



CITY OF
Alexandria
VIRGINIA



Comprehensive Annual Financial Report

— Fiscal Year Ended June 30, 2011 —

WILLIAM B. HURD TRANSIT FACILITY

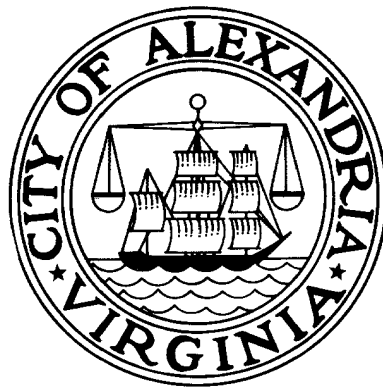
Alexandria Transit Company's, William B. Hurd Transit Facility, a 160,000 square foot state-of-the-art building was completed and put into use during FY 2011. The new facility can house 90 buses with an expansion capability of 130 buses. The facility includes 10 maintenance bays, two service lanes, bus washer, operations and dispatch areas, and administrative offices. The construction was designed to achieve the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver rating. The new facility was named after the late Mr. William B. Hurd, who was the former Chairman of the ATC board for 22 years. Mr. Hurd was instrumental in the start-up of the bus system in 1984.

CITY OF ALEXANDRIA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR

JULY 1, 2010 TO JUNE 30, 2011



Alexandria City Council
William D. Euille, *Mayor*
Kerry Donley *Vice-Mayor*
Redella S. Pepper
Rob Krupicka
Paul C. Smedberg
Frank H. Fannon IV
Alicia R. Hughes

| | |
|---|-----------------------|
| Acting City Manager | Bruce Johnson |
| Acting Chief Financial Officer | Laura B. Triggs, CPA |
| Acting Director of Finance | Debbie Kidd |
| Director of Real Estate Assessments | Thaddeus J. Jankowski |
| City Attorney | James L. Banks |
| City Clerk and Clerk of Council | Jacqueline Henderson |
| Independent Auditors | KPMG LLP |

Prepared by the Department of Finance
 Raymond J. Welch, Jr. Comptroller

alexandriava.gov

CITY OF ALEXANDRIA, VIRGINIA
Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2011

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance – Accounting Division.

Raymond J. Welch, Jr. Comptroller

Berenice Harris CPA, Sikander Javed –Financial Reporting Supervisors

Carmen Fraser CPA, Paul Sood, Robert Snyder – Accountants II

The entire staff of the Accounting division

It is also appropriate to specially acknowledge the contribution of the following people who provided assistance in the publication of this document

- Matthew Pelkofski,

-General Services Division Mail Room staff

-Office of Communications Electronic Publishing Staff

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

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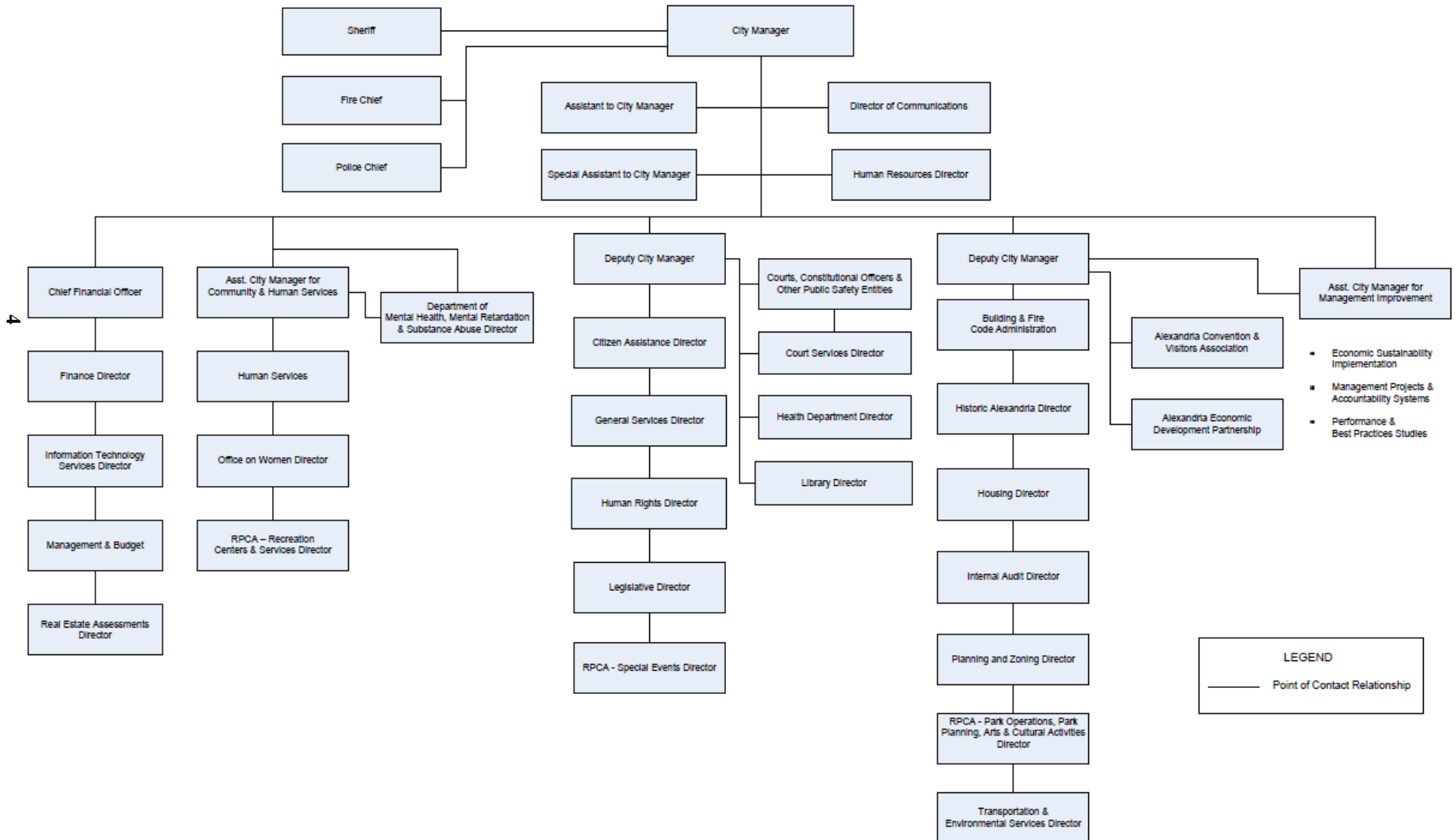
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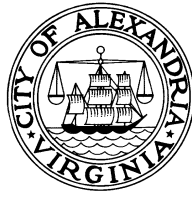
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INTRODUCTORY SECTION

ALEXANDRIA CITY GOVERNMENT ORGANIZATIONAL CHART





November 23, 2011

To the Honorable Mayor and Members of City Council,
the Residents and Businesses of the City of Alexandria:

We are pleased to present the City of Alexandria's (the City) **Comprehensive Annual Financial Report** (the CAFR) for the fiscal year ended June 30, 2011. The report is designed to present fairly the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

The Finance Department has prepared this report in accordance with the following standards:

- Accounting principles generally accepted in the United States, which are uniform minimum standards and guidelines for financial accounting and reporting in the United States;
- Governmental accounting and financial reporting statements, interpretations and technical bulletins issued by the Governmental Accounting Standards Board (GASB); and
- Uniform financial reporting standards for counties, cities and towns issued by the Commonwealth of Virginia's Auditor of Public Accounts (APA).

The responsibility for the accuracy, completeness and fairness of the data presented in the report, including all disclosures, rests with the City.

THE CITY

Alexandria, Virginia, which is located on the west bank of the Potomac River across from Washington, D.C., is an integral part of the Washington metropolitan area, serving as a financial, commercial, and transportation center. Alexandria is also one of America's most historic cities. George Washington and George Mason served as two of the City's first Trustees (the forerunner of the Alexandria City Council).

Alexandria is an independent full-service city with sole local government taxing power within its boundaries. The City is autonomous from any county, town or other political subdivision of the Commonwealth of Virginia. Alexandria, which was founded in 1749, derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia.

The City adopted the Council-Manager form of government in 1922. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council is composed of a Mayor and six Council Members elected at-large for three-year terms. The Mayor is elected on a separate ballot. City Council appoints the City Manager who serves as the City's chief executive officer and is responsible for implementing the policies established by City Council. The City Charter was first granted in 1852.

The City provides a comprehensive range of municipal services including education, health, welfare, housing and human services programs, public safety and administration of justice, community development, recreation, library, cultural and historic activities, transportation, environmental services, and planning.

FINANCIAL REPORTING ENTITY

This report includes the financial activities of the City of Alexandria government (the primary government), as well as the financial activities of the City's component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The School Board, the Library System, and the Alexandria Transit Company are reported as discretely presented component units. This report does not include the financial activities of the City's Deferred Compensation Plan, Alexandria Industrial Development Authority, Alexandria Redevelopment and Housing Authority, Alexandria Economic Development Partnership, Inc., Alexandria Sanitation Authority, or Sheltered Homes of Alexandria because the City Council is not financially accountable for these entities, and therefore, these entities are not component units.

LOCAL ECONOMY

The City's economy, while it has not escaped unscathed from the recent recession, remains relatively strong compared to the national economy. In part, this is due to Alexandria's geographical location as an inner suburb to Washington, DC. It is also due to the mix of jobs in the City of Alexandria. For example, of Alexandria's total number of positions, almost half are in recession resistant fields, including 18 percent of City positions in professional and technical services fields, 16 percent in the public sector, while another seven percent are in Health Care and five percent are in education. These are all well-paying fields that have been relatively unaffected by the downturn in the economy. One of the City's largest employers is the U.S. Patent and Trademark Office (PTO), which, when located in Alexandria in the middle of the decade, added more than 6,000 jobs to the City's economy with plans to add 1,000 more. The PTO is fee supported, which means it is not dependent on federal appropriation. The number of positions in Public Administration and also in Health Care has actually increased since the recession began in 2007. On the other hand, the City's construction and manufacturing sectors, which have not fared well, respectively employ only 3.3 percent and 1.4 percent of the total.

One measure of the local economy is how economically sensitive City revenues fared. During FY 2011, the City started to see the beginning of a recovery of these taxes. FY 2011 collections from the transient lodging tax increased by 4.0 percent compared to FY 2010 and the meals tax increased by 9.0 percent, and revenues from the sales tax increased by 5.0 percent. By Spring 2010, most revenue sources turned positive compared to one year earlier, as the City's economy began to recover.

Real estate assessments, which generate over half of the City's General Fund revenues, showed some signs of recovery. After four years of declines, the residential market increased by 1.2 percent and the FY 2011 total assessments increased by 2.6 percent of value compared to 2010, while locally assessed commercial assessments increased by 4.3 percent. The office vacancy rate of 13.0 percent in the 2nd quarter, 2011, while higher than one year earlier, appears to have peaked during the 1st quarter. The City's unemployment rate of 4.8 percent in June 2011 was about the same as a year earlier, and a little over half the national unemployment rate.

MAJOR INITIATIVES

Strong fiscal management remains a hallmark of Alexandria's City government and has enabled the City to respond to revenue declines, address priority needs, including public safety, public education, and modernization of heavily used recreation and library facilities. Alexandria is among a select group of cities in the United States to hold the top AAA/Aaa bond ratings from two of Wall Street's major credit rating agencies (Standard & Poor's and Moody's Investors Service).

During the past fiscal year, the City made progress in a number of important areas, including adding to the investing in affordable housing projects and providing the Transit Authority with a new state of the art facility.

FINANCIAL CONDITION

The City government continues to be in very sound financial condition as demonstrated by the financial statements and schedules included in this report. Within the context of a fiscally prudent budget and careful management, the City has continued to provide a wide range of services, has achieved many of its program goals, and enhanced the quality of life in the City. The City's cash and investment position was strong throughout a very difficult fiscal year.

The national economic recession and declining local economy continued to exert pressure on maintaining services at existing levels. Keeping existing programs funded and salaries of public employees competitive, and addressing the expanding program needs of the community have required careful budgeting. The City Council has adopted a Strategic Plan to ensure that City resources remain focused on City priorities. The seven goals of the Strategic Plan are:

1. Alexandria has quality development and redevelopment support for local businesses and a strong, diverse and growing local economy.
2. Alexandria respects, protects and enhances the health of its citizens and the quality of its natural environment.
3. A multimodal transportation network that supports sustainable land use and provides internal mobility and regional connectivity for Alexandrians.
4. Alexandria is a community that supports and enhances the well-being, success and achievement of children, youth and families.
5. Alexandria is financially sustainable, efficient, community oriented and values its employees.
6. The City protects the safety and security of its residents, businesses, employees and visitors.
7. Alexandria is a caring and inclusive community that values its rich diversity, history and culture, and promotes affordability.

Capital investment and the resulting debt service costs are planned to increase in the Approved FY 2012-2021 Capital Improvement Budget. The need for increased operating and capital support to fund the new Public Safety Center is the City's major near term capital challenge. During fiscal year FY 2012, revenues are budgeted to grow by about 6.5 percent over FY 2011 with revenues budgeted reflecting a higher real estate tax base and an increase in the City real estate tax rate (from 97.8¢ to 99.8¢). While the City believes, in general, that the overall state of most of its infrastructure of streets, bridges, and many public facilities is good, it plans on an increased capital improvement program aimed at maintaining and improving the City's infrastructure. The type of development in the City will also influence future expenditure and revenue levels.

Over the last five years, the City has been able to maintain its fiscal strength as the result of the City Council's adoption of, and subsequent adherence to, the series of financial policies listed on page 10. These policies are aimed at (1) limiting debt and annual debt service requirements and (2) maintaining an appropriate General Fund fund balance so as to retain the City's AAA/Aaa bond ratings and to keep the City on firm financial footing. When City Council initially adopted the financial policies in 1987, the City's general obligation debt as a percentage of the real estate tax base was 1.4 percent. Because of the City use of "pay-as-you-go" financing for many capital projects, the City has maintained superior debt ratios since their implementation in 1987. At the end of FY 2011, the City's debt to tax base ratio was just 1.27 percent with that projected to decrease to 1.47 percent in FY 2013 (excluding self-supported sewer project related debt). The City's financial policies encourage the use of surplus General Fund revenues and resources derived from spending less than the full budget to fund capital projects.

Additional information on the City's financial status can be found in the Management's Discussion and Analysis section of this report.

GENERAL GOVERNMENT FUNCTIONS

The following table shows that the overall real property assessed value has increased by over \$16 billion since 2002. This includes a 2.6 percent increase from calendar year 2010 to 2011. Real property taxes, which are based on assessments as of January 1 of each year, are due in two payments. The first half of the real estate tax is due on June 15 and the second half of the tax is due on November 15.

CHANGE IN ASSESSED VALUE OF REAL PROPERTY

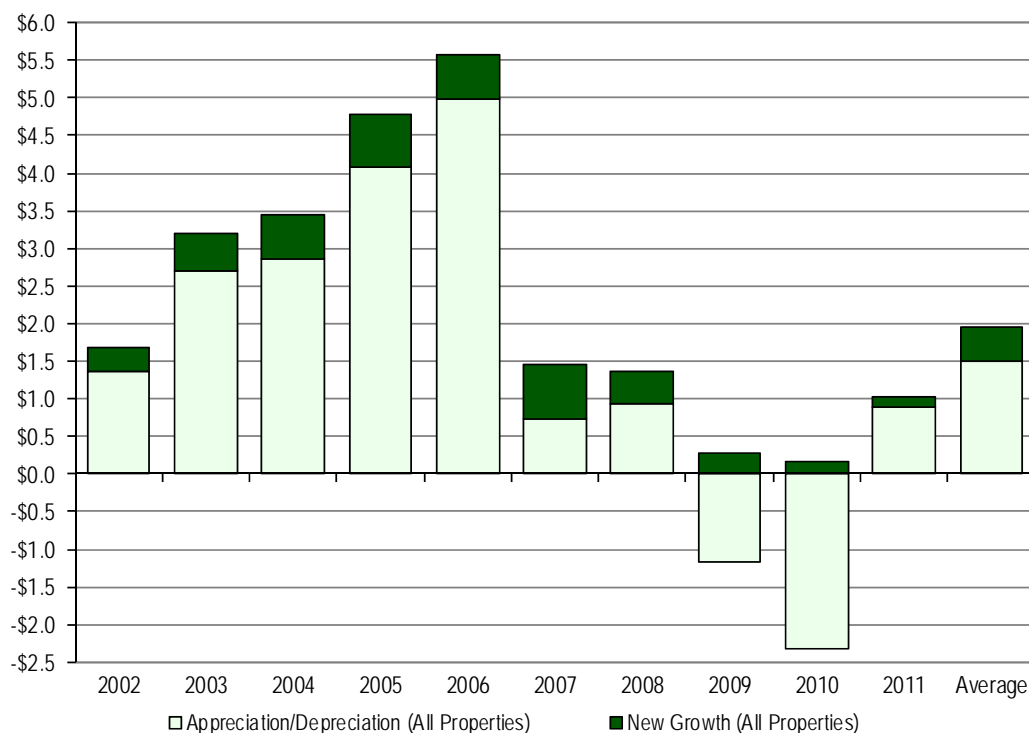
(Amounts in thousands of dollars)

| <u>Year</u> | <u>Residential Assessed Value</u> | <u>Residential % Increase (Decrease)</u> | <u>Commercial¹ Assessed Value</u> | <u>Commercial % Increase (Decrease)</u> | <u>Total Assessed Value</u> | <u>Total % Increase (Decrease)</u> |
|-------------|---|--|--|---|-------------------------------------|--|
| 2002 | \$ 8,889,290 | 17.4 | \$ 7,243,699 | 2.6 | \$ 16,132,989 | 10.3 |
| 2003 | 11,191,850 | 25.9 | 8,034,076 | 10.9 | 19,225,926 | 19.2 |
| 2004 | 13,245,349 | 18.3 | 8,644,147 | 7.6 | 21,889,496 | 13.9 |
| 2005 | 16,272,324 | 22.9 | 11,087,327 | 28.3 | 27,359,651 | 25.0 |
| 2006 | 20,331,756 | 24.9 | 12,574,963 | 13.4 | 32,906,719 | 20.3 |
| 2007 | 20,205,364 | (0.6) | 14,037,667 | 11.6 | 34,243,031 | 4.1 |
| 2008 | 20,139,614 | (0.3) | 14,963,203 | 6.6 | 35,102,817 | 2.5 |
| 2009 | 19,152,518 | (4.9) | 14,811,680 | (1.0) | 33,964,198 | (3.2) |
| 2010 | 18,203,922 | (5.0) | 13,615,344 | (8.1) | 31,819,266 | (6.3) |
| 2011 | 18,430,732 | 1.2 | 14,201,220 | 4.3 | 32,631,952 | 2.6 |

1. Includes apartment buildings.

Change in Total Tax Base

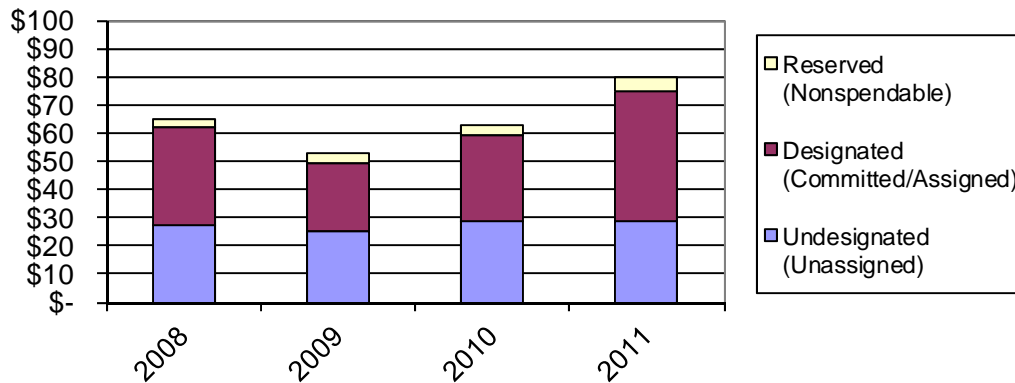
Tax Year 2002-2011



This chart displays the increases and decreases in assessed values for the last ten years as appreciation and depreciation of existing properties and new properties. (Each of the bars in the chart is comprised of single year snapshot and is not cumulative.)

The Fund balance financial policies for the General Fund are one component of the City's overall financial strength and stability. At the end of FY 2011, the City's General Fund fund balance was \$80.9 million and include a non-spendable fund balance of \$5.5 million, a number of commitments totaling \$16.1 million, and an assigned total of \$30.0 million, including \$19.1 million assigned for future capital funding, leaving a remaining unassigned fund balance of \$29.2 million. At the end of FY 2011 the City's ending General Fund fund balance condition was consistent with the City's established financial policies.

City of Alexandria General Fund - Fund Balance (in millions)



CAPITAL FINANCING AND DEBT MANAGEMENT

In conjunction with the annual operating budget preparation, the City Manager annually prepares a six-year Capital Improvement Plan to provide for the financing of improvements to the City's public facilities. This has been changed to a ten-year Capital Improvement Plan. The first year of the program constitutes the capital budget for the current fiscal year; the remaining nine years serve as a planning guide. The City accounts for capital improvement expenditures in the Capital Projects Fund and finances the projects from the General Fund (including appropriations of Committed Fund Balance), general obligation debt, the sale of surplus property, and intergovernmental grant revenues. The City's Capital Improvement Plan for FY 2012 through FY 2021 represents \$1.074 billion of City-funded public improvements to the City's schools, public buildings, parks, and transportation systems. In addition, state and federal grants and other committed sources, such as prior year City funds, will provide \$21.8 million in additional planned capital funding for the FY 2012-FY 2021 time period.

To continue a strategy of improving and then maintaining the City's creditworthiness, the City Council established the following key target and ceiling ratios as of June 30 of each year:

| | <u>Ceiling</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>Target</u> |
|--|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| Debt as a Percentage of Fair Market Value | 1.6% | 0.95% | 0.75% | 0.90% | 0.88% | 0.90% | 0.85% | 0.73% | 1.12% | 1.15% | 1.27% | 1.1% |
| Debt Per Capita as a Percentage of Per Capita Income ¹ | 4.5% | 2.2% | 2.0% | 2.7% | 3.1% | 3.4% | 2.9% | 2.6% | 3.7% | 3.4% | 3.8% | 3.2% |
| Debt Service as a Percentage of General Governmental Expenditures ² | 10.0% | 3.5% | 3.6% | 3.6% | 4.2% | 4.3% | 4.5% | 4.4% | 4.4% | 4.9% | 5.3% | 8.0% |
| General Fund Balance as a Percentage of General Fund Revenue: | | | | | | | | | | | | |
| Unreserved Assigned/Unassigned ³ | 10% (floor) | 17.6% | 14.4% | 14.6% | 13.3% | 13.2% | 13.4% | 12.0% | 9.3% | 11.1% | - 10.9% | N/A |
| Undesignated Unassigned ³ | 4% (floor) | 6.8% | 7.3% | 6.9% | 5.9% | 5.6% | 5.2% | 5.2% | 4.7% | 5.3% | - 5.3% | 5.5% |
| Net Assets as a Percentage of General Revenue | 4% (floor) | 32.2% | 19.8% | 18.4% | 14.5% | 17.7% | 19.0% | 12.6% | 9.4% | 11.8% | 11.7% | 5.5% |

¹ Per capita information from the U.S. Bureau of Economic Analysis, as revised

² Data includes School Board and Library component units.

³ The City has updated these policies in FY 2011 to reflect new terminology per GASB 54.

The adopted financial policies include the following:

- The City will increase its reliance on current revenue to finance its capital improvements.
- The City will consider a designation for pay-as-you-go capital a priority when additional General Fund resources become available at the end of a fiscal year.
- The City will not use General Fund equity to finance current operations for periods of longer than two years.
- The City will annually prepare a six-year Capital Improvement Plan.
- The City will not issue tax or revenue anticipation notes to fund governmental operations.
- The City will not issue bond anticipation notes for a term of longer than two years.

The City's General Obligation Bonds have the top available ratings which were reaffirmed in July 2011 as follows:

Moody's Investors Service
Aaa

Standard & Poor's
AAA

BUDGETARY ACCOUNTING AND INTERNAL CONTROLS

The City Charter requires the City Manager to submit a balanced budget to City Council no later than the first regular meeting in April of each year. The School Board prepares the Schools' budget and transmits it to the City Manager. The City Manager then submits his recommendation to City Council for consideration. If Council does not adopt a budget before June 27, the budget submitted by the City Manager for the upcoming fiscal year has full force and effect as if Council had adopted it.

As a management tool, budgetary control is maintained in the General Fund at the character level (i.e., personnel, non-personnel, capital outlays) and by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Management can transfer appropriations at the department appropriation level without approval from City Council. The City follows a similar procedure with the Special Revenue Fund, but the level of control is at the grant or program level. In the Capital Projects Fund, the level of control is at the project level. With the Schools' budget, the level of control is at the total appropriation level.

City management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse. Internal controls are intended to provide reasonable, but not absolute, assurance that these objectives are met. In addition to the examination of controls implemented by members of the Finance Department, the City's Internal Audit staff continually reviews and assesses the soundness and adequacy of the City's financial systems.

REPORT FORMAT

The City's Finance Department has prepared this Comprehensive Annual Financial Report in an effort to present all the information necessary to meet the needs of the many persons and groups that have an interest in the City's financial affairs. The objective of this report is to present financial information on a comparative basis with other governmental entities in Virginia and in accordance with established reporting standards. We believe the data is accurate in all material respects and is reported in a manner designed to present fairly the City's financial position and results of operations.

This Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes a list of principal officials, the City's organizational chart, and this transmittal letter. The financial section includes the management's discussion and analysis (MDA), basic, fund, and component unit financial statements, notes to financial statements, budgetary comparison schedules, required supplementary information for public employee retirement systems, and other supplementary information, as well as the independent auditors' report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The single audit section contains information on the City and School programs that are financed by federal grants. This information is required by the Single Audit Act Amendments of 1996 and by the Auditor of Public Accounts of the Commonwealth of Virginia.

INDEPENDENT AUDIT

Section 5.18 of the City Charter requires an annual audit of the accounting and financial records of the City by independent certified public accountants. This section requires the auditors to examine the funds of the City in accordance with auditing standards generally accepted in the United States of America and the standards set forth in the Government Accountability Office's *Government Auditing Standards*. In addition, the auditors must conduct the compliance examinations required by the Single Audit Act Amendments of 1996, the related U.S. Office of Management and Budget's Circular A-133, and the *Specifications for Audit of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

The Alexandria City Council has selected the firm of KPMG LLP to perform these audit services. Their reports are presented in the Financial Section and the Single Audit Section of this report.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Alexandria a Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR) for the 33rd consecutive year in 2010. The GFOA awards a Certificate to governmental units that exemplify excellence in financial reporting and conform to stringent reporting requirements promulgated by that Association and various authoritative bodies.

To earn a Certificate of Achievement, a CAFR must tell its financial story clearly, thoroughly, and understandably. The report must be efficiently organized, employ certain standardized terminology and formatting conventions, minimize ambiguities and potentials for misleading inference, enhance understanding of current generally accepted accounting theory, and demonstrate a constructive "spirit of full disclosure."

A Certificate is valid for a period of one year only. The City believes our current report continues to conform to the Certificate of Achievement Program requirements and standards. We are submitting it to GFOA to determine its eligibility for another certificate for FY 2011.

REPORTING REQUIREMENTS

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the City has agreed for the benefit of the owners of City general obligation bonds and joint enterprise waste-to-energy-revenue bonds, to provide each nationally recognized municipal securities information repository and to any appropriate state information depository, if any is hereafter created, certain financial information not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ended June 30, 1996. The City is currently in compliance with the new arrangement to file this information through the Electronic Municipal Market Access (EMMA) website which is the comprehensive source for official statements, continuing disclosure documents, advance refunding documents and real time trade price information on all municipal securities. This CAFR provides the 15c2-12 general bond obligation bond information, which includes the "Debt Statement" found in Note 9 of Notes to the Financial Statements, a "Five Year Summary of General Fund Revenues and Expenditures" found in Table XXII, a summary of debt found in Table XXIII (Summary of Total General Obligation Bonds Debt Service), and "Tax Revenues by Source" found in Table III.

ACKNOWLEDGMENTS

We would like to express our appreciation to everyone in the City who assisted with and contributed to the preparation of this report. Special recognition is extended to the Accounting Division for their dedicated pursuit of excellence and leadership in financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'LBT', with a long, sweeping horizontal stroke extending to the right.

Laura B. Triggs, CPA
Acting Chief Financial Officer

A handwritten signature in black ink, appearing to read 'Raymond J. Welch, Jr.', with a stylized, cursive script.

Raymond J. Welch, Jr.
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alexandria
Virginia

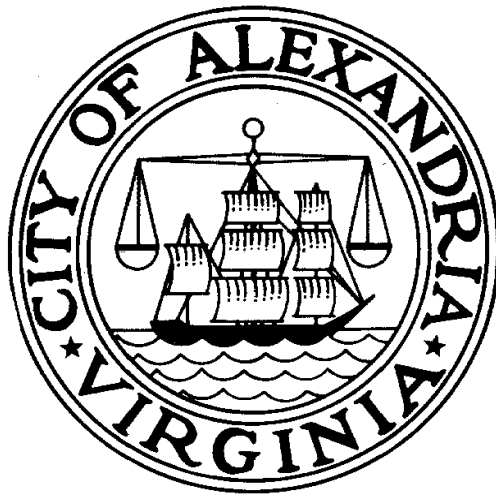
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.

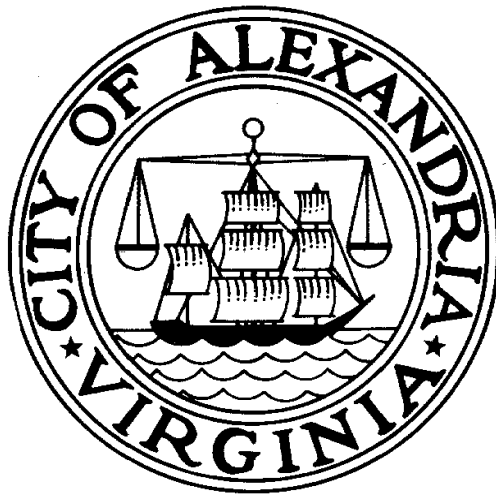


President

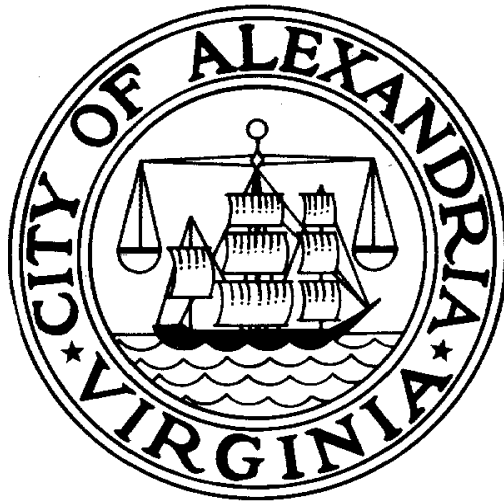
Executive Director



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT





KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
City of Alexandria, Virginia:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Virginia (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements identified in Exhibits I through XI in the Financial Section of the accompanying table of contents. These financial statements are the responsibility of the City'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 *Specification for Audits for Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 19, the City adopted 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 November 23, 2011 on our consideration of the City's internal control over financial reporting



and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, the budgetary comparison schedules, and the schedules of funding progress and employer contributions on pages 21 through 30, 104 through 106, and 107 through 109, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

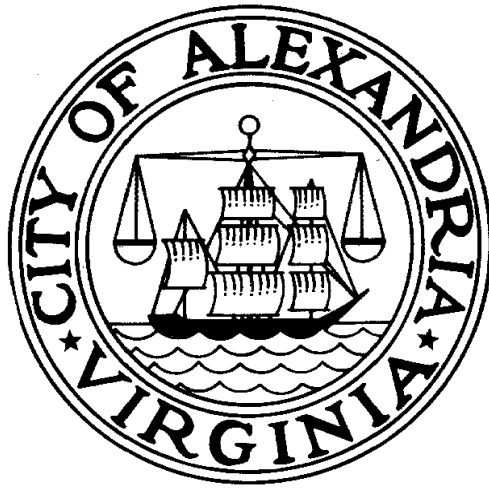
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The information identified as schedules 1, 2, 3, and 4 in the Financial Section of the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information identified as the Introductory and Statistical Sections in the accompanying table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 23, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Alexandria's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2011

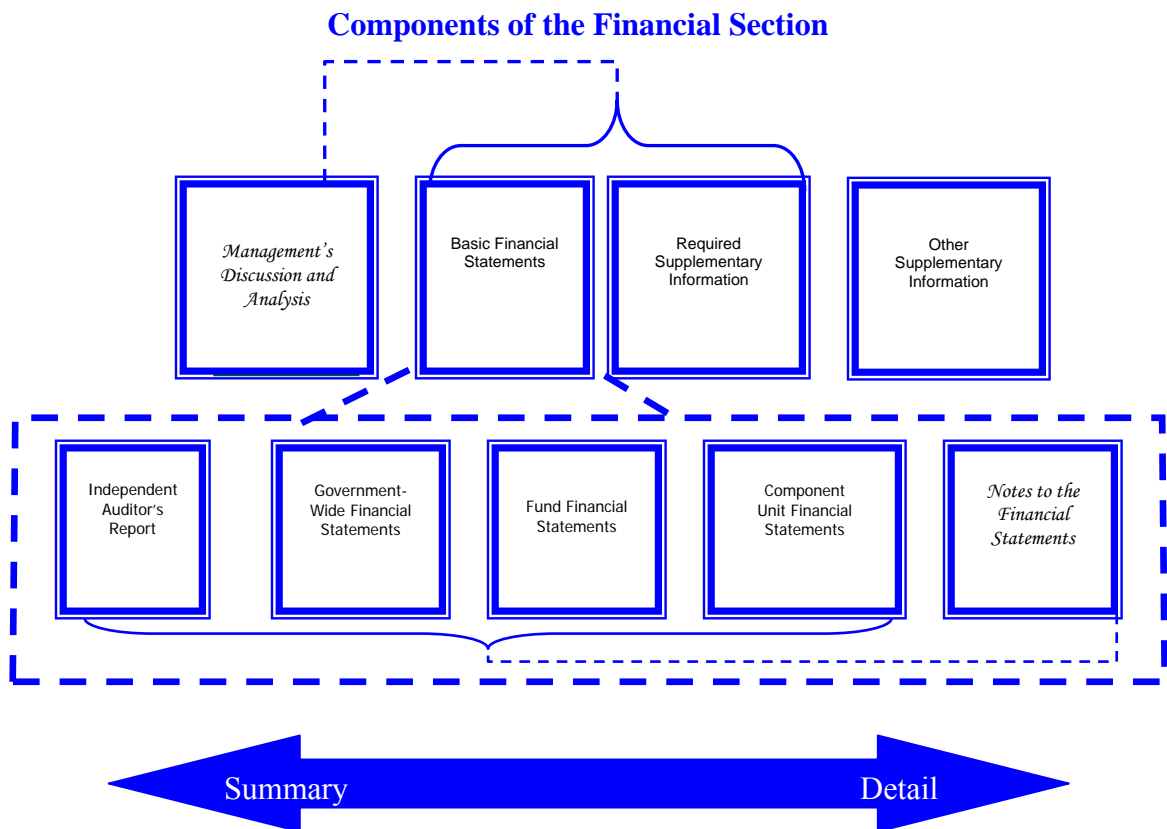
The General Fund, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses by \$17.7 million (Exhibit IV) after making a budgeted \$5.5 million transfer to the capital projects fund and a \$35.1 million transfer to the special revenue fund.

On a government-wide basis for governmental activities, the City's general revenues of \$505.2 million were \$16.8 million more than the \$488.4 million of expenses net of program revenue (Exhibit II).

The City's total net assets, excluding component units, on the government-wide basis, totaled \$394.4 million at June 30, 2011. Of this amount, \$59.1 million is unrestricted (Exhibit I).

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and single audit. As the following chart shows, the financial section of this report has four components - *management's discussion and analysis* (this section), the *basic financial statements*, the *required supplementary information* and the *other supplementary information*.



GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The Statement of Net Assets and the Statement of Activities, which are the government-wide statements, report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in those assets. The City's net assets position - the difference between assets and liabilities - is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors need to be considered, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The Statement of Net Assets and the Statement of Activities include the following:

Governmental activities - Most of the City's basic services are reported here: Police, Fire, Transportation and Environmental Services, Recreation, Parks and Cultural Activities Departments, and general administration. Property taxes, other local taxes, and state and federal grants finance most of these activities.

Component units - The City includes three separate legal entities in its report - the City of Alexandria School Board, the Alexandria Library, and the Alexandria Transit Company. Although legally separate, these "component units" are important because the City is financially accountable for them, and provides operating and capital funding to them. The Alexandria Transit Company component unit is also a proprietary fund.

FUND FINANCIAL STATEMENTS

The fund financial statements provide additional information about the City's most significant funds - not the City as a whole. The fund financial statements focus on the individual parts of the City government.

The City has three kinds of funds:

Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

Proprietary funds - Services for which the City charges customers or City users a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

The City uses an internal service fund (one kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities. The Equipment Replacement Reserve Fund is the City's only internal service fund. Its primary purpose is to provide for the accumulation of money to replace capital equipment used in City operations. The Transit Company component unit is considered an enterprise fund since fees are charged to fund the operations.

Fiduciary funds - The City is the trustee, or fiduciary, for its employees' pension plans and employee benefit trusts. It is also responsible for other assets (known as agency funds) that - because of a trust arrangement - can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. Agency funds are City custodial funds used to provide accountability of client monies for which the City is custodian. The City excludes pension plans and agency funds from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Assets:

The following table presents the condensed Statement of Net Assets:

Table 1
Summary of Net Assets
As of June 30, 2011 and 2010
(In millions)

| | Primary Government | | Component | |
|---------------------------------|---------------------------|-----------------|------------------|--------------|
| | Governmental | | Units | |
| | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$ 452 | \$ 426 | \$ 66 | \$ 59 |
| Capital assets | <u>694</u> | <u>639</u> | <u>15</u> | <u>21</u> |
| Total Assets | <u>\$ 1,146</u> | <u>\$ 1,065</u> | <u>\$ 81</u> | <u>\$ 80</u> |
| | | | | |
| Other Liabilities | \$ 269 | \$ 286 | \$ 34 | \$ 33 |
| Long-term liabilities | <u>483</u> | <u>401</u> | <u>11</u> | <u>11</u> |
| Total Liabilities | <u>\$ 752</u> | <u>\$ 687</u> | <u>\$ 45</u> | <u>\$ 44</u> |
| | | | | |
| Net Assets: | | | | |
| Invested in Capital assets, net | | | | |
| of related debt | \$ 335 | \$ 320 | \$ 14 | \$ 21 |
| Unrestricted | <u>59</u> | <u>57</u> | <u>22</u> | <u>15</u> |
| | <u>\$ 394</u> | <u>\$ 377</u> | <u>\$ 36</u> | <u>\$ 36</u> |

Amounts may not add due to rounding

The City's net assets, (which is the City's bottom line) increased five percent, or \$17 million, to \$394 million. The increase is primarily attributable to a planned increase in General Fund balance to support future transportation needs. Component units net assets decreased by \$0.1 million. The City's capital assets increased \$55 million mainly due to various Sanitary Sewer and School projects completed during the year and the DASH bus system parking lot transferred to the City from DASH. Long-term liabilities increased by \$82 million with the issue of the new FY 2011 general obligation bond series.

Statement of Activities

The following chart shows the revenue and expenses of the governmental activities:

Table 2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010
(In millions)
Total

| | Primary Government | | Component | |
|-------------------------------------|---------------------------|---------------|------------------|---------------|
| | Governmental | | Units | |
| | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 51 | \$ 44 | \$ 7 | \$ 5 |
| Operating grants and contributions | 65 | 65 | 22 | 44 |
| Capital grant/contributions | 7 | 50 | | |
| General revenues: | | | | |
| Property taxes | 353 | 337 | | |
| Other taxes | 118 | 114 | | |
| Other | 35 | 33 | 29 | 2 |
| Payment to/from City | - | - | 178 | 182 |
| | <u>\$ 629</u> | <u>\$ 643</u> | <u>\$ 236</u> | <u>\$ 233</u> |
| Total Revenues | | | | |
| Expenses | | | | |
| General Government | \$ 59 | \$ 61 | \$ | \$ |
| Judicial Administration | 20 | 19 | | |
| Public Safety | 122 | 118 | | |
| Public Works | 51 | 57 | | |
| Library | 6 | 6 | 6 | 7 |
| Health and Welfare | 93 | 91 | | |
| Transit | 16 | 13 | 14 | 13 |
| Culture and Recreation | 28 | 26 | | |
| Community Development | 25 | 21 | | |
| Education | 175 | 173 | 216 | 210 |
| Interest on Long-term Debt | 17 | 16 | | |
| | <u>\$ 612</u> | <u>\$ 601</u> | <u>\$ 236</u> | <u>\$ 230</u> |
| Total Expenses | | | | |
| Change in Net assets | <u>\$ 17</u> | <u>\$ 42</u> | <u>\$ -</u> | <u>\$ 3</u> |
| Net Assets beginning of Year | <u>\$ 377</u> | <u>\$ 336</u> | <u>\$ 36</u> | <u>\$ 33</u> |
| Net Assets end of Year | <u>\$ 394</u> | <u>\$ 377</u> | <u>\$ 36</u> | <u>\$ 36</u> |

Amounts may not add due to rounding

REVENUES

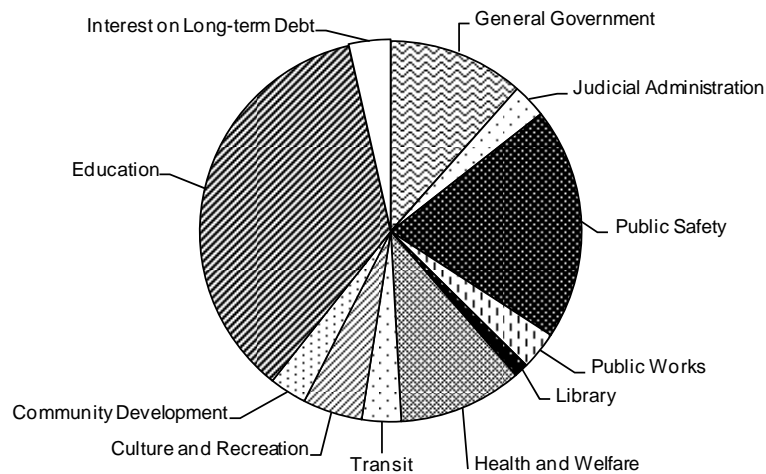
For the fiscal year ended June 30, 2011 revenues from governmental activities totaled \$629 million. Real estate tax revenues, the City's largest revenue source, reflecting the recognition of the taxes associated with the last half of calendar year 2010 and the first half of calendar year 2011 real property tax billings, were \$316 million. The increase in tax revenues is primarily attributable to an increase in the City's assessed real property tax base in calendar year 2011 and a tax rate increase of 2.0¢ to support transportation.

