CITY OF ALEXANDRIA, VIRGINIA

Comprehensive Annual Financial Report

— Fiscal Year Ended June 30, 2010 —

CITY OF ALEXANDRIA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR
JULY 1, 2009 TO JUNE 30, 2010

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

City Manager.....James K. Hartmann
Chief Financial Officer.....Bruce Johnson
Director of Finance.....Laura B. Triggs, CPA
Director of Real Estate Assessments.....Cindy Smith-Page
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

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CITY OF ALEXANDRIA
VIRGINIA

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

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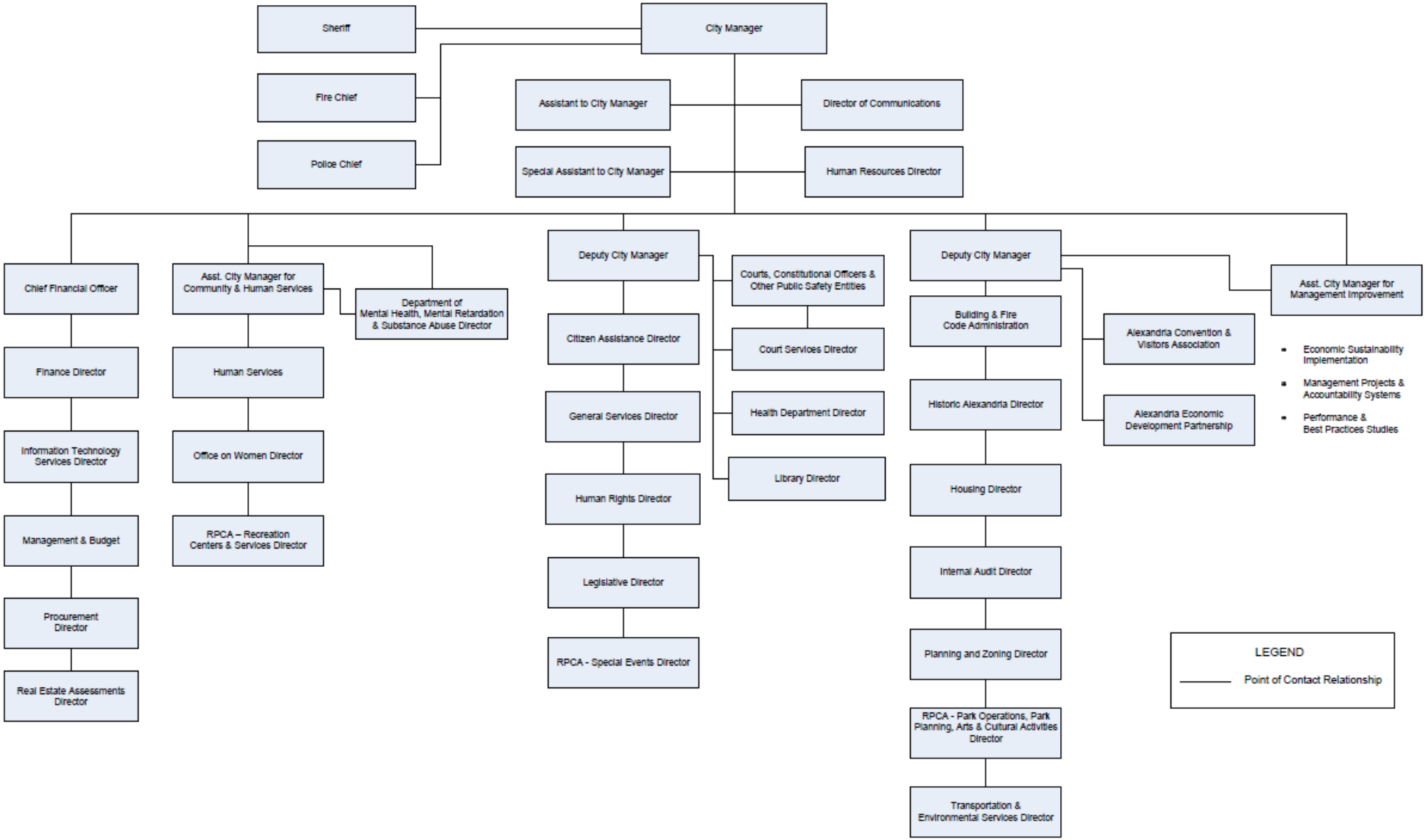
INTRODUCTORY SECTION

ALEXANDRIA CITY GOVERNMENT
ORGANIZATIONAL CHART



November 23, 2010

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, 2010. 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 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, which, when located in Alexandria in the middle of the decade, added more than 6,000 jobs to the City's economy. 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. Despite weak national economic growth and two major snowstorms, FY 2010 collections from the transient lodging tax increased by 1.9 percent compared to FY 2009, while the meals tax was mostly flat, and revenues from the sales tax decreased by 2.3 percent. By Spring 2010, most revenue sources turned positive compared to one year earlier, as the City's economy began to recover.

The hardest hit sector was real estate assessments which generate over half of the City's General Fund revenues. Overall 2010 assessments decreased 7.45 percent compared to 2009, while locally assessed commercial assessments decreased 10.63 percent and residential assessments decreased 5.46 percent. The biggest assessment decreases by category were hotels and office buildings. However, revenues from transient lodging have increased, and the office vacancy rate of 11.3 percent in the 2nd quarter, 2010, 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, 2010 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 2011-2020 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) 2011, revenues are budgeted at about the same as in FY 2010 with revenues budgeted reflecting a lower real estate tax base somewhat offset by an increase in the City real estate tax rate (from 90.3¢ to 97.8¢). 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 in1987. At the end of FY 2010, the City's debt to tax base ratio was just 1.15 percent with that projected to rise to 1.56 percent in FY 2012 (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.

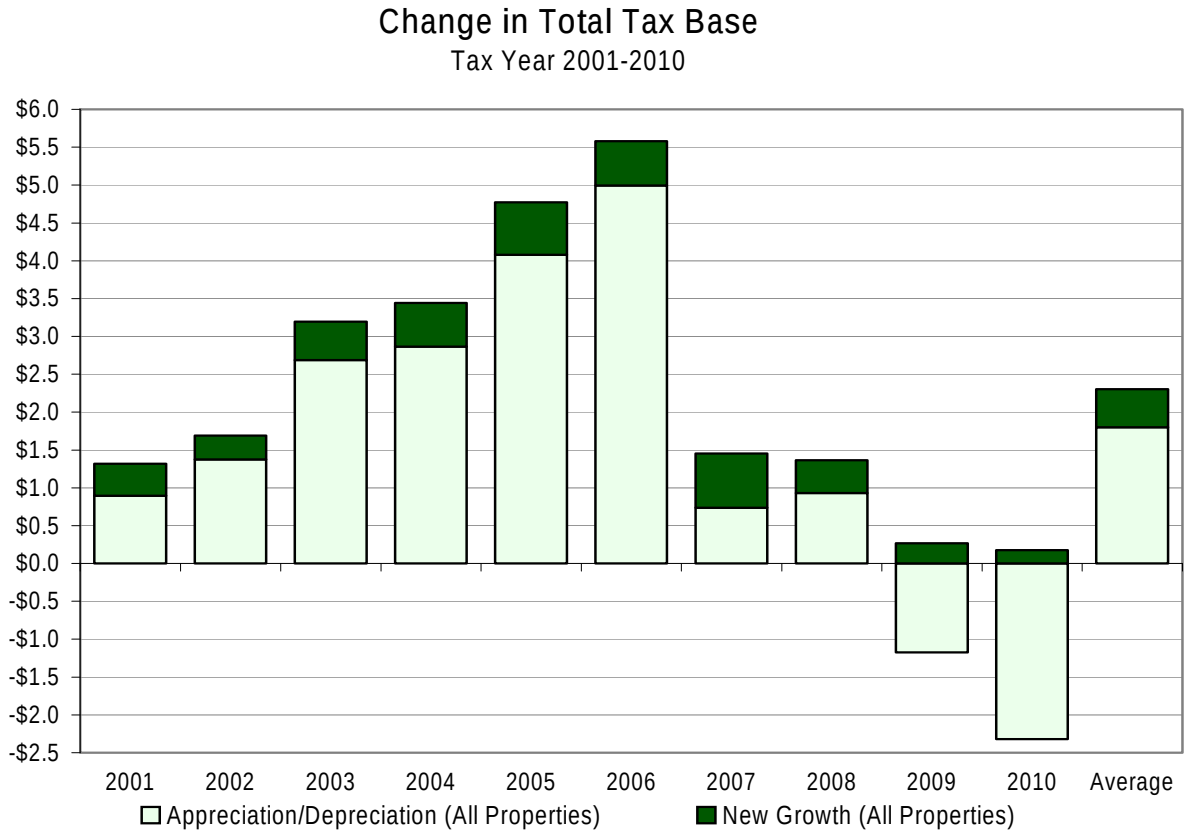
GENERAL GOVERNMENT FUNCTIONS

The following table shows that the overall real property assessed value has increased by over $17 billion since 2001. This includes a 6.3 percent decrease from calendar year 2009 to 2010, which is the second decrease in the tax base since 1995. 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)

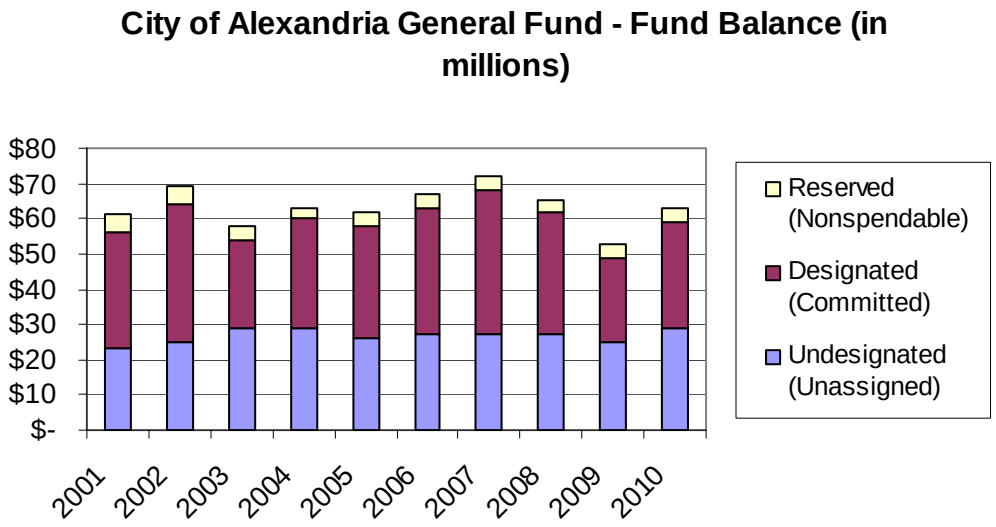
Year	Residential Assessed Value	Residential % Increase (Decrease)	Commercial[1] Assessed Value	Commercial % Increase (Decrease)	Total Assessed Value	Total % Increase (Decrease)
2001	$ 7,573,897	12.8	$ 7,058,453	7.3	$ 14,632,350	10.1
2002	8,889,290	17.4	7,243,699	2.6	16,132,989	10.3
2003	11,191,850	25.9	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)

1. Includes apartment buildings.



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

The General Fund Unreserved Fund Balance financial policies are one component of the City's overall financial strength and stability. At the end of FY 2010, the City's General Fund fund balance was $63.0 million and included legal reservations of fund balance of $4.2 million and a number of designations totaling $30.5 million, including $11.0 million designated for future capital funding, leaving a remaining undesignated fund balance of $28.3 million. At the end of FY 2010 the City's ending General Fund fund balance condition was consistent with the City's established financial policies.



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 Designated Fund Balance), general obligation debt, the sale of surplus property, and intergovernmental grant revenues. The City's Capital Improvement Plan for FY 2011 through FY 2020 represents $691.8 million of City-funded public improvements to the City's schools, public buildings, parks, and transportation systems. In addition, state and federal grants and other sources, such as prior year City funds, will provide $15.3 million in additional planned capital funding for the FY 2011-FY 2020 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:

	Ceiling	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Target
Debt as a Percentage of Fair Market Value	1.6%	0.74%	0.95%	0.75%	0.90%	0.88%	0.90%	0.85%	0.73%	1.12%	1.15%	1.1%
Debt Per Capita as a Percentage of Per Capita Income[1]	4.5%	1.6%	2.2%	2.0%	2.7%	3.1%	3.4%	2.9%	2.6%	3.7%	3.4%	3.2%
Debt Service as a Percentage of General Governmental Expenditures[2]	10.0%	3.1%	3.5%	3.6%	3.6%	4.2%	4.3%	4.5%	4.4%	4.4%	4.9%	8.0%
General Fund Balance as a Percentage of General Fund Revenue:												
Unreserved[3]	10% (floor)	16.6%	17.6%	14.4%	14.6%	13.3%	13.2%	13.4%	12.0%	9.3%	11.1%	N/A
Undesignated[3]	4% (floor)	6.6%	6.8%	7.3%	6.9%	5.9%	5.6%	5.2%	5.2%	4.7%	5.3%	5.5%
Unrestricted Net Assets as a Percentage of General Revenue	4% (floor)	8.4%	32.2%	19.8%	18.4%	14.5%	17.7%	19.0%	12.6%	9.4%	11.8%	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 is currently updating these policies 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 2010 as follows:

Moody's Investors Service	**Standard & Poor's**
Aaa	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 32nd consecutive year in 2009. 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 2010.

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 depositor, 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,

Bruce Johnson	Laura B. Triggs, CPA	Raymond J. Welch, Jr.
Chief Financial Officer	Director of Finance	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, 2009

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

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, 2010, which collectively comprise the City's basic financial statements identified in Exhibits I through XII 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 *Specifications for Audits of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. Generally Accepted Accounting Principles.

As discussed in Note 5, the City adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010 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.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

The accompanying management's discussion and analysis, the budgetary comparison schedules and the schedules of funding progress and employer contributions on pages 23 through 30, 102 through 104, and 105 through 107, 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. 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.

The information identified as the Introductory and Statistical Sections in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

KPMG LLP

November 12, 2010

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, 2010. 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 2010

The General Fund, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses by $9.8 million (Exhibit IV) after making a budgeted $4.6 million transfer to the capital projects fund and a $38.3 million transfer to the special revenue fund.

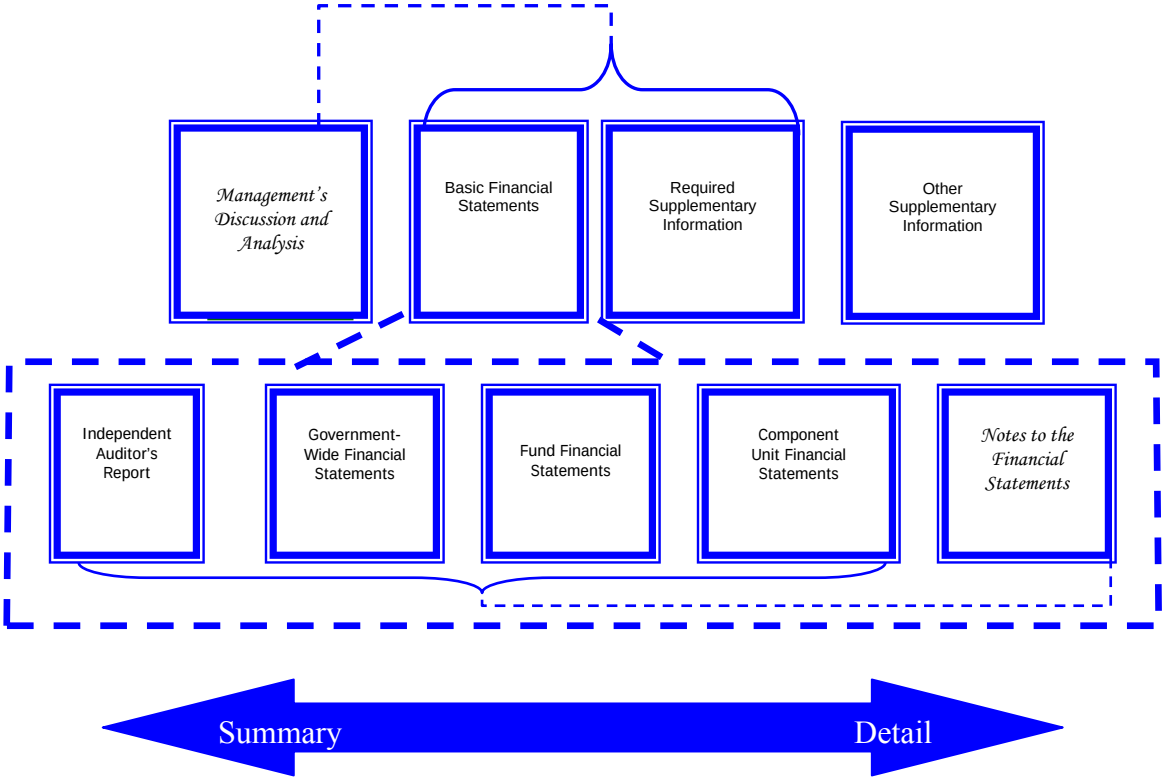
On a government-wide basis for governmental activities, the City's general revenues of $484.2 million were $42.0 million more than the $442.3 million of expenses net of program revenue (Exhibit II).

The City's total net assets, excluding component units, on the government-wide basis, totaled $377.6 million at June 30, 2010. Of this amount, $57.3 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*.

Components of the Financial Section



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, 2010 and 2009
(In millions)

	Primary Government			
	Governmental Activities		Component Units	
	2010	2009 Restated	2010	2009 Restated
Current and other assets	$ 426	$ 480	$ 59	$ 54
Capital assets	639	549	21	23
Total Assets	$ 1,065	$ 1,029	$ 80	$ 77
Other Liabilities	$ 286	$ 277	$ 33	$ 29
Long-term liabilities	401	417	11	14
Total Liabilities	$ 687	$ 694	$ 44	$ 43
Net Assets:				
Invested in Capital assets, net of related debt	$ 248	$ 153	$ 21	$ 23
Restricted	72	135		
Unrestricted	57	47	15	10
	$ 377	$ 335	$ 36	$ 33

Amounts may not add due to rounding

The City's net assets, (which is the City's bottom line) increased thirteen percent, or $42 million, to $377 million. The increase is primarily attributable to the donation of the Monroe Avenue Bridge. Component units net assets increased by $3 million. The City's capital assets increased $90 million mainly due to the increase in donated assets indicated above, the inclusion for the first time of the City's intangible assets totaling $.7 million net, the completion of the new Transit bus Facility and the new Potomac Yard Fire station. Long-term liabilities decreased as no new bonds were issued during 2010 but some debt service was paid (Note 9).

