>           |
| Debt limit                                                    | \$ 272,725,210        | \$ 301,564,220        | \$ 342,913,250        | \$ 425,037,130        | \$ 559,005,400        |
| Total net debt applicable to limit                            | 63,214,114            | 56,906,561            | 83,730,850            | 78,183,528            | 93,946,505            |
| Legal debt margin                                             | <u>\$ 209,511,096</u> | <u>\$ 244,657,659</u> | <u>\$ 259,182,400</u> | <u>\$ 346,853,602</u> | <u>\$ 465,058,895</u> |
|                                                               |                       |                       |                       |                       |                       |
| Total net debt applicable to limit as a percent of debt limit | 23.18%                | 18.87%                | 24.42%                | 18.39%                | 16.81%                |

Source: City of Manassas Comprehensive Annual Financial Report

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

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

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

Table XII

|                                                               | Fiscal Year    |                |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                               | 2007           | 2008           | 2009           | 2010           | 2011           |
| Debt limit                                                    | \$ 566,254,980 | \$ 498,242,480 | \$ 375,902,670 | \$ 359,178,260 | \$ 379,675,090 |
| Total net debt applicable to limit                            | 86,302,032     | 95,850,094     | 89,310,675     | 87,828,537     | 87,228,303     |
| Legal debt margin                                             | \$ 479,952,948 | \$ 402,392,386 | \$ 286,591,995 | \$ 271,349,723 | \$ 292,446,787 |
| Total net debt applicable to limit as a percent of debt limit | 15.24%         | 19.24%         | 23.76%         | 24.45%         | 22.97%         |

**Legal Debt Margin Calculation for Fiscal Year 2011**

|                                                          |                  |
|----------------------------------------------------------|------------------|
| Real property assessed value January 1, 2011             | \$ 4,592,646,100 |
| Less exempt real property assessed value                 | (795,895,200)    |
| Total taxable real property assessed value               | 3,796,750,900    |
| Debt limit (10% of taxable real property assessed value) | 379,675,090      |
| Total net debt applicable to limit June 30, 2011         | 87,228,303       |
| Legal debt margin                                        | \$ 292,446,787   |

## CITY OF MANASSAS, VIRGINIA

Table XIII

Demographic and Economic Statistics  
Last Ten Fiscal Years

---

| Year | Population (1) | Personal<br>Income (2) | Per<br>Capita<br>Personal<br>Income | School<br>Enrollment (3) | Unemployment<br>Rate (4) |
|------|----------------|------------------------|-------------------------------------|--------------------------|--------------------------|
| 2002 | 35,900         | \$ 805,706,166         | \$ 22,443                           | 6,568                    | 4.3%                     |
| 2003 | 36,300         | 843,820,180            | 23,246                              | 6,675                    | 3.5%                     |
| 2004 | 36,500         | 849,793,043            | 23,282                              | 6,782                    | 3.1%                     |
| 2005 | 37,000         | 909,335,859            | 24,577                              | 6,736                    | 2.8%                     |
| 2006 | 38,066         | 922,641,965            | 24,238                              | 6,525                    | 2.9%                     |
| 2007 | 38,066         | 904,067,097            | 23,750                              | 6,439                    | 2.7%                     |
| 2008 | 36,666         | 918,629,568            | 25,054                              | 6,152                    | 4.8%                     |
| 2009 | 35,883         | n/a                    | n/a                                 | 6,610                    | 6.4%                     |
| 2010 | 35,648         | n/a                    | n/a                                 | 6,500                    | 7.4%                     |
| 2011 | 37,821         | n/a                    | n/a                                 | 7,104                    | 6.9%                     |

