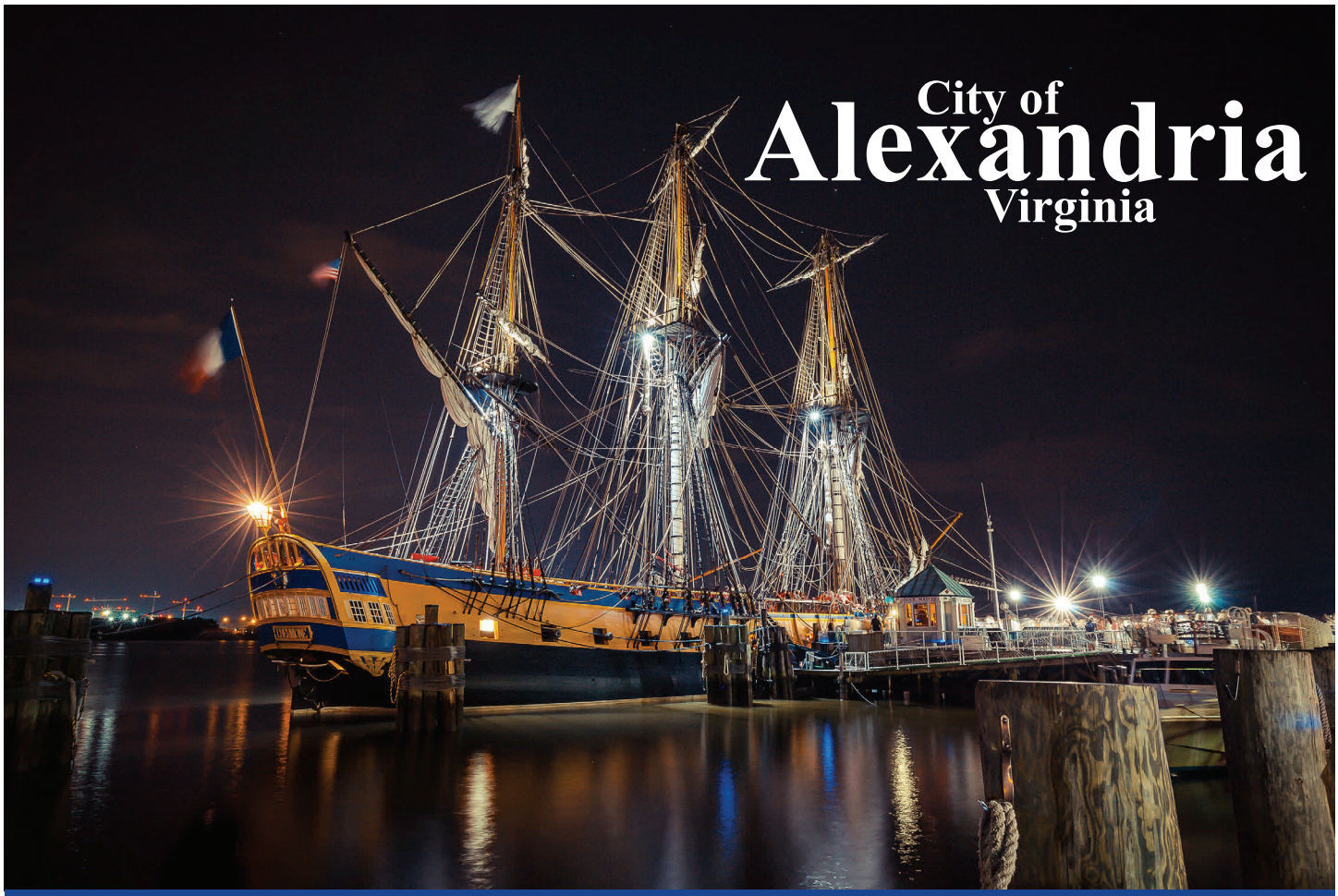

Comprehensive Annual Financial Report

—Fiscal Year Ended June 30, 2015—

L'HERMIONE

In June 2015, the replica frigate L'Hermione sailed into Alexandria's historic seaport. The replica of General Marquis de Lafayette's 18th century ship is the largest and most authentically built Tall Ship in the last 150 years. Following a 27 day transatlantic voyage of 3,819 miles, the Hermione landed in Yorktown for the first of 11 port visits on the east coast, including three days in the City of Alexandria, from June 10 to 12. The national exposure of being part of this event provided an opportunity to promote Alexandria's history as an 18th century port city. Photo by Davo Muttiah.

CITY OF ALEXANDRIA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR
JULY 1, 2014 TO JUNE 30, 2015

Alexandria City Council
William D. Euille, *Mayor*
Allison Silberberg *Vice-Mayor*
John T. Chapman
Timothy B. Lovain
Redella S. Pepper
Paul C. Smedberg
Justin M. Wilson

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
Carmen Fraser, CPA Acting Comptroller

alexandriava.gov

CITY OF ALEXANDRIA, VIRGINIA
Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2015

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

Tewodros Tessema, CPA, Paul Sood, Giovana Jenkins, Brigitte Perrussot – Accountants

The entire staff of the Accounting Division

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

Gina Gordon – Account Clerk III

Bryan Capelli, CPA – Retirement Specialist

Nathan Carrick – Communications Officer

General Services Division Mail Room Staff

Office of Communications Electronic Publishing Staff

CITY OF ALEXANDRIA, VIRGINIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

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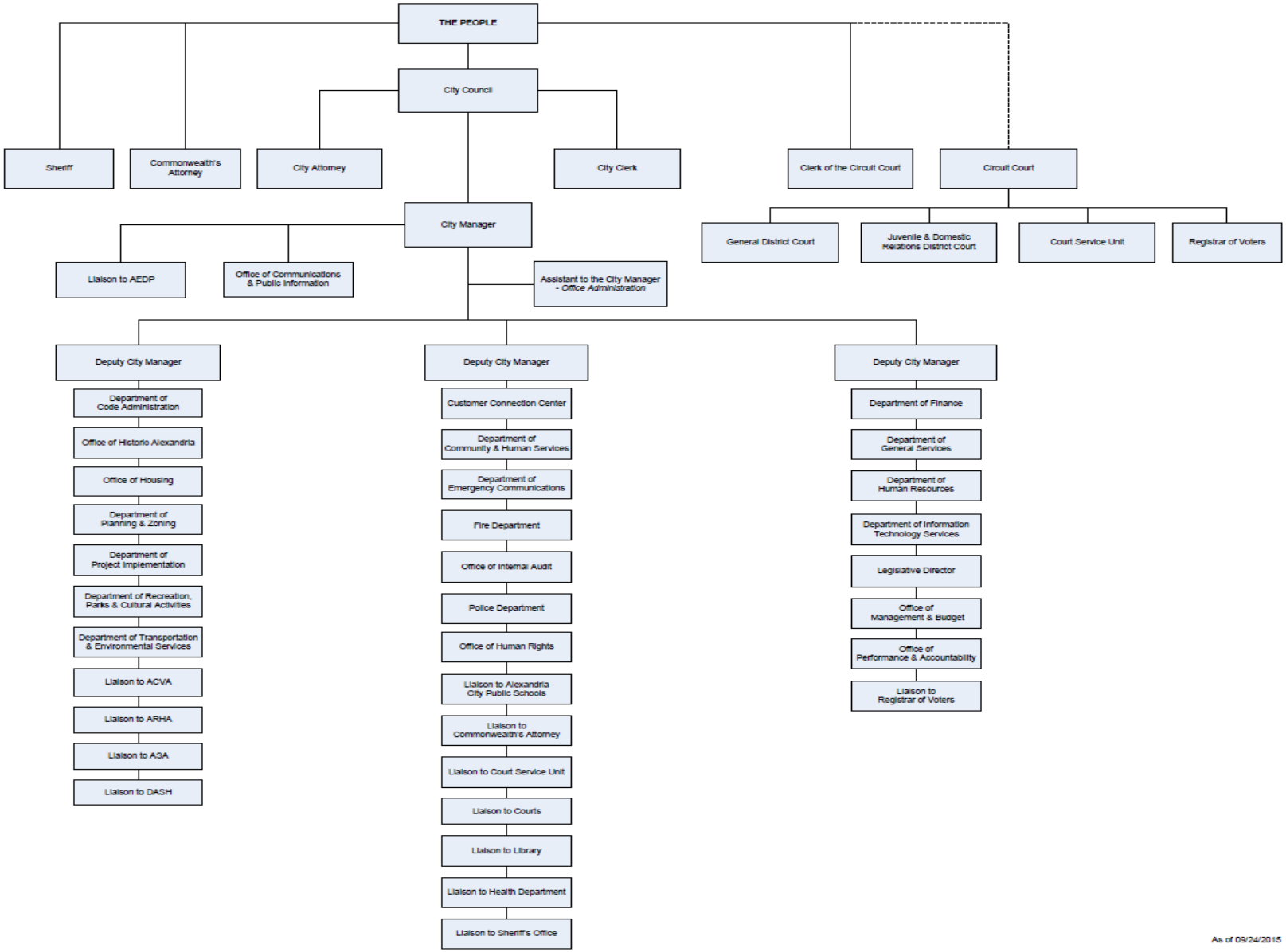
INTRODUCTORY SECTION

ALEXANDRIA CITY GOVERNMENT
ORGANIZATIONAL CHART



As of 09/24/2015

November 30, 2015

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, 2015. The report is designed to present fairly the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

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

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

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

THE CITY

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

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

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

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

FINANCIAL REPORTING ENTITY

This report includes the financial activities of the City of Alexandria government (the primary government), as well as the financial activities of the City's component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The School Board, the Library System, and the Alexandria Transit Company are reported as discretely presented component units. This report does not include the financial activities of the City's Deferred Compensation Plan, Alexandria Industrial Development Authority, Alexandria Redevelopment and Housing Authority, Alexandria Economic Development Partnership, Inc., Alexandria Renew Enterprises (formerly the Alexandria Sanitation Authority), 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 the City'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 DC. It is also due to a mix of higher paying jobs in Alexandria. Approximately 20% of Alexandria's jobs are in the professional and technical services fields, and 16% are in public administration, both of which tend to pay well and help to offset challenges in federal spending. 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. In August 2015, the Department of Homeland Security announced that it would be relocating the headquarters of the Transportation Security Administration to the City of Alexandria's Eisenhower Valley. This relocation will bring approximately 3,800 new jobs to the City employment base.

One measure of the local economy is how economically sensitive City revenues fared. During FY 2015, the City showed some improvement in some of these taxes. Overall, FY 2015 collections from the transient lodging tax increased by 7 percent. Revenues from sales tax were up 8.0 percent when measured against FY 2014 and personal property tax revenues on vehicles showed a 1.6 percent increase over FY 2014 and the meals tax remained flat compared to FY 2014.

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 3.5 percent compared to 2014. Residential real property increased by 4.3 percent while locally assessed commercial assessments increased by 2.37 percent. However, the office vacancy rate of 15.8 percent in the 2nd quarter of 2015 is 1.5 percent lower than one year earlier, and approximately one percent lower than the average for Northern Virginia. The City's unemployment rate of 3.5 percent in June 2015 is down one half of one percent from a year earlier, and still well below the national unemployment rate of 5.3 percent and the average for Virginia of 4.9 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.

Capital investment and the resulting debt service costs are planned to increase in the Approved FY 2016-2025 Capital Improvement Budget. The need for increased operating and capital support to fund the Jefferson Houston and Patrick Henry Schools, transportation and Stormwater needs are the City's major near term capital challenges. During fiscal year FY 2016, revenues are budgeted to grow by about 2.5 percent over FY 2015, reflecting a higher real estate tax base and additional user fees. While the City believes, in general, that the overall state of most of its infrastructure of streets, bridges, and many public facilities is good, it plans on an increased capital improvement program aimed at maintaining and improving the City's infrastructure. The type of development in the City will also influence future expenditure and revenue levels.

Over the last five years, the City has been able to maintain its fiscal strength as the result of the City Council's adoption of, and subsequent adherence to, the series of financial policies listed on pages 9 and 10. These policies are aimed at (1) limiting debt and annual debt service requirements and (2) maintaining an appropriate General Fund 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 2015, the City's debt to tax base ratio was just 1.46 percent with that projected to remain at 1.46 percent in FY 2016 (excluding self-supported sewer project related debt). The City's financial policies encourage the use of surplus General Fund revenues and resources derived from spending less than the full budget to fund capital projects.

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

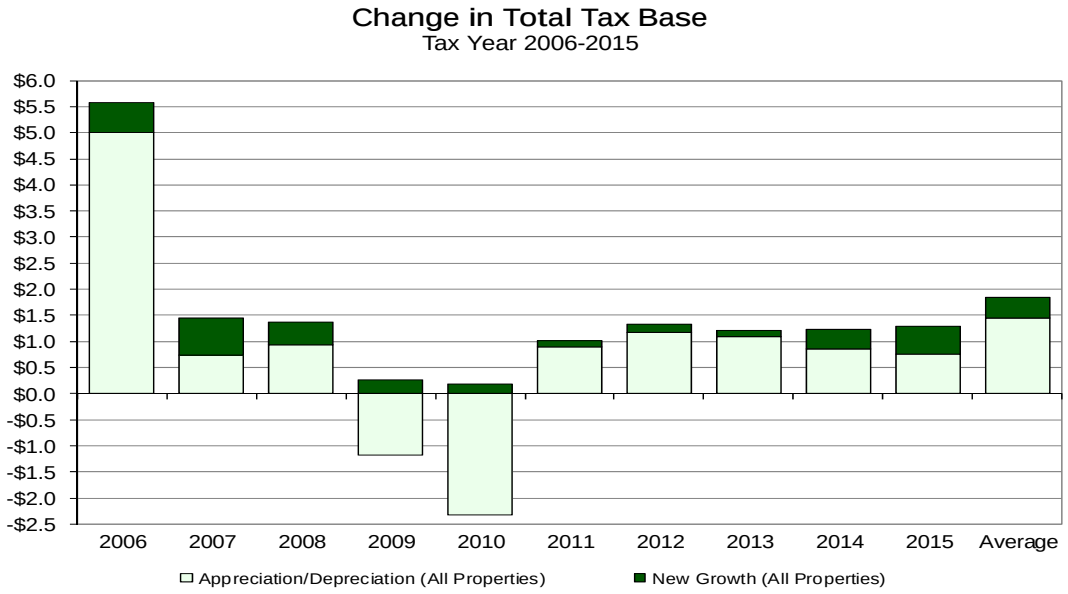
GENERAL GOVERNMENT FUNCTIONS

The following table shows that the overall real property assessed value for locally assessed property has increased by over $3.7 billion since 2006. This includes a 3.5 percent increase from calendar year 2014 to 2015. 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)

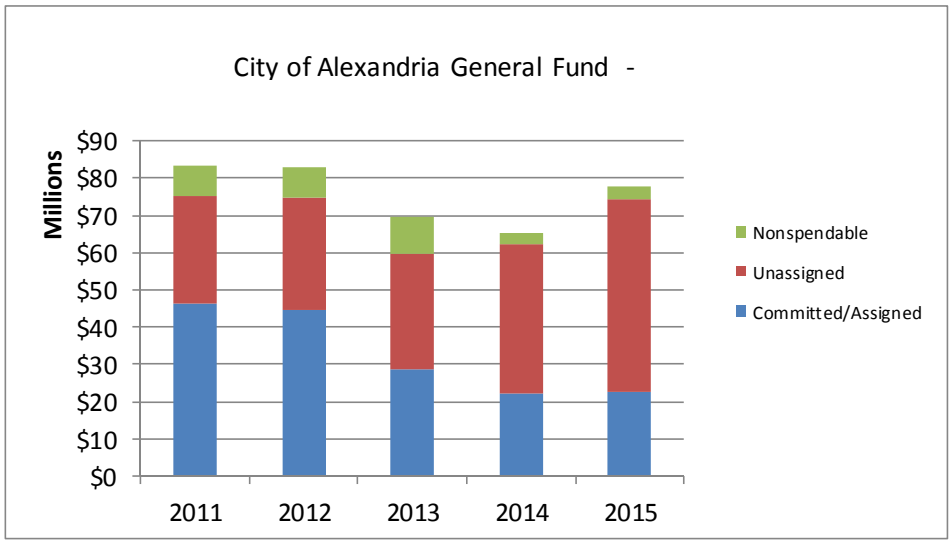
Year	Residential Assessed Value	Residential % Increase (Decrease)	Commercial[1] Assessed Value	Commercial % Increase (Decrease)	Total Assessed Value	Total % Increase (Decrease)
2006	20,331,756	24.9	12,574,963	13.4	32,906,719	20.3
2007	20,205,364	(0.6)	14,037,667	11.6	34,243,031	4.1
2008	20,139,614	(0.3)	14,963,203	6.6	35,102,817	2.5
2009	19,152,518	(4.9)	14,811,680	(1.0)	33,964,198	(3.2)
2010	18,203,922	(5.0)	13,615,344	(8.1)	31,819,266	(6.3)
2011	18,430,732	1.2	14,201,220	4.3	32,631,952	2.6
2012	18,715,708	1.5	15,066,990	6.1	33,782,698	3.5
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

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



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

The Fund balance financial policies for the General Fund are one component of the City's overall financial strength and stability. At the end of FY 2015, the City's General Fund fund balance was $77.8 million and include a non-spendable fund balance of $3.4 million, a number of commitments and assignments totaling $22.8 million, including $7.0 million assigned for future capital funding, leaving a remaining unassigned fund balance of $51.6 million. At the end of FY 2015 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 2016 through FY 2025 represents $1.182 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 $384.0 million in additional planned capital funding for the FY 2016-FY 2025 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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Target
Debt as a Percentage of Fair Market Value	1.60%	0.90%	0.85%	0.73%	1.12%	1.15%	1.27%	1.36%	1.46%	1.50%	1.46%	1.10%
Debt Per Capita as a Percentage of Per Capita Income1	4.50%	3.40%	2.90%	2.60%	3.70%	3.40%	3.80%	4.00%	4.30%	4.50%	4.40%	3.20%
Debt Service as a Percentage of General Governmental Expenditures2	10.00%	4.30%	4.50%	4.40%	4.40%	4.90%	5.30%	5.90%	6.50%	7.00%	7.5	8.00%
General Fund Balance as a Percentage of General Fund Revenue:												
Unreserved	10%	13.20%	13.40%	12.00%	9.30%	11.10%	-	-	-	-	-	N/A
Spendable	(floor)						13.70%	13.20%	10.10%	10.20%	11.70%	
Undesignated	4% (floor)	5.60%	5.20%	5.20%	4.70%	5.30%	-	-	-	-		5.50%
Unassigned							5.30%	5.30%	5.60%	6.50%	8.00%	
Net Position as a Percentage of General Revenue4	4% (floor)	17.70%	19.00%	19.00%	9.40%	11.80%	11.70%	14.20%	17.90%	20.20%	-5.97%	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.
[4] Reflects impact of the implementation of GASB 68

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 ten-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 2015 as follows:

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

BUDGETARY ACCOUNTING AND INTERNAL CONTROLS

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

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

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

REPORT FORMAT

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

INDEPENDENT AUDIT

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

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

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Alexandria a Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR) for the 37th consecutive year in 2014. 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 2015.

REPORTING REQUIREMENTS

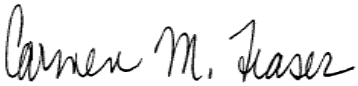
As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the City has agreed for the benefit of the owners of City general obligation bonds and joint enterprise waste-to-energy-revenue bonds, to provide each nationally recognized municipal securities information repository and to any 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



Carmen Fraser, CPA
Acting 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, 2014

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, 2015, 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 Accounts of the Commonwealth of Virginia (Specifications). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, based on our audit and the report of other auditors, 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, 2015, 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.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the City of Alexandria adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* As a result of the implementation of these standards, the City of Alexandria reported a restatement for the change in accounting principle (see Note 19) Our auditors' opinion was not modified with respect to the restatement.

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 introductory section, combining and individual fund financial statements and schedules, and statistical tables identified in the accompanying table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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, have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, 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 30, 2015

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, 2015. 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 2015

The City's total Net Position, excluding component units, on the governmental-wide basis, increased approximately $44.0 million from $300.8 million, as restated, to $345 million at June 30, 2015. The amount of the restatement was $161.3 million for Governmental Activities and $226.8 million for Component Units. This is the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions Plans, an amendment of GASB Statement No. 27, which requires the City to record a liability for future pension benefits in excess of accumulated assets. At the end of the current fiscal year, the City's Net Pension Liability totaled $170.7 million.

The government-wide activities had an unrestricted net position of ($36.1 million) (Exhibit I) at June 30, 2015, a decrease of $139.6.

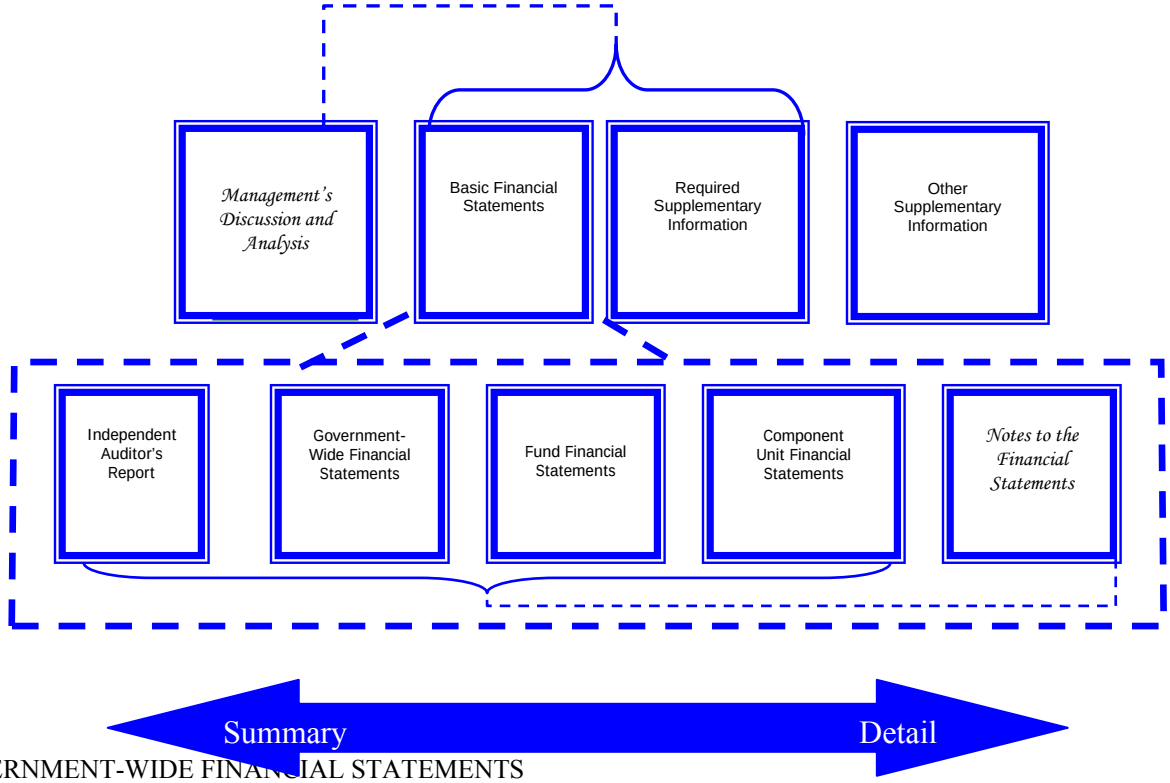
On a government-wide basis for governmental activities, the City's general revenues of $603.7 million were $44.0 million more than the $559.7 million of expenses net of program revenue (Exhibit II).

The General Fund, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses by $12.1 million (Exhibit IV) after making a budgeted $26.0 million transfer to the capital projects fund and a $48.5 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*.

Components of the Financial Section



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 - the difference between assets and liabilities - is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's Net position are one indicator 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: Police, Fire, Transportation and Environmental Services, Recreation, Parks and Cultural Activities Departments, and general administration. Property taxes, other local taxes, and state and federal grants finance most of these activities.

Component units - The City includes three separate legal entities in its report - the City of Alexandria School Board, the Alexandria Library, and the Alexandria Transit Company. Although legally separate, these "component units" are 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 government.

The City has three kinds of funds:

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

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

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

Fiduciary funds - The City is the trustee, or fiduciary, for its employees' pension plans and employee benefit trusts. It is also responsible for other assets (known as agency funds) that - because of a trust arrangement - can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary Net 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, 2015 and 2014
(In millions)

	Primary Government			
	Governmental Activities		Component Units	
	2015	2014	2015	2014
Current and other assets	$ 652	$ 637	$ 103	$ 79
Capital assets	805	775	34	23
Total Assets	$ 1,457	$ 1,412	$ 137	$ 102
Deferred Outflows	29	-	19	-
Other Liabilities	$ 56	$ 55	$ 36	$ 36
Long-term liabilities	644	655	11	9
Net Pension Liability	171	-	214	-
Total Liabilities	$ 871	$ 710	$ 261	$ 45
Deferred Inflows	$ 270	$ 240	$ 46	$ -
Net Position:				
Net Investment in Capital Assets	$ 364	$ 344	$ 34	$ 23
Restricted	17	15	17	18
Unrestricted	(36)	104	(201)	16
	$ 345	$ 462	$ (150)	$ 57

Amounts may not add due to rounding

The City implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.

The City's Net Position, (which is the City's bottom line) increased 15 percent, or $44 million from its restated Net Position, to $345 million. The increase is primarily attributable to new schools projects and transit initiatives. The Component Units Net Position increased by $19 million from its restated Net Position. The City's capital assets increased $30 million mainly due to land purchases for the Waterfront, the construction of George Mason School capacity addition, and the US1 Transitway at Potomac Yard during the year. Long-term liabilities increased by $160 million due to the recognition of Net Pension Liability.

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, 2015 and 2014
(In millions)
Total

Primary Government	Governmental Activities		Component Units	
	2015	2014	2015	2014
Revenues				
Program revenues:				
Charges for services	$ 59	$ 62	$ 7	$ 7
Operating grants and contributions	69	79	17	16
Capital grant/contributions	11	15	-	-
General revenues:				
Property taxes	427	407	-	-
Other taxes	134	127	-	-
Other	43	43	55	36
Payment to/from City	-	-	209	203
Total Revenues	$ 743	$ 733	$ 288	$ 262
Expenses				
General Government	$ 74	$ 71	-	-
Judicial Administration	20	20	-	-
Public Safety	139	141	-	-
Public Works	64	68	-	-
Library	7	6	7	7
Health and Welfare	93	94	-	-
Transit	18	11	18	17
Culture and Recreation	30	30	-	-
Community Development	35	46	-	-
Education	197	189	244	231
Interest on Long-term Debt	22	24	-	-
Total Expenses	$ 699	$ 700	$ 269	$ 255
Change in Net Position	$ 44	$ 33	$ 19	$ 7
Net Position beginning of Year	$ 301	$ 429	$ (170)	$ 50
Net Position end of Year	$ 345	$ 462	$ (151)	$ 57

Amounts may not add due to rounding

The City implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.