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, 2010 and 2009
(In millions)
Total

	Primary Government			
	Governmental Activities		Component Units	
	2010	2009	2010	2009
Revenues				
Program revenues:				
Charges for services	$ 44	$ 54	$ 5	$ 6
Operating grants and contributions	65	63	44	43
Capital grant/contributions	13	20		
General revenues:				
Property taxes	337	335		
Other taxes	114	112		
Other	33	35	2	2
Payment to/from City	-	-	182	187
Total Revenues	$ 606	$ 619	$ 233	$ 238
Expenses				
General Government	$ 61	$ 79	$	$
Judicial Administration	19	19		
Public Safety	118	120		
Public Works	20	49		
Library	6	7	7	8
Health and Welfare	91	97		
Transit	13	13	13	13
Culture and Recreation	26	28		
Community Development	21	30		
Education	173	174	210	214
Interest on Long-term Debt	16	11		
Total Expenses	$ 564	$ 627	$ 230	$ 236
Change in Net assets	$ 42	$ (8)	$ 3	$ 2
Net Assets beginning of Year	$ 336	$ 343	$ 33	$ 31
Net Assets end of Year	$ 377	$ 335	$ 36	$ 33
Restated PY Net Assets including intangible assets		$ **336**		

Amounts may not add due to rounding

REVENUES

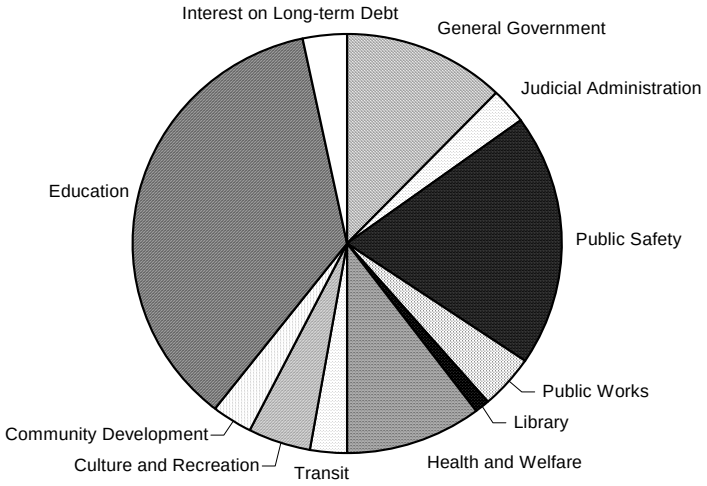
For the fiscal year ended June 30, 2010 revenues from governmental activities totaled $606 million. Real estate tax revenues, the City's largest revenue source, reflecting the recognition of the taxes associated with the last half of calendar year 2009 and the first half of calendar year 2010 real property tax billings, were $304 million. The increase in tax revenues is primarily attributable to a tax rate increase of 7.5¢.

In addition:

- Charges for services and donations decreased by $10 million mainly due to the completion of the Potomac Yard Fire station.
- The decrease in capital grants and contributions reflect the completion of reimbursements for the new Transit Facility.

Component units' nets assets increased $3 million primarily from expenditure savings.

Net Expenses for Governmental Activities



EXPENSES

For the fiscal year ended June 30, 2010 expenses for governmental activities totaled $564 million a decrease of $63 million reflecting the City's focus on judicious spending. For FY 2010 the City decreased resources to most areas.

Education continues to be one of the City's highest priorities. Capital funding included $1.9 million in addition to the City's operating subsidy to the Schools of $165.6 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2010, the governmental funds reflect a combined fund balance of $152 million (Exhibit III). The Governmental fund balance decrease of $61 million is primarily due to the spending of prior year's bond proceeds. In addition, these other changes in fund balance should be noted:

- The General Fund contributed $4.6 million to pay-as-you-go financing of capital projects.
- The City contributed $165.6 million to the schools for operations and $1million for snow clearing.
- The sewer fund contributed $4.3 million to pay-as-you go capital projects.
- The City spent $93.0 million in the Capital Projects Fund primarily to fund the new Public Safety facility.

Except for reservations of 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 AND SPECIAL REVENUE BUDGETARY HIGHLIGHTS

Table 3

General Fund Budget (in millions)

	FY 2010		
	Orginal Budget	Amended Budget	Actual
Revenues, Transfers, and Other Financial Sources			
Taxes	$ 329	$ 329	$ 337
Other Local Taxes	116	116	114
Transfers and Other	83	83	81
Total	$ 528	$ 528	$ 532
Expenditures, Transfers, and Other Financial Uses			
Expenditures	$ 313	$ 311	$ 299
Transfers and Other	220	226	223
Total	$ 533	$ 537	$ 522
Change in Fund Balance	$ (5)	$ (10)	$ 10

Special Revenue Budget (in millions)

	FY 2010		
	Original Budget	Amended Budget	Actual
Revenues, Transfers, and Other Financial Sources			
Intergovernmental	$ 40	$ 66	$ 44
Other	15	18	15
Transfers	38	38	38
Total	$ 93	$ 122	$ 97
Expenditures, Transfers, and Other Financial Uses			
Expenditures	$ 87	$ 116	$ 93
Transfers and Other	6	6	6
Total	$ 93	$ 122	$ 99
Change in Fund Balance	$ -	$ -	$ (2)

Amounts may not add due to rounding

Expenditures and other financing uses exceeded revenue and other financing sources by $10 million in the General Fund for FY 2010.

Actual General Fund revenues and other financial sources were above the original budgeted and the amended budget by $4 million during FY 2010. This is primarily due to an increase in the tax rate for real estate taxes. As a result of supplemental appropriations actual General Fund expenditures and transfers were less than the original budget by $11 million, while General Fund expenditures were less than the amended budget by $15 million primarily as a result of fiscal restraint by all City departments.

Actual Special Revenue Fund revenues and other financial sources were above the original budget by $4 million. As a result of supplemental appropriations actual Special Revenue Fund expenditure and other financial uses were $23 million less than the amended budget primarily due to the budgeting of multi-year grants. The City incurred $7.5 million of unbudgeted expenditures related to two major snow storms.

During FY 2010, 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, 2009 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, 2009, totaled $2.0 million.

- To reappropriate monies ($1.7 million) to pay for projects budgeted for FY 2009 but not completed before the end of the fiscal year.
- To reappropriate grant, donation and other revenues authorized in FY 2009 or earlier, but not expended or encumbered as of June 30, 2009.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2010.
- To appropriate the designated General Fund balance of $0.2 million to planned capital projects.

CAPITAL ASSETS

At the end of FY 2010, the City's governmental activities had invested cumulatively $639.3 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of $89.2 million. In addition for full compliance with the new GASB 51standard on Intangible assets were added with a net restatement of FY 2009 Capital assets of $0.7 million.

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

	Balance 30-Jun-09	Restated 30-Jun-09	Net Additions/ Deletions	Balance 30-Jun-10
Non-Depreciable Assets				
Land and Land Improvements	$88.8	$88.8	$3.2	$92.0
Construction in Progress	79.2	79.2	11.0	90.2
Other Capital Assets				
Intangible Assets	-	10.9	0.4	11.3
Buildings	382.2	382.2	49.0	431.2
Infrastructure	144.1	144.1	42.3	186.4
Furniture and Other Equipment	59.8	59.8	(2.7)	57.1
Accumulated Depreciation on other Capital Assets	(204.7)	(214.9)	(14.0)	(228.9)
Totals	**$549.4**	**$550.1**	**$89.2**	**$639.3**

Amounts may not add due to rounding

The FY 2010 increase in buildings reflects the completion of the new Transit Bus Facility and The Potomac Yard Fire station. The increase in infrastructure reflects the addition of the new Monroe Avenue Bridge and infrastructure projects.

The FY 2011- FY 2020 Approved Capital Improvement Program (CIP), which was approved by City Council in May 2010, sets forth for the first time a ten-year program with $692 million in new City funding and $15 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 $438 million as compared with $398 million in the FY 2010-FY 2015 CIP. This represents (in City funding) an increase of approximately $40 million above the FY 2010-2015 CIP. The CIP also provides an increased capital investment in quality of life initiatives, including open space acquisition, 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 2010, the City had $364.5 million in outstanding general obligation bonds, a decrease of $19.5 million, or 5.1 percent, under last year. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2010, 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 $3.2 billion for the City.

On July 20, 2010, the City Council issued $72.3 million in General Obligation bonds. The bonds were issued with an original issue premium of $1.9 million and a true interest cost of 2.93 percent. The issuance included $17 million for shorter-term traditional tax-exempt bonds. The issuance also included $55.3 million in taxable Build America Bonds for which the federal government provides a 35% interest subsidy. The $72.3 million bonds will be used to finance public school facility improvement; police headquarters; building maintenance; contributions to DASH bus system and Metro bus and rail system; and streets, sewers an other infrastructure costs.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2010. Other short term liabilities represent unclaimed money and deposits.

ECONOMIC FACTORS

The number of jobs in the City decreased in FY 2010; as of March 2010, the number of Alexandria jobs totalled 95,246 (the latest data available from the Virginia Employment Commission). Tourism has remained relatively flat, with restaurant food tax showing a slight decrease in FY 2010.

As of 2008 (the latest data available from the U.S. Bureau of Economic Analysis), the City's major per capita income of $72,220 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 10.9 percent by the end of FY 2010, which is lower than the office vacancy rate in Northern Virginia (12.7 percent), as well as the Washington, DC metropolitan area (11.4 percent).

OTHER INFORMATION

The following regulations came into force during FY 2010.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. See Note 5 for detailed information.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The implementation of this statement did not have a material impact on the financial statements.

GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The implementation of this statement did not have a material impact on the financial statements.

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, Director of the City of Alexandria's Finance Department, 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, 2010

Exhibit I

	Primary Government			
	Governmental Activities		Component Units	
ASSETS				
Cash and Cash Equivalents	$	104,513,612	$	43,371,826
Cash and Investments with Fiscal Agents		72,384,024		2,334,376
Receivables, Net		201,809,978		300,376
Due From Other Governments		41,651,916		5,493,076
Inventory of Supplies		1,827,459		616,633
Prepaid and Other Assets		2,836,779		7,302,506
Capital Assets				
Land and Construction in Progress		182,256,511		7,504,188
Other Capital Assets, Net		457,084,292		13,208,915
Capital Assets, Net		639,340,803		20,713,103
Total Assets	$	1,064,364,571	$	80,131,896
LIABILITIES				
Accounts Payable	$	16,339,622	$	6,282,980
Accrued Wages		11,424,079		23,406,450
Accrued Liabilities		3,851,798		-
Unclaimed property		-		1,011
Deferred Revenue		218,073,450		530,071
Other Short-term Liabilities		9,129,057		484,183
Deposits		1,550,409		-
Long-term Liabilities Due Within One Year		25,627,538		1,917,108
Long-term Liabilities Due in More Than One Year		400,763,741		11,254,638
Total Liabilities	$	686,759,693	$	43,876,441
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	$	248,014,454	$	20,713,103
Restricted for:				
Capital Projects		72,269,397		-
Unrestricted Net Assets		57,321,026		15,542,352
TOTAL NET ASSETS	$	377,604,877	$	36,255,455

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Exhibit II

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total	Net (Expense) Revenue and Changes in Net Assets: Component Units
Primary Government:							
Governmental Activities:							
General Government	$ 61,110,676	$ 1,978,631	$ 669,685	$ -	(58,462,360)	$ (58,462,360)	$ -
Judicial Administration	19,329,520	1,459,199	3,652,885	-	(14,217,436)	(14,217,436)	-
Public Safety	118,339,975	11,128,591	13,726,498	-	(93,484,886)	(93,484,886)	-
Public Works	19,532,232	17,999,459	8,274,862	12,552,777	19,294,866	19,294,866	-
Library	6,074,971	-	-	-	(6,074,971)	(6,074,971)	-
Health and Welfare	90,821,174	6,722,454	34,965,593	-	(49,133,127)	(49,133,127)	-
Transit	13,076,158	-	-	-	(13,076,158)	(13,076,158)	-
Culture and Recreation	25,863,005	3,063,347	307,261	170,209	(22,322,188)	(22,322,188)	-
Community Development	21,022,511	1,563,671	3,615,112	607,027	(15,236,701)	(15,236,701)	-
Education	173,280,682	-	-	-	(173,280,682)	(173,280,682)	-
Interest on Long-term Debt	16,337,588	-	-	-	(16,337,588)	(16,337,588)	-
Total Primary Government	$ 564,788,492	$ 43,915,352	$ 65,211,896	# $ 13,330,013	$ (442,331,231)	$ (442,331,231)	$ -
Component Units:							
Library	$ 6,639,270	$ 269,286	$ 183,661	$ -	$ -	$ -	$ (6,186,323)
Transit	13,034,301	3,464,894	216,800	-	-	-	(9,352,607)
School Board	210,694,658	1,599,341	43,854,964	-	-	-	(165,240,353)
Total Component Units	$ 230,368,229	$ 5,333,521	$ 44,255,425	$ -	$ -	$ -	$ (180,779,283)
General Revenues:							
Taxes:							
General Property Taxes:							
Real Estate					$ 304,265,013	$ 304,265,013	$ -
Personal Property					32,922,488	32,922,488	-
Other Local Taxes:							
Business License Tax					30,295,624	30,295,624	
Local Sales Tax					22,744,483	22,744,483	
Meals Tax					14,908,999	14,908,999	
Transient Lodging Tax					10,824,410	10,824,410	-
Utility Tax					10,462,233	10,462,233	
Communications Sales Tax					11,315,541	11,315,541	
Motor Vehicle License, Recordation, and other local taxes					13,820,061	13,820,061	
Transfer							
Payment from City of Alexandria					-	-	181,450,396
Grants and Contributions Not Restricted to Specific Programs					31,515,322	31,515,322	-
Interest and Investment Earnings					375,991	375,991	129,497
Miscellaneous					787,957	787,957	2,036,280
Total General Revenues					$ 484,238,122	$ 484,238,122	$ 183,616,173
Change in Net Assets					$ 41,906,891	$ 41,906,891	$ 2,836,890
Net Assets at Beginning of Year, as Restated					335,697,986	335,697,986	33,418,565
Net Assets at End of Year					$ 377,604,877	$ 377,604,877	$ 36,255,455

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2010

Exhibit III

	General	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 72,822,363	$ 18,823,241	$ 1,182,795	$ 92,828,399
Cash and Investments with Fiscal Agents	-	114,627	72,269,397	72,384,024
Receivables, Net	198,041,377	3,689,292	-	201,730,669
Accrued Interest	79,309	-	-	79,309
Due From Other Governments	32,081,147	9,570,769	-	41,651,916
Inventory of Supplies	1,827,459	-	-	1,827,459
Prepaid and Other Assets	91,343	145,742	-	237,085
Total Assets	304,942,998	32,343,671	73,452,192	410,738,861
LIABILITIES				
Accounts Payable	$ 7,246,877	$ 2,570,233	$ 6,388,974	$ 16,206,084
Accrued Wages	9,009,947	2,402,252	11,880	11,424,079
Other Liabilities	8,406,057	-	723,000	9,129,057
Deposits	1,550,409	-	-	1,550,409
Deferred Revenue	215,688,337	4,876,837	-	220,565,174
Total Liabilities	$ 241,901,627	$ 9,849,322	$ 7,123,854	$ 258,874,803
FUND BALANCES				
Reserved for:				
Capital Projects	$ -	$ -	$ 39,286,809	$ 39,286,809
Notes Receivable	400,000	2,650,025	-	3,050,025
Inventory of Supplies	1,827,459	-	-	1,827,459
Encumbrances	2,007,557	3,871,845	27,041,528	32,920,930
Unreserved	58,806,355	15,972,479	-	74,778,834
Total Fund Balances	$ 63,041,371	$ 22,494,349	$ 66,328,337	$ 151,864,057
Total Liabilities and Fund Balances	$ 304,942,998	$ 32,343,671	$ 73,452,191	

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)	629,419,082
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)	5,091,418
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)	21,473,396
Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(430,243,075)
Net Assets of Governmental Activities	$ 377,604,877

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, 2010

Exhibit IV

	General	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES				
General Property Taxes	$ 337,220,918	$ -	$ -	$ 337,220,918
Other Local Taxes	114,371,351	-	-	114,371,351
Permits, Fees, and Licenses	4,811,588	-	-	4,811,588
Fines and Forfeitures	3,941,372	-	-	3,941,372
Use of Money and Property	3,033,638	201,445	610,015	3,845,098
Charges for Services	13,803,578	11,002,812	2,180,475	26,986,865
Intergovernmental Revenue	52,465,911	44,261,307	13,330,013	110,057,231
Miscellaneous	787,960	2,852,336	1,854,081	5,494,377
Total Revenues	$ 530,436,316	$ 58,317,900	$ 17,974,584	$ 606,728,800
EXPENDITURES				
Current Operating:				
General Government	$ 44,487,379	$ 728,343	$ -	$ 45,215,722
Judicial Administration	17,743,109	1,100,141	-	18,843,250
Public Safety	111,666,800	3,384,983	-	115,051,783
Public Works	33,298,427	9,035,168	-	42,333,595
Library	6,074,971	-	-	6,074,971
Health and Welfare	19,152,519	71,069,187	-	90,221,706
Transit	13,076,158	-	-	13,076,158
Culture and Recreation	20,748,594	1,006,649	-	21,755,243
Community Development	12,594,376	6,720,585		19,314,961
Education	165,568,264	-	1,911,676	167,479,940
Debt Service:				
Principal	19,465,000	-	-	19,465,000
Interest and Other Charges	15,123,463	-	-	15,123,463
Capital Outlay	-	-	93,369,996	93,369,996
Total Expenditures	$ 478,999,060	$ 93,045,056	$ 95,281,672	$ 667,325,788
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 51,437,256	$ (34,727,156)	$ (77,307,088)	$ (60,596,988)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,301,560	38,331,691	8,937,625	48,570,876
Transfers Out	(42,940,615)	(5,913,543)	(25,462)	(48,879,620)
Total Other Financing Sources and Uses	(41,639,055)	32,418,148	8,912,163	(308,744)
Net Change in Fund Balance	9,798,201	(2,309,008)	(68,394,925)	(60,905,732)
Fund Balance at Beginning of Year	53,306,991	24,803,357	134,723,262	
Decrease in Reserve for Inventory	(63,821)	-	-	(63,821)
Fund Balance at End of Year	$ 63,041,371	$ 22,494,349	$ 66,328,337	

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.	19,465,000
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)	83,236,343
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)	(33,417)
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)	
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)	(3,447,781)
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)	3,656,299
Change in Net Assets of Governmental Activities	$ 41,906,891

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Assets
Proprietary Funds – Internal Service Fund
June 30, 2010

Exhibit V

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 11,685,213
Total Current Assets	$ 11,685,213
Capital Assets:	
Buildings and Equipment	$ 34,653,218
Less Accumulated Depreciation	(24,731,497)
Capital Assets, Net	$ 9,921,721
Total Assets	$ 21,606,934
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 133,538
Total Current Liabilities	$ 133,538
Total Liabilities	$ 133,538
NET ASSETS	
Invested in Capital Assets	$ 9,921,721
Unrestricted Net Assets	11,551,675
Total Net Assets	$ 21,473,396
Total Liabilities and Net Assets	$ 21,606,934

See Accompanying Notes to Financial Statements

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 12,056,678
Total Current Assets	$ 12,056,678
Capital Assets:	
Buildings and Equipment	$ 33,678,952
Less Accumulated Depreciation	(23,873,863)
Capital Assets, Net	$ 9,805,089
Total Assets	$ 21,861,767
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 303,312
Total Current Liabilities	$ 303,312
Total Liabilities	$ 303,312
NET ASSETS	
Invested in Capital Assets	$ 9,805,089
Unrestricted Net Assets	11,753,366
Total Net Assets	$ 21,558,455
Total Liabilities and Net Assets	$ 21,861,767