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

Note: n/a = not available

## CITY OF MANASSAS, VIRGINIA

Table XIV

Principal Employers  
Current Year and Four Years Ago

| Employer                           | 2010      |      |                                     | 2006      |      |                                     |
|------------------------------------|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
|                                    | Employees | Rank | Percentage of total City Employment | Employees | Rank | Percentage of total City Employment |
| Micron Technology                  | 1,700     | 1    | 8.5%                                | 1,186     | 3    | 5.9%                                |
| Lockheed Martin                    | 1,371     | 2    | 6.9%                                | 1,500     | 1    | 7.5%                                |
| Prince William Health System       | 1,300     | 3    | 6.5%                                | 1,400     | 2    | 7.0%                                |
| Manassas City Public Schools (FTE) | 972       | 4    | 4.9%                                | 919       | 4    | 4.6%                                |
| City of Manassas (FTE)             | 456       | 5    | 2.3%                                | 468       | 5    | 2.3%                                |
| BAE Systems                        | 330       | 6    | 1.7%                                | 350       | 6    | 1.8%                                |
| Didlake, Inc.                      | 165       | 7    | 0.8%                                | n/a       | -    | -                                   |
| E.E. Wine                          | 160       | 8    | 0.8%                                |           |      | 0.0%                                |
| Aurora Flight Sciences             | 120       | 9    | 0.6%                                | 200       | 10   | 1.0%                                |
| CGI (Oberon Assoc)                 | 106       | 10   | 0.5%                                | 275       | 7    | 1.4%                                |
| Payne Publishers, Inc.             | 100       | 11   | 0.5%                                | n/a       | -    | -                                   |
| High Purity Systems                | 39        | 12   | 0.2%                                | n/a       | -    | -                                   |
| S.W.I.F.T.                         | n/a       | -    | -                                   | 275       | 8    | 1.4%                                |
| Colgan Air                         | n/a       | -    | 0.0%                                | 250       | 9    | 1.3%                                |
| Totals                             | 6,819     |      | 34.10%                              | 6,823     |      | 34.2%                               |

Source: City of Manassas Community Development Department

Notes: Calendar year 2010 is the most current year available

Information for 2000 (nine years prior) is not available

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

FTE - full time equivalents

n/a - not available

## CITY OF MANASSAS, VIRGINIA

Table XV

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

| Function                                | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|-----------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                         | 2002          | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          |
| <b>General Government</b>               |               |               |               |               |               |               |               |               |               |               |
| City Clerk                              | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          |
| City Manager                            | 3.00          | 3.00          | 3.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          |
| Voter Registration                      | 2.50          | 2.50          | 2.50          | 2.50          | 2.55          | 2.55          | 2.55          | 2.55          | 2.55          | 2.05          |
| Treasurer                               | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 7.00          | 7.00          | 6.00          |
| Commissioner of the Revenue             | 13.00         | 13.00         | 13.00         | 13.00         | 13.00         | 13.00         | 13.00         | 12.00         | 12.00         | 11.00         |
| Finance and Administration              | 14.00         | 14.00         | 14.00         | 15.00         | 15.00         | 15.00         | 15.00         | 30.00         | 30.00         | 30.05         |
| Human Resources                         | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | -             | -             | -             |
| <b>Public Safety</b>                    |               |               |               |               |               |               |               |               |               |               |
| Police                                  | 109.10        | 110.25        | 112.50        | 115.50        | 117.50        | 118.50        | 124.75        | 122.75        | 122.75        | 120.75        |
| Fire                                    | 7.00          | 7.00          | 7.00          | 8.00          | 8.00          | 8.00          | -             | -             | -             | -             |
| Rescue                                  | 7.00          | 11.00         | 13.00         | 13.00         | 15.00         | 17.00         | -             | -             | -             | -             |
| Fire and Rescue                         | -             | -             | -             | -             | -             | -             | 34.00         | 46.00         | 46.00         | 46.00         |
| Public Works                            | 71.50         | 71.50         | 71.50         | 72.00         | 74.00         | 77.00         | 74.00         | 61.00         | 52.00         | 48.50         |
| <b>Culture, Recreation, Development</b> |               |               |               |               |               |               |               |               |               |               |
| Recreation and parks                    | 31.00         | 31.75         | 30.15         | 30.15         | 24.90         | 24.90         | 22.40         | -             | -             | -             |
| Museum System                           | 7.50          | 9.50          | 9.50          | 9.50          | 10.50         | 10.50         | 9.50          | 8.50          | 8.50          | 4.50          |
| Community Development                   | 7.00          | 7.00          | 7.00          | 7.00          | 7.00          | 7.00          | 10.00         | 28.25         | 28.25         | 26.25         |
| <b>Health and Human Services</b>        |               |               |               |               |               |               |               |               |               |               |
| Family Services                         | 34.75         | 32.85         | 32.85         | 34.85         | 35.10         | 35.23         | 35.99         | 36.49         | 36.49         | 37.11         |
| <b>Utilities</b>                        |               |               |               |               |               |               |               |               |               |               |
| Sewer                                   | 15.00         | 15.00         | 15.00         | 15.00         | 15.00         | 14.00         | 14.00         | 13.00         | 13.00         | 11.00         |
| Water                                   | 29.00         | 29.00         | 29.00         | 29.00         | 31.00         | 30.00         | 29.00         | 28.00         | 28.00         | 27.50         |
| Electric                                | 57.00         | 57.00         | 57.00         | 57.00         | 57.00         | 57.00         | 56.00         | 56.00         | 56.00         | 54.00         |
| Airport                                 | 4.00          | 4.00          | 5.00          | 5.00          | 5.00          | 6.00          | 6.00          | 7.00          | 7.00          | 7.00          |
| Solid Waste                             | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Vehicle Maintenance                     | 9.00          | 9.00          | 9.00          | 9.00          | 9.00          | 9.00          | 8.00          | 8.00          | 8.00          | 8.00          |
| Information Technology                  | 10.00         | 10.00         | 10.00         | 10.00         | 10.00         | 10.00         | 10.00         | -             | -             | -             |
| <b>Total primary government</b>         | <u>451.35</u> | <u>457.35</u> | <u>461.00</u> | <u>467.50</u> | <u>471.55</u> | <u>476.68</u> | <u>486.19</u> | <u>472.54</u> | <u>463.54</u> | <u>445.71</u> |