REVENUES

For the fiscal year ended June 30, 2015 revenues from governmental activities totaled $743.0 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 2014 and the first half of calendar year 2015 real property tax billings, were $376 million. The increase in tax revenues is primarily attributable to an increase in the City's assessed real property tax base in calendar year 2015. In addition, charges for services decreased in the special revenue fund due to a decrease in fees collected for sewer connections.

Component units' Net Position was restated to a negative position of $170 million due the implementation of GASB 68 for pension liabilities as of July 1, 2014. The net position increased by $19.6 million due to the capital contribution from the City for Transit.

Net Expenses for Governmental Activities

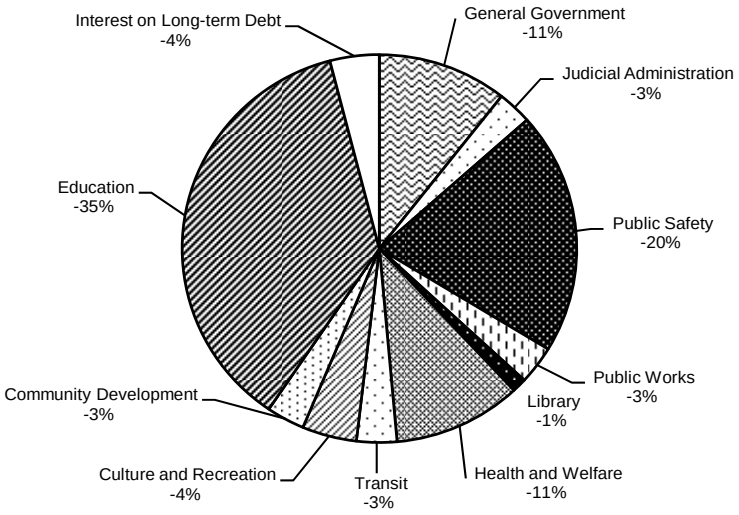


Chart does not add to One Hundred percent due to rounding.

EXPENSES

For the fiscal year ended June 30, 2015, expenses for governmental activities totaled $698.7 million reflecting a decrease of $1.9 million due to a planned decrease in capital expenditures for various school renovation projects and various transit projects.

Despite the decrease, education continues to be one of the City's highest priorities. Capital funding included $4.5 million in addition to the City's operating subsidy to the Schools of $191.8 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2015, the governmental funds reflect a combined fund balance of $318.0 million (Exhibit III). The Governmental fund balance increase of $3.4 million is primarily due to expenditures savings in the General Fund.

- The General Fund contributed $26.0 million to pay-as-you-go financing of capital projects.
- The City contributed $191.8 million to the schools for operations.
- The City spent $99.5 million in the Capital Projects Fund primarily to fund school projects and the new Transit initiatives.

- The Northern Virginia Transportation fund received $6.4 million in taxes for transportation.
- The Potomac Yard fund received $5.6 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 2015		
	Orginal Budget	Amended Budget	Actual
Revenues, Transfers, and Other Financial Sources			
Taxes	$ 413	$ 413	$ 415
Other Local Taxes	129	129	128
Transfers and Other	92	131	130
Total	$ 634	$ 673	$ 673
Expenditures, Transfers, and Other Financial Uses			
Expenditures	$ 367	$ 373	$ 354
Transfers and Other	270	308	307
Total	$ 637	$ 681	$ 661
Change in Fund Balance	$ (3)	$ (8)	$ 12

Amounts may not add due to rounding

Revenues and other financing sources exceeded expenditures and other financing uses by $12 million in the General Fund for FY 2015.

Actual General Fund revenues and other financial sources exceeded the original budget by $39 million and equaled the amended budget of $673 million during FY 2015. Including supplemental appropriations, actual General Fund expenditures were below the original budget by $13 million, while General Fund expenditures were less than the amended budget by $19 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 2015, 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, 2014 but not paid by that date. Encumbrances for General Fund obligations for purchase orders authorized and issued, but for which goods and services were not received or paid by June 30, 2015, totaled $5.4 million.

- To reappropriate monies ($0.8 million) to pay for projects budgeted for FY 2014 but not completed before the end of the fiscal year.
- To reappropriate grant, donation and other revenues authorized in FY 2014 or earlier, but not expended or encumbered as of June 30, 2014.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2015.

CAPITAL ASSETS

At the end of FY 2015, the City's governmental activities had invested cumulatively $805.5 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of $30.3 million.

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

	Balance 30-Jun-14	Net Additions/ (Deletions)	Balance 30-Jun-15
Non-Depreciable Assets			
Land and Land Improvements	$103.0	$9.9	$112.9
Construction in Progress	66.6	(45.1)	21.5
Other Capital Assets			
Intangible Assets	17.4	-	17.4
Buildings	590.0	63.7	653.7
Infrastructure	234.6	21.1	255.7
Furniture and Other Equipment	92.3	6.0	98.3
Accumulated Depreciation on Other Capital Assets	(328.7)	(25.3)	(354.0)
Totals	$775.2	$30.3	$805.5

Amounts may not add due to rounding

The FY 2015 decrease in construction in progress reflects the completion of the new Jefferson Houston School.

The FY 2016- FY 2025 Approved Capital Improvement Program (CIP), which was approved by City Council on May 1, 2015, sets forth a ten-year program with $1.2 billion in new City funding and $384.0 million in other non-City sources for public improvements for the City and the Alexandria Public Schools.

This represents (in City funding) an increase of approximately $57 million above the FY 2015-2024 CIP. For purpose of comparison the Approved FY 2015 – 2024 CIP totaled $1.4 billion in total funding, of which $326.8 million was from non-City sources.

LONG-TERM DEBT

At the end of FY 2015, the City had $540.5 million in outstanding general obligation bonds, an increase of $0.7 million, over last year due to the refinancing of the existing 2006 A and 2008 A bonds. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2015, Moody's Investors Services, Inc. and Standard & Poor's (S&P) credit rating agencies reaffirmed the City's triple-A bond ratings. The City received its first triple-A rating from Moody's in 1986 and from S&P in 1992. Standard and Poor's Financial Management Assessment concluded that the City's financial practices were "strong."

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt is significantly below, or less than one-tenth of this state law limit - which would equate to $3.7 billion for the City.

During Fiscal year 2015 the City Council issued $36.0 million in General Obligation Bonds with a premium of $3.0 million and a true interest cost of 2.75 percent. The $36.0 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 2015. Other short term liabilities represent unclaimed money and deposits.

ECONOMIC FACTORS

The number of jobs in the City decreased slightly in FY 2015. As of March 2015, the number of Alexandria jobs totaled 94,910 (the latest data available from the Virginia Employment Commission). Tourism improved, with lodging tax showing an increase of 15.6 percent in FY 2015 from all sources.

As of 2013 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita personal income of $81,078 remains one of the highest in the United States, and is the second highest of any major jurisdiction in Virginia. The City's office vacancy rate stood at 15.8 percent by the end of FY 2015, compared to the office vacancy rate in Northern Virginia of 16.3 percent.

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, 2015

Exhibit I

	Primary Government			
	Governmental Activities		Component Units	
ASSETS				
Cash and Cash Equivalents	$	203,002,203	$	67,029,986
Cash and Investments with Fiscal Agents		139,187,332		2,991,758
Receivables, Net		254,446,421		921,725
Accrued Interest		59,065		-
Due From Other Governments		51,573,515		5,546,048
Inventory of Supplies		2,654,457		929,842
Prepaid and Other Assets		389,768		1,093,283
Net OPEB Asset		-		1,786,221
Net Pension Asset		-		23,271,165
Capital Assets				
Land and Construction in Progress		134,357,599		999,381
Other Capital Assets, Net		671,140,739		33,015,254
Capital Assets, Net		805,498,338		34,014,635
TOTAL ASSETS	$	1,456,811,099	$	137,584,663
Deferred Pension Outflows	$	29,328,803	$	19,381,485
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	29,328,803	$	19,381,485
LIABILITIES				
Accounts Payable	$	15,220,643	$	8,250,033
Accrued Wages		7,178,928		24,593,207
Accrued Liabilities		5,317,724		-
Unearned Revenue		5,510,716		3,096,489
Other Short-term Liabilities		20,845,298		487,822
Deposits		2,742,364		-
Long-term Liabilities Due Within One Year		52,945,609		1,891,491
Long-term Liabilities Due in More Than One Year		590,742,460		9,357,675
Net Pension Liability		170,715,574		213,986,000
TOTAL LIABILITIES	$	871,219,316	$	261,662,717
Deferred Inflows				
Deferred Tax Revenues	$	242,057,219	$	-
Pension Deferrals		28,038,525		45,619,186
TOTAL DEFERRED INFLOWS OF RESOURCES	$	270,095,744	$	45,619,186
NET POSITION				
Net Investment in Capital Assets	$	364,355,152	$	34,014,635
Restricted for:				
Affordable Housing		1,389,793		
Other Projects		15,136,363		
Educational Projects		-		16,773,840
Unrestricted		(36,056,466)		(201,104,230)
TOTAL NET POSITION	$	344,824,842	$	(150,315,755)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Exhibit II

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government: Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General Government	$ 73,818,153	$ 2,924,309	$ 1,055,274	$ -	$ (69,838,569)	$ -
Judicial Administration	20,091,706	1,240,047	3,724,608	-	(15,127,051)	-
Public Safety	138,579,007	16,873,589	15,121,761	-	(106,583,657)	-
Public Works	63,861,682	22,283,770	8,487,743	10,803,497	(22,286,672)	-
Library	6,468,697	-	-	-	(6,468,697)	-
Health and Welfare	93,302,068	5,845,883	30,979,965	-	(56,476,220)	-
Transit	17,774,737	-	-	-	(17,774,737)	-
Culture and Recreation	30,257,357	4,621,031	248,579	40,625	(25,347,122)	-
Community Development	35,353,951	4,912,287	9,194,145	607,208	(20,640,311)	-
Education	197,400,571	-	-	-	(197,400,571)	-
Interest on Long-term Debt	21,780,910	-	-	-	(21,780,910)	-
Total Primary Government	$ 698,688,838	$ 58,700,916	$ 68,812,075	$ 11,451,330	$ (559,724,516)	$ -
Component Units:						
Library	$ 7,082,222	$ 267,678	$ 164,751	$ -	$ -	$ (6,649,793)
Transit	18,293,186	4,400,451	59,796	-	-	(13,832,939)
School Board	242,520,924	1,954,159	17,152,274	-	-	(223,414,491)
Total Component Units	$ 267,896,332	$ 6,622,288	$ 17,376,821	$ -	$ -	$ (243,897,223)

General Revenues:		
Taxes:		
General Property Taxes:		
Real Estate	$ 375,925,659	$ -
Personal Property	50,564,763	-
Other Local Taxes:		
Business License Tax	33,474,138	-
Local Sales Tax	29,907,322	-
Meals Tax	17,635,886	-
Transient Lodging Tax	12,371,555	-
Utility Tax	12,364,106	-
Communications Sales Tax	11,307,200	-
Motor Vehicle License, Recordation, and other local taxes	17,009,292	-
Revenue from Primary Government		
Payment from City of Alexandria (operating)	-	209,014,863
Payment from City of Alexandria (capital)	-	17,279,963
Grants and Contributions Not Restricted to Specific Programs	33,259,310	36,045,540
Interest and Investment Earnings	4,870,007	85,380
Miscellaneous	5,009,435	1,131,567
Total General Revenues	$ 603,698,673	$ 263,557,313
Change in Net Postion	43,974,157	19,660,090
Net Position at Beginning of Year, as restated	300,850,685	(169,975,845)
Net Position at End of Year	$ 344,824,842	$ (150,315,755)

See Accompanying Notes to Financial Statements

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CITY OF ALEXANDRIA, VIRGINIA
Balance Sheet
Governmental Fund
As of June 30, 2015

Exhibit III

	General	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 92,924,636	$ 65,398,129	$ 29,156,106	$ 187,478,871
Cash and Investments with Fiscal Agents	-	-	139,187,331	139,187,331
Receivables, Net	250,096,871	4,349,550	-	254,446,421
Accrued Interest	59,065	-	-	59,065
Due From Other Governments	32,568,629	10,504,886	8,500,000	51,573,515
Inventory of Supplies	2,654,457	-	-	2,654,457
Prepaid and Other Assets	320,451	69,317	-	389,768
Total Assets	$ 378,624,109	$ 80,321,882	$ 176,843,437	$ 635,789,428
TOTAL				
LIABILITIES				
Accounts Payable	$ 5,148,102	$ 3,639,880	$ 5,579,985	$ 14,367,967
Accrued Wages	5,481,772	1,686,157	10,999	7,178,928
Other Liabilities	20,840,878	-	4,420	20,845,298
Deposits	2,742,364	-	-	2,742,364
Unearned Revenue	5,510,716	-	-	5,510,716
Total Liabilities	$ 39,723,832	$ 5,326,037	$ 5,595,404	$ 50,645,273
Deferred Inflows	$ 261,118,462	$ 6,016,861	$ -	$ 267,135,323
TOTAL FUND BALANCES				
Non-Spendable	$ 3,374,907	$ 2,498,322	$ -	$ 5,873,229
Restricted	-	14,027,836	-	14,027,836
Committed	10,369,775	52,452,826	171,248,033	234,070,634
Assigned	12,400,000	-	-	12,400,000
Unassigned	51,637,133	-		51,637,133
Total Fund Balances	$ 77,781,815	$ 68,978,984	$ 171,248,033	$ 318,008,832
Total Liabilities and Fund Balances	$ 378,624,109	$ 80,321,882	$ 176,843,437	

Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)	790,644,014
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)	25,078,104
Deferred inflows of resources related to Pensions (Note 17)	(28,038,525)
Deferred outflows of resources related to Pensions (Note 17)	29,328,803
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)	29,524,981
Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(819,721,367)
Net Position of Governmental Activities	$ 344,824,842

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, 2015

Exhibit IV

	General	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES				
General Property Taxes	$ 414,740,999	$ 7,450,221	$ -	$ 422,191,220
Other Local Taxes	127,652,883	6,416,616	-	134,069,499
Permits, Fees, and Licenses	2,455,001	8,401,903	-	10,856,904
Fines and Forfeitures	4,916,607	-	-	4,916,607
Use of Money and Property	4,870,007	9,422	225,040	5,104,469
Charges for Services	18,557,721	13,539,738	16,819	32,114,278
Intergovernmental Revenue	55,401,515	45,092,672	11,451,330	111,945,517
Miscellaneous	1,781,031	4,228,893	2,807,161	8,817,085
Total Revenues	$ 630,375,764	$ 85,139,465	$ 14,500,350	$ 730,015,579
EXPENDITURES				-
Current Operating:				-
General Government	$ 44,429,060	$ 1,309,264	$ -	$ 45,738,324
Judicial Administration	18,897,717	819,823	-	19,717,540
Public Safety	125,936,874	8,975,627	-	134,912,501
Public Works	35,375,711	6,439,789	-	41,815,500
Library	6,468,697	-	-	6,468,697
Health and Welfare	19,749,292	73,137,629	-	92,886,921
Transit	7,040,044	10,734,693	-	17,774,737
Culture and Recreation	23,377,440	1,281,087	-	24,658,527
Community Development	18,096,016	11,275,756	-	29,371,772
Education	191,823,349	-	4,492,405	196,315,754
Debt Service:				
Principal	38,645,000	-	-	38,645,000
Interest and Other Charges	22,614,198	-	-	22,614,198
Capital Outlay	-	-	99,466,623	99,466,623
Total Expenditures	$ 552,453,398	$ 113,973,668	$ 103,959,028	$ 770,386,094
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 77,922,366	$ (28,834,203)	$ (89,458,678)	$ (40,370,515)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	$ -	$ -	$ 35,995,000	$ 35,995,000
Sale of land	5,328,843	-	-	5,328,843
Issuance of Refunding Bonds	33,995,000	-	-	33,995,000
Bond Premium (Discount)	-	-	2,972,449	2,972,449
Payment to Refunded Bonds Escrow Agent	(33,858,404)	-	-	(33,858,404)
Transfers In	3,206,574	48,478,811	34,199,225	85,884,610
Transfers Out	(74,508,779)	(11,075,831)	(1,011,499)	(86,596,109)
Total Other Financing Sources and Uses	$ (65,836,766)	$ 37,402,980	$ 72,155,175	$ 43,721,389
Net Change in Fund Balance	$ 12,085,600	$ 8,568,777	$ (17,303,503)	3,350,874
Fund Balance at Beginning of Year	65,252,268	60,410,207	188,551,536	
Increase in Reserve for Inventory	443,947	-	-	443,947
Fund Balance at End of Year	$ 77,781,815	$ 68,978,984	$ 171,248,033	

Adjustments for the Statement of Activities:

Repayment of bond principal and payment to bond escrow agent are reported as an expenditure and other financing uses in the governmental finds, but the repayment reduces long-term liabilities in the Statement of Net Position.	72,503,404
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)	28,209,442
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.	8,834,578
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)	4,299,202
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)	(72,962,449)
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)	(5,197,627)
individual funds. The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI)	4,492,786
Change in Net Position of Governmental Activities	$ 43,974,157

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
Proprietary Funds – Internal Service Fund
June 30, 2015

Exhibit V

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	15,523,333
Total Current Assets	$	15,523,333
Capital Assets:		
Buildings and Equipment	$	44,959,530
Less Accumulated Depreciation		(30,105,207)
Capital Assets, Net	$	14,854,323
Total Assets	$	30,377,656
LIABILITIES		
Accounts Payable	$	852,675
NET POSITION		
Net Investment in Capital Assets	$	14,854,323
Unrestricted Net Position		14,670,658
TOTAL NET POSITION	$	29,524,981
Total Liabilities and Net Position	$	30,377,656

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, 2015

Exhibit VI

Operating Revenues:	
Charges for Services	$ 5,600,881
Total Operating Revenues	$ 5,600,881
Operating Expenses:	
Materials and Supplies	$ 1,784,734
Depreciation	3,820,621
Total Operating Expenses	$ 5,605,355
Operating Income	$ (4,474)
Non-Operating Revenues (Expenses)	
Insurance Recoveries	$ 6,229
Loss on disposal of capital asset, net	(41,089)
Non-Operating Expenses	$ (34,860)
Net Profit/Loss Before Operating Transfers	$ (39,334)
Transfers In	$ 711,499
Change in Net Position	$ 672,165
Net Position at Beginning of Year	28,852,816
Net Position at End of Year	$ 29,524,981

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, 2015

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers	$	5,600,881
Payment to Suppliers		(1,404,160)
Net Cash Provided by Operating Activities	$	4,196,721
Operating Subsidies and Transfers from Other Funds	$	711,499
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Insurance Recovery	$	6,229
Purchases of Capital Assets		(5,070,585)
	$	(5,064,356)
Net Cash Used By Capital and Related Financing Activities		(4,352,857)
Net Increase in Cash and Cash Equivalents	$	(156,136)
Cash and Cash Equivalents at Beginning of Year		15,679,469
Cash and Cash Equivalents at End of Year	$	15,523,333
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$	(4,474)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense		3,820,621
Effect of Changes in operating Assets and Liabilities:		
Accounts Payable		380,574
Net Cash Provided by Operating Activities	$	4,196,721

Noncash investing, capital and financing activities:
Capital assets with a net book value of $41,089 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, 2015

Exhibit VIII

	Employee Benefit Trust Funds	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and Short-term Investments	$ -	$ -	$ 23,694
Investments, at Fair Value:			
U.S. Government Obligations			
LGIP/CDARS/ICS/NOW	-	6,387	295,359
Mutual Funds	240,041,905	-	-
Stocks	121,629,734	-	-
Guaranteed Investment Accounts	42,993,380	-	-
Real Estate	22,347,521	-	-
Timber/Private Equity	28,937,906	-	-
Other Investments	3,272,676	-	-
Total Investments	$ 459,223,122	$ 6,387	$ 295,359
Total Assets	$ 459,223,122	$ 6,387	$ 319,053
LIABILITIES			
Refunds Payable and Other	$ -	$ -	$ 319,053
	$ -	$ -	$ 319,053
NET POSITION			
Held in Trust for:			
Pension Benefits	$ 424,394,946	$ -	
Other Post Employment Benefits	34,828,176	-	
Other Purposes	-	6,387	
TOTAL NET POSITION	$ 459,223,122	$ 6,387	

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Change in Fiduciary Net Position
For the Year ended June 30, 2015

Exhibit IX

	Employee Benefit Trust Funds	Private-Purpose Trusts
ADDITIONS		
Contributions:		
Employer	$ 24,783,770	$ -
Plan Members	3,384,483	-
Total Contributions	$ 28,168,253	$ -
Investment Earnings:		
Net Appreciation in Fair Value of Investments	$ 7,836,749	$ -
Interest	9,995,258	251
Investment Expense	(1,900,328)	-
Net Investment Income	$ 15,931,679	$ 251
Total Additions	$ 44,099,932	$ 251
DEDUCTIONS		
Benefits	$ 33,315,631	$ -
Refunds of Contributions	432,421	-
Administrative Expenses	1,214,746	-
Total Deductions	$ 34,962,798	$ -
Change in Net Position	$ 9,137,134	$ 251
Net Position at Beginning of Year	450,085,988	6,136
Net Position at End of Year	$ 459,223,122	$ 6,387

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Net Position
Component Units
As of June 30, 2015

Exhibit X

	School Board	Library	Transit	Total
ASSETS				
Cash and Cash Equivalents	$ 65,698,639	$ 53,576	$ 1,277,771	$ 67,029,986
Cash and Investments with Fiscal Agents	-	2,991,758	-	2,991,758
Receivables	598,850	-	322,875	921,725
Due from Other Governments	5,343,892	196,483	5,673	5,546,048
Inventory of Supplies	200,565	-	729,277	929,842
Net OPEB Asset	1,786,221			1,786,221
Net Pension Asset	23,271,165			23,271,165
Prepaid and Other Assets	1,093,283		-	1,093,283
Capital assets				
Land and Construction in Progress	999,381	-	-	999,381
Other Capital Assets, Net	8,862,932	-	24,152,322	33,015,254
Capital Assets, Net	$ 9,862,313	$ -	$ 24,152,322	$ 34,014,635
Total Assets	$ 107,854,928	$ 3,241,817	$ 26,487,918	$ 137,584,663
Deferred Outflows of Resources				
Employer Retirement Contributions	$ 19,381,485	$ -	$ -	$ 19,381,485
Total Assets and Deferred Outflows of Resources	$ 127,236,413	$ 3,241,817	$ 26,487,918	$ 156,966,148
LIABILITIES				
Accounts Payable	$ 7,810,528	$ 145,757	$ 293,748	$ 8,250,033
Accrued Wages	23,952,357	150,650	490,200	24,593,207
Unearned Revenue	3,096,489	-	-	3,096,489
Other Short-term Liabilities	-	-	487,822	487,822
Long-term Liabilities Due Within One Year	1,891,491	-	-	1,891,491
Long-term Liabilities Due in More Than One Year	9,357,675	-	-	9,357,675
Net Pension Liabilities	213,986,000			213,986,000
Total Liabilities	$ 260,094,540	$ 296,407	$ 1,271,770	$ 261,662,717
Deferred Inflows of Resources				
Difference between projected and actual proportionate share of Contributions	$ 5,808,000	$ -	$ -	$ 5,808,000
Difference between projected and actual investment earnings	39,811,186	-	-	39,811,186
Total Deferred Inflow of Resources	$ 45,619,186	$ -	$ -	$ 45,619,186
NET POSITION				
Net Investment in Capital Assets	$ 9,862,313	$ -	$ 24,152,322	$ 34,014,635
Restricted	16,773,840	-	-	16,773,840
Unrestricted	(205,113,466)	2,945,410	1,063,826	(201,104,230)
Total Net Postion	$ (178,477,313)	$ 2,945,410	$ 25,216,148	$ (150,315,755)
Total deferred inflows of resources, liablities and net postion	$ 127,236,413	$ 3,241,817	$ 26,487,918	$ 156,966,148

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2015

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	$ 242,520,924	$ 1,954,159	$ 17,152,274	$ (223,414,491)	$ -	$ -	$ (223,414,491)
Library	7,082,222	267,678	164,751	-	(6,649,793)	-	(6,649,793)
Transit	18,293,186	4,400,451	59,796	-	-	(13,832,939)	(13,832,939)
Total Component Units	$ 267,896,332	$ 6,622,288	$ 17,376,821	$ (223,414,491)	$ (6,649,793)	$ (13,832,939)	$ (243,897,223)
General Revenues:							-
Payment From/(To) City				$ 191,811,473	$ 6,468,697	$ 10,734,693	$ 209,014,863
Capital Payment From City ***				4,492,405	-	12,787,558	17,279,963
Grants not restricted to specific programs				35,999,443	46,097	-	36,045,540
Interest and Investment Earnings				-	85,380	-	85,380
Miscellaneous				686,690	401,554	43,323	1,131,567
Total General Revenues				$ 232,990,011	$ 7,001,728	$ 23,565,574	$ 263,557,313
Change in Net Position				$ 9,575,520	$ 351,935	$ 9,732,635	$ 19,660,090
Net Position Beginning of Year, as restated				(188,052,833)	2,593,475	15,483,513	(169,975,845)
Net Position End of Year				$ (178,477,313)	$ 2,945,410	$ 25,216,148	$ (150,315,755)

***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 7th largest city in the Commonwealth of Virginia and one of the most densely populated cities in the Commonwealth.

The City is governed under the City Manager-Council form of government. Alexandria engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, housing and human service programs, transportation and environmental services (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.* 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 elected. The School Board is substantially reliant upon the City because City Council approves the School Board's total annual budget appropriation, levies taxes, and issues debt for school projects. The legal liability for the general obligation debt issued for school capital assets remains with the City. The City's primary transaction with the School Board is the City's annual General Fund revenue support, which totaled $191.8 million for operations and $4.5 million for capital equipment in FY 2015.

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 $6.5 million for FY 2015. 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 $10.7 million in FY 2015.

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	City of Alexandria Library System
1340 Braddock Place	5005 Duke Street
Alexandria, Virginia 22314	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 2015.

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 2015 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 nonoperating 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015 comprise the following:

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

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

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

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 forty-five 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. The School Board appropriation is determined by the City Council and controlled in total by the primary government. On June 14, 2014 the City Council formally approved the original adopted budget and on June 23, 2015 approved the revised budget reflected in the required supplemental information. Budgets are prepared for

the Capital Projects Fund on a project basis, which covers the life of the project. A Capital Projects Fund appropriation does not lapse until an appropriation reduction is approved by City Council.

