

CITY OF ALEXANDRIA, VIRGINIA

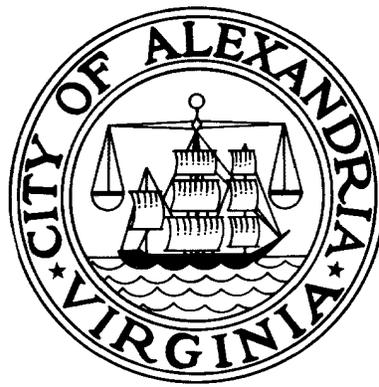


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009



**CITY OF ALEXANDRIA, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR
 JULY 1, 2008 TO JUNE 30, 2009**

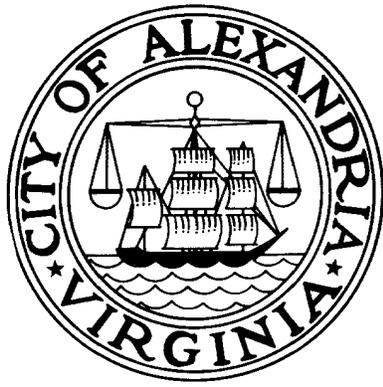


**Alexandria City Council
 William D. Euille, *Mayor*
 Kerry Donley *Vice-Mayor*
 Redella S. Pepper
 Rob Krupicka
 Paul C. Smedberg
 Frank H. Fannon IV
 Alicia R. Hughes**

**City Manager.....James K. Hartmann
 Chief Financial OfficerBruce Johnson
 Director of Finance Laura B. Triggs, CPA
 Director of Real Estate Assessments Cindy Smith-Page
 City Attorney James L. Banks
 City Clerk and Clerk of Council..... Jacqueline Henderson
 Independent Auditors.....KPMG LLP**

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

alexandriava.gov



**CITY OF ALEXANDRIA, VIRGINIA
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2009**

TABLE OF CONTENTS

	Description	Page
	<u>Part I Introductory Section</u>	
	Principal Officials.....	Title Page
	Organizational Chart.....	4
	Finance Department's Transmittal Letter.....	5
	Certificate of Achievement for Excellence in Financial Reporting.....	13
	<u>Part II - Financial Section</u>	
Exhibits	Independent Auditors' Report	17
	Management's Discussion and Analysis	21
	Basic Financial Statements	
	Government-wide Financial Statements	
Exhibit I	Statement of Net Assets.....	33
Exhibit II	Statement of Activities.....	34
	Fund Financial Statements	
	Governmental Funds Financial Statements	
Exhibit III	Balance Sheet.....	35
Exhibit IV	Statement of Revenues, Expenditures and Changes in Fund Balances.....	36
	Proprietary Funds Financial Statements	
Exhibit V	Statement of Net Assets.....	37
Exhibit VI	Statement of Revenues, Expenses and Changes in Fund Net Assets.....	38
Exhibit VII	Statement of Cash Flows.....	39
	Fiduciary Fund Financial Statements	
Exhibit VIII	Statement of Fiduciary Net Assets.....	40
Exhibit IX	Statement of Changes in Fiduciary Net Assets.....	41
	Component Units Financial Statements	
Exhibit X	Statement of Net Assets.....	42
Exhibit XI	Statement of Activities.....	43
Exhibit XII	Notes to Financial Statements	
	Summary of Significant Accounting Policies.....	44
	Financial Reporting Entity.....	44
	Government-wide and Fund Financial Statements.....	46
	Basis of Accounting.....	49
	Budgets and Budgetary Accounting.....	50
	Equity in Pooled Cash and Investments.....	50
	Allowance for Uncollectible Accounts.....	51
	Inventory of Supplies and Prepaid and Other Assets.....	51
	Capital Assets.....	52
	Compensated Absences.....	52
	Use of Estimates.....	53
	Fund Balance.....	53
	Short Term Liabilities.....	55
	Pollution Remediation.....	55
	Legal Compliance – Budgets.....	55
	Deposits and Investments.....	55
	Receivables.....	59
	Capital Assets.....	62
	Risk Management.....	66
	Operating Leases.....	69
	Commitments and Contingencies.....	70
	Long-Term Debt.....	73
	Interfund Balances and Component Unit Transactions.....	83

Grants.....	84
Intergovernmental Revenues.....	84
Due From Other Governments.....	85
Joint Ventures.....	85
Related Party Transactions.....	86
Other Post Employment Benefits.....	87
Employee Retirement Systems.....	89
Termination Benefits.....	98
Accounting Changes.....	98

Required Supplementary Information other than Management’s Discussion and Analysis

	Budgetary Comparison Schedules	
Exhibit XIII	General Fund.....	100
Exhibit XIV	Special Revenue Fund.....	101
Exhibit XV	Notes to Budgetary Comparison Schedules	102
Exhibit XVI	Public Employee Retirement Systems- Primary Government	103

Other Supplementary Information

Schedules

Combining Schedules

Schedule 1	Combining Schedule of Changes in Assets and Liabilities – Agency Funds.....	109
Schedule 2	Statement of Cash Flows – Component Unit – Alexandria Transit Company.....	110
Schedule 3	Combining Balance Sheet- Special Revenue Fund.....	111
Schedule 4	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Fund.....	112

