Comprehensive Annual Financial Report

—Fiscal Year Ended June 30, 2016—

CITY OF ALEXANDRIA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR
JULY 1, 2015 TO JUNE 30, 2016

Alexandria City Council
Allison Silberberg, *Mayor*
Justin Wilson, *Vice-Mayor*
Willie F. Bailey Sr.
John T. Chapman
Timothy B. Lovain
Redella S. Pepper
Paul C. Smedberg

City Manager…….....Mark B. Jinks
Director of Finance……. Kendel Taylor
Deputy Director of Finance……Michael Stewart
Real Estate Assessor……...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
Ian Greaves, Ph.D., Comptroller

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CITY OF ALEXANDRIA, VIRGINIA
Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2016

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Accounting Division of the Department of Finance, as well as contributions from the Administration, Pension, and General Services Divisions.

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CITY OF ALEXANDRIA, VIRGINIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

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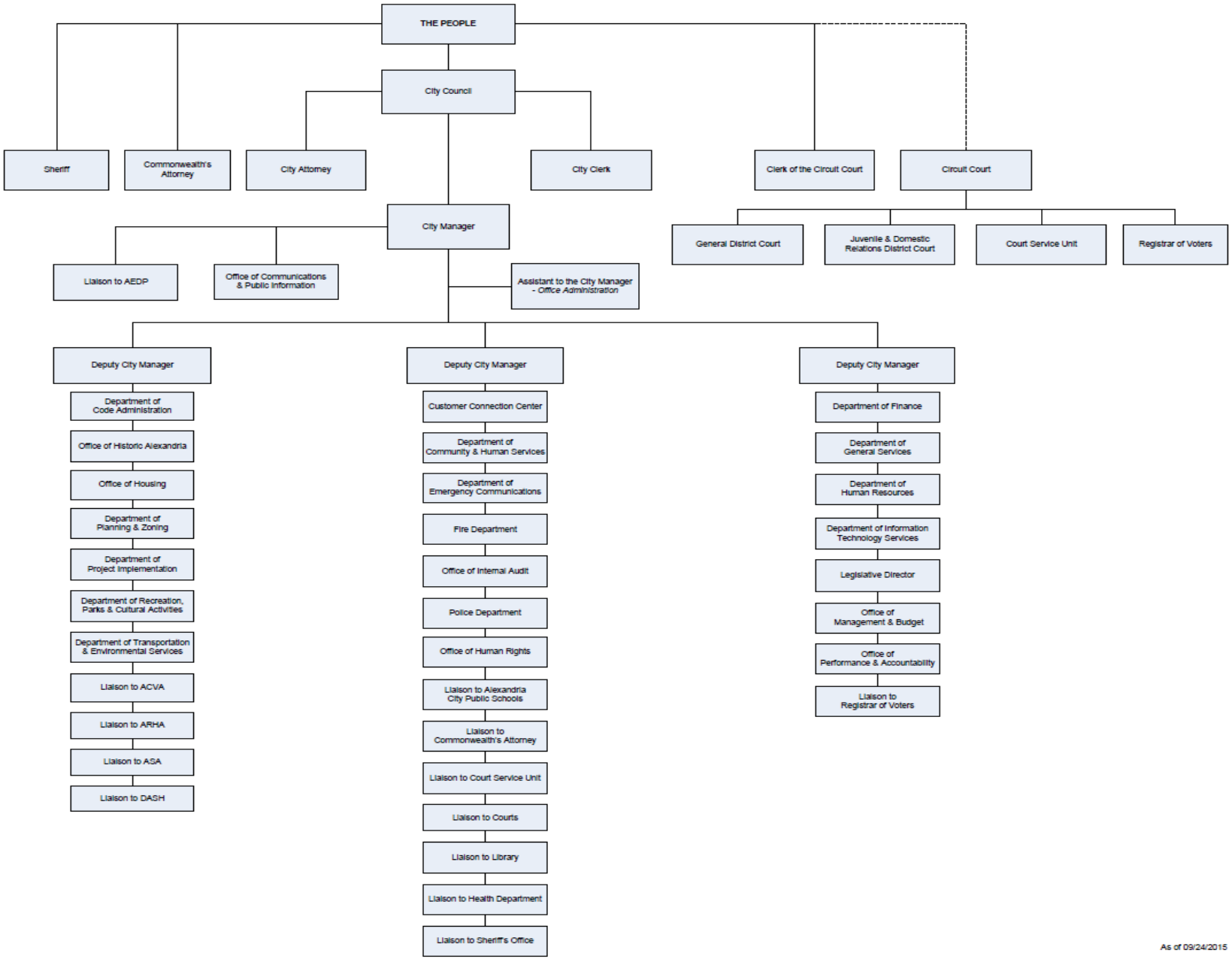
INTRODUCTORY SECTION

ALEXANDRIA CITY GOVERNMENT
ORGANIZATIONAL CHART



As of 09/24/2015

November 16, 2016

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, 2016. This 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 was founded in 1749, and 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), Visit Alexandria, 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

While Alexandria's economy was somewhat stable, the City did feel the impact of major changes in federal government spending. In part this is due to Alexandria's geographical location as an inner suburb to Washington, D.C. It is also due to a mix of higher paying jobs in Alexandria. City employment has grown by 2.6 percent over the last decade, while wages per job have increased by 11 percent (inflation-adjusted). The greatest employment growth has been in the public administration and management sectors, which have grown by 103.2 percent and 40.4 percent respectively. The greatest wage growth per job has come from the real estate and information sectors, which have experienced inflation-adjusted wage growth of 29.9 percent and 28.5 percent, respectively. The largest sectors by total wages are also professional scientific and technical services and public administration, which represented a combined 51.3 percent of all wages earned in the City. Because the City's federal employment is not as dependent on federal appropriations, the number of employees in public administration remained stable as the U.S. Patent and Trademark Office (PTO), continues to need employees to assess and review increasingly complex patent applications. The National Science Foundation is relocating to Alexandria, and it is expected to add approximately 3,100 high level jobs to the City, as well as 60,000 visitors annually to the foundation over the next several years.

One measure of the local economy is how economically sensitive City revenues fared. During FY 2016, the City showed improvement in some of these taxes. Overall, FY 2016 collections from the transient lodging tax compared to FY 2015 showed modest growth of 3.1 percent. The meals tax increased by 5.8 percent compared to the prior fiscal year. Since FY 2014, revenues from transient lodging taxes have grown by more than 10 percent. Revenues from sales tax were up 4.2 percent when measured against FY 2015 and personal property tax revenues on vehicles and business equipment showed a 2.4 percent increase over FY 2015.

The real estate tax base, which generates over half of the City's General Fund revenues continues to show steady but moderate growth. Total locally assessed real property increased in value by 2.8 percent compared to 2015. Residential real property increased by 2.4 percent while locally assessed commercial assessments increased by 3.3 percent. However, the office vacancy rate of 16.9 percent in the second quarter of 2016 is nearly one percent higher than one year earlier, but approximately two and a half percent lower than the office vacancy rate in neighboring Arlington County. The City's unemployment rate of 2.6 percent in June 2016 is down nearly one percent from a year earlier, and still well below the national unemployment rate of 5.1 percent and the average for Virginia of 3.7 percent.

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 complete construction on a new fire station to better serve an area of Alexandria with a growing population and with strong development pressures.

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 relatively slow recovery from the national economic recession 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.

The City Council's approved FY 2017 – 2026 Capital Improvement Program (CIP) totals $1.7 billion, which is a $105.3 million increase over last year's approved CIP, or 6.72 percent. The Approved CIP maintains the reserved 2.2 cents on the base real estate tax rate for the continuation of the City's Transportation Improvement Program (TIP) approved by City Council beginning in FY 2012 to support capital infrastructure needs and new operating costs associated with new transportation capital projects. It also reflects the additional cents that Council added to the real estate tax rate in CY 2016 to exclusively fund additional facility and infrastructure capital needs. The City Council's Approved FY 2017 – 2026 CIP is a balanced 10-year plan in that all projects have identified funding sources.

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 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's 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 2016, the City's debt to tax base ratio was just 1.31 percent (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.

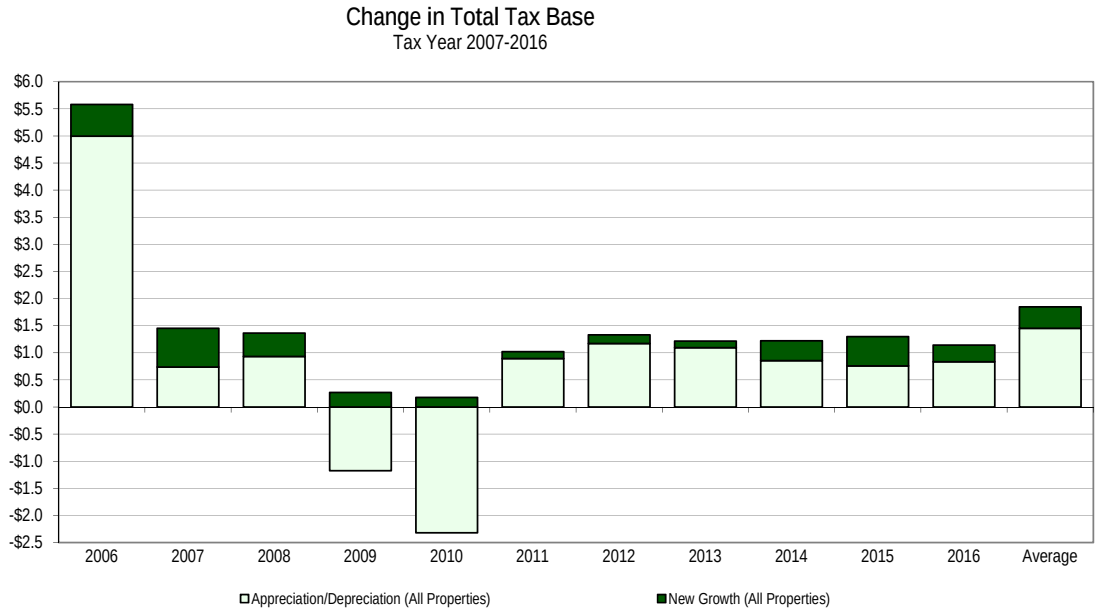
Additional information on the City's financial status can be found in the Management's Discussion and Analysis section of this report.

The following table shows that the overall real property assessed value for locally assessed property has increased by over $3.3 billion since 2007. This includes a 2.8 percent increase from calendar year 2015 to 2016. Real property taxes, which are based on assessments as of January 1 of each year, are due in two payments. The first half of the real estate tax is due on June 15 and the second half of the tax is due on November 15.

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

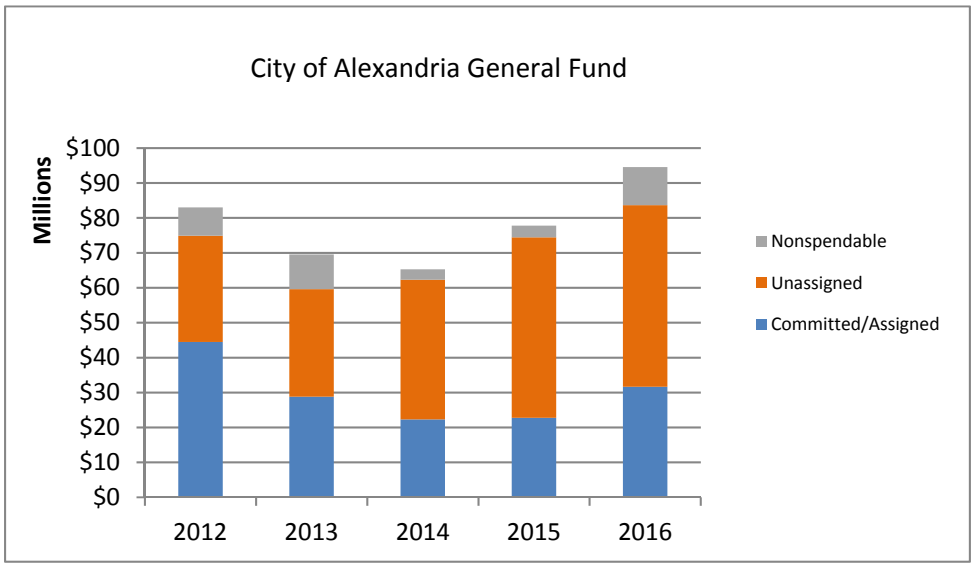
Year	Residential Assessed Value	Residential % Increase (Decrease)	Commercial[1] Assessed Value	Commercial % Increase (Decrease)	Total Assessed Value	Total % Increase (Decrease)
2007	20,205,364	(0.6)	14,037,667	11.6	34,243,031	4.1
2008	20,139,614	(0.3)	14,963,203	6.6	35,102,817	2.5
2009	19,152,518	(4.9)	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
2013	19,384,653	3.6	14,706,140	(3.3)	34,090,793	2.8
2014	20,314,910	4.8	15,020,272	2.1	35,335,182	3.7
2015	21,195,556	4.3	15,376,112	2.4	36,571,668	3.5
2016	21,713,190	2.4	15,886,156	3.3	37,599,346	2.8

1. Includes apartment buildings.
2. Total assessed value includes only locally assessed property.



The chart in the previous page displays the increases and decreases in assessed values for the last 10 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 2016, the City's General Fund fund balance was $94.5 million and included a non-spendable fund balance of $10.9 million, a number of commitments and assignments totaling $31.6 million, including $11.3 million assigned for future capital funding, leaving a remaining unassigned fund balance of $52 million. At the end of FY 2016 the City's ending General Fund fund balance condition was consistent with the City's established financial policies.



CAPITAL FINANCING AND DEBT MANAGEMENT

In conjunction with the annual operating budget preparation, the City Manager annually prepares a ten-year Capital Improvement Plan to provide for the financing of improvements to the City's public facilities. 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 2017 through FY 2026 represents $1.2 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 non-City sources will provide $428.3 million in additional planned capital funding for the FY 2017—FY 2026 time-frame.

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

	Ceiling	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Target
Debt as a Percentage of Fair Market Value	1.60%	0.85%	0.73%	1.12%	1.15%	1.27%	1.36%	1.46%	1.50%	1.46%	1.39%	1.10%
Debt Per Capita as a Percentage of Per Capita Income1	4.50%	2.90%	2.60%	3.70%	3.40%	3.80%	4.00%	4.30%	4.50%	4.40%	4.43%	3.20%
Debt Service as a Percentage of General Governmental Expenditures2	10.00%	4.50%	4.40%	4.40%	4.90%	5.30%	5.90%	6.50%	7.00%	7.50%	7.83%	8.00%
General Fund Balance as a Percentage of General Fund Revenue:												
Unreserved	10%	13.40%	12.00%	9.30%	11.10%	-	-	-	-	-	-	N/A
Spendable	(floor)					13.70%	13.20%	10.10%	10.20%	11.70%	12.88%	
Undesignated	4% (floor)	5.20%	5.20%	4.70%	5.30%	-	-	-	-			5.50%
Unassigned						5.30%	5.30%	5.60%	6.50%	8.00%	8.00%	
Net Position as a Percentage of General Revenue	4% (floor)	19.00%	19.00%	9.40%	11.80%	11.70%	14.20%	17.90%	20.20%	(5.97%)	(2.68%)	5.50%

[1] Per capita information from the U.S. Bureau of Economic Analysis, as revised
[2] Data includes School Board and Library component units.
[3] The City 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 10-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 2016 as follows:

Moody's Investors Service	**Standard & Poor's**
Aaa	AAA

BUDGETARY ACCOUNTING AND INTERNAL CONTROLS

The City Charter requires the City Manager to submit a balanced budget to City Council no later than the first regular meeting in April of each year. The School Board prepares the Schools' budget and transmits it to the City Manager. The City Manager then submits his or her 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.

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 Uniform Grant Guidance, 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 thirty-eighth consecutive year in 2015. 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 2016.

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,

Kendel Taylor

Director of Finance

Ian Greaves, Ph.D.

Comptroller

Government Finance Officers Association

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, 2015

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

CliftonLarsonAllen LLP
www.CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 represents 2.4 percent of the assets, -2.0 percent of the net position, and 2.6 percent of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Alexandria Library System, is based solely on the report of the other auditors. 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 Accountants of the Commonwealth of Virginia (Specifications). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City of Alexandria Library System were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the budgetary comparison schedules, notes to the budgetary comparison schedules, and the Public Employee Retirement System-Primary Government schedules, as identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 basic financial statements. Such 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 basic financial statements or to the basic 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, as listed in accompanying table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016, on our consideration of the City of Alexandria'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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Alexandria's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 16, 2016

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, 2016. 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 2016

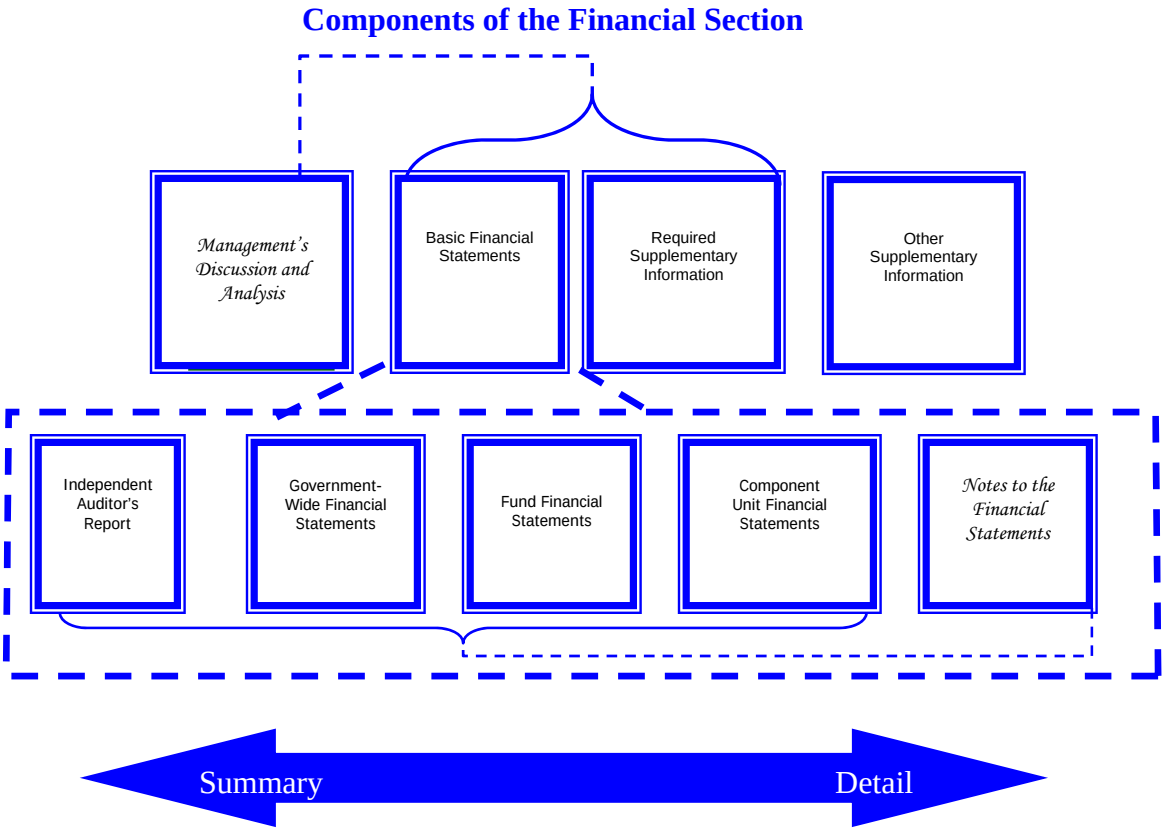
The City's total Net Position, excluding component units, on the governmental-wide basis, increased approximately $27.9 million from $344.8 million to $372.8 million at June 30, 2016.

The government-wide activities had an unrestricted net position of ($17.2 million) (Exhibit I) at June 30, 2016, an increase of $19.0 million. On a government-wide basis for governmental activities, the City's general revenues of $640.7 million were $27.9 million more than the $612.8 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 $16.9 million (Exhibit IV) after making a budgeted $16.2 million transfer to the capital projects fund and a $47.8 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 position. The Statement of Net Position 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 illustrates this information. 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 position and changes in those assets. The City's net position is the difference between (1) assets and deferred outflows of resources, and (2) liabilities and deferred inflows of resources. Net position should be displayed in three components: Net investment in capital assets, Restricted, and Unrestricted. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. Other nonfinancial factors need to be considered, 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 Position and the Statement of Activities include the following:

Governmental activities—Most of the City's basic services are reported here: General government, judicial administration, public safety, public works, library services, health and welfare, transit, culture and recreation, community development, and education.

Component units —The City of Alexandria School Board, the Alexandria Library, and the Alexandria Transit Company. Although legally separate, these component units are included 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's 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 greater 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 position and a statement of changes in fiduciary net position. 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 Position:

The following table presents the condensed Statement of Net Position:

Table 1
Summary of Net Position
As of June 30, 2016 and 2015
(in millions)

	Primary Government			
	Governmental Activities		Component Units	
	2016	2015	2016	2015
Current and other assets	$ 681	$ 652	$ 99	$ 103
Capital assets	800	805	31	34
Total Assets	$ 1,481	$ 1,457	$ 130	$ 137
Deferred Outflows	64	29	34	19
Other Liabilities	$ 59	$ 56	$ 38	$ 36
Long-term liabilities	626	644	11	11
Net Pension Liability	203	171	227	214
Total Liabilities	$ 888	$ 871	$ 276	$ 261
Deferred Inflows	$ 284	$ 270	$ 29	$ 46
Net Position:				
Net Investment in Capital Assets	$ 373	$ 364	$ 31	$ 34
Restricted	17	17	12	17
Unrestricted	(17)	(36)	(185)	(201)
	$ 373	$ 345	$ (142)	$ (150)

Amounts may not add due to rounding

The City's Net Position, (which is the City's bottom line) increased eight percent, or $28.0 million from $345.0 million to $373.0 million. The increase is primarily attributable to an increase in net deferred outflows of resources related to pensions and a decrease in long-term liabilities due to bonds.

Statement of Activities

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

Table 2
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015
(in millions)
Total

Primary Government	Governmental Activities 2016	Governmental Activities 2015	Component Units 2016	Component Units 2015
Revenues				
Program revenues:				
Charges for services	$ 62	$ 59	$ 7	$ 7
Operating grants and contributions	47	69	19	17
Capital grant/contributions	7	11	-	-
General revenues:				
Property taxes	438	427	-	-
Other taxes	136	134	-	-
Other	67	43	39	55
Payment to/from City		-	222	209
Total Revenues	$ 757	$ 743	$ 287	$ 288
Expenses				
General Government	$ 66	$ 74	-	-
Judicial Administration	20	20	-	-
Public Safety	149	139	-	-
Public Works	71	64	-	-
Library	7	7	7	7
Health and Welfare	95	93	-	-
Transit	22	18	19	18
Culture and Recreation	33	30	-	-
Community Development	33	35	-	-
Education	211	197	252	244
Interest on Long-term Debt	21	22	-	-
Total Expenses	$ 728	$ 699	$ 278	$ 269
Change in Net Position	$ 28	$ 44	$ 9	$ 19
Net Position beginning of Year	$ 345	$ 301	$ (151)	$ (170)
Net Position end of Year	$ 373	$ 345	$ (142)	$ (151)

Amounts may not add due to rounding

REVENUES

For the fiscal year ended June 30, 2016, revenues from governmental activities totaled $757.0 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 2015 and the first half of calendar year 2016 real property tax billings, were $393.5 million. The increase in tax revenues is primarily attributable to an increase in the City's assessed real property tax base in calendar year 2016. The component units' net position increased by $8.7 million due to the City's contribution to schools.

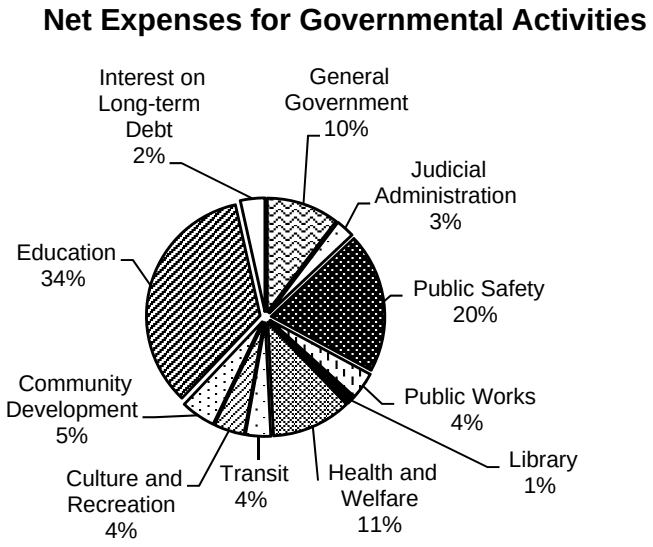


Chart does not add to 100% due to rounding.

EXPENSES

For the fiscal year ended June 30, 2016, expenses for governmental activities totaled $728.1 million reflecting an increase of $29.4 million due to an increase in education and public safety.

Education continues to be one of the City's highest priorities. Capital funding included $4.0 million in addition to the City's operating subsidy to the Schools of $198.8 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2016, the governmental funds reflect a combined fund balance of $333.1 million (Exhibit III). The Governmental fund balance increase of $15.3 million is primarily due to expenditures savings in the General Fund.

- The General Fund contributed $16.2 million to pay-as-you-go financing of capital projects.
- The City contributed $198.8 million to the schools for operations.
- The City spent $62.9 million in the Capital Projects Fund primarily to fund school projects and the new Transit initiatives.
- The Northern Virginia Transportation fund received $6.5 million in taxes for transportation.
- The Potomac Yard fund received $8.8 million in real estate taxes to be used to build a Metrorail station.
- NVTA and Potomac Yard are special revenue funds.

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 2016		
	Orginal Budget	Amended Budget	Actual
Revenues, Transfers, and Other Financial Sources			
Taxes	$ 428	$ 428	$ 429
Other Local Taxes	127	127	129
Transfers and Other	94	105	109
Total	$ 649	$ 660	$ 667
Expenditures, Transfers, and Other Financial Uses			
Expenditures	$ 378	$ 383	$ 369
Transfers and Other	271	282	281
Total	$ 649	$ 665	$ 650
Change in Fund Balance	$ -	$ (5)	$ 17

Amounts may not add due to rounding

Revenues and other financing sources exceeded expenditures and other financing uses by $17.0 million in the General Fund for FY 2016.

Actual General Fund revenues and other financial sources exceeded the original budget by $18.0 million and exceeded the amended budget by $7.0 million during FY 2016. Including supplemental appropriations, actual General Fund expenditures were below the original budget by $9.0 million, while General Fund expenditures were less than the amended budget by $14.0 million. This was primarily for funds that have been committed or assigned for future use and reduced spending to offset projected revenue shortfalls.

During FY 2016, City Council amended the budget four 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, 2015, but not paid by that date.
- To reappropriate monies to pay for projects budgeted for FY 2015 but not completed before the end of the fiscal year.
- To reappropriate grant, donation and other revenues authorized in FY 2015 or earlier, but not expended or encumbered as of June 30, 2015.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2016.

CAPITAL ASSETS

At the end of FY 2016, the City's governmental activities had invested cumulatively $800.6 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net decrease of $4.9 million.

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

	Balance 30-Jun-15	Net Additions/ (Deletions)	Balance 30-Jun-16
Non-Depreciable Assets			
Land and Land Improvements	$112.9	$0.2	$113.1
Construction in Progress	21.5	(1.3)	20.2
Other Capital Assets			
Intangible Assets	17.4	8.3	25.7
Buildings	653.7	11.4	665.1
Infrastructure	255.7	7.9	263.6
Furniture and Other Equipment	98.3	5.1	103.4
Accumulated Depreciation on Other Capital Assets	(354.0)	(36.4)	(390.4)
Totals	$805.5	($4.8)	$800.7

Amounts may not add due to rounding

The FY 2017—FY 2026 Approved Capital Improvement Program (CIP), which was approved by City Council on May 5, 2016, sets forth a 10-year program with $1.2 billion in new City funding and $428.3 million in other non- City sources for public improvements for the City and the Alexandria City Public Schools.

This represents (in City funding) an increase of approximately $105.3 million above the FY 2016—FY 2025 CIP. For purpose of comparison the Approved FY 2016—FY 2025 CIP totaled $1.6 billion in total funding, of which $384.0 million was from non-City sources.

LONG-TERM DEBT

At the end of FY 2016, the City had $522.7 million in outstanding general obligation bonds, a decrease of $18.5 million, over last year due to the refinancing of the existing 2006 B and 2008 B bonds. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2016, 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 10 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 $3.8 billion for the City.

During Fiscal year 2016 the City Council issued $73.7 million in General Obligation Bonds with a premium of $10.5 million and a true interest cost of 2.1 percent. The $73.7 million General Obligation bonds will be used to finance certain capital improvement projects including the continuing commitment in public school facilities. See details in footnotes 5 and 9 of this document for additional information.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2016. Other short term liabilities represent unclaimed money and deposits.

ECONOMIC FACTORS

The number of jobs in the city decreased slightly in FY 2016. As of March 2016, the number of Alexandria jobs totaled 83,447 (the latest data available from the Virginia Employment Commission). Tourism improved slightly, with lodging tax showing an increase of 3.1 percent in FY 2016 from all sources.

As of 2014 (the latest data available from the U.S. Bureau of Economic Analysis), the city per capita personal income of $77,142 remains one of the highest in the United States, and is the second highest of any major jurisdiction in Virginia. The city office vacancy rate stood at 16.9 percent by the end of FY 2016.

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 Kendel Taylor, Director of Finance, City Hall, P.O. Box 178, Alexandria, VA 22313, kendel.taylor@alexandriava.gov, telephone (703) 746-3900, or visit the City's web site at alexandriava.gov.

