

**City of Manassas, Virginia  
Comprehensive Annual  
Financial Report  
for the Fiscal Year  
Ended June 30, 2016**



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**CITY OF MANASSAS, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**PREPARED BY:**  
**CITY OF MANASSAS, VIRGINIA**  
**FINANCE DEPARTMENT**

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**CITY OF MANASSAS, VIRGINIA**

**CITY COUNCIL**

Harry J. Parrish II, Mayor  
Jonathan L. Way, Vice Mayor

Marc T. Aveni  
Ken D. Elston  
Mark D. Wolfe

Sheryl L. Bass  
Ian T. Lovejoy

**CITY MANAGER**

William Patrick Pate

**MANASSAS CITY PUBLIC SCHOOLS  
SCHOOL BOARD**

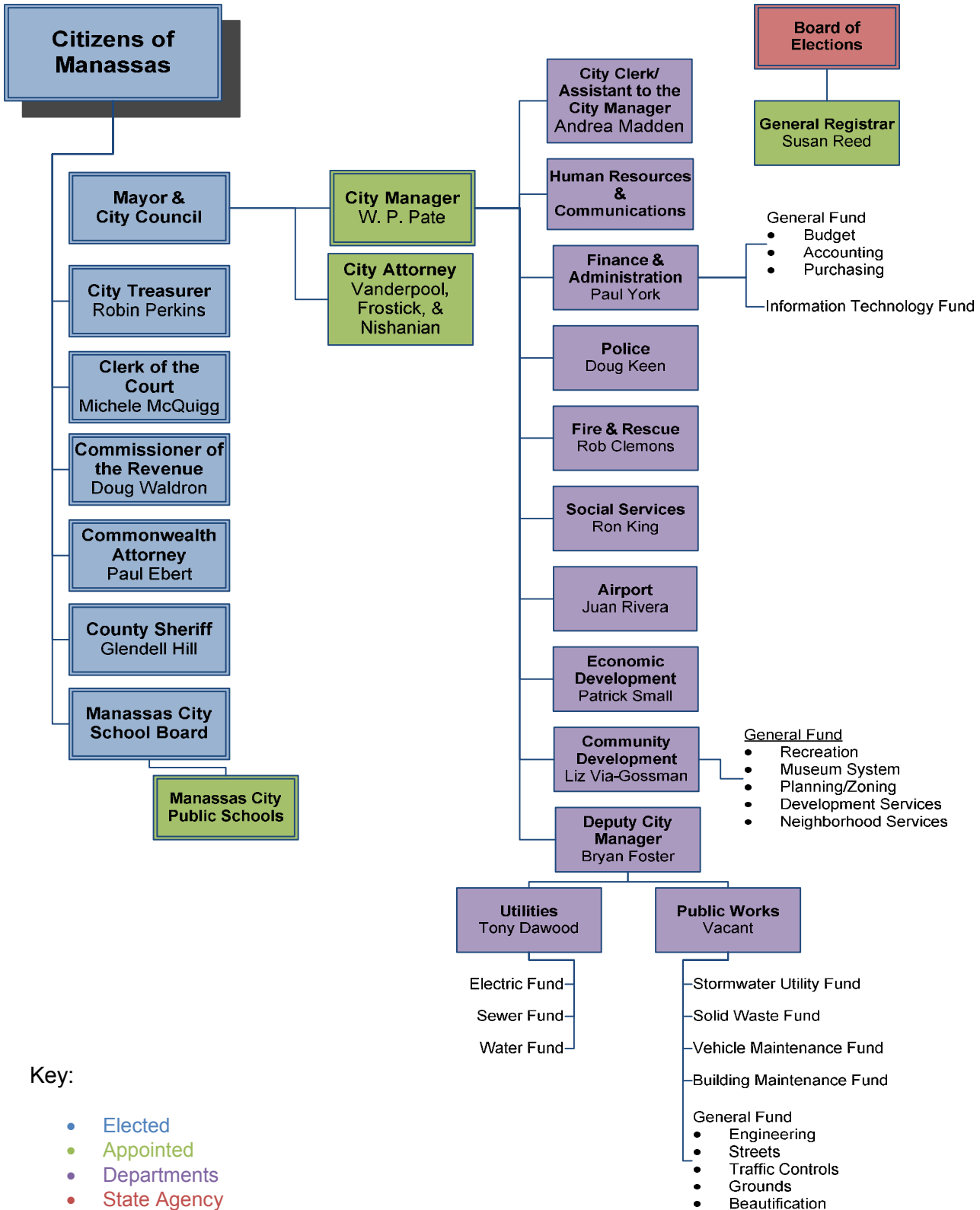
Tim Demeria, Chair  
Scott M. Albrecht, Vice Chair  
Arthur P. Bushnell  
Kristen Kiefer  
Ellen Purdy  
Pamela J. Sebesky  
Sanford S. Williams

**SUPERINTENDENT OF SCHOOLS**

Dr. Catherine B. Magouyrk

# CITY OF MANASSAS, VIRGINIA

## ORGANIZATIONAL CHART





# CITY OF MANASSAS, VIRGINIA

MAYOR  
Harry J. Parrish II

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

CITY COUNCIL  
Jonathan L. Way, Vice Mayor  
Marc T. Aveni  
Sheryl L. Bass  
Ken D. Elston  
Ian T. Lovejoy  
Mark D. Wolfe