Part III - Statistical Section

Tables

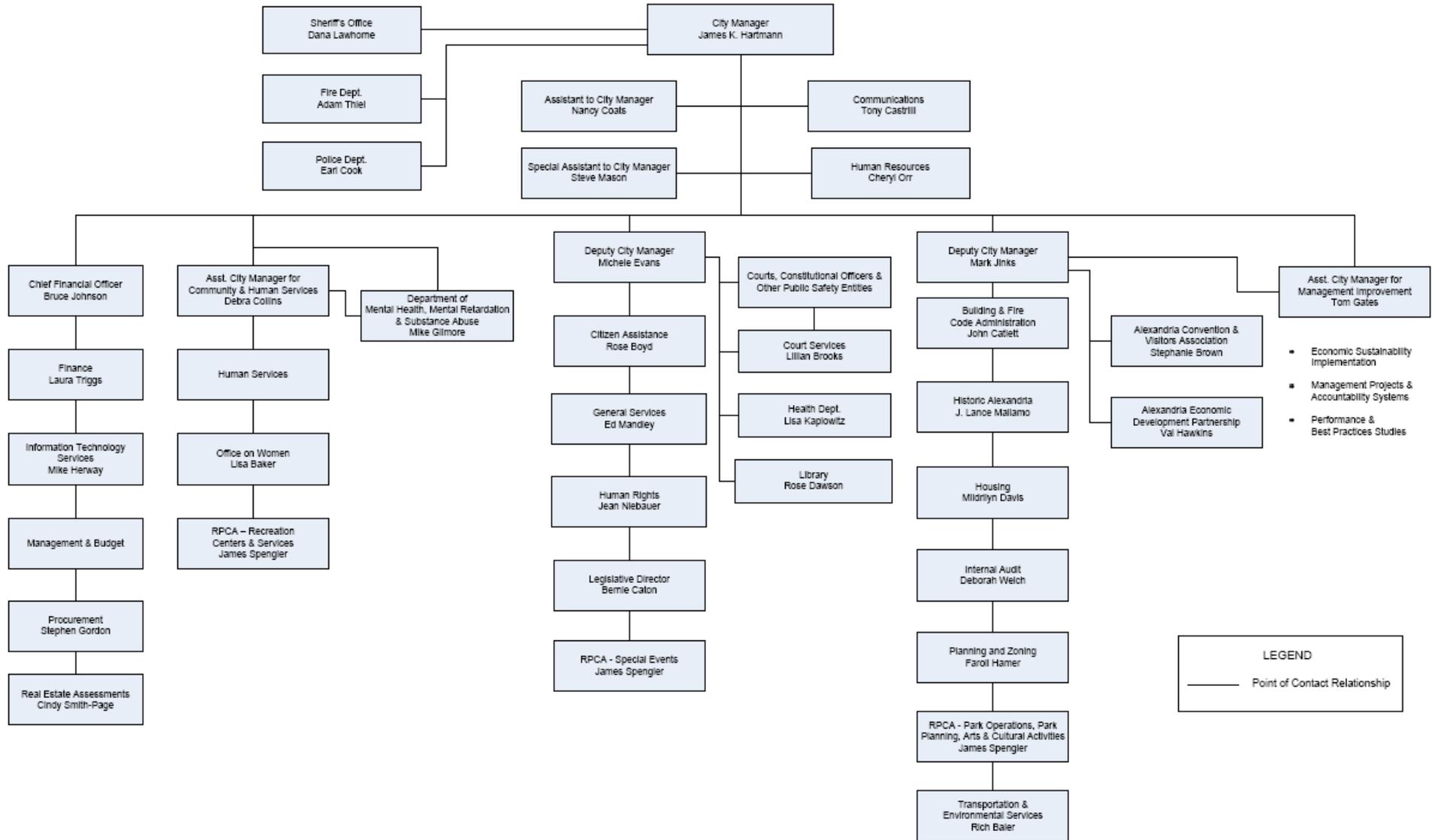
Table I	Statement of Changes in Net Assets - Last Nine Fiscal Years.....	116
Table II	Changes in Fund Balances, Governmental Funds - Last Nine Fiscal Years.....	118
Table III	Tax Revenues by Source-Last Ten Fiscal Years.....	119
Table IV	Real Estate Tax Levies and Collections-Last Nine Calendar Years.....	120
Table V	Personal Property Tax Levies and Collections-Last Nine Calendar Years.....	120
Table VI	Real and Personal Property Assessments and Tax Rates –Last Ten Calendar Years.....	121
Table VII	Net Assets - Last Nine Fiscal Years.....	122
Table VIII	Fund Balances, Governmental Funds - Last Nine Fiscal Years.....	123
Table IX	2009 Tax Rates for Major Revenue Sources.....	124
Table X	Legal Debt Margin Information - Last Ten Fiscal Years.....	125
Table XI	Ratio of Net General Debt to Assessed Value and Net Debt Per Capita-Last Ten Fiscal Years.....	126
Table XII	Overlapping Debt and Debt History.....	127
Table XIII	Ratio of Annual Debt Service Expenditures for Net General Debt to Total General Expenditures-Last Ten Fiscal Years.....	127
Table XIV	Demographic Statistics.....	128
Table XV	Principal Taxpayers - Current Year and Nine Years Ago.....	129
Table XVI	Alexandria City School Board Demographic Statistics-Last Ten Fiscal Years.....	131
Table XVII	General Fund-City Departments’ Expenditures Detail by Function.....	132
Table XVIII	City Government Employees By Function - Last Eight Fiscal Years.....	133
Table XIX	Principal Employers - Current Year and Nine Years Ago.....	133
Table XX	Operating and Capital Indicators - Last Nine Fiscal Years.....	134
Table XXI	Miscellaneous Statistical Data.....	136
Table XXII	Five Year Summary of General Fund Revenues and Expenditures.....	138
Table XXIII	Summary of Debt Service.....	139

Part IV-Single Audit Section

	Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	142
	Independent Auditors’ Report on Compliance with Requirements Applicable to Each Major Program, Internal Control over Compliance and the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133.....	144
	Schedule of Expenditures of Federal Awards.....	146
	Notes to Schedule of Expenditures of Federal Awards.....	149
	Schedule of Findings and Questioned Costs.....	150
	Summary Schedule of Prior Year Audit Findings.....	152

INTRODUCTORY SECTION

ALEXANDRIA CITY GOVERNMENT ORGANIZATIONAL CHART



LEGEND
 ——— Point of Contact Relationship



November 6, 2009

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, 2009. The report is designed to present fairly the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

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

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

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

THE CITY

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

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

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

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

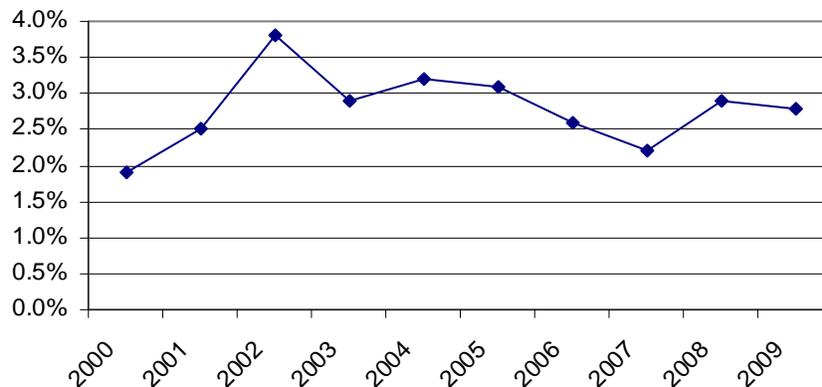
FINANCIAL REPORTING ENTITY

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

LOCAL ECONOMY

The City has seen a decline in revenues because of changes in the real estate market and availability of credit nationally. While unemployment rates remain lower than the national average, demand for housing has stabilized somewhat, office vacancy rates are moderate, and the number of jobs in the City has not increased. As of December 31, 2008, 101,346 persons were employed in the City, compared to 101,110 at the end of December 2007. The local jobless rate has decreased from 2.9 percent in 2008 to 2.8 percent in 2009. The following table shows the City's jobless rate for the past 10 years:

City of Alexandria Unemployment Rate Last Ten Years



The real estate market, which is the principal source of tax revenue for the City, had a decrease overall for the first time since 1995 in FY 2009. Total real property assessments decreased in calendar year 2009 by 3.3 percent, or \$1.2 billion.

MAJOR INITIATIVES

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

During the past fiscal year, the City made progress in a number of important areas, including adding to the investing in affordable housing projects and breaking ground on a new Public Safety Center.

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, 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 the fiscal year.