In addition:

- Charges for services increased in the special revenue fund.
- The decrease in capital contributions reflects the addition of the Monroe Avenue bridge in FY 2010.

Component units' net assets remained the same as last year.

Net Expenses for Governmental Activities



EXPENSES

For the fiscal year ended June 30, 2011, expenses for governmental activities totaled \$612 million reflecting an increase of \$11 million due to spending on the completion of the public safety center.

Education continues to be one of the City's highest priorities. Capital funding included \$2.2 million in addition to the City's operating subsidy to the Schools of \$167.9 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2011, the governmental funds reflect a combined fund balance of \$171 million (Exhibit III). The Governmental fund balance increase of \$19 million is primarily due to a planned surplus in the General Fund for transportation. In addition, these other changes in fund balance should be noted:

- The General Fund contributed \$5.5 million to pay-as-you-go financing of capital projects.
- The City contributed \$167.9 million to the schools for operations.

- The sewer funds contributed \$5.0 million to pay-as-you go capital projects.
- The City spent \$93.8 million in the Capital Projects Fund primarily to fund the new Public Safety facility and school projects.

Except for non-spendable and restricted fund balances (Exhibit III), there are no significant limitations on fund balances that would affect the availability of fund resources for future uses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3

| General Fund Budget | | | |
|--|--------------------|-------------------|--------|
| (in millions) | | | |
| | FY 2011 | | |
| | Original Budget | Amended Budget | Actual |
| <u>Revenues, Transfers, and Other Financial Sources</u> | | | |
| Taxes | \$ 330 | \$ 330 | \$ 350 |
| Other Local Taxes | 116 | 116 | 118 |
| Transfers and Other | 80 | 82 | 82 |
| Total | \$ 526 | \$ 527 | \$ 550 |
| <u>Expenditures, Transfers, and Other Financial Uses</u> | | | |
| Expenditures | \$ 310 | \$ 316 | \$ 309 |
| Transfers and Other | 222 | 224 | 223 |
| Total | \$ 532 | \$ 540 | \$ 532 |
| Change in Fund Balance | \$ (6) | \$ (13) | \$ 18 |

Amounts may not add due to rounding

Expenditures and other financing uses exceeded revenue and other financing sources by \$18 million in the General Fund for FY 2011.

Actual General Fund revenues and other financial sources were above the original budget by \$14 million and the amended budget by \$13 million during FY 2011. This is primarily due to an increase in the tax rate and tax base for real estate taxes to support school and transportation projects. As a result of supplemental appropriations actual General Fund expenditures and transfers were equal to the original budget, while General Fund expenditures were less than the amended budget by \$8 million primarily as a result of fiscal restraint by all City departments.

During FY 2011, City Council amended the budget three times. These budget amendments, or supplemental appropriation ordinances, were primarily for the following purposes:

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2010 but not paid by that date. Encumbrances for General Fund obligations for purchase orders authorized and issued, but for which goods and services were not received or paid by June 30, 2010, totaled \$1.8 million.
- To reappropriate monies (\$0.8 million) to pay for projects budgeted for FY 2010 but not completed before the end of the fiscal year.

- To reappropriate grant, donation and other revenues authorized in FY 2010 or earlier, but not expended or encumbered as of June 30, 2010.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2011.

CAPITAL ASSETS

At the end of FY 2011, the City's governmental activities had invested cumulatively \$694.1 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$54.8 million.

Table 4
Governmental Activities
Change in Capital Assets
(In millions)

| | Balance <u>30-Jun-10</u> | Net Additions/ <u>Deletions</u> | Balance <u>30-Jun-11</u> |
|---|-----------------------------|------------------------------------|-----------------------------|
| Non-Depreciable Assets | | | |
| Land and Land Improvements | \$ 92.0 | \$ 6.7 | \$ 98.7 |
| Construction in Progress | 90.2 | 28.0 | 118.2 |
| Other Capital Assets | | | |
| Buildings | 431.2 | 9.1 | 440.3 |
| Infrastructure | 186.4 | 20.2 | 206.6 |
| Intangible Assets | 11.3 | - | 11.3 |
| Furniture and Other Equipment | 57.1 | 11.5 | 68.6 |
| Accumulated Depreciation on other Capital Assets | <u>(228.9)</u> | <u>(20.7)</u> | <u>(249.6)</u> |
| Totals | <u>\$ 639.3</u> | <u>\$ 54.8</u> | <u>\$ 694.1</u> |

Amounts may not add due to rounding

The FY 2011 increase in buildings reflects the completion of renovation work on Minnie Howard school. The increase in infrastructure reflects the completion of various sanitary sewer projects around the City.

The FY 2012- FY 2021 Approved Capital Improvement Program (CIP), which was approved by City Council in May 2011, sets forth a ten-year program with \$1.2 billion in new City funding and \$22 million in other non- City sources for public improvements for the City and the Alexandria Public Schools.

For the purpose of comparison the first six years funding totals \$795 million as compared with \$438 million in the FY 2011-FY 2016 CIP. This represents (in City funding) an increase of approximately \$357 million above the FY 2011-2016 CIP. The CIP also provides an increased capital investment in quality of life initiatives, including open space acquisition, Potomac Yard Metrorail station, funding affordable housing initiatives and improvement in the storm water infrastructure, to enhance the quality of life in Alexandria-

LONG-TERM DEBT

At the end of FY 2011, the City had \$415.7 million in outstanding general obligation bonds, an increase of \$51.2 million, or 14.1 percent, over last year. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2011, Moody's Investors Services, Inc. and Standard & Poor's (S&P) credit rating agencies reaffirmed the City's triple-A bond ratings. The City received its first triple-A rating from Moody's in 1986 and from S&P in 1992. Standard and Poor's Financial Management Assessment concluded that the City's financial practices were "strong."

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt is significantly below, or less than one-tenth of this state law limit - which would equate to \$3.3 billion for the City.

On July 14, 2011 the City Council issued \$69.95 million in General Obligation bonds. The bonds were issued with an original issue premium of \$4.5 million and a true interest cost of 3.18 percent. The \$69.95 million in bonds will be used to finance certain capital improvement projects including transportation improvements, sanitary sewers, public school facilities and other infrastructure costs. On July 28, 2011, Moody's put the City and several surrounding jurisdictions Aaa on credit watch due to the City's proximity to Washington, D.C.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2011. Other short term liabilities represent unclaimed money and deposits.

ECONOMIC FACTORS

The number of jobs in the City decreased in FY 2011; as of June 2011, the number of Alexandria jobs totalled 93,628 (the latest data available from the Virginia Employment Commission). Tourism improved, with lodging and restaurant food tax showing an increase of 4.0 and 9.0 percent respectively in FY 2011.

As of 2009 (the latest data available from the U.S. Bureau of Economic Analysis), the City's major per capita income of \$70,846 remains one of the highest in the United States, and is the second highest of any major jurisdiction in Virginia. The City's office vacancy rate stood at 13.0 percent by the end of FY 2011, compared to the office vacancy rate in Northern Virginia (12.7 percent), as well as the Washington, DC metropolitan area (11.5 percent).

OTHER INFORMATION

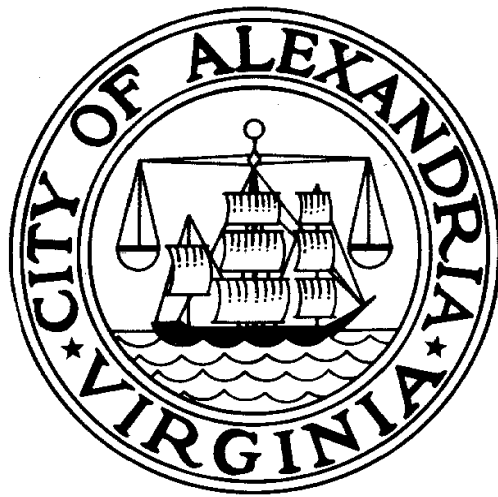
The following regulations came into force during FY 2011.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Laura Triggs, Acting Chief Financial Officer, City Hall, P.O. Box 178, Alexandria, VA 22313, laura.triggs@alexandriava.gov, telephone (703) 746-3900, or visit the City's web site at alexandriava.gov.

BASIC FINANCIAL STATEMENTS



CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Assets
As of June 30, 2011

Exhibit I

| | Primary Government | |
|---|------------------------------|-----------------------------|
| | Governmental | Component |
| | Activities | Units |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 127,714,414 | \$ 44,146,726 |
| Cash and Investments with Fiscal Agents | 67,210,915 | 2,797,414 |
| Receivables, Net | 208,976,631 | 579,820 |
| Due From Other Governments | 40,807,904 | 9,995,156 |
| Inventory of Supplies | 1,909,288 | 737,827 |
| Prepaid and Other Assets | 5,696,735 | 8,608,755 |
| Capital Assets | | |
| Land and Construction in Progress | 216,910,211 | 999,381 |
| Other Capital Assets, Net | 477,157,892 | 13,524,829 |
| Capital Assets, Net | 694,068,103 | 14,524,210 |
| Total Assets | <u>\$ 1,146,383,990</u> | <u>\$ 81,389,908</u> |
| LIABILITIES | | |
| Accounts Payable | \$ 12,410,004 | \$ 4,640,808 |
| Accrued Wages | 12,581,271 | 29,046,337 |
| Accrued Liabilities | 3,714,793 | - |
| Deferred Revenue | 228,844,577 | 357,123 |
| Other Short-term Liabilities | 8,956,300 | 419,255 |
| Deposits | 1,832,011 | - |
| Long-term Liabilities Due Within One Year | 29,405,962 | 1,255,919 |
| Long-term Liabilities Due in More Than One Year | 454,192,116 | 9,388,699 |
| Total Liabilities | <u>\$ 751,937,034</u> | <u>\$ 45,108,141</u> |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | \$ 335,368,020 | \$ 14,524,210 |
| Unrestricted Net Assets | 59,078,936 | 21,757,557 |
| TOTAL NET ASSETS | <u><u>\$ 394,446,956</u></u> | <u><u>\$ 36,281,767</u></u> |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Exhibit II

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------|-------------------------|--|-----------------------------------|--|------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants & Contributions | Primary Government | | Component Units |
| | | | | | Governmental Activities | Total | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 59,207,496 | \$ 13,144,111 | \$ 673,503 | \$ 784,755 | \$ (56,434,827) | \$ (56,434,827) | \$ - |
| Judicial Administration | 19,780,824 | 1,725,527 | 3,932,301 | - | (14,122,996) | (14,122,996) | - |
| Public Safety | 122,207,105 | 13,275,093 | 12,737,297 | - | (96,194,715) | (96,194,715) | - |
| Public Works | 50,832,526 | 21,311,717 | 7,884,914 | 5,805,699 | (15,830,196) | (15,830,196) | - |
| Library | 5,879,455 | - | - | - | (5,879,455) | (5,879,455) | - |
| Health and Welfare | 92,699,351 | 6,449,691 | 34,814,083 | - | (51,435,577) | (51,435,577) | - |
| Transit | 16,273,035 | - | - | - | (16,273,035) | (16,273,035) | - |
| Culture and Recreation | 28,359,110 | 3,140,541 | 324,164 | 190,576 | (24,703,829) | (24,703,829) | - |
| Community Development | 24,629,436 | 3,921,432 | 4,576,996 | 686,460 | (15,444,548) | (15,444,548) | - |
| Education | 174,792,461 | - | - | - | (174,792,461) | (174,792,461) | - |
| Interest on Long-term Debt | 17,277,344 | - | - | - | (17,277,344) | (17,277,344) | - |
| Total Primary Government | \$ 611,938,143 | \$ 51,138,412 | \$ 64,943,258 | \$ 7,467,490 | \$ (488,388,984) | \$(488,388,984) | \$ - |
| Component Units: | | | | | | | |
| Library | \$ 6,494,117 | \$ 258,829 | \$ 188,491 | \$ - | \$ - | \$ - | \$ (6,046,797) |
| Transit | 13,628,280 | 4,053,016 | 7,434 | - | - | - | (9,567,830) |
| School Board | 215,552,440 | 2,569,290 | 21,446,298 | - | - | - | (191,536,852) |
| Total Component Units | \$ 235,674,837 | \$ 6,881,135 | \$ 21,642,223 | \$ - | \$ - | \$ - | \$(207,151,479) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| General Property Taxes: | | | | | | | |
| Real Estate | | | | | \$ 315,613,596 | \$ 315,613,596 | \$ - |
| Personal Property | | | | | 36,967,115 | 36,967,115 | - |
| Other Local Taxes: | | | | | | | |
| Business License Tax | | | | | 30,444,798 | 30,444,798 | |
| Local Sales Tax | | | | | 23,880,909 | 23,880,909 | |
| Meals Tax | | | | | 16,214,900 | 16,214,900 | |
| Transient Lodging Tax | | | | | 11,245,201 | 11,245,201 | - |
| Utility Tax | | | | | 10,812,989 | 10,812,989 | |
| Communications Sales Tax | | | | | 12,099,382 | 12,099,382 | |
| Motor Vehicle License, Recordation, and other local taxes | | | | | 13,561,178 | 13,561,178 | |
| Transfer | | | | | | | |
| Payment from (To) City of Alexandria | | | | | - | - | 181,944,218 |
| Capital Transfers (To) From City | | | | | | | (3,877,044) |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 32,442,767 | 32,442,767 | 26,759,897 |
| Interest and Investment Earnings | | | | | 960,501 | 960,501 | 247,452 |
| Miscellaneous | | | | | 987,727 | 987,727 | 2,103,268 |
| Total General Revenues | | | | | <u>\$ 505,231,063</u> | <u>\$ 505,231,063</u> | <u>\$ 207,177,791</u> |
| Change in Net Assets | | | | | <u>\$ 16,842,079</u> | <u>\$ 16,842,079</u> | <u>\$ 26,312</u> |
| Net Assets at Beginning of Year | | | | | | | |
| | | | | | 377,604,877 | 377,604,877 | 36,255,455 |
| Net Assets at End of Year | | | | | <u>\$ 394,446,956</u> | <u>\$ 394,446,956</u> | <u>\$ 36,281,767</u> |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA

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

Exhibit III

| | General | Special Revenue | Capital Projects | Total Governmental Funds |
|---|-----------------------|------------------------|-------------------------|---------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 90,062,175 | \$ 24,455,720 | \$ 44,341 | \$ 114,562,236 |
| Cash and Investments with Fiscal Agents | | - | 67,210,915 | 67,210,915 |
| Receivables, Net | 205,011,590 | 3,783,365 | - | 208,794,955 |
| Accrued Interest | 181,676 | - | - | 181,676 |
| Due From Other Funds | 500,000 | - | - | 500,000 |
| Due From Other Governments | 31,821,457 | 8,986,447 | - | 40,807,904 |
| Inventory of Supplies | 1,909,288 | - | - | 1,909,288 |
| Prepaid and Other Assets | 3,230,470 | 45,837 | - | 3,276,307 |
| Total Assets | <u>\$ 332,716,656</u> | <u>\$ 37,271,369</u> | <u>\$ 67,255,256</u> | <u>\$ 437,243,281</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 6,963,731 | \$ 2,538,082 | \$ 2,557,512 | \$ 12,059,325 |
| Accrued Wages | 9,613,645 | 2,954,331 | 13,295 | 12,581,271 |
| Other Liabilities | 8,956,300 | - | - | 8,956,300 |
| Deposits | 1,832,011 | - | - | 1,832,011 |
| Due to Other Funds | | - | 500,000 | 500,000 |
| Deferred Revenue | 224,490,802 | 5,909,444 | - | 230,400,246 |
| Total Liabilities | <u>\$ 251,856,489</u> | <u>\$ 11,401,857</u> | <u>\$ 3,070,807</u> | <u>\$ 266,329,153</u> |
| FUND BALANCES | | | | |
| Non-Spendable | \$ 5,509,288 | \$ 2,625,521 | \$ - | \$ 8,134,809 |
| Restricted | - | 9,720,387 | - | 9,720,387 |
| Committed | 16,149,828 | 8,562,334 | 64,184,449 | 88,896,611 |
| Assigned | 30,009,737 | 4,961,270 | - | 34,971,007 |
| Unassigned | 29,191,314 | - | - | 29,191,314 |
| Total Fund Balances | <u>\$ 80,860,167</u> | <u>\$ 25,869,512</u> | <u>\$ 64,184,449</u> | <u>\$ 170,914,128</u> |
| Total Liabilities and Fund Balances | <u>\$ 332,716,656</u> | <u>\$ 37,271,369</u> | <u>\$ 67,255,256</u> | |

Adjustments for the Statement of Net Assets:

| | |
|---|------------------------------|
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5) | 684,985,471 |
| Other long-term assets are not available to pay for current period expenditures; the taxes offset by deferred revenue in the governmental funds. (Note 1) | 3,976,097 |
| Internal service funds are used by management to charge the costs of equipment replacement; and, therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets. (Exhibit V) | 21,884,131 |
| Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9) | (487,312,871) |
| Net Assets of Governmental Activities | <u><u>\$ 394,446,956</u></u> |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

Exhibit IV

| | General | Special Revenue | Capital Projects | Total Governmental Funds |
|---|------------------------|------------------------|-------------------------|---------------------------------|
| REVENUES | | | | |
| General Property Taxes | \$ 349,779,825 | \$ 1,864,831 | \$ - | \$ 351,644,656 |
| Other Local Taxes | 118,259,357 | - | - | 118,259,357 |
| Permits, Fees, and Licenses | 2,543,789 | 4,527,999 | - | 7,071,788 |
| Fines and Forfeitures | 4,472,520 | 5,000 | - | 4,477,520 |
| Use of Money and Property | 3,591,323 | 279,845 | 183,861 | 4,055,029 |
| Charges for Services | 14,939,668 | 14,899,345 | 75,365 | 29,914,378 |
| Intergovernmental Revenue | 53,728,609 | 43,657,415 | 4,514,661 | 101,900,685 |
| Miscellaneous | 987,727 | 5,258,069 | 1,322,129 | 7,567,925 |
| Total Revenues | <u>\$ 548,302,818</u> | <u>\$ 70,492,504</u> | <u>\$ 6,096,016</u> | <u>\$ 624,891,338</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| General Government | \$ 43,476,795 | \$ 815,687 | \$ - | \$ 44,292,482 |
| Judicial Administration | 17,895,917 | 1,433,753 | - | 19,329,670 |
| Public Safety | 111,860,869 | 6,571,060 | - | 118,431,929 |
| Public Works | 34,396,222 | 3,495,627 | - | 37,891,849 |
| Library | 5,879,455 | - | - | 5,879,455 |
| Health and Welfare | 20,101,509 | 71,997,918 | - | 92,099,427 |
| Transit | 16,273,035 | - | - | 16,273,035 |
| Culture and Recreation | 21,586,342 | 1,204,085 | - | 22,790,427 |
| Community Development | 13,542,955 | 9,240,781 | - | 22,783,736 |
| Education | 167,898,796 | - | 2,248,196 | 170,146,992 |
| Debt Service: | | | | |
| Principal | 21,065,000 | - | - | 21,065,000 |
| Interest and Other Charges | 17,414,349 | - | - | 17,414,349 |
| Capital Outlay | - | - | 91,546,712 | 91,546,712 |
| Total Expenditures | <u>\$ 491,391,244</u> | <u>\$ 94,758,911</u> | <u>\$ 93,794,908</u> | <u>\$ 679,945,063</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 56,911,574</u> | <u>\$ (24,266,407)</u> | <u>\$ (87,698,892)</u> | <u>\$ (55,053,725)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond Proceeds | \$ - | \$ - | \$ 72,300,000 | \$ 72,300,000 |
| Bond Premium (Discount) | - | - | 1,877,864 | 1,877,864 |
| Transfers In | 1,446,713 | 35,092,801 | 11,377,140 | 47,916,654 |
| Transfers Out | (40,621,320) | (7,451,231) | - | (48,072,551) |
| Total Other Financing Sources and Uses | <u>\$ (39,174,607)</u> | <u>\$ 27,641,570</u> | <u>\$ 85,555,004</u> | <u>\$ 74,021,967</u> |
| Net Change in Fund Balance | <u>\$ 17,736,967</u> | <u>\$ 3,375,163</u> | <u>\$ (2,143,888)</u> | <u>\$ 18,968,242</u> |
| Fund Balance at Beginning of Year | 63,041,371 | 22,494,349 | 66,328,337 | |
| Increase in Reserve for Inventory | 81,829 | - | - | 81,829 |
| Fund Balance at End of Year | <u>\$ 80,860,167</u> | <u>\$ 25,869,512</u> | <u>\$ 64,184,449</u> | |

Adjustments for the Statement of Activities:

| | |
|--|--------------|
| Repayment and refunding of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. | 21,065,000 |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded capital expenditures in the current period. (Note 5) | 52,342,850 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4) | 936,055 |
| Issuance of debt and premium provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Assets (Note 9) | (74,177,864) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 9) | (5,727,580) |
| Internal service funds are used by management to charge the costs of certain equipment to individual funds. The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI) | 3,353,547 |

Change in Net Assets of Governmental Activities

\$ 16,842,079

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Assets
Proprietary Funds – Internal Service Fund
June 30, 2011

Exhibit V

ASSETS

Current Assets:

| | |
|---------------------------|----------------------|
| Cash and Cash Equivalents | \$ 13,152,178 |
| Total Current Assets | <u>\$ 13,152,178</u> |

Capital Assets:

| | |
|-------------------------------|---------------------|
| Buildings and Equipment | \$ 34,962,006 |
| Less Accumulated Depreciation | <u>25,879,374</u> |
| Capital Assets, Net | <u>\$ 9,082,632</u> |

| | |
|--------------|-----------------------------|
| Total Assets | <u><u>\$ 22,234,810</u></u> |
|--------------|-----------------------------|

LIABILITIES

Current Liabilities:

| | |
|---------------------------|-------------------|
| Accounts Payable | \$ 350,679 |
| Total Current Liabilities | <u>\$ 350,679</u> |
| Total Liabilities | <u>\$ 350,679</u> |

NET ASSETS

| | |
|----------------------------------|-----------------------------|
| Invested in Capital Assets | \$ 9,082,632 |
| Unrestricted Net Assets | <u>12,801,499</u> |
| Total Net Assets | <u>\$ 21,884,131</u> |
| Total Liabilities and Net Assets | <u><u>\$ 22,234,810</u></u> |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds – Internal Service Fund
For the Year Ended June 30, 2011

Exhibit VI

| | |
|--|-----------------------------|
| Operating Revenues: | |
| Charges for Services | \$ 4,707,639 |
| Total Operating Revenues | <u>\$ 4,707,639</u> |
| Operating Expenses: | |
| Materials and Supplies | \$ 1,472,944 |
| Depreciation | 2,942,812 |
| Total Operating Expenses | <u>\$ 4,415,756</u> |
| Operating Income | <u>\$ 291,883</u> |
| Nonoperating Expenses: | |
| Loss on Disposal of Capital Assets | \$ (37,045) |
| Total Nonoperating Expenses | <u>\$ (37,045)</u> |
| Net Profit/Loss Before Operating Transfers | <u>254,838</u> |
| Operating Transfers: | |
| Transfers In | \$ 155,897 |
| Total Net Transfers | <u>\$ 155,897</u> |
| Change in Net Assets | \$ 410,735 |
| Net Assets at Beginning of Year | 21,473,396 |
| Net Assets at End of Year | <u><u>\$ 21,884,131</u></u> |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|---------------------|
| Receipts From Customers | \$ 4,707,639 |
| Payments to Suppliers | (1,464,322) |
| Net Cash Provided by Operating Activities | <u>\$ 3,243,317</u> |

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

| | |
|--|-------------------|
| Operating Subsidies and Transfers from Other Funds | <u>\$ 155,897</u> |
|--|-------------------|

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

| | |
|--|-----------------------|
| Purchases of Capital Assets | <u>\$ (1,932,249)</u> |
| Net Cash Used By Capital and Related Financing Activities | <u>\$ (1,776,352)</u> |

| | |
|---|--------------|
| Net Increase in Cash and Cash Equivalents | \$ 1,466,965 |
|---|--------------|

| | |
|--|-------------------|
| Cash and Cash Equivalents at Beginning of Year | <u>11,685,213</u> |
|--|-------------------|

| | |
|--|-----------------------------|
| Cash and Cash Equivalents at End of Year | <u><u>\$ 13,152,178</u></u> |
|--|-----------------------------|

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

| | |
|------------------|------------|
| Operating Income | \$ 291,883 |
|------------------|------------|

Adjustments to Reconcile Operating Income to Net Cash

Provided by Operating Activities:

| | |
|----------------------|-----------|
| Depreciation Expense | 2,942,812 |
|----------------------|-----------|

Change in Assets and Liabilities:

| | |
|---|--------------|
| (Increase) Decrease in Accounts Payable | <u>8,622</u> |
|---|--------------|

| | |
|---|----------------------------|
| Net Cash Provided by Operating Activities | <u><u>\$ 3,243,317</u></u> |
|---|----------------------------|

Noncash investing, capital and financing activities:

Capital assets with a net book value of \$37,045 were retired in non-cash transactions during the year in the Internal Service Fund.

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Fiduciary Net Assets
At June 30, 2011

Exhibit VIII

| | Employee Retirement Plans | Other Post Employment Benefits | Private- Purpose Trusts | Agency Funds |
|---------------------------------|--|---|--|-------------------------|
| ASSETS | | | | |
| Cash and Short-term Investments | \$ - | \$ - | \$ - | \$ 47,184 |
| Investments, at Fair Value: | | | | |
| LGIP/CDARS/NOW | | | 5,716 | 18,255 |
| Mutual Funds | 79,871,340 | 3,462,980 | | |
| Stocks | 193,317,196 | 11,696,900 | | |
| Guaranteed Investment Accounts | 41,522,059 | | | |
| Real Estate | 14,122,953 | | | |
| Timber/Private Equity | 12,002,260 | 461,190 | | |
| Other Investments | 2,239,867 | 190,647 | | |
| Total Investments | <u>\$ 343,075,675</u> | <u>\$ 15,811,717</u> | <u>\$ 5,716</u> | <u>\$ 18,255</u> |
| Total Assets | <u>\$ 343,075,675</u> | <u>\$ 15,811,717</u> | <u>\$ 5,716</u> | <u>\$ 65,439</u> |
| LIABILITIES | | | | |
| Refunds Payable and Other | \$ - | \$ - | \$ - | \$ 65,439 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65,439</u> |
| NET ASSETS | | | | |
| Held in Trust for: | | | | |
| Pension Benefits | \$ 343,075,675 | \$ - | \$ - | |
| Other Post Employment Benefits | - | 15,811,717 | - | |
| Other Purposes | - | - | 5,716 | |
| TOTAL NET ASSETS | <u>\$ 343,075,675</u> | <u>\$ 15,811,717</u> | <u>\$ 5,716</u> | |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

Exhibit IX

| | Employee Retirement Plans | Other Post Employment Benefits | Private- Purpose Trusts |
|--|--|---|--|
| ADDITIONS | | | |
| Contributions: | | | |
| Employer | \$ 19,116,447 | \$ 3,397,049 | \$ - |
| Plan Members | 2,739,801 | - | - |
| Total Contributions | <u>\$ 21,856,248</u> | <u>\$ 3,397,049</u> | <u>\$ -</u> |
| Investment Earnings: | | | |
| Net Appreciation in Fair Value of Investments | \$ 53,850,260 | \$ 2,017,818 | \$ - |
| Interest | 5,874,597 | 377,983 | - |
| Net Investment Income | <u>\$ 59,724,857</u> | <u>\$ 2,395,801</u> | <u>\$ 541</u> |
| Total Additions | <u>\$ 81,581,105</u> | <u>\$ 5,792,850</u> | <u>\$ 541</u> |
| DEDUCTIONS | | | |
| Benefits | \$ 16,944,002 | \$ - | \$ 570 |
| Refunds of Contributions | 2,524,487 | - | - |
| Administrative Expenses | 600,040 | 26,065 | - |
| Total Deductions | <u>\$ 20,068,529</u> | <u>\$ 26,065</u> | <u>\$ 570</u> |
| Change in Net Assets | <u>\$ 61,512,576</u> | <u>\$ 5,766,785</u> | <u>\$ (29)</u> |
| Net Assets at Beginning of Year | 281,563,099 | 10,044,932 | 5,745 |
| Net Assets at End of Year | <u><u>\$ 343,075,675</u></u> | <u><u>\$ 15,811,717</u></u> | <u><u>\$ 5,716</u></u> |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Assets
Component Units
As of June 30, 2011

Exhibit X

| | School Board | Library | Transit | Total |
|---|-----------------------------|----------------------------|----------------------------|-----------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 43,670,021 | \$ 165,507 | \$ 311,198 | \$ 44,146,726 |
| Cash and Investments with Fiscal Agents | - | 2,797,414 | - | 2,797,414 |
| Receivables | 576,829 | - | 2,991 | 579,820 |
| Due from Other Governments | 9,991,876 | - | 3,280 | 9,995,156 |
| Inventory of Supplies | 131,925 | - | 605,902 | 737,827 |
| Prepaid and Other Assets | 8,608,755 | - | - | 8,608,755 |
| Capital assets | | | | |
| Land and Construction in Progress | 999,381 | - | - | 999,381 |
| Other Capital Assets, Net | 7,185,273 | - | 6,339,556 | 13,524,829 |
| Capital Assets, Net | <u>\$ 8,184,654</u> | <u>\$ -</u> | <u>\$ 6,339,556</u> | <u>\$ 14,524,210</u> |
| Total Assets | <u>\$ 71,164,060</u> | <u>\$ 2,962,921</u> | <u>\$ 7,262,927</u> | <u>\$ 81,389,908</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 4,351,863 | \$ 89,514 | \$ 199,431 | \$ 4,640,808 |
| Accrued Wages | 28,470,409 | 274,814 | 301,114 | 29,046,337 |
| Deferred Revenue | 357,123 | - | - | 357,123 |
| Other Short-term Liabilities | | | 419,255 | 419,255 |
| Long-term Liabilities Due Within One Year | 1,255,919 | - | - | 1,255,919 |
| Long-term Liabilities Due in More Than One Year | 9,388,699 | - | - | 9,388,699 |
| Total Liabilities | <u>\$ 43,824,013</u> | <u>\$ 364,328</u> | <u>\$ 919,800</u> | <u>\$ 45,108,141</u> |
| NET ASSETS | | | | |
| Invested in Capital Assets | \$ 8,184,654 | \$ - | \$ 6,339,556 | \$ 14,524,210 |
| Unrestricted Net Assets | 19,155,393 | 2,598,593 | 3,571 | 21,757,557 |
| TOTAL NET ASSETS | <u><u>\$ 27,340,047</u></u> | <u><u>\$ 2,598,593</u></u> | <u><u>\$ 6,343,127</u></u> | <u><u>\$ 36,281,767</u></u> |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
Component Units
For the Year Ended June 30, 2011

Exhibit XI

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|--|------------------|-------------------------|--|--|----------------|----------------|------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | School Board | Library | Transit | Totals |
| School Board | | | | | | | |
| Instructional | \$ 215,552,440 | \$ 2,569,290 | \$ 21,446,298 | \$ (191,536,852) | \$ - | \$ - | \$ (191,536,852) |
| Total School Board | \$ 215,552,440 | \$ 2,569,290 | \$ 21,446,298 | \$ (191,536,852) | \$ - | \$ - | \$ (191,536,852) |
| Library | \$ 6,494,117 | \$ 258,829 | \$ 188,491 | \$ - | \$ (6,046,797) | \$ - | \$ (6,046,797) |
| Transit | 13,628,280 | 4,053,016 | 7,434 | - | - | (9,567,830) | (9,567,830) |
| Total Component Units | \$ 235,674,837 | \$ 6,881,135 | \$ 21,642,223 | \$ - | \$ (6,046,797) | \$ (9,567,830) | \$ (207,151,479) |
| General Revenues: | | | | | | | |
| Payment From/(To) City | | | | \$ 167,886,567 | \$ 5,879,455 | \$ 8,178,196 | \$ 181,944,218 |
| Capital Payment From City ***** | | | | 2,248,196 | - | (6,125,240) | (3,877,044) |
| Grants not restricted to specific programs | | | | 26,759,897 | - | | 26,759,897 |
| Interest and Investment Earnings | | | | - | 242,471 | 4,981 | 247,452 |
| Miscellaneous | | | | 1,751,150 | 352,118 | | 2,103,268 |
| Total General Revenues | \$ 198,645,810 | \$ 6,474,044 | \$ 2,057,937 | \$ 198,645,810 | \$ 6,474,044 | \$ 2,057,937 | \$ 207,177,791 |
| Change in Net Assets | \$ 7,108,958 | \$ 427,247 | \$ (7,509,893) | \$ 7,108,958 | \$ 427,247 | \$ (7,509,893) | \$ 26,312 |
| Net Assets Beginning of Year | 20,231,089 | 2,171,346 | 13,853,020 | 20,231,089 | 2,171,346 | 13,853,020 | 36,255,455 |
| Net Assets End of Year | \$ 27,340,047 | \$ 2,598,593 | \$ 6,343,127 | \$ 27,340,047 | \$ 2,598,593 | \$ 6,343,127 | \$ 36,281,767 |

See Accompanying Notes to Financial Statements

***** Net Capital Assets with net book value of \$6,274,644 were transferred to the City and \$149,404 was spent by City on Bus Rehabilitation

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Narrative Profile

The City of Alexandria, located in northern Virginia and bordered by the District of Columbia (Potomac River) and Arlington and Fairfax Counties, was founded in 1749 and incorporated in 1779. With a population of 141,287 and a land area of 15.75 square miles, Alexandria is the 7th largest city in the Commonwealth of Virginia and one of the most densely populated cities in the Commonwealth.

The City is governed under the City Manager-Council form of government. Alexandria engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, housing and human service programs, transportation and environmental services, planning, community development and recreation, cultural, library, and historic activities.

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

A. Financial Reporting Entity

The City follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 requires the following financial statement components:

Management's Discussion and Analysis – A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

Government-wide financial statements – These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets (such as buildings and infrastructure, including bridges and roads) and long-term liabilities (such as general obligation debt and unfunded pension costs). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Activities.

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements – The fund financial statements display the financial transactions and accounts of the City based on funds. The operation of each fund is considered to be an independent accounting entity. The fund financial statements also include reconciliation to the government-wide statement, which briefly explains the differences between the fund and government-wide financial statements.

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have an interest in following the actual financial progress of their governments over the course of the year. The City Council approves revisions to its original budget over the course of the year for a variety of reasons.

As required by GAAP, these financial statements present the primary government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City has no component units that meet the requirements for blending. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. Each of the City's discretely presented component units has a June 30 fiscal year-end.

Component Units:

City of Alexandria School Board

Since FY 1995, the Alexandria City School Board (School Board) has been elected. The School Board is substantially reliant upon the City because City Council approves the School Board's total annual budget appropriation, levies taxes, and issues debt for school projects. The legal liability for the general obligation debt issued for school capital assets remains with the City. The City's primary transaction with the School Board is the City's annual General Fund revenue support, which totaled \$168 million for operations and \$2.2 million for capital equipment in FY 2011.

The APA establishes financial reporting requirements for all localities in the Commonwealth of Virginia. The APA has determined that all Virginia School Boards shall be reported as discretely presented component units of the locality. The APA has also specified additional reporting requirements with respect to School Boards.

City of Alexandria Library System

City Council appoints the Library Board (Library) and approves the Library budget. The City is responsible for issuing debt, and acquiring and maintaining all capital items on behalf of the Library. The legal liability for the general obligation debt issued on behalf of the Library remains with the City. The City's primary transaction with the Library is the City's annual operating support, which was \$5.9 million for FY 2011.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Alexandria Transit Company

The City Council, acting as sole shareholder, elects members of the Alexandria Transit Company's board of directors. City Council approves bus routes, fares, and budgets. The City funds deficits and may issue debt on behalf of the Alexandria Transit Company. The City's primary transactions with the Alexandria Transit Company are the City's annual subsidy, which was \$8.2 million in FY 2011.

The Alexandria Transit Company does not issue separate financial statements and is included as an enterprise fund. Complete financial statements for the School Board and Library component units may be obtained at each entity's administrative offices.

City of Alexandria School Board
2000 North Beauregard Street
Alexandria, Virginia 22311

City of Alexandria Library System
5005 Duke Street
Alexandria, Virginia 22304-2903

Excluded from Reporting Entity:

City Council is not financially accountable for the Deferred Compensation Plan, Alexandria Economic Development Partnership, Alexandria Industrial Development Authority, Alexandria Redevelopment and Housing Authority, Alexandria Sanitation Authority, or Sheltered Homes of Alexandria, Inc. Accordingly, these entities are excluded from the City of Alexandria's financial statements.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting model focus is on both the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a combined basis, and (b) is reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Both government-wide and fund financial statements presentations provide information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. The City generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.). 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 operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants, while the capital grants and contributions column reflects capital-specific grants.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
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Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with related liabilities, fund balances and net assets, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The following is a brief description of the specific funds used by the City in FY 2011.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

a. General Fund

The General Fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used to finance the operations of the City of Alexandria School Board.

b. Special Revenue Fund

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. A significant portion of the Special Revenue Fund is used for Health and Welfare programs.

The special revenue funds of the City as of the end of FY 2011 are comprised of the following:

Housing – This fund accounts for the City's housing programs.

Sanitary Sewer – This fund accounts for the funding of sanitary sewer maintenance and construction.

Stormwater Management Fund – This fund was established in FY 2011. It is funded by a dedicated real estate property tax rate of 0.5 cents per \$100 of assessed value.

Potomac Yard Special Tax District – This fund accounts for funding for improvements in Potomac Yards, including the development of a metro rail station.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Special Revenue – This fund accounts for grants and donations.

c. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities.

2. Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, net assets, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. In accordance with GASB Statement No. 20, the City has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for enterprise funds to the extent these standards do not conflict with or contradict guidance of the GASB. The City has two proprietary funds – the Internal Service Fund and the component unit Alexandria Transit Company. The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis and is considered an enterprise fund. The City established the Equipment Replacement Reserve Account, the internal service fund, for the purpose of providing for the accumulation of funds to replace capital equipment items used in City operations. This internal service fund derives its funding from periodic equipment rental charges assessed to the user departments in the governmental funds. This funding is then used to replace capital equipment when the need arises. The internal service fund is included in governmental activities for government-wide reporting purposes and is not considered an enterprise fund. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenues or expenses for the fund are allocated to the appropriate functional activity. The component unit, Alexandria Transit Company, is considered an enterprise fund and derives its funding from fare box fees and some support from the City.

3. Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. The Fiduciary Funds of the City are the John D. Collins Private Purpose Trust Fund, Employee Retirement Funds, the Human Services Special Welfare Account, the Human Services Dedicated Account, the Industrial Development Authority Agency Funds, the Potomac Yard Affordable Housing, and the Potomac Yard Open Space Agency Funds. For accounting measurement purposes, the Private Purpose Trust Fund, the Employee Retirement Funds, and other post employment benefits are accounted for in essentially the same manner as proprietary funds. Private Purpose Trust Funds account for assets of which the principal may not be spent. The Employee Retirement Funds account for the assets of the City's pension plans and the OPEB fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are not included in the government-wide financial statements.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The agency funds held by the City as of end of FY 2011 comprise the following:

Human Services Special Welfare Account – This fund accounts for the current payments of supplemental security income for foster children.

Human Services Dedicated Account – This fund accounts for back payments of supplemental security income for foster children.

Industrial Development Authority Agency Fund – This fund accounts for Industrial Development Authority bond issuance fees and expenses, for which the City acts in a custodial capacity.

Potomac Yard Affordable Housing – This fund accounts for affordable housing donations received from Potomac Yard Development LLC for the purpose of constructing affordable housing.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide Statement of Net Assets and Statement of Activities, all proprietary funds, and private purpose trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. These operating statements present increases (e.g., revenues or additions) and decreases (e.g., expenses or deductions) in total net assets.

The Statement of Net Assets, Statement of Activities, and the financial statements of the Proprietary Fund and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General, Special Revenue, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants revenues are considered to be measurable and available as revenue when reimbursements for related eligible expenditures are collected within a year of the date the expenditure was incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. The School Board appropriation is determined by the City Council and controlled in total by the primary government. On June 12, 2010, the City Council formally approved the original adopted budget (which had been initially approved on May 3, 2010) and on June 25, 2011 approved the revised budget reflected in the required supplemental information. Budgets are prepared for the Capital Projects Fund on a project basis, which covers the life of the project. A Capital Projects Fund appropriation does not lapse until an appropriation reduction is approved by City Council.

Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation, is used as an extension of formal budgetary control in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are classified as committed or assigned in the General Fund, or as restricted fund balance in the non-General Funds. These encumbrances are subject to reappropriation by Council ordinance in the succeeding fiscal year.

E. Equity in Pooled Cash and Investments

Cash resources of the individual funds, including imprest cash of \$37,865 and excluding cash held with fiscal agents in the General Fund, Special Revenue Fund, Capital Projects Fund, Proprietary Funds, Fiduciary Funds, and discretely presented component units (School Board, Library, and Alexandria Transit Company), are combined to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of the State Treasurer's Local Government Investment Pool (LGIP) and are recorded at fair value. Income from pooled investments is allocated only when contractually or legally required. All investment earnings not legally or contractually required to be credited to individual accounts or funds are credited to the General Fund.

