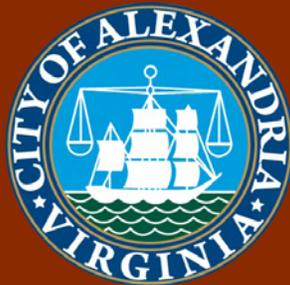


CITY OF  
*Alexandria*  
VIRGINIA



*Comprehensive Annual  
Financial Report*



—Fiscal Year ended June 30, 2012—

## ALEXANDRIA NEW POLICE FACILITY

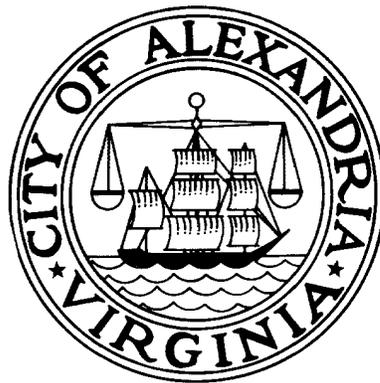
---

Alexandria's new Police Headquarters, a 124,000-square-foot LEED-certified facility, was completed and put into use in FY 2012. The building houses 441 police employees and 55 Department of Emergency Communications (DEC) employees.

The building was awarded the LEED Gold standard for its use of energy saving features, including its improved building envelope, high-efficient glazing, occupancy sensors and energy efficient mechanical equipment. In addition to a 30,000-gallon irrigation tank installed to collect and recycle stormwater for irrigation, the building also incorporates water efficient fixtures that reduce water use by 30 percent.

This facility received the Excellence in Design Award in 2012 from Environmental Design + Construction Magazine in the Government/Institutional category.

**CITY OF ALEXANDRIA, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR  
 JULY 1, 2011 TO JUNE 30, 2012**



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

**City Manager .....Rashad M. Young**  
**Chief Financial Officer / Director of Finance .....Laura B. Triggs, CPA**  
**Acting Director of Real Estate Assessments..... William B. Page**  
**City Attorney .....James L. Banks**  
**City Clerk and Clerk of Council .....Jacqueline Henderson**  
**Independent Auditors ..... CliftonLarsonAllen, LLP**

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

**alexandriava.gov**

CITY OF ALEXANDRIA, VIRGINIA  
Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2012

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

Raymond J. Welch, Jr. – Comptroller

Berenice Harris CPA – Financial Reporting Supervisor

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

The entire staff of the Accounting division

We would also like to acknowledge the contribution of the following people who provided assistance in the publication of this document

Bryan Capelli, CPA – Retirement Specialist

Tewodros Tessema – Accountant I

Nathan Carrick – Public Information Specialist

General Services Division Mail Room Staff

Office of Communications Electronic Publishing Staff

**CITY OF ALEXANDRIA, VIRGINIA  
Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2012**

**TABLE OF CONTENTS**

	Description	Page
	<b><u>Part I Introductory Section</u></b>	
	Principal Officials.....	Title Page
	Organizational Chart.....	4
	Finance Department's Transmittal Letter.....	5
	Certificate of Achievement for Excellence in Financial Reporting .....	13
	<b><u>Part II - Financial Section</u></b>	
<b>Exhibits</b>	<b>Independent Auditors' Report.....</b>	<b>17</b>
	<b>Management's Discussion and Analysis .....</b>	<b>21</b>
	<b>Basic Financial Statements</b>	
	<b>Government-wide Financial Statements</b>	
Exhibit I	Statement of Net Assets .....	33
Exhibit II	Statement of Activities .....	34
	<b>Fund Financial Statements</b>	
	<b>Governmental Funds Financial Statements</b>	
Exhibit III	Balance Sheet .....	35
Exhibit IV	Statement of Revenues, Expenditures and Changes in Fund Balances.....	36
	<b>Proprietary Funds Financial Statements</b>	
Exhibit V	Statement of Net Assets .....	37
Exhibit VI	Statement of Revenues, Expenses and Changes in Fund Net Assets.....	38
Exhibit VII	Statement of Cash Flows.....	39
	<b>Fiduciary Fund Financial Statements</b>	
Exhibit VIII	Statement of Fiduciary Net Assets .....	40
Exhibit IX	Statement of Changes in Fiduciary Net Assets.....	41
	<b>Component Units Financial Statements</b>	
Exhibit X	Statement of Net Assets .....	42
Exhibit XI	Statement of Activities .....	43
Exhibit XII	<b>Notes to Financial Statements</b>	
	Summary of Significant Accounting Policies.....	44
	Financial Reporting Entity .....	44
	Government-wide and Fund Financial Statements .....	46
	Basis of Accounting .....	49
	Budgets and Budgetary Accounting .....	50
	Equity in Pooled Cash and Investments .....	50
	Allowance for Uncollectible Accounts.....	51
	Inventory of Supplies and Prepaid and Other Assets.....	51
	Capital Assets.....	52
	Compensated Absences.....	52
	Use of Estimates.....	53
	Fund Balance.....	53
	Short Term Liabilities .....	56
	Legal Compliance – Budgets.....	56
	Deposits and Investments.....	56
	Receivables .....	60
	Capital Assets.....	63
	Risk Management.....	67
	Operating Leases.....	70
	Commitments and Contingencies.....	71
	Long-Term Debt.....	75
	Interfund Balances and Component Unit Transactions .....	86
	Grants.....	87

Intergovernmental Revenues .....	87
Due From Other Governments .....	88
Joint Ventures.....	88
Related Party Transactions .....	89
Other Post Employment Benefits .....	90
Employee Retirement Systems.....	92
Termination Benefits.....	101
Accounting Changes and Restatements.....	101
Subsequent Events.....	101

**Required Supplementary Information other than Management’s Discussion and Analysis**

	<b>Budgetary Comparison Schedules</b>	
Exhibit XIII	General Fund.....	104
Exhibit XIV	Special Revenue Fund.....	105
Exhibit XV	<b>Notes to Budgetary Comparison Schedules</b> .....	106
Exhibit XVI	<b>Public Employee Retirement Systems- Primary Government</b> .....	107

**Other Supplementary Information**

**Statements/Schedules**

**Combining and Individual Fund Statements and Schedules**

Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	113
Statement of Cash Flows – Component Unit – Alexandria Transit Company .....	114
Combining Balance Sheet- Special Revenue Fund .....	116
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Fund.....	117

**Part III - Statistical Section**

**Tables**

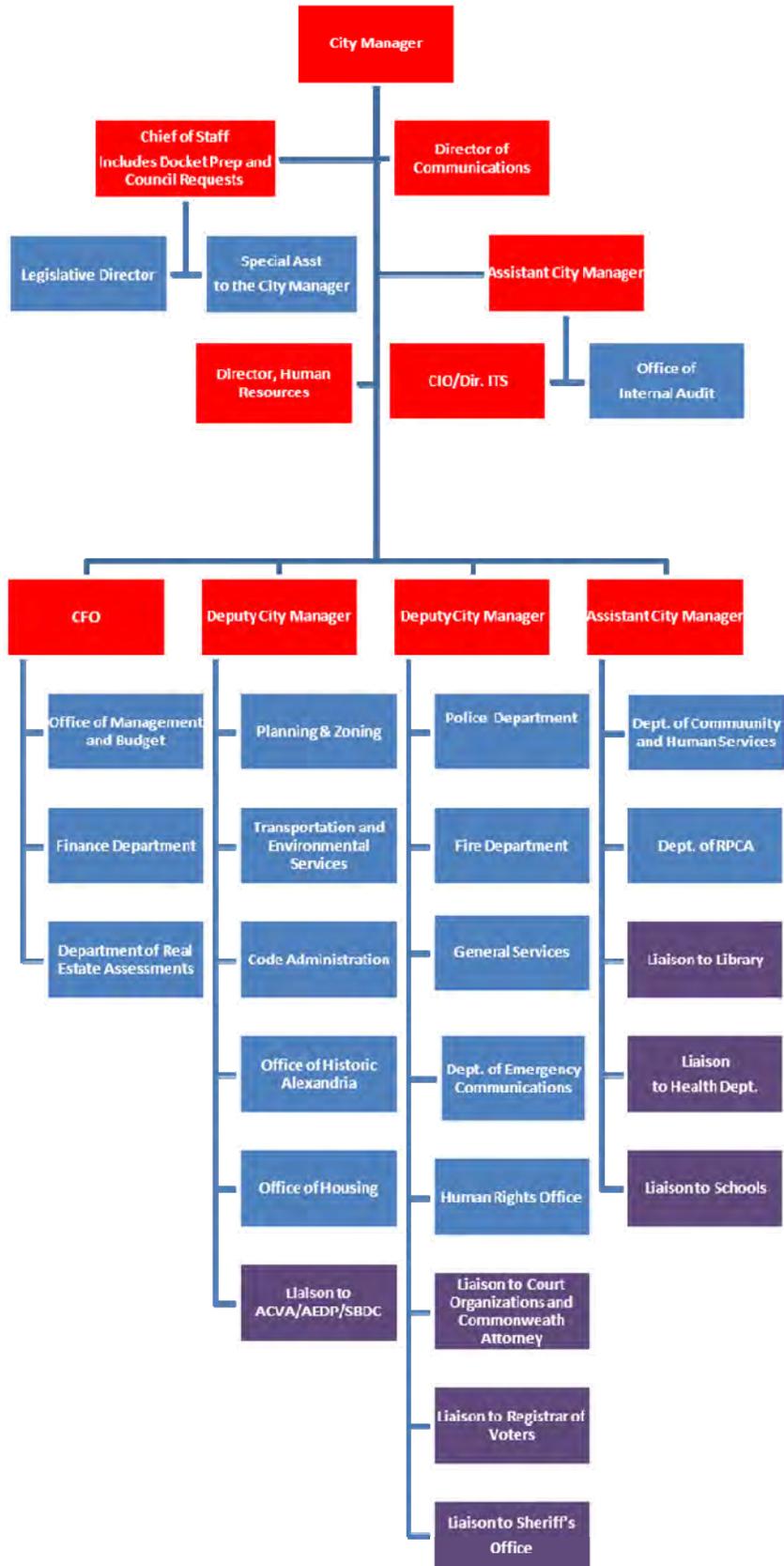
Table I	Schedule of Changes in Net Assets - Last Ten Fiscal Years.....	122
Table II	Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	124
Table III	Tax Revenues by Source-Last Ten Fiscal Years.....	125
Table IV	Real Estate Tax Levies and Collections-Last Ten Calendar Years .....	126
Table V	Personal Property Tax Levies and Collections-Last Ten Calendar Years.....	126
Table VI	Real and Personal Property Assessments and Tax Rates –Last Ten Calendar Years.....	127
Table VII	Net Assets - Last Ten Fiscal Years .....	128
Table VIII	Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	129
Table IX	2012 Tax Rates for Major Revenue Sources.....	130
Table X	Legal Debt Margin Information - Last Ten Fiscal Years .....	131
Table XI	Ratio of Net General Debt to Assessed Value and Net Debt Per Capita-Last Ten Fiscal Years.....	132
Table XII	Overlapping Debt and Debt History .....	133
Table XIII	Ratio of Annual Debt Service Expenditures for Net General Debt to Total General Expenditures-Last Ten Fiscal Years .....	133
Table XIV	Demographic Statistics .....	134
Table XV	Principal Taxpayers - Current Year and Nine Years Ago.....	135
Table XVI	Alexandria City School Board Demographic Statistics-Last Ten Fiscal Years .....	137
Table XVII	General Fund-City Departments’ Expenditures Detail by Function .....	138
Table XVIII	City Government Employees By Function - Last Ten Fiscal Years .....	139
Table XIX	Principal Employers - Current Year and Nine Years Ago .....	139
Table XX	Operating and Capital Indicators - Last Ten Fiscal Years .....	140
Table XXI	Miscellaneous Statistical Data .....	142
Table XXII	Five Year Summary of General Fund Revenues and Expenditures .....	144
Table XXIII	Summary of Debt Service.....	145

**Part IV-Single Audit Section**

Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	148
Independent Auditors’ Report on Compliance with Requirements Applicable to Each Major Program, Internal Control over Compliance and the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133 .....	150
Schedule of Expenditures of Federal Awards .....	152
Notes to Schedule of Expenditures of Federal Awards .....	155
Schedule of Findings and Questioned Costs .....	156
Schedule of Prior Year Findings and Questioned Costs.....	158

# INTRODUCTORY SECTION

# ALEXANDRIA CITY GOVERNMENT ORGANIZATIONAL CHART





November 21, 2012

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, 2012. 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 Renew Enterprises (formerly the 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, still showing some impact 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 (PTO), which, when located in Alexandria in the middle of the decade, added more than 7,000 jobs to the City's economy adding 1,000 in the last year. The PTO is fee supported, which means it is not dependent on federal appropriation. The number of positions in public administration and health care sectors has increased since the recession began in 2007. On the other hand, the City's construction and manufacturing sectors, which did not fare well due to the recession, respectively employ only 3.3 percent and 1.4 percent of the total employment in the City.

One measure of the local economy is how economically sensitive City revenues fared. During FY 2012, the City continued showing some signs of stabilization. FY 2012 collections from the transient lodging and meals tax increased by 1.2 percent each compared to FY 2011. Revenues from sales tax increased by 4.5 percent. Personal property tax revenues on vehicles has been especially strong with 5,000 vehicles added and the corresponding revenue to the tax rolls in FY 2012.

Real estate assessments, which generate over half of the City's General Fund revenues, continue to show some signs of improvement. Residential assessments increased by 1.5 percent and the CY 2013 total assessments increased by 3.5 percent compared to 2012, while locally assessed commercial assessments increased by 6.1 percent. The office vacancy rate of 14.4 percent in the 2<sup>nd</sup> quarter of 2012 is 1 percent higher than one year earlier, partially attributable to the closure of several offices due to Base Realignment and Closures (BRAC). The City's unemployment rate of 4.6 percent in June 2012 is slightly lower than 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 or contributions in a number of important areas, including using city funds to add to 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 2013-2022 Capital Improvement Budget. The need for increased operating and capital support to fund the Jefferson Houston and Patrick Henry Schools and transportation needs are the City's major near term capital challenge. During fiscal year FY 2013, revenues are budgeted to grow by about 3.7 percent over FY 2012 with revenues budgeted reflecting a higher real estate tax base. 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 pages 9 and 10. These policies are aimed at (1) limiting debt and annual debt service requirements and (2) maintaining an appropriate General Fund fund balance so as to retain the City's AAA/Aaa bond ratings and to keep the City on firm financial footing. When City Council initially adopted the financial policies in 1987, the City's general obligation debt as a percentage of the real estate tax base was 1.4 percent. Because of the City use of "pay-as-you-go" financing for many capital projects, the City has maintained superior debt ratios since their implementation in 1987. At the end of FY 2012, the City's debt to tax base ratio was just 1.36 percent with that projected to increase to 1.5 percent in FY 2013 (excluding self-supported sewer project related debt). The City's financial policies encourage the use of surplus General Fund revenues and resources derived from spending less than the full budget to fund capital projects.

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

## GENERAL GOVERNMENT FUNCTIONS

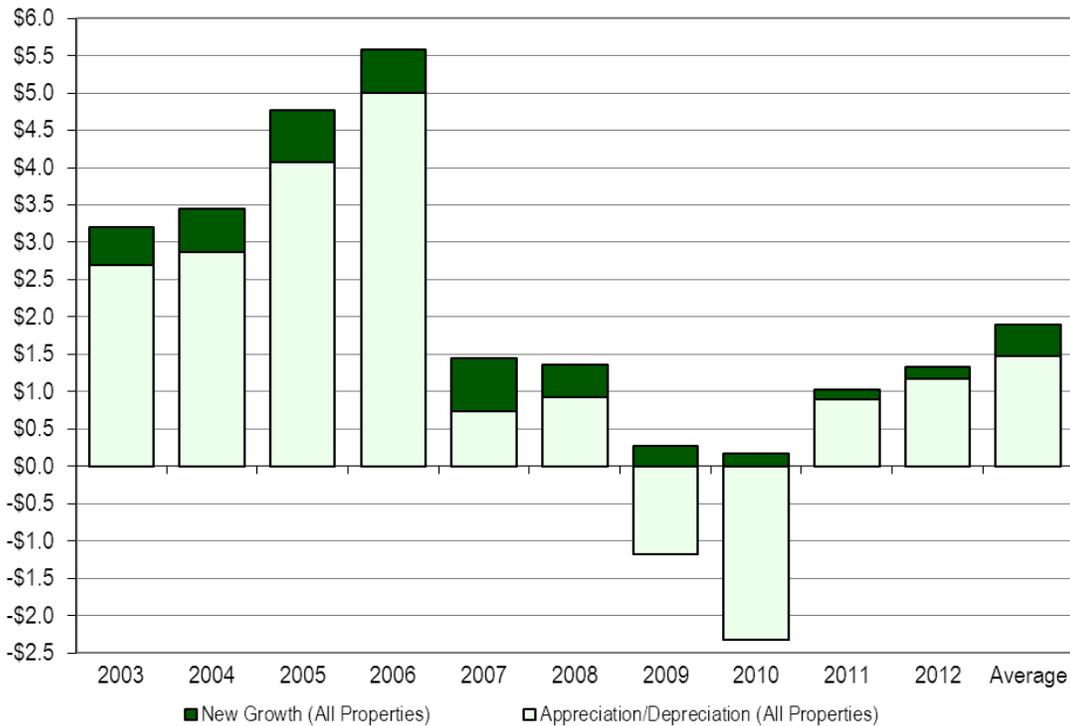
The following table shows that the overall real property assessed value has increased by over \$14 billion since 2003. This includes a 3.5 percent increase from calendar year 2011 to 2012. Real property taxes, which are based on assessments as of January 1 of each year, are due in two payments. The first half of the real estate tax is due on June 15 and the second half of the tax is due on November 15.

**CHANGE IN ASSESSED VALUE OF REAL PROPERTY**  
(Amounts in thousands of dollars)

<u>Year</u>	<u>Residential Assessed Value</u>	<u>Residential % Increase (Decrease)</u>	<u>Commercial<sup>1</sup> Assessed Value</u>	<u>Commercial % Increase (Decrease)</u>	<u>Total Assessed Value</u>	<u>Total % Increase (Decrease)</u>
2003	\$ 11,191,850	25.9	\$ 8,034,076	10.9	\$ 19,225,926	19.2
2004	13,245,349	18.3	8,644,147	7.6	21,889,496	13.9
2005	16,272,324	22.9	11,087,327	28.3	27,359,651	25.0
2006	20,331,756	24.9	12,574,963	13.4	32,906,719	20.3
2007	20,205,364	(0.6)	14,037,667	11.6	34,243,031	4.1
2008	20,139,614	(0.3)	14,963,203	6.6	35,102,817	2.5
2009	19,152,518	(4.9)	14,811,680	(1.0)	33,964,198	(3.2)
2010	18,203,922	(5.0)	13,615,344	(8.1)	31,819,266	(6.3)
2011	18,430,732	1.2	14,201,220	4.3	32,631,952	2.6
2012	18,715,708	1.5	15,066,990	6.1	33,782,698	3.5

1. Includes apartment buildings.

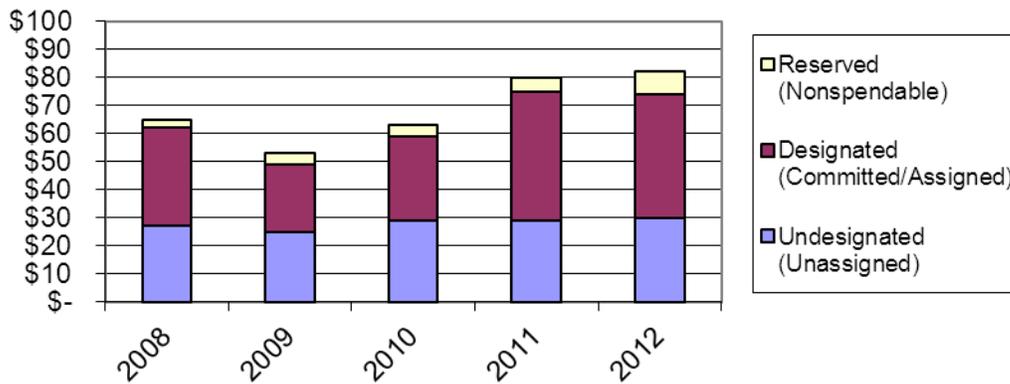
**Change in Total Tax Base**  
Tax Year 2003-2012



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

The Fund balance financial policies for the General Fund are one component of the City's overall financial strength and stability. At the end of FY 2012, the City's General Fund fund balance was \$83 million and include a non-spendable fund balance of \$8.1 million, a number of commitments totaling \$17.2 million, and an assigned total of \$27.2 million, including \$17.0 million assigned for future capital funding, leaving a remaining unassigned fund balance of \$30.5 million. At the end of FY 2012 the City's ending General Fund fund balance condition was consistent with the City's established financial policies.

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



### CAPITAL FINANCING AND DEBT MANAGEMENT

In conjunction with the annual operating budget preparation, the City Manager annually prepares a six-year Capital Improvement Plan to provide for the financing of improvements to the City's public facilities. This has been changed to a ten-year Capital Improvement Plan. The first year of the program constitutes the capital budget for the current fiscal year; the remaining nine years serve as a planning guide. The City accounts for capital improvement expenditures in the Capital Projects Fund and finances the projects from the General Fund (including appropriations of Committed Fund Balance), general obligation debt, the sale of surplus property, and intergovernmental grant revenues. The City's Capital Improvement Plan for FY 2013 through FY 2022 represents \$1.109 billion of City-funded public improvements to the City's schools, public buildings, parks, and transportation systems. In addition, state and federal grants and other committed sources, such as prior year City funds, will provide \$28.6 million in additional planned capital funding for the FY 2013-FY 2022 time period.

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

	<u>Ceiling</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Target</u>
Debt as a Percentage of Fair Market Value	1.6%	0.75%	0.90%	0.88%	0.90%	0.85%	0.73%	1.12%	1.15%	1.27%	1.36%	1.1%
Debt Per Capita as a Percentage of Per Capita Income <sup>1</sup>	4.5%	2.0%	2.7%	3.1%	3.4%	2.9%	2.6%	3.7%	3.4%	3.8%	4.0%	3.2%
Debt Service as a Percentage of General Governmental Expenditures <sup>2</sup>	10.0%	3.6%	3.6%	4.2%	4.3%	4.5%	4.4%	4.4%	4.9%	5.3%	5.9%	8.0%
General Fund Balance as a Percentage of General Fund Revenue:												
Unreserved Assigned/Unassigned <sup>3</sup>	10% (floor)	14.4%	14.6%	13.3%	13.2%	13.4%	12.0%	9.3%	11.1%	-	-	N/A
Undesignated Unassigned <sup>3</sup>	4% (floor)	7.3%	6.9%	5.9%	5.6%	5.2%	5.2%	4.7%	5.3%	-	-	5.5%
Net Assets as a Percentage of General Revenue	4% (floor)	19.8%	18.4%	14.5%	17.7%	19.0%	12.6%	9.4%	11.8%	11.7%	14.2%	5.5%

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

<sup>2</sup> Data includes School Board and Library component units.

<sup>3</sup> The City updated these policies in FY 2011 to reflect new terminology per GASB 54.

The adopted financial policies include the following:

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

The City's General Obligation Bonds have the top available ratings which were reaffirmed in July 2012 as follows:

**Moody's Investors Service**

Aaa

**Standard & Poor's**

AAA

#### BUDGETARY ACCOUNTING AND INTERNAL CONTROLS

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

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

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

#### REPORT FORMAT

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

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

## INDEPENDENT AUDIT

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

The Alexandria City Council has selected the firm of CliftonLarsonAllen 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 34<sup>th</sup> consecutive year in 2011. 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 2012.

### 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,

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

Laura B. Triggs, CPA  
Chief Financial Officer /  
Director of Finance

A handwritten signature in black ink, appearing to read 'Raymond J. Welch, Jr.', written in a cursive style.

Raymond J. Welch, Jr.  
Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alexandria  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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

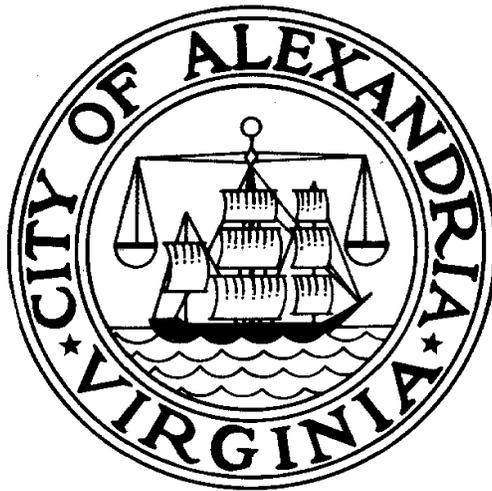


*Linda C. Davison*

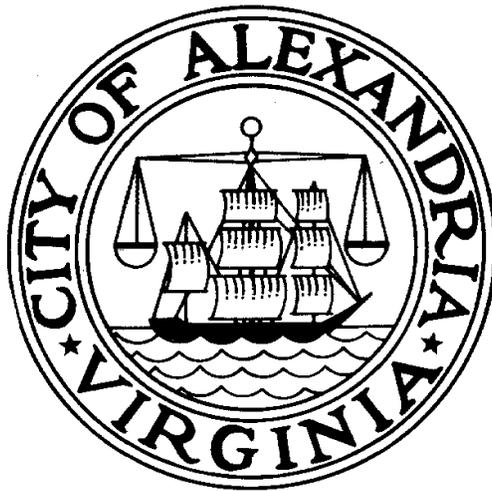
President

*Jeffrey R. Emswiler*

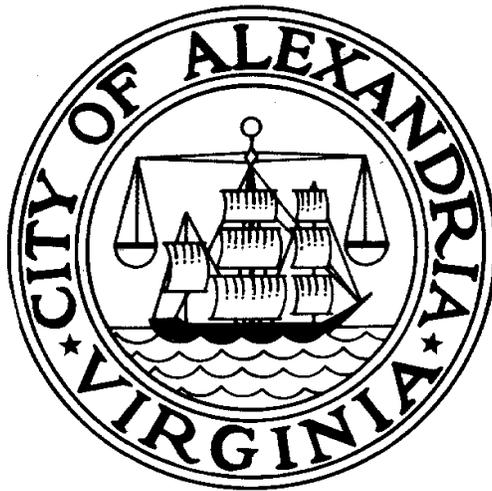
Executive Director



# FINANCIAL SECTION



## **INDEPENDENT AUDITORS' REPORT**





CliftonLarsonAllen

CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

## Independent Auditor's 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, 2012, which collectively comprise the City's basic financial statements as identified in 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 did not audit the financial statements of the City of Alexandria Library System, a discretely presented component unit, which represent 3.0 percent of the assets, 5.5 percent of the net assets, and 2.5 percent of the revenues of the aggregate discretely presented components units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as they relate to the amounts included for the City of Alexandria Library System are based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 aggregate remaining fund information for the City of Alexandria, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the budgetary comparison schedules and the schedules of funding progress and employer contributions on pages 21 through 30, 104 and 105, and 107 through 109 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

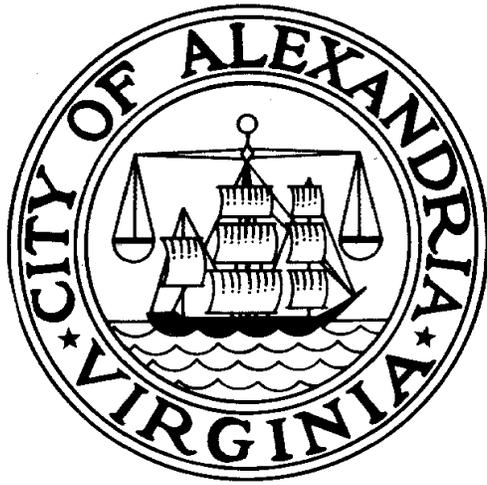
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules identified in the accompanying table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Arlington, Virginia  
November 13, 2012

# **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, 2012. 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 2012

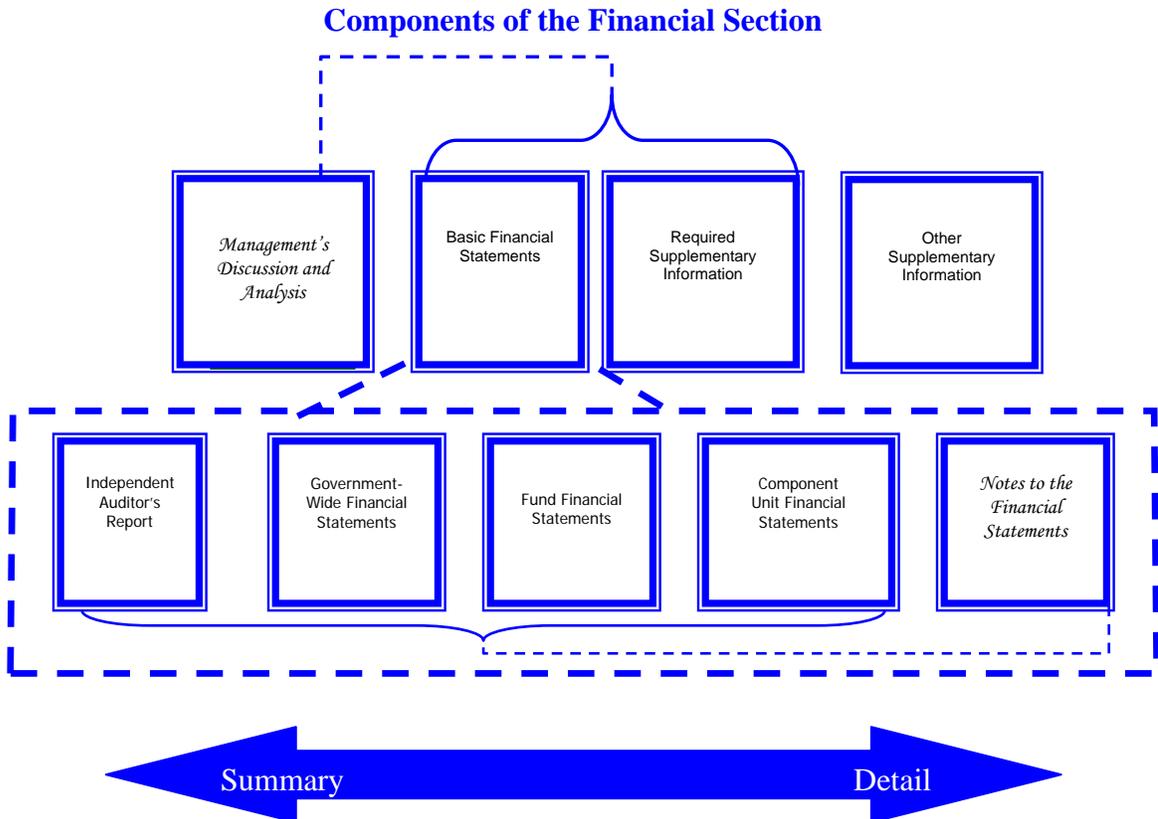
The City's total net assets, excluding component units, on the government-wide basis, totaled \$397.8 million at June 30, 2012. Of this amount, \$76.2 million is unrestricted (Exhibit I).