BASIC
FINANCIAL STATEMENTS

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
June 30, 2016

Exhibit I

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	$ 227,884,569	$ 69,625,505
Cash and Investments with Fiscal Agents	135,028,569	3,021,450
Receivables, Net	266,496,301	733,675
Accrued Interest	42,324	-
Due From Other Governments	40,042,356	5,268,261
Inventory of Supplies	2,519,789	997,918
Prepaid and Other Assets	8,551,099	1,237,150
Net OPEB Asset	-	1,776,728
Net Pension Asset	-	15,918,323
Capital Assets		
Land and Construction in Progress	133,290,494	999,381
Other Capital Assets, Net	667,358,466	29,976,434
Capital Assets, Net	800,648,960	30,975,815
TOTAL ASSETS	$ 1,481,213,967	$ 129,554,825
Deferred Outflows		
Deferred Pension Outflows	$ 56,811,005	$ 33,540,252
Deferred Gain on Refunding Bonds	6,846,449	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 63,657,454	$ 33,540,252
LIABILITIES		
Accounts Payable	$ 16,557,724	$ 6,502,471
Accrued Wages	9,402,196	29,069,074
Accrued Liabilities	4,880,643	-
Unearned Revenue	6,161,411	2,191,960
Other Short-term Liabilities	18,468,173	518,270
Deposits	3,676,277	-
Long-term Liabilities Due Within One Year	54,971,560	1,841,161
Long-term Liabilities Due in More Than One Year	570,631,030	9,251,150
Net Pension Liability	203,229,263	226,749,000
TOTAL LIABILITIES	$ 887,978,277	$ 276,123,086
Deferred Inflows		
Deferred Tax Revenues	$ 263,020,239	$ -
Pension Deferrals	21,109,588	28,529,400
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 284,129,827	$ 28,529,400
NET POSITION		
Net Investment in Capital Assets	$ 373,384,366	$ 30,975,815
Restricted for:		
Affordable Housing	739,206	-
Other Projects	15,814,637	-
Unrestricted	(17,174,892)	(185,059,256)
TOTAL NET POSITION	$ 372,763,317	$ (141,557,409)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Exhibit II

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary Government:						
Governmental Activities:						
General Government	$ 66,296,003	$ 2,004,995	$ 1,095,632	$ -	$ (63,195,375)	$ -
Judicial Administration	19,917,269	1,230,757	2,417,801	-	(16,268,711)	-
Public Safety	149,403,707	14,093,937	13,420,978	-	(121,888,792)	-
Public Works	70,527,730	33,030,617	8,204,954	5,632,251	(23,659,908)	-
Library	6,737,614	-	-	-	(6,737,614)	-
Health and Welfare	94,894,735	5,325,781	19,798,745	-	(69,770,209)	-
Transit	21,922,729	-	-	-	(21,922,729)	-
Culture and Recreation	32,569,534	4,790,776	272,461	757,351	(26,748,946)	-
Community Development	33,338,023	1,477,078	1,597,570	137,225	(30,126,150)	-
Education	211,160,531	-	-	-	(211,160,531)	-
Interest on Long-term Debt	21,329,059	-	-	-	(21,329,059)	-
Total Primary Government	$ 728,096,934	$ 61,953,941	$ 46,808,141	$ 6,526,827	$ (612,808,024)	$ -
Component Units:						
Library	$ 7,383,629	$ 236,855	$ 164,069	$ -	$ -	$ (6,982,705)
Transit	19,398,568	4,464,870	390,429	-	-	(14,543,269)
School Board	251,697,665	2,193,679	18,398,056	-	-	(231,105,930)
Total Component Units	$ 278,479,862	$ 6,895,404	$ 18,952,554	$ -	$ -	$ (252,631,904)

	Governmental Activities	Component Units
General Revenues:		
Taxes:		
General Property Taxes:		
Real Estate	$ 393,457,992	$ -
Personal Property	44,456,029	-
Other Local Taxes:		
Business License Tax	32,134,947	-
Local Sales Tax	31,174,524	-
Meals Tax	18,655,330	-
Transient Lodging Tax	12,755,322	-
Utility Tax	12,579,583	-
Communications Sales Tax	11,446,620	-
Motor Vehicle License, Recordation, and other local taxes	17,173,101	-
Revenue from Primary Government		
Payment from City of Alexandria (operating)	-	217,332,669
Payment from City of Alexandria (capital)	-	4,678,770
Grants and Contributions Not Restricted to Specific Programs	58,569,141	38,776,618
Interest and Investment Earnings	5,422,935	37,742
Miscellaneous	2,920,975	564,451
Total General Revenues	$ 640,746,499	$ 261,390,250
Change in Net Postion	27,938,475	8,758,346
Net Position at Beginning of Year	344,824,842	(150,315,755)
Net Position at End of Year	$ 372,763,317	$ (141,557,409)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Balance Sheet
Governmental Fund
As of June 30, 2016

Exhibit III

	General	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 104,686,025	$ 64,827,872	$ 44,581,174	$ 214,095,071
Cash and Investments with Fiscal Agents	-	-	135,028,569	135,028,569
Receivables, Net	262,469,159	4,027,142	-	266,496,301
Accrued Interest	42,324	-	-	42,324
Due From Other Governments	32,411,612	7,630,744	-	40,042,356
Inventory of Supplies	2,519,789	-	-	2,519,789
Prepaid and Other Assets	8,294,545	256,554	-	8,551,099
Total Assets	$ 410,423,454	$ 76,742,312	$ 179,609,743	$ 666,775,509
TOTAL				
LIABILITIES				
Accounts Payable	$ 5,958,731	$ 2,805,775	$ 7,455,268	$ 16,219,774
Due to Other Goverments	186,842	-	-	186,842
Accrued Wages	7,191,650	2,185,075	25,471	9,402,196
Other Liabilities	18,463,753	-	4,420	18,468,173
Deposits	3,676,277	-	-	3,676,277
Unearned Revenue	6,161,411	-	-	6,161,411
Total Liabilities	$ 41,638,664	$ 4,990,850	$ 7,485,159	$ 54,114,673
Deferred Inflows	$ 274,258,858	$ 5,272,172	$ -	$ 279,531,030
TOTAL FUND BALANCES				
Non-Spendable	$ 10,905,853	$ -	$ -	$ 10,905,853
Restricted	-	16,553,843	-	16,553,843
Committed	11,524,556	49,925,447	172,124,584	233,574,587
Assigned	20,116,985	-	-	20,116,985
Unassigned	51,978,538	-	-	51,978,538
Total Fund Balances	$ 94,525,932	$ 66,479,290	$ 172,124,584	$ 333,129,806
Total Liabilities and Fund Balances	$ 410,423,454	$ 76,742,312	$ 179,609,743	

Adjustments for the Statement of Net Position:

(1)	Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)	785,833,747
(2)	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)	23,357,240
(3)	Deferred inflows of resources related to Pensions (Note 17)	(21,109,588)
(4)	Deferred outflows of resources related to Pensions (Note 17)	56,811,005
(5)	Internal service funds are used by management to charge the costs of equipment replacement to City Departments; and, therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. (Exhibit V)	28,453,603
(6)	Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(833,712,496)
	Net Position of Governmental Activities	$ 372,763,317

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, 2016

Exhibit IV

	General	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES				
General Property Taxes	$ 428,938,197	$ 10,716,242	$ -	$ 439,654,439
Other Local Taxes	129,377,852	6,541,575	-	135,919,427
Permits, Fees, and Licenses	2,544,080	5,589,183	-	8,133,263
Fines and Forfeitures	4,964,339	-	-	4,964,339
Use of Money and Property	5,422,935	12,036	678,336	6,113,307
Charges for Services	19,896,356	17,580,826	29,382	37,506,564
Intergovernmental Revenue	56,080,138	45,535,163	6,526,826	108,142,127
Miscellaneous	2,171,682	5,639,605	2,761,636	10,572,923
Total Revenues	$ 649,395,579	$ 91,614,630	$ 9,996,180	$ 751,006,389
EXPENDITURES				
Current Operating:				
General Government	$ 45,099,841	$ 1,524,942	$ -	$ 46,624,783
Judicial Administration	18,582,543	776,292	-	19,358,835
Public Safety	134,138,428	8,574,805	-	142,713,233
Public Works	35,595,460	8,612,294	-	44,207,754
Library	6,737,614	-	-	6,737,614
Health and Welfare	19,308,575	75,087,455	-	94,396,030
Transit	10,908,182	11,014,547	-	21,922,729
Culture and Recreation	24,086,422	1,461,699	-	25,548,121
Community Development	18,715,795	12,658,827	-	31,374,622
Education	198,823,443	-	3,986,666	202,810,109
Debt Service:				
Principal	41,595,000	-	-	41,595,000
Interest and Other Charges	21,766,140	-	-	21,766,140
Capital Outlay	-	-	62,935,099	62,935,099
Total Expenditures	$ 575,357,443	$ 119,710,861	$ 66,921,765	$ 761,990,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 74,038,136	$ (28,096,231)	$ (56,925,585)	$ (10,983,680)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	$ -	$ -	$ 23,215,000	$ 23,215,000
Issuance of Refunding Bonds	10,595,000	-	-	10,595,000
Bond Premium (Discount)	50,678	-	2,330,617	2,381,295
Payment to Refunded Bonds Escrow Agent	(10,749,293)	-	-	(10,749,293)
Transfers In	6,973,897	51,129,901	33,127,261	91,231,059
Transfers Out	(64,029,633)	(25,533,364)	(870,742)	(90,433,739)
Total Other Financing Sources and Uses	$ (57,159,351)	$ 25,596,537	$ 57,802,136	$ 26,239,322
Net Change in Fund Balance	$ 16,878,785	$ (2,499,694)	$ 876,551	$ 15,255,642
Fund Balance at Beginning of Year	77,781,815	68,978,984	171,248,033	
(Decrease) in Reserve for Inventory	(134,668)	-	-	(134,668)
Fund Balance at End of Year	$ 94,525,932	$ 66,479,290	$ 172,124,584	

Adjustments for the Statement of Activities:

(1) Repayment of bond principal and payment to bond escrow agent are reported as an expenditure and other financing uses in the govermental finds, but the repayment reduces long-term liabilities in the Statement of Net Position.	52,344,293
(2) 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)	(6,629,093)
(3) Governmental funds report pension contributions as expenditures, however in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.	1,897,747
(4) Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)	(1,740,418)
(5) Issuance of debt, refunding bonds and premium provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. (Note 9)	(36,191,295)
(6) Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds. (Note 9) individual funds.	49,705
(7) The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI)	3,086,562
Change in Net Position of Governmental Activities	**$ 27,938,475**

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
Proprietary Funds – Internal Service Fund
June 30, 2016

Exhibit V

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	13,789,498
Total Current Assets	$	13,789,498
Capital Assets:		
Buildings and Equipment	$	46,198,122
Less Accumulated Depreciation		(31,382,909)
Capital Assets, Net	$	14,815,213
Total Assets	$	28,604,711
LIABILITIES		
Accounts Payable	$	151,108
NET POSITION		
Net Investment in Capital Assets	$	14,815,213
Unrestricted Net Position		13,638,390
TOTAL NET POSITION	$	28,453,603
Total Liabilities and Net Position	$	28,604,711

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenue, Expenses, and Change in Net Position
Proprietary Funds – Internal Service Fund
For the Fiscal Year Ended June 30, 2016

Exhibit VI

Operating Revenues:		
Charges for Services	$	5,058,332
Total Operating Revenues	$	5,058,332
Operating Expenses:		
Materials and Supplies	$	1,101,124
Depreciation		4,157,940
Total Operating Expenses	$	5,259,064
Operating Income (Loss)	$	(200,732)
Non-Operating Revenues (Expenses)		
Insurance Recoveries	$	1,000
Loss on disposal of capital asset, net		(74,326)
Non-Operating Expenses	$	(73,326)
Net Profit/Loss Before Operating Transfers	$	(274,058)
Operating Transfers:		
Transfers In	$	292,766
Transfers Out		(1,090,086)
Total Net Transfers	$	(797,320)
Change in Net Position	$	(1,071,378)
Net Position at Beginning of Year		29,524,981
Net Position at End of Year	$	28,453,603

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, 2016

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers	$	5,058,332
Payment to Suppliers		(1,729,423)
Net Cash Provided by Operating Activities	$	3,328,909
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	$	292,766
Transfers from Other Funds		(1,090,086)
Net Transfers to Other Funds	$	(797,320)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Insurance Recovery	$	1,000
Purchases of Capital Assets		(4,266,424)
	$	(4,265,424)
Net Cash Used By Capital and Related Financing Activities		(5,062,744)
Net Increase in Cash and Cash Equivalents	$	(1,733,835)
Cash and Cash Equivalents at Beginning of Year		15,523,333
Cash and Cash Equivalents at End of Year	$	13,789,498
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$	(200,732)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense		4,157,940
Effect of changes in Operating Assets and Liabilities:		
Accounts Payable		(628,299)
Net Cash Provided by Operating Activities	$	3,328,909

Noncash investing, capital and financing activities:
Capital assets with a net book value of $74,326 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 Position
June 30, 2016

Exhibit VIII

	Employee Benefit Trust Funds	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and Short-term Investments	$ -	$ -	$ 23,135
Investments, at Fair Value:			
U.S. Government Obligations			
LGIP/CDARS/ICS/NOW	-	6,889	416,366
Mutual Funds	330,833,767	-	-
Stocks	35,844,325	-	-
Guaranteed Investment Accounts	37,182,318	-	-
Real Estate	24,927,952	-	-
Timber/Private Equity	32,820,449	-	-
Other Investments	3,482,631	-	-
Total Investments	$ 465,091,442	$ 6,889	$ 416,366
Total Assets	$ 465,091,442	$ 6,889	$ 439,501
LIABILITIES			
Refunds Payable and Other	$ -	$ -	$ 439,501
	$ -	$ -	$ 439,501
NET POSITION			
Held in Trust for:			
Pension Benefits	$ 424,540,700	$ -	
Other Post Employment Benefits	40,550,742	-	
Other Purposes	-	6,889	
TOTAL NET POSITION	$ 465,091,442	$ 6,889	

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Change in Fiduciary Net Position
For the Year ended June 30, 2016

Exhibit IX

	Employee Benefit Trust Funds	Private-Purpose Trusts
ADDITIONS		
Contributions:		
Employer	$ 30,913,832	$ -
Plan Members	3,734,507	-
Total Contributions	$ 34,648,339	$ -
Investment Earnings:		
Net Appreciation (Depreciation) in Fair Value of Investments	$ (7,134,662)	$ -
Interest	15,990,306	502
Investment Expense	(3,262,010)	-
Net Investment Income	$ 5,593,634	$ 502
Total Additions	$ 40,241,973	$ 502
DEDUCTIONS		
Benefits	$ 32,791,466	$ -
Refunds of Contributions	446,460	-
Administrative Expenses	1,135,727	-
Total Deductions	$ 34,373,653	$ -
Change in Net Position	$ 5,868,320	$ 502
Net Position at Beginning of Year	459,223,122	6,387
Net Position at End of Year	$ 465,091,442	$ 6,889

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA
Combining Statement of Net Position
Component Units
As of June 30, 2016

Exhibit X

	School Board	Library	Transit	Total
ASSETS				
Cash and Cash Equivalents	$ 68,303,572	$ 102,307	$ 1,219,626	$ 69,625,505
Cash and Investments with Fiscal Agents	-	3,021,450	-	3,021,450
Receivables	494,959	-	238,716	733,675
Due from Other Governments	5,139,553	23,245	105,463	5,268,261
Inventory of Supplies	306,779	-	691,139	997,918
Net OPEB Asset	1,776,728	-	-	1,776,728
Net Pension Asset	15,918,323	-	-	15,918,323
Prepaid and Other Assets	1,212,692	24,458	-	1,237,150
Capital assets				
Land and Construction in Progress	999,381	-	-	999,381
Other Capital Assets, Net	7,814,699	-	22,161,735	29,976,434
Capital Assets, Net	$ 8,814,080	$ -	$ 22,161,735	$ 30,975,815
Total Assets	$ 101,966,686	$ 3,171,460	$ 24,416,679	$ 129,554,825
Deferred Outflows of Resources				
Difference between expected/ actual investment earnings	$ 7,557,742	$ -	$ -	$ 7,557,742
Difference between employer contributions and proportionate share	3,497,000	-	-	3,497,000
Difference between expected and actual experience	105,666	-	-	105,666
Employer Retirement Contributions	22,379,844	-	-	22,379,844
Total Deferred Outflows of Resources	$ 33,540,252	$ -	$ -	$ 33,540,252
Total Assets and Deferred Outflows of Resources	$ 135,506,938	$ 3,171,460	$ 24,416,679	$ 163,095,077
LIABILITIES				
Accounts Payable	$ 5,955,589	$ 77,897	$ 468,985	$ 6,502,471
Accrued Wages	28,665,831	199,381	203,862	29,069,074
Unearned Revenue	2,191,960	-	-	2,191,960
Other Short-term Liabilities	-	-	518,270	518,270
Long-term Liabilities Due Within One Year	1,841,161	-	-	1,841,161
Long-term Liabilities Due in More Than One Year	9,251,150	-	-	9,251,150
Net Pension Liabilities	226,749,000	-	-	226,749,000
Total Liabilities	$ 274,654,691	$ 277,278	$ 1,191,117	$ 276,123,086
Deferred Inflows of Resources				
Difference between expected and actual experience	$ 4,077,510	$ -	$ -	$ 4,077,510
Difference between projected and actual proportionate share of Contributions	4,526,000	-	-	$ 4,526,000
Difference between projected and actual investment earnings	19,925,890	-	-	19,925,890
Total Deferred Inflow of Resources	$ 28,529,400	$ -	$ -	$ 28,529,400
NET POSITION				
Net Investment in Capital Assets	$ 8,814,080	$ -	$ 22,161,735	$ 30,975,815
Restricted for grant programs	856,880	-	-	856,880
Restricted for health benefits	11,669,152	-	-	11,669,152
Unrestricted	(189,017,265)	2,894,182	1,063,827	(185,059,256)
Total Net Postion	$ (167,677,153)	$ 2,894,182	$ 23,225,562	$ (141,557,409)
Total deferred inflows of resources, liablities and net postion	$ 135,506,938	$ 3,171,460	$ 24,416,679	$ 163,095,077

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2016

Exhibit XI

		Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	School Board	Library	Transit	Totals
School Board	$ 251,697,665	$ 2,193,679	$ 18,398,056	$ (231,105,930)	$ -	$ -	$ (231,105,930)
Library	7,383,629	236,855	164,069	-	(6,982,705)	-	(6,982,705)
Transit	19,398,568	4,464,870	390,429	-	-	(14,543,269)	(14,543,269)
Total Component Units	$ 278,479,862	$ 6,895,404	$ 18,952,554	$ (231,105,930)	$ (6,982,705)	$ (14,543,269)	$ (252,631,904)
General Revenues:							-
Payment From/(To) City				$ 198,811,472	$ 6,737,614	$ 11,783,583	$ 217,332,669
Capital Payment From City ***				3,986,666	-	692,104	4,678,770
Grants not restricted to specific programs				38,776,618	-	-	38,776,618
Interest and Investment Earnings				-	37,742	-	37,742
Miscellaneous				331,334	156,121	76,996	564,451
Total General Revenues				$ 241,906,090	$ 6,931,477	$ 12,552,683	$ 261,390,250
Change in Net Position				$ 10,800,160	$ (51,228)	$ (1,990,586)	$ 8,758,346
Net Position Beginning of Year				(178,477,313)	2,945,410	25,216,148	(150,315,755)
Net Position End of Year				$ (167,677,153)	$ 2,894,182	$ 23,225,562	$ (141,557,409)

***City Expenditure on schools joint tenancy project

See Accompanying Notes to Financial Statements

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 146,294 and a land area of 15.75 square miles, Alexandria is the seventh 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 (Public Works), 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*, as amended. 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 position and the Statement of Activities.

Statement of Net Position – The Statement of Net Position 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 Position and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. Net Position represents the difference between assets, liabilities, and deferred inflow (outflow) of Resources. The Net Position of a government is broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Net invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

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).

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 statements, 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 an elected body. 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 $198.8 million for operations and $4.0 million for capital equipment in FY 2016.

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 City only maintains the assets based on agreements reached with the Library Board. The legal liability for the general obligation debt issued on behalf of the Library remains with the City, but is based on needs requested by the Library Board. The City's primary transaction with the Library is the City's annual operating support, which was $6.7 million for FY 2016. The seven-member Library Board consists of three members of the Alexandria Library Company, three citizens and a member of the Alexandria City Council. The Library provides a variety of services to the community that is funded by endowments and is not completely government services. The City has no say in the selection of books and materials the Library carries. The City has no say in the day to day management of the operations of the library buildings or staffing.

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 $11.8 million in FY 2016.

The Alexandria Transit Company does not issue separate financial statements and is included as a Component Unit. 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
1340 Braddock Place
Alexandria, Virginia 22314

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), Visit Alexandria, 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 position, 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.

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 position, 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, 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 fund 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 2016.

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 fund is 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 Fund of the City as of the end of FY 2016 is comprised of the following sub funds:

Housing – This sub fund accounts for the City's housing programs. The sources of funding are bond proceeds and the payment of note receivables.

Sanitary Sewer – This sub fund accounts for the funding of sanitary sewer maintenance and construction. The fund is funded by sewer connection fees and sewer charges.

Stormwater Management – This sub 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 sub fund is funded by certain real estate taxes for specific improvements in Potomac Yards, including the development of a metro rail station.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Northern Virginia Transportation Authority (NVTA) – This sub fund was established in FY 2014. It is funded by various state and local other taxes.

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

c. Capital Projects Fund

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

2. Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, Net Position, 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 non-operating revenues and expenses. The City has one proprietary fund – the Internal Service Fund. 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 a proprietary 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 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, and the Industrial Development Authority 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 because the resources cannot be used for operations of the government.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Pension Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The agency funds held by the City as of the end of FY 2016 comprise the following:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Position 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 Position or on the Statement of Fiduciary Net position. These operating statements present increases (e.g., revenues or additions) and decreases (e.g., expenses or deductions) in total Net position.

The Government-wide Statement of Net Position and Statement of Activities as well as 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 45 days after 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.

D. Budgets and Budgetary Accounting

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. The School Board appropriation is determined by the City Council and controlled in total by the primary government. On June 13, 2015, the City Council formally approved the original adopted budget and on June 18, 2016, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $19,360 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.

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, 2016, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	$ 577,553
Personal	13,458,269
Penalties and Interest	623,895
Total Taxes	$ 14,659,717
Accounts Receivable	5,756
Notes Receivable	309,000
	$ 14,974,473
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	$ 42,485,547
CAPITAL PROJECTS FUND:	
Capital Projects Fund Notes Receivable	$ 1,475,000

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Other assets in the government-wide statements also include taxes receivable discussed in Note 4 and deferred interest, which represents the excess of the reacquisition price over the net carrying amount of the refunded bonds discussed in Note 9. The total adjustment to these assets was comprised of the following:

Taxes receivable	$ 16,510,791
Deferred interest	6,846,449
Total Adjustment	$ 23,357,240

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 are 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. For example, 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—The City's highest level of decision-making authority is the City Council. The formal action required to establish, modify, or rescind a fund balance commitment is an ordinance of the City Council.

Assigned Fund Balance—amounts in the Assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council's delegation of this authority to the City Manager or his designee in the annual operating budget ordinance. Amendments must follow guidance described in Note 1D.

Unassigned Fund Balance—is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The Unassigned fund balance can only be appropriated by a resolution of the City Council.

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Detail

General Fund

Nonspendable		
Inventories	$	2,519,789
Prepaids		7,986,064
Long Term Notes		400,000
Total	$	10,905,853
Committed		
Encumbrances	$	6,524,556
Self-Insurance		5,000,000
Total	$	11,524,556
Assigned		
Subsequent Capital Program	$	11,330,800
Natural Disaster/Emergencies		2,900,000
Revenue Uncertainties		1,000,000
Accrued Leave Payout		500,000
Economic Development Incentives		600,000
Transportation Improvement		386,185
Affordable Housing Programs		500,000
City Projects/Initiatives		2,900,000
Total	$	20,116,985
Unassigned	$	51,978,538
Total Fund Balance	$	94,525,932

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

Subsequent Fiscal Years' Capital Program—These monies ($11.3 million) have been assigned to fund a portion of the capital improvement program in FY 2017 and beyond.

Natural Disaster/Emergencies/ Emergency Response—These funds ($2.9 million) have been assigned to cover damages and operational costs associated with responding to extraordinary emergencies.

Revenue Uncertainties—These funds ($1.0 million) have been assigned to mitigate the effects of uncertainties brought on by actions such as sequestration.

Economic Development Incentives—These funds ($0.6 million) are assigned to provide funds to incentivize business to locate or expand in the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Affordable Housing Programs—These funds ($0.5 million) are assigned to increase available resources for affordable housing initiatives.

Transportation Improvement—These funds ($0.4 million) are residual balance of Transportation Improvement funds that are collected through a reservation of Real Estate Taxes.

City Projects/Initiatives—These funds ($2.9 million) are assigned to support projects and initiatives that are approved but not yet under contract, such as City Council contingent reserve initiatives.

Accrued Leave Payout—These funds ($0.5 million) are assigned to address leave payouts that are required for employees that are separated from the city either voluntarily or involuntarily.

FUND BALANCE DETAIL

Special Revenue

Restricted		
Grants	$	10,735,393
Donations		5,079,244
Housing Programs		739,206
Total	$	16,553,843
Committed		
Sanitary Sewer	$	18,351,085
Stormwater		1,194,973
Other Programs		12,458,277
Potomac Yard		5,351,577
NVTA		12,569,535
Total	$	49,925,447
Total Fund Balance	$	66,479,290

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

Fund	Vendor	Amount
Capital Projects	Grunley Construction Co. Inc.	$ 8.8 million
Capital Projects	Williams Emergency Vehicle Services	$ 6.1 million
Capital Projects	N to N Fiber Inc.	$ 4.9 million
Capital Projects	Sagres Construction Corp	$ 1.8 million
Capital Projects	Midas Utilities Inc.	$ 1.8 million
Capital Projects	Manganaro Mid Atlantic LLC.	$ 1.5 million
Capital Projects	AM-Liner East Inc.	$ 1.4 million
Capital Projects	Intergraph Corporation	$ 1.3 million
Capital Projects	Centennial Contractors Enterprises Inc.	$ 1.0 million

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 2016.

M. Deferred Outflows

A deferred outflow of resources represents a consumption of net assets by the government that is applicable to a future period and so will not be recognized as an outflow of resources until the future period. The City recognizes deferred outflows for contributions made subsequent to the measurement date related to pensions, difference between expected and actual experience, changes in assumptions, and net difference between projects and actual earnings on pension plans investments. At June 30, 2016, the City had deferred outflows of resources of $63.7 million.

N. Deferred Inflows

A deferred inflow of resources represents an acquisition of net assets by the government that is applicable to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. At June 30, 2016, the City had deferred inflows of resources of $284.1 million.

The City recognizes deferred inflows for the difference between the projected and actual investment earnings and expected and actual experience related to pensions. At June 30, 2016, the City had deferred inflows of resources related to pensions of $21.1 million.

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 2016, 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 2016, 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, 2016, the carrying value of the City's deposits was $9,320,579 and the bank balance was $10,731,127. The difference between the carrying value of the City's deposits and the bank balance are the 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 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. The City maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. The City has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP"). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities, and towns. As of June 30, 2016, the City had $135,028,569 in the SNAP short term investment.

Component Units

At June 30, 2016, the carrying value of deposits for the School Board was negative $1,804,718 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, 2016, the carrying value of deposits and bank balance for the Library was $378,702. The entire amount 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.

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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, the State Treasurer's Local Government Investment Pool (LGIP), Virginia Investment Pool (VIP). 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 (the Certificate of Deposit Account Registry Service, a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to $50 million), ICS (Insured Cash Sweeps), and NOW (Negotiable Order of Withdrawal, an interest bearing bank account with which the customer is permitted to write drafts against money held on deposit) accounts.

During fiscal year 2016 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 eight 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 change could materially affect the amounts reported in the statement of Net position 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 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, the State Treasurer's LGIP, VIP, CDARS, ICS and NOW accounts. During the fiscal year, the City held its investments in LGIP, CDARS, ICS and NOW, commercial paper, investments of US agencies and VA municipalities. The investments for five of the City's six 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 investment for the defined contribution plan is directed by employees, and is 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 (Other Post-Employment Benefits) trust fund for the City.

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Custodial Risk – 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, VIP, CDARS, ICS, and NOW accounts. If the City has to invest in a local bank, the City will require a designated portfolio manager. At the time funds are invested, collateral for repurchase agreements will 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 will be held by the Federal Reserve in a custodial account.

As of June 30, 2016, the City had the following cash, investments and maturities:

Primary Government

	Investment Maturities			
INVESTMENT TYPE	Fair Value	1-12 Months	13-24 Months	25-60 Months
Fixed Agency (Callable) Securities	$ 9,526,555	$ 1,696,821	$ 7,829,734	$ -
Fixed Agency (Non-Callable) Securities	4,722,859	1,700,979	3,021,880	-
Fixed Certificate of Deposit	39,987,376	21,287,031	18,700,345	-
Overnight Funds Securities	161,683,477	161,683,477	-	-
Taxable Muni (Callable) Securities	782,628	591,316	191,312	-
Taxfree Muni (Non-Callable) Securities	18,956	18,956	-	-
Treasury Securities	2,265,394	-	2,265,394	-
Total Investments Controlled by City	$ 218,987,245	$ 186,978,580	$ 32,008,665	$ -
OPEB Trust Investments *	40,550,742	-	-	40,550,742
Pension Plan Investments (Exhibit VIII) *	424,540,700	-	-	424,540,700
Total	$ 684,078,687	$ 186,978,580	$ 32,008,665	$ 465,091,442

*Details of investment types for OPEB and Pensions are listed in Note 17, Exhibit XII

Reconciliation to Total Cash and Investments:	
Add:	
Cash on Hand and in Banks	$ 9,320,579
Cash with Fiscal Agents	135,051,704
Total Deposits and Investments	$ 828,450,970

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Component Unit

School Board

	Fair Value	Investment Maturities 1-12 Months	13-24 Months	25-60 Months
Fixed Agency (Callable) Securities	$ 3,049,906	$ 543,234	$ 2,506,672	$ -
Fixed Agency (Non-Callable) Securities	1,512,013	544,565	967,448	-
Fixed Certificate of Deposit	12,801,871	6,814,996	5,986,875	-
Overnight Funds Securities	51,762,613	51,762,613	-	-
Taxable Muni (Callable) Securities	250,557	189,309	61,248	-
Taxfree Muni (Non-Callable) Securities	6,069	6,069	-	-
Treasury Securities	725,261	-	725,261	-
Total Investments Controlled by City	$ 70,108,290	$ 59,860,786	$ 10,247,504	$ -

Other Component Units

	Fair Value	Investment Maturities 1-12 Months	13-24 Months	25-60 Months
Fixed Agency (Callable) Securities	$ 57,508	$ 10,243	$ 47,265	$ -
Fixed Agency (Non-Callable) Securities	28,510	10,268	18,242	-
Fixed Certificate of Deposit	241,387	61,223	53,784	-
Overnight Funds Securities	976,015	976,015	-	-
Taxable Muni (Callable) Securities	4,724	3,570	1,154	-
Taxfree Muni (Non-Callable) Securities	114	114	-	-
Treasury Securities	13,675	-	13,675	-
Total Investments Controlled by City	$ 1,321,933	$ 1,061,433	$ 134,120	$ -
Total Investments Controlled by City Primary Government and Component Units:	$ 290,417,468			

As of June 30, 2016, the City had investments in the following issuers with credit quality ratings as shown below:

	Fair Value	S&P AAA	AA	Overnight Cash Equivalents	Certificate of Deposit
Fixed Agency (Callable) Securities **	$ 12,633,968	$ -	$ 12,633,968	$ -	$ -
Fixed Agency (Non-Callable) Securities **	6,263,382	-	6,263,382	-	-
Fixed Certificate of Deposit	53,030,634	-	-	-	53,030,634
Overnight Funds Securities	214,422,106	169,900,277	33,702,199	10,819,630	-
Taxable Muni (Non-Callable) Securities	1,037,909	430,291	607,618	-	-
Taxfree Muni (Non-Callable) Securities	25,139	25,139	-	-	-
Treasury Securities ***	3,004,330	-	3,004,330	-	
Total Investments Controlled by City & Components	$ 290,417,468	$ 170,355,707	$ 56,211,497	$ 10,819,630	$ 53,030,634

** Rated by Moody as AAA

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments in any one issuer that represents five percent or more of the total of City of Alexandria's investments are as follows:

Issuer	Investment Type	Fair Value	% of Portfolio
LGIP	Overnight Funds Securities	$ 169,900,277	58.50%
VIP Overnights	Overnight Funds Securities	33,702,199	11.60%

Reconciliation of total deposits and investments to the government-wide financial statements as of June 30, 2016:

	Governmental Activities	Business Type Activities	Fiduciary Activities	Total
Primary Government				
Cash on Hand and In Banks	$ 9,320,579	$ -	$ -	$ 9,320,579
Cash and Investments	218,563,990	-	423,255	218,987,245
Cash and Investments with Fiscal Agents	135,028,569	-	465,114,577	600,143,146
Total	$ 362,913,138	$ -	$ 465,537,832	$ 828,450,970
Component Unit School Board				
Cash on Hand and In Banks	$ (1,804,718)	$ -	$ -	$ (1,804,718)
Cash and Investments Controlled by City	70,108,290	-	-	70,108,290
Total	$ 68,303,572	$ -	$ -	$ 68,303,572
Other Component Units				
Cash and Investments Controlled by City	$ 102,307	$ 1,219,626	$ -	$ 1,321,933
Cash and Investments with Fiscal Agents	3,021,450	-	-	3,021,450
Total	$ 3,123,757	$ 1,219,626	$ -	$ 4,343,383
Grand Total	$ 434,340,467	$ 1,219,626	$ 465,537,832	$ 901,097,925

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

The list below summarizes investments managed by the City of Alexandria in accordance with the fair value hierarchy established by the generally accepted accounting principles. Fair value is a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The inputs are categorized at three levels based on the degree of certainty around the asset's underlying value.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborate by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

During fiscal year 2016, investments worth $3.0 million were classified in Level 1 of the fair value hierarchy. Additionally, investments worth $73.0 million were classified in Level 2. Fixed government securities worth $18.9 million, tax-free municipal securities worth $25,139, taxable municipal securities worth $1.0 million, and fixed certificates of deposit worth $53.0 million were classified in Level 2.

Investments by fair value level	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
US Treasury Securities	$ 3,004,330	$ 3,004,330	$ -	$ -
Fixed Government Securities	18,897,350	-	18,897,350	-
Tax- Free Municipal Securities	25,139	-	25,139	-
Taxable Municipal Securities	1,037,909	-	1,037,909	-
Fixed Certificates of Deposit	53,030,634	-	53,030,634	-
Total investments by fair value level	$ 75,995,362	$ 3,004,330	$ 72,991,032	$ -
Investments measured at the net asset value (NAV)				
Access Bank NOW	$ 243,363			
Access Bank ICS	5,239,951			
Freedom Bank ICS	5,336,316			
Virginia Investment Pool	33,702,199			
Local Government Investment Pool	169,900,277			
	$ 214,422,106			
Total investments measured at fair value	**$ 290,417,468**			

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2016, consist of the following:

Primary Government

	General	Special Revenue	Capital Project	Total
Taxes				
Real Property	$ 205,305,377	$ -	$ -	$ 205,305,377
Personal Property	54,607,468	-	-	54,607,468
Penalties and Interest	2,607,110	-	-	2,607,110
Other	4,519,641	-	-	4,519,641
Total Taxes	$ 267,039,596	$ -	$ -	$ 267,039,596
Accounts	$ 9,695,036	$ 1,528,821	$ -	$ 11,223,857
Interest	42,324	-	-	42,324
Intergovernmental	32,411,612	7,630,744	-	40,042,356
Notes	709,000	44,983,868	1,475,000	47,167,868
Gross Receivables	$ 309,897,568	$ 54,143,433	$ 1,475,000	$ 365,516,001
Less: Allowance for Uncollectibles	14,974,473	42,485,547	1,475,000	58,935,020
Net Receivables	$ 294,923,095	$ 11,657,886	$ -	$ 306,580,981

Taxes receivable represents the current and past four years of uncollected tax levies for personal property taxes, and the current and past 19 years for uncollected tax levies on real property. The allowance for estimated uncollectible taxes receivable is 5.8 percent of the total taxes receivable at June 30, 2016 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, 2016, represent the second-half payment due for real estate taxes on November 15, 2016.