Source: City of Manassas Annual Operating Budget



## CITY OF MANASSAS, VIRGINIA

Table XVI

Operating Indicators by Function  
Last Ten Fiscal Years

| Function                                | Fiscal Year |          |         |         |         |         |         |         |         |         |
|-----------------------------------------|-------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                         | 2002        | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    |
| <b>General Government</b>               |             |          |         |         |         |         |         |         |         |         |
| Business licenses issued                | 2,944       | 2,872    | 2,700   | 3,232   | 3,300   | 3,400   | 3,500   | 3,600   | 3,150   | 2,700   |
| Property returns processed              | 29,980      | 30,651   | 31,175  | 31,937  | 32,700  | 33,300  | 34,500  | 33,500  | 32,000  | 31,500  |
| <b>Public Safety</b>                    |             |          |         |         |         |         |         |         |         |         |
| Traffic citations                       | 8,096       | 7,381    | 7,631   | 7,216   | 7,700   | 8,162   | 8,000   | 8,000   | 6,000   | 5,500   |
| Criminal arrests                        | 3,332       | 3,528    | 3,216   | 2,675   | 2,890   | 3,063   | 3,063   | 3,200   | 3,200   | 3,000   |
| Police calls for service                | n/a         | n/a      | 58,627  | 62,017  | 66,500  | 66,000  | 66,000  | 67,000  | 67,000  | 65,000  |
| <b>Public Works</b>                     |             |          |         |         |         |         |         |         |         |         |
| Site plans reviewed                     | 23          | 50       | 45      | 55      | 53      | 50      | 45      | 35      | 45      | 20      |
| Building permits issued                 | 751         | 710      | 666     | 724     | 669     | 780     | 665     | 650     | 465     | 400     |
| Fire inspections                        | 350         | 745      | 1,007   | 434     | 500     | 500     | 800     | 800     | 800     | 1,200   |
| Acres mowed                             | n/a         | 341      | 341     | 353     | 353     | 357     | 361     | 361     | 361     | 361     |
| <b>Culture, Recreation, Development</b> |             |          |         |         |         |         |         |         |         |         |
| Pool admissions                         | 10,777      | 11,098   | 9,500   | 9,300   | 9,500   | 9,800   | 8,200   | n/a     | n/a     | n/a     |
| Museum facility visitors                | n/a         | 72,000   | 80,000  | 84,630  | 83,000  | 84,000  | 84,000  | n/a     | n/a     | n/a     |
| Zoning complaints                       | 150         | 179      | 177     | 143     | 300     | 300     | 200     | n/a     | n/a     | n/a     |
| Existing businesses assisted            | n/a         | n/a      | 50      | 101     | 70      | 70      | 100     | 100     | 50      | 30      |
| <b>Health and Human Services</b>        |             |          |         |         |         |         |         |         |         |         |
| Family services                         |             |          |         |         |         |         |         |         |         |         |
| Customers served                        | n/a         | n/a      | 31,500  | 34,500  | 35,000  | 35,000  | 36,500  | 43,500  | 60,000  | 78,000  |
| Section 8 vouchers used                 | 189         | 197      | 210     | 225     | 225     | 225     | 280     | 275     | 306     | 302     |
| <b>Sewer Utility</b>                    |             |          |         |         |         |         |         |         |         |         |
| Wastewater processed (1)                | 1.8         | 2.1      | 2.0     | 1.6     | 1.9     | 2.2     | 2.1     | 2.2     | 2.2     | 2.2     |
| <b>Water Utility</b>                    |             |          |         |         |         |         |         |         |         |         |
| Drinking water produced (1)             | 3.6         | 4.0      | 4.1     | 3.9     | 4.2     | 4.4     | 3.5     | 4.4     | 4.6     | 4.5     |
| <b>Electric Utility</b>                 |             |          |         |         |         |         |         |         |         |         |
| Load management savings                 | \$5.9 M     | \$ 5.3 M | \$5.9 M | \$6.0 M | \$6.0 M | \$7.5 M | 8.1M    | 7.6M    | 7.3M    | 1.5M    |
| <b>Airport</b>                          |             |          |         |         |         |         |         |         |         |         |
| Total operations (2)                    | 137,949     | 126,453  | 137,000 | 124,851 | 132,000 | 132,000 | 130,000 | 115,000 | 115,073 | 92,394  |
| Based aircraft                          | 373         | 395      | 414     | 402     | 415     | 415     | 435     | 402     | 405     | 402     |
| <b>Information Technology</b>           |             |          |         |         |         |         |         |         |         |         |
| Devices supported                       | n/a         | 430      | 639     | 644     | 651     | 658     | 610     | 1,324   | 1,289   | 1,320   |
| Visitors to city website                | 59,007      | 90,619   | 193,510 | 255,430 | 289,000 | 290,000 | 300,000 | 450,000 | 475,000 | 990,000 |