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, 2010

Exhibit VI

Operating Revenues:		
Charges for Services	$	4,092,741
Total Operating Revenues	$	4,092,741
Operating Expenses:		
Materials and Supplies	$	645,882
Depreciation		3,068,280
Total Operating Expenses	$	3,714,162
Operating Income	$	378,579
Nonoperating Expenses:		
Loss on Disposal of Capital Assets	$	(99,304)
Total Nonoperating Expenses	$	(99,304)
Net Profit/Loss Before Operating Transfers		279,275
Operating Transfers:		
Transfers In	$	308,744
Total Net Transfers	$	308,744
Change in Net Assets	$	588,019
Net Assets at Beginning of Year		20,885,377
Net Assets at End of Year	$	21,473,396

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers	$	4,092,741
Payments to Suppliers		(629,913)
Net Cash Provided by Operating Activities	$	3,462,828
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers from Other Funds	$	308,744
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	$	(3,599,465)
Net Cash Used By Capital and Related Financing Activities	$	(3,290,721)
Net Increase in Cash and Cash Equivalents	$	172,107
Cash and Cash Equivalents at Beginning of Year		11,513,106
Cash and Cash Equivalents at End of Year	$	11,685,213
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	$	378,579
Operating Income		
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense		3,068,280
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Payable		15,969
Net Cash Provided by Operating Activities	$	3,462,828

Noncash investing, capital and financing activities:
Capital assets with a net book value of $99,304 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, 2010

Exhibit VIII

	Employee Retirement Plans	Other Post Employment Benefits	Private-Purpose Trusts	Agency Funds
ASSETS				
Cash and Short-term Investments	$ -	$ -	$ -	$ 60,078
Investments, at Fair Value:				
U.S. Government Obligations	879,414	-	-	-
LGIP/CDARS/NOW	-	-	5,745	531,005
Mutual Funds	178,766,227	4,918,915	-	-
Stocks	25,563,484	4,818,894	-	-
Guaranteed Investment Accounts	60,952,991	-	-	-
Real Estate	8,614,344	-	-	-
Timber/Private Equity	4,465,874	215,535	-	-
Other Investments	2,320,765	91,588	-	-
Total Investments	$ 281,563,099	$ 10,044,932	$ 5,745	$ 531,005
Total Assets	$ 281,563,099	$ 10,044,932	$ 5,745	$ 591,083
LIABILITIES				
Refunds Payable and Other	$ -	$ -	$ -	$ 591,083
	$ -	$ -	$ -	$ 591,083
NET ASSETS				
Held in Trust for:				
Pension Benefits	$ 281,563,099	$ -	$ -	
Other Post Employment Benefits	-	10,044,932	-	
Other Purposes	-	-	5,745	
TOTAL NET ASSETS	$ 281,563,099	$ 10,044,932	$ 5,745	

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

Exhibit IX

	Employee Retirement Plans	Other Post Employment Benefits	Private-Purpose Trusts
ADDITIONS			
Contributions:			
Employer	$ 18,003,889	$ 5,300,000	$ -
Plan Members	2,763,467	-	-
Total Contributions	$ 20,767,356	$ 5,300,000	$ -
Investment Earnings:			
Net Appreciation in Fair Value of Investments	$ 23,538,342	$ 145,027	$ -
Interest	5,532,108	183,009	523
Net Investment Income	$ 29,070,450	$ 328,036	$ 523
Total Additions	$ 49,837,806	$ 5,628,036	$ 523
DEDUCTIONS			
Benefits	$ 16,073,066	$ -	$ 570
Refunds of Contributions	2,596,532	-	-
Administrative Expenses	620,662	89,294	-
Total Deductions	$ 19,290,260	$ 89,294	$ 570
Change in Net Assets	$ 30,547,546	$ 5,538,742	$ (47)
Net Assets at Beginning of Year	251,015,553	4,506,190	5,792
Net Assets at End of Year	$ 281,563,099	$ 10,044,932	$ 5,745

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Assets
Component Units
As of June 30, 2010

Exhibit X

	School Board	Library	Transit	Total
ASSETS				
Cash and Cash Equivalents	$ 42,605,229	$ 163,873	$ 602,724	$ 43,371,826
Cash and Investments with Fiscal Agents		2,334,376	-	2,334,376
Receivables	300,376	-		300,376
Due from Other Governments	5,384,581	-	108,495	5,493,076
Inventory of Supplies	114,667	-	501,966	616,633
Prepaid and Other Assets	7,302,506	-	-	7,302,506
Capital assets				
Land and Construction in Progress	999,381	-	6,504,807	7,504,188
Other Capital Assets, Net	6,085,773	-	7,123,142	13,208,915
Capital Assets, Net	$ 7,085,154	$ -	$ 13,627,949	$ 20,713,103
Total Assets	$ 62,792,513	$ 2,498,249	$ 14,841,134	$ 80,131,896
LIABILITIES				
Accounts Payable	$ 5,908,810	$ 54,848	$ 319,322	$ 6,282,980
Accrued Wages	22,949,786	272,055	184,609	23,406,450
Deferrred Revenue	530,071	-	-	530,071
Unclaimed Property	1,011	-	-	1,011
Other Short-term Liabilities		-	484,183	484,183
Long-term Liabilities Due Within One Year	1,917,108	-	-	1,917,108
Long-term Liabilities Due in More Than One Year	11,254,638	-	-	11,254,638
Total Liabilities	$ 42,561,424	$ 326,903	$ 988,114	$ 43,876,441
NET ASSETS				
Invested in Capital Assets	$ 7,085,154	$ -	$ 13,627,949	$ 20,713,103
Unrestricted Net Assets	13,145,935	2,171,346	225,071	15,542,352
TOTAL NET ASSETS	$ 20,231,089	$ 2,171,346	$ 13,853,020	$ 36,255,455

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
Component Units
For the Year Ended June 30, 2010

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	$ 210,694,658	$ 1,599,341	$ 43,854,964	$ (165,240,353)	$ -	$ -	$ (165,240,353)
Total School Board	$ 210,694,658	$ 1,599,341	$ 43,854,964	$ (165,240,353)	$ -	$ -	$ (165,240,353)
Library	$ 6,639,270	$ 269,286	$ 183,661	$ -	$ (6,186,323)	$ -	$ (6,186,323)
Transit	13,034,301	3,464,894	216,800	-	-	(9,352,607)	(9,352,607)
Total Component Units	$ 230,368,229	$ 5,333,521	$ 44,255,425	$ -	$ (6,186,323)	$ (9,352,607)	$ (180,779,283)
General Revenues:							
Payment From City				$ 165,555,960	$ 6,074,971	$ 7,907,789	$ 179,538,720
Capital Payment From City				1,911,676	-	-	1,911,676
Interest and Investment Earnings				-	129,497	-	129,497
Miscellaneous				1,996,961	22,141	17,178	2,036,280
Total General Revenues				$ 169,464,597	$ 6,226,609	$ 7,924,967	$ 183,616,173
Change in Net Assets				$ 4,224,244	$ 40,286	$ (1,427,640)	$ 2,836,890
Net Assets Beginning of Year				16,006,845	2,131,060	15,280,660	33,418,565
Net Assets End of Year				$ 20,231,089	$ 2,171,346	$ 13,853,020	$ 36,255,455

See Accompanying Notes to Financial Statements

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 151,056 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).

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 $166 million for operations and $1.9 million for capital equipment in FY 2010.

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 $6.1 million for FY 2010.

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 $7.9 million in FY 2010.

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

City of Alexandria School Board	City of Alexandria Library System
2000 North Beauregard Street	5005 Duke Street
Alexandria, Virginia 22311	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-

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

specific and discretionary (either operating or capital) grants, while the capital grants and contributions column reflects capital-specific grants.

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 2010.

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

The Special Revenue Fund accounts for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The Special Revenue Fund is considered a major fund for reporting purposes. A significant portion of the Special Revenue Fund is used for Health and Welfare programs.

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Capital Projects Fund

The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds. The Capital Projects Fund is considered a major fund for reporting purposes.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The agency funds held by the City as of end of FY 2010 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.

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 13, 2009, the City Council formally approved the original adopted budget (which had been initially approved on April 27, 2009) and on June 12, 2010 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 and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. 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 $19,965 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.

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, 2010, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	$ 619,278
Personal	14,691,285
Penalties and Interest	1,238,818
Total taxes	$ 16,549,381
Accounts Receivable	2,623
Notes Receivable	9,000
	$ 16,561,004
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	$ 35,947,673
CAPITAL PROJECTS FUND:	
Capital Projects Fund Notes Receivable	$ 1,475,000

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.

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	$ 2,491,724
Deferred interest	2,599,694
Total adjustment	$ 5,091,418

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.

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

Reservations of Fund Balance

Except for those required to comply with accounting standards, all reservations and designations of fund balances reflect City Council action in the context of adoption of the City's budget.

Approved Capital Projects – These monies have been reserved for capital projects that City Council has already approved.

Notes Receivable – These monies have been reserved for notes receivable not expected to mature in the current fiscal year.

Inventory of Supplies – These monies have been reserved for reported inventories in the General Fund to comply with accounting standards.

Encumbrances – These monies have been reserved for goods and services encumbered, or ordered, before the end of the fiscal year, for which delivery of goods and services had not been made prior to the close of the fiscal year.

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designations (Commitments and Assignments of Fund Balance)
General Fund Commitments at June 30, 2010 consisted of the following:

Subsequent Fiscal Years' Operating Budgets	
FY 2011 – Operating Budget	$ 4,744,291
FY 2012 – Operating Budget	2,000,000
Subsequent Fiscal Years' Capital Program	
FY 2011 & Beyond	10,971,240
Self-Insurance	5,000,000
Retiree Health and Life (OPEB)	3,700,000
Fiscal Year 2011 Natural Disasters/Emergencies	1,000,000
King Street Gardens	25,000
Storm Water Utility Fund	783,660
Ongoing Projects	2,255,523
Total Designations	$ 30,479,714

Subsequent Fiscal Year's Operating Budget – On June 12, 2010, City Council approved the FY 2011 Appropriations Ordinance, which appropriated $4.7 million of General Fund Balance to meet anticipated expenditures. An additional $2.0 million has been designated (assigned) for FY 2012.

Subsequent Fiscal Years' Capital Program – These monies ($11.0 million) have been designated (assigned) in the Approved FY 2011 – 2020 Capital Improvement Program Funding Plans to fund a portion of the capital improvement program in FY 2011 and beyond.

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

Retiree Health and Life (OPEB) - These monies ($3.7 million) have been designated (assigned) as part of the City's efforts to fund a health and life insurance benefit trust.

King Street Gardens – These monies ($25,000) have been designated (assigned) for the King Street Gardens.

Storm Water Utility Fund – These monies ($783,660) have been designated (assigned) for storm water improvement projects.

Ongoing Projects – These monies ($2.3 million) have been designated (assigned) for projects for which funding was available in the FY 2010 budget, but not completed as of the end of the fiscal year.

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 2010.

M. Pollution Remediation

The City has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." The implementation of GASB Statement no. 49, did not have a material impact on the financial statements of the City.

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 2010, 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 2010, 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, 2010, the carrying value of the City's deposits was negative $91,048 and the bank balance was $2,658,084. 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

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, 2010, the carrying value of deposits for the School Board was negative $1,496,760 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, 2010, the carrying value of deposits and bank balance for the Library was $257,124. Of this amount, $257,124 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 2010 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

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 five 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 three defined benefit pension plans in guaranteed investment accounts and mutual funds. The Commonwealth of Virginia manages the investments of the Virginia Retirement System (VRS). Investments for the Firefighters and Police Officers Pension Plan - Disability Component were held at Sun Trust Bank mostly in bonds (U.S., municipal and corporate) and domestic equities. Some of the investments were moved to Prudential before the end of the year. SunTrust Bank 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, 2010, 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)	$ 46,858,692	$ 46,858,692	$ ---	$ ---
CDARS	33,991,685	33,991,685	---	---
NOW Accounts	24,291,033	24,291,033	---	---
Total Investments Controlled by City	$ 105,141,410	$ 105,141,410	$ ---	$ ---
OPEB Trust Investments	10,044,932	---	---	10,044,932
Pension Plan Investments (Exhibit VIII)	$ 281,563,099	$ ---	$ ---	$ 281,563,099
Total	$ 396,749,441	$ 105,141,410	$ ---	$ 291,608,031

Reconciliation to Total Cash and Investments:	
Add:	
Cash on Hand and in Banks	(91,048)
Cash With Fiscal Agent	72,444,102
Total Deposits and Investments	$ 469,102,495

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Component Unit
School Board

		Investment Maturities (in years)	
	Fair Value	**Less than 1 year**	**1-5 years**
State Treasurer's Local Government Investment Pool (LGIP)	$ 19,653,730	$ 19,653,730	$ ---
CDARS	14,258,765	14,258,765	---
NOW Accounts	10,189,494	10,189,494	---
Total Investments Controlled by City	$ 44,101,989	$ 44,101,989	$ ---

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)	
	Fair Value	**Less than 1 year**	**1-5 years**
State Treasurer's Local Government Investment Pool (LGIP)	$ 338,253	$ 338,253	$ ---
CDARS	249,550	249,550	---
NOW Accounts	178,794	178,794	---
Total Investments Controlled by City	$ 766,597	$ 766,597	$ ---

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2010:

	Governmental Activities	Business Type Activities	Fiduciary Activities	Total
Primary Government				
Cash on Hand and In Banks	$ (91,048)	$ ---	$ ---	$ (91,048)
Cash and Investments	104,604,660	---	536,750	105,141,410
Cash and Investments with Fiscal Agents	72,384,024	---	291,668,109	364,052,133
Total	$ 176,897,636	$ ---	$ 292,204,859	$ 469,102,495
Component Unit School Board				
Cash on Hand and In Banks	$ (1,496,760)	$ ---	$ ---	$ (1,496,760)
Cash and Investments Controlled by City	44,101,989	---	---	44,101,989
Total	$ 42,605,229	$ ---	$ ---	$ 42,605,229
Other Component Units				
Cash and Investments Controlled by City	$ 163,873	$ 602,724	$ ---	$ 766,597
Cash and Investments with Fiscal Agents	2,334,376	---	---	2,334,376
Total	$ 2,498,249	$ $ 602,724	$ ---	$ 3,100,973
Grand Total				$ 514,808,697

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2010 consist of the following:

Primary Government

	General	Special Revenue	Capital Project	Total
Taxes				
Real Property	$ 157,931,740	$ ---	$ ---	$ 157,931,740
Personal Property	44,099,076	---	---	44,099,076
Penalties and Interest	2,777,148	---	---	2,777,148
Other	619,388	---	---	619,388
Total Taxes	$ 205,427,352	$ ---	$ ---	$ 205,427,352
Accounts	$ 8,766,029	$ 1,039,267	$ ---	$ 9,805,296
Interest	79,309	---	---	79,309
Intergovernmental	32,081,147	9,570,769	---	41,651,916
Notes	409,000	38,597,698	1,475,000	40,481,698
Gross Receivables	$ 246,762,837	$ 49,207,734	$ 1,475,000	$ 297,445,571
Less: Allowance for Uncollectibles	16,561,004	35,947,673	1,475,000	53,983,677
Net Receivables	$ 230,201,833	$ 13,260,061	$ ---	$ 243,461,894

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 8.1 percent of the total taxes receivable at June 30, 2010 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, 2010 represent the second-half payment due for real estate taxes on November 15, 2010.

Receivables on a government-wide basis include taxes receivable of $3.0 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 $0.03 million of taxes that are considered current financial resources, and therefore, are reported in the governmental funds. This comprises:

Real Estate tax receivables	$	(731,814)
Personal Property tax receivables		765,231
Total	$	33,417

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 2010 unearned revenue in the governmental funds consisted of the following:

	Unavailable	Unearned	Total
Property taxes, net of related allowances	$ 210,677,015	$ 4,594,778	$ 215,271,793
Grant proceeds received prior to completion of eligibility requirements	---	5,293,381	5,293,381
Total unearned revenue for governmental funds	$ 210,677,015	$ 9,888,159	$ 220,565,174

Component Units

Receivables at June 30, 2010 consist of following:

	School Board	Transit	Total
Accounts	$ 300,376	$ ---	$ 300,376
Intergovernmental	5,384,581	108,495	5,493,076
Total Receivables	$ 5,684,957	$ 108,495	$ 5,793,452

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, 2010 includes amounts not yet received from the January 1, 2010 levy (due June 15 and November 15, 2010), less an allowance for uncollectibles. The installment due on November 15, 2010 is included as unavailable revenue since these taxes are restricted for use until FY 2011. 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 97.8¢ and 90.3¢ per $100 of assessed value during calendar years 2010 and 2009, respectively.

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, 2010 includes amounts not yet billed or received from the January 1, 2010 levy (due October 5, 2010). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2011. The tax rates during calendar years 2010 and 2009 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 2010 for the January 1, 2009 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, 2010 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, 2010:

Governmental Activities

General Fund	$ 409,000
Special Revenue Fund	38,597,698
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	(37,431,673)
Net	$ 3,050,025
Amounts due within one year	$ 97,359
Amounts due in more than one year	$ 2,952,666

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, 2010:

Governmental Activities

	Restated Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land and Land Improvements	$ 88,824,643	$ 3,194,745	$ ---	$ 92,019,388
Construction in Progress	79,210,142	69,818,988	58,792,007	90,237,123
Total Capital Assets Not Being Depreciated	$ 168,034,785	$ 73,013,733	$ 58,792,007	$ 182,256,511
Depreciable Capital Assets:				
Buildings	$ 382,216,855	$ 49,096,420	$ ---	$ 431,313,275
Infrastructure	144,121,593	42,314,225	---	186,435,818
Intangible Assets	10,866,822	352,074	---	11,218,896
Furniture and Other Equipment	59,749,864	5,280,780	7,992,493	57,038,151
Total Depreciable Capital Assets	$ 596,955,134	$ 97,043,499	$ 7,992,493	$ 686 ,006,140
Less Accumulated Depreciation for:				
Buildings	$ 89,677,699	$ 9,454,631	$ ---	$ 99,132,330
Infrastructure	73,344,449	6,382,393	---	79,726,842
Intangible Assets	10,157,173	384,632	---	10,541,805
Furniture and Other Equipment	41,698,553	4,841,379	7,019,061	39,520,871
Total Accumulated Depreciation	$ 214,877,874	$ 21,063,035	$ 7,019,061	$ 228,921,848
Depreciable Capital Assets, Net	$ 382,077,260	$ 75,980,464	$ 973,432	$ 457,084,292
TOTALS	$ 550,112,045	$ 148,994,197	$ 59,765,439	$ 639,340,803

The City acquires and maintains all capital assets for the Library. Accordingly, Library capital assets are included in the governmental activities totals. The City implemented GASB 51 in FY 2010 and intangible assets are included in the beginning balance.