Receivables on a government-wide basis include taxes receivable of $16.5 million that are not available to pay for current period expenditures and, therefore, are offset by the deferred inflows in the governmental funds. Tax revenues and the corresponding unearned revenue reported on a government-wide basis, do not include approximately $1.7 million of taxes that are considered current financial resources and, therefore, are reported in the governmental funds. This comprises:

Real Estate Tax Receivables	$ (953,983)
Personal Property Tax Receivables	2,694,401
Total	$ 1,740,418

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

Governmental funds report deferred inflows 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 2016 unearned revenue in the governmental funds consisted of the following:

	Unavailable	Unearned	Total
Property taxes, net of related allowances	$ 273,460,459	$ 6,161,411	$ 279,621,870
Grant proceeds received prior to completion of eligibility requirements	-	6,070,571	6,070,571
Total	$ 273,460,459	$ 12,231,982	$ 285,692,441

Deferred Outflows/Inflows

	General Fund	Special Revenue Fund	Comment
Total Deferred Taxes	$ 273,460,459	$ -	
Grants Received Prior to Eligibility	798,399	-	Build America Bond refund in General Fund
Grants Received Prior to Eligibility	-	5,272,172	Eligible grants with timing differences
Total Deferred Outflows, Receivables	$ 274,258,858	$ 5,272,172	

Component Units

Receivables at June 30, 2016, consist of following:

	School Board	Library	Transit	Total
Accounts	$ 494,959	$ -	$ 238,716	$ 733,675
Intergovernmental	5,139,553	23,245	105,463	5,268,261
Total Receivables	$ 5,634,512	$ 23,245	$ 334,179	$ 6,001,936

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

All deferred revenue in the component units is unearned.

NOTE 4. RECEIVABLES (Continued)

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 Real Estate Assessor, 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, 2016, includes amounts not yet received from the January 1, 2016 levy (due June 15 and November 15, 2016), less an allowance for uncollectible amounts. The installment due on November 15, 2016 is included as unavailable revenue since these taxes are restricted for use until FY 2017. 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 $1.073 per $100 of assessed value during calendar year 2016 and $1.043 in 2015.

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 status 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, 2016, includes amounts not yet billed or received from the January 1, 2016 levy (due October 5, 2016). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2017. The tax rate for motor vehicles was $5.00 per $100 of assessed value during calendar years 2016 and 2015. The tax rates during calendar years 2016 and 2015 were $4.75 for tangible personal 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, 61 percent of most taxpayers' payments in FY 2016 for the January 1, 2016 levy. This represented 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's share of the January 1, 2016 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, 2016:

Governmental Activities

General Fund	$ 709,000
Special Revenue Fund	44,983,868
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	(44,269,547)
Net	$ 2,898,321
Amounts due within one year	$ 231,000
Amounts due in more than one year	$ 2,667,321

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, 2016:

Governmental Activities

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Land Improvements	$ 112,898,619	$ 193,000	$ -	$ 113,091,619
Construction in Progress	21,458,980	20,858,603	22,118,708	20,198,875
Total Capital Assets Not Being Depreciated	$ 134,357,599	$ 21,051,603	$ 22,118,708	$ 133,290,494
Depreciable Capital Assets:				
Buildings	$ 653,731,432	$ 11,384,972	$ -	$ 665,116,404
Infrastructure	255,738,858	7,862,345	-	263,601,203
Intangible Assets	17,402,766	8,301,817	-	25,704,583
Furniture and Other Equipment	98,273,447	8,197,877	3,128,573	103,342,751
Total Depreciable Capital Assets	$ 1,025,146,503	$ 35,747,011	$ 3,128,573	$ 1,057,764,941
Less Accumulated Depreciation for:				
Buildings	$ 168,301,678	$ 19,377,089	$ -	$ 187,678,767
Infrastructure	117,093,679	8,373,380	-	125,467,059
Intangible Assets	13,841,895	2,897,137	-	16,739,032
Furniture and Other Equipment	54,768,512	8,795,539	3,042,434	60,521,617
Total Accumulated Depreciation	$ 354,005,764	$ 39,443,145	$ 3,042,434	$ 390,406,475
Depreciable Capital Assets, Net	$ 671,140,739	$ (3,696,134)	$ 86,139	$ 667,358,466
TOTALS	$ 805,498,338	$ 17,355,469	$ 22,204,847	$ 800,648,960

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

Governmental activities capital assets, net of accumulated depreciation at June 30, 2016, are comprised of the following:

General Capital Assets, Net	$ 785,833,747
Internal Service Fund Capital Assets, Net	14,815,213
Total	$ 800,648,960

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

General Government	$ 2,832,599
Judicial Administration	558,434
Public Safety	6,052,299
Public Works	8,315,950
Depreciation of Infrastructure Assets	8,373,380
Health and Welfare	498,705
Culture and Recreation	2,932,438
Education	9,474,638
Community Development	404,702
Total	$ 39,443,145

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	$	62,935,099
Donated Assets		3,761,982
Depreciation Expense		(39,443,145)
Sale of building, Net		-
Capital Outlay not capitalized		(33,883,029)
Total Adjustment	$	(6,629,093)

Donated assets are comprised of infrastructure donated by developers.

Net position Investment in capital assets is computed as follows:

Capital Assets, Net		$	$800,648,960
Outstanding bonds (including premium)	($562,293,163)		
Unspent bond proceeds at SNAP	135,028,569		
			(427,264,594)
Investment in Capital Assets Net of Debt		$	373,384,366

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit – School Board

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Land Improvements	$ 999,381	$ -	$ -	$ 999,381
Total Capital Assets Not Being Depreciated	$ 999,381	$ -	$ -	$ 999,381
Depreciable Capital Assets:				
Buildings	$ 38,640,910	$ 254,010	$ -	$ 38,894,920
Furniture and Other Equipment	16,154,254	302,072	122,952	16,333,374
Total Depreciable Capital Assets	$ 54,795,164	$ 556,082	$ 122,952	$ 55,228,294
Less Accumulated Depreciation For:				
Buildings and building improvements	$ 36,353,193	$ 388,250	$ -	$ 36,741,443
Furniture and Other Equipment	9,579,039	1,216,065	122,952	10,672,152
Depreciable Capital Assets, Net	$ 45,932,232	$ 1,604,315	$ 122,952	$ 47,413,595
Total Other Capital Assets, Net	$ 8,862,932	$ (1,048,233)	$ -	$ 7,814,699
TOTALS	$ 9,862,313	$ (1,048,233)	$ -	$ 8,814,080

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 school assets and related debt liabilities together. As a result, certain assets purchased with the City's general obligation bonds are now recorded as part of the primary government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the Alexandria School Board when the bonds are repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets. All depreciation was charged to education.

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit – Alexandria Transit Company

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Depreciable Capital Assets:				
Equipment	$ 42,828,728	$ 1,238,677	$ 5,445,516	$ 38,621,889
Less: Accumulated Depreciation	18,676,406	3,229,264	5,445,516	16,460,154
Total Depreciable Capital Assets, Net	$ 24,152,322	$ (1,990,587)	$ -	$ 22,161,735
TOTALS	$ 24,152,322	$ (1,990,587)	$ -	$ 22,161,735

All depreciation was charged to transit.

Primary Government

Construction-in-progress is composed of the following at June 30, 2016:

	Project Authorization	Expended Through June 30, 2016	Committed
School Capital Projects	$ 18,752,777	$ 4,122,565	$ -
Infrastructure	31,273,961	7,564,552	8,192,203
Parks and Recreation	3,654,804	2,006,511	878,243
Public Buildings	8,727,036	2,981,565	4,257,685
Public Safety	6,092,735	1,546,060	3,988,824
Information Technology Hardware	3,935,000	1,977,622	57,616
TOTALS	$ 72,436,313	$ 20,198,875	$ 17,374,571

Component Units

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

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT

The City is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and account for any claims settlement in the General Fund. Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective. The City is covered by property/casualty insurance policies on real and personal property and the following liability insurance policies as of June 30, 2016: 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 $1.0 million, and for public officers, public entity, physical damage to vehicles, and vehicle general liability under $2.0 million and over $10.0 million. The following Constitutional Officers and City employees are covered by surety bonds issued by Aetna Casualty and Surety in the amounts shown below as of June 30, 2016:

Director of Finance	$ 1,000,000**
Deputy Director of Finance	$ 1,000,000
Treasurer	$ 1,000,000
Comptroller	$ 1,000,000
Revenue Director	$ 0**
Retirement Administrator	$ 1,000,000
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
** The Director of Finance covered the unfilled position of Revenue Director in FY 2016.

Self-Insurance

The non-current portion of unpaid workers' compensation claims amounted to approximately $20.5 million as of June 30, 2016, 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, 2016 the current portion of employees' health insurance was $1.8 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 covering a period of four years. Therefore, a long-term liability has not been recorded as of June 30, 2016. 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.

NOTE 6. RISK MANAGEMENT (Continued)

Changes in the estimated claims payable for workers' compensation and health insurance during the fiscal years ended June 30, 2016 and 2015 were as follows:

	Workers' Compensation	Health Insurance
July 1, 2014 Liability Balances	$ 18,755,080	$ 1,084,558
Claims and changes in estimates	5,183,578	14,940,877
Claim Payments	(4,771,546)	(14,798,724)
June 30, 2015 Liability Balances	19,167,112	1,226,711
Claims and changes in estimates	7,052,176	18,896,206
Claim Payments	(5,731,464)	(18,342,051)
June 30, 2016 Liability Balances	$ 20,487,824	$ 1,780,866

The Health Insurance liability is included in the accrued liability

Insurance Commitment

In addition, the City has established a General Fund self-insurance commitment of $5.0 million as of June 30, 2016.

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. The division 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 the investigation and settlement of any claims or suit as deemed expedient. The limits of VA Risk coverage are $1.0 million per claim. The City retains the risk for all claims in excess of $1.0 million. Claims have not exceeded coverage in the last three years.

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. The City now self-funds and self-administers its Line of Duty Benefits. In FY 2016, the City contributed to the OPEB trust fund for line of duty benefits. In fiscal year 2016, an actuarial valuation was issued for Line of Duty benefits. According to the December 31, 2015 actuarial valuation, 716 active employees were eligible for Line of Duty benefits. As of June, 2016, 74 beneficiaries were receiving Line of Duty payments. During FY 2016, Line of Duty payments for the recipients amounted to $1.1 million.

NOTE 6. RISK MANAGEMENT (Continued)

Component Units

The School Board carries commercial 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	$20 million
Automobile Liability	$20 million
Uninsured Motorist	$50,000
Automobile Physical Damage	(Actual Cash 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 $5.0 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 2016, the Alexandria Transit Company paid an annual premium of $0.2 million for participation in this pool.

Exhibit XII
(Continued)

NOTE 7. OPERATING LEASES

Rental Costs

The City and the School Board lease office space and equipment under various long-term operating lease agreements expiring at various dates through FY 2031. 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:

Primary Fiscal Year	Government	School Board Component Unit
2017	$5,135,508	$3,465,460
2018	5,128,325	3,542,848
2019	5,347,568	3,615,035
2020	5,573,715	3,588,028
2021	5,740,554	3,618,352
2022-2026	30,147,154	12,447,459
2027-2031	24,080,666	12,447,459

Total rental costs during FY 2015 for operating leases were $5.5 million for the Primary Government and $4.47 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 2030. The net book value of leased assets of $9.1 million (cost of $27.1 million less accumulated depreciation of $17.9 million) is included in capital assets in the government-wide financial statements. Certain leases contain provisions for future increased revenues based upon changes in the Consumer Price Index.

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

Fiscal Year	Total Revenues
2017	$761,947
2018	636,716
2019	587,005
2020	533,547
2021	406,401
2022-2026	1,544,856
2027-2031	1,098,915

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Washington Metropolitan Area Transit Authority

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

Due to the State requirement to reflect all State aid to all jurisdictions in their accounting statements according to Generally Accepted Accounting Principles, all State funding for WMATA received and administered by Northern Virginia Transportation Commission (NVTC) are now reflected in the accounting statements in addition to these footnotes. Total Department of Rail and Public Transportation (DRPT) funding for WMATA administered by NVTC on behalf of the City of Alexandria for FY 2016 amounted to $4.9 million.

The City and other participating jurisdictions have entered into a series of capital contribution 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 multi-year capital funding agreement known as "Metro Matters". This agreement reflects some $3.2 billion in Metrorail and Metrobus infrastructure capital improvements, as well as the 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. Per the Metro Matters agreement, the participating jurisdictions' financial obligations, including the City, are subject to individual jurisdictional annual appropriation consideration.

For the fiscal year ended June 30, 2016, the total City obligation was $12.9 million, which includes payments to WMATA as well as debt service for the 2009 series of bonds used to prefund the City share. The debt service is also included in Exhibit IV in the total reported debt service. The state Aid and NVTC funding used for a portion of the payments to WMATA is included in the reported Special Revenue Fund activities for FY 2016. The City paid this obligation from the following sources:

City payments	$ 4,198,287
State Aid and NVTC reimbursable	4,133,000
City Debt Service for 2009 bonds	1,145,080
TOTAL	$ 9,476,367

2. Operating subsidies - Bus and Rail Systems

During the fiscal year ended June 30, 2016, obligations for bus and rail subsidies amounted to $33.8 million. The City paid this obligation from the following sources:

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

City payments	$ 8,685,156
State Aid and State Motor Fuel Sales Tax rev	23,261,989
NVTA 30%	1,890,000
TOTAL	$33,837,145

Expected obligations for FY 2017 are $33.1 million of which $6.3 million is expected to be paid from the City's General Fund. They City will also use $24.1 million from NVTC funding and $2.7 million from NVTA 30% funding to cover the rest of the obligations.

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 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 $1,161,890 was the City's allocation during the fiscal year ended June 30, 2016. 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 to WMATA for transit revenue bonds.

4. Potomac Yard Metrorail station

As a major long-term economic development initiative, on June 12, 2010, the City approved the North Potomac Yard Small Area Plan, a major rezoning of 69 acres located in the Potomac Yard area of the City into a high density mixed-use development of over 7.5 million square feet. An integral part of this plan, which is expected to add approximately 10 percent to the City's tax base and generate over $1 billion in new tax revenue over a 30-year period, entails the construction of a new Metrorail station on the existing heavy rail Metrorail line. The preferred site has been estimated to cost $268.0 million, including the current planning phase, preliminary engineering, and preparation of the design-build bid package.

Potomac Yard is located in the northeast area of the City immediately south of downtown Washington, D.C. and Ronald Reagan Washington National Airport. Two special tax districts have been established to generate revenue for construction of the new Metrorail station. In December 2010, City Council approved the Tier I Special Services Tax District for Landbays F, G, and H and the multi-family portion of Landbay I. Tier I tax collections began in 2011 at the rate of 20 cents per $100 of valuation. In 2011, City Council approved a Tier II Tax District (Landbays I and J) with a 10-cent per $100 of valuation levy to be initiated in the calendar year after the new Metrorail station opens.

The planning process for the new Metrorail station began with the Potomac Yard Metrorail Station Concept Development Study, which was completed in February 2010. Various site alternatives proposed in the study and by others were subsequently evaluated and refined. Project development is subject to the requirements of the National Environmental Policy Act and Section 4(f) of the Department of Transportation Act. On May 20, 2015, City Council selected its locally preferred alternative site for the station (Alternative B as presented in the EIS with no construction access from the George Washington Parkway). Alternative B will be evaluated in the Final EIS, which is expected to be complete by the end of calendar year 2015. Federal Transit Administration and National Park Service Records of Decision are due in the first quarter of calendar year 2016.

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

The City prepared an updated financial feasibility analysis in spring 2015 that evaluated the City's ability to finance the station using only local shares. The sources included net new tax revenues from Potomac Yard, special services tax districts, developer contributions, $69.5 million from the Northern Virginia Transportation Authority, and a $50 million Virginia Transportation Infrastructure Bank ("VTIB") loan that was awarded to the City by the Commonwealth Transportation Board in January 2015. Federal TIFIA loan funds have been applied for. The analysis shows that the preferred alternative was feasible. A new financial feasibility study will be prepared for Fall 2016.

The City's financing of the Metrorail station will require City Council to revise its current debt policy guideline targets and limits to address the bonds used to finance the project, in that the amount of debt that may be issued for this project would exceed the City's current debt targets and debt 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 a waste disposal commitment to the Waste-to-Energy Facility (the "Facility"), which is owned and operated by a private corporation (the "Corporation"). The commitment, which is joint with Arlington County, Virginia (the "County"), is based on a combined volume of solid waste the City and the County expect to collect together. The Facility charges the City and the County fees on each ton based on a waste disposal agreement and contracts separately with private haulers for additional waste. It is expected that the City and the County will be able to continue to meet their minimum requirement for annual tonnage of 46,000 to 66,000 tons per year. The City and the County have the ability to adjust the tonnage thresholds annually if it appears the annual tonnage is approaching a minimum or maximum threshold.

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 with an installed capacity of 975 tons per day of mixed municipal solid waste. The Facility is located at 5301 Eisenhower Avenue, Alexandria, Virginia. The Alexandria Industrial Development Authority issued revenue bonds and proceeds were lent to the Authorities to construct the Facility.

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

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

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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 (the "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 (the "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.

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

By December 2012, all of the revenue bonds debt service had been paid in full. A new Facilities Monitoring Group ("FMG") was established and a new trust fund was set up to fund FMG'S activities. It is funded entirely by contributions from Arlington County (60%) and the City (40%). The FMG budget for FY 2015 was $118,000 and according to the inter-jurisdictional agreement the City's contribution was $47,200. Operating costs of the Facility are paid for primarily through tipping fees. The City paid $0.9 million in tipping fees in FY 2016.

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 2016 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.

E. Combined Sanitary Sewer/Stormwater Sewer System

Because of state and federal regulations related to improving the water quality of the Chesapeake Bay in the six states and the District of Columbia that comprise the bay's watershed, many cities and counties in this large geographic area will be required to make significant capital investments in sanitary, stormwater treatment, and agricultural runoff systems over the coming decades. For Alexandria, this means making between $100 million and $180 million in investments to its combined sanitary-stormwater sewer system, as well as investing between $65 million to $100 million to upgrade stormwater infrastructure over the next two to three decades. The development of project plans, costs, timetables, and funding plans will occur over the next few years, with the results of these efforts being added to future City CIP plans. While the 10-year plan includes $142.8 million for sanitary sewer and stormwater capital projects, the future funding strategy involves adjusting the sanitary sewer maintenance fee in the coming fiscal years, to provide additional resources for separation of the City's combined sanitary-stormwater system, and exploration of a stormwater utility to support mandated stormwater infrastructure improvements.

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, 2016, are comprised of the following individual issues:

1.	$10.6 million General Obligation refunding bonds (taxable) of 2015, installments ranging from $1 to $1.1 million through 2028, bearing interest rates ranging from 0.9 to 3.5 percent payable semiannually on January 15 and July 15 and maturing on July 15, 2028.The Bonds will not be subject to optional redemption prior to maturity.	$	10,595,000
2.	$23.2 million General Obligation Capital Improvement (tax-exempt) Bonds of 2015, installments ranging from $1.1 to $1.2 million through 2035, bearing interest rates ranging from 3.0 to 5.0 percent payable semiannually on January 15 and July 15. The Bonds are subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2025.		23,215,000
3.	34.0 million General Obligation (tax-exempt) Refunding Bonds of 2015, installments ranging from $0.4 to $6.2 million through 2028, bearing interest at 1.9 percent. The Bonds are subject to optional redemption in whole or in part, at any time, by the City, upon thirty days prior written notice, at a redemption price equal to 100% of the outstanding principal amount of the Bond redeemed plus accrued interest to the redemption date, plus the Fixed Rate Prepayment Charge. This is a direct Bank Loan.		33,435,000
4.	$36.0 million General Obligation Improvement (tax-exempt) Bonds of 2014 installments averaging $1.8 million through 2035, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before January 15, 2025 are not subject to redemption prior to maturity. The Bonds maturing on or after January 15, 2026, may be redeemed before their maturities on or after January 15, 2025, at the option of the City, in whole or in part, in installments of $5,000 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		34,195,000
5.	$18.6 million General Obligation (tax-exempt) Refunding Bonds of 2014, installments ranging from $2.8 to $3.4 million through 2020, bearing interest at 1.0 percent. The Bonds maturing on or before June 15, 2020 are not subject to redemption prior to maturity. This is a direct Bank Loan. The debt is being held as an investment with no intention of sale or distribution.		11,930,000
6.	$63.8 million General Obligation Capital Improvement (tax-exempt) Bonds of 2013, installments averaging $3.3 million through 2033, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The Bonds maturing on or before June 15, 2023, are not subject to redemption prior to their maturity. The bonds maturing on or after June 15, 2024, are subject to optional redemption before maturity on or after June 15, 2023, at the option of the city in whole or in part, in installments of $5,000 at any time or from time to time at par plus the interest accrued and on the principal amount to be redeemed to the date fixed for redemption.		56,190,000
7.	$76.8 million General Obligation Capital Improvement (tax-exempt) Bonds of 2012, installments ranging from $200,000 to $4.0 million through 2033, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before June 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2023, may be redeemed before their maturities on or after June 15, 2022, at the option of the City, in whole or in part, in installments of $5,000 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.		67,800,000
8.	$17.3 million General Obligation (tax-exempt) Refunding Bonds of 2012, installments ranging from $70,000 to $5.6 million through 2025, bearing interest at rates ranging from 2.0 percent to 4.0 percent. The Bonds maturing on or after June 15, 2022, are not subject to redemption before maturity. The bonds at the time outstanding that are stated to mature on or after June 15, 2023, may be redeemed before their maturities on or after June 15, 2022, at the option of the city in whole or in part, in installments of $5,000 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.		17,005,000
9.	$63.6 million General Obligation (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. The 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 $5,000 at par plus interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.		51,860,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT

10.	$70.0 million General Obligation Capital Improvement (tax-exempt) Bonds of 2011, installments ranging from $1.0 million to $3.8 million through 2031, 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 $5,000 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.		60,185,000
11.	$17.0 million General Obligation Capital 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.		3,700,000
12.	$55.3 million General Obligation Capital Improvement (taxable Build America) Bonds of 2010, installments ranging from $3.7 million to $13.2 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
13.	$35.2 million General Obligation Capital Improvement (tax-exempt) Bonds of 2009 installments ranging from $1.1 million to $4.1 million through 2019, bearing interest at rates ranging from 1.8 percent to 4.0 percent. The Bonds are not subject to redemption prior to maturity		16,400,000
14.	$44.5 million General Obligation 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 4.9 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
15.	$58.0 million General Obligation (tax-exempt) Bonds of 2008, installments ranging from $0.9 million to $3.1 million through 2028, bearing interest at rates ranging from 3.4 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		15,500,000
16.	$5.0 million General Obligation (taxable) Bonds of 2008, installments averaging from $0.3 million through 2018, bearing interest at rates ranging from 5.0 percent to 5.25 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.		750,000
17.	$22.8 million General Obligation (tax-exempt) Refunding Bonds of 2007, installments ranging from $2.8 million to $2.9 million through 2021, bearing interest at rates ranging from 4.5 percent to 4.9 percent. The bonds are not subject to redemption prior to their maturity		14,150,000
18.	$40 million Public Improvement Bonds of 1999 due in annual installments of $2 million through 2019, bearing interest at rates ranging from 4.3 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity		6,000,000
	Total	$	522,710,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The outstanding bonds have been issued as follows:

1. General Obligation Bonds (taxable) of 2015C

CUSIP	Issue	Rate	Maturity Date July 15,
015302Z88	$ 985,000	2.00%	2016
015302Z96	960,000	0.85%	2017
0153022A9	925,000	1.20%	2018
0153022B7	1,140,000	1.55%	2019
0153022C5	1,100,000	1.90%	2020
0153022D3	1,065,000	2.30%	2021
0153022E1	1,040,000	2.45%	2022
0153022F8	1,010,000	2.75%	2023
0153022G6	980,000	2.85%	2024
0153022H4	950,000	3.00%	2025
0153022J0	155,000	3.15%	2026
0153022K7	145,000	3.35%	2027
0153022L5	140,000	3.50%	2028
	$ 10,595,000		

2. General Obligation Capital Improvement Bonds of 2015B

CUSIP	Issue	Rate	Maturity Date July 15,
015302X49	$ 1,165,000	5.00%	2016
015302X56	1,165,000	5.00%	2017
015302X64	1,165,000	5.00%	2018
015302X72	1,165,000	5.00%	2019
015302X80	1,165,000	5.00%	2020
015302X98	1,165,000	5.00%	2021
015302Y22	1,165,000	5.00%	2022
015302Y30	1,165,000	5.00%	2023
015302Y48	1,165,000	5.00%	2024
015302Y55	1,165,000	5.00%	2025
015302Y63	1,165,000	5.00%	2026
015302Y71	1,165,000	5.00%	2027
015302Y89	1,165,000	3.00%	2028
015302Y97	1,165,000	3.00%	2029
015302Z21	1,165,000	3.00%	2030
015302Z39	1,165,000	3.00%	2031
015302Z47	1,165,000	3.125%	2032
015302Z54	1,165,000	3.125%	2033
015302Z62	1,165,000	3.25%	2034
015302Z70	1,080,000	3.25%	2035
	$ 23,215,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

3. General Obligation Refunding Bond of 2015A Direct Bank Loan

Issue	Rate	Maturity Date July 15,
$ 385,000	1.86%	2016
395,000	1.86%	2017
400,000	1.86%	2018
410,000	1.86%	2019
415,000	1.86%	2020
3,490,000	1.86%	2021
3,430,000	1.86%	2022
3,365,000	1.86%	2023
6,240,000	1.86%	2024
6,100,000	1.86%	2025
3,015,000	1.86%	2026
2,935,000	1.86%	2027
2,855,000	1.86%	2028
$ 33,435,000		

4. General Obligation Capital Improvement Bonds of 2014B

CUSIP	Issue	Rate	Maturity Date January 15,
015302U91	$ 1,800,000	2.00%	2017
015302V25	1,800,000	2.00%	2018
015302V33	1,800,000	2.00%	2019
015302V41	1,800,000	3.00%	2020
015302V58	1,800,000	3.00%	2021
015302V66	1,800,000	5.00%	2022
015302V74	1,800,000	5.00%	2023
015302V82	1,800,000	5.00%	2024
015302V90	1,800,000	5.00%	2025
015302W24	1,800,000	3.00%	2026
015302W32	1,800,000	4.00%	2027
015302W40	1,800,000	4.00%	2028
015302W57	1,800,000	4.00%	2029
015302X31	1,800,000	4.00%	2030
015302W65	1,800,000	3.00%	2031
015302W73	1,800,000	3.00%	2032
015302W81	1,800,000	3.00%	2033
015302W99	1,800,000	3.13%	2034
015302X23	1,795,000	3.20%	2035
	$ 34,195,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

5. General Obligation Refunding Bonds of 2014A Direct Bank Loan

Issue	Rate	Maturity Date June 15,
$ 3,180,000	1.00%	2017
3,050,000	1.00%	2018
2,915,000	1.00%	2019
2,785,000	1.00%	2020
$ 11,930,000		

6. General Obligation Capital Improvement Bonds of 2013

CUSIP	Issue	Rate	June 15,
015302S78	$ 3,305,000	5.00%	2017
015302S86	3,305,000	5.00%	2018
015302S94	3,305,000	5.00%	2019
015302T28	3,305,000	5.00%	2020
015302T36	3,305,000	5.00%	2021
015302T44	3,305,000	5.00%	2022
015302T51	3,305,000	5.00%	2023
015302T69	3,305,000	4.00%	2024
015302T77	3,305,000	4.00%	2025
015302T85	3,305,000	4.00%	2026
015302T93	3,305,000	4.00%	2027
015302U26	3,305,000	4.00%	2028
015302U34	3,305,000	4.50%	2029
015302U42	3,305,000	4.50%	2030
015302U59	3,305,000	4.50%	2031
015302U67	3,305,000	4.50%	2032
015302U75	3,310,000	4.50%	2033
	$ 56,190,000		

7. Public Improvement Bonds of 2012 B

CUSIP	Issue	Rate	Maturity Date June 15,
015302P22	$ 4,000,000	5.00%	2017
015302P30	4,000,000	5.00%	2018
015302P48	4,000,000	5.00%	2019
015302P55	4,000,000	5.00%	2020
015302P63	4,000,000	5.00%	2021
015302P71	4,000,000	5.00%	2022
015302P89	4,000,000	5.00%	2023
015302P97	3,980,000	5.00%	2024
015302Q21	3,980,000	4.00%	2025
015302Q39	3,980,000	4.00%	2026
015302Q47	3,980,000	4.00%	2027
015302Q54	3,980,000	4.00%	2028
015302Q62	3,980,000	3.00%	2029
015302Q70	3,980,000	3.00%	2030
015302Q88	3,980,000	3.00%	2031
015302Q96	3,980,000	3.13%	2032
015302R20	3,980,000	3.25%	2033
	$ 67,800,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

8. Refunding Bonds of 2012 C

CUSIP	Issue	Rate	Maturity Date June 15,
015302R79	$ 3,005,000	4.00%	2017
015302R87	2,980,000	4.00%	2018
015302R95	2,750,000	3.00%	2023
015302S29	5,630,000	3.00%	2024
015302S37	2,640,000	3.00%	2025
	$ 17,005,000		

9. Refunding Bonds of 2012

CUSIP	Issue	Rate	Maturity Date June 15,
015302M74	$ 5,715,000	4.00%	2017
015302M82	5,690,000	4.25%	2018
015302M90	8,595,000	4.50%	2019
015302N24	8,615,000	4.50%	2020
015302N32	8,625,000	4.50%	2021
015302N40	8,635,000	4.00%	2022
015302N57	5,985,000	4.00%	2023
	$ 51,860,000		

10. Public Improvement Bonds of 2011

CUSIP	Issue	Rate	Maturity Date July 15,
015302K35	$ 3,765,000	5.00%	2016
015302K43	3,765,000	5.00%	2017
015302K50	3,765,000	5.00%	2018
015302K68	3,765,000	2.13%	2019
015302K76	3,765,000	2.25%	2020
015302K84	3,760,000	4.00%	2021
015302K92	3,760,000	5.00%	2022
015302L26	3,760,000	3.00%	2023
015302L34	3,760,000	3.25%	2024
015302L42	3,760,000	3.25%	2025
015302L59	3,760,000	4.00%	2026
015302L67	3,760,000	4.00%	2027
015302L75	3,760,000	4.00%	2028
015302L83	3,760,000	4.00%	2029
015302L91	3,760,000	4.00%	2030
015302M25	3,760,000	4.00%	2031
	$ 60,185,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

11. Public Improvement Bonds of 2009 (Tax-Exempt)

CUSIP	Issue	Rate	July 1,
015302H21	$ 3,700,000	3.70%	2016
Total	$ 3,700,000		

12. Public Improvement Bonds of 2010 (Taxable)

CUSIP	Issue	Rate	Maturity Date July 1,
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
Total	$ 55,300,000		

13. Public Improvement Bonds of 2009 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date July 1,
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	$ 16,400,000		

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

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

15. Public Improvement Bonds of 2008 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date July 15,
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
Total	$ 15,500,000		

16. Public Improvement Bonds of 2008 (Taxable)

CUSIP	Issue	Rate	Maturity Date July 15,
015302D41	$ 250,000	5.00%	2016
015302D58	250,000	5.25%	2017
015302D66	250,000	5.25%	2018
Total	$ 750,000		

17. Refunding Bonds of 2007

CUSIP	Issue	Rate	Maturity Date June 15,
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	$ 14,150,000		

18. Public Improvement Bonds of 1999 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date January 15,
015302TX0	$ 2,000,000	5.00%	2017
015302TY8	2,000,000	5.00%	2018
015302TZ5	2,000,000	5.00%	2019
Total	$ 6,000,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2016, including interest payments of $153.8 million, are summarized as follows:

Fiscal Year	Serial Bonds Principal	Interest
2017	$ 43,300,000	$ 20,685,899
2018	43,085,000	18,970,643
2019	42,845,000	17,216,794
2020	40,710,000	15,499,661
2021	37,905,000	13,960,944
2022-2026	163,100,000	47,408,327
2027-2031	120,495,000	18,150,611
2032-2036	31,270,000	1,918,979
	$ 522,710,000	$ 153,811,858

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 expects to receive $14.7 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, 2016, the City had a legal debt limit of $3.8 billion and a debt margin of $3.3 billion:

Assessed Value of Real Property, January 1, 2016		$38,195,318,730
Debt Limit: 10 Percent of Assessed Value		$ 3,819,531,873
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds	$522,710,000	
Less Total General Obligation Debt		(522,710,000)
LEGAL DEBT MARGIN REMAINING		$ 3,296,821,873

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, 2016, are summarized below:

	Authorized and Unissued July 1, 2015	Authorized	Issued	Expired	Authorized and Unissued June 30, 2016
General Obligation Bonds	$ 29,002,000	$ 80,535,000	$ 23,215,000	$ -	$ 86,322,000

On August 9, 2016 the City Council issued $73.7 million in General Obligation Bonds. The General Obligation Bonds were issued with an original premium of $10.5 million and a true cost of 2.1%. The $73.7 million bonds will be used to finance certain capital improvement projects for the City including, but not limited to, public school projects, City parks and buildings, transit and traffic control infrastructure, capital contributions to the Washington Metropolitan Area Transit Authority, storm water infrastructure improvements, and acquisition of fire department vehicles and apparatus.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2016. Other short-term liabilities represent unclaimed money and deposits.