On a government-wide basis for governmental activities, the City's general revenues of \$534.9 million were \$3.4 million more than the \$531.5 million of expenses net of program revenue (Exhibit II).

The General Fund, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses by \$1.7 million (Exhibit IV) after making a budgeted \$14.8 million transfer to the capital projects fund and a \$37.2 million transfer to the special revenue fund.

## USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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



## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial 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, 2012 and 2011**  
**(In millions)**

	Primary Government		Component	
	Governmental		Units	
	Activities			
	2012	2011	2012	2011
Current and other assets	\$ 498	\$ 452	\$ 70	\$ 66
Capital assets	<u>720</u>	<u>694</u>	<u>22</u>	<u>15</u>
Total Assets	<u>\$ 1,218</u>	<u>\$ 1,146</u>	<u>\$ 92</u>	<u>\$ 81</u>
Other Liabilities	\$ 271	\$ 269	\$ 40	\$ 34
Long-term liabilities	<u>549</u>	<u>483</u>	<u>9</u>	<u>11</u>
Total Liabilities	<u>\$ 820</u>	<u>\$ 752</u>	<u>\$ 49</u>	<u>\$ 45</u>
Net Assets:				
Invested in Capital assets, net of related debt	\$ 322	\$ 335	\$ 21	\$ 14
Restricted	-	-	3	
Unrestricted	<u>76</u>	<u>59</u>	<u>20</u>	<u>22</u>
	<u>\$ 398</u>	<u>\$ 394</u>	<u>\$ 43</u>	<u>\$ 36</u>

Amounts may not add due to rounding

The City's net assets, (which is the City's bottom line) increased one percent, or \$4 million, to \$398 million. The increase is primarily attributable to a planned increase in General Fund balance to support future transportation needs. Component units net assets increased by \$7 million. The City's capital assets increased \$26 million mainly due to the completion of the new Police Facility during the year. Long-term liabilities increased by \$66 million with the issue of the new FY 2012 general obligation bond series.

## Statement of Activities

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

**Table 2**  
**Changes in Net Assets**  
**For the Fiscal Years Ended June 30, 2012 and 2011**  
**(In millions)**  
**Total**

	Primary Government		Component	
	Governmental Activities	2011	Units	2011
	2012	2011	2012	2011
<b>Revenues</b>				
<b>Program revenues:</b>				
Charges for services	\$ 56	\$ 51	\$ 8	\$ 7
Operating grants and contributions	66	65	23	22
Capital grant/contributions	20	7		
<b>General revenues:</b>				
Property taxes	370	353		
Other taxes	121	118		
Other	44	35	30	29
Payment to/from City			198	178
<b>Total Revenues</b>	<b>\$ 677</b>	<b>\$ 629</b>	<b>\$ 259</b>	<b>\$ 236</b>
<b>Expenses</b>				
General Government	\$ 85	\$ 59	\$	\$
Judicial Administration	20	20		
Public Safety	127	122		
Public Works	57	51		
Library	6	6	7	6
Health and Welfare	92	93		
Transit	16	16	14	14
Culture and Recreation	29	28		
Community Development	34	25		
Education	185	175	231	216
Interest on Long-term Debt	22	17		
<b>Total Expenses</b>	<b>\$ 673</b>	<b>\$ 612</b>	<b>\$ 252</b>	<b>\$ 236</b>
<b>Change in Net assets</b>	<b>\$ 4</b>	<b>\$ 17</b>	<b>\$ 7</b>	<b>\$ -</b>
<b>Net Assets beginning of Year</b>	<b>\$ 394</b>	<b>\$ 377</b>	<b>\$ 36</b>	<b>\$ 36</b>
<b>Net Assets end of Year</b>	<b>\$ 398</b>	<b>\$ 394</b>	<b>\$ 43</b>	<b>\$ 36</b>

Amounts may not add due to rounding

## REVENUES

For the fiscal year ended June 30, 2012 revenues from governmental activities totaled \$677 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 2011 and the first half of calendar year 2012 real property tax billings, were \$322 million. The

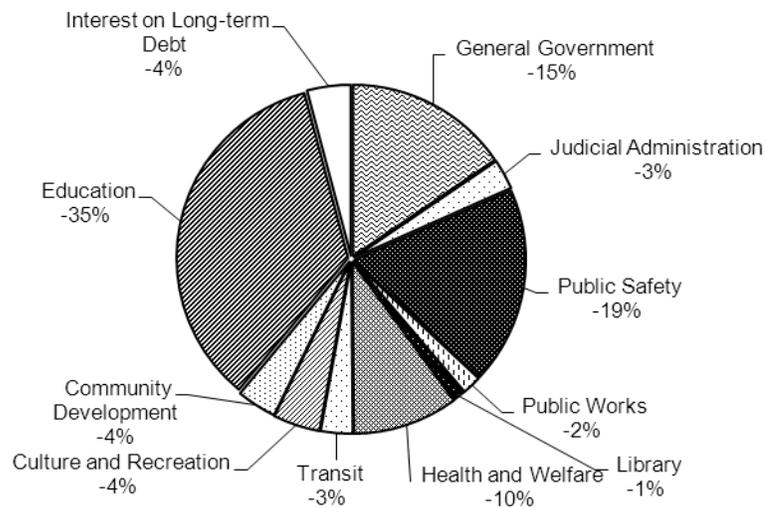
increase in tax revenues is primarily attributable to an increase in the City's assessed real property tax base in calendar year 2012. There was no tax rate increase for calendar year 2012.

In addition:

- Charges for services increased in the special revenue fund due to an increase in fees collected for sewer connections.
- The increase in capital contributions reflects the donation of Potomac Avenue in Potomac Yard.

Component units' net assets increased by \$7 million due mainly to the addition of new buses to the Transit company bus fleet

### Net Expenses for Governmental Activities



### EXPENSES

For the fiscal year ended June 30, 2012, expenses for governmental activities totaled \$673 million reflecting an increase of \$61 million due to increase in expenditures for public safety, education, debt service and the final expenditures to complete the new Police Facility and various School renovation projects.

Education continues to be one of the City's highest priorities. Capital funding included \$3.5 million in addition to the City's operating subsidy to the Schools of \$174.9 million.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2012, the governmental funds reflect a combined fund balance of \$211.2 million (Exhibit III). The Governmental fund balance increase of \$40 million is primarily due to a surplus in the General Fund from a special transportation tax not yet expended, an increase to the sanitary fee revenue in the Special Revenue Fund and the issuance of bonds in the Capital Projects Fund. Other changes in fund balance include:

- The General Fund contributed \$9.7 million to pay-as-you-go financing of capital projects.

- The City contributed \$174.9 million to the schools for operations.
- The Sewer Fund contributed \$7 million in fee revenue to pay-as-you-go capital projects.
- The City spent \$75.3 million in the Capital Projects Fund primarily to fund the completion of the new Public Safety facility and school projects.

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

## GENERAL FUND BUDGETARY HIGHLIGHTS

**Table 3**

**General Fund Budget  
(in millions)**

	FY 2012		
	Original Budget	Amended Budget	Actual
<u>Revenues, Transfers, and Other Financial Sources</u>			
Taxes	\$ 362	\$ 359	\$ 364
Other Local Taxes	121	121	121
Transfers and Other	80	154	159
Total	<u>\$ 563</u>	<u>\$ 634</u>	<u>\$ 644</u>
<u>Expenditures, Transfers, and Other Financial Uses</u>			
Expenditures	\$ 325	\$ 333	\$ 328
Transfers and Other	242	323	314
Total	<u>\$ 567</u>	<u>\$ 656</u>	<u>\$ 642</u>
Change in Fund Balance	\$ (4)	\$ (22)	\$ 2

Amounts may not add due to rounding

Revenues and other financing sources exceeded expenditures and other financing uses by \$2 million in the General Fund for FY 2012.

Actual General Fund revenues and other financial sources were above the original budget by \$81 million and the amended budget by \$10 million during FY 2012. This is primarily due to bond refunding, and an increase in the tax base for real estate taxes to support transportation projects. As a result of supplemental appropriations, actual General Fund expenditures were above the original budget by \$3 million, while General Fund expenditures were less than the amended budget by \$5 million. This was primarily due to fiscal restraint by all City departments.

During FY 2012, 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, 2011 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, 2011, totaled \$1.8 million.

- To reappropriate monies (\$2.3 million) to pay for projects budgeted for FY 2011 but not completed before the end of the fiscal year.
- To reappropriate grant, donation and other revenues authorized in FY 2011 or earlier, but not expended or encumbered as of June 30, 2011.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2012.

## CAPITAL ASSETS

At the end of FY 2012, the City's governmental activities had invested cumulatively \$720.9 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$26.9 million.

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

	Balance <u>30-Jun-11</u>	Net Additions/ <u>(Deletions)</u>	Balance <u>30-Jun-12</u>
Non-Depreciable Assets			
Land and Land Improvements	\$98.7		\$98.7
Construction in Progress	118.2	(86.9)	31.3
Other Capital Assets			
Intangible Assets	11.3	0.3	11.6
Buildings	440.3	120.7	561.0
Infrastructure	206.6	8.9	215.5
Furniture and Other Equipment	68.6	7.2	75.8
Accumulated Depreciation on Other Capital Assets	(249.7)	(23.3)	(273.0)
<b>Totals</b>	<b><u>\$694.0</u></b>	<b><u>\$26.9</u></b>	<b><u>\$720.9</u></b>

Amounts may not add due to rounding

The FY 2012 increase in buildings reflects the transfer from construction in progress and new expenditures for the completion of the new Police Facility.

The FY 2013- FY 2022 Approved Capital Improvement Program (CIP), which was approved by City Council on May 7, 2012, sets forth a ten-year program with \$1.1 billion in new City funding and \$28.6 million in other non- City sources for public improvements for the City and the Alexandria Public Schools.

This represents (in City funding) a decrease of approximately \$62.1 million below the FY 2012-2021 CIP. For purpose of comparison the Approved FY 2012 – 2021 CIP totaled \$1.2 billion in total funding, of which \$21.9 million was from non-City sources.

## LONG-TERM DEBT

At the end of FY 2012, the City had \$459.1 million in outstanding general obligation bonds, an increase of \$43.4 million, or 10.4 percent, over last year. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2012, 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 \$3.4 billion for the City.

During Fiscal year 2013 the City Council issued \$76.82 million in General Obligation Bonds with a premium of \$11.2 million, and 17.34 million in General Obligation Refunding Bonds with a premium of \$1.9 million. The Refunding Bonds were used to refund part of the 2004C and 2006A bonds. Both sets of bonds were issued at a true interest cost of 2.46 percent. The \$76.82 million General Obligation bonds will be used to finance certain capital improvement projects including two new sanitary sewers and continuing improvement in public school facilities. See details in footnotes 5 and 9 of this document. On July 28, 2011, Moody's put the City and several surrounding jurisdictions Aaa on credit watch due to the City's proximity to Washington, D.C.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2012. Other short term liabilities represent unclaimed money and deposits.

## ECONOMIC FACTORS

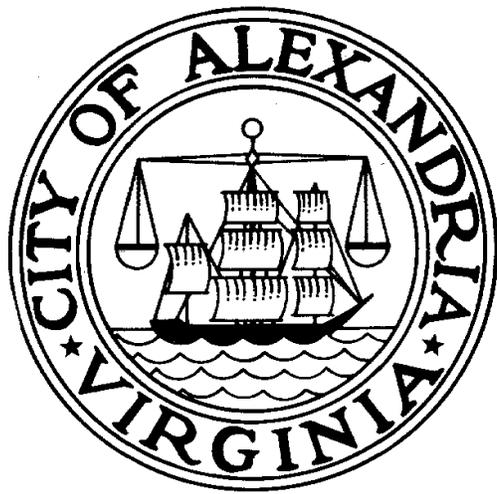
The number of jobs in the City increased in FY 2012; as of June 2012, the number of Alexandria jobs totaled 94,113 (the latest data available from the Virginia Employment Commission). Tourism improved, with lodging and restaurant food tax showing an increase of 1.0 percent each in FY 2012.

As of 2010 (the latest data available from the U.S. Bureau of Economic Analysis), the City's major per capita income of \$76,362 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 14.4 percent by the end of FY 2012, compared to the office vacancy rate in Northern Virginia (14.2 percent), as well as the Washington, DC metropolitan area (12.3 percent), partially attributable to the closure of several offices due to Base Realignment and Closures (BRAC).

## 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, Chief Financial Officer, City Hall, P.O. Box 178, Alexandria, VA 22313, [laura.triggs@alexandriava.gov](mailto:laura.triggs@alexandriava.gov), telephone (703) 746-3900, or visit the City's web site at [alexandriava.gov](http://alexandriava.gov).

# **BASIC FINANCIAL STATEMENTS**



**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Assets**  
**As of June 30, 2012**

**Exhibit I**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 142,403,014	\$ 51,245,742
Cash and Investments with Fiscal Agents	83,622,430	2,745,527
Receivables, Net	220,167,115	788,349
Due From Other Governments	41,336,934	7,075,138
Inventory of Supplies	2,352,968	830,745
Prepaid and Other Assets	7,651,617	7,424,016
Capital Assets		
Land and Construction in Progress	129,928,728	999,381
Other Capital Assets, Net	590,977,511	20,773,970
Capital Assets, Net	<u>720,906,239</u>	<u>21,773,351</u>
Total Assets	<u>\$ 1,218,440,317</u>	<u>\$ 91,882,868</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 14,160,822	\$ 3,911,578
Accrued Wages	5,013,247	33,178,131
Accrued Liabilities	6,159,103	-
Deferred Revenue	235,105,881	813,490
Other Short-term Liabilities	9,297,694	408,328
Deposits	2,070,592	-
Long-term Liabilities Due Within One Year	34,546,348	2,764,303
Long-term Liabilities Due in More Than One Year	514,245,851	7,640,211
Total Liabilities	<u>\$ 820,599,537</u>	<u>\$ 48,716,041</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 321,644,658	\$ 20,760,062
Restricted for:		
Educational projects		2,562,085
Unrestricted Net Assets	76,196,122	19,844,680
<b>TOTAL NET ASSETS</b>	<u><u>\$ 397,840,780</u></u>	<u><u>\$ 43,166,827</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

**Exhibit II**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government	
					Governmental Activities	Component Units
<b>Primary Government:</b>						
Governmental Activities:						
General Government	\$ 84,711,531	\$ 1,453,918	\$ 884,665	\$ -	\$ (82,372,948)	\$ -
Judicial Administration	20,476,653	1,737,031	3,577,920	-	(15,161,702)	-
Public Safety	126,883,887	14,356,893	13,571,985	-	(98,955,009)	-
Public Works	56,433,812	23,494,743	8,842,068	14,481,917	(9,615,084)	-
Library	6,145,662	-	-	-	(6,145,662)	-
Health and Welfare	93,652,604	6,732,235	32,651,904	-	(54,268,465)	-
Transit	15,937,959	-	-	-	(15,937,959)	-
Culture and Recreation	27,701,167	5,441,296	316,427	2,710	(21,940,734)	-
Community Development	34,319,087	2,694,004	6,522,109	5,158,993	(19,943,981)	-
Education	185,222,352	-	-	-	(185,222,352)	-
Interest on Long-term Debt	21,936,532	-	-	-	(21,936,532)	-
<b>Total Primary Government</b>	<b>\$ 673,421,246</b>	<b>\$ 55,910,120</b>	<b>\$ 66,367,078</b>	<b>\$ 19,643,620</b>	<b>\$ (531,500,428)</b>	<b>\$ -</b>
<b>Component Units:</b>						
Library	\$ 6,793,511	\$ 124,608	\$ 159,906	\$ -	\$ -	\$ (6,508,997)
Transit	14,407,884	5,017,963	41,789	-	-	(9,348,132)
School Board	231,316,230	2,528,593	22,343,336	-	-	(206,444,301)
<b>Total Component Units</b>	<b>\$ 252,517,625</b>	<b>\$ 7,671,164</b>	<b>\$ 22,545,031</b>	<b>-</b>	<b>\$ -</b>	<b>\$ (222,301,430)</b>
<b>General Revenues:</b>						
Taxes:						
General Property Taxes:						
Real Estate					\$ 321,637,873	-
Personal Property					48,202,835	-
Other Local Taxes:						
Business License Tax					30,309,499	
Local Sales Tax					24,949,593	
Meals Tax					16,313,765	
Transient Lodging Tax					11,375,121	-
Utility Tax					10,322,623	
Communications Sales Tax					11,594,930	
Motor Vehicle License, Recordation, and other local taxes					16,235,702	
Revenue from Primary Government						
Payment from City of Alexandria (operating)						189,562,651
Payment from City of Alexandria (Capital)						9,278,230
Grants and Contributions Not Restricted to Specific Programs					41,497,647	28,053,651
Interest and Investment Earnings					1,259,169	63,167
Miscellaneous					1,195,495	2,228,791
					-	
<b>Total General Revenues</b>					<b>\$ 534,894,252</b>	<b>\$ 229,186,490</b>
<b>Change in Net Assets</b>					<b>\$ 3,393,824</b>	<b>\$ 6,885,060</b>
Net Assets at Beginning of Year						
					394,446,956	36,281,767
Net Assets at End of Year						
					<b>\$ 397,840,780</b>	<b>\$ 43,166,827</b>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2012**

**Exhibit III**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 85,088,101	\$ 27,995,205	\$ 15,870,665	\$ 128,953,971
Cash and Investments with Fiscal Agents	-	-	83,622,430	83,622,430
Receivables, Net	216,735,472	3,316,732	-	220,052,204
Accrued Interest	114,911	-	-	114,911
Due From Other Governments	33,378,781	7,958,153	-	41,336,934
Inventory of Supplies	2,352,968	-	-	2,352,968
Prepaid and Other Assets	5,346,957	63,500	-	5,410,457
Total Assets	<u>\$ 343,017,190</u>	<u>\$ 39,333,590</u>	<u>\$ 99,493,095</u>	<u>\$ 481,843,875</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 10,002,510	\$ 2,079,250	\$ 1,960,894	\$ 14,042,654
Accrued Wages	3,810,074	1,194,634	8,539	5,013,247
Other Liabilities	9,297,694	-	-	9,297,694
Deposits	2,070,592	-	-	2,070,592
Deferred Revenue	234,853,315	5,409,922	-	240,263,237
Total Liabilities	<u>\$ 260,034,185</u>	<u>\$ 8,683,806</u>	<u>\$ 1,969,433</u>	<u>\$ 270,687,424</u>
<b>FUND BALANCES</b>				
Non-Spendable	\$ 8,099,925	\$ 2,596,021	\$ -	\$ 10,695,946
Restricted	-	7,748,211	-	7,748,211
Committed	17,219,808	12,575,087	97,523,662	127,318,557
Assigned	27,235,643	7,730,465	-	34,966,108
Unassigned	30,427,629	-	-	30,427,629
Total Fund Balances	<u>\$ 82,983,005</u>	<u>\$ 30,649,784</u>	<u>\$ 97,523,662</u>	<u>\$ 211,156,451</u>
Total Liabilities and Fund Balances	<u>\$ 343,017,190</u>	<u>\$ 39,333,590</u>	<u>\$ 99,493,095</u>	

**Adjustments for the Statement of Net Assets:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)	708,219,919
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)	7,398,518
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)	26,017,195
Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(554,951,303)
<b>Net Assets of Governmental Activities</b>	<u>\$ 397,840,780</u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

Exhibit IV

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
General Property Taxes	\$ 363,774,571	\$ 2,464,450	\$ -	\$ 366,239,021
Other Local Taxes	121,101,233	-	-	121,101,233
Permits, Fees, and Licenses	2,373,448	6,438,363	-	8,811,811
Fines and Forfeitures	4,869,294	-	-	4,869,294
Use of Money and Property	3,947,855	299,020	312,905	4,559,780
Charges for Services	16,474,115	15,694,685	15,077	32,183,877
Intergovernmental Revenue	55,484,133	44,205,468	11,468,496	111,158,097
Miscellaneous	1,195,495	4,988,102	2,122,698	8,306,295
Total Revenues	<u>\$ 569,220,144</u>	<u>\$ 74,090,088</u>	<u>\$ 13,919,176</u>	<u>\$ 657,229,408</u>
<b>EXPENDITURES</b>				
Current Operating:				
General Government	\$ 46,074,105	\$ 745,725	\$ -	\$ 46,819,830
Judicial Administration	18,765,856	1,252,594	-	20,018,450
Public Safety	117,049,127	6,712,179	-	123,761,306
Public Works	36,904,247	4,136,354	-	41,040,601
Library	6,145,662	-	-	6,145,662
Health and Welfare	20,925,733	72,121,215	-	93,046,948
Transit	15,937,959	-	-	15,937,959
Culture and Recreation	21,887,846	1,255,164	-	23,143,010
Community Development	15,286,156	10,602,670	-	25,888,826
Education	174,968,708	-	3,492,728	178,461,436
Debt Service:				
Principal	23,725,000	-	-	23,725,000
Interest and Other Charges	19,492,222	-	-	19,492,222
Capital Outlay	-	-	71,822,722	71,822,722
Total Expenditures	<u>\$ 517,162,621</u>	<u>\$ 96,825,901</u>	<u>\$ 75,315,450</u>	<u>\$ 689,303,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 52,057,523</u>	<u>\$ (22,735,813)</u>	<u>\$ (61,396,274)</u>	<u>\$ (32,074,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	\$ -	\$ -	\$ 69,950,000	\$ 69,950,000
Sale of land	-	234,178	387,167	621,345
Issuance of Refunding Bonds	63,625,000	-	-	63,625,000
Bond Premium (Discount)	9,829,827	-	4,457,567	14,287,394
Payment to Refunded Bonds Escrow Agent	(73,150,309)	-	-	(73,150,309)
Transfers In	1,394,903	38,894,379	21,440,753	61,730,035
Transfers Out	(52,077,786)	(11,612,472)	(1,500,000)	(65,190,258)
Total Other Financing Sources and Uses	<u>\$ (50,378,365)</u>	<u>\$ 27,516,085</u>	<u>\$ 94,735,487</u>	<u>\$ 71,873,207</u>
Net Change in Fund Balance	<u>\$ 1,679,158</u>	<u>\$ 4,780,272</u>	<u>\$ 33,339,213</u>	<u>\$ 39,798,643</u>
Fund Balance at Beginning of Year	80,860,167	25,869,512	64,184,449	170,914,128
Increase in Reserve for Inventory	443,680	-	-	443,680
Fund Balance at End of Year	<u>\$ 82,983,005</u>	<u>\$ 30,649,784</u>	<u>\$ 97,523,662</u>	<u>\$ 171,156,451</u>

**Adjustments for the Statement of Activities:**

Repayment and refunding of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	23,725,000
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)	27,120,743
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)	3,601,687
Issuance of debt and premium provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Assets (Note 9)	(74,712,085)
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)	(23,823,316)
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)	7,239,472
<b>Change in Net Assets of Governmental Activities</b>	<u>\$ 3,393,824</u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Assets**  
**Proprietary Funds – Internal Service Fund**  
**June 30, 2012**

**Exhibit V**

**ASSETS**

Current Assets:	
Cash and Cash Equivalents	\$ 13,449,043
Total Current Assets	\$ 13,449,043
Capital Assets:	
Buildings and Equipment	\$ 39,512,203
Less Accumulated Depreciation	26,825,883
Capital Assets, Net	\$ 12,686,320
Total Assets	\$ 26,135,363

**LIABILITIES**

Current Liabilities:	
Accounts Payable	\$ 118,168
Total Current Liabilities	\$ 118,168
Total Liabilities	\$ 118,168

**NET ASSETS**

Invested in Capital Assets	\$ 12,686,320
Unrestricted Net Assets	13,330,875
Total Net Assets	\$ 26,017,195
Total Liabilities and Net Assets	\$ 26,135,363

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 Fiscal Year Ended June 30, 2012**

**Exhibit VI**

Operating Revenues:	
Charges for Services	\$ 4,866,261
Total Operating Revenues	<u>\$ 4,866,261</u>
Operating Expenses:	
Materials and Supplies	\$ 1,053,871
Depreciation	3,106,408
Total Operating Expenses	<u>\$ 4,160,279</u>
Operating Income	<u>\$ 705,982</u>
Nonoperating Expenses:	
Loss on Disposal of Capital Assets	\$ (33,142)
Total Nonoperating Expenses	<u>\$ (33,142)</u>
Net Profit/Loss Before Operating Transfers	<u>672,840</u>
Operating Transfers:	
Transfers In	\$ 3,487,074
Transfers Out	(26,850)
Total Net Transfers	<u>\$ 3,460,224</u>
Change in Net Assets	\$ 4,133,064
Net Assets at Beginning of Year	21,884,131
Net Assets at End of Year	<u><u>\$ 26,017,195</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds – Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2012**

**Exhibit VII**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts From Customers	\$ 4,866,261
Payments to Suppliers	(1,055,493)
Net Cash Provided by Operating Activities	<u>\$ 3,810,768</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating Subsidies and Transfers from Other Funds	<u>\$ 3,460,224</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	<u>\$ (6,974,127)</u>
Net Cash Used By Capital and Related Financing Activities	<u>\$ (3,513,903)</u>
Net Increase in Cash and Cash Equivalents	\$ 296,865
Cash and Cash Equivalents at Beginning of Year	<u>13,152,178</u>
Cash and Cash Equivalents at End of Year	<u>\$ 13,449,043</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 705,982
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	3,106,408
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Payable	(1,622)
Net Cash Provided by Operating Activities	<u>\$ 3,810,768</u>

**Noncash investing, capital and financing activities:**

Capital assets with a net book value of \$33,142 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**  
**As of June 30, 2012**