Source: City of Manassas Annual Operating Budget

Notes: n/a = not available

(1) Billions of gallons per year

(2) Take-offs and landings

## CITY OF MANASSAS, VIRGINIA

Table XVII

Capital Asset Statistics by Function  
Last Ten Fiscal Years

| Function                                | Fiscal Year |        |        |        |        |        |        |        |        |        |
|-----------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                         | 2002        | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
| <b>General Government</b>               |             |        |        |        |        |        |        |        |        |        |
| City Hall                               | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Town Hall                               | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Parking lots (in spaces)                | 567         | 607    | 607    | 652    | 652    | 652    | 652    | 652    | 827    | 827    |
| Vehicles in fleet                       | 411         | 422    | 405    | 413    | 418    | 450    | 427    | 436    | 440    | 441    |
| <b>Public Safety</b>                    |             |        |        |        |        |        |        |        |        |        |
| Police stations                         | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Fire stations                           | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Rescue stations                         | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| <b>Public Works</b>                     |             |        |        |        |        |        |        |        |        |        |
| Streets (miles)                         | 238         | 238    | 238    | 241    | 241    | 241    | 253    | 253    | 243    | 243    |
| Street lights                           | 2,542       | 2,597  | 2,644  | 2,853  | -      | 2,772  | 2,790  | 2,918  | 2,918  | 2,920  |
| Traffic signals                         | 41          | 41     | 45     | 49     | 51     | 53     | 55     | 53     | 55     | 60     |
| <b>Culture, Recreation, Development</b> |             |        |        |        |        |        |        |        |        |        |
| Museums                                 | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Restored historic buildings:            |             |        |        |        |        |        |        |        |        |        |
| Railroad Depot                          | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Candy Factory                           | -           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Parks                                   | 12          | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     |
| Park acreage                            | 184         | 184    | 194    | 194    | 194    | 194    | 194    | 194    | 194    | 194    |
| Swimming pools                          | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Tennis courts                           | 22          | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 22     |
| Skate parks                             | -           | -      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Outdoor pavilion                        | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| <b>Sewer Utility</b>                    |             |        |        |        |        |        |        |        |        |        |
| Sewer main (miles)                      | 112         | 112    | 112    | 112    | 112    | 125    | 125    | 125    | 125    | 125    |
| Storm sewers (miles)                    | 88          | 88     | 89     | 90     | 92     | 94     | 94     | 72     | 72     | 72     |
| Treatment capacity (1)                  | 8           | 8      | 8      | 8      | 8      | 8      | 9      | 9      | 9      | 9      |
| <b>Water Utility</b>                    |             |        |        |        |        |        |        |        |        |        |
| Water connections                       | 10,542      | 10,459 | 10,776 | 10,871 | 10,884 | 10,862 | 10,506 | 10,647 | 10,763 | 10,911 |
| Water mains (miles)                     | 152         | 152    | 152    | 152    | 152    | 152    | 152    | 152    | 152    | 152    |
| Water plant capacity (1)                | 14          | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     |
| <b>Electric Utility</b>                 |             |        |        |        |        |        |        |        |        |        |
| Distribution stations                   | 6           | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      |
| Peaking generators                      | 17          | 17     | 17     | 17     | 17     | 19     | 19     | 19     | 19     | 19     |
| Electric capacity (2)                   | 37          | 37     | 37     | 37     | 37     | 41     | 41     | 41     | 41     | 41     |
| <b>Airport</b>                          |             |        |        |        |        |        |        |        |        |        |
| Airport acreage                         | 888         | 889    | 889    | 885    | 885    | 885    | 899    | 899    | 899    | 899    |
| Number of runways                       | 2           | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |

Source: City of Manassas Finance Department

Notes: (1) Millions of gallons per day

(2) Megawatts

**SINGLE AUDIT  
SECTION**



**CITY OF MANASSAS, VIRGINIA**

**Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2011**

| <b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>                    | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-through<br/>Entity<br/>Identifying<br/>Number</b> | <b>Total<br/>Federal<br/>Expenditures</b> |
|-----------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------|-------------------------------------------|
| <b>Department of Agriculture:</b>                                                       |                                    |                                                           |                                           |
| Pass through payments: Virginia Department of Agriculture and Consumer Services         |                                    |                                                           |                                           |
| Child Nutrition Cluster:                                                                |                                    |                                                           |                                           |
| School Breakfast Program                                                                | 10.553                             | 10553-301-10                                              | \$ 336,659                                |
| National School Lunch Program - Food Donations                                          | 10.555                             | 00-571                                                    | 183,908                                   |
| National School Lunch Program                                                           | 10.555                             | 10553-301-10                                              | 1,435,533                                 |
|                                                                                         |                                    |                                                           | <u>1,619,441</u>                          |
|                                                                                         |                                    |                                                           | 1,956,100                                 |
| Pass through payments: Virginia Department of Social Services                           |                                    |                                                           |                                           |
| ARRA State Administrative Matching Grants for Supplemental Nutrition Assistance Program | 10.561                             | 10561-765-10                                              | 14,897                                    |
| State Administrative Matching Grants for Supplemental Nutritional Assistance Program    | 10.561                             | 10561-765-10                                              | 338,984                                   |
|                                                                                         |                                    |                                                           | <u>353,881</u>                            |
| Total Department of Agriculture                                                         |                                    |                                                           | <u>2,309,981</u>                          |
| <b>Department of Housing and Urban Development:</b>                                     |                                    |                                                           |                                           |
| Pass through payments: VHDA and Prince William County                                   |                                    |                                                           |                                           |
| Section 8 Housing Assistance Payments Program: Special Allocations                      | 14.195                             | 14195-165-10                                              | 265,818                                   |
| Econ Dev Initiative-Special Project, Neighborhood Initiative and Misc Grants            | 14.251                             | 14251-165-10                                              | 11,517                                    |
| Total Department of Housing and Urban Development                                       |                                    |                                                           | <u>277,335</u>                            |
| <b>Department of Education:</b>                                                         |                                    |                                                           |                                           |
| Pass through payments: Virginia Department of Education                                 |                                    |                                                           |                                           |
| Title I, Part A Cluster:                                                                |                                    |                                                           |                                           |
| Title I Grants to Local Educational Agencies                                            | 84.010                             | 84010-197-10                                              | 1,045,982                                 |
| ARRA - Title I Grants to Local Educational Agencies                                     | 84.389                             | 84389-197-10                                              | 260,280                                   |
|                                                                                         |                                    |                                                           | <u>1,306,262</u>                          |
| Special Education Cluster (IDEA):                                                       |                                    |                                                           |                                           |
| Special Education: Grants to States                                                     | 84.027                             | 84027-197-10                                              | 1,213,617                                 |
| Special Education: Preschool Grants                                                     | 84.173                             | 84173-197-10                                              | 33,671                                    |
| ARRA - Special Education Grants to States                                               | 84.391                             | 84391-197-10                                              | 717,150                                   |
| ARRA - Special Education - Preschool Grants                                             | 84.392                             | 84392-197-10                                              | 25,457                                    |
|                                                                                         |                                    |                                                           | <u>1,989,895</u>                          |
| Career and Technical Education: Basic Grants to States                                  | 84.048                             | 84048-197-10                                              | 94,723                                    |
| Safe and Drug-Free Schools and Communities: State Grants                                | 84.186                             | 84186-197-10                                              | 153                                       |
| Education of Homeless Children and Youth Cluster                                        |                                    |                                                           |                                           |
| Education for Homeless Children and Youth                                               | 84.196                             | 84196-197-10                                              | 17,897                                    |
| ARRA - Education for Homeless Children and Youth                                        | 84.387                             | 84387-197-10                                              | 437                                       |
|                                                                                         |                                    |                                                           | <u>18,334</u>                             |
| Education Technology State Grants Cluster                                               |                                    |                                                           |                                           |
| Education Technology State Grants                                                       | 84.318                             | 84318-197-10                                              | 7,980                                     |
| ARRA - Education Technology State Grants                                                | 84.386                             | 84386-197-10                                              | 154                                       |
|                                                                                         |                                    |                                                           | <u>8,134</u>                              |
| English Language Acquisition Grants                                                     | 84.365                             | 84365-197-10                                              | 257,770                                   |
| Improving Teacher Quality State Grants                                                  | 84.367                             | 84367-197-10                                              | 214,666                                   |
| ARRA - State Fiscal Stabilization Fund(SFSF)-Education State Grants                     | 84.394                             | 84394-197-10                                              | 696,643                                   |
| Total Department of Education                                                           |                                    |                                                           | <u>4,586,580</u>                          |