Changes in Long-Term Liabilities - Changes in the total long-term liabilities during the fiscal year ended June 30, 2016 are summarized below. In general, the City uses the General Fund to liquidate long-term liabilities.

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Primary Government – Governmental Activities

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
General Obligation Bonds	$ 540,495,000	$ 33,810,000	$ 51,595,000	$ 522,710,000	$ 43,300,000
Bond Premium	39,835,518	2,381,294	2,633,649	39,583,163	2,633,649
Workers' Compensation Claims	19,167,112	7,052,176	5,731,464	20,487,824	5,731,464
Accrued Compensated Absences	22,965,249	14,293,199	13,906,153	23,352,295	3,306,447
Net Pension Liability	170,715,574	37,095,673	4,581,984	203,229,263	-
Net OPEB Obligation	21,225,190	-	1,755,882	19,469,308	-
Total	$ 814,403,643	$ 94,632,342	$ 80,204,132	$ 828,831,853	$ 54,971,560

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 position. The adjustment from modified accrual to full accrual is as follows:

Balances at June 30, 2016:	
Long-term liabilities (detail above)	$ 828,831,853
Accrued interest payable	4,880,643
Adjustment	$ 833,712,496

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	$ 387,046
Workers compensation	1,320,712
Change in net OPEB obligation	(1,755,882)
Amortization of bond premium, Discount and interest	435,500
Accrued interest on bonds	(437,081)
Adjustment	$ (49,705)

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The adjustment from modified accrual basis to full accrual for pension is comprised of pension expense net of pension contributions.

Pension expense, Note 17	$	33,713,466
Contributions, measurement date		
City Single Agency FY16		(25,163,832)
Virginia Retirement Service FY16		(12,285,419)
True up adjustment for FY15		1,838,742
Adjustment to Exhibit IV	$	(1,897,747)

Deferred Inflows/Outflows: Exhibit I		
Deferred Inflows Exhibit III		$279,531,030
Tax Receivable, Note I	$(16,510,791)	
Deferred Gain on Refunding Bonds, Note I	(6,846,449)	
Adjustment Exhibit III		$(23,357,240)
Deferred Inflows, Taxes Exhibit I		$263,020,239
Deferred Inflows, Pensions Exhibit I		$21,109,588

Component Unit – School Board

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Accrued Compensated Absences	$ 7,863,777	$ 11,875,392	$ 12,367,226	$ 7,371,943	$ 943,653
Workers' Compensation Claims	908,124	843,798	772,974	978,948	635,687
Rent Abatement Accrual	2,477,265	432,181	168,026	2,741,420	2,529,151
Total	$ 11,249,166	$ 13,151,371	$ 13,308,226	$ 11,092,311	$ 1,841,161

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Refunding Bonds

Prior-year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2016, $27.3 million of bonds outstanding were considered defeased.

Current year Defeasance of Debt

On August 5, 2015, the City Council issued $10.595 million in Taxable General Obligation Bonds with an effective interest rate of 2.5 percent to advance refund a portion of the City's 2006B and 2008B series, aggregating in principal amount of $10.0 million. The net proceeds of $10.7 million (after payment of $0.2 million in issuance cost) were used to purchase U.S. Government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. Accordingly, the refunded bonds are considered to be defeased and are not included in the City's financial statements.

The advance refunding resulted in a deferred outflow of resources of $.06 million due to a difference between the reacquisition price of $10.6 million dollars and the net carrying value of the old debt $10.0 million. This refunding will achieve a savings for the city of $1.7 million in future debt service payments over the next 14 years and obtain economic gain of $1.3 million.

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

Primary Government

There were no interfund receivables/payables at June 30, 2016. Interfund transfers and transactions for the year ended June 30, 2016 consisted of the following:

Transfer In/Out:	General	Special Revenue	Internal Service	Capital Projects	Total
Primary Government Transaction					
General Fund	$ -	$ 6,973,897	$ -	$ -	$ 6,973,897
Special Revenue	47,804,092	2,665,809	-	660,000	51,129,901
Capital Projects	16,225,541	15,811,634	1,090,086	-	33,127,261
Internal Service	-	82,024	-	210,742	292,766
Total	$ 64,029,633	$ 25,533,364	$ 1,090,086	$ 870,742	$ 91,523,825
Component Unit Transactions					
School Board	$ 198,811,472	$ -	$ -	$ 3,986,666	$ 202,798,138
Library	6,737,614	-	-	-	6,737,614
Alexandria Transit	617,518	11,014,547	-	151,518	11,783,583
Total	$ 206,166,604	$ 11,014,547	$	$ 4,138,184	$ 221,319,335

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 projects and to fund transportation agreements.

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, the City transferred $0.7 million in capital assets to Alexandria Transit in FY 2016.

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 a condition 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 $164.6 million in FY 2016. Sources of these revenues were as follows:

GOVERNMENTAL FUNDS		
Federal Government	$	33,400,897
Commonwealth of Virginia		74,741,230
Total Primary Government	$	108,142,127
COMPONENT UNITS		
School Board	$	13,317,447
Total Component Units Federal Government	$	13,317,447
COMMONWEALTH OF VIRGINIA		
School Board	$	42,559,291
Library		164,069
Alexandria Transit Company		390,429
Total Component Units Commonwealth of Virginia	**$**	43,113,789
Total Component Units	**$**	56,431,236
TOTAL CITY AND COMPONENT UNITS		
Total Federal Government	$	46,718,344
Total Commonwealth of Virginia		117,855,019
Total Intergovernmental Revenue	**$**	164,573,363

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERMENTS

Due from other governments represents accrued revenue at June 30, 2016, consisting of the following:

Primary Government		
State		
General Fund	$	31,190,451
Special Revenue Fund		4,262,764
Total State	$	35,453,215
Federal		
General Fund	$	1,221,161
Special Revenue Fund		3,367,980
Total Federal	$	4,589,141
Total Primary Government	$	40,042,356
Component Units		
State		
School Board	$	2,952,619
Library		23,245
Alexandria Transit		105,463
Total State	$	3,081,327
Federal		
School Board	$	2,186,934
Total Federal	$	2,186,934
Total Component Units	$	5,268,261
Total	**$**	**45,310,617**

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 position. 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 2016, 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.

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 $0.3 million in FY 2016.

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 2016, 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.

NOTE 14. JOINT VENTURES (Continued)

The agreement expires at the end of FY 2017. The City will no longer be a participating jurisdiction. 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

In February 2013, the City of Alexandria created a special purpose entity, East Reed LLC (ERLLC), in order to enter into a public-private partnership arrangement with nonprofit housing developer, AHC Inc., to develop 78 units of affordable housing, pending completion of AHC's proposed $32 M funding package (including an award of competitive low income housing tax credits to provide equity necessary for the project). The project is complete, operational, and occupied.

Following ERLLC's establishment, a parcel of City-owned land located at 3600 Jefferson Davis Highway (the 3600 parcel), required to complete AHC's assemblage for the development, was transferred into the LLC. ERLLC joined the tax credit partnership formed by AHC and its tax credit investor, as a Special Limited Partner, with the 3600 parcel providing the City's equity stake. While ERLLC's interest in the tax credit entity is de minimis, the City has specified governance and oversight participation rights as detailed in the March 2013 agreement between the City and AHC.

Separate from the 3600 Parcel and the ERLLC, the City provided a residual receipts loan of $2.5M to assist AHC, Inc. with the affordable housing project.

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. The City for fiscal year ending 2016 decided to go above the 260 limit to $279.49 for the Kaiser DHMO plan because they did not want the retiree rates to increase greater than 7.5%. As of June 30, 2016, 343 retirees were eligible and received benefits from all three classes of this plan. Eligibility is contingent upon retiree providing proof of participation and payment to a health insurance plan. The City contributed on a "pay-as-you-go" basis at the rate of up to $260 per month for each retiree, for a total annual contribution of $2.5 million for FY 2016. Employees hired after September 30, 2007 will have their retirees' health benefits prorated based on the length of service.

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

The City follows the guidance in Statement No. 45 of the Governmental Accounting Standards Boards (GASB), (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions). 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, 2016, membership consisted of:	
Retirees and Beneficiaries Currently Receiving Benefits	782
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	2,216
TOTAL	2,998

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

ANNUAL OPEB COSTS AND NET OPEB OBLIGATIONS

Effective July 1, 2012, the City assumed responsibility for funding benefits required under the Virginia Line of Duty Act. The OPEB Trust Fund is comprised of regular OPEB benefits and Line of Duty (LOD) benefits. Two separate actuarial reports are generated for each.

The annual required contribution (ARC) for Other Post-Employment Benefits decreased from $7.6 million for fiscal year 2015 to $7.0 million for the current fiscal year. The ARC for Line of Duty Benefits decreased from $5.6 million for fiscal year 2015 to $3.8 million for the current year. As a percentage of payroll, the ARC decreased from 4.76% to 4.27% for the current fiscal year for regular benefits and decreased from 10.57% to 4.99% for Line of Duty benefits. As of June 30, 2016, the Net OPEB Obligation (NOO) for Regular Benefits decreased to $9.2 million compared to $11.8 million for fiscal year 2015 and for Line of Duty Benefits the NOO increased to $10.3 million compared to $9.4 million for fiscal year 2015. As of the December 31, 2015 actuarial reports, the Unfunded Actuarial Accrued Liability (UAAL) decreased from $63.5 million to $59.3 million for Regular Benefits and decreased from $28.5 million to $15.9 million for Line of Duty Benefits. The net OPEB Obligation as of June 30, 2016 is as follows:

	Regular	LOD	Total
Annual Required Contribution	$7,020,912	$3,783,205	$10,804,117
Interest on NET OPEB Obligation	884,468	613,099	1,497,567
Adjustment to Annual Required Contribution	(1,033,243)	(767,790)	(1,801,033)
Annual OPEB Cost	$6,872,137	$3,628,514	$10,500,651
Contribution Made			
Trust fund Contributions	(4,000,000)	(1,750,000)	(5,750,000)
Pay-Go Contributions	(5,451,088)	(1,055,445)	(6,506,533)
Total Contributions Made	(9,451,088)	(2,805,445)	(12,256,533)
Increase (Decrease) in NET OPEB Obligation	($2,578,951)	$823,069	($1,755,882)
Net OPEB Obligation, Beginning of Year	11,792,903	9,432,287	21,225,190
Net OPEB Obligation, End of Year	$9,213,952	$10,255,356	$19,469,308

Line of Duty (LOD) is part of the OPEB Trust Fund. OPEB Trust fund contributions are comprised of contributions to the Trust Fund and Pay-Go Contributions.

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of December 31, 2015 was as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
Regular Benefits 12/30/2015	$32,133,684	$91,469,013	$59,335,329	35.13%	$164,413,239	36.09%
Line of Duty Benefits (LOD) 12/30/2015	$1,346,173	$17,262,055	$15,915,882	7.80%	$56,263,415	28.29%

Exhibit XII
(Continued)

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

The Statement of Net Position 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, 2015. The schedule provides multi-year trend information about whether the actuarial values of plan Net position are increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

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.

For the December 31, 2015 actuarial valuations, regular OPEB benefits valuation used a 7.50% investment rate whereas the LOD valuation used a 6.50% investment rate. The following assumptions apply to both valuation reports. The entry-age actuarial cost method was used. An annual medical cost trend rate of 7.75% graded down to 5.00% over 19 years was used for non-Medicare and 7.5% graded down to 5.00% over 19 years for Medicare. Salary scale ranges were from 3.50% to 7.25% for Fire and Police and 3.25% to 5.10% for City employees depending on service with 3.50% 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, 2015 was 22 years.

Schedule of Employer Contributions

	Fiscal Year Ended	Annual Required Contributions	Employer Contributions	Percentage Contributed
Regular OPEB Benefits	06/30/2014	$7,696,929	$6,158,346	80.00%
	06/30/2015	7,617,075	6,353,814	83.40%
	06/30/2016	7,020,912	9,451,088	134.61%
Line of Duty Benefits	06/30/2014	5.839,828	1,152,663	19.70%
	06/30/2015	5,634,567	2,369,478	42.10%
	06/30/2016	3,783,205	2,805,445	74.16%

Three Year Trend Information

	Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
Regular OPEB Benefits	06/30/2014	$7,647,694	80.53%	$10,647,610
	06/30/2015	7,499,107	84.73%	11,792,903
	06/30/2016	6,872,137	137.53%	9,213,952
Line of Duty Benefits	06/30/2014	5,801,196	19.87%	6,323,517
	06/30/2015	5,478,248	43.25%	9,432,287
	06/30/2016	3,628,514	77.32%	10,255,356

Employer contributions are comprised of Trust Fund contributions and Pay-Go contributions.

Exhibit XII
(Continued)

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

OPEB Trust

The table below summarizes investments managed by the City of Alexandria in accordance with the fair value hierarchy established by the generally accepted accounting principles. Fair value is defined as the quoted market value on the last trading day of the period. The hierarchy is based on the valuation inputs used to measure the fair value of assets.

Level 1 – Quoted prices in active markets for identical assets or liabilities. During fiscal year 2016, $5.1 million worth of investments were evaluated and classified in Level 1 of the fair value hierarchy.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborate by observable market data. During fiscal year 2016, $30.6 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. During fiscal year 2016, $4.8 million worth of investments were evaluated and classified in Level 3 of the fair value hierarchy.

OPEB TRUST
As of June 30, 2016

Portfolio	Level 1	Level 2	Level 3
PIMCO All Assets	$ -	$ 1,018,685	$ -
Polen	3,562,800	-	-
Vanguard R1000 Value	-	2,717,939	-
Champlain	-	5,509,507	-
NewSouth	1,573,491	-	-
PIMCO Small Cap	-	1,651,202	-
Johnston	-	4,053,513	-
RAFI	-	2,974,979	-
Hamilton Lane III	-	-	779,592
Hamilton Lane IX	-	-	153,055
Landmark	-	-	228,027
PRISA	-	-	1,275,002
Hancock X	-	-	703,282
Molpus IV	-	-	489,610
UBS Farmland	-	-	1,160,877
PIMCO Total Return	-	6,487,715	-
Brandywine	-	1,605,569	-
Comerica Cash	-	4,605,897	-
Totals	$ 5,136,291	$ 30,625,006	$ 4,789,445
Total Value	**$ 40,550,742**		

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

Securities Lending

The City permits the Other Post Employment Benefit trust (OPEB) fund to lend its securities with a simultaneous agreement to return the collateral. In FY 2016, the OPEB trust fund lent U.S. Equities with a fair value of underlying securities of $347,336 and cash collateral received from the borrower of $354,223. Collateral investments are reported at cost, not market value.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

Primary Government

During FY 2016, the City participated in six 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 five, 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 one is a defined contribution plan (Firefighters and Police Officers Pension Plan-defined contribution component), 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.

Plan Administration

The City Supplemental plan is administered by the Supplemental Retirement Plan board. The board consists of eight members. Four of the members are nominated by the City Manager, while the other remaining four are nominated by the Pension Board. The Firefighters and Police Office Pension Plan Board manages the Firefighters and Police Officers Defined Contribution plan, Defined Benefit plan, Disability plan, as well as the Pension for Fire and Police plan. The board consists of eight members. Four are nominated by the City Manager and four by the Voting Participants. In addition, there are two alternate members nominated by the Voting Participants and one alternate nominated by the City Manager.

Method Used to Value Investments

Investments are valued at fair value.

Investment Policy

The Firefighters and Police Office Pension Plan Board investment policy objectives for Defined Benefit and Disability components are to preserve the actuarial soundness of each plan in order to meet contractual benefit obligations and to maximize investment return given an acceptable level of risk. The objective of the Defined Contribution component is to help beneficiaries save for retirement by enabling them to construct portfolios that will achieve an acceptable level of return while minimizing risk through diversification. The objective of the Supplemental plan is to preserve the actuarial soundness of each plan in order to meet contractual benefit obligations.

Target Allocations

Asset Class	Firefighters' & Police Officers' Pension Plan	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
Domestic Equity	40%	30%	0%
International Equity Developed	10%	10%	0%
International Equity Emerging	10%	10%	0%
Private Equity	5%	5%	0%
Timber	5%	5%	0%
Farmland	0%	2%	0%
Real Estate	10%	8%	0%
Domestic Fixed Income	15%	15%	0%
Global Fixed Income	5%	10%	0%
All-Asset	0%	5%	0%
Guaranteed Deposit	0%	0%	100%
Total	100%	100%	100%

Target Allocations for Firefighters' & Police Officers' Pension Plan also apply to Firefighters' and Police Officers' Disability Pension Plan

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Capital Market	Firefighters' & Police Officers' Pension Plan		Supplemental Retirement Plan		Pension Plan for Firefighters & Police Officers	
Asset Class	**Estimate**	**Allocation**	**Return**	**Allocation**	**Return**	**Allocation**	**Return**
Diversified	7.8%	0.0%	0.0%	5.5%	0.4%	2.5%	0.2%
Domestic Equity	9.3%	42.2%	3.9%	32.3%	3.0%	37.1%	3.5%
International Equity Developed	6.0%	10.1%	0.6%	10.6%	0.6%	10.0%	0.6%
International Equity Emerging	7.9%	10.6%	0.8%	9.9%	0.8%	7.3%	0.6%
Private Equity	14.6%	3.2%	0.5%	4.3%	0.6%	2.9%	0.4%
Commodities	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Timber	7.8%	4.1%	0.3%	4.6%	0.4%	2.9%	0.2%
Real Estate	10.1%	5.7%	0.6%	6.8%	0.7%	3.1%	0.3%
Farmland	12.8%	0.0%	0.0%	1.8%	0.2%	2.9%	0.4%
Fixed Income US Investment Grade	5.7%	18.9%	1.1%	13.3%	0.8%	16.0%	0.9%
Fixed Income International	5.0%	4.6%	0.2%	9.6%	0.5%	4.0%	0.2%
Cash	2.3%	0.6%	0.0%	1.4%	0.0%	11.4%	0.3%
Return			8.1%		7.6%		7.3%
Inflation			2.5%		2.5%		2.5%
Return w/Inflation			10.6%		10.1%		9.8%
Risk Adjustment			-1.5%		-1.5%		-1.5%
Total Expected Arithmetic Nominal Return			9.1%		8.6%		8.3%

Assumed Rate of Return for Firefighters' & Police Officers' Pension Plan also applies to Firefighters' and Police Officers' Disability Pension Plan

Money-weighted Rate of Return

Firefighters' & Police Officers' Pension Plan	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
1.14%	0.37%	5.31%

**Money-weighted Rate of Return for Firefighters' & Police Officers' Pension Plan also applies to Firefighters' and Police Officers' Disability Pension Plan

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Virginia Retirement System Long-Term Expected Rate of Return

Asset Class	Target Allocation	Arithmetic Long Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U. S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.0%	10.41%	1.25%
Cash	1.0%	-1.50%	-0.02%
Total	100.00%		5.8%
Inflation			2.50%
Expected arithmetic nominal return			8.33%

VRS Long- Term Expected Rate of Return

The long-term expected rate of return on pension system investments were determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension system investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the above table.

VRS Discount Rate

The discount rate used to measure the total pension liability was 7.00 %. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Exhibit XII (Continued)

Combining Schedule of Fiduciary Net Position

	Employee Retirement Plans					Post Retirement Benefit Trust	
			Firefighters and Police Officers Pension Plan				
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component	Other Post Employment Benefits	Total
ASSETS							
Investments, at Fair Value							
Mutual Funds	$ 99,294,821	$ -	$ 12,213,581	$ 176,027,300	$ 12,237,527	$ 31,060,538	$ 330,833,767
Stocks	7,076,595	-	-	21,745,628	2,322,824	4,699,278	35,844,325
Guaranteed Investment Accounts	2,934,107	20,928,764	-	11,440,210	1,879,237	-	37,182,318
Real Estate	9,004,597	-	-	13,476,485	1,171,868	1,275,002	24,927,952
Timber	6,213,774	-	-	9,733,917	846,428	1,192,892	17,987,011
Private Equity	5,645,633	-	-	7,420,428	605,222	1,162,155	14,833,438
Other	2,321,754	-	-	-	-	1,160,877	3,482,631
Total Investments	$ 132,491,281	$ 20,928,764	$ 12,213,581	$ 239,843,968	$ 19,063,106	$ 40,550,742	$ 465,091,442
Total Assets	$ 132,491,281	$ 20,928,764	$ 12,213,581	$ 239,843,968	$ 19,063,106	$ 40,550,742	$ 465,091,442
NET POSITION							
Held in Trust for Pension Benefits	$ 132,491,281	$ 20,928,764	$ 12,213,581	$ 239,843,968	$ 19,063,106	$ 40,550,742	$ 465,091,442

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Exhibit XII (Continued)

Combining Schedule of Changes in Fiduciary Net Position

	Employee Retirement Plans					Post Retirement Benefit Trust	
		Firefighters and Police Officers Pension Plan					
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component	Other Post Employment Benefits	Total
ADDITIONS							
Contributions:							
Employer	$ 7,586,006	$ 1,723,744	$ -	$ 11,119,553	$ 4,734,529	$ 5,750,000	$ 30,913,832
Plan Members	892,335	-	-	2,598,821	243,351		3,734,507
Total Contributions	$ 8,478,341	$ 1,723,744	$ -	$ 13,718,374	$ 4,977,880	$ 5,750,000	$ 34,648,339
Investment Income:							
Net Appreciation (Depreciation) in Fair Value of Investments	$ (3,440,127)	$ -	$ 54,683	$ (2,667,762)	$ (156,915)	$ (924,541)	$ (7,134,662)
Interest	4,872,929	893,641	-	8,615,076	545,143	1,063,517	15,990,306
Investment Expense	(537,724)	-	-	(2,433,786)	(124,436)	(166,064)	(3,262,010)
Net Investment Income	$ 895,078	$ 893,641	$ 54,683	$ 3,513,528	$ 263,792	$ (27,088)	$ 5,593,634
Total Additions	$ 9,373,419	$ 2,617,385	$ 54,683	$ 17,231,902	$ 5,241,672	$ 5,722,912	$ 40,241,973
DEDUCTIONS							
Benefits	$ 13,483,371	$ 3,506,496	$ 903,115	$ 12,427,800	$ 2,470,684	$ -	$ 32,791,466
Refunds of Contributions	240,486	-	-	205,974	-	-	446,460
Administrative Expenses	895,060	27,971	5,356	206,917	77	346	1,135,727
Total Deductions	$ 14,618,917	$ 3,534,467	$ 908,471	$ 12,840,691	$ 2,470,761	$ 346	$ 34,373,653
Net Increase (Decrease)	$ (5,245,498)	$ (917,082)	$ (853,788)	$ 4,391,211	$ 2,770,911	$ 5,722,566	$ 5,868,320
Assets Transfer in (Out)	-	-	-	-	-	-	-
Net Position at Beginning of Yea	137,736,779	21,845,846	13,067,369	235,452,757	16,292,195	34,828,176	459,223,122
Net Position at End of Year	$132,491,281	$20,928,764	$ 12,213,581	$239,843,968	$19,063,106	$ 40,550,742	$ 465,091,442

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial valuations for all defined benefit plans are performed annually with the exception of Virginia Retirement System (VRS), which is performed biennially; however, an actuarial update is performed in the interim year for informational purposes. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. The employer contribution rate based on the June 30, 2015 actuarial valuation is 7.97% of payroll. The valuation reflects a contribution timing adjustment based on feedback from the 2014 quadrennial audit of the Virginia Retirement System.

Beginning January 1, 2014, employees newly covered under VRS were enrolled in the new VRS Hybrid Retirement Plan (Hybrid Plan). The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. Plan1and Plan 2 members of VRS could opt into the new Hybrid Plan. The Employees under the new plan have a mandatory contribution to the Defined Contribution Plan of 1% which is matched by the City. A voluntary employee contribution of up to an additional 4% is allowed with the City matching 1% on the first additional 1% plus .25% for each additional .50%. The recommended contribution includes the contribution to the Defined Contribution Plan for hybrid members.

As of June 30, 2016, the City of Alexandria had 312 employees enrolled in the Hybrid Plan. The FY 2016 City contribution was $0.2 million.

The 2015 VRS valuation reflects no changes in the actuarial assumptions since the last actuarial valuation.

Financial statements and required supplementary information are presented in the VRS comprehensive annual financial report, which can be obtained at www.varetire.org.

The City has assumed the responsibility of paying 2% of the employee share of contributions for the 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 decreased from 27.76% as of July 1, 2014 to 27.30% as of July 1, 2015 for the Firefighter and Police Officers Basic Plan and decreased from 13.82% as of July 1, 2014 to 13.49% as of July 1, 2015 for the Disability Plan. During the year ended June 30, 2015, the Basic Plan's assets returned 2.94% and the Disability Plan's assets had a return of 2.87% on a market value basis. However, due to the Plans' asset-smoothing technique which recognizes only a portion of the gains and losses, the returns on the actuarial asset values were 8.46% and 8.00%, respectively. As of the July 1, 2015 Actuarial Valuation, the Basic Plan's unfunded actuarial liability was $20.4 million. There were no benefit provisions changes. Effective with the July 1, 2015 valuation, annual experience gains and losses as well as assumption changes will be amortized over separate 15 year periods.

The actuarial assumptions for the Firefighters and Police Officers Basic and Disability Plans are based on an actuarial experience study based on experience of the Plans from July 1, 2009 to June 30, 2013 completed in February 2014. The actuarial assumptions for the Pension Plan for Firefighters and Police Officers, with the exception of the mortality and expense assumptions, were recommended by the prior actuary. The actuarial assumptions for the Supplemental Plan have been changed since the last actuarial valuation as a result of an actuarial experience study covering the period July 1, 2010 through July 30, 2015. Effective with the July 1, 2015 valuation, annual experience gains and losses as well as assumption changes will be amortized over separate 10 year periods. Demographic assumptions were updated to reflect the study.

The assumed rate of return was changed from 7.50% to 7.25%
The rate of inflation was changed from 3.00% to 2.75%
The rate of wage inflation was changed from 3.75% to 3.25%
The interest rate for lump sum conversion was changed from 5.00% to 4.00%

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

At June 30, 2016, the City recognized a total liability of $128.0 million for the City's four Single Employer Pension Plans. Measurements as of June 30, 2016 were based on the fair value of assets as of June 30, 2016 and the Total Pension Liability as of the valuation date, June 30, 2015, updated to June 30, 2016. The City recognized a liability of $75.2 million for the VRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

All of the Single Employer Pension Plans use the following mortality assumption: Sex-distinct RP-2000 Combined Mortality Table for their mortality assumptions.

For each of the City's four Plans, the funding policy is to contribute at least the Actuarially Determined Contribution annually. This contribution is equal to the amortization of the unfunded liability plus expected administrative expenses. The amortization of the unfunded liability is calculated as a level-dollar closed period for the Supplemental and Pension Plan for Firefighters and Police Officers. The firefighters and Police Officers Basic Plan and Disability Plan are calculated as a level percentage.

The remaining amortization periods as well as other major provisions of all the defined pension plans are listed in the disclosure in the following tables.

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)	(2)	(3)	(4)	(5)	(6)
	VRS City	City Supplemental Retirement	Pension for Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
Administrator	State of Virginia	Prudential	Prudential	ICMA	Prudential	Prudential
Employees Covered	General body	General body Sheriff/ERT	Public Safety	Public Safety	Public Safety	Public Safety
Authority for Plan Provisions and Contributions	State Statute	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
Plan 1 & 2 Hybrid Plan	Defined Benefit Hybrid	Defined Benefit	Defined Benefit	Defined Contribution	Defined Benefit	Defined Benefit
Stand Alone Financial Report	Yes	No	No	No	No	No
Actuarial Valuation Date	6/30/2015	7/1/2015	7/1/2015	6/30/2015	7/1/2015	7/1/2015
MEMBERSHIP AND PLAN PROVISIONS						
Active Participants	1949	1946	0	71	464	464
Retirees & Beneficiaries	1036	450	118	0	281	100
Terminated Vested & Non-vested	646	827	0	47	30	N/A
Normal Retirement Benefits:						
Age	65 50 (30Yrs)	65 50 (30Yrs)/ 50(25 Yrs)	60 50 (20Yrs)	60	55 Any Age (25Yrs)	55
Benefits Vested**	5	5	10	5	5	5
Disability & Death Benefits	Disability Death	Disability Death	Disability Death	N/A Death	Disability Death	Disability N/A

** VRS Hybrid Plan members are always vested in Defined Contributions component plan.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

As of:	6/30/2015	7/01/15	7/01/15	6/30/16	7/01/15	7/01/15
	(1)	(2)	(3)	(4)	(5)	(6)
	VRS City	City Supplemental Retirement	Pension For Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
SIGNIFICANT ACTUARIAL ASSUMPTIONS						
Investment Earnings	7.0%	7.25%	5.5%	N/A	7.5%	7.5%
Projected Salary Increases Attributable to:						
Inflation	2.5%*	2.75%	N/A	N/A	3.5%	3.5%
Seniority/Merit	3.50% -5.35%**	3.25%-5.10%	N/A	N/A	3.50%-7.25%	3.50%-7.25%
Projected Postretirement Increases	2.5%*, 2.25%[t]	None	3.0%	N/A	2.7%	2.7%
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
Amortization Method	Level Percentage	Level dollar	Level dollar	N/A	Level Percentage	Level Percentage
Open/Closed	Closed	N/A	Closed		Closed	Closed
Remaining Amortization Period	20-28	Layers	10	N/A	Layers	Layers
Asset Valuation Method	5-year Smoothed Market Value	4-year Smoothed Market	Market Value	N/A	4-year Smoothed Market	4-year Smoothed Market
Funded Status						
Actuarial Value of assets	$ 447,743,665	$ 133,723,572	$ 21,845,846	N/A	$ 231,954,364	$ 16,059,459
Actuarial Accrued Liability	534,678,020	162,757,822	29,628,737	N/A	293,178,154	36,473,642
Unfunded Actuarial Accrued Liability (UAAL)	$ 86,943,355	$ 29,034,250	$ 7,782,891	N/A	$ 61,223,790	$ 20,414,183
Funded Ratio	83.7%	82.2%	73.7%	N/A	79.1%	44.0%
Annual Covered Payroll	$ 125,437,843	$ 136,447,066	N/A	N/A	$ 34,378,179	$ 34,378,179
UAAL as Percentage of Covered Payroll	69.3%	21.3%	N/A	N/A	78.1%	59.4%

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, [t]Plan 2 and Hybrid

**Senority/Merit: Leo range, 3.50%-4.75%. Non-Leo range 3.50%-5.35%

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

As of:	6/16	6/16	6/16	6/16	6/16	6/15
	VRS City	City Supplemental Retirement	Pension for Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
PERCENTAGE OF COVERED PAYROLL CONTRIBUTED						
Employee %	5.0%	2.0%	N/A	N/A	7.2%	0.8%
Employer %	9.8%	3.61%	$ 1.7 mil/Yr.	N/A	30.42%	12.87%
AMOUNT CONTRIBUTED						
Employee	$ 6,284,237	$ 892,335	$ -	$ -	$ 2,598,821	$ 243,351
Employer	12,285,419	7,586,006	1,723,744	-	11,119,553	4,734,529
Total Amount Contributed	$ 18,569,656	$ 8,478,341	$ 1,723,744	$ -	$ 13,718,374	$ 4,977,880

All employees make a 5% contribution to VRS.

COVERED PAYROLL						
Dollar Amount (in millions)	$ 125.4	$ 136.5	$ N/A	$ N/A	$ 34.4	$ 34.4
Legally Required Reserves	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

INVESTMENT CONCENTRATIONS

The City of Alexandria does not have pension investments (other than U. S. Government and U.S. Government guaranteed obligations) in any one organization that represents five percent or more of net assets held in trust for pension investments.