The Library maintains separate cash and investment accounts consisting of cash and obligations of the federal government and corporate bonds and stocks recorded at fair value. All cash and investments held with fiscal agents for the primary government and its discretely presented component units are recorded at fair value.

For purposes of the statement of cash flows, the Proprietary Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The fair value of investments is based on quoted market prices. All investments in external investment pools are reported at fair value.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance at June 30, 2011, is comprised of the following:

| | |
|--|----------------------|
| GENERAL FUND: | |
| Taxes Receivable: | |
| Real Property | \$ 676,289 |
| Personal | 14,314,979 |
| Penalties and Interest | <u>1,656,471</u> |
| Total taxes | \$ 16,647,739 |
| Accounts Receivable | 10,186 |
| Notes Receivable | <u>9,000</u> |
| | <u>\$ 16,666,925</u> |
| SPECIAL REVENUE FUND: | |
| Housing Fund Notes Receivable | <u>\$ 35,163,186</u> |
| CAPITAL PROJECTS FUND: | |
| Capital Projects Fund Notes Receivable | <u>\$ 1,475,000</u> |

The component units' accounts receivable are considered fully collectible and therefore an allowance for uncollectible accounts is not applicable to those receivables.

G. Inventory of Supplies and Prepaid and Other Assets

Primary Government

Inventories of consumable supplies are recorded at cost (determined on a first in, first out basis). Inventory in the General Fund consists of expendable supplies held for consumption. The costs are recorded as expenditures under the purchase method. Reported inventories in the General Fund are equally offset by a reservation of fund balance. Purchases of non-inventory items are recorded as expenses or expenditures under the purchase method. Prepaid expenditures in reimbursable grants are offset by unearned revenues until expenses or expenditures are recognized.

Component Units

Inventory for the School Board is comprised of food and commodities on hand pertaining to the Child Nutrition Cluster of programs. Inventories of consumable supplies are recorded at cost using the weighted average method. Inventories received from the U.S. Department of Agriculture are recorded at fair market value when received and the amounts consumed are recorded as revenue. The amounts of unused food commodities are reported as inventory and deferred revenue.

Inventory for the Alexandria Transit Company is comprised of parts and operating materials held for consumption. These inventories are costed by methods that approximate average cost or market value, whichever is lower.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other assets in the government-wide statements also include taxes receivable discussed in Note 4 and deferred interest on refunding bonds discussed in Note 9. The total adjustment to these assets was comprised of the following:

| | |
|-------------------|---------------------|
| Taxes receivable | \$ 1,555,669 |
| Deferred interest | <u>2,420,428</u> |
| Total adjustment | <u>\$ 3,976,097</u> |

H. Capital Assets

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 is met. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

| | |
|-------------------------------------|------------|
| Buildings..... | 40 years |
| Infrastructure | 25 years |
| Furniture and Other Equipment | 3-20 years |

To the extent the City's capitalization threshold of \$5,000 is met, capital outlays of the Internal Service Fund are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the funds and the government-wide financial statements using the straight-line method and the following estimated useful lives:

| | |
|-----------------------------|------------|
| Leasehold Improvements..... | 3-40 years |
| Equipment..... | 3-20 years |

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets are valued at their estimated fair market value on the date donated. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City uses the proceeds from the sale of historical treasures or works of art to acquire other items for the collection.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

I. Compensated Absences

The City accrues compensated absences (annual and sick leave benefits) when vested. The current portions of the governmental funds' matured compensated absences liabilities are recorded as other liabilities in the General and Special Revenue Funds. The current and noncurrent portions are recorded in the government-wide financial statements. This includes the discretely presented component unit Library, since the City funds all Library personnel costs.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The component unit School Board accrues matured compensated absences (annual, personal, and sick leave benefits) when vested. The current and noncurrent portions of compensated absences are recorded in the School Board component unit government-wide financial statements.

The component unit Transit accrues annual and sick leave benefits in the period in which they are earned.

J. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

K. Fund Balance

The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balances are available unless prohibited by legal constraints or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available; the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

Fund Balances are reported according to the following categories.

Non-spendable Fund Balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact. E.g. Notes Receivable, Inventory of Supplies, Prepaid Amounts, and Assets held for Sale.

Restricted Fund Balance - amounts constrained by external parties, constitutional provision, or enabling legislation. Effectively, restrictions may only be changed or lifted with the consent of the resource provider.

Committed fund balance - amounts formally constrained by a government using its highest level of decision-making authority (i.e. City Council). The commitment of these funds can only be changed by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance - amounts that are constrained by the City's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as assigned or committed. Intent can be expressed by the governing body or by an official or body to which the governing body has delegated the authority (i.e. City Manager). With the exception of the General Fund, this is the residual fund balance of the classification of all governmental funds with positive balances.

Unassigned fund balance - residual amounts that are otherwise not constrained at all will be reported in the general fund. These are technically available for any purpose. Only the General Fund can report a positive "unassigned fund balance".

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Detail
General Fund

| | | |
|--------------------|------------------------------|----------------------|
| Nonspendable | | |
| | Inventories | \$ 1,909,288 |
| | Prepays | 3,200,000 |
| | Long Term Notes | 400,000 |
| | Total | <u>\$ 5,509,288</u> |
| Committed | | |
| | FY 2012 Operating Budgets | \$ 3,625,000 |
| | Transportation Improvements | 3,636,139 |
| | Retiree OPEB | 2,100,000 |
| | Revenue Shortfall | 4,000,000 |
| | BRAC Contingency Funds | 1,000,000 |
| | Encumbrances | 1,788,689 |
| | Total | <u>\$ 16,149,828</u> |
| Assigned | | |
| | Subsequent Capital Program | \$ 19,109,737 |
| | Self-Insurance | 5,000,000 |
| | Incomplete Projects | 2,300,000 |
| | Emergency Response | 1,600,000 |
| | Natural Disaster/Emergencies | 2,000,000 |
| | Total | <u>\$ 30,009,737</u> |
| Unassigned | | |
| | Total | <u>\$ 29,191,314</u> |
| Total Fund Balance | | <u>\$ 80,860,167</u> |

Subsequent Fiscal Year's Operating Budget - On June 25, 2011, City Council approved the FY 2012 Appropriations Ordinance, which appropriated \$3.6 million of General Fund Balance to meet anticipated expenditures.

Transportation Improvements - With the adoption of the CY 2011 tax rate, reserving 2.2 cents for transportation improvements, a portion of revenue collected in FY 2011 from real estate revenues has been committed for transportation improvements.

Retiree Health and Life (OPEB) - These monies (\$2.1 million) have been committed as part of the City's efforts to fund a health and life insurance benefit trust.

Revenue Shortfall - In recognition of the uncertainty surrounding the region with regard to the federal budget and the general condition of the global economic climate, \$4.0 million has been committed to provide resources in the event of revenue shortfalls stemming from these uncertain conditions.

BRAC Contingency Funds - The new planned location for the Washington Headquarters Service and several other Department of Defense agencies is in the City's West End. The arrival of approximately 6,400 new jobs to Alexandria will impact transportation in the City. Funds have been committed to address issues as they occur.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Fiscal Years' Capital Program - These monies (\$19.1 million) have been assigned in the Approved FY 2012 – 2021 Capital Improvement Program Funding Plans to fund a portion of the capital improvement program in FY 2012 and beyond.

Self-Insurance - These monies (\$5.0 million) have been assigned for reserves for the City's self-insurance program.

Incomplete Projects - These monies (\$2.3 million) have been assigned for projects for which funding was available in the FY 2011 budget, but not completed as of the end of the fiscal year.

Emergency Response - These funds have been assigned for improved emergency response capabilities.

Natural Disaster/Emergency - The funds have been assigned to cover damages and operational costs associated with responding to extraordinary emergencies.

Special Revenue

| | | |
|--------------------|------------------|---------------|
| Nonspendable | | |
| | Long Term Notes | \$ 2,625,521 |
| | Total | \$ 2,625,521 |
| Restricted | | |
| | Grants | \$ 3,469,436 |
| | Donations | 2,919,845 |
| | Housing Programs | 3,331,106 |
| | Total | \$ 9,720,387 |
| Committed | | |
| | Other Programs | \$ 239,158 |
| | Sanitary Sewer | 7,398,185 |
| | Stormwater | 147,487 |
| | Potomac Yard | 777,504 |
| | Total | \$ 8,562,334 |
| Assigned | | |
| | Other Programs | \$ 4,961,270 |
| | Total | \$ 4,961,270 |
| Total Fund Balance | | \$ 25,869,512 |

Significant encumbrances in excess of \$1.0 million as of June 30 were:

| <u>Fund</u> | <u>Vendor</u> | <u>Amount</u> |
|------------------|--------------------------------|---------------|
| Capital Projects | Avon Corporation | \$ 4,953,871 |
| Capital Projects | The Whiting-Turner Contracting | \$ 4,173,275 |
| Special Revenue | Gillig LLC | \$ 3,263,775 |
| Capital Projects | Motorola Solutions Inc | \$ 1,993,008 |
| Capital Projects | Verizon Select Services Inc | \$ 1,675,115 |
| Capital Projects | CH2M Hill, Inc | \$ 1,119,576 |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Short Term Liabilities

Short Term Liabilities include unclaimed funds. The City did not have any short term debt during FY 2011.

NOTE 2. LEGAL COMPLIANCE – BUDGETS

After a public hearing and several work sessions, the City Council adopts an annual budget no later than June 27 for the succeeding fiscal year to commence July 1. Transfers of appropriations among departments or projects are made throughout the fiscal year by the City Council. The City Council may also approve supplemental appropriations. In FY 2011, the Council approved a reappropriation of prior fiscal year encumbrances as well as various other supplemental appropriations. The City Manager has authority to transfer appropriations within each department. In FY 2011, a number of intradepartmental transfers were made.

NOTE 3. DEPOSITS AND INVESTMENTS

The City maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on the funds' average monthly balances. A "zero balance account" mechanism provides for daily sweeps of deposits made to City checking accounts, resulting in an instantaneous transfer to the investment account. Thus, the majority of funds in the City's general account are invested at all times. Exceptions to this are funds in the Library System's checking account, the School Student Activity Fund account, and some bank accounts administered by the Human Services Department. The City's pooled portfolio also excludes pension plans.

A. Deposits

Primary Government

At June 30, 2011, the carrying value of the City's deposits was negative \$5,466,708 and the bank balance was \$1,664,987. The carrying value of the City's deposits represents checks outstanding. This amount will fluctuate depending on the difference between checks issued and checks paid. The funds for these checks remain invested until the checks are presented for payment at the bank. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (The Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

pool's collateral were inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured.

Component Units

At June 30, 2011, the carrying value of deposits for the School Board was negative \$2,191,707 and the bank balance was \$0. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act as defined above.

At June 30, 2011, the carrying value of deposits and bank balance for the Library was \$305,233. Of this amount, \$305,233 was collateralized at 102 percent with U.S. government agency securities as part of a repurchase agreement with Burke and Herbert Bank and Trust Company.

Transit deposits are included in the City's pooled cash and investments.

B. Investments

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, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The City's current investment policy limits investments to obligations of the United States and agencies thereof, commercial paper, LGIP and repurchase agreements fully collateralized in obligations of the United States and agencies thereof, CDARS and NOW accounts.

During fiscal year 2011 most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in CDARS and NOW accounts where deposits are eligible for FDIC insurance.

The City and its discretely presented component units maintain nine pension plans. The plan provisions allow the assets of the pension plans to be invested by the pension carriers in accordance with provisions of the Code of the Commonwealth of Virginia. The Plans' investments are exposed to various risks such as interest rate, market and credit risks. Such risks, and the resulting investment security values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

The City and its discretely presented component units' investments are subject to interest rate, credit and custodial risk as described below:

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than one year.

Credit Risk – State Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, and Virginia Local Government Investment Pool. The City's current investment policy

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

limits investments to obligations of the United States and agencies thereof, commercial paper, and repurchase agreements fully collateralized in the Obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service, is a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to \$50 million) and NOW accounts (Negotiable Order of Withdrawal, an interest bearing bank account with which the customer is permitted to write drafts against money held on deposit). During the fiscal year, the City held its investments in (LGIP), CDARS and NOW accounts. The investments for six of the City's seven pension plans are handled by Prudential, a company with an A (Excellent) rating, one of the top three, by A.M. Best rating agency. The investments for the two defined contribution plans are directed by employees and are invested in mutual funds and guaranteed investment accounts. The City has directed Prudential to invest funds for the other four defined benefit pension plans in guaranteed investment accounts, mutual funds and stocks. The Commonwealth of Virginia manages the investments of the Virginia Retirement System (VRS). Prudential also handles investments for OPEB trust fund for the City.

Custodial Risk – For an investment, custodial risk is the risk that in the event of the failure of the 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. Currently all City investments are held in LGIP, CDARS and NOW accounts. In the event the City has to invest in a local bank, the City requires a designated portfolio manager and that at the time funds are invested, collateral for repurchase agreements be held in the City's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve in a custodial account.

As of June 30, 2011, the City had the following cash, investments and maturities:

Primary Government

| | Investment Maturities (in years) | | | |
|---|---|------------------------------|----------------------|------------------------------|
| | Fair Value | Less than 1 year | 1-5 years | Long term |
| State Treasurer's Local Government Investment Pool (LGIP) | \$ 76,091,779 | \$ 76,091,779 | \$ --- | \$ --- |
| CDARS | 56,756,115 | 56,756,115 | --- | --- |
| NOW Accounts | 357,199 | 357,199 | --- | --- |
| Total Investments Controlled by City | <u>\$ 133,205,093</u> | <u>\$ 133,205,093</u> | <u>\$ ---</u> | <u>\$ ---</u> |
| OPEB Trust Investments | 15,811,717 | --- | --- | 15,811,717 |
| Pension Plan Investments (Exhibit VIII) | <u>\$ 343,075,675</u> | <u>\$ ---</u> | <u>\$ ---</u> | <u>\$ 343,075,675</u> |
| Total | <u><u>\$ 492,092,485</u></u> | <u><u>\$ 133,205,093</u></u> | <u><u>\$ ---</u></u> | <u><u>\$ 358,887,392</u></u> |

Reconciliation to Total Cash and Investments:

Add:

| | |
|--------------------------------|------------------------------|
| Cash on Hand and in Banks | (5,466,708) |
| Cash With Fiscal Agent | <u>67,258,099</u> |
| Total Deposits and Investments | <u><u>\$ 553,883,876</u></u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Component Unit
School Board

| | Investment Maturities (in years) | | |
|---|---|--------------------------------|-------------------------|
| | <u>Fair Value</u> | <u>Less than 1 year</u> | <u>1-5 years</u> |
| State Treasurer's Local Government Investment Pool (LGIP) | \$ 26,197,926 | \$ 26,197,926 | \$ --- |
| CDARS | 19,540,777 | 19,540,777 | --- |
| NOW Accounts | 123,025 | 123,025 | --- |
| Total Investments Controlled by City | <u>\$ 45,861,728</u> | <u>\$ 45,861,728</u> | <u>\$ ---</u> |

The cash and investments for the Schools' fiduciary responsibilities are not included in the basic financial statements in accordance with the governmental accounting principles. The financial statements for the Schools' fiduciary responsibilities are available from the School Board.

Other Component Units

| | Investment Maturities (in years) | | |
|---|---|--------------------------------|-------------------------|
| | <u>Fair Value</u> | <u>Less than 1 year</u> | <u>1-5 years</u> |
| State Treasurer's Local Government Investment Pool (LGIP) | \$ 272,302 | \$ 272,302 | \$ --- |
| CDARS | 203,108 | 203,108 | --- |
| NOW Accounts | 1,295 | 1,295 | --- |
| Total Investments Controlled by City | <u>\$ 476,705</u> | <u>\$ 476,705</u> | <u>\$ ---</u> |

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2011:

| | <u>Governmental Activities</u> | <u>Business Type Activities</u> | <u>Fiduciary Activities</u> | <u>Total</u> |
|---|---------------------------------------|--|------------------------------------|-----------------------|
| Primary Government | | | | |
| Cash on Hand and In Banks | \$ (5,466,708) | \$ --- | \$ --- | \$ (5,466,708) |
| Cash and Investments | 133,181,122 | --- | 23,971 | 133,205,093 |
| Cash and Investments with Fiscal Agents | 67,210,915 | --- | 358,934,576 | 426,145,491 |
| Total | <u>\$ 194,925,329</u> | <u>\$ ---</u> | <u>\$ 358,958,547</u> | <u>\$ 553,883,876</u> |
| Component Unit School Board | | | | |
| Cash on Hand and In Banks | \$ (2,191,707) | \$ --- | \$ --- | \$ (2,191,707) |
| Cash and Investments Controlled by City | 45,861,728 | --- | --- | 45,861,728 |
| Total | <u>\$ 43,670,021</u> | <u>\$ ---</u> | <u>\$ ---</u> | <u>\$ 43,670,021</u> |
| Other Component Units | | | | |
| Cash and Investments Controlled by City | \$ 165,507 | \$ 311,198 | \$ --- | \$ 476,705 |
| Cash and Investments with Fiscal Agents | 2,797,414 | --- | --- | 2,797,414 |
| Total | <u>\$ 2,962,921</u> | <u>\$ 311,198</u> | <u>\$ ---</u> | <u>\$ 3,274,119</u> |
| Grand Total | | | | <u>\$ 600,828,016</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2011 consist of the following:

Primary Government

| | General | Special Revenue | Capital Project | Total |
|---------------------------------------|-----------------------|----------------------|---------------------|-----------------------|
| Taxes | | | | |
| Real Property | \$ 164,652,769 | \$ --- | \$ --- | \$ 164,652,769 |
| Personal Property | 43,531,911 | --- | --- | 43,531,911 |
| Penalties and Interest | 3,255,908 | --- | --- | 3,255,908 |
| Other | 2,953,806 | --- | --- | 2,953,806 |
| Total Taxes | \$ 214,394,394 | \$ --- | \$ --- | \$ 214,394,394 |
| Accounts | \$ 6,875,120 | \$ 1,157,844 | \$ --- | \$ 8,032,964 |
| Interest | 181,676 | --- | --- | 181,676 |
| Intergovernmental | 31,821,457 | 8,986,447 | --- | 40,807,904 |
| Notes | 409,000 | 37,788,707 | 1,475,000 | 39,672,707 |
| Gross Receivables | \$ 253,681,647 | \$ 47,932,998 | \$ 1,475,000 | \$ 303,089,645 |
| Less: Allowance for Uncollectibles | 16,666,924 | 35,163,186 | 1,475,000 | 53,305,110 |
| Net Receivables | \$ 237,014,723 | \$ 12,769,812 | \$ --- | \$ 249,784,535 |

Taxes receivable represents the current and past four years of uncollected tax levies for personal property taxes and the current and past nineteen years for uncollected tax levies on real property. The allowance for estimated uncollectible taxes receivable is 7.87 percent of the total taxes receivable at June 30, 2011 and is based on historical collection rates. Almost all of the uncollectible taxes derive from personal property taxes. Almost all of the real property tax receivables as of June 30, 2011 represent the second-half payment due for real estate taxes on November 15, 2011.

Receivables on a government-wide basis include taxes receivable of \$1.5 million that are not available to pay for current period expenditures and, therefore, are offset by the unearned revenue for the governmental funds. Tax revenues and the corresponding unearned revenue reported on a government-wide basis do not include approximately \$0.9 million of taxes that are considered current financial resources, and therefore, are reported in the governmental funds. This comprises:

| | |
|-----------------------------------|-------------------|
| Real Estate tax receivables | \$ (52,407) |
| Personal Property tax receivables | <u>988,462</u> |
| Total | <u>\$ 936,055</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also include unearned revenue related to resources that have been received but not yet earned. At the end of FY 2011 unearned revenue in the governmental funds consisted of the following:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---|-----------------------|----------------------|-----------------------|
| Property taxes, net of related allowances | \$ 219,253,563 | \$ 4,380,588 | \$ 223,634,151 |
| Grant proceeds received prior to completion of eligibility requirements | --- | 6,766,095 | 6,766,095 |
| Total unearned revenue for governmental funds | <u>\$ 219,253,563</u> | <u>\$ 11,146,683</u> | <u>\$ 230,400,246</u> |

Component Units

Receivables at June 30, 2011 consist of following:

| | <u>School Board</u> | <u>Transit</u> | <u>Total</u> |
|-------------------|----------------------|-----------------|----------------------|
| Accounts | \$ 576,829 | \$ 2,991 | \$ 579,820 |
| Intergovernmental | 9,991,876 | 3,280 | 9,995,156 |
| Total Receivables | <u>\$ 10,568,705</u> | <u>\$ 6,271</u> | <u>\$ 10,574,976</u> |

All of the component units' receivables are considered to be collectible.

All deferred revenue in the component units is unearned.

A. Property Taxes

The City levies real estate taxes on all real property on a calendar year basis, at a rate enacted by the City Council on the assessed value of property (except public utility property) as determined by the Director of Real Estate Assessments of the City. The Commonwealth assesses public utility property. Neither the City nor the Commonwealth imposes a limitation on the tax rate. All property is assessed at 100 percent of fair market value and reassessed each year as of January 1. The Director of Real Estate Assessments, by authority of City ordinance, prorates billings for property incomplete as of January 1, but completed during the year.

Real estate taxes are billed in equal semi-annual installments due June 15 and November 15. The taxes receivable balance at June 30, 2011 includes amounts not yet received from the January 1, 2011 levy (due June 15 and November 15, 2011), less an allowance for uncollectibles. The installment due on November 15, 2011 is included as unavailable revenue since these taxes are restricted for use until FY 2012. Liens are placed on the property on the date real estate taxes become delinquent and must be satisfied prior to the sale or transfer of the property. In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The tax rate was 99.8¢ and 97.8¢ per \$100 of assessed value during calendar years 2011 and 2010, respectively.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair market value of the property as of January 1 of each year. For a vehicle, the tax may be prorated for the length of time the vehicle has situs in the City. Personal property taxes for the calendar year are due on October 5. Personal property taxes do not create a lien on property; however, City vehicle decals, which are required by law for all vehicles garaged in the City, may not be issued to any individual having outstanding personal property taxes. The taxes receivable balance at June 30, 2011 includes amounts not yet billed or received from the January 1, 2011 levy (due October 5, 2011). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2012. The tax rates during calendar years 2011 and 2010 were \$4.75 for motor vehicles and tangible property and \$4.50 for machinery and tools per \$100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the State 69 percent of most taxpayers' payments in FY 2011 for the January 1, 2010 levy for the Commonwealth's share of the local personal property tax payment with the remainder collected by the Commonwealth from taxpayers. Unavailable revenues include the state share of the January 1, 2011 levy.

B. Notes Receivable

The gross amount of notes receivable is primarily for the City's housing programs and consisted of the following at June 30, 2011:

Governmental Activities

| | |
|--|---------------------|
| General Fund | \$ 409,000 |
| Special Revenue Fund | 37,788,707 |
| Capital Projects Fund | 1,475,000 |
| Less Allowance for Uncollectible Accounts | <u>(36,647,186)</u> |
| Net | <u>\$ 3,025,521</u> |
| Amounts due within one year | <u>\$ 97,981</u> |
| Amounts due in more than one year | <u>\$ 2,927,540</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2011:

Governmental Activities

| | Balance June 30, 2010 | Increases | Decreases | Balance June 30, 2011 |
|---|--------------------------------------|------------------------------|-----------------------------|--------------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Improvements | \$ 92,019,388 | \$ 6,648,015 | \$ --- | \$ 98,667,403 |
| Construction in Progress | 90,237,123 | 71,941,402 | 43,935,717 | 118,242,808 |
| Total Capital Assets Not Being Depreciated | <u>\$ 182,256,511</u> | <u>\$ 78,589,417</u> | <u>\$ 43,935,717</u> | <u>\$ 216,910,211</u> |
| Depreciable Capital Assets: | | | | |
| Buildings | \$ 431,313,275 | \$ 10,263,486 | \$ 1,271,663 | \$ 440,305,098 |
| Infrastructure | 186,435,818 | 20,178,060 | --- | 206,613,878 |
| Intangible Assets | 11,218,896 | 89,324 | --- | 11,308,220 |
| Furniture and Other Equipment | 57,038,151 | 13,785,921 | 2,192,256 | 68,631,816 |
| Total Depreciable Capital Assets | <u>\$ 686,006,140</u> | <u>\$ 44,316,791</u> | <u>\$ 3,463,919</u> | <u>\$ 726,859,012</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$ 99,132,330 | \$ 10,666,926 | \$ 36,169 | \$ 109,763,087 |
| Infrastructure | 79,726,842 | 7,229,778 | --- | 86,956,620 |
| Intangible Assets | 10,541,805 | 332,344 | --- | 10,874,149 |
| Furniture and Other Equipment | 39,520,871 | 4,665,535 | 2,079,142 | 42,107,264 |
| Total Accumulated Depreciation | <u>\$ 228,921,848</u> | <u>\$ 22,894,583</u> | <u>\$ 2,115,311</u> | <u>\$ 249,701,120</u> |
| Depreciable Capital Assets, Net | <u>\$ 457,084,292</u> | <u>\$ 21,422,208</u> | <u>\$ 1,348,608</u> | <u>\$ 477,157,892</u> |
| TOTALS | <u><u>\$ 639,340,803</u></u> | <u><u>\$ 100,011,625</u></u> | <u><u>\$ 45,284,325</u></u> | <u><u>\$ 694,068,103</u></u> |

The City acquires and maintains all capital assets for the Library. Accordingly, Library capital assets are included in the governmental activities totals.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Governmental activities capital assets, net of accumulated depreciation at June 30, 2011, are comprised of the following:

| | |
|---|-----------------------|
| General Capital Assets, Net | \$ 684,985,471 |
| Internal Service Fund Capital Assets, Net | <u>9,082,632</u> |
| TOTAL | <u>\$ 694,068,103</u> |

Depreciation was charged to governmental functions as follows:

| | |
|-------------------------|----------------------|
| General Government | \$ 1,138,481 |
| Judicial Administration | 783,498 |
| Public Safety | 2,955,087 |
| Public Works | 10,712,772 |
| Health and Welfare | 599,924 |
| Culture and Recreation | 2,306,259 |
| Education | 4,192,164 |
| Community Development | <u>206,398</u> |
| Total | <u>\$ 22,894,583</u> |

Capital outlays are reported as expenditures in the governmental funds; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Primary Government

| | |
|--------------------------------|----------------------|
| City Capital Outlay | \$ 91,546,712 |
| Donated Assets | 2,952,829 |
| Depreciation Expense | (22,894,583) |
| Capital Outlay not Capitalized | <u>(19,262,108)</u> |
| Total Adjustment | <u>\$ 52,342,850</u> |

Donated assets are comprised of infrastructure donated by developers.

Net assets invested in capital assets, net of related debt is computed as follows:

| | | |
|--|-------------------|-----------------------|
| Capital Assets (net) | | \$ 694,068,103 |
| Outstanding bonds (including premium) | \$ (425,910,998) | |
| Unspent bond proceeds at SNAP | <u>67,210,915</u> | |
| | | <u>(358,700,083)</u> |
| Invested in Capital Assets Net of Debt | | <u>\$ 335,368,020</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit - School Board

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2011:

| | Balance June 30, 2010 | Increases | Decreases | Balance June 30, 2011 |
|---|--------------------------------------|---------------------|------------------|--------------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Improvements | \$ 999,381 | \$ --- | \$ --- | \$ 999,381 |
| Total Capital Assets Not Being Depreciated | \$ 999,381 | \$ --- | \$ --- | \$ 999,381 |
| Depreciable Capital Assets: | | | | |
| Buildings | \$ 36,855,522 | \$ 1,682,617 | \$ --- | \$ 38,538,139 |
| Furniture and Other Equipment | 11,612,372 | 807,192 | 352,918 | 12,066,646 |
| Total Depreciable Capital Assets | \$ 48,467,894 | \$ 2,489,809 | \$ 352,918 | \$ 50,604,785 |
| Less Accumulated Depreciation | 42,382,121 | 1,390,309 | 352,918 | 43,419,512 |
| Depreciable Capital Assets, Net | \$ 6,085,773 | \$ 1,099,500 | \$ --- | \$ 7,185,273 |
| TOTALS | \$ 7,085,154 | \$ 1,099,500 | \$ --- | \$ 8,184,654 |

In FY 2002, the Virginia Assembly passed a general law to respond to GASB Statement No. 34 that establishes the local option of creating, for financial reporting purposes, a tenancy in common with the local school board when a city or county issues bonds for acquisition, construction or improvement of public school property. The sole purpose of the law is to allow cities and counties the ability to record together school assets and related debt liabilities. As a result, certain assets purchased with the City's general obligation bonds are now recorded as part of the primary government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the Alexandria School Board when the bonds are repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets.

All depreciation was charged to education.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit – Alexandria Transit Company

| | <u>Balance</u> <u>June 30, 2010</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2011</u> |
|---------------------------------------|--|-----------------------|---------------------|--|
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Improvements | \$ 6,504,807 | \$ --- | \$ 6,504,807 | \$ --- |
| Depreciable Capital Assets: | | | | |
| Equipment | \$ 20,673,128 | \$ 430,904 | \$ 122,208 | \$ 20,981,823 |
| Less Accumulated Depreciation | <u>13,549,986</u> | <u>1,444,654</u> | <u>352,372</u> | <u>14,642,267</u> |
| Total Depreciable Capital Assets, Net | \$ <u>7,123,142</u> | \$ <u>(1,013,750)</u> | \$ <u>(230,164)</u> | \$ <u>6,339,556</u> |
| TOTALS | <u>\$ 13,627,949</u> | <u>\$ (1,013,750)</u> | <u>\$ 6,274,643</u> | <u>\$ 6,339,556</u> |

All depreciation was charged to transit.

Primary Government

Construction in progress is composed of the following at June 30, 2011:

| | <u>Project</u> <u>Authorization</u> | <u>Expended</u> <u>Through</u> <u>June 30, 2011</u> | <u>Committed</u> |
|---------------------------------|--|---|----------------------|
| School Capital Projects | \$ 25,422,486 | \$ 22,363,100 | \$ --- |
| Infrastructure | 6,713,164 | 1,045,452 | 317,957 |
| Public Safety Buildings | 112,784,591 | 91,265,102 | 13,340,047 |
| Information Technology | 3,484,327 | 3,244,086 | 1,991 |
| Information Technology Hardware | <u>531,157</u> | <u>325,068</u> | <u>8,678</u> |
| TOTALS | <u>\$ 148,935,725</u> | <u>\$ 118,242,808</u> | <u>\$ 13,668,673</u> |

Component Units

There was no construction in progress authorizations for the component units.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT

The City is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and account for any claims settlement in the General Fund. Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective. The City is covered by property/casualty insurance policies on real and personal property (except vehicles) and the following liability insurance policies as of June 30, 2011: public entity and public officials excess liability, medical malpractice liability, voting booths, special events, vacant buildings, volunteer liability, and commercial crime. In addition, the City maintains excess workers' compensation insurance. The City maintains a blanket surety bond on all City workers who handle funds and excess amounts on key officials. There were no material reductions in insurance coverage from coverage in the prior fiscal year, nor did settlements exceed coverage for any of the past three fiscal years.

The City is self insured for workers' compensation claims up to \$1 million and for public officers, public entity, physical damage to vehicles, and vehicle general liability under \$2 million and over \$10 million.

The following Constitutional Officers and City employees are covered by surety bonds issued in the amounts shown below by Aetna Casualty and Surety as of June 30, 2011:

| | |
|--|--------------|
| Director of Finance..... | \$ 1,000,000 |
| Treasury Director | \$ 500,000 |
| Revenue Director | \$ 150,000 |
| Clerk of the Circuit Court..... | \$ 103,000* |
| Sheriff..... | \$ 30,000* |
| All other City employees..... | \$ 100,000 |
| Alexandria Historic Restoration and Preservation Commissioners | \$ 10,000 |

* Bond provided by the Commonwealth of Virginia

Self-Insurance

The non-current portion of unpaid workers' compensation claims amounted to approximately \$13.5 million as of June 30, 2011 and is reflected in the government-wide statements. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. In FY 2009 the City became self-insured for one of the two health insurance plans offered to employees. At June 30, 2011 the current portion of employees' health insurance was \$1.1 million which represents an estimate of health insurance claims that have been incurred but not reported and are reported in accrued liabilities. The amount of expenditures did not exceed funds that are available to pay the claims. Therefore a long-term liability has not been recorded as of June 30, 2011. Liabilities are reported when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the City records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT (Continued)

Changes in the estimated claims payable for workers' compensation and health insurance during the fiscal years ended June 30, 2011 and 2010 were as follows:

| | Worker's Compensation | Health Insurance |
|----------------------------------|----------------------------------|-----------------------------|
| July 1, 2009 Liability Balances | \$ 9,104,829 | \$ 1,188,887 |
| Claims and changes in estimates | 2,947,465 | 13,327,587 |
| Claim Payments | (1,779,843) | (13,633,541) |
| June 30, 2010 Liability Balances | \$ 10,272,451 | \$ 882,933 |
| Claims and changes in estimates | 6,058,371 | 15,101,359 |
| Claim Payments | (2,802,940) | (14,914,192) |
| June 30, 2011 Liability Balances | \$ 13,527,882 | \$ 1,070,100 |

Insurance Designation

In addition, the City has established a General Fund fund balance self-insurance designation of \$5 million as of June 30, 2011.

Risk Pools

On March 15, 1986, the City joined the Commonwealth of Virginia's Law Enforcement Liability plan, called VA Risk, on behalf of the Office of the Sheriff. The Division of Risk Management of the Commonwealth's Department of General Services operates VA Risk. It was created in accordance with Sec. 2.1-526.8:1 of the Code of Virginia, which says that the State shall have the right and duty to defend any suit seeking damages or compensation against the City's officials and employees on account of wrongful acts, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make investigation and settlement of any claims or suit as deemed expedient. The limits of VA Risk coverage are \$1 million per claim. The City retains the risk for all claims in excess of \$1 million.

Component Units

The School Board carries insurance for all risks of loss, including property insurance, theft, auto liability, physical damage, and general liability insurance through the Virginia Municipal League. The School Board is self-insured for workers compensation. School management has estimated their workers compensation liability to be \$0.7 million as of June 30, 2010. Settled claims resulting from these risks have not exceeded commercial insurance coverage. There were no material reductions in insurance coverage from coverage in the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years.

The Library carries commercial insurance with the Virginia Municipal League for all risks of loss including property insurance, theft, auto liability, physical damage, and general liability insurances. There were no material reductions in insurance coverage from coverage in the prior fiscal year, nor did settlements exceed coverage for any of the past three fiscal years.

On October 1, 1987, the Alexandria Transit Company joined the Virginia Transit Liability Pool. Commercial companies service the Virginia Transit Liability Pool.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT (Continued)

The coverage and limits of the pool's liability to the City are as follows:

| | |
|------------------------------------|----------------|
| Commercial General Liability | \$10 million |
| Automobile Liability | \$10 million |
| Uninsured Motorist..... | \$50,000 |
| Automobile Physical Damage | (Actual Value) |

Under the provisions of the Virginia Workers' Compensation Act, the Alexandria Transit Company has secured the payment of Virginia compensation benefits and employers' liability coverage with the Virginia Municipal Group Self-Insurance Association (VMGSIA). VMGSIA is a public entity risk pool providing a comprehensive workers' compensation insurance program to Virginia municipalities and other local government entities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control and claims administration. The Alexandria Transit Company pays an annual premium to VMGSIA for workers' compensation coverage. VMGSIA is self-sustaining through member premiums and will reinsure for claims in excess of \$5 million. Each member's premium is determined through an actuarial analysis based upon the individual member's past experience and number of employees. In FY 2011, the Alexandria Transit Company paid an annual premium of \$0.39 million for participation in this pool.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 7. OPERATING LEASES

Rental Costs

The City and the School Board lease office space and equipment under various long-term operating lease agreements expiring at various dates through FY 2026. Certain leases contain provisions for possible future increased rentals based upon changes in the Consumer Price Index.

Scheduled minimum rental payments for succeeding fiscal years ending June 30 are as follows:

| <u>Fiscal Year</u> | <u>Primary Government</u> | <u>School Board Component Unit</u> |
|--------------------|-------------------------------|--|
| 2012 | \$ 5,323,508 | \$ 1,065,854 |
| 2013 | 4,842,093 | 1,071,305 |
| 2014 | 4,823,508 | 852,123 |
| 2015 | 3,988,817 | 873,426 |
| 2016 | 2,476,797 | --- |
| 2017-2021 | 4,042,151 | --- |
| 2022-2026 | 5,338,675 | --- |

Total rental costs during FY 2011 for operating leases were \$6.7 million for the Primary Government and \$3.0 million for the School Board.

Rental Revenues

The City also leases various City-owned properties and buildings under non-cancellable long-term lease agreements through FY 2021. The net book value of leased assets of \$3.8 million (cost of \$5.7 million less accumulated depreciation of \$1.9 million) is included in capital assets in the government-wide financial statements. Certain leases contain provisions for future increased revenues based upon changes in the Consumer Price Index.

Scheduled minimum revenues for succeeding fiscal years ending June 30 are as follows:

| <u>Fiscal Year</u> | <u>Total Revenues</u> |
|--------------------|-----------------------|
| 2012 | \$ 571,503 |
| 2013 | 220,192 |
| 2014 | 203,452 |
| 2015 | 203,452 |
| 2016 | 203,452 |
| 2017-2021 | 1,017,260 |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Washington Metropolitan Area Transit Authority

The City's commitments to the Washington Metropolitan Area Transit Authority (WMATA) are comprised of agreements to make capital contributions for construction of the rail transit system, contributions for replacement and improvement of rail and bus equipment, and payments of operating subsidies for both rail bus and paratransit systems.

The City and other participating jurisdictions have entered into a series of capital contributions agreements with WMATA to fund the local share of the cost of the regional Metrorail, Metrobus and Metro Access transit systems. The City's commitments are summarized as follows:

1. Capital contributions - Bus and Rail Replacement

During FY 2004 the WMATA Board, the City and other participating jurisdictions in the Washington D.C. area discussed and negotiated a new "Metro Matters" multi-year capital funding agreement. This agreement reflects some \$3.2 billion in Metrorail and Metrobus infrastructure capital improvements, as well as expansion of Metro transit services through the acquisition of new railcars and buses. The participating jurisdictions' share is planned at \$1.9 billion over a 20-year period with \$0.9 billion planned during the first six years. The City's share is \$82.5 million over the 20-year period with \$40.7 million planned during the first six years. The Metro Matters inter-jurisdictional agreement was signed by the City of Alexandria on September 28, 2004. The City opted out of the new 2009 series bond issue by prefunding its share. In June, 2010, a new funding agreement was signed by all members of the WMATA Compact. It sets forth a commitment of one year's funding with five planning years. The new funding agreement assumes an increase of \$150 million per year of new federal funds, matched by the Commonwealth of Virginia, the State of Maryland, and the District of Columbia. The new agreement, totals to \$5.0 billion, of which \$2.5 billion will be funded by the federal government. The participating jurisdictions' financial obligations, including the City, per the Metro Matters agreement, are subject to individual jurisdictional annual appropriation consideration.

For the fiscal year ended June 30, 2011, the total City obligation was \$7.0 million \$6.2 million of which was funded from the City's capital project fund with the remaining \$0.8 million being funded from the City's capital credits with WMATA.

2. Operating subsidies - Bus and Rail Systems

During the fiscal year ended June 30, 2011, obligations for bus and rail subsidies amounted to \$20.3 million. The City paid this obligation from the following sources:

| | |
|---|----------------------|
| City payments | \$ 6,070,331 |
| State Aid and State Motor Fuel Sales Tax revenues | <u>14,253,652</u> |
| TOTAL | <u>\$ 20,323,983</u> |

Expected obligations for FY 2012 are \$22.7 million of which \$5.7 million is expected to be paid from the City's General Fund.

3. WMATA Transit Revenue Bonds

WMATA issued approximately \$1 billion of federally guaranteed transit revenue bonds to fund part of the construction of the rail transit system. Operating revenues have been insufficient to retire this debt. The federal government and WMATA entered into an agreement whereby the federal government agreed to pay two-thirds of the debt service costs for these bonds and to advance part of the remaining one third during the first three years of the agreement. The agreement requires that WMATA repay the federal advances, with interest, and one-third of the

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

debt service on the bonds. WMATA allocated the cost of the advances and the one-third of the debt service costs among the participating jurisdictions. The City has not agreed to any payments for the one-third allocation of debt service, but the Northern Virginia Transportation Commission (NVTC) has paid, from state aid, all such costs allocated to Northern Virginia jurisdictions, of which \$1,418,200 was the City's allocation during the fiscal year ended June 30, 2010. However, NVTC has not paid any of the allocations for federal advances. In July of 1985, the Alexandria City Council authorized NVTC to pay \$4.2 million to WMATA, including accrued interest, from state aid on deposit to the credit of the City. This was the total amount allocated to the City by WMATA for advances by the federal government, including accrued interest. The City has thus, with such authorization, satisfied all claims due WMATA for transit revenue bonds.

4. City's long term development initiative for a new Metro station

At the current time, as a major long-term economic development initiative, the City on June 12, 2010 approved a major rezoning of 69 acres of prime real estate into a high density mixed-use development of over 7.5 million square feet. An integral part of this proposal, which will add approximately 10 percent to the City's tax base and generate over \$1 billion in new tax revenue over a 30 year period, would entail the construction of a new Metrorail station on the existing heavy rail Metrorail line that runs to the east of this 69 acres. The cost of this Metrorail station is estimated (in 2015 dollars) at between \$190 million and \$270 million, depending on the location of the station and other cost variables. The City is currently considering issuing general obligation bonds to finance this Metrorail station construction project and plans to repay these bonds with new tax revenues, two special tax districts, and developer contributions. Other bond financing mechanisms are also being studied. Planning, further studies, station design and refinement of costs are scheduled to occur between 2010 and 2013. A final decision by City Council to proceed with the Metrorail station financing will be made in 2013 at the earliest.

If the City does decide to proceed with the financing of the Metrorail station, it will require a material upward revision to its current debt policy guideline targets and limits, in that the amount of debt that may be issued would exceed the City's current debt targets and ceilings.