## CITY OF MANASSAS, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2011

| Federal Grantor/Pass-through Grantor/Program or Cluster Title                  | Federal<br>CFDA<br>Number | Pass-through<br>Entity<br>Identifying<br>Number | Total<br>Federal<br>Expenditures |
|--------------------------------------------------------------------------------|---------------------------|-------------------------------------------------|----------------------------------|
| <b>Department of Energy:</b>                                                   |                           |                                                 |                                  |
| Direct Payments:                                                               |                           |                                                 |                                  |
| ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)            | 81.128                    | EE002326                                        | 154,171                          |
| <b>Department of Health and Human Services:</b>                                |                           |                                                 |                                  |
| Pass through payments: Virginia Department of Social Services                  |                           |                                                 |                                  |
| Promoting Safe and Stable Families                                             | 93.556                    | 93556-765-10                                    | \$ 21,691                        |
| Temporary Assistance for Needy Families                                        | 93.558                    | 93558-765-10                                    | 225,751                          |
| Refugee and Entrant Assistance: State Administered Programs                    | 93.566                    | 93566-765-10                                    | 703                              |
| Low-Income Home Energy Assistance                                              | 93.568                    | 93568-765-10                                    | 10,729                           |
| CCDF Cluster:                                                                  |                           |                                                 |                                  |
| Child Care and Development Block Grant                                         | 93.575                    | 93575-765-10                                    | 250,574                          |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596                    | 93596-765-10                                    | 344,685                          |
| ARRA - Child Care and Development Block Grant                                  | 93.713                    | 93713-765-10                                    | 16,830                           |
|                                                                                |                           |                                                 | 612,089                          |
| Foster Care: Title IV-E                                                        | 93.658                    | 93658-765-10                                    | 129,232                          |
| ARRA - Foster Care: Title IV-E                                                 | 93.658                    | 93658-765-10                                    | 1,664                            |
|                                                                                |                           |                                                 | 130,896                          |
| Adoption Assistance                                                            | 93.659                    | 93659-765-10                                    | 66,652                           |
| ARRA - Adoption Assistance                                                     | 93.659                    | 93659-765-10                                    | 3,552                            |
|                                                                                |                           |                                                 | 70,204                           |
| Social Services Block Grant                                                    | 93.667                    | 93667-765-10                                    | 126,855                          |
| Stephanie Tubbs Jones Child Welfare Services Program                           | 93.645                    | 93645-765-10                                    | 1,103                            |
| Chafee Foster Care Independence Program                                        | 93.674                    | 93674-765-10                                    | 2,337                            |
| Children's Health Insurance Program                                            | 93.767                    | 93767-765-10                                    | 9,799                            |
| Medical Assistance Program                                                     | 93.778                    | 93778-765-10                                    | 199,104                          |
| Total Department of Health and Human Services                                  |                           |                                                 | 1,411,261                        |
| <b>Department of Homeland Security:</b>                                        |                           |                                                 |                                  |
| Pass through payments: Department of Emergency Management                      |                           |                                                 |                                  |
| Non-Profit Security Program                                                    | 97.008                    | 7UASI-596-01                                    | 29,125                           |
| Non-Profit Security Program                                                    | 97.008                    | 7UASI-596-01                                    | 70,897                           |
| Non-Profit Security Program                                                    | 97.008                    | 7UASI-596-01                                    | 6,777                            |
|                                                                                |                           |                                                 | 106,799                          |
| 2009 Emergency Management Performance Grants (LEMPG)                           | 97.042                    | 97042-127-10                                    | 19,980                           |
| 2010 Emergency Management Performance Grants (LEMPG)                           | 97.042                    | 97042-127-10                                    | 5,000                            |
|                                                                                |                           |                                                 | 24,980                           |
| Homeland Security Grant Program                                                | 97.067                    | 9UASI596-01                                     | 114,962                          |
| Homeland Security Grant Program                                                | 97.067                    | 8UASI593-01                                     | 5,436                            |
| Homeland Security Grant Program                                                | 97.067                    | 8UASI593-01                                     | 15,180                           |
| Homeland Security Grant Program                                                | 97.067                    | 8UASI593-01                                     | 206,522                          |
|                                                                                |                           |                                                 | 342,100                          |
| State Homeland Security Program (SHSP)                                         | 97.073                    | 97073-127-10                                    | 8,314                            |
| Metropolitan Medical Response System Grant                                     | 97.071                    | 2009-SHSP-CERT                                  | 7,130                            |
| Total Department of Homeland Security                                          |                           |                                                 | 489,323                          |