The continued need to reduce real estate tax rates 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 will require careful budgeting. The City Council has adopted a Strategic Plan to ensure that City resources remain focused on City priorities. The eight goals of the Strategic Plan are:

1. Quality Development and Redevelopment that is Well Planned and Consistent with Alexandria's Vision.
2. An Integrated, Multimodal Transportation System that Efficiently and Effectively Gets People from Point "A" To Point "B".
3. A Caring Community that is Diverse and Affordable.
4. A Strong Local Economy that is Growing in Varied Small Businesses and Job Opportunities
5. A City that Respects, Protects and Enhances the Natural Environment and History Resources.
6. A City Government that is Financially Sustainable, Efficient and Community Oriented.
7. Public Schools that are Among the Best in Northern Virginia (in Partnership with the Alexandria City Schools).
8. A City that Ensures the Safety, Security, Emergency Preparedness and Well Being of the Community.

Capital investment and the resulting debt service costs are planned to increase. The need for increased operating and capital support to fund the new Public Safety Center is the City's major capital challenge. During fiscal year (FY) 2010, revenues are budgeted below that of FY 2009 with revenues budgeted reflecting a lower estate tax base somewhat offset by an increase in the City real estate tax rate (from 84.5¢ to 90.3¢). For calendar year 2009, 0.3¢ of the City's real property taxes collected is dedicated to open space acquisition, with 0.7¢ of the real estate tax rate dedicated to affordable housing. The City believes, in general, that the overall state of its infrastructure of streets, bridges, and many public facilities is good, with the increased capital improvement program aimed at maintaining and improving the City's infrastructure. The type of development in the City will also influence future expenditure and revenue levels.

Over the last five years, the City has been able to maintain its fiscal strength as the result of the City Council's adoption of, and subsequent adherence to, the series of financial policies listed on page 10. These policies are aimed at (1) limiting debt and annual debt service requirements and (2) maintaining an appropriate General Fund fund balance so as to retain the City's AAA/Aaa bond ratings and to keep the City on firm financial footing. When City Council initially adopted the financial policies in 1987, the City's general obligation debt as a percentage of the tax base was 1.4 percent. Because of the City use of "pay-as-you-go" financing for many capital projects, the City has maintained superior debt ratios since their implementation in 1987. At the end of FY 2009, the City's debt to tax base ratio was just 1.12 percent with that projected to rise to 1.28 percent in FY 2012 (excluding self-supported sewer project related debt). The City's financial policies encourage the use of surplus General Fund revenues and resources derived from spending less than the full budget to fund capital projects.

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

GENERAL GOVERNMENT FUNCTIONS

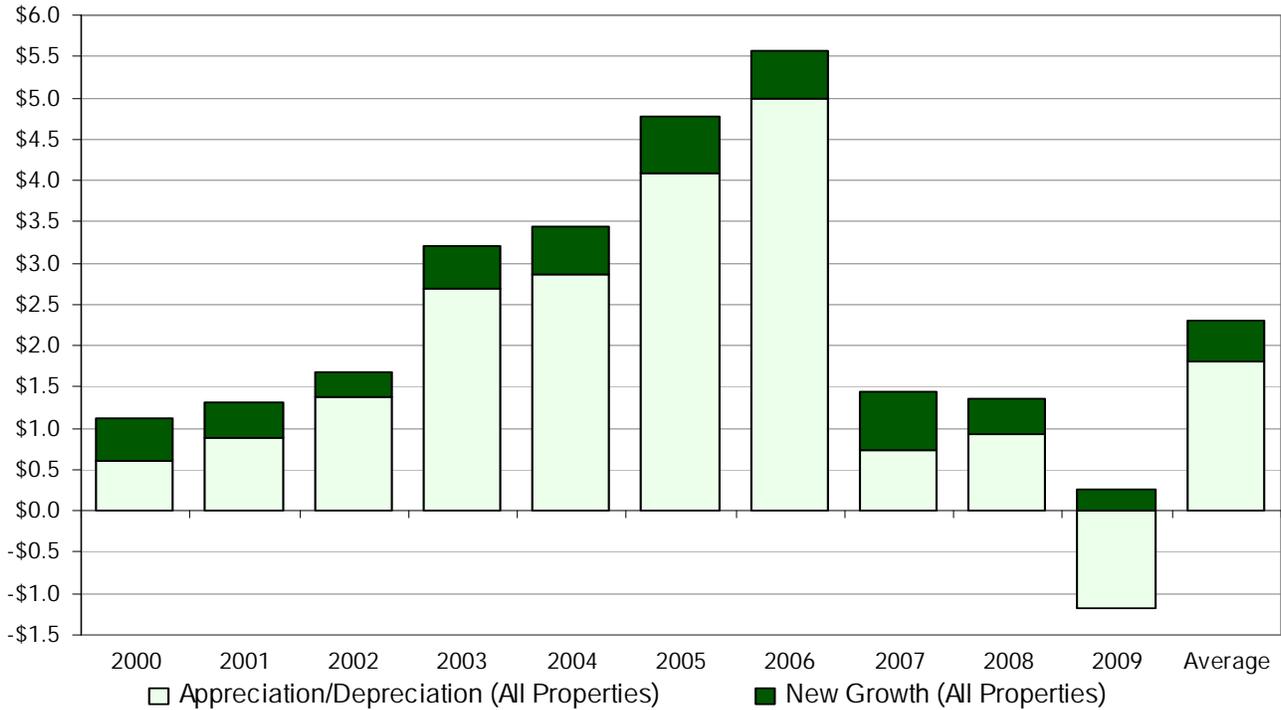
The following table shows that the overall real property assessed value has increased by over \$21 billion since 2000. This includes a 3.3 percent decrease from calendar year 2008 to 2009, which is the first decrease in the tax base since 1995. Real property taxes, which are based on assessments as of January 1 of each year, are due in two payments. The first half of the real estate tax is due on June 15 and the second half of the tax is due on November 15.

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

<u>Year</u>	<u>Residential Assessed Value</u>	<u>Residential % Increase (Decrease)</u>	<u>Commercial¹ Assessed Value</u>	<u>Commercial % Increase (Decrease)</u>	<u>Total Assessed Value</u>	<u>Total % Increase (Decrease)</u>
2000	\$ 6,716,942	8.9	\$ 6,578,366	9.3	\$ 13,295,308	9.1
2001	7,573,897	12.8	7,058,452	7.3	14,632,349	10.1
2002	8,889,290	17.4	7,243,699	2.6	16,132,989	10.3
2003	11,191,850	25.9	8,034,076	10.9	19,225,926	19.2
2004	13,224,543	18.3	9,532,642	7.6	21,889,496	13.9
2005	16,272,324	22.9	11,087,326	28.3	27,359,650	25.0
2006	20,331,756	25.2	12,574,963	12.0	32,790,562	19.9
2007	20,205,364	(0.8)	14,037,667	13.0	34,243,031	4.4
2008	20,143,404	(0.3)	15,411,554	9.8	35,554,958	3.8
2009	19,255,906	(4.4)	15,123,257	(1.9)	34,379,163	(3.3)