B. Litigation

The City is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. It is the opinion of City management and the City Attorney that any losses not covered by insurance that may ultimately be incurred as a result of the suits and claims will not be material.

C. Waste-To-Energy Facility

The City has guaranteed annual tonnage of acceptable waste commitment to the Waste-to-Energy Facility, which is owned and operated by a private corporation. The commitment, which is joint with Arlington County, is based on a percent of solid waste the City and Arlington County expects to collect together. The facility charges fees on each ton based on defined costs, as well as has two multi-year contracts for large haulers where a fee discount applies. It is expected that the City and Arlington County will be able to continue to meet their minimum requirement for annual tonnage of 225,000 tons per year. For FY 2011 and for every year the facility has been open, the City and Arlington County exceeded the minimum annual tonnage requirement. If the City would be required to augment this requirement, the financial effect on the City would be immaterial.

On December 1, 1984, an inter-local joint enterprise agreement was entered into between the Alexandria Sanitation Authority and the Arlington Solid Waste Authority (the "Authorities"). The Joint Enterprise, referred to as the Alexandria/Arlington Resource Recovery Corporation, was formed to design, construct, equip, test, then operate a solid waste disposal facility having an installed capacity of 975 tons per day of mixed municipal solid waste. The facility is located at 5301 Eisenhower Avenue, Alexandria, Virginia. The Alexandria Industrial Development Authority issued revenue bonds and proceeds were lent to the Authorities to construct the facility.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

On October 22, 1985, the Authorities sold the Facility to a private company ("the Corporation") pursuant to a Conditional Sale and Security Agreement (the Agreement). The sale involved the transfer of construction-in-progress together with marketable securities and other assets. The Corporation assumed the obligation to provide funds adequate to pay the current liabilities and the outstanding revenue bonds payable as of October 22, 1985. This Agreement requires the Authorities to transfer full title to the Facility only when principal and interest on the outstanding revenue bonds or any subsequent refinancing revenue bonds have been paid in full. The Agreement also entitles the Authorities to repossess the Facility if revenue bond debt service payments are not made.

In connection with this transaction, the Corporation entered into a Facility Agreement dated as of October 1, 1986, obligating it to construct the Facility and to provide waste disposal services to the City of Alexandria, Arlington County, and the Authorities for 20 years. Under the Facility Agreement, the City has a guaranteed annual tonnage of acceptable waste commitment to the Facility. The commitment was based on a percent of solid waste the City expects to collect. The Facility charges a fee on each ton based on defined costs, and the City has met its requirement for annual tonnage each year.

Federal law changes in the Clean Air Act and subsequent regulations required the City and Arlington County to invest in a retrofit for new equipment at the Waste-To-Energy Facility. In July 1998, the Authorities advance refunded \$55 million of the outstanding revenue bonds (Series 1998 A bonds) for the Facility to take advantage of lower interest rates. The Series A bonds were fully repaid in FY 2008. In November 1998, the Arlington Industrial Development Authority issued \$48.6 million in new retrofit revenue bonds (Series 1998 B bonds) to cover the cost of new pollution abatement equipment at the Facility required by federal law. The proceeds of the Series 1998 B bonds were lent to Authorities to construct the equipment.

The retrofitting of the Facility's boiler units with certain air pollution control equipment was made necessary by the U. S. Environmental Protection Agency regulations adopted pursuant to the 1990 Clean Air Act Amendments, which imposed more stringent emission limitations on waste-to energy facilities. The Corporation has agreed to design, construct, start-up, and test the equipment so that it passes the Acceptance tests.

Since Acceptance testing on each unit was completed in November 2000, the Operating Lease agreement between the Authorities and the Corporation took effect in January 2001. Since in essence the lease is a capital lease, the capital assets completed and covered by the lease and the promissory note are removed from the City records and are now considered a part of the plant. In FY 2008 they were recorded in the same manner, as is the rest of the plant.

The Alexandria/Arlington Waste Disposal Trust Fund ("the Trust") is a private purpose trust fund of Arlington County, Virginia and, accordingly, the financial position and results of operations of the Trust are reflected in the comprehensive annual financial report of Arlington County, Virginia. The City of Alexandria, Virginia and Arlington County, Virginia each have a 50% ownership interest in the Trust; however, because Arlington County performs the administrative functions for the Trust, it is reflected in the Arlington County reporting entity. As part of the Conditional Sale and Security Agreement, the Corporation made a payment of \$1 million to the Trust, which was to be used as a reserve for future expenditures.

The Trust Fund derives its revenue from the following sources: a portion of the annual property tax assessment by the City of Alexandria, interest on invested funds and a portion of special revenues generated on contract waste and was \$0.6 million for FY 2011.

Expenditures such as capital costs of repairs, replacement/changes to the facility, and waste recycling programs/activities which benefit the two jurisdictions are eligible for reimbursement through the Trust. In addition, in FY 2011 the Trust has been used to pay consulting fees to an engineering firm for operations and maintenance audits of the facility, for oversight of the new construction and for legal consulting fees paid for services related to the issuance of retrofit financing.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

The Trust also has been used to subsidize the difference between the contractual tipping fee paid by haulers under special contracts and the standard tipping fee and to cover deficiencies arising in the “income-available-for-debt-service” calculations mandated by the Facility Agreement between the Corporation, the jurisdictions, and the Authorities. In June 2001, the City of Alexandria, with the concurrence of Arlington County, took responsibility for the investment of Trust fund monies.

Operating costs of the facility are paid for primarily through tipping fees. The City paid \$1.7 million in tipping fees in FY 2011. In the event of a revenue shortfall at the facility, the City is not responsible for the repayment of the bonds. The Alexandria Sanitation Authority and the Arlington Solid Waste Authority have certain bond repayment obligations.

D. Northern Virginia Transportation District Bonds

In November 1999, the City signed an agreement with the Commonwealth Transportation Board to provide \$256,070 annually, subject to appropriation, to finance certain Northern Virginia Transportation District Bond projects benefiting the City and other jurisdictions in Northern Virginia. The FY 2011 payment of \$256,070 was made from the proceeds from the City’s telecommunications tax received by the General Fund. The City is not liable for repayment of the 20-year bonds.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT

General Obligation Bonds - The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The City currently has no outstanding arbitrage obligation. General obligation bonds outstanding as of June 30, 2011 are composed of the following individual issues:

| | | |
|---|----|------------|
| \$17.0 million Public Improvement (tax-exempt) Bonds of 2010, installments ranging from \$1.0 million to \$3.7 million through 2016, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity | \$ | 17,000,000 |
| \$55.3 million Public Improvement (taxable Build America) Bonds of 2010, installments ranging from \$3.7 million to \$4.4 million through 2030, bearing interest at rates ranging from 3.6 percent to 5.0 percent for which the federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2021 are subject to optional redemption, in whole or part, at the direction of the City. The bonds are subject to redemption prior to July 2020, at the option of the City, upon the occurrence of an Extraordinary Event..... | | 55,300,000 |
| \$35.2 million Public Improvement (tax-exempt) Bonds of 2009 installments ranging from \$1.1 million to \$4.1 million through 2019, bearing interest at rates ranging from 1.75 percent to 4.0 percent. The Bonds are not subject to redemption prior to maturity | | 34,100,000 |
| \$44.5 million Public Improvement (taxable-Build America) Bonds of 2009 installments ranging from \$4.1 million to \$4.8 million through 2029, bearing interest at rates ranging from 4.85 percent to 5.7 percent for which the Federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2019, are subject to optional redemption before maturity on or after July 1, 2019, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption | | 44,500,000 |
| \$58.0 million Public Improvement (tax-exempt) Bonds of 2008 installments ranging from \$0.9 million to \$3.1 million through 2028, bearing interest at rates ranging from 3.375 percent to 5.0 percent. The Bonds maturing on or after July 15, 2019, are subject to optional redemption before maturity on or after July 15, 2018, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption | | 55,200,000 |
| \$5.0 million Public Improvement (taxable) Bonds of 2008 installments ranging from \$0.25 million to \$1.25 million through 2028, bearing interest at rates ranging from 4.5 percent to 5.6 percent. The Bonds maturing on or after July 15, 2019, are subject to optional redemption before maturity on or after July 15, 2018, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption | | 4,500,000 |
| \$22.8 million Public Improvement (tax-exempt) Refunding Bonds of 2007 installments ranging from \$2.8 million to \$2.9 million through 2021, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to their maturity | | 22,815,000 |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

| | | |
|--|----|-------------|
| \$56 million Public Improvement (tax-exempt) Bonds of 2006 installments of \$2.9 million through 2026, bearing interest at rates ranging from 4.00 percent to 5.0 percent. The bonds maturing on or after June 15, 2017, are subject to optional redemption before maturity on or after June 15, 2016, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption | \$ | 43,740,000 |
| \$15 million Public Improvement (taxable) Bonds of 2006 installments of \$0.75 million through 2026, bearing interest at rates ranging from 5.5 percent to 5.95 percent. The bonds maturing before December 15, 2016 are not subject to redemption before maturity. The bonds maturing on or after June 15, 2017, are subject to optional redemption before maturity on or after June 15, 2016, at the direction of the City, in whole or in part installments of \$5,000, at any time or from time to time at par plus accrued interest on the principal amount to be redeemed to the date fixed for redemption | | 11,250,000 |
| \$54.8 million Public Improvement Bonds of 2004 installments of \$2.74 million through 2024, bearing interest at rates ranging from 3.0 percent to 5.0 percent. The bonds maturing before December 15, 2015 are not subject to redemption before maturity. Beginning December 15, 2014, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest | | 38,360,000 |
| \$32.5 million Refunding Bonds of 2004 installments ranging from \$0.2 million to \$3.205 million through 2020, bearing interest at rates ranging from 3.5 percent to 5.0 percent. The bonds maturing before June 15, 2015 are not subject to redemption before maturity. Beginning June 15, 2015, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest | | 27,565,000 |
| \$64.7 million Public Improvement Bonds of 2004 installments ranging from \$3.3 million to \$3.8 million through 2023, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds maturing before June 15, 2015 are not subject to redemption before maturity. Beginning June 15, 2014, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest | | 39,600,000 |
| \$54.5 million Public Improvement Bonds of 2001 due in installments of \$2.9 million through 2013, bearing interest at rates ranging from 4.25 percent to 4.5 percent. The bonds are not subject to redemption prior to maturity. (\$23.2 million refunded in May 2007). | | 5,790,000 |
| \$40 million Public Improvement Bonds of 1999 due in annual installments of \$2 million through 2019, bearing interest at rates ranging from 4.25 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity | | 16,000,000 |
| Total | \$ | 415,720,000 |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2010 (Tax-Exempt)

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 1,</u> |
|--------------|----------------------|-------------|--|
| 015302G55 | \$ 1,000,000 | 5.00% | 2011 |
| 015302G63 | 2,000,000 | 5.00% | 2012 |
| 015302G71 | 2,900,000 | 4.00% | 2013 |
| 015302G89 | 3,700,000 | 4.00% | 2014 |
| 015302G97 | 3,700,000 | 5.00% | 2015 |
| 015302H21 | 3,700,000 | 4.00% | 2016 |
| Total | <u>\$ 17,000,000</u> | | |

Public Improvement Bonds of 2010 (Taxable)

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 1,</u> |
|--------------|----------------------|-------------|--|
| 015302H39 | \$ 3,700,000 | 3.60% | 2017 |
| 015302H47 | 3,700,000 | 3.95% | 2018 |
| 015302H54 | 3,700,000 | 4.15% | 2019 |
| 015302H62 | 3,700,000 | 4.05% | 2020 |
| 015302H70 | 3,700,000 | 4.40% | 2021 |
| 015302H88 | 3,700,000 | 4.40% | 2022 |
| 015302H96 | 3,700,000 | 4.50% | 2023 |
| 015302J29 | 3,700,000 | 4.60% | 2024 |
| 015302J37 | 3,700,000 | 4.80% | 2025 |
| 015302J45 | 4,400,000 | 4.95% | 2026 |
| 015302J52 | 4,400,000 | 5.00% | 2027 |
| 015302J60 | 4,400,000 | 5.00% | 2028 |
| 015302J60 | 4,400,000 | 5.00% | 2029 |
| 015302J60 | 4,400,000 | 5.00% | 2030 |
| Total | <u>\$ 55,300,000</u> | | |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

| Public Improvement Bonds of 2009 (Tax-Exempt) | | | |
|--|----------------------|-------------|--|
| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 1,</u> |
| 015302E24 | \$ 2,200,000 | 3.00% | 2011 |
| 015302E32 | 3,200,000 | 4.00% | 2012 |
| 015302E40 | 4,100,000 | 1.75% | 2013 |
| 015302E57 | 4,100,000 | 2.13% | 2014 |
| 015302E65 | 4,100,000 | 3.00% | 2015 |
| 015302E73 | 4,100,000 | 3.00% | 2016 |
| 015302E81 | 4,100,000 | 4.00% | 2017 |
| 015302E99 | 4,100,000 | 4.00% | 2018 |
| 015302F23 | 4,100,000 | 4.00% | 2019 |
| Total | <u>\$ 34,100,000</u> | | |

| Public Improvement Bonds of 2009 (Taxable-Build America Bonds) | | | |
|---|----------------------|-------------|--|
| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 1,</u> |
| 015302F31 | \$ 4,100,000 | 4.85% | 2020 |
| 015302F49 | 4,100,000 | 5.00% | 2021 |
| 015302F56 | 4,100,000 | 5.10% | 2022 |
| 015302F64 | 4,100,000 | 5.20% | 2023 |
| 015302F72 | 4,100,000 | 5.30% | 2024 |
| 015302F80 | 4,800,000 | 5.40% | 2025 |
| 015302F98 | 4,800,000 | 5.50% | 2026 |
| 015302G22 | 4,800,000 | 5.60% | 2027 |
| 015302G30 | 4,800,000 | 5.65% | 2028 |
| 015302G48 | 4,800,000 | 5.70% | 2029 |
| Total | <u>\$ 44,500,000</u> | | |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

| Public Improvement Bonds of 2008 (Tax-exempt) | | | |
|--|---------------------|--------------------|---|
| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
| 015302A36 | \$ 2,500,000 | 3.38% | 2011 |
| 015302A44 | 3,100,000 | 5.00% | 2012 |
| 015302A51 | 3,100,000 | 3.50% | 2013 |
| 015302A69 | 3,100,000 | 3.50% | 2014 |
| 015302A77 | 3,100,000 | 5.00% | 2015 |
| 015302A85 | 3,100,000 | 5.00% | 2016 |
| 015302A93 | 3,100,000 | 5.00% | 2017 |
| 015302B27 | 3,100,000 | 4.00% | 2018 |
| 015302B35 | 3,100,000 | 4.00% | 2019 |
| 015302B43 | 3,100,000 | 4.25% | 2020 |
| 015302B50 | 3,100,000 | 4.00% | 2021 |
| 015302B68 | 3,100,000 | 4.00% | 2022 |
| 015302B76 | 3,100,000 | 4.13% | 2023 |
| 015302B84 | 3,100,000 | 4.20% | 2024 |
| 015302B92 | 3,100,000 | 4.25% | 2025 |
| 015302C26 | 3,100,000 | 4.25% | 2026 |
| 015302C34 | 3,100,000 | 4.30% | 2027 |
| 015302C42 | 3,100,000 | 4.38% | 2028 |
| Total | <u>\$55,200,000</u> | | |

| Public Improvement Bonds of 2008 (Taxable) | | | |
|---|---------------------|--------------------|---|
| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
| 015302C75 | \$ 250,000 | 4.50% | 2011 |
| 015302C83 | 250,000 | 4.50% | 2012 |
| 015302C91 | 250,000 | 4.63% | 2013 |
| 015302D25 | 250,000 | 4.63% | 2014 |
| 015302D33 | 250,000 | 4.80% | 2015 |
| 015302D41 | 250,000 | 5.00% | 2016 |
| 015302D58 | 250,000 | 5.25% | 2017 |
| 015302D66 | 250,000 | 5.25% | 2018 |
| 015302D74 | 1,250,000 | 5.40% | 2023 |
| 015302D82 | 1,250,000 | 5.60% | 2028 |
| Total | <u>\$ 4,500,000</u> | | |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The outstanding bonds have been issued as follows:

| Refunding Bonds of 2007 | | | |
|--------------------------------|---------------------|-------------|---|
| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>June 15,</u> |
| 015302ZY1 | \$ 2,905,000 | 4.00% | 2014 |
| 015302ZR6 | 2,890,000 | 4.00% | 2015 |
| 015302ZS4 | 2,870,000 | 4.00% | 2016 |
| 015302ZT2 | 2,845,000 | 4.00% | 2017 |
| 015302ZU9 | 2,825,000 | 5.00% | 2018 |
| 015302ZV7 | 2,825,000 | 5.00% | 2019 |
| 015302ZW5 | 2,825,000 | 5.00% | 2020 |
| 015302ZX3 | 2,830,000 | 5.00% | 2021 |
| Total | <u>\$22,815,000</u> | | |

| Public Improvement Bonds of 2006 (Tax-exempt) | | | |
|--|---------------------|-------------|---|
| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>June 15,</u> |
| 015302YE6 | \$ 2,920,000 | 5.00% | 2012 |
| 015302YF3 | 2,920,000 | 5.00% | 2013 |
| 015302YG1 | 2,920,000 | 4.00% | 2014 |
| 015302YH9 | 2,915,000 | 4.00% | 2015 |
| 015302YJ5 | 2,915,000 | 5.00% | 2016 |
| 015302YK2 | 2,915,000 | 5.00% | 2017 |
| 015302YL0 | 2,915,000 | 4.25% | 2018 |
| 015302YM8 | 2,915,000 | 4.38% | 2019 |
| 015302YN6 | 2,915,000 | 4.38% | 2020 |
| 015302Y91 | 2,915,000 | 4.50% | 2021 |
| 015302YQ9 | 2,915,000 | 5.00% | 2022 |
| 015302YR7 | 2,915,000 | 5.00% | 2023 |
| 015302YS5 | 2,915,000 | 4.25% | 2024 |
| 015302Y73 | 2,915,000 | 4.25% | 2025 |
| 015302YU0 | 2,915,000 | 4.38% | 2026 |
| Total | <u>\$43,740,000</u> | | |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2006 (Taxable)

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>June 15,</u> |
|--------------|---------------------|-------------|---|
| 015302ZA3 | \$ 750,000 | 5.50% | 2012 |
| 015302ZB1 | 750,000 | 5.50% | 2013 |
| 015302ZC9 | 750,000 | 5.50% | 2014 |
| 015302ZD7 | 750,000 | 5.55% | 2015 |
| 015302ZE5 | 750,000 | 5.55% | 2016 |
| 015302ZF2 | 750,000 | 5.65% | 2017 |
| 015302ZG0 | 750,000 | 5.70% | 2018 |
| 015302ZH8 | 750,000 | 5.75% | 2019 |
| 015302ZJ4 | 750,000 | 5.80% | 2020 |
| 015302ZK1 | 750,000 | 5.85% | 2021 |
| 015302ZL9 | 750,000 | 5.90% | 2022 |
| 015302ZM7 | 750,000 | 5.95% | 2023 |
| 015302ZN5 | 750,000 | 5.95% | 2024 |
| 015302ZP0 | 750,000 | 5.95% | 2025 |
| 015302ZQ8 | 750,000 | 5.95% | 2026 |
| Total | <u>\$11,250,000</u> | | |

Public Improvement Bonds of 2004 (Tax-Exempt)

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>December 15,</u> |
|--------------|---------------------|-------------|---|
| 015302XK3 | \$ 2,740,000 | 5.00 | 2011 |
| 015302XL1 | 2,740,000 | 3.00 | 2012 |
| 015302XM9 | 2,740,000 | 3.50 | 2013 |
| 015302XN7 | 2,740,000 | 5.00 | 2014 |
| 015302XP2 | 2,740,000 | 4.50 | 2015 |
| 015302XQ0 | 2,740,000 | 4.50 | 2016 |
| 015302XR8 | 2,740,000 | 4.00 | 2017 |
| 015302XS6 | 2,740,000 | 4.00 | 2018 |
| 015302XT4 | 2,740,000 | 4.00 | 2019 |
| 015302XU1 | 2,740,000 | 4.00 | 2020 |
| 015302XV9 | 2,740,000 | 4.00 | 2021 |
| 015302XW7 | 2,740,000 | 4.00 | 2022 |
| 015302XX5 | 2,740,000 | 4.25 | 2023 |
| 015302XY3 | 2,740,000 | 4.50 | 2024 |
| Total | <u>\$38,360,000</u> | | |

Refunding Bonds of 2004 (Tax-Exempt)

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>June 15,</u> |
|--------------|---------------------|-------------|---|
| 015302WU2 | \$ 3,170,000 | 3.500 | 2012 |
| 015302WV0 | 3,130,000 | 5.000 | 2013 |
| 015302WW8 | 3,130,000 | 4.000 | 2014 |
| 015302WX6 | 3,085,000 | 4.250 | 2015 |
| 015302WY4 | 3,060,000 | 5.000 | 2016 |
| 015302WZ1 | 3,050,000 | 4.250 | 2017 |
| 015302XA5 | 3,015,000 | 4.250 | 2018 |
| 015302XB3 | 2,980,000 | 4.250 | 2019 |
| 015302XC1 | 2,945,000 | 4.375 | 2020 |
| Total | <u>\$27,565,000</u> | | |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

| Public Improvement Bonds of 2004 (Tax-Exempt) | | | | Public Improvement Bonds of 2001 (Tax-Exempt) | | | |
|--|----------------------|-------------|---|--|--------------------------|-------------|---|
| CUSIP | Issue | Rate | <u>Maturity Date</u> <u>June 15,</u> | CUSIP | <u>2000 Issue</u> | Rate | <u>Maturity Date</u> <u>June 15,</u> |
| 015302VZ2 | \$ 3,300,000 | 5.00 | 2012 | 015302VG4 | \$ 2,895,000 | 4.40 | 2012 |
| 015302WA6 | 3,300,000 | 4.00 | 2013 | 015302VH2 | 2,895,000 | 4.50 | 2013 |
| 015302WB4 | 3,300,000 | 4.00 | 2014 | Total | <u>\$ 5,790,000</u> | | |
| 015302WC2 | 3,300,000 | 4.00 | 2015 | | | | |
| 015302WD0 | 3,300,000 | 4.00 | 2016 | | | | |
| 015302WE8 | 3,300,000 | 4.00 | 2017 | | | | |
| 015302WF5 | 3,300,000 | 4.00 | 2018 | | | | |
| 015302WG3 | 3,300,000 | 4.00 | 2019 | | | | |
| 015302WH1 | 3,300,000 | 4.13 | 2020 | | | | |
| 015302WJ7 | 3,300,000 | 4.25 | 2021 | | | | |
| 015302WK4 | 3,300,000 | 4.25 | 2022 | | | | |
| 015302WL2 | 3,300,000 | 4.25 | 2023 | | | | |
| Total | <u>\$ 39,600,000</u> | | | | | | |

| Public Improvement Bonds of 1999 (Tax-Exempt) | | | |
|--|----------------------|-------------|--|
| CUSIP | Issue | Rate | <u>Maturity Date</u> <u>January 15,</u> |
| 015302TS1 | \$ 2,000,000 | 4.25 | 2012 |
| 015302TT9 | 2,000,000 | 5.00 | 2013 |
| 015302TU6 | 2,000,000 | 5.00 | 2014 |
| 015302TV4 | 2,000,000 | 4.50 | 2015 |
| 015302TW2 | 2,000,000 | 5.00 | 2016 |
| 015302TX0 | 2,000,000 | 5.00 | 2017 |
| 015302TY8 | 2,000,000 | 5.00 | 2018 |
| 015302TZ5 | 2,000,000 | 5.00 | 2019 |
| Total | <u>\$ 16,000,000</u> | | |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2011, including interest payments of \$159.9 million, are summarized as follows:

| Fiscal Year | Serial Bonds | |
|--------------------|-------------------------|------------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2012..... | \$ 23,725,000 | \$ 18,261,668 |
| 2013..... | 26,285,000 | 17,173,550 |
| 2014..... | 28,095,000 | 16,027,444 |
| 2015..... | 28,830,000 | 14,948,043 |
| 2016..... | 28,785,000 | 13,775,863 |
| 2017-2021..... | 136,415,000 | 50,289,777 |
| 2022-2026..... | 92,335,000 | 23,863,206 |
| 2027-2031..... | <u>51,250,000</u> | <u>5,587,588</u> |
| | <u>\$ 415,720,000</u> | <u>\$ 159,927,139</u> |

The General Fund meets debt service requirements for general obligation bonds. The City retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board. The City will receive \$11.4 million in Build America Bonds interest subsidy payments through 2030.

Legal Debt Margin - The City has no overlapping debt with other jurisdictions. As of June 30, 2011, the City had a legal debt limit of \$3.3 billion and a debt margin of \$2.8 billion:

| | |
|--|-------------------------|
| Assessed Value of Real Property, January 1, 2011 | <u>\$32,631,952,000</u> |
| Debt Limit: 10 Percent of Assessed Value..... | \$ 3,263,195,200 |
| Amount of Debt Applicable to Debt Limit: | |
| General Obligation Bonds..... | <u>\$415,720,000</u> |
| Less Total General Obligation Debt..... | <u>(415,720,000)</u> |
| LEGAL DEBT MARGIN REMAINING | <u>\$ 2,847,475,200</u> |

Unissued Bonds - Bond authorizations expire three years from the effective date of the respective bond ordinances. Authorization of bonds, bonds issued and expired during the fiscal year ended June 30, 2011, are summarized below:

| | <u>Authorized and Unissued July 1, 2010</u> | <u>Authorized</u> | <u>Issued</u> | <u>Expired</u> | <u>Authorized and Unissued June 30, 2011</u> |
|--------------------------|--|--------------------------|----------------------|-----------------------|---|
| General Obligation Bonds | <u>\$ 106,300,000</u> | <u>\$ 69,950,000</u> | <u>\$ 72,300,000</u> | <u>\$ 7,000,000</u> | <u>\$ 96,950,000</u> |

On July 14, 2011 the City Council issued \$69.95 million in General Obligation bonds. The bonds were issued with an original issue premium of \$4.5 million and a true interest cost of 3.18 percent. The \$69.95 million in bonds will be used to finance certain capital improvement projects including transportation improvements, sanitary sewers, public school facilities and other infrastructure costs.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2011. Other short-term liabilities represent unclaimed money and deposits.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities - Changes in the total long-term liabilities during the fiscal year ended June 30, 2011 are summarized below. The Net Pension Obligation results from contributions to the City Supplemental Retirement Plan, the Pension for Fire and Police Plan, and the Firefighters' and Police Pension Plan that were less than the required amount. In general the City uses the General Fund to liquidate long-term liabilities.

Primary Government – Governmental Activities

| | Balance | | | Balance | Amounts Due |
|------------------------------|-----------------------|----------------------|---------------------|-----------------------|----------------------|
| | July 1, 2010 | Additions | Reductions | June 30, 2011 | Within One |
| | | | | | Year |
| General Obligation Bonds | \$ 364,485,000 | \$ 72,300,000 | \$21,065,000 | \$ 415,720,000 | \$ 23,725,000 |
| Bond Premium | 8,873,623 | 1,877,864 | 560,489 | 10,190,998 | 654,382 |
| Workers' Compensation Claims | 10,272,451 | 6,058,371 | 2,802,940 | 13,527,882 | 3,350,227 |
| Accrued Compensated Absences | 20,935,381 | 13,220,919 | 12,840,310 | 21,315,990 | 1,676,353 |
| Net Pension Obligation | 14,982,209 | 2,116,342 | 305,625 | 16,792,926 | --- |
| Net OPEB Obligation | 6,842,615 | --- | 792,333 | 6,050,282 | --- |
| Total | <u>\$ 426,391,279</u> | <u>\$ 95,573,496</u> | <u>\$38,366,697</u> | <u>\$ 483,598,078</u> | <u>\$ 29,405,962</u> |

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

All liabilities – both current and long-term – are reported in the statement of net assets. The adjustment from modified accrual to full accrual is as follows:

| | |
|--------------------------------------|-----------------------|
| Balances at June 30, 2011: | |
| Long-term liabilities (detail above) | \$ 483,598,078 |
| Accrued interest payable | 3,714,793 |
| Adjustment | <u>\$ 487,312,871</u> |

Under the modified accrual basis of accounting used in the fund financial statements for the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. This adjustment from modified accrual to full accrual is composed of the following items:

| | |
|--|---------------------|
| Compensated absences | \$ 380,609 |
| Workers compensation | 3,255,431 |
| Change in net pension obligation and net OPEB obligation | 1,018,384 |
| Amortization of bond premium, | |
| Discount and interest | 936,151 |
| Accrued interest on bonds | 137,005 |
| Adjustment | <u>\$ 5,727,580</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Component Unit – School Board

| | Balance | | | Balance | Amounts Due |
|------------------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| | July 1, 2010 | Additions | Reductions | June 30, 2011 | Within One |
| | | | | | Year |
| Accrued Compensated Absences | \$ 7,382,979 | \$ 7,431,920 | \$ 7,465,384 | 7,349,515 | \$ 741,101 |
| Capital Leases | 1,132,990 | --- | 1,132,990 | --- | --- |
| Workers' Compensation Claims | 358,986 | 688,230 | 311,762 | 735,454 | 514,818 |
| Net OPEB Obligation | 4,296,791 | 1,369,662 | 3,106,804 | 2,559,649 | --- |
| Total | \$ 13,171,746 | \$ 9,489,812 | \$12,016,940 | 10,644,618 | \$ 1,255,919 |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

Primary Government

Interfund receivable/payable consisted of the following at June 20, 2011:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------------|---------------------------------------|---------------|
| Primary Government – General Fund | Primary Government – Capital Projects | \$500,000 |

These balances represent timing difference related to routine advances from the City for bond reimbursable capital transactions.

There were no interfund receivables/payables at June 30, 2011. Interfund transfers and transactions for the year ended June 30, 2011 consisted of the following:

| Transfer In/Out: | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total</u> |
|--|-----------------------|------------------------|-------------------------|-----------------------|
| Primary Government Transactions | | | | |
| General Fund | \$ --- | \$ 1,446,713 | \$ --- | \$ 1,446,713 |
| Special Revenue | 35,076,320 | 16,481 | --- | 35,092,801 |
| Capital Projects | 5,545,000 | 5,832,140 | --- | 11,377,140 |
| Internal Service | --- | 155,897 | --- | 155,897 |
| Total | <u>\$ 40,621,320</u> | <u>\$ 7,451,231</u> | <u>\$ ---</u> | <u>\$ 48,072,551</u> |
| Component Unit Transactions | | | | |
| School Board | \$ 167,886,567 | \$ --- | \$ 2,248,196 | \$ 170,134,763 |
| Library | 5,879,455 | --- | --- | 5,879,455 |
| Alexandria Transit | 8,178,196 | --- | --- | 8,178,196 |
| Total | <u>\$ 181,944,218</u> | <u>\$ ---</u> | <u>\$ 2,248,196</u> | <u>\$ 184,192,414</u> |

Primary government transfer activities include:

Transfers from the General Fund to the Special Revenue Fund represent City funds required to match grant programs resources and taxes collected for affordable housing project

Special Revenue funds are transferred to other funds for capital and equipment purchases as determined by the terms of the grant agreements.

Transfers from the General Fund to the Capital Projects fund represent the City's budgeted pay-as-you go funding of capital projects.

Transfers from Special Revenue funds to Capital Projects represent grants received for capital related expenditures.

Transactions with the component units represent budgeted subsidies for the school operations and capital projects, library operations and transit operations. In addition, there were no capital assets transferred to Alexandria Transit.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 11. GRANTS

The City receives financial assistance from numerous federal, state and local governmental 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 is subject to audit by the grantor agencies. Any unallowed disbursements resulting from such audits could become a liability of the City. In the opinion of City management, no material refunds will be required as a result of unallowed disbursements (if any), by the grantor agencies.

NOTE 12. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the City and its component units totaled \$150.3 million in FY 2011. Sources of these revenues were as follows:

| | |
|--|-----------------------|
| GOVERNMENTAL FUNDS | |
| Federal Government | \$ 35,227,326 |
| Commonwealth of Virginia | <u>66,673,359</u> |
| Total Primary Government | <u>\$ 101,900,685</u> |
| COMPONENT UNITS | |
| Federal Government: | |
| School Board | \$ 19,732,840 |
| Alexandria Transit Company | <u>3,588</u> |
| Total Component Units Federal Government | <u>\$ 19,736,428</u> |
| Commonwealth of Virginia: | |
| School Board | \$ 28,473,281 |
| Library | 188,491 |
| Alexandria Transit Company | <u>3,846</u> |
| Total Component Units Commonwealth of Virginia | <u>\$ 28,665,618</u> |
| Total Component Units | <u>\$ 48,402,046</u> |
| TOTAL CITY AND COMPONENT UNITS | |
| Total Federal Government | \$ 54,963,754 |
| Total Commonwealth of Virginia | <u>95,338,977</u> |
| Total Intergovernmental Revenue | <u>\$ 150,302,731</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERNMENTS

Due from other governments represents accrued revenue at June 30, 2011, consisting of the following:

| | |
|----------------------------|----------------------|
| Primary Government | |
| State | |
| General Fund | \$ 30,673,793 |
| Special Revenue Fund | <u>3,323,106</u> |
| Total State | <u>\$ 33,996,899</u> |
| Federal | |
| General Fund | \$ 1,147,664 |
| Special Revenue Fund | <u>5,663,341</u> |
| Total Federal | <u>\$ 6,811,005</u> |
| Total Primary Government | <u>\$ 40,807,904</u> |
| Component Units | |
| State | |
| School Board | <u>\$ 631,766</u> |
| Total State | <u>\$ 631,766</u> |
| Federal | |
| School Board | \$ 9,360,110 |
| Alexandria Transit Company | <u>3,280</u> |
| Total Federal | <u>\$ 9,363,390</u> |
| Total | <u>\$ 50,803,060</u> |

NOTE 14. JOINT VENTURES

A. Northern Virginia Criminal Justice Academy

The City participates in a joint venture with the Counties of Arlington and Loudoun and the Cities of Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued \$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The City and the Counties of Arlington and Loudoun have entered into a capital lease with the Industrial Development Authority of Loudoun County. The City maintains an equity interest only in the land and building of the Academy, which is reflected in the City's Statement of Net Assets. The City does not maintain an equity interest in the Academy's operations. This lease was paid in full in FY 2007. New debt of \$18.7 was issued in FY 2007. The City does not have an equity interest associated with this debt. In addition, the City pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2011, the City paid \$0.6 million for operating costs.

Financial statements for the Academy may be obtained at Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia 22011-2600.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 14. JOINT VENTURES (Continued)

B. Northern Virginia Juvenile Detention Home

The City participates in a joint venture with Arlington County and the City of Falls Church to operate a regional juvenile detention home. In July 1993, the City agreed to fund 55.3 percent of the construction costs of a new facility. The final construction payments were made in FY 1995. In addition, the City pays part of the Northern Virginia Juvenile Detention Home's operating costs based on the number of beds utilized by Alexandria residents. These payments totaled \$1.6 million in FY 2011.

The City does not maintain an equity interest in the detention home. Complete separate financial statements for this operation may be obtained from Northern Virginia Juvenile Detention Home, 200 South Whiting Street, Alexandria, Virginia 22304.

C. Peumansend Creek Regional Jail Authority

In 1992, the City entered into an agreement with the Counties of Caroline, Arlington, Prince William, and Loudoun to form an authority to construct and operate a regional jail in Caroline County. The regional jail, which commenced operations in September 1999, is used primarily to hold prisoners from each member jurisdiction. The Regional Jail Authority is composed of two representatives, the Chief Administrative Officer and the Sheriff, from each participating jurisdiction. The City of Richmond, which was not party to the original agreement, is now a part of the project. The regional jail has the capacity for 336 prisoners. The City is guaranteed a minimum of 50 beds.

The total project cost of \$27 million, with 50 percent of the eligible construction cost (\$23.8 million) is expected to be reimbursed by the Commonwealth. The Regional Jail Authority issued \$10.2 million in revenue bonds and \$12 million of grant anticipation notes in March 1997. The City's total share is \$18.2 million, including approximately \$3.2 million in capital and debt service costs and \$15 million in operating costs over the 20-year period of debt service payments (1997-2016). For FY 2011, the City paid \$0.5 million for operating costs and \$0.1 million for debt service payments. The City does not maintain an equity interest in the jail and is not responsible for repayment of the debt.

Complete financial statements can be obtained by writing to the Regional Jail Authority at Post Office Box 1460, Bowling Green, Virginia 22427.

D. Washington Metropolitan Area Transit Authority

As discussed in Note 8, the City participates in a joint venture with other local jurisdictions to share in the cost of a regional transportation system. The City does not maintain an equity interest in WMATA. Complete financial statements of WMATA may be obtained from WMATA, 600 5th Street, N.W., Washington, DC 20001.

NOTE 15. RELATED PARTY TRANSACTIONS

Sheltered Homes of Alexandria is a not-for-profit corporation formed to obtain and maintain group homes for mentally and physically disabled or impaired adults. The corporation's trustees also serve on the Alexandria Community Services Board, whose board members are appointed by the City and whose financial activities are therefore included as part of the primary government. During FY 2011, the City made rental payments to Sheltered Homes of Alexandria totaling \$24,000.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In 1989 City Council voted to establish three classes of post employment health care benefits to supplement the increasing health care costs for City retirees. The three classes are as follows: (a) Full Time City employees who are eligible to retire under the Virginia Retirement System and City Supplemental Pension plan; (b) Fire and police employees who are eligible to retire under the current defined benefit pension plan; and (c) Fire and police employees who retired and were eligible for normal retirement with 20 years of service under the old defined contribution retirement income plan and the retirees under the old defined benefit pension. In addition, spouses of deceased retirees are also eligible to receive benefits under this provision.

This plan is a reimbursement program that is based on the actual cost of the retiree's monthly premium up to a maximum amount determined by the City Council. Effective July 1, 2005, the maximum monthly amount an eligible retiree or a surviving spouse may receive is \$260. The City Council has authority to establish or amend the provisions. As of June 30, 2011, 895 retirees were both eligible and received benefits from all three classes of this plan. Eligibility is contingent upon retiree providing proof of participation and payment to a health insurance plan. The City contributed on a "pay-as-you-go" basis at the rate of up to \$260 per month for each retiree, for a total annual contribution of \$2.2 million for FY 2011. Employees hired after September 30, 2007 will have their retirees health benefits prorated based on the length of service.

In addition to the healthcare benefits, the City pays for basic life insurance two times the amount of salary at the time of retirement to regular full time employees with applicable reductions if over 65 at no cost to the employees. On January 1, following the 65th birthday the basic life insurance amount is reduced by 25% and then by 10% each year till the 70th birthday. The ultimate insurance amount is 25% of the salary. This benefit is only available to those hired prior to July 1, 2008.

The City implemented Statement No. 45 of the Governmental Accounting Standards Boards (GASB), (Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions) for the year ended June 30, 2008. The City established a Single Employer OPEB Trust and plans to fund on a phased in basis the obligation through this trust. There are no legal or contractual requirements for contributing to the OPEB Trust Fund. The City does not issue a stand alone financial report for OPEB trust fund. The financial statements and required supplementary information are included in City's Comprehensive Annual Financial Report.

MEMBERSHIP

At January 1, 2011, membership consisted of:

| | |
|--|--------------|
| Retirees and Beneficiaries Currently Receiving Benefits | 774 |
| Terminated Employees Entitled to Benefits But not yet receiving them | --- |
| Active Employees | <u>2,225</u> |
| TOTAL | <u>2,999</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB)

ANNUAL OPEB COSTS AND NET OPEB OBLIGATIONS

The annual required contribution (ARC) decreased from \$10,306,577 for fiscal year 2010 to \$7,415,385 for the current fiscal year. As a percentage of payroll, the ARC decreased from 7.01% to 5.04% this fiscal year. As of June 30, 2011, the Net OPEB Obligation (NOO) decreased to \$6,050,282 compared to \$6,842,615 for fiscal year 2010. As of December 31, 2010 the unfunded Actuarial Accrued Liability (UAAL) decreased by \$13,578,741 to \$68,900,563. This decrease was due to certain valuation assumption changes; a decrease in per person cost trends: Pre-Medicare graded down from 12.00% to 5.10% and Medicare-Eligibility graded down from 8.00% to 5.10% over 15 years. The savings from plan changes to prorate the health subsidy payments for retirees hired after September 30, 2007 based on years of service and to eliminate life insurance for those hired after July 1, 2008 will be recognized over time. The net OPEB Obligation as of June 30, 2011 is as follows:

| | |
|--|----------------------------|
| Annual Required Contribution | \$ 7,415,385 |
| Interest on Net OPEB Obligation | 513,196 |
| Adjustment to Annual Required Contribution | (556,333) |
| Annual OPEB Cost | \$ <u>7,372,248</u> |
| Contributions Made | <u>(8,164,581)</u> |
| Increase (Decrease) in Net OPEB Obligation | \$ (792,333) |
| Net OPEB Obligation, Beginning of Year | 6,842,615 |
| Net OPEB Obligation, End Of Year | \$ <u><u>6,050,282</u></u> |

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of December 31, 2010 was as follows:

| Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (3) Unfunded AAL (UAAL) (2)-(1) | (4) Funded Ratio (1/2) | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll ((2-1)/5) |
|--------------------------------|-------------------------------------|---|---|---------------------------------|---------------------------|---|
| 12/31/2010 | \$ 11,668,519 | \$ 80,569,082 | \$68,900,563 | 14.48% | \$146,101,440 | 47.16% |

The Statement of Net Assets for the City's OPEB plan is included in footnote 17.

Actuarial valuations of the plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend.

The 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 schedule of funding progress, presented as required supplementary information following notes to the financial statements, presents results as of December 31, 2010. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB)

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include 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 calculations.

In the December 31, 2010 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 7.50% investment rate and an initial annual medical cost trend rate of 12.00% graded down to 5.10% over 15 years and salary scale ranging from 3.75% to 7.50% for Fire and Police and 3.75% to 5.60% for City employees depending on service with 3.75% attributable to inflation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. Asset valuation method used was market value and the remaining amortization period as of December 31, 2010 was 27 years.