**Exhibit VIII**

	<b>Employee Retirement Plans</b>	<b>Other Post Employment Benefits</b>	<b>Private- Purpose Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and Short-term Investments	\$ -	\$ -	\$ -	\$ 46,809
Investments, at Fair Value:				
LGIP/CDARS/ICS/NOW	-	-	6,173	93,592
Mutual Funds	172,547,030	8,948,816	-	-
Stocks	89,809,058	9,044,475	-	-
Guaranteed Investment Accounts	36,059,572	-	-	-
Real Estate	15,891,946	-	-	-
Timber/Private Equity	9,500,742	431,852	-	-
Other Investments	7,570,897	238,585	-	-
Total Investments	\$ 331,379,245	\$ 18,663,728	\$ 6,173	\$ 93,592
Total Assets	\$ 331,379,245	\$ 18,663,728	\$ 6,173	\$ 140,401
 <b>LIABILITIES</b>				
Refunds Payable and Other	\$ -	\$ -	\$ -	\$ 140,401
	\$ -	\$ -	\$ -	\$ 140,401
 <b>NET ASSETS</b>				
Held in Trust for:				
Pension Benefits	\$ 331,379,245	\$ -	\$ -	
Other Post Employment Benefits	-	18,663,728	-	
Other Purposes	-	-	6,173	
<b>TOTAL NET ASSETS</b>	\$ 331,379,245	\$ 18,663,728	\$ 6,173	

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

**Exhibit IX**

	Employee Retirement Plans	Other Post Employment Benefits	Private Purpose Trusts
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 21,342,180	\$ 3,000,000	\$ -
Plan Members	<u>3,671,421</u>	<u>-</u>	<u>-</u>
Total Contributions	\$ <u>25,013,601</u>	\$ <u>3,000,000</u>	\$ <u>-</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	\$ (3,651,256)	\$ (527,687)	\$ -
Interest	<u>6,809,772</u>	<u>498,051</u>	<u>-</u>
Net Investment Income	\$ <u>3,158,516</u>	\$ <u>(29,636)</u>	\$ <u>1,027</u>
Total Additions	\$ <u>28,172,117</u>	\$ <u>2,970,364</u>	\$ <u>1,027</u>
<b>DEDUCTIONS</b>			
Benefits	\$ 19,569,249	\$ -	\$ -
Refunds of Contributions	18,634,444	-	570
Administrative Expenses	<u>1,664,854</u>	<u>118,354</u>	<u>-</u>
Total Deductions	\$ <u>39,868,547</u>	\$ <u>118,354</u>	\$ <u>570</u>
Change in Net Assets	\$ (11,696,430)	\$ 2,852,011	\$ 457
Net Assets at Beginning of Year	\$ <u>343,075,675</u>	\$ <u>15,811,717</u>	\$ <u>5,716</u>
Net Assets at End of Year	\$ <u><u>331,379,245</u></u>	\$ <u><u>18,663,728</u></u>	\$ <u><u>6,173</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Assets**  
**Component Units**  
**As of June 30, 2012**

**Exhibit X**

	<u>School Board</u>	<u>Library</u>	<u>Transit</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 51,227,161	\$ 7,104	\$ 11,477	\$ 51,245,742
Cash and Investments with Fiscal Agents	-	2,745,527	-	2,745,527
Receivables	502,841	-	285,508	788,349
Due from Other Governments	7,015,877	20,405	38,856	7,075,138
Inventory of Supplies	116,829	-	713,916	830,745
Prepaid and Other Assets	7,226,823	-	197,193	7,424,016
Capital assets				
Land and Construction in Progress	999,381	-	-	999,381
Other Capital Assets, Net	9,862,362	-	10,911,608	20,773,970
Capital Assets, Net	<u>\$ 10,861,743</u>	<u>\$ -</u>	<u>\$ 10,911,608</u>	<u>\$ 21,773,351</u>
 Total Assets	 <u>\$ 76,951,274</u>	 <u>\$ 2,773,036</u>	 <u>\$ 12,158,558</u>	 <u>\$ 91,882,868</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,595,562	\$ 124,662	\$ 191,354	\$ 3,911,578
Accrued Wages	32,586,476	274,814	316,841	33,178,131
Deferred Revenue	813,490	-	-	813,490
Other Short-term Liabilities	-	-	408,328	408,328
Long-term Liabilities Due Within One Year	2,764,303	-	-	2,764,303
Long-term Liabilities Due in More Than One Year	7,640,211	-	-	7,640,211
Total Liabilities	<u>\$ 47,400,042</u>	<u>\$ 399,476</u>	<u>\$ 916,523</u>	<u>\$ 48,716,041</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	\$ 9,848,454	\$ -	\$ 10,911,608	\$ 20,760,062
Restricted	2,562,085	-	-	2,562,085
Unrestricted Net Assets	17,140,693	2,373,560	330,427	19,844,680
<b>TOTAL NET ASSETS</b>	<u><u>\$ 29,551,232</u></u>	<u><u>\$ 2,373,560</u></u>	<u><u>\$ 11,242,035</u></u>	<u><u>\$ 43,166,827</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Activities**  
**Component Units**  
**For the Fiscal Year Ended June 30, 2012**

**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
<b>School Board</b>							
Instructional	\$ 231,316,230	\$ 2,528,593	\$ 22,343,336	\$ (206,444,301)	\$ -	\$ -	\$ (206,444,301)
Total School Board	<u>\$ 231,316,230</u>	<u>\$ 2,528,593</u>	<u>\$ 22,343,336</u>	<u>\$ (206,444,301)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (206,444,301)</u>
<b>Library</b>	\$ 6,793,511	\$ 124,608	\$ 159,906	\$ -	\$ (6,508,997)	\$ -	\$ (6,508,997)
<b>Transit</b>	14,407,884	5,017,963	41,789			(9,348,132)	(9,348,132)
Total Component Units	<u>\$ 252,517,625</u>	<u>\$ 7,671,164</u>	<u>\$ 22,545,031</u>	<u>\$ -</u>	<u>\$ (6,508,997)</u>	<u>\$ (9,348,132)</u>	<u>\$ (222,301,430)</u>

**General Revenues:**

Payment From/(To) City	\$ 174,956,420	\$ 6,145,662	\$ 8,460,569	\$ 189,562,651
Capital Payment From City *****	3,492,728	-	5,785,502	9,278,230
Grants not restricted to specific programs	27,984,171	69,480	-	28,053,651
Interest and Investment Earnings	-	63,167	-	63,167
Miscellaneous	2,222,167	5,655	969	2,228,791
Total General Revenues	<u>\$ 208,655,486</u>	<u>\$ 6,283,964</u>	<u>\$ 14,247,040</u>	<u>\$ 229,186,490</u>
Change in Net Assets	\$ 2,211,185	\$ (225,033)	\$ 4,898,908	\$ 6,885,060
Net Assets Beginning of Year	27,340,047	2,598,593	6,343,127	36,281,767
Net Assets End of Year	<u>\$ 29,551,232</u>	<u>\$ 2,373,560</u>	<u>\$ 11,242,035</u>	<u>\$ 43,166,827</u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 144,301 and a land area of 15.75 square miles, Alexandria is the 7<sup>th</sup> largest city in the Commonwealth of Virginia and one of the most densely populated cities in the Commonwealth.

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

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

**A. Financial Reporting Entity**

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

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 \$175 million for operations and \$3.5 million for capital equipment in FY 2012.

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 2012.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Alexandria Transit Company**

The City Council, acting as sole shareholder, elects members of the Alexandria Transit Company's board of directors. City Council approves bus routes, fares, and budgets. The City funds deficits and may issue debt on behalf of the Alexandria Transit Company. The City's primary transactions with the Alexandria Transit Company are the City's annual subsidy, which was \$8.5 million in FY 2012.

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

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

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

**Excluded from Reporting Entity:**

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

**B. Government-wide and Fund Financial Statements**

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.). Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants, while the capital grants and contributions column reflects capital-specific grants.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The following is a brief description of the specific funds used by the City in FY 2012.

**1. Governmental Funds**

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

**a. General Fund**

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

**b. Special Revenue Fund**

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

The special revenue funds of the City as of the end of FY 2012 are comprised of the following:

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

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

*Stormwater Management Fund* – This fund is funded by a dedicated real estate property tax rate of 0.5 cents per \$100 of assessed value to fund stormwater capital projects.

*Potomac Yard Special Tax District* – This fund is funded by certain real estate taxes for specific improvements in Potomac Yards, including the development of a metro rail station.

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Capital Projects Fund**

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

**2. Proprietary Funds**

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

**3. Fiduciary Funds**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The agency funds held by the City as of end of FY 2012 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* – 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 - AS LLC* – This fund accounts for affordable housing donations received from Potomac Yard Development LLC for the purpose of constructing affordable housing. This project has now been completed and the fund is closed.

**C. Basis of Accounting**

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 25, 2011 the City Council formally approved the original adopted budget and on June 16, 2012 approved the revised budget reflected in the required supplemental information. Budgets are prepared for the Capital Projects Fund on a project basis, which covers the life of the project. A Capital Projects Fund appropriation does not lapse until an appropriation reduction is approved by City Council.

**Encumbrances**

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

**E. Equity in Pooled Cash and Investments**

Cash resources of the individual funds, including imprest cash of \$22,217 and excluding cash held with fiscal agents in the General Fund, Special Revenue Fund, Capital Projects Fund, Proprietary Funds, Fiduciary Funds, and discretely presented component units (School Board, Library, and Alexandria Transit Company), are combined to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of the State Treasurer's Local Government Investment Pool (LGIP) and are recorded at fair value. Income from pooled investments is allocated only when contractually or legally required. All investment earnings not legally or contractually required to be credited to individual accounts or funds are credited to the General Fund.

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012, is comprised of the following:

<b>GENERAL FUND:</b>	
Taxes Receivable:	
Real Property	\$ 627,178
Personal	13,255,684
Penalties and Interest	<u>869,839</u>
Total taxes	\$ 14,752,701
Accounts Receivable	4,363
Notes Receivable	<u>9,000</u>
	<u>\$ 14,766,064</u>
 <b>SPECIAL REVENUE FUND:</b>	
Housing Fund Notes Receivable	<u>\$ 35,157,633</u>
 <b>CAPITAL PROJECTS FUND:</b>	
Capital Projects Fund Notes Receivable	<u>\$ 1,475,000</u>

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

**G. Inventory of Supplies and Prepaid and Other Assets**

**Primary Government**

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

**Component Units**

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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	\$ 5,157,356
Deferred interest	<u>2,241,162</u>
Total adjustment	<u>\$ 7,398,518</u>

**H. Capital Assets**

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

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

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

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

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

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

**I. Compensated Absences**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**J. Use of Estimates**

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

**K. Fund Balance**

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

**Fund Balances are reported according to the following categories.**

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

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance Detail**  
**General Fund**

Nonspendable			
	Inventories	\$	2,352,968
	Prepays		5,346,957
	Long Term Notes		400,000
	Total	\$	8,099,925
Committed			
	FY 2013 Operating Budget	\$	6,839,538
	Transportation Improvements		6,891,427
	Retiree OPEB		900,000
	Encumbrances		2,588,843
	Total	\$	17,219,808
Assigned			
	Subsequent Capital Program	\$	16,995,503
	Self-Insurance		5,000,000
	Incomplete Projects		1,723,717
	Emergency Response		600,000
	Natural Disaster/Emergencies		1,600,000
	Equipment Replacement		255,762
	Professional and Performance		525,661
	Planning Studies		535,000
	Total	\$	27,235,643
Unassigned			
	Total	\$	30,427,629
Total Fund Balance		\$	82,983,005

**Subsequent Fiscal Year's Operating Budget** - On June 16, 2012, City Council approved the FY 2013 Appropriations Ordinance, which appropriated \$6.8 million of General Fund Balance to meet anticipated expenditures.

**Transportation Improvements** - With the adoption of the CY 2012 tax rate, reserving 2.2 cents for transportation improvements, a portion of revenue collected in FY 2012 from real estate revenues has been committed for transportation improvements.

**Retiree Health and Life (OPEB)** - These monies (\$0.9 million) have been committed as part of the City's efforts to fund a health and life insurance benefit trust.

**Subsequent Fiscal Years' Capital Program** - These monies (\$17 million) have been assigned in the Approved FY 2013 – 2022 Capital Improvement Program Funding Plans to fund a portion of the capital improvement program in FY 2013 and beyond.

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

**Incomplete Projects** - These monies (\$1.7 million) have been assigned for projects for which funding was available in the FY 2012 budget, but not completed as of the end of the fiscal year.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Equipment Replacement** - These monies have been set aside to replace old vehicles in the City Fleet.

**Professional and Performance** - These funds have been set aside to address employ compensation and training needs.

**Planning Studies** - These funds have been set aside for studies related to development options.

**Special Revenue**

Nonspendable		
	Long Term Notes	\$ 2,596,021
	Total	\$ 2,596,021
Restricted		
	Grants	\$ 2,262,307
	Donations	3,035,288
	Housing Programs	2,450,616
	Total	\$ 7,748,211
Committed		
	Other Programs	\$ 173,321
	Sanitary Sewer	11,134,646
	Stormwater	169,179
	Potomac Yard	1,097,941
	Total	\$ 12,575,087
Assigned		
	Other Programs	\$ 7,730,465
	Total	\$ 7,730,465
Total Fund Balance		\$ 30,649,784

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

<u>Fund</u>	<u>Vendor</u>	<u>Amount</u>
Capital Projects	J.A. Scheibel, Inc.	\$ 10,675,333
Capital Projects	The Lane Construction Corporation	\$ 6,813,510
Internal Service	Redstorm Fire & Rescue Apparatus, Inc.	\$ 2,377,396
Capital Projects	Garcete Construction Company, Inc.	\$ 1,814,496
Capital Projects	Verizon Select Services, Inc.	\$ 1,675,115
Capital Projects	Tyler Technologies, Inc.	\$ 1,500,107
Special Revenue	Metalcraft Marine US, Inc.	\$ 1,215,168
Capital Projects	Cham Hill, Inc.	\$ 1,027,663

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 2012.

**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 2012, 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 2012, 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, 2012, the carrying value of the City's deposits was negative \$1,824,480 and the bank balance was \$1,147,129. The carrying value of the City's deposits represents checks outstanding. This amount will fluctuate depending on the difference between checks issued and checks paid. The funds for these checks remain invested until the checks are presented for payment at the bank. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (The Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012, the carrying value of deposits for the School Board was negative \$879,764 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, 2012, the carrying value of deposits and bank balance for the Library was \$272,763. Of this amount, \$272,763 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, ICS and NOW accounts.

During fiscal year 2012 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, ICS and NOW accounts where deposits are eligible for FDIC insurance.

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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), Insured Cash Sweeps (ICS) 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, ICS and NOW accounts. The investments for six of the City's seven pension plans are handled by Prudential, a company with an A (Excellent) rating, one of the top three, by A.M. Best rating agency. The investments for the two defined contribution plans are directed by employees and are invested in mutual funds and guaranteed investment accounts. The City has directed Prudential to invest funds for the other four defined benefit pension plans in guaranteed investment accounts, mutual funds and stocks. The Commonwealth of Virginia manages the investments of the Virginia Retirement System (VRS). Prudential also handles investments for OPEB trust fund for the City.

**Custodial Risk** – For an investment, custodial risk is the risk that in the event of the failure of the counter party the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently all City investments are held in LGIP, CDARS, ICS 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, 2012, the City had the following cash, investments and maturities:

**Primary Government**

	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Long term</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 76,382,516	\$ 76,382,516	\$ ---	\$ ---
CDARS	54,732,651	54,732,651	---	---
Insured Cash Sweeps	12,857,367	12,857,367		
NOW Accounts	354,725	354,725	---	---
Total Investments Controlled by City	<u>\$ 144,327,259</u>	<u>\$ 144,327,259</u>	<u>\$ ---</u>	<u>\$ ---</u>
OPEB Trust Investments	18,663,728	---	---	18,663,728
Pension Plan Investments (Exhibit VIII)	<u>\$ 331,379,245</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 331,379,245</u>
Total	<u>\$ 494,370,232</u>	<u>\$ 144,327,259</u>	<u>\$ ---</u>	<u>\$ 350,042,973</u>

Reconciliation to Total Cash and Investments:

Add:

Cash on Hand and in Banks	(1,824,480)
Cash With Fiscal Agent	<u>83,669,240</u>
Total Deposits and Investments	<u>\$ 576,214,992</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

**Component Unit**  
**School Board**

	<b>Investment Maturities (in years)</b>		
	<b><u>Fair Value</u></b>	<b><u>Less than 1 year</u></b>	<b><u>1-5 years</u></b>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 27,576,621	\$ 27,576,621	\$ ---
CDARS	19,760,302	19,760,302	---
Insured Cash Sweeps	4,641,936	4,641,936	---
NOW Accounts	128,067	128,067	---
<b>Total Investments Controlled by City</b>	<b>\$ 52,106,926</b>	<b>\$ 52,106,926</b>	<b>\$ ---</b>

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**

	<b>Investment Maturities (in years)</b>		
	<b><u>Fair Value</u></b>	<b><u>Less than 1 year</u></b>	<b><u>1-5 years</u></b>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 9,834	\$ 9,834	\$ ---
CDARS	7,046	7,046	---
Insured Cash Sweeps	1,655	1,655	---
NOW Accounts	46	46	---
<b>Total Investments Controlled by City</b>	<b>\$ 18,581</b>	<b>\$ 18,581</b>	<b>\$ ---</b>

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2012:

	<b><u>Governmental Activities</u></b>	<b><u>Business Type Activities</u></b>	<b><u>Fiduciary Activities</u></b>	<b><u>Total</u></b>
<b>Primary Government</b>				
Cash on Hand and In Banks	\$ (1,824,480)	\$ ---	\$ ---	\$ (1,824,480)
Cash and Investments	144,227,494	---	99,765	144,327,259
Cash and Investments with Fiscal Agents	83,622,430	---	350,089,782	433,712,212
<b>Total</b>	<b>\$ 226,025,444</b>	<b>\$ ---</b>	<b>\$ 350,189,547</b>	<b>\$ 576,214,991</b>
<b>Component Unit School Board</b>				
Cash on Hand and In Banks	\$ (879,764)	\$ ---	\$ ---	\$ (879,764)
Cash and Investments Controlled by City	52,106,925	---	---	52,106,925
<b>Total</b>	<b>\$ 51,227,161</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 51,227,161</b>
<b>Other Component Units</b>				
Cash and Investments Controlled by City	\$ 7,104	\$ 11,477	\$ ---	\$ 18,581
Cash and Investments with Fiscal Agents	2,745,527	---	---	2,745,527
<b>Total</b>	<b>\$ 2,752,631</b>	<b>\$ 11,477</b>	<b>\$ ---</b>	<b>\$ 2,764,108</b>
<b>Grand Total</b>				<b>\$ 630,206,260</b>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2012 consist of the following:

<b>Primary Government</b>				
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Project</b>	<b>Total</b>
<b>Taxes</b>				
Real Property	\$ 169,393,521	\$ ---	\$ ---	\$ 169,393,521
Personal Property	47,418,570	---	---	47,418,570
Penalties and Interest	2,580,731	---	---	2,580,731
Other	3,179,544	---	---	3,179,544
<b>Total Taxes</b>	<b>\$ 222,572,366</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 222,572,366</b>
Accounts	\$ 8,520,170	\$ 720,711	\$ ---	\$ 9,240,881
Interest	114,911	---	---	114,911
Intergovernmental	33,378,781	7,958,153	---	41,336,934
Notes	409,000	37,753,654	1,475,000	39,637,654
<b>Gross Receivables</b>	<b>\$ 264,995,228</b>	<b>\$ 46,432,518</b>	<b>\$ 1,475,000</b>	<b>\$ 312,902,746</b>
Less: Allowance for Uncollectibles	14,766,064	35,157,633	1,475,000	51,398,697
<b>Net Receivables</b>	<b>\$ 250,229,164</b>	<b>\$ 11,274,885</b>	<b>\$ ---</b>	<b>\$ 261,504,049</b>

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 6.7 percent of the total taxes receivable at June 30, 2012 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, 2012 represent the second-half payment due for real estate taxes on November 15, 2012.

Receivables on a government-wide basis include taxes receivable of \$5.1 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 \$3.6 million of taxes that are considered current financial resources, and therefore, are reported in the governmental funds. This comprises:

Real Estate tax receivables	\$ (5,442,881)
Personal Property tax receivables	<u>9,044,568</u>
Total	<u>\$ 3,601,687</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 2012 unearned revenue in the governmental funds consisted of the following:

	<b>Unavailable</b>	<b>Unearned</b>	<b>Total</b>
Property taxes, net of related allowances	\$ 229,689,021	\$ 4,307,643	\$ 233,996,664
Grant proceeds received prior to completion of eligibility requirements	---	6,266,572	6,266,572
Total unearned revenue for governmental funds	\$ 229,689,021	\$ 10,574,215	\$ 240,263,236

**Component Units**

Receivables at June 30, 2012 consist of following:

	<b>School Board</b>	<b>Library</b>	<b>Transit</b>	<b>Total</b>
Accounts	\$ 502,841	\$ ---	\$ 285,508	\$ 788,349
Intergovernmental	7,015,877	20,405	38,856	7,075,138
Total Receivables	\$ 7,518,718	\$ 20,405	\$ 324,364	\$ 7,863,487

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012 includes amounts not yet billed or received from the January 1, 2012 levy (due October 5, 2012). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2013. The tax rates during calendar years 2012 and 2011 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 63 percent of most taxpayers' payments in FY 2012 for the January 1, 2011 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, 2012 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, 2012:

**Governmental Activities**

General Fund	\$ 409,000
Special Revenue Fund	37,753,654
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	<u>(36,641,633)</u>
Net	<u>\$ 2,996,021</u>
Amounts due within one year	<u>\$ 150,251</u>
Amounts due in more than one year	<u>\$ 2,845,770</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012:

**Governmental Activities**

	<u>Balance June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 98,667,403	\$ ---	\$ 37,700	\$ 98,629,703
Construction in Progress	118,242,808	15,088,993	102,032,776	31,299,025
Total Capital Assets Not Being Depreciated	<u>\$ 216,910,211</u>	<u>\$ 15,088,993</u>	<u>\$ 102,070,476</u>	<u>\$ 129,928,728</u>
Depreciable Capital Assets:				
Buildings	\$ 440,305,098	\$ 122,369,521	\$ 1,646,499	\$ 561,028,120
Infrastructure	206,613,878	8,915,069	---	215,528,947
Intangible Assets	11,308,220	284,300	---	11,592,520
Furniture and Other Equipment	68,631,816	13,669,554	6,516,150	75,785,220
Total Depreciable Capital Assets	<u>\$ 726,859,012</u>	<u>\$ 145,238,444</u>	<u>\$ 8,162,649</u>	<u>\$ 863,934,807</u>
Less Accumulated Depreciation for:				
Buildings	\$ 109,763,087	\$ 12,418,313	\$ 43,290	\$ 122,138,110
Infrastructure	86,956,620	7,444,110	---	94,400,730
Intangible Assets	10,874,149	419,472	---	11,293,621
Furniture and Other Equipment	42,107,264	5,415,094	2,397,523	45,124,835
Total Accumulated Depreciation	<u>\$ 249,701,120</u>	<u>\$ 25,696,989</u>	<u>\$ 2,440,813</u>	<u>\$ 272,957,296</u>
Depreciable Capital Assets, Net	<u>\$ 477,157,892</u>	<u>\$ 119,541,455</u>	<u>\$ 5,721,836</u>	<u>\$ 590,977,511</u>
<b>TOTALS</b>	<u><u>\$ 694,068,103</u></u>	<u><u>\$ 134,630,448</u></u>	<u><u>\$ 107,792,312</u></u>	<u><u>\$ 720,906,239</u></u>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 5. CAPITAL ASSETS (Continued)**

Governmental activities capital assets, net of accumulated depreciation at June 30, 2012, are comprised of the following:

General Capital Assets, Net	\$ 708,219,919
Internal Service Fund Capital Assets, Net	<u>12,686,320</u>
TOTAL	<u>\$ 720,906,239</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 1,513,993
Judicial Administration	458,203
Public Safety	2,954,445
Public Works	11,247,616
Health and Welfare	605,656
Culture and Recreation	2,366,019
Education	6,191,051
Community Development	<u>360,006</u>
Total	<u>\$ 25,696,989</u>

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

**Primary Government**

City Capital Outlay	\$ 71,822,722
Donated Assets	8,175,124
Depreciation Expense	(25,696,989)
Capital Outlay not Capitalized	<u>(27,180,114)</u>
Total Adjustment	<u>\$ 27,120,743</u>

Donated assets are comprised of infrastructure donated by developers.

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

Capital Assets (net)		\$ 720,906,239
Outstanding bonds (including premium)	\$ (482,884,011)	
Unspent bond proceeds at SNAP	<u>83,622,430</u>	
		<u>(399,261,581)</u>
Invested in Capital Assets Net of Debt		<u>\$ 321,644,658</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012:

	<u>Balance June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 999,381	\$ ---	\$ ---	\$ 999,381
Total Capital Assets Not Being Depreciated	<u>\$ 999,381</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 999,381</u>
Depreciable Capital Assets:				
Buildings	\$ 38,538,139	\$ 223,220	\$ ---	\$ 38,761,359
Furniture and Other Equipment	<u>12,066,646</u>	<u>4,238,734</u>	<u>1,791,687</u>	<u>14,513,693</u>
Total Depreciable Capital Assets	<u>\$ 50,604,785</u>	<u>\$ 4,461,954</u>	<u>\$ 1,791,687</u>	<u>\$ 53,275,052</u>
Less Accumulated Depreciation For:				
Furniture and Other Equipment	<u>43,419,512</u>	<u>1,784,865</u>	<u>1,791,687</u>	<u>43,412,690</u>
Depreciable Capital Assets, Net	<u>\$ 7,185,723</u>	<u>\$ 2,677,089</u>	<u>\$ ---</u>	<u>\$ 9,862,362</u>
<b>TOTALS</b>	<u><u>\$ 8,184,654</u></u>	<u><u>\$ 2,677,089</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 10,861,743</u></u>

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

All depreciation was charged to education.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 5. CAPITAL ASSETS (Continued)**

**Component Unit – Alexandria Transit Company**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ ---	\$ ---	\$ ---	\$ ---
Depreciable Capital Assets:				
Equipment	\$ 20,981,823	\$ 6,101,679	\$ 1,553,757	\$ 25,529,745
Less Accumulated Depreciation	<u>14,642,267</u>	<u>1,530,697</u>	<u>1,554,828</u>	<u>14,618,137</u>
Total Depreciable Capital Assets, Net	\$ <u>6,339,556</u>	\$ <u>4,570,982</u>	\$ <u>(1,071)</u>	\$ <u>10,911,608</u>
TOTALS	<u>\$ 6,339,556</u>	<u>\$ 4,570,982</u>	<u>\$ (1,071)</u>	<u>\$ 10,911,608</u>

All depreciation was charged to transit.

**Primary Government**

Construction in progress is composed of the following at June 30, 2012:

	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>Through</u> <u>June 30, 2012</u>	<u>Committed</u>
School Capital Projects	\$ 49,145,883	\$ 26,850,453	\$ ---
Infrastructure	7,907,987	1,541,811	215,438
Public Buildings	5,455,040	65,975	422,100
Public Safety Buildings	13,365,000	1,816,703	11,083,594
Information Technology Hardware	<u>4,050,595</u>	<u>1,024,082</u>	<u>1,511,817</u>
TOTALS	<u>\$ 79,924,505</u>	<u>\$ 31,299,025</u>	<u>\$ 13,232,949</u>

**Component Units**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 and the following liability insurance policies as of June 30, 2012: 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, 2012:

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 \$21 million as of June 30, 2012 and is reflected in the government-wide statements. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. In FY 2009 the City became self-insured for one of the two health insurance plans offered to employees. At June 30, 2012 the current portion of employees' health insurance was \$1.3 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, 2012. Liabilities are reported when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the City records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012 and 2011 were as follows:

	<b>Worker's Compensation</b>	<b>Health Insurance</b>
July 1, 2010 Liability Balances	\$ 10,272,451	\$ 882,933
Claims and changes in estimates	6,058,371	15,101,359
Claim Payments	(2,802,940)	(14,914,192)
June 30, 2011 Liability Balances	\$ 13,527,882	\$ 1,070,100
Claims and changes in estimates	11,532,440	16,986,021
Claim Payments	(4,069,116)	(16,706,236)
June 30, 2012 Liability Balances	\$ 20,991,206	\$ 1,349,885

**Insurance Designation**

In addition, the City has established a General Fund fund balance self-insurance designation of \$5 million as of June 30, 2012.

**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.

**Line of Duty Death and Disability Benefits**

The City provides death and health benefits to the beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the Code of Virginia.