Encumbrances

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

E. Equity in Pooled Cash and Investments

Cash resources of the individual funds, including imprest cash of $19,170 and excluding cash held with fiscal agents in the General Fund, Special Revenue Fund, Capital Projects Fund, Proprietary Funds, Fiduciary Funds, and discretely presented component units (School Board, Library, and Alexandria Transit Company), are combined to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of the State Treasurer's Local Government Investment Pool (LGIP) and are recorded at fair value. Income from pooled investments is allocated only when contractually or legally required. All investment earnings not legally or contractually required to be credited to individual accounts or funds are credited to the General Fund.

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

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

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance at June 30, 2015, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	$ 667,163
Personal	12,790,102
Penalties and Interest	582,342
Total Taxes	$ 14,039,607
Accounts Receivable	5,215
Notes Receivable	309,000
	$ 14,353,822
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	$ 39,598,087
CAPITAL PROJECTS FUND:	
Capital Projects Fund Notes Receivable	$ 1,475,000

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

G. Inventory of Supplies and Prepaid and Other Assets

Primary Government

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

Component Units

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 on refunding bonds discussed in Note 9. The total adjustment to these assets was comprised of the following:

Taxes receivable	$ 18,293,094
Deferred interest	6,785,010
Total adjustment	$ 25,078,104

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

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

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

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

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

I. Compensated Absences

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

J. Use of Estimates

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

K. Fund Balance

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

Fund Balances are reported according to the following categories

Non-spendable Fund Balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact. 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	$	2,654,457
	Prepaids		320,450
	Long Term Notes		400,000
	Total	$	3,374,907
Committed			
		$	
	Encumbrances		5,369,775
	Self-Insurance		5,000,000
	Total	$	10,369,775
Assigned			
	Subsequent Capital Program	$	7,000,000
	Natural Disaster/Emergencies		2,900,000
	Revenue Uncertainties		1,000,000
	Accrued Leave Payout		500,000
	Fiscal Impact of Development		100,000
	City Projects/Initiatives		900,000
	Total	$	12,400,000
Unassigned		$	51,637,133
Total Fund Balance		$	77,781,815

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 ($7.0 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.

Fiscal Impact of Development - These funds ($0.1 million) are assigned for analytical work related to the Fiscal impact of new development in the City

City Projects/Initiatives - These funds ($0.9 million) are assigned to support projects and initiatives that are approved but not yet under contract, such as City Council contingent reserve initiatives.

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCE DETAIL

Special Revenue

Nonspendable		
Long Term Notes	$	2,498,322
Total	$	2,498,322
Restricted		
Grants	$	9,315,952
Donations		3,322,091
Housing Programs		1,389,793
Total	$	14,027,836
Committed		
Sanitary Sewer	$	17,292,815
Stormwater		922,132
Other Programs		15,875,268
Potomac Yard		8,876,702
NVTA		9,485,909
Total	$	52,452,826
Total Fund Balance	$	68,978,984

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund	Vendor	Amount
Capital Projects	Midas Utilities Incorporated	$ 2.8 million
Capital Projects	AM- Liner East Incorporated	$ 2.2 million
Capital Projects	Intergraph Corporation	$ 1.6 million
Capital Projects	Insituform Technologies LLC	$ 1.6 million
Capital Projects	Environmental Quality Resources LLC	$ 1.3 million

L. Short Term Liabilities

Short Term Liabilities include unclaimed funds. The City did not have any short term debt during FY 2015.

M. Deferred Outflows

A deferred outflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until the future period. The City recognizes deferred outflows for contributions made subsequent to the measurement date related to pensions. At June 30, 2015, the City had deferred outflows of resources of $29.3 million.

N. Deferred Inflows

A deferred inflow of resources represents an acquisition of net position that applies 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, 2015, the City had deferred inflows of resources of $242.1 million representing deferred taxes and grant revenues.

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, 2015, the City had deferred inflows of resources related to pensions of $28.0 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 2015, 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 2015, 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, 2015, the carrying value of the City's deposits was $16,263,978 and the bank balance was $18,943,148. 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, 2015, the City had $139,187,332 in the SNAP short term investment.

Component Units

At June 30, 2015, the carrying value of deposits for the School Board was negative $1,609,054 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, 2015, the carrying value of deposits and bank balance for the Library was $323,382. The entire amount, $323,382 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, and the State Treasurer's Local Government Investment Pool (LGIP). The City's current investment policy limits investments to obligations of the United States and agencies thereof, commercial paper, LGIP and repurchase agreements fully collateralized in obligations of the United States and agencies thereof, CDARS, ICS and NOW accounts.

During fiscal year 2015 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 and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service, is a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to $50 million), Insured Cash Sweeps (ICS) and NOW accounts (Negotiable Order of Withdrawal, an interest bearing bank account with which the customer is permitted to write drafts against money held on deposit). During the fiscal year, the City held its investments in LGIP, CDARS, ICS and NOW, 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 trust fund for the City.

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Custodial Risk – For an investment, custodial risk is the risk that in the event of the failure of the counter-party the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently all City investments are held in LGIP, CDARS, ICS and NOW accounts. In the event the City has to invest in a local bank, the City requires a designated portfolio manager and

that at the time funds are invested, collateral for repurchase agreements be held in the City's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve in a custodial account.

As of June 30, 2015, the City had the following cash, investments and maturities:

Primary Government

		Investment Maturities (in years)		
INVESTMENT TYPE	**Fair Value**	**Less than 1 year**	**13-24 Months**	**25-60 Months**
Fixed Agency (Callable) Securities	$ 17,606,643	$ -	$ 4,569,999	$ 13,036,643
Fixed Agency (Non-Callable) Securities	2,382,333	-	-	2,382,333
Fixed Certificate of Deposit	29,249,741	15,243,449	8,277,586	5,728,706
Overnight Funds Securities	137,010,235	-	-	137,010,235
Taxable Muni (Callable) Securities	771,796	-	-	771,796
Taxfree Muni (Non-Callable) Securities	19,224	-	-	19,224
Total Investments Controlled by City	$ 187,039,972	$ 15,243,449	$ 12,847,585	$ 158,948,937
OPEB Trust Investments *	34,828,176	-	-	34,828,176
Pension Plan Investments (Exhibit VIII) *	424,394,945	-	-	424,394,945
Total	$ 646,263,093	$ 15,243,449	$ 12,847,585	$ 618,172,058

*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	$ 16,263,978
Cash with Fiscal Agents	139,211,026
Total Deposits and Investments	$ 801,738,097

Exhibit XII (Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Component Unit
School Board

		Investment Maturities (in years)		
	Fair Value	**Less than 1 year**	**13-24 Months**	**25-60 Months**
Fixed Agency (Callable) Securities	$ 6,335,878	$ -	$ 1,644,547	$ 4,691,331
Fixed Agency (Non-Callable) Securities	857,300	-	-	857,300
Fixed Certificate of Deposit	10,525,732	5,485,466	2,978,749	2,061,516
Overnight Funds Securities	49,304,129	49,304,129	-	-
Taxable Muni (Callable) Securities	277,736	-	277,736	-
Taxfree Muni (Non-Callable) Securities	6,918	-	6,918	-
Total Investments Controlled by City	$ 67,307,693	$ 54,789,595	$ 4,907,951	$ 7,610,147

Other Component Units

		Investment Maturities (in years)		
	Fair Value	**Less than 1 year**	**13-24 Months**	**25-60 Months**
Fixed Agency (Callable) Securities	$ 125,324	$ -	$ 653	$ 124,671
Fixed Agency (Non-Callable) Securities	16,957	-	-	16,957
Fixed Certificate of Deposit	208,199	108,503	58,919	40,778
Overnight Funds Securities	975,236	975,236	-	-
Taxable Muni (Callable) Securities	5,494	-	-	5,494
Taxfree Muni (Non-Callable) Securities	137	-	-	137
Total Investments Controlled by City	$ 1,331,347	$ 1,083,739	$ 59,571	$ 188,037
Total Investments Controlled by City Primary Government and Component Units:	$ 255,679,012			

As of June 30, 2015, the City had investments in the following issuers with credit quality ratings as shown below:

		S&P			
	Fair Value	AAA	AA	Overnight Cash Equivalents	Certificate of Deposit
Fixed Agency (Callable) Securities	$ 24,067,845		$ 24,067,845	$ -	$ -
Fixed Agency (Non-Callable) Securities	3,256,590	-	3,256,590	-	-
Fixed Certificate of Deposit	39,983,672	-	-	-	39,983,672
Overnight Funds Securities	187,289,600			187,289,600	
Taxable Muni (Non-Callable) Securities	1,055,026	445,540	609,486	-	-
Taxfree Muni (Non-Callable) Securities	26,279	26,279	-	-	-
Total Investments Controlled by City & Components	$ 255,679,012	$ 471,819	$ 27,933,921	$ 187,289,600	$ 39,983,672

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments in any one issuer that represents 5% or more of the total of City of Alexandria's investments are as follows:

Issuer	Investment Type	Fair Value	% of Portfolio
Federal Home Loan	Various	$ 14,339,265	5.61%
Federal Farm Credit	Various	12,985,170	5.08%
VA Department of the Treasury	Overnight Funds Securities	133,368,755	52.16%
Virginia Investment Pool	Overnight Funds Securities	31,188,261	12.20%
Access National Bank	Various	21,081,002	8.25%

Reconciliation of total deposits and investments to the government-wide financial statements as of June 30, 2015:

	Governmental Activities	Business Type Activities	Fiduciary Activities	Total
Primary Government				
Cash on Hand and In Banks	$ 16,263,978	$ -	$ -	$ 16,263,978
Cash and Investments	186,738,226	-	301,746	187,039,972
Cash and Investments with Fiscal Agents	139,187,332	-	459,246,816	598,434,148
Total	$ 342,189,536	$ -	$ 459,548,562	$ 801,738,098
Component Unit School Board				
Cash on Hand and In Banks	$ (1,609,054)	$ -	$ -	$ (1,609,054)
Cash and Investments Controlled by City	67,307,693	-	-	67,307,693
Total	$ 65,698,639	$ -	$ -	$ 65,698,639
Other Component Units				
Cash and Investments Controlled by City	$ 53,576	$ 1,277,770	$ -	$ 1,331,346
Cash and Investments with Fiscal Agents	2,991,758	-	-	2,991,758
Total	$ 3,045,334	$ 1,277,770	$ -	$ 4,323,104
Grand Total	$ 410,933,509	$ 1,277,770	$ 459,548,562	$ 871,759,841

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2015 consist of the following:

Primary Government

	General	Special Revenue	Capital Project	Total
Taxes				
Real Property	$ 196,099,946	$ -	$ -	$ 196,099,946
Personal Property	51,615,370	-	-	51,615,370
Penalties and Interest	2,742,004	-	-	2,742,004
Other	3,629,264	-	-	3,629,264
Total Taxes	$ 254,086,584	$ -	$ -	$ 254,086,584
Accounts	$ 9,655,109	$ 1,851,229	$ -	$ 11,506,338
Interest	59,065	-	-	59,065
Intergovernmental	32,568,629	10,504,886	8,500,000	51,573,515
Notes	709,000	42,096,408	1,475,000	44,280,408
Gross Receivables	$ 297,078,387	$ 54,452,523	$ 9,975,000	$ 361,505,910
Less: Allowance for Uncollectibles	14,353,822	39,598,087	1,475,000	55,426,909
Net Receivables	$ 282,724,565	$ 14,854,436	$ 8,500,000	$ 306,079,001

Taxes receivable represents the current and past four years of uncollected tax levies for personal property taxes and the current and past nineteen years for uncollected tax levies on real property. The allowance for estimated uncollectible taxes receivable is 5.6 percent of the total taxes receivable at June 30, 2015 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, 2015 represent the second-half payment due for real estate taxes on November 15, 2015.

Receivables on a government-wide basis include taxes receivable of $18.3 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 $4.3 million of taxes that are considered current financial resources, and therefore, are reported in the governmental funds. This comprises:

Real Estate Tax Receivables	$ (535,224)
Personal Property Tax Receivables	4,834,426
Total	$ 4,299,202

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 2015 unearned revenue in the governmental funds consisted of the following:

	Unavailable	Unearned	Total
Property taxes, net of related allowances	$ 260,324,346	$ 5,510,717	$ 265,835,063
Grant proceeds received prior to completion of eligibility requirements	-	6,810,976	6,810,976
Total unearned revenue for governmental funds	$ 260,324,346	$ 12,321,693	$ 272,646,039

Deferred Outflows/Inflows

	General Fund	Special Revenue Fund	Comment
Total Deferred Taxes	$ 260,324,346	$ -	
Grants Received Prior to Eligibility	794,116		Build America Bond refund in General Fund
Grants Received Prior to Eligibility	-	6,016,861	Eligible grants with timing differences
Total Deferred Outflows, Receivables	$ 261,118,462	$ 6,016,861	

Component Units

Receivables at June 30, 2015 consist of following:

	School Board	Library	Transit	Total
Accounts	$ 598,850	$ -	$ 322,875	$ 921,725
Intergovernmental	5,343,892	196,483	5,673	5,546,048
Total Receivables	$ 5,942,742	$ 196,483	$ 328,548	$ 6,467,773

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

All deferred revenue in the component units is unearned.

Exhibit XII
(Continued)

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, 2015 includes amounts not yet received from the January 1, 2015 levy (due June 15 and November 15, 2015), less an allowance for uncollectible. The installment due on November 15, 2015 is included as unavailable revenue since these taxes are restricted for use until FY 2016. 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 $1.038 per $100 of assessed value during calendar years 2015 and 2014.

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, 2015 includes amounts not yet billed or received from the January 1, 2015 levy (due October 5, 2015). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2016. The tax rate for motor vehicles was $5.00 per $100 of assessed value during calendar years 2015 and 2014. The tax rates during calendar years 2015 and 2014 were $5.00 for tangible property and $4.50 for machinery and tools per $100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the State 61 percent of most taxpayers' payments in FY 2015 for the January 1, 2014 levy for the Commonwealth's share of the local personal property tax payment with the remainder collected by the Commonwealth from taxpayers. Unavailable revenues include the state share of the January 1, 2015 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, 2015:

Governmental Activities

General Fund	$ 709,000
Special Revenue Fund	42,096,408
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	(41,382,087)
Net	$ 2,898,321
Amounts due within one year	$ 131,270
Amounts due in more than one year	$ 2,767,051

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, 2015:

Governmental Activities

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land and Land Improvements	$ 103,051,708	$ 12,933,911	$ 3,087,000	$ 112,898,619
Construction in Progress	66,605,570	29,695,284	74,841,874	21,458,980
Total Capital Assets Not Being Depreciated	$ 169,657,278	$ 42,629,195	$ 77,928,874	$ 134,357,599
Depreciable Capital Assets:				
Buildings	$ 589,959,407	$ 64,431,153	$ 659,128	$ 653,731,432
Infrastructure	234,595,208	21,143,650	-	255,738,858
Intangible Assets	17,402,766	-	-	17,402,766
Furniture and Other Equipment	92,278,954	8,656,250	2,661,757	98,273,447
Total Depreciable Capital Assets	$ 934,236,335	$ 94,231,053	$ 3,320,885	$ 1,025,146,503
Less Accumulated Depreciation for:				
Buildings	$ 153,290,643	$ 15,578,159	$ 567,124	$ 168,301,678
Infrastructure	109,218,642	7,875,037	-	117,093,679
Intangible Assets	12,605,121	1,236,774	-	13,841,895
Furniture and Other Equipment	53,547,358	3,841,288	2,620,134	54,768,512
Total Accumulated Depreciation	$ 328,661,764	$ 28,531,258	$ 3,187,258	$ 354,005,764
Depreciable Capital Assets, Net	$ 605,574,571	$ 65,699,795	$ 133,627	$ 671,140,739
TOTALS	$ 775,231,849	$ 108,328,990	$ 78,062,501	$ 805,498,338

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

Governmental activities capital assets, net of accumulated depreciation at June 30, 2015, are comprised of the following:

General Capital Assets, Net	$ 790,644,015
Internal Service Fund Capital Assets, Net	14,854,323
Total	$ 805,498,338

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

General Government	$ 2,591,733
Judicial Administration	374,166
Public Safety	2,948,509
Public Works	5,433,726
Depreciation of Infrastructure Assets	7,875,037
Health and Welfare	415,147
Culture and Recreation	2,288,294
Education	6,415,031
Community Development	189,615
Total	$ 28,531,258

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	$	99,466,623
Donated Assets		1,577,198
Depreciation Expense		(28,531,258)
Sale of building (net)		(92,004)
Capital Outlay not capitalized		(44,211,117)
Total Adjustment	$	28,209,442

Donated assets are comprised of infrastructure donated by developers.

Net position Investment in capital assets is computed as follows:

Capital Assets (net)		$	$805,498,338
Outstanding bonds (including premium)	($580,330,518)		
Unspent bond proceeds at SNAP	139,187,332		
			(441,143,186)
Investment in Capital Assets Net of Debt		$	364,355,152

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit - School Board

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
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	$ 38,239,412	$ 401,499	$ -	$ 38,640,911
Furniture and Other Equipment	16,990,126	1,408,728	2,244,601	16,154,253
Total Depreciable Capital Assets	$ 55,229,538	$ 1,810,227	$ 2,244,601	$ 54,795,164
Less Accumulated Depreciation For:				
Buildings and building improvements	$ 35,991,909	$ 361,284	$	$ 36,353,193
Furniture and Other Equipment	10,570,714	1,252,926	2,244,601	9,579,039
Depreciable Capital Assets, Net	$ 46,562,623	$ 1,614,210	$ 2,244,601	$ 45,932,232
Total Other Capital Assets, net	$ 8,666,915	$ 196,017	$ -	$ 8,862,932
TOTALS	$ 9,666,296	$ 196,017	$ -	$ 9,862,313

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

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit – Alexandria Transit Company

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Depreciable Capital Assets:				
Equipment	$ 32,172,112	$ 13,201,608	$ 2,544,992	$ 42,828,728
Less Accumulated Depreciation	18,555,491	2,665,907	2,544,992	18,676,406
Total Depreciable Capital Assets, Net	$ 13,616,621	$ 10,535,701	$ -	$ 24,152,322
TOTALS	$ 13,616,621	$ 10,535,701	$ -	$ 24,152,322

All depreciation was charged to transit.

Primary Government

Construction in progress is composed of the following at June 30, 2015:

	Project Authorization	Expended Through June 30, 2015	Committed
School Capital Projects	$ 23,555,756	$ 8,083,868	$ -
Parks and Recreation Facilities	2,755,019	562,503	1,443,022
Public Buildings	10,122,492	4,274,388	1,427,429
Public Safety	5,041,112	362,005	104,727
Information Technology Hardware	15,182,710	8,176,216	4,743,423
TOTALS	$ 56,657,089	$ 21,458,980	$ 7,718,601

Component Units

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

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, 2015: public entity and public officials excess liability, medical malpractice liability, voting booths, special events, vacant buildings, volunteer liability, and commercial crime. In addition, the City maintains excess workers' compensation insurance. The City maintains a blanket surety bond on all City workers who handle funds and excess amounts on key officials. There were no material reductions in insurance coverage from coverage in the prior fiscal year, nor did settlements exceed coverage for any of the past three fiscal years.

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

The following Constitutional Officers and City employees are covered by surety bonds issued in the amounts shown below by Aetna Casualty and Surety as of June 30, 2015:

Director of Finance	$ 1,000,000**
Treasury Director	$ 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 2015.

Self-Insurance

The non-current portion of unpaid workers' compensation claims amounted to approximately $19.2 million as of June 30, 2015 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, 2015 the current portion of employees' health insurance was $1.2 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 4 years. Therefore a long-term liability has not been recorded as of June 30, 2015. Liabilities are reported when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the City records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims.

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT (Continued)

Changes in the estimated claims payable for workers' compensation and health insurance during the fiscal years ended June 30, 2015 and 2014 were as follows:

	Worker's Compensation	Health Insurance
July 1, 2013 Liability Balances	$ 20,860,860	$ 1,358,713
Claims and changes in estimates	2,616,288	14,242,312
Claim Payments	(4,722,068)	(14,516,467)
June 30, 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

The Health Insurance liability is included in the accrued liability

Insurance Commitment

In addition, the City has established a General Fund fund balance self-insurance commitment of $5 million as of June 30, 2015.

Risk Pools

On March 15, 1986, the City joined the Commonwealth of Virginia's Law Enforcement Liability plan, called VA Risk, on behalf of the Office of the Sheriff. The Division of Risk Management of the Commonwealth's Department of General Services operates VA Risk. It was created in accordance with Sec. 2.1-526.8:1 of the Code of Virginia, which says that the State shall have the right and duty to defend any suit seeking damages or compensation against the City's officials and employees on account of wrongful acts, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make investigation and settlement of any claims or suit as deemed expedient. The limits of VA Risk coverage are $1 million per claim. The City retains the risk for all claims in excess of $1 million. Claims have not exceeded coverage in the last 3 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 2015 the City contributed to the OPEB trust fund for line of duty benefits. In Fiscal Year 2015, an actuarial valuation was issued for Line of Duty benefits. According to the December 31, 2014 actuarial valuation, 684 active employees were eligible for Line of Duty benefits. As of June, 2015, 70 beneficiaries were receiving Line of Duty payments. During FY 2015, Line of Duty payments for the recipients amounted to $1.09 million.

Exhibit XII
(Continued)

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 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 2015, the Alexandria Transit Company paid an annual premium of $0.48 million for participation in this pool.

An individual involved in an accident with a Dash bus has been awarded $4.5 million in damages by an Alexandria Circuit Court Jury. A motion has been filed to appeal the verdict. Alexandria Transit Company’s VMGSIA Insurance will cover the award if it is upheld.

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 2030. 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
2016	$4,134,489	$2,241,863
2017	3,446,588	2,807,098
2018	3,477,970	2,884,486
2019	3,627,279	2,964,097
2020	3,822,980	2,944,354
2021-2025	19,242,311	15,251,690
2026-2030	21,068,754	12,617,906

Total rental costs during FY 2015 for operating leases were $5.9 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 $9.8 million (cost of $27.1 million less accumulated depreciation of $17.3 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
2016	$964,081
2017	426,299
2018	422,051
2019	391,094
2020	369,350
2021-2025	1,648,020
2026-2030	1,111,612

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Washington Metropolitan Area Transit Authority

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

Due to the new 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 2015 amounted to $5.8 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 new "Metro Matters" multi-year capital funding agreement. This agreement reflects some $3.2 billion in Metrorail and Metrobus infrastructure capital improvements, as well as expansion of Metro transit services through the acquisition of new railcars and buses. The participating jurisdictions' share is planned at $1.9 billion over a 20-year period with $0.9 billion planned during the first six years. The City's share is $82.5 million over the 20-year period with $40.7 million planned during the first six years. The Metro Matters inter-jurisdictional agreement was signed by the City of Alexandria on September 28, 2004. The City opted out of the new 2009 series bond issue by prefunding its share. In June, 2010, a new funding agreement was signed by all members of the WMATA Compact. It sets forth a commitment of one year's funding with five planning years. The new funding agreement assumes an increase of $150 million per year of new federal funds, matched by the Commonwealth of Virginia, the State of Maryland, and the District of Columbia. The new agreement, totals to $5.0 billion, of which $2.5 billion will be funded by the federal government The participating jurisdictions' financial obligations, including the City, per the Metro Matters agreement, are subject to individual jurisdictional annual appropriation consideration.

For the fiscal year ended June 30, 2015, 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 2015. The City paid this obligation from the following sources:

City payments	$ 7,927,250
State Aid and NVTC reimbursable	3,833,000
City Debt Service for 2009 bonds	1,161,890
TOTAL	$ 12,922,140

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

2. Operating subsidies - Bus and Rail Systems

During the fiscal year ended June 30, 2015, obligations for bus and rail subsidies amounted to $31.7 million. The City paid this obligation from the following sources:

City payments	$ 5,675,156
State Aid and State Motor Fuel Sales Tax rev	24,345,585
NVTA 30%	1,675,000
TOTAL	$31,695,741

Expected obligations for FY 2016 are $34.6 million of which $8.7 million is expected to be paid from the City's General Fund. We will also use $23.8 million from NVTC funding and $2.0 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, 2015. However, NVTC has not paid any of the allocations for federal advances. In July of 1985, the Alexandria City Council authorized NVTC to pay $4.2 million to WMATA, including accrued interest, from state aid on deposit to the credit of the City. This was the total amount allocated to the City by WMATA for advances by the federal government, including accrued interest. The City has thus, with such authorization, satisfied all claims due WMATA for transit revenue bonds.

4. 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

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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.

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 ($3.5 million of which has been secured), and a $50 million Virginia Transportation Infrastructure Bank ("VTIB") loan that was awarded to the City by the Commonwealth Transportation Board in January 2015. 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. For calendar year 2014, the combined tonnage was 55,783. 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 having an installed capacity of 975 tons per day of mixed municipal solid waste. The Facility is located at 5301 Eisenhower Avenue, Alexandria, Virginia. The Alexandria Industrial Development Authority issued revenue bonds and proceeds were lent to the Authorities to construct the Facility.

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

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

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

City expects to collect. The Facility charges a fee on each ton based on defined costs, and the City has met its requirement for annual tonnage each year.

Federal law changes in the Clean Air Act and subsequent regulations required the City and Arlington County to invest in a retrofit for new equipment at the Waste-To-Energy Facility. In July 1998, the Authorities advance refunded $55 million of the outstanding revenue bonds (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 have been recorded in the same manner, as is 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 2015.