Schedule of Employer Contributions

| Fiscal Year Ended | Annual Required Contributions | Employer Contributions | Percentage Contributed |
|-------------------|-------------------------------|------------------------|------------------------|
| 06/30/2008 | \$ 10,900,053 | \$ 3,922,024 | 36.0 % |
| 06/30/2009 | 10,800,769 | 10,222,864 | 94.6% |
| 06/30/2010 | 10,306,577 | 10,947,807 | 106.2% |
| 06/30/2011 | 7,415,385 | 8,164,581 | 110.1% |

Only four years' information was available. This will be expanded when information becomes available.

Three Year Trend Information

| Fiscal Year Ended | Annual OPEB Cost | Percentage Contributed | Net OPEB Obligation |
|-------------------|------------------|------------------------|---------------------|
| 06/30/2009 | \$ 10,769,137 | 94.9% | \$ 7,524,302 |
| 06/30/2010 | 10,266,120 | 106.6% | 6,842,615 |
| 06/30/2011 | 7,372,248 | 110.1% | 6,050,282 |

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

Primary Government

The City participates in seven public employee retirement systems (PERS). One of these systems is handled by Virginia Retirement System (VRS), an agent multi-employer public retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia, and is, therefore, not reflected as a City pension trust fund. Of the remaining six, four are single-employer defined benefit systems (City Supplemental, Pension for Fire and Police, Firefighters and Police Officers Pension Plan-defined benefit component, and Firefighters and Police Officers Pension Plan-disability component), where a stated methodology for determining benefits is provided, and two are defined contribution plans (Firefighters and Police Officers Pension Plan-defined contribution component and Retirement Income for Sheriff and Emergency Rescue Technicians (ERT)), where contribution requirements are not actuarially determined. All of these systems are included as part of the City's reporting entity and as such are reflected as Pension Trust Funds.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Fiduciary Net Assets

| | | Employee Retirement Plans | | | | | Post Retirement Benefit Trust | | |
|------------|------------------------------------|---|-----------------------------|--------------------------------|---------------------------|----------------------|---------------------------------------|--------------------------------|----------------------|
| | | Firefighters and Police Officers Pension Plan | | | | | | | |
| | | City Supplemental Retirement | Pension for Fire and Police | Defined Contribution Component | Defined Benefit Component | Disability Component | Retirement Income for Sheriff and ERT | Other Post Employment Benefits | Total |
| ASSETS | | | | | | | | | |
| 93 | Investments, at Fair Value | | | | | | | | |
| | Mutual Funds | \$ 25,561,266 | \$ - | \$10,431,183 | \$ 33,632,155 | \$ 2,212,696 | \$ 8,034,040 | \$ 3,462,980 | \$ 83,334,320 |
| | Stocks | 68,231,752 | - | - | 115,163,908 | 9,921,536 | - | 11,696,900 | 205,014,096 |
| | Guaranteed Investment Accounts | - | 25,873,205 | 7,614,812 | - | - | 8,034,042 | - | 41,522,059 |
| | Real Estate | 5,376,637 | - | - | 8,046,611 | 699,705 | - | - | 14,122,953 |
| | Timber/Private Equity | 3,686,544 | - | - | 7,654,812 | 660,904 | - | 461,190 | 12,463,450 |
| | Other Investments | 790,479 | - | - | 1,346,898 | 102,490 | - | 190,647 | 2,430,514 |
| | Total Investments | <u>\$103,646,678</u> | <u>\$25,873,205</u> | <u>\$18,045,995</u> | <u>\$165,844,384</u> | <u>\$13,597,331</u> | <u>\$16,068,082</u> | <u>\$ 15,811,717</u> | <u>\$358,887,392</u> |
| | Total Assets | <u>\$103,646,678</u> | <u>\$25,873,205</u> | <u>\$18,045,995</u> | <u>\$165,844,384</u> | <u>\$13,597,331</u> | <u>\$16,068,082</u> | <u>\$ 15,811,717</u> | <u>\$358,887,392</u> |
| NET ASSETS | | | | | | | | | |
| | Held in Trust for Pension Benefits | \$103,646,678 | \$25,873,205 | \$18,045,995 | \$165,844,384 | \$13,597,331 | \$16,068,082 | \$ 15,811,717 | \$358,887,392 |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Changes in Fiduciary Net Assets

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| | Employee Retirement Plans | | | | | | Post Retirement Benefit Trust | |
|--|---|-----------------------------|--------------------------------|---------------------------|----------------------|---------------------------------------|--------------------------------|----------------|
| | Firefighters and Police Officers Pension Plan | | | | | | | |
| | City Supplemental Retirement | Pension for Fire and Police | Defined Contribution Component | Defined Benefit Component | Disability Component | Retirement Income for Sheriff and ERT | Other Post Employment Benefits | Total |
| ADDITIONS | | | | | | | | |
| Contributions: | | | | | | | | |
| Employer | \$ 8,544,859 | \$ 1,700,000 | \$ - | \$ 7,651,601 | \$ 1,210,062 | \$ 9,925 | \$ 3,397,049 | \$ 22,513,496 |
| Plan Members | 205,858 | - | - | 2,280,664 | 253,279 | - | - | 2,739,801 |
| Total Contributions | \$ 8,750,717 | \$ 1,700,000 | \$ - | \$ 9,932,265 | \$ 1,463,341 | \$ 9,925 | \$ 3,397,049 | \$ 25,253,297 |
| Investment Income: | | | | | | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | \$ 17,635,428 | \$ - | \$ 2,509,765 | \$ 29,674,662 | \$ 2,539,691 | \$ 1,490,714 | \$ 2,017,818 | \$ 55,868,078 |
| Interest | 1,492,054 | 1,518,191 | 219,356 | 2,227,550 | 149,696 | 267,750 | 377,983 | 6,252,580 |
| Net Investment Income | \$ 19,127,482 | \$ 1,518,191 | \$ 2,729,121 | \$ 31,902,212 | \$ 2,689,387 | \$ 1,758,464 | \$ 2,395,801 | \$ 62,120,658 |
| Total Additions | \$ 27,878,199 | \$ 3,218,191 | \$ 2,729,121 | \$ 41,834,477 | \$ 4,152,728 | \$ 1,768,389 | \$ 5,792,850 | \$ 87,373,955 |
| DEDUCTIONS | | | | | | | | |
| Benefits | \$ 5,384,052 | \$ 4,208,688 | \$ - | \$ 5,211,692 | \$ 2,139,570 | \$ - | \$ - | \$ 16,944,002 |
| Refunds of Contributions | - | - | 1,711,120 | - | - | 813,367 | - | 2,524,487 |
| Administrative Expenses | 199,356 | 23,154 | - | 236,774 | 140,756 | - | 26,065 | 626,105 |
| Total Deductions | \$ 5,583,408 | \$ 4,231,842 | \$ 1,711,120 | \$ 5,448,466 | \$ 2,280,326 | \$ 813,367 | \$ 26,065 | \$ 20,094,594 |
| Net Increase (Decrease) | \$ 22,294,791 | \$ (1,013,651) | \$ 1,018,001 | \$ 36,386,011 | \$ 1,872,402 | \$ 955,022 | \$ 5,766,785 | \$ 67,279,361 |
| Net Assets at Beginning of Year | 81,351,887 | 26,886,856 | 17,027,994 | 129,458,373 | 11,724,929 | 15,113,060 | 10,044,932 | 291,608,031 |
| Net Assets at End of Year | \$103,646,678 | \$25,873,205 | \$ 18,045,995 | \$ 165,844,384 | \$13,597,331 | \$ 16,068,082 | \$ 15,811,717 | \$ 358,887,392 |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial valuations for all the defined benefit pension plans are performed annually with the exception of VRS, which is performed biennially; however, an actuarial update is performed in the interim year. In the fiscal year 2009 valuation report, VRS changed the asset valuation method. The method used for prior valuation was a five year smoothed market value of assets but not less than 80% or more than 120% of the market value. VRS elected to suspend this corridor for the current valuation. The elimination of this corridor reduced the employer contribution rate from 9.82% to 7.78% with approximately \$2.5 million in savings for fiscal years 2011 and 2012. The City experienced an increase in the contribution rate in the June 30, 2010 valuation report from the rate calculated in June 30, 2009 actuarial valuation. This increase is generally due to the reduction in the annual interest rate to 7.0% and a rate of return on the actuarial value of assets below the expected return of 7.50% for the year ending June 30, 2010. The current valuation also reflects increased rates of withdrawals for general employees, changed rates of service retirement and decreased rates of disability retirement for general employees. The number of active members shown includes those who have worked for the City at one time, but who are now active in another jurisdiction. Also the number of retirees includes those who retired from the City, as well as those who retired from another jurisdiction with service attributable to the City. The liability for the City's share of the benefits for those employees has been reflected in the pension liabilities and employer contribution rates. Financial statements and required supplementary information are presented in the VRS comprehensive annual financial report, which can be obtained by writing to the Virginia Retirement System, Post Office Box 2500, Richmond, Virginia 23218.

The City had assumed the responsibility of paying 2% of the employee share of contributions for City Supplemental pension plan. The employees commencing their participation in this plan after July 1, 2009, will make two percent of the employee contributions. The City will continue to make the two percent contribution for employees who were participants prior to July 1, 2009. However, these contributions will be characterized as employer contributions.

The recommended contribution rate increased from 23.80% as of July 1, 2009 to 25.06% as of July 1, 2010 for the Firefighters and Police defined benefit pension plan (Basic plan) and from 4.42% as of July 1, 2009 to 4.92% as of July 1, 2010 for the Disability plan. During the year ending June 30, 2010, the basic plan's assets returned 12.65% and the Disability plan's assets returned 11.35% on a market value basis. However, due to plans' asset smoothing method which recognizes only a portion of the gains and losses, the returns on the actuarial assets values were 0.89% and 2.34% respectively. These returns were below the assumed rate of return of 7.50% and resulted in an actuarial loss of investments of \$9.3 million for the basic plan and \$0.7 million for the Disability plan. As of July 1, 2010 actuarial valuation, the basic plan's unfunded actuarial liability was \$64.2 million which is an increase from last year's \$56.2 million and the Disability plan's unfunded actuarial liability was \$4.9 million which is a decrease from last year's \$5.6 million. The assumed rate of salary increase between the date of disability and normal retirement age was changed from 2.7% for current actives and 7.5% for current disabled to 3% for all members. The rate of payroll increase used in the amortization of the unfunded actuarial liability for determining the GASB Annual Required Contribution was changed from 4.0% to 3.75%. All other aspects of the asset valuation method remained same.

There were no changes in actuarial assumptions, benefit provisions, or funding method for the pension plan for Police and Fire. The major provisions of all the defined benefit pension plans are listed in this disclosure.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The following schedules present a description of the plan provisions and membership information, actuarial assumptions, accounting and funding policies, and contribution requirements. Six-year schedules of funding progress and trend information for defined benefit pension plans are provided in Exhibit XVI.

PLAN DESCRIPTION

| | (1) VRS | (2) | (3) | (4) | (5) | (6) | (7) |
|---|--------------------------|------------------------------------|-----------------------------------|---|---------------------------------------|----------------------------------|---|
| | City | City Supplemental Retirement | Pension for Fire and Police | Retirement Income for Fire and Police | Firefighters and Police Pension | Fire and Police Disability | Retirement Income for Sheriff and ERT |
| Administrator | State of Virginia | Prudential | Prudential | Prudential | Prudential | Prudential | Prudential |
| Employees Covered | General body | General body Sheriff/ERT | Public Safety | Public Safety | Public Safety | Public Safety | Sheriff/ERT |
| Authority for Plan Provisions and Contributions | State Statute | City Ordinance | City Ordinance | City Ordinance | City Ordinance | City Ordinance | City Ordinance |
| Plan Type | Agent Multi- Employer | Single- Employer | Single- Employer | Single- Employer | Single- Employer | Single- Employer | Single- Employer |
| | Defined Benefit | Defined Benefit | Defined Benefit | Defined Contribution | Defined Benefit | Defined Benefit | Defined Contribution |
| Stand Alone Financial Report | Yes | No | No | No | No | No | No |
| Actuarial Valuation Date | 6/30/2010 | 7/1/2010 | 7/1/2010 | 6/30/2011 | 7/1/2010 | 7/1/2010 | 6/30/2011 |
| MEMBERSHIP AND PLAN PROVISIONS | | | | | | | |
| Active Participants | 1966 | 2033 | 0 | 102 | 462 | 462 | 230 |
| Retirees & Beneficiaries | 792 | 297 | 142 | 0 | 158 | 59 | 0 |
| Terminated Vested & Non-vested | 510 | 748 | 0 | 34 | 20 | N/A | 22 |
| Normal Retirement Benefits: | | | | | | | |
| Age | 65 50 (30Yrs) | 65 50 (30Yrs)/ 50(25 Yrs) | 60 50 (20Yrs) | 60 | 55 Any Age (25Yrs) | 55 | 60 |
| Benefits Vested | 5 | 5 | 10 | 5 | 5 | 5 | 5 |
| Disability & Death Benefits | Disability Death | Disability Death | Disability Death | N/A Death | Disability Death | Disability N/A | N/A Death |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

| As of: | 6/30/10 | 7/01/10 | 7/01/10 | 6/30/11 | 7/01/10 | 7/01/10 | 6/30/11 |
|--|------------------------------------|---|---|--|--|---|--|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| | <u>VRS</u> | | | | | | |
| | <u>City</u> | <u>City Supplemental Retirement</u> | <u>Pension For Fire and Police</u> | <u>Retirement Income for Fire and Police</u> | <u>Firefighters and Police Pension</u> | <u>Fire and Police Disability</u> | <u>Retirement Income for Sheriff and ERT</u> |
| SIGNIFICANT ACTUARIAL ASSUMPTIONS | | | | | | | |
| Investment Earnings | 7.0% | 7.5% | 5.5% | N/A | 7.5% | 7.5% | N/A |
| Projected Salary Increases | | | | | | | |
| Attributable to: | | | | | | | |
| Inflation | 2.5% | 3.0% | N/A | N/A | 3.0% | 3.0% | N/A |
| Seniority/Merit | 1.25% - 3.10% | Up to 4% | N/A | N/A | Up to 4.5% | Up to 4.5% | N/A |
| Projected Postretirement Increases | 2.5% | None | 3.0% | N/A | 2.7% | 2.7% | N/A |
| Actuarial Cost Method | Entry Age Normal Cost | Entry Age Normal Cost | Projected Unit Credit With Zero Normal Cost | N/A | Entry Age Normal Cost | Entry Age Normal Cost | N/A |
| Amortization Method Open/Closed | Level Percentage Open | Level dollar N/A | Level dollar Closed | N/A | Level Percentage Closed | Level Percentage Closed | N/A |
| Remaining Amortization Period | 20 | 20 | 15 | N/A | 19 | 19 | N/A |
| Asset Valuation Method | 5-year Smoothed Market Value | Market Value | Book Value | N/A | 4-year Smoothed Market | 4-year Smoothed Market | N/A |
| Funded Status | | | | | | | |
| Actuarial Value of assets | 343,465,187 | 81,356,870 | 26,886,856 | N/A | 144,096,425 | 13,534,949 | N/A |
| Actuarial Accrued Liability | 440,562,710 | 132,010,864 | 41,265,691 | N/A | 208,265,626 | 18,477,276 | N/A |
| Unfunded Actuarial Accrued Liability (UAAL) | 97,097,523 | 50,653,994 | 14,378,835 | N/A | 64,169,201 | 4,942,327 | N/A |
| Funded Ratio | 78.0% | 61.6% | 65.16% | N/A | 69.2% | 73.3% | N/A |
| Annual Covered Payroll | 112,083,557 | 124,936,457 | N/A | N/A | 32,638,214 | 32,638,214 | N/A |
| UAAL as Percentage of Covered Payroll | 86.6% | 40.5% | N/A | N/A | 196.6% | 15.1% | N/A |

The multi-year funding progress is presented in RSI.

The Pension Plan for Fire and Police is a closed plan with no active participant.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

| As of: | 6/11 | 6/11 | 6/11 | 6/11 | 6/11 | 6/11 | 6/11 |
|--|----------------------|---|--|--|--|---|--|
| | VRS | | | | | | |
| | City | City Supplemental Retirement | Pension for Fire and Police | Retirement Income for Fire and Police | Firefighters and Police Pension | Fire and Police Disability | Retirement Income for Sheriff and ERT |
| PERCENTAGE OF COVERED PAYROLL CONTRIBUTED | | | | | | | |
| Employee % | 5.0% | 2.0% | N/A | N/A | 7.2% | 0.8% | N/A |
| Employer % | 7.78% | 4.39% 6.39% 9.74% | \$ 1.7 mil/Yr. | N/A | 21.65% | 3.52% | N/A |
| AMOUNT CONTRIBUTED | | | | | | | |
| Employee | \$ 5,709,505 * | \$ 205,858 * | \$ - | \$ - | \$ 2,280,664 | \$ 253,279 | \$ - |
| Employer | <u>8,772,167</u> | <u>8,544,859</u> | <u>1,700,000</u> | <u>-</u> | <u>7,651,601</u> | <u>1,210,062</u> | <u>9,925</u> |
| Total Amount Contributed | <u>\$ 14,481,672</u> | <u>\$ 8,750,717</u> | <u>\$ 1,700,000</u> | <u>\$ -</u> | <u>\$ 9,932,265</u> | <u>\$ 1,463,341</u> | <u>\$ 9,925</u> |

* The City assumed the responsibility of payment of employees' share of contributions. Starting in July 2010, under VRS Plan 1 (the employees hired prior to July 1, 2010) City pays 5% of the employees share while under VRS Plan 2 (employees hired after July 1, 2010) the employees are required to pay 4% and City only pays 1% of the employees share. As of July 1, 2009 the City's payment on behalf of the employees for City Supplemental pension plan is characterized as employer's share. The new hires are required to pay their share of contributions. Administrative costs of all the pension plans are financed through investment earnings except Public Safety and Sheriff's retirement income plans, where the cost is assumed by the City. The Contribution requirements for all pension plans (except VRS) are established and may be amended by City Ordinance. VRS requirements are established and may be amended by State Statutes.

COVERED PAYROLL

| | | | | | | | |
|----------------------------------|--------------|--------------|--------|--------|-------------|-------------|--------|
| Dollar Amount | \$ 112.8 mil | \$ 124.9 mil | \$ N/A | \$ N/A | \$ 32.6 mil | \$ 32.6 mil | \$ N/A |
| Legally Required Reserves | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Long Term Contribution Contracts | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

INVESTMENT CONCENTRATIONS

Investments (other than those issued or guaranteed by the U.S. government) in any one organization that represent 5 percent or more of plan assets.

| | | | | | | | |
|--|---|-----|------|-----|-----|-----|-----|
| Prudential General Account (Long Term) | * | - | 100% | 42% | - | - | 50% |
| Prudential and Comerica Mutual Funds | * | 25% | - | 58% | 20% | 16% | 50% |
| Stocks | * | 66% | - | - | 70% | 73% | - |
| Real Estate | * | 5% | - | - | - | - | - |
| Timber/Private Equity | * | - | - | - | - | 5% | - |
| Others | * | - | - | - | - | - | - |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Calculation of Net Pension Obligation (Asset)

| | City Supplemental Retirement | Pension for Fire and Police | Firefighters and Police Pension | Fire and Police Disability |
|---------------------------|------------------------------------|-----------------------------------|---------------------------------------|----------------------------------|
| ARC | \$ 9,882,928 | \$ 1,443,056 | \$ 8,268,658 | \$ 1,611,887 |
| Interest on NPO | 829,743 | 59,997 | 171,789 | 40,320 |
| ARC Adjustment | (1,085,216) | (108,678) | (159,750) | (37,495) |
| Annual Pension Cost | \$ 9,627,455 | \$ 1,394,375 | \$ 8,280,697 | \$ 1,614,712 |
| Actual Deposit | (8,544,859) | (1,700,000) | (7,651,601) | (1,210,062) |
| Change in NPO | \$ 1,082,596 | \$ (305,625) | \$ 629,096 | \$ 404,650 |
| NPO Beginning of year | 11,063,239 | 1,090,851 | 2,290,518 | 537,601 |
| NPO End of Year (6/30/11) | \$ 12,145,835 | \$ 785,226 | \$ 2,919,614 | \$ 942,251 |

THREE-YEAR TREND INFORMATION

| | Actuarial Date | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------------------|-------------------|------------------------------|----------------------------------|---------------------------|
| City Supplemental Retirement | 06/30/2009 | \$ 6,213,350 | 82.24% | \$ 8,388,874 |
| | 06/30/2010 | 10,090,940 | 73.50% | 11,063,239 |
| | 06/30/2011 | 9,627,455 | 88.76% | 12,145,835 |
| Pension for Fire and Police | 06/30/2009 | \$ 1,632,059 | 104.64% | 1,194,986 |
| | 06/30/2010 | 1,574,996 | 106.61% | 1,090,851 |
| | 06/30/2011 | 1,394,375 | 121.90% | 785,226 |
| Firefighter and Police Pension | * 06/30/2009 | \$ 7,197,471 | 98.47% | \$ 1,424,984 |
| | 06/30/2010 | 7,927,652 | 89.08% | 2,290,518 |
| | 06/30/2011 | 8,280,697 | 92.40% | 2,919,614 |
| Fire and Police Disability | * 06/30/2009 | \$ 1,253,251 | 115.30% | \$ 647,213 |
| | 06/30/2010 | 1,474,702 | 107.43% | 537,601 |
| | 06/30/2011 | 1,614,712 | 74.94% | 942,251 |
| Virginia Retirement System | 06/30/2009 | \$ 8,149,979 | 100.00% | \$ - |
| | 06/30/2010 | 7,977,375 | 100.00% | - |
| | 06/30/2011 | 8,772,167 | 100.00% | - |

Firefighters and Police Pension plan commenced on January 1, 2004 and Fire and Police Disability plan converted from defined contribution to defined benefit pension plan on the same date.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

DESCRIPTION OF BENEFITS:

VRS – City - Employees with credit for services rendered prior to July 1, 2010 are covered under plan 1, while members hired or rehired on or after July 1, 2010 are covered under plan 2. Employees are eligible for an unreduced retirement at age 65 with 5 years of service and at age 50 with 30 years of service under plan 1, and at normal Social Security retirement age with at least five years of service or when age and service are equal to 90 under plan 2. An optional reduced retirement benefit is available as early as age 55 with five years of service or age 50 with 10 years of service under plan 1 and age 60 with at least five years of service under plan 2. The retirees are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. AFS under plan 1 is 36 highest consecutive months while it is 60 highest consecutive months under plan 2. In addition, retirees qualify for annual cost-of-living (COLA) increases on July 1 of the second calendar year after retirement. These benefit provisions and all other requirements are established and may be amended by State statutes.

City Supplemental Retirement Plan- Regular City employees who retire at or after age 65 or after age 50 with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to the sum of (1) and (2), increased by 50 percent, plus (3):

- (1) 1.625 percent of the participant's past service compensation up to \$100, plus 0.25 percent of the participant's past service compensation in excess of \$100, multiplied by number of years of credited service earned after July 31, 1960, but prior to August 1, 1970.
- (2) 1.625 percent of the participant's average earnings up to \$100, plus 0.25 percent of the participant's average earnings in excess of \$100, multiplied by the number of years of credited service earned after July 31, 1970, but prior to January 1, 1988.
- (3) 0.80 percent of average earnings multiplied by credited service earned after December 31, 1987.

The Sheriff's Deputies, ERT and Fire Marshals who retire at age 65 or after age 50 with 25 years of service are entitled to the sum of (1), (2) and (3):

- (1) 0.6 percent of average earnings multiplied by first five years of credited service,
- (2) 0.9 percent of average earnings multiplied by next ten years of credited service, and
- (3) 1.0 percent of average earnings multiplied by all years of credited service in excess of fifteen years.

Benefit provisions are established and may be amended by City Ordinance.

Pension Plan for Fire Fighters and Police Officers (closed plan) - Employees who retired on or after age 60 are entitled to an annual retirement defined benefit, payable monthly for life, in an amount equal to 2.5 percent of final average earnings multiplied by years of credited service, up to a maximum of 30 years. The plan also provided early retirement on or after age 50 with 20 years of credited service or on or after age 56 with 10 years of credited service. This plan further provided early retirement on or after age 50 with 10 years of service with an actuarially reduced benefit. Benefit provisions are established and may be amended by City Ordinance. This plan was closed to new participants in FY 1979.

Firefighters and Police Officers Pension Plan - defined contribution component (closed plan) - The employees are entitled to contributions made on their behalf after 100 percent vesting. Benefit provisions are established and may be amended by City Ordinance. This plan was closed to new members in FY 2004 and converted to a defined benefit plan. Employees in the plan at date of conversion could leave their contributions in the defined contribution component or purchase prior service with the assets associated with their contributions.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2011

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters and Police Officers Pension Plan - defined benefit component - The plan provisions were approved by City Council in FY 2004 and provide retirement benefits for covered employees who retire at age 55 with 5 years of service or any age with 25 years of service. The retirees are entitled to 2.5 % of the participant's average monthly compensation (AMC), multiplied by the years of credited service up to 20 years; plus 3.2 % of the participant's AMC, multiplied by years of credited service in excess of 20 years. The maximum benefit is 82% of the AMC. The plan also allows for early retirement at age 50 with 20 years of service with reduced benefits.

Firefighters and Police Officers Pension Plan - disability component - The plan provisions provide disability benefits for firefighters and police officers. The benefits for service-connected total and permanent disability are 70 percent of final average earnings, 66 2/3 percent for non-service connected total and permanent disability and service-connected partial disability, and 50 percent for non-service connected partial disability. Benefits provisions are established and may be amended by City Ordinance. Effective January 1, 2004, this plan was merged with the Firefighters and Police Officers Pension Plan. Separate actuarial calculations have been performed for the defined benefit and disability components.

Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians - This plan provides for benefits to be distributed in the case of termination, retirement, death, or disability to deputy sheriffs, fire marshals and emergency rescue technicians. Distribution options include cash distribution, annuities, or a combination of the two. Benefit provisions are established and may be amended by City Ordinance.

NOTE 18. TERMINATION BENEFITS

The City provided termination benefits to one employee in fiscal year 2011. The benefits consisted of three to six weeks of pay based on completed years of service. The total cost to the City was \$17,759. There were no other benefits provided.

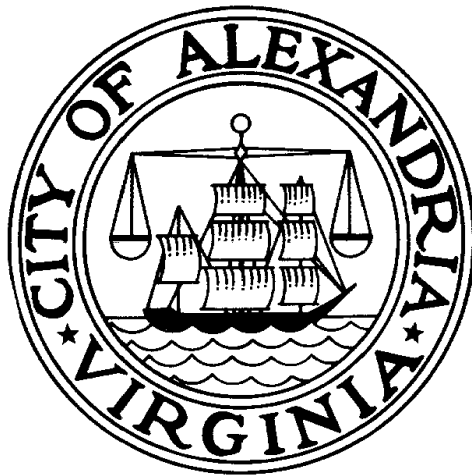
NOTE 19. ACCOUNTING CHANGES AND RESTATEMENTS

During the fiscal year ended June 30, 2011, the City adopted:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

NOTE 20. SUBSEQUENT EVENTS

On July 15, 2011 the City Council issued \$69.95 million in General Obligation bonds. The bonds were issued with an original issue premium of \$4.46 million and a true interest cost of 3.18 percent. The \$69.95 million bonds will be used to finance certain capital improvement projects including transportation improvements, sanitary sewers, public school facilities and other infrastructure costs.



REQUIRED
SUPPLEMENTARY
INFORMATION
(Unaudited)

In accordance with the Governmental Accounting Standards Board Statements No. 25, No. 27, No. 34, No. 43 and No.45 the following information is a required part of the basic financial statements.

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

EXHIBIT XIII

| | Original Budget | Budget as Amended | Actual | Variance from Amended Budget - Positive (Negative) |
|---|-------------------------|-------------------------|-------------------------|---|
| Revenues: | | | | |
| General Property Taxes..... | \$ 330,407,904 | \$ 330,407,904 | \$ 349,779,825 | \$ 19,371,921 |
| Other Local Taxes..... | 116,430,000 | 116,430,000 | 118,259,357 | 1,829,357 |
| Permits, Fees, and Licenses..... | 1,802,010 | 1,802,010 | 2,543,789 | 741,779 |
| Fines and Forfeitures..... | 4,646,020 | 4,646,020 | 4,472,520 | (173,500) |
| Use of Money and Property..... | 4,010,000 | 4,010,000 | 3,591,323 | (418,677) |
| Charges for Services..... | 14,902,302 | 14,902,302 | 14,939,668 | 37,366 |
| Intergovernmental Revenues..... | 51,683,599 | 52,174,300 | 53,728,609 | 1,554,309 |
| Miscellaneous..... | 783,700 | 783,700 | 987,727 | 204,027 |
| Total Revenues | \$ 524,665,535 | \$ 525,156,236 | \$ 548,302,818 | \$ 23,146,582 |
| Expenditures: | | | | |
| City Council..... | \$ 528,151 | \$ 528,151 | \$ 499,346 | \$ 28,805 |
| City Manager..... | 1,703,268 | 1,573,634 | 1,555,714 | 17,920 |
| Office on Women..... | 1,404,218 | 1,423,330 | 1,403,706 | 19,624 |
| Citizens Assistance..... | 553,778 | 554,576 | 521,970 | 32,606 |
| Office of Management and Budget..... | 1,185,929 | 1,185,929 | 1,063,491 | 122,438 |
| 18th Circuit Court..... | 1,387,077 | 1,393,846 | 1,391,612 | 2,234 |
| 18th General District Court..... | 59,585 | 59,585 | 52,880 | 6,705 |
| Juvenile And Domestic Relations Court..... | 34,512 | 35,313 | 18,814 | 16,499 |
| Commonwealth's Attorney..... | 2,619,874 | 2,624,292 | 2,405,039 | 219,253 |
| Sheriff..... | 26,710,533 | 26,700,793 | 26,679,514 | 21,279 |
| Clerk of Courts..... | 1,518,691 | 1,523,126 | 1,490,067 | 33,059 |
| Other Correctional Activities..... | 5,098,020 | 5,100,520 | 5,070,105 | 30,415 |
| Court Services..... | 1,295,283 | 1,285,283 | 1,285,154 | 129 |
| Human Rights..... | 610,858 | 614,633 | 590,629 | 24,004 |
| Internal Audit..... | 228,920 | 242,319 | 235,591 | 6,728 |
| Information Technology Services..... | 6,945,173 | 7,260,881 | 7,181,221 | 79,660 |
| Office of Communications..... | 1,232,320 | 1,307,584 | 1,261,245 | 46,339 |
| City Clerk and Clerk of Council..... | 411,365 | 414,852 | 411,837 | 3,015 |
| Finance..... | 9,528,280 | 10,026,111 | 9,010,871 | 1,015,240 |
| Real Estate Assessments..... | 1,665,223 | 1,690,229 | 1,470,112 | 220,117 |
| Human Resources..... | 2,660,065 | 2,867,881 | 2,820,166 | 47,715 |
| Planning and Zoning..... | 8,923,755 | 9,387,948 | 9,054,788 | 333,160 |
| City Attorney..... | 2,998,772 | 2,803,772 | 2,325,670 | 478,102 |
| Registrar of Voters..... | 1,128,653 | 1,131,051 | 1,007,110 | 123,941 |
| General Services..... | 11,734,468 | 11,773,511 | 11,681,427 | 92,084 |
| Procurement..... | 946,306 | 946,306 | 861,763 | 84,543 |
| Transportation and Environmental Services..... | 27,516,768 | 28,207,149 | 27,532,364 | 674,785 |
| Transit Subsidies..... | 8,231,633 | 8,245,933 | 8,094,839 | 151,094 |
| Fire..... | 35,858,311 | 36,761,397 | 36,736,241 | 25,156 |
| Police..... | 52,259,991 | 51,502,018 | 51,013,585 | 488,433 |
| Emergency Communication..... | 192,273 | 1,844,592 | 1,842,911 | 1,681 |
| Mental Health/Mental Retardation and Substance Abuse..... | 509,972 | 686,662 | 683,995 | 2,667 |
| Health..... | 8,080,471 | 8,102,191 | 7,854,474 | 247,717 |
| Human Services..... | 10,501,742 | 10,917,504 | 9,820,623 | 1,096,881 |
| Human Services Contributions..... | 2,033,259 | 2,033,259 | 2,012,623 | 20,636 |
| Office of Historic Alexandria..... | 2,501,575 | 2,578,806 | 2,560,919 | 17,887 |
| Recreation and Cultural Activities..... | 19,010,498 | 19,152,089 | 19,025,423 | 126,666 |
| Other Educational Activities..... | 12,229 | 12,229 | 12,229 | - |
| Non Departmental (including debt service)..... | 49,692,906 | 51,183,008 | 50,906,958 | 276,050 |
| Total Expenditures | \$ 309,514,705 | \$ 315,682,293 | \$ 309,447,026 | \$ 6,235,267 |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In..... | \$ 1,446,713 | \$ 1,446,713 | \$ 1,446,713 | \$ - |
| Operating Transfers Out..... | (40,154,129) | (41,727,864) | (40,621,320) | 1,106,544 |
| Transfers Out - Component Units..... | (181,942,705) | (181,965,115) | (181,944,218) | 20,897 |
| Total Other Financing Sources (Uses) | \$ (220,650,121) | \$ (222,246,266) | \$ (221,118,825) | \$ 1,127,441 |
| Net Change in Fund Balance..... | \$ (5,499,291) | \$ (12,772,323) | \$ 17,736,967 | \$ 30,509,290 |
| Fund Balances at Beginning of Year..... | 63,041,371 | 63,041,371 | 63,041,371 | - |
| Increase/(Decrease) in Reserve for Inventory | - | - | 81,829 | 81,829 |
| FUND BALANCES AT END OF YEAR | \$ 57,542,080 | \$ 50,269,048 | \$ 80,860,167 | \$ 30,591,119 |

(See Accompanying Independent Auditors' Report and Notes to Schedules)

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

Exhibit XIV

**Variance From
Amended Budget
Positive
(Negative)**

| | Original Budget | Budget as Amended | Actual | |
|--|----------------------------|------------------------------|-----------------------|------------------------|
| Revenues: | | | | |
| General Property Taxes..... | \$ 2,315,715 | \$ 2,315,715 | \$ 1,864,831 | \$ (450,884) |
| Permits, Fees and Licenses..... | 4,316,872 | 4,316,872 | 4,527,999 | 211,127 |
| Fines and Forfeitures..... | - | - | 5,000 | 5,000 |
| Use of Money and Property..... | 6,000 | 468,569 | 279,845 | (188,724) |
| Charges for Services..... | 15,089,325 | 15,366,891 | 14,899,345 | (467,546) |
| Intergovernmental Revenues..... | 41,550,296 | 50,176,816 | 43,657,415 | (6,519,401) |
| Miscellaneous..... | 840,325 | 10,791,209 | 5,258,069 | (5,533,140) |
| Total Revenues..... | \$ 64,118,533 | \$ 83,436,072 | \$ 70,492,504 | \$ (12,943,568) |
| Other Financing Sources: | | | | |
| Operating Transfers In..... | \$ 35,859,129 | \$ 41,376,217 | \$ 35,092,801 | \$ (6,283,416) |
| Total Other Financing Sources..... | \$ 35,859,129 | \$ 41,376,217 | \$ 35,092,801 | \$ (6,283,416) |
| Total Revenues and Other Financing Sources..... | \$ 99,977,662 | \$ 124,812,289 | \$ 105,585,305 | \$ (19,226,984) |
| Expenditures: | | | | |
| Office of Women..... | \$ 490,848 | \$ 514,031 | \$ 471,641 | \$ 42,390 |
| Citizens Assistance..... | 5,498 | 12,048 | 10,540 | 1,508 |
| Commonwealth's Attorney..... | 219,867 | 263,020 | 252,438 | 10,582 |
| Sheriff..... | 1,014,943 | 1,038,629 | 995,807 | 42,822 |
| Clerk of Courts..... | - | 121,474 | 54,949 | 66,525 |
| Law Library..... | 166,582 | 167,582 | 167,538 | 44 |
| Other Correctional and Judicial Activities..... | 184,177 | 214,177 | 212,296 | 1,881 |
| Court Services..... | 250,076 | 587,070 | 585,680 | 1,390 |
| Human Rights..... | 35,108 | 55,108 | 51,218 | 3,890 |
| Personnel..... | 6,000 | 106,000 | 96,392 | 9,608 |
| Finance..... | 239,519 | 262,476 | 233,299 | 29,177 |
| Planning..... | - | 200,000 | 170,196 | 29,804 |
| General Services..... | 164,846 | 302,769 | 298,783 | 3,986 |
| Transportation and Environmental Services..... | 2,918,203 | 4,514,890 | 3,975,801 | 539,089 |
| Fire..... | 5,067,887 | 6,162,711 | 4,801,985 | 1,360,726 |
| Police..... | 30,000 | 879,191 | 870,661 | 8,530 |
| Office of Housing..... | 3,660,306 | 17,002,288 | 7,292,294 | 9,709,994 |
| Mental Health/Mental Retardation and Substance Abuse..... | 31,745,367 | 31,973,092 | 30,836,950 | 1,136,142 |
| Health..... | - | 11,726 | 9,605 | 2,121 |
| Human Services..... | 43,974,302 | 44,627,014 | 41,228,632 | 3,398,382 |
| Office of Historic Alexandria..... | 509,013 | 574,709 | 443,050 | 131,659 |
| Recreation and Cultural Activities..... | 720,166 | 847,330 | 751,929 | 95,401 |
| Non Departmental..... | 1,000,000 | 1,800,000 | 947,227 | 852,773 |
| Total Expenditures..... | \$ 92,402,708 | \$ 112,237,335 | \$ 94,758,911 | \$ 17,478,424 |
| Other Financing Uses: | | | | |
| Operating Transfers Out..... | \$ 7,574,954 | \$ 12,574,954 | \$ 7,451,231 | \$ 5,123,723 |
| Total Other Financing Uses..... | \$ 7,574,954 | \$ 12,574,954 | \$ 7,451,231 | \$ 5,123,723 |
| Total Expenditures and Other Financing Uses..... | \$ 99,977,662 | \$ 124,812,289 | \$ 102,210,142 | \$ 22,602,147 |
| Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses..... | \$ - | \$ - | \$ 3,375,163 | \$ 3,375,163 |
| Fund Balances at Beginning of Year..... | \$ - | \$ - | \$ 22,494,349 | \$ 22,494,349 |
| FUND BALANCES AT END OF YEAR..... | \$ - | \$ - | \$ 25,869,512 | \$ 25,869,512 |

(See Accompanying Independent Auditors' Report and Notes to Schedules)

CITY OF ALEXANDRIA, VIRGINIA
Notes to Budgetary Comparison Schedules
June 30, 2011

Exhibit XV

(1) SUMMARY OF SIGNIFICANT BUDGET POLICIES

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. On June 12, 2010, the City Council approved the original adopted budget and on June 25, 2011 approved the revised budget reflected in the required supplementary information.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the required supplementary information for all funds with annual budgets, compare the revenues and expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules for the General and Special Revenue Funds present actual expenditures in accordance with U.S. generally accepted accounting principles on a basis consistent with the legally adopted budgets, as amended. See Table XVII for the schedule of departments' expenditure detail by function. A reconciliation of the perspective difference for reporting Expenditures and Other Financing Uses in the General Fund relates to how transfers to component units are recorded in each statement and includes the following:

| General Fund | | | | |
|---|-------------------------------|--|-----------------------|---|
| Budget Statement Title | Budgetary Statement Amount | Adjustment for Transfer to Component Unit (Footnote 10) | Exhibit IV | Exhibit IV Title |
| Other Educational Activities | \$ 12,229 | \$ 167,886,567 | \$ 167,898,796 | Education |
| Transit Subsidies | 8,094,839 | 8,178,196 | 16,273,035 | Transit |
| Library Transfer | - | 5,879,455 | 5,879,455 | Library |
| Other Expenditures (not listed separately) | 301,339,958 | - | 301,339,958 | Other Expenditures (not listed separately) |
| Total Expenditures | \$ 309,447,026 | \$ 181,944,218 | \$ 491,391,244 | Total Expenditures |
| | | | | |
| Transfers Out – Component Units | \$ 181,944,218 | \$ (181,944,218) | \$ - | None |
| Operating Transfers Out | 40,621,320 | - | 40,621,320 | Operating Transfers Out |
| Other Financing | (1,446,713) | - | (1,446,713) | Other Expenditures (not listed separately) |
| Total Financing (Sources) Uses | \$ 221,118,825 | \$ (181,944,218) | \$ 39,174,607 | Total Financing Uses |

Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems - Primary Government
Required Supplementary Information
June 30, 2011

Exhibit XVI

SCHEDULE OF FUNDING PROGRESS

| | | (1) | (2) | (3) | (4) | (5) | (6) |
|---------------------------------|------------|----------------|----------------|----------------|---------|----------------|-----------------|
| | Actuarial | Actuarial | Actuarial | Unfunded | Funded | Annual | UAAL as a |
| | Valuation | Value of | Accrued | AAL | Ratio | Covered | Percentage of |
| | Date | Assets | Liability | (UAAL) | (1/2) | Payroll | Covered Payroll |
| | | | (AAL) | (2)-(1) | | | ((2-1)/5) |
| City Supplemental Pension (a) | 06/30/2006 | \$ 65,143,405 | \$ 96,974,375 | \$ 31,830,970 | 67.18% | \$ 116,853,571 | 27.24% |
| | 06/30/2007 | 77,046,696 | 107,983,990 | 30,937,294 | 71.35% | 123,522,516 | 25.05% |
| | 06/30/2008 | 76,275,945 | 117,964,452 | 41,688,507 | 64.66% | 126,492,987 | 32.96% |
| | 06/30/2009 | 69,806,595 | 123,842,600 | 54,036,005 | 56.37% | 125,803,615 | 42.95% |
| | 07/01/2010 | 81,356,870 | 132,010,864 | 50,653,994 | 61.63% | 124,936,457 | 40.54% |
| Pension for Fire and Police** | 06/30/2005 | \$ 33,410,759 | \$ 43,482,216 | \$ 10,071,457 | 76.84% | \$ 63,012 | 15983.40% |
| | 06/30/2006 | 30,940,298 | 43,895,855 | 12,955,557 | 70.49% | 71,935 | 18010.09% |
| | 06/30/2007 | 30,875,740 | 42,511,290 | 11,635,550 | 72.63% | 72,987 | 15941.95% |
| | 06/30/2008 | 29,043,189 | 47,171,730 | 18,128,541 | 61.57% | N/A | N/A |
| | 06/30/2009 | 27,946,279 | 44,821,166 | 16,874,887 | 62.35% | N/A | N/A |
| | 07/01/2010 | 26,886,856 | 41,265,691 | 14,378,835 | 65.16% | N/A | N/A |
| Firefighters and Police Pension | 07/01/2005 | \$ 88,534,386 | \$ 135,445,004 | \$ 46,910,618 | 65.37% | \$ 29,132,558 | 161.02% |
| | 07/01/2006 | 100,513,967 | 152,624,962 | 52,110,995 | 65.86% | 31,961,191 | 163.04% |
| | 07/01/2007 | 115,782,806 | 167,092,854 | 51,310,048 | 69.29% | 32,564,077 | 157.57% |
| | 07/01/2008 | 133,567,658 | 181,469,715 | 47,902,057 | 73.60% | 33,485,674 | 143.05% |
| | 07/01/2009 | 138,100,526 | 194,321,125 | 56,220,599 | 71.07% | 33,261,971 | 169.02% |
| | 07/01/2010 | 144,096,425 | 208,265,626 | 64,169,201 | 69.19% | 32,638,214 | 196.61% |
| Fire and Police Disability | 07/01/2005 | \$ 13,337,719 | \$ 8,947,524 | \$ (4,390,195) | 149.07% | \$ 29,132,558 | -15.07% |
| | 07/01/2006 | 13,830,273 | 12,568,299 | (1,261,974) | 110.04% | 31,961,191 | -3.95% |
| | 07/01/2007 | 14,398,259 | 15,638,422 | 1,240,163 | 92.07% | 32,564,077 | 3.81% |
| | 07/01/2008 | 14,305,285 | 16,804,777 | 2,499,492 | 85.13% | 33,485,674 | 7.46% |
| | 07/01/2009 | 13,542,378 | 19,153,249 | 5,610,871 | 70.71% | 33,261,971 | 16.87% |
| | 07/01/2010 | 13,534,949 | 18,477,276 | 4,942,327 | 73.25% | 32,638,214 | 15.14% |
| Virginia Retirement System | 06/30/2005 | \$ 250,705,689 | \$ 286,667,574 | \$ 35,961,885 | 87.46% | \$ 93,142,752 | 38.61% |
| | 06/30/2006 | 265,845,121 | 312,274,142 | 46,429,021 | 85.13% | 100,219,243 | 46.33% |
| | 06/30/2007 | 302,085,645 | 344,775,571 | 42,689,926 | 87.62% | 108,719,495 | 39.27% |
| | 06/30/2008 | 334,817,687 | 378,308,775 | 43,491,088 | 88.50% | 114,427,304 | 38.01% |
| | 06/30/2009 | 341,519,985 | 401,354,110 | 59,834,125 | 85.09% | 115,516,783 | 51.80% |
| | 06/30/2010 | 343,465,187 | 440,562,710 | 97,097,523 | 77.96% | 112,083,557 | 86.63% |

** The Pension Plan for Fire and Police is a closed plan with no active participant.

(a) The aggregate actuarial cost method was changed to entry age cost method for City Supplemental pension plan during fiscal year 2007. Only five years of information was available. This will be expanded when information becomes available.