The following table shows beginning net capital assets restated for the effects of implementation of GASB Statement No. 51:

Capital Net Assets at June 30, 2009 – Primary Government	$ 549,402,396
Net Intangible Assets (Net of Accumulated Depreciation)	709,649
Restated Net Assets as of July 1, 2009	$ 550,112,045

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Governmental activities capital assets, net of accumulated depreciation at June 30, 2010, are comprised of the following:

General Capital Assets, Net	$ 629,419,082
Internal Service Fund Capital Assets, Net	9,921,721
TOTAL	$ 639,340,803

Depreciation was charged to governmental functions as follows:

General Government	$ 1,613,662
Judicial Administration	486,270
Public Safety	2,747,041
Public Works	8,905,736
Health and Welfare	599,468
Culture and Recreation	2,254,318
Education	4,242,357
Community Development	214,183
Total	$ 21,063,035

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	$ 93,369,996
Donated Assets	37,611,520
Depreciation Expense	(21,063,035)
Capital Outlay not Capitalized	(26,682,138)
Total Adjustment	$ 83,236,343

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)		$ 639,340,803
Construction in progress		(90,237,123)
Completed Capital Assets		549,103,680
Outstanding bonds	$ (364,485,000)	
Bond premium	(8,873,623)	
	(373,358,623)	
Unspent bond proceeds at SNAP	72,269,397	
		(301,089,226)
Invested in Capital Assets Net of Debt		$ 248,014,454

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, 2010:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
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	$ 36,364,241	$ 491,281	$ ---	$ 36,855,522
Furniture and Other Equipment	11,307,456	304,916	---	11,612,372
Total Depreciable Capital Assets	$ 47,671,697	$ 796,197	$ ---	$ 48,467,894
Less Accumulated Depreciation	41,103,235	1,278,886	---	42,382,121
Depreciable Capital Assets, Net	$ 6,568,462	$ (482,689)	$ ---	$ 6,085,773
TOTALS	$ 7,567,843	$ (482,689)	$ ---	$ 7,085,154

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.

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit – Alexandria Transit Company

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land and Land Improvements	$ 6,504,807	$ ----	$ ---	$ 6,504,807
Depreciable Capital Assets:				
Equipment	$ 21,266,275	$ 103,087	$ 696,234	$ 20,673,128
Less Accumulated Depreciation	12,706,878	1,539,342	696,234	13,549,986
Total Depreciable Capital Assets, Net	$ 8,559,397	$(1,436,255)	$ ---	$ 7,123,142
TOTALS	$ 15,064,204	$(1,436,255)	$ ---	$ 13,627,949

All depreciation was charged to transit.

Primary Government

Construction in progress is composed of the following at June 30, 2010:

	Project Authorization	Expended Through June 30, 2010	Committed
School Capital Projects	$ 28,410,357	$ 17,027,209	$ ---
Infrastructure	23,168,044	18,207,889	3,494,895
Housing and Community Improvement	595,128	87,294	95,159
Parks and Recreation Facilities	1,478,797	188,929	484,919
Public Buildings	3,534,276	2,332,702	815,296
Public Safety Buildings	64,575,581	49,536,474	14,968,934
Information Technology	3,134,327	2,856,626	21,642
TOTALS	$ 124,896,510	$ 90,237,123	$ 19,880,845

Component Units

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

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, 2010: 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, 2010:

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 $10.3 million as of June 30, 2010 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 2010 the City became self-insured for one of the two health insurance plans offered to employees. At June 30, 2010 the current portion of employees' health insurance was $0.9 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, 2010. 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.

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, 2010 and 2009 were as follows:

	Worker's Compensation	Health Insurance
July 1, 2008 Liability Balances	$ 7,403,373	$ ---
Claims and changes in estimates	3,862,655	13,003,349
Claim Payments	(2,161,199)	(11,814,462)
June 30, 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

Insurance Designation

In addition, the City has established a General Fund fund balance self-insurance designation of $5 million as of June 30, 2010.

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.

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 2010, the Alexandria Transit Company paid an annual premium of $0.28 million for participation in this pool.

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 2025. 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:

Fiscal Year	Primary Government	School Board Component Unit
2011	$ 6,621,815	$ 1,030,510
2012	6,887,503	1,057,510
2013	6,194,809	1,062,752
2014	5,039,322	862,643
2015	5,249,931	895,262
2016-2020	9,437,592	---
2021-2025	5,299,635	---

Total rental costs during FY 2010 for operating leases were $6.6 million for the Primary Government and $2.9 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 2022. The net book value of leased assets of $3.9 million (cost of $5.7 million less accumulated deprecation of $1.8 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:

Fiscal Year	Total Revenues
2011	$ 485,122
2012	39,687
2013	40,878
2014	42,104
2015	43,367
2016-2020	96,384

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, 2010, the total City obligation was $8.8 million $7.4 million of which was funded from the City's capital project fund with the remaining $1.4 million being funded from NVTC credits.

2. Operating subsidies - Bus and Rail Systems

During the fiscal year ended June 30, 2010, obligations for bus and rail subsidies amounted to $19.9 million. The City paid this obligation from the following sources:

City payments	$ 3,018,509
State Aid and State Motor Fuel Sales Tax revenues	16,811,556
Investment earnings	98,924
TOTAL	$19,928,989

Expected obligations for FY 2011 are $20.3 million of which $6.4 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

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, 2009. 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.

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 2010 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.

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

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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 have been 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 $0.5 million for FY 2010.

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 though the Trust. In addition, in FY 2010 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.

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 $1.8 million in tipping fees in FY 2010. 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 2010 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.

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, 2010 are composed of the following individual issues:

$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	$	35,200,000
$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		57,100,000
$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		4,750,000
$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
$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		46,660,000
$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		12,000,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

$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	$	41,100,000
$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		30,770,000
$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		42,900,000
$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).		8,690,000
$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		18,000,000
Total	$	364,485,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2009 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date July 1,
015302D90	$ 1,100,000	4.00%	2010
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	$ 35,200,000		

Public Improvement Bonds of 2009 (Taxable-Build America Bonds)

CUSIP	Issue	Rate	Maturity Date July 1,
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	$ 44,500,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2008 (Tax-exempt)

CUSIP	Issue	Rate	Maturity Date July 15,
015302A28	$ 1,900,000	3.38%	2010
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	$57,100,000		

Public Improvement Bonds of 2008 (Taxable)

CUSIP	Issue	Rate	Maturity Date July 15,
015302C67	$ 250,000	4.50%	2010
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	$ 4,750,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The outstanding bonds have been issued as follows:

Refunding Bonds of 2007

CUSIP	Issue	Rate	Maturity Date June 15,
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	$22,815,000		

Public Improvement Bonds of 2006 (Tax-exempt)

CUSIP	Issue	Rate	Maturity Date June 15,
015302YD8	$ 2,920,000	5.00%	2011
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	$46,660,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2006 (Taxable)

CUSIP	Issue	Rate	Maturity Date June 15,
015302YZ9	$ 750,000	5.50%	2011
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	$12,000,000		

Public Improvement Bonds of 2004 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date December 15,
015302XJ6	$ 2,740,000	3.00	2010
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	$41,100,000		

Refunding Bonds of 2004 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date June 15,
015302WT5	$ 3,205,000	3.750	2011
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	$30,770,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2004 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date June 15,
015302VY5	$ 3,300,000	5.00	2011
015302VZ2	3,300,000	5.00	2012
015302WA6	3,300,000	4.00	2013
015302WB4	3,300,000	4.00	2014
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	$ 42,900,000		

Public Improvement Bonds of 2001 (Tax-Exempt)

CUSIP	2000 Issue	Rate	Maturity Date June 15,
015302VF6	$ 2,900,000	4.25	2011
015302VG4	2,895,000	4.40	2012
015302VH2	2,895,000	4.50	2013
Total	$ 8,690,000		

Public Improvement Bonds of 1999 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date January 15,
015302TR3	$ 2,000,000	4.25	2011
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	$ 18,000,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2010, including interest payments of $138.9 million, are summarized as follows:

Fiscal Year	Serial Bonds Principal	Interest
2011	$ 21,065,000	$ 15,955,556
2012	22,725,000	15,024,768
2013	24,285,000	14,011,650
2014	25,195,000	12,973,544
2015	25,130,000	12,026,143
2016-2020	123,015,000	44,155,509
2021-2025	82,005,000	19,988,381
2026-2030	41,065,000	4,733,594
	$ 364,485,000	$ 138,869,145

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 $12.8 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, 2010, the City had a legal debt limit of $3.2 billion and a debt margin of $2.8 billion:

Assessed Value of Real Property, January 1, 2010		$31,819,266,000
Debt Limit: 10 Percent of Assessed Value		$ 3,181,926,600
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds	$364,485,000	
Less Total General Obligation Debt		(364,485,000)
LEGAL DEBT MARGIN REMAINING		$ 2,817,441,600

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, 2010, are summarized below:

	Authorized and Unissued July 1, 2009	Authorized	Issued	Expired	Authorized and Unissued June 30, 2010
General Obligation Bonds	$ 34,000,000	$ 72,300,000	$ -	$ -	$ 106,300,000

On July 20, 2010 the City Council issued $72.3 million in General Obligation bonds. The bonds were issued with an original issue premium of $1.9 million and a true interest cost of 2.93 percent. The issuance included $17 million for shorter-term traditional tax-exempt bonds. The issuance also included $55.3 million in taxable Build America Bonds for which the federal government provides a 35% interest subsidy. The $72.3 million bonds will be used to finance public school facility improvement; police headquarters building maintenance; contributions to DASH bus system and Metro bus and rail system; and streets, sewers and other infrastructure costs.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2010. Other short-term liabilities represent unclaimed money and deposits.

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, 2010 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 July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
General Obligation Bonds	$ 383,950,000	$ ---	$19,465,000	$ 364,485,000	$ 21,065,000
Bond Premium	9,434,112	---	560,489	8,873,623	560,489
Workers' Compensation Claims	9,104,829	2,947,465	1,779,843	10,272,451	2,382,212
Accrued Compensated Absences	19,704,340	1,231,041	---	20,935,381	1,103,504
Net Pension Obligation	11,656,057	3,539,899	213,747	14,982,209	---
Net OPEB Obligation	7,524,302	---	681,687	6,842,615	---
Total	$ 441,373,640	$ 7,718,405	$22,700,766	$ 426,391,279	$ 25,111,205

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, 2010:	
Long-term liabilities (detail above)	$ 426,391,279
Accrued interest payable	3,851,796
Adjustment	$ 430,243,075

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	$ 1,231,041
Workers compensation	1,167,622
Change in net pension obligation and net OPEB obligation	2,644,465
Amortization of bond premium, Discount and interest	(381,223)
Accrued interest on bonds	(1,214,124)
Adjustment	$ 3,447,781

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Component Unit – School Board

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Accrued Compensated Absences	$ 7,409,617	$ 11,624,518	$11,651,156	$ 7,382,979	$ 532,828
Capital Leases	2,265,980	---	1,132,990	1,132,990	1,132,990
Workers' Compensation Claims	672,245	227,956	541,215	358,986	251,290
Net OPEB Obligation	5,579,186	1,423,737	2,706,132	4,296,791	---
Total	$ 15,927,028	$ 13,276,211	$16,031,493	$ 13,171,746	$ 1,917,108

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

There were no interfund receivables/payables at June 30, 2010. Interfund transfers and transactions for the year ended June 30, 2010 consisted of the following:

Transfer In/Out:	General	Special Revenue	Capital Projects	Total
Primary Government Transactions				
General Fund	$ ---	$ 1,301,560	$ ---	$ 1,301,560
Special Revenue	38,289,662	42,029	---	38,331,691
Capital Projects	4,626,996	4,310,629	---	8,937,625
Internal Service	23,957	259,325	25,462	308,744
Total	$ 42,940,615	$ 5,913,543	$ 25,462	$ 48,879,620
Component Unit Transactions				
School Board	$ 165,555,960	$ ---	$ 1,911,676	$ 167,467,636
Library	6,074,971	---	---	6,074,971
Alexandria Transit	7,907,789	---	---	7,907,789
Total	$ 179,538,720	$ ---	$ 1,911,676	$ 181,450,396

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.

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 $154.3 million in FY 2010. Sources of these revenues were as follows:

GOVERNMENTAL FUNDS	
Federal Government	$ 34,538,939
Commonwealth of Virginia	75,518,292
Total Primary Government	$ 110,057,231
COMPONENT UNITS	
Federal Government:	
School Board	$ 14,668,348
Alexandria Transit Company	63,535
Total Component Units Federal Government	$ 14,731,883
Commonwealth of Virginia:	
School Board	$ 29,186,616
Library	183,661
Alexandria Transit Company	153,265
Total Component Units Commonwealth of Virginia	$ 29,523,542
Total Component Units	$ 44,255,425
TOTAL CITY AND COMPONENT UNITS	
Total Federal Government	$ 49,270,822
Total Commonwealth of Virginia	105,041,834
Total Intergovernmental Revenue	$ 154,312,656

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERNMENTS

Due from other governments represents accrued revenue at June 30, 2010, consisting of the following:

Primary Government	
State	
General Fund	$ 31,014,580
Special Revenue Fund	3,141,063
Total State	$ 34,155,643
Federal	
General Fund	$ 1,066,567
Special Revenue Fund	6,429,706
Total Federal	$ 7,496,273
Total Primary Government	$ 41,651,916
Component Units	
State	
School Board	$ 505,640
Alexandria Transit Company	92,460
Total State	$ 598,100
Federal	
School Board	$ 4,878,941
Alexandria Transit Company	16,035
Total Federal	$ 4,894,976
Total	$ 47,144,992

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 2010, 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.

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 2010.

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 2010, 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 2010, the City made rental payments to Sheltered Homes of Alexandria totaling $0.1 million.

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, 2010, 845 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 $2.1 million for FY 2010. 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, 2010, membership consisted of:	
Retirees and Beneficiaries Currently Receiving Benefits	970
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	2,199
TOTAL	3,169

Exhibit XII
(Continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

ANNUAL OPEB COSTS AND NET OPEB OBLIGATIONS

The annual required contribution (ARC) decreased from $10,800,769 for fiscal year 2009 to $10,306,577 for the current year. As a percentage of the payroll, the ARC decreased from 7.35% to 7.01% this fiscal year. As of June 30, 2010, the Net OPEB Obligation (NOO) decreased to $6,842,615 compared to $7,524,302 for fiscal year 2009. As of December 31, 2009 the unfunded Actuarial Accrued Liability (UAAL) decreased by $3,104,758 to 82,479,304. This decrease was due to certain valuation assumption changes; a decrease in obligations due to lowering the presumed Medicare Subsidy by 1 % and an increase due to updating the medical trend rates. 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, 2010 is as follows:

Annual Required Contribution	$	10,306,577
Interest on Net OPEB Obligation		564,323
Adjustment to Annual Required Contribution		(604,780)
Annual OPEB Cost	$	10,266,120
Contributions Made		(10,947,807)
Increase (Decrease) in Net OPEB Obligation	$	(681,687)
Net OPEB Obligation, Beginning of Year		7,524,302
Net OPEB Obligation, End Of Year	$	6,842,615

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of December 31, 2009 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)
12/31/2009	$ 8,201,742	$ 90,681,046	$82,479,304	9.04%	$147,006,590	56.11%

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, 2009. 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.

Exhibit XII
(Continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

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, 2009 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumption included 7.50% investment rate and an initial annual medical cost trend rate of 8.5% graded to 5.0% over 7 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 3.0% 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, 2009 was 28 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%

Only three 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
06/30/2008	$ 10,900,053	36.0%	$ 6,978,029
06/30/2009	10,769,137	94.9%	7,524,302
06/30/2010	10,266,120	106.6%	6,842,615

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.

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								
Investments, at Fair Value								
U.S. Government Obligations	$ -	$ -	$ -	$ -	$ 879,414	$ -	$ -	$ 879,414
Mutual Funds	40,084,813	-	9,285,232	113,716,220	6,248,090	9,431,872	4,918,915	183,685,142
Stocks	23,286,824	-	-	-	2,276,660	-	4,818,894	30,382,378
Guaranteed Investment Accounts	13,735,615	26,886,856	7,742,762	6,906,570	-	5,681,188	-	60,952,991
Real Estate	2,520,362	-	-	6,093,982	-	-	-	8,614,344
Timber/Private Equity	1,724,273	-	-	2,741,601	-	-	215,535	4,681,409
Other Investments	-	-	-	-	2,320,765	-	91,588	2,412,353
Total Investments	$ 81,351,887	$ 26,886,856	$ 17,027,994	$ 129,458,373	$ 11,724,929	$ 15,113,060	$ 10,044,932	$ 291,608,031
Total Assets	$ 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								
Held in Trust for Pension Benefits	$ 81,351,887	$ 26,886,856	$ 17,027,994	$ 129,458,373	$ 11,724,929	$ 15,113,060	$ 10,044,932	$ 291,608,031

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Changes in 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
ADDITIONS								
Contributions:								
Employer	$ 7,416,575	$ 1,679,131	$ -	$ 7,062,118	$ 1,584,314	$ 261,751	$ 5,300,000	$ 23,303,889
Plan Members	196,870	-	-	2,378,264	188,333	-	-	2,763,467
Total Contributions	$ 7,613,445	$ 1,679,131	$ -	$ 9,440,382	$ 1,772,647	$ 261,751	$ 5,300,000	$ 26,067,356
Investment Income:								
Net Appreciation (Depreciation) in Fair Value of Investments	$ 8,437,745	$ -	$ 1,136,551	$ 12,219,770	$ 896,685	$ 847,591	$ 145,027	$ 23,683,369
Interest	1,020,051	1,636,268	243,417	2,049,874	314,906	267,592	183,009	5,715,117
Net Investment Income	$ 9,457,796	$ 1,636,268	$ 1,379,968	$ 14,269,644	$ 1,211,591	$ 1,115,183	$ 328,036	$ 29,398,486
Total Additions	$ 17,071,241	$ 3,315,399	$ 1,379,968	$ 23,710,026	$ 2,984,238	$ 1,376,934	$ 5,628,036	$ 55,465,842
DEDUCTIONS								
Benefits	$ 5,385,555	$ 4,350,888	$ -	$ 4,415,364	$ 1,921,259	$ -	$ -	$ 16,073,066
Refunds of Contributions	-	-	1,791,652	-	-	804,880	-	2,596,532
Administrative Expenses	140,394	23,934	-	284,382	171,952	-	89,294	709,956
Total Deductions	$ 5,525,949	$ 4,374,822	$ 1,791,652	$ 4,699,746	$ 2,093,211	$ 804,880	$ 89,294	$ 19,379,554
Net Increase (Decrease)	$ 11,545,292	$ (1,059,423)	$ (411,684)	$ 19,010,280	$ 891,027	$ 572,054	$ 5,538,742	$ 36,086,288
Net Assets at Beginning of Year	69,806,595	27,946,279	17,439,678	110,448,093	10,833,902	14,541,006	4,506,190	255,521,743
Net Assets at End 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

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 current 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 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.

Since the prior valuation (As of July 1, 2008), the recommended annual employer contribution for Firefighters and Police officers pension plan increased from $7.18 million (21.45% of projected salary) to $7.92 million (23.8% of the projected salary). For the Disability plan these rates increased from $1.24 million (3.72%) to $1.47million (4.42% of projected salary). The increases in recommended employer contribution rates for both these plans are mainly due to rates of return that were far lower than projected. These increases were partially offset by salary increases that were lower than projected. The current actuarial valuation report is as of July 1, 2009 and the changes in the value of assets subsequent to that date are not reflected. Declines in the asset values will increase the actuarial cost of the plan and the effect would be spread over four years. The asset valuation method for these plans was also changed effective this valuation. The smoothing corridor around the market value was extended from 80%-120% to 75%-125% which lowered recommended contributions by $385,518 and $37,816 for Basic plan and Disability component, respectively. 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.