## CITY OF MANASSAS, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2011

| Federal Grantor/Pass-through Grantor/Program or Cluster Title                      | Federal<br>CFDA<br>Number | Pass-through<br>Entity<br>Identifying<br>Number | Total<br>Federal<br>Expenditures |
|------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------|----------------------------------|
| <b>Department of Justice:</b>                                                      |                           |                                                 |                                  |
| Direct Payments                                                                    |                           |                                                 |                                  |
| State Criminal Alien Assistance Program (SCAAP)                                    | 16.606                    | N/A                                             | 154,616                          |
| Bulletproof Vest Partnership Program                                               | 16.607                    | N/A                                             | 6,950                            |
| Edward Byrne Memorial Justice Assistance Grant                                     | 16.738                    | N/A                                             | 29,442                           |
| ARRA Public Safety Partnership and Community Policing Grants (COPS)                | 16.710                    | VA07501                                         | 227,675                          |
| Pass through payments: Loudoun County:                                             |                           |                                                 |                                  |
| Congressionally Recommended Awards - Gang Task Force                               | 16.753                    | 210893                                          | 22,349                           |
| Congressionally Recommended Awards - Camp Excel                                    | 16.753                    | 210893                                          | 3,001                            |
| Pass through payments: City of Manassas Park                                       |                           |                                                 |                                  |
| Congressionally Recommended Awards - Gang Task Force                               | 16.753                    | 210893                                          | 84,954                           |
| Pass through payments: Commonwealth of Virginia                                    |                           |                                                 |                                  |
| Congressionally Recommended Awards - Presidential Inauguration Security Assistance | 16.753                    | 10-A6128PI09                                    | 1,471                            |
|                                                                                    |                           |                                                 | <u>111,775</u>                   |
| Pass through payments: Virginia Department of State Police                         |                           |                                                 |                                  |
| ARRA - Internet Crimes Against Children Task Force Program                         | 16.800                    | 16800-156-10                                    | 87,649                           |
| Total Department of Justice                                                        |                           |                                                 | <u>618,107</u>                   |
| <b>Department of Transportation:</b>                                               |                           |                                                 |                                  |
| Federal Aviation Administration                                                    |                           |                                                 |                                  |
| Direct payments:                                                                   |                           |                                                 |                                  |
| Airport Improvement Program                                                        | 20.106                    | N/A                                             | \$ 234,313                       |
| ARRA - Airport Improvement Program                                                 | 20.106                    | 3-51-0030-31                                    | 648,370                          |
|                                                                                    |                           |                                                 | <u>882,683</u>                   |
| Federal Highway Administration                                                     |                           |                                                 |                                  |
| Pass through payments: Virginia Department of Motor Vehicles                       |                           |                                                 |                                  |
| Alcohol Impaired Driving Countermeasure Incentive Grants I                         | 20.601                    | 3540 / 3973                                     | 12,734                           |
| Alcohol Open Container Requirements                                                | 20.607                    | 4369                                            | 14,195                           |
| Federal Transit Administration                                                     |                           |                                                 |                                  |
| Pass through payments: Virginia Department of Transportation                       |                           |                                                 |                                  |
| Highway Planning and Construction Grant - Wellington Road                          | 20.205                    | 94614/95550                                     | 646,830                          |
| ARRA - Highway Planning and Construction Grant - Richmond Ave and Wellington Rd    | 20.205                    | 94614/95550                                     | 2,452,849                        |
|                                                                                    |                           |                                                 | <u>3,099,679</u>                 |
| Total Department of Transportation                                                 |                           |                                                 | <u>4,009,291</u>                 |
| <b>Federal Emergency Management Agency:</b>                                        |                           |                                                 |                                  |
| Pass through payments: Department of Emergency Management                          |                           |                                                 |                                  |
|                                                                                    |                           | 683-94476-00 683.                               |                                  |
| Disaster Grants - Public Assistance - Snow Removal                                 | 97.036                    | 48952-00                                        | 189,679                          |
| Total Federal Emergency Management Agency                                          |                           |                                                 | <u>189,679</u>                   |
| <b>Total Expenditures of Federal Awards</b>                                        |                           |                                                 | <u>\$ 14,045,728</u>             |