Six-year historical information of City's defined benefit pension plans is presented to help users assess each plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Analysis of dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of each plan's funding status on a going concern basis. Analysis of this percentage over time indicates whether the plan is financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan.

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems - Primary Government
Required Supplementary Information
June 30, 2011

Exhibit XVI
(Continued)

SCHEDULES OF EMPLOYER CONTRIBUTIONS

For Defined Benefit Pension Plans

| City Supplemental Retirement | | |
|-------------------------------------|---------------------|--------------------|
| Actuarial | Annual | Percentage |
| Date | Required | Contributed |
| | Contribution | |
| 06/30/2006 | \$ 4,271,649 | 100.90% |
| 06/30/2007 | 4,811,560 | 98.61% |
| 06/30/2008 | 5,419,262 | 99.81% |
| 06/30/2009 | 6,381,581 | 80.07% |
| 06/30/2010 | 10,284,656 | 72.11% |
| 06/30/2011 | 9,882,928 | 86.46% |

| Pension Plan for Fire and Police | | |
|---|---------------------|--------------------|
| Actuarial | Annual | Percentage |
| Date | Required | Contributed |
| | Contribution | |
| 06/30/2006 | \$ 932,554 | 113.50% |
| 06/30/2007 | 1,187,836 | 126.30% |
| 06/30/2008 | 1,209,549 | 70.27% |
| 06/30/2009 | 1,679,131 | 101.71% |
| 06/30/2010 | 1,623,492 | 103.40% |
| 06/30/2011 | 1,443,056 | 117.81% |

Firefighters and Police Pension

| | | |
|------------|--------------|---------|
| 06/30/2006 | \$ 5,938,572 | 97.90% |
| 06/30/2007 | 6,985,282 | 91.25% |
| 06/30/2008 | 7,116,057 | 101.49% |
| 06/30/2009 | 7,184,309 | 98.65% |
| 06/30/2010 | 7,916,599 | 89.20% |
| 06/30/2011 | 8,268,658 | 92.54% |

Virginia Retirement System

| | | |
|------------|--------------|---------|
| 06/30/2006 | \$ 1,470,239 | 100.00% |
| 06/30/2007 | 7,077,570 | 100.00% |
| 06/30/2008 | 7,490,208 | 100.00% |
| 06/30/2009 | 8,149,979 | 100.00% |
| 06/30/2010 | 7,977,375 | 100.00% |
| 06/30/2011 | 8,772,167 | 100.00% |

Fire and Police Disability

| | | |
|------------|------------|---------|
| 06/30/2006 | \$ 414,340 | 165.80% |
| 06/30/2007 | 1,455,223 | 51.71% |
| 06/30/2008 | 1,610,278 | 47.88% |
| 06/30/2009 | 1,244,853 | 116.07% |
| 06/30/2010 | 1,469,682 | 107.80% |
| 06/30/2011 | 1,611,887 | 75.07% |

See Accompanying Independent Auditors' Report

CITY OF ALEXANDRIA, VIRGINIA
Other Post Employment Benefits (OPEB)
Required Supplementary Information
June 30, 2011

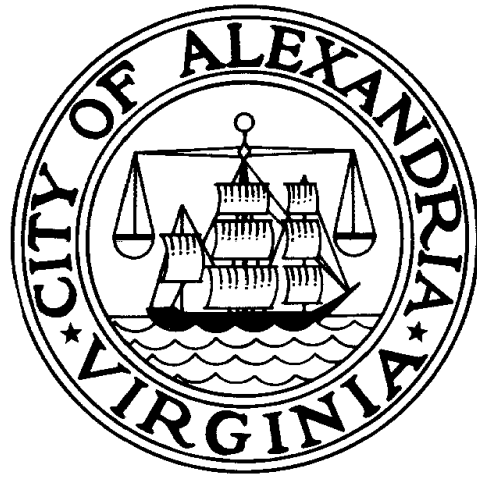
Exhibit XVI
(Continued)

SCHEDULE OF FUNDING PROCESS

| | (1) | (2) | (3) | (4) | (5) | (6) |
|------------|------------|---------------|---------------|--------|----------------|-----------------|
| | | Actuarial | Unfunded | | | UAAAL as a |
| Actuarial | Actuarial | Accrued | AAL | Funded | Annual | Percentage of |
| Valuation | Value of | Liability | (UAAL) | Ratio | Covered | Covered Payroll |
| Date | Assets | (AAL) | (2)-(1) | (1/2) | Payroll | ((2-1)/5) |
| 12/31/2007 | \$ - | \$ 84,545,602 | \$ 84,545,602 | 0.00% | \$ 142,475,212 | 59.34% |
| 12/31/2008 | 4,316,727 | 89,900,789 | 85,584,062 | 4.80% | 146,884,002 | 58.27% |
| 12/31/2009 | 8,201,742 | 90,681,046 | 82,479,304 | 9.04% | 147,006,590 | 56.11% |
| 12/31/2010 | 11,668,519 | 80,569,082 | 68,900,563 | 14.48% | 146,101,440 | 47.16% |

Only four years' information was available. This will be expanded when information becomes available.

See Accompanying Independent Auditors' Report



OTHER SUPPLEMENTARY INFORMATION

Agency Funds

Agency Funds are City custodial funds used to provide accountability of client monies for which the City is custodian.

Human Services Special Welfare Account – This fund accounts for the current payments of supplemental security income for foster children.

Human Services Dedicated Account – This fund accounts for back payments of supplemental security income for foster children.

Industrial Development Authority Agency Fund – This fund accounts for Industrial Development Authority bond issuance fees and expenses, for which the City acts in a custodial capacity.

Potomac Yard Affordable Housing – This fund accounts for affordable housing donations received from Potomac Yard Development LLC for the purpose of constructing affordable housing.

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Assets and Liabilities – Agency Funds
For the Fiscal Year Ended June 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|---|---------------------------------------|------------------|-------------------|--|
| HUMAN SERVICES SPECIAL WELFARE ACCOUNT | | | | |
| Assets | | | | |
| Cash and Investments with Fiscal Agent..... | \$ 23,851 | \$ 22,928 | \$ 41,330 | \$ 5,449 |
| Liabilities: | | | | |
| Other Liabilities..... | \$ 23,851 | \$ 22,928 | \$ 41,330 | \$ 5,449 |
| Total Liabilities..... | \$ 23,851 | \$ 22,928 | \$ 41,330 | \$ 5,449 |
| HUMAN SERVICES DEDICATED ACCOUNT | | | | |
| Assets | | | | |
| Cash and Investments with Fiscal Agent..... | \$ 36,227 | \$ 10,469 | \$ 4,961 | \$ 41,735 |
| Liabilities: | | | | |
| Other Liabilities..... | \$ 36,227 | \$ 10,469 | \$ 4,961 | \$ 41,735 |
| Total Liabilities..... | \$ 36,227 | \$ 10,469 | \$ 4,961 | \$ 41,735 |
| INDUSTRIAL DEVELOPMENT AUTHORITY | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments..... | \$ 513,826 | \$ 60,427 | \$ 556,826 | \$ 17,427 |
| Liabilities: | | | | |
| Other Liabilities..... | \$ 513,826 | \$ 60,427 | \$ 556,826 | \$ 17,427 |
| Total Liabilities..... | \$ 513,826 | \$ 60,427 | \$ 556,826 | \$ 17,427 |
| POTOMAC YARD AFFORDABLE HOUSING -ASLLC | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments..... | \$ 17,179 | \$ 11,076 | \$ 27,427 | \$ 828 |
| Liabilities: | | | | |
| Other Liabilities..... | \$ 17,179 | \$ 11,076 | \$ 27,427 | \$ 828 |
| Total Liabilities..... | \$ 17,179 | \$ 11,076 | \$ 27,427 | \$ 828 |
| TOTAL ALL AGENCY FUNDS | | | | |
| Assets | | | | |
| Cash and Investments with Fiscal Agent..... | \$ 60,078 | \$ 33,397 | \$ 46,291 | \$ 47,184 |
| Equity in Pooled Cash and Investments..... | 531,005 | 71,503 | 584,253 | 18,255 |
| Total Assets..... | \$ 591,083 | \$ 104,900 | \$ 630,544 | \$ 65,439 |
| Liabilities: | | | | |
| Other Liabilities..... | \$ 591,083 | \$ 104,900 | \$ 630,544 | \$ 65,439 |
| Total Liabilities..... | \$ 591,083 | \$ 104,900 | \$ 630,544 | \$ 65,439 |

CITY OF ALEXANDRIA, VIRGINIA

Statement of Cash Flows

Component Unit

Alexandria Transit Company

As of June 30, 2011

| | |
|--|-------------------|
| Cash Flows from Operating Activities: | |
| Cash Received From Customers..... | \$ 4,156,781 |
| Cash Payments to Suppliers for Goods and Services..... | (3,829,297) |
| Cash Payments to Employees for Services..... | (8,526,579) |
| Net Cash Used for Operating Activities..... | \$ (8,199,095) |
| Cash Flows from Noncapital Financing Activities: | |
| Payment from Primary Government..... | \$ 8,178,196 |
| Cash Received from Nonoperating Grant..... | 3,440 |
| Cash Received from Other Nonoperating Revenue..... | 7,433 |
| Net Cash Provided by Noncapital and Related Financing Activities.. | \$ 8,189,069 |
| Cash Flows from Capital and Related Financing Activities: | |
| Acquisition of Capital Assets..... | \$ (281,500) |
| Net Cash Used for Capital and Related Financing Activities..... | \$ (281,500) |
| Net Increase in Cash and Cash Equivalents..... | \$ (291,526) |
| Cash and Cash Equivalents at Beginning of Year..... | 602,724 |
| Cash and Cash Equivalents at End of Year..... | \$ 311,198 |

Reconciliation of Operating Loss to Cash Used for

Operating Activities:

| | |
|---|-----------------------|
| Operating Loss..... | \$ (9,573,723) |
| Adjustments to Reconcile Operating Loss to Net Cash | |
| Used for Operating Activities: | |
| Depreciation Expense..... | \$ 1,444,655 |
| Changes in Assets and Liabilities: | |
| Decrease in Accounts Receivable..... | 102,224 |
| Increase in Inventory of Supplies..... | (103,937) |
| Decrease in Prepaid Expenses..... | |
| (Decrease) in Accounts Payable..... | (119,891) |
| Increase in Accrued Liabilities..... | 116,505 |
| Increase in Other Liabilities..... | (64,928) |
| Total Adjustments..... | \$ 1,374,628 |
| Net Cash Used for Operating Activities..... | \$ (8,199,095) |

Noncash Capital and Related Financing Activities:

In Fiscal Year 2011 Net Capital Assets with net book value of \$6,274,644 were transferred to the City

Special Revenue Funds

Housing – This fund accounts for the City’s housing programs.

Sanitary Sewer – This fund accounts for the funding of sanitary sewer maintenance and construction.

Stormwater Management Fund – This fund was established in FY 2011. It is funded by a dedicated real estate property tax rate of 0.5 cents per \$100 of assessed value.

Potomac Yard Special Tax District – This fund accounts for funding for improvements in Potomac Yards, including the development of a metro rail station.

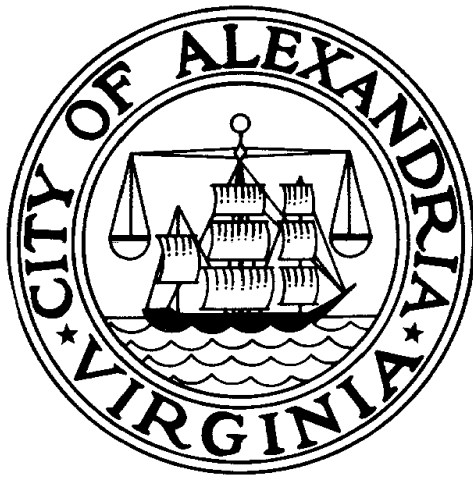
Other Special Revenue – This fund accounts for grants and donations.

CITY OF ALEXANDRIA, VIRGINIA
Combining Balance Sheet
Special Revenue Funds
As of June 30, 2011

| | Housing | Sanitary Sewer | Stormwater | Potomac Yard | Other Special Revenue | Total Combined Special Revenue |
|---|----------------------------|----------------------------|--------------------------|--------------------------|----------------------------------|---|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 6,043,685 | \$ 6,371,868 | \$ 164,796 | \$ 777,504 | \$ 11,097,867 | \$ 24,455,720 |
| Cash and Investments with Fiscal Agents | - | - | - | - | - | - |
| Receivables, Net | 2,625,521 | 1,127,285 | - | - | 30,559 | 3,783,365 |
| Due From Other Governments | 853,351 | - | - | - | 8,133,096 | 8,986,447 |
| Prepaid and Other Assets | - | - | - | - | 45,837 | 45,837 |
| Total Assets | <u>\$ 9,522,557</u> | <u>\$ 7,499,153</u> | <u>\$ 164,796</u> | <u>\$ 777,504</u> | <u>\$ 19,307,359</u> | <u>\$ 37,271,369</u> |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 30,389 | \$ 14,591 | \$ 17,309 | \$ - | \$ 2,475,793 | \$ 2,538,082 |
| Accrued Wages | 82,212 | 86,377 | - | - | 2,785,742 | 2,954,331 |
| Unearned Revenue | 148,578 | - | - | - | 5,760,866 | 5,909,444 |
| Total Liabilities | <u>\$ 261,179</u> | <u>\$ 100,968</u> | <u>\$ 17,309</u> | <u>\$ -</u> | <u>\$ 11,022,401</u> | <u>\$ 11,401,857</u> |
| FUND BALANCES | | | | | | |
| Non-Spendable | \$ 1,125,521 | \$ - | \$ - | \$ - | \$ 1,500,000 | \$ 2,625,521 |
| Restricted | 8,135,857 | - | - | - | 1,584,530 | 9,720,387 |
| Committed | - | 7,398,185 | 147,487 | 777,504 | 239,158 | 8,562,334 |
| Assigned | - | - | - | - | 4,961,270 | 4,961,270 |
| Total Fund Balances | <u>\$ 9,261,378</u> | <u>\$ 7,398,185</u> | <u>\$ 147,487</u> | <u>\$ 777,504</u> | <u>\$ 8,284,958</u> | <u>\$ 25,869,512</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 9,522,557</u></u> | <u><u>\$ 7,499,153</u></u> | <u><u>\$ 164,796</u></u> | <u><u>\$ 777,504</u></u> | <u><u>\$ 19,307,359</u></u> | <u><u>\$ 37,271,369</u></u> |

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Funds
As of June 30, 2011

| | Housing | Sewer | Stormwater | Potomac Yard | Other Special Revenue | Total Combined Special Revenue |
|--|----------------------------|----------------------------|--------------------------|--------------------------|----------------------------------|---|
| REVENUES | | | | | | |
| General Property Taxes | \$ - | \$ - | \$ 1,587,327 | \$ 277,504 | \$ - | \$ 1,864,831 |
| Permits, Fees, and Licenses | - | - | - | - | 4,527,999 | 4,527,999 |
| Fines and Forfeitures | - | - | - | - | 5,000 | 5,000 |
| Use of Money and Property | 24,979 | - | - | - | 254,866 | 279,845 |
| Charges for Services | - | 7,320,304 | - | - | 7,579,041 | 14,899,345 |
| Intergovernmental Revenue | 2,588,672 | - | - | - | 41,068,743 | 43,657,415 |
| Miscellaneous | 3,417,006 | - | - | 500,000 | 1,341,063 | 5,258,069 |
| Total Revenues | <u>\$ 6,030,657</u> | <u>\$ 7,320,304</u> | <u>\$ 1,587,327</u> | <u>\$ 777,504</u> | <u>\$ 54,776,712</u> | <u>\$ 70,492,504</u> |
| EXPENDITURES | | | | | | |
| Current Operating: | | | | | | |
| General Government | \$ - | \$ - | \$ - | \$ - | \$ 815,687 | \$ 815,687 |
| Judicial Administration | - | - | - | - | 1,433,753 | 1,433,753 |
| Public Safety | - | - | - | - | 6,571,060 | 6,571,060 |
| Public Works | - | 1,863,074 | 173,500 | - | 1,459,053 | 3,495,627 |
| Health and Welfare | - | - | - | - | 71,997,918 | 71,997,918 |
| Culture and Recreation | - | - | - | - | 1,204,085 | 1,204,085 |
| Community Development | 7,292,294 | - | - | - | 1,948,487 | 9,240,781 |
| Total Expenditures | <u>\$ 7,292,294</u> | <u>\$ 1,863,074</u> | <u>\$ 173,500</u> | <u>\$ -</u> | <u>\$ 85,430,043</u> | <u>\$ 94,758,911</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (1,261,637)</u> | <u>\$ 5,457,230</u> | <u>\$ 1,413,827</u> | <u>\$ 777,504</u> | <u>\$ (30,653,331)</u> | <u>\$ (24,266,407)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | \$ 2,051,917 | \$ - | \$ 783,660 | \$ - | \$ 32,257,224 | \$ 35,092,801 |
| Transfers Out | - | (4,371,713) | (2,050,000) | - | (1,029,518) | (7,451,231) |
| Total Other Financing Sources and Uses | <u>\$ 2,051,917</u> | <u>\$ (4,371,713)</u> | <u>\$ (1,266,340)</u> | <u>\$ -</u> | <u>\$ 31,227,706</u> | <u>\$ 27,641,570</u> |
| Total other financing sources (uses) | 2,051,917 | (4,371,713) | (1,266,340) | - | 31,227,706 | 27,641,570 |
| Net Change in Fund Balance | <u>\$ 790,280</u> | <u>\$ 1,085,517</u> | <u>\$ 147,487</u> | <u>\$ 777,504</u> | <u>\$ 574,375</u> | <u>\$ 3,375,163</u> |
| Fund Balance at Beginning of Year | 8,471,098 | 6,312,668 | - | - | 7,710,583 | 22,494,349 |
| Fund Balance at End of Year | <u><u>\$ 9,261,378</u></u> | <u><u>\$ 7,398,185</u></u> | <u><u>\$ 147,487</u></u> | <u><u>\$ 777,504</u></u> | <u><u>\$ 8,284,958</u></u> | <u><u>\$ 25,869,512</u></u> |



STATISTICAL SECTION

The statistical section includes detail information to assist in understanding how the financial statements relate to the City's overall financial well-being and includes the following categories:

Financial trends: These tables assist users in understanding how the City's financial position has changed over time and include the following tables:

Table I - Schedule of Changes in Net Assets

Table II - Changes in Fund Balances Governmental Funds

Table VII - Net assets

Table VIII - Fund Balances Governmental Funds

Table XXII - Five-Year Summary of General Fund Revenues and Expenditure

Revenue Capacity: These tables assist in understanding and assessing the City's own source revenues and include the following tables:

Table III - Tax Revenues by Source

Tables IV and V - Tax Levies and Collections

Table VI - Real and Personal Property Tax Assessments and Rates

Table IX - 2011 Tax Rates for Major Revenue Sources

Table XV and XVI - Principal Taxpayers

Debt Capacity: These tables present information to assist in assessing the affordability of the City's current levels of debt and the City's ability to issue additional debt in the future and include:

Table X - Legal Debt Margin Information

Table XI - Ratio of Net General Debt to Assessed Value and Net Debt Per Capita

Table XXII - Overlapping Debt and Debt History

Table XIII - Ratio of Annual Debt Service Expenditures for Net General Debt to Total General Expenditures

Table XXIII - Summary of Total General Obligation Bonds Debt Service

Demographic and Economic Information: These tables include demographic and economic information to assist in understanding the external factors that affect the City’s financial activities and include:

Table XIV - Population and Per Capita Income

Table XVII - Alexandria City School Board Demographic Statistics

Table XVIII - Government Employees By Function

Table XIX - Principal Employers

Table XXI - Miscellaneous Statistical Data

Operating information: These tables include service and capital data to assist in understanding how financial information relates to the programs and activities the City performs and includes:

Table XX – Operating and Capital Indicators

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Changes in Net Assets
Last Ten Fiscal Years
(In millions)

TABLE I

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 45.1 | \$ 47.4 | \$ 56.5 | \$ 47.7 | \$ 47.5 | \$ 63.6 | \$ 64.6 | \$ 79.5 | \$ 61.1 | \$ 59.2 |
| Judicial Administration | 12.5 | 13.0 | 14.0 | 14.6 | 15.6 | 17.7 | 19.3 | 19.3 | 19.3 | 19.8 |
| Public Safety | 83.2 | 88.4 | 94.9 | 96.5 | 106.9 | 112.3 | 114.5 | 120.5 | 118.3 | 122.2 |
| Public Works | 33.5 | 36.9 | 44.1 | 40.0 | 41.1 | 44.3 | 48.8 | 48.5 | 57.0 | 51.0 |
| Library | 4.8 | 5.1 | 5.5 | 6.0 | 6.4 | 6.8 | 6.9 | 6.8 | 6.1 | 5.9 |
| Health and Welfare | 66.8 | 71.9 | 73.9 | 79.4 | 84.3 | 89.4 | 96.2 | 97.3 | 90.8 | 92.7 |
| Transit | 6.8 | 11.9 | 9.1 | 10.5 | 12.5 | 14.1 | 14.1 | 12.5 | 13.1 | 16.3 |
| Culture and Recreation | 17.2 | 20.8 | 21.3 | 26.1 | 25.3 | 26.9 | 30.4 | 28.1 | 25.9 | 28.3 |
| Community Development | 11.9 | 13.5 | 16.2 | 16.1 | 24.4 | 35.0 | 40.6 | 30.4 | 21.0 | 24.6 |
| Education | 110.7 | 123.4 | 128.6 | 142.2 | 139.9 | 153.7 | 168.5 | 173.8 | 173.3 | 174.8 |
| Interest on Long-term Debt | 7.6 | 7.1 | 8.0 | 9.5 | 10.4 | 13.5 | 12.5 | 10.9 | 16.4 | 17.3 |
| Total Governmental Activities | <u>\$ 400.1</u> | <u>\$ 439.3</u> | <u>\$ 472.0</u> | <u>\$ 488.6</u> | <u>\$ 514.4</u> | <u>\$ 577.3</u> | <u>\$ 616.4</u> | <u>\$ 627.6</u> | <u>\$ 602.3</u> | <u>\$ 612.1</u> |
| Subtotal Governmental Activities Expenses | <u>\$ 400.1</u> | <u>\$ 439.3</u> | <u>\$ 472.0</u> | <u>\$ 488.6</u> | <u>\$ 514.4</u> | <u>\$ 577.3</u> | <u>\$ 616.4</u> | <u>\$ 627.6</u> | <u>\$ 602.3</u> | <u>\$ 612.1</u> |
| Business-type Activities: | | | | | | | | | | |
| Recycling | \$ 0.5 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Subtotal Business-type Activities: | <u>\$ 0.5</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Primary Government Expenses | <u>\$ 400.6</u> | <u>\$ 439.3</u> | <u>\$ 472.0</u> | <u>\$ 488.6</u> | <u>\$ 514.4</u> | <u>\$ 577.3</u> | <u>\$ 616.4</u> | <u>\$ 627.6</u> | <u>\$ 602.3</u> | <u>\$ 612.1</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6.3 | \$ 5.6 | \$ 1.4 | \$ 2.0 | \$ 1.3 |
| Judicial Administration | 1.3 | 1.7 | 1.9 | 2.0 | 2.0 | 2.0 | 1.9 | 1.6 | 1.5 | 1.7 |
| Public Safety | 8.2 | 6.5 | 7.6 | 8.4 | 10.6 | 11.5 | 10.7 | 15.5 | 11.1 | 13.3 |
| Public Works | 8.2 | 9.6 | 10.4 | 13.2 | 16.9 | 16.1 | 17.4 | 18.1 | 18.0 | 21.3 |
| Library | - | - | - | - | - | - | - | - | - | - |
| Health and Welfare | 4.9 | 5.2 | 5.2 | 5.1 | 5.4 | 6.4 | 6.7 | 6.6 | 6.7 | 6.4 |
| Transit | - | - | - | - | - | - | - | - | - | - |
| Culture and Recreation | 2.0 | 1.7 | 1.6 | 1.7 | 2.3 | 2.5 | 3.0 | 2.9 | 3.1 | 3.1 |
| Community Development | 0.1 | 0.3 | 0.3 | 0.3 | 3.1 | 4.9 | 6.0 | 8.2 | 1.6 | 3.9 |
| Operating Grants and Contributions | 52.9 | 60.0 | 62.5 | 59.6 | 60.3 | 61.0 | 61.3 | 63.2 | 65.2 | 65.0 |
| Capital Grants and Contributions | 12.4 | 20.0 | 15.0 | 5.1 | 9.9 | 18.2 | 7.6 | 20.5 | 50.2 | 7.4 |
| Subtotal Governmental Activities | <u>\$ 90.0</u> | <u>\$ 105.0</u> | <u>\$ 104.5</u> | <u>\$ 95.4</u> | <u>\$ 110.5</u> | <u>\$ 128.9</u> | <u>\$ 120.2</u> | <u>\$ 138.0</u> | <u>\$ 159.4</u> | <u>\$ 123.4</u> |
| Business-type Activities: | | | | | | | | | | |
| Recycling | 0.1 | - | - | - | - | - | - | - | - | - |
| Subtotal Business-type Activities: | <u>\$ 0.1</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Primary Government Revenues | <u>\$ 90.1</u> | <u>\$ 105.0</u> | <u>\$ 104.5</u> | <u>\$ 95.4</u> | <u>\$ 110.5</u> | <u>\$ 128.9</u> | <u>\$ 120.2</u> | <u>\$ 138.0</u> | <u>\$ 159.4</u> | <u>\$ 123.4</u> |

Amounts may not add due to rounding

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Changes in Net Assets
Last Ten Fiscal Years
(In millions)

TABLE I (continued)

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net (Expense) (Revenue) | | | | | | | | | | |
| General Government | \$ (45.1) | \$ (47.4) | \$ (56.5) | \$ (47.7) | \$ (47.5) | \$ (57.3) | \$ (57.7) | \$ (77.6) | \$ (58.5) | \$ (56.4) |
| Judicial Administration | (11.2) | (11.3) | (12.1) | (12.6) | (13.6) | (15.7) | (13.1) | (13.7) | (14.2) | (14.1) |
| Public Safety | (75.0) | (81.9) | (87.3) | (88.1) | (96.3) | (100.8) | (89.6) | (91.8) | (93.5) | (96.2) |
| Public Works | (25.3) | (27.3) | (33.7) | (26.8) | (24.2) | (28.2) | (20.7) | (4.8) | 19.3 | (15.8) |
| Library | (4.8) | (5.1) | (5.5) | (6.0) | (6.4) | (6.8) | (6.9) | (6.8) | (6.1) | (5.9) |
| Health and Welfare | (61.9) | (66.7) | (68.7) | (74.3) | (78.9) | (83.0) | (57.2) | (54.7) | (49.1) | (51.4) |
| Transit | (6.8) | (11.9) | (9.1) | (10.5) | (12.5) | (14.1) | (14.1) | (12.6) | (13.1) | (16.3) |
| Culture and Recreation | (15.2) | (19.1) | (19.7) | (24.4) | (23.0) | (24.4) | (27.2) | (25.0) | (22.3) | (24.7) |
| Community Development | (11.8) | (13.2) | (15.9) | (15.8) | (21.3) | (30.1) | (28.9) | (26.0) | (15.2) | (15.4) |
| Education | (110.7) | (123.4) | (128.6) | (142.2) | (139.9) | (153.7) | (168.5) | (165.7) | (173.3) | (174.8) |
| Interest on Long-term Debt | (7.6) | (7.1) | (8.0) | (9.5) | (10.4) | (13.5) | (12.4) | (10.9) | (16.3) | (17.3) |
| Subtotal Governmental Activities | <u>\$ (375.4)</u> | <u>\$ (414.3)</u> | <u>\$ (445.0)</u> | <u>\$ (457.9)</u> | <u>\$ (474.1)</u> | <u>\$ (527.6)</u> | <u>\$ (496.3)</u> | <u>\$ (489.6)</u> | <u>\$ (442.3)</u> | <u>\$ (488.3)</u> |
| Business-type Activities: | | | | | | | | | | |
| Recycling | \$ (0.3) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Subtotal Business-type Activities: | <u>(0.3)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ (375.8)</u> | <u>\$ (414.3)</u> | <u>\$ (445.0)</u> | <u>\$ (457.9)</u> | <u>\$ (474.1)</u> | <u>\$ (527.6)</u> | <u>\$ (496.3)</u> | <u>\$ (489.6)</u> | <u>\$ (442.3)</u> | <u>\$ (488.3)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Real Estate | \$ 163.5 | \$ 189.4 | \$ 211.1 | \$ 234.3 | \$ 255.4 | \$ 275.4 | \$ 289.3 | \$ 296.4 | \$ 304.3 | \$ 315.6 |
| Personal Property | 38.5 | 31.1 | 31.3 | 32.0 | 33.1 | 35.3 | 38.6 | 37.9 | 32.9 | 37.0 |
| Other | 85.8 | 88.4 | 94.2 | 101.5 | 109.4 | 111.0 | 112.2 | 112.3 | 114.3 | 118.2 |
| Transfer | - | 1.0 | - | - | - | - | - | - | - | - |
| Grants and Contributions | | | | | | | | | | |
| not restricted to other programs | 28.9 | 29.2 | 30.4 | 29.5 | 31.0 | 32.4 | 31.8 | 32.4 | 31.5 | 32.4 |
| Interest and Investment Earnings | 7.3 | 3.6 | 1.7 | 4.9 | 9.1 | 6.9 | 6.0 | 1.7 | 0.4 | 1.0 |
| Miscellaneous | 0.5 | 0.6 | 0.3 | 0.5 | 0.8 | 0.6 | 0.6 | 1.1 | 0.8 | 1.0 |
| Subtotal Governmental Activities | <u>\$ 324.5</u> | <u>\$ 343.3</u> | <u>\$ 369.1</u> | <u>\$ 402.7</u> | <u>\$ 438.9</u> | <u>\$ 461.6</u> | <u>\$ 478.5</u> | <u>\$ 481.8</u> | <u>\$ 484.2</u> | <u>\$ 505.2</u> |
| Business-type Activities: | | | | | | | | | | |
| Payment for City | \$ - | \$ (1.0) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Subtotal Business-type Activities: | <u>\$ -</u> | <u>\$ (1.0)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Primary Government | <u>\$ 324.5</u> | <u>\$ 342.3</u> | <u>\$ 369.1</u> | <u>\$ 402.7</u> | <u>\$ 438.9</u> | <u>\$ 461.6</u> | <u>\$ 478.5</u> | <u>\$ 481.8</u> | <u>\$ 484.2</u> | <u>\$ 505.2</u> |
| Change in Net Assets | | | | | | | | | | |
| Governmental Activities: | \$ (50.9) | \$ (71.0) | \$ (75.9) | \$ (55.2) | \$ (35.2) | \$ (66.0) | \$ (17.8) | \$ (7.8) | \$ 41.9 | \$ 16.8 |
| Business-type Activities: | (0.3) | (1.0) | - | - | - | - | - | - | - | - |
| | <u>\$ (51.3)</u> | <u>\$ (72.0)</u> | <u>\$ (75.9)</u> | <u>\$ (55.2)</u> | <u>\$ (35.2)</u> | <u>\$ (66.0)</u> | <u>\$ (17.8)</u> | <u>\$ (7.8)</u> | <u>\$ 41.9</u> | <u>\$ 16.8</u> |

CITY OF ALEXANDRIA, VIRGINIA
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(In millions)

TABLE II

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Property Taxes | \$ 205.1 | \$ 218.9 | \$ 243.5 | \$ 265.3 | \$ 290.1 | \$ 310.8 | \$ 324.1 | \$ 333.5 | \$ 337.2 | \$ 351.6 |
| Other Local Taxes | 84.0 | 88.1 | 94.0 | 101.5 | 109.5 | 111.0 | 112.3 | 112.3 | 114.4 | 118.3 |
| Permits Fees and License | 4.2 | 4.5 | 4.0 | 4.5 | 6.5 | 7.2 | 5.8 | 5.7 | 4.8 | 7.1 |
| Fines and Forfeitures | 3.9 | 3.9 | 4.2 | 4.0 | 3.5 | 3.6 | 3.9 | 4.1 | 3.9 | 4.5 |
| Use of Money and Property | 9.9 | 6.3 | 4.6 | 7.9 | 12.1 | 15.8 | 12.0 | 6.2 | 3.8 | 4.1 |
| Charges for Services | 14.2 | 15.6 | 16.1 | 19.2 | 23.9 | 23.2 | 25.8 | 25.3 | 27.0 | 29.9 |
| Intergovernmental Revenue | 79.1 | 92.9 | 95.4 | 90.1 | 92.1 | 111.5 | 100.7 | 116.0 | 110.1 | 101.9 |
| Sale of Surplus Property | - | - | 2.8 | - | 0.5 | - | - | - | - | - |
| Miscellaneous and | | | | | | | | | | |
| Non Revenue Receipts | 4.9 | 4.8 | 7.6 | 4.2 | 5.1 | 7.3 | 10.2 | 15.8 | 5.5 | 7.5 |
| Total Governmental Revenues | \$ 405.3 | \$ 435.1 | \$ 472.1 | \$ 496.7 | \$ 543.3 | \$ 590.4 | \$ 594.8 | \$ 618.9 | \$ 606.7 | \$ 624.9 |
| Expenditures | | | | | | | | | | |
| General Government | 30.2 | 31.9 | 36.1 | 37.7 | 39.6 | 45.5 | 43.0 | 46.7 | 45.2 | 44.3 |
| Judicial Administration | 12.0 | 12.5 | 13.5 | 14.1 | 15.0 | 17.1 | 18.7 | 18.9 | 18.8 | 19.3 |
| Public Safety | 78.2 | 86.6 | 89.6 | 93.8 | 104.5 | 109.6 | 112.2 | 116.8 | 115.0 | 118.4 |
| Public Works | 27.5 | 29.8 | 30.0 | 30.1 | 32.6 | 35.5 | 36.7 | 36.9 | 42.3 | 37.9 |
| Library | 4.8 | 5.1 | 5.5 | 6.0 | 6.4 | 6.8 | 6.9 | 6.8 | 6.1 | 5.9 |
| Health and Welfare | 66.4 | 71.5 | 73.5 | 78.9 | 83.9 | 88.9 | 95.7 | 96.8 | 90.2 | 92.1 |
| Transit and Transit Transfer | 6.8 | 8.5 | 9.1 | 10.5 | 12.5 | 14.1 | 14.1 | 12.5 | 13.1 | 16.3 |
| Culture and Recreation | 15.0 | 17.4 | 18.5 | 20.1 | 21.8 | 23.6 | 24.5 | 23.2 | 21.8 | 22.8 |
| Community Development | 9.5 | 12.1 | 13.3 | 15.1 | 23.3 | 31.3 | 34.4 | 28.5 | 19.3 | 22.8 |
| Education | 110.1 | 122.9 | 128.0 | 141.7 | 139.4 | 150.7 | 164.2 | 168.0 | 167.5 | 170.1 |
| Capital Outlay | 46.9 | 49.4 | 53.4 | 51.5 | 79.1 | 93.5 | 75.8 | 100.7 | 93.4 | 91.5 |
| Debt Service - Principal | 8.6 | 10.4 | 10.9 | 13.2 | 16.5 | 17.7 | 18.2 | 19.1 | 19.5 | 21.1 |
| - Interest | 7.6 | 7.2 | 7.9 | 9.6 | 10.5 | 13.3 | 12.3 | 12.8 | 15.1 | 17.4 |
| Total Governmental Expenditures | \$ 423.5 | \$ 465.2 | \$ 489.1 | \$ 522.3 | \$ 585.1 | \$ 647.6 | \$ 656.7 | \$ 687.7 | \$ 667.3 | \$ 679.9 |
| Excess of Revenues | \$ (18.2) | \$ (30.1) | \$ (17.0) | \$ (25.6) | \$ (41.8) | \$ (57.2) | \$ (61.9) | \$ (68.8) | \$ (60.6) | \$ (55.0) |
| over (under) expenditures | | | | | | | | | | |
| Other Financing Sources/(Uses) | | | | | | | | | | |
| Issuance of Debt | 54.5 | - | 67.9 | 55.8 | 72.7 | 0.1 | - | 145.7 | - | 74.2 |
| Transfers in | 40.5 | 48.0 | 45.0 | 54.7 | 59.0 | 49.1 | 67.8 | 58.9 | 48.6 | 47.9 |
| Transfers out | (40.6) | (47.6) | (46.5) | (54.7) | (59.5) | (50.0) | (67.8) | (58.2) | (48.9) | (48.1) |
| Total Other Financing Sources (Uses) | \$ 54.4 | \$ 0.4 | \$ 66.3 | \$ 55.8 | \$ 72.2 | \$ (0.8) | \$ - | \$ 146.4 | \$ (0.3) | \$ 74.0 |
| Net change in Fund Balance | \$ 36.2 | \$ (29.7) | \$ 49.3 | \$ 30.2 | \$ 30.4 | \$ (58.0) | \$ (61.9) | \$ 77.6 | \$ (60.9) | \$ 19.0 |
| Debt Service as percentage of noncapital expenditures | 4.30% | 4.23% | 4.31% | 4.84% | 5.34% | 5.59% | 5.25% | 5.43% | 6.03% | 6.54% |

Amounts may not add due to rounding

**City of Alexandria, Virginia
Tax Revenues by Source
Last Ten Fiscal Years**

TABLE III

| Fiscal Year | | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Property Taxes | Real Estate | \$ 164,959,409 | \$ 186,431,815 | \$ 210,922,789 | \$ 232,528,457 | \$ 255,141,063 | \$ 274,477,589 | \$ 287,344,299 | \$ 295,518,893 | \$ 302,666,192 | \$ 314,506,526 |
| | Personal | 38,331,453 | 30,745,962 | 30,944,059 | 31,243,560 | 33,163,126 | 34,487,106 | 34,883,037 | 36,023,945 | 32,923,178 | 34,891,944 |
| | Penalties and Interest | 1,854,835 | 1,761,585 | 1,657,926 | 1,514,783 | 1,751,503 | 1,856,927 | 1,885,683 | 1,939,225 | 1,631,548 | 2,246,186 |
| Other Local Taxes | Local Sales | \$ 20,316,345 | \$ 21,216,124 | \$ 22,541,886 | \$ 23,812,277 | \$ 25,264,689 | \$ 25,440,638 | \$ 24,256,803 | \$ 21,679,635 | \$ 22,744,483 | \$ 23,880,909 |
| | Utility | 17,761,931 | 17,793,919 | 18,570,290 | 18,520,667 | 17,587,865 | 13,836,170 | 10,019,854 | 10,409,248 | 10,462,233 | 10,812,989 |
| | Business License | 22,233,330 | 23,679,889 | 25,601,366 | 27,098,032 | 28,381,583 | 30,947,412 | 32,026,526 | 30,527,956 | 30,295,624 | 30,444,798 |
| | Cable TV Franchise Lic | 1,025,474 | 978,574 | 1,089,381 | 1,154,576 | 1,240,841 | 720,926 | - | - | - | - |
| | Motor Vehicle License | 2,285,722 | 2,313,054 | 2,427,656 | 2,460,980 | 2,461,023 | 2,429,078 | 3,197,576 | 3,085,288 | 3,172,254 | 3,324,937 |
| | Bank Franchise | 1,294,376 | 1,922,095 | 1,111,691 | 1,364,270 | 1,784,565 | 1,540,550 | 1,263,689 | 1,855,496 | 2,432,312 | 2,670,275 |
| | Tobacco | 1,597,140 | 2,083,135 | 2,430,092 | 2,277,366 | 2,840,486 | 2,932,386 | 2,681,573 | 2,719,084 | 2,910,382 | 2,777,052 |
| | Recordation | 2,494,425 | 3,262,783 | 4,046,517 | 7,244,022 | 7,818,676 | 6,561,330 | 4,947,208 | 3,206,705 | 3,313,547 | 3,668,663 |
| | Transient Lodging | 5,206,418 | 5,241,018 | 6,323,906 | 7,183,067 | 7,811,884 | 7,415,060 | 8,506,762 | 10,592,806 | 10,824,410 | 11,245,201 |
| | Restaurant Food | 8,562,840 | 8,792,704 | 9,051,520 | 9,598,763 | 10,094,267 | 10,657,839 | 10,972,048 | 14,912,796 | 14,908,999 | 16,214,900 |
| | Telecommunication | 1,139,266 | 792,025 | 727,384 | 726,112 | 725,684 | 691,023 | 857,354 | 829,291 | 819,313 | 839,848 |
| | Admissions | - | - | - | - | 1,149,537 | 1,058,226 | 1,090,067 | 1,103,782 | 1,125,172 | 1,082,685 |
| | Cell Phone | - | - | - | - | 2,305,525 | 1,397,452 | - | - | - | - |
| | Communications Sales | - | - | - | - | - | 5,318,253 | 12,402,256 | 11,268,560 | 11,315,541 | 11,259,534 |
| | Other | 42,507 | 44,528 | 39,266 | 28,428 | 28,931 | 33,024 | 42,225 | 80,723 | 47,081 | 37,566 |
| Total | | \$ 289,105,471 | \$ 307,059,210 | \$ 337,485,729 | \$ 366,755,360 | \$ 399,551,248 | \$ 421,800,989 | \$ 436,376,960 | \$ 445,753,433 | \$ 451,592,269 | \$ 469,904,013 |

CITY OF ALEXANDRIA, VIRGINIA
Tax Levies and Collections
Last Ten Calendar Years

Table IV

| | | Real Property (Amounts in thousands) | | | | | |
|-------------------------------------|---|---|-----------------------|------------------------------------|---------------------------|-----------------------|--|
| | | Collected within the Fiscal Year of the Levy | | | Total Collections to date | | |
| Calendar Year Ended December 31, | Taxes Levied for the Calendar Year* | Amount | Percentage of Levy | Collections in Subsequent Years | Amount | Percentage of Levy | |
| 2001 | 159,186 | 156,748 | 98.47% | 2,433 | 159,181 | 100.00% | |
| 2002 | 174,827 | 172,296 | 98.55% | 2,520 | 174,816 | 99.99% | |
| 2003 | 199,799 | 196,181 | 98.19% | 3,604 | 199,785 | 99.99% | |
| 2004 | 225,156 | 223,047 | 99.06% | 2,094 | 225,141 | 99.99% | |
| 2005 | 250,180 | 247,166 | 98.80% | 2,999 | 250,165 | 99.99% | |
| 2006 | 267,015 | 264,951 | 99.23% | 1,861 | 266,812 | 99.92% | |
| 2007 | 282,563 | 279,948 | 99.07% | 2,528 | 282,476 | 99.97% | |
| 2008 | 296,204 | 292,996 | 98.92% | 2,801 | 295,797 | 99.86% | |
| 2009 | 308,330 | 305,691 | 99.14% | 301 | 305,992 | 99.24% | |
| 2010 | 308,848 | 305,548 | 98.93% | - | 305,548 | 98.93% | |

* Levy adjusted for changes since original levy

Table V

| | | Personal Property (Amounts in thousands) | | | | | |
|-------------------------------------|--|---|---------------------------------|---|-----------------------|---------------------------------------|-----------------------|
| | | Taxes Levied for the Calendar Year | | Collected within the Fiscal Year of the Levy | | Total Collections to date | |
| Calendar Year Ended December 31, | | Total | Commonwealth Reimbursement # | Amount | Percentage of Levy | Collections in Subsequent Years | Percentage of Levy |
| 2001 | | 60,131 * | 20,842 | 48,136 | 80.05% | 11,176 | 98.64% |
| 2002 | | 58,478 | 21,122 | 49,216 | 84.16% | 3,880 | 90.80% |
| 2003 | | 60,472 | 22,915 | 50,576 | 83.64% | 3,711 | 89.77% |
| 2004 | | 56,059 | 21,936 | 48,535 | 86.58% | 3,860 | 93.46% |
| 2005 | | 58,942 | 22,558 | 50,422 | 85.55% | 4,807 | 93.70% |
| 2006 | | 62,213 | 24,193 | 55,284 | 88.86% | 2,745 | 93.27% |
| 2007 | | 61,974 | 23,849 | 55,247 | 89.15% | 2,936 | 93.88% |
| 2008 | | 62,740 | 23,768 | 56,201 | 89.58% | 3,114 | 94.54% |
| 2009 | | 60,820 | 24,635 | 54,784 | 90.08% | 1,719 | 92.90% |
| 2010 | | 60,301 | 24,057 | 55,611 | 92.22% | - | 92.22% |

* Assessment adjusted for large sale of public service commission property to private corporation.