CITY MANAGER  
W. Patrick Pate

November 29, 2016

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, 2016 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 Brown, Edwards & Company LLP, a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2016. 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 complement 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 of Manassas is a community of approximately 41,764 residents located in Northern Virginia within the Washington, D. C. Metropolitan Statistical Area. Surrounded by Prince William County, the City is thirty miles southwest of the nation's capital and encompasses a land area of ten square miles. The City is predominately residential in character and is an educational and government center with associated industrial, commercial and service activities. The Town of Manassas received its charter in 1873 and operated as a town in Prince William County until May 1, 1975, when it became an independent City of the Commonwealth of Virginia.

## **Governmental Organization**

The City government is organized under a charter, adopted by the General Assembly of Virginia, and amended from time-to-time, which authorizes a council-manager form of government. The governing body, the Mayor and a six-member City Council, is elected at-large for staggered four-year terms and makes policies for administration of the City. The City Council appoints a City Manager to act as Chief Administrative Officer of the City. The City Manager serves at the pleasure of the City Council, carries out its policies, directs business procedures and appoints and may remove all employees, including the heads of the departments as provided by the City Charter.

The seven City School Board members are also elected at-large for staggered four-year terms. The City Council must, to the extent required by applicable law and is otherwise appropriate, appropriate all funds of the School Board and issue debt to finance school capital projects. The Auditor of Public Accounts for the Commonwealth of Virginia has determined that School Board financial statements must be displayed as discretely presented component units in the comprehensive annual financial reports of the primary governments in the Commonwealth which have responsibility for school systems. The Manassas City School Board does not issue its own financial statements. There are no other entities in the report.

The City Treasurer and the Commissioner of the Revenue are elected at-large by the voters. Also, elected officials shared with Prince William County are the Commonwealth's Attorney, Clerk of the Court and Sheriff.

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 nine proprietary functions: the electric, water, sewer and stormwater utilities, solid waste collection, a regional airport, a pavilion, a performing arts center, and parking garage. During 2016 the funds for the pavilion, performing arts center and parking garage were closed.

The City Council and the School Board adopted a joint resolution in February of 2009 committing to budget planning and revenue sharing. Prior to fiscal year 2016, the City transferred 58.5% of its general tax revenues to the Schools annually. In October 2015, a new joint budget agreement was adopted to provide a predictable local revenue source to support education in the City, using the fiscal year 2016 budgeted transfer amount of \$52,808,380 as the base, with 2.625% annual increases through fiscal year 2019. Prior to the fiscal year 2019 budget preparation, a joint committee will be appointed to consider future funding options.

## **Governmental Organization (Continued)**

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 his proposed budget to the City Council usually by 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. The MCPS budget is appropriated and controlled at the total budget level. The City's appropriated budget is legally controlled at the fund level. City Council must approve all transfers between funds. Department directors may make transfers of appropriations within a department and the City Manager may transfer between departments within a fund.

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

In 2016, the City continued to show positive signs of recovery from the recent recession. The taxable real estate assessed values for the 2016 tax year (values as of January 1, 2015) increased 4.26% while the average residential assessment increased 5.08% and the average commercial assessment increased 2.74%. The 2016 residential/ commercial assessment ratio is 63.2 / 36.8, a small change from the 2015 ratio of 62.7 / 37.3. Combined general property tax revenues among all classes of properties increased 4.7% in fiscal year 2016. Other tax revenues continue the growth that began in fiscal year 2011. The 2016, meals tax revenues grew 9.5%, sales taxes increased 6.6% and all other local taxes increased 3.6% for the fiscal year. The City's unemployment rate decreased to 3.4% in 2016, well below the national rate of 5.1% and from a high of 7.7% in 2010 during the recession.

In July 2016, Standard & Poor's upgraded the City's general obligation bond rating to AAA and assigned a stable outlook and Moody's affirmed their Aa1 bond rating for the City.

In August 2015, the City Council adopted new comprehensive financial policies that will ensure City assets and resources are prudently safeguarded and properly accounted for, to manage City finances wisely and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. The City also established a policy to maintain an unassigned general fund balance of between 13% and 15% of operating revenues. At the end of the fiscal year, the unassigned general fund balance was \$15,842,498 which is within the policy guidelines.

## **Awards and acknowledgements**

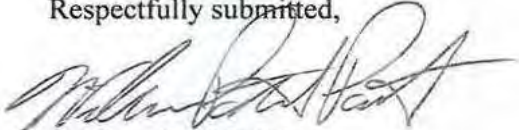
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manassas for its CAFR for the fiscal year ended June 30, 2015. This was the thirty-third consecutive year that the City has achieved 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 City of Manassas also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2016. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not be accomplished without the skill, effort, and 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 Stephanie Scherer, Accounting Manager, for her role in preparation of the CAFR. We wish to thank all City departments and the Manassas City Schools for their assistance in providing the data necessary to prepare this report. 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,



William Patrick Pate  
City Manager



Paul E. York  
Finance & Administration Director



Government Finance Officers Association

**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, 2015**

Executive Director/CEO