Effective July 1, 2012 the City opted out of the Virginia Plan and will now self-fund and self-administer its Line of Duty Benefits. In June 2012, City Council approved the merging of the Line of Duty Benefit into the OPEB Trust Fund and self-administering the program which will reduce risk and should, over time reduce costs. During FY 2012, the City participated in the Virginia Line of Duty Trust Fund. The City contributed \$0.1 million to the Trust Fund in FY 2012. In addition, as a result of opting out, the City paid \$0.5 million to the Commonwealth as a reimbursement of the City's actual costs for FY 2011.

In Fiscal Year 2013 the Line of Duty information will be incorporated into the City's OPEB actuarial valuation. As of May, 2012 the City had 661 employees who were eligible and 39 were receiving Line of Duty Benefits. Total annual Line of Duty costs for the recipients currently receiving benefits are \$0.55 million.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 6. RISK MANAGEMENT (Continued)**

**Component Units**

The School Board commercial carries insurance for all risks of loss, including property, theft, auto liability, physical damage, and general liability insurance through the Virginia Municipal League. Settled claims resulting from these risks have not exceeded commercial reinsurance coverage for the past three years. 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 School Board also carries catastrophic medical insurance for Virginia High School League Student participants.

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.

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 2012, the Alexandria Transit Company paid an annual premium of \$0.43 million for participation in this pool.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 7. OPERATING LEASES**

**Rental Costs**

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

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

<u>Fiscal Year</u>	<u>Primary Government</u>	<u>School Board Component Unit</u>
2013	\$ 4,992,477	\$ 1,124,105
2014	4,858,663	904,923
2015	4,830,689	882,226
2016	3,302,065	---
2017-2021	4,746,864	---
2022-2026	5,338,675	---

Total rental costs during FY 2012 for operating leases were \$5.5 million for the Primary Government and \$3.0 million for the School Board.

**Rental Revenues**

The City also leases various City-owned properties and buildings under non-cancellable long-term lease agreements through FY 2021. The net book value of leased assets of \$3.7 million (cost of \$5.7 million less accumulated depreciation of \$2.0 million) is included in capital assets in the government-wide financial statements. Certain leases contain provisions for future increased revenues based upon changes in the Consumer Price Index.

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

<u>Fiscal Year</u>	<u>Total Revenues</u>
2013	\$ 294,772
2014	216,590
2015	206,199
2016	206,199
2017-2021	1,030,995

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

**Exhibit XII**  
**(Continued)**

**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, 2012, the total City obligation was \$5.0 million.

**2. Operating subsidies - Bus and Rail Systems**

During the fiscal year ended June 30, 2012, obligations for bus and rail subsidies amounted to \$24.3 million. The City paid this obligation from the following sources:

City payments .....	\$ 5,198,543
State Aid and State Motor Fuel Sales Tax revenues .....	17,534,685
WMATA Credits .....	<u>1,630,223</u>
<b>TOTAL</b>	<b><u>\$24,363,451</u></b>

Expected obligations for FY 2013 are \$25.0 million of which \$6.0 million is expected to be paid from the City's General Fund.

**3. WMATA Transit Revenue Bonds**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)**

**Exhibit XII**  
**(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, 2012. However, NVTC has not paid any of the allocations for federal advances. In July of 1985, the Alexandria City Council authorized NVTC to pay \$4.2 million to WMATA, including accrued interest, from state aid on deposit to the credit of the City. This was the total amount allocated to the City by WMATA for advances by the federal government, including accrued interest. The City has thus, with such authorization, satisfied all claims due WMATA for transit revenue bonds.

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

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

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

**B. Litigation**

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

**C. Waste-To-Energy Facility**

The City has guaranteed annual tonnage of acceptable waste commitment to the Waste-to-Energy Facility, which is owned and operated by a private corporation. The commitment, which is joint with Arlington County, is based on a percent of solid waste the City and Arlington County expects to collect together. The facility charges fees on each ton based on defined costs, as well as has two multi-year contracts for large haulers where a fee discount applies. It is expected that the City and Arlington County will be able to continue to meet their minimum requirement for annual tonnage of 225,000 tons per year. For FY 2012 and for every year the facility has been open, the City and Arlington County exceeded the minimum annual tonnage requirement. If the City would be required to augment this requirement, the financial effect on the City would be immaterial.

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)**

**Exhibit XII**  
**(Continued)**

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

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

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

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

Since Acceptance testing on each unit was completed in November 2000, the Operating Lease agreement between the Authorities and the Corporation took effect in January 2001. Since in essence the lease is a capital lease, the capital assets completed and covered by the lease and the promissory note are removed from the City records and are now considered a part of the plant. In FY 2008 they 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 \$0.9 million for FY 2012.

Expenditures such as capital costs of repairs, replacement/changes to the facility, and waste recycling programs/activities which benefit the two jurisdictions are eligible for reimbursement through the Trust. In addition, in FY 2012 the Trust has been used to pay consulting fees to an engineering firm for operations and maintenance audits of the facility, for oversight of the new construction and for legal consulting fees paid for services related to the issuance of retrofit financing.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)**

**Exhibit XII**  
**(Continued)**

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

Operating costs of the facility are paid for primarily through tipping fees. The City paid \$1.7 million in tipping fees in FY 2012. In the event of a revenue shortfall at the facility, the City is not responsible for the repayment of the bonds. The Alexandria Renew Enterprises (formerly 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 2012 payment of \$256,070 was made from the proceeds from the City’s telecommunications tax received by the General Fund. The City is not liable for repayment of the 20-year bonds.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012 are composed of the following individual issues:

\$63.6 million Public Improvement (tax-exempt) Refunding Bonds of 2012, installments ranging from \$2.9 million to \$8.6 million through 2023, bearing interest rates ranging from 2.0 percent to 4.5 percent. Bonds maturing on or before June 15, 2022 are not subject to optional redemption. The Bonds maturing on June 15, 2023 are subject to optional redemption before maturity on or after June 15, 2022, at the direction of the City in whole or in part in installments of \$5000 at par plus interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.	\$	63,625,000
\$69.95 million Public improvement (tax-exempt) Bonds of 2011, installments ranging from \$1.0 million to \$3.8 million through 2032, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before July 15, 2021 are not subject to redemption prior to maturity. The Bonds maturing on or after July 15, 2022 are subject to optional redemption before maturity on or after July 15, 2021, at the direction of the City, in whole or in part, in installments of \$5000 at any time or from time to time at par plus the interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.		69,950,000
\$17.0 million Public Improvement (tax-exempt) Bonds of 2010, installments ranging from \$2.0 million to \$3.7 million through 2016, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity		16,000,000
\$55.3 million Public Improvement (taxable Build America) Bonds of 2010, installments ranging from \$3.7 million to \$4.4 million through 2030, bearing interest at rates ranging from 3.6 percent to 5.0 percent for which the federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2021 are subject to optional redemption, in whole or part, at the direction of the City. The bonds are subject to redemption prior to July 2020, at the option of the City, upon the occurrence of an Extraordinary Event.		55,300,000
\$35.2 million Public Improvement (tax-exempt) Bonds of 2009 installments ranging from \$1.1 million to \$4.1 million through 2019, bearing interest at rates ranging from 1.75 percent to 4.0 percent. The Bonds are not subject to redemption prior to maturity		31,900,000
\$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 3.5 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		52,700,000
\$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		4,250,000

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

\$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		26,245,000
\$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		10,500,000
\$54.8 million Public Improvement Bonds of 2004 installments of \$2.74 million through 2024, bearing interest at rates ranging from 3.0 percent to 5.0 percent. The bonds maturing before December 15, 2015 are not subject to redemption before maturity. Beginning December 15, 2014, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest		16,440,000
\$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		24,395,000
\$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		6,440,000
\$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		14,000,000
Total	\$	459,060,000

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

The outstanding bonds have been issued as follows:

<b>Public Improvement Bonds of 2012</b>			
<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 1,</u>
15302M33	\$ 2,890,000	2.00%	2013
15302M58	3,135,000	4.00%	2015
15302M66	5,740,000	4.00%	2016
15302M74	5,715,000	4.00%	2017
15302M82	5,690,000	4.25%	2018
15302M90	8,595,000	4.50%	2019
15302N24	8,615,000	4.50%	2020
15302N32	8,625,000	4.50%	2021
15302N40	8,635,000	4.00%	2022
15302N57	5,985,000	4.00%	2023
Total	<u>\$ 63,625,000</u>		

<b>Public Improvement Bonds of 2011</b>			
<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 1,</u>
015302J78	\$ 1,000,000	2.00%	2013
015302J86	2,000,000	4.00%	2014
015302J94	3,000,000	4.00%	2015
015302K27	3,765,000	5.00%	2016
015302K35	3,765,000	5.00%	2017
015302K43	3,765,000	5.00%	2018
015302K50	3,765,000	5.00%	2019
015302K68	3,765,000	2.13%	2020
015302K76	3,765,000	2.25%	2021
015302K84	3,760,000	4.00%	2022
015302K92	3,760,000	5.00%	2023
015302L26	3,760,000	3.00%	2024
015302L34	3,760,000	3.25%	2025
015302L42	3,760,000	3.25%	2026
015302L59	3,760,000	4.00%	2027
015302L67	3,760,000	4.00%	2028
015302L75	3,760,000	4.00%	2029
015302L83	3,760,000	4.00%	2030
015302L91	3,760,000	4.00%	2031
015302M25	3,760,000	4.00%	2032
Total	<u>\$ 69,950,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

**Public Improvement Bonds of 2010 (Tax-Exempt)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>July 1,</u>
015302G63	\$ 2,000,000	5.00%	2012
015302G71	2,900,000	4.00%	2013
015302G89	3,700,000	4.00%	2014
015302G97	3,700,000	5.00%	2015
015302H21	3,700,000	4.00%	2016
Total	<u>\$ 16,000,000</u>		

**Public Improvement Bonds of 2010 (Taxable)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>July 1,</u>
015302H39	\$ 3,700,000	3.60%	2017
015302H47	3,700,000	3.95%	2018
015302H54	3,700,000	4.15%	2019
015302H62	3,700,000	4.05%	2020
015302H70	3,700,000	4.25%	2021
015302H88	3,700,000	4.40%	2022
015302H96	3,700,000	4.50%	2023
015302J29	3,700,000	4.60%	2024
015302J37	3,700,000	4.80%	2025
015302J45	4,400,000	4.95%	2026
015302J52	4,400,000	5.00%	2027
015302J60	4,400,000	5.00%	2028
015302J60	4,400,000	5.00%	2029
015302J60	4,400,000	5.00%	2030
Total	<u>\$ 55,300,000</u>		

**Public Improvement Bonds of 2009 (Tax-Exempt)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>July 1,</u>
015302E32	\$ 3,200,000	4.00%	2012
015302E40	4,100,000	1.75%	2013
015302E57	4,100,000	2.13%	2014
015302E65	4,100,000	3.00%	2015
015302E73	4,100,000	3.00%	2016
015302E81	4,100,000	4.00%	2017
015302E99	4,100,000	4.00%	2018
015302F23	4,100,000	4.00%	2019
Total	<u>\$ 31,900,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

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

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

**Public Improvement Bonds of 2008 (Tax-exempt)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>July 15,</u>
015302A44	\$ 3,100,000	5.00%	2012
015302A51	3,100,000	3.50%	2013
015302A69	3,100,000	3.50%	2014
015302A77	3,100,000	5.00%	2015
015302A85	3,100,000	5.00%	2016
015302A93	3,100,000	5.00%	2017
015302B27	3,100,000	4.00%	2018
015302B35	3,100,000	4.00%	2019
015302B43	3,100,000	4.25%	2020
015302B50	3,100,000	4.00%	2021
015302B68	3,100,000	4.00%	2022
015302B76	3,100,000	4.13%	2023
015302B84	3,100,000	4.20%	2024
015302B92	3,100,000	4.25%	2025
015302C26	3,100,000	4.25%	2026
015302C34	3,100,000	4.30%	2027
015302C42	3,100,000	4.38%	2028
Total	<u>\$ 52,700,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

**Public Improvement Bonds of 2008 (Taxable)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
015302C83	\$ 250,000	4.50%	2012
015302C91	250,000	4.63%	2013
015302D25	250,000	4.63%	2014
015302D33	250,000	4.80%	2015
015302D41	250,000	5.00%	2016
015302D58	250,000	5.25%	2017
015302D66	250,000	5.25%	2018
015302D74	1,250,000	5.40%	2023
015302D82	1,250,000	5.60%	2028
Total	<u>\$ 4,250,000</u>		

**Refunding Bonds of 2007**

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

**Public Improvement Bonds of 2006 (Tax-exempt)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
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
015302YS5	2,915,000	4.25%	2024
015302Y73	2,915,000	4.25%	2025
015302YU0	2,915,000	4.38%	2026
Total	<u>\$ 26,245,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

**Public Improvement Bonds of 2006 (Taxable)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302ZB1	\$ 750,000	5.50%	2013
015302ZC9	750,000	5.50%	2014
015302ZD7	750,000	5.55%	2015
015302ZE5	750,000	5.55%	2016
015302ZF2	750,000	5.65%	2017
015302ZG0	750,000	5.70%	2018
015302ZH8	750,000	5.75%	2019
015302ZJ4	750,000	5.80%	2020
015302ZK1	750,000	5.85%	2021
015302ZL9	750,000	5.90%	2022
015302ZM7	750,000	5.95%	2023
015302ZN5	750,000	5.95%	2024
015302ZP0	750,000	5.95%	2025
015302ZQ8	750,000	5.95%	2026
Total	<u>\$ 10,500,000</u>		

**Public Improvement Bonds of 2004 (Tax-Exempt)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>December 15,</u>
015302XL1	\$ 2,740,000	3.00%	2012
015302XM9	2,740,000	3.50%	2013
015302XN7	2,740,000	5.00%	2014
015302XW7	2,740,000	4.00%	2022
015302XX5	2,740,000	4.25%	2023
015302XY3	2,740,000	4.50%	2024
Total	<u>\$ 16,440,000</u>		

**Refunding Bonds of 2004 (Tax-Exempt)**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302WV0	\$ 3,130,000	5.00%	2013
015302WW8	3,130,000	4.00%	2014
015302WX6	3,085,000	4.25%	2015
015302WY4	3,060,000	5.00%	2016
015302WZ1	3,050,000	4.25%	2017
015302XA5	3,015,000	4.25%	2018
015302XB3	2,980,000	4.25%	2019
015302XC1	2,945,000	4.38%	2020
Total	<u>\$ 24,395,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

<b>Public Improvement Bonds of 2004 (Tax-Exempt)</b>			
<b><u>CUSIP</u></b>	<b><u>Issue</u></b>	<b><u>Rate</u></b>	<b><u>Maturity Date</u></b>
			<b><u>June 15,</u></b>
015302WA6	\$ 3,300,000	4.00%	2013
015302WB4	3,140,000	4.00%	2014
Total	<u>\$ 6,440,000</u>		

<b>Public Improvement Bonds of 1999 (Tax-Exempt)</b>			
<b><u>CUSIP</u></b>	<b><u>Issue</u></b>	<b><u>Rate</u></b>	<b><u>Maturity Date</u></b>
			<b><u>January 15,</u></b>
015302TT9	\$ 2,000,000	5.00%	2013
015302TU6	2,000,000	5.00%	2014
015302TV4	2,000,000	4.50%	2015
015302TW2	2,000,000	5.00%	2016
015302TX0	2,000,000	5.00%	2017
015302TY8	2,000,000	5.00%	2018
015302TZ5	2,000,000	5.00%	2019
Total	<u>\$ 14,000,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

The requirements to pay all long-term bonds as of June 30, 2012, including interest payments of \$169.7 million, are summarized as follows:

<b>Fiscal Year</b>	<b>Serial Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2013.....	\$ 27,280,000	\$ 19,703,982
2014.....	29,935,000	18,580,351
2015.....	31,665,000	17,407,351
2016.....	32,250,000	16,149,294
2017.....	32,190,000	14,719,519
2018-2022.....	145,640,000	53,052,996
2023-2027.....	102,600,000	24,967,225
2028-2032.....	<u>57,500,000</u>	<u>5,163,288</u>
	<u>\$ 459,060,000</u>	<u>\$ 169,744,006</u>

The General Fund meets debt service requirements for general obligation bonds. The City retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board. The City will receive \$23.1 million in Build America Bonds interest subsidy payments through 2031.

**Legal Debt Margin** - The City has no overlapping debt with other jurisdictions. As of June 30, 2012, the City had a legal debt limit of \$3.4 billion and a debt margin of \$2.9 billion:

Assessed Value of Real Property, January 1, 2012 .....	<u>\$33,782,697,985</u>
Debt Limit: 10 Percent of Assessed Value.....	\$ 3,378,269,799
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds.....	<u>\$459,060,000</u>
Less Total General Obligation Debt.....	<u>(459,060,000)</u>
<b>LEGAL DEBT MARGIN REMAINING .....</b>	<b><u>\$ 2,919,209,799</u></b>

**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, 2012, are summarized below:

	<b>Authorized and Unissued July 1, 2011</b>	<b>Authorized</b>	<b>Issued</b>	<b>Expired</b>	<b>Authorized and Unissued June 30, 2012</b>
General Obligation Bonds	<u>\$ 96,950,000</u>	<u>\$ 76,820,000</u>	<u>\$ 69,950,000</u>	<u>\$ 27,000,000</u>	<u>\$ 76,820,000</u>

On July 26, 2012 the City Council issued \$76.82 million in General Obligation Bonds and 17.34 million in General Obligation Refunding Bonds. The General Obligation Refunding Bonds were used to refund part of the 2004C and 2006A bonds. The General Obligation Bonds were issued with an original issue premium of \$11.2 million. The General Obligation Refunding Bonds were issued with an original issue premium of \$1.9 million. Both sets of bonds had a true interest cost of 2.46 percent. The \$76.82 million bonds will be used to finance certain capital improvement projects including transportation improvements, sanitary sewers, public school facilities and other infrastructure costs.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2012. Other short-term liabilities represent unclaimed money and deposits.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012 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**

	<b>Balance</b>			<b>Balance</b>	<b>Amounts Due</b>
	<b>July 1, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2012</b>	<b>Within One</b>
					<b>Year</b>
General Obligation Bonds	\$ 415,720,000	\$133,575,000	\$90,235,000	\$ 459,060,000	\$ 27,280,000
Bond Premium	10,190,998	14,287,395	654,382	23,824,011	877,261
Workers' Compensation Claims	13,527,882	11,532,440	4,069,116	20,991,206	4,704,027
Accrued Compensated Absences	21,315,990	13,738,937	12,855,662	22,199,265	1,685,060
Net Pension Obligation	16,792,926	1,904,529	1,276,424	17,421,031	---
Net OPEB Obligation	6,050,282	---	753,596	5,296,686	---
<b>Total</b>	<u>\$ 483,598,078</u>	<u>\$175,038,301</u>	<u>\$109,844,180</u>	<u>\$548,792,199</u>	<u>\$ 34,546,348</u>

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

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

Balances at June 30, 2012:	
Long-term liabilities (detail above)	\$ 548,792,199
Accrued interest payable	<u>6,159,104</u>
Adjustment	<u>\$ 554,951,303</u>

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

Compensated absences	\$ 883,275
Workers compensation	7,463,324
Change in net pension obligation and net OPEB obligation	(125,491)
Amortization of bond premium, Discount and interest	2,444,310
Accrued interest on bonds	<u>13,157,898</u>
Adjustment	<u>\$ 23,823,316</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 9. LONG-TERM DEBT (Continued)**

**Component Unit – School Board**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Accrued Compensated Absences	\$ 7,349,515	\$ 9,888,350	\$10,529,645	\$ 6,708,220	\$ 1,216,847
Capital Leases	---	2,058,800	1,045,511	1,013,289	1,013,289
Workers' Compensation Claims	735,454	559,592	531,951	763,095	534,167
Net OPEB Obligation	2,559,649	---	639,739	1,919,910	---
<b>Total</b>	<u>\$ 10,644,618</u>	<u>\$ 12,506,741</u>	<u>\$12,746,846</u>	<u>\$10,404,514</u>	<u>\$ 2,764,303</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS**

**Primary Government**

Interfund receivable/payable consisted of the following at June 20, 2012:

There were no interfund receivables/payables at June 30, 2012. Interfund transfers and transactions for the year ended June 30, 2012 consisted of the following:

Transfer In/Out:	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>
<b>Primary Government Transaction</b>					
General Fund	\$ ---	\$ 1,394,903	\$ ---	\$ ---	\$ 1,394,903
Special Revenue	37,232,930	134,598	1,500,000	26,850	38,894,378
Capital Projects	14,844,856	6,595,897	---	---	21,440,753
Internal Service	---	3,487,074	---	---	3,487,074
Total	<u>\$ 52,077,786</u>	<u>\$ 11,612,472</u>	<u>\$ 1,500,000</u>	<u>\$ 26,850</u>	<u>\$ 65,217,108</u>
<b>Component Unit Transactions</b>					
School Board	\$ 174,956,420	\$ ---	\$ 3,492,728	\$ ---	\$ 178,449,148
Library	6,145,662	---	---	---	6,145,662
Alexandria Transit	8,460,569	---	---	---	8,460,569
Total	<u>\$ 189,562,651</u>	<u>\$ ---</u>	<u>\$ 3,492,728</u>	<u>\$ ---</u>	<u>\$ 193,055,379</u>

Primary government transfer activities include:

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

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 \$161.7 million in FY 2012. Sources of these revenues were as follows:

<b>GOVERNMENTAL FUNDS</b>	
Federal Government	\$ 41,887,026
Commonwealth of Virginia	<u>69,271,071</u>
Total Primary Government	<u>\$ 111,158,097</u>
 <b>COMPONENT UNITS</b>	
Federal Government:	
School Board	\$ 18,830,353
Alexandria Transit Company	<u>41,789</u>
Total Component Units Federal Government	<u>\$ 18,872,142</u>
 Commonwealth of Virginia:	
School Board	\$ 31,497,154
Library	<u>159,906</u>
Total Component Units Commonwealth of Virginia	<u>\$ 31,657,060</u>
Total Component Units	<u>\$ 50,529,202</u>
 <b>TOTAL CITY AND COMPONENT UNITS</b>	
Total Federal Government	\$ 60,759,168
Total Commonwealth of Virginia	<u>100,928,131</u>
Total Intergovernmental Revenue	<u>\$ 161,687,299</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 13. DUE FROM OTHER GOVERNMENTS**

Due from other governments represents accrued revenue at June 30, 2012, consisting of the following:

<b>Primary Government</b>	
State	
General Fund	\$ 31,429,947
Special Revenue Fund	<u>2,523,841</u>
Total State	<u>\$ 33,953,788</u>
Federal	
General Fund	\$ 1,948,834
Special Revenue Fund	<u>5,434,312</u>
Total Federal	<u>\$ 7,383,146</u>
Total Primary Government	<u>\$ 41,336,934</u>
<b>Component Units</b>	
State	
School Board	\$ 1,266,932
Library	<u>20,405</u>
Total State	<u>\$ 1,287,377</u>
Federal	
School Board	\$ 5,729,562
Alexandria Transit Company	<u>38,856</u>
Total Federal	<u>\$ 5,768,418</u>
Total	<u>\$ 48,392,689</u>

**NOTE 14. JOINT VENTURES**

**A. Northern Virginia Criminal Justice Academy**

The City participates in a joint venture with the Counties of Arlington and Loudoun and the Cities of Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued \$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The City and the Counties of Arlington and Loudoun have entered into a capital lease with the Industrial Development Authority of Loudoun County. The City maintains an equity interest only in the land and building of the Academy, which is reflected in the City's Statement of Net Assets. The City does not maintain an equity interest in the Academy's operations. This lease was paid in full in FY 2007. New debt of \$18.7 was issued in FY 2007. The City does not have an equity interest associated with this debt. In addition, the City pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2012, the City paid \$0.6 million for operating costs.

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 \$1.4 million in FY 2012.

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 is \$27 million, with 50 percent of the eligible construction cost (\$23.8 million) 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 2012, 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 2012, the City made rental payments to Sheltered Homes of Alexandria totaling \$32,000.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012, 950 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 \$3 million for FY 2012. 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 65<sup>th</sup> birthday the basic life insurance amount is reduced by 25% and then by 10% each year till the 70<sup>th</sup> 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, 2012, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	803
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	<u>2,240</u>
<b>TOTAL</b>	<u><b>3,043</b></u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

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

**ANNUAL OPEB COSTS AND NET OPEB OBLIGATIONS**

The annual required contribution (ARC) decreased from \$7,415,385 for fiscal year 2011 to \$7,375,458 for the current fiscal year. As a percentage of payroll, the ARC decreased from 5.04% to 4.98% this fiscal year. As of June 30, 2012, the Net OPEB Obligation (NOO) decreased to \$5,296,686 compared to \$6,050,282 for fiscal year 2011. As of December 31, 2011 the unfunded Actuarial Accrued Liability (UAAL) decreased by \$2,779,539 to \$66,121,024. This decrease was due an in increase in assets available in the plan. The savings from prior plan changes to prorate 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, 2012 is as follows:

Annual Required Contribution	\$	7,375,458
Interest on Net OPEB Obligation		453,771
Adjustment to Annual Required Contribution		(498,091)
		7,331,138
Annual OPEB Cost	\$	7,331,138
Contributions Made		<u>(8,084,734)</u>
Increase (Decrease) in Net OPEB Obligation	\$	(753,596)
Net OPEB Obligation, Beginning of Year		6,050,282
		5,296,686
Net OPEB Obligation, End Of Year	\$	

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plan as of December 31, 2011 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)
12/31/2011	\$ 15,081,559	\$ 81,202,583	\$66,121,024	18.57%	\$148,202,583	44.59%

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, 2011. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

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

**ACTUARIAL METHODS AND ASSUMPTIONS**

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

In the December 31, 2011 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 7.50% investment rate and an initial annual medical cost trend rate of 12.00% graded down to 5.10% over 15 years and salary scale ranging from 3.75% to 7.50% for Fire and Police and 3.75% to 5.60% for City employees depending on service with 3.75% attributable to inflation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. Asset valuation method used was market value and the remaining amortization period as of December 31, 2011 was 26 years.