Prudential General Account (Long Term)	*	2%	100%	-	5%	10%
Prudential and Comerica Mutual Funds	*	75%	-	100%	73%	64%
Stocks	*	5%	-	-	9%	12%
Real Estate	*	7%	-	-	6%	6%
Timber	*	5%	-	-	4%	4%
Private Equity	*	4%	-	-	3%	3%
Other		2%				

* Investment information not available on an individual jurisdiction basis.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters and Police Officers Defined Benefit and Disability Pension Plans
As of June 30, 2016

	Fair Value Measurement Using		
Portfolio	Level 1	Level 2	Level 3
Polen	$ 13,335,243	$ -	$ -
Vanguard R1000 Value	-	37,809,752	-
Champlain	-	45,415,068	-
NewSouth	12,760,175	-	-
Johnston	-	26,218,884	-
Brandes	-	21,327,994	-
Glovista	-	6,325,029	-
Hamilton Lane II	-	-	794,690
Hamilton Lane IX	-	-	1,147,912
Hamilton Lane VII A	-	-	2,467,566
Hamilton Lane VII B	-	-	1,433,574
Hamilton Lane VIII	-	-	2,255,193
PRISA	-	-	14,648,354
Hancock X	-	-	9,845,930
Molpus IV	-	-	734,415
PIMCO Total Return	-	39,010,430	-
Prudential PIMCO TR	-	9,821,219	-
Standish	-	11,788,807	-
Comerica Cash	-	232,561	-
Short Term	-	1,534,278	-
Totals	$ 26,095,418	$ 199,484,022	$ 33,327,634
Total Value	**$ 258,907,074**		

During fiscal year 2016, $258.9 million worth of investments were evaluated and classified in the fair value hierarchy as follows: Level 1, $26.1 million; Level 2, $199.5 million, and Level 3, $33.3 million.

Pension for Fire and Police Portfolio
As of June 30, 2016

	Fair Value Measurement Using		
Portfolio	Level 1	Level 2	Level 3
Prudential Guaranteed Deposit Funds	$ -	$ 20,928,764	$ -
Totals	**$ -**	**$ 20,928,764**	**$ -**

During fiscal year 2016, $20.9 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Retirement Income for Firefighters and Police
As of June 30, 2016

	Fair Value Measurement Using		
Portfolio	Level 1	Level 2	Level 3
Vanguard LifeStrategy Income	$ -	$ 19,011	$ -
Vanguard LifeStrategy Cnsrv Gr	-	18,975	-
Vanguard LifeStrategy Mod GR	-	1,083,154	-
Vanguard LifeStrategy Growth	-	672,232	-
Vanguard Target Retire 2020	-	93,922	-
Vanguard Target Retire 2025	-	65,877	-
Vanguard Target Retire 2030	-	150,963	-
Vanguard Target Retire 2045	-	182,117	-
Vanguard Target Retire 2050	-	182,256	-
Vanguard Developed Markets Idx	-	331,060	-
Vanguard Extended Market Index	-	905,467	-
Vanguard Emerging Mkts Stk Idx	-	166,504	-
Vanguard 500 Index Admiral	-	1,951,175	-
Invesco Global Real Estate Inc	-	33,260	-
Vanguard REIT Index Admiral	-	110,495	-
PIMCO ComodityReal Ret Strat	-	6,419	-
PIMCO Total Return Admin	-	54,770	-
PIMCO High Yield Institutional	-	13,515	-
PIMCO Foreign Bond (Unhedged)	-	37,379	-
Vanguard Inflation-Protected Secs	-	3,678	-
Vanguard Total Bond Market Idx	-	31,184	-
VT PLUS Fund	$ -	$ 6,100,168	$ -
Totals	**$ -**	**$ 12,213,581**	**$ -**
Total Value	**$ 12,213,581**		

During fiscal year 2016, $12.2 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Pension Plan
As of June 30, 2016

	Fair Value Measurement Using		
Portfolio	Level 1	Level 2	Level 3
PIMCO All Assets	$ -	$ 7,226,700	$ -
Polen	6,768,505	-	-
Vanguard R1000 Value	-	14,268,218	-
Champlain	-	15,412,450	-
PIMCO Small Cap	-	6,378,215	-
Johnston	-	14,036,941	-
Glovista	3,421,079	-	-
RAFI	-	9,676,522	-
Hamilton Lane III	-	-	3,118,359
Hamilton Lane IX	-	-	688,747
Landmark	-	-	1,823,944
PRISA	-	-	9,004,597
Hancock X	-	-	5,626,244
Molpus IV	-	-	587,530
UBS Farmland	-	-	2,321,754
PIMCO Total Return	-	15,433,984	-
Prudential PIMCO TR	-	2,078,902	-
Standish	-	12,736,754	-
Cash	-	855,204	-
Comerica Cash	$ -	$ 1,026,632	$ -
Totals	$ 10,189,584	$ 99,130,522	$ 23,171,175
Total Value	**$ 132,491,281**		

During fiscal year 2016, $132.5 million worth of investments were evaluated and classified in the fair value hierarchy as follows: Level 1, $10.2 million; Level 2, $99.1 million; and Level 3, $23.2 million.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Securities Lending

The City permits its pension plan trust funds to lend its securities for collateral with a simultaneous agreement to return the collateral. In FY2016, the City's pension plan trust funds lent U.S. Equities with a fair value of underlying securities and cash collateral received from the borrower as indicated below. Collateral investments are reported at cost, not market value.

Securities Lent as of June 30, 2016

Pension Plan	Fair Value of Underlying Securities	Cash Collateral Received
Firefighters & Police Officers – Defined Benefit Component	$2,083,110	$2,106,509
Firefighters & Police Officers – Disability Component	175,540	178,149
Supplemental Retirement Plan	541,779	552,059
Total	**$2,800,429**	**$2,836,717**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized a total pension expense of $29,135,912 for the City's Fire and Police Officers Pension Plan, Fire and Police Officers Disability Plan, the Supplemental Plan, and the Pension Plan for Firefighters and Police Officers. The City recognized pension expense of $4,577,554 for the VRS Pension Plan.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Changes in Net Pension Liability for City of Alexandria Defined Benefit Plans

Firefighters' & Police Officers' Pension Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2015	$ 291,791,334	$ 235,452,757	$ 56,338,577
Changes for the year:			
Service cost	5,671,076	-	5,671,076
Interest	21,948,491	-	21,948,491
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	1,386,820	-	1,386,820
Contributions-employer	-	11,119,553	(11,119,553)
Contributions-employee	-	2,598,821	(2,598,821)
Net Investment Income	-	3,513,529	(3,513,529)
Benefit payments, including refunds	(12,633,775)	(12,633,775)	-
Administrative Expense	-	(206,917)	206,917
Net Changes	$ 16,372,612	$ 4,391,211	$ 11,981,401
Balances at 6/30/2016	$ 308,163,946	$ 239,843,968	$ 68,319,978

Firefighters' & Police Officers' Disability Pension Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2015	$ 39,859,040	$ 16,292,195	$ 23,566,845
Changes for the year:			
Service cost	2,679,963	-	2,679,963
Interest	2,845,545	-	2,845,545
Changes in benefit terms	-	-	0
Changes in assumptions	-	-	0
Difference between expected and actual experience	(3,385,398)	-	(3,385,398)
Contributions-employer	-	4,734,529	(4,734,529)
Contributions-employee	-	243,351	(243,351)
Net Investment Income	-	263,792	(263,792)
Benefit payments, including refunds	(2,470,684)	(2,470,684)	0
Administrative Expense	-	(77)	77
Net Changes	$ (330,574)	$ 2,770,911	$ (3,101,485)
Balances at 6/30/2016	$ 39,528,466	$ 19,063,106	$ 20,465,360

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Pension Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2015	$ 147,266,209	$ 137,736,779	$ 9,529,430
Changes for the year:			
Service cost	4,353,655	-	4,353,655
Interest	11,626,797	-	11,626,797
Changes in benefit terms	-	-	-
Changes in assumptions	10,625,401	-	10,625,401
Difference between expected and actual experience	4,866,212	-	4,866,212
Contributions-employer	-	7,586,006	(7,586,006)
Contributions-employee	-	892,335	(892,335)
Net Investment Income	-	895,078	(895,078)
Benefit payments, including refunds	(13,723,857)	(13,723,857)	-
Administrative Expense		(895,060)	895,060
Net Changes	$ 17,748,208	$ (5,245,498)	$ 22,993,706
Balances at 6/30/2016	$ 165,014,417	$ 132,491,281	$ 32,523,136

Pension Plan for Firefighters & Police Officers	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2015	$ 30,054,265	$ 21,845,846	$ 8,208,419
Changes for the year:			
Service Cost	-	-	-
Interest	1,534,443	-	1,534,443
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(425,528)	-	(425,528)
Contributions-employer	-	1,723,744	(1,723,744)
Contributions-employee	-	-	-
Net Investment Income	-	893,641	(893,641)
Benefit payments, including refunds	(3,506,496)	(3,506,496)	-
Administrative Expense	-	(27,971)	27,971
Net Changes	$ (2,397,581)	$ (917,082)	$ (1,480,499)
Balances at 6/30/2016	$ 27,656,684	$ 20,928,764	$ 6,727,920

VRS	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2014	$ 520,139,295	$ 447,066,992	$ 73,072,303
Changes for the year:			
Service cost	12,256,191	-	12,256,191
Interest	35,571,142	-	35,571,142
Changes in benefit terms	55,097	-	55,097
Changes in assumptions	-	-	-
Difference between expected and actual experience	(7,166,675)	-	(7,166,675)
Contributions-employer	-	12,232,407	(12,232,407)
Contributions-employee	-	6,272,097	(6,272,097)
Net Investment Income	-	20,375,167	(20,375,167)
Benefit payments, including refunds	(23,960,243)	(23,960,243)	-
Other	-	(4,303)	4,303
Administrative Expense	-	(280,179)	280,179
Net Changes	$ 16,755,512	$ 14,634,946	$ 2,120,566
Balances at 6/30/2015	$ 536,894,807	$ 461,701,938	$ 75,192,869

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The components of the Net Pension Liability of the City of Alexandria Defined Benefit Plans as of June 30, 2016 are as follows:

	Firefighters' & Police Officers' Pension Plan	Firefighters' & Police Officers' Disablity Pension Plan	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
Total Pension Liability	$ 308,163,946	$ 39,528,466	$ 165,014,417	$ 27,656,684
Plan Fiduciary Net Position	239,843,968	19,063,106	132,491,281	20,928,764
Net Pension Liability	$ 68,319,978	$ 20,465,360	$ 32,523,136	$ 6,727,920
Plan Fiduciary Net Position as a percentage of Total Pension Liability	77.8%	48.2%	80.3%	75.7%

The following presents the Net Pension Liablities of the City of Alexandria Defined Benefit Plans, calculated using the current discount rates , as well as what the Funds' Net Pension Liabilities would be if it were calculated using a discount rate that is 1.00% lower or higher than the current rate

Firefighters' & Police Officers' Pension Plan

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Total Pension Liability	$ 349,676,632	$ 308,163,946	$ 273,758,721
Plan Fiduciary Net Position	239,843,968	239,843,968	239,843,968
Net Pension Liability 6/30/2016	$ 109,832,664	$ 68,319,978	$ 33,914,753
Plan Fiduciary Net Position as a percentage of Total Pension Liability	68.6%	77.8%	87.6%

Firefighters' & Police Officers' Disability Pension Plan

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Total Pension Liability	$ 42,693,610	$ 39,528,466	$ 36,756,845
Plan Fiduciary Net Position	19,063,106	19,063,106	19,063,106
Net Pension Liability 6/30/2016	$ 23,630,504	$ 20,465,360	$ 17,693,739
Plan Fiduciary Net Position as a percentage of Total Pension Liability	44.7%	48.2%	51.9%

Supplemental Retirement Plan

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Total Pension Liability	$ 180,215,936	$ 165,014,417	$ 151,832,148
Plan Fiduciary Net Position	132,491,281	132,491,281	132,491,281
Net Pension Liability 6/30/2016	$ 47,724,655	$ 32,523,136	$ 19,340,867
Plan Fiduciary Net Position as a percentage of Total Pension Liability	73.5%	80.3%	87.3%

Pension Plan for Firefighters & Police Officers

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	4.50%	5.50%	6.50%
Total Pension Liability	$ 29,334,634	$ 27,656,684	$ 26,150,739
Plan Fiduciary Net Position	20,928,764	20,928,764	20,928,764
Net Pension Liability 6/30/2016	$ 8,405,870	$ 6,727,920	$ 5,221,975
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.3%	75.7%	80.0%

Virginia Retirement System (VRS)

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability 6/30/2015	$ 147,034,704	$ 75,192,869	$ 15,567,730

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

$12,285,419 reported as deferred outflows of resources related to pensions resulting from City contributions to VRS subsequent to the measurement date of June 30, 2015 will be be recognized in pension expense in the year ended June 30, 2017.
At June 30, 2016, the City of Alexandria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Firefighters' & Police Officers' Pension Plan		Firefighters' & Police Officers' Disability Pension Plan		Supplemental Pension Plan		Pension Plan for Firefighters & Police Officers		VRS		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Deferred Ouflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,155,683	$ 652,420	$ 318,825	$ 3,009,243	$ 5,667,631	$ -	$ -	$ -	$ -	$ 5,605,308	$ 7,142,139	$ 9,266,971
Changes in Assumptions	-	-	-	-	8,500,321	-	-	-	-	-	8,500,321	-
Net difference between projected and actual Earnings on pension plan investments	17,589,461	-	1,278,854	-	9,636,159	-	378,652	-	-	11,842,617	28,883,126	11,842,617
Employer contributions subsequent to the measurement date	-	-	-	-	-	-	-	-	12,285,419	-	12,285,419	-
Total	$ 18,745,144	$ 652,420	$ 1,597,679	$ 3,009,243	$ 23,804,111	$ -	$ 378,652	$ -	$ 12,285,419	$ 17,447,925	$ 56,811,005	$ 21,109,588

Total deferred outflows	$ 56,811,005
Total deferred inflows	$ 21,109,588

	Firefighters' & Police Officers' Pension Plan	Firefighters' & Police Officers' Disability Pension Plan	Supplemental Pension Plan	Pension Plan for Firefighters & Police Officers	VRS
Year ended June 30:					
2017	$ 4,986,002	$ 25,647	$ 6,310,452	$ 108,966	$ (6,223,480)
2018	4,986,002	25,647	6,310,452	108,966	(6,223,480)
2019	4,986,003	25,645	6,310,453	108,968	(6,223,480)
2020	2,903,582	(120,521)	4,872,754	51,752	1,222,515
2021	231,135	(330,609)	-	-	
Thereafter	-	(1,037,373)	-	-	
Total Future Deferrals	$ 18,092,724	$ (1,411,564)	$ 23,804,111	$ 378,652	$ (17,447,925)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

DESCRIPTION OF BENEFITS:

VRS—City—Regular, full time City employees who are not covered employees under the Firefighters & Police Officers Pension Plan are members of VRS. Participation is mandatory. This plan is administered by the Virginia Retirement System. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. 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. Members hired after January 1, 2014 are covered under the hybrid plan. 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 and hybrid. 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 and hybrid. 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 under plan 1; 1.65 % of AFS for plan 2; 1.0% for hybrid. AFS under plan 1 is 36 highest consecutive months while it is 60 highest consecutive months under plan 2 and for plan 1 active non-vested members. 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, full time City Employees and regular, part-time City employees who are scheduled to work at least 50% time and who are not covered under the Firefighters & Police Officers Pension Plan are participants in the Supplemental Retirement Plan. This plan is administered by the City of Alexandria. Full time employees receive Credited Service for each month the City and/or employee makes a contribution. Part-time employees accrue Credited Service on a pro-rata basis determined by scheduled work hours. 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.

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.

Retirement Income Plan for Fire & Police- defined contribution (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.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters and Police Officers Pension Plan—defined benefit component—Full-time sworn Firefighters and Police Officers are covered employees in the Firefighters and Police Officers Pension Plan. Recruits are also covered by the Plan. This plan is administered by the City of Alexandria. Full time employees receive one month of credit for each full month covered by the Plan. Special rules apply for service prior to January 1, 2004.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 for employees hired before October, 2013. 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. For employees hired after October 22, 2013 the retiree is entitled to 2.5% of the participant's average monthly compensation, multiplied by years of credit service. There is no limitation service or maximum benefit. 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 2.5% multiplied by years of credit service. Employees hired after October 23, 2013 are not eligible for the non-service connected disability. 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.

Deferred Retirement Option Program (DROP)—This program is available for members of the Firefighters and Police Officers Pension Plan who were hired prior to October 23, 2013. Entitled members who are eligible for normal service retirement and have completed at least 30 years of credited service are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. For members whose DROP effective date is prior to October 31, 2013 the account balance is credited with interest in the amount of 3.0 percent compounded annually. No interest is applied for members whose DROP effective date is after October 31, 2013. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

PENSION NOTE FOR COMPONENT UNIT

Alexandria Public School

ACPS participates in three public employee retirement systems (PERS). Two of these systems, a cost-sharing multiple-employer plan (professional) and an agent multiple-employer plan (non-professional), are administered by the Virginia Retirement System (VRS) and are, therefore, not reflected as ACPS pension trust funds. The third plan, Employees' Supplemental Retirement Plan (Supplemental Plan), is a single-employer defined benefit plan, where a stated methodology for determining pension benefits is provided. This plan is part of ACPS' reporting entity and, as such, is reflected as a Pension Trust Fund.

The actuarial valuation for the Supplemental Plan is performed annually. The actuarial valuation for VRS is performed biennially; however, an actuarial update is performed in the interim year.

In the Supplemental Plan, no changes occurred in the actuarial valuation assumptions, plan benefits, actuarial cost method, or procedures affecting the comparability of costs

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Virginia Retirement System

Plan Description

All full-time salaried permanent (professional) employees of Alexandria City Public Schools (ACPS) are automatically covered by the VRS Teacher Retirement Plan upon employment. All full-time salaried permanent employees (non-professional) of ACPS are automatically covered by the VRS Political Subdivision Retirement Plan. These plans are administered by the Virginia Retirement System (The System or VRS) along with plans for other employer groups in the commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan and VRS Political Subdivision Retirement Plan—Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criterion. The specific information for each plan and the eligibility for covered groups within each plan are set out in the following table.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The Retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at Retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1,2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members"). The defined benefit is based on member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013 **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Political Subdivision Plan Only: Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Political Subdivision Plan Only: Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in their required 5% member contribution, but all employees will be paying the full 5% by July 1, 2016.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement if the employer offers the health insurance credit.	**Creditable Service** Same Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
		Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years a member is 50% vested and may withdraw 50% of employer contributions After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70 ½.
Calculating the Benefit The Basic Benefit is calculated based on formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** Defined Benefit Component: See definition under Plan 1 The benefit is based on contributions made by the member and any matching contributions made by the member made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The Retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85% Political subdivision hazardous duty employees: the retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013**.** Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85% Political Subdivision hazardous duty employees: the retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. **Political Subdivisions hazardous duty employees:** Age 60 **Normal Retirement Age** **VRS:** Normal Social Security retirement age.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** the retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political Subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.
Normal Retirement Age **VRS:** Age 65. **Political Subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Age 65. **Political Subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political Subdivisions hazardous duty employees:** Not applicable**.** **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions,
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees**: Age 60 with at last five years of creditable service or age 50 with at least 25 years of creditable service	**Earliest Unreduced Retirement Eligibility VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees**: Age 60 with at last five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees**: Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) if creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility VRS:** Age 55 with at least five years (60 months) if creditable service or age 50 with at least 10 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Any Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) or creditable service.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.	**Political subdivisions hazardous duty employees**: 50 with at least five years of creditable service.	**Political subdivisions hazardous duty employees**: Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act of the Transitional Benefits Program.	**Cost-of Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2. **Exceptions to COLA Effective Dates:** Same as Plan 1.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Employees of political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave, or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **<u>Defined Benefit component:</u>** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component**: Not applicable.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Political Subdivision Retirement Plan

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Count
Inactive members:	
Vested inactive members	29
Non-vested Inactive Members	101
Inactive members active elsewhere in VRS	48
Total Inactive Members	**178**
Inactive members or their beneficiaries currently receiving benefits	**186**
Active Members	**237**
Total Covered Employees	**601**

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute five percent of their compensation towards their retirement. Prior to July 1, 2012, all or part of the five percent member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the five percent-member contribution. In addition, for existing employees, employers were required to begin making the employee pay the five percent member contribution. This could be phased in over a period of up to five years and the employer is required to provide a salary increase equal to the amount increase in the employee-paid member contribution.

ACPS' contractually required contribution rate for the year ended June 30, 2015 was 5.6% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS were $0.9 million and $0.8 million for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

ACPS' net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions- General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*
Mortality rates:	14% of deaths are assumed to be service related
Largest 10- Non-LEOS:	
- Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.
- Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
- Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.
All Others (non 10 Largest) Non-LEOS:	
- Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.
- Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
- Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement
* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.	

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10-Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest)-Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of the expected future real rates of return (expected returns, net of pension System investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
Inflation			2.50%
(1) Expected arithmetic nominal return			8.33%

(1) Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made in accordance with the rates adopted by VRS funding policy at rates equal to difference between actuarially determined contribution rates adopted by VRS Board of Trustees and member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Changes in Net Pension Liability

	Increase(Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balances at June 30, 2014	$40,182,558	$43,625,512	$(3,442,954)
Changes for the year:			
Service Cost	$758,027	$ -	$758,027
Interest	2,731,791	-	2,731,791
Differences between expected and actual experience	(1,408,359)	-	(1,408,359)
Contributions - employer	-	428,560	(428,560)
Contributions - employee	-	393,832	(393,832)
Net investment income	-	1,959,825	(1,959,825)
Benefit payments, including refunds of employee contributions	(2,313,945)	(2,313,945)	-
Administrative expenses	-	(27,928)	27,928
Other changes	-	(411)	411
Net changes	$(232,486)	$439,933	$(672,419)
Balances at June 30, 2015	$39,950,072	$44,065,445	$(4,115,373)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of ACPS using the discount rate of seven percent, as well as, what ACPS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (six percent) or one percentage point higher (eight percent) than the current rate:

	(-1%) Decrease	**Current Discount Rate**	**(+1%) Increase**
	6.0%	7.0%	8.0%
Net Pension Liability (Asset)	$ 511,708	$ (4,115,373)	$ (8,017,606)

Pension Expense and Deferred outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, ACPS recognized pension expense of ($0.8 million). As of June 30, 2016, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 832,612	$ 2,017,493
Employer contributions subsequent to the measurement date	479,241	-
Differences between expected and actual experience	-	955,510
Total	$ 1,311,853	$ 2,973,003

The $0.5 million reported as deferred outflows of resources related to pensions resulting from ACPS's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount ($000)
2017	$ (917)
2018	(917)
2019	(514)
2020	208
2021	-
Thereafter	-
	$ (2,140)

Payables to the Pension Plan

At June 30, 2016, ACPS reported payables to the VRS Political Subdivision Retirement Plan of $0.1 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

VRS Teachers Retirement Plan

Contributions

The contribution requirement for active employees is governed by Title 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Employees are required to contribute five percent of their compensation toward their retirement. Prior to July 1, 2012, all or part of the five percent member contributions may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the five percent member contribution. In addition, for existing employees, employers were required to beginning making the employee pay the five percent member contribution. This could be phased in over a period of up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2016 was 14.1% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013, adjusted for the transfer in June 2015 of $192.9 million as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarial rate for the Teacher Retirement Plan was 18.2%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

amount to finance any unfunded accrued liability. Based on the provision of title 51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.7% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from ACPS were $29.3 million and $25.7 for the years ended June 30, 2016 and June 30, 2015, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, ACPS reported a liability of $226.7 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. ACPS' proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 1.80155% as compared to 1.77072% at June 30, 2014. For the year ended June 30, 2016, ACPS recognized pension expense of $16.1 million. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 13,886,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,497,000	4,526,000
Differences between expected and actual experience	-	3,122,000
Employer contributions subsequent to the measurement date	21,900,603	-
Total	$ 25,397,603	$ 21,534,000

The deferred outflows of resources of $21.9 million related to pensions, resulting from the school division's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Year Ending June 30	Amount ($000)
2017	$ (6,689)
2018	(6,689)
2019	(6,689)
2020	1,990
2021	40
Thereafter	-
	$ (18,037)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30,2014 using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95 percent
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*
Mortality rates:	14% of deaths are assumed to be service related
Largest 10- Non-LEOS:	
- Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.
- Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
- Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.
All Others (non 10 Largest) Non-LEOS:	
- Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.
- Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
- Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement
* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.	

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Long – Term Expected Rate of Return

The long-term expected rate of return on pension System investments were determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
Inflation			2.50%
(1) Expected arithmetic nominal return			8.33%

(1) Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means that is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was seven percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by ACPS for the VRS Teacher Retirement Plan will be subject
to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate share of the Net Pension Liability to Changes in the Discount Rate The following presents ACPS' proportionate share of the net pension liability using the discount rate of seven percent, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage lower (six percent) or one percentage point higher (eight percent) than the current rate:

	(-1%) Decrease	Current Discount Rate	(+1%) Increase
	6.0%	7.0%	8.0%
ACPS' proportionate share of VRS Teacher Plan Net Pension Liability	$ 331,826,000	$ 226,749,000	$ 140,249,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf, System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500

Payables to the Pension Plan

At June 30, 2016, ACPS reported payables to the VRS Teacher Retirement Plan of $5.5 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Employees' Supplemental Retirement Plan

Plan Description

The Employees' Supplemental Retirement Plan (the Plan) is a single-employer defined benefit plan sponsored by ACPS. The Plan is governed by the Alexandria School Board (Board) which has the authority to make all investment and policy decisions impacting the Plan's existence, investments, benefits, and administration. The Board has established an Investment Advisory Board (Advisory Board) to monitor and manage the Plan. The Advisory Board consist of five members: 1) The Plan Administrator/ ACPS Chief Human Resource Officer; 2) The Plan Investment Officer/ ACPS Chief Financial Officer; 3) One teacher member selected from among active employee participants; 4) One retired member actively earning benefits from the plan; and 5) One certified investment management professional. The Board has contracted with the Principal Financial Group to manage certain plan assets and administer the retirement benefits to the plan participants.

The purpose of the Plan is to provide supplemental retirement benefits to employees of Alexandria City Public Schools. Statutory authority for the establishment of this Plan is provided by the Code of Virginia §51.1-800 through §51.1-803.

All full-time employees are eligible to participate in the Plan as of July 1, 1961, if classified as a twelve-month employee. Ten-month employees were eligible to participate in the Plan as of July 1, 1971. The Plan's fiscal year end is August 31. For purposes of implementing GASB No. 68, Accounting and Financial Reporting for Pension Plans, the measurement period of 09/01/2014 to 08/31/2015 has been used for the plan year ending 08/31/2015. The net pension liability reported for period ending 08/31/2015 was measured as of 08/31/2014 using the total pension liability that was determined by an actuarial valuation as 09/01/2015.

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. The Plan does not issue a separate, publicly-available financial report.

Measurement Date

A measurement date of August 31, 2015 has been used for GASB 68 reporting.

Benefits provided

The Plan provides disability and death benefits. Benefits at retirement are based upon years of service and the average earnable compensation of an eligible employee during any three years that provide the highest average earnable compensation and are adjusted for inflation after retirement. Benefits at early retirement are reduced by an early retirement factor. Employees are considered vested on or after completing five years of service, or on or after attaining age 60. 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 0.4 percent of effective compensation multiplied by credited future service on and after September 1, 1984, and 1.6 percent of effective compensation not to exceed $100 plus 0.3 percent of the amount by which effective compensation exceeds $100 multiplied by credited past service before September 1, 1984, and 1.6 percent of past service compensation in excess of $100 plus 0.3 percent of past service compensation in excess of $100 times credited past service. There have been no changes in plan provisions during the measurable period.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The funding policy of the Plan provides for monthly contributions at actuarially-determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.5% of covered payroll. During FY 2015, only ACPS employees contributed to the Plan. These contributions totaled $2.5 million for the fiscal year ended June 30, 2016. Administrative costs of the Plan are paid from the Plan's assets.

Investment policy

The objective of the Plan is to maintain actuarial soundness so that funds will be available to meet contractual benefit obligations. The investment policy may be amended by the Board at any time. Principal Financial Advisors, Inc., a registered investment advisor and wholly-owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation strategy for the Plan. The following was the Plan's adopted asset allocation policy as of August 31, 2015.

U.S Equity - Large Cap	27.46%	8.80%	7.45%
U.S Equity - Mid Cap	3.10%	9.10%	7.45%
U.S Equity - Small Cap	3.15%	9.55%	7.45%
Non-US Equity	9.79%	9.20%	7.45%
REITs	0.99%	8.35%	6.55%
Real Estate (direct property)	8.05%	6.30%	5.95%
TIPS	1.48%	4.10%	3.90%
Core Bond	40.86%	4.25%	4.15%
High Yield	5.12%	6.30%	5.90%
Total	100.00%		

Exp LTROA (arithmetic mean)	6.61%
Portfolio Standard Deviation	8.49%
40th percentile	5.68%
45th percentile	5.98%
Expected Compound Return	**6.27%**
55th percentile	6.57%
60th percentile	6.87%

Portfolio Investment Mix: Equity 44%/Fixed Income 47%/Other 9%

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Concentrations

As of the measurement date, the plan had investments (other than US Government and US Government guaranteed obligations) in only Principal Financial Group, totaling $113.7 million, that represented 5 percent or more of the Plan's fiduciary net position.

Annual Money-Weighted Rate of Return

For the Plan year ended August 31, 2015, the annual money-weighted rate of return on plan investments for the measurement period is (0.7)%. The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

Long-Term Expected Rate Return

For the plan year ending August 31, 2015, the expected long-term rate of return assumption is 6.5%. The long-term interest rate assumption was developed as a weighted average rate based on the target asset allocation of the plan using the long-term capital market assumption. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earning yields' models, expected economic growth outlook, and market yields analysis.

Actuarial Assumptions

The actuarial assumptions used in the August 31, 2015 valuation were based upon the results of an actuarial assumption review for the five-year period of September 1, 2007 to August 31, 2012.

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,012
Retirees and beneficiaries currently receiving benefits	1,191
Inactive or disabled plan members entitled to but not receiving benefits	970
Total	4,173

Normal retirement age	65 years
Benefits age	50 yrs (+30 yrs of service)
Benefits vesting years	5 years
Disability and death benefits	Yes

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Long-term rate of return	6.50%
Discount rate	6.50%
Projected salary increase attributed to:	
Inflation	2.25%
Seniority /merit	4.88 - 7.18%
Retirement increases	-
Actuarial cost method	Entry Age Normal actuarial cost method
Open/closed	Open
Remaining amortization period	18 years
Asset valuation method	Contract Basis
Mortality - Pre-retirement	RP2000 Combined healthy mortality (male/female)
Mortality - Post-retirement	RP2000 Combined healthy mortality (male/female)

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

Employer contribution percentage	0.00%
Employee contribution percentage	1.50%
Employee contribution, during the measurement period	$ 1,844,763
Employer contribution	-
Total amount contributed	$ 1,844,763
Covered payroll (Annual member compensation)	$ 130,993,574
Legally-required reserves	None
Long-term contribution contracts	None

Projected Cash Flow

Projected cash flows are based upon the underlying assumptions used in the development of the accounting liabilities.

Discount Rate

The discount rate is a single rate that incorporates the long-term rate of return assumption. The long-term rate of return assumption was applied to the projected benefit payments from 2015 to 2111. Benefit payment after 2111 are projected to be $0.00.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Net Pension Liability

The net pension liability reported for ACPS fiscal year end of June 30, 2016, was measured as of August 31, 2015, using the total pension liability that was determined by an actuarial valuation as of August 31, 2015.

Changes in Net Pension Liability

	Increase(Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balances at August 31, 2014	$98,761,824	$118,590,035	$(19,828,211)
Changes for the year			
Service Cost	$2,573,225	$ -	$2,573,225
Interest	6,378,985	-	6,378,985
Differences between expected and actual experience	140,424	-	140,424
Contributions - employer	-	-	-
Contributions - employee	-	2,032,505	(2,032,505)
Net investment income	-	(840,277)	840,277
Benefit payments, incl. refunds of employee contributions	(5,918,926)	(5,918,926)	-
Administrative expenses	-	(124,855)	124,855
Net changes	$3,173,708	$(4,851,553)	$8,025,261
Balances at August 31, 2015	$101,935,532	$113,738,482	$(11,802,950)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Employees' Supplemental Retirement Plan using the discount rate of 6.5%, as well as what the pension net pension liability would be if it was calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate.

	(-1%) Decrease	**Current Discount Rate**	**(+1%) Increase**
	5.5%	6.5%	7.5%
Net Pension Liability (Asset)	$ 991,058	$ (11,802,950)	$ (22,450,849)

Pension Expense and Deferred outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Employees' Supplemental Retirement Plan pension expense for the fiscal year ended June 30, 2015 is ($146,334). For the year ended June 30, 2016, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on pension plan investments	$ 6,725,130	$ 4,022,397
Differences between expected and actual experience	105,666	-
Total	$ 6,830,796	$ 4,022,397

Amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ending June 30,	Amount
2017	$ 375,242
2018	375,242
2019	375,242
2020	1,682,673
2021	-
Thereafter	-
Total	$ 2,808,399

Payables to the Pension Plan

At June 30, 2016, ACPS reported no payables to the Employees' Supplemental Retirement Plan.

The following is the summary of fiduciary net position of the plan for the year ended June 30, 2016.

Summary of Fiduciary Net Position
Employees' Supplementary Retirement Plan
As of June 30, 2016

ASSETS	
Bonds	$ 49,650,040
Mutual Funds	35,675,735
Other Investments	28,977,410
Total assets	$ 114,303,185
LIABILITIES	
Accounts Payable	-
Total liabilities	-
NET POSITION	
Held in trust for pension benefits	$ 114,303,185

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The following is the summary of changes in fiduciary net position of the plan for the year ended June 30, 2016.