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 2015 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 $100 million to $150 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 ten-year plan includes $138.8 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, 2015 are comprised of the following individual issues:

$34.0 million Public Improvement (tax-exempt) Refunding Bonds of 2015, installments ranging from $0.4 to $6.24 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.	$	33,995,000
$36.0 million Public Improvement (tax-exempt) Bonds of 2014 installments ranging from $1.795 million to $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		35,995,000
$18.64 million Public Improvement (tax-exempt) Refunding Bonds of 2014, installments ranging from $2.7 to $3.39 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.		15,240,000
$63.8 million Public Improvement (tax-exempt) Refunding Bonds of 2013, installments ranging from $3.305 to $3.310 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.		59,495,000
$76.82 million Public Improvement (tax-exempt) Bonds of 2012, installments ranging from $200,000 to $4 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.		71,140,000
$17.33 million Public Improvement (tax-exempt) Refunding Bonds of 2012, installments ranging from $70,000 to $2.64 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.		17,095,000
$63.6 million Public Improvement (tax-exempt) Refunding Bonds of 2012, installments ranging from $2.9 million to $8.6 million through 2023, bearing interest rates ranging from 2.0 percent to 4.5 percent. Bonds maturing on or before June 15, 2022, are not subject to optional redemption. The Bonds maturing on June 15, 2023, are subject to optional redemption before maturity on or after June 15, 2022, at the direction of the City in whole or in part in installments of $5,000 at par plus interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.		57,600,000
$69.95 million Public 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.		63,950,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT

$17.0 million Public Improvement (tax-exempt) Bonds of 2010, installments ranging from $2.0 million to $3.7 million through 2016, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity	$	7,400,000
$55.3 million Public Improvement (taxable Build America) Bonds of 2010, installments ranging from $3.7 million to $4.4 million through 2030, bearing interest at rates ranging from 3.6 percent to 5.0 percent for which the federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2021, are subject to optional redemption, in whole or part, at the direction of the City. The bonds are subject to redemption prior to July 2020, at the option of the City, upon the occurrence of an Extraordinary Event.		55,300,000
$35.2 million Public Improvement (tax-exempt) Bonds of 2009 installments ranging from $1.1 million to $4.1 million through 2019, bearing interest at rates ranging from 1.8 percent to 4.0 percent. The Bonds are not subject to redemption prior to maturity		20,500,000
$44.5 million Public Improvement (taxable-Build America) Bonds of 2009 installments ranging from $4.1 million to $4.8 million through 2029, bearing interest at rates ranging from 4.9 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
$58.0 million Public Improvement (tax-exempt) Bonds of 2008, installments ranging from $0.9 million to $3.1 million through 2028, bearing interest at rates ranging from 3.5 percent to 5.0 percent. The Bonds maturing on or after July 15, 2019, are subject to optional redemption before maturity on or after July 15, 2018, at the direction of the City, in whole or in part installments of $5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption		18,600,000
$5.0 million Public Improvement (taxable) Bonds of 2008, installments ranging from $0.25 million to $1.25 million through 2028, bearing interest at rates ranging from 4.5 percent to 5.6 percent. The Bonds maturing on or after July 15, 2019, are subject to optional redemption before maturity on or after July 15, 2018, at the direction of the City, in whole or in part installments of $5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption.		3,500,000
$22.8 million Public Improvement (tax-exempt) Refunding Bonds of 2007, installments ranging from $2.8 million to $2.9 million through 2021, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to their maturity		17,020,000
$56 million Public Improvement (tax-exempt) Bonds of 2006, installments of $2.9 million through 2026, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds maturing on or after June 15, 2017, are subject to optional redemption before maturity on or after June 15, 2016, at the direction of the City, in whole or in part installments of $5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption		2,915,000
$15 million Public Improvement (taxable) Bonds of 2006, installments of $0.75 million through 2026, bearing interest at rates ranging from 5.5 percent to 6.0 percent. The bonds maturing before December 15, 2016, are not subject to redemption before maturity. The bonds maturing on or after June 15, 2017, are subject to optional redemption before maturity on or after June 15, 2016, at the direction of the City, in whole or in part installments of $5,000, at any time or from time to time at par plus accrued interest on the principal amount to be redeemed to the date fixed for redemption		8,250,000
$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		8,000,000
Total	$	540,495,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The outstanding bonds have been issued as follows:

General Obligation Refunding Bond of 2015A Direct Bank Loan

Issue	Rate	Maturity Date July 15,
$ 560,000	1.86%	2015
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
$ 33,995,000		

General Obligation Capital Improvement Bonds of 2014B

CUSIP	Issue	Rate	Maturity Date January 15,
015302U83	$ 1,800,000	2.00%	2016
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
012302V66	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
	$ 35,995,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

General Obligation Refunding Bonds of 2014A Direct Bank Loan

Issue	Rate	Maturity Date June 15,
$ 3,310,000	1.00%	2016
3,180,000	1.00%	2017
3,050,000	1.00%	2018
2,915,000	1.00%	2019
2,785,000	1.00%	2020
$ 15,240,000		

General Obligation Capital Improvement Bonds of 2013

CUSIP	Issue	Rate	Maturity Date June 15,
015302S60	$ 3,305,000	5.00%	2016
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
015302T67	3,305,000	4.50%	2032
015302T75	3,310,000	4.50%	2033
	$ 59,495,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2012 B

CUSIP	Issue	Rate	Maturity Date June 15,
015302N99	$ 3,340,000	5.00%	2016
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
	$ 71,140,000		

Refunding Bonds of 2012 C

CUSIP	Issue	Rate	Maturity Date June 15,
015302R61	$ 90,000	3.00%	2016
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
	$ 17,095,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Refunding Bonds of 2012

CUSIP	Issue	Rate	Maturity Date June 15,
15302M66	$ 5,740,000	4.00%	2016
15302M74	5,715,000	4.00%	2017
15302M82	5,690,000	4.25%	2018
15302M90	8,595,000	4.50%	2019
15302M24	8,615,000	4.50%	2020
15302M32	8,625,000	4.50%	2021
15302M40	8,635,000	4.00%	2022
15302M57	5,985,000	4.00%	2023
	$ 57,600,000		

Public Improvement Bonds of 2011

CUSIP	Issue	Rate	Maturity Date July 15,
015302K27	$ 3,765,000	5.00%	2015
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
	$ 63,950,000		

Public Improvement Bonds of 2010 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date July 1,
015302G97	$ 3,700,000	5.00%	2015
015302H21	3,700,000	4.00%	2016
Total	$ 7,400,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2010 (Taxable)

CUSIP	Issue	Rate	Maturity Date July 1,
15302H39	$ 3,700,000	3.60%	2017
15302H47	3,700,000	3.95%	2018
15302H54	3,700,000	4.15%	2019
15302H62	3,700,000	4.05%	2020
15302H70	3,700,000	4.25%	2021
15302H88	3,700,000	4.40%	2022
15302H96	3,700,000	4.50%	2023
15302J29	3,700,000	4.60%	2024
15302J37	3,700,000	4.80%	2025
15302J45	4,400,000	4.95%	2026
15302J52	4,400,000	5.00%	2027
15302J60	4,400,000	5.00%	2028
15302J60	4,400,000	5.00%	2029
15302J60	4,400,000	5.00%	2030
Total	$ 55,300,000		

Public Improvement Bonds of 2009 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date July 1,
15302E65	$ 4,100,000	3.00%	2015
15302E73	4,100,000	3.00%	2016
15302E81	4,100,000	4.00%	2017
15302E99	4,100,000	4.00%	2018
15302F23	4,100,000	4.00%	2019
Total	$ 20,500,000		

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

CUSIP	Issue	Rate	Maturity Date July 1,
15302F31	$ 4,100,000	4.85%	2020
15302F49	4,100,000	5.00%	2021
15302F56	4,100,000	5.10%	2022
15302F64	4,100,000	5.20%	2023
15302F72	4,100,000	5.30%	2024
15302F80	4,800,000	5.40%	2025
15302F98	4,800,000	5.50%	2026
15302G22	4,800,000	5.60%	2027
15302G30	4,800,000	5.65%	2028
15302G48	4,800,000	5.70%	2029
Total	$ 44,500,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2008 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date July 15,
15302A77	$ 3,100,000	5.00%	2015
15302A85	3,100,000	5.00%	2016
15302A93	3,100,000	5.00%	2017
15302B27	3,100,000	4.00%	2018
15302B35	3,100,000	4.00%	2019
15302B43	3,100,000	4.25%	2020
Total	$ 18,600,000		

Public Improvement Bonds of 2008 (Taxable)

CUSIP	Issue	Rate	Maturity Date July 15,
15302D33	$ 250,000	4.80%	2015
15302D41	250,000	5.00%	2016
15302D58	250,000	5.25%	2017
15302D66	250,000	5.25%	2018
15302D74	1,250,000	5.40%	2023
15302D82	1,250,000	5.60%	2028
Total	$ 3,500,000		

Refunding Bonds of 2007

CUSIP	Issue	Rate	Maturity Date June 15,
015302ZS4	$ 2,870,000	4.00%	2016
015302ZT2	2,845,000	4.00%	2017
015302ZU9	2,825,000	5.00%	2018
015302ZV7	2,825,000	5.00%	2019
015302ZW5	2,825,000	5.00%	2020
015302ZX3	2,830,000	5.00%	2021
Total	$ 17,020,000		

Public Improvement Bonds of 2006 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date June 15,
15302YJ5	2,915,000	5.00%	2016
Total	$ 2,915,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2006 (Taxable)

CUSIP	Issue	Rate	Maturity Date June 15,
15302ZE5	$ 750,000	5.55%	2016
15302ZF2	750,000	5.65%	2017
15302ZG0	750,000	5.70%	2018
15302ZH8	750,000	5.75%	2019
15302ZJ4	750,000	5.80%	2020
15302ZK1	750,000	5.85%	2021
15302ZL9	750,000	5.90%	2022
15302ZM7	750,000	5.95%	2023
15302ZN5	750,000	5.95%	2024
15302ZP0	750,000	5.95%	2025
15302ZQ8	750,000	5.95%	2026
Total	$ 8,250,000		

Public Improvement Bonds of 1999 (Tax-Exempt)

CUSIP	Issue	Rate	Maturity Date January 15,
15302TW2	2,000,000	5.00%	2016
15302TX0	2,000,000	5.00%	2017
15302TY8	2,000,000	5.00%	2018
15302TZ5	2,000,000	5.00%	2019
Total	$ 8,000,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2015, including interest payments of $169.1 million, are summarized as follows:

Fiscal Year	Serial Bonds Principal	Interest
2016	$ 41,595,000	$ 21,732,846
2017	41,900,000	20,084,407
2018	41,710,000	18,321,153
2019	41,505,000	16,663,371
2020	39,155,000	14,982,311
2021-2025	165,425,000	52,333,672
2026-2030	126,430,000	22,060,811
2031-2035	42,775,000	2,896,225
	$ 540,495,000	$ 169,074,796

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 $16.8 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, 2015, the City had a legal debt limit of $3.7 billion and a debt margin of $3.2 billion:

Assessed Value of Real Property, January 1, 2015		$37,146,860,126
Debt Limit: 10 Percent of Assessed Value		$ 3,714,686,012
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds	$540,495,000	
Less Total General Obligation Debt		(540,495,000)
LEGAL DEBT MARGIN REMAINING		$ 3,174,191,012

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, 2015, are summarized below:

	Authorized and Unissued July 1, 2014	Authorized	Issued	Expired	Authorized and Unissued June 30, 2015
General Obligation Bonds	$ 35,997,000	$ 29,000,000	$ 35,995,000	$ -	$ 29,002,000

On July 22, 2015 the City Council issued $23.2 million in General Obligation Bonds. The General Obligation Bonds were issued with an original issue premium of $2.3 million and a true interest cost of 2.75 percent. The 23.2 million bonds will be used to finance certain capital improvement projects including transportation improvements, sanitary sewers, public school facilities and other infrastructure cost.

On July 22, 2015 the City Council also issued $10.6 million in General Obligation Refunding Bonds at a true interest cost of 2.51 percent.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2015. Other short-term liabilities represent unclaimed money and deposits.

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities - Changes in the total long-term liabilities during the fiscal year ended June 30, 2015 are summarized below. In general the City uses the General Fund to liquidate long-term liabilities.

Primary Government – Governmental Activities

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
General Obligation Bonds	$539,780,000	$69,990,000	$69,275,000	$540,495,000	$41,595,000
Bond Premium	39,377,653	2,972,449	2,514,584	39,835,518	2,514,584
Workers' Compensation Claims	18,755,080	5,183,578	4,771,546	19,167,112	5,637,850
Accrued Compensated Absences	22,688,511	14,854,991	14,578,253	22,965,249	3,198,175
Net Pension Liability	190,890,414	14,612,523	34,787,363	170,715,574	
Net OPEB Obligation	16,971,127	4,254,063	-	21,225,190	-
Total	$ 828,462,785	$111,867,604	$125,926,746	$814,403,643	$52,945,609

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, 2015:	
Long-term liabilities (detail above)	$ 814,403,643
Accrued interest payable	5,317,724
Adjustment	$ 819,721,367

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	$ 276,739
Workers compensation	412,032
Change in net OPEB obligation	4,254,063
Amortization of bond premium, Discount and interest	1,088,081
Accrued interest on bonds	(833,288)
Adjustment	$ 5,197,627

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Pension expense, Note 17	$	26,519,590
Contributions, measurement date		
City Single Agency FY15		(21,283,770)
Virginia Retirement Service FY15		(14,070,398)
Adjustment to Exhibit IV	$	(8,834,578)

Deferred Inflows: Exhibit I		
Deferred Inflows Exhibit III		$267,135,323
Tax Receivable, Note I	(18,293,094)	
Deferred Interest, Note I	(6,785,010)	
Adjustment Exhibit III		(25,078,104)
Deferred Inflows, Taxes Exhibit I		$242,057,219
Deferred Inflows, Pensions Exhibit I		$28,038,525

Component Unit – School Board

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Accrued Compensated Absences	$ 7,578,758	$ 10,466,028	$ 10,181,009	$ 7,863,777	$ 1,255,804
Workers' Compensation Claims	1,037,123	673,371	802,370	908,124	635,687
Rent Abatement Accrual	402,793	2,074,472	-	2,477,265	-
Total	$ 9,018,674	$ 13,213,871	$ 10,983,379	$ 11,249,166	$ 1,891,491

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 30,2015, $53.9 million of bonds outstanding were considered defeased.

Current year Defeasance of Debt
On April 28, 2015, the City Council issued $33.995 million in General Obligation Bonds with an effective interest rate of 1.9 percent to advance refund a portion of the City's 2006A and 2008A Series, aggregating in principal amount of $33.630 million. The net proceeds of $33.858 million (after payment of $0.1 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 difference between the new debt and the net carrying value of the old debt of $3.365 million. This refunding will achieve a savings for the city of $4.1 million in future debt service payments over the next 14 years and obtain economic gain of $3.5 million.

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

Primary Government

There were no interfund receivables/payables at June 30, 2015. Interfund transfers and transactions for the year ended June 30, 2015 consisted of the following:

Transfer In/Out:	General	Special Revenue	Capital Projects	Total
Primary Government Transaction				
General Fund	$ -	$ 2,906,574	$ 300,000	$ 3,206,574
Special Revenue	48,478,811	-	-	48,478,811
Capital Projects	26,029,968	8,169,257	-	34,199,225
Internal Service			711,499	711,499
Total	$ 74,508,779	$ 11,075,831	$ 1,011,499	$ 86,596,109
Component Unit Transactions				
School Board	$ 191,811,472	$ -	$ 4,492,405	$ 196,303,877
Library	6,468,697	-	-	6,468,697
Alexandria Transit	-	10,734,693	-	10,734,693
Total	$ 198,280,169	$ 10,734,693	$ 4,492,405	$ 213,507,267

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, in FY2015 the City transferred $12.8 million in capital assets to Alexandria Transit.

Exhibit XII
(Continued)

NOTE 11. GRANTS

The City receives financial assistance from numerous federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and 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 2015. Sources of these revenues were as follows:

This is the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions Plans, an amendment of GASB Statement No. 27, which requires the City to record a liability for future pension benefits in excess of accumulated assets. At the end of the current fiscal year, the City's Net Pension Liability totaled $170.7 million.

GOVERNMENTAL FUNDS		
Federal Government	$	34,145,334
Commonwealth of Virginia		77,800,183
Total Primary Government	$	111,945,517
COMPONENT UNITS		
Federal Government		
School Board	$	13,002,051
Total Component Units Federal Government	$	13,002,051
Commenwealth of Virginia		
School Board	$	40,149,666
Library		210,848
Alexandria Transit Company		59,796
Total Component Units Commonwealth of Virginia	**$**	40,420,310
Total Component Units	**$**	53,422,361
TOTAL CITY AND COMPONENT UNITS		
Total Federal Government	$	47,147,385
Total Commonwealth of Virginia		118,220,493
Total Intergovernmental Revenue	**$**	165,367,878

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERNMENTS

Due from other governments represents accrued revenue at June 30, 2015, consisting of the following:

Primary Government		
State		
General Fund	$	31,194,826
Special Revenue Fund		3,974,302
Capital Projects Fund		8,500,000
Total State	$	43,669,128
Federal		
General Fund	$	1,373,803
Special Revenue Fund		6,530,584
Total Federal	$	7,904,387
Total Primary Government	$	51,573,515
Component Units		
State		
School Board	$	2,337,701
Library		196,483
Alexandria Transit		5,673
Total State	$	2,539,857
Federal		
School Board	$	3,006,191
Total Federal	$	3,006,191
Total Component Units	$	5,546,048
Total	**$**	**57,119,563**

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 2015, 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.

NOTE 14. JOINT VENTURES(Continued)

B. Northern Virginia Juvenile Detention Home

The City participates in a joint venture with Arlington County and the City of Falls Church to operate a regional juvenile detention home. In July 1993, the City agreed to fund 55.3 percent of the construction costs of a new facility. The final construction payments were made in FY 1995. In addition, the City pays part of the Northern Virginia Juvenile Detention Home's operating costs based on the number of beds utilized by Alexandria residents. These payments totaled $1.3 million in FY 2015.

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 2015, the City paid $0.4 million for operating costs and $0.1 million for debt service payments. The City does not maintain an equity interest in the jail and is not responsible for repayment of the debt.

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

D. Washington Metropolitan Area Transit Authority

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

NOTE 15. RELATED PARTY TRANSACTIONS

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 City was notified in early June 2013 that VHDA will award the tax credits required, so it is likely that the project will go forward as proposed with construction being completed and the building's lease up by December 2015.

Following ERLLC's establishment, a parcel of City-owned land located at 3600 Jefferson Davis Highway(the 3600 parcel) (which is necessary to complete AHC's assemblage for the development) will be transferred into the LLC. Pursuant to an Option held by AHC to acquire the City parcel, ERLLC will join the tax credit partnership to be 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 will have certain governance and oversight participation rights as detailed in a March 2013 agreement between the City and AHC. At a future date, AHC may acquire the City's partnership stake by paying the parcel's appraised 2012 fair market value. Because of ERLLC's limited role, at this time annual expenses are anticipated to be third party accounting and tax filing services and annual SCC registration fees (under $2,000).

Separate from the 3600 Parcel and the ERLLC, the City is providing a residual receipts loan of $2.5M to assist AHC, Inc. with the affordable housing project. The partnership, the disposition of the City parcel and the $2.5M loan were all approved by City Council at a public hearing on January 12, 2013.

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. For fiscal year 2015 only, the City decided to raise the limit from $260 to $279.49 for the Kaiser DHMO plan because the City did not want the retirees rates to increase to greater than 7.5%. As of June 30, 2015, 755 retirees were both eligible and received benefits from all three classes of this plan. Eligibility is contingent upon retiree providing proof of participation and payment to a health insurance plan. The City contributed on a "pay-as-you-go" basis at the rate of up to $260 per month for each retiree, for a total annual contribution of $2.6 million for FY 2015. 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, 2015, membership consisted of:	
Retirees and Beneficiaries Currently Receiving Benefits	809
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	2,218
TOTAL	3,027

Exhibit XII
(Continued)

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 Postemployment Benefits decreased from $7.7 million for fiscal year 2014 to $7.6 million for the current fiscal year. The ARC for Line of Duty Benefits decreased from $5.8 million for fiscal year 2014 to $5.6 million for the current year. As a percentage of payroll, the ARC increased from 4.72% to 4.76% for the current fiscal year for regular benefits and decreased from 11.09% to 10.57% for Line of Duty benefits. As of June 30, 2015, the Net OPEB Obligation (NOO) for Regular Benefits increased to $11.8 million compared to $10.6 million for fiscal year 2014 and for Line of Duty Benefits the NOO increased to $9.4 million compared to$6.3 million for fiscal year 2014. As of the December 31, 2014 actuarial reports, the Unfunded Actuarial Accrued Liability (UAAL) increased from $63.4 million to $63.5 million for Regular Benefits and decreased from $28.6 million to $28.5 million for Line of Duty Benefits. The net OPEB Obligation as of June 20, 2015 is as follows:

	Regular	LOD	Total
Annual Required Contribution	$7,617,075	$5,634,567	$13,251,642
Interest on NET OPEB Obligation	798,571	252,941	1,051,512
Adjustment to Annual Required Contribution	(916,539)	(409,260)	(1,325,799)
Annual OPEB Cost	7,499,107	5,478,248	12,977,355
Contribution Made			
Trust fund Contributions	(2,250,000)	(1,250,000)	(3,500,000)
Pay-Go Contributions	(4,103,814)	(1,119,478)	(5,223,292)
Total Contributions Made	(6,353,814)	(2,369,478)	(8,723,292)
Increase in NET OPEB Obligation	$1,145,293	$3,108,770	$4,254,063
Net OPEB Obligation, Beginning of Year	10,647,610	6,323,517	16,971,127
Net OPEB Obligation, End of Year	$11,792,903	$9,432,287	$21,225,190

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, 2014 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 12/30/2014	$ 29,961,114	93,440,538	63,479,424	32.06%	159,726,582	39.74%
Line of Duty Benefits (LOD) 12/30/2014	$ 99,417	28,564,357	28,464,940	0.35%	53,315,217	53.39%

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

Exhibit XII
(Continued)

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

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, 2014. 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, 2014 actuarial valuations, regular OPEB benefits valuation used a 7.50% investment rate whereas the LOD valuation used a 4.00% 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 20 years was used for non-Medicare and 7.5% graded down to 5.00% over 20 years for Medicare. Salary scale ranges were from 3.50% to 7.25% for Fire and Police and 3.75% to 5.60% 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, 2014 was 20 years.

Schedule of Employer Contributions

	Fiscal Year Ended	Annual Required Contributions	Employer Contributions	Percentage Contributed
Regular OPEB Benefits	06/30/2013	7,931,884	8,106,837	102.20%
	06/30/2014	7,696,929	6,158,346	80.00%
	06/30/2015	7,617,075	6,353,814	83.40%
Line of Duty Benefits	06/30/2013	2,570,837	895,853	34.80%
	06/30/2014	5,839,828	1,152,663	19.70%
	06/30/2015	5,634,567	2,369,478	42.10%

Three Year Trend Information

	Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
Regular OPEB Benefits	06/30/2013	$7,887,117	102.80%	$5,076,966
	06/30/2014	7,647,694	80.53%	10,647,610
	06/30/2015	7,499,107	84.73%	11,792,903
Line of Duty Benefits	06/30/2013	2,570,837	34.80%	1,674,984
	06/30/2014	5,801,196	19.87%	6,323,517
	06/30/2015	5,478,248	43.25%	9,432,287

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

Primary Government

During FY 2015, 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 market 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 Benefit 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
Domestic Equity	45%	43%	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	5%	5%	0%
Domestic Fixed Income	20%	20%	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	6.0%	0.0%	0.0%	0.0%	0.0%		
Domestic Equity	7.2%	46.9%	3.4%	46.6%	3.1%	0.0%	0.0%
International Equity Developed	6.8%	10.4%	0.7%	10.6%	0.7%	0.0%	0.0%
International Equity Emerging	8.7%	8.3%	0.7%	9.2%	0.9%	0.0%	0.0%
Private Equity	9.9%	3.1%	0.3%	3.8%	0.5%	0.0%	0.0%
Commodities	6.0%	0.0%	0.0%	0.0%	0.0%		
Timber	7.0%	3.8%	0.3%	4.0%	0.4%	0.0%	0.0%
Real Estate	5.8%	5.2%	0.3%	5.8%	0.3%	0.0%	0.0%
Farmland	6.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%
Fixed Income US Investment Grade	3.0%	20.0%	0.6%	14.6%	0.6%	0.0%	0.0%
Fixed Income International	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	
Cash	7.5%	2.3%	0.2%	4.4%	0.3%	100.0%	3.5%
Return			6.5%		6.7%		3.5%
Inflation			2.5%		2.5%		2.5%
Return w/Inflation			9.0%		9.2%		6.0%
Risk Adjustment			(1.5%)		(1.4%)		(0.5%)
Total Expected Arithmetic Nominal Return			7.5%		7.8%		5.5%

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
3.03%	4.73%	4.11%

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

Future years will be added as they become available.

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	$ 78,869,118	$ -	$ 13,067,369	$ 119,477,505	$ 7,278,579	$ 21,349,335	$ 240,041,905
Stocks	33,283,093	-	-	76,272,027	4,980,805	7,093,808	121,629,734
Guaranteed Investment Accounts	4,864,977	21,845,846	-	12,185,944	1,613,456	2,483,156	42,993,380
Real Estate	8,049,221	-	-	12,046,647	1,105,374	1,146,279	22,347,521
Timber	5,349,056	-	-	8,611,985	748,868	668,631	15,378,540
Private Equity	5,139,529	-	-	6,858,649	565,113	996,075	13,559,366
Other	2,181,784	-	-	-	-	1,090,892	3,272,676
Total Investments	$ 137,736,779	$ 21,845,846	$ 13,067,369	$ 235,452,757	$ 16,292,195	$ 34,828,176	$ 459,223,122
Total Assets	$ 137,736,779	$ 21,845,846	$ 13,067,369	$ 235,452,757	$ 16,292,195	$ 34,828,176	$ 459,223,122
NET POSITION							
Held in Trust for Pension Benefits	$ 137,736,779	$ 21,845,846	$ 13,067,369	$ 235,452,757	$ 16,292,195	$ 34,828,176	$ 459,223,122

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	$ 7,173,760	$ 1,728,313	$ -	$ 9,933,001	$ 2,448,696	$ 3,500,000	$ 24,783,770
Plan Members	756,101	-	-	2,381,830	246,551	-	3,384,482
Total Contributions	$ 7,929,861	$ 1,728,313	$ -	$ 12,314,831	$ 2,695,247	$ 3,500,000	$ 28,168,252
Investment Income:							
Net Appreciation (Depreciation) in Fair Value of Investments	$ 2,237,331	$ -	$ 817,573	$ 4,199,932	$ 359,736	$ 222,176	$ 7,836,749
Interest	4,247,546	920,708	-	3,620,169	200,573	1,006,262	9,995,258
Investment Expense	(561,945)	-	-	(1,093,984)	(107,313)	(137,086)	(1,900,328)
Net Investment Income	$ 5,922,932	$ 920,708	$ 817,573	$ 6,726,118	$ 452,996	$ 1,091,352	$ 15,931,679
Total Additions	$ 13,852,793	$ 2,649,021	$ 817,573	$ 19,040,949	$ 3,148,243	$ 4,591,352	$ 44,099,931
DEDUCTIONS							
Benefits	$ 13,658,264	$ 3,715,881	$ 1,806,153	$ 11,563,502	$ 2,571,831	$ -	$ 33,315,631
Refunds of Contributions	385,579	-	-	46,842	-	-	432,421
Administrative Expenses	896,419	18,583	5,667	278,201	15,876	-	1,214,746
Total Deductions	$ 14,940,262	$ 3,734,464	$ 1,811,820	$ 11,888,545	$ 2,587,707	$ -	$ 34,962,797
Net Increase (Decrease)	$ (1,087,469)	$ (1,085,443)	$ (994,246)	$ 7,152,404	$ 560,536	$ 4,591,352	$ 9,137,134
Assets Transfer in (Out)	-	-	-	-	-	-	-
Net Position at Beginning of Year	138,824,248	22,931,289	14,061,615	228,300,353	15,731,659	30,236,824	450,085,988
Net Position at End of Year	$ 137,736,779	$ 21,845,846	$ 13,067,369	$235,452,757	$16,292,195	$ 34,828,176	$ 459,223,122

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, 2013 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, 2013 actuarial valuation is 9.81% of payroll. Language in the 2013 Appropriation Act, Item 468 (H), allowed localities to make an election regarding their employer contribution rate every biennium. The City of Alexandria opted to approve the 9.81% certified by the VRS Board of Trustees rather than approve the alternate rate of 7.85%.