**Schedule of Employer Contributions**

Fiscal Year Ended	Annual Required Contributions	Employer Contributions	Percentage Contributed
06/30/2008	\$ 10,900,053	\$ 3,922,024	36.0 %
06/30/2009	10,800,769	10,222,864	94.6%
06/30/2010	10,306,577	10,947,807	106.2%
06/30/2011	7,415,385	8,164,581	110.1%
06/30/2012	7,375,458	8,084,734	109.6%

**Three Year Trend Information**

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
06/30/2010	\$ 10,266,120	106.6%	\$ 6,842,615
06/30/2011	7,372,248	110.8%	6,050,282
06/30/2012	7,331,138	109.6%	5,296,686

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS**

**Primary Government**

During FY 2012, the City participated in seven public employee retirement systems (PERS). One of these systems is handled by Virginia Retirement System (VRS), an agent multi-employer public retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia, and is, therefore, not reflected as a City pension trust fund. Of the remaining six, four are single-employer defined benefit systems (City Supplemental, Pension for Fire and Police, Firefighters and Police Officers Pension Plan-defined benefit component, and Firefighters and Police Officers Pension Plan-disability component), where a stated methodology for determining benefits is provided, and two are defined contribution plans (Firefighters and Police Officers Pension Plan-defined contribution component and Retirement Income for Sheriff and Emergency Rescue Technicians (ERT)), where contribution requirements are not actuarially determined. All of these systems are included as part of the City's reporting entity and as such are reflected as Pension Trust Funds.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

Combining Schedule of Fiduciary Net Assets

	Employee Retirement Plans						Post Retirement	Total
	Firefighters and Police Officers Pension Plan						Benefit Trust	
	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	
<b>ASSETS</b>								
Investments, at Fair Value								
Mutual Funds	\$ 66,080,730	\$ -	\$ 15,392,728	\$ 85,221,817	\$ 5,851,755	\$ -	\$ 8,948,816	\$ 181,495,846
Stocks	28,052,761	-	-	56,416,000	5,340,297	-	9,044,475	98,853,533
Guaranteed Investment Accounts	2,542,895	24,947,060	-	8,569,617	-	-	-	36,059,572
Real Estate	6,050,057	-	-	9,054,538	787,351	-	-	15,891,946
Timber	3,454,813	-	-	5,562,255	483,674	-	431,852	9,932,594
Private Equity	1,908,729	-	-	5,221,909	440,259	-	238,585	7,809,482
Total Investments	\$ 108,089,985	\$ 24,947,060	\$ 15,392,728	\$170,046,136	\$ 12,903,336	\$ -	\$ 18,663,728	\$ 350,042,973
Total Assets	\$ 108,089,985	\$ 24,947,060	\$ 15,392,728	\$170,046,136	\$ 12,903,336	\$ -	\$ 18,663,728	\$ 350,042,973
<b>NET ASSETS</b>								
Held in Trust for Pension Benefits	\$ 108,089,985	\$ 24,947,060	\$ 15,392,728	\$170,046,136	\$ 12,903,336	\$ -	\$ 18,663,728	\$ 350,042,973

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Combining Schedule of Changes in Fiduciary Net Assets**

	<b>Employee Retirement Plans</b>					<b>Post Retirement Benefit Trust</b>		<b>Total</b>
	<b>Firefighters and Police Officers Pension Plan</b>					<b>Retirement Income for Sheriff and ERT</b>	<b>Other Post Employment Benefits</b>	
	<b>City Supplemental Retirement</b>	<b>Pension for Fire and Police</b>	<b>Defined Contribution Component</b>	<b>Defined Benefit Component</b>	<b>Disability Component</b>			
<b>ADDITIONS</b>								
Contributions:								
Employer	\$ 9,854,860	\$ 1,700,000	\$ -	\$ 8,330,531	\$ 1,456,788	\$ -	\$ 3,000,000	\$ 24,342,180
Plan Members	334,987	-	-	3,057,350	279,084	-	-	3,671,421
Total Contributions	<u>\$ 10,189,847</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 11,387,881</u>	<u>\$ 1,735,872</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 28,013,601</u>
Investment Income:								
Net Appreciation (Depreciation)								
in Fair Value of Investments	\$ (916,434)	\$ -	\$ (80,313)	\$ (2,017,569)	\$ (211,749)	\$ (425,190)	\$ (527,687)	\$ (4,178,943)
Interest	2,180,315	1,403,188	3,433	3,010,015	195,375	17,445	498,051	7,307,823
Total Investment Income	<u>\$ 1,263,881</u>	<u>\$ 1,403,188</u>	<u>\$ (76,880)</u>	<u>\$ 992,446</u>	<u>\$ (16,374)</u>	<u>\$ (407,745)</u>	<u>\$ (29,636)</u>	<u>\$ 3,128,880</u>
Less Investment Expense		-	-	-	-	-	-	-
Net Investment Income	<u>\$ 1,263,881</u>	<u>\$ 1,403,188</u>	<u>\$ (76,880)</u>	<u>\$ 992,446</u>	<u>\$ (16,374)</u>	<u>\$ (407,745)</u>	<u>\$ (29,636)</u>	<u>\$ 3,128,880</u>
Total Additions	<u>\$ 11,453,728</u>	<u>\$ 3,103,188</u>	<u>\$ (76,880)</u>	<u>\$ 12,380,327</u>	<u>\$ 1,719,498</u>	<u>\$ (407,745)</u>	<u>\$ 2,970,364</u>	<u>\$ 31,142,481</u>
<b>DEDUCTIONS</b>								
Benefits	\$ 6,023,088	\$ 4,001,338	\$ -	\$ 7,245,593	\$ 2,299,230	\$ -	\$ -	\$ 19,569,249
Refunds of Contributions	280,993	-	2,575,795	128,326	-	15,649,330	-	18,634,444
Administrative Expenses	706,340	27,995	592	804,656	114,263	11,007	118,354	1,783,207
Total Deductions	<u>\$ 7,010,421</u>	<u>\$ 4,029,333</u>	<u>\$ 2,576,387</u>	<u>\$ 8,178,575</u>	<u>\$ 2,413,493</u>	<u>\$ 15,660,337</u>	<u>\$ 118,354</u>	<u>\$ 39,986,900</u>
Net Increase (Decrease)	<u>\$ 4,443,307</u>	<u>\$ (926,145)</u>	<u>\$ (2,653,267)</u>	<u>\$ 4,201,752</u>	<u>\$ (693,995)</u>	<u>\$(16,068,082)</u>	<u>\$ 2,852,011</u>	<u>\$ (8,844,419)</u>
Assets Transfer in (Out)	-	-	-	-	-	-	-	-
Net Assets at Beginning of Year	103,646,678	25,873,205	18,045,995	165,844,384	13,597,331	16,068,082	15,811,717	358,887,392
Net Assets at End of Year	<u>\$108,089,985</u>	<u>\$24,947,060</u>	<u>\$ 15,392,728</u>	<u>\$170,046,136</u>	<u>\$12,903,336</u>	<u>\$ -</u>	<u>\$ 18,663,728</u>	<u>\$ 350,042,973</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

The actuarial valuations for all defined benefit plans are performed annually with the exception of VRS which is performed biennially; however, an actuarial update is performed in the interim year for informational purposes. In the fiscal year 2011 valuation report, VRS resumed the use of the five year smoothed market value of assets but not less than 80% or more than 120% of the market value. VRS had elected to suspend this corridor for the FY 2009 valuation. The June 30, 2011 valuation results indicate that the employer contribution rate of 10.30% of payroll is sufficient to fund the normal cost for all members and finance the unfunded accrued liability of the Plan. This contribution rate was increased from the June 30, 2009 valuation rate of 9.82%. The amortization period of the unfunded actuarial accrued liability was increased from 20 to 30 years to phase in the impact of the previously adopted change in the assumed annual rate of return from 7.5 % to 7.0%.

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

The recommended contribution rate increased from 25.06% as of July 1, 2010 to 30.48% as of July 1, 2011 for the Firefighters and Police defined benefit pension plan (Basic plan) and from 4.92% as of July 1, 2010 to 6.02% as of July 1, 2011 for the Disability plan. During the year ending June 30, 2011, the basic plan's assets returned 24.22% and the Disability plan's assets returned 23.77% on a market value basis. However, due to plans' asset smoothing method which recognizes only a portion of the gains and losses, the returns on the actuarial assets values were 3.66% and 0.05% respectively. These returns were below the assumed rate of return of 7.50% and resulted in an actuarial loss of investments of \$5.6 million for the basic plan and \$1 million for the Disability plan. As of July 1, 2011 actuarial valuation, the basic plan's unfunded actuarial liability was \$77.5 million which is an increase from last year's \$64.2 million and the Disability plan's unfunded actuarial liability was \$9.1 million which is an increase from last year's \$4.9 million. All other aspects of the asset valuation method remained the same.

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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) <u>VRS</u>	(2)	(3)	(4)	(5)	(6)	(7)*
	<u>City</u>	<u>City Supplemental Retirement</u>	<u>Pension for Fire and Police</u>	<u>Retirement Income for Fire and Police</u>	<u>Firefighters and Police Pension</u>	<u>Fire and Police Disability</u>	<u>Retirement Income for Sheriff and ERT</u>
Administrator	State of Virginia	Prudential	Prudential	Prudential	Prudential	Prudential	Prudential
Employees Covered	General body	General body Sheriff/ERT	Public Safety	Public Safety	Public Safety	Public Safety	Sheriff/ERT
Authority for Plan Provisions and Contributions	State Statute	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance
Plan Type	Agent Multi-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer
Stand Alone	Defined Benefit	Defined Benefit	Defined Benefit	Defined Contribution	Defined Benefit	Defined Benefit	Defined Contribution
Financial Report	Yes	No	No	No	No	No	No
Actuarial Valuation Date	6/30/2011	7/1/2011	7/1/2011	6/30/2012	7/1/2011	7/1/2011	6/30/2012
<b>MEMBERSHIP AND PLAN PROVISIONS</b>							
Active Participants	1974	2015	0	100	439	439	0
Retirees & Beneficiaries	824	339	138	0	183	82	0
Terminated Vested & Non-vested	517	737	0	34	21	N/A	0
<b>Normal Retirement Benefits:</b>							
Age	65 50 (30Yrs)	65 50 (30Yrs)/ 50(25 Yrs)	60 50 (20Yrs)	60	55 Any Age (25Yrs)	55	N/A
Benefits Vested	5	5	10	5	5	5	N/A
Disability & Death Benefits	Disability Death	Disability Death	Disability Death	N/A Death	Disability Death	Disability N/A	N/A N/A

\* The Retirement Income for Sheriff and ERT Plan was closed during FY 2012.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**MEMBERSHIP AND PLAN PROVISIONS**

As of:	6/30/11	7/01/11	7/01/11	6/30/12	7/01/11	7/01/11	6/30/12
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>VRS</u>						
	<u>City</u>	<u>City Supplemental Retirement</u>	<u>Pension For Fire and Police</u>	<u>Retirement Income for Fire and Police</u>	<u>Firefighters and Police Pension</u>	<u>Fire and Police Disability</u>	<u>Retirement Income for Sheriff and ERT</u>

**SIGNIFICANT ACTUARIAL ASSUMPTIONS**

Investment Earnings	7.0%	7.5%	5.5%	N/A	7.5%	7.5%	N/A
<b>Projected Salary Increases</b>							
<b>Attributable to:</b>							
Inflation	2.5% *, 2.25% <sup>†</sup>	3.0%	N/A	N/A	3.0%	3.0%	N/A
Seniority/Merit	3.75% -5.60%	Up to 4%	N/A	N/A	Up to 3.75%	Up to 3.75%	N/A
<b>Projected Postretirement</b>							
Increases	2.5% *, 2.25% <sup>†</sup>	None	3.0%	N/A	2.7%	2.7%	N/A
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	N/A	Entry Age Normal Cost	Entry Age Normal Cost	N/A
Amortization Method Open/Closed	Level Percentage Open	Level dollar N/A	Level dollar Closed	N/A	Level Percentage Closed	Level Percentage Closed	N/A
Remaining Amortization Period	30	12	14	N/A	18	18	N/A
Asset Valuation Method	5-year Smoothed Market Value	4-year Smoothed Market	Market Value	N/A	4-year Smoothed Market	4-year Smoothed Market	N/A

**Funded Status**

Actuarial Value of assets	352,101,404	103,646,678	25,873,205	N/A	153,937,251	12,723,954	N/A
Actuarial Accrued Liability	463,125,065	137,021,115	59,749,990	N/A	231,433,160	21,814,160	N/A
Unfunded Actuarial							
Accrued Liability (UAAL)	111,023,661	43,056,392	13,876,785	N/A	77,495,909	9,090,206	N/A
Funded Ratio	76.0%	68.6%	65.09%	N/A	66.5%	58.3%	N/A
Annual Covered Payroll	115,330,876	125,569,484	N/A	N/A	32,058,296	32,058,296	N/A
UAAL as Percentage of Covered Payroll	96.3%	34.3%	N/A	N/A	241.7%	28.4%	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.

\* Plan 1, <sup>†</sup> Plan 2

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**FUNDING POLICY AND ANNUAL PENSION COST**

As of:	6/12	6/12	6/12	6/12	6/12	6/12	6/12
	VRS						
	City	City Supplemental Retirement	Pension for Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability	Retirement Income for Sheriff and ERT
PERCENTAGE OF COVERED PAYROLL CONTRIBUTED							
Employee %	5.0%	2.0%	N/A	N/A	7.2%	0.8%	N/A
Employer %	7.78%	5.18% 7.18% 10.81%	\$ 1.7 mil/Yr.	N/A	24.00%	4.22%	N/A
AMOUNT CONTRIBUTED							
Employee	\$ 5,838,536 *	\$ 334,987 *	\$ -	\$ -	\$ 3,057,350	\$ 279,084	\$ -
Employer	<u>8,274,478</u>	<u>9,854,860</u>	<u>1,700,000</u>	<u>-</u>	<u>8,330,531</u>	<u>1,456,788</u>	<u>-</u>
Total Amount Contributed	<u>\$ 14,113,014</u>	<u>\$ 10,189,847</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 11,387,881</u>	<u>\$ 1,735,872</u>	<u>\$ -</u>

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

**COVERED PAYROLL**

Dollar Amount	\$ 115.3 mil	\$ 125.6 mil	\$ N/A	\$ N/A	\$ 32.1 mil	\$ 32.1 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)	*	2%	100%	-	5%	-	-
Prudential and Comerica Mutual Funds	*	61%	-	100%	50%	45%	-
Stocks	*	26%	-	-	35%	41%	-
Real Estate	*	6%	-	-	5%	6%	-
Timber	*	3%	-	-	3%	4%	-
Private Equity	*	2%	-	-	2%	4%	-

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Calculation of Net Pension Obligation (Asset)**

	City Supplemental Retirement	Pension for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
ARC	\$ 9,394,774	\$ 1,472,059	\$ 9,770,783	\$ 1,928,701
Interest on NPO	910,938	43,187	218,971	70,669
ARC Adjustment	(1,460,639)	(81,883)	(224,744)	(72,532)
Annual Pension Cost	\$ 8,845,073	\$ 1,433,363	\$ 9,765,010	\$ 1,926,838
Actual Deposit	(9,854,860)	(1,700,000)	(8,330,531)	(1,456,788)
Change in NPO	\$ (1,009,787)	\$ (266,637)	\$ 1,434,479	\$ 470,050
NPO Beginning of year	12,145,835	785,226	2,919,614	942,251
NPO End of Year (6/30/12)	\$ 11,136,048	\$ 518,589	\$ 4,354,093	\$ 1,412,301

**THREE-YEAR TREND INFORMATION**

	Actuarial Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
City Supplemental Retirement	06/30/2010	\$ 10,090,940	73.50%	\$ 11,063,239
	06/30/2011	9,627,455	88.76%	12,145,835
	06/30/2012	8,845,073	111.42%	11,136,048
Pension for Fire and Police	06/30/2010	\$ 1,574,996	106.61%	1,090,851
	06/30/2011	1,394,375	121.90%	785,226
	06/30/2012	1,433,363	118.60%	518,589
Firefighter and Police Pension	* 06/30/2010	\$ 7,927,652	89.08%	\$ 2,290,518
	06/30/2011	8,280,697	92.40%	2,919,614
	06/30/2012	9,765,010	84.51%	4,432,593
Fire and Police Disability	* 06/30/2010	\$ 1,474,702	107.43%	\$ 537,601
	06/30/2011	1,614,712	74.94%	942,251
	06/30/2012	1,926,838	75.61%	1,412,301
Virginia Retirement System	06/30/2010	\$ 7,977,375	100.00%	\$ -
	06/30/2011	8,772,167	100.00%	-
	06/30/2012	8,274,478	100.00%	-

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Exhibit XII**  
**(Continued)**

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**DESCRIPTION OF BENEFITS:**

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

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

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

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

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2012**

**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. During the FY 2012, the City closed the plan. All funds were distributed to plan members.

**NOTE 18. TERMINATION BENEFITS**

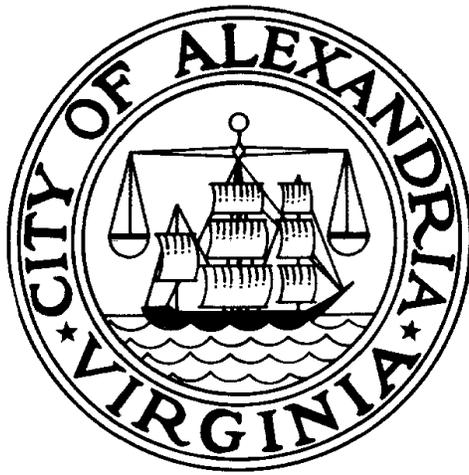
The City provided termination benefits to eight employees in fiscal year 2012. The benefits consisted of three to six weeks of pay based on completed years of service. The total cost to the City was \$0.1 million. There were no other benefits provided.

**NOTE 19. ACCOUNTING CHANGES AND RESTATEMENTS**

There were no new Accounting changes and restatements in FY 2012.

**NOTE 20. SUBSEQUENT EVENTS**

On July 26, 2012 the City Council issued \$76.82 million in General Obligation Bonds and 17.34 million in General Obligation Refunding Bonds. The General Obligation Refunding Bonds were used to refund part of the 2004C and 2006A bonds. The General Obligation Bonds were issued with an original issue premium of \$11.2 million. The General Obligation Refunding Bonds were issued with an original issue premium of \$1.9 million. Both sets of bonds had a true interest cost of 2.46 percent. The \$76.82 million bonds will be used to finance certain capital improvement projects including transportation improvements, sanitary sewers, public school facilities and other infrastructure costs.



REQUIRED  
SUPPLEMENTARY  
INFORMATION  
(Unaudited)

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

**EXHIBIT XIII**

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Positive (Negative)
<b>Revenues:</b>				
General Property Taxes.....	\$ 361,680,912	\$ 358,461,875	\$ 363,774,571	\$ 5,312,696
Other Local Taxes.....	121,330,000	121,330,000	121,101,233	(228,767)
Permits, Fees, and Licenses.....	2,049,975	2,049,975	2,373,448	323,473
Fines and Forfeitures.....	4,764,000	4,878,644	4,869,294	(9,350)
Use of Money and Property.....	3,570,000	3,570,000	3,947,855	377,855
Charges for Services.....	14,709,303	14,709,303	16,474,115	1,764,812
Intergovernmental Revenues.....	52,976,656	53,176,656	55,484,133	2,307,477
Miscellaneous.....	762,000	762,000	1,195,495	433,495
<b>Total Revenues</b> .....	<b>\$ 561,842,846</b>	<b>\$ 558,938,453</b>	<b>\$ 569,220,144</b>	<b>\$ 10,281,691</b>
<b>Expenditures:</b>				
City Council.....	\$ 524,884	\$ 524,884	\$ 497,058	\$ 27,826
City Manager.....	1,789,977	1,789,977	1,756,507	33,470
Office of Management and Budget.....	1,236,389	1,116,389	1,011,271	105,118
18th Circuit Court.....	1,459,005	1,459,005	1,388,121	70,884
18th General District Court.....	62,452	62,452	62,399	53
Juvenile And Domestic Relations Court.....	36,129	36,129	26,548	9,581
Commonwealth's Attorney.....	2,585,888	2,635,888	2,510,074	125,814
Sheriff.....	27,312,368	27,367,983	27,332,935	35,048
Clerk of Courts.....	1,573,322	1,573,322	1,552,638	20,684
Other Correctional Activities.....	5,207,501	5,360,054	5,329,286	30,768
Court Services.....	1,407,137	1,481,476	1,428,818	52,658
Human Rights.....	635,253	635,253	600,748	34,505
Internal Audit.....	249,853	249,853	242,569	7,284
Information Technology Services.....	7,519,965	7,598,174	7,066,313	531,861
Office of Communications.....	1,785,355	1,786,091	1,766,826	19,265
City Clerk and Clerk of Council.....	430,071	431,238	396,874	34,364
Finance.....	10,680,266	11,758,875	11,093,830	665,045
Real Estate Assessments.....	1,674,469	1,674,469	1,591,528	82,941
Human Resources.....	2,947,920	2,996,676	2,876,753	119,923
Planning and Zoning.....	5,505,665	5,623,460	5,575,500	47,960
Economic Development Activities.....	4,656,167	4,721,167	4,655,791	65,376
City Attorney.....	2,652,088	2,652,088	2,458,523	193,565
Registrar of Voters.....	1,135,860	1,253,860	1,164,912	88,948
General Services.....	12,486,884	12,486,884	12,300,194	186,690
Transportation and Environmental Services.....	28,086,977	28,843,959	28,624,160	219,799
Transit Subsidies.....	8,561,422	8,131,553	7,477,390	654,163
Fire.....	35,141,700	37,059,700	36,999,841	59,859
Police.....	50,890,942	51,535,891	51,293,299	242,592
Emergency Communication.....	5,687,007	6,095,007	5,979,383	115,624
Building and Fire Code Administration.....	923,364	923,364	766,443	156,921
Community and Human Services.....	14,560,343	14,923,827	14,892,554	31,273
Other Health Services.....	1,138,600	1,213,600	1,176,100	37,500
Health.....	6,919,908	6,915,625	6,657,084	258,541
Office of Historic Alexandria.....	2,795,870	2,824,565	2,800,516	24,049
Recreation and Cultural Activities.....	19,507,560	19,332,384	19,087,330	245,054
Other Educational Activities.....	12,288	12,288	12,288	-
Non Departmental (including debt service).....	54,986,012	57,582,583	57,147,566	435,017
<b>Total Expenditures</b> .....	<b>\$ 324,766,861</b>	<b>\$ 332,669,993</b>	<b>\$ 327,599,970</b>	<b>\$ 5,070,023</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of Refunding Bonds.....	\$ -	\$ 63,625,000	\$ 63,625,000	\$ -
Bond Premium.....	-	9,829,827	9,829,827	-
Payment to Refunded Bonds Escrow Agent.....	-	(73,150,309)	(73,150,309)	-
Operating Transfers In.....	1,394,903	1,394,903	1,394,903	-
Operating Transfers Out.....	(52,506,514)	(59,709,539)	(52,077,786)	7,631,753
Transfers Out - Component Units.....	(189,589,373)	(190,061,942)	(189,562,651)	499,291
<b>Total Other Financing Sources (Uses)</b> .....	<b>\$ (240,700,984)</b>	<b>\$ (248,072,060)</b>	<b>\$ (239,941,016)</b>	<b>\$ 8,131,044</b>
Net Change in Fund Balance.....	\$ (3,624,999)	\$ (21,803,600)	\$ 1,679,158	\$ 23,482,758
Fund Balances at Beginning of Year.....	80,860,167	80,860,167	80,860,167	-
<b>Increase/(Decrease) in Reserve for Inventory</b> .....	<b>-</b>	<b>-</b>	<b>443,680</b>	<b>443,680</b>
<b>FUND BALANCES AT END OF YEAR</b> .....	<b>\$ 77,235,168</b>	<b>\$ 59,056,567</b>	<b>\$ 82,983,005</b>	<b>\$ 23,926,438</b>

(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, 2012**

**Exhibit XIV**

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
<b>Revenues:</b>				
General Property Taxes.....	\$ 2,131,839	\$ 2,131,839	\$ 2,464,450	\$ 332,611
Permits, Fees and Licenses.....	4,704,290	4,704,290	6,438,363	1,734,073
Fines and Forfeitures.....	-	5,600	-	(5,600)
Use of Money and Property.....	6,000	119,908	299,020	179,112
Charges for Services.....	14,270,673	14,877,969	15,694,685	816,716
Intergovernmental Revenues.....	41,473,862	51,732,014	44,205,468	(7,526,546)
Miscellaneous.....	906,391	7,370,630	4,988,102	(2,382,528)
<b>Total Revenues.....</b>	<b>\$ 63,493,055</b>	<b>\$ 80,942,250</b>	<b>\$ 74,090,088</b>	<b>\$ (6,852,162)</b>
<b>Other Financing Sources:</b>				
Sale of Land.....	\$ -	\$ -	\$ 234,178	\$ 234,178
Operating Transfers In.....	36,840,528	37,922,157	38,894,379	972,222
Total Other Financing Sources.....	<b>\$ 36,840,528</b>	<b>\$ 37,922,157</b>	<b>\$ 39,128,557</b>	<b>\$ 1,206,400</b>
<b>Total Revenues and Other Financing Sources.....</b>	<b>\$ 100,333,583</b>	<b>\$ 118,864,407</b>	<b>\$ 113,218,645</b>	<b>\$ (5,645,762)</b>
<b>Expenditures:</b>				
Communications and Public Information.....	\$ -	\$ 4,200	\$ 4,122	\$ 78
Commonwealth's Attorney.....	250,474	274,713	249,206	25,507
Sheriff.....	653,880	699,579	655,996	43,583
Clerk of Courts.....	-	127,520	105,942	21,578
Law Library.....	170,096	170,496	170,462	34
Other Correctional and Judicial Activities.....	184,177	184,177	184,177	-
Court Services.....	172,834	329,400	328,401	999
Human Rights.....	37,582	40,976	38,976	2,000
Human Resources.....	6,000	31,000	30,953	47
Finance.....	239,401	250,500	250,275	225
Planning and Zoning.....	-	145,299	112,557	32,742
General Services.....	169,107	442,005	427,798	14,207
Transportation and Environmental Services.....	3,191,274	4,703,994	3,204,976	1,499,018
Fire.....	1,229,363	3,488,756	1,966,036	1,522,720
Building and Fire Code Administration.....	4,777,633	4,777,633	4,041,027	736,606
Police.....	30,000	1,251,835	259,544	992,291
Office of Housing.....	3,820,315	11,956,993	9,468,472	2,488,521
Community and Human Services.....	76,225,432	76,802,704	72,622,198	4,180,506
Alexandria Health.....	-	40,055	39,166	889
Historic Alexandria.....	510,901	607,163	479,703	127,460
Recreation and Cultural Activities.....	720,566	827,379	768,299	59,080
Non Departmental.....	1,000,000	2,778,482	1,417,615	1,360,867
<b>Total Expenditures.....</b>	<b>\$ 93,389,035</b>	<b>\$ 109,934,859</b>	<b>\$ 96,825,901</b>	<b>\$ 13,108,958</b>
<b>Other Financing Uses:</b>				
Operating Transfers Out.....	\$ 6,854,548	\$ 8,929,548	\$ 11,612,472	\$ (2,682,924)
<b>Total Other Financing Uses.....</b>	<b>\$ 6,854,548</b>	<b>\$ 8,929,548</b>	<b>\$ 11,612,472</b>	<b>\$ (2,682,924)</b>
<b>Total Expenditures and Other Financing Uses.....</b>	<b>\$ 100,243,583</b>	<b>\$ 118,864,407</b>	<b>\$ 108,438,373</b>	<b>\$ 10,426,034</b>
<b>Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses.....</b>				
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,780,272</b>	<b>\$ 4,780,272</b>
Fund Balances at Beginning of Year.....	\$ -	\$ -	\$ 25,869,512	\$ 25,869,512
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,649,784</b>	<b>\$ 30,649,784</b>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Budgetary Comparison Schedules**  
**For Fiscal Year Ended June 30, 2012**

**Exhibit XV**

**(1) SUMMARY OF SIGNIFICANT BUDGET POLICIES**

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. On June 25, 2011, the City Council approved the original adopted budget and on June 16, 2012 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:

<b>General Fund</b>				
Budget Statement Title	Budgetary Statement Amount	Adjustment for Transfer to Component Unit (Footnote 10)	Exhibit IV	Exhibit IV Title
Other Educational Activities	\$ 12,288	\$ 174,956,420	\$ 174,968,708	Education
Transit Subsidies	8,094,839	8,460,569	16,555,408	Transit
Library Transfer	-	6,145,662	6,145,662	Library
Other Expenditures (not listed separately)	392,643,152	-	392,643,152	Other Expenditures (not listed separately)
<b>Total Expenditures</b>	<b>\$ 400,750,279</b>	<b>\$ 189,562,651</b>	<b>\$ 590,312,930</b>	<b>Total Expenditures</b>
<hr/>				
Transfers Out – Component Units	\$ 189,562,651	\$ (189,562,651)	\$ -	None
Operating Transfers Out	52,077,786	-	52,077,786	Operating Transfers Out
Other Financing	(1,699,421)	-	(1,699,421)	Other Expenditures (not listed separately)
<b>Total Financing (Sources) Uses</b>	<b>\$ 239,941,016</b>	<b>\$ (189,562,651)</b>	<b>\$ 50,378,365</b>	<b>Total Financing Uses</b>

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**  
**For Fiscal Year Ended June 30, 2012**