1. Includes apartment buildings.

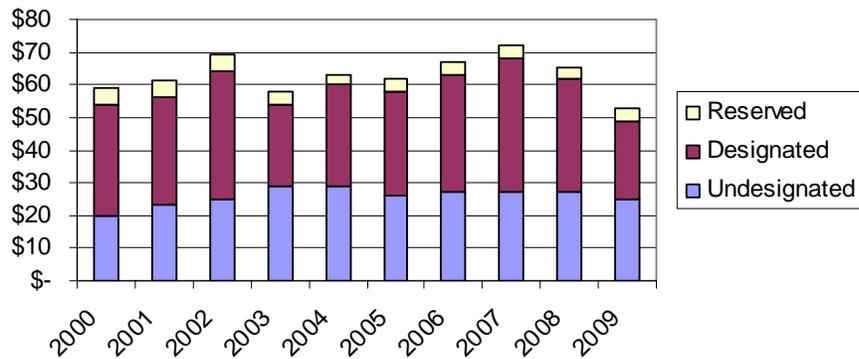
Change in Total Tax Base
Tax Year 2000-2009



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

The General Fund Unreserved Fund Balance financial policies are one component of the City's overall financial strength and stability. At the end of FY 2009, the City's General Fund fund balance was \$53.3 million and included legal reservations of fund balance of \$4.3 million and a number of designations totaling \$24.3 million, including \$0.2 million designated for future capital funding, leaving a remaining undesignated fund balance of \$24.7 million. At the end of FY 2009 the City's ending General Fund fund balance condition was consistent with the City's established financial policies.

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



CAPITAL FINANCING AND DEBT MANAGEMENT

In conjunction with the annual operating budget preparation, the City Manager annually prepares a six-year Capital Improvement Plan to provide for the financing of improvements to the City's public facilities. The first year of the program constitutes the capital budget for the current fiscal year; the remaining five years serve as a planning guide. The City accounts for capital improvement expenditures in the Capital Projects Fund and finances the projects from the General Fund (including appropriations of Designated Fund Balance), general obligation debt, the sale of surplus property, and intergovernmental grant revenues. The City's Capital Improvement Plan for FY 2010 through FY 2015 represents \$383.9 million of City-funded public improvements to the City's schools, public buildings, parks, and transportation systems. In addition, state and federal grants and other sources, such as prior year City funds, will provide \$128.7 million in additional planned capital funding for the FY 2010-FY 2015 time period. The plan includes \$72.6 million of funding sources not yet identified.

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

	<u>Ceiling</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Target</u>
Debt as a Percentage of Fair Market Value	1.6%	0.74%	0.95%	0.75%	0.90%	0.88%	0.90%	0.85%	0.73%	1.12%	1.1%
Debt Per Capita as a Percentage of Per Capita Income ¹	4.5%	1.6%	2.2%	2.0%	2.7%	3.1%	3.4%	2.9%	2.6%	3.7%	3.2%
Debt Service as a Percentage of General Governmental Expenditures ²	10.0%	3.1%	3.5%	3.6%	3.6%	4.2%	4.3%	4.5%	4.4%	4.6%	8.0%
General Fund Balance as a Percentage of General Fund Revenue:											
Unreserved (floor)	10%	16.6%	17.6%	14.4%	14.6%	13.3%	13.2%	13.4%	12.0%	9.3%	N/A
Undesignated (floor)	4%	6.6%	6.8%	7.3%	6.9%	5.9%	5.6%	5.2%	5.2%	4.7%	5.5%
Unrestricted											
Net Assets as a Percentage of General Revenue	4% (floor)	8.4%	32.2%	19.8%	18.4%	14.5%	17.7%	19.0%	12.6%	9.4%	5.5%

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

² Data includes School Board and Library component units.

The adopted financial policies include the following:

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

The City's General Obligation Bonds have the top available ratings which were reaffirmed in June 2009 as follows:

Moody's Investors Service

Aaa

Standard & Poor's

AAA

BUDGETARY ACCOUNTING AND INTERNAL CONTROLS

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

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

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

REPORT FORMAT

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

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

INDEPENDENT AUDIT

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

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

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Alexandria a Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR) for the 31st consecutive year in 2008. 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 2009.

REPORTING REQUIREMENTS

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the City has agreed for the benefit of the owners of City general obligation bonds and joint enterprise waste-to-energy-revenue bonds, to provide each nationally recognized municipal securities information repository and to any appropriate state information depository, if any is hereafter created, certain financial information not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ended June 30, 1996. This CAFR provides the 15c2-12 general bond obligation bond information, which includes the "Debt Statement" found in Note 9 of Notes to the Financial Statements, a "Five Year Summary of General Fund Revenues and Expenditures" found in Table XXII, a summary of debt found in Table XXIII (Summary of Total General Obligation Bonds Debt Service), and "Tax Revenues by Source" found in Table III.

ACKNOWLEDGMENTS

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

Respectfully submitted,



Bruce Johnson
Chief Financial Officer



Laura B. Triggs, CPA
Director of Finance



Raymond J. Welch, Jr.
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alexandria
Virginia

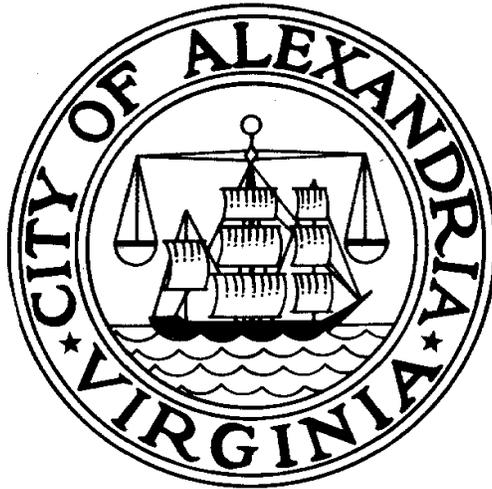
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

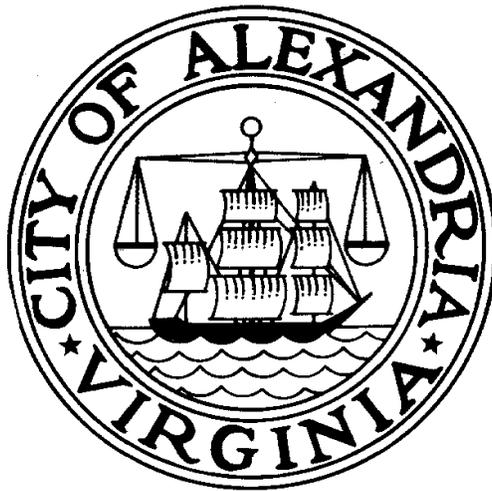


President

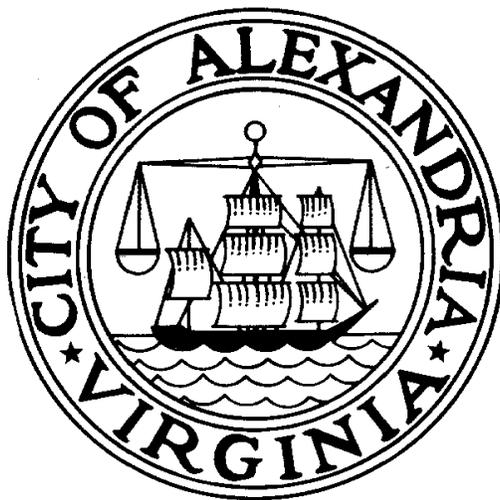
Executive Director



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT





KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Virginia (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements identified in Exhibits I through XII in the Financial Section of the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The accompanying management's discussion and analysis, the budgetary comparison schedules and the schedules of funding progress and employer contributions on pages 23 through 30, 105 through 107, and 108 through 110, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