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 City	(2) City Supplemental Retirement	(3) Pension for Fire and Police	(4) Retirement Income for Fire and Police	(5) Firefighters and Police Pension	(6) Fire and Police Disability	(7) Retirement Income for Sheriff and ERT
Administrator	State of Virginia	Prudential	Prudential	Prudential	Prudential	SunTrust	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	6/30/2009	7/1/2009	7/1/2009	6/30/2010	7/1/2009	7/1/2009	6/30/2010
MEMBERSHIP AND PLAN PROVISIONS							
Active Participants	2024	2068	0	104	446	446	247
Retirees & Beneficiaries	757	280	151	0	152	70	0
Terminated Vested & Non-vested	514	756	0	36	19	N/A	19
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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

As of:	6/30/09	7/01/09	7/01/09	6/30/10	7/01/09	7/01/09	6/30/10
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	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
SIGNIFICANT ACTUARIAL ASSUMPTIONS							
Investment Earnings	7.5%	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 4.8%	Up to 4.8%	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	Level Percentage	Level dollar	Level dollar	N/A	Level Percentage	Level Percentage	N/A
Open/Closed	Open	N/A	Closed		Closed	Closed	
Remaining Amortization Period	20	20	16	N/A	20	20	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	341,519,985	69,806,595	27,946,279	N/A	138,100,526	13,542,378	N/A
Actuarial Accrued Liability	401,354,110	123,842,600	44,821,166	N/A	194,321,125	19,153,249	N/A
Unfunded Actuarial Accrued Liability (UAAL)	59,834,125	54,036,005	16,874,887	N/A	56,220,599	5,610,871	N/A
Funded Ratio	85.1%	56.4%	62.35%	N/A	71.1%	70.7%	N/A
Annual Covered Payroll	115,516,783	125,803,615	N/A	N/A	33,261,971	33,261,971	N/A
UAAL as Percentage of Covered Payroll	51.8%	43.0%	N/A	N/A	169.0%	16.9%	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.

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

As of:	6/10	6/10	6/10	6/10	6/10	6/10	6/10
	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	7.4%	0.6%	N/A
Employer %	7.07%	4.39% 6.39% 9.74%	$ 1.68 mil/Yr.	N/A	21.85%	4.94%	1.58%
AMOUNT CONTRIBUTED							
Employee	$ 5,671,930 *	$ 196,870 *	$ -	$ -	$ 2,378,264	$ 188,333	$ -
Employer	7,977,375	7,416,575	1,679,131	-	7,062,118	1,584,314	282,643
Total Amount Contributed	$ 13,649,305	$ 7,613,445	$ 1,679,131	$ -	$ 9,440,382	$ 1,772,647	$ 282,643

* The City assumed the responsibility of payment of employees' share of contributions. Starting July 1, 2009 the City's payment on behalf of the employees for City Supplemental will be characterized as employer's share. The new hires will be required to pay their share. Administrative costs of all the pension plans are financed through investment earnings except Public Safety Retirement and Sheriff Retirement 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. No contributions were made to Firefighters and Police defined contribution component plan during FY 2010.

COVERED PAYROLL							
Dollar Amount	$ 112.8 mil	$ 125 mil	$ N/A	$ N/A	$ 32.3 mil	$ 32.3 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)	*	17%	100%	45%	5%	-	62%
Prudential Mutual Funds	*	49%	-	55%	88%	-	38%
SunTrust Mutual Funds	*	-	-	-	-	53%	-
State Street Global Russell 3000	*	29%	-	-	-	-	-
Stocks	*	-	-	-	-	19%	-
Others	*	-	-	-	-	20%	-

* Investment information not available on an individual jurisdiction basis.

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	$ 10,284,656	$ 1,623,492	$ 7,916,599	$ 1,469,682
Interest on NPO	629,166	65,724	106,874	48,541
ARC Adjustment	(822,882)	(114,220)	(95,821)	(43,521)
Annual Pension Cost	$ 10,090,940	$ 1,574,996	$ 7,927,652	$ 1,474,702
Actual Deposit	(7,416,575)	(1,679,131)	(7,062,118)	(1,584,314)
Change in NPO	$ 2,674,365	$ (104,135)	$ 865,534	$ (109,612)
NPO Beginning of year	8,388,874	1,194,986	1,424,984	647,213
NPO End of Year (6/30/10)	$ 11,063,239	$ 1,090,851	$ 2,290,518	$ 537,601

THREE-YEAR TREND INFORMATION

		Actuarial Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
City Supplemental Retirement		06/30/2008	$ 5,247,292	103.08%	$ 7,285,247
		06/30/2009	6,213,350	82.24%	8,388,874
		06/30/2010	10,090,940	73.50%	11,063,239
Pension for Fire and Police		06/30/2008	$ 1,183,272	72.00%	1,270,763
		06/30/2009	1,632,059	104.64%	1,194,986
		06/30/2010	1,574,996	106.61%	1,090,851
Firefighter and Police Pension	*	06/30/2008	$ 7,132,976	101.25%	$ 1,314,838
		06/30/2009	7,197,471	98.47%	1,424,984
		06/30/2010	7,927,652	89.08%	2,290,518
Fire and Police Disability	*	06/30/2008	$ 1,610,274	47.88%	$ 838,909
		06/30/2009	1,253,251	115.30%	647,213
		06/30/2010	1,474,702	107.43%	537,601
Virginia Retirement System		06/30/2008	$ 7,490,208	100.00%	$ -
		06/30/2009	8,149,979	100.00%	-
		06/30/2010	7,977,375	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.

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.

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 six employees in fiscal year 2010. The benefits consisted of three to six weeks of pay based on completed years of service. The total cost to the City was $87,705. There were no other benefits provided.

NOTE 19. ACCOUNTING CHANGES AND RESTATEMENTS

During the fiscal year ended June 30, 2010, the City adopted:

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer softer. See Note 5 and table below for detailed information.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The implementation of this statement did not have a material impact on the financial statements.

GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The implementation of this statement did not have a material impact on the financial statements.

The following table shows beginning net capital assets restated for the effects of implementation of GASB Statement No. 51:

Capital Net Assets at June 30, 2009 – Primary Government	$ 549,402,396
Net Intangible Assets (Net of Accumulated Depreciation)	709,649
Restated Net Assets as of July 1, 2009	$ 550,112,045

Exhibit XII
(Continued)

NOTE 20. SUBSEQUENT EVENTS

On July 20, 2010 the City Council issued $72.3 million in General Obligation bonds. The bonds were issued with an original issue premium of $1.9 million and a true interest cost of 2.93 percent. The issuance included $17 million for shorter-term traditional tax-exempt bonds. The issuance also included $55.3 million in taxable Build America Bonds for which the federal government provides a 35% interest subsidy. The $72.3 million bonds will be used to finance public school facility improvement; police headquarters building maintenance; contributions to DASH bus system and Metro bus and rail system; and streets, sewers 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, 2010

EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Positive (Negative)
Revenues:				
General Property Taxes	$ 329,451,111	$ 329,451,111	$ 337,220,918	$ 7,769,807
Other Local Taxes	115,930,000	115,930,000	114,371,351	(1,558,649)
Permits, Fees, and Licenses	5,367,759	5,367,759	4,811,588	(556,171)
Fines and Forfeitures	4,781,325	4,781,325	3,941,372	(839,953)
Use of Money and Property	3,859,476	3,859,476	3,033,638	(825,838)
Charges for Services	12,852,808	12,852,808	13,803,578	950,770
Intergovernmental Revenues	53,357,645	53,776,503	52,465,911	(1,310,592)
Miscellaneous	785,987	785,987	787,960	1,973
Total Revenues	$ 526,386,111	$ 526,804,969	$ 530,436,316	$ 3,631,347
Expenditures:				
City Council	$ 524,157	$ 524,157	$ 483,902	$ 40,255
City Manager	1,654,638	1,654,638	1,631,203	23,435
Office on Women	1,321,444	1,321,444	1,304,100	17,344
Citizens Assistance	557,595	565,590	545,360	20,230
Office of Management and Budget	1,139,968	1,139,968	1,102,234	37,734
18th Circuit Court	1,340,904	1,340,904	1,322,398	18,506
18th General District Court	79,228	79,228	52,881	26,347
Juvenile And Domestic Relations Court	34,155	34,155	28,108	6,047
Commonwealth's Attorney	2,626,465	2,626,465	2,405,320	221,145
Sheriff	25,826,168	25,831,293	25,704,371	126,922
Clerk of Courts	1,563,551	1,563,551	1,503,428	60,123
Other Correctional Activities	5,173,292	5,173,292	5,147,156	26,136
Court Services	1,282,262	1,282,262	1,273,202	9,060
Human Rights	614,003	614,003	561,280	52,723
Internal Audit	223,233	223,233	217,445	5,788
Information Technology Services	6,504,441	6,659,935	6,413,983	245,952
Office of Communications	1,306,261	1,330,221	1,132,319	197,902
City Clerk and Clerk of Council	419,178	421,330	368,394	52,936
Finance	8,496,407	9,260,682	8,589,975	670,707
Real Estate Assessments	1,516,494	1,516,494	1,467,395	49,099
Human Resources	3,090,821	2,965,408	2,847,170	118,238
Planning and Zoning	8,820,589	9,104,346	8,693,065	411,281
City Attorney	2,806,519	2,806,519	2,294,946	511,573
Registrar of Voters	1,070,439	1,070,439	1,014,068	56,371
General Services	11,400,484	11,477,020	11,369,943	107,077
Procurement	910,105	910,105	873,964	36,141
Transportation and Environmental Services	27,157,855	27,408,779	26,308,499	1,100,280
Transit Subsidies	8,336,685	8,329,696	5,168,369	3,161,327
Fire	39,443,967	39,553,474	39,338,983	214,491
Police	53,632,400	53,659,456	51,980,201	1,679,255
Mental Health/Mental Retardation and Substance Abuse	514,292	525,292	521,429	3,863
Health	7,904,606	8,010,541	7,598,198	412,343
Human Services	9,730,287	9,977,736	9,172,505	805,231
Human Services Contributions	2,033,259	2,100,098	2,081,514	18,584
Office of Historic Alexandria	2,533,323	2,600,063	2,597,967	2,096
Recreation and Cultural Activities	18,949,746	18,926,775	18,150,627	776,148
Other Educational Activities	12,304	12,304	12,304	-
Non Departmental (including debt service)	52,546,592	48,619,352	48,182,134	437,218
Total Expenditures	$ 313,098,117	$ 311,220,248	$ 299,460,340	$ 11,759,908
Other Financing Sources (Uses):				
Operating Transfers In	$ 1,301,560	$ 1,301,560	$ 1,301,560	$ -
Operating Transfers Out	(41,636,256)	(46,788,223)	(42,940,615)	3,847,608
Transfers Out - Component Units	(178,368,645)	(179,538,720)	(179,538,720)	-
Total Other Financing Sources (Uses)	$ (218,703,341)	$ (225,025,383)	$ (221,177,775)	$ 3,847,608
Net Change in Fund Balance.	$ (5,415,347)	$ (9,440,662)	$ 9,798,201	$ 19,238,863
Fund Balances at Beginning of Year	53,306,991	53,306,991	53,306,991	-
Increase/(Decrease) in Reserve for Inventory	-	-	(63,821)	(63,821)
FUND BALANCES AT END OF YEAR	**$ 47,891,644**	**$ 43,866,329**	**$ 63,041,371**	**$ 19,175,042**

(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, 2010

Exhibit XIV

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Use of Money and Property	$ 6,000	6,000	201,445	$ 195,445
Charges for Services	14,191,049	14,684,453	11,002,812	(3,681,641)
Permits, Fees and Licenses	276,350	276,350	-	(276,350)
Intergovernmental Revenues	40,150,104	65,750,707	44,261,307	(21,489,400)
Miscellaneous	999,188	3,019,888	2,852,336	(167,552)
Total Revenues	$ 55,622,691	$ 83,737,398	$ 58,317,900	$ (25,419,498)
Other Financing Sources:				
Operating Transfers In	$ 37,807,716	$ 37,885,369	$ 38,331,691	$ 446,322
Total Other Financing Sources	$ 37,807,716	$ 37,885,369	$ 38,331,691	$ 446,322
Total Revenues and Other Financing Sources	$ 93,430,407	$ 121,622,767	$ 96,649,591	$ (24,973,176)
Expenditures:				
Office of Women	$ 492,860	548,130	490,129	$ 58,001
Citizens Assistance	5,498	15,798	5,103	10,695
Commonwealth's Attorney	239,554	273,706	250,213	23,493
Sheriff	1,061,142	1,353,625	1,231,620	122,005
Clerk of Courts	-	100,680	75,650	25,030
Law Library	163,713	163,713	156,629	7,084
Other Correctional and Judicial Activities	193,358	193,358	193,358	-
Court Services	237,834	617,360	195,443	421,917
Human Rights	35,100	51,100	50,131	969
Personnel	6,000	16,000	14,646	1,354
Finance	205,193	220,193	219,049	1,144
Planning	-	785,007	362,923	422,084
General Services	148,908	804,708	157,794	646,914
Transportation and Environmental Services	2,343,979	8,667,964	2,422,130	6,245,834
Fire	1,107,980	1,924,230	1,748,611	175,619
Police	32,295	728,112	633,988	94,124
Office of Housing	4,252,462	8,872,823	5,272,424	3,600,399
Mental Health/Mental Retardation and Substance Abuse	30,189,399	31,047,014	29,578,835	1,468,179
Health	-	25,565	3,842	21,723
Human Services	44,874,086	49,472,517	41,552,729	7,919,788
Office of Historic Alexandria	507,907	758,935	383,631	375,304
Recreation and Cultural Activities	313,740	1,522,240	617,527	904,713
Non Departmental	1,000,000	7,440,590	7,428,651	11,939
Total Expenditures	$ 87,411,008	$ 115,603,368	$ 93,045,056	$ 22,558,312
Other Financing Uses:				
Operating Transfers Out	$ 6,019,399	6,019,399	5,913,543	$ 105,856
Total Other Financing Uses	$ 6,019,399	$ 6,019,399	$ 5,913,543	$ 105,856
Total Expenditures and Other Financing Uses	$ 93,430,407	$ 121,622,767	$ 98,958,599	$ 22,664,168
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	$ -	$ -	$ (2,309,008)	$ (2,309,008)
Fund Balances at Beginning of Year	$ -	$ -	$ 24,803,357	$ 24,803,357
FUND BALANCES AT END OF YEAR	**$ -**	**$ -**	**$ 22,494,349**	**$ 22,494,349**

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

(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 13, 2009, the City Council approved the original adopted budget and on June 12, 2010 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	$ 12,304	$ 165,555,960	$ 165,568,264	Education
Transit Subsidies	5,168,369	7,907,789	13,076,158	Transit
Library Transfer	-	6,074,971	6,074,971	Library
Other Expenditures (not listed separately)	294,279,667	-	294,279,667	Other Expenditures (not listed separately)
Total Expenditures	$ 299,460,340	$ 179,538,720	$ 478,999,060	Total Expenditures
Transfers Out – Component Units	$ 179,538,720	$ (179,538,720)	$ -	None
Operating Transfers Out	42,940,615	-	42,940,615	Operating Transfers Out
Other Financing	(1,301,560)	-	(1,301,560)	Other Expenditures (not listed separately)
Total Financing (Sources) Uses	$ 221,177,775	(179,538,720)	41,639,055	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, 2010

Exhibit XVI

SCHEDULE OF FUNDING PROGRESS

	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) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll ((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%
Pension for Fire and Police**	06/30/2004	$ 35,362,688	$ 42,580,064	$ 7,217,376	83.05%	$ 61,778	11682.76%
	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
Firefighters and Police Pension	07/01/2004	$ 78,577,979	$ 115,340,503	$ 36,762,524	68.13%	$ 25,268,564	145.49%
	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%
Fire and Police Disability	07/01/2004	$ 12,601,146	$ 8,638,183	$ (3,962,963)	145.88%	$ 25,268,564	-15.68%
	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%
Virginia Retirement System	06/30/2004	$ 244,033,928	$ 240,500,266	$ (3,533,662)	101.47%	$ 90,113,045	-3.92%
	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%

** 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 four 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.

See Accompanying Independent Auditors' Report

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems - Primary Government
Required Supplementary Information
June 30, 2010

Exhibit XVI
(Continued)

SCHEDULES OF EMPLOYER CONTRIBUTIONS

For Defined Benefit Pension Plans

City Supplemental Retirement

Actuarial Date	Annual Required Contribution	Percentage Contributed
06/30/2005	$ 3,172,787	82.70%
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%

Firefighters and Police Pension

06/30/2005	$ 4,890,046	108.30%
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%

Fire and Police Disability

06/30/2005	$ 347,672	180.90%
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%

Pension Plan for Fire and Police

Actuarial Date	Annual Required Contribution	Percentage Contributed
06/30/2005	$ 1,547,955	58.27%
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%

Virginia Retirement System

06/30/2005	$ 1,386,592	100.00%
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%

See Accompanying Independent Auditors' Report

CITY OF ALEXANDRIA, VIRGINIA
Other Post Employment Benefits (OPEB)
Required Supplementary Information
June 30, 2010

Exhibit XVI
(Continued)

SCHEDULE OF FUNDING PROCESS

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) Annual Covered Payroll	(6) UAAL as a Percentage of Covered 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%

Only three 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 Schedules of Changes in Assets and Liabilities – Agency Funds
For the Fiscal Year Ended June 30, 2010

Schedule 1

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
HUMAN SERVICES SPECIAL WELFARE ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent	$ 7,241	$ 40,723	24,113	$ 23,851
Liabilities:				
Other Liabilities	$ 7,241	$ 40,723	24,113	$ 23,851
Total Liabilities	$ 7,241	$ 40,723	$ 24,113	$ 23,851
HUMAN SERVICES DEDICATED ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent	$ 23,742	$ 12,485	$ -	$ 36,227
Liabilities:				
Other Liabilities	$ 23,742	$ 12,485	$ -	$ 36,227
Total Liabilities	$ 23,742	$ 12,485	$ -	$ 36,227
INDUSTRIAL DEVELOPMENT AUTHORITY				
Assets:				
Equity in Pooled Cash and Investments	$ 651,285	$ 92,788	230,247	$ 513,826
Liabilities:				
Other Liabilities	$ 651,285	$ 92,788	$ 230,247	$ 513,826
Total Liabilities	$ 651,285	$ 92,788	$ 230,247	$ 513,826
POTOMAC YARD AFFORDABLE HOUSING -ASLLC				
Assets:				
Equity in Pooled Cash and Investments	$ 30,346	$ 8,860,361	$ 8,873,528	$ 17,179
Liabilities:				
Other Liabilities	$ 30,346	$ 8,860,361	$ 8,873,528	$ 17,179
Total Liabilities	$ 30,346	$ 8,860,361	$ 8,873,528	$ 17,179
TOTAL ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Investments	$ 681,631	$ 8,953,149	$ 9,103,775	$ 531,005
Cash and Investments with Fiscal Agent	30,983	53,208	24,113	60,078
Total Assets	$ 712,614	$ 9,006,357	$ 9,127,888	$ 591,083
Liabilities:				
Other Liabilities	$ 712,614	$ 9,006,357	$ 9,127,888	$ 591,083
Total Liabilities	$ 712,614	$ 9,006,357	$ 9,127,888	$ 591,083

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Component Unit
Alexandria Transit Company
As of June 30, 2010

Schedule 2

Cash Flows from Operating Activities:		
Cash Received from Customers	$	3,725,384
Cash payments to Suppliers for Goods and Services		(3,276,491)
Cash Payments to Employees for Services		(8,162,125)
Net Cash Used for Operating Activities	$	(7,713,232)
Cash Flows from Noncapital Financing Activities:		
Payments from Primary Government		7,907,789
Cash from other non revenue receipts		4,921
Cash received from Non Operating Grant		216,799
Net Cash provided by Noncapital Financing Activities	$	8,129,509
Cash Flows from Capital and Related Financing Activities:		
Acquisition/Sale of Capital Assets	$	(103,087)
Net Cash Used for Capital Assets and Related Financing Activities	$	(103,087)
Net Increase in Cash and Cash Equivalents	$	313,190
Cash and Cash Equivalents at Beginning of Year		289,534
Cash and Cash Equivalents at End of Year	$	602,724
Reconciliation of Operating Loss to Cash Used for Operating Activities:		
Operating Loss	$	(9,557,150)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation Expense	$	1,539,342
Changes in Assets and Liabillities:		
Decrease (Increase) in Accounts Receivable		248,233
Decrease (Increase) in Inventory of Supplies		(55,142)
Decrease (Increase) in Prepaid Expenses		-
Decrease (Increase) in Accounts Payable		19,150
Decrease (Increase) in Accrued Liabilities		7,556
Decrease (Increase) in Other Liabilities		84,779
Total Adjustments	$	1,843,918
Net Cash Used for Operating Activities	$	(7,713,232)

Noncash Capital and Related Financing Activities:
During Fiscal Year 2010, the City did not transfer any capital assets to Alexandria Transit.