**Exhibit XVI**

**SCHEDULE OF FUNDING PROGRESS**

	(1)	(2)	(3)	(4)	(5)	(6)	
	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL as a	
	Valuation	Value of	AAL	Ratio	Covered	Percentage of	
	Date	Assets	Liability	(UAAL)	Payroll	Covered Payroll	
			(AAL)	(2)-(1)	(1/2)	((2-1)/5)	
City Supplemental Pension (a)	06/30/2006	\$ 65,143,405	\$ 96,974,375	\$ 31,830,970	67.18%	\$ 116,853,571	27.24%
	06/30/2007	77,046,696	107,983,990	30,937,294	71.35%	123,522,516	25.05%
	06/30/2008	76,275,945	117,964,452	41,688,507	64.66%	126,492,987	32.96%
	06/30/2009	69,806,595	123,842,600	54,036,005	56.37%	125,803,615	42.95%
	07/01/2010	81,356,870	132,010,864	50,653,994	61.63%	124,936,457	40.54%
	07/01/2011	93,964,723	137,021,115	43,056,392	68.58%	125,569,484	34.29%
Pension for Fire and Police**	06/30/2006	\$ 30,940,298	\$ 43,895,855	\$ 12,955,557	70.49%	\$ 71,935	18010.09%
	06/30/2007	30,875,740	42,511,290	11,635,550	72.63%	72,987	15941.95%
	06/30/2008	29,043,189	47,171,730	18,128,541	61.57%	N/A	N/A
	06/30/2009	27,946,279	44,821,166	16,874,887	62.35%	N/A	N/A
	07/01/2010	26,886,856	41,265,691	14,378,835	65.16%	N/A	N/A
	07/01/2011	25,873,205	39,749,990	13,876,785	65.09%	N/A	N/A
Firefighters and Police Pension	07/01/2006	\$ 100,513,967	\$ 152,624,962	\$ 52,110,995	65.86%	\$ 31,961,191	163.04%
	07/01/2007	115,782,806	167,092,854	51,310,048	69.29%	32,564,077	157.57%
	07/01/2008	133,567,658	181,469,715	47,902,057	73.60%	33,485,674	143.05%
	07/01/2009	138,100,526	194,321,125	56,220,599	71.07%	33,261,971	169.02%
	07/01/2010	144,096,425	208,265,626	64,169,201	69.19%	32,638,214	196.61%
	07/01/2011	153,937,251	231,433,160	77,495,909	66.51%	32,058,296	241.73%
Fire and Police Disability	07/01/2006	\$ 13,830,273	\$ 12,568,299	\$ (1,261,974)	110.04%	\$ 31,961,191	-3.95%
	07/01/2007	14,398,259	15,638,422	1,240,163	92.07%	32,564,077	3.81%
	07/01/2008	14,305,285	16,804,777	2,499,492	85.13%	33,485,674	7.46%
	07/01/2009	13,542,378	19,153,249	5,610,871	70.71%	33,261,971	16.87%
	07/01/2010	13,534,949	18,477,276	4,942,327	73.25%	32,638,214	15.14%
	07/01/2011	12,723,954	21,814,160	9,090,206	58.33%	32,058,296	28.36%
Virginia Retirement System	06/30/2006	\$ 265,845,121	\$ 312,274,142	\$ 46,429,021	85.13%	\$ 100,219,243	46.33%
	06/30/2007	302,085,645	344,775,571	42,689,926	87.62%	108,719,495	39.27%
	06/30/2008	334,817,687	378,308,775	43,491,088	88.50%	114,427,304	38.01%
	06/30/2009	341,519,985	401,354,110	59,834,125	85.09%	115,516,783	51.80%
	06/30/2010	343,465,187	440,562,710	97,097,523	77.96%	112,083,557	86.63%
	06/30/2011	352,101,404	463,125,065	111,023,661	76.03%	115,330,876	96.27%

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Public Employee Retirement Systems - Primary Government**  
**Required Supplementary Information**  
**For Fiscal Year Ended June 30, 2012**

**Exhibit XVI**  
**(Continued)**

**SCHEDULES OF EMPLOYER CONTRIBUTIONS**

**For Defined Benefit Pension Plans**

<u>City Supplemental Retirement</u>		
<u>Actuarial</u>	<u>Annual</u>	<u>Percentage</u>
<u>Date</u>	<u>Required</u>	<u>Contributed</u>
	<u>Contribution</u>	<u>Contributed</u>
06/30/2007	\$ 4,811,560	98.61%
06/30/2008	5,419,262	99.81%
06/30/2009	6,381,581	80.07%
06/30/2010	10,284,656	72.11%
06/30/2011	9,882,928	86.46%
06/30/2012	9,394,774	104.90%

<u>Pension Plan for Fire and Police</u>		
<u>Actuarial</u>	<u>Annual</u>	<u>Percentage</u>
<u>Date</u>	<u>Required</u>	<u>Contributed</u>
	<u>Contribution</u>	<u>Contributed</u>
06/30/2007	\$ 1,187,836	126.30%
06/30/2008	1,209,549	70.27%
06/30/2009	1,679,131	101.71%
06/30/2010	1,623,492	103.40%
06/30/2011	1,443,056	117.81%
06/30/2012	1,472,059	115.48%

**Firefighters and Police Pension**

06/30/2007	\$ 6,985,282	91.25%
06/30/2008	7,116,057	101.49%
06/30/2009	7,184,309	98.65%
06/30/2010	7,916,599	89.20%
06/30/2011	8,268,658	92.54%
06/30/2012	9,770,783	85.26%

**Virginia Retirement System**

06/30/2007	\$ 7,077,570	100.00%
06/30/2008	7,490,208	100.00%
06/30/2009	8,149,979	100.00%
06/30/2010	7,977,375	100.00%
06/30/2011	8,772,167	100.00%
06/30/2012	8,274,478	100.00%

**Fire and Police Disability**

06/30/2007	\$ 1,455,223	51.71%
06/30/2008	1,610,278	47.88%
06/30/2009	1,244,853	116.07%
06/30/2010	1,469,682	107.80%
06/30/2011	1,611,887	75.07%
06/30/2012	1,928,701	75.53%

**See Accompanying Independent Auditors' Report**

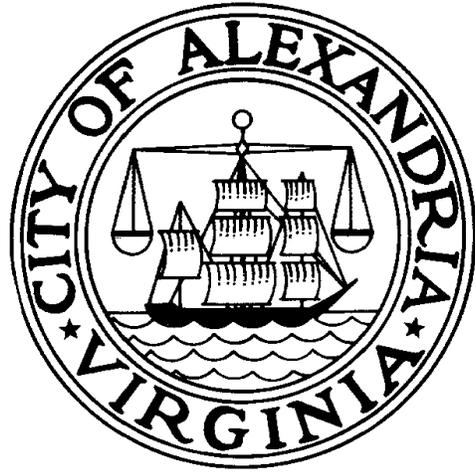
**CITY OF ALEXANDRIA, VIRGINIA  
Other Post-Employment Benefits (OPEB)  
Required Supplementary Information  
For Fiscal Year Ended June 30, 2012**

**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%
12/31/2010	11,668,519	80,569,082	68,900,563	14.48%	146,101,440	47.16%
12/31/2011	15,081,559	81,202,583	66,121,024	18.57%	148,202,583	44.62%

**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. This project is now complete.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Statement of Changes in Assets and Liabilities – Agency Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>HUMAN SERVICES SPECIAL WELFARE ACCOUNT</b>				
Assets				
Cash and Investments with Fiscal Agent.....	\$ 5,449	24,700	25,758	\$ 4,391
Liabilities:				
Other Liabilities.....	\$ 5,449	24,700	25,758	\$ 4,391
Total Liabilities.....	<u>\$ 5,449</u>	<u>\$ 24,700</u>	<u>\$ 25,758</u>	<u>\$ 4,391</u>
<b>HUMAN SERVICES DEDICATED ACCOUNT</b>				
Assets				
Cash and Investments with Fiscal Agent.....	\$ 41,735	683		\$ 42,418
Liabilities:				
Other Liabilities.....	\$ 41,735	683		\$ 42,418
Total Liabilities.....	<u>\$ 41,735</u>	<u>\$ 683</u>	<u>\$ -</u>	<u>\$ 42,418</u>
<b>INDUSTRIAL DEVELOPMENT AUTHORITY</b>				
Assets				
Equity in Pooled Cash and Investments.....	\$ 17,427	76,165		\$ 93,592
Liabilities:				
Vouchers Payable.....	\$ -	\$ 24,052	\$ -	\$ 24,052
Other Liabilities.....	17,427	76,165	24,052	69,540
Total Liabilities.....	<u>\$ 17,427</u>	<u>\$ 100,217</u>	<u>\$ 24,052</u>	<u>\$ 93,592</u>
<b>POTOMAC YARD AFFORDABLE HOUSING -ASLLC</b>				
Assets				
Equity in Pooled Cash and Investments.....	\$ 828	45,528	46,356	\$ -
Liabilities:				
Other Liabilities.....	\$ 828	\$ 45,528	\$ 46,356	\$ -
Total Liabilities.....	<u>\$ 828</u>	<u>\$ 45,528</u>	<u>\$ 46,356</u>	<u>\$ -</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
Assets				
Cash and Investments with Fiscal Agent.....	\$ 47,184	\$ 25,383	\$ 25,758	\$ 46,809
Equity in Pooled Cash and Investments.....	18,255	121,693	46,356	93,592
Total Assets.....	<u>\$ 65,439</u>	<u>\$ 147,076</u>	<u>\$ 72,114</u>	<u>\$ 140,401</u>
Liabilities:				
Vouchers Payable.....	\$ -	\$ 24,052	\$ -	\$ 24,052
Other Liabilities.....	65,439	147,076	96,166	116,349
Total Liabilities.....	<u>\$ 65,439</u>	<u>\$ 171,128</u>	<u>\$ 96,166</u>	<u>\$ 140,401</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Cash Flows**  
**Component Unit**  
**Alexandria Transit Company**  
**As of June 30, 2012**

Cash Flows from Operating Activities:	
Cash Received From Customers.....	\$ 4,704,120
Cash Payments to Suppliers for Goods and Services.....	(4,114,802)
Cash Payments to Employees for Services.....	(9,071,939)
Net Cash Used for Operating Activities.....	<u>\$ (8,482,621)</u>
Cash Flows from Noncapital Financing Activities:	
Payment from Primary Government.....	\$ 8,460,569
Cash Received from Other Nonoperating Revenue.....	38,509
Net Cash Provided by Noncapital and Related Financing Activities.....	<u>\$ 8,499,078</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets.....	\$ (316,178)
Net Cash Used for Capital and Related Financing Activities.....	<u>\$ (316,178)</u>
Net Increase in Cash and Cash Equivalents.....	\$ (299,721)
Cash and Cash Equivalents at Beginning of Year.....	311,198
<b>Cash and Cash Equivalents at End of Year.....</b>	<b><u><u>\$ 11,477</u></u></b>

Reconciliation of Operating Loss to Cash Used for  
Operating Activities:

Operating Loss.....	<u>\$ (9,385,671)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense.....	\$ 1,529,627
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable.....	(318,093)
Increase in Inventory of Supplies.....	(108,014)
Decrease in Prepaid Expenses.....	(197,193)
(Decrease) in Accounts Payable.....	(8,077)
Increase in Accrued Liabilities.....	15,727
Increase in Other Liabilities.....	(10,927)
Total Adjustments.....	<u>\$ 903,050</u>
<b>Net Cash Used for Operating Activities.....</b>	<b><u><u>\$ (8,482,621)</u></u></b>

## Special Revenue Funds

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

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

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

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

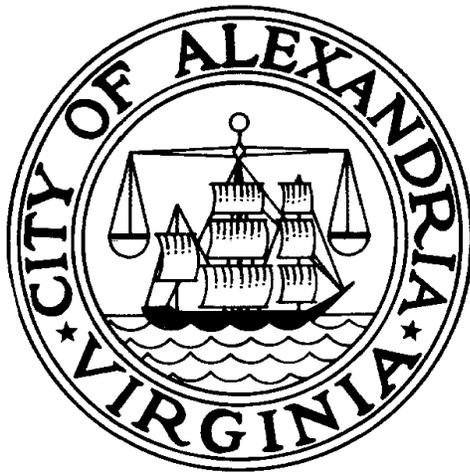
*Other Special Revenue* – This fund accounts for grants and donations.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Balance Sheet**  
**Special Revenue Funds**  
**As of June 30, 2012**

	<u>Housing</u>	<u>Sanitary Sewer</u>	<u>Stormwater</u>	<u>Potomac Yard</u>	<u>Other Special Revenue</u>	<u>Total Combined Special Revenue</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 3,871,002	\$ 10,639,285	\$ 196,005	\$ 1,063,068	\$ 12,225,845	\$ 27,995,205
Receivables, Net	2,493,166	550,927	-	34,873	237,766	3,316,732
Due From Other Governments	1,057,623	-	-	-	6,900,530	7,958,153
Prepaid and Other Assets	-	-	-	-	63,500	63,500
Total Assets	<u>\$ 7,421,791</u>	<u>\$ 11,190,212</u>	<u>\$ 196,005</u>	<u>\$ 1,097,941</u>	<u>\$ 19,427,641</u>	<u>\$ 39,333,590</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 241,760	\$ 12,272	\$ 17,196	\$ -	\$ 1,808,022	\$ 2,079,250
Accrued Wages	28,177	43,295	9,629	-	1,113,533	1,194,634
Unearned Revenue	110,449	-	-	-	5,299,473	5,409,922
Total Liabilities	<u>\$ 380,386</u>	<u>\$ 55,567</u>	<u>\$ 26,825</u>	<u>\$ -</u>	<u>\$ 8,221,028</u>	<u>\$ 8,683,806</u>
<b>FUND BALANCES</b>						
Non-Spendable	\$ 1,096,021	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 2,596,021
Restricted	5,945,384	-	-	-	1,802,827	7,748,211
Committed	-	11,134,645	169,180	1,097,941	173,321	12,575,087
Assigned	-	-	-	-	7,730,465	7,730,465
Total Fund Balances	<u>\$ 7,041,405</u>	<u>\$ 11,134,645</u>	<u>\$ 169,180</u>	<u>\$ 1,097,941</u>	<u>\$ 11,206,613</u>	<u>\$ 30,649,784</u>
Total Liabilities and Fund Balances	<u>\$ 7,421,791</u>	<u>\$ 11,190,212</u>	<u>\$ 196,005</u>	<u>\$ 1,097,941</u>	<u>\$ 19,427,641</u>	<u>\$ 39,333,590</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Housing</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Potomac Yard</u>	<u>Other Special Revenue</u>	<u>Total Combined Special Revenue</u>
<b>REVENUES</b>						
General Property Taxes	\$ -	\$ -	\$ 1,644,013	\$ 820,437	\$ -	\$ 2,464,450
Permits, Fees, and Licenses	-	-	-	-	6,438,363	6,438,363
Use of Money and Property	11,989	-	-	-	287,031	299,020
Charges for Services	-	8,658,730	-	-	7,035,955	15,694,685
Intergovernmental Revenue	2,241,972	-	-	-	41,963,496	44,205,468
Miscellaneous	1,178,034	-	-	1,000,000	2,810,068	4,988,102
Total Revenues	<u>\$ 3,431,995</u>	<u>\$ 8,658,730</u>	<u>\$ 1,644,013</u>	<u>\$ 1,820,437</u>	<u>\$ 58,534,913</u>	<u>\$ 74,090,088</u>
<b>EXPENDITURES</b>						
Current Operating:						
General Government	\$ -	\$ -	\$ -	\$ -	\$ 745,725	\$ 745,725
Judicial Administration	-	-	-	-	1,252,594	1,252,594
Public Safety	-	-	-	-	6,712,179	6,712,179
Public Works	-	2,027,367	151,320	-	1,957,667	4,136,354
Health and Welfare	-	-	-	-	70,596,215	70,596,215
Culture and Recreation	-	-	-	-	2,780,164	2,780,164
Community Development	9,571,326	-	-	-	1,031,344	10,602,670
Total Expenditures	<u>\$ 9,571,326</u>	<u>\$ 2,027,367</u>	<u>\$ 151,320</u>	<u>\$ -</u>	<u>\$ 85,075,888</u>	<u>\$ 96,825,901</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,139,331)</u>	<u>\$ 6,631,363</u>	<u>\$ 1,492,693</u>	<u>\$ 1,820,437</u>	<u>\$ (26,540,975)</u>	<u>\$ (22,735,813)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Land	\$ 234,178	\$ -	\$ -	\$ -	\$ -	\$ 234,178
Transfers In	3,819,778	-	-	-	35,074,601	38,894,379
Transfers Out	(134,598)	(2,894,903)	(1,471,000)	(1,500,000)	(5,611,971)	(11,612,472)
Total Other Financing Sources and Uses	<u>\$ 3,919,358</u>	<u>\$ (2,894,903)</u>	<u>\$ (1,471,000)</u>	<u>\$ (1,500,000)</u>	<u>\$ 29,462,630</u>	<u>\$ 27,516,085</u>
Total other financing sources (uses)	3,919,358	(2,894,903)	(1,471,000)	(1,500,000)	29,462,630	27,516,085
Net Change in Fund Balance	<u>\$ (2,219,973)</u>	<u>\$ 3,736,460</u>	<u>\$ 21,693</u>	<u>\$ 320,437</u>	<u>\$ 2,921,655</u>	<u>\$ 4,780,272</u>
Fund Balance at Beginning of Year	9,261,378	7,398,185	147,487	777,504	8,284,958	25,869,512
Fund Balance at End of Year	<u>\$ 7,041,405</u>	<u>\$ 11,134,645</u>	<u>\$ 169,180</u>	<u>\$ 1,097,941</u>	<u>\$ 11,206,613</u>	<u>\$ 30,649,784</u>



# STATISTICAL SECTION

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

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

Table I - Schedule of Changes in Net Assets

Table II - Changes in Fund Balances Governmental Funds

Table VII - Net assets

Table VIII - Fund Balances Governmental Funds

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

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

Table III - Tax Revenues by Source

Tables IV and V - Tax Levies and Collections

Table VI - Real and Personal Property Tax Assessments and Rates

Table IX - 2012 Tax Rates for Major Revenue Sources

Table XV and XVI - Principal Taxpayers

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

Table X - Legal Debt Margin Information

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

Table XXII - Overlapping Debt and Debt History

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

Table XXIII - Summary of Total General Obligation Bonds Debt Service

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

Table XIV - Population and Per Capita Income

Table XVII - Alexandria City School Board Demographic Statistics

Table XVIII - Government Employees By Function

Table XIX - Principal Employers

Table XXI - Miscellaneous Statistical Data

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

Table XX – Operating and Capital Indicators

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

**TABLE I**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 47.4	\$ 56.5	\$ 47.7	\$ 47.5	\$ 63.6	\$ 64.6	\$ 79.5	\$ 61.1	\$ 59.2	\$ 84.7
Judicial Administration	13.0	14.0	14.6	15.6	17.7	19.3	19.3	19.3	19.8	20.5
Public Safety	88.4	94.9	96.5	106.9	112.3	114.5	120.5	118.3	122.2	126.9
Public Works	36.9	44.1	40.0	41.1	44.3	48.8	48.5	57.0	51.0	56.4
Library	5.1	5.5	6.0	6.4	6.8	6.9	6.8	6.1	5.9	6.2
Health and Welfare	71.9	73.9	79.4	84.3	89.4	96.2	97.3	90.8	92.7	93.6
Transit	11.9	9.1	10.5	12.5	14.1	14.1	12.5	13.1	16.3	15.9
Culture and Recreation	20.8	21.3	26.1	25.3	26.9	30.4	28.1	25.9	28.3	27.7
Community Development	13.5	16.2	16.1	24.4	35.0	40.6	30.4	21.0	24.6	34.3
Education	123.4	128.6	142.2	139.9	153.7	168.5	173.8	173.3	174.8	185.2
Interest on Long-term Debt	7.1	8.0	9.5	10.4	13.5	12.5	10.9	16.4	17.3	22.0
Total Governmental Activities	<u>\$ 439.3</u>	<u>\$ 472.0</u>	<u>\$ 488.6</u>	<u>\$ 514.4</u>	<u>\$ 577.3</u>	<u>\$ 616.4</u>	<u>\$ 627.6</u>	<u>\$ 602.3</u>	<u>\$ 612.1</u>	<u>\$ 673.4</u>
Total Primary Government Expenses	<u>\$ 439.3</u>	<u>\$ 472.0</u>	<u>\$ 488.6</u>	<u>\$ 514.4</u>	<u>\$ 577.3</u>	<u>\$ 616.4</u>	<u>\$ 627.6</u>	<u>\$ 602.3</u>	<u>\$ 612.1</u>	<u>\$ 673.4</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ 6.3	\$ 5.6	\$ 1.4	\$ 2.0	\$ 1.3	\$ 1.5
Judicial Administration	1.7	1.9	2.0	2.0	2.0	1.9	1.6	1.5	1.7	1.7
Public Safety	6.5	7.6	8.4	10.6	11.5	10.7	15.5	11.1	13.3	14.4
Public Works	9.6	10.4	13.2	16.9	16.1	17.4	18.1	18.0	21.3	23.5
Library	-	-	-	-	-	-	-	-	-	-
Health and Welfare	5.2	5.2	5.1	5.4	6.4	6.7	6.6	6.7	6.4	6.7
Transit	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	1.7	1.6	1.7	2.3	2.5	3.0	2.9	3.1	3.1	5.4
Community Development	0.3	0.3	0.3	3.1	4.9	6.0	8.2	1.6	3.9	2.7
Operating Grants and Contributions	60.0	62.5	59.6	60.3	61.0	61.3	63.2	65.2	65.0	66.4
Capital Grants and Contributions	20.0	15.0	5.1	9.9	18.2	7.6	20.5	50.2	7.4	19.6
Total Governmental Activities	<u>\$ 105.0</u>	<u>\$ 104.5</u>	<u>\$ 95.4</u>	<u>\$ 110.5</u>	<u>\$ 128.9</u>	<u>\$ 120.2</u>	<u>\$ 138.0</u>	<u>\$ 159.4</u>	<u>\$ 123.4</u>	<u>\$ 141.9</u>
Total Primary Government Revenues	<u>\$ 105.0</u>	<u>\$ 104.5</u>	<u>\$ 95.4</u>	<u>\$ 110.5</u>	<u>\$ 128.9</u>	<u>\$ 120.2</u>	<u>\$ 138.0</u>	<u>\$ 159.4</u>	<u>\$ 123.4</u>	<u>\$ 141.9</u>

Amounts may not add due to rounding

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

**TABLE I (continued)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Net (Expense) (Revenue)</b>										
General Government	\$ (47.4)	\$ (56.5)	\$ (47.7)	\$ (47.5)	\$ (57.3)	\$ (57.7)	\$ (77.6)	\$ (58.5)	\$ (56.4)	\$ (82.4)
Judicial Administration	(11.3)	(12.1)	(12.6)	(13.6)	(15.7)	(13.1)	(13.7)	(14.2)	(14.1)	(15.2)
Public Safety	(81.9)	(87.3)	(88.1)	(96.3)	(100.8)	(89.6)	(91.8)	(93.5)	(96.2)	(99.0)
Public Works	(27.3)	(33.7)	(26.8)	(24.2)	(28.2)	(20.7)	(4.8)	19.3	(15.8)	(9.6)
Library	(5.1)	(5.5)	(6.0)	(6.4)	(6.8)	(6.9)	(6.8)	(6.1)	(5.9)	(6.2)
Health and Welfare	(66.7)	(68.7)	(74.3)	(78.9)	(83.0)	(57.2)	(54.7)	(49.1)	(51.4)	(54.2)
Transit	(11.9)	(9.1)	(10.5)	(12.5)	(14.1)	(14.1)	(12.6)	(13.1)	(16.3)	(15.9)
Culture and Recreation	(19.1)	(19.7)	(24.4)	(23.0)	(24.4)	(27.2)	(25.0)	(22.3)	(24.7)	(22.0)
Community Development	(13.2)	(15.9)	(15.8)	(21.3)	(30.1)	(28.9)	(26.0)	(15.2)	(15.4)	(19.9)
Education	(123.4)	(128.6)	(142.2)	(139.9)	(153.7)	(168.5)	(165.7)	(173.3)	(174.8)	(185.2)
Interest on Long-term Debt	(7.1)	(8.0)	(9.5)	(10.4)	(13.5)	(12.4)	(10.9)	(16.3)	(17.3)	(21.9)
Subtotal Governmental Activities	<u>\$ (414.3)</u>	<u>\$ (445.0)</u>	<u>\$ (457.9)</u>	<u>\$ (474.1)</u>	<u>\$ (527.6)</u>	<u>\$ (496.3)</u>	<u>\$ (489.6)</u>	<u>\$ (442.3)</u>	<u>\$ (488.3)</u>	<u>\$ (531.5)</u>
Total Primary Government	<u>\$ (414.3)</u>	<u>\$ (445.0)</u>	<u>\$ (457.9)</u>	<u>\$ (474.1)</u>	<u>\$ (527.6)</u>	<u>\$ (496.3)</u>	<u>\$ (489.6)</u>	<u>\$ (442.3)</u>	<u>\$ (488.3)</u>	<u>\$ (531.5)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes										
Real Estate	\$ 189.4	\$ 211.1	\$ 234.3	\$ 255.4	\$ 275.4	\$ 289.3	\$ 296.4	\$ 304.3	\$ 315.6	\$ 321.6
Personal Property	31.1	31.3	32.0	33.1	35.3	38.6	37.9	32.9	37.0	48.2
Other	88.4	94.2	101.5	109.4	111.0	112.2	112.3	114.3	118.2	121.1
Transfer	1.0	-	-	-	-	-	-	-	-	-
Grants and Contributions										
not restricted to other programs	29.2	30.4	29.5	31.0	32.4	31.8	32.4	31.5	32.4	41.5
Interest and Investment Earnings	3.6	1.7	4.9	9.1	6.9	6.0	1.7	0.4	1.0	1.3
Miscellaneous	0.6	0.3	0.5	0.8	0.6	0.6	1.1	0.8	1.0	1.2
Subtotal Governmental Activities	<u>\$ 343.3</u>	<u>\$ 369.1</u>	<u>\$ 402.7</u>	<u>\$ 438.9</u>	<u>\$ 461.6</u>	<u>\$ 478.5</u>	<u>\$ 481.8</u>	<u>\$ 484.2</u>	<u>\$ 505.2</u>	<u>\$ 534.9</u>
Business-type Activities:										
Total Primary Government	<u>\$ 343.3</u>	<u>\$ 369.1</u>	<u>\$ 402.7</u>	<u>\$ 438.9</u>	<u>\$ 461.6</u>	<u>\$ 478.5</u>	<u>\$ 481.8</u>	<u>\$ 484.2</u>	<u>\$ 505.2</u>	<u>\$ 534.9</u>
Change in Net Assets										
Governmental Activities:	<u>\$ (71.0)</u>	<u>\$ (75.9)</u>	<u>\$ (55.2)</u>	<u>\$ (35.2)</u>	<u>\$ (66.0)</u>	<u>\$ (17.8)</u>	<u>\$ (7.8)</u>	<u>\$ 41.9</u>	<u>\$ 16.8</u>	<u>\$ 3.4</u>
	<u>\$ (71.0)</u>	<u>\$ (75.9)</u>	<u>\$ (55.2)</u>	<u>\$ (35.2)</u>	<u>\$ (66.0)</u>	<u>\$ (17.8)</u>	<u>\$ (7.8)</u>	<u>\$ 41.9</u>	<u>\$ 16.8</u>	<u>\$ 3.4</u>

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

**TABLE II**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Property Taxes	\$ 218.9	\$ 243.5	\$ 265.3	\$ 290.1	\$ 310.8	\$ 324.1	\$ 333.5	\$ 337.2	\$ 351.6	\$ 366.2
Other Local Taxes	88.1	94.0	101.5	109.5	111.0	112.3	112.3	114.4	118.3	121.1
Permits Fees and License	4.5	4.0	4.5	6.5	7.2	5.8	5.7	4.8	7.1	8.8
Fines and Forfeitures	3.9	4.2	4.0	3.5	3.6	3.9	4.1	3.9	4.5	4.9
Use of Money and Property	6.3	4.6	7.9	12.1	15.8	12.0	6.2	3.8	4.1	4.6
Charges for Services	15.6	16.1	19.2	23.9	23.2	25.8	25.3	27.0	29.9	32.2
Intergovernmental Revenue	92.9	95.4	90.1	92.1	111.5	100.7	116.0	110.1	101.9	111.1
Sale of Surplus Property	-	2.8	-	0.5	-	-	-	-	-	-
Miscellaneous and Non Revenue Receipts	4.8	7.6	4.2	5.1	7.3	10.2	15.8	5.5	7.5	8.3
<b>Total Governmental Revenues</b>	<b>\$ 435.1</b>	<b>\$ 472.1</b>	<b>\$ 496.7</b>	<b>\$ 543.3</b>	<b>\$ 590.4</b>	<b>\$ 594.8</b>	<b>\$ 618.9</b>	<b>\$ 606.7</b>	<b>\$ 624.9</b>	<b>\$ 657.2</b>
Expenditures										
General Government	31.9	36.1	37.7	39.6	45.5	43.0	46.7	45.2	44.3	46.8
Judicial Administration	12.5	13.5	14.1	15.0	17.1	18.7	18.9	18.8	19.3	20.0
124 Public Safety	86.6	89.6	93.8	104.5	109.6	112.2	116.8	115.0	118.4	123.8
Public Works	29.8	30.0	30.1	32.6	35.5	36.7	36.9	42.3	37.9	41.0
Library	5.1	5.5	6.0	6.4	6.8	6.9	6.8	6.1	5.9	6.1
Health and Welfare	71.5	73.5	78.9	83.9	88.9	95.7	96.8	90.2	92.1	93.1
Transit and Transit Transfer	8.5	9.1	10.5	12.5	14.1	14.1	12.5	13.1	16.3	15.9
Culture and Recreation	17.4	18.5	20.1	21.8	23.6	24.5	23.2	21.8	22.8	23.2
Community Development	12.1	13.3	15.1	23.3	31.3	34.4	28.5	19.3	22.8	25.9
Education	122.9	128.0	141.7	139.4	150.7	164.2	168.0	167.5	170.1	178.5
Capital Outlay	49.4	53.4	51.5	79.1	93.5	75.8	100.7	93.4	91.5	71.8
Debt Service - Principal	10.4	10.9	13.2	16.5	17.7	18.2	19.1	19.5	21.1	23.7
- Interest	7.2	7.9	9.6	10.5	13.3	12.3	12.8	15.1	17.4	19.5
<b>Total Governmental Expenditures</b>	<b>\$ 465.2</b>	<b>\$ 489.1</b>	<b>\$ 522.3</b>	<b>\$ 585.1</b>	<b>\$ 647.6</b>	<b>\$ 656.7</b>	<b>\$ 687.7</b>	<b>\$ 667.3</b>	<b>\$ 679.9</b>	<b>\$ 689.3</b>
Excess of Revenues over (under ) expenditures	\$ (30.1)	\$ (17.0)	\$ (25.6)	\$ (41.8)	\$ (57.2)	\$ (61.9)	\$ (68.8)	\$ (60.6)	\$ (55.0)	\$ (32.1)
<b>Other Financing Sources/(Uses)</b>										
Issuance of Debt	-	67.9	55.8	72.7	0.1	-	145.7	-	74.2	74.8
Sale of Land										0.6
Transfers in	48.0	45.0	54.7	59.0	49.1	67.8	58.9	48.6	47.9	61.7
Transfers out	(47.6)	(46.5)	(54.7)	(59.5)	(50.0)	(67.8)	(58.2)	(48.9)	(48.1)	(65.2)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0.4</b>	<b>\$ 66.3</b>	<b>\$ 55.8</b>	<b>\$ 72.2</b>	<b>\$ (0.8)</b>	<b>\$ -</b>	<b>\$ 146.4</b>	<b>\$ (0.3)</b>	<b>\$ 74.0</b>	<b>\$ 71.9</b>
Net change in Fund Balance	\$ (29.7)	\$ 49.3	\$ 30.2	\$ 30.4	\$ (58.0)	\$ (61.9)	\$ 77.6	\$ (60.9)	\$ 19.0	\$ 39.8
Debt Service as percentage of noncapital expenditures	4.23%	4.31%	4.84%	5.34%	5.59%	5.25%	5.43%	6.03%	6.54%	7.00%