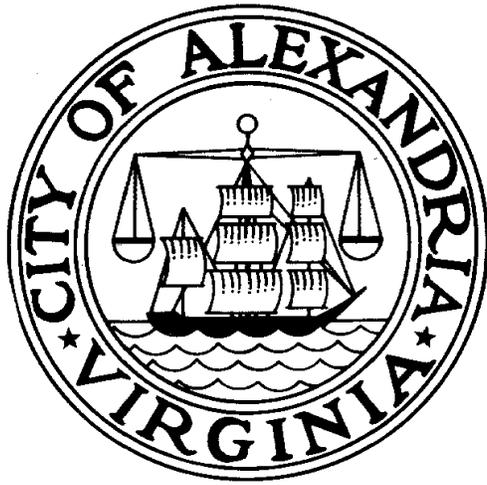
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The information identified as schedules 1, 2, 3 and 4 in the Financial Section of the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

KPMG LLP

November 2, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

The City has three kinds of funds:

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Assets:

The following table presents the condensed Statement of Net Assets:

Table 1
Summary of Net Assets
As of June 30, 2009 and 2008
(In millions)

	Primary Government Governmental Activities		Component Units	
	2009	2008	2009	2008
Current and other assets	\$ 480	\$ 399	\$ 54	\$ 44
Capital assets	549	501	23	24
Total assets	<u>\$ 1,029</u>	<u>\$ 900</u>	<u>\$ 77</u>	<u>\$ 68</u>
Other liabilities	\$ 277	\$ 267	\$ 29	\$ 25
Long-term liabilities	417	290	14	12
Total liabilities	<u>\$ 694</u>	<u>\$ 557</u>	<u>\$ 43</u>	<u>\$ 37</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 153	\$ 231	\$ 23	\$ 24
Restricted	135	52	-	-
Unrestricted	47	60	10	7
Total Net Assets	<u>\$ 335</u>	<u>\$ 343</u>	<u>\$ 33</u>	<u>\$ 31</u>

Amounts may not add due to rounding

The City's net assets (which is the City's bottom line) decreased two and a half percent, or \$8 million, to \$335 million. The decrease is primarily attributable to increase in liabilities resulting from bond issues. Component units net assets increased by \$2 million. The City's capital assets increased \$48 million mainly due to the increase in construction in progress covering, among other projects, the new transit bus facility and the new fire station at Potomac Yard. Long-term liabilities increased as two separate sets of bonds were issued in FY 2009 (Note 9). The increase in other long term liabilities for component units represents the liability associated with Other Post Employment Benefits.

Statement of Activities

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

Table 2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2009 and 2008
(In millions)

	Total			
	Primary Government		Component	
	<u>Governmental Activities</u>	<u>Units</u>	<u>Governmental Activities</u>	<u>Units</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues				
Program revenues:				
Charges for services	\$ 54	\$ 51	\$ 6	\$ 6
Operating grants and Contributions	63	61	43	38
Capital grant/contributions	20	8	--	--
General revenues:				
Property taxes	335	328	--	--
Other taxes	112	112	--	--
Other	35	39	2	1
Payment to/from City	--	--	187	181
Total revenues	<u>\$ 619</u>	<u>\$ 599</u>	<u>\$ 238</u>	<u>\$ 226</u>
Expenses				
General government	\$ 79	\$ 65	\$ --	\$ --
Judicial administration	19	19	--	--
Public safety	120	115	--	--
Public works	49	49	--	--
Library	7	7	8	8
Health and welfare	97	96	--	--
Transit	13	14	13	12
Culture and recreation	28	30	--	--
Community development	30	41	--	--
Education	174	169	214	208
Interest on long-term debt	11	12	--	--
Total expenses	<u>\$ 627</u>	<u>\$ 617</u>	<u>\$ 235</u>	<u>\$ 228</u>
Change in net assets	<u>\$ (8)</u>	<u>\$ (18)</u>	<u>\$ 2</u>	<u>\$ (1)</u>
Net Assets Beginning of Year	<u>\$ 343</u>	<u>\$ 361</u>	<u>\$ 31</u>	<u>\$ 32</u>
Net Assets End of Year	<u>\$ 335</u>	<u>\$ 343</u>	<u>\$ 33</u>	<u>\$ 31</u>

Amounts may not add due to rounding

REVENUES

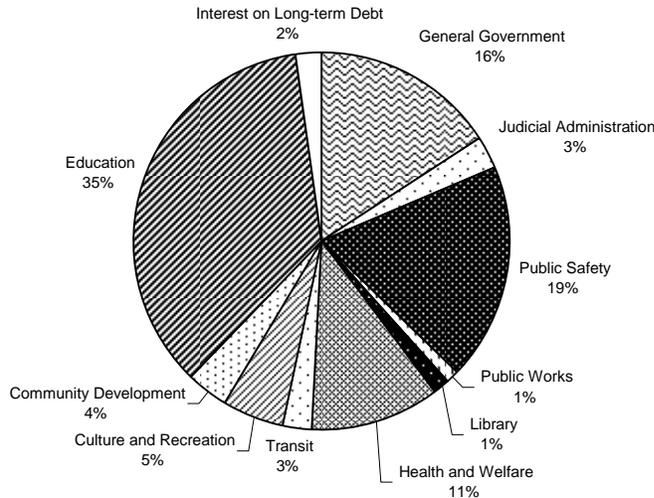
For the fiscal year ended June 30, 2009 revenues from governmental activities totaled \$619 million. Real estate tax revenues, the City's largest revenue source, reflecting the recognition of the taxes associated with the last half of calendar year 2008 and the first half of calendar year 2009 real property tax billings, were \$296 million. The increase in tax revenues is primarily attributable to an increase in the City's assessed real property tax base in calendar year 2008 and a tax rate increase of 5.8¢. One percent of the City's real estate tax was set aside to fund open space initiatives and the equivalent of one cent of the real estate tax rate revenues was transferred to a special housing fund for affordable housing initiatives in calendar year 2008.

In addition:

- Charges for services increased by \$3 million primarily from ambulance fees and refuse user charges.
- The increase in capital grants and contributions reflect the receipt of funds for the new DASH facility in FY 2009.

Component units' net assets increased \$3 million primarily from the increased payment from the City.