Commonwealth reimbursement included in taxes levied and collections.

CITY OF ALEXANDRIA, VIRGINIA
Real and Personal Property Tax Assessments and Rates
Last Ten Calendar Years

TABLE VI

| Calendar Year | Real Property (\$000) | | | | Personal Property (\$000) | | | | |
|------------------|-----------------------|------------|------------|-----------------------|---|-----------------------|------------------------------------|-----------------------|------------------|
| | Residential | Commercial | Total | Tax Rate per \$100 | Motor Vehicle and Tangibles Assessments | Tax Rate per \$100 | Machine and Tools Assessment | Tax Rate per \$100 | Total Assessment |
| 2001 | 7,573,897 | 7,058,452 | 14,632,349 | 1.110 | 1,386,141 | 4.75 | 187,217 | 4.50 | 1,573,358 |
| 2002 | 8,889,290 | 7,243,699 | 16,132,989 | 1.080 | 1,409,955 | 4.75 | 16,351 | 4.50 | 1,426,306 |
| 2003 | 11,191,850 | 8,034,076 | 19,225,926 | 1.035 | 1,459,886 | 4.75 | 20,369 | 4.50 | 1,480,255 |
| 2004 | 13,224,543 | 9,532,642 | 22,757,185 | 0.995 | 1,391,110 | 4.75 | 17,895 | 4.50 | 1,409,005 |
| 2005 | 16,272,324 | 11,087,326 | 27,359,650 | 0.915 | 1,455,520 | 4.75 | 15,009 | 4.50 | 1,470,529 |
| 2006 | 20,331,756 | 12,574,963 | 32,906,719 | 0.815 | 1,394,947 | 4.75 | 14,906 | 4.50 | 1,409,853 |
| 2007 | 20,143,403 | 15,411,555 | 35,554,958 | 0.830 | 1,426,679 | 4.75 | 11,485 | 4.50 | 1,438,164 |
| 2008 | 20,139,614 | 14,963,203 | 35,102,817 | 0.845 | 1,354,932 | 4.75 | 17,837 | 4.50 | 1,372,769 |
| 2009 | 19,152,518 | 14,811,680 | 33,964,198 | 0.903 | 1,170,972 | 4.75 | 14,246 | 4.50 | 1,185,218 |
| 2010 | 18,270,905 | 13,378,585 | 31,649,490 | 0.978 | 1,226,896 | 4.75 | 14,336 | 4.50 | 1,241,232 |

Note: Property is assessed each year as of January 1. Property is assessed at actual value; therefore assessed values are equal to actual values. Tax rates are assessed per \$100 of assessed values.

CITY OF ALEXANDRIA, VIRGINIA

**Net Assets
Last Ten Fiscal Years
(in millions)**

TABLE VII

| | 2002 | 2003 ^a | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------------|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 118.5 | \$ 160.6 | \$ 119.5 | \$ 100.2 | \$ 105.6 | \$ 170.0 | \$ 231.0 | \$ 153.3 | \$ 248.0 | \$ 335.4 |
| Restricted for: | | | | | | | | | | |
| Affordable Housing | - | - | - | - | 3.0 | 0.3 | - | - | - | - |
| Capital Projects | 70.1 | 72.8 | 115.7 | 148.3 | 157.2 | 101.6 | 51.5 | 134.7 | 72.3 | - |
| Unrestricted Net Assets | 103.8 | 67.9 | 67.7 | 63.9 | 81.6 | 88.7 | 60.3 | 47.0 | 57.3 | 59.0 |
| Subtotal Governmental Activities Net Assets | \$ 292.4 | \$ 301.3 | \$ 302.9 | \$ 312.4 | \$ 347.4 | \$ 360.6 | \$ 342.8 | \$ 335.0 | \$ 377.6 | \$ 394.4 |
| Business-type Activities Net Assets | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 0.1 | - | - | - | - | - | - | - | - | - |
| Unrestricted Net Assets | 0.9 | - | - | - | - | - | - | - | - | - |
| Subtotal Business-type Activities Net Assets | \$ 1.0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Primary Government | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 118.6 | 160.6 | 119.5 | 100.2 | 105.6 | 170.0 | 231.0 | 153.3 | 248.0 | 335.4 |
| Restricted for: | | | | | | | | | | |
| Affordable Housing | - | - | - | - | 3.0 | 0.3 | - | - | - | - |
| Capital Projects | 70.1 | 72.8 | 115.7 | 148.3 | 157.2 | 101.6 | 51.5 | 134.7 | 72.3 | - |
| Unrestricted Net Assets | 104.6 | 67.9 | 67.7 | 63.9 | 81.6 | 88.7 | 60.3 | 47.0 | 57.3 | 59.0 |
| Total Primary Government Net Assets | <u>\$ 293.4</u> | <u>\$ 301.3</u> | <u>\$ 302.9</u> | <u>\$ 312.4</u> | <u>\$ 347.4</u> | <u>\$ 360.6</u> | <u>\$ 342.8</u> | <u>\$ 335.0</u> | <u>\$ 377.6</u> | <u>\$ 394.4</u> |

^a Recycling fund transferred to the General Fund in FY 2003

Amounts may not add due to rounding

Note: Accounting Standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted.

CITY OF ALEXANDRIA, VIRGINIA
Fund Balances Governmental Funds
Last Ten Fiscal Years

TABLE VIII

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------|----------------|---------------|----------------|----------------|----------------|----------------|---------------|----------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Encumbrances | \$ 3,117,566 | \$ 2,386,468 | \$ 1,525,942 | \$ 2,087,658 | \$ 1,845,820 | \$ 2,345,051 | \$ 1,579,168 | \$ 1,967,201 | \$ 2,007,557 | \$ - |
| Inventories | 1,480,168 | 1,537,404 | 1,681,593 | 1,970,689 | 2,189,185 | 2,347,911 | 1,588,472 | 1,891,281 | 1,827,459 | - |
| Notes Receivable | - | - | - | - | - | - | - | 400,000 | 400,000 | - |
| Unreserved | 63,630,925 | 54,193,856 | 59,589,075 | 58,216,836 | 63,343,040 | 67,560,766 | 62,320,401 | 49,048,509 | 58,806,355 | - |
| Non-Spendable | | | | | | | | | | 5,509,288 |
| Committed | | | | | | | | | | 16,149,828 |
| Assigned | | | | | | | | | | 30,009,737 |
| Unassigned | | | | | | | | | | 29,191,314 |
| Subtotal General Fund | \$ 68,228,659 | \$ 58,117,728 | \$ 62,796,610 | \$ 62,275,183 | \$ 67,378,045 | \$ 72,253,728 | \$ 65,488,041 | \$ 53,306,991 | \$ 63,041,371 | \$ 80,860,167 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved For | | | | | | | | | | |
| Capital Projects | \$ 61,806,602 | \$ 63,968,631 | \$ 105,611,068 | \$ 126,848,380 | \$ 141,395,119 | \$ 83,700,361 | \$ 2,691,739 | \$ 101,741,783 | \$ 39,286,809 | \$ - |
| Notes Receivable | 1,558,984 | 1,922,984 | 4,227,041 | 4,147,198 | 2,015,393 | 1,236,283 | 1,204,885 | 2,673,806 | 2,650,025 | - |
| Encumbrances | 8,321,719 | 8,788,237 | 10,042,480 | 21,501,270 | 18,055,741 | 19,475,849 | 50,019,226 | 34,830,199 | 30,913,373 | - |
| Unreserved Special Revenue | 12,263,486 | 11,761,929 | 11,359,179 | 9,831,441 | 26,366,419 | 20,909,225 | 15,523,030 | 20,280,831 | 15,972,479 | - |
| Unreserved Capital Projects | 22,031,197 | - | - | - | - | - | - | - | - | - |
| Non-Spendable (Special Revenue Fund) | | | | | | | | | | 2,625,521 |
| Restricted (Special Revenue Fund) | | | | | | | | | | 9,720,387 |
| Committed (Special Revenue Fund) | | | | | | | | | | 8,562,334 |
| Committed (Capital Projects) | | | | | | | | | | 64,184,449 |
| Assigned (Special Revenue Fund) | | | | | | | | | | 4,961,270 |
| Total All Other Governmental Funds | \$ 105,981,988 | \$ 86,441,781 | \$ 131,239,768 | \$ 162,328,289 | \$ 187,832,672 | \$ 125,321,718 | \$ 69,438,880 | \$ 159,526,619 | \$ 88,822,686 | \$ 90,053,961 |

With the implementaion of GASB Statement No. 54 in Fiscal Year 2011, the fund balance terminology was changed.

CITY OF ALEXANDRIA, VIRGINIA
2011 Tax Rates for Major Revenue Sources







TABLE IX

| | |
|--|---|
| Real Estate Tax | 99.8¢ per \$100 assessed value |
| Personal Property Tax | \$4.50 per \$100 assessed value (machinery and tools) |
| | \$4.75 per \$100 assessed value (tangible personal property) |
| | \$3.55 per \$100 assessed value (handicap vehicles) |
| Utility Tax (for residential users) | 15% of water service charge |
| | \$1.12 plus \$0.012075 of each kwh (\$2.40 maximum) |
| | \$1.28 plus \$0.124444 of each CCF gas delivered (\$2.40 maximum) |
| | \$1.28 plus \$0.050909 of each CCF gas delivered-group meter consumers) (\$2.40 maximum per dwelling unit) |
| | \$1.28 plus 0.023267 of each CCF gas delivered-group meter interruptible consumers (\$2.40 maximum per dwelling unit) |
| Utility Tax (for commercial users) | 15% of first \$150 of water service charge |
| | \$0.97 plus \$0.004610 of each kwh delivered-commercial consumer |
| | \$0.97 plus \$0.003755 of each kwh delivered-industrial consumer |
| | \$1.42 plus \$0.050213 each CCF gas delivered-commercial/industrial consumer |
| | \$4.50 plus \$0.003670 of each CCF gas delivered-non-residential interruptible gas consumers |
| Business and Professional Licenses | |
| Alcoholic Beverages | \$5 - \$1,500 |
| First year of operation: | |
| Gross receipts less than \$100,000 | No tax due |
| Gross receipts of greater than \$100,000 and less than \$2,000,000 | \$50 |
| Gross receipts of \$2,000,000 or more | Same as renewal for greater than \$100,000 below |
| Renewal business | |
| Gross receipts of greater than \$10,000 and less than \$100,000: | |
| Any business | \$50 |
| Gross receipts of \$100,000 or more | |
| Amusement and Entertainment | \$0.36 per \$100 gross receipts |
| Professional | \$0.58 per \$100 gross receipts |
| Renting of Residential Property | \$0.50 per \$100 gross receipts |
| Renting of Commercial Property | \$0.35 per \$100 gross receipts |
| Financial Services | \$0.35 per \$100 gross receipts |
| Personal, Business and Repair Service | \$0.35 per \$100 gross receipts |
| Retail Merchants | \$0.20 per \$100 gross receipts |
| Restaurants | \$0.20 per \$100 gross receipts |
| Contractors | \$0.16 per \$100 gross receipts |
| Wholesale Merchants | \$0.05 per \$100 total purchases |
| Public Utilities | |
| Telephone | \$0.50 per \$100 gross receipts |
| Telegraph | \$2.00 per \$100 gross receipts |
| Communication Tax | 2.6% of statewide communication tax |
| Water, heat, electric and gas companies | \$0.50 per \$100 gross receipts |
| Admissions Tax | 10% of admissions up to \$0.50 per person |
| Public Rights-of-Way Use Fee | \$0.83 per line per month |
| Local Sales Tax | 1% added to the rate of the state retail tax imposed |
| Daily Rental Tax | 1% on the gross proceeds excluding heavy equipment |
| | 1.5% on the gross proceeds for heavy equipment |
| Cigarette Tax | \$0.80 on each package of twenty cigarettes |
| Transient Lodging Tax | 6.5% of total amount paid for room rental plus \$1 per night lodging fee |
| Restaurant Meal Tax | 4% on all food and drink |
| Recordation Tax | \$0.083 per \$100 of sales price – City (State is \$0.25 per \$100) |
| Grantor Deed Tax | \$0.50 per \$500 of sales price |

SOURCE: Department of Finance, Revenue Administration

CITY OF ALEXANDRIA, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE X

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---|---|---|---|--------------------|
| Assessed Value of Real Property, January 1 | \$ 16,132,989,000 | \$ 19,225,926,000 | \$ 21,580,995,000 | \$ 27,359,649,900 | \$ 32,906,720,000 |
| Debt Limit: 10 percent | 1,613,298,900 | 1,922,592,600 | 2,258,099,500 | 2,735,964,990 | 3,290,672,000 |
| Amount of Debt Applicable to Debt Limit | <u>153,925,000</u> | <u>143,615,000</u> | <u>197,520,000</u> | <u>241,890,000</u> | <u>296,540,000</u> |
| Legal Debt Margin | 1,459,373,900 | 1,778,977,600 | \$ 2,060,579,500 | \$2,494,074,990 | \$2,994,132,000 |
| Debt as a Percentage of Assessed Value | 0.95% | 0.75% | 0.92%  | 0.88%  | 0.90% |
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Assessed Value of Real Property, January 1 | \$ 34,243,031,000 | \$ 35,554,958,000 | \$ 34,379,163,000 | \$ 31,649,490,000 | \$ 32,631,952,000 |
| Debt Limit: 10 percent | 3,424,303,100 | 3,555,495,800 | 3,437,916,300 | 3,164,949,000 | 3,263,195,200 |
| Amount of Debt Applicable to Debt Limit | <u>278,525,000</u> | <u>260,350,000</u> | <u>383,950,000</u> | <u>364,485,000</u> | <u>415,720,000</u> |
| Legal Debt Margin | \$3,145,778,100 | \$3,295,145,800 | \$3,053,966,300 | \$2,800,464,000 | \$2,847,475,200 |
| Debt as a Percentage of Assessed Value | 0.81%  | 0.73%  | 1.12%  | 1.15%  | 1.27% |

Limitations on the Incurrence of General Obligation Debt:

There is no requirement in the Virginia Constitution, the Virginia Statutes, or in the Charter of the City of Alexandria that the issuance of general obligation bonds of the City be subject to approval of the electors of the City at referendum.

Under the City Charter the City Council has full authority to authorize and issue general obligation bonds. The authorizing procedure consists of the passage on the first reading of and ordinance authorizing the issuance of the bonds, followed by a notice of public hearing at a subsequent meeting and the final passage on second reading following the public hearing.

The only constitutional limitation on the issuance of general obligation bonds is contained in Article VII, Section 10 of the Virginia Constitution, which states that: "No city or town shall issue any bonds or other interest-bearing obligations which, including existing indebtedness, shall at any time exceed ten percent of the assessed valuation of real estate in the city or town subject to taxation, as shown by the last preceding assessment for taxes."

CITY OF ALEXANDRIA, VIRGINIA
Ratio of Net General Debt ⁽¹⁾ to Assessed Value
and Net Debt Per Capita
Last Ten Fiscal Years

TABLE XI

| Year | Population ⁽³⁾ | Assessed Value (\$000) ⁽²⁾ | | | Outstanding Debt | Outstanding Debt As Percentage of Assessed | | Personal Income (\$100) | Debt Per Capita | Debt Per Capita As A Percentage of Per Capita Income ⁽⁴⁾ |
|------|---------------------------|---------------------------------------|-------------------|---------------|------------------|--|----------------|-------------------------|-----------------|---|
| | | Real Property | Personal Property | Total | | Real Property | Total Property | | | |
| 2002 | 129,938 | \$ 16,132,989 | \$ 1,426,306 | \$ 17,559,295 | \$ 153,925,000 | 0.95 | 0.88 | \$ 7,009,871 | \$ 1,185 | 2.2 |
| 2003 | 135,000 | 19,225,926 | 1,459,886 | 20,685,812 | 143,615,000 | 0.75 | 0.69 | 7,165,859 | 1,064 | 2.0 |
| 2004 | 134,000 | 22,757,185 | 1,309,443 | 24,066,628 | 197,520,000 | 0.87 | 0.82 | 7,435,257 | 1,474 | 2.7 |
| 2005 | 135,000 | 27,359,650 | 1,359,782 | 28,719,432 | 241,890,000 | 0.88 | 0.84 | 7,776,966 | 1,792 | 3.1 |
| 2006 | 138,000 | 32,906,270 | 1,409,852 | 34,316,122 | 296,540,000 | 0.90 | 0.86 | 8,835,057 | 2,148 | 3.4 |
| 2007 | 139,000 | 35,554,958 | 1,411,599 | 36,966,557 | 278,525,000 | 0.78 | 0.75 | 9,507,531 | 2,004 | 2.9 |
| 2008 | 140,879 | 35,102,817 | 1,426,679 | 36,529,496 | 260,350,000 | 0.74 | 0.71 | 10,204,006 | 1,848 | 2.6 |
| 2009 | 144,100 | 33,964,198 | 1,354,932 | 35,319,130 | 383,950,000 | 1.13 | 1.09 | 10,178,071 | 2,664 | 3.7 |
| 2010 | 139,966 | 31,649,490 | 1,170,972 | 32,820,462 | 364,485,000 | 1.15 | 1.11 | 10,441,443 | 2,604 | 3.4 |
| 2011 | 141,287 | 32,631,952 | 1,226,896 | 33,858,848 | 415,720,000 | 1.27 | 1.23 | 10,627,334 | 2,942 | 3.8 |

(1) Net General Debt includes general obligation bonds and term notes.

(2) Includes real and personal property as adjusted for changes to levy.

(3) SOURCE: Alexandria Department of Planning and Zoning and the United States Bureau of Economic Analysis

(4) Personal Income and per capita income represents data from the United States Bureau of Economic Analysis, as revised, that is generally two years old. The two most recent years are estimated based on City estimates of per capita trends.

CITY OF ALEXANDRIA, VIRGINIA
Overlapping Debt and Debt History
June 30, 2011

TABLE XII

The City of Alexandria is autonomous from any county, town, or other political subdivisions of the Commonwealth of Virginia. There is no overlapping general obligation debt or taxing powers. The water system and the sewage treatment plant within the City are operated by a private company and an independent authority, respectively, for which the City has no debt obligations.

The City has never defaulted in the payment of any part of either principal or interest on any debt.

Credit Ratings

| | |
|-------------------------------------|-----|
| Moody's Investors Service | Aaa |
| Standard & Poor's Corporation | AAA |

Paying Agents

The City's coupon bonds and interest coupons are payable at the Chase Manhattan Bank, N.A., New York, New York, or SunTrust Bank in Richmond, Virginia. Registered bonds and interest are payable at the principal corporate trust office of the Chase Manhattan Bank, N.A., New York, New York, or Depository Trust Company, New York, New York, which are the Registrars for bonds of the City of Alexandria.

CITY OF ALEXANDRIA, VIRGINIA
Ratio of Annual Debt Service Expenditures for Net
General Debt ⁽¹⁾ to Total General Expenditures
Last Ten Fiscal Years

TABLE XIII

| Year | Principal | Interest and Other Costs | Total Debt Service | General Expenditures ⁽²⁾ | Ratio of Debt Service to General Governmental Expenditures |
|-------------|------------------|-------------------------------------|-------------------------------|--|---|
| 2002 \$ | 8,450,000 | \$ 7,565,996 | \$ 16,015,996 | \$ 452,671,072 | 3.54 |
| 2003 | 10,310,000 | 7,173,024 | 17,483,024 | 488,044,085 | 3.59 |
| 2004 | 10,795,000 | 7,887,768 | 18,682,768 | 516,275,303 | 3.62 |
| 2005 | 13,115,000 | 9,567,247 | 22,682,247 | 545,688,442 | 4.16 |
| 2006 | 16,350,000 | 10,502,282 | 26,852,282 | 623,774,871 | 4.30 |
| 2007 | 17,670,000 | 13,306,096 | 30,976,096 | 689,280,260 | 4.49 |
| 2008 | 18,175,000 | 12,344,320 | 30,519,320 | 688,844,141 | 4.43 |
| 2009 | 19,100,000 | 12,800,634 | 31,900,634 | 720,924,777 | 4.42 |
| 2010 | 19,465,000 | 15,123,463 | 34,588,463 | 705,338,251 | 4.90 |
| 2011 | 21,065,000 | 17,414,349 | 38,479,349 | 722,966,982 | 5.32 |

(1) Net General Debt includes general obligation bonds

(2) Includes expenditures for School Board and Library component units

CITY OF ALEXANDRIA, VIRGINIA
Demographic Statistics
June 30, 2011

TABLE XIV

Population

| <u>Calendar Year</u> | <u>Population</u> | <u>Calendar Year</u> | <u>Population</u> |
|----------------------|-------------------|----------------------|-------------------|
| 1950 | 61,787 | 2000 | 128,283 |
| 1960 | 91,023 | 2008 | 140,024 |
| 1970 | 110,938 | 2009 | 144,100 |
| 1980 | 103,217 | 2010 | 139,966 |
| 1990 | 111,183 | 2011 | 141,287 |

SOURCE: U.S. Bureau of Census, "General Population Characteristics"

POPULATION INDICATORS
PER CAPITA INCOME*

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Alexandria | \$48,106 | \$52,125 | \$52,344 | \$53,711 | \$58,365 | \$61,147 | \$65,141 | \$70,632 | \$72,220 | \$70,846 |
| Arlington | \$49,555 | \$52,673 | \$53,860 | \$54,207 | \$58,893 | \$59,389 | \$63,827 | \$68,270 | \$72,317 | \$73,187 |
| Fairfax (includes Fairfax City and Falls Church) | \$50,035 | \$51,931 | \$52,494 | \$53,981 | \$57,169 | \$60,289 | \$64,698 | \$67,909 | \$69,885 | \$69,241 |
| Washington MSA | \$37,777 | \$40,672 | \$42,404 | \$43,693 | \$46,311 | \$48,697 | \$57,746 | \$62,484 | \$56,510 | \$56,984 |

*The BEA has revised these numbers.

SOURCE: U.S. Bureau of Economic Analysis (BEA)

CITY OF ALEXANDRIA
UNEMPLOYMENT RATE
LAST TEN YEARS

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Unemployment Rate | 3.8% | 2.9% | 3.2% | 3.1% | 2.6% | 2.2% | 2.9% | 2.8% | 4.8% | 4.8% |

SOURCE: Virginia Employment Commission

CITY OF ALEXANDRIA, VIRGINIA
Principal Taxpayers
Current Year and Nine Years Ago

TABLE XV

Private Property

| Owner's Name | Property | Percentage of | |
|--|------------------------------|----------------------|------------------|
| | | 2011 Assessed | Total |
| | | Value (In | Assessed |
| | | millions) | Valuation |
| 1. LCOR Alexandria, L.L.C. | Office Buildings | \$ 982.3 | 3.01% |
| 2. AIMCO Foxchase L.P. | Foxchase Apartments | 283.8 | 0.87 |
| 3. Washington Real Estate Investment Trust | Portfolio | 251.4 | 0.77 |
| 4. Southern Towers L.L.C. | Southern Towers Apartments | 219.9 | 0.67 |
| 5. Lafayette Buildings LLC | Mark Center Office Buildings | 213.9 | 0.66 |
| 6. Hoffman Buildings LP | Hoffman Office Buildings | 182.9 | 0.56 |
| 7. Tishman Speyer Archstone Smith Newport | Newport Village Apartments | 165.8 | 0.51 |
| 8. T C Duke Street L.L.C. | Office Buildings | 163.6 | 0.50 |
| 9. Alexandria Apartments L.L.C. | EOS 21 Apartments | 161.1 | 0.49 |
| 10. CPYR Inc. | Potomac Yard Retail | 155.7 | 0.48 |

SOURCE: City of Alexandria, Department of Real Estate Assessments

| Owner's Name | Property | Percentage of | |
|---|-----------------------------|----------------------|------------------|
| | | 2002 Assessed | Total |
| | | Value (In | Assessed |
| | | millions) | Valuation |
| 1. AIMCO Foxchase L.P. | Foxchase Apartments | \$ 140.0 | 0.86% |
| 2. Southern Towers L.P. | Southern Towers Apartments | 119.4 | 0.73 |
| 3. SAP II-III/Stellar Housing Partnership | Oakwood Apartments | 116.4 | 0.72 |
| 4. Potomac Yard Retail, Inc. | Potomac Yard Retail Center | 106.4 | 0.65 |
| 5. Hoffman Buildings LP | Hoffman Office Buildings | 103.3 | 0.63 |
| 6. Canal Center Props | Office Building | 103.3 | 0.63 |
| 7. LCOR Alexandria LLC | Vacant Land/Office Building | 90.6 | 0.56 |
| 8. Hoffman Family LLC | Vacant Land/Office Building | 81.6 | 0.50 |
| 9. Millbrook Apts Assoc | Millbrook Apartments | 78.1 | 0.48 |
| 10 Carlyle Development Corporation | Vacant Land/Office Building | 77.0 | 0.47 |

SOURCE: City of Alexandria, Department of Real Estate Assessments

CITY OF ALEXANDRIA, VIRGINIA
Principal Taxpayers
Current Year and Nine Years Ago

TABLE XV
(Continued)

Public Service Companies

| Owner's Name | 2011 Assessed Value (In millions) | Percentage of Total Assessed Valuation |
|--|--|---|
| 1. Mirant Potomac River, LLC | \$ 252.8 | 0.8% |
| 2. Virginia Electric & Power Company | 169.6 | 0.52 |
| 4. Norfolk Southern Railway Company | 72.6 | 0.22 |
| 6. Richmond, Fredericksburg & Potomac Railway Co | 68.2 | 0.21 |
| 5. Verizon Virginia Inc. | 63.6 | 0.19 |
| 3. Covanta Alexandria/Arlington, Inc. | 56.6 | 0.17 |
| 7. Virginia-American Water Co. | 48.8 | 0.15 |
| 9. Washington Gas Light Company | 32.2 | 0.10 |
| 8. Potomac Electric Power Company | 31.8 | 0.10 |
| 10. T-Mobile Communications | 6.2 | 0.02 |

SOURCE: Virginia State Corporation Commission

| Owner's Name | 2002 Assessed Value (In millions) | Percentage of Total Assessed Valuation |
|--|--|---|
| 1. Mirant Potomac River, LLC | \$ 181.50 | 1.12% |
| 2. Virginia Electric Power Company | 109.50 | 0.94 |
| 3. Verizon Virginia, Inc | 103.10 | 0.89 |
| 4. Covanta Alexandria, Arlington, Inc | 60.40 | 0.37 |
| 5. Richmond, Fredericksburg & Potomac Railway Co | 45.70 | 0.28 |
| 6. Norfolk Southern Railway Company | 41.10 | 0.25 |
| 7. Virginia American Water Company | 30.10 | 0.18 |
| 8. Potomac Electric Power Company | 27.40 | 0.17 |
| 9. Washington Gas Light Company | 27.00 | 0.17 |
| 10. Jones Telecommunications of Virginia, Inc. | 19.40 | 0.12 |

CITY OF ALEXANDRIA, VIRGINIA
Alexandria City School Board
Demographic Statistics
Last Ten Fiscal Years

TABLE XVI

| Fiscal Year | Total Enrollment⁽¹⁾ | Number Receiving Free or Reduced Meals | Number in English as Second Language | Number Receiving Special Education | Number in Elementary School Gifted and Talented Programs | Number in Middle (6-8) School Gifted and Talented Programs |
|------------------------|---|---|---|---|---|---|
| 2002 | 11,274 | 5,593 | 1,809 | 1,958 | 547 | 461 |
| 2003 | 10,979 | 5,243 | 2,090 | 1,949 | 644 | 455 |
| 2004 | 11,104 | 5,525 | 2,412 | 1,999 | 543 | 470 |
| 2005 | 10,667 | 5,449 | 2,628 | 1,979 | 493 | 453 |
| 2006 | 10,284 | 5,169 | 2,379 | 1,900 | 436 | 442 |
| 2007 | 10,057 | 4,961 | 2,223 | 1,802 | 436 | 442 |
| 2008 | 10,557 | 5,012 | 2,083 | 1,786 | 451 | 435 |
| 2009 | 11,225 | 5,866 | 2,909 | 1,830 | 333 | 395 |
| 2010 | 11,623 | 6,264 | 2,572 | 1,747 | 451 | 330 |
| 2011 | 11,999 | 6,665 | 2,698 | 1,701 | 462 | 293 |

SOURCE: City of Alexandria Public School System

CITY OF ALEXANDRIA, VIRGINIA
General Fund
City Departments' Expenditures Detail by Function
For the Fiscal Year Ended June 30, 2011

TABLE XVII

| | General | Judicial | Public | Public | Health and | Recreation | Community | | Transit | Debt | |
|--|---------------|----------------|----------------|---------------|---------------|---------------|---------------|-----------|--------------|---------------|----------------|
| | Government | Administration | Safety | Works | Welfare | & Culture | Development | Education | Subsidies | Service | Total |
| Expenditures: | | | | | | | | | | | |
| City Council..... | \$ 499,346 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 499,346 |
| City Manager..... | 1,555,714 | - | - | - | - | - | - | - | - | - | 1,555,714 |
| Office On Women..... | 1,403,706 | - | - | - | - | - | - | - | - | - | 1,403,706 |
| Citizens Assistance..... | 302,827 | - | 219,143 | - | - | - | - | - | - | - | 521,970 |
| Office of Management and Budget..... | 1,063,491 | - | - | - | - | - | - | - | - | - | 1,063,491 |
| 18th Circuit Court..... | - | 1,391,612 | - | - | - | - | - | - | - | - | 1,391,612 |
| 18th General District Court..... | - | 52,880 | - | - | - | - | - | - | - | - | 52,880 |
| Juvenile and Domestic Relations Courts..... | - | 18,814 | - | - | - | - | - | - | - | - | 18,814 |
| Commonwealth's Attorney..... | - | 2,405,039 | - | - | - | - | - | - | - | - | 2,405,039 |
| Sheriff..... | - | 7,255,965 | 19,423,549 | - | - | - | - | - | - | - | 26,679,514 |
| Clerk of Courts..... | - | 1,490,067 | - | - | - | - | - | - | - | - | 1,490,067 |
| Other Correctional Activities..... | - | 3,996,386 | 1,073,719 | - | - | - | - | - | - | - | 5,070,105 |
| Court Services..... | - | 1,285,154 | - | - | - | - | - | - | - | - | 1,285,154 |
| Human Rights..... | 590,629 | - | - | - | - | - | - | - | - | - | 590,629 |
| Internal Audit..... | 235,591 | - | - | - | - | - | - | - | - | - | 235,591 |
| Information Technology Services..... | 7,181,221 | - | - | - | - | - | - | - | - | - | 7,181,221 |
| Office of Communications..... | - | - | - | - | - | - | 1,261,245 | - | - | - | 1,261,245 |
| City Clerk and Clerk of Council..... | 411,837 | - | - | - | - | - | - | - | - | - | 411,837 |
| Finance..... | 9,010,871 | - | - | - | - | - | - | - | - | - | 9,010,871 |
| Real Estate Assessments..... | 1,470,112 | - | - | - | - | - | - | - | - | - | 1,470,112 |
| Human Resources..... | 2,820,166 | - | - | - | - | - | - | - | - | - | 2,820,166 |
| Planning and Zoning..... | - | - | - | - | - | - | 9,054,788 | - | - | - | 9,054,788 |
| City Attorney..... | 2,325,670 | - | - | - | - | - | - | - | - | - | 2,325,670 |
| Registrar..... | 1,007,110 | - | - | - | - | - | - | - | - | - | 1,007,110 |
| General Services..... | 2,671,579 | - | - | 9,009,848 | - | - | - | - | - | - | 11,681,427 |
| Procurement..... | 861,763 | - | - | - | - | - | - | - | - | - | 861,763 |
| Transportation and Environmental Services..... | - | - | - | 24,800,184 | - | - | 2,732,180 | - | - | - | 27,532,364 |
| Transit Subsidies..... | - | - | - | - | - | - | - | - | 8,094,839 | - | 8,094,839 |
| Fire..... | - | - | 36,736,241 | - | - | - | - | - | - | - | 36,736,241 |
| Police..... | - | - | 51,013,585 | - | - | - | - | - | - | - | 51,013,585 |
| Emergency Communications..... | - | - | 1,842,911 | - | - | - | - | - | - | - | 1,842,911 |
| Mental Health/Mental Retardation and Substance Abuse..... | - | - | - | - | 683,995 | - | - | - | - | - | 683,995 |
| Health..... | - | - | - | - | 7,584,268 | - | 270,206 | - | - | - | 7,854,474 |
| Human Services..... | - | - | - | - | 9,820,623 | - | - | - | - | - | 9,820,623 |
| Human Services Contributions..... | - | - | - | - | 2,012,623 | - | - | - | - | - | 2,012,623 |
| Office of Historic Alexandria..... | - | - | - | - | - | 2,560,919 | - | - | - | - | 2,560,919 |
| Recreation and Cultural Activities..... | - | - | - | - | - | 19,025,423 | - | - | - | - | 19,025,423 |
| Other Educational Activities..... | - | - | - | - | - | - | - | 12,229 | - | - | 12,229 |
| Miscellaneous..... | 10,065,162 | - | 1,551,721 | 586,190 | - | - | 224,536 | - | - | 38,479,349 | 50,906,958 |
| Total Expenditures..... | \$ 43,476,795 | \$ 17,895,917 | \$ 111,860,869 | \$ 34,396,222 | \$ 20,101,509 | \$ 21,586,342 | \$ 13,542,955 | \$ 12,229 | \$ 8,094,839 | \$ 38,479,349 | \$ 309,447,026 |

CITY OF ALEXANDRIA
Government Employees By Function
Last Ten Fiscal Years

TABLE XVIII

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | 300 | 303 | 305 | 304 | 300 | 300 | 297 | 273 | 269 | 259 |
| Judicial Administration | 118 | 119 | 117 | 120 | 121 | 120 | 120 | 120 | 123 | 123 |
| Public Safety | 887 | 900 | 910 | 926 | 929 | 933 | 936 | 937 | 930 | 934 |
| Public Works | 224 | 227 | 229 | 231 | 232 | 225 | 228 | 231 | 232 | 240 |
| Library | 52 | 52 | 54 | 55 | 55 | 55 | 55 | 56 | 55 | 54 |
| Health and Welfare | 492 | 497 | 511 | 502 | 509 | 514 | 515 | 511 | 510 | 530 |
| Culture and Recreation | 145 | 145 | 150 | 155 | 154 | 157 | 158 | 155 | 152 | 144 |
| Community Development | 66 | 67 | 57 | 57 | 57 | 55 | 55 | 59 | 57 | 57 |
| Education | 2,098 | 2,079 | 2,082 | 2,120 | 2,125 | 2,119 | 2,058 | 2,015 | 2,098 | 2,115 |
| TOTAL | 4,382 | 4,389 | 4,415 | 4,470 | 4,482 | 4,478 | 4,422 | 4,357 | 4,426 | 4,456 |

Principal Employers
Current Year (as of July 1, 2011 and Nine Years Ago)

TABLE XIX

| Current Year | Percentage of Total City | | Nine Years Ago | Percentage of Total City | |
|-------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| | Employees⁽¹⁾ | Employment⁽²⁾ | | Employees⁽¹⁾ | Employment⁽²⁾ |
| LARGEST PUBLIC EMPLOYERS | | | LARGEST PUBLIC EMPLOYERS | | |
| U.S. Department of Commerce | 1,000 & over | 3.20% | U.S. Department of Defense | 1,000 & over | 3.20% |
| U.S. Department of Defense | 1,000 & over | 3.20% | City of Alexandria | 2,173 | 2.32% |
| City of Alexandria | 2,341 | 2.50% | Alexandria Public Schools | 2,008 | 2.14% |
| Alexandria Public Schools | 2,115 | 2.26% | WMATA (Metro) | 1,000 & over | 3.20% |
| WMATA | 1000 & over | 3.20% | U.S. Postal Services | 500-999 | 0.80% |
| Northern Virginia Community College | 500-999 | 0.80% | U.S. Department of Agriculture | 500-999 | 0.80% |
| U.S. Army Non-Appropriated Funds | 500-999 | 0.80% | Northern Virginia Community College | 500-999 | 0.80% |
| | | 15.97% | | | 13.28% |
| LARGEST PRIVATE EMPLOYERS | | | LARGEST PRIVATE EMPLOYERS | | |
| INOVA Alexandria Hospital | 1000 & over | 3.29% | Alexandria Hospital | 1,000 & over | 3.29% |
| American Building Maintenance Co | 500-999 | 0.82% | NOVA Care Employee Services | 500-999 | 0.82% |
| Institute of Defense Analysis | 500-999 | 0.82% | Institute for Defense Analysis | 500-999 | 0.82% |
| Gali Services Corporation | 500-999 | 0.82% | The Home Depot | 500-999 | 0.82% |
| CNA Corporation | 500-999 | 0.82% | United Parcel Service, Inc | 500-999 | 0.82% |
| Grant Thornton LLP | 500-999 | 0.82% | CNA Corporation | 500-999 | 0.82% |
| Oblon Spivak McClelland | 250-499 | 0.41% | Boat America Corporation | 500-999 | 0.82% |
| | | 7.81% | | | 8.22% |

SOURCE: Virginia Employment Commission

⁽¹⁾ Employment ranges are given to ensure confidentiality.