Amounts may not add due to rounding

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

**TABLE III**

Fiscal Year		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Property Taxes</b>	<b>Real Estate</b>	\$ 186,431,815	\$ 210,922,789	\$ 232,528,457	\$ 255,141,063	\$ 274,477,589	\$ 287,344,299	\$ 295,518,893	\$ 302,666,192	\$ 314,506,526	\$ 326,248,520
	<b>Personal</b>	30,745,962	30,944,059	31,243,560	33,163,126	34,487,106	34,883,037	36,023,945	32,923,178	34,891,944	37,897,525
	<b>Penalties and Interest</b>	1,761,585	1,657,926	1,514,783	1,751,503	1,856,927	1,885,683	1,939,225	1,631,548	2,246,186	2,092,976
<b>125 Other Local Taxes</b>	<b>Local Sales</b>	\$ 21,216,124	\$ 22,541,886	\$ 23,812,277	\$ 25,264,689	\$ 25,440,638	\$ 24,256,803	\$ 21,679,635	\$ 22,744,483	\$ 23,880,909	\$ 24,949,593
	<b>Utility</b>	17,793,919	18,570,290	18,520,667	17,587,865	13,836,170	10,019,854	10,409,248	10,462,233	10,812,989	10,322,623
	<b>Business License</b>	23,679,889	25,601,366	27,098,032	28,381,583	30,947,412	32,026,526	30,527,956	30,295,624	30,444,798	31,468,957
	<b>Cable TV Franchise Lic</b>	978,574	1,089,381	1,154,576	1,240,841	720,926	-	-	-	-	-
	<b>Motor Vehicle License</b>	2,313,054	2,427,656	2,460,980	2,461,023	2,429,078	3,197,576	3,085,288	3,172,254	3,324,937	3,348,075
	<b>Bank Franchise</b>	1,922,095	1,111,691	1,364,270	1,784,565	1,540,550	1,263,689	1,855,496	2,432,312	2,670,275	2,768,991
	<b>Tobacco</b>	2,083,135	2,430,092	2,277,366	2,840,486	2,932,386	2,681,573	2,719,084	2,910,382	2,777,052	2,674,157
	<b>Recordation</b>	3,262,783	4,046,517	7,244,022	7,818,676	6,561,330	4,947,208	3,206,705	3,313,547	3,668,663	5,152,593
	<b>Transient Lodging</b>	5,241,018	6,323,906	7,183,067	7,811,884	7,415,060	8,506,762	10,592,806	10,824,410	11,245,201	11,375,121
	<b>Restaurant Food</b>	8,792,704	9,051,520	9,598,763	10,094,267	10,657,839	10,972,048	14,912,796	14,908,999	16,214,900	16,313,765
	<b>Telecommunication</b>	792,025	727,384	726,112	725,684	691,023	857,354	829,291	819,313	839,848	564,219
	<b>Admissions</b>	-	-	-	1,149,537	1,058,226	1,090,067	1,103,782	1,125,172	1,082,685	1,093,182
	<b>Cell Phone</b>	-	-	-	2,305,525	1,397,452	-	-	-	-	-
	<b>Communications Sales</b>	-	-	-	-	5,318,253	12,402,256	11,268,560	11,315,541	11,259,534	11,030,711
	<b>Other</b>	44,528	39,266	28,428	28,931	33,024	42,225	80,723	47,081	37,566	39,246
<b>Total</b>		<b>\$ 307,059,210</b>	<b>\$ 337,485,729</b>	<b>\$ 366,755,360</b>	<b>\$ 399,551,248</b>	<b>\$ 421,800,989</b>	<b>\$ 436,376,960</b>	<b>\$ 445,753,433</b>	<b>\$ 451,592,269</b>	<b>\$ 469,904,013</b>	<b>\$ 487,340,254</b>

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

**Table IV**

Calendar Year Ended December 31,	<b>Real Property</b> (Amounts in thousands)			Collected within the Fiscal Year of the Levy		Total Collections to date	
	Taxes Levied for the Calendar Year*	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
2002	174,827	172,296	98.55%	2,520	174,816	99.99%	
2003	199,799	196,181	98.19%	3,606	199,787	99.99%	
2004	225,156	223,047	99.06%	2,094	225,141	99.99%	
2005	250,180	247,166	98.80%	3,000	250,166	99.99%	
2006	267,015	264,951	99.23%	1,882	266,833	99.93%	
2007	282,563	279,948	99.07%	2,566	282,514	99.98%	
2008	296,204	292,996	98.92%	3,100	296,096	99.96%	
2009	308,330	305,691	99.14%	664	306,355	99.36%	
2010	308,848	305,548	98.93%	2,853	308,401	99.86%	
2011	315,459	314,116	99.57%	-	305,548	96.86%	

\* Levy adjusted for changes since original levy

**Table V**

Calendar Year Ended December 31,	<b>Personal Property</b> (Amounts in thousands)			Collected within the Fiscal Year of the Levy		Total Collections to date	
	Taxes Levied for the Calendar Year Total	Commonwealth Reimbursement #	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
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%	4,807	55,229	93.70%
2006	62,213	24,193	55,284	88.86%	2,745	58,029	93.27%
2007	61,974	23,849	55,247	89.15%	2,936	58,183	93.88%
2008	62,740	23,768	56,201	89.58%	3,114	59,315	94.54%
2009	60,820	24,635	54,784	90.08%	1,772	56,556	92.99%
2010	60,301	24,057	55,611	92.22%	2,150	57,761	95.79%
2011	62,364	23,033	58,042	93.07%	-	58,042	93.07%

# Commonwealth reimbursement included in taxes levied and collections.

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

**TABLE VI**

Calendar Year	Real Property (\$000)			Personal Property (\$000)					
	Residential	Commercial	Total	Tax Rate per \$100	Motor Vehicle and Tangibles Assessments	Tax Rate per \$100	Machine and Tools Assessment	Tax Rate per \$100	Total Assessment
2002	8,889,290	7,243,699	16,132,989	1.080	1,409,955	4.75	16,351	4.50	1,426,306
2003	11,191,850	8,034,076	19,225,926	1.035	1,459,886	4.75	20,369	4.50	1,480,255
2004	13,224,543	9,532,642	22,757,185	0.995	1,391,110	4.75	17,895	4.50	1,409,005
2005	16,272,324	11,087,326	27,359,650	0.915	1,455,520	4.75	15,009	4.50	1,470,529
2006	20,331,756	12,574,963	32,906,719	0.815	1,394,947	4.75	14,906	4.50	1,409,853
2007	20,143,403	15,411,555	35,554,958	0.830	1,426,679	4.75	11,485	4.50	1,438,164
2008	20,139,614	14,963,203	35,102,817	0.845	1,354,932	4.75	17,837	4.50	1,372,769
2009	19,152,518	14,811,680	33,964,198	0.903	1,170,972	4.75	14,246	4.50	1,185,218
2010	18,270,905	13,378,585	31,649,490	0.978	1,226,896	4.75	14,336	4.50	1,241,232
2011	18,430,731	14,201,221	32,631,952	0.998	1,309,164	4.75	10,665	4.50	1,319,829

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

**CITY OF ALEXANDRIA, VIRGINIA**

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

**TABLE VII**

	<u>2003<sup>a</sup></u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 160.6	\$ 119.5	\$ 100.2	\$ 105.6	\$ 170.0	\$ 231.0	\$ 153.3	\$ 248.0	\$ 335.4	\$ 321.6
Restricted for:										
Affordable Housing	-	-	-	3.0	0.3	-	-	-	-	-
Capital Projects	72.8	115.7	148.3	157.2	101.6	51.5	134.7	72.3	-	-
Unrestricted Net Assets	<u>67.9</u>	<u>67.7</u>	<u>63.9</u>	<u>81.6</u>	<u>88.7</u>	<u>60.3</u>	<u>47.0</u>	<u>57.3</u>	<u>59.0</u>	<u>76.2</u>
Subtotal Governmental Activities Net Assets	<u>\$ 301.3</u>	<u>\$ 302.9</u>	<u>\$ 312.4</u>	<u>\$ 347.4</u>	<u>\$ 360.6</u>	<u>\$ 342.8</u>	<u>\$ 335.0</u>	<u>\$ 377.6</u>	<u>\$ 394.4</u>	<u>\$ 397.8</u>
Business-type Activities Net Assets										
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-	-	-
Unrestricted Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal Business-type Activities Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government										
Invested in Capital Assets, Net of Related Debt	160.6	119.5	100.2	105.6	170.0	231.0	153.3	248.0	335.4	321.6
Restricted for:										
Affordable Housing	-	-	-	3.0	0.3	-	-	-	-	-
Capital Projects	72.8	115.7	148.3	157.2	101.6	51.5	134.7	72.3	-	-
Unrestricted Net Assets	<u>67.9</u>	<u>67.7</u>	<u>63.9</u>	<u>81.6</u>	<u>88.7</u>	<u>60.3</u>	<u>47.0</u>	<u>57.3</u>	<u>59.0</u>	<u>76.2</u>
Total Primary Government Net Assets	<u><u>\$ 301.3</u></u>	<u><u>\$ 302.9</u></u>	<u><u>\$ 312.4</u></u>	<u><u>\$ 347.4</u></u>	<u><u>\$ 360.6</u></u>	<u><u>\$ 342.8</u></u>	<u><u>\$ 335.0</u></u>	<u><u>\$ 377.6</u></u>	<u><u>\$ 394.4</u></u>	<u><u>\$ 397.8</u></u>

<sup>a</sup> Recycling fund transferred to the General Fund in FY 2003

Amounts may not add due to rounding

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

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

**TABLE VIII**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved for:										
Encumbrances	\$ 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	1,537,404	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	54,193,856	59,589,075	58,216,836	63,343,040	67,560,766	62,320,401	49,048,509	58,806,355	-	-
Non-Spendable									5,509,288	8,099,925
Committed									16,149,828	17,219,808
Assigned									30,009,737	27,235,643
Unassigned									29,191,314	30,427,629
Subtotal General Fund	\$ 58,117,728	\$ 62,796,610	\$ 62,275,183	\$ 67,378,045	\$ 72,253,728	\$ 65,488,041	\$ 53,306,991	\$ 63,041,371	\$ 80,860,167	\$ 82,983,005
All Other Governmental Funds										
Reserved For										
Capital Projects	\$ 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	1,922,984	4,227,041	4,147,198	2,015,393	1,236,283	1,204,885	2,673,806	2,650,025	-	-
Encumbrances	8,788,237	10,042,480	21,501,270	18,055,741	19,475,849	50,019,226	34,830,199	30,913,373	-	-
Unreserved Special Revenue	11,761,929	11,359,179	9,831,441	26,366,419	20,909,225	15,523,030	20,280,831	15,972,479	-	-
Unreserved Capital Projects	-	-	-	-	-	-	-	-	-	-
Non-Spendable (Special Revenue Fund)									2,625,521	2,596,021
Restricted (Special Revenue Fund)									9,720,387	7,748,211
Committed (Special Revenue Fund)									8,562,334	12,575,087
Committed (Capital Projects)									64,184,449	97,523,662
Assigned (Special Revenue Fund)									4,961,270	7,730,465
Total All Other Governmental Funds	\$ 86,441,781	\$ 131,239,768	\$ 162,328,289	\$ 187,832,672	\$ 125,321,718	\$ 69,438,880	\$ 159,526,619	\$ 88,822,686	\$ 90,053,961	\$ 128,173,446

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**2012 Tax Rates for Major Revenue Sources**

**TABLE IX**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assessed Value of Real Property, January 1	\$ 19,225,926,000	\$ 21,580,995,000	\$ 27,359,649,900	\$ 32,906,720,000	\$ 34,243,031,000
Debt Limit: 10 percent	1,922,592,600	2,258,099,500	2,735,964,990	3,290,672,000	3,424,303,100
Amount of Debt Applicable to Debt Limit	<u>143,615,000</u>	<u>197,520,000</u>	<u>241,890,000</u>	<u>296,540,000</u>	<u>278,525,000</u>
Legal Debt Margin	1,778,977,600	\$ 2,060,579,500	\$2,494,074,990	\$2,994,132,000	\$3,145,778,100
Debt as a Percentage of Assessed Value	0.75%	0.92%	0.88%	0.90%	0.81%
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Value of Real Property, January 1	\$ 35,554,958,000	\$ 34,379,163,000	\$ 31,649,490,000	\$ 32,631,952,000	\$ 33,782,697,985
Debt Limit: 10 percent	3,555,495,800	3,437,916,300	3,164,949,000	3,263,195,200	3,378,269,799
Amount of Debt Applicable to Debt Limit	<u>260,350,000</u>	<u>383,950,000</u>	<u>364,485,000</u>	<u>415,720,000</u>	<u>459,060,000</u>
Legal Debt Margin	\$3,295,145,800	\$3,053,966,300	\$2,800,464,000	\$2,847,475,200	\$2,919,209,799
Debt as a Percentage of Assessed Value	0.73%	1.12%	1.15%	1.27%	1.36%

**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 an 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 <sup>(1)</sup> to Assessed Value**  
**and Net Debt Per Capita**  
**Last Ten Fiscal Years**

**TABLE XI**

Year	Population <sup>(3)</sup>	Assessed Value (\$000) <sup>(2)</sup>			Outstanding Debt	Outstanding Debt As Percentage of Assessed			Debt Per Capita	Debt Per Capita As A Percentage of Per Capita Income <sup>(4)</sup>
		Real Property	Personal Property	Total		Real Property	Total Property	Personal Income (\$100)		
2003	135,000	19,225,926	1,459,886	20,685,812	143,615,000	0.75	0.69	7,165,859	1,064	2.0
2004	134,000	22,757,185	1,309,443	24,066,628	197,520,000	0.87	0.82	7,435,257	1,474	2.7
2005	135,000	27,359,650	1,359,782	28,719,432	241,890,000	0.88	0.84	7,776,966	1,792	3.1
2006	138,000	32,906,270	1,409,852	34,316,122	296,540,000	0.90	0.86	8,835,057	2,148	3.4
2007	139,000	35,554,958	1,411,599	36,966,557	278,525,000	0.78	0.75	9,507,531	2,004	2.9
2008	140,879	35,102,817	1,426,679	36,529,496	260,350,000	0.74	0.71	10,204,006	1,848	2.6
2009	144,100	33,964,198	1,354,932	35,319,130	383,950,000	1.13	1.09	10,178,071	2,664	3.7
2010	139,966	31,649,490	1,170,972	32,820,462	364,485,000	1.15	1.11	10,441,443	2,604	3.4
2011	141,287	32,631,952	1,226,896	33,858,848	415,720,000	1.27	1.23	10,627,334	2,942	3.8
2012	144,301	33,782,698	1,309,164	35,091,862	459,060,000	1.36	1.31	10,758,922	3,181	4.0

(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.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Overlapping Debt and Debt History**  
**June 30, 2012**

**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 <sup>(1)</sup> to Total General Expenditures**  
**Last Ten Fiscal Years**

**TABLE XIII**

Year	Principal	Interest and Other Costs	Total Debt Service	General Expenditures <sup>(2)</sup>	Ratio of Debt Service to General Governmental Expenditures
2003	\$ 10,310,000	\$ 7,173,024	\$ 17,483,024	\$ 488,044,085	3.59
2004	10,795,000	7,887,768	18,682,768	516,275,303	3.62
2005	13,115,000	9,567,247	22,682,247	545,688,442	4.16
2006	16,350,000	10,502,282	26,852,282	623,774,871	4.30
2007	17,670,000	13,306,096	30,976,096	689,280,260	4.49
2008	18,175,000	12,344,320	30,519,320	688,844,141	4.43
2009	19,100,000	12,800,634	31,900,634	720,924,777	4.42
2010	19,465,000	15,123,463	34,588,463	705,338,251	4.90
2011	21,065,000	17,414,349	38,479,349	722,966,982	5.32
2012	23,725,000	19,492,222	43,217,222	735,769,542	5.87

(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, 2012**

**TABLE XIV**

**Population**

<u>Calendar Year</u>	<u>Population</u>	<u>Calendar Year</u>	<u>Population</u>
1950.....	61,787	2008.....	140,024
1960.....	91,023	2009.....	144,100
1970.....	110,938	2010.....	139,966
1980.....	103,217	2011.....	141,287
1990.....	111,183	2012.....	144,301
2000.....	128,283		

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

**POPULATION INDICATORS**  
**PER CAPITA INCOME\***

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Alexandria .....	\$52,125	\$52,344	\$53,711	\$58,365	\$61,147	\$65,141	\$70,632	\$72,220	\$70,846	\$76,362
Arlington .....	\$52,673	\$53,860	\$54,207	\$58,893	\$59,389	\$63,827	\$68,270	\$72,317	\$73,187	\$79,967
Fairfax (includes Fairfax City and Falls Church) .....	\$51,931	\$52,494	\$53,981	\$57,169	\$60,289	\$64,698	\$67,909	\$69,885	\$69,241	\$66,679
Washington MSA .....	\$40,672	\$42,404	\$43,693	\$46,311	\$48,697	\$57,746	\$62,484	\$56,510	\$56,984	\$57,343

\*The BEA has revised these numbers.

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

**CITY OF ALEXANDRIA**  
**UNEMPLOYMENT RATE**  
**LAST TEN YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Unemployment Rate	2.9%	3.2%	3.1%	2.6%	2.2%	2.9%	2.8%	4.8%	4.8%	4.6%

SOURCE: Virginia Employment Commission

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

**TABLE XV**

**Private Property**

<b>Owner's Name</b>	<b>Property</b>	<b>2012 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. LCOR Alexandria, L.L.C.	Office Buildings	\$ 1,000.0	2.96%
2. Paradigm Companies	Meridian Apartments	516.0	1.50
3. Equity Residential	Apartments	470.1	1.39
4. Home Properties	Apartments	251.0	1.00
5. Washington Real Estate Investment Trust	Portfolio	337.4	0.99
6. Duke Realty	Mark Center Office Buildings	318.0	0.94
7. AIMCO Foxchase L.P.	Foxchase Apartments	308.2	0.91
8. Hoffman Family L.L.C.	Hoffman Office Buildings	269.4	0.79
9. Southern Towers L.L.C.	Southern Towers Apartments	241.5	0.71
10. Area Property Partners	Apartments/Warehouse	206.8	0.61

SOURCE: City of Alexandria, Department of Real Estate Assessments

<b>Owner's Name</b>	<b>Property</b>	<b>2003 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. LCOR Alexandria LLC	Vacant Land/Office Building	267.1	1.38%
2. AIMCO Foxchase L.P.	Foxchase Apartments	\$ 166.3	0.86
3. Southern Towers L.P.	Southern Towers Apartments	134.6	0.70
4. Hoffman Buildings LP	Hoffman Office Buildings	124.6	0.64
5. SAP II-III/Stellar Housing Partnership	Oakwood Apartments	117.3	0.61
6. Carr Canal Center Props	Office Building	108.2	0.56
7. Potomac Yard Retail, Inc.	Potomac Yard Retail Center	106.4	0.55
8. Hoffman Family LLC	Vacant Land/Office Building	90.1	0.50
9. Millbrook Apartments Associates, L.L.C.	Millbrook Apartments	80.6	0.42
10. EQR Lincoln Alexandria L.L.C.	Reserve at Potomac Yard	73.0	0.38

SOURCE: City of Alexandria, Department of Real Estate Assessments

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

**TABLE XV**  
**(Continued)**

**Public Service Companies**

<b>Owner's Name</b>	<b>2012 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. GenOn Potomac River LLC	\$ 202.6	0.6%
2. Virginia Electric & Power Company	179.8	0.53
3. Norfolk Southern Railway Company	72.9	0.22
4. Richmond, Fredericksburg & Potomac Railway Co	70.4	0.21
5. Verizon Virginia Inc.	60.0	0.18
6. Covanta Alexandria/Arlington, Inc.	51.6	0.15
7. Virginia-American Water Co.	49.3	0.15
8. Washington Gas Light Company	32.3	0.10
9. New Cingular Wireless PCS, LLC	7.0	0.10
10. T-Mobile License	6.2	0.02

SOURCE: Virginia State Corporation Commission

<b>Owner's Name</b>	<b>2003 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. Mirant Potomac River, LLC	\$ 217.00	1.12%
2. Virginia Electric Power Company	120.80	0.94
3. Verizon Virginia, Inc	101.10	0.52
4. Covanta Alexandria, Arlington, Inc	66.50	0.34
5. Richmond, Fredericksburg & Potomac Railway Co	47.50	0.25
6. Norfolk Southern Railway Company	39.90	0.21
7. Virginia American Water Company	33.30	0.17
8. Washington Gas Light Company	28.80	0.15
9. Potomac Electric Power Company	28.70	0.15
10. Jones Telecommunications of Virginia, Inc.	19.20	0.10

SOURCE: Virginia State Corporation Commission

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

**TABLE XVI**

<b>Fiscal Year</b>	<b>Total Enrollment<sup>(1)</sup></b>	<b>Number Receiving Free or Reduced Meals</b>	<b>Number in English as Second Language</b>	<b>Number Receiving Special Education</b>	<b>Number in Elementary School Gifted and Talented Programs</b>	<b>Number in Middle (6-8) School Gifted and Talented Programs</b>
2003	10,979	5,243	2,090	1,949	644	455
2004	11,104	5,525	2,412	1,999	543	470
2005	10,667	5,449	2,628	1,979	493	453
2006	10,284	5,169	2,379	1,900	436	442
2007	10,057	4,961	2,223	1,802	436	442
2008	10,557	5,012	2,083	1,786	451	435
2009	11,225	5,866	2,909	1,830	333	395
2010	11,623	6,264	2,572	1,747	451	330
2011	11,999	6,665	2,698	1,701	462	293
2012	12,395	6,916	3,005	1,686	495	326

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, 2012**

**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.....	\$ 497,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 497,058
City Manager.....	1,756,507	-	-	-	-	-	-	-	-	-	1,756,507
Office of Management and Budget.....	1,011,271	-	-	-	-	-	-	-	-	-	1,011,271
18th Circuit Court.....	-	1,388,121	-	-	-	-	-	-	-	-	1,388,121
18th General District Court.....	-	62,399	-	-	-	-	-	-	-	-	62,399
Juvenile and Domestic Relations Courts.....	-	26,548	-	-	-	-	-	-	-	-	26,548
Commonwealth's Attorney.....	-	2,510,074	-	-	-	-	-	-	-	-	2,510,074
Sheriff.....	-	7,715,062	19,617,873	-	-	-	-	-	-	-	27,332,935
Clerk of Courts.....	-	1,552,638	-	-	-	-	-	-	-	-	1,552,638
Other Correctional Activities.....	-	4,082,196	1,247,090	-	-	-	-	-	-	-	5,329,286
Court Services.....	-	1,428,818	-	-	-	-	-	-	-	-	1,428,818
Human Rights.....	600,748	-	-	-	-	-	-	-	-	-	600,748
Internal Audit.....	242,569	-	-	-	-	-	-	-	-	-	242,569
Information Technology Services.....	7,066,313	-	-	-	-	-	-	-	-	-	7,066,313
Office of Communications.....	-	-	-	-	-	-	1,766,826	-	-	-	1,766,826
City Clerk and Clerk of Council.....	396,874	-	-	-	-	-	-	-	-	-	396,874
Finance.....	11,093,830	-	-	-	-	-	-	-	-	-	11,093,830
Real Estate Assessments.....	1,591,528	-	-	-	-	-	-	-	-	-	1,591,528
Human Resources.....	2,876,753	-	-	-	-	-	-	-	-	-	2,876,753
Planning and Zoning.....	-	-	-	-	-	-	5,575,500	-	-	-	5,575,500
Economic Development Activities.....	-	-	-	-	-	-	4,655,791	-	-	-	4,655,791
City Attorney.....	2,458,523	-	-	-	-	-	-	-	-	-	2,458,523
Registrar.....	1,164,912	-	-	-	-	-	-	-	-	-	1,164,912
General Services.....	2,771,980	-	-	9,528,214	-	-	-	-	-	-	12,300,194
Transportation and Environmental Services.....	-	-	-	25,776,294	-	-	2,847,866	-	-	-	28,624,160
Transit Subsidies.....	-	-	-	-	-	-	-	7,477,390	-	-	7,477,390
Fire.....	-	-	36,999,841	-	-	-	-	-	-	-	36,999,841
Police.....	-	-	51,293,299	-	-	-	-	-	-	-	51,293,299
Emergency Communications.....	-	-	5,979,383	-	-	-	-	-	-	-	5,979,383
Code Administration.....	-	-	766,443	-	-	-	-	-	-	-	766,443
Community and Human Services.....	1,587,106	-	-	-	13,305,448	-	-	-	-	-	14,892,554
Other Health Services.....	-	-	-	-	1,176,100	-	-	-	-	-	1,176,100
Health.....	-	-	-	-	6,444,185	-	212,899	-	-	-	6,657,084
Office of Historic Alexandria.....	-	-	-	-	-	2,800,516	-	-	-	-	2,800,516
Recreation and Cultural Activities.....	-	-	-	-	-	19,087,330	-	-	-	-	19,087,330
Other Educational Activities.....	-	-	-	-	-	-	-	12,288	-	-	12,288
Miscellaneous.....	10,958,133	-	1,145,198	1,599,739	-	-	227,274	-	-	43,217,222	57,147,566
<b>Total Expenditures.....</b>	<b>46,074,105</b>	<b>\$ 18,765,856</b>	<b>\$ 117,049,127</b>	<b>\$ 36,904,247</b>	<b>\$ 20,925,733</b>	<b>\$ 21,887,846</b>	<b>\$ 15,286,156</b>	<b>\$ 12,288</b>	<b>\$ 7,477,390</b>	<b>\$ 43,217,222</b>	<b>\$ 327,599,970</b>

**CITY OF ALEXANDRIA**  
**Government Employees By Function**  
**Last Ten Fiscal Years**

**TABLE XVIII**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Government	303	305	304	300	300	297	273	269	259	270
Judicial Administration	119	117	120	121	120	120	120	123	123	123
Public Safety	900	910	926	929	933	936	937	930	934	973
Public Works	227	229	231	232	225	228	231	232	240	238
Library	52	54	55	55	55	55	56	55	54	55
Health and Welfare	497	511	502	509	514	515	511	510	530	532
Culture and Recreation	145	150	155	154	157	158	155	152	144	145
Community Development	67	57	57	57	55	55	59	57	57	62
Education	2,079	2,082	2,120	2,125	2,119	2,058	2,015	2,098	2,115	2,181
<b>TOTAL</b>	<b>4,389</b>	<b>4,415</b>	<b>4,470</b>	<b>4,482</b>	<b>4,478</b>	<b>4,422</b>	<b>4,357</b>	<b>4,426</b>	<b>4,456</b>	<b>4,579</b>

**Principal Employers**  
**Current Year (as of July 1, 2012 and Nine Years Ago)**

**TABLE XIX**

<b>Current Year</b>	<b>Employees<sup>(1)</sup></b>	<b>Percentage of Total City Employment<sup>(2)</sup></b>	<b>Nine Years Ago</b>	<b>Employees<sup>(1)</sup></b>	<b>Percentage of Total City Employment<sup>(2)</sup></b>
<b>LARGEST PUBLIC EMPLOYERS</b>			<b>LARGEST PUBLIC EMPLOYERS</b>		
U.S. Department of Commerce	1,000 & over	3.34%	U.S. Department of Defense	1,000 & over	3.70%
U.S. Department of Defense	1,000 & over	3.34%	City of Alexandria	2,276	2.81%
City of Alexandria	2,398	2.67%	Alexandria Public Schools	2,089	2.58%
Alexandria Public Schools	2,181	2.43%	WMATA (Metro)	1,000 & over	3.70%
WMATA	500-999	0.84%	U.S. Postal Services	500-999	0.83%
Northern Virginia Community College	500-999	0.84%	Northern Virginia Community College	500-999	0.92%
U.S. Department of Agriculture	500-999	0.84%	U.S. Department of Agriculture	500-999	0.92%
		14.30%	U.S. Department of Agriculture		15.46%
<b>LARGEST PRIVATE EMPLOYERS</b>			<b>LARGEST PRIVATE EMPLOYERS</b>		
The Alexandria Hospital	1000 & over	3.34%	The Alexandria Hospital	1,000 & over	3.70%
ABM Janitorial Services M Inc	1000 & over	3.34%	Institute for Defense Analysis	500-999	0.92%
Institute for Defense Analysis	1000 & over	3.34%	Panera Bread	500-999	0.92%
CNA Corporation	1000 & over	3.34%	CNA Corporation	500-999	0.92%
Gali Service Industries	1000 & over	3.34%	Boat America Corporation	500-999	0.92%
Oblon Spivak McClelland PC	250-499	0.42%	United Parcel Service, Inc	500-999	0.92%
Grant Thomton LLP	250-499	0.42%	Coleman and Associates Enterprises	250-499	0.46%
		17.54%			8.76%

SOURCE: Virginia Employment Commission

<sup>(1)</sup> Employment ranges are given to ensure confidentiality.