Net Expenses for Governmental Activities



EXPENSES

For the fiscal year ended June 30, 2009 expenses for governmental activities totaled \$627 million and include budgeted increases for employee compensation, maintenance of public buildings and budgeted increases in payments for educational expenses to the School Board. For FY 2009 the City provided increased resources to the following areas:

- Increased cost of the City's supplemental pension plan,
- Community development

Education continues to be one of the City's highest priorities. Capital funding included \$3.9 million in addition to the City's operating subsidy to the Schools of \$168.0 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2009, the governmental funds reflect a combined fund balance of \$213 million (Exhibit III). The Governmental fund balance increase of \$78 million is primarily due to bond proceeds in FY 2009. In addition, these other changes in fund balance should be noted:

- The General Fund contributed \$12.6 million to pay-as-you-go financing of capital projects.
- The City contributed \$168 million to the schools for operations.
- The sewer fund contributed \$4.0 million to pay-as-you go capital projects.
- The City spent \$105 million in the Capital Projects Fund primarily to fund the new DASH bus facility.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3
General Fund Budget
(in millions)

	FY 2009		
	Original Budget	Amended Budget	Actual
<u>Revenues, Transfers, and Other Financial Sources</u>			
Taxes	\$ 329	\$ 329	\$ 333
Other Local Taxes	121	116	112
Other	87	84	83
Total	<u>\$ 537</u>	<u>\$ 529</u>	<u>\$ 528</u>
<u>Expenditures, Transfers, and Other Financial Uses</u>			
Expenditures	\$ 320	\$ 318	\$ 307
Transfers and other	226	234	233
Total	<u>\$ 546</u>	<u>\$ 552</u>	<u>\$ 540</u>
Change in Fund Balance	<u>\$ (9)</u>	<u>\$ (23)</u>	<u>\$ (12)</u>

Amounts may not add due to rounding

Expenditures and other financing uses exceeded revenue and other financing sources by \$12 million in the General Fund for FY 2009.

Actual General Fund revenues and other financial sources were below original budgeted revenues by \$9 million and the amended budget by \$1 million during FY 2009. This is primarily due to a decrease in other local taxes, primarily decreases in sales and business license taxes. As a result of supplemental appropriations actual General Fund expenditures and transfers were less than the original budget by \$6 million, while General Fund expenditures were less than the amended budget by \$12 million primarily as a result of mandated budget rescissions for all City departments.

During FY 2009, City Council amended the budget three times. These budget amendments, or supplemental appropriation ordinances, were primarily for the following purposes:

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2008 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, 2008, totaled \$1.6 million.
- To reappropriate monies (\$2.9 million) to pay for projects budgeted for FY 2008 but not completed before the end of the fiscal year.

- To reappropriate grant, donation and other revenues authorized in FY 2008 or earlier, but not expended or encumbered as of June 30, 2008.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2009.
- To appropriate the designated General Fund balance of \$7.4 million to planned capital projects.

CAPITAL ASSETS

At the end of FY 2009, the City's governmental activities had invested cumulatively \$549.4 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$48.1 million.

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

	Balance <u>June 30, 2008</u>	Net Additions/ <u>(Deletions)</u>	Balance <u>June 30, 2009</u>
Non-Depreciable Assets			
Land and Land Improvements	\$ 88.8	\$ -	\$ 88.8
Construction in Progress	36.7	42.5	79.2
Other Capital Assets			
Buildings	362.7	19.5	382.2
Infrastructure	142.8	1.3	144.1
Furniture and Other Equipment	58.0	1.8	59.8
Accumulated Depreciation on Other Capital Assets	<u>(187.8)</u>	<u>(16.9)</u>	<u>(204.7)</u>
Totals	<u>\$501.3</u>	<u>\$ 48.1</u>	<u>\$549.4</u>

Amounts may not add due to rounding

The FY 2009 increase in buildings includes the completion of the Charles Houston Recreation Center and new bleachers for T.C. Williams High School. The primary components of the increase construction in progress are the new Public Safety Center and new Transit Bus Facility.

The FY 2010 - FY 2015 Approved Capital Improvement Program (CIP), which was approved by City Council in May 2009, sets forth a six-year program with \$383.9 million in new City funding and \$59.2 million in prior City funding and partially state transportation aid funded programs of public improvements for the City and the Alexandria City Public Schools. This represents (in City funding) a decrease of approximately \$13.0 million below the FY 2009-2014 CIP. The CIP also provides an increased capital investment in quality of life initiatives, including open space acquisition, and increased Metro capital funding, to enhance the quality of life in Alexandria.

LONG-TERM DEBT

At the end of FY 2009, the City had \$384.0 million in outstanding general obligation bonds an increase of \$123.6 million, or 47.5 percent, over last year. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2009, 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 practices were "strong."

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt is significantly below, or less than one-tenth of this state law limit - which would equate to \$3.4 billion for the City.

On July 9, 2008 the City Council issued \$58.0 million in General Obligation bonds for school construction, sewers, and infrastructure improvements and renovation. These bonds were issued with an original issue premium of approximately \$1.4 million and a true interest cost of 3.99 percent. Also, on July 9, 2008 the City Council issued \$5

million in taxable bonds to assist the City's Housing Authority in financing the redevelopment of its Glebe Park site. These bonds were issued with an original issue premium of \$29,048 and a true interest cost of 5.39 percent. The premium and discounts for these bonds are being amortized over the life of the bonds.

On June 25, 2009 the City Council issued \$35.2 million in General Obligation bonds for school construction, sewers, and infrastructure improvements and renovation. These bonds were issued with an original issue premium of approximately \$1.5 million and a true interest cost of 2.68 percent. Also, on June 25, 2009 the City Council issued \$44.5 million in taxable bonds for school construction, sewers, and infrastructure improvements and renovation. These bonds were issued with an original issue premium of \$43,468 and a true interest cost of 3.50 percent for which the Federal government provides a 35 percent interest rate subsidy for these Build America Bonds. The premium for these bonds are being amortized over the life of the bonds.

ECONOMIC FACTORS

Job growth in the City slowed somewhat in FY 2009, with total employment of 97,960 for March 2009 (the latest data available from the Virginia Employment Commission). Tourism has remained relatively flat, with restaurant food tax showing only moderate growth in FY 2009 excluding a tax rate increase.

As of 2007 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita income of \$70,632 remains one of the highest in the United States, and remains the highest of any major jurisdiction in Virginia. The City's office vacancy rate stood at 8.8 percent by the end of FY 2009, which is lower than the office vacancy rate in Northern Virginia (14.5 percent), as well as the Washington D.C. metropolitan area (11.7 percent).