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. Plan 1and 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, 2015, the City of Alexandria had 214 employees enrolled in the Hybrid Plan. The FY 2015 City contribution was $0.1 million.

The 2013 VRS valuation reflects the following changes in the actuarial assumptions since the last actuarial valuation.

For Non-Law Enforcement Officer Members:

- Updated mortality table
- Decreased rates of service retirement
- Decreased rates of disability retirement
- Reduced rates of salary increase by .25& per year

For Law Enforcement Officer Members:

- Updated mortality table
- Decreased male rates of disability

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 30.42% as of July 1, 2013 to 27.76% as of July 1, 2014 for the Firefighter and Police Officers Basic Plan and increased from 12.87% as of July 1, 2013 to 13.82% as of July 1, 2014 for the Disability Plan. During the year ended June 30, 2014, the Basic Plan's assets returned 17.24% and the Disability Plan's assets had a return of 17.16% 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 12.48% and 12.52%, respectively. As of the July 1, 2014 Actuarial Valuation, the Basic Plan's unfunded actuarial liability was $63.6 million and the Disability Plan's unfunded actuarial liability was $22.2 million. There were no benefit provisions changes.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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. An actuarial experience study was not performed. The actuary has not yet evaluated the actuarial assumptions for the Supplemental Pension Plan with an actuarial experience study.

At June 30, 2015, the City recognized a total liability of $97.6 million for the City's four Single Employer Pension Plans. Measurements as of June 30, 2015 were based on the fair value of assets as of June 30, 2015 and the Total Pension Liability as of the valuation date, June 30, 2014, updated to June 20, 2015. The City recognized a liability of $73.1 million for the VRS net pension liability. The net pension liability was measured as of June 30, 2014, 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 projected to 2020 using Scale AA.

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 with the following year's remaining for each city plan as June 30, 2014.

Fire Fighters & Police Officers Basic Plan	15 years
Fire Fighters & Police Officers Disability Plan	15 years
Supplemental Plan	9 years
Pension Plan for Firefighters & Police Officers	11 years

For each plan, the discount rate is the assumed long term expected rate of the return on System Investments. The actuaries have not performed a formal cash flow projection, however GASB 67 allows for alternative methods to confirm the sufficient reliability without a separate projection of cash flows into and out of the pension plan. In the actuaries professional judgment, adherence to the actuarial funding policy described above will result in the pension plans projected fiduciary net position being greater than or equal to the benefit payments projected for each future period.

The 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	6/30/2014	7/1/2014	7/1/2014	6/30/2014	7/1/2014	7/1/2014
MEMBERSHIP AND PLAN PROVISIONS						
Active Participants	1971	1981	0	71	447	447
Retirees & Beneficiaries	962	437	121	0	265	99
Terminated Vested & Non-vested	641	816	0	27	25	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:	6/30/14	7/01/14	7/01/14	6/30/15	7/01/14	7/01/14
	(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%	7.5%	5.5%	N/A	7.5%	7.5%
Projected Salary Increases Attributable to:						
Inflation	2.5%*	3.75%	N/A	N/A	3.5%	3.5%
Seniority/Merit	3.50% -5.35%**	3.75%-5.60%	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 Perioc	20-29	9	11	N/A	15	15
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	$ 411,152,331	$ 129,150,257	$ 22,931,289	N/A	$ 213,455,129	$ 14,766,788
Actuarial Accrued Liability	513,942,960	146,024,819	32,105,180	N/A	277,104,907	36,937,918
Unfunded Actuarial Accrued Liability (UAAL)	$ 102,340,629	$ 16,874,562	$ 9,173,891	N/A	$ 63,649,778	$ 22,171,130
Funded Ratio	80.1%	88.4%	71.4%	N/A	77.0%	40.0%
Annual Covered Payroll	$ 125,890,250	$ 136,351,396	N/A	N/A	$ 33,404,918	$ 33,404,918
UAAL as Percentage of Covered Payroll	81.3%	12.4%	N/A	N/A	190.5%	66.4%

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:	6/15	6/15	6/15	6/15	6/15	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%	3.30%	$ 1.7 mil/Yr.	N/A	29.17%	7.18%
AMOUNT CONTRIBUTED						
Employee	$ 4,383,643 *	$ 756,101 *	$ -	$ -	$ 2,381,830	$ 246,551
Employer	14,070,398	7,173,760	1,728,313	-	9,933,001	2,448,696
Total Amount Contributed	$ 18,454,041	$ 7,929,861	$ 1,728,313	$ -	$ 12,314,831	$ 2,695,247

* The City assumed the responsibility of payment of employees' share of contributions. Starting in July 2010, under VRS Plan 1 (the employees hired prior to July 1, 2010) City pays 5% of the employees share while under VRS Plan 2 (employees hired after July 1, 2010) the employees are required to pay 4% and City only pays 1% of the employees share. As of July 1, 2009 the City's payment on behalf of the employees for City Supplemental pension plan is characterized as employer's share. VRS Plan 2 members are required to pay their share of contributions. Members joining on or after Jaunuary 1, 2014 are in the Hybrid Plan.
Administrative costs of all the pension plans are financed through investment earnings except Public Safety and Sheriff's retirement income plans, where the cost is assumed by the City.
The Contribution requirements for all pension plans (except VRS) are established and may be amended by City Ordinance. VRS requirements are established and may be amended by State Statutes.

COVERED PAYROLL						
Dollar Amount	$ 145.1	$ 136.4	$ N/A	$ N/A	$ 33.8	$ 33.8
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

** Covered payroll for FY 15 for Supplemental and Fire and Police. Covered Payroll for FY 14 for VRS.

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

Prudential General Account (Long Term)	*	4%	100%	-	5%	10%
Prudential and Comerica Mutual Funds	*	57%	-	100%	51%	45%
Stocks	*	24%	-	-	32%	31%
Real Estate	*	6%	-	-	5%	7%
Timber	*	4%	-	-	4%	5%
Private Equity	*	4%	-	-	3%	3%
Other		2%				

* Investment information not available on an individual jurisdiction basis.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMEEMS (Continued)

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

For the year ended June 30, 2015, the City recognized a total pension expense of $20,392,474 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 $6,127,116 for the VRS Pension Plan.

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 6/30/2014	$ 278,083,537	$ 228,300,354	$ 49,783,183
Changes for the year:			
Service Cost	5,526,902	-	5,526,902
Interest	20,769,869	-	20,769,869
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(978,630)	-	(978,630)
Contributions-employer	-	9,933,001	(9,933,001)
Contributions-employee	-	2,381,830	(2,381,830)
Net Investment Income	-	6,726,117	(6,726,117)
Benefit payments, including refunds	(11,610,344)	(11,610,344)	0
Administrative Expense	-	(278,201)	278,201
Net Changes	$ 13,707,797	$ 7,152,403	$ 6,555,394
Balances at 6/30/2015	$ 291,791,334	$ 235,452,757	$ 56,338,577

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 6/30/2014	$ 36,528,001	$ 15,731,659	$ 20,796,342
Changes for the year:			
Service Cost	2,620,753	-	$ 2,620,753
Interest	2,872,200	-	$ 2,872,200
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	409,917	-	$ 409,917
Contributions-employer	-	2,448,696	$ (2,448,696)
Contributions-employee	-	246,551	$ (246,551)
Net Investment Income	-	452,996	$ (452,996)
Benefit payments, including refunds	(2,571,831)	(2,571,831)	$ -
Administrative Expense	-	(15,876)	$ 15,876
Net Changes	$ 3,331,039	$ 560,536	$ 2,770,503
Balances at 6/30/2015	$ 39,859,040	$ 16,292,195	$ 23,566,845

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 6/30/2014	$ 143,067,052	$ 138,824,248	$ 4,242,804
Changes for the year:			
Service Cost	4,512,088	-	4,512,088
Interest	10,773,145	-	10,773,145
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	2,957,767	-	2,957,767
Contributions-employer	-	7,173,760	(7,173,760)
Contributions-employee	-	756,101	(756,101)
Net Investment Income	-	5,922,932	(5,922,932)
Benefit payments, including refunds	(14,043,843)	(14,043,843)	-
Administrative Expense		(896,419)	896,419
Net Changes	$ 4,199,157	$ (1,087,469)	$ 5,286,626
Balances at 6/30/2015	$ 147,266,209	$ 137,736,779	$ 9,529,430

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 6/30/2014	$ 32,200,647	$ 22,931,289	$ 9,269,358
Changes for the year:			
Service Cost	-	-	-
Interest	1,664,966	-	1,664,966
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(95,467)	-	(95,467)
Contributions-employer	-	1,728,313	(1,728,313)
Contributions-employee	-	-	-
Net Investment Income	-	920,708	(920,708)
Benefit payments, including refunds	(3,715,881)	(3,715,881)	-
Administrative Expense	-	(18,583)	18,583
Net Changes	$ (2,146,382)	$ (1,085,443)	$ (1,060,939)
Balances at 6/30/2015	$ 30,054,265	$ 21,845,846	$ 8,208,419

VRS	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2013	$ 494,712,450	$ 387,913,723	$ 106,798,727
Changes for the year:			
Service Cost	12,232,148	-	12,232,148
Interest	33,905,011	-	33,905,011
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience		-	0
Contributions-employer	-	12,630,540	(12,630,540)
Contributions-employee	-	6,443,111	(6,443,111)
Net Investment Income	-	61,114,498	(61,114,498)
Benefit payments, including refunds	(20,710,314)	(20,710,314)	-
Other		3,221	(3,221)
Administrative Expense		(327,787)	327,787
Net Changes	$ 25,426,845	$ 59,153,269	$ (33,726,424)
Balances at 6/30/2014	$ 520,139,295	$ 447,066,992	$ 73,072,303

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, 2015 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	$ 291,791,334	$ 39,859,040	$ 147,266,209	$ 30,054,265
Plan Fiduciary Net Position	235,452,757	16,292,195	137,736,779	21,845,846
Net Pension Liability	$ 56,338,577	$ 23,566,845	$ 9,529,430	$ 8,208,419
Plan Fiduciary Net Position as a percentage of Total Pension Liability	80.7%	40.9%	93.5%	72.7%

The following presents the Net Pension Liablities of the City of Alexandria Defined Benefit Plans, calculated using the current discount rates , as welll 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	$ 331,621,190	$ 291,791,334	$ 258,802,018
Plan Fiduciary Net Position	235,452,757	235,452,757	235,452,757
Net Pension Liability 6/30/2015	$ 96,168,433	$ 56,338,577	$ 23,349,261
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.0%	80.7%	91.0%

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	$ 43,149,404	$ 39,859,040	$ 36,990,291
Plan Fiduciary Net Position	16,292,195	16,292,195	16,292,195
Net Pension Liability 6/30/2015	$ 26,857,209	$ 23,566,845	$ 20,698,096
Plan Fiduciary Net Position as a percentage of Total Pension Liability	37.8%	40.9%	44.0%

Supplemental Retirement 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	$ 160,221,323	$ 147,266,209	$ 135,943,310
Plan Fiduciary Net Position	137,736,779	137,736,779	137,736,779
Net Pension Liability 6/30/2015	$ 22,484,544	$ 9,529,430	$ (1,793,469)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	86.0%	93.5%	101.3%

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	$ 31,939,247	$ 30,054,265	$ 28,366,568
Plan Fiduciary Net Position	21,845,846	21,845,846	21,845,846
Net Pension Liability 6/30/2015	$ 10,093,401	$ 8,208,419	$ 6,520,722
Plan Fiduciary Net Position as a percentage of Total Pension Liability	68.4%	72.7%	77.0%

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	$ 143,207,000	$ 73,072,033	$ 14,937,000

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMEEMS (Continued)

$14,070,398 reported as deferred outflows of resources related to pensions resulting from City contributions to VRS subsequent to the measurement date of June 30, 2014 will be be recognized in pension expense in the year ended June 30, 2016.

At June 30, 2015, 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		$ 815,525	$ 364,371	$ -	$ 2,366,214	$ -	$ -	$ -	$ -	$ -	$ 2,730,585	$ 815,525
Changes in Assumptions	-	-	-	-	-	-	-	-	-	-	-	-
Net difference between projected and actual Earnings on pension plan investments	8,329,685	-	584,670	-	3,384,599	-	228,866	-	-	27,223,000	12,527,820	27,223,000
Employer contributions subsequent to the measurement date	-	-	-	-	-	-	-	-	14,070,398	-	14,070,398	-
Total	$ 8,329,685	$ 815,525	$ 949,041	$ -	$ 5,750,813	$ -	$ 228,866	$ -	$ 14,070,398	$ 27,223,000	$ 29,328,803	$ 28,038,525

Total deferred outflows	$ 29,328,803
Total deferred inflows	$ 28,038,525

	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:						
2016	1,919,316	191,714	1,437,703	57,216	57,216	6,806,000
2017	1,919,316	191,714	1,437,703	57,216	57,216	6,806,000
2018	1,919,316	191,714	1,437,703	57,216	57,216	6,806,000
2019	1,919,316	191,714	1,437,704	57,218	57,218	6,806,000
2020	(163,105)	45,546	-	-	-	
Thereafter	-	136,641	-	-	-	
Total Future Deferrals	7,514,159	949,043	5,750,813	228,866	228,866	27,224,000

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NOTE 17. EMPLOYEE RETIREMEEMS (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 in 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. Employees are eligible for an unreduced retirement at age 65 with 5 years of service and at age 50 with 30 years of service under plan 1, and at normal Social Security retirement age with at least five years of service or when age and service are equal to 90 under plan 2. An optional reduced retirement benefit is available as early as age 55 with five years of service or age 50 with 10 years of service under plan 1 and age 60 with at least five years of service under plan 2. The retirees are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. AFS under plan 1 is 36 highest consecutive months while it is 60 highest consecutive months under plan 2 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.

Exhibit XII
(Continued)

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. The retirees are entitled to 2.5 % of the participant's average monthly compensation (AMC), multiplied by the years of credited service up to 20 years; plus 3.2 % of the participant's AMC, multiplied by years of credited service in excess of 20 years. The maximum benefit is 82% of the AMC. The plan also allows for early retirement at age 50 with 20 years of service with reduced benefits.

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

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

Exhibit XII
(Continued)

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 criteria. 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 year (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 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, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Count
Inactive members or their beneficiaries currently receiving benefits	193
Inactive members:	
Vested inactive members	27
Non-vested Inactive Members	90
Inactive members active elsewhere in VRS	29
Total Inactive Members	**339**
Active Members	**263**
Total Covered Employees	**602**

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 5.00% of their compensation towards their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 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 5.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 3013.

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 $0.8 million each for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability
ACPS' net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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, 2013, 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, 2014.

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.	

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial assumptions used in the June 30, 2013 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

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%.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

Changes in Net Pension Liability

	Increase(Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at June 30, 2013	$ 38,758,599	$ 38,845,710	$ (87,111)
Changes for the year			
Service Cost	796,338		796,338
Interest	2,642,578		2,642,578
Differences between expected and actual experience	-	-	-
Contributions - employer		410,609	(410,609)
Contributions - employee		379,449	(379,449)
Net investment income		6,037,662	(6,037,662)
Benefit payments, including refunds of employe contributions	(2,014,957)	(2,014,957)	-
Administrative expenses		(33,280)	33,280
Other changes	-	319	(319)
Net changes	1,423,959	4,779,802	(3,355,843)
Balances at June 30, 2014	$ 40,182,558	$ 43,625,512	$ (3,442,954)

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 7%, as well as, what ACPS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

	(-1%) Decrease	**Current Discount Rate**	**(+1%) Increase**
	6.00%	7.00%	8.00%
Net Pension Liability (Asset)	$ 1,220,443	$ (3,442,954)	$ (7,372,125)

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

For the year ended June 30, 2015, ACPS recognized pension expense of ($0.26 million). As of June 30, 2015, 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	$ -	$ 2,689,990
Employer contributions subsequent to the measurement date	428,373	-
Differences between expected and actual experience	-	-
Change in assumptions	-	-
Total	$ 428,373	$ 2,689,990

The $0.4 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows

Year Ending June 30	
2016	$ (672,497)
2017	(672,497)
2018	(672,497)
2019	(672,499)
Thereafter	-
	$ (2,689,990)

Payables to the Pension Plan

At June 30, 2015, 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 5.00% of their compensation toward their retirement Prior to July 1, 2012,

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

all or part of the 5.00% member contributions may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to beginning making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 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, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. 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 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 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from ACPS were $25.7 million and $21. 2 million for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, ACPS reported a liability of $214 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014, the school division's proportion was 1.77072% as compared to 1.82219% at June 30, 2013.

For the year ended June 30, 2015, ACPS recognized pension expense of $15,645,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, 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, 2015, 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	$ -	$ 31,758,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	5,808,000
Differences between expected and actual experience	-	-
Change in assumptions	-	-
Employer contributions subsequent to the measurement date	18,953,112	-
Total	$ 18,953,112	$ 37,566,000

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The deferred outflows of resources of $19.0 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2016	$ (9,221,000)
2017	(9,221,000)
2018	(9,221,000)
2019	(9,221,000)
Thereafter	(682,000)
	$ (37,566,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30,2013, 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, 2014.

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:	
Pre-Retirement:	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.
Post-Retirement:	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.
Post-Disablement:	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year 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, 2013 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012.

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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%.

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. 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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	(-1%) Decrease 6.00%	Current Discount Rate 7.00%	(+1%) Increase 8.00%
ACPS' proportionate share of VRS Teacher Plan Net Pension Liability	$ 314,218,000	$ 213,986,000	$ 131,463,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2014-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, 2015, ACPS reported payables to the VRS Teacher Retirement Plan of $5.6 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.

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.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 09/01/2013 to 08/31/2014 has been used for the plan year ending 08/31/2014. The net pension liability reported for period ending 08/31/2014 was measured as of 08/31/2014, using the total pension liability that was determined by an actuarial valuation as 08/31/2014.

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, 2014 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 0.40 percent of effective compensation multiplied by credited future service on and after September 1, 1984, and 1.625 percent of effective compensation not to exceed $100 plus 0.25 percent of the amount by which effective compensation exceeds $100 multiplied by credited past service before September 1, 1984, and 1.625 percent of past service compensation in excess of $100 plus 0.25 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.

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 1.50% of covered payroll. During FY 2015, only ACPS employees contributed to the Plan. These contributions totaled $2,209,947 for the fiscal year ended June 30, 2015. 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, 2014.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Asset Class	Target Allocation
Domestic Equity	31.81%
International Equity	8.65%
Real Estate	1.97%
Fixed Income	49.28%
TIPS	8.29%
Total	100.00%

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 $118.6 million, that represented 5 percent or more of the Plan's fiduciary net position.

Rate of Return

For the Plan year ended August 31, 2014, the annual money-weighted rate of return on plan investments for the measurement period is 12.79%. 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.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)	
Active plan members	2,041
Retirees and beneficiaries currently receiving benefits	1,170
Terminated employees entitled to but not receiving benefits	887
Total	4,098
Normal retirement age	65 years
Benefits age	50 yrs (+30 yrs of service)
Benefits vesting years	5 years
Disability and death benefits	Yes

SIGNIFICANT ACTUARIAL ASSUMPTIONS	
Long-term rate of return	6.50%
Discount rate	6.50%
Projected salary increase attributed to:	
Inflation	2.25%
Seniority /merit	4.88-8.10%
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 health mortality (male/female)
Mortality - Post-reretirement	RP2000 Combined health mortality (male/female)

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION		
Employer contribution percentage		0.00%
Employee contribution percentage		1.50%
Employee contribution, during the measurement period	$	2,171,044
Employer contribution		-
Total amount contributed	$	2,171,044
Covered payroll (Annual member compensation)	$	144,933,919
Legally-required reserves		None
Long-term contribution contracts		None

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The following is a summary of fiduciary net position of the plan as of June 30, 2015.

Summary of Fiduciary Net Position
Employees' Supplementary Retirement Plan
As of June 30, 2015

ASSETS		
Bonds	$	56,454,050
Mutual Funds		36,523,468
Other Investments		24,081,653
Accounts Receivable		183,447
Total assets		117,242,618
LIABILITIES		
Accounts Payable		-
Total liabilities		-
NET POSITION		
Held in trust for pension benefits	$	117,242,618

The following is the summary of changes in fiduciary net position of the plan for the year ended June 30, 2015.

Summary of Changes in Fiduciary Net Position
Employees' Supplementary Retirement Plan
For the Year Ended June 30, 2015

ADDITIONS		
Contributions	$	2,208,146
Investment Income		2,821,752
Total Additions		5,029,898
DEDUCTIONS		
Benefit payments		5,850,321
Administrative expenses		156,738
Total Deductions		6,007,059
Change in net position		(977,161)
NET POSITION, beginning of year		118,219,779
NET POSITION, end of year	$	117,242,618

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Long-Term Expected Rate of Return

For the plan year ending August 31, 2014, 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.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Expected Geometric Return
U.S Equity - Large Cap	27.30%	8.80%	7.45%
U.S Equity - Mid Cap	3.12%	9.10%	7.45%
U.S Equity - Small Cap	3.17%	9.55%	7.45%
Non-US Equity	9.97%	9.20%	7.45%
REITs	1.00%	8.35%	6.55%
Real Estate	5.33%	6.30%	5.95%
TIPS	1.50%	4.10%	3.90%
Core Bond	43.53%	4.25%	4.15%
High Yield	5.08%	6.30%	5.90%
Total	100.00%		

Exp LTROA (arithmetic mean)	6.56%
Portfolio Standard Deviation	8.51%
Expected Compound Return	6.22%
Portfolio Investment Mix:	Equity 44%/Fixed Income 50%/Other 6%

Actuarial Assumptions

The actuarial assumptions used in the August 31, 2014 valuation were based upon the results of an actuarial assumption review for the five-year period of September 1, 2007 to August 31, 2012.

Projected Cash Flows

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 2014 to 2111. Benefit payments 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, 2015 was measured as of August 31, 2014, using the total pension liability that was determined by an actuarial valuation as of August 31, 2014.

Changes in Net Pension Liability

	Increase(Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balances at August 31, 2013	$ 96,243,919	$ 108,598,730	$ (12,354,811)
Changes for the year			
Service Cost	2,462,314	-	2,462,314
Interest	6,230,254	-	6,230,254
Differences between expected and actual experience	(462,326)	-	(462,326)
Contributions - employer	-	-	-
Contributions - employee	-	2,171,044	(2,171,044)
Net investment income	-	13,644,193	(13,644,193)
Benefit payments, including refunds of employe contributions	(5,712,337)	(5,712,337)	-
Administrative expenses	-	(111,595)	111,595
Other changes	-	-	-
Net changes	2,517,905	9,991,305	(7,473,400)
Balances at August 31, 2014	$ 98,761,824	$ 118,590,035	$ (19,828,211)

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 (5.50%) or one percentage point higher (7.50%) than the current rate.

	(-1%) Decrease	**Current Discount Rate**	**(+1%) Increase**
	5.50%	6.50%	7.50%
Net Pension Liability (Asset)	$ (7,262,945)	$ (19,828,211)	$ (30,275,957)

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 ($2,110,204). For the year ended June 30, 2015, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

Exhibit XII
Continued)

NOTE 17. EMPLOYEE RETIREMEEMS (Continued)

	Deferred Inflows of Resources
Differences between expected and actual experience	$ -
Change in assumptions	-
Net difference between projected and actual earnings on pension plan investments	(5,363,196)
Employer contributions subsequent to the measurement date	-
Total	$ (5,363,196)

The $5.36 million reported as deferred inflows of resources related to pensions resulted from net differences between expected and net investment income. There were no deferred outflows of resources for this Plan.

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

Year Ending June 30,	
2016	$ (1,340,799)
2017	(1,340,799)
2018	(1,340,799)
2019	(1,340,799)
Thereafter	-
Total	$ (5,363,196)

Payables to the Pension Plan

At June 30, 2015, ACPS reported payables to the Employees' Supplemental Retirement Plan of $0.3 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for employee contributions outstanding at the end of the fiscal year.

NOTE 18. TERMINATION BENEFITS

The City did not provide any termination benefits in fiscal year 2015.

NOTE 19. NEW ACCOUNTING STANDARD ADOPTED

During the fiscal year ended June 30, 2015, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The City also adopted the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The two statements improve accounting and financial reporting by state and local government employers whose employees are provided benefits through pensions. The City is now required to record a liability for future pension benefits in excess of accumulated plan assets.