⁽²⁾ Percentages are based on the midpoint of the employment range.

CITY OF ALEXANDRIA
Operating Indicators By Function
Last Ten Fiscal Years

TABLE XX

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Judicial Administration | | | | | | | | | | |
| Civil and criminal cases processed by | | | | | | | | | | |
| Clerk of Courts | 49,998 | 4,785 | 5,346 | 5,780 | 5,255 | 5,657 | 5,730 | 5,700 | 5,666 | 6,700 |
| Real estate documents processed | 43,105 | 43,805 | 50,522 | 43,900 | 44,844 | 31,009 | 29,396 | 29,000 | 26,340 | 25,000 |
| Public Safety | | | | | | | | | | |
| Fire calls requiring emergency response | 5,939 | 5,586 | 6,256 | 5,666 | 6,001 | 5,956 | 5,990 | 6,050 | 6,080 | 5,900 |
| Police calls for emergency service | 3,192 | 2,401 | 2,379 | 2,148 | 2,100 | 2,458 | 2,500 | 2,500 | 2,500 | ** |
| EMS incidents responded to | * | * | * | * | * | * | * | 11,583 | 12,500 | 15,000 |
| Public Works | | | | | | | | | | |
| Sq yds of concrete sidewalks replaced | 7,515 | 10,575 | 7,846 | 7,448 | 7,012 | 10,099 | 8,000 | 8,000 | 3,450 | 5,635 |
| Cubic yards of leaves collected | 26,750 | 26,750 | 21,075 | 22,650 | 31,000 | 33,600 | 33,000 | 33,000 | 32,001 | 33,500 |
| Library | | | | | | | | | | |
| Circulation | 987,450 | 1,044,868 | 1,032,147 | 972,494 | 1,002,881 | 1,145,490 | 1,234,726 | 1,302,633 | 1,215,000 | 1,105,000 |
| Patron visits | 755,281 | 833,835 | 893,427 | 813,704 | 823,496 | ** | ** | ** | ** | ** |
| Number of reference questions answered | * | * | * | * | 376,532 | 591,864 | 592,345 | 592,855 | 567,500 | 332,050 |
| Health and Welfare | | | | | | | | | | |
| Adolescent patient visits | 3,380 | 3,049 | 3,211 | 2,961 | 3,005 | ** | ** | ** | ** | ** |
| Average monthly food stamp cases | 1,100 | 1,206 | 1,530 | 1,658 | 1,637 | 1,675 | 1,675 | 3,294 | 4,098 | 4,586 |
| Number of home based services | * | * | * | * | 7,117 | 7,025 | 6,800 | ** | ** | ** |
| Adult clients served | * | * | * | * | 3,631 | 3,631 | 3,230 | 3,230 | 2,456 | 2,477 |
| Transit | | | | | | | | | | |
| Annual Ridership | 2,739,719 | 2,986,631 | 3,131,284 | 3,323,021 | 3,556,486 | 3,743,499 | 3,800,000 | 4,006,825 | 3,880,000 | 3,741,499 |
| Operating cost per mile | \$ 4.51 | \$ 4.80 | \$ 5.13 | \$ 5.72 | ** | ** | ** | ** | ** | ** |
| Miles of service | * | * | * | * | 1,396,590 | 1,462,464 | 1,505,000 | 1,534,900 | 1,500,000 | 1,410,656 |
| Culture and Recreation | | | | | | | | | | |
| Number of staff directed programs at | | | | | | | | | | |
| City Recreation Centers and Playgrounds | 17,365 | 20,437 | 19,128 | 19,154 | 20,500 | ** | ** | ** | ** | ** |
| Average cost per park facility maintained | * | * | * | * | * | \$ 25,246 | \$ 23,018 | \$ 24,512 | \$ 22,671 | \$ 23,078 |
| Community Development | | | | | | | | | | |
| Average Home rehabilitation loan | \$ 54,272 | \$ 68,529 | \$ 59,757 | \$ 73,036 | 74,693 | ** | ** | ** | ** | ** |
| Average Home rehabilitation loan cost | * | * | * | * | * | \$ 68,479 | \$ 69,484 | \$ 32,379 | \$ 61,154 | \$ 63,350 |
| Education | | | | | | | | | | |
| Cost per pupil | \$ 10,862 | \$ 11,914 | \$ 12,918 | \$ 13,670 | \$ 15,871 | \$ 18,232 | \$ 19,341 | \$ 19,078 | \$ 18,003 | \$ 18,169 |
| Enrollment | 11,104 | 10,979 | 10,752 | 10,677 | 10,284 | 10,332 | 10,557 | 11,225 | 11,623 | 11,999 |

* - New indicator - Additional information will be provided as it becomes available. In FY 2007, the City reviewed and changed many operating indicators.

** - Indicator no longer maintained

CITY OF ALEXANDRIA
Capital Indicators By Function
Last Ten Fiscal Years

TABLE XX (cont)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Judicial Administration | | | | | | | | | | |
| Number of beds at Sheltercare | 14 | 14 | 14 | 14 | 14 | ** | ** | ** | ** | ** |
| Number of foster care homes | * | * | * | * | 125 | 123 | 135 | 91 | 60 | 60 |
| Public Safety | | | | | | | | | | |
| Rescue apparatus | * | * | 98 | 98 | 108 | ** | ** | ** | ** | ** |
| Fire vehicles | * | * | * | * | * | 132 | 136 | 130 | 137 | 139 |
| Public Works | | | | | | | | | | |
| Paved streets | 511 | 513 | 514 | 514 | 514 | 514 | 521 | 514 | 514 | 514 |
| Sidewalks | 320 | 321 | 321 | 321 | 321 | 321 | 321 | 321 | 321 | 321 |
| Library | | | | | | | | | | |
| Full service branches and central library | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Health and Welfare | | | | | | | | | | |
| Preventative health care sites | * | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Transit | | | | | | | | | | |
| DASH transit buses | 49 | 49 | 49 | 57 | 57 | 57 | 57 | 62 | 63 | 63 |
| Culture and Recreation | | | | | | | | | | |
| Playgrounds | 45 | 45 | 45 | 45 | 45 | 45 | 46 | 46 | 46 | 45 |
| Athletic fields available for games | * | * | * | * | 48 | 48 | 50 | 50 | 56 | 48 |
| Acreage of park and open space | 964 | 964 | 964 | 949 | 964 | 964 | 964 | 964 | 964 | 965 |
| Total number of facilities maintained | * | * | * | * | 217 | 217 | 206 | 235 | 237 | 237 |
| Community Development | | | | | | | | | | |
| Public housing and public housing replacement units | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 |
| Education | | | | | | | | | | |
| Public schools | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |

* - New indicator - Additional information will be provided as it becomes available. In FY 2007, the City reviewed and changed many operating indicators.

** - Indicator no longer maintained

SOURCE: City of Alexandria Approved Budget

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2011

TABLE XXI

| | |
|--|-----------------|
| Date of Incorporation..... | 1779 |
| Date of City Charter..... | 1922 |
| Form of Government | Council-Manager |
| Number of Full-Time City Positions (Other than Schools) | 2,341 |
| Number of Full-Time Equivalent School Positions | 2,115 |

Land Area

15.75 Square Miles

Elevation

0 to 287 Feet Above Sea Level

Location

38.8210 N

77.0861 W

Climate

Average January Temperature 34.9°

Average July Temperature 79.2°

Transportation

Major Highways:

Capital Beltway (I-95)

I-395 (Shirley Highway)

U.S. Route 1

George Washington Memorial Parkway

Rail:

The City is served by the north-south routes of Amtrak. The Virginia Railway Express provides commuter service between Alexandria, Washington, D.C., Fredericksburg, and Manassas, Virginia. Freight lines entering the City are Conrail, CSX Transportation, and Norfolk Southern Company.

Washington Metropolitan Area Transit Authority (WMATA) provides light transit to the Washington Metro area. Four of the systems stations are located in Alexandria.

Air:

Ronald Reagan Washington National Airport is only minutes away from any location within the City.

Dulles International Airport provides international and longer domestic travel.

Ground:

The City is served by local bus service provided by the Alexandria Transit Company.

The City is served by the local and express buses of the Washington Metropolitan Area Transit Authority (METRO) and the Fairfax Connector.

Individualized service is available through privately owned taxicab fleets.

Port Facilities:

The port of Alexandria has two docks for ocean-going freighters and two major public docks. The 24-foot deep Potomac River channel runs the length of the Alexandria waterfront.

Population

| | |
|--|-----------------------|
| 2011 Resident Population | 141,287 |
| Number of Households – 2010 Census..... | 68,082 |
| Household Size (2010 U.S. Census) | 2.03 Persons Per Unit |
| 2010 Population by Race (2010 U.S. Census Bureau): | |
| White | 60.9% |
| Black..... | 21.8% |
| Native American..... | 0.4% |
| Asian and Pacific Islanders..... | 6.0% |
| Multi-Racial..... | 3.7% |
| Other Races Alone..... | 7.2% |
| Hispanic (All Races)..... | 16.1% |

2010 Population by Age (U.S. Census Bureau Estimate):

| | |
|---------------|-------|
| (1-17) | 17.1% |
| (18-24) | 7.2% |
| (25-64) | 66.5% |
| (65 +) | 9.1% |

Registered Voters

June 2011..... 82,461

Temporary Assistance to Needy Families

(Cases) - Monthly Average, 2011..... 540

Food Stamps (Cases) - Monthly Average, 2011..... 4,586

Medicaid (Cases) - Monthly Average, 2011..... 8,021

Economy

Employed Residents, June 2011..... 93,771

Unemployed Residents, June 2011..... 4,679

Unemployed Rate, June 2011..... 4.8%

Washington PMSA Inflation Rate, based

on Consumer Price Index, for FY 2011..... 3.9%

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2011

TABLE XXI

(Continued)

| Housing | 2011 | 2010 |
|-----------------------------------|-------------|-------------|
| Total Housing Units..... | 74,648 | 75,423 |
| Type of Single-Family Housing | | |
| Detached..... | 9,129 | 9,119 |
| Semi-Detached..... | 5,671 | 5,612 |
| Rowhouse..... | 6,346 | 6,232 |
| Condo Townhouse..... | 1,012 | 987 |
| Total Single-Family..... | 22,158 | 21,950 |
| Condominium Units..... | 18,274 | 18,443 |
| Rental Apartments..... | 33,066 | 33,880 |
| Public Housing and Public Housing | | |
| Replacement Units..... | 1,150 | 1,150 |
| Average Assessed Value of | | |
| Single Family Homes..... | \$617,286 | \$637,154 |
| Average Assessed Value of | | |
| Condominiums..... | \$266,541 | \$301,718 |
| Average Market Rents | | |
| Efficiency..... | \$1,060 | \$962 |
| 1 Bedroom Apartment..... | \$1,380 | \$1,245 |
| 2 Bedroom Apartment..... | \$1,765 | \$1,624 |
| 3 Bedroom Apartment..... | \$1,916 | \$2,012 |

Communications

Television:
All major networks plus cable
Local Newspapers:
Alexandria Gazette Packet (weekly)
Regional Newspapers:
Washington Post
Washington Times
Washington Examiner
Radio:
50 major and minor radio stations in metropolitan area

Miles of Streets, Sidewalks and Alleys

| | |
|-------------------------|--------|
| Streets: | |
| Paved - Lane Miles..... | 514 |
| Unpaved..... | 0.17 |
| Sidewalks..... | 321.31 |
| Alleys, Paved..... | 20.56 |

Utilities

| | |
|----------------|-----------------------------------|
| Telephone..... | various |
| Electric..... | Dominion Virginia Power |
| Gas..... | Washington Gas |
| Water..... | Virginia - American Water Company |
| Sewer..... | Alexandria Sanitation Authority |
| Cable..... | Comcast Communications |

Public Recreation

| | |
|----------------------------------|--------|
| Acreage..... | 955.90 |
| Facilities: | |
| Playground Areas..... | 35 |
| Swimming Pools..... | 7 |
| Gymnasiums..... | 16 |
| Basketball Courts (outdoor)..... | 24 |
| Tennis Courts..... | 34 |
| Playing Fields..... | 45 |

Medical Facilities

| | |
|--|-----|
| Hospital: | |
| INOVA Alexandria Hospital..... | 318 |
| Nursing Homes: | |
| Goodwin House..... | 80 |
| Hermitage Retirement Community..... | 200 |
| Woodbine Rehabilitation & Healthcare Center..... | 307 |
| Washington House..... | 55 |
| Integrated Health Services of Northern Virginia..... | 111 |

Libraries

| | Number |
|--|---------------|
| Central Library..... | 1 |
| Full service branches..... | 3 |
| (Books and other materials for home use as well as electronic and print reference service) | |
| Local History – Special Collections I..... | 1 |
| Talking book service..... | 1 |

Education

| | Number |
|------------------------------------|---------------|
| Public Schools: | |
| Elementary..... | 13 |
| Middle..... | 2 |
| High School..... | 1 |
| Parochial and Private Schools..... | 13 |

Higher Education:

Located within the City are the Alexandria campus of Northern Virginia-Community College, Regent University, and the Episcopal Theological Seminary. Nearby institutions include George Mason, George Washington, American, Catholic, Georgetown, and Howard Universities.

Financial Institutions

| | |
|-----------------------|----|
| Commercial Banks..... | 14 |
| Credit Unions..... | 8 |

Hotels and Motels

| | Rooms |
|--|--------------|
| Alexandria Towne Motel..... | 26 |
| Alexandria Travelodge..... | 40 |
| Best Western Old Colony Inn..... | 49 |
| Bragg Towers..... | 98 |
| Alexandria Comfort Inn..... | 169 |
| Courtyard by Marriott..... | 177 |
| Alexandria Days Inn..... | 200 |
| Embassy Suites..... | 268 |
| Extended Stay America..... | 104 |
| Hampton Inn..... | 80 |
| Hawthorn Suites Hotel..... | 170 |
| Hilton Alexandria Mark Center..... | 500 |
| Hilton Alexandria Old Town..... | 241 |
| Holiday Inn Eisenhower..... | 197 |
| Hotel Monaco..... | 241 |
| Holiday Inn Historic District..... | 178 |
| Homestead Village..... | 130 |
| Morrison House..... | 45 |
| Crown Plaza Alexandria Old Town..... | 253 |
| Residence Inn Alexandria Old Towne..... | 240 |
| Residence Inn Alexandria at Carlyle..... | 181 |
| Courtyard Alexandria Pentagon South..... | 203 |
| Sheraton Suites Alexandria..... | 247 |
| Westin Alexandria..... | 319 |
| The Lorien Hotel & Spa..... | 107 |
| Washington Suites..... | 225 |
| Total..... | 4,688 |

CITY OF ALEXANDRIA, VIRGINIA

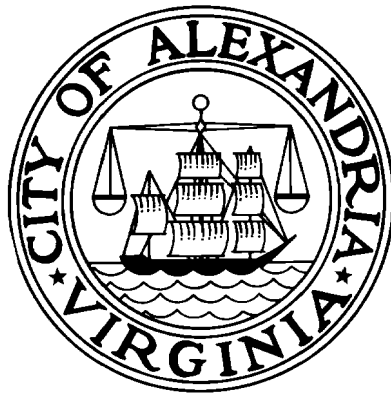
Five-Year Summary of General Fund Revenues and Expenditures

Table XXII

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues: | | | | | |
| General Property Taxes | \$ 310,821,622 | \$ 324,113,019 | \$ 333,482,063 | \$ 337,220,918 | \$ 349,779,825 |
| Other Local Taxes | 110,979,367 | 112,263,941 | 112,271,370 | 114,371,351 | 118,259,357 |
| Permits, Fees, and Licenses | 5,944,363 | 4,764,924 | 4,827,422 | 4,811,588 | 2,543,789 |
| Fines and Forfeitures | 3,628,938 | 3,903,807 | 4,116,453 | 3,941,372 | 4,472,520 |
| Use of Money and Property | 9,712,862 | 9,044,947 | 4,433,015 | 3,033,638 | 3,591,323 |
| Charges for Services | 10,286,955 | 11,302,195 | 12,404,166 | 13,803,578 | 14,939,668 |
| Intergovernmental Revenues | 53,608,403 | 54,447,311 | 53,095,127 | 52,465,911 | 53,728,609 |
| Miscellaneous | 590,351 | 618,907 | 1,065,130 | 787,960 | 987,727 |
| Total Revenues | \$ 505,572,861 | \$ 520,459,051 | \$ 525,694,746 | \$ 530,436,316 | \$ 548,302,818 |
| Other Financing Sources: | | | | | |
| Operating Transfers In | \$ 1,063,895 | \$ 1,311,109 | \$ 2,223,910 | \$ 1,301,560 | \$ 1,446,713 |
| Refunding Bonds | 22,815,000 | - | - | - | - |
| Premium | 1,448,072 | - | - | - | - |
| Total Other Financing Sources | \$ 25,326,967 | \$ 1,311,109 | \$ 2,223,910 | \$ 1,301,560 | \$ 1,446,713 |
| Total Revenues and Other Financing Sources | \$ 530,899,828 | \$ 521,770,160 | \$ 527,918,656 | \$ 531,737,876 | \$ 549,749,531 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | \$ 44,983,189 | \$ 42,536,812 | \$ 46,137,096 | \$ 44,487,379 | \$ 43,476,795 |
| Judicial Administration | 16,024,123 | 17,028,954 | 17,958,782 | 17,743,109 | 17,895,917 |
| Public Safety | 105,381,228 | 108,941,895 | 113,896,868 | 111,666,800 | 111,860,869 |
| Public Works | 33,072,866 | 34,206,948 | 34,755,649 | 33,298,427 | 26,218,026 |
| Health and Welfare | 20,889,031 | 21,058,544 | 20,723,663 | 19,152,519 | 20,101,509 |
| Culture and Recreation | 22,855,258 | 23,822,427 | 23,109,869 | 20,748,594 | 21,586,342 |
| Community Development | 9,219,603 | 13,009,454 | 13,840,168 | 12,594,376 | 13,542,955 |
| Education | 12,548 | 12,399 | 12,004 | 12,304 | 12,229 |
| Transit | 6,755,289 | 6,644,738 | 4,595,401 | 5,168,369 | 16,273,035 |
| Debt Services: | | | | | |
| Principal Retired | 17,729,329 | 18,175,000 | 19,100,000 | 19,465,000 | 21,065,000 |
| Interest and Fiscal Charges | 13,307,530 | 12,344,320 | 12,800,635 | 15,123,463 | 17,414,349 |
| Total Expenditures | \$ 290,229,994 | \$ 297,781,491 | \$ 306,930,135 | \$ 299,460,340 | \$ 309,447,026 |
| Other Financing Uses: | | | | | |
| Payment to Refunded Bonds | | | | | |
| Escrow Agent | \$ 24,104,018 | \$ - | \$ - | \$ - | \$ - |
| Operating Transfers Out | 47,816,337 | 55,343,575 | 50,769,720 | 42,940,615 | 40,621,320 |
| Transfers Out- Component Units | 164,032,522 | 174,651,343 | 182,702,659 | 179,538,720 | 181,944,218 |
| Total Other Financing Uses | \$ 235,952,877 | \$ 229,994,918 | \$ 233,472,379 | \$ 222,479,335 | \$ 222,565,538 |
| Total Expenditures and Other Financing Uses | \$ 526,182,871 | \$ 527,776,409 | \$ 540,402,514 | \$ 521,939,675 | \$ 532,012,564 |
| Revenues and Other Financing Sources | | | | | |
| Over/(Under) Expenditures and Other Financing Uses | \$ 4,716,957 | \$ (6,006,249) | \$ (12,483,858) | \$ 9,798,201 | \$ 17,736,967 |
| Fund Balances at Beginning of Year | 67,378,045 | 72,253,728 | 65,488,041 | 53,306,991 | 63,041,371 |
| Increase (Decrease) in Reserve for Inventory | 158,726 | (759,438) | 302,808 | (63,821) | 81,829 |
| FUND BALANCES AT END OF YEAR | \$ 72,253,728 | \$ 65,488,041 | \$ 53,306,991 | \$ 63,041,371 | \$ 80,860,167 |

CITY OF ALEXANDRIA, VIRGINIA
Summary of Total
General Obligation Bonds
Debt Service
As of June 30, 2011

| Fiscal Year | Total Principle | Total Interest | Total |
|--------------------|------------------------|-----------------------|--------------------|
| 2012 | 23,725,000 | \$18,261,668 | 41,986,668 |
| 2013 | 26,285,000 | \$17,173,550 | 43,458,550 |
| 2014 | 28,095,000 | \$16,027,444 | 44,122,444 |
| 2015 | 28,830,000 | \$14,948,043 | 43,778,043 |
| 2016 | 28,785,000 | \$13,775,863 | 42,560,863 |
| 2017 | 28,750,000 | \$12,508,638 | 41,258,638 |
| 2018 | 28,695,000 | \$11,276,726 | 39,971,726 |
| 2019 | 28,660,000 | \$10,042,801 | 38,702,801 |
| 2020 | 26,625,000 | \$8,811,481 | 35,436,481 |
| 2021 | 23,685,000 | \$7,650,131 | 31,335,131 |
| 2022 | 20,855,000 | \$6,586,881 | 27,441,881 |
| 2023 | 20,855,000 | \$5,642,456 | 26,497,456 |
| 2024 | 17,555,000 | \$4,683,569 | 22,238,569 |
| 2025 | 17,555,000 | \$3,868,794 | 21,423,794 |
| 2026 | 15,515,000 | \$3,081,506 | 18,596,506 |
| 2027 | 12,550,000 | \$2,304,300 | 14,854,300 |
| 2028 | 12,550,000 | \$1,672,475 | 14,222,475 |
| 2029 | 12,550,000 | \$1,034,013 | 13,584,013 |
| 2030 | 9,200,000 | \$466,800 | 9,666,800 |
| 2031 | 4,400,000 | \$110,000 | 4,510,000 |
| Total | \$415,720,000 | \$159,927,139 | 575,647,139 |



SINGLE AUDIT



KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

**Independent Auditors' 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***

The Honorable Mayor and Members of the City Council
City of Alexandria, Virginia:

We have audited the accompanying financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Virginia (the City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 23, 2011. Our report referred to the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns* (the Specifications), issued by the Auditor of Public Accounts for the Commonwealth of Virginia.

Internal Control over Financial Reporting

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

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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'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. Also, the Auditor of Public Accounts of the Commonwealth of Virginia requires us to test the City's compliance with certain matters specified in the Code of Virginia, including budget and appropriation laws; cash and investments; conflict of interest; debt provisions, procurement; local retirement system; unclaimed property; the Personal Property Tax Relief Act, intergovernmental revenue and agreements; state agency requirements of education; Comprehensive Services Act funds; and social services. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated November 23, 2011.

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

KPMG LLP

November 23, 2011



KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

**Independent Auditors' Report on Compliance With Requirements Applicable to
Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

The Honorable Mayor and Members of the City Council
City of Alexandria, Virginia:

Compliance

We have audited the compliance of the City of Alexandria, Virginia (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that are applicable to each of its major federal programs for the year ended June 30, 2011. The City'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's management. Our responsibility is to express an opinion on the City'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'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 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the City 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.



A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

KPMG LLP

November 23, 2011

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

| Federal Grantor/Recipient State Agency/Program Title | Federal Catalog Number | | Expenditures |
|--|-------------------------------|----------------|-----------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Pass Through Payments: | | | |
| Department of Agriculture and Consumer Services (301 535-06): | | | |
| National School Lunch Program | 10.555 | 298,786 | \$ - |
| Commodity Food Distribution | 10.555 | <u>142,932</u> | 441,718 |
| State Administrative Matching for Supplemental Nutrition Assistance Program | 10.561 | | 1,876,474 |
| Department of Education (197 457-07) | | | |
| School Breakfast Program | 10.553 | | 873,605 |
| School Lunch Program | 10.555 | | 2,895,731 |
| Child and Adult Care Food Program | 10.558 | | 124,062 |
| Summer Food Service Program for Children | 10.559 | | 112,581 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u><u>\$ 6,324,171</u></u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Direct Payments: | | | |
| Administration for Children, Youth and Families | | | |
| Special Programs for the Aging _Title VII, Chapter 3 | 93.041 | | \$ 1,593 |
| Alzheimer's Disease Demonstration Grants to States | 93.051 | | 43,900 |
| Total Direct Payments | | | <u>\$ 45,493</u> |
| Pass Through Payments: | | | |
| Department of Health: | | | |
| Preventive Health and Health Services Block Grant | 93.991 | | \$ 168,079 |
| Centers for Disease Control and Prevention _ Investigations and Technical Assistance | 93.283 | | 2,293 |
| Injury Prevention and Control Research and State and Community Based | 93.136 | | 303 |
| Department of Mental Health and Mental Retardation | | | |
| Block Grant for Community Mental Health Services | 93.958 | | 519,393 |
| Projects for Assistance in Transition from Homelessness | 93.150 | | 61,338 |
| Substance Abuse and Mental Health Services _Projects of Regional and National Significance | 93.243 | | 4,000 |
| Child Care and Development Block Grant | 93.575 | | 1,090,310 |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | | 1,085,948 |
| Drug Free Communities Support Program Grants | 93.276 | | 122,836 |
| Department for the Aging: | | | |
| Special Programs for the Aging _Title III Part B Supportive Svces and Senior Centers | 93.044 | | 142,319 |
| Special Programs for the Aging _Title III Part D _Disease Prevention and Health Promotion Services | 93.043 | | 3,020 |
| Special Programs for the Aging Title IIIC - Nutritional Services | 93.045 | | 156,192 |
| Department of Social Services: | | | |
| Promoting Safe and Stable Families | 93.556 | | 59,891 |
| Temporary Assistance for Needy Families | 93.558 | | 1,120,754 |
| Head Start 2011 | 93.600 | | 1,843,613 |
| Social Services Block Grant | 93.667 | 1,759,808 | |
| ARRA -Social Services Block Grant | 93.667 | <u>204,433</u> | 1,964,242 |
| Child Welfare Services State Grant | 93.645 | | 6,184 |
| Refugee and Entrant Assistance _ State Administered Programs | 93.566 | | 231,932 |
| Community Services Block Grant | 93.569 | | 152,462 |
| Low Income Home Energy Assistance | 93.568 | | 58,337 |
| Child Care Mandatory and Matching Funds of the Childcare and Development Fund | 93.596 | | 1,519,268 |
| Chafee Education and Training Vouchers Program | 93.599 | | 21,603 |
| Foster Care Title IV - E | 93.658 | 1,630,799 | |
| ARRA-Foster Care Title IV - E | 93.658 | <u>42,652</u> | 1,673,451 |
| Adoption Assistance | 93.659 | 830,299 | |
| ARRA-Adoption Assistance | 93.659 | <u>75,087</u> | 905,386 |
| Chafee Foster Care Independence Program | 93.674 | | 39,318 |
| ARRA - Head Start | 93.708 | | 229,900 |
| ARRA Aging Home-Delivered Nutrition Services for States | 93.705 | | 3,041 |
| ARRA - Community Services Block Grant | 93.710 | | 37,707 |
| ARRA Aging Congregate Nutrition Services for States 93.707 | 93.707 | | 12,523 |
| Children's Health Insurance Program | 93.767 | | 41,702 |
| Medical Assistance Program | 93.778 | | 1,127,662 |
| Total Pass Through Payments | | | <u>\$ 14,405,009</u> |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u><u>\$ 14,450,502</u></u> |

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

| | | | |
|---|--------|------|----------------------------|
| Direct Payments: | | | |
| Community Development Block Grant Program, Entitlement Grants | 14.218 | | \$ 2,003,678 |
| Total Direct Payments | | | <u>\$ 2,003,678</u> |
| Pass Through Payments: | | | |
| Supportive Housing Program | 14.235 | | \$ 348,407 |
| Emergency Shelter Grants Program | 14.231 | | 68,634 |
| Home Investment Partnerships Program | 14.239 | | 345,950 |
| ARRA Community Development Block Grant ARRA Entitlement | 14.253 | 2009 | 330,503 |
| ARRA Homeless Prevention and Rapid Re-Housing Program Technical Assistance | 14.257 | 2010 | 209,241 |
| Total Pass Through Payments | | | <u>\$ 1,302,735</u> |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u><u>\$ 3,306,413</u></u> |

DEPARTMENT OF HOMELAND SECURITY

| | | | |
|---|--------|------|----------------------------|
| Pass Through Payments | | | |
| Non-Profit Security Program | 97.008 | 2009 | \$ 24,537 |
| State Homeland Security Program | 97.073 | 2009 | 95,000 |
| Emergency Management Performance Grants | 97.042 | 2009 | 66,149 |
| Assistance to Firefighters Grant | 97.044 | 2010 | 65,925 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 2009 | 476,764 |
| Homeland Security Grant Program | 97.067 | 2010 | 1,042,667 |
| Rail and Transit Security Grant Program | 97.075 | 2009 | 3,588 |
| Total Pass Through Payments | | | <u>\$ 1,774,630</u> |
| TOTAL DEPARTMENT OF HOMELAND SECURITY | | | <u><u>\$ 1,774,630</u></u> |

U.S. DEPARTMENT OF JUSTICE

| | | | |
|--|--------|---------------|----------------------------|
| Pass Through Payments: | | | |
| Department of Criminal Justice Services (140-390-01) | | | |
| Asset Forfeiture Report | 16.000 | | \$ 106,304 |
| State Criminal Alien Assistance Program | 16.606 | | 155,604 |
| Juvenile Accountability Block Grants | 16.523 | | 21,699 |
| Youth Gang Prevention | 16.544 | | 151,794 |
| Part E - Developing, Testing and Demonstrating Promising New Programs | 16.541 | | 233,774 |
| Crime Victim Assistance | 16.575 | | 130,252 |
| Edward Byrne Memorial Formula Grant | 16.579 | | 1,727 |
| Violence Against Women Formula Grants | 16.588 | 91,288 | |
| ARRA V Stop Recovery Act - Violence Against Women Formular Grants | 16.588 | 21,709 | 112,997 |
| Public Safety Partnership and Community Policing Grants | 16.710 | | 145,754 |
| Edward Byrne Memorial JAG grant | 16.738 | | 132,630 |
| ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government | 16.804 | | 81,454 |
| Total Pass Through Payments | | | <u>\$ 1,273,989</u> |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u><u>\$ 1,273,989</u></u> |

U.S. DEPARTMENT OF LABOR

| | | | |
|--|--------|---------------|--------------------------|
| Pass Through Payments: | | | |
| ARRA Employee Benefits Security Administration (EBSA) | 17.151 | | \$ 6,116 |
| WIA Pilots, Demonstrations, and Research Projects | 17.261 | | 222,114 |
| WIA Adult Program | 17.258 | 80,485 | |
| ARRA WIA Adult Program | 17.258 | 11,104 | 91,589 |
| WIA Youth Activities | 17.259 | 66,255 | |
| ARRA WIA Youth Activities | 17.259 | 20,918 | 87,173 |
| WIA Dislocated Workers | 17.260 | 249,131 | |
| ARRA WIA Dislocated Workers | 17.260 | 35,841 | 284,972 |
| | | | <u>\$ 691,964</u> |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u><u>\$ 691,964</u></u> |
| Save America's Treasures -Gabsby's | 15.929 | | \$ 156,398 |
| TOTAL U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE | | | <u><u>\$ 156,398</u></u> |

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

U.S. ENVIRONMENTAL PROTECTION AGENCY
Direct Payments:

| | | | |
|-----------------------------------|--------|--|-----------|
| Congressionally Mandated Projects | 66.202 | | \$ 61,773 |
|-----------------------------------|--------|--|-----------|

| | | | |
|--|--|--|-----------|
| TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY | | | \$ 61,773 |
|--|--|--|-----------|

U.S. DEPARTMENT OF TRANSPORTATION

Pass Through Payments:

Department of Transportation

| | | | |
|---|---------------|----------------|--------------|
| Metropolitan Transportation Planning | 20.505 | | \$ 42,025 |
| Highway Planning and Construction | 20.205 | 548,777 | |
| ARRA Highway Planning and Construction | 20.205 | 745,299 | 1,294,076 |
| Alcohol Open Container Requirements | 20.607 | | 29,750 |
| Highway Research and Development Program | 20.200 | | 66,155 |
| Total Pass through payments | | | \$ 1,432,006 |

| | | | |
|---|--|--|--------------|
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | \$ 1,432,006 |
|---|--|--|--------------|

U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Direct Payments:

| | | | |
|--|--------|--|-----------|
| Employment Discrimination_State and Local Fair Employment Practices Agency Contracts | 30.002 | | \$ 49,739 |
|--|--------|--|-----------|

| | | | |
|--|--|--|-----------|
| TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION | | | \$ 49,739 |
|--|--|--|-----------|

U.S. DEPARTMENT OF EDUCATION

Pass Through Payments:

Department of Education:

| | | | |
|--|----------------|--|------------------|
| Title I Grants to Local Educational Agencies | 84.010 | | \$ 4,225,088 |
| Title I State Agency Program for Neglected and Delinquent Children | 84.013 | | 91,344 |
| Special Education Grants to States | 84.027 | | 2,581,660 |
| Career and Technical Education-- Basic Grants to States | 84.048 | | 228,788 |
| Special Education Preschool Grants | 84.173 | | 82,910 |
| Special Education Grants for Infants and Families with Disabilities (720-445-07) | 84.181 | | 155,681 |
| Safe and Drug-Free Schools and Communities_State Grants | 84.186 | | 16,833 |
| Education Technology State Grants | 84.318 | | 37,161 |
| English Language Acquisition Grants | 84.365 | | 508,540 |
| Improving Teacher Quality State Grants | 84.367 | | 1,044,926 |
| School Improvement Grants | 84.377 | | 285,624 |
| Readiness and Emergency Mgmt | 84.184E | | 190,800 |
| ARRA McKinney-Vento | 84.387A | | 10,447 |
| Title I Grants to Local Educational Agencies | 84.389A | | 1,456,718 |
| ARRA School Improvement Grant 1003g | 84.388 | | 1,518,154 |
| ARRA Education Jobs Fund | 84.394A | | 172,422 |
| ARRA Educational Technology Grant | 84.386 | | 23,087 |
| ARRA Educational Technology Competitive Grant | 84.386A | | 542,450 |
| ARRA SFSF-Basic Aid FY2011 | 84.394A | | 1,043,535 |
| ARRA IDEA Part B School Grant | 84.391 | | 1,068,200 |
| NCLB: Title II Part D - Competitive Grant | 84.318X | | 215,636 |
| ARRA Special Education - Grants for Infants and Families | 84.393 | | 66,056 |
| Total Pass through payments | | | \$ 15,566,060 |

| | | | |
|------------------------------------|--|--|---------------|
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | \$ 15,566,060 |
|------------------------------------|--|--|---------------|

U.S. DEPARTMENT OF ENERGY

Pass Through Payments:

Department of Energy:

| | | | |
|---|--------|--|------------|
| ARRA Energy Efficiency and Conservation Block Grant Program (EECBG) | 81.128 | | \$ 394,970 |
|---|--------|--|------------|

| | | | |
|---------------------------------|--|--|------------|
| TOTAL U.S. DEPARTMENT OF ENERGY | | | \$ 394,970 |
|---------------------------------|--|--|------------|

DEPARTMENT OF DEFENSE

Community Economic Adjustment Assistance for

| | | | |
|--|--------|--|------------|
| Establishment, Expansion, Realignment, or Closure of a Military Installation | 12.607 | | \$ 193,098 |
|--|--------|--|------------|

| | | | |
|-----------------------------|--|--|------------|
| TOTAL DEPARTMENT OF DEFENSE | | | \$ 193,098 |
|-----------------------------|--|--|------------|

OTHER FEDERAL AID

| | | | |
|---|--------|--|--------------|
| High Intensity Drug Trafficking Area | 95.001 | | \$ 15,903.64 |
| High Intensity Drug Trafficking Assessment/Evaluation | 99.997 | | 69,654.00 |
| High Intensity Drug Trafficking Area | 98.473 | | 56,629.63 |

| | | | |
|---------------------|--|--|------------|
| TOTAL OTHER FEDERAL | | | \$ 142,187 |
|---------------------|--|--|------------|

| | | | |
|--------------------------|--|--|---------------|
| TOTAL FEDERAL ASSISTANCE | | | \$ 45,817,900 |
|--------------------------|--|--|---------------|

CITY OF ALEXANDRIA, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of the City of Alexandria, Virginia and its component units during FY 2011. The City's reporting entity is defined in Note 1 of the City's Basic Financial Statements. Federal awards are received directly, as well as passed through other governmental agencies.

This schedule has been prepared on the modified accrual basis of accounting. Expenditures are recorded when the liability is incurred.

RECONCILIATION OF NOTES TO FINANCIAL STATEMENTS TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City receives and expends federal revenues that are non-grant related and therefore not reportable under the Schedule of Expenditures of Federal Awards. A reconciliation of the Schedule of Expenditures of Federal Awards to Note 12 in the Notes to the Financial Statements, Intergovernmental Revenues, is provided below.

| | |
|---|----------------------|
| Total Federal Expenditures per Schedule | \$ 45,817,900 |
| Non-Reportable Federal Revenue | 9,288,787 |
| Commodities Distribution | <u>(142,932)</u> |
| Total Federal Revenue per Note 12 | <u>\$ 54,963,754</u> |

FEDERAL COGNIZANT AGENCY

The Federal Cognizant Agency for the City of Alexandria, Virginia is the United States Department of Housing and Urban Development.

SUBGRANTEES

The City provided the following amounts to subrecipients during FY 2011:

| <u>Program Title</u> | <u>CFDA</u> | <u>Amount</u> |
|---|-------------|---------------|
| Headstart | 93.600 | \$ 1,843,613 |
| ARRA – Headstart | 93.708 | 229,900 |
| ARRA – Community Block Grant ARRA Entitlement | 14.253 | 330,503 |

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Summary of Auditors' Results:

Financial Statements

The type of report issued on the financial statements: Unqualified

Internal control over financial reporting

- Material weaknesses identified: None
- Significant Deficiencies identified that are not considered to be material weaknesses: None reported

Noncompliance material to the financial statements noted: None

Federal Awards

Internal control over major programs

- Material weaknesses identified: None
- Significant Deficiencies identified that are not considered to be material weaknesses: None reported

The type of 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

Major programs:

- Block Grants for Community Mental Health Services (93.958)
- Child Care and Development Fund (93.575 & 93.596)
- Community Services Block Grant (93.569 & 93.710)
- Foster Care (Title IV-E) (93.658)
- Homeless Prevention and Rapid Re-Housing Program Technical Assistance (14.262)
- School Improvement Grants (84.377 & 84.388)
- Social Services Block Grant (93.667)
- Special Education (IDEA) (84.027, 84.173, & 84.391)
- State Fiscal Stabilization Fund (SFSF) (84.394)
- Supplemental Nutrition Assistance Program (SNAP) (10.561)
- Title I (Part A) (84.010 & 84.389)

Dollar threshold used to distinguish between Type A and Type B programs: \$1,370,418

Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: Yes

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

Findings relating to the Financial Statement Reported in Accordance with *Government Auditing Standards*:

None

Findings and Questioned Costs relating to Federal Awards:

None

CITY OF ALEXANDRIA, VIRGINIA
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2010

Findings and Questioned Costs Relating to Federal Awards

Finding 10-1 Adoption Assistance

Condition - We identified that 3 of 80 selected participants in the Adoption Assistance program were receiving unallowed benefit / maintenance subsidy payments. After further investigation, we observed the three participants had State Adoption Assistance Agreements and were not eligible to receive IV-E Adoption Assistance benefits, and should not have been paid with IV-E reimbursable funds. The 3 participants were paid benefits totaling \$3,695, and our sample of 80 program participant benefits totaled \$76,184. The total benefit / maintenance subsidy payments for FY 2010 were \$2,025,720.

Criteria - “The Adoption Assistance program provides funds to title IV-E agencies and federally recognized Indian tribes, Indian tribal organizations and tribal consortia with approved title IV-E plans for adoption assistance agreements with parents who adopt eligible children with special needs. Federal matching funds are provided to IV-E agencies that provide adoption assistance subsidy payments to parents who adopt certain children with special needs. (42 USC 679c(c)(1)(C)(ii)(II))”

“An adoption assistance agreement is a written agreement between the adoptive parents, the IV-E agency, and other relevant agencies (such as a private adoption agency) specifying the nature and amount of assistance to be given on a monthly basis to parents who adopt eligible special needs children. A child with special needs is defined as a child who the IV-E agency has determined cannot or should not be returned home; has a specific factor or condition, as defined by the State or tribe, because of which it is reasonable to conclude that the child cannot be adopted without financial or medical assistance; and for whom a reasonable effort has been made to place the child without providing financial or medical assistance (42 USC 673(a)(2)).”

Cause – There was an insufficient review of the recipients of monthly Adoption Assistance benefit / subsidy payments made and the IV-E eligibility of those recipients by program management prior to disbursement.

Effect – There were benefits payments made to ineligible participants during FY 2010.

Recommendation - We recommend that the City reemphasized its established policies and/or procedures to review appropriately the monthly benefit / maintenance subsidy payments and the eligibility case files to ensure that the participants receiving IV-E Adoption Assistance subsidy payments are eligible.

Questioned Costs - \$3,695

Management’s response- The Department has already clarified in the new payments system the two distinct adoption maintenance codes. Fiscal staff will make the accounting adjustment to reflect the appropriate funding source. OASIS (state case management system) data will be reconciled to the adoption categories in the payment system on a monthly basis. Alexandria’s Local Department of Social Services has requested VDSS’s (Virginia Department of Social Services) adoption specialist to assist in a review of these cases



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