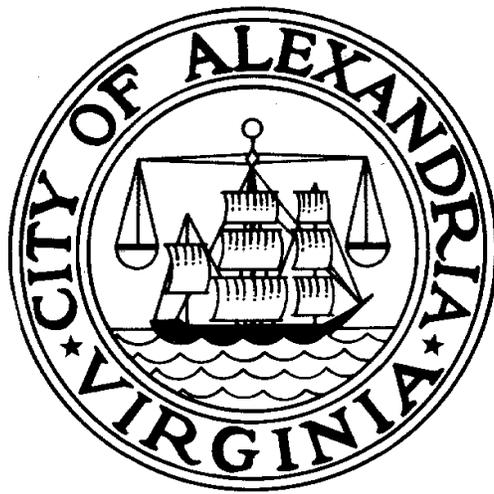
OTHER INFORMATION

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses the accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this statement did not have a material impact on the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS



CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Assets
As of June 30, 2009

Exhibit I

	Primary Government	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Units</u>
ASSETS		
Cash and Cash Equivalents	\$ 110,258,066	\$ 41,503,810
Cash and Investments with Fiscal Agents	126,192,334	2,240,479
Receivables, Net	200,749,652	265,645
Due From Other Governments	37,417,306	2,239,874
Inventory of Supplies	1,891,281	605,440
Prepaid and Other Assets	3,532,630	7,127,757
Capital Assets		
Land and Construction in Progress	168,034,785	7,504,188
Other Capital Assets, Net	381,367,611	15,127,859
Capital Assets, Net	<u>\$ 549,402,396</u>	<u>\$ 22,632,047</u>
Total Assets	<u>\$ 1,029,443,665</u>	<u>\$ 76,615,052</u>
LIABILITIES		
Accounts Payable	\$ 14,590,683	\$ 2,250,062
Accrued Wages	10,650,009	24,078,134
Accrued Liabilities	5,396,945	-
Unclaimed property	-	14,127
Deferred Revenue	216,032,770	527,733
Other Short-term Liabilities	4,993,168	399,403
Deposits	1,418,114	-
Long-term Liabilities Due Within One Year	24,027,538	2,282,898
Long-term Liabilities Due in More Than One Year	417,346,102	13,644,130
Total Liabilities	<u>\$ 694,455,328</u>	<u>\$ 43,196,487</u>
NET ASSEIS		
Invested in Capital Assets, Net of Related Debt	\$ 153,239,325	\$ 22,632,047
Restricted for:		
Capital Projects	134,723,262	-
Unrestricted Net Assets	47,025,750	10,786,518
TOTAL NET ASSEIS	<u>\$ 334,988,337</u>	<u>\$ 33,418,565</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2009

Exhibit II

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government		Component Units
					Governmental Activities	Total	
Primary Government:							
Governmental Activities:							
General Government	\$ 79,488,235	\$ 1,422,406	\$ 764,442	\$ -	\$ (77,301,387)	\$ (77,301,387)	\$ -
Judicial Administration	19,264,524	1,603,784	3,951,340	-	(13,709,400)	(13,709,400)	-
Public Safety	120,479,937	15,476,509	13,226,872	-	(91,776,556)	(91,776,556)	-
Public Works	48,457,241	18,147,119	5,674,615	19,806,934	(4,828,573)	(4,828,573)	-
Library	6,793,868	-	-	-	(6,793,868)	(6,793,868)	-
Health and Welfare	97,337,478	6,609,063	36,026,014	-	(54,702,401)	(54,702,401)	-
Transit	12,550,443	-	-	-	(12,550,443)	(12,550,443)	-
Culture and Recreation	28,142,205	2,849,184	245,608	-	(25,047,413)	(25,047,413)	-
Community Development	30,355,133	8,240,709	3,267,353	677,131	(18,169,940)	(18,169,940)	-
Education	173,826,993	-	-	-	(173,826,993)	(173,826,993)	-
Interest on Long-term Debt	10,911,306	-	-	-	(10,911,306)	(10,911,306)	-
Total Primary Government	\$ 627,607,363	\$ 54,348,774	\$ 63,156,244	\$ 20,484,065	\$ (489,618,280)	\$ (489,618,280)	\$ -
Component Units:							
Library	\$ 7,462,738	\$ 243,490	\$ 196,626	\$ -	\$ -	\$ -	\$ (7,022,622)
Transit	13,071,813	3,356,815	279,274	-	-	-	(9,435,724)
School Board	213,853,213	2,558,276	42,891,356	-	-	-	(168,403,581)
Total Component Units	\$ 234,387,764	\$ 6,158,581	\$ 43,367,256	\$ -	\$ -	\$ -	\$ (184,861,927)
General Revenues:							
Taxes:							
General Property Taxes:							
Real Estate							
					\$ 296,486,150	\$ 296,486,150	\$ -
					37,903,068	37,903,068	-
Other Local Taxes:							
					30,527,956	30,527,956	-
					21,679,635	21,679,635	-
					14,912,796	14,912,796	-
					10,592,806	10,592,806	-
					10,409,248	10,409,248	-
					11,268,560	11,268,560	-
					12,880,369	12,880,369	-
Transfer							
					-	-	186,655,407
Grants and Contributions Not Restricted to Specific Programs							
					32,354,274	32,354,274	-
Interest and Investment Earnings							
					1,720,579	1,720,579	16,733
Miscellaneous							
					1,065,127	1,065,127	1,161,669
					<u>\$ 481,800,568</u>	<u>\$ 481,800,568</u>	<u>\$ 187,833,809</u>
					<u>\$ (7,817,712)</u>	<u>\$ (7,817,712)</u>	<u>\$ 2,971,882</u>
Net Assets at Beginning of Year							
					342,806,049	342,806,049	30,446,683
Net Assets at End of Year							
					<u>\$ 334,988,337</u>	<u>\$ 334,988,337</u>	<u>\$ 33,418,565</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2009

Exhibit III

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 61,199,689	\$ 24,260,544	\$ 13,284,727	\$ 98,744,960
Cash and Investments with Fiscal Agents	-	104,489	126,087,845	126,192,334
Receivables, Net	197,170,715	3,578,924	13	200,749,652
Due From Other Governments	31,800,221	5,617,085	-	37,417,306
Inventory of Supplies	1,891,281	-	-	1,891,281
Prepaid and Other Assets	63,149	43,307	-	106,456
Total Assets	<u>\$ 292,125,055</u>	<u>\$ 33,604,349</u>	<u>\$ 139,372,585</u>	<u>\$ 465,101,989</u>
LIABILITIES				
Accounts Payable	\$ 6,980,535	\$ 2,734,539	\$ 4,645,049	\$ 14,360,123
Accrued Wages	8,455,332	2,190,405	4,274	10,650,011
Accrued Vacation	2,759,272	-	-	2,759,272
Other Liabilities	4,993,168	-	-	4,993,168
Deposits	1,418,114	-	-	1,418,114
Deferred Revenue	214,211,643	3,876,048	-	218,087,691
Total Liabilities	<u>\$ 238,818,064</u>	<u>\$ 8,800,992</u>	<u>\$ 4,649,323</u>	<u>\$ 252,268,379</u>
FUND BALANCES				
Reserved for:				
Capital Projects	\$ -	\$ -	\$ 101,741,783	\$ 101,741,783
Notes Receivable	400,000	2,673,806	-	3,073,806
Inventory of Supplies	1,891,281	-	-	1,891,281
Encumbrances	1,967,201	1,848,720	32,981,479	36,797,400
Unreserved	49,048,509	20,280,831	-	69,329,340
Total Fund Balances	<u>\$ 53,306,991</u>	<u>\$ 24,803,357</u>	<u>\$ 134,723,262</u>	<u>\$ 212,833,610</u>
Total Liabilities and Fund Balances	<u>\$ 292,125,055</u>	<u>\$ 33,604,349</u>	<u>\$ 139,372,585</u>	