Summary of Changes in Fiduciary Net Position **Employees' Supplementary Retirement Plan** **For the Year Ended June 30, 2016**	
ADDITIONS	
Contributions	$ 2,496,842
Investment Income	858,796
Total Additions	3,355,638
DEDUCTIONS	
Benefit payments	6,149,672
Administrative expenses	145,399
Total Deductions	6,295,071
Change in net position	(2,939,433)
NET POSITION, beginning of year	117,242,618
NET POSITION, end of year	$ 114,303,185

NOTE 18. TERMINATION BENEFITS

The City provided termination benefits to one employee in fiscal year 2016. The benefit consisted of four weeks of pay based on completed years of service. The total cost to the City was $19,990.

NOTE 19. NEW ACCOUNTING STANDARD ADOPTED

During the fiscal year ended June 30, 2016, the City adopted four new GASB standards

GASB Statement No. 72 Fair Value Measurement and Application

GASB Statement 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement establishes a hierarchy of inputs to apply valuation techniques used to measure fair value. That hierarchy has three levels. Level 1inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Government

The objective of GASB statement 76 is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). As a result, the City will apply financial reporting guidance with less variation, which will improve the usefulness of financial information for making decisions and assessing accountability. This Statement supersedes Statement 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government.

GASB Statement No. 79 Certain External Investment Pools and Participants

This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price.

The City is a participant in the Local Government Investment Pool (LGIP), which is administered by the Virginia Treasury Board. The Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at $1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- The LGIP is rated 'AAAm' by Standard and Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
- The LGIP is managed in accordance with GASB Statement No. 79.

- The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance.
- Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73

The primary purpose of Statement No. 82 is to improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues raised by stakeholders under Statements No. 67, 68, and 73. These issues are related to (1) the presentation of payroll-related measures, (2) deviations from actuarial standards of practice, and (3) classification of member contributions. The provisions for Statement No. 82 are not required for immaterial items.

NOTE 19. NEW ACCOUNTING STANDARD ADOPTED (Continued)

- Statement No. 82 requires the presentation and use of ***covered payroll*** (payroll on which contributions to a pension plan are based), versus the presentation of ***covered-employee payroll*** (total payroll of employees that are provided with pensions through the pension plan) and ratios based on *covered-employee* payroll in the schedules of required supplementary information (RSI).

- Statement No. 82 clarifies that, for the purposes of ***selection of assumptions*** used in determining the total pension liability and related measures, a deviation from the guidance in an Actuarial Standard of Practice in not considered to be in conformity with the requirements of Statement No. 67, 68, or 73.

- With respect to pension plan contributions made by an employer to satisfy contribution requirements identified under the plan as plan member contribution requirements, Statement No. 82 provides that, those amount should be classified as ***plan member contributions*** under Statement No. 67, and ***employee contributions*** under Statement No. 68 (including when determining a cost-sharing employer's proportion).

NOTE 20. SUBSEQUENT EVENTS

On August 9, 2016, the City Council issued $73.7 million in General Obligation Bonds. The General Obligation Bonds were issued with an original premium of $10.5 million and a true cost of 2.12%. The $73.7 million bonds will be used to finance certain capital improvement projects for the City including, but not limited to, public school projects, City parks and buildings, transit and traffic control infrastructure, capital contributions to the Washington Metropolitan Area Transit Authority, storm water infrastructure improvements, and acquisition of fire department vehicles and apparatus.

On July 20, 2016, the City sold a parcel of land, located at 1505 Powhatan Street, for the amount of $4.4 million.

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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, 2016

EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Positive (Negative)
Revenues:				
General Property Taxes	$ 428,093,719	$ 428,093,719	$ 428,938,197	$ 844,478
Other Local Taxes	127,129,800	127,129,800	129,377,852	2,248,052
Permits, Fees, and Licenses	2,534,625	2,731,751	2,544,080	(187,671)
Fines and Forfeitures	6,015,000	6,015,000	4,964,339	(1,050,661)
Use of Money and Property	4,875,080	4,875,080	5,422,935	547,855
Charges for Services	19,321,236	19,321,236	19,896,356	575,120
Intergovernmental Revenues	55,988,880	55,988,880	56,080,138	91,258
Miscellaneous	624,654	628,012	2,171,682	1,543,670
Total Revenues	$ 644,582,994	$ 644,783,478	$ 649,395,579	$ 4,612,101
Expenditures:				
City Council	$ 524,191	$ 524,191	$ 505,761	$ 18,430
City Manager	2,363,914	2,363,914	2,269,012	94,902
Office of Management and Budget	1,297,704	1,197,704	1,078,382	119,322
18th Circuit Court	1,613,398	1,673,545	1,576,426	97,119
18th General District Court	143,176	143,176	128,606	14,570
Juvenile And Domestic Relations Court	78,452	78,452	62,584	15,868
Commonwealth's Attorney	2,945,158	2,966,238	2,930,094	36,144
Sheriff	30,452,584	30,486,615	30,003,798	482,817
Clerk of Courts	1,650,792	1,660,877	1,576,653	84,224
Other Correctional Activities	3,361,815	3,361,815	3,239,284	122,531
Court Services	1,364,868	1,392,770	1,361,639	31,131
Human Rights	717,020	717,020	716,699	321
Internal Audit	302,895	364,160	330,902	33,258
Information Technology Services	9,769,154	10,044,945	9,002,085	1,042,860
Office of Communications	1,271,348	1,295,388	1,133,147	162,241
City Clerk and Clerk of Council	429,442	429,442	429,293	149
Finance	13,356,917	13,307,474	11,105,647	2,201,827
Performance and Accountability	558,348	608,348	522,733	85,615
Human Resources	3,653,561	3,588,818	3,108,801	480,017
Planning and Zoning	5,348,364	5,372,455	5,037,983	334,472
Economic Development Activities	5,327,600	5,405,100	5,286,255	118,845
City Attorney	2,824,383	3,774,822	3,770,715	4,107
Registrar of Voters	1,332,439	1,332,439	1,141,828	190,611
General Services	14,013,599	14,194,484	13,512,200	682,284
Office of Proj. Implementation	1,994,596	1,937,022	1,519,060	417,962
Transportation and Environmental Services	27,776,656	28,308,930	26,206,977	2,101,953
Transit Subsidies	10,156,073	10,299,189	10,290,664	8,525
Fire	45,738,517	47,219,155	46,908,119	311,036
Police	58,634,383	59,029,450	58,491,901	537,549
Emergency Communication	7,162,801	7,068,509	6,686,650	381,859
Building and Fire Code Administration	120,000	120,000	89,532	30,468
Housing	1,827,112	1,843,611	1,619,016	224,595
Community and Human Services	13,661,244	13,661,244	12,930,485	730,759
Other Health Services	1,765,350	1,765,350	1,754,150	11,200
Health	6,538,990	6,485,740	6,144,794	340,946
Office of Historic Alexandria	2,836,470	2,836,470	2,799,559	36,911
Recreation and Cultural Activities	21,204,923	21,645,222	21,286,863	358,359
Other Educational Activities	11,877	11,971	11,971	-
Non Departmental (including debt service)	73,670,184	74,278,188	72,620,571	1,657,617
Total Expenditures	$ 377,800,298	$ 382,794,243	$ 369,190,839	$ 13,603,404
Other Financing Sources (Uses):				
Proceeds of Refunding Bonds	$ -	$ 10,595,000	$ 10,595,000	$ -
Bond Premium		50,678	50,678	
Payment to Refunded Bonds Escrow Agent	-	(10,749,293)	(10,749,293)	-
Transfers In	4,573,898	4,573,898	6,973,897	2,399,999
Transfers Out	(65,815,470)	(65,227,562)	(64,029,633)	1,197,929
Transfers Out - Component Units	(205,541,124)	(206,192,642)	(206,166,604)	26,038
Sale of Land		-	-	-
Total Other Financing Sources (Uses)	$ (266,782,696)	$ (266,949,921)	$ (263,325,955)	$ 3,623,966
Net Change in Fund Balance.	$ -	$ (4,960,686)	$ 16,878,785	$ 21,839,471
Fund Balances at Beginning of Year	77,781,815	77,781,815	77,781,815	-
Increase/(Decrease) in Reserve for Inventory	-	-	(134,668)	(134,668)
FUND BALANCES AT END OF YEAR	**$ 77,781,815**	**$ 72,821,129**	**$ 94,525,932**	**$ 21,704,803**

(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, 2016

Exhibit XIV

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
General Property Taxes	$ 6,695,855	$ 7,032,855	$ 10,716,242	$ 3,683,387
Other Local Taxes	6,499,034	6,499,034	6,541,575	42,541
Permits, Fees and Licenses	9,260,213	9,260,213	5,589,183	(3,671,030)
Use of Money and Property	966	966	12,036	11,070
Charges for Services	18,391,557	18,700,234	17,580,826	(1,119,408)
Intergovernmental Revenues	65,005,267	68,493,720	45,535,163	(22,958,557)
Miscellaneous	1,235,142	11,302,463	5,639,605	(5,662,858)
Total Revenues	$ 107,088,034	$ 121,289,485	$ 91,614,630	$ (29,674,855)
Other Financing Sources:				
Transfers In	$ 49,589,929	$ 49,589,929	$ 51,129,901	$ 1,539,972
Total Other Financing Sources	$ 49,589,929	$ 49,589,929	$ 51,129,901	$ 1,539,972
Total Revenues and Other Financing Sources	$ 156,677,963	$ 170,879,414	$ 142,744,531	$ (28,134,883)
Expenditures:				
Commonwealth's Attorney	$ 263,173	$ 378,129	$ 267,001	$ 111,128
Sheriff	736,044	761,044	760,616	428
Clerk of Courts	50,000	60,000	57,489	2,511
Other Correctional and Judicial Activities	184,177	184,177	125,915	58,262
Court Services	214,628	214,628	148,971	65,657
Human Rights	46,226	111,226	110,650	576
Information Technology Services	404,293	404,293	371,922	32,371
Finance	768,519	868,519	577,062	291,457
Planning and Zoning	329,264	732,864	297,463	435,401
General Services	50,000	85,845	81,323	4,522
Office of Project Implementation	1,308,858	1,308,858	1,041,366	267,492
Transit Subsidies	27,500,000	27,500,000	4,932,747	22,567,253
Transportation and Environmental Services	9,215,663	11,635,665	9,348,772	2,286,893
Fire	1,056,988	1,866,781	1,864,527	2,254
Building and Fire Code Administration	7,618,887	7,913,269	5,745,097	2,168,172
Police	99,500	375,696	375,236	460
Office of Housing	1,651,541	8,431,111	5,442,732	2,988,379
Community and Human Services	75,206,226	76,365,589	75,617,569	748,020
Alexandria Health	-	62,000	61,909	91
Historic Alexandria	849,748	849,748	563,176	286,572
Recreation and Cultural Activities	1,055,554	1,202,107	853,899	348,208
Library	54,346	54,346	44,624	9,722
Non-Departmental	1,000,000	443,000	6,248	436,752
Total Expenditures	$ 129,663,635	$ 141,808,895	$ 108,696,314	$ 33,112,581
Other Financing Uses:				
Transfers Out	$ 29,070,519	$ 29,070,519	$ 36,547,911	$ (7,477,392)
Total Other Financing Uses	$ 29,070,519	$ 29,070,519	$ 36,547,911	$ (7,477,392)
Total Expenditures and Other Financing Uses	$ 158,734,154	$ 170,879,414	$ 145,244,225	$ 25,635,189
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	$ (2,056,191)	$ -	$ (2,499,694)	$ (2,499,694)
Fund Balance at Beginning of Year	$ 68,978,984	$ 68,978,984	$ 68,978,984	$ 68,978,984
FUND BALANCE AT END OF YEAR	$ 66,922,793	$ 68,978,984	$ 66,479,290	$ 66,479,290

(See Accompanying Independent Auditor's Report and Notes to Schedules)

(1) SUMMARY OF SIGNIFICANT BUDGET POLICIES

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. On May 1, 2015, the City Council approved the original adopted budget and on June 15, 2016, approved the revised budget reflected in the required supplementary information.

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

General Fund

Budget Statement Title	Budgetary Statement Amount	Adjustment for Transfer to Component Unit (Footnote 10)	Exhibit IV	Exhibit IV Title
Other Educational Activities	$ 11,971	$ 198,811,472	$ 198,823,443	Education
Transit Subsidies	-	617,518	617,518	Transit
Library Transfer	-	6,737,614	6,737,614	Library
Other Expenditures (not listed separately)	379,928,160	-	379,928,160	Other Expenditures (not listed separately)
Total Expenditures	$ 379,940,131	$ 206,166,604	$ 586,106,735	Total Expenditures
Transfers Out – Component Units	$ 206,166,604	$ (206,166,604)	$ -	None
Operating Transfers Out	64,029,633	-	64,029,633	Operating Transfers Out
Other Financing	6,870,282	-	6,870,282	Other Expenditures (not listed separately)
Total Financing (Sources) Uses	$ 277,066,519	$ (206,166,604)	$ 70,899,915	Total Financing Uses

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

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems
For Fiscal Year Ended June 30, 2016

Exhibit XVI

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Supplemental Plan (a)										
Actuarial Determined Contribution	$ 9,193,893	$ 7,548,253	$ 8,462,725	$ 7,441,425	$ 9,394,774	$ 9,882,928	$ 10,284,656	$ 6,381,581	$ 5,419,262	$ 4,811,560
Actual Contribution Amounts	7,586,006	7,173,760	9,705,496	9,373,813	9,854,860	8,544,859	7,416,575	5,109,723	5,409,164	4,744,710
Contribution Deficiency (Excess)	$ 1,607,887	$ 374,493	$ (1,242,771)	$ (1,932,388)	$ (460,086)	$ 1,338,069	$ 2,868,081	$ 1,271,858	$ 10,098	$ 66,850
Percentage of Actual Contribution Contributed	82.51%	95.04%	114.69%	125.97%	104.90%	86.46%	72.11%	80.07%	99.81%	98.61%
Covered-Employee Payroll	$ 136,447,066	$ 136,351,396	$ 127,784,140	$ 129,419,066	$ 125,569,484	$ 124,936,457	$ 125,803,615	$ 126,492,987	$ 123,522,516	$ 116,853,571
Contribution as a Percentage of Covered-Employee Payroll	5.56%	5.26%	7.60%	7.24%	7.85%	6.84%	5.90%	4.04%	4.38%	4.06%
Pension Plan for Fire and Police*										
Actuarial Determined Contribution	$ 1,057,539	$ 1,158,624	$ 1,211,013	$ 1,332,955	$ 1,472,059	$ 1,443,056	$ 1,623,492	$ 1,679,131	$ 1,209,549	$ 1,187,836
Actual Contribution Amounts	1,723,744	1,728,313	1,700,000	1,700,000	1,700,000	1,700,000	1,679,131	1,707,836	850,000	1,500,000
Contribution Deficiency (Excess)	$ (666,205)	$ (569,689)	$ (488,987)	$ (367,045)	$ (227,941)	$ (256,944)	$ (55,639)	$ (28,705)	$ 359,549	$ (312,164)
Percentage of Actual Contribution Contributed	163.00%	149.17%	140.38%	127.54%	115.48%	117.81%	103.43%	101.71%	70.27%	126.28%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution as a Percentage of Covered-Employee Payroll										
Firefighters and Police Pension										
Actuarial Determined Contribution	$ 9,384,623	$ 9,273,326	$ 10,471,367	$ 10,291,033	$ 9,770,783	$ 8,268,658	$ 7,916,599	$ 7,184,309	$ 7,116,057	$ 6,985,282
Actual Contribution Amounts	11,119,553	9,933,001	10,398,552	8,634,820	8,330,531	7,651,601	7,062,118	7,087,325	7,221,966	6,374,061
Contribution Deficiency (Excess)	$ (1,734,930)	$ (659,675)	$ 72,815	$ 1,656,213	$ 1,440,252	$ 617,057	$ 854,481	$ 96,984	$ (105,909)	$ 611,221
Percentage of Actual Contribution Contributed	118.49%	107.11%	99.30%	83.91%	85.26%	92.54%	89.21%	98.65%	101.49%	91.25%
Covered-Employee Payroll	$ 34,378,179	$ 33,810,854	$ 34,424,794	$ 33,013,511	$ 32,058,296	$ 32,638,214	$ 33,261,971	$ 33,485,674	$ 32,564,077	$ 31,961,191
Contribution as a Percentage of Covered-Employee Payroll	32.34%	29.38%	30.21%	26.16%	25.99%	23.44%	21.23%	21.17%	22.18%	19.94%
Firefighters and Police Disability										
Actuarial Determined Contribution	$ 4,638,338	$ 4,618,019	$ 4,431,587	$ 2,371,116	$ 1,928,701	$ 1,611,887	$ 1,469,682	$ 1,244,853	$ 1,610,278	$ 1,455,223
Actual Contribution Amounts	4,734,529	2,448,696	2,039,849	1,692,368	1,456,788	1,210,062	1,584,314	1,444,947	771,036	752,470
Contribution Deficiency (Excess)	$ (96,191)	$ 2,169,323	$ 2,391,738	$ 678,748	$ 471,913	$ 401,825	$ (114,632)	$ (200,094)	$ 839,242	$ 702,753
Percentage of Actual Contribution Contributed	102.07%	53.02%	46.03%	71.37%	75.53%	75.07%	107.80%	116.07%	47.88%	51.71%
Covered-Employee Payroll	$ 34,378,179	$ 33,810,854	$ 34,424,794	$ 33,013,511	$ 32,058,296	$ 32,638,214	$ 33,261,971	$ 33,485,674	$ 32,564,077	$ 31,961,191
Contribution as a Percentage of Covered-Employee Payroll	13.77%	7.24%	5.93%	5.13%	4.54%	3.71%	4.76%	4.32%	2.37%	2.35%
VRS										
Actuarial Determined Contribution	$ 12,285,419	$ 14,070,398	$ 12,629,447	$ 12,542,600	$ 8,274,478	$ 8,772,167	$ 7,977,375	$ 8,149,979	$ 7,490,208	$ 7,077,570
Actual Contribution Amounts	12,285,419	14,070,398	12,629,447	12,542,600	8,274,478	8,772,167	7,977,375	8,149,979	7,490,208	7,077,570
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Percentage of Actual Contribution Contributed	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Covered-Employee Payroll	$ 125,437,843	$ 125,890,250	$ 123,842,881	$ 117,489,335	$ 115,330,876	$ 112,083,557	$ 115,516,783	$ 114,427,304	$ 108,719,495	$ 100,219,243
Contribution as a Percentage of Covered-Employee Payroll	9.79%	11.18%	10.20%	10.68%	7.17%	7.83%	6.91%	7.12%	6.89%	7.06%

Actuarially determined contributions and covered-employee payrolls are calculated as of June 30, one year prior to the fiscal year in which contributions are reported

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems
For Fiscal Year Ended June 30, 2016

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Firefighters' & Police Officers' Pension Plan

	2016	2015	2014
Total Pension Liability			
Service Cost	$ 5,671,076	$ 5,526,902	$ 5,749,258
Interest	21,948,491	20,769,869	19,761,542
Changes in benefit terms	-	-	-
Difference between expected and actual experience	1,386,820	(978,630)	-
Changes in assumptions	-	-	-
Benefit payments, including refunds	(12,633,775)	(11,610,344)	(10,147,030)
Net Change in Total Pension Liability	$ 16,372,612	$ 13,707,797	$ 15,363,770
Total Pension Liability - Beginning of Year	291,791,334	278,083,537	262,719,767
Total Pension Liability - End of Year	$ 308,163,946	$ 291,791,334	$ 278,083,537
Plan Fiduciary Net Position			
Contributions - employer	$ 11,119,553	$ 9,933,001	$ 10,398,552
Contributions - employee	2,598,821	2,381,830	2,392,226
Net investment income	3,513,529	6,726,117	33,401,003
Benefit payments, including refunds	(12,633,775)	(11,610,344)	(10,147,030)
Administration Expenses	(206,917)	(278,201)	(379,242)
Net Change in Plan Fiduciary Net Position	$ 4,391,211	$ 7,152,403	$ 35,665,509
Plan Fiduciary Net Position - Beginning of Year	235,452,757	228,300,354	192,634,845
Plan Fiduciary Net Position - End of Year	$ 239,843,968	$ 235,452,757	$ 228,300,354
Net Pension Liability - End of Year	$ 68,319,978	$ 56,338,577	$ 49,783,183
Liability	77.8%	80.7%	82.1%
Covered Employee Payroll	$ 35,671,448	$ 33,810,854	$ 34,424,794
Net Pension Liability as a percentage of Covered Payroll	191.5%	166.6%	144.6%

Information is only available for the current and previous two fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems
For Fiscal Year Ended June 30, 2016

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Firefighters' & Police Officers' Disablity Pension Plan

	2016	2015	2014
Total Pension Liability			
Service Cost	$ 2,679,963	$ 2,620,753	$ 2,699,276
Interest	2,845,545	2,872,200	2,638,659
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(3,385,398)	409,917	-
Changes in assumptions	-	-	-
Benefit payments, including refunds	(2,470,684)	(2,571,831)	(2,539,650)
Net Change in Total Pension Liability	$ (330,574)	$ 3,331,039	$ 2,798,285
Total Pension Liability - Beginning of Year	39,859,040	36,528,001	33,729,716
Total Pension Liability - End of Year	$ 39,528,466	$ 39,859,040	$ 36,528,001
Plan Fiduciary Net Position			
Contributions - employer	$ 4,734,529	$ 2,448,696	$ 2,039,849
Contributions - employee	243,351	246,551	259,585
Net investment income	263,792	452,996	2,327,679
Benefit payments, including refunds	(2,470,684)	(2,571,831)	(2,539,650)
Administration Expenses	(77)	(15,876)	(86,762)
Net Change in Plan Fiduciary Net Position	$ 2,770,911	$ 560,536	$ 2,000,701
Plan Fiduciary Net Position - Beginning of Year	16,292,195	15,731,659	13,730,958
Plan Fiduciary Net Position - End of Year	$ 19,063,106	$ 16,292,195	$ 15,731,659
Net Pension Liability - End of Year	$ 20,465,360	$ 23,566,845	$ 20,796,342
Plan Fiduciary Net Position as a percentage of Total Pension Liability	48.2%	40.9%	43.1%
Covered Employee Payroll	$ 35,671,448	$ 33,810,854	$ 34,424,794
Net Pension Liability as a percentage of Covered Payroll	57.4%	69.7%	60.4%

Information is only available for the current and two previous fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems
For Fiscal Year Ended June 30, 2016

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Supplemental Retirement Plan

	2016	2015	2014
Total Pension Liability			
Service Cost	$ 4,353,655	$ 4,512,088	$ 4,812,530
Interest	11,626,797	10,773,145	10,210,998
Changes in benefit terms	-	-	-
Difference between expected and actual experience	4,866,212	2,957,767	-
Changes in assumptions	10,625,401	-	-
Benefit payments, including refunds	(13,723,857)	(14,043,843)	(11,276,834)
Net Change in Total Pension Liability	$ 17,748,208	$ 4,199,157	$ 3,746,694
Total Pension Liability - Beginning of Year	147,266,209	143,067,052	139,320,358
Total Pension Liability - End of Year	$ 165,014,417	$ 147,266,209	$ 143,067,052
Plan Fiduciary Net Position			
Contributions - employer	$ 7,586,006	$ 7,173,760	$ 9,705,496
Contributions - employee	892,335	756,101	605,369
Net investment income	895,078	5,922,932	20,744,991
Benefit payments, including refunds	(13,723,857)	(14,043,843)	(11,276,834)
Administration Expenses	(895,060)	(896,419)	(997,375)
Net Change in Plan Fiduciary Net Position	$ (5,245,498)	$ (1,087,469)	$ 18,781,647
Plan Fiduciary Net Position - Beginning of Year	137,736,779	138,824,248	120,042,601
Plan Fiduciary Net Position - End of Year	$ 132,491,281	$ 137,736,779	$ 138,824,248
Net Pension Liability - End of Year	$ 32,523,136	$ 9,529,430	$ 4,242,804
Plan Fiduciary Net Position as a percentage of Total Pension Liability	80.3%	93.5%	97.0%
Covered Employee Payroll	$ 139,914,668	$ 136,374,392	$ 127,784,140
Payroll	23.2%	7.0%	3.3%

Information is only available for the current and previous two fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems
For Fiscal Year Ended June 30, 2016

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

VRS

	2016	2015
Total Pension Liability		
Service Cost	$ 12,256,191	$ 12,232,148
Interest	35,571,142	33,905,011
Changes in benefit terms	55,097	-
Difference between expected and actual experience	(7,166,675)	-
Changes in assumptions	-	-
Benefit payments, including refunds	(23,960,243)	(20,710,314)
Net Change in Total Pension Liability	$ 16,755,512	$ 25,426,845
Total Pension Liability - Beginning of Year	520,139,295	494,712,450
Total Pension Liability - End of Year	$ 536,894,807	$ 520,139,295
Plan Fiduciary Net Position		
Contributions - employer	$ 12,232,407	$ 12,630,540
Contributions - employee	6,272,097	6,443,111
Net investment income	20,375,167	61,114,498
Benefit payments, including refunds	(23,960,243)	(20,710,314)
Other	(4,303)	3,221
Administration Expenses	(280,179)	(327,787)
Net Change in Plan Fiduciary Net Position	$ 14,634,946	$ 59,153,269
Plan Fiduciary Net Position - Beginning of Year	447,066,992	387,913,723
Plan Fiduciary Net Position - End of Year	$ 461,701,938	$ 447,066,992
Net Pension Liability - End of Year	$ 75,192,869	$ 73,072,303
Plan Fiduciary Net Position as a percentage of Total Pension Liability	86.0%	86.0%
Covered Employee Payroll	$ 125,437,843	$ 125,890,250
Net Pension Liability as a percentage of Covered Payroll	59.9%	58.0%

Information for VRS is only available for current and previous fiscal years. Future years will be added to the schedule.

Exhibit XVI
(Continued)

Assumed Rate of Return for Firefighters' & Police Officers' Pension Plan also applies to Firefighters' and Police Officers' Disability Pension Plan

Money-weighted Rate of Return

Last Ten Fiscal Years

	Firefighters' & Police Officers' Pension Plan**	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
2014	17.48%	17.60%	4.42%
2015	3.03%	4.73%	4.11%
2016	1.14%	0.37%	5.31%

**Money-weighted Rate of Return for Firefighters' & Police Officers' Pension Plan also applies to Firefighters' and Police Officers' Disability Pension Plan

Notes to the Required Supplemental Information for the City of Alexandria Pension Plans for the year ended June 30, 2016

Firefighters and Police Officers Pension Plan, Basic Plan

Effective with the July 1, 2015 actuarial evaluation, annual experience gains and losses as well as assumption changes will be amortized over separate 15-year periods. Previously the entire portion of Unfunded Actuarial Liability (UAL) was amortized over closed 25-year periods from July 1, 2004.

Firefighters and Police Officers Pension Plan, Disability Plan

Effective with the July 1, 2015 actuarial evaluation, annual experience gains and losses as well as assumption changes will be amortized over separate 15-year periods. Previously the entire Unfunded Actuarial Liability (UAL) was amortized over closed 25-year periods from July 1, 2004.

Supplemental Pension Plan

Effective with the July 1, 2015 actuarial valuation, annual experience gains and losses as well as assumption changes will be amortized over separate 10-year periods.

Pension Plan for Firefighters and Police Officers

There were no changes of benefit terms nor were there any changes in assumptions since the prior actuarial valuation.

Virginia Retirement System (VRS) Pension Plan

Benefit Changes– There have been no material actuarial changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement members for the first time. The Hybrid plan applies to most of the new employees hired on or after January 1, 2014, and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015, was not material.

Changes of assumptions – The following changes of actuarial assumptions were made effective June 30, 2013, based on the most recent experience study of the VRS for the four-year period ending June 30, 2102:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decreases in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increases by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

CITY OF ALEXANDRIA, VIRGINIA
Other Post-Employment Benefits (OPEB)
Required Supplementary Information
For Fiscal Year Ended June 30, 2016

Exhibit XVI
(Continued)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratio (1/2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll ((2-1)/5)
Regular OPEB						
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%
12/31/2012	19,796,803	88,766,245	68,969,442	22.30%	150,176,760	45.93%
12/31/2013	26,507,342	89,926,799	63,419,457	29.48%	163,191,871	38.86%
12/31/2014	29,961,114	93,440,538	63,479,424	32.06%	159,726,582	39.74%
12/31/2015	32,133,684	91,469,013	59,335,329	35.13%	164,413,239	36.09%
Line of Duty						
12/31/2012	$ -	$ 16,630,789	$ 16,630,789	$ 0.00%	$ 150,176,760	$ 11.07%
12/31/2013	-	28,618,663	28,618,663	0.00%	52,648,238	54.36%
12/31/2014	99,417	28,564,357	28,464,940	0.35%	53,315,217	53.39%
12/31/2015	1,346,173	17,262,055	15,915,882	7.80%	56,263,415	28.29%

Effective July 1, 2012, the City assumed responsibility for funding benefits required under the Virginia Line of Duty Act. Fund is comprised of Other Post Employment Benefits and Line of Duty Benefits.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial Date	Annual Required Contribution	Percentage Contributed
Regular OPEB		
6/30/2010	$10,306,577	106.2%
6/30/2011	7,415,385	110.1%
6/30/2012	7,375,458	109.6%
6/30/2013	7,931,885	102.2%
6/30/2014	7,696,929	80.0%
6/30/2015	7,617,075	83.4%
6/30/2016	7,020,912	134.6%
Line of Duty		
6/30/2013	$2,570,837	34.8%
6/30/2014	5,839,828	19.7%
6/30/2015	5,634,567	42.1%
6/30/2016	3,783,205	74.2%

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OTHER SUPPLEMENTARY INFORMATION

Agency Funds

Agency Funds are the City's 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.

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Assets and Liabilities – Agency Funds
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
HUMAN SERVICES SPECIAL WELFARE ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent	$ 564	$ 11,092	$ 11,656	$ -
Liabilities:				
Other Liabilities	$ 564	$ 11,092	$ 11,656	$ -
Total Liabilities	$ 564	$ 11,092	$ 11,656	$ -
HUMAN SERVICES DEDICATED ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent	$ 23,130	$ 8	$ 3	$ 23,135
Liabilities:				
Other Liabilities	$ 23,130	$ 8	$ 3	$ 23,135
Total Liabilities	$ 23,130	$ 8	$ 3	$ 23,135
INDUSTRIAL DEVELOPMENT AUTHORITY				
Assets:				
Equity in Pooled Cash and Investments	$ 295,359	$ 196,007	$ 75,000	$ 416,366
Liabilities:				
Other Liabilities	$ 295,359	$ 196,007	$ 75,000	$ 416,366
Total Liabilities	$ 295,359	$ 196,007	$ 75,000	$ 416,366
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and Investments with Fiscal Agent	$ 23,694	$ 11,100	$ 11,659	$ 23,135
Equity in Pooled Cash and Investments	295,359	196,007	75,000	416,366
Total Assets	$ 319,053	$ 207,107	$ 86,659	$ 439,501
Liabilities:				
Other Liabilities	$ 319,053	$ 207,107	$ 86,659	$ 439,501
Total Liabilities	$ 319,053	$ 207,107	$ 86,659	$ 439,501

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Component Unit
Alexandria Transit Company
For the Fiscal Year Ended June 30, 2016

Cash Flows from Operating Activities:		
Cash Received From Customers	$	4,517,265
Cash Payments to Suppliers for Goods and Services		(3,444,865)
Cash Payments to Employees for Services		(12,766,955)
Net Cash Used for Operating Activities	$	(11,694,555)
Cash Flows from Noncapital Financing Activities:		
Payment from Primary Government	$	11,792,554
Cash Received from Other Nonoperating Revenue		390,429
Net Cash Provided by Noncapital and Related Financing Activities	$	12,182,983
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	$	(546,573)
Net Cash Used for Capital and Related Financing Activities	$	(546,573)
Net Increase in Cash and Cash Equivalents	$	(58,145)
Cash and Cash Equivalents at Beginning of Year		1,277,771
Cash and Cash Equivalents at End of Year	$	1,219,626

Reconciliation of Operating Loss to Cash Used for Operating Activities:		
Operating Loss	$	(14,865,674)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation Expense	$	3,229,264
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable		(15,630)
Increase in Inventory of Supplies		38,138
Decrease in Prepaid Expenses		-
(Increase) in Accounts Payable		175,237
Increase in Accrued Liabilities		(286,337)
Increase in Other Liabilities		30,447
Total Adjustments	$	3,171,119
Net Cash Used for Operating Activities	$	(11,694,555)

Special Revenue Fund

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

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

Stormwater Management Fund – This sub 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 sub fund accounts for funding for improvements in Potomac Yards, including the development of a metro rail station.

Northern Virginia Transportation Authority (NVTA) – This sub fund was established in FY 2014. It is funded by various state and local other taxes.