These pronouncements require the restatement of the June 30, 2014 net position of governmental activities as follows:

Net position, Governmental Activities, July 1, 2014, as previously stated	$	462,146,361
Eliminate Net Pension Obligation recorded under GASB 27		16,964,198
Cumulative effect of application of GASB 68, net pension liability		(190,890,414)
Cumulative effect of application of GASB 71		12,630,540
Net position, Governmental Activities, July 1, 2014, as restated	$	300,850,685

Net Position, Component Units, July 1, 2014, as previously stated	$	56,808,031
Eliminate Net Pension Asset recorded under GASB 27		(3,712,331)
Cumulative effect of application of GASB 68, net pension asset		12,441,922
Cumulative effect of application of GASB 68, net pension liability		(251,023,000)
Cumulative effect of application of GASB 71, deferred outflows of resources		15,509,533
Net position, Component Units, July 1, 2014, as restated	$	(169,975,845)

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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, 2015

EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Positive (Negative)
Revenues:				
General Property Taxes	$ 413,083,723	$ 413,083,723	$ 414,740,999	$ 1,657,276
Other Local Taxes	128,800,000	128,800,000	127,652,883	(1,147,117)
Permits, Fees, and Licenses	2,496,775	2,496,775	2,455,001	(41,774)
Fines and Forfeitures	5,815,000	5,815,000	4,916,607	(898,393)
Use of Money and Property	4,850,000	4,850,000	4,870,007	20,007
Charges for Services	18,074,326	18,074,326	18,557,721	483,395
Intergovernmental Revenues	56,358,535	56,811,495	55,401,515	(1,409,980)
Miscellaneous	1,220,442	1,267,442	1,781,031	513,589
Total Revenues	$ 630,698,801	$ 631,198,761	$ 630,375,764	$ (822,997)
Expenditures:				
City Council	$ 513,278	$ 513,278	$ 508,673	$ 4,605
City Manager	2,288,367	2,588,367	2,176,874	411,493
Office of Management and Budget	1,259,906	1,283,418	1,151,572	131,846
18th Circuit Court	1,566,692	1,590,096	1,510,844	79,252
18th General District Court	106,710	106,710	106,601	109
Juvenile And Domestic Relations Court	58,942	58,942	45,112	13,830
Commonwealth's Attorney	2,742,602	2,742,602	2,651,964	90,638
Sheriff	30,034,009	30,067,315	29,128,748	938,567
Clerk of Courts	1,602,691	1,602,691	1,557,464	45,227
Other Correctional Activities	4,332,461	4,332,461	4,257,153	75,308
Court Services	1,426,224	1,426,224	1,346,434	79,790
Human Rights	697,419	697,419	697,054	365
Internal Audit	860,566	958,874	798,887	159,987
Information Technology Services	10,411,287	10,902,249	8,991,964	1,910,285
Office of Communications	1,313,916	1,336,184	1,082,379	253,805
City Clerk and Clerk of Council	422,246	422,246	420,514	1,732
Finance	13,435,340	13,967,541	11,420,143	2,547,398
Real Estate Assessments	0		0	0
Human Resources	3,873,374	3,892,714	2,984,875	907,839
Planning and Zoning	5,317,991	5,316,598	5,112,312	204,286
Economic Development Activities	5,156,855	5,176,855	5,171,371	5,484
City Attorney	2,750,066	2,767,025	2,744,981	22,044
Registrar of Voters	1,271,261	1,271,261	1,116,014	155,247
General Services	13,683,472	13,959,159	13,696,348	262,811
Office of Proj. Implementation	2,050,672	2,050,672	1,492,015	558,657
Transportation and Environmental Services	28,054,036	28,636,980	26,749,477	1,887,503
Transit Subsidies	7,839,378	7,893,940	7,040,044	853,896
Fire	43,830,786	44,252,244	43,971,497	280,747
Police	55,286,068	55,748,312	53,891,723	1,856,589
Emergency Communication	7,161,972	7,225,189	6,456,671	768,518
Building and Fire Code Administration	120,000	120,000	98,153	21,847
Housing	1,808,108	1,808,108	1,693,279	114,829
Community and Human Services	13,736,910	13,774,675	13,372,961	401,714
Other Health Services	1,765,350	1,765,350	1,764,150	1,200
Health	6,149,432	6,677,938	6,159,362	518,576
Office of Historic Alexandria	2,825,716	2,828,056	2,824,603	3,453
Recreation and Cultural Activities	20,765,170	21,092,717	20,552,837	539,880
Other Educational Activities	11,877	11,877	11,877	-
Non Departmental (including debt service)	71,013,137	72,357,840	69,416,300	2,941,540
Total Expenditures	$ 367,544,287	$ 373,224,127	$ 354,173,230	$ 19,050,897
Other Financing Sources (Uses):				
Proceeds of Refunding Bonds	$ -	$ 33,995,000	$ 33,995,000	$ -
Payment to Refunded Bonds Escrow Agent	-	(33,858,404)	(33,858,404)	-
Transfers In	3,206,574	3,206,574	3,206,574	-
Transfers Out	(70,806,983)	(76,048,426)	(74,508,779)	1,539,647
Transfers Out - Component Units	(198,418,632)	(198,418,632)	(198,280,169)	138,463
Sale of Land		5,280,000	5,328,843	48,843
Total Other Financing Sources (Uses)	$ (266,019,041)	$ (265,843,888)	$ (264,116,935)	$ 1,726,953
Net Change in Fund Balance.	$ (2,864,527)	$ (7,869,254)	$ 12,085,599	$ 19,954,853
Fund Balances at Beginning of Year	65,252,268	65,252,268	65,252,268	$ -
Increase/(Decrease) in Reserve for Inventory	-	-	443,947	443,947
FUND BALANCES AT END OF YEAR	**$ 62,387,741**	**$ 57,383,014**	**$ 77,781,814**	**$ 20,398,800**

(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, 2015

Exhibit XIV

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
General Property Taxes	$ 4,378,360	$ 4,378,360	$ 7,450,221	$ 3,071,861
Other Local Taxes	6,499,034	6,499,034	6,416,616	(82,418)
Permits, Fees and Licenses	7,437,082	7,437,082	8,401,903	964,821
Use of Money and Property	966	966	9,422	8,456
Charges for Services	15,242,940	15,481,590	13,539,738	(1,941,852)
Intergovernmental Revenues	69,408,182	73,515,193	45,092,672	(28,422,521)
Miscellaneous	1,033,204	2,311,562	4,228,893	1,917,331
Total Revenues	$ 103,999,768	$ 109,623,787	$ 85,139,465	$ (24,484,322)
Other Financing Sources:				
Transfers In	$ 49,597,156	$ 49,616,213	$ 48,478,811	$ (1,137,402)
Total Other Financing Sources	$ 49,597,156	$ 49,616,213	$ 48,478,811	$ (1,137,402)
Total Revenues and Other Financing Sources	$ 153,596,924	$ 159,240,000	$ 133,618,276	$ (25,621,724)
Expenditures:				
Commonwealth's Attorney	$ 307,753	$ 313,356	$ 312,819	$ 537
Sheriff	821,928	832,486	701,617	130,869
Clerk of Courts	-	60,000	44,151	15,849
Law Library	116,808	116,808	73,662	43,146
Other Correctional and Judicial Activities	184,177	184,177	67,653	116,524
Court Services	212,635	221,285	160,879	60,406
Human Rights	37,664	82,664	81,441	1,223
Information Technology Services	390,823	390,823	318,054	72,769
Finance	715,840	815,840	547,065	268,775
Planning and Zoning	227,140	500,860	239,257	261,603
General Services	50,000	96,270	38,685	57,585
Office of Project Implementation	1,083,972	1,083,972	817,999	265,973
Transit Subsidies	27,500,000	27,500,000	5,768,823	21,731,177
Transportation and Environmental Services	30,763,611	31,490,394	18,029,265	13,461,129
Fire	1,087,084	1,427,595	1,426,352	1,243
Building and Fire Code Administration	8,188,148	8,546,692	5,700,101	2,846,591
Police	164,954	1,311,118	1,307,621	3,497
Office of Housing	1,826,498	5,484,634	3,430,223	2,054,411
Community and Human Services	74,931,466	74,992,494	73,612,962	1,379,532
Alexandria Health	67,997	67,997	13,359	54,638
Historic Alexandria	735,498	767,898	438,313	329,585
Recreation and Cultural Activities	1,173,507	1,518,666	842,121	676,545
Non-Departmental	984,245	933,992	1,246	932,746
Total Expenditures	$ 151,571,748	$ 158,740,021	$ 113,973,668	$ 44,766,353
Other Financing Uses:				
Transfers Out	$ 11,510,505	$ 7,430,505	$ 11,075,831	$ (3,645,326)
Total Other Financing Uses	$ 11,510,505	$ 7,430,505	$ 11,075,831	$ (3,645,326)
Total Expenditures and Other Financing Uses	$ 163,082,253	$ 166,170,526	$ 125,049,499	$ 41,121,027
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	$ -	$ -	$ 8,568,777	$ 8,568,777
Fund Balance at Beginning of Year	$ -	$ -	$ 60,410,207	$ 60,410,207
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 68,978,984	$ 68,978,984

(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, 2014, the City Council approved the original adopted budget and on June 15, 2015 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	$ 11,877	$ 191,811,472	$ 191,823,349	Education
Transit Subsidies	-	-	-	Transit
Library Transfer	-	6,468,697	6,468,697	Library
Other Expenditures (not listed separately)	388,019,756	-	388,019,756	Other Expenditures (not listed separately)
Total Expenditures	$ 388,031,633	$ 198,280,169	$ 586,311,802	Total Expenditures
Transfers Out – Component Units	$ 198,280,169	$ (198,280,169)	$ -	None
Operating Transfers Out	74,508,779	-	74,508,779	Operating Transfers Out
Other Financing	8,672,013	-	8,672,013	Other Expenditures (not listed separately)
Total Financing (Sources) Uses	$ 281,460,961	$ (198,280,169)	$ 83,180,792	Total Financing Uses

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

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems - Primary Government
Required Supplementary Information
For Fiscal Year Ended June 30, 2015

Exhibit XVI

SCHEDULES OF EMPLOYER CONTRIBUTIONS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Supplemental Plan (a)										
Actuarial Determined Contribution	$ 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	$ 4,271,649
Actual Contribution Amounts	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	4,311,779
Contribution Deficiency (Excess)	$ 374,493	$ (1,242,771)	$ (1,932,388)	$ (460,086)	$ 1,338,069	$ 2,868,081	$ 1,271,858	$ 10,098	$ 66,850	$ (40,130)
Percentage of Actual Contribution Contributed	95.04%	114.69%	125.97%	104.90%	86.46%	72.11%	80.07%	99.81%	98.61%	100.94%
Covered-Employee Payroll	$ 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	N/A
Contribution as a Percentage of Covered-Employee Payroll	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	$ 1,158,624	$ 1,211,013	$ 1,332,955	$ 1,472,059	$ 1,443,056	$ 1,623,492	$ 1,679,131	$ 1,209,549	$ 1,187,836	$ 932,554
Actual Contribution Amounts	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	1,058,000
Contribution Deficiency (Excess)	$ (569,689)	$ (488,987)	$ (367,045)	$ (227,941)	$ (256,944)	$ (55,639)	$ (28,705)	$ 359,549	$ (312,164)	$ (125,446)
Percentage of Actual Contribution Contributed	149.17%	140.38%	127.54%	115.48%	117.81%	103.43%	101.71%	70.27%	126.28%	113.45%
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 Firefighters and Police Pension										
Actuarial Determined Contribution	$ 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	$ 5,938,572
Actual Contribution Amounts	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	5,812,579
Contribution Deficiency (Excess)	$ (659,675)	$ 72,815	$ 1,656,213	$ 1,440,252	$ 617,057	$ 854,481	$ 96,984	$ (105,909)	$ 611,221	$ 125,993
Percentage of Actual Contribution Contributed	107.11%	99.30%	83.91%	85.26%	92.54%	89.21%	98.65%	101.49%	91.25%	97.88%
Covered-Employee Payroll	$ 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	$ 29,132,558
Contribution as a Percentage of Covered-Employee Payroll	29.38%	30.21%	26.16%	25.99%	23.44%	21.23%	21.17%	22.18%	19.94%	19.95%
Firefighters and Police Disability										
Actuarial Determined Contribution	$ 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	$ 414,340
Actual Contribution Amounts	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	686,861
Contribution Deficiency (Excess)	$ 2,169,323	$ 2,391,738	$ 678,748	$ 471,913	$ 401,825	$ (114,632)	$ (200,094)	$ 839,242	$ 702,753	$ (272,521)
Percentage of Actual Contribution Contributed	53.02%	46.03%	71.37%	75.53%	75.07%	107.80%	116.07%	47.88%	51.71%	165.77%
Covered-Employee Payroll	$ 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	$ 29,132,558
Contribution as a Percentage of Covered-Employee Payroll	7.24%	5.93%	5.13%	4.54%	3.71%	4.76%	4.32%	2.37%	2.35%	2.36%
VRS										
Actuarial Determined Contribution	$ 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	$ 1,470,239
Actual Contribution Amounts	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	1,470,239
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	$ 125,890,250	$ 123,842,881	$ 117,489,335	$ 115,330,876	$ 112,083,557	$ 115,516,783	$ 114,427,304	$ 108,719,495	$ 100,219,243	$ 93,142,752
Contribution as a Percentage of Covered-Employee Payroll	11.18%	10.20%	10.68%	7.17%	7.83%	6.91%	7.12%	6.89%	7.06%	1.58%

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

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

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems - Primary Government
Required Supplementary Information
For Fiscal Year Ended June 30, 2015

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Firefighters' & Police Officers' Pension Plan

	2015	2014
Total Pension Liability		
Service Cost	$ 5,526,902	$ 5,749,258
Interest	20,769,869	19,761,542
Changes in benefit terms	-	-
Difference between expected and actual experience	(978,630)	-
Changes in assumptions	-	-
Benefit payments, including refunds	(11,610,344)	(10,147,030)
Net Change in Total Pension Liability	$ 13,707,797	$ 15,363,770
Total Pension Liability - Beginning of Year	278,083,537	262,719,767
Total Pension Liability - End of Year	$ 291,791,334	$ 278,083,537
Plan Fiduciary Net Position		
Contributions - employer	$ 9,933,001	$ 10,398,552
Contributions - employee	2,381,830	2,392,226
Net investment income	6,726,117	33,401,003
Benefit payments, including refunds	(11,610,344)	(10,147,030)
Administration Expenses	(278,201)	(379,242)
Net Change in Plan Fiduciary Net Position	$ 7,152,403	$ 35,665,509
Plan Fiduciary Net Position - Beginning of Year	228,300,354	192,634,845
Plan Fiduciary Net Position - End of Year	$ 235,452,757	$ 228,300,354
Net Pension Liability - End of Year	$ 56,338,577	$ 49,783,183
Liability	80.7%	82.1%
Covered Employee Payroll	$ 33,810,854	$ 34,424,794
Net Pension Liability as a percentage of Covered Payroll	166.6%	144.6%

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

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems - Primary Government
Required Supplementary Information
For Fiscal Year Ended June 30, 2015

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Firefighters' & Police Officers' Disablity Pension Plan

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

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

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Supplemental Retirement Plan

	2015	2014
Total Pension Liability		
Service Cost	$ 4,512,088	$ 4,812,530
Interest	10,773,145	10,210,998
Changes in benefit terms	-	-
Difference between expected and actual experience	2,957,767	-
Changes in assumptions	-	-
Benefit payments, including refunds	(14,043,843)	(11,276,834)
Net Change in Total Pension Liability	$ 4,199,157	$ 3,746,694
Total Pension Liability - Beginning of Year	143,067,052	139,320,358
Total Pension Liability - End of Year	$ 147,266,209	$ 143,067,052
Plan Fiduciary Net Position		
Contributions - employer	$ 7,173,760	$ 9,705,496
Contributions - employee	756,101	605,369
Net investment income	5,922,932	20,744,991
Benefit payments, including refunds	(14,043,843)	(11,276,834)
Administration Expenses	(896,419)	(997,375)
Net Change in Plan Fiduciary Net Position	$ (1,087,469)	$ 18,781,647
Plan Fiduciary Net Position - Beginning of Year	138,824,248	120,042,601
Plan Fiduciary Net Position - End of Year	$ 137,736,779	$ 138,824,248
Net Pension Liability - End of Year	$ 9,529,430	$ 4,242,804
Plan Fiduciary Net Position as a percentage of Total Pension Liability	93.5%	97.0%
Covered Employee Payroll	$ 136,374,392	$ 127,784,140
Payroll	7.0%	3.3%

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

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years

Firefighters & Police Officers

	2015	2014
Total Pension Liability		
Service Cost	$ -	$ -
Interest	1,664,966	1,778,386
Changes in benefit terms	-	-
Difference between expected and actual experience	(95,467)	-
Changes in assumptions	-	-
Benefit payments, including refunds	(3,715,881)	(3,773,545)
Net Change in Total Pension Liability	$ (2,146,382)	$ (1,995,159)
Total Pension Liability - Beginning of Year	32,200,647	34,195,806
Total Pension Liability - End of Year	$ 30,054,265	$ 32,200,647
Plan Fiduciary Net Position		
Contributions - employer	$ 1,728,313	$ 1,700,000
Contributions - employee	-	-
Net investment income	920,708	1,041,529
Benefit payments, including refunds	(3,715,881)	(3,773,545)
Administration Expenses	(18,583)	(10,830)
Net Change in Plan Fiduciary Net Positio	$ (1,085,443)	$ (1,042,846)
Plan Fiduciary Net Position - Beginning of Year	22,931,289	23,974,135
Plan Fiduciary Net Position - End of Year	$ 21,845,846	$ 22,931,289
Net Pension Liability - End of Year	$ 8,208,419	$ 9,269,358
Plan Fiduciary Net Position as a percentage of Total Pension Liability	72.7%	71.2%
Covered Employee Payroll	$ -	$ -
Net Pension Liability as a percentage of Covered Payroll	N/A	N/A

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

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years

VRS

		2015
Total Pension Liability		
Service Cost	$	12,232,148
Interest		33,905,011
Changes in benefit terms		-
Difference between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds		(20,710,314)
Net Change in Total Pension Liability	$	25,426,845
Total Pension Liability - Beginning of Year		494,712,450
Total Pension Liability - End of Year	$	520,139,295
Plan Fiduciary Net Position		
Contributions - employer	$	12,630,540
Contributions - employee		6,443,111
Net investment income		61,114,498
Benefit payments, including refunds		(20,710,314)
Other		3,221
Administration Expenses		(327,787)
Net Change in Plan Fiduciary Net Position	$	59,153,269
Plan Fiduciary Net Position - Beginning of Year		387,913,723
Plan Fiduciary Net Position - End of Year	$	447,066,992
Net Pension Liability - End of Year	$	73,072,303
Plan Fiduciary Net Position as a percentage of Total Pension Liability		86.0%
Covered Employee Payroll	$	145,139,393
Net Pension Liability as a percentage of Covered Payroll		50.3%

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

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%

**Money-weighted Rate of Return for Firefighters' & Police Officers' Pension Plan also applies to Firefighters' and Police Officers' Disability Pension Plan
Future years will be added as they become available

Exhibit XVI
(Continued)

Notes to the Required Supplemental Information for the City of Alexandria Pension Plans for the year ended June 30, 2015

Firefighters and Police Officers Pension Plan, Basic Plan

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

Firefighters and Police Officers Pension Plan, Disability Plan

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

Supplemental Pension Plan

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

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

Changes of benefit terms – There have been no significant changes to the VRS benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefits plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date as of June 30, 2014 are minimal.

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-Law Enforcement Officer Changes:

- 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 – Law Enforcement Officer Changes:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-Law Enforcement Officers:

- 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) – Law Enforcement Officers:

- 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, 2015

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%
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%

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%
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%

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OTHER SUPPLEMENTARY INFORMATION

Agency Funds

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Assets and Liabilities – Agency Funds
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
HUMAN SERVICES SPECIAL WELFARE ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent	$ 4,996	$ 11,624	$ 16,056	$ 564
Liabilities:				
Other Liabilities	$ 4,996	$ 11,624	$ 16,056	$ 564
Total Liabilities	$ 4,996	$ 11,624	$ 16,056	$ 564
HUMAN SERVICES DEDICATED ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent	$ 76,922	$ 10,081	$ 63,873	$ 23,130
Liabilities:				
Other Liabilities	$ 76,922	$ 10,081	$ 63,873	$ 23,130
Total Liabilities	$ 76,922	$ 10,081	$ 63,873	$ 23,130
INDUSTRIAL DEVELOPMENT AUTHORITY				
Assets:				
Equity in Pooled Cash and Investments	$ 23,474	$ 306,885	$ 35,000	$ 295,359
Liabilities:				
Other Liabilities	23,474	306,885	35,000	295,359
Total Liabilities	$ 23,474	$ 306,885	$ 35,000	$ 295,359
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and Investments with Fiscal Agent	$ 81,918	$ 21,705	$ 79,929	$ 23,694
Equity in Pooled Cash and Investments	23,474	306,885	35,000	295,559
Total Assets	$ 105,392	$ 328,590	$ 114,929	$ 319,253
Liabilities:				
Other Liabilities	105,392	328,590	114,929	319,053
Total Liabilities	$ 105,392	$ 328,590	$ 114,929	$ 319,053

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Component Unit
Alexandria Transit Company
As of June 30, 2015

Cash Flows from Operating Activities:		
Cash Received From Customers	$	4,502,082
Cash Payments to Suppliers for Goods and Services		(3,945,869)
Cash Payments to Employees for Services		(11,543,586)
Net Cash Used for Operating Activities	$	(10,987,373)
Cash Flows from Noncapital Financing Activities:		
Payment from Primary Government	$	10,734,693
Cash Received from Other Nonoperating Revenue		63,392
Net Cash Provided by Noncapital and Related Financing Activities	$	10,798,085
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	$	(414,050)
Net Cash Used for Capital and Related Financing Activities	$	(414,050)
Net Increase in Cash and Cash Equivalents	$	(603,338)
Cash and Cash Equivalents at Beginning of Year		1,881,109
Cash and Cash Equivalents at End of Year	$	1,277,771

Reconciliation of Operating Loss to Cash Used for Operating Activities:		
Operating Loss	$	(13,853,007)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation Expense	$	2,665,907
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable		61,904
Increase in Inventory of Supplies		3,785
(Increase) in Accounts Payable		(15,688)
Increase in Accrued Liabilities		82,615
Increase in Other Liabilities		67,111
Total Adjustments	$	2,865,634
Net Cash Used for Operating Activities	$	(10,987,373)

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, 2015

	Housing	Sanitary Sewer	Stormwater	Potomac Yard	NVTA	Other Special Revenue	Total Combined Special Revenue
ASSETS							
Cash and Cash Equivalents	$ 1,420,050	$ 16,824,465	$ 968,055	$ 8,876,702	$ 8,222,032	$ 29,086,825	$ 65,398,129
Receivables, Net	-	559,986	-	-	1,194,560	2,595,004	4,349,550
Due From Other Governments	-	-	-	-	-	10,504,886	10,504,886
Prepaid and Other Assets	-	-	-	-	69,317	-	69,317
Total Assets	$ 1,420,050	$ 17,384,451	$ 968,055	$ 8,876,702	$ 9,485,909	$ 42,186,715	$ 80,321,882
LIABILITIES							
Accounts Payable	$ 422	$ 19,145	$ 14,195	$ -	$ -	$ 3,606,118	$ 3,639,880
Accrued Wages	29,835	72,492	31,728	-	-	1,552,102	1,686,157
Total Liabilities	$ 30,257	$ 91,637	$ 45,923	$ -	$ -	$ 5,158,220	$ 5,326,037
Deferred Inflows	$ -	$ -	$ -	$ -	$ -	$ 6,016,861	$ 6,016,861
FUND BALANCES							
Non-Spendable	$ -	$ -	$ -	$ -	$ -	$ 2,498,322	$ 2,498,322
Restricted	1,389,793					12,638,043	14,027,836
Committed	-	17,292,814	922,132	8,876,702	9,485,909	15,875,269	52,452,826
Assigned	-	-	-	-	-	-	-
Total Fund Balances	$ 1,389,793	$ 17,292,814	$ 922,132	$ 8,876,702	$ 9,485,909	$ 31,011,634	$ 68,978,984
Total Liabilities and Fund Balances	$ 1,420,050	$ 17,384,451	$ 968,055	$ 8,876,702	$ 9,485,909	$ 42,186,715	$ 80,321,882

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Housing	Sewer	Stormwater	Potomac Yard	NVTA	Other Special Revenue	Total Combined Special Revenue
REVENUES							
General Property Taxes	$ -	$ -	$ 1,813,280	$ 5,636,941	$ -	$ -	$ 7,450,221
Other Local Taxes	-	-	-	-	6,416,616	-	6,416,616
Permits, Fees, and Licenses	-	-	-	-	-	8,401,903	8,401,903
Use of Money and Property	-	-	-	-	4,779	4,643	9,422
Charges for Services	-	6,976,120	-	-	-	6,563,618	13,539,738
Intergovernmental Revenue	-	-	-	-	-	45,092,672	45,092,672
Miscellaneous	-	-	-	-	-	4,228,893	4,228,893
Total Revenues	$ -	$ 6,976,120	$ 1,813,280	$ 5,636,941	$ 6,421,395	$ 64,291,729	$ 85,139,465
EXPENDITURES							
Current Operating:							
General Government	$ -	$ -	$ -	$ -	$ -	$ 1,309,264	$ 1,309,264
Judicial Administration	-	-	-	-	-	819,823	819,823
Public Safety	-	-	-	-	-	8,975,627	8,975,627
Public Works	-	3,271,818	780,761	-	1,747,417	639,793	6,439,789
Health and Welfare	-	-	-	-	-	73,137,629	73,137,629
Transit	-	-	-	-	10,734,693	-	10,734,693
Culture and Recreation	-	-	-	-	-	1,281,087	1,281,087
Community Development	31,649	-	411,492	10,400	-	10,822,215	11,275,756
Total Expenditures	$ 31,649	$ 3,271,818	$ 1,192,253	$ 10,400	$ 12,482,110	$ 96,985,438	$ 113,973,668
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (31,649)	$ 3,704,302	$ 621,027	$ 5,626,541	$ (6,060,715)	$ (32,693,709)	$ (28,834,203)
OTHER FINANCING SOURCES (USES)							
Transfers In	$ 459,445	$ -	$ -	$ -	$ 10,930,569	$ 37,088,797	$ 48,478,811
Transfers Out		(4,698,574)	(113,000)	(1,500,000)	(2,560,000)	(2,204,257)	(11,075,831)
Total Other Financing Sources and Uses	$ 459,445	$ (4,698,574)	$ (113,000)	$ (1,500,000)	$ 8,370,569	$ 34,884,540	$ 37,402,980
Net Change in Fund Balance	427,796	(994,272)	508,027	4,126,541	2,309,854	2,190,831	8,568,777
Fund Balance at Beginning of Year	961,997	18,287,086	414,105	4,750,161	7,176,055	28,820,803	60,410,207
Fund Balance at End of Year	$ 1,389,793	$ 17,292,814	$ 922,132	$ 8,876,702	$ 9,485,909	$ 31,011,634	$ 68,978,984

STATISTICAL SECTION

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

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

Table I - Schedule of Changes in Net 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 - 2015 Tax Rates for Major Revenue Sources

Table XV and XVI - Principal Taxpayers

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

Table X - Legal Debt Margin Information

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

Table XXII - Overlapping Debt and Debt History

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

Table XXIII - Summary of Total General Obligation Bonds Debt Service

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

Table XIV - Population and Per Capita Income

Table XVII - Alexandria City School Board Demographic Statistics

Table XVIII - Government Employees by Function

Table XIX - Principal Employers

Table XXI - Miscellaneous Statistical Data

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

Table XX – Operating and Capital Indicators

CITY OF ALEXANDRIA, VIRGINIA

Schedule of Changes in Net Position
Last Ten Fiscal Years
(In millions)