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

## CITY OF MANASSAS, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

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#### NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Manassas, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Manassas, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Manassas, Virginia.

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity indentifying numbers are presented where available.

#### NOTE 3 FOOD DONATION

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

#### NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

|                                                                                                                                                                                                                                  |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Federal expenditures                                                                                                                                                                                                             | \$ 14,045,728        |
| Federal funds which are not subject to single audit in the General Fund and Airport Fund (rental of building for post office, reimbursments for purchases for electronic crimes taks force, and tower rentals at the airport, ). | <u>101,145</u>       |
| Revenue from the Federal government                                                                                                                                                                                              | <u>\$ 14,146,873</u> |

#### NOTE 5 FEDERAL OVERSIGHT AGENCY

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



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manassas, Virginia as of and for the year ended June 30, 2011, which collectively comprise the City of Manassas, Virginia's basic financial statements and have issued our report thereon dated December 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Manassas, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
December 13, 2011

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### **Compliance**

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

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

In our opinion, the City of Manassas, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### **Internal Control Over Compliance**

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

**Internal Control Over Compliance: (Continued)**

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

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

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

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
December 13, 2011

**CITY OF MANASSAS, VIRGINIA**

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

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

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

    Material weaknesses identified? No

    Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

    Material weaknesses identified? No

    Significant deficiencies identified? None reported

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

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

**Identification of major programs:**

| <u>CFDA #</u>               | <u>Name of Federal Program or Cluster</u>                           |
|-----------------------------|---------------------------------------------------------------------|
| 10.561                      | SNAP Cluster                                                        |
| 93.575/93.596/93.713        | CCDF Cluster                                                        |
| 93.658                      | Foster Care: Title IV-E                                             |
| 93.658                      | ARRA - Foster Care: Title IV-E                                      |
| 97.067                      | Homeland Security Grant Program                                     |
| 20.106                      | Airport Improvement Program                                         |
| 20.106                      | ARRA - Airport Improvement Program                                  |
| 20.205                      | Highway Planning and Construction                                   |
| 20.205                      | ARRA - Highway Planning and Construction                            |
| 84.010/84.389               | Title I, Part A Cluster                                             |
| 84.394                      | ARRA - State Fiscal Stabilization Fund(SFSF)-Education State Grants |
| 84.027/84.173/84.391/84.392 | Special Education Cluster (IDEA)                                    |

Dollar threshold used to distinguish between Type A and Type B programs \$421,372

Auditee qualified as low-risk auditee? No

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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

**CITY OF MANASSAS, VIRGINIA**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2011**

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There were no findings reported for the year ended June 30, 2010.