CITY OF ALEXANDRIA, VIRGINIA
Combining Balance Sheet
Special Revenue Funds
As of June 30, 2010

Schedule 3

	Housing	Sewer	Other Special Revenue	Total Combined Special Revenue
ASSETS				
Cash and Cash Equivalents	$ 4,903,842	$ 5,372,013	$ 8,547,386	$ 18,823,241
Cash and Investments with Fiscal Agents	-	-	114,627	114,627
Receivables, Net	2,650,025	1,014,019	25,248	3,689,292
Due From Other Governments	976,062	-	8,594,707	9,570,769
Prepaid and Other Assets	90,000	-	55,742	145,742
Total Assets	$ 8,619,929	$ 6,386,032	$ 17,337,710	$ 32,343,671
LIABILITIES				
Accounts Payable	$ 66,200	12,001	$ 2,492,032	$ 2,570,233
Accrued Wages	82,631	61,363	2,258,258	2,402,252
Unearned Revenue	-	-	4,876,837	4,876,837
Total Liabilities	$ 148,831	$ 73,364	$ 9,627,127	$ 9,849,322
FUND BALANCES				
Reserved for:				
Receivable, net	$ 2,650,025	$ -	$ -	$ 2,650,025
Encumbrances	347,723	140,653	3,383,469	3,871,845
Unreserved	5,473,350	6,172,015	4,327,114	15,972,479
Total Fund Balances	$ 8,471,098	$ 6,312,668	$ 7,710,583	$ 22,494,349
Total Liabilities and Fund Balances	$ 8,619,929	$ 6,386,032	$ 17,337,710	$ 32,343,671

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Funds
As of June 30, 2010

Schedule 4

	Housing	Sewer	Other Special Revenue	Total Combined Special Revenue
REVENUES				
Use of Money and Property	13,094	-	188,351	201,445
Charges for Services	-	3,519,802	7,483,010	11,002,812
Intergovernmental Revenue	2,268,820	-	41,992,487	44,261,307
Miscellaneous	991,434	-	1,860,902	2,852,336
Total Revenues	$ 3,273,348	$ 3,519,802	$ 51,524,750	$ 58,317,900
EXPENDITURES				
Current Operating:				
General Government	$ -	$ -	$ 728,343	$ 728,343
Judicial Administration	-	-	1,100,141	1,100,141
Public Safety	-	-	3,384,983	3,384,983
Public Works	-	1,490,033	7,545,135	9,035,168
Health and Welfare	-	-	71,069,187	71,069,187
Culture and Recreation	-	-	1,006,649	1,006,649
Community Development	5,272,424	-	1,448,161	6,720,585
Total Expenditures	$ 5,272,424	$ 1,490,033	$ 86,282,599	$ 93,045,056
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (1,999,076)	$ 2,029,769	$ (34,757,849)	$ (34,727,156)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,677,128	-	35,654,563	38,331,691
Transfers Out	(42,029)	(5,612,189)	(259,325)	(5,913,543)
Total Other Financing Sources and Uses	$ 2,635,099	$ (5,612,189)	$ 35,395,238	$ 32,418,148
Total other financing sources (uses) and special items	2,635,099	(5,612,189)	35,395,238	32,418,148
Net Change in Fund Balance	$ 636,023	$ (3,582,420)	$ 637,389	$ (2,309,008)
Fund Balance at Beginning of Year	7,835,075	9,895,088	7,073,194	24,803,357
Fund Balance at End of Year	$ 8,471,098	$ 6,312,668	$ 7,710,583	$ 22,494,349

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 - 2010 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

TABLE I

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses										
Governmental Activities:										
General Government	$ 40.3	$ 45.1	$ 47.4	$ 56.5	$ 47.7	$ 47.5	$ 63.6	$ 64.6	$ 79.5	$ 61.1
Judicial Administration	11.5	12.5	13.0	14.0	14.6	15.6	17.7	19.3	19.3	19.3
Public Safety	73.6	83.2	88.4	94.9	96.5	106.9	112.3	114.5	120.5	118.3
Public Works	33.3	33.5	36.9	44.1	40.0	41.1	44.3	48.8	48.5	19.5
Library	4.2	4.8	5.1	5.5	6.0	6.4	6.8	6.9	6.8	6.1
Health and Welfare	61.5	66.8	71.9	73.9	79.4	84.3	89.4	96.2	97.3	90.8
Transit	7.1	6.8	11.9	9.1	10.5	12.5	14.1	14.1	12.5	13.1
Culture and Recreation	14.1	17.2	20.8	21.3	26.1	25.3	26.9	30.4	28.1	25.9
Community Development	8.9	11.9	13.5	16.2	16.1	24.4	35.0	40.6	30.4	21.0
Education	116.4	110.7	123.4	128.6	142.2	139.9	153.7	168.5	173.8	173.3
Interest on Long-term Debt	5.6	7.6	7.1	8.0	9.5	10.4	13.5	12.5	10.9	16.4
Total Governmental Activities	$ 376.5	$ 400.1	$ 439.3	$ 472.0	$ 488.6	$ 514.4	$ 577.3	$ 616.4	$ 627.6	$ 564.8
Subtotal Governmental Activities Expenses	$ 376.5	$ 400.1	$ 439.3	$ 472.0	$ 488.6	$ 514.4	$ 577.3	$ 616.4	$ 627.6	$ 564.8
Business-type Activities:										
Recycling	$ 0.6	$ 0.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Business-type Activities:	$ 0.6	$ 0.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Primary Government Expenses	$ 377.1	$ 400.6	$ 439.3	$ 472.0	$ 488.6	$ 514.4	$ 577.3	$ 616.4	$ 627.6	$ 564.8
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ -	$ -	$ -	$ -	$ -	$ -	$ 6.3	$ 5.6	$ 1.4	$ 2.0
Judicial Administration	1.2	1.3	1.7	1.9	2.0	2.0	2.0	1.9	1.6	1.5
Public Safety	8.2	8.2	6.5	7.6	8.4	10.6	11.5	10.7	15.5	11.1
Public Works	8.2	8.2	9.6	10.4	13.2	16.9	16.1	17.4	18.1	18.0
Library	-	-	-	-	-	-	-	-	-	
Health and Welfare	5.1	4.9	5.2	5.2	5.1	5.4	6.4	6.7	6.6	6.7
Transit	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	1.8	2.0	1.7	1.6	1.7	2.3	2.5	3.0	2.9	3.1
Community Development	0.1	0.1	0.3	0.3	0.3	3.1	4.9	6.0	8.2	1.6
Operating Grants and Contributions	48.2	52.9	60.0	62.5	59.6	60.3	61.0	61.3	63.2	65.2
Capital Grants and Contributions	2.3	12.4	20.0	15.0	5.1	9.9	18.2	7.6	20.5	13.3
Subtotal Governmental Activities	$ 75.1	$ 90.0	$ 105.0	$ 104.5	$ 95.4	$ 110.5	$ 128.9	$ 120.2	$ 138.0	$ 122.5
Business-type Activities:										
Recycling	0.3	0.1	-	-	-	-	-	-	-	-
Subtotal Business-type Activities:	$ 0.3	$ 0.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Primary Government Revenues	$ 75.4	$ 90.1	$ 105.0	$ 104.5	$ 95.4	$ 110.5	$ 128.9	$ 120.2	$ 138.0	$ 122.5

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense) (Revenue)										
General Government	$ (40.3)	$ (45.1)	$ (47.4)	$ (56.5)	$ (47.7)	$ (47.5)	$ (57.3)	$ (57.7)	$ (77.6)	$ (58.5)
Judicial Administration	(10.3)	(11.2)	(11.3)	(12.1)	(12.6)	(13.6)	(15.7)	(13.1)	(13.7)	(14.2)
Public Safety	(65.4)	(75.0)	(81.9)	(87.3)	(88.1)	(96.3)	(100.8)	(89.6)	(91.8)	(93.5)
Public Works	(25.1)	(25.3)	(27.3)	(33.7)	(26.8)	(24.2)	(28.2)	(20.7)	(4.8)	19.3
Library	(4.2)	(4.8)	(5.1)	(5.5)	(6.0)	(6.4)	(6.8)	(6.9)	(6.8)	(6.1)
Health and Welfare	(56.4)	(61.9)	(66.7)	(68.7)	(74.3)	(78.9)	(83.0)	(57.2)	(54.7)	(49.1)
Transit	(7.1)	(6.8)	(11.9)	(9.1)	(10.5)	(12.5)	(14.1)	(14.1)	(12.6)	(13.1)
Culture and Recreation	(12.3)	(15.2)	(19.1)	(19.7)	(24.4)	(23.0)	(24.4)	(27.2)	(25.0)	(22.3)
Community Development	(8.8)	(11.8)	(13.2)	(15.9)	(15.8)	(21.3)	(30.1)	(28.9)	(26.0)	(15.2)
Education	(116.4)	(110.7)	(123.4)	(128.6)	(142.2)	(139.9)	(153.7)	(168.5)	(165.7)	(173.3)
Interest on Long-term Debt	(5.6)	(7.6)	(7.1)	(8.0)	(9.5)	(10.4)	(13.5)	(12.4)	(10.9)	(16.3)
Subtotal Governmental Activities	$ (351.9)	$ (375.4)	$ (414.3)	$ (445.0)	$ (457.9)	$ (474.1)	$ (527.6)	$ (496.3)	$ (489.6)	$ (442.3)
Business-type Activities:										
Recycling	$ (0.3)	$ (0.3)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Business-type Activities:	(0.3)	(0.3)	-	-	-	-	-	-	-	-
Total Primary Government	$ (352.3)	$ (375.8)	$ (414.3)	$ (445.0)	$ (457.9)	$ (474.1)	$ (527.6)	$ (496.3)	$ (489.6)	$ (442.3)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Real Estate	$ 153.4	$ 163.5	$ 189.4	$ 211.1	$ 234.3	$ 255.4	$ 275.4	$ 289.3	$ 296.4	$ 304.3
Personal Property	27.0	38.5	31.1	31.3	32.0	33.1	35.3	38.6	37.9	32.9
Other	81.7	85.8	88.4	94.2	101.5	109.4	111.0	112.2	112.3	114.3
Transfer	-	-	1.0	-	-	-	-	-	-	-
Grants and Contributions not restricted to other programs	26.9	28.9	29.2	30.4	29.5	31.0	32.4	31.8	32.4	31.5
Interest and Investment Earnings	8.4	7.3	3.6	1.7	4.9	9.1	6.9	6.0	1.7	0.4
Miscellaneous	0.5	0.5	0.6	0.3	0.5	0.8	0.6	0.6	1.1	0.8
Subtotal Governmental Activities	$ 297.9	$ 324.5	$ 343.3	$ 369.1	$ 402.7	$ 438.9	$ 461.6	$ 478.5	$ 481.8	$ 484.2
Business-type Activities:										
Payment for City	$ -	$ -	$ (1.0)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Business-type Activities:	$ -	$ -	$ (1.0)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Primary Government	$ 297.9	$ 324.5	$ 342.3	$ 369.1	$ 402.7	$ 438.9	$ 461.6	$ 478.5	$ 481.8	$ 484.2
Change in Net Assets										
Governmental Activities:	$ (54.0)	$ (50.9)	$ (71.0)	$ (75.9)	$ (55.2)	$ (35.2)	$ (66.0)	$ (17.8)	$ (7.8)	$ 41.9
Business-type Activities:	(0.3)	(0.3)	(1.0)	-	-	-	-			
	$ (54.3)	$ (51.3)	$ (72.0)	$ (75.9)	$ (55.2)	$ (35.2)	$ (66.0)	$ (17.8)	$ (7.8)	$ 41.9

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

TABLE II

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Property Taxes	$ 189.8	$ 205.1	$ 218.9	$ 243.5	$ 265.3	$ 290.1	$ 310.8	$ 324.1	$ 333.5	$ 337.2
Other Local Taxes	81.7	84.0	88.1	94.0	101.5	109.5	111.0	112.3	112.3	114.4
Permits Fees and License	4.1	4.2	4.5	4.0	4.5	6.5	7.2	5.8	5.7	4.8
Fines and Forfeitures	4.1	3.9	3.9	4.2	4.0	3.5	3.6	3.9	4.1	3.9
Use of Money and Property	11.2	9.9	6.3	4.6	7.9	12.1	15.8	12.0	6.2	3.8
Charges for Services	14.4	14.2	15.6	16.1	19.2	23.9	23.2	25.8	25.3	27.0
Intergovernmental Revenue	66.3	79.1	92.9	95.4	90.1	92.1	111.5	100.7	116.0	110.1
Sale of Surplus Property	-	-	-	2.8	-	0.5	-	-	-	-
Miscellaneous and Non Revenue Receipts	4.8	4.9	4.8	7.6	4.2	5.1	7.3	10.2	15.8	5.5
Total Governmental Revenues	$ 376.3	$ 405.3	$ 435.1	$ 472.1	$ 496.7	$ 543.3	$ 590.4	$ 594.8	$ 618.9	$ 606.7
Expenditures										
General Government	28.0	30.2	31.9	36.1	37.7	39.6	45.5	43.0	46.7	45.2
Judicial Administration	11.0	12.0	12.5	13.5	14.1	15.0	17.1	18.7	18.9	18.8
Public Safety	71.9	78.2	86.6	89.6	93.8	104.5	109.6	112.2	116.8	115.0
Public Works	27.4	27.5	29.8	30.0	30.1	32.6	35.5	36.7	36.9	42.3
Library	4.1	4.8	5.1	5.5	6.0	6.4	6.8	6.9	6.8	6.1
Health and Welfare	61.0	66.4	71.5	73.5	78.9	83.9	88.9	95.7	96.8	90.2
Transit and Transit Transfer	7.1	6.8	8.5	9.1	10.5	12.5	14.1	14.1	12.5	13.1
Culture and Recreation	12.6	15.0	17.4	18.5	20.1	21.8	23.6	24.5	23.2	21.8
Community Development	8.1	9.5	12.1	13.3	15.1	23.3	31.3	34.4	28.5	19.3
Education	116.4	110.1	122.9	128.0	141.7	139.4	150.7	164.2	168.0	167.5
Capital Outlay	21.6	46.9	49.4	53.4	51.5	79.1	93.5	75.8	100.7	93.4
Debt Service - Principal	6.9	8.6	10.4	10.9	13.2	16.5	17.7	18.2	19.1	19.5
- Interest	5.6	7.6	7.2	7.9	9.6	10.5	13.3	12.3	12.8	15.1
Total Governmental Expenditures	$ 381.9	$ 423.5	$ 465.2	$ 489.1	$ 522.3	$ 585.1	$ 647.6	$ 656.7	$ 687.7	$ 667.3
Excess of Revenues over (under) expenditures	$ (5.6)	$ (18.2)	$ (30.1)	$ (17.0)	$ (25.6)	$ (41.8)	$ (57.2)	$ (61.9)	$ (68.8)	$ (60.6)
Other Financing Sources/(Uses)										
Transfers in	45.1	40.5	48.0	45.0	54.7	59.0	49.1	67.8	58.9	48.6
Transfers out	(45.1)	(40.6)	(47.6)	(46.5)	(54.7)	(59.5)	(50.0)	(67.8)	(58.2)	(48.9)
Sale of Land	0.2	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	$ 0.2	$ (0.1)	$ 0.4	$ (1.6)	$ -	$ (0.5)	$ (0.9)	$ -	$ 0.7	$ (0.3)
Net change in Fund Balance	$ (5.4)	$ (18.3)	$ (29.7)	$ (18.6)	$ (25.6)	$ (42.3)	$ (58.1)	$ (61.9)	$ (68.1)	$ (60.9)
Debt Service as percentage of general governmental funds	3.47%	4.30%	4.23%	4.31%	4.84%	5.34%	5.59%	5.25%	5.43%	6.03%

Amounts may not add due to rounding

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

TABLE III

	Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Property Taxes	Real Estate	$ 152,560,694	$ 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
	Personal	35,222,613	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
	Penalties and Interest	1,992,370	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
Other Local Taxes	Local Sales	$ 20,730,807	$ 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
	Utility	16,937,315	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
	Business License	20,762,586	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
	Cable TV Franchise License	901,777	1,025,474	978,574	1,089,381	1,154,576	1,240,841	720,926	-	-	-
	Motor Vehicle License	2,247,172	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
	Bank Franchise	1,403,375	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
	Tobacco	1,607,292	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
	Recordation	2,028,522	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
	Transient Lodging	5,827,803	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
	Restaurant Food	8,466,964	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
	Telecommunication	762,172	1,139,266	792,025	727,384	726,112	725,684	691,023	857,354	829,291	819,313
	Admissions	-	-	-	-	-	1,149,537	1,058,226	1,090,067	1,103,782	1,125,172
	Cell Phone	-	-	-	-	-	2,305,525	1,397,452	-	-	-
	Communications Sales Tax	-	-	-	-	-	-	5,318,253	12,402,256	11,268,560	11,315,541
	Other	50,987	42,507	44,528	39,266	28,428	28,931	33,024	42,225	80,723	47,081
	Total	$ 271,502,449	$ 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

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

Table IV

Real Property
(Amounts in thousands)

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year*	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to date: Amount	Total Collections to date: Percentage of Levy
2000	147,059	144,741	98.42%	2,301	147,042	99.99%
2001	159,186	156,748	98.47%	2,428	159,176	99.99%
2002	174,827	172,296	98.55%	2,514	174,810	99.99%
2003	199,799	196,181	98.19%	3,602	199,783	99.99%
2004	225,156	223,047	99.06%	2,091	225,138	99.99%
2005	250,180	247,166	98.80%	2,980	250,146	99.99%
2006	267,015	264,951	99.23%	1,995	266,946	99.97%
2007	282,563	279,948	99.07%	2,462	282,410	99.95%
2008	296,204	292,996	98.92%	2,520	295,516	99.77%
2009	308,330	305,691	99.14%	-	305,691	99.14%