TABLE I

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	$ 47.5	$ 63.6	$ 64.6	$ 79.5	$ 61.1	$ 59.2	$ 84.7	$ 75.3	$ 71.3	$ 73.8
Judicial Administration	15.6	17.7	19.3	19.3	19.3	19.8	20.5	20.8	20.6	20.1
Public Safety	106.9	112.3	114.5	120.5	118.3	122.2	126.9	131.6	141.1	138.6
Public Works	41.1	44.3	48.8	48.5	57.0	51.0	56.4	52.9	68.0	63.9
Library	6.4	6.8	6.9	6.8	6.1	5.9	6.2	6.4	6.6	6.5
Health and Welfare	84.3	89.4	96.2	97.3	90.8	92.7	93.6	92.4	93.8	93.3
Transit	12.5	14.1	14.1	12.5	13.1	16.3	15.9	17.8	10.7	17.8
Culture and Recreation	25.3	26.9	30.4	28.1	25.9	28.3	27.7	28.9	29.8	30.2
Community Development	24.4	35.0	40.6	30.4	21.0	24.6	34.3	40.2	45.7	35.3
Education	139.9	153.7	168.5	173.8	173.3	174.8	185.2	194.6	189.1	197.4
Interest on Long-term Debt	10.4	13.5	12.5	10.9	16.4	17.3	22.0	22.5	23.8	21.8
Total Governmental Activities	$ 514.3	$ 577.3	$ 616.4	$ 627.6	$ 602.3	$ 612.1	$ 673.4	$ 683.4	$ 700.5	$ 698.7
Total Primary Government Expenses	$ 514.3	$ 577.3	$ 616.4	$ 627.6	$ 602.3	$ 612.1	$ 673.4	$ 683.4	$ 700.5	$ 698.7
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
Judicial Administration	2.0	2.0	1.9	1.6	1.5	1.7	1.7	1.6	1.3	1.2
Public Safety	10.6	11.5	10.7	15.5	11.1	13.3	14.4	17.0	17.7	16.9
Public Works	16.9	16.1	17.4	18.1	18.0	21.3	23.5	27.8	23.7	22.1
Library	-	-	-	-	-	-	-	-	-	-
Health and Welfare	5.4	6.4	6.7	6.6	6.7	6.4	6.7	6.2	6.4	5.9
Transit	2.3	-	-	-	-	-	-	-	-	-
Culture and Recreation	3.1	2.5	3.0	2.9	3.1	3.1	5.4	3.7	3.9	4.7
Community Development	60.3	4.9	6.0	8.2	1.6	3.9	2.7	4.2	6.6	5.0
Operating Grants and Contributions	9.9	61.0	61.3	63.2	65.2	65.0	66.4	75.0	78.8	68.8
Capital Grants and Contributions	-	18.2	7.6	20.5	50.2	7.4	19.6	18.5	15.1	11.5
Total Governmental Activities	$ 110.5	$ 128.9	$ 120.2	$ 138.0	$ 159.4	$ 123.4	$ 141.9	$ 157.6	$ 155.7	$ 139.0
Total Primary Government Revenues	$ 110.5	$ 128.9	$ 120.2	$ 138.0	$ 159.4	$ 123.4	$ 141.9	$ 157.6	$ 155.7	$ 139.0

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) (Revenue)										
General Government	$ (47.5)	$ (57.30)	$ (57.7)	$ (77.6)	$ (58.5)	$ (56.4)	$ (82.4)	$ (70.8)	$ (68.1)	$ (69.8)
Judicial Administration	(13.6)	(15.7)	(13.1)	(13.7)	(14.2)	(14.1)	(15.2)	(15.5)	(16.4)	(15.1)
Public Safety	(98.5)	(100.8)	(89.6)	(91.8)	(93.5)	(96.2)	(99.0)	(99.3)	(108.1)	(106.6)
Public Works	(27.9)	(28.2)	(20.7)	(4.8)	19.3	(15.8)	(9.6)	(3.3)	(23.6)	(22.3)
Library	(6.4)	(6.8)	(6.9)	(6.8)	(6.1)	(5.9)	(6.2)	(6.4)	(6.6)	(6.5)
Health and Welfare	(79.2)	(83.0)	(57.2)	(54.7)	(49.1)	(51.4)	(54.2)	(56.5)	(56.2)	(56.5)
Transit	(12.5)	(14.1)	(14.1)	(12.6)	(13.1)	(16.3)	(15.9)	(17.8)	(10.7)	(17.8)
Culture and Recreation	(23.6)	(24.4)	(27.2)	(25.0)	(22.3)	(24.7)	(22.0)	(24.6)	(25.6)	(25.3)
Community Development	(24.4)	(30.1)	(28.9)	(26.0)	(15.2)	(15.4)	(19.9)	(14.5)	(16.7)	(20.6)
Education	(139.9)	(153.7)	(168.5)	(165.7)	(173.3)	(174.8)	(185.2)	(194.6)	(189.1)	(197.4)
Interest on Long-term Debt	(10.4)	(13.5)	(12.4)	(10.9)	(16.3)	(17.3)	(21.9)	(22.5)	(23.8)	(21.8)
Subtotal Governmental Activities	$ (483.9)	$ (527.6)	$ (496.3)	$ (489.6)	$ (442.3)	$ (488.3)	$ (531.5)	$ (525.8)	$ (544.9)	$ (559.7)
Total Primary Government	$ (483.9)	$ (527.6)	$ (496.3)	$ (489.6)	$ (442.3)	$ (488.3)	$ (531.5)	$ (525.8)	$ (544.9)	$ (559.7)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Real Estate	$ 255.4	275.4	$ 289.3	$ 296.4	$ 304.3	$ 315.6	$ 321.6	$ 333.8	$ 360.7	375.9
Personal Property	33.1	35.3	38.6	37.9	32.9	37.0	48.2	58.6	47.2	$ 50.5
Other	109.4	111	112.2	112.3	114.3	118.2	121.1	125.4	127.3	134.1
Transfer	-	0	-	-	-	-	-	-	-	
Grants and Contributions not restricted to other programs	31.0	32.4	31.8	32.4	31.5	32.4	41.5	36.9	36.1	33.3
Interest and Investment Earnings	9.1	6.9	6.0	1.7	0.4	1.0	1.3	0.8	4.9	4.9
Miscellaneous	0.8	0.6	0.6	1.1	0.8	1.0	1.2	1.4	2.0	5.0
Subtotal Governmental Activities	$ 438.8	$ 461.6	$ 478.5	$ 481.8	$ 484.2	$ 505.2	$ 534.9	$ 556.9	$ 578.2	$ 603.7
Business-type Activities:										
Total Primary Government	$ 438.8	$ 461.6	$ 478.5	$ 481.8	$ 484.2	$ 505.2	$ 534.9	$ 556.9	$ 578.2	$ 603.7
Change in Net Position										
Governmental Activities:	$ (45.1)	$ (66.0)	$ (17.8)	$ (7.8)	$ 41.9	$ 16.9	$ 3.4	$ 31.1	$ 33.3	$ 44.0
	$ (45.1)	$ (66.0)	$ (17.8)	$ (7.8)	$ 41.9	$ 16.9	$ 3.4	$ 31.1	$ 33.3	$ 44.0

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Property Taxes	$ 290.1	$ 310.8	$ 324.1	$ 333.5	$ 337.2	$ 351.6	$ 366.2	$ 385.2	$ 407.8	$ 422.2
Other Local Taxes	109.5	111.0	112.3	112.3	114.4	118.3	121.1	125.3	121.1	134.1
Permits Fees and License	6.5	7.2	5.8	5.7	4.8	7.1	8.8	10.6	17.8	10.9
Fines and Forfeitures	3.5	3.6	3.9	4.1	3.9	4.5	4.9	5.1	5.2	4.9
Use of Money and Property	12.1	15.8	12.0	6.2	3.8	4.1	4.6	4.2	5.2	5.1
Charges for Services	23.9	23.2	25.8	25.3	27.0	29.9	32.2	34.6	32.9	32.1
Intergovernmental Revenue	92.1	111.5	100.7	116.0	110.1	101.9	111.1	125.9	126.5	111.9
Sale of Surplus Property	0.5	-	-	-	-	-	-	-	-	-
Miscellaneous and Non Revenue Receipts	5.1	7.3	10.2	15.8	5.5	7.5	8.3	10.2	9.9	8.8
Total Governmental Revenues	$ 543.3	$ 590.4	$ 594.8	$ 618.9	$ 606.7	$ 624.9	$ 657.2	$ 701.1	$ 726.4	$ 730.0
Expenditures										
General Government	$ 39.6	$ 45.5	$ 43.0	$ 46.7	$ 45.2	$ 44.3	$ 46.8	$ 45.2	$ 45.2	$ 45.7
Judicial Administration	15.0	17.1	18.7	18.9	18.8	19.3	20.0	20.3	20.1	19.7
Public Safety	104.5	109.6	112.2	116.8	115.0	118.4	123.8	131.0	134.8	134.9
Public Works	32.6	35.5	36.7	36.9	42.3	37.9	41.0	40.3	49.6	41.8
Library	6.4	6.8	6.9	6.8	6.1	5.9	6.1	6.4	6.6	6.5
Health and Welfare	83.9	88.9	95.7	96.8	90.2	92.1	93.1	91.8	93.1	92.9
Transit and Transit Transfer	12.5	14.1	14.1	12.5	13.1	16.3	15.9	17.8	10.7	17.8
Culture and Recreation	21.8	23.6	24.5	23.2	21.8	22.8	23.2	24.6	25.3	24.7
Community Development	23.3	31.3	34.4	28.5	19.3	22.8	25.9	35.8	41.4	29.4
Education	139.4	150.7	164.2	168.0	167.5	170.1	178.5	185.8	185.9	196.3
Capital Outlay	79.1	93.5	75.8	100.7	93.4	91.5	71.8	70.9	91.1	99.5
Debt Service - Principal	16.5	17.7	18.2	19.1	19.5	21.1	23.7	27.5	33.5	38.6
- Interest	10.5	13.3	12.3	12.8	15.1	17.4	19.5	22.4	23.8	22.6
Total Governmental Expenditures	$ 585.1	$ 647.6	$ 656.7	$ 687.7	$ 667.3	$ 679.9	$ 689.3	$ 719.8	$ 761.1	$ 770.4
Excess of Revenues over (under) expenditures	$ (41.8)	$ (57.2)	$ (61.9)	$ (68.8)	$ (60.6)	$ (55.0)	$ (32.1)	$ (18.7)	$ (34.7)	$ (40.4)
Other Financing Sources/(Uses)										
Issuance of Debt	$ 72.7	$ 0.1	$ -	$ 145.7	$ -	$ 74.2	$ 74.8	$ 88.1	$ 70.7	$ 39.1
Sale of Land	-	-	-	-	-	-	0.6	-	1.2	5.3
Transfers in	59.0	49.1	67.8	58.9	48.6	47.9	61.7	82.8	77.8	85.9
Transfers out	(59.5)	(50.0)	(67.8)	(58.2)	(48.9)	(48.1)	(65.2)	(82.8)	(81.2)	(86.6)
Total Other Financing Sources (Uses)	$ 72.2	$ (0.8)	$ -	$ 146.4	$ (0.3)	$ 74.0	$ 71.9	$ 88.1	$ 68.5	$ 43.7
Net change in Fund Balance	$ 30.4	$ (58.0)	$ (61.9)	$ 77.6	$ (60.9)	$ 19.0	$ 39.8	$ 69.4	$ 33.8	$ 3.3
Debt Service as percentage of noncapital expenditures	5.34%	5.59%	5.25%	5.43%	6.03%	6.54%	7.00%	7.70%	8.55%	9.09%

Amounts may not add due to rounding

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

TABLE III

	Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Property Taxes	Real Estate	$ 255,141,063	$ 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
	Personal	33,163,126	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
	Penalties and Interest	1,751,503	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
Other Local Taxes	Local Sales	$ 25,264,689	$ 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
	Utility	17,587,865	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
	Business License	28,381,583	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
	Cable TV Franchise Licen	1,240,841	720,926	-	-	-	-	-	-	-	-
	Motor Vehicle License	2,461,023	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
	Bank Franchise	1,784,565	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
	Tobacco	2,840,486	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
	Recordation	7,818,676	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
	Transient Lodging	7,811,884	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
	Restaurant Food	10,094,267	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
	Telecommunication	725,684	691,023	857,354	829,291	819,313	839,848	564,219	741,542	821,426	530,408
	Admissions	1,149,537	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
	Cell Phone	2,305,525	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
	Other	28,931	33,024	42,225	80,723	47,081	37,566	39,246	27,743	1,418,920	44,078
	Total	$ 399,551,248	$ 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

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, 2014	Taxes Levied for the Calendar Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	250,180	247,166	98.80%	3,000	250,166	99.99%
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%	2,946	308,494	99.99%
2011	315,192	314,116	99.66%	1,002	315,118	99.98%
2012	327,318	324,947	99.28%	2,213	327,160	99.95%
2013	352,602	351,598	99.72%	542	352,140	99.87%
2014	366,625	363,840	99.24%	-	363,840	99.24%

* Levy adjusted for changes since original levy

Table V

Personal Property
(Amounts in thousands)

Calendar Year Ended December 31, 2014	Taxes Levied for the Calendar Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to date	
	Total	Commonwealth Reimbursement *	Amount	Percentage of Levy		Amount	Percentage of Levy
2005	58,942	22,558	50,422	85.55%	4,807	55,229	93.70%
2006	62,213	24,193	55,284	88.86%	2,745	58,029	93.27%
2007	61,974	23,849	55,247	89.15%	2,789	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%	2,495	58,106	99.15%
2011	60,123	22,782	58,042	96.54%	1,328	59,370	98.75%
2012	63,337	23,446	59,802	94.42%	2,565	62,367	98.47%
2013	67,192	23,239	65,664	97.73%	268	65,932	98.12%
2014	68,075	23,455	63,579	93.40%	-	63,579	93.40%

* 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
2005	16,272,324	11,087,326	27,359,650	0.915	1,455,520	4.75	15,009	4.50	1,470,529
2006	20,331,756	12,574,963	32,906,719	0.815	1,394,947	4.75	14,906	4.50	1,409,853
2007	20,143,403	15,411,555	35,554,958	0.830	1,426,679	4.75	11,485	4.50	1,438,164
2008	20,139,614	14,963,203	35,102,817	0.845	1,354,932	4.75	17,837	4.50	1,372,769
2009	19,152,518	14,811,680	33,964,198	0.903	1,170,972	4.75	14,246	4.50	1,185,218
2010	18,270,905	13,378,585	31,649,490	0.978	1,226,896	4.75	14,336	4.50	1,241,232
2011	18,430,731	14,201,221	32,631,952	0.998	1,309,164	4.75	10,665	4.50	1,319,829
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

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Investment in Capital Assets	$ 105.6	$ 170.0	$ 231.0	$ 153.3	$ 248.0	$ 335.4	$ 321.6	$ 329.5	$ 343.9	$ 364.3
Restricted for:										
Affordable Housing	3.0	0.3	-	-	-	-	-	-	1.0	1.4
Other Projects									13.7	15.1
Capital Projects	157.2	101.6	51.5	134.7	72.3	-	-	-	-	-
Unrestricted Net Position	81.6	88.7	60.3	47.0	57.3	59.0	76.2	99.4	103.5	(36.0)
Total Governmental Activities Net Position	$ 347.4	$ 360.6	$ 342.8	$ 335.0	$ 377.6	$ 394.4	$ 397.8	$ 428.9	$ 462.1	$ 344.8
Primary Government										
Net Investment in Capital Assets	$ 105.6	$ 170.0	$ 231.0	$ 153.3	$ 248.0	$ 335.4	$ 321.6	$ 329.5	$ 343.9	$ 364.3
Restricted for:										
Affordable Housing	3.0	0.3	-	-	-	-	-	-	1.0	1.4
Other Projects									13.7	15.1
Capital Projects	157.2	101.6	51.5	134.7	72.3	-	-	-	-	-
Unrestricted Net Position	81.6	88.7	60.3	47.0	57.3	59.0	76.2	99.4	103.5	(36.0)
Total Primary Government Net Position	$ 347.4	$ 360.6	$ 342.8	$ 335.0	$ 377.6	$ 394.4	$ 397.8	$ 428.9	$ 462.1	$ 344.8

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

TABLE VIII

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved for:										
Encumbrances	$ 1,845,820	$ 2,345,051	$ 1,579,168	$ 1,967,201	$ 2,007,557	$ -	$ -	$ -	$ -	$ -
Inventories	2,189,185	2,347,911	1,588,472	1,891,281	1,827,459	-	-	-	-	-
Notes Receivable	-	-	-	400,000	400,000	-	-	-	-	-
Unreserved	63,343,040	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
Committed	-	-	-	-	-	16,149,828	17,219,808	15,855,605	12,741,566	10,369,775
Assigned	-	-	-	-	-	30,009,737	27,235,643	10,769,948	9,538,948	12,400,000
Unassigned	-	-	-	-	-	29,191,314	30,427,629	32,941,779	40,019,733	51,637,133
Subtotal General Fund	$ 67,378,045	$ 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
All Other Governmental Funds										
Reserved For										
Capital Projects	$ 141,395,119	$ 83,700,361	$ 2,691,739	$ 101,741,783	$ 39,286,809	$ -	$ -	$ -	$ -	$ -
Notes Receivable	2,015,393	1,236,283	1,204,885	2,673,806	2,650,025	-	-	-	-	-
Encumbrances	18,055,741	19,475,849	50,019,226	34,830,199	30,913,373	-	-	-	-	-
Unreserved Special Revenue	26,366,419	20,909,225	15,523,030	20,280,831	15,972,479	-	-	-	-	-
Unreserved Capital Projects	-	-	-	-	-	-	-	-	-	-
Non-Spendable (Special Revenue Fund	-	-	-	-	-	2,625,521	2,596,021	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
Committed (Special Revenue Fund)	-	-	-	-	-	8,562,334	12,575,087	29,183,258	45,738,029	52,452,826
Committed (Capital Projects)	-	-	-	-	-	64,184,449	97,523,662	169,174,812	188,551,536	171,248,033
Assigned (Special Revenue Fund)	-	-	-	-	-	4,961,270	7,730,465	-	-	-
Total All Other Governmental Funds	$ 187,832,672	$ 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

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

CITY OF ALEXANDRIA, VIRGINIA
2015 Tax Rates for Major Revenue Sources

TABLE IX

Real Estate Tax	$1.043 per $100 assessed value
Personal Property Tax	$4.50 per $100 assessed value (machinery and tools)
	$4.75 per $100 assessed value (tangible business personal property)
	$5.00 per $100 assessed value (tangible personal property)
	$3.55 per $100 assessed value (handicap vehicles)
Utility Tax (for residential users)	15% of water service charge
	$1.12 plus $0.012075 of each KWh ($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

SOURCE: Department of Finance, Revenue Administration

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

TABLE X

	2006	2007	2008	2009	2010
Assessed Value of Real Property, January 1	$ 32,906,720,000	$ 34,243,031,000	$ 35,554,958,000	$ 34,379,163,000	$ 31,649,490,000
Debt Limit: 10 percent	3,290,672,000	3,424,303,100	3,555,495,800	3,437,916,300	3,164,949,000
Amount of Debt Applicable to Debt Limit	296,540,000	278,525,000	260,350,000	383,950,000	364,485,000
Legal Debt Margin	$ 2,994,132,000	$ 3,145,778,100	$ 3,295,145,800	$ 3,053,966,300	$ 2,800,464,000
Debt as a Percentage of Assessed Value	0.90%	0.81%	0.73%	1.12%	1.15%

	2011	2012	2013	2014	2015
Assessed Value of Real Property, January 1	$ 32,631,952,000	$ 33,782,697,985	$ 34,725,071,000	$35,335,182,000	$37,146,860,126
Debt Limit: 10 percent	3,263,195,200	3,378,269,799	3,472,507,100	3,533,518,200	3,714,686,012
Amount of Debt Applicable to Debt Limit	415,720,000	459,060,000	508,700,000	539,780,000	540,495,000
Legal Debt Margin	$ 2,847,475,200	$ 2,919,209,799	$ 2,963,807,100	$ 2,993,738,200	$ 3,174,191,012
Debt as a Percentage of Assessed Value	1.27%	1.36%	1.46%	1.53%	1.46%

Limitations on the Incurrence of General Obligation Debt:

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

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

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

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

TABLE XI

		Assessed Value ($000) [2]				Outstanding Debt As Percentage of Assessed				Debt Per Capita As A Percentage
Year	Population[3]	Real Property	Personal Property	Total	Outstanding Debt	Real Property	Total Property	Personal Income ($100)	Debt Per Capita	of Per Capita Income[4]
2006	138,000	32,906,270	1,409,852	34,316,122	296,540,000	0.90	0.86	8,835,057	2,148	3.4
2007	139,000	35,554,958	1,411,599	36,966,557	278,525,000	0.78	0.75	9,507,531	2,004	2.9
2008	140,879	35,102,817	1,426,679	36,529,496	260,350,000	0.74	0.71	10,204,006	1,848	2.6
2009	144,100	33,964,198	1,354,932	35,319,130	383,950,000	1.13	1.09	10,178,071	2,664	3.7
2010	139,966	31,649,490	1,170,972	32,820,462	364,485,000	1.15	1.11	10,441,443	2,604	3.4
2011	141,287	32,631,952	1,226,896	33,858,848	415,720,000	1.27	1.23	10,627,334	2,942	3.8
2012	144,301	33,782,698	1,309,164	35,091,862	459,060,000	1.36	1.31	10,758,922	3,181	4.0
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	580,330,518	1.56	1.51	12,071,851	3,854	4.8

(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, 2015

TABLE XII

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

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

Credit Ratings	
Moody's Investors Service	Aaa
Standard & Poor's Corporation	AAA

Paying Agents

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

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

TABLE XIII

Year	Principal	Interest and Other Costs	Total Debt Service	General Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2006	16,350,000	10,502,282	26,852,282	623,774,871	4.30
2007	17,670,000	13,306,096	30,976,096	689,280,260	4.49
2008	18,175,000	12,344,320	30,519,320	688,844,141	4.43
2009	19,100,000	12,800,634	31,900,634	720,924,777	4.42
2010	19,465,000	15,123,463	34,588,463	705,338,251	4.90
2011	21,065,000	17,414,349	38,479,349	722,966,982	5.32
2012	23,725,000	19,492,222	43,217,222	735,769,542	5.87
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

(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, 2015

TABLE XIV

Population

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

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

POPULATION INDICATORS
PER CAPITA INCOME*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Alexandria	$58,365	$61,147	$65,141	$70,632	$72,220	$70,846	$76,362	$78,383	$80,952	$81,078
Arlington	$58,893	$59,389	$63,827	$68,270	$72,317	$69,241	$79,967	$82,491	$83,242	$82,736
Fairfax (include Fairfax City and Falls Church)	$57,169	$60,289	$64,698	$67,909	$69,885	$69,241	$66,679	$69,008	$71,607	$71,752
Washington MS	$46,311	$48,697	$57,746	$62,484	$56,510	$56,984	$57,343	$59,345	$75,198	$75,329

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

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

CITY OF ALEXANDRIA
UNEMPLOYMENT RATE
LAST TEN YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Unemployment Rate	2.6%	2.2%	2.9%	2.8%	4.8%	4.8%	4.6%	4.7%	4.6%	3.5%

SOURCE: Virginia Employment Commission

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

TABLE XV

Private Property

	Owner's Name	Property	2015 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1.	LCOR Alexandria, L.L.C.	Office Buildings	$976.7	2.30 %
2.	Equity Residential	Apartments Buildings	555.4	1.31
3.	Paradigm Companies	Apartments Buildings	537.3	1.26
4.	Home Properties	Apartments Buildings	375.7	0.88
5.	AIMCO	Apartments	329.3	0.77
6.	Hoffman Family	Hoffman Office Buildings	273.1	0.64
7.	JBG Properties	Apartments and Land	268.8	0.63
8.	Southern Towers, L.L.C	Southern Towers	260.9	0.61
9.	Area Properties	Apartments/Industrial	235.5	0.55
10.	Duke Realty	Office Buildings	133.1	0.31

SOURCE: City of Alexandria, Department of Real Estate Assessments

	Owner's Name	Property	2006 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1.	LCOR Alexandria LLC	Office Buildings	$1,000.5	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 Real Estate Assessments

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

TABLE XV
(Continued)

Public Service Companies

Owner's Name	2015 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1. Virginia Electric & Power Company	$211.1	1.50 %
2. Norfolk Southern Railway Company	73.3	0.20
3. CSX Transportation	63.1	0.17
4. Virginia-American Water Co.	56.7	0.15
5. Potomac Electric Power Company	43.0	0.12
6. Covanta Alexandria/Arlington, Inc.	41.0	0.11
7. Verizon Virginia Inc.	40.6	0.11
8. Washington Gas Light Company	38.1	0.10
9. New Cingular Wireless PCS, LLC	10.8	0.03
10. Cellco	6.6	0.02

SOURCE: Virginia State Corporation Commission

Owner's Name	2006 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1. Mirant Potomac River, LLC	$260.1	0.79 %
2. Virginia Electric Power Company	144.9	0.44
3. Covanta Alexandria, Arlington, Inc	94.0	0.29
4. Verizon Virginia Inc.	85.2	0.26
5. Norfolk Southern Railway Company	63.0	0.19
6. Richmond, Fredericksburg &Potomac Railway Co	58.8	0.18
7. Virginia American Water Company	38.9	0.12
8. Potomac Electric Power Company	34.7	0.11
9. Washington Gas Light Company	31.4	0.10
10. Comcast Phone of Northern Virginia, Inc.	8.6	0.03

SOURCE: Virginia State Corporation Commission

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

TABLE XVI

Fiscal Year	Total Enrollment[1]	Number Receiving Free or Reduced Meals	Number in English as Second Language	Number Receiving Special Education	Number in Elementary School Gifted and Talented Programs	Number in Middle (6-8) School Gifted and Talented Programs
2006	10,284	5,169	2,379	1,900	436	442
2007	10,057	4,961	2,223	1,802	436	442
2008	10,557	5,012	2,083	1,786	451	435
2009	11,225	5,866	2,909	1,830	333	395
2010	11,623	6,264	2,572	1,747	451	330
2011	11,999	6,665	2,698	1,701	462	293
2012	12,395	6,916	3,005	1,686	495	326
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

SOURCE: City of Alexandria Public School System

CITY OF ALEXANDRIA, VIRGINIA
General Fund
City Departments Expenditures Detail by Function
For the Fiscal Year Ended June 30, 2015