Adjustments for the Statement of Net Assets:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)	539,799,567
Other long-term assets are not available to pay for current period expenditures; the taxes offset by deferred revenue in the governmental funds. (Note 1)	5,481,094
Internal service funds are used by management to charge the costs of equipment replacement; and, therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets. (Exhibit V)	20,885,377
Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(444,011,311)
Net Assets of Governmental Activities	<u>\$ 334,988,337</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

Exhibit IV

	General	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES				
General Property Taxes	\$ 333,482,063	\$ -	\$ -	\$ 333,482,063
Other Local Taxes	112,271,370	-	-	112,271,370
Permits, Fees, and Licenses	4,827,422	882,686	-	5,710,108
Fines and Forfeitures	4,116,453	-	-	4,116,453
Use of Money and Property	4,433,015	395,672	1,395,697	6,224,384
Charges for Services	12,404,166	12,064,093	792,900	25,261,159
Intergovernmental Revenue	53,095,127	42,415,391	20,484,065	115,994,583
Miscellaneous	1,065,130	8,606,742	6,150,507	15,822,379
Total Revenues	<u>\$ 525,694,746</u>	<u>\$ 64,364,584</u>	<u>\$ 28,823,169</u>	<u>\$ 618,882,499</u>
EXPENDITURES				
Current Operating:				
General Government	\$ 46,137,096	\$ 554,342	\$ -	\$ 46,691,438
Judicial Administration	17,958,782	919,747	-	18,878,529
Public Safety	113,896,868	2,950,578	-	116,847,446
Public Works	34,755,649	2,196,320	-	36,951,969
Library	6,793,868	-	-	6,793,868
Health and Welfare	20,723,663	76,041,847	-	96,765,510
Transit	12,550,443	-	-	12,550,443
Culture and Recreation	23,109,869	43,578	-	23,153,447
Community Development	13,840,168	10,750,251	-	24,590,419
Education	167,965,753	-	3,897,558	171,863,311
Debt Service:				
Principal	19,100,000	-	-	19,100,000
Interest and Other Charges	12,800,635	-	-	12,800,635
Capital Outlay	-	-	100,725,662	100,725,662
Total Expenditures	<u>\$ 489,632,794</u>	<u>\$ 93,456,663</u>	<u>\$ 104,623,220</u>	<u>\$ 687,712,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 36,061,952</u>	<u>\$ (29,092,079)</u>	<u>\$ (75,800,051)</u>	<u>\$ (68,830,178)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	5,000,000	137,700,000	142,700,000
Bond Premium (Discount)	-	29,048	2,955,587	2,984,635
Transfers In	2,223,910	38,279,363	18,402,687	58,905,960
Transfers Out	(50,769,720)	(7,386,816)	-	(58,156,536)
Total Other Financing Sources and Uses	<u>(48,545,810)</u>	<u>35,921,595</u>	<u>159,058,274</u>	<u>146,434,059</u>
Net Change in Fund Balance	<u>(12,483,858)</u>	<u>6,829,516</u>	<u>83,258,223</u>	<u>77,603,881</u>
Fund Balance at Beginning of Year	65,488,041	17,973,841	51,465,039	
Increase in Reserve for Inventory	302,808	-	-	302,808
Fund Balance at End of Year	<u>\$ 53,306,991</u>	<u>\$ 24,803,357</u>	<u>\$ 134,723,262</u>	

Adjustments for the Statement of Activities:

Repayment and refunding of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	19,100,000
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded capital expenditures in the current period. (Note 5)	41,227,288
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)	907,156
Issuance of debt and premium provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Assets (Note 9)	(145,684,635)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 9)	(3,791,052)
Internal service funds are used by management to charge the costs of certain equipment to individual funds. The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI)	2,516,844
Change in Net Assets of Governmental Activities	<u>\$ (7,817,712)</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Assets
Proprietary Funds – Internal Service Fund
June 30, 2009

Exhibit V

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 11,513,106
Total Current Assets	<u>\$ 11,513,106</u>
Capital Assets:	
Buildings and Equipment	\$ 34,755,711
Less Accumulated Depreciation	(25,152,882)
Capital Assets, Net	<u>\$ 9,602,829</u>
Total Assets	<u><u>\$ 21,115,935</u></u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 230,558
Total Current Liabilities	<u>\$ 230,558</u>
Total Liabilities	<u>\$ 230,558</u>

NET ASSETS

Invested in Capital Assets	\$ 9,602,829
Unrestricted Net Assets	11,282,548
Total Net Assets	<u>\$ 20,885,377</u>
Total Liabilities and Net Assets	<u><u>\$ 21,115,935</u></u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds – Internal Service Fund
For the Year Ended June 30, 2009

Exhibit VI

Operating Revenues:	
Charges for Services	\$ 4,984,150
Total Operating Revenues	<u>\$ 4,984,150</u>
Operating Expenses:	
Materials and Supplies	\$ 1,588,781
Depreciation	3,189,922
Total Operating Expenses	<u>\$ 4,778,703</u>
Operating Income	<u>\$ 205,447</u>
Nonoperating Expenses:	
Loss on Disposal of Capital Assets	\$ (129,101)
Total Nonoperating Expenses	<u>\$ (129,101)</u>
Net Profit/Loss Before Operating Transfers	<u>76,346</u>
Operating Transfers:	
Transfers In	\$ 150,576
Transfers Out	(900,000)
Total Net Transfers	<u>\$ (749,424)</u>
Change in Net Assets	\$ (673,078)
Net Assets at Beginning of Year	21,558,455
Net Assets at End of Year	<u><u>\$ 20,885,377</u></u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers	\$ 4,984,150
Payments to Suppliers	(1,633,703)
Net Cash Provided by Operating Activities	<u>\$ 3,350,447</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Subsidies and Transfers from Other Funds	<u>\$ (749,424)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	<u>\$ (3,144,595)</u>
Net Cash Used By Capital and Related Financing Activities	<u>\$ (3,894,019)</u>
 Net Increase in Cash and Cash Equivalents	 \$ (543,572)
 Cash and Cash Equivalents at Beginning of Year	 <u>12,056,678</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,513,106</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 205,447
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	3,189,922
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Payable	(44,922)
Net Cash Provided by Operating Activities	<u>\$ 3,350,447</u>

Noncash investing, capital and financing activities:

Capital assets with a net book value of \$129,101 were retired in non-cash transactions during the year in the Internal Service Fund.

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Fiduciary Net Assets
At June 30, 2009

Exhibit VIII

	Employee Retirement Plans	Other Post Employment Benefits	Private- Purpose Trusts	Agency Funds
ASSETS				
Cash and Short-term