* Levy adjusted for changes since original levy

Table V

Personal Property
(Amounts in thousands)

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year: Total	Taxes Levied for the Calendar Year: Commonwealth Reimbursement #	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to date: Amount	Total Collections to date: Percentage of Levy
2000	56,591	13,268	44,711	79.01%	3,677	48,388	85.50%
2001	56,957 *	20,842	48,136	84.51%	11,176	59,312	104.13%
2002	58,478	21,122	49,216	84.16%	3,880	53,096	90.80%
2003	60,472	22,915	50,576	83.64%	3,711	54,287	89.77%
2004	56,059	21,936	48,535	86.58%	3,860	52,395	93.46%
2005	58,942	22,558	50,422	85.55%	4,693	55,115	93.51%
2006	62,213	24,193	55,284	88.86%	2,746	58,030	93.28%
2007	61,974	23,849	55,247	89.15%	2,771	58,018	93.62%
2008	62,740	23,768	56,201	89.58%	2,749	58,950	93.96%
2009	60,820	24,635	54,784	90.08%	-	54,784	90.08%

* 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

	Real Property ($000)				Personal Property ($100)				
Calendar Year	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
2000	6,716,942	6,578,366	13,295,308	1.110	1,359,340	4.75	13,281	4.50	1,372,621
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

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

TABLE VII

Governmental Activities	2001	2002	2003 [a]	2004	2005	2006	2007	2008	2009	2010
Invested in Capital Assets, Net of Related Debt	$ 181.2	$ 118.5	$ 160.6	$ 119.5	$ 100.2	$ 105.6	$ 170.0	$ 231.0	$ 153.3	$ 248.0
Restricted for:										
Affordable Housing	-	-	-	-	-	3.0	0.3	-	-	-
Capital Projects	58.3	70.1	72.8	115.7	148.3	157.2	101.6	51.5	134.7	72.3
Unrestricted Net Assets	23.9	103.8	67.9	67.7	63.9	81.6	88.7	60.3	47.0	57.3
Subtotal Governmental Activities Net Assets	$ 263.4	$ 292.4	$ 301.3	$ 302.9	$ 312.4	$ 347.4	$ 360.6	$ 342.8	$ 335.0	$ 377.6
Business-type Activities Net Assets										
Invested in Capital Assets, Net of Related Debt	0.1	0.1	-	-	-	-	-	-	-	-
Unrestricted Net Assets	1.2	0.9	-	-	-	-	-	-	-	-
Subtotal Business-type Activities Net Assets	$ 1.3	$ 1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Primary Government										
Invested in Capital Assets, Net of Related Debt	181.3	118.6	160.6	119.5	100.2	105.6	170.0	231.0	153.3	248.0
Restricted for:										
Affordable Housing	-	-	-	-	-	3.0	0.3	-	-	-
Capital Projects	58.3	70.1	72.8	115.7	148.3	157.2	101.6	51.5	134.7	72.3
Unrestricted Net Assets	25.1	104.6	67.9	67.7	63.9	81.6	88.7	60.3	47.0	57.3
Total Primary Government Net Assets	$ 264.7	$ 293.4	$ 301.3	$ 302.9	$ 312.4	$ 347.4	$ 360.6	$ 342.8	$ 335.0	$ 377.6

[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. Net assets are considered restricted when (1) and external part

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

TABLE VIII

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved for:										
Encumbrances	$ 3,729,754	$ 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	1,278,362	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	55,825,487	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
Subtotal General Fund	$ 60,833,603	$ 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
All Other Governmental Funds										
Reserved For										
Capital Projects	$ 49,528,043	$ 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	1,287,340	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	8,750,823	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	11,301,953	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	6,061,855	22,031,197	-	-	-	-	-	-	-	-
Subtotal All Other Governmental Funds	$ 76,930,014	$ 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
Total Governmental Funds										
Encumbrances	$ 12,480,577	$ 11,439,285	$ 11,174,705	$ 11,568,422	$ 23,588,928	$ 19,901,561	$ 21,821,900	$ 51,598,394	$ 36,797,400	$ 32,920,930
Inventories	1,278,362	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
Capital Projects	49,528,043	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	1,287,340	1,558,984	1,922,984	4,227,041	4,147,198	2,015,393	1,236,283	1,204,885	3,073,806	3,050,025
Unreserved	73,189,295	97,925,608	65,955,785	70,948,254	68,048,277	89,709,459	88,469,991	77,843,431	69,329,340	74,778,834
Total Fund Balance	$ 137,763,617	$ 174,210,647	$ 144,559,509	$ 194,036,378	$ 224,603,472	$ 255,210,717	$ 197,576,446	$ 134,926,921	$ 212,833,610	$ 151,864,057

CITY OF ALEXANDRIA, VIRGINIA
2010 Tax Rates for Major Revenue Sources

TABLE IX

Real Estate Tax	97.8¢ 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	$0.89 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

	2001	2002	2003	2004	2005
Assessed Value of Real Property, January 1	$ 14,632,348,200	$ 16,132,989,000	$ 19,225,926,000	$ 21,580,995,000	$ 27,359,649,900
Debt Limit: 10 percent	1,463,324,820	1,613,298,900	1,922,592,600	2,258,099,500	2,735,964,990
Amount of Debt Applicable to Debt Limit	107,875,000	153,925,000	143,615,000	197,520,000	241,890,000
Legal Debt Margin	1,355,449,820	1,459,373,900	1,778,977,600	$ 2,060,579,500	$2,494,074,990
Debt as a Percentage of Assessed Value	0.74%	0.95%	0.75%	0.92%	0.88%

	2006	2007	2008	2009	2010
Assessed Value of Real Property, January 1	$ 32,906,720,000	$ 34,243,031,000	$ 35,554,958,000	$ 34,379,163,000	$ 31,819,266,000
Debt Limit: 10 percent	3,290,672,000	3,424,303,100	3,555,495,800	3,437,916,300	3,181,926,600
Amount of Debt Applicable to Debt Limit	296,540,000	278,525,000	260,350,000	383,950,000	364,485,000
Legal Debt Margin	$2,994,132,000	$3,145,778,100	$3,295,145,800	$3,053,966,300	$2,817,441,600
Debt as a Percentage of Assessed Value	0.90%	0.81%	0.73%	1.12%	1.15%

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

		Assessed Value ($000) [2]				Outstanding Debt As Percentage of Assessed				Debt Per Capita As A Percentage
Year	Population[3]	Real Property	Personal Property	Total	Outstanding Debt	Real Property	Total Property	Personal Income ($100)	Debt Per Capita	of Per Capita Income[4]
2001	130,403	14,632,349	1,573,358	16,205,707	107,875,000	0.74	0.67	6,931,579	827	1.6
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	150,006	31,819,266	1,170,972	32,990,238	364,485,000	1.15	1.10	10,441,443	2,430	3.4

(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, 2010

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
2001	$ 6,815,000	$ 5,567,314	$ 12,382,314	$ 401,555,221	3.08
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

(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, 2010

TABLE XIV

Population

Calendar Year	Population	Calendar Year	Population
1940	33,523	1990	111,183
1950	61,787	2000	128,283
1960	91,023	2008	140,024
1970	110,938	2009	144,100
1980	103,217	2010	151,056

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

POPULATION INDICATORS
PER CAPITA INCOME*

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Alexandria	$45,956	$48,106	$52,125	$52,344	$53,711	$58,365	$61,147	$65,141	$70,632	$72,220
Arlington	$45,703	$49,555	$52,673	$53,860	$54,207	$58,893	$59,389	$63,827	$68,270	$72,317
Fairfax (includes Fairfax City and Falls Church)	$47,306	$50,035	$51,931	$52,494	$53,981	$57,169	$60,289	$64,698	$67,909	$69,885
Washington MSA	$35,848	$37,777	$40,672	$42,404	$43,693	$46,311	$48,697	$57,746	$62,484	$56,510

***The BEA has revised these numbers**.

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

CITY OF ALEXANDRIA
UNEMPLOYMENT RATE
LAST TEN YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Unemployment Rate	2.5%	3.8%	2.9%	3.2%	3.1%	2.6%	2.2%	2.9%	2.8%	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	2010 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1.	LCOR Alexandria, L.L.C.	Office Buildings	$ 890.9	2.80%
2.	AIMCO Foxchase L.P.	Foxchase Apartments	263.5	0.83
3.	Washington Real Estate Investment Trust	Portfolio	230.4	0.72
4.	Southern Towers L.L.C.	Southern Towers Apartments	208.6	0.66
5.	Lafayette Buildings LLC	Mark Center Office Buildings	206.1	0.65
6.	Hoffman Buildings LP	Hoffman Office Buildings	193.8	0.61
7.	CPYR Inc.	Potomac Yard Retail	156.7	0.49
8.	T C Duke Street L.L.C.	Office Buildings	155.1	0.49
9.	Alexandria Apartments L.L.C.	Office Buildings	152.2	0.48
10.	Tishman Speyer Archstone Smith Newport	Newport Village Apartments	151.9	0.48

SOURCE: City of Alexandria Real Estate Department

	Owner's Name	Property	2001 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1.	Carlyle Development Corporation	Vacant Land/Office Building	$ 159.3	1.09%
2.	AIMCO Foxchase L.P.	Foxchase Apartments	122.4	0.84
3.	Southern Towers L.P.	Southern Towers Apartments	109.6	0.75
4.	Potomac Yard Retail, Inc.	Potomac Yard Retail Center	106.4	0.73
5.	SAP II-III/Stellar Housing Partnership	Oakwood Apartments	97.3	0.66
6.	Commonwealth Atlanta Land, Inc.	Vacant Land/Warehouses	93.2	0.64
7.	Landmark Mall, LLC	Landmark Mall	74.6	0.51
8.	Laszlo N. Tauber & Associates L.P.	Office Building	69.0	0.47
9.	Hoffman Buildings LP	Office Building	64.0	0.44
10.	Avalon Properties, Inc.	Avalon Apartments	59.5	0.41

SOURCE: City of Alexandria Real Estate Department

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

TABLE XV
(Continued)

Public Service Companies

	Owner's Name	2010 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1.	Mirant Potomac River, LLC	$ 253.5	31.1%
2.	Virginia Electric & Power Company	153.5	18.8%
3.	Covanta Alexandria/Arlington, Inc.	80.8	9.9%
4.	Norfolk Southern Railway Company	72.5	8.9%
5.	Verizon Virginia Inc.	69.7	8.6%
6.	Richmond, Fredericksburg &Potomac Railway Co	67.6	8.3%
7.	Virginia-American Water Co.	47.8	5.9%
8.	Potomac Electric Power Company	32.2	4.0%
9.	Washington Gas Light Company	31.3	3.8%
10.	T-Mobile Communications	6.0	0.7%

SOURCE: Virginia State Corporation Commission

	Owner's Name	2001 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1.	Virginia Electric Power Company	$ 109.36	0.75%
2.	Bell Atlantic Virginia, Inc.	86.48	0.59
3.	Norfolk Southern Railway Company	54.25	0.37
4.	Richmond, Fredericksburg &Potomac Railway Co	45.62	0.31
5.	Virginia American Water Company	29.34	0.20
6.	Potomac Electric Power Company	27.83	0.19
7.	Washington Gas Light Company	26.37	0.18
8.	Jones Telecommunications of Virginia, Inc.	21.99	0.15
9.	Washington DC SMSA Limited Partnership	6.22	0.04
10.	American Telephone & Telegraph Co of Virginia, Inc.	2.63	0.02

SOURCE: Virginia State Corporation Commission

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
2001	11,345	5,567	1,611	1,927	574	447
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

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, 2010

TABLE XVII

	General Government	Judicial Administration	Public Safety	Public Works	Health and Welfare	Recreation & Culture	Community Development	Education	Transit Subsidies	Debt Service	Total
Expenditures:											
City Council	$ 483,902	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 483,902
City Manager	1,631,203	-	-	-	-	-	-	-	-	-	1,631,203
Office On Women	1,304,100	-	-	-	-	-	-	-	-	-	1,304,100
Citizens Assistance	331,484	-	213,876	-	-	-	-	-	-	-	545,360
Office of Management and Budget	1,102,234	-	-	-	-	-	-	-	-	-	1,102,234
18th Circuit Court	-	1,322,398	-	-	-	-	-	-	-	-	1,322,398
18th General District Court	-	52,881	-	-	-	-	-	-	-	-	52,881
Juvenile and Domestic Relations Courts	-	28,108	-	-	-	-	-	-	-	-	28,108
Commonwealth's Attorney	-	2,405,320	-	-	-	-	-	-	-	-	2,405,320
Sheriff	-	7,108,215	18,596,156	-	-	-	-	-	-	-	25,704,371
Clerk of Courts	-	1,503,428	-	-	-	-	-	-	-	-	1,503,428
Other Correctional Activities	-	4,049,557	1,097,599	-	-	-	-	-	-	-	5,147,156
Court Services	-	1,273,202	-	-	-	-	-	-	-	-	1,273,202
Human Rights	561,280	-	-	-	-	-	-	-	-	-	561,280
Internal Audit	217,445	-	-	-	-	-	-	-	-	-	217,445
Information Technology Services	6,413,983	-	-	-	-	-	-	-	-	-	6,413,983
Office of Communications	-	-	-	-	-	-	1,132,319	-	-	-	1,132,319
City Clerk and Clerk of Council	368,394	-	-	-	-	-	-	-	-	-	368,394
Finance	8,589,975	-	-	-	-	-	-	-	-	-	8,589,975
Real Estate Assessments	1,467,395	-	-	-	-	-	-	-	-	-	1,467,395
Human Resources	2,847,170	-	-	-	-	-	-	-	-	-	2,847,170
Planning and Zoning	-	-	-	-	-	-	8,693,065	-	-	-	8,693,065
City Attorney	2,294,946	-	-	-	-	-	-	-	-	-	2,294,946
Registrar	1,014,068	-	-	-	-	-	-	-	-	-	1,014,068
General Services	2,699,095	-	-	8,670,848	-	-	-	-	-	-	11,369,943
Procurement	873,964										873,964
Transportation and Environmental Services	-	-	-	24,022,679	-	-	2,285,820	-	-	-	26,308,499
Transit Subsidies	\	-	-	-	-	-	-	-	5,168,369	-	5,168,369
Fire	-	-	39,338,983	-	-	-	-	-	-	-	39,338,983
Police	-	-	51,980,201	-	-	-	-	-	-	-	51,980,201
Mental Health/Mental Retardation and Substance Abuse	-	-	-	-	521,429	-	-	-	-	-	521,429
Health	-	-	-	-	7,370,025	-	228,173	-	-	-	7,598,198
Human Services	-	-	-	-	9,172,505	-	-	-	-	-	9,172,505
Human Services Contributions	-	-	-	-	2,081,514	-	-	-	-	-	2,081,514
Office of Historic Alexandria	-	-	-	-	-	2,597,967	-	-	-	-	2,597,967
Recreation and Cultural Activities	-	-	-	-	-	18,150,627	-	-	-	-	18,150,627
Other Educational Activities	-	-	-	-	-	`	-	12,304	-	-	12,304
Miscellaneous	12,286,741	-	439,985	604,900	7,046	-	254,999	-		34,588,463	48,182,134
Total Expenditures	$ 44,487,379	$ 17,743,109	$ 111,666,800	$ 33,298,427	$ 19,152,519	$ 20,748,594	$ 12,594,376	$ 12,304	$ 5,168,369	$ 34,588,463	$ 299,460,340

CITY OF ALEXANDRIA
Government Employees By Function
Last Ten Fiscal Years

TABLE XVIII

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	290	300	303	305	304	300	300	297	273	269
Judicial Administration	109	118	119	117	120	121	120	120	120	123
Public Safety	868	887	900	910	926	929	933	936	937	930
Public Works	225	224	227	229	231	232	225	228	231	232
Library	53	52	52	54	55	55	55	55	56	55
Health and Welfare	491	492	497	511	502	509	514	515	511	510
Culture and Recreation	143	145	145	150	155	154	157	158	155	152
Community Development	64	66	67	57	57	57	55	55	59	57
Education	2,091	2,098	2,079	2,082	2,120	2,125	2,119	2,058	2,015	2,098
TOTAL	4,334	4,382	4,389	4,415	4,470	4,482	4,478	4,422	4,357	4,426

Principal Employers
Current Year (as of July 1, 2010 and Nine Years Ago)

TABLE XIX

Current Year	Employees
LARGEST PUBLIC EMPLOYERS	
U.S. Patent Trademark Offices	2,000-10,000
U.S. Department of Defense	2,000-10,000
City of Alexandria	2,328
Alexandria Public Schools	2,098
WMATA	500-2,000
Northern Virginia Community College	500-2,000
U.S. Army	500-2,000
LARGEST PRIVATE EMPLOYERS	
INOVA Alexandria Hospital	500-2,000
American Building Maintenane Co	500-2,000
Institute of Defense Analysis	500-2,000
Center for Naval Analysis	500-2,000
Gali Services Corporation	500-2,000
Grant Thornton LLP	200-500
Oblon Spivak McClelland	200-500

Nine Years Ago	Employees
LARGEST PUBLIC EMPLOYERS	
U.S. Department of Defense	7,545
City of Alexandria	2,132
Alexandria Public Schools	1,837
WMATA (Metro)	1,369
U.S. Postal Services	794
U.S. Department of Agrculture	605
Northern Virginia Community College	534
LARGEST PRIVATE EMPLOYERS	
Alexandria Hospital	1,589
Institute for Defense Analysis	792
Boat Owners Assoc. of the U.S.	550
Pentagon Federal Credit Union	538

SOURCE: Virginia Employment Commission
City of Alexandria Approved Budget

CITY OF ALEXANDRIA
Operating Indicators By Function
Last Ten Fiscal Years

TABLE XX

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Judicial Administration										
Civil and criminal cases processed by Clerk of Courts	5,342	49,998	4,785	5,346	5,780	5,255	5,657	5,730	5,700	5,666
Real estate documents processed	32,754	43,105	43,805	50,522	43,900	44,844	31,009	29,396	29,000	26,340
Public Safety										
Fire calls requiring emergency response	5,930	5,939	5,586	6,256	5,666	6,001	5,956	5,990	6,050	6,080
Police calls for emergency service	2,504	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
Public Works										
Sq yds of concrete sidewalks replaced	8,831	7,515	10,575	7,846	7,448	7,012	10,099	8,000	8,000	3,450
Cubic yards of leaves collected	29,500	26,750	26,750	21,075	22,650	31,000	33,600	33,000	33,000	32,001
Library										
Circulation	874,815	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
Patron visits	668,457	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
Health and Welfare										
Adolescent patient visits	3,366	3,380	3,049	3,211	2,961	3,005	**	**	**	**
Average monthly food stamp cases	1,022	1,100	1,206	1,530	1,658	1,637	1,675	1,675	3,294	4,098
Number of home based services	*	*	*	*	*	7,117	7,025	6,800	**	**
Adult clients served	*	*	*	*	*	3,631	3,631	3,230	3,230	2,456
Transit										
Annual Ridership	2,640,420	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
Operating cost per mile	$ 4.30	$ 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
Culture and Recreation										
Number of staff directed programs at City Recreation Centers and Playgrounds	15,900	17,365	20,437	19,128	19,154	20,500	**	**	**	**
Average cost per park facility maintained	*	*	*	*	*	*	$ 25,246	$ 23,018	$ 24,512	$ 22,671
Community Development										
Average Home rehabilitation loan	$ 45,452	$ 54,272	$ 68,529	$ 59,757	$ 73,036	74,693	**	**	**	**
Average Home rehabilitation loan cost	*	*	*	*	*	*	$ 68,479	$ 69,484	$ 32,379	$ 61,154
Education										
Cost per pupil	*	$ 10,862	$ 11,914	$ 12,918	$ 13,670	$ 15,871	$ 18,232	$ 19,341	$ 19,078	$ 18,003
Enrollment	11,167	11,104	10,979	10,752	10,677	10,284	10,332	10,557	11,225	11,623