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	$ 508,673	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	508,673
City Manager	2,176,874	-	-	-	-	-	-	-	-	-	2,176,874
Office of Management and	1,151,572	-	-	-	-	-	-	-	-	-	1,151,572
18th Circuit Court	-	1,510,844	-	-	-	-	-	-	-	-	1,510,844
18th General District Court.	-	106,601	-	-	-	-	-	-	-	-	106,601
Juvenile and Domestic Rela	-	45,112	-	-	-	-	-	-	-	-	45,112
Commonwealth's Attorney.	-	2,651,964	-	-	-	-	-	-	-	-	2,651,964
Sheriff	-	7,435,055	21,693,693	-	-	-	-	-	-	-	29,128,748
Clerk of Courts	-	1,557,464	-	-	-	-	-	-	-	-	1,557,464
Other Correctional Activitie	-	4,244,243	12,910	-	-	-	-	-	-	-	4,257,153
Court Services	-	1,346,434	-	-	-	-	-	-	-	-	1,346,434
Human Rights	697,054	-	-	-	-	-	-	-	-	-	697,054
Internal Audit	798,887	-	-	-	-	-	-	-	-	-	798,887
Information Technology Se	7,787,910	-	-	-	-	-	1,204,054	-	-	-	8,991,964
Office of Communications	-	-	-	-	-	-	1,082,379	-	-	-	1,082,379
City Clerk and Clerk of Cou	420,514	-	-	-	-	-	-	-	-	-	420,514
Finance	11,420,143	-	-	-	-	-	-	-	-	-	11,420,143
Human Resources	2,984,875	-	-	-	-	-	-	-	-	-	2,984,875
Planning and Zoning	-	-	-	-	-	-	5,112,312	-	-	-	5,112,312
Economic Development Activ	-	-	-	-	-	-	5,171,371	-	-	-	5,171,371
City Attorney	2,744,981	-	-	-	-	-	-	-	-	-	2,744,981
Registrar	1,116,014	-	-	-	-	-	-	-	-	-	1,116,014
General Services	2,870,324	-	1,023,422	9,802,602	-	-	-	-	-	-	13,696,348
Project Implementation Office.	465,771	-	-	-	-	-	1,026,244	-	-	-	1,492,015
Transportation and Enviro	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	23,862,395	-	-	2,321,670	-	-	565,412	26,749,477
Transit Subsidies	-	-	-	-	-	-	-	-	7,040,044	-	7,040,044
Fire	-	-	42,760,302	-	-	-	-	-	-	1,211,195	43,971,497
Police	-	-	53,891,723	-	-	-	-	-	-	-	53,891,723
Emergency Communications	-	-	6,456,671	-	-	-	-	-	-	-	6,456,671
Code Administration	-	-	98,153	-	-	-	-	-	-	-	98,153
Housing	-	-	-	-	-	-	1,693,279	-	-	-	1,693,279
Community and Human Se	1,333,200	-	-	-	12,039,761	-	-	-	-	-	13,372,961
Other Health Services	-	-	-	-	1,764,150	-	-	-	-	-	1,764,150
Health	-	-	-	-	5,945,381	-	213,981	-	-	-	6,159,362
Office of Historic Alexandr	-	-	-	-	-	2,824,603	-	-	-	-	2,824,603
Recreation and Cultural Ac	-	-	-	-	-	20,552,837	-	-	-	-	20,552,837
Other Educational Activitie	-	-	-	-	-	-	-	11,877	-	-	11,877
Miscellaneous	7,952,268	-		1,710,714	-	-	270,726	-	-	59,482,591	69,416,299
Total Expenditures	$ 44,429,060	$ 18,897,717	$ 125,936,874	$ 35,375,711	$ 19,749,292	$ 23,377,440	$ 18,096,016	$ 11,877	$ 7,040,044	$ 61,259,198	354,173,229

CITY OF ALEXANDRIA
Government Employees by Function
Last Ten Fiscal Years

TABLE XVIII

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	300	300	297	273	269	259	270	302	321	322.8
Judicial Administration	121	120	120	120	123	123	123	290	286	285.6
Public Safety	929	933	936	937	930	934	973	805	803	801
Public Works	232	225	228	231	232	240	238	220	212	212
Library	55	55	55	56	55	54	55	54	71	71.5
Health and Welfare	509	514	515	511	510	530	532	526	579	589.15
Culture and Recreation	154	157	158	155	152	144	145	147	183	182.7
Community Development	57	55	55	59	57	57	62	65	83	82
Education	2,125	2,119	2,058	2,015	2,098	2,115	2,181	2,230	2,285	2,268
TOTAL	4,482	4,478	4,422	4,357	4,426	4,456	4,579	4,639	4,823	4,815

Principal Employers
Current Year (as of July 1, 2015 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%
City of Alexandria	2,547	2.88%	City of Alexandria	1,000 & over	2.80%
Alexandria Public Schools	2,268	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	250-499	0.60%
		14.84%			24.90%
LARGEST PRIVATE EMPLOYERS			LARGEST PRIVATE EMPLOYERS		
INVOA Health System	1000 & over	3.41%	INOVA Alexandria Hospital	1,000 & over	1.60%
ABM Janitorial Services M Inc	500-999	0.85%	Institute for Defense Analysis	1,000 & over	1.30%
Institute for Defense Analysis	500-999	0.85%	Alion Science and Technology	500-999	0.80%
Grant Thornton LLP	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%
		7.24%			5.90%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Judicial Administration										
Civil and criminal cases processed by Clerk of Courts	5,255	5,657	5,730	5,700	5,666	6,700	6,950	6,650	6,000	6,000
Real estate documents processed	44,844	31,009	29,396	29,000	26,340	25,000	25,000	29,000	30,000	30,000
Public Safety										
Fire calls requiring emergency response	6,001	5,956	5,990	6,050	6,080	5,900	5,950	5,950	**	**
Average number of calls for service per fire em	*	*	*	*	*	*	*	*	1,690	1,475
Patrol calls for service	*	*	*	*	*	*	52,230	52,230	**	**
Number of fire code violations	*	*	*	*	*	*	*	*	2,074	2,205
EMS incidents responded to	*	*	*	11,583	12,500	15,000	15,000	15,000	**	**
Public Works										
Sq yds of concrete sidewalks replaced	7,012	10,099	8,000	8,000	3,450	5,635	5,600	5,800	6,700	N/A
Cubic yards of leaves collected	31,000	33,600	33,000	33,000	32,001	33,500	34,700	33,000	33,000	N/A
Library										
Circulation	1,002,881	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
Number of reference questions answered	376,532	591,864	592,345	592,855	567,500	332,050	480,792	480,792	480,792	480,792
Health and Welfare										
Youth attending outreach activities	*	*	*	*	*	*	200	800	800	800
Average monthly food stamp cases	1,637	1,675	1,675	3,294	4,098	4,586	4,898	4,958	4,632	4,547
Other public health services	*	*	*	*	*	*	*	685,067	**	**
Adult clients served	3,631	3,631	3,230	3,230	2,456	2,477	2,477	2,244	**	**
Transit										
Annual Ridership	3,556,486	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
Trolley/Shuttle Cost per rider	*	*	*	*	*	*	*	$ 1.19	$ 1.06	$ 1.14
Miles of service	1,396,590	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
Culture and Recreation										
Number of registered users in recreation centers and recreation activites	*	*	*	*	*	*	*	7,000	7,000	13,745
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	$ 74,693	*	*	*	*	*	*	59,713	**	**
Average Home rehabilitation loan cost	*	$ 68,479	$ 69,484	$ 32,379	$ 61,154	$ 63,350	$ 71,737	$ 79,453	**	**
Education										
Cost per pupil	$ 15,871	$ 18,232	$ 19,341	$ 19,078	$ 18,003	$ 18,169	$ 18,516	$ 17,024	$ 17,249	$ 17,041
Enrollment	10,284	10,332	10,557	11,225	11,623	11,999	12,798	13,707	14,171	14,224

* - 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.)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Judicial Administration										
Number of foster care homes	125	123	135	91	60	60	53	50	50	46
Public Safety										
Fire vehicles	*	132	136	130	137	139	138	138	143	143
Public Works										
Paved streets	514	514	521	514	514	514	556	560	560	560
Sidewalks	321	321	321	321	321	321	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	57	62	63	63	77	79	79	74
Culture and Recreation										
Playgrounds	45	45	46	46	46	45	36	36	37	36
Athletic fields available for games	48	48	50	50	56	48	49	49		49
Acreage of park and open space	964	964	964	964	964	965	722.2	958	974	1000+
Total number of faciliteis mainiatained	217	217	206	235	237	237	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	17	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, 2015

TABLE XXI

Date of Incorporation 1779
Date of City Charter 1922
Form of Government ..... Council-Manager
Number of Full-Time City Positions
(Other than Schools) 2,394
Number of Full-Time Equivalent School Positions 2,181

Land Area

15.75 Square Miles

Elevation

0 to 287 Feet Above Sea Level

Location

38.8210 N
77.0861 W

Climate

Average January Temperature 34.9°
Average July Temperature 79.2°

Transportation

Major Highways:
Capital Beltway (I-95)
I-395 (Shirley Highway)
U.S. Route 1
George Washington Memorial Parkway
Rail:

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

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

Air:

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

Dulles International Airport provides international and longer domestic travel.

Ground:

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

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

Individualized service is available through privately owned taxicab fleets.

Port Facilities:

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

Population

2015 Resident Population 150,575
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 2015 94,440
Temporary Assistance to Needy Families
(Cases) - Monthly Average, 2014 418
Food Stamps (Cases) - Monthly Average, 2014 4,632
Medicaid (Cases) - Monthly Average, 2014 9,452

Economy

Employed Residents, May 2015 91,711
Unemployed Residents, May 2015 3,337
Unemployed Rate, May 2015 ..... 3.5%
Washington PMSA Inflation Rate, based
on Consumer Price Index, for FY 2015 ..... .0.4%

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2015

TABLE XXI

(Continued)

Housing	2015	2014
Total Housing Units	75,528	73,488
Type of Single-Family Housing		
Detached	9,131	9,128
Semi-Detached	1,822*	5,725
Rowhouse	10,481*	6,481
Condo Townhouse	1,059	1,059
Total Single-Family	22,510	22,393
Condominium Units	19,559	19,559
Rental Apartments	32,309	30,386
Public Housing and Public Housing Replacement Units	1,150	1,150
Average Assessed Value of Single Family Homes	$702,098	$677,375
Average Assessed Value of Condominiums	$302,843	$287,495
Average Market Rents		
Efficiency	$1,204	$1,020
1 Bedroom Apartment	$1,474	$1,399
2 Bedroom Apartment	$1,830	$1,753
3 Bedroom Apartment	$1,925	$1,903

*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	1,000
Facilities:	
Playground Areas	37
Swimming Pools	4
Gymnasiums	16
Basketball Courts (outdoor)	21
Tennis Courts	38
Playing Fields	52

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

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

Education

Public Schools:	Number
Elementary	13
Middle	2
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
Alexandria Travelodge	40
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
Hotel Monaco	241
Morrison House	45
Post Carlyle Square	549
Residence Inn Alexandria at Carlyle	181
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 Mote...l	26
Virginia Theological Seminary	29
Total	4,930

CITY OF ALEXANDRIA, VIRGINIA

Five-Year Summary of General Fund Revenues and Expenditures

Table XXII

	2011	2012	2013	2014	2015
Revenues:					
General Property Taxes	$ 349,779,825	$ 363,774,571	$ 381,929,567	$ 403,229,553	$ 414,740,999
Other Local Taxes	118,259,357	121,101,233	125,347,523	121,053,810	127,652,883
Permits, Fees, and Licenses	2,543,789	2,373,448	2,227,745	2,380,825	2,455,001
Fines and Forfeitures	4,472,520	4,869,294	5,148,115	5,187,003	4,916,607
Use of Money and Property	3,591,323	3,947,855	3,568,335	4,815,192	4,870,007
Charges for Services	14,939,668	16,474,115	16,533,824	16,844,363	18,557,721
Intergovernmental Revenues	53,728,609	55,484,133	55,021,954	56,334,737	55,401,515
Miscellaneous	987,727	1,195,495	1,398,291	1,569,959	1,781,031
Total Revenues	$ 548,302,818	$ 569,220,144	$ 591,175,354	$ 611,415,442	$ 630,375,764
Other Financing Sources:					
Operating Transfers In	$ 1,446,713	$ 1,394,903	$ 3,833,938	$ 3,044,329	$ 3,206,574
Refunding Bonds	-	63,625,000	17,335,000	18,635,000	33,995,000
Premium	-	9,829,827	1,921,545	-	
Sale of Land	-	-	-	-	5,328,843
Total Other Financing Sources	$ 1,446,713	$ 74,849,730	$ 23,090,483	$ 21,679,329	$ 42,530,417
Total Revenues and Other Financing Sources	$ 549,749,531	$ 644,069,874	$ 614,265,837	$ 633,094,771	$ 672,906,181
Expenditures:					
Current:					
General Government	$ 43,476,795	$ 46,074,105	$ 44,271,646	$ 44,591,188	$ 44,429,060
Judicial Administration	17,895,917	18,765,856	19,212,554	18,952,110	18,897,717
Public Safety	111,860,869	117,049,127	121,756,031	126,256,389	125,936,874
Public Works	34,396,222	36,904,247	35,707,593	44,801,499	35,375,711
Library	5,879,455	6,145,662	6,387,227	6,598,290	6,468,697
Health and Welfare	20,101,509	20,925,733	20,408,625	20,663,159	19,749,292
Transit	16,273,035	15,937,959	17,757,518	70,909	7,040,044
Culture and Recreation	21,586,342	21,887,846	23,450,802	24,062,336	23,377,440
Community Development	13,542,955	15,286,156	15,772,902	16,043,648	18,096,016
Education	167,898,796	174,968,708	179,623,193	185,623,257	191,823,349
Debt Services:					
Principal Retired	21,065,000	23,725,000	27,550,000	33,476,070	38,645,000
Interest and Fiscal Charges	17,414,349	19,492,222	22,437,678	23,835,653	22,614,198
Total Expenditures	$ 491,391,244	$ 517,162,621	$ 534,335,769	$ 544,974,508	$ 552,453,398
Other Financing Uses:					
Payment to Refunded Bonds Escrow Agent	$ -	$ 73,150,309	$ 19,119,142	$ 18,531,679	$ 33,858,404
Operating Transfers Out	40,621,320	52,077,786	74,547,899	73,439,890	74,508,779
Total Other Financing Uses	$ 40,621,320	$ 125,228,095	$ 93,667,041	$ 91,971,569	$ 108,367,183
Total Expenditures and Other Financing Uses	$ 532,012,564	$ 642,390,716	$ 628,002,810	$ 636,946,077	$ 660,820,581
Revenues and Other Financing Sources Over/(Under) Expendiures and Other Financing Uses	$ 17,736,967	$ 1,679,158	$ (13,736,973)	$ (3,851,306)	$ 12,085,600
Fund Balances at Beginning of Year	63,041,371	80,860,167	82,983,005	69,513,182	65,252,268
Increase (Decrease) in Reserve for Inventory	81,829	443,680	267,150	(409,608)	443,947
FUND BALANCES AT END OF YEAR	$ 80,860,167	$ 82,983,005	$ 69,513,182	$ 65,252,268	$ 77,781,815

CITY OF ALEXANDRIA, VIRGINIA
Summary of Total
General Obligation Bonds
Debt Service
As of June 30, 2015

Fiscal Year	Total Principal	Total Interest	Total
2016	$ 41,595,000	$ 21,732,846	$ 63,327,846
2017	41,900,000	20,084,407	61,984,407
2018	41,710,000	18,321,153	60,031,153
2019	41,505,000	16,663,371	58,168,371
2020	39,155,000	14,982,311	54,137,311
2021	36,390,000	13,477,629	49,867,629
2022	33,540,000	11,843,781	45,383,781
2023	33,580,000	10,398,250	43,978,250
2024	31,640,000	8,919,582	40,559,582
2025	30,275,000	7,694,430	37,969,430
2026	28,195,000	6,540,093	34,735,093
2027	25,060,000	5,469,699	30,529,699
2028	24,980,000	4,415,263	29,395,263
2029	26,150,000	3,357,616	29,507,616
2030	22,045,000	2,278,140	24,323,140
2031	17,245,000	1,430,815	18,675,815
2032	12,845,000	848,290	13,693,290
2033	9,090,000	445,990	9,535,990
2034	1,800,000	113,690	1,913,690
2035	1,795,000	57,440	1,852,440
Total	$ 540,495,000	$ 169,074,796	$ 709,569,796

SINGLE

AUDIT

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, 2015, 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 30, 2015. 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 Standards*.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2015-001

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*.

City of Alexandria's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 30, 2015

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Alexandria, Virginia's (the City) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. 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, 2015. Our audit described below, did not include the operations of the Library. The Library engaged other auditors to perform an audit in accordance with OMB Circular A-133, if required.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Arlington, Virginia
November 30, 2015

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Recipient State Agency/Program Title	Federal Catalog Number	Pass-through Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Payments:			
Food Insecurity Nutrition Incentive	10.331		154
			$ 154
Department of Agriculture and Consumer Services (301 535-06):			
Farmers' Market and Local Food Promotion Program	10.168		$ 30,119
National School Lunch Program	10.555		435,131
Commodity Food Distribution	10.559		151,350
State Administrative Matching for Supplemental Nutrition Assistance Program	10.561		2,533,191
Department of Education (197 457-07)			
School Breakfast Program	10.553		1,126,941
School Lunch Program	10.555		3,952,392
Child and Adult Care Food Program	10.558		308,192
Summer Food Service Program for Children	10.559		111,228
TOTAL U.S. DEPARTMENT OF AGRICULTURE			$ 8,648,698
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Payments:			
Administration for Children, Youth and Families			
Head Start	93.600		2,180,121
Special Programs for the Aging _Title VII, Chapter 3	93.041		$ 1,514
Alzheimer's Disease Demonstration Grants to States	93.051		180,267
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501		6,198
Affordable Care Act (ACA) Personal	93.092		189,082
Total Direct Payments			$ 2,557,182
Pass Through State of Virginia:			
Department of Health:			
Preventive Health and Health Services Block Grant	93.991	State Allocation	$ 138,767
Department of Mental Health and Mental Retardation			
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	State Allocation	154
Department of Mental Health and Mental Retardation			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	State Allocation	173,487
Block Grant for Community Mental Health Services	93.958	Various	991,366
Projects for Assistance in Transition from Homelessness	93.150	State Allocation	79,777
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Various	797,786
Drug Free Communities Support Program Grants	93.276	State Allocation	127,078
Department for the Aging:			
Special Programs for the Aging_Title III Part B Supportive Svces and Senior Centers	93.044	State Allocation	88,976
Special Programs for the Aging_Title III Part D_Disease Prevention and Health Promotion Services	93.043	State Allocation	1,125
Special Programs for the Aging Title IIIC - Nutritional Services	93.045	State Allocation	138,281
Department of Social Services:			
Promoting Safe and Stable Families	93.556	Various	35,400
Temporary Assistance for Needy Families	93.558	Various	1,086,137
Family Support Payments to States_Assistance Payments	93.667	State Allocation	1,174,419
Child Welfare Services State Grant	93.645	Various	8,990
Refugee and Entrant Assistance _ State Administered Programs	93.566	Various	139,195
Low Income Home Energy Assistance	93.568	Various	98,985
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596	Various	182,058
Chafee Education and Training Vouchers Program	93.599	Various	10,667
Foster Care Title IV - E	93.658	Various	1,355,898
Adoption Assistance	93.659	Various	1,365,003
Chafee Foster Care Independence Program	93.674	Various	15,220
Children's Health Insurance Program	93.767	Various	82,276
Medical Assistance Program	93.778	Various	2,877,067
Total State of Virginia Pass Through Payments			$ 10,968,112
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			$ 13,525,294

Continued

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Direct Payments:			
Community Development Block Grant Program, Entitlement Grants	14.218		$ 1,954,168
Total Direct Payments			$ 1,954,168
Pass Through State of Virginia:			
Supportive Housing Program	14.235	State Allocation	$ 228,396
Home Investment Partnerships Program	14.239	Various	139,584
Community Services Block Grant	93.569	State Allocation	158,361
Total State of Virginia Pass Through Payments			$ 526,341
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			$ 2,480,509
DEPARTMENT OF HOMELAND SECURITY			
Pass Through State of Virginia:			
Emergency Management Performance Grants	97.042	State Allocation	$ 60,263
Hazard Mitigation Grant	97.039	State Allocation	25,358
Port Security Grant Program	97.056	State Allocation	73,506
Homeland Security Grant Program	97.067	State Allocation	1,260,414
Total State of Virginia Pass Through Payments			$ 1,419,541
TOTAL DEPARTMENT OF HOMELAND SECURITY			$ 1,419,541
U.S. DEPARTMENT OF JUSTICE			
Direct Payments:			
Public Safety Partnership and Community Policing Grants	16.710		$ 196,441
Total Direct Payments			$ 196,441
Pass Through State of Virginia:			
Department of Criminal Justice Services (140-390-01)			
Asset Forfeiture Report	16.000	Various	$ 761,550
State Criminal Alien Assistance Program	16.606	Various	53,688
B - Cooperative Agreements	16.111	State Allocation	14,654
Violence Against Women Office	16.071	State Allocation	5,064
Youth Gang Prevention	16.544	State Allocation	22,295
Crime Victim Assistance	16.575	State Allocation	142,342
Violence Against Women Formula Grants	16.588	State Allocation	110,859
Edward Byrne Memorial JAG grant	16.738	State Allocation	12,666
Equitable Sharing Program	16.922	State Allocation	105,786
Total State of Virginia Pass Through Payments			$ 1,228,904
TOTAL U.S. DEPARTMENT OF JUSTICE			$ 1,425,345
U.S. DEPARTMENT OF LABOR			
Pass Through State of Virginia:			
WIA Pilots, Demonstrations, and Research Projects	17.261	LWA 12-09	$ 30,338
WIA Adult Program	17.258	LWA 12-09	107,688
WIA Youth Activities	17.259	LWA 12-09	85,087
WIA Dislocated Workers	17.260	LWA 12-09	167,946
WIA Employment Training Administration	17.278	LWA 12-09	55,685
Total State of Virginia Pass Through Payments			$ 446,744
TOTAL U.S. DEPARTMENT OF LABOR			$ 446,744
U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE			
Direct Payments:			
Save America's Treasures -Gabsby's	15.929		$ 49,000
TOTAL U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE			$ 49,000

Continued

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Payments:				
Congressionally Mandated Projects	66.202		$	344,861
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			$	344,861
U.S. DEPARTMENT OF TRANSPORTATION				
Pass Through State of Virginia:				
Department of Transportation				
Highway Planning and Construction	20.205	Various	$	2,509,374
Recreational Trails Program	20.219	State Allocation		544
Alcohol Open Container Requirements	20.607	State Allocation		28,621
Federal Transit_Capital Investment Grants	20.500	Various		359,576
Total State of Virginia Pass Through Payments			$	2,898,114
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			$	2,898,114
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Payments:				
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	30.002		$	81,172
TOTAL U.S EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			$	81,172
U.S. DEPARTMENT OF EDUCATION				
Pass Through State of Virginia:				
Department of Education (cont.)				
Title 1 Grants to Local Educational Agencies	84.010	State Allocation	$	2,682,927
Title I State Agency Program for Neglected and Delinquent Children	84.013	State Allocation		112,043
Special Education Grants to States	84.027	State Allocation		2,899,607
Adult Literacy Services- Federal	84.002A	State Allocation		135,857
Career and Technical Education-- Basic Grants to States	84.048	State Allocation		201,296
Special Education Preschool Grants	84.173	State Allocation		81,041
Education for Homeless Children and Youth	84.196	State Allocation		3,463
Advance Placement Test Fees (197-171-05)	84.330	State Allocation		
Comprehensive School Reform Demonstration (197-171-01)	84.332	State Allocation		
English Language Acquisition Grants	84.365	State Allocation		404,506
Improving Teacher Quality State Grants	84.367	State Allocation		492,402
Total State of Virginia Pass Through Payments			$	7,013,142
TOTAL U.S. DEPARTMENT OF EDUCATION			$	7,013,142
OTHER FEDERAL AID				
Direct Payments:				
High Intensity Drug Trafficking Assessment/Evaluation	99.997			49,203
High Intensity Drug Trafficking Area	98.473			60,857
TOTAL OTHER FEDERAL			$	110,060
TOTAL FEDERAL ASSISTANCE			**$**	**38,442,481**

CITY OF ALEXANDRIA, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2015

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 2015. The City's reporting entity is defined in Note 1 of the City's Basic Financial Statements. Federal awards are received directly, as well as passed through other governmental agencies.

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

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

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

Total Federal Expenditures per Schedule	$ 38,442,481
Non-Reportable Federal Revenue	8,856,254
Commodities Distribution	(151,350)
Total Federal Revenue per Note 12	$ 47,147,385

FEDERAL COGNIZANT AGENCY

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

SUBGRANTEES

The City provided the following amounts to subrecipients during FY 2015:

Program Title	CFDA	Amount
Headstart	93.600	$2,180,121

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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?	X	Yes	___	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 Section 510(a) of Circular A-133?	____	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
93.600	Head Start
93.667	Social Services Block Grant
93.658	Foster Care Title IV-E
93.659	Adoption Assistance Title IV-E
97.067	Homeland Security Grant Program
20.205, 20.219	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs $ 1,153,274

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

II Financial Statement Findings

2015-001 Improper Recording of Intergovernmental Grant Revenues

Condition:

An error recording intergovernmental grant revenue was identified in our testing. An adjusting entry was recorded to accrue $578,845 in grant revenue in FY2015. The transaction was originally recorded as FY2016 revenue. The entry affected the Governmental Activities and the School Nutrition Fund opinion units. The amount was also omitted from the schedule of expenditures of federal awards (SEFA) and subsequently corrected when identified.

Cause:

ACPS recorded the grant revenue in the wrong fiscal year. The error appears to be a result of a delayed reimbursement request.

Criteria:

ACPS's accounting policy stipulates that State aid is recorded at the time of receipt or earlier, if the "susceptible for accrual" criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met.

Effect:

ACPS accrued grant revenues and related receivables for certain qualifying expenditures in the incorrect fiscal year. The error resulted in a material adjusting entry to record the transaction in the correct fiscal year. Because SEFA expenditure amounts are driven by related revenues recorded, expenditures were also understated on the SEFA.

Recommendation:

We recommend that management review grant reimbursement requests to ensure they are properly recorded. In addition, they should review financial statement amounts to ensure that they appear reasonable in comparison to activity that occurred during the year. This could include an analytical review of revenues recognized compared to meals served within the School Nutrition program for the current and prior years.

Management's Response:

The ACPS Financial Services Department and School Nutrition Services are collaboratively reviewing their monthly and year end reporting procedures to ensure all requests for federal reimbursement are properly recorded and reported in our financial statements and schedule of expenditures of federal awards.

III Federal Award Findings and Questioned Costs

None.

CITY OF ALEXANDRIA, VIRGINIA
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2015

None noted.

City of Alexandria, Virginia
Finance Department
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