<sup>(2)</sup> Percentages are based on the midpoint of the employment range.

**CITY OF ALEXANDRIA**  
**Operating Indicators By Function**  
**Last Ten Fiscal Years**

**TABLE XX**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Judicial Administration										
Civil and criminal cases processed by Clerk of Courts	4,785	5,346	5,780	5,255	5,657	5,730	5,700	5,666	6,700	6,950
Real estate documents processed	43,805	50,522	43,900	44,844	31,009	29,396	29,000	26,340	25,000	25,000
Public Safety										
Fire calls requiring emergency response	5,586	6,256	5,666	6,001	5,956	5,990	6,050	6,080	5,900	5,950
Police calls for emergency service	2,401	2,379	2,148	2,100	2,458	2,500	2,500	2,500	**	**
EMS incidents responded to	*	*	*	*	*	*	11,583	12,500	15,000	15,000
Public Works										
Sq yds of concrete sidewalks replaced	10,575	7,846	7,448	7,012	10,099	8,000	8,000	3,450	5,635	5,600
Cubic yards of leaves collected	26,750	21,075	22,650	31,000	33,600	33,000	33,000	32,001	33,500	34,700
Library										
Circulation	1,044,868	1,032,147	972,494	1,002,881	1,145,490	1,234,726	1,302,633	1,215,000	1,105,000	1,060,000
Patron visits	833,835	893,427	813,704	823,496	**	**	**	**	**	**
Number of reference questions answered	*	*	*	376,532	591,864	592,345	592,855	567,500	332,050	480,792
Health and Welfare										
Adolescent patient visits	3,049	3,211	2,961	3,005	**	**	**	**	**	**
Average monthly food stamp cases	1,206	1,530	1,658	1,637	1,675	1,675	3,294	4,098	4,586	4,898
Number of home based services	*	*	*	7,117	7,025	6,800	**	**	**	**
Adult clients served	*	*	*	3,631	3,631	3,230	3,230	2,456	2,477	2,477
Transit										
Annual Ridership	2,986,631	3,131,284	3,323,021	3,556,486	3,743,499	3,800,000	4,006,825	3,880,000	3,741,499	3,882,022
Operating cost per mile	\$ 4.80	\$ 5.13	\$ 5.72	**	**	**	**	**	**	**
Miles of service	*	*	*	1,396,590	1,462,464	1,505,000	1,534,900	1,500,000	1,410,656	1,472,993
Culture and Recreation										
Number of staff directed programs at City Recreation Centers and Playgrounds	20,437	19,128	19,154	20,500	**	**	**	**	**	**
Average cost per park facility maintained	*	*	*	*	\$ 25,246	\$ 23,018	\$ 24,512	\$ 22,671	\$ 23,078	\$ 7,963
Community Development										
Average Home rehabilitation loan	\$ 68,529	\$ 59,757	\$ 73,036	74,693	**	**	**	**	**	**
Average Home rehabilitation loan cost	*	*	*	*	\$ 68,479	\$ 69,484	\$ 32,379	\$ 61,154	\$ 63,350	\$ 71,737
Education										
Cost per pupil	\$ 11,914	\$ 12,918	\$ 13,670	\$ 15,871	\$ 18,232	\$ 19,341	\$ 19,078	\$ 18,003	\$ 18,169	\$ 18,516
Enrollment	10,979	10,752	10,677	10,284	10,332	10,557	11,225	11,623	11,999	12,798

\* - 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)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Judicial Administration										
Number of beds at Sheltercare	14	14	14	14	**	**	**	**	**	**
Number of foster care homes	*	*	*	125	123	135	91	60	60	53
Public Safety										
Rescue apparatus	*	98	98	108	**	**	**	**	**	**
Fire vehicles	*	*	*	*	132	136	130	137	139	138
Public Works										
Paved streets	513	514	514	514	514	521	514	514	514	556
Sidewalks	321	321	321	321	321	321	321	321	321	319
Library										
Full service branches and central library	4	4	4	4	4	4	4	4	4	4
Health and Welfare										
Preventative health care sites	4	3	3	3	3	3	3	3	3	3
141 Transit										
DASH transit buses	49	49	57	57	57	57	62	63	63	77
Culture and Recreation										
Play grounds	45	45	45	45	45	46	46	46	45	36
Athletic fields available for games	*	*	*	48	48	50	50	56	48	49
Acreage of park and open space	964	964	949	964	964	964	964	964	965	722.2
Total number of facilities maintained	*	*	*	217	217	206	235	237	237	181
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 FY2007, 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, 2012**

**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) .....	2,394
Number of Full-Time Equivalent School Positions .....	2,181

**Land Area**

15.75 Square Miles

**Elevation**

0 to 287 Feet Above Sea Level

**Location**

38.8210 N  
77.0861 W

**Climate**

Average January Temperature 34.9°  
Average July Temperature 79.2°

**Transportation**

Major Highways:

- Capital Beltway (I-95)
- I-395 (Shirley Highway)
- U.S. Route 1

George Washington Memorial Parkway  
Rail:

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

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

Air:

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

Dulles International Airport provides international and longer domestic travel.

Ground:

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

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

Individualized service is available through privately owned taxicab fleets.

Port Facilities:

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

**Population**

2012 Resident Population .....	144,301
Number of Households – 2010 Census.....	68,082
Household Size (2010 U.S. Census) .....	2.03 Persons Per Unit
2010 Population by Race (2010 U.S. Census Bureau):	
White .....	67.4%
Black.....	22.4%
Native American.....	0.8%
Asian and Pacific Islanders.....	6.6%
Multi-Racial.....	2.9%
Hispanic (All Races).....	16.4%

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

(1-17).....	17.5%
(18-24).....	7.2%
(25-64).....	66.0%
(65 +).....	9.3%

Registered Voters

June 2012.....	101,888
Temporary Assistance to Needy Families (Cases) - Monthly Average, 2012.....	
	473
Food Stamps (Cases) - Monthly Average, 2012.....	4,898
Medicaid (Cases) - Monthly Average, 2012.....	8,377

**Economy**

Employed Residents, June 2012 .....	92,800
Unemployed Residents, June 2012 .....	4,384
Unemployed Rate, June 2012 .....	4.6%
Washington PMSA Inflation Rate, based on Consumer Price Index, for FY 2012.....	3.1%

**CITY OF ALEXANDRIA, VIRGINIA**

**Miscellaneous Statistical Data**

**As of June 30, 2012**

**TABLE XXI**

**(Continued)**

<b>Housing</b>	<b>2012</b>	<b>2011</b>
Total Housing Units.....	72,376	74,648
Type of Single-Family Housing		
Detached.....	9,134	9,129
Semi-Detached.....	5,682	5,671
Rowhouse.....	6,357	6,346
Condo Townhouse.....	1,023	1,012
Total Single-Family.....	22,196	22,158
Condominium Units.....	19,844	18,274
Rental Apartments.....	29,186	33,066
Public Housing and Public Housing Replacement Units.....	1,150	1,150
Average Assessed Value of Single Family Homes.....	\$632,959	\$617,286
Average Assessed Value of Condominiums.....	\$266,918	\$266,541
Average Market Rents		
Efficiency.....	\$1,110	\$1,060
1 Bedroom Apartment.....	\$1,430	\$1,380
2 Bedroom Apartment.....	\$1,776	\$1,765
3 Bedroom Apartment.....	\$1,949	\$1,916

**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.....	516
Unpaved.....	0.17
Sidewalks.....	321.73
Alleys, Paved.....	20.56

**Utilities**

Telephone.....	various
Electric.....	Dominion Virginia Power
Gas.....	Washington Gas
Water.....	Virginia - American Water Company
Sewer.....	Alexandria Renewal Enterprises
Cable.....	Comcast Communications

**Public Recreation**

Acreage.....	722.20
Facilities:	
Playground Areas.....	36
Swimming Pools.....	7
Gymnasiums.....	16
Basketball Courts (outdoor).....	19
Tennis Courts.....	36
Playing Fields.....	49

**Medical Facilities**

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

**Libraries**

	<b>Number</b>
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:	<b>Number</b>
Elementary.....	13
Middle.....	2
High School.....	1
Parochial and Private Schools.....	13

Higher Education:

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

**Financial Institutions**

Commercial Banks.....	15
Credit Unions.....	8

**Hotels and Motels**

	<b>Rooms</b>
Alexandria Towne Motel.....	26
Alexandria Travelodge.....	40
Best Western Old Colony Inn.....	49
Bragg Towers.....	98
Alexandria Comfort Inn.....	150
Alexandria Days Inn.....	200
Embassy Suites.....	268
Extended Stay America.....	104
Hampton Inn.....	80
Hawthorn Suites Hotel.....	185
Hilton Alexandria Mark Center.....	496
Hilton Alexandria Old Town.....	246
Holiday Inn Eisenhower.....	195
Hotel Monaco.....	241
Holiday Inn Historic District.....	178
Homestead Studio Suites.....	132
Morrison House.....	45
Crown Plaza Alexandria Old Town.....	254
Residence Inn Alexandria Old Towne.....	240
Residence Inn Alexandria at Carlyle.....	181
Courtyard Alexandria Pentagon South.....	203
Sheraton Suites Alexandria.....	247
Westin Alexandria.....	319
Courtyard Alexandria Tech Center.....	178
Springhill Suites Alexandria Tech Center.....	155
The Lorien Hotel & Spa.....	107
Washington Suites.....	219
Total.....	<u>4,836</u>

CITY OF ALEXANDRIA, VIRGINIA

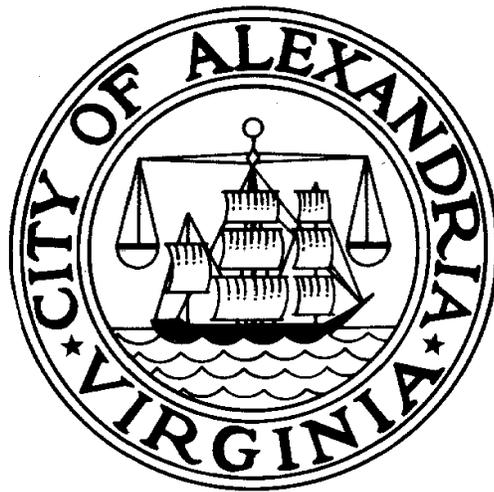
Five-Year Summary of General Fund Revenues and Expenditures

Table XXII

	2008	2009	2010	2011	2012
Revenues:					
General Property Taxes	\$ 324,113,019	\$ 333,482,063	\$ 337,220,918	\$ 349,779,825	\$ 363,774,571
Other Local Taxes	112,263,941	112,271,370	114,371,351	118,259,357	121,101,233
Permits, Fees, and Licenses	4,764,924	4,827,422	4,811,588	2,543,789	2,373,448
Fines and Forfeitures	3,903,807	4,116,453	3,941,372	4,472,520	4,869,294
Use of Money and Property	9,044,947	4,433,015	3,033,638	3,591,323	3,947,855
Charges for Services	11,302,195	12,404,166	13,803,578	14,939,668	16,474,115
Intergovernmental Revenues	54,447,311	53,095,127	52,465,911	53,728,609	55,484,133
Miscellaneous	618,907	1,065,130	787,960	987,727	1,195,495
Total Revenues	\$ 520,459,051	\$ 525,694,746	\$ 530,436,316	\$ 548,302,818	\$ 569,220,144
Other Financing Sources:					
Operating Transfers In	\$ 1,311,109	\$ 2,223,910	\$ 1,301,560	\$ 1,446,713	\$ 1,394,903
Refunding Bonds	-	-	-	-	63,625,000
Premium	-	-	-	-	9,829,827
Total Other Financing Sources	\$ 1,311,109	\$ 2,223,910	\$ 1,301,560	\$ 1,446,713	\$ 74,849,730
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 521,770,160</b>	<b>\$ 527,918,656</b>	<b>\$ 531,737,876</b>	<b>\$ 549,749,531</b>	<b>\$ 644,069,874</b>
Expenditures:					
Current:					
General Government	\$ 42,536,812	\$ 46,137,096	\$ 44,487,379	\$ 43,476,795	\$ 46,074,105
Judicial Administration	17,028,954	17,958,782	17,743,109	17,895,917	18,765,856
Public Safety	108,941,895	113,896,868	111,666,800	111,860,869	117,049,127
Public Works	34,206,948	34,755,649	33,298,427	34,396,222	36,904,247
Library	6,920,124	6,793,868	6,074,971	5,879,455	6,145,662
Health and Welfare	21,058,544	20,723,663	19,152,519	20,101,509	20,925,733
Transit	14,136,260	12,550,443	13,076,158	16,273,035	15,937,959
Culture and Recreation	23,822,427	23,109,869	20,748,594	21,586,342	21,887,846
Community Development	13,009,454	13,840,168	12,594,376	13,542,955	15,286,156
Education	160,252,096	167,965,753	165,568,264	167,898,796	174,968,708
Debt Services:					
Principal Retired	18,175,000	19,100,000	19,465,000	21,065,000	23,725,000
Interest and Fiscal Charges	12,344,320	12,800,635	15,123,463	17,414,349	19,492,222
Total Expenditures	\$ 472,432,834	\$ 489,632,794	\$ 478,999,060	\$ 491,391,244	\$ 517,162,621
Other Financing Uses:					
Payment to Refunded Bonds					
Escrow Agent	\$ -	\$ -	\$ -	\$ -	\$ 73,150,309
Operating Transfers Out	55,343,575	50,769,720	42,940,615	40,621,320	52,077,786
Total Other Financing Uses	\$ 55,343,575	\$ 50,769,720	\$ 42,940,615	\$ 40,621,320	\$ 125,228,095
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 527,776,409</b>	<b>\$ 540,402,514</b>	<b>\$ 521,939,675</b>	<b>\$ 532,012,564</b>	<b>\$ 642,390,716</b>
Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (6,006,249)	\$ (12,483,858)	\$ 9,798,201	\$ 17,736,967	\$ 1,679,158
Fund Balances at Beginning of Year	72,253,728	65,488,041	53,306,991	63,041,371	80,860,167
Increase (Decrease) in Reserve for Inventory	(759,438)	302,808	(63,821)	81,829	443,680
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 65,488,041</b>	<b>\$ 53,306,991</b>	<b>\$ 63,041,371</b>	<b>\$ 80,860,167</b>	<b>\$ 82,983,005</b>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Summary of Total**  
**General Obligation Bonds**  
**Debt Service**  
**As of June 30, 2012**

<b>Fiscal Year</b>	<b>Total Principle</b>	<b>Total Interest</b>	<b>Total</b>
2013	27,280,000	\$19,703,982	46,983,982
2014	29,935,000	\$18,580,351	48,515,351
2015	31,665,000	\$17,407,351	49,072,351
2016	32,250,000	\$16,149,294	48,399,294
2017	32,190,000	\$14,719,519	46,909,519
2018	32,110,000	\$13,319,206	45,429,206
2019	32,065,000	\$11,896,806	43,961,806
2020	30,050,000	\$10,513,716	40,563,716
2021	27,120,000	\$9,255,587	36,375,587
2022	24,295,000	\$8,067,681	32,362,681
2023	24,385,000	\$6,949,456	31,334,456
2024	21,315,000	\$5,886,769	27,201,769
2025	21,315,000	\$4,954,494	26,269,494
2026	19,275,000	\$4,045,006	23,320,006
2027	16,310,000	\$3,131,500	19,441,500
2028	16,310,000	\$2,349,275	18,659,275
2029	16,310,000	\$1,560,413	17,870,413
2030	12,960,000	\$842,800	13,802,800
2031	8,160,000	\$335,600	8,495,600
2032	3,760,000	\$75,200	3,835,200
<b>Total</b>	<b>\$459,060,000</b>	<b>\$169,744,006</b>	<b>628,804,006</b>



SINGLE  
AUDIT



CliftonLarsonAllen

CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

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

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

We have audited the accompanying financial statements of the governmental activities, 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, 2012, and have issued our report thereon dated November 13, 2012. We did not audit the financial statements of the City of Alexandria Library System, a discretely presented component unit. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as they relate to the amounts included for the City of Alexandria Library System are based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated November 13, 2012.

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

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Arlington, Virginia  
November 13, 2012



CliftonLarsonAllen

CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

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

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 OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Alexandria, Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

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

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Arlington, Virginia  
November 13, 2012

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

<u>Federal Grantor/Recipient State Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE		
Pass Through Payments:		
Department of Agriculture and Consumer Services (301 535-06):		
National School Lunch Program	10.555	\$ 288,878
Commodity Food Distribution	10.559	151,747
State Administrative Matching for Supplemental Nutrition Assistance Program	10.561	1,931,747
Department of Education (197 457-07)		
School Breakfast Program	10.553	933,440
School Lunch Program	10.555	3,138,803
Child and Adult Care Food Program	10.558	118,760
Summer Food Service Program for Children	10.559	27,193
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b>\$ 6,590,568</b>
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	\$ 1,631
Alzheimer's Disease Demonstration Grants to States	93.051	180,945
Head Start	93.600	0
Total Direct Payments		<u>\$ 182,576</u>
Pass Through Payments:		
Department of Health:		
Preventive Health and Health Services Block Grant	93.991	\$ 128,623
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	2,993
Injury Prevention and Control Research and State and Community Based	93.136	592
Department of Mental Health and Mental Retardation		
Block Grant for Community Mental Health Services	93.958	505,997
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	1,135
Projects for Assistance in Transition from Homelessness	93.150	66,757
Child Care and Development Block Grant	93.575	1,262,198
Block Grant for Prevention and Treatment of Substance Abuse	93.959	1,074,704
Drug Free Communities Support Program Grants	93.276	119,744
Department for the Aging:		
Special Programs for the Aging _Title III Part B Supportive Svces and Senior Centers	93.044	132,835
Special Programs for the Aging _Title III Part D _Disease Prevention and Health Promotion Services	93.043	1,585
Special Programs for the Aging Title IIIC - Nutritional Services	93.045	186,607
Department of Social Services:		
Promoting Safe and Stable Families	93.556	66,793
Temporary Assistance for Needy Families	93.558	1,048,580
Head Start	93.600	2,027,162
Family Support Payments to States _Assistance Payments	93.667	735,599
Child Welfare Services State Grant	93.645	2,961
Refugee and Entrant Assistance _ State Administered Programs	93.566	196,671
Community Services Block Grant	93.569	143,247
Low Income Home Energy Assistance	93.568	101,333
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596	331,050
Chafee Education and Training Vouchers Program	93.599	21,568
Foster Care Title IV - E	93.658	1,579,641
Adoption Assistance	93.659	1,157,216
Chafee Foster Care Independence Program	93.674	26,841
<b>ARRA - Head Start</b>	93.708	<b>142,806</b>
<b>ARRA - Community Services Block Grant</b>	93.710	<b>12,246</b>
Children's Health Insurance Program	93.767	41,348
Medical Assistance Program	93.778	1,157,634
Total Pass Through Payments		<u>\$ 12,276,464</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>\$ 12,459,040</b>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Payments:			
Community Development Block Grant Program, Entitlement Grants	14.218		\$ 1,109,273
Total Direct Payments			<u>\$ 1,109,273</u>
Pass Through Payments:			
Supportive Housing Program	14.235		\$ 314,211
Emergency Shelter Grants Program	14.231		109,400
Home Investment Partnerships Program	14.239		1,137,049
<b>ARRA Homeless Prevention and Rapid Re-Housing Program Technical Assistance</b>	14.257	2010	<b>48,998</b>
Total Pass Through Payments			<u>\$ 1,609,658</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 2,718,931</u>
DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments			
Non-Profit Security Program	97.008	2009	\$ 25,598
Assistance to Firefighters Grant	97.044	2010	885,816
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2009	793,335
Homeland Security Grant Program	97.067	2010	281,022
Rail and Transit Security Grant Program	97.075	2009	41,789
Total Pass Through Payments			<u>\$ 2,027,560</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>\$ 2,027,560</u>
U.S. DEPARTMENT OF JUSTICE			
Pass Through Payments:			
Department of Criminal Justice Services (140-390-01)			
Asset Forfeiture Report	16.000		\$ 353,440
State Criminal Alien Assistance Program	16.606		123,447
Juvenile Accountability Block Grants	16.523		9,895
Youth Gang Prevention	16.544		10,041
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541		143,208
Crime Victim Assistance	16.575		125,205
Violence Against Women Formula Grants	16.588		109,736
Public Safety Partnership and Community Policing Grants	16.710		102,944
Edward Byrne Memorial JAG grant	16.738		27,194
<b>ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government</b>	16.804		<b>2,805</b>
Total Pass Through Payments			<u>\$ 1,007,915</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 1,007,915</u>
U.S. DEPARTMENT OF LABOR			
Pass Through Payments:			
WIA Pilots, Demonstrations, and Research Projects	17.261		53,604
WIA Adult Program	17.258		118,538
WIA Youth Activities	17.259		94,462
WIA Dislocated Workers	17.260		361,119
			<u>\$ 627,723</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 627,723</u>
Save America's Treasures -Gabsby's	15.929		\$ 65,531
TOTAL U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE			<u>\$ 65,531</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

U.S. ENVIRONMENTAL PROTECTION AGENCY		
Direct Payments:		
Congressionally Mandated Projects	66.202	\$ 78,256
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		<u>\$ 78,256</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Pass Through Payments:		
Department of Transportation		
Highway Planning and Construction	20.205	1,305,884
<b>ARRA_ Highway Planning and Construction</b>	<b>20.205</b>	<b><u>3,200,960</u></b>
Alcohol Open Container Requirements	20.607	40,980
Highway Research and Development Program	20.200	18,046
<b>ARRA Surface Transportation _ Discretionary Grants for Capital Investment</b>	<b>20.932</b>	<b>208,379</b>
Total Pass through payments		<u>\$ 4,774,249</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>\$ 4,774,249</u>
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		
Direct Payments:		
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	30.002	\$ 37,384
TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		<u>\$ 37,384</u>
U.S. DEPARTMENT OF EDUCATION		
Pass Through Payments:		
Department of Education:		
Title I Grants to Local Educational Agencies	84.010	\$ 4,331,330
Title I State Agency Program for Neglected and Delinquent Children	84.013	90,291
Special Education Grants to States	84.027	3,136,481
Adult Literacy Services- Federal	84.002A	129,447
Special Education Grants to States	84.027A	9,000
Career and Technical Education-- Basic Grants to States	84.048	163,713
Special Education Preschool Grants	84.173	102,260
Special Education Grants for Infants and Families with Disabilities (720-445-07)	84.181	155,304
Safe and Drug-Free Schools and Communities_State Grants	84.186	20,173
Education for Homeless Children and Youth	84.196	6,090
Education Technology State Grants	84.318	8,830
English Language Acquisition Grants	84.365	488,204
Improving Teacher Quality State Grants	84.367	811,562
<b>ARRA IDEA Part B preschool Grant</b>	84.392	<b>86,565</b>
Readiness and Emergency Mgmt	84.184E	122,099
<b>ARRA McKinney-Vento</b>	84.387A	<b>1,500</b>
<b>Title I Grants to Local Educational Agencies</b>	84.389A	<b>410,073</b>
<b>ARRA School Improvement Grant 1003g</b>	84.388	<b>2,575,199</b>
<b>ARRA Education Jobs Fund</b>	84.394A	<b>14,019</b>
<b>ARRA Educational Technology Grant</b>	84.386	<b>51,095</b>
<b>ARRA Educational Technology Competitive Grant</b>	84.386A	<b>23,394</b>
<b>ARRA IDEA Part B School Grant</b>	84.391	<b>355,179</b>
NCLB: Title II Part D - Competitive Grant	84.318X	5,024
<b>ARRA Education Jobs Fund</b>	84.410	<b>1,231,563</b>
<b>ARRA Special Education - Grants for Infants and Families</b>	84.393	<b>19,957</b>
Total Pass through payments		<u>\$ 14,348,352</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>\$ 14,348,352</u>
U.S. DEPARTMENT OF ENERGY		
Pass Through Payments:		
Department of Energy:		
<b>ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)</b>	81.128	<b>\$ 501,119</b>
TOTAL U.S. DEPARTMENT OF ENERGY		<u>\$ 501,119</u>
DEPARTMENT OF DEFENSE		
Direct Payments:		
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	\$ 61,813
TOTAL DEPARTMENT OF DEFENSE		<u>\$ 61,813</u>
OTHER FEDERAL AID		
Direct Payments:		
High Intensity Drug Trafficking Area	95.001	\$ 15,479
High Intensity Drug Trafficking Assessment/Evaluation	99.997	64,372
High Intensity Drug Trafficking Area	98.473	93,833
TOTAL OTHER FEDERAL		<u>\$ 173,684</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 45,472,125</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2012**

**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 2012. The City's reporting entity is defined in Note 1 of the City's Basic Financial Statements. Federal awards are received directly, as well as passed through other governmental agencies.

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

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

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

Total Federal Expenditures per Schedule	\$ 45,472,125
Non-Reportable Federal Revenue	15,438,788
Commodities Distribution	<u>(151,747)</u>
Total Federal Revenue per Note 12	<u>\$ 60,759,168</u>

**FEDERAL COGNIZANT AGENCY**

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

**SUBGRANTEES**

The City provided the following amounts to subrecipients during FY 2012:

<u>Program Title</u>	<u>CFDA</u>	<u>Amount</u>
Headstart	93.600	\$ 2,027,162
ARRA – Headstart	93.708	142,806

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

**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:

- Child Nutrition Cluster (10.553, 10.555, 10.559)
- Education Jobs Fund (84.410)
- Energy Efficiency and Conservation Block Grant Program (81.128)
- Highway Planning (20.205)
- Head Start (93.600, 93.708)
- School Improvement Grants (84.377 & 84.388)
- Title II (84.367)

Dollar threshold used to distinguish between Type A and Type B programs: \$1,364,164

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2012**

**Findings relating to the Financial Statement Reported in Accordance with *Government Auditing Standards*:**  
None

**Findings and Questioned Costs relating to Federal Awards:**  
None

**CITY OF ALEXANDRIA, VIRGINIA**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

**Findings and Questioned Costs Relating to Federal Awards**



City of Alexandria, Virginia  
Finance Department  
P.O. Box 178  
Alexandria, Virginia 22313  
[alexandriava.gov/finance](http://alexandriava.gov/finance)