***** - 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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Judicial Administration										
Number of beds at Sheltercare	14	14	14	14	14	14	**	**	**	**
Number of foster care homes	*	*	*	*	*	125	123	135	91	60
Public Safety										
Rescue apparatus	*	*	*	98	98	108	**	**	**	**
Fire vehicles	*	*	*	*	*	*	132	136	130	137
Public Works										
Paved streets	508	511	513	514	514	514	514	521	514	514
Sidewalks	320	320	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
Transit										
DASH transit buses	49	49	49	49	57	57	57	57	62	63
Culture and Recreation										
Playgrounds	45	45	45	45	45	45	45	46	46	46
Athletic fields available for games	*	*	*	*	*	48	48	50	50	56
Acreage of park and open space	944	964	964	964	949	964	964	964	964	964
Total number of faciliteis mainiatained	*	*	*	*	*	217	217	206	235	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, 2010

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) 2,328
Number of Full-Time Equivalent School Positions 2,098

Land Area

15.75 Square Miles

Elevation

2 to 240 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

2010 Resident Population 151,056
Number of Households – 2009 Estimate 72,147
Household Size (2000 U.S. Census) .....2.04 Persons Per Unit
2009 Population by Race (2009 U.S. Census Bureau Estimate):
White 56.3%
Black 21.7%
Native American 0.2%
Asian and Pacific Islanders 5.7%
Multi-Racial 1.5%
Hispanic (All Races) 14.7%

2008 Population by Age (U.S. Census Bureau Estimate):
(1-17) 19.5%
(18-24) 5.9%
(25-64) 64.0%
(65 +) 10.6%

Registered Voters
June 2010 95,029
Temporary Assistance to Needy Families
(Cases) - Monthly Average, 2010 540
Food Stamps (Cases) - Monthly Average, 2010 4,098
Medicaid (Cases) - Monthly Average, 2010 7,549

Economy

Employed Residents, June 2010 91,486
Unemployed Residents, June 2010 4,620
Unemployed Rate, June 2010 ..... 4.8%
Washington PMSA Inflation Rate, based
on Consumer Price Index, for FY 2010 ..... 1.9%

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2010

TABLE XXI

(Continued)

Housing	2010	2009
Total Housing Units	75,423	74,774
Type of Single-Family Housing		
Detached	9,119	9,115
Semi-Detached	5,612	5,601
Rowhouse	6,232	6,207
Condo Townhouse	987	960
Total Single-Family	21,950	21,883
Condominium Units	18,443	18,247
Rental Apartments	33,880	33,467
Public Housing and Public Housing Replacement Units	1,150	1,150
Average Assessed Value of Single Family Homes	$612,749	$637,154
Average Assessed Value of Condominiums	$269,695	$301,718
Average Market Rents		
Efficiency	$962	$1,012
1 Bedroom Apartment	$1,245	$1,284
2 Bedroom Apartment	$1,624	$1,700
3 Bedroom Apartment	$2,012	$1,844

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	321.6
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)	20
Tennis Courts	36
Playing Fields	45

Medical Facilities	Beds
Hospital:	
INOVA Alexandria Hospital	318
Nursing Homes:	
Goodwin House	80
Hermitage Retirement Community	204
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

Public Schools:	Number
Elementary	13
Middle	5
High School	1
Parochial and Private Schools	11

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	9

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

	2006	2007	2008	2009	2010
Revenues:					
General Property Taxes	$ 290,055,692	$ 310,821,622	$ 324,113,019	$ 333,482,063	$ 337,220,918
Other Local Taxes	109,495,556	110,979,367	112,263,941	112,271,370	114,371,351
Permits, Fees, and Licenses	5,372,138	5,944,363	4,764,924	4,827,422	4,811,588
Fines and Forfeitures	3,536,342	3,628,938	3,903,807	4,116,453	3,941,372
Use of Money and Property	8,190,426	9,712,862	9,044,947	4,433,015	3,033,638
Charges for Services	10,837,058	10,286,955	11,302,195	12,404,166	13,803,578
Intergovernmental Revenues	50,232,988	53,608,403	54,447,311	53,095,127	52,465,911
Miscellaneous	842,030	590,351	618,907	1,065,130	787,960
Total Revenues	$ 478,562,230	$ 505,572,861	$ 520,459,051	$ 525,694,746	$ 530,436,316
Other Financing Sources:					
Operating Transfers In	$ -	$ 1,063,895	$ 1,311,109	$ 2,223,910	$ 1,301,560
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
Total Revenues and Other Financing Sources	478,562,230	530,899,828	521,770,160	527,918,656	531,737,876
Expenditures:					
Current:					
General Government	$ 39,252,972	$ 44,983,189	$ 42,536,812	$ 46,137,096	$ 44,487,379
Judicial Administration	13,904,977	16,024,123	17,028,954	17,958,782	17,743,109
Public Safety	97,853,993	105,381,228	108,941,895	113,896,868	111,666,800
Public Works	30,378,866	33,072,866	34,206,948	34,755,649	33,298,427
Health and Welfare	19,350,745	20,889,031	21,058,544	20,723,663	19,152,519
Culture and Recreation	21,260,550	22,855,258	23,822,427	23,109,869	20,748,594
Community Development	8,758,008	9,219,603	13,009,454	13,840,168	12,594,376
Education	12,990	12,548	12,399	12,004	12,304
Transit	6,110,373	6,755,289	6,644,738	4,595,401	5,168,369
Debt Services:					
Principal Retired	16,461,681	17,729,329	18,175,000	19,100,000	19,465,000
Interest and Fiscal Charges	10,502,282	13,307,530	12,344,320	12,800,635	15,123,463
Total Expenditures	$ 263,847,437	$ 290,229,994	$ 297,781,491	$ 306,930,135	$ 299,460,340
Other Financing Uses:					
Payment to Refunded Bonds Escrow Agent	$ -	$ 24,104,018	$ -	$ -	$ -
Operating Transfers Out	58,296,860	47,816,337	55,343,575	50,769,720	42,940,615
Transfers Out- Component Units	151,533,567	164,032,522	174,651,343	182,702,659	179,538,720
Total Other Financing Uses	$ 209,830,427	$ 235,952,877	$ 229,994,918	$ 233,472,379	$ 222,479,335
Total Expenditures and Other Financing Uses	$ 473,677,864	$ 526,182,871	$ 527,776,409	$ 540,402,514	$ 521,939,675
Revenues and Other Financing Sources Over/(Under) Expendiures and Other Financing Uses	$ 4,884,366	$ 4,716,957	$ (6,006,249)	$ (12,483,858)	$ 9,798,201
Fund Balances at Beginning of Year	62,275,183	67,378,045	72,253,728	65,488,041	53,306,991
Increase (Decrease) in Reserve for Inventory	218,496	158,726	(759,438)	302,808	(63,821)
FUND BALANCES AT END OF YEAR	$ 67,378,045	$ 72,253,728	$ 65,488,041	$ 53,306,991	$ 63,041,371

CITY OF ALEXANDRIA, VIRGINIA
Summary of Total
General Obligation Bonds
Debt Service
As of June 30, 2010

Fiscal Year	Principal	Interest	Total
2011	21,065,000	15,955,556	37,020,556
2012	22,725,000	15,024,768	37,749,768
2013	24,285,000	14,011,650	38,296,650
2014	25,195,000	12,973,544	38,168,544
2015	25,130,000	12,026,143	37,156,143
2016	25,085,000	11,020,463	36,105,463
2017	25,050,000	9,919,738	34,969,738
2018	24,995,000	8,828,426	33,823,426
2019	24,960,000	7,734,176	32,694,176
2020	22,925,000	6,652,706	29,577,706
2021	19,985,000	5,643,056	25,628,056
2022	17,155,000	4,733,356	21,888,356
2023	17,155,000	3,948,956	21,103,956
2024	13,855,000	3,154,719	17,009,719
2025	13,855,000	2,508,294	16,363,294
2026	11,815,000	1,894,906	13,709,906
2027	8,150,000	1,315,400	9,465,400
2028	8,150,000	902,475	9,052,475
2029	8,150,000	484,013	8,634,013
2030	4,800,000	136,800	4,936,800
Total	$364,485,000	$138,869,145	$503,354,145

SINGLE

AUDIT

KPMG LLP
2001 M Street, NW
Washington, DC 20036

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

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 (City), a component unit of the City of Alexandria, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 12, 2010. Our report referred to the adoption of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective July 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* (the Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 misstatements on a timely basis. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood 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,

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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 systems; 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* or the Specifications.

We noted certain matters that we reported to management of the City in a separate letter dated November 12, 2010.

KPMG LLP

November 12, 2010

KPMG LLP
2001 M Street, NW
Washington, DC 20036

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, 2010. 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 City's management. Our responsibility is to express an opinion on 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 described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* 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 in the first paragraph above that are applicable to each of its major federal programs for the year ended June 30, 2010.

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.

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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 City as of and for the year ended June 30, 2010, and have issued our report thereon dated November 12, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise 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 the City management, City Council, the Auditor of Public Accounts of the Commonwealth of Virginia, 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, 2010

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

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):			
ARRA National School Lunch Program	10.555		$ **265,093**
Commodity Food Distribution	10.555		214,832
State Administrative Matching for Supplemental Nutrition Assistance Program	10.561		2,042,698
Commodity Supplemental Food Program	10.565		47,996
Department of Education (197 457-07)			
School Breakfast Program	10.553		698,888
ARRA School Lunch Program	10.555		**2,602,132**
Child and Adult Care Food Program	10.558		109,414
Summer Food Service Program for Children	10.559		102,383
TOTAL U.S. DEPARTMENT OF AGRICULTURE			$ 6,083,436
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		$ 1,571
Alzheimer's Disease Demonstration Grants to States	93.051		40,427
Head Start	93.600		1,739,305
Total Direct Payments			$ 1,781,303
Pass Through Payments:			
Department of Health:			
Preventive Health and Health Services Block Grant	93.991		$ 113,332
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283		3,278
Department of Mental Health and Mental Retardation			
Block Grant for Community Mental Health Services	93.958		734,273
Projects for Assistance in Transition from Homelessness	93.150		86,770
Substance Abuse and Mental Health Services _Projects of Regional and National Significance	93.243		537
Child Care and Development Block Grant	93.575		1,204,953
Block Grant for Prevention and Treatment of Substance Abuse	93.959		963,111
Public Health & Soc Serv Emergency Fund	93.003		21
Drug Free Communities Support Program Grants	93.276		141,920
Department for the Aging:			
Special Programs for the Aging_Title III Part B Supportive Svces and Senior Centers	93.044		190,446
Special Programs for the Aging_Title III Part D_Disease Prevention and Health Promotion Services	93.043		1,840
Special Programs for the Aging Title IIIC - Nutritional Services	93.045		236,930
Department of Social Services:			
Promoting Safe and Stable Families	93.556		70,441
Temporary Assistance for Needy Families	93.558		1,593,797
Adoption Incentive Payments	93.603		1,580
Social Services Block Grant	93.667	583,392	
ARRA -Social Services Block Grant	93.667	**28,057**	611,449
Child Welfare Services State Grant	93.645		5,851
Refugee and Entrant Assistance _ State Administered Programs	93.566		175,259
Community Services Block Grant	93.569		159,954
Low Income Home Energy Assistance	93.568		65,879
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596		1,674,924
Chafee Education and Training Vouchers Program	93.599		11,228
Foster Care Title IV - E	93.658	1,799,754	
ARRA-Foster Care Title IV - E	93.658	**111,927**	1,911,681
Adoption Assistance	93.659	1,071,316	
ARRA-Adoption Assistance	93.659	**127,690**	1,199,007
Chafee Foster Care Independence Program	93.674		36,109
ARRA - Child Care and Development Block Grant	93.713		**316,552**
ARRA - Head Start	93.708		**332,639**
ARRA Aging Home-Delivered Nutrition Services for States	93.705		**6,629**
ARRA - Community Services Block Grant	93.710		**191,035**
ARRA Aging Congregate Nutrition Services for States 93.707	93.707		**7,610**
Children's Health Insurance Program	93.767		76,981
Medical Assistance Program	93.778		1,256,855
Total Pass Through Payments			$ 13,382,869
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			$ 15,164,171

Continued

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Payments:				
Community Development Block Grant Program, Entitlement Grants	14.218		$	1,675,196
Total Direct Payments			$	1,675,196
Pass Through Payments:				
Supportive Housing Program	14.235		$	98,150
Emergency Shelter Grants Program	14.231			43,048
Home Investment Partnerships Program	14.239			700,654
ARRAHomeless Prevention and Rapid Re-Housing Program Technical Assistance	14.262			**258,474**
Total Pass Through Payments			$	1,100,326
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			$	2,775,522
DEPARTMENT OF HOMELAND SECURITY				
Pass Through Payments				
Non-Profit Security Program	97.008	2009	$	436,330
State Homeland Security Program	97.073	2009		90,918
Emergency Management Performance Grants	97.042	2009		12,315
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2009		160,468
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2009		1,881,950
Homeland Security Grant Program	97.067	2010		254,591
Rail and Transit Security Grant Program	97.075	2009		63,535
Total Pass Through Payments			$	2,900,107
TOTAL DEPARTMENT OF HOMELAND SECURITY			$	2,900,107
U.S. DEPARTMENT OF JUSTICE				
Pass Through Payments:				
Department of Criminal Justice Services (140-390-01)				
Asset Forfeiture Report	16.000		$	186,798
State Criminal Alien Assistance Program	16.606			176,979
Juvenile Accountability Block Grants	16.523			30,103
Youth Gang Prevention	16.544			138,180
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541			37,712
Crime Victim Assistance	16.575			145,726
Violence Against Women Formula Grants	16.588			101,667
ARRA V Stop Recovery Act - Violence Against Women Formular Grants	16.588			**15,175**
Congressionally Recommended Awards	16.753			201,493
Edward Byrne Memorial Justice Assistance Grant Program	16.738			97,474
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Governı	16.804			**227,290**
Total Pass Through Payments			$	1,358,597
TOTAL U.S. DEPARTMENT OF JUSTICE			$	1,358,597
U.S. DEPARTMENT OF LABOR				
Pass Through Payments:				
ARRA Employee Benefits Security Administration (EBSA)	17.151		$	**9,639**
WIA Pilots, Demonstrations, and Research Projects	17.261			106,338
WIA Adult Program	17.258	54,540		
ARRAWIA Adult Program	17.258	**38,448**		92,988
WIA Youth Activities	17.259	58,927		
ARRAWIA Youth Activities	17.259	**38,802**		97,729
WIA Dislocated Workers	17.260	215,467		
ARRAWIA Dislocated Workers	17.260	**73,767**		289,234
			$	595,928
	595927			
TOTAL U.S. DEPARTMENT OF LABOR			$	595,928
U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct Payments:				
Promotion of the Humanities_Public Programs	45.164		$	1,000
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			$	1,000

Continued

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct Payments:			
Congressionally Mandated Projects	66.202	$	115,504
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		$	115,504
U.S. DEPARTMENT OF TRANSPORTATION			
Pass Through Payments:			
Department of Transportation			
Metropolitan Transportation Planning	20.505	$	197,975
Highway Planning and Construction	20.205		314,299
State and Community Highway Safety	20.600		21,186
Alcohol Open Container Requirements	20.607		27,921
Total Pass through payments		$	561,381
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		$	561,381
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			
Direct Payments:			
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	30.002	$	46,474
TOTAL U.S EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		$	46,474
U.S. DEPARTMENT OF EDUCATION			
Pass Through Payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	$	3,127,177
Title I State Agency Program for Neglected and Delinquent Children	84.013		51,538
Special Education Grants to States	84.027		2,111,922
Career and Technical Education-- Basic Grants to States	84.048		248,646
Special Education Preschool Grants	84.173		54,592
Safe and Drug-Free Schools and Communities_State Grants	84.186		35,349
Education Technology State Grants	84.318		25,829
English Language Acquisition Grants	84.365		345,856
Improving Teacher Quality State Grants	84.367		230,186
School Improvement Grants	84.377		627,636
Safe and Drug-Free Schools and Communities_National Programs	84.184		232,789
Educational Technology State Grants	84.318		9,564
Education for Homeless Children and Youth, Recovery Act	84.387		**24,949**
Title I Grants to Local Educational Agencies, Recovery Act	84.389		**370,290**
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		**1,699,734**
Education Technology State Grants, Recovery Act	84.386		**6,454**
Special Education Grants to States, Recovery Act	84.391		**1,248,331**
Special Education - Preschool Grants, Recovery Act	84.392		**3,402**
ARRA Special Education - Grants for Infants and Families	84.393		**408**
ARRA- (Compensation Board) State Fiscal Stabilization Fund (SFSF)- Government Services, Recovery Act	84.397		**275,583**
Total Pass through payments		$	10,730,235
TOTAL U.S. DEPARTMENT OF EDUCATION		$	10,730,235
U.S. DEPARTMENT OF ENERGY			
Pass Through Payments:			
Department of Energy:			
ARRAEnergy Efficiency and Conservation Block Grant Program (EECBG	81.128	$	**78,550**
TOTAL U.S. DEPARTMENT OF ENERGY		$	78,550
DEPARTMENT OF DEFENSE			
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	$	431,839
TOTAL DEPARTMENT OF DEFENSE		$	431,839
OTHER FEDERAL AID			
High Intensity Drug Trafficking Assessment/Evaluation	99.997		62,736
High Intensity Drug Trafficking Area	98.473	$	131,295
TOTAL OTHER FEDERAL		$	194,031
TOTAL FEDERAL ASSISTANCE		**$**	**41,036,776**

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 2010. 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	$ 41,036,776
Non-Reportable Federal Revenue	8,448,878
Commodities Distribution	(214,832)
Total Federal Revenue per Note 12	$ 49,270,822

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 2010:

Program Title	CFDA	Amount
Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	$ 118,150
Headstart	93.600	1,739,305
Home Investment Partnership Program	14.239	34,512
ARRA – Headstart	93.708	332,639
ARRA – Homeless Prevention and Rapid Re-Housing Program Technical Assistance	14.262	4,500

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

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:

- Community Early Response Teams (97.054)
- Child Nutrition Cluster (10.553, 10.555, 10.559)
- Medicaid Cluster (93.778)
- ARRA –Homeless Prevention (14.262)
- ARRA – Adoption Assistance (93.659)
- ARRA – Income Maintenance Eligibility (93.667)

Dollar threshold used to distinguish between Type A and Type B programs: $1,231,193

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

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

CITY OF ALEXANDRIA, VIRGINIA
Summary of Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2009

No findings reported in prior year

City of Alexandria, Virginia
Finance Department
P.O. Box 178
Alexandria, Virginia 22313
alexandriava.gov/finance