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

CITY OF ALEXANDRIA, VIRGINIA
Combining Balance Sheet
Special Revenue Fund
As of June 30, 2016

	Housing	Sanitary Sewer	Stormwater	Potomac Yard	NVTA	Other Special Revenue	Total Combined Special Revenue
ASSETS							
Cash and Cash Equivalents	$ 739,206	$ 18,199,587	$ 1,267,143	$ 12,579,913	$ 4,298,438	$ 27,743,585	$ 64,827,872
Receivables, Net	-	467,641	-	-	1,053,139	2,506,362	4,027,142
Due From Other Governments	-	-	-	-	-	7,630,744	7,630,744
Prepaid and Other Assets	-	-	-	-	-	256,554	256,554
Total Assets	$ 739,206	$ 18,667,228	$ 1,267,143	$ 12,579,913	$ 5,351,577	$ 38,137,245	$ 76,742,312
LIABILITIES							
Accounts Payable	$ -	$ 206,357	$ 25,340	$ -	$ -	$ 2,574,078	$ 2,805,775
Accrued Wages	-	109,786	46,830	10,378	-	2,018,081	2,185,075
Total Liabilities	$ -	$ 316,143	$ 72,170	$ 10,378	$ -	$ 4,592,159	$ 4,990,850
Deferred Inflows	$ -	$ -	$ -	$ -	$ -	$ 5,272,172	$ 5,272,172
FUND BALANCES							
Restricted	$ 739,206	$ -	$ -	$ -	$ -	$ 15,814,637	$ 16,553,843
Committed	-	18,351,085	1,194,973	12,569,535	5,351,577	12,458,277	49,925,447
Assigned	-	-	-	-	-	-	-
Total Fund Balances	$ 739,206	$ 18,351,085	$ 1,194,973	$ 12,569,535	$ 5,351,577	$ 28,272,914	$ 66,479,290
Total Liabilities and Fund Balances	$ 739,206	$ 18,667,228	$ 1,267,143	$ 12,579,913	$ 5,351,577	$ 38,137,245	$ 76,742,312

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	26 Housing	27 Sewer	29 Stormwater	30 Potomac Yard	31 NVTA	Other Special Revenue	Total Combined Special Revenue
REVENUES							
General Property Taxes	$ -	$ -	$ 1,870,370	$ 8,845,872	$ -	$ -	$ 10,716,242
Other Local Taxes	-	-	-	-	6,541,575	-	6,541,575
Permits, Fees, and Licenses	-	-	-	-	-	5,589,183	5,589,183
Use of Money and Property	-	-	-	-	3,410	8,626	12,036
Charges for Services	-	11,130,642	-	-	-	6,450,184	17,580,826
Intergovernmental Revenue	-	-	-	-	-	45,535,163	45,535,163
Miscellaneous	3,985	-	-	-	-	5,635,620	5,639,605
Total Revenues	$ 3,985	$ 11,130,642	$ 1,870,370	$ 8,845,872	$ 6,544,985	$ 63,218,776	$ 91,614,630
EXPENDITURES							
Current Operating:							
General Government	$ -	$ -	$ -	$ -	$ -	$ 1,524,942	$ 1,524,942
Judicial Administration	-	-	-	-	-	776,292	776,292
Public Safety	-	-	-	-	-	8,574,805	8,574,805
Public Works	-	4,528,723	1,009,553	98,621	1,959,317	1,016,080	8,612,294
Health and Welfare	-	-	-	-	-	75,087,455	75,087,455
Transit	-	-	-	-	11,014,547	-	11,014,547
Culture and Recreation	-	-	-	-	-	1,461,699	1,461,699
Community Development	-	-	474,976	134,573	-	12,049,278	12,658,827
Total Expenditures	$ -	$ 4,528,723	$ 1,484,529	$ 233,194	$ 12,973,864	$ 100,490,551	$ 119,710,861
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 3,985	$ 6,601,919	$ 385,841	$ 8,612,678	$ (6,428,879)	$ (37,271,775)	$ (28,096,231)
OTHER FINANCING SOURCES (USES)							
Transfers In	$ 660,503	$ -	$ -	$ -	$ 11,674,547	$ 38,794,851	$ 51,129,901
Transfers Out	(1,315,075)	(5,543,648)	(113,000)	(4,919,845)	(9,380,000)	(4,261,796)	(25,533,364)
Total Other Financing Sources and Uses	$ (654,572)	$ (5,543,648)	$ (113,000)	$ (4,919,845)	$ 2,294,547	$ 34,533,055	$ 25,596,537
Net Change in Fund Balance	(650,587)	1,058,271	272,841	3,692,833	(4,134,332)	(2,738,720)	(2,499,694)
Fund Balance at Beginning of Year	1,389,793	17,292,814	922,132	8,876,702	9,485,909	31,011,634	68,978,984
Fund Balance at End of Year	$ 739,206	$ 18,351,085	$ 1,194,973	$ 12,569,535	$ 5,351,577	$ 28,272,914	$ 66,479,290

STATISTICAL SECTION

The statistical section includes detailed 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 Position

Table II—Changes in Fund Balances Governmental Funds

Table VII—Net Position

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—2016 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: This table includes 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 Position
Last Ten Fiscal Years
(in millions)

TABLE I

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	$ 63.6	$ 64.6	$ 79.5	$ 61.1	$ 59.2	$ 84.7	$ 75.3	$ 71.3	$ 73.8	$ 66.3
Judicial Administration	17.7	19.3	19.3	19.3	19.8	20.5	20.8	20.6	20.1	19.9
Public Safety	112.3	114.5	120.5	118.3	122.2	126.9	131.6	141.1	138.6	149.4
Public Works	44.3	48.8	48.5	57.0	51.0	56.4	52.9	68.0	63.9	70.5
Library	6.8	6.9	6.8	6.1	5.9	6.2	6.4	6.6	6.5	6.7
Health and Welfare	89.4	96.2	97.3	90.8	92.7	93.6	92.4	93.8	93.3	94.9
Transit	14.1	14.1	12.5	13.1	16.3	15.9	17.8	10.7	17.8	21.9
Culture and Recreation	26.9	30.4	28.1	25.9	28.3	27.7	28.9	29.8	30.2	32.6
Community Development	35.0	40.6	30.4	21.0	24.6	34.3	40.2	45.7	35.3	33.3
Education	153.7	168.5	173.8	173.3	174.8	185.2	194.6	189.1	197.4	211.2
Interest on Long-term Debt	13.5	12.5	10.9	16.4	17.3	22.0	22.5	23.8	21.8	21.3
Total Governmental Activities	$ 577.3	$ 616.4	$ 627.6	$ 602.3	$ 612.1	$ 673.4	$ 683.4	$ 700.5	$ 698.7	$ 728.0
Total Primary Government Expenses	$ 577.3	$ 616.4	$ 627.6	$ 602.3	$ 612.1	$ 673.4	$ 683.4	$ 700.5	$ 698.7	$ 728.0
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 6.3	$ 5.6	$ 1.4	$ 2.0	$ 1.3	$ 1.5	$ 3.6	$ 2.2	$ 2.9	$ 2.0
Judicial Administration	2.0	1.9	1.6	1.5	1.7	1.7	1.6	1.3	1.2	1.2
Public Safety	11.5	10.7	15.5	11.1	13.3	14.4	17.0	17.7	16.9	14.1
Public Works	16.1	17.4	18.1	18.0	21.3	23.5	27.8	23.7	22.1	33.0
Library	-	-	-	-	-	-	-	-	-	-
Health and Welfare	6.4	6.7	6.6	6.7	6.4	6.7	6.2	6.4	5.9	5.3
Transit	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	2.5	3.0	2.9	3.1	3.1	5.4	3.7	3.9	4.7	4.8
Community Development	4.9	6.0	8.2	1.6	3.9	2.7	4.2	6.6	5.0	1.5
Operating Grants and Contributions	61.0	61.3	63.2	65.2	65.0	66.4	75.0	78.8	68.8	46.8
Capital Grants and Contributions	18.2	7.6	20.5	50.2	7.4	19.6	18.5	15.1	11.5	6.5
Total Governmental Activities	$ 128.9	$ 120.2	$ 138.0	$ 159.4	$ 123.4	$ 141.9	$ 157.6	$ 155.7	$ 139.0	$ 115.2
Total Primary Government Revenues	$ 128.9	$ 120.2	$ 138.0	$ 159.4	$ 123.4	$ 141.9	$ 157.6	$ 155.7	$ 139.0	$ 115.2

Amounts may not add due to rounding

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

TABLE I (continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) (Revenue)										
General Government	$ (57.30)	$ (57.7)	$ (77.6)	$ (58.5)	$ (56.4)	$ (82.4)	$ (70.8)	$ (68.1)	$ (69.8)	$ (63.2)
Judicial Administration	(15.7)	(13.1)	(13.7)	(14.2)	(14.1)	(15.2)	(15.5)	(16.4)	(15.1)	(16.30)
Public Safety	(100.8)	(89.6)	(91.8)	(93.5)	(96.2)	(99.0)	(99.3)	(108.1)	(106.6)	(121.90)
Public Works	(28.2)	(20.7)	(4.8)	19.3	(15.8)	(9.6)	(3.3)	(23.6)	(22.3)	(23.70)
Library	(6.8)	(6.9)	(6.8)	(6.1)	(5.9)	(6.2)	(6.4)	(6.6)	(6.5)	(6.70)
Health and Welfare	(83.0)	(57.2)	(54.7)	(49.1)	(51.4)	(54.2)	(56.5)	(56.2)	(56.5)	(69.80)
Transit	(14.1)	(14.1)	(12.6)	(13.1)	(16.3)	(15.9)	(17.8)	(10.7)	(17.8)	(21.90)
Culture and Recreation	(24.4)	(27.2)	(25.0)	(22.3)	(24.7)	(22.0)	(24.6)	(25.6)	(25.3)	(26.70)
Community Development	(30.1)	(28.9)	(26.0)	(15.2)	(15.4)	(19.9)	(14.5)	(16.7)	(20.6)	(30.10)
Education	(153.7)	(168.5)	(165.7)	(173.3)	(174.8)	(185.2)	(194.6)	(189.1)	(197.4)	(211.20)
Interest on Long-term Debt	(13.5)	(12.4)	(10.9)	(16.3)	(17.3)	(21.9)	(22.5)	(23.8)	(21.8)	(21.30)
Subtotal Governmental Activities	$ (527.6)	$ (496.3)	$ (489.6)	$ (442.3)	$ (488.3)	$ (531.5)	$ (525.8)	$ (544.9)	$ (559.7)	$ (612.8)
Total Primary Government	$ (527.6)	$ (496.3)	$ (489.6)	$ (442.3)	$ (488.3)	$ (531.5)	$ (525.8)	$ (544.9)	$ (559.7)	$ (612.8)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Real Estate	$275.40	$ 289.3	$ 296.4	$ 304.3	$ 315.6	$ 321.6	$ 333.8	$ 360.7	$ 375.9	$ 393.5
Personal Property	35.3	38.6	37.9	32.9	37.0	48.2	58.6	47.2	50.5	44.5
Other	111	112.2	112.3	114.3	118.2	121.1	125.4	127.3	134.1	135.9
Grants and Contributions not restricted to other programs	32.4	31.8	32.4	31.5	32.4	41.5	36.9	36.1	33.3	58.5
Interest and Investment Earnings	6.9	6.0	1.7	0.4	1.0	1.3	0.8	4.9	4.9	5.4
Miscellaneous	0.6	0.6	1.1	0.8	1.0	1.2	1.4	2.0	5.0	2.9
Subtotal Governmental Activities	$ 461.6	$ 478.5	$ 481.8	$ 484.2	$ 505.2	$ 534.9	$ 556.9	$ 578.2	$ 603.7	$ 640.7
Business-type Activities:										
Total Primary Government	$ 461.6	$ 478.5	$ 481.8	$ 484.2	$ 505.2	$ 534.9	$ 556.9	$ 578.2	$ 603.7	$ 640.7
Change in Net Position										
Governmental Activities:	$ (66.0)	$ (17.8)	$ (7.8)	$ 41.9	$ 16.9	$ 3.4	$ 31.1	$ 33.3	$ 44.0	$ 27.9
	$ (66.0)	$ (17.8)	$ (7.8)	$ 41.9	$ 16.9	$ 3.4	$ 31.1	$ 33.3	$ 44.0	$ 27.9

Amounts may not add due to rounding

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

TABLE II

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Property Taxes	$ 310.8	$ 324.1	$ 333.5	$ 337.2	$ 351.6	$ 366.2	$ 385.2	$ 407.8	$ 422.2	$ 439.7
Other Local Taxes	111.0	112.3	112.3	114.4	118.3	121.1	125.3	121.1	134.1	135.9
Permits Fees and License	7.2	5.8	5.7	4.8	7.1	8.8	10.6	17.8	10.9	8.1
Fines and Forfeitures	3.6	3.9	4.1	3.9	4.5	4.9	5.1	5.2	4.9	5.0
Use of Money and Property	15.8	12.0	6.2	3.8	4.1	4.6	4.2	5.2	5.1	6.1
Charges for Services	23.2	25.8	25.3	27.0	29.9	32.2	34.6	32.9	32.1	37.5
Intergovernmental Revenue	111.5	100.7	116.0	110.1	101.9	111.1	125.9	126.5	111.9	108.1
Sale of Surplus Property	-	-	-	-	-	-	-	-	-	-
Miscellaneous and Non Revenue Receipts	7.3	10.2	15.8	5.5	7.5	8.3	10.2	9.9	8.8	10.6
Total Governmental Revenues	$ 590.4	$ 594.8	$ 618.9	$ 606.7	$ 624.9	$ 657.2	$ 701.1	$ 726.4	$ 730.0	$ 751.0
Expenditures										
General Government	$ 45.5	$ 43.0	$ 46.7	$ 45.2	$ 44.3	$ 46.8	$ 45.2	$ 45.2	$ 45.7	$ 46.6
Judicial Administration	17.1	18.7	18.9	18.8	19.3	20.0	20.3	20.1	19.7	19.4
Public Safety	109.6	112.2	116.8	115.0	118.4	123.8	131.0	134.8	134.9	142.7
Public Works	35.5	36.7	36.9	42.3	37.9	41.0	40.3	49.6	41.8	44.2
Library	6.8	6.9	6.8	6.1	5.9	6.1	6.4	6.6	6.5	6.7
Health and Welfare	88.9	95.7	96.8	90.2	92.1	93.1	91.8	93.1	92.9	94.4
Transit and Transit Transfer	14.1	14.1	12.5	13.1	16.3	15.9	17.8	10.7	17.8	21.9
Culture and Recreation	23.6	24.5	23.2	21.8	22.8	23.2	24.6	25.3	24.7	25.5
Community Development	31.3	34.4	28.5	19.3	22.8	25.9	35.8	41.4	29.4	31.4
Education	150.7	164.2	168.0	167.5	170.1	178.5	185.8	185.9	196.3	202.8
Capital Outlay	93.5	75.8	100.7	93.4	91.5	71.8	70.9	91.1	99.5	62.9
Debt Service - Principal	17.7	18.2	19.1	19.5	21.1	23.7	27.5	33.5	38.6	41.6
- Interest	13.3	12.3	12.8	15.1	17.4	19.5	22.4	23.8	22.6	21.8
Total Governmental Expenditures	$ 647.6	$ 656.7	$ 687.7	$ 667.3	$ 679.9	$ 689.3	$ 719.8	$ 761.1	$ 770.4	$ 761.9
Excess of Revenues over (under) expenditures	$ (57.2)	$ (61.9)	$ (68.8)	$ (60.6)	$ (55.0)	$ (32.1)	$ (18.7)	$ (34.7)	$ (40.4)	$ (10.9)
Other Financing Sources/(Uses)										
Issuance of Debt	$ 0.1	$ -	$ 145.7	$ -	$ 74.2	$ 74.8	$ 88.1	$ 70.7	$ 39.1	$ 25.4
Sale of Land	-	-	-	-	-	0.6	-	1.2	5.3	
Transfers in	49.1	67.8	58.9	48.6	47.9	61.7	82.8	77.8	85.9	91.2
Transfers out	(50.0)	(67.8)	(58.2)	(48.9)	(48.1)	(65.2)	(82.8)	(81.2)	(86.6)	(100.8)
Total Other Financing Sources (Uses)	$ (0.8)	$ -	$ 146.4	$ (0.3)	$ 74.0	$ 71.9	$ 88.1	$ 68.5	$ 43.7	$ 15.8
Net change in Fund Balance	$ (58.0)	$ (61.9)	$ 77.6	$ (60.9)	$ 19.0	$ 39.8	$ 69.4	$ 33.8	$ 3.3	$ 4.9
Debt Service as percentage of noncapital expenditures	5.59%	5.25%	5.43%	6.03%	6.54%	7.00%	7.70%	8.55%	9.09%	9.07%

Amounts may not add due to rounding

CITY OF ALEXANDRIA, VIRGINIA
Tax Revenues by Source
Last Ten Fiscal Years

TABLE III

	Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Property Taxes	Real Estate	$ 274,477,589	$ 287,344,299	$ 295,518,893	$ 302,666,192	$ 314,506,526	$ 326,248,520	$ 343,336,713	$ 362,339,024	$ 375,629,898	$ 391,339,844
	Personal	34,487,106	34,883,037	36,023,945	32,923,178	34,891,944	37,897,525	39,694,273	43,799,341	44,495,560	45,556,820
	Penalties and Interest	1,856,927	1,885,683	1,939,225	1,631,548	2,246,186	2,092,976	2,140,497	1,685,517	2,065,762	2,757,775
Other Local Taxes	Local Sales	$ 25,440,638	$ 24,256,803	$ 21,679,635	$ 22,744,483	$ 23,880,909	$ 24,949,593	$ 25,549,709	$ 27,619,132	$ 29,907,322	$ 31,174,524
	Utility	13,836,170	10,019,854	10,409,248	10,462,233	10,812,989	10,322,623	10,650,297	11,460,413	12,364,106	12,579,583
	Business License	30,947,412	32,026,526	30,527,956	30,295,624	30,444,798	31,468,957	32,571,953	30,237,576	33,474,138	32,134,946
	Cable TV Franchise Licen	720,926	-	-	-	-	-	-	-	-	-
	Motor Vehicle License	2,429,078	3,197,576	3,085,288	3,172,254	3,324,937	3,348,075	3,501,907	3,557,565	3,483,135	3,602,980
	Bank Franchise	1,540,550	1,263,689	1,855,496	2,432,312	2,670,275	2,768,991	2,641,475	3,035,635	3,077,715	3,408,128
	Tobacco	2,932,386	2,681,573	2,719,084	2,910,382	2,777,052	2,674,157	2,567,249	2,927,125	3,020,469	2,907,915
	Recordation	6,561,330	4,947,208	3,206,705	3,313,547	3,668,663	5,152,593	5,847,889	5,468,147	6,481,339	6,458,302
	Transient Lodging	7,415,060	8,506,762	10,592,806	10,824,410	11,245,201	11,375,121	11,774,914	11,568,709	12,371,555	12,755,322
	Restaurant Food	10,657,839	10,972,048	14,912,796	14,908,999	16,214,900	16,313,765	17,325,897	17,404,589	17,635,886	18,655,330
	Telecommunication	691,023	857,354	829,291	819,313	839,848	564,219	741,542	821,426	530,408	988,865
	Admissions	1,058,226	1,090,067	1,103,782	1,125,172	1,082,685	1,093,182	1,086,841	948,968	902,556	759,368
	Cell Phone	1,397,452	-	-	-	-	-	-	-	-	-
	Communications Sales Ta	5,318,253	12,402,256	11,268,560	11,315,541	11,259,534	11,030,711	11,060,107	10,871,785	10,776,792	10,457,755
	Other	33,024	42,225	80,723	47,081	37,566	39,246	27,743	1,418,920	44,078	36,409
	Total	$ 421,800,989	$ 436,376,960	$ 445,753,433	$ 451,592,269	$ 469,904,013	$ 487,340,254	$ 510,519,006	$ 535,163,872	$ 556,260,719	$ 575,573,866

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

Table IV

Real Property
(Amounts in thousands)

Calendar Year Ended December 31, 2015	Taxes Levied for the Calendar Year*	Collected within the Fiscal Year of the Levy			Total Collections to date	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2006	$ 266,852	$ 264,951	99.29%	1,887	$ 266,838	99.99%
2007	282,562	279,948	99.07%	2,586	282,534	99.99%
2008	296,188	292,996	98.92%	3,183	296,179	100.00%
2009	306,346	305,691	99.79%	642	306,333	100.00%
2010	308,520	305,548	99.04%	2,936	308,484	99.99%
2011	315,192	314,116	99.66%	1,042	315,158	99.99%
2012	327,318	324,947	99.28%	2,315	327,262	99.98%
2013	352,602	351,598	99.72%	729	352,327	99.92%
2014	366,625	363,840	99.24%	2,324	366,134	99.87%
2015	379,213	374,919	98.87%	-	374,919	98.87%

* Levy adjusted for changes since original levy

Personal Property
(Amounts in thousands)

Calendar Year Ended December 31, 2015	Taxes Levied for the Calendar Year		Collected within the Fiscal Year of the Levy		Total Collections to date		
	Total	Commonwealth Reimbursement	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2006	$ 62,213	$ 24,193	$ 55,284	88.86%	2,745	$ 58,029	93.27%
2007	61,974	23,849	55,247	89.15%	2,789	58,036	93.65%
2008	62,740	23,768	56,201	89.58%	2,661	58,862	93.82%
2009	57,163	24,351	54,784	95.84%	1,910	56,694	99.18%
2010	58,607	23,764	55,611	94.89%	2,503	58,114	99.16%
2011	60,123	22,782	58,042	96.54%	1,356	59,398	98.79%
2012	63,337	23,446	59,802	94.42%	2,689	62,491	98.66%
2013	67,192	23,239	65,664	97.73%	627	66,291	98.66%
2014	68,075	23,455	63,579	93.40%	2,919	66,498	97.68%
2015	69,918	23,710	65,294	93.39%	-	65,294	93.39%

* Commonwealth reimbursement included in taxes levied and collections.

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

TABLE VI

	Real Property ($000)				Personal Property ($000)				
Calendar Year	Residential	Commercial	Total	Tax Rate per $100	Motor Vehicle and Tangibles Assessments	Tax Rate per $100	Machine and Tools Assessment	Tax Rate per $100	Total Assessment
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
2012	18,715,707	15,066,989	33,782,696	0.998	1,343,202	4.75	12,631	4.50	1,355,833
2013	19,384,653	14,706,140	34,090,793	1.038	1,417,679	4.75	11,506	4.50	1,429,185
2014	20,314,910	15,020,272	35,335,182	1.043	1,397,502	5.00	11,281	4.50	1,408,783
2015	21,195,556	15,376,112	36,571,668	1.050	1,426,427	5.00	10,776	4.50	1,437,203

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 Position
Last Ten Fiscal Years
(in millions)

TABLE VII

Governmental Activities	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Investment in Capital Assets	$ 170.0	$ 231.0	$ 153.3	$ 248.0	$ 335.4	$ 321.6	$ 329.5	$ 343.9	$ 364.3	$ 373.4
Restricted for:										
Affordable Housing	0.3	-	-	-	-	-	-	1.0	1.4	0.7
Other Projects								13.7	15.1	15.8
Capital Projects	101.6	51.5	134.7	72.3	-	-	-	-	-	-
Unrestricted Net Position	88.7	60.3	47.0	57.3	59.0	76.2	99.4	103.5	(36.0)	(17.2)
Total Governmental Activities Net Position	$ 360.6	$ 342.8	$ 335.0	$ 377.6	$ 394.4	$ 397.8	$ 428.9	$ 462.1	$ 344.8	$ 372.7
Primary Government										
Net Investment in Capital Assets	$ 170.0	$ 231.0	$ 153.3	$ 248.0	$ 335.4	$ 321.6	$ 329.5	$ 343.9	$ 364.3	$ 373.4
Restricted for:										
Affordable Housing	0.3	-	-	-	-	-	-	1.0	1.4	0.7
Other Projects								13.7	15.1	15.8
Capital Projects	101.6	51.5	134.7	72.3	-	-	-	-	-	-
Unrestricted Net Position	88.7	60.3	47.0	57.3	59.0	76.2	99.4	103.5	(36.0)	(17.2)
Total Primary Government Net Position	$ 360.6	$ 342.8	$ 335.0	$ 377.6	$ 394.4	$ 397.8	$ 428.9	$ 462.1	$ 344.8	$ 372.7

Amounts may not add due to rounding

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

TABLE VIII

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved for:										
Encumbrances	$ 2,345,051	$ 1,579,168	$ 1,967,201	$ 2,007,557	$ -	$ -	$ -	$ -	$ -	$ -
Inventories	2,347,911	1,588,472	1,891,281	1,827,459	-	-	-	-	-	-
Notes Receivable	-	-	400,000	400,000	-	-	-	-	-	-
Unreserved	67,560,766	62,320,401	49,048,509	58,806,355	-	-	-	-	-	-
Non-Spendable	-	-	-		5,509,288	8,099,925	9,945,850	2,952,021	3,374,907	10,905,853
Committed	-	-	-		16,149,828	17,219,808	15,855,605	12,741,566	10,382,766	11,524,556
Assigned	-	-	-		30,009,737	27,235,643	10,769,948	9,538,948	12,400,000	20,116,985
Unassigned	-	-	-		29,191,314	30,427,629	32,941,779	40,019,733	51,624,142	51,978,538
Subtotal General Fund	$ 72,253,728	$ 65,488,041	$ 53,306,991	$ 63,041,371	$ 80,860,167	$ 82,983,005	$ 69,513,182	$ 65,252,268	$ 77,781,815	$ 94,525,932
All Other Governmental Funds										
Reserved For										
Capital Projects	$ 83,700,361	$ 2,691,739	$ 101,741,783	$ 39,286,809	$ -	$ -	$ -	$ -	$ -	$ -
Notes Receivable	1,236,283	1,204,885	2,673,806	2,650,025	-	-	-	-	-	-
Encumbrances	19,475,849	50,019,226	34,830,199	30,913,373	-	-	-	-	-	-
Unreserved Special Revenue	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	2,596,021	2,498,322	2,498,322	-
Restricted (Special Revenue Fund)	-	-	-		9,720,387	7,748,211	10,400,005	12,173,856	14,027,836	16,553,843
Committed (Special Revenue Fund)	-	-	-		8,562,334	12,575,087	29,183,258	45,738,029	52,452,826	49,925,447
Committed (Capital Projects)	-	-	-		64,184,449	97,523,662	169,174,812	188,551,536	171,248,033	172,124,584
Assigned (Special Revenue Fund)	-	-	-		4,961,270	7,730,465	-	-	-	-
Total All Other Governmental Funds	$ 125,321,718	$ 69,438,880	$ 159,526,619	$ 88,822,686	$ 90,053,961	$ 128,173,446	$ 211,354,096	$ 248,961,743	$ 240,227,017	$ 238,603,874

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

CITY OF ALEXANDRIA, VIRGINIA
2016 Tax Rates for Major Revenue Sources

TABLE IX

Real Estate Tax	$1.073 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)
	$5.00 per $100 assessed value (Automobiles)
	$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 ($3.00 maximum)
	$1.28 plus $0.124444 of each CCF gas delivered ($3.00 maximum)
	$1.28 plus $0.050909 of each CCF gas delivered-group meter consumers) ($3.00 maximum per dwelling unit)
	$1.28 plus 0.023267 of each CCF gas delivered-group meter interruptible consumers ($3.00 maximum per dwelling unit)
Utility Tax (for commercial users)	20% of first $150 of water service charge
	$1.18 plus $0.005578 of each kwh delivered-commercial consumer
	$1.18 plus $0.004544 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	$1.05 per line per month
Local Sales Tax	1% added to the rate of the state retail tax imposed
Daily Rental Tax	1% on the gross proceeds excluding heavy equipment
	1.5% on the gross proceeds for heavy equipment
Cigarette Tax	$1.15 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	$0.25 per $500 of sales price

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

TABLE X

	2007	2008	2009	2010	2011
Assessed Value of Real Property, January 1	$ 34,243,031,000	$ 35,554,958,000	$ 34,379,163,000	$ 31,649,490,000	$ 32,631,952,000
Debt Limit: 10 percent	3,424,303,100	3,555,495,800	3,437,916,300	3,164,949,000	3,263,195,200
Amount of Debt Applicable to Debt Limit	278,525,000	260,350,000	383,950,000	364,485,000	415,720,000
Legal Debt Margin	$ 3,145,778,100	$ 3,295,145,800	$ 3,053,966,300	$ 2,800,464,000	$ 2,847,475,200
Debt as a Percentage of Assessed Value	0.81%	0.73%	1.12%	1.15%	1.27%

	2012	2013	2014	2015	2016
Assessed Value of Real Property, January 1	$ 33,782,697,985	$ 34,725,071,000	$35,335,182,000	$37,146,860,126	$38,195,318,730
Debt Limit: 10 percent	3,378,269,799	3,472,507,100	3,533,518,200	3,714,686,012	3,819,531,873
Amount of Debt Applicable to Debt Limit	459,060,000	508,700,000	539,780,000	540,495,000	522,710,000
Legal Debt Margin	$ 2,919,209,799	$ 2,963,807,100	$ 2,993,738,200	$ 3,174,191,012	$ 3,296,821,873
Debt as a Percentage of Assessed Value	1.36%	1.46%	1.53%	1.46%	1.37%

Limitations on the Incurrence of General Obligation Debt:

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

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

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

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

TABLE XI

Year	Population[3]	Assessed Value ($000) [2] Real Property	Personal Property	Total	Outstanding Debt	Outstanding Debt As Percentage of Assessed Real Property	Total Property	Personal Income ($100)	Debt Per Capita	Debt Per Capita As A Percentage of Per Capita Income[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
2013	146,294	34,725,071	1,343,202	36,068,273	508,700,000	1.46	1.41	11,760,450	3,477	4.3
2014	148,892	35,335,182	1,417,679	36,752,861	539,780,000	1.53	1.47	12,115,212	3,625	4.5
2015	150,575	37,146,860	1,397,502	38,544,362	540,495,000	1.46	1.40	12,071,851	3,590	4.5
2016	153,511	38,195,319	1,437,203	39,632,522	522,710,000	1.37	1.32	11,789,823	3,405	4.2

(1) Net General Debt includes general obligation bonds, premium 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, 2016

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.

Ratio of Annual Debt Service Expenditures for Net General Debt (1) to Total General Expenditures
Last Ten Fiscal Years

TABLE XIII

Year	Principal	Interest and Other Costs	Total Debt Service	General Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures %
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
2013	27,550,000	22,437,678	49,987,678	763,516,075	6.55
2014	33,476,070	23,835,653	57,311,723	820,080,010	6.99
2015	38,645,000	22,614,198	61,259,198	817,311,890	7.50
2016	41,595,000	21,766,140	63,361,140	808,809,675	7.83

(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, 2016

TABLE XIV

Population

Calendar Year	Population
1950	61,787
1960	91,023
1970	110,938
1980	103,217
1990	111,183
2000	128,283
2010	139,966
2011	141,287
2012	144,301
2013	146,294
2014	148,892
2015	150,575
2016	153,511

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

POPULATION INDICATORS
PER CAPITA INCOME*

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Alexandria	$61,147	$65,141	$70,632	$72,220	$70,846	$76,362	$78,383	$80,952	$81,078	$77,142
Arlington	$59,389	$63,827	$68,270	$72,317	$69,241	$79,967	$82,491	$83,242	$82,736	$83,170
Fairfax (include Fairfax City and Falls Church)	$60,289	$64,698	$67,909	$69,885	$69,241	$66,679	$69,008	$71,607	$71,752	$75,007
Washington MS	$48,697	$57,746	$62,484	$56,510	$56,984	$57,343	$59,345	$75,198	$75,329	$69,838

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

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

UNEMPLOYMENT RATE
LAST TEN YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Unemployment Rate	2.2%	2.9%	2.8%	4.8%	4.8%	4.6%	4.7%	4.6%	3.5%	2.9%

SOURCE: Virginia Employment Commission

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

TABLE XV

Private Property

	Owner's Name	Property	2016 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1.	LCOR Alexandria, L.L.C.	Office Buildings	$979.1	2.60 %
2.	Equity Residential	Apartments Buildings	576.6	1.53
3.	Paradigm Companies	Apartments Buildings	573.8	1.53
4.	JBG Properties	Apartments and Land	469.5	1.25
5.	Home Properties	Apartments Buildings	393.9	1.05
6.	AIMCO	Apartments	341.7	0.91
7.	Southern Towers, L.L.C	Southern Towers	287.1	0.76
8.	Hoffman Family	Hoffman Office Buildings	197.2	0.52
9.	Area Properties	Apartments/Industrial	157.0	0.42
10.	Duke Realty	Office Buildings	177.2	0.47

SOURCE: City of Alexandria, Department of Finance, Real Estate Assessment Division

	Owner's Name	Property	2007 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1.	LCOR Alexandria LLC	Office Buildings	$1,026.2	3.04 %
2.	AIMCO Foxchase L.P.	Foxchase Apartments	277.9	0.84
3.	Alexandria Apartments L.L.C	Alexandria Apartments	201.9	0.61
4.	Southern Towers L.L.C	Southern Towers Apartments	198.4	0.60
5.	Washington Real Estate Investment Trust	Portfolio	192.1	0.58
6.	MR Park Center Fee L.L.C.	Park Center Apartments	183.4	0.40
7.	Hoffman Buildings L.P/L.L.P	Hoffman Office Buildings	164.0	0.50
8.	Carr Canal Center L.L.C	Canal Center	153.9	0.47
9.	CPYR INC.	Retail Shopping Center	140.7	0.43
10	Millbrook Apartments Associates, L.L.C.	Millbrook Apartments	140.1	0.43

SOURCE: City of Alexandria, Department of Finance, Real Estate Assessment Division

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

TABLE XV
(Continued)

Public Service Companies

	Owner's Name	2016 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1.	Virginia Electric & Power Company	$222.0	1.50 %
2.	Norfolk Southern Railway Company	73.4	0.20
3.	CSX Transportation	62.9	0.17
4.	Virginia-American Water Co.	59.5	0.16
5.	Potomac Electric Power Company	43.0	0.12
6.	Verizon Virginia Inc.	40.7	0.11
7.	Washington Gas Light Company	40.3	0.11
8.	Covanta Alexandria/Arlington, Inc.	36.9	0.10
9.	New Cingular Wireless PCS, LLC	10.2	0.03
10.	Cellco	7.4	0.02

SOURCE: Virginia State Corporation Commission

	Owner's Name	2007 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1.	Mirant Potomac River, LLC	$266.3	0.78 %
2.	Virginia Electric Power Company	152.4	0.44
3.	Verizon Virginia Inc.	95.8	0.28
4.	Covanta Alexandria, Arlington, Inc.	93.3	0.27
5.	Norfolk Southern Railway Company	67.7	0.20
6.	Richmond, Fredericksburg &Potomac Railway Co	65.5	0.19
7.	Virginia American Water Company	43.9	0.13
8.	Potomac Electric Power Company	35.0	0.10
9.	Washington Gas Light Company	32.1	0.09
10.	Comcast Phone of Northern Virginia, Inc.	8.1	0.02

SOURCE: Virginia State Corporation Commission

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

TABLE XVI

Fiscal Year	Total Enrollment	Number Receiving Free or Reduced Meals	Number in English as Second Language	Number Receiving Special Education	Number in Elementary School Gifted and Talented Programs	Number in Middle (6-8) School Gifted and Talented Programs
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
2013	13,114	7,370	3,406	1,641	935	351
2014	13,623	8,100	3,642	1,621	759	370
2015	14,224	8,582	4,202	1,634	823	432
2016	14,729	8,664	4,381	1,672	861	545

SOURCE: City of Alexandria Public School System

General Fund
City Departments Expenditures Detail by Function
For the Fiscal Year Ended June 30, 2016

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	$ 505,761	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 505,761
City Manager	2,269,012	-	-	-	-	-	-	-	-	-	2,269,012
Office of Management and Budget	1,078,382	-	-	-	-	-	-	-	-	-	1,078,382
18th Circuit Court	-	1,576,426	-	-	-	-	-	-	-	-	1,576,426
18th General District Court	-	128,606	-	-	-	-	-	-	-	-	128,606
Juvenile and Domestic Relations Cou	-	62,584	-	-	-	-	-	-	-	-	62,584
Commonwealth's Attorney	-	2,930,094	-	-	-	-	-	-	-	-	2,930,094
Sheriff	-	7,707,257	22,296,541	-	-	-	-	-	-	-	30,003,798
Clerk of Courts	-	1,576,653	-	-	-	-	-	-	-	-	1,576,653
Other Correctional Activities	-	3,239,284	-	-	-	-	-	-	-	-	3,239,284
Court Services	-	1,361,639	-	-	-	-	-	-	-	-	1,361,639
Human Rights	716,699	-	-	-	-	-	-	-	-	-	716,699
Internal Audit	330,902	-	-	-	-	-	-	-	-	-	330,902
Information Technology Services	7,922,025	-	-	-	-	-	1,080,060	-	-	-	9,002,085
Office of Communications	-	-	-	-	-	-	1,133,147	-	-	-	1,133,147
City Clerk and Clerk of Council	429,293	-	-	-	-	-	-	-	-	-	429,293
Finance	11,105,647	-	-	-	-	-	-	-	-	-	11,105,647
Human Resources	3,108,801	-	-	-	-	-	-	-	-	-	3,108,801
Planning and Zoning	-	-	-	-	-	-	5,037,983	-	-	-	5,037,983
Economic Development Activities	-	-	-	-	-	-	5,286,255	-	-	-	5,286,255
City Attorney	3,770,715	-	-	-	-	-	-	-	-	-	3,770,715
Registrar	1,141,828	-	-	-	-	-	-	-	-	-	1,141,828
General Services	2,845,233	-	1,093,954	9,573,013	-	-	-	-	-	-	13,512,200
Project Implementation Office	22,353	-	-	-	-	-	1,496,707	-	-	-	1,519,060
Project Implementation Office	522,733	-	-	-	-	-	-	-	-	-	522,733
Transportation and Environmental	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	23,169,456	-	-	2,481,214	-	-	556,307	26,206,977
Transit Subsidies	-	-	-	-	-	-	-	-	10,290,664	-	10,290,664
Fire	-	-	45,453,119	-	-	-	-	-	-	1,455,000	46,908,119
Police	-	-	58,491,901	-	-	-	-	-	-	-	58,491,901
Emergency Communications	-	-	6,686,650	-	-	-	-	-	-	-	6,686,650
Code Administration	-	-	89,532	-	-	-	-	-	-	-	89,532
Housing	-	-	-	-	-	-	1,619,016	-	-	-	1,619,016
Community and Human Services	1,277,955	-	-	-	11,652,530	-	-	-	-	-	12,930,485
Other Health Services	-	-	-	-	1,754,150	-	-	-	-	-	1,754,150
Health	-	-	-	-	5,901,895	-	242,899	-	-	-	6,144,794
Office of Historic Alexandria	-	-	-	-	-	2,799,559	-	-	-	-	2,799,559
Recreation and Cultural Activities	-	-	-	-	-	21,286,863	-	-	-	-	21,286,863
Other Educational Activities	-	-	-	-	-	-	-	11,971	-	-	11,971
Miscellaneous	8,052,502	-	26,731	2,852,991	-	-	338,514	-	-	61,349,833	72,620,571
Total Expenditures	$ 45,099,841	$ 18,582,543	$ 134,138,428	$ 35,595,460	$ 19,308,575	$ 24,086,422	$ 18,715,795	$ 11,971	$ 10,290,664	$ 63,361,140	$ 369,190,839

CITY OF ALEXANDRIA
Government Employees by Function
Last Ten Fiscal Years

TABLE XVIII

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	300	297	273	269	259	270	302	321	323	246
Judicial Administration	120	120	120	123	123	123	290	286	286	287
Public Safety	933	936	937	930	934	973	805	803	801	809
Public Works	225	228	231	232	240	238	220	212	212	223
Library	55	55	56	55	54	55	54	71	71.5	70
Health and Welfare	514	515	511	510	530	532	526	579	589	586
Culture and Recreation	157	158	155	152	144	145	147	183	183	175
Community Development	55	55	59	57	57	62	65	83	82	85
Education	2,119	2,058	2,015	2,098	2,115	2,181	2,230	2,285	2,268	2,277
TOTAL	4,478	4,422	4,357	4,426	4,456	4,579	4,639	4,823	4,816	4,758

Principal Employers
Current Year (as of July 1, 2016 and Nine Years Ago)

TABLE XIX

Current Year	Employees[1]	Percentage of Total City Employment[2]	Nine Years Ago	Employees[1]	Percentage of Total City Employment[2]
LARGEST PUBLIC EMPLOYERS			LARGEST PUBLIC EMPLOYERS		
U.S. Department of Commerce	1,000 & over	3.41%	U.S. Patent Trademark Office	1,000 & over	9.50%
U.S. Department of Defense	1,000 & over	3.41%	U.S. Department of Defense	1,000 & over	8.10%
Alexandria Public Schools	1,000 & over	2.88%	City of Alexandria	1,000 & over	2.80%
City of Alexandria	1,000 & over	2.59%	Alexandria Public Schools	1,000 & over	2.50%
WMATA	500-999	0.85%	U.S. Department of Agriculture	500-999	0.80%
Northern Virginia Community College	500-999	0.85%	Northern Virginia Community College	500-999	0.60%
U.S. Department of Agriculture	500-999	0.85%	U.S. Attorney's Office	500-999	0.60%
U.S. Department of Homeland Defense	250-499	0.43%	U.S. Postal Service	500-999	0.60%
		15.27%			25.50%
LARGEST PRIVATE EMPLOYERS			LARGEST PRIVATE EMPLOYERS		
INOVA Health System	1000 & over	3.41%	INOVA Alexandria Hospital	1,000 & over	1.60%
Institute for Defense Analysis	500-999	0.85%	Institute for Defense Analysis	1,000 & over	1.30%
Grant Thornton LLP	500-999	0.85%	Alion Science and Technology	500-999	0.80%
The Home Depot	500-999	0.85%	Center for Naval Analysis	500-999	0.70%
CNA Corporation	250-499	0.43%	Boat Owners Assoc. of the U.S	500-999	0.50%
Oblon Spivak McClelland PC	250-499	0.43%	Crs Facility Services	500-999	0.50%
Catholic Diocese of Arlington	250-499	0.43%	Hilton Hotels	500-999	0.50%
Giant Food	250-499	0.43%	Safeway Stores	500-999	0.50%
		7.67%			6.40%

SOURCE: Virginia Employment Commission

(1) Employment ranges are given to ensure confindentiality.

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

CITY OF ALEXANDRIA
Operating Indicators By Function
Last Ten Fiscal Years

TABLE XX

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Judicial Administration										
Civil and criminal cases processed by Clerk of Courts	5,657	5,730	5,700	5,666	6,700	6,950	6,650	6,000	6,000	5,377
Real estate documents processed	31,009	29,396	29,000	26,340	25,000	25,000	29,000	30,000	30,000	20,137
Public Safety										
Fire calls requiring emergency response	5,956	5,990	6,050	6,080	5,900	5,950	5,950	**	**	5,407
Average number of calls for service per fire emergency	*	*	*	*	*	*	*	1,690	1,475	**
Patrol calls for service	*	*	*	*	*	52,230	52,230	**	**	75,000
Number of fire code violations	*	*	*	*	*	*	*	2,074	2,205	3,656
EMS incidents responded to	*	*	11,583	12,500	15,000	15,000	15,000	**	**	14,558
Public Works										
Sq yds of concrete sidewalks replaced	10,099	8,000	8,000	3,450	5,635	5,600	5,800	6,700	N/A	6,617
Cubic yards of leaves collected	33,600	33,000	33,000	32,001	33,500	34,700	33,000	33,000	N/A	35,205
Library										
Circulation	1,145,490	1,234,726	1,302,633	1,215,000	1,105,000	1,060,000	*	*	*	*
Total number of material circulated	*	*	*	*	*	1,060,000	1,132,500	1,335,000	1,339,000	1,304,000
Number of reference questions answered	591,864	592,345	592,855	567,500	332,050	480,792	480,792	480,792	480,792	353,704
Health and Welfare										
Youth attending outreach activities	*	*	*	*	*	200	800	800	800	800
Average monthly food stamp cases	1,675	1,675	3,294	4,098	4,586	4,898	4,958	4,632	4,547	4,622
Other public health services	*	*	*	*	*	*	685,067	**	**	1,038
Adult clients served	3,631	3,230	3,230	2,456	2,477	2,477	2,244	**	**	2,283
Transit										
Annual Ridership	3,743,499	3,800,000	4,006,825	3,880,000	3,741,499	3,882,022	4,265,417	4,244,588	4,275,682	4,108,706
Trolley/Shuttle Cost per rider	*	*	*	*	*	*	$ 1.19	$ 1.06	$ 1.14	$ 1.14
Miles of service	1,462,464	1,505,000	1,534,900	1,500,000	1,410,656	1,472,993	1,493,146	1,550,704	1,714,388	1,758,689
Culture and Recreation										
Number of registered users in recreation centers and recreation activites	*	*	*	*	*	*	7,000	7,000	13,745	23,806
Average cost per park facility maintained	$ 25,246	$ 23,018	$ 24,512	$ 22,671	$ 23,078	$ 7,963	$ 7,394	**	**	**
Community Development										
homeownership loan cost per household	*	*	*	*	*	*	59,713	**	**	62,000
Average Home rehabilitation loan cost	$ 68,479	$ 69,484	$ 32,379	$ 61,154	$ 63,350	$ 71,737	$ 79,453	**	**	$ 76,785
Education										
Cost per pupil	$ 18,232	$ 19,341	$ 19,078	$ 18,003	$ 18,169	$ 18,516	$ 17,024	$ 17,249	$ 17,041	$ 16,896
Enrollment	10,332	10,557	11,225	11,623	11,999	12,798	13,707	14,171	14,224	14,729

***** - 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.)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Judicial Administration										
Number of foster care homes	123	135	91	60	60	53	50	50	46	46
Public Safety										
Fire vehicles	132	136	130	137	139	138	138	143	143	143
Public Works										
Paved streets	514	521	514	514	514	556	560	560	560	560
Sidewalks	321	321	321	321	321	319	319	319	319	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	3	3	3	3	3	3	3	3	3	3
Transit										
DASH transit buses	57	57	62	63	63	77	79	79	74	85
Culture and Recreation										
Playgrounds	45	46	46	46	45	36	36	37	36	40
Athletic fields available for games	48	50	50	56	48	49	49		49	53
Acreage of park and open space	964	964	964	964	965	722	958	974	1000	1036
Total number of faciliteis mainiatained	217	206	235	237	237	181	181	181	181	181
Community Development										
Public housing and public housing replacemer	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	16	16

* - New indicator - Additional information will be provided as it becomes available. In FY 2007, the City reviewed and changed many operating indicators.
** - Indicator no longer maintained

SOURCE: City of Alexandria Approved Budget

CITY OF ALEXANDRIA, VIRGINIA
Miscellaneous Statistical Data
As of June 30, 2016

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)..... 2,481
Number of Full-Time Equivalent School Positions 2,277

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

2016 Resident Population..... 153,511
Number of Households—2010 Census..... 72,376
Household Size (2010 U.S. Census).....1.93 Persons Per Unit
2010 Population by Race (2013 U.S Census American Community Survey):
White..... 66.4%
Black 22.6%
Native American..... 0.8%
Asian and Pacific Islanders..... 7.0%
Multi-Racial..... 3.1%
Hispanic (All Races)..... 16.6%

2010 Population by Age (U.S. Census Bureau Estimate):
(1-17)..... 17.8%
(18-24)..... 10.3%
(25-64)..... 61.8%
(65 +)..... 10.1%

Registered Voters
June 2016..... 96,434
Temporary Assistance to Needy Families
(Cases)—Monthly Average, 2016 403
Food Stamps (Cases)—Monthly Average, 2016 4,622
Medicaid (Cases)—Monthly Average, 2016 6,707

Economy

Employed Residents, May 2016.....…… 91,213
Unemployed Residents, May 2016…….…… 2,483
Unemployed Rate, May 2016……....2.7%
Washington PMSA Inflation Rate, based
on Consumer Price Index, for FY 2016..... …1.2%

CITY OF ALEXANDRIA, VIRGINIA
Miscellaneous Statistical Data
As of June 30, 2016

TABLE XXI
(Continued)

Housing	2016	2015
Total Housing Units	76,992	75,528
Type of Single-Family Housing		
Detached	9,131	9,131
Semi-Detached	1,747	1,822
Rowhouse	11,699	10,481
Condo Townhouse	1,801	1,059
Total Single-Family	23,328	22,510
Condominium Units	18,399	19,559
Rental Apartments	33,815	30,309
Public Housing and Public Housing Replacement Units	1,150	1,150
Average Assessed Value of Single Family Homes	$720,701	$702,098
Average Assessed Value of Condominiums	$306,883	$302,843
Average Market Rents		
Efficiency	$1,235	$1,204
1 Bedroom Apartment	$1,587	$1,474
2 Bedroom Apartment	$1,975	$1,830
3 Bedroom Apartment	$2,047	$1,925

*3,883 end-unit townhouses previously classified as semi-detached houses have been re classified as Rowhouse in the table.

Communications

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

Miles of Streets, Sidewalks and Alleys

Streets:	
Paved—Lane Miles	560
Sidewalks	319.0
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	1,036
Facilities:	
Playground Areas	40
Swimming Pools	4
Gymnasiums	16
Basketball Courts (outdoor)	21
Tennis Courts	36
Playing Fields	53

Medical Facilities	Beds
Hospital:	
INOVA Alexandria Hospital	318
Nursing Homes:	
Goodwin House	80
Hermitage Retirement Community	204
Woodbine Rehabilitation & Healthcare Center	307
Washington House	55
Integrated Health Services of Northern Virginia	111

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

Education

Public Schools:	Number
Elementary	13
Middle	3
High School	1
Parochial and Private Schools	12

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	11

Hotels and Motels	Rooms
Alexandria Comfort Inn	150
Alexandria Days Inn	200
Best Western Old Colony Inn	49
Bragg Towers Inc.	98
Courtyard Alexandria Pentagon South	203
Courtyard Hotel	178
Crowne Plaza Alexandria Old Towne	254
Embassy Suites Hotel	268
Extended Stay America #768	104
Extended Stay America #9719	132
Hampton Inn Alexandria Old Town	80
Hilton Alexandria Hotel	252
Hilton Alexandria Mark Center	496
Hilton Garden Inn Alex. Old Town	109
Holiday Inn Historic District	178
Holiday Inn Alexandria	207
Hotel Monaco	241
Morrison House	45
Post Carlyle Square	549
Residence Inn Alexandria at Carlyle	350
Residence Inn Alexandria Old Town	240
Sheraton Suites Alexandria	247
Springhill Suites Alex Tech Center	155
The Lorien Hotel & Spa	107
The Westin Alexandria	319
Towne Motel	26
Virginia Theological Seminary	26
Total	5,263

CITY OF ALEXANDRIA, VIRGINIA

Five-Year Summary of General Fund Revenues and Expenditures

As of June 30, 2016

Table XXII

	2012	2013	2014	2015	2016
Revenues:					
General Property Taxes	$ 363,774,571	$ 381,929,567	$ 403,229,553	$ 414,740,999	$ 428,938,197
Other Local Taxes	121,101,233	125,347,523	121,053,810	127,652,883	129,377,852
Permits, Fees, and Licenses	2,373,448	2,227,745	2,380,825	2,455,001	2,544,080
Fines and Forfeitures	4,869,294	5,148,115	5,187,003	4,916,607	4,964,339
Use of Money and Property	3,947,855	3,568,335	4,815,192	4,870,007	5,422,935
Charges for Services	16,474,115	16,533,824	16,844,363	18,557,721	19,896,356
Intergovernmental Revenues	55,484,133	55,021,954	56,334,737	55,401,515	56,080,138
Miscellaneous	1,195,495	1,398,291	1,569,959	1,781,031	2,171,682
Total Revenues	$ 569,220,144	$ 591,175,354	$ 611,415,442	$ 630,375,764	$ 649,395,579
Other Financing Sources:					
Operating Transfers In	$ 1,394,903	$ 3,833,938	$ 3,044,329	$ 3,206,574	$ 6,973,897
Refunding Bonds	63,625,000	17,335,000	18,635,000	33,995,000	10,595,000
Bond Premium (Discount)	9,829,827	1,921,545	-		50,678
Sale of Land	-	-	-	5,328,843	-
Total Other Financing Sources	$ 74,849,730	$ 23,090,483	$ 21,679,329	$ 42,530,417	$ 17,619,575
Total Revenues and Other Financing Sources	$ 644,069,874	$ 614,265,837	$ 633,094,771	$ 672,906,181	$ 667,015,154
Expenditures:					
Current:					
General Government	$ 46,074,105	$ 44,271,646	$ 44,591,188	$ 44,429,060	$ 45,099,841
Judicial Administration	18,765,856	19,212,554	18,952,110	18,897,717	18,582,543
Public Safety	117,049,127	121,756,031	126,256,389	125,936,874	134,138,428
Public Works	36,904,247	35,707,593	44,801,499	35,375,711	35,595,460
Library	6,145,662	6,387,227	6,598,290	6,468,697	6,737,614
Health and Welfare	20,925,733	20,408,625	20,663,159	19,749,292	19,308,575
Transit	15,937,959	17,757,518	70,909	7,040,044	10,908,182
Culture and Recreation	21,887,846	23,450,802	24,062,336	23,377,440	24,086,422
Community Development	15,286,156	15,772,902	16,043,648	18,096,016	18,715,795
Education	174,968,708	179,623,193	185,623,257	191,823,349	198,823,443
Debt Services:					
Principal Retired	23,725,000	27,550,000	33,476,070	38,645,000	41,595,000
Interest and Fiscal Charges	19,492,222	22,437,678	23,835,653	22,614,198	21,766,140
Total Expenditures	$ 517,162,621	$ 534,335,769	$ 544,974,508	$ 552,453,398	$ 575,357,443
Other Financing Uses:					
Payment to Refunded Bonds Escrow Agent	$ 73,150,309	$ 19,119,142	$ 18,531,679	$ 33,858,404	$ 10,749,293
Operating Transfers Out	52,077,786	74,547,899	73,439,890	74,508,779	64,029,633
Total Other Financing Uses	$ 125,228,095	$ 93,667,041	$ 91,971,569	$ 108,367,183	$ 74,778,926
Total Expenditures and Other Financing Uses	$ 642,390,716	$ 628,002,810	$ 636,946,077	$ 660,820,581	$ 650,136,369
Revenues and Other Financing Sources Over/(Under) Expendiures and Other Financing Uses	$ 1,679,158	$ (13,736,973)	$ (3,851,306)	$ 12,085,600	$ 16,878,785
Fund Balances at Beginning of Year	80,860,167	82,983,005	69,513,182	65,252,268	77,781,815
Increase (Decrease) in Reserve for Inventory	443,680	267,150	(409,608)	443,947	(134,668)
FUND BALANCES AT END OF YEAR	$ 82,983,005	$ 69,513,182	$ 65,252,268	$ 77,781,815	$ 94,525,932

CITY OF ALEXANDRIA, VIRGINIA
Summary of Total
General Obligation Bonds
Debt Service
As of June 30, 2016

Table XXIII

Fiscal Year	Total Principal	Total Interest	Total
2017	$ 43,300,000	$ 20,685,889	$ 63,985,889
2018	43,085,000	18,970,643	62,055,643
2019	42,845,000	17,216,794	60,061,794
2020	40,710,000	15,499,661	56,209,661
2021	37,905,000	13,960,944	51,865,944
2022	35,020,000	12,290,024	47,310,024
2023	35,035,000	10,802,645	45,837,645
2024	31,815,000	9,348,365	41,163,365
2025	31,670,000	8,081,735	39,751,735
2026	29,560,000	6,885,558	36,445,558
2027	26,380,000	5,784,848	32,164,848
2028	26,290,000	4,667,292	30,957,292
2029	26,205,000	3,558,166	29,763,166
2030	23,210,000	2,511,290	25,721,290
2031	18,410,000	1,629,015	20,039,015
2032	14,010,000	1,011,540	15,021,540
2033	10,255,000	573,562	10,828,562
2034	2,965,000	204,856	3,169,856
2035	2,960,000	111,471	3,071,471
2036	1,080,000	17,550	1,097,550
Total	$ 522,710,000	$ 153,811,848	$ 676,521,848

SINGLE

AUDIT

CliftonLarsonAllen

CliftonLarsonAllen LLP
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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, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 16, 2016. Our report includes a reference to other auditors who audited the financial statements of the City of Alexandria Library System, a discretely presented component unit, as described in our report on the City's financial statements. The financial statements of the City of Alexandria Library System were not audited in accordance with *Government Auditing Standard.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 16, 2016

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Alexandria's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The City's basic financial statements include the operations of the Alexandria Public Library (Library), a discretely presented component unit which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2016. Our audit described below, did not include the operations of the Library. The Library engaged other auditors to perform an audit in accordance with the Uniform Guidance, if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

A member of Nexia International

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 16, 2016

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Recipient State Agency/Program or Cluster Title	Federal Catalog Number	Pass-through Number	Pass-through to Subrecipients es	
U.S. DEPARTMENT OF AGRICULTURE				
Pass Through Payments:				
Department of Agriculture and Consumer Services (301 535-06):				
Farmers' Market and Local Food Promotion Program	10.168	None	$	39,255
Food Insecurity Nutrition Incentive	10.331	None		3,449
State Administrative Matching for Supplemental Nutrition Assistance Program	10.561	None		2,759,493
Virginia State Department of Education (197 457-07)				
Child and Adult Care Food Program	10.558	None		229,763
Child Nutrition Cluster:				
Department of Agriculture and Consumer Services (301 535-06):				
National School Lunch Program	10.555	None		472,071
Commodity Food Distribution	10.559	None		192,851
Virginia State Department of Education (197 457-07)				
School Breakfast Program	10.553	None		1,308,926
School Lunch Program	10.555	None		4,161,835
Summer Food Service Program for Children	10.559	None		136,337
Total Child Nutrition Cluster:			$	6,272,020
TOTAL U.S. DEPARTMENT OF AGRICULTURE			$	9,303,980
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Payments:				
Administration for Children, Youth and Families				
Affordable Care Act (ACA) Personal	93.092	N/A	$	97,470
Total Direct Payments			$	97,470
Pass Through Payments State of Virginia:				
Department of Health:				
Preventive Health and Health Services Block Grant	93.991	State Allocation	$	159,984
Department of Mental Health and Mental Retardation				
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	State Allocation		8,646
Injury Prevention and Control Research and State and Community Based	93.136	None		49,064
Department of Mental Health and Mental Retardation				
Substance Abuse and Mental Health Services_Projects of Regional and National Signif	93.243	State Allocation		193,492
Block Grant for Community Mental Health Services	93.958	Various		989,135
Projects for Assistance in Transition from Homelessness	93.150	State Allocation		96,371
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Various		753,560
Drug Free Communities Support Program Grants	93.276	State Allocation		99,456
Department for the Aging:				
Aging Cluster:				
Special Programs for the Aging_Title III Part B Supportive Svces and Senior Centers	93.044	State Allocation		195,132
Special Programs for the Aging Title IIIC - Nutritional Services	93.045	State Allocation		166,475
Total Aging Cluster:			$	361,607
Special Programs for the Aging_Title III Part D_Disease Prevention and Health Promoti	93.043	State Allocation		555
Department of Social Services:				
Promoting Safe and Stable Families	93.556	Various		16,834
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	Various		1,108,986
Total TANF Cluster			$	1,108,986
Head Start	93.600	Various		2,320,059
Family Support Payments to States_Assistance Payments	93.667	State Allocation		1,342,294
Child Welfare Services State Grant	93.645	Various		6,864
Refugee and Entrant Assistance _ State Administered Programs	93.566	Various		100,651
Community Services Block Grant	93.569	Various		97,715
Low Income Home Energy Assistance	93.568	Various		120,347
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596	Various		192,835
Total CCDF Cluster:			$	192,835
Chafee Education and Training Vouchers Program	93.599	Various		7,882
Foster Care Title IV - E	93.658	Various		1,514,992
Adoption Assistance	93.659	Various		1,424,524
Chafee Foster Care Independence Program	93.674	Various		11,311
Children's Health Insurance Program	93.767	Various		99,920
Medicaid Cluster:				
Medical Assistance Program	93.778	Various		3,273,653
Total Medicaid Cluster:			$	3,273,653
Total Pass Through Payments			$	14,350,737
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			$	14,448,207

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Payments:			
Continuum of Care Program	14.267	N/A	$ 9,344
Community Development Block Grant Program, Entitlement Grants	14.218	N/A	872,343
Total Direct Payments			$ 881,687
Pass Through Payments:			
Supportive Housing Program	14.235	State Allocation	$ 239,195
Total Pass Through Payments			$ 239,195
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			$ 1,120,882
DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments			
Emergency Management Performance Grants	97.042	State Allocation	$ 44,005
Port Security Grant Program	97.056	State Allocation	75,472
Homeland Security Grant Program	97.067	State Allocation	851,220
Total Pass Through Payments			$ 970,697
TOTAL DEPARTMENT OF HOMELAND SECURITY			$ 970,697
U.S. DEPARTMENT OF JUSTICE			
Pass Through Payments:			
Department of Criminal Justice Services (140-390-01)			
Asset Forfeiture Report	16.000	Various	$ 44,323
B - Cooperative Agreements	16.111	State Allocation	16,401
Violence Against Women Office	16.071	State Allocation	14,445
Juvenile Accountability Block Grants	16.523	State Allocation	4,699
Youth Gang Prevention	16.544	State Allocation	8,887
Crime Victim Assistance	16.575	State Allocation	158,066
Violence Against Women Formula Grants	16.588	State Allocation	104,972
Edward Byrne Memorial JAG grant	16.738	State Allocation	36,932
Total Pass Through Payments			$ 388,725
TOTAL U.S. DEPARTMENT OF JUSTICE			$ 388,725
U.S. DEPARTMENT OF LABOR			
Pass Through Payments:			
Economic Dislocation and Worker Adjustment Assistance Act			
WIA Pilots, Demonstrations, and Research Projects	17.261	LWA 12-09	$ 34,155
WIA Cluster:			
WIA Adult Program	17.258	LWA 12-09	113,334
WIA Youth Activities	17.259	LWA 12-09	83,024
WIA Dislocated Workers	17.278	LWA 12-09	171,530
WIA Employment Training Administration	17.278	LWA 12-09	8,160
Total WIA Cluster:			$ 376,048
Total Pass Through Payments			$ 410,203
TOTAL U.S. DEPARTMENT OF LABOR			$ 410,203
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct Payments:			
Solid Waste Management Assistance Grants	66.808	N/A	$ 4,479
Congressionally Mandated Projects	66.202	N/A	887,204
Total Direct Payments			$ 891,683
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			$ 891,683

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

U.S. DEPARTMENT OF TRANSPORTATION			
Pass Through Payments:			
Department of Transportation			
HPCC Cluster:			
Highway Planning and Construction	20.205	Various	$ 1,600,362
Total HPCC Cluster:			$ 1,600,362
Alcohol Open Container Requirements	20.607	State Allocation	72,974
FTC Cluster:			
Federal Transit_Formula Grants	20.507	State Allocation	744,435
Federal Transit_Capital Investment Grants	20.500	Various	436,962
Total FTC Cluster:			$ 1,181,397
TSPC Cluster:			
New Freedom Program	20.521	Various	408,240
Total TSPC Cluster:			$ 408,240
ARRA Surface Transportation _ Discretionary Grants for	20.932	Various	381,701
Total Pass through payments			$ 3,644,674
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			$ 3,644,674
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			
Direct Payments:			
Employment Discrimination_State and Local Fair	30.002	N/A	$ 109,650
TOTAL U.S EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			$ 109,650
U.S. DEPARTMENT OF EDUCATION			
Pass Through Payments:			
Department of Education:			
Title I Cluster:			
Title 1 Grants to Local Educational Agencies	84.010	State Allocation	$ 2,914,899
Total Title I Cluster:			$ 2,914,899
Title I State Agency Program for Neglected and Delinquent Children	84.013	State Allocation	142,788
Special Education Cluster:			
Special Education Grants to States	84.027	State Allocation	2,751,091
Special Education Preschool Grants	84.173	State Allocation	100,546
Total Special Education Cluster			$ 2,851,637
Adult Literacy Services- Federal	84.002	State Allocation	136,378
Career and Technical Education-- Basic Grants to States	84.048	State Allocation	214,144
Education for Homeless Children and Youth	84.196	State Allocation	16,076
Mathematics and Science Partnerships	84.366	State Allocation	13,929
English Language Acquisition Grants	84.365	State Allocation	357,834
Improving Teacher Quality State Grants	84.367	State Allocation	297,621
Total Pass through payments			$ 6,945,306
TOTAL U.S. DEPARTMENT OF EDUCATION			$ 6,945,306
OTHER FEDERAL AID			
Direct Payments:			
High Intensity Drug Trafficking Assessment/Evaluation	99.997	N/A	$ 36,000
High Intensity Drug Trafficking Area	98.473	N/A	117,419
TOTAL OTHER FEDERAL			$ 153,419
TOTAL FEDERAL ASSISTANCE			**$ 38,387,426**

CITY OF ALEXANDRIA, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

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 2016. 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. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The City and the Alexandria City Public Schools did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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	$ 38,387,426
Non-Reportable Federal Revenue	8,523,769
Commodities Distribution	(192,851)
Total Federal Revenue per Note 12	$ 46,718,344

FEDERAL COGNIZANT AGENCY

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

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

I Summary of Independent Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major programs:

Material weakness (es) identified?	____	Yes	X	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with reference to the uniform grant guidance to CFR 200	____	Yes	X	No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I
20.500, 20.507	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs $ 1,151,623

Auditee qualified as low-risk auditee?	X	Yes	____	No

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

II Federal Award Findings and Questioned Costs

There are no findings and questioned costs.

CITY OF ALEXANDRIA, VIRGINIA
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2016

None noted.

City of Alexandria, Virginia
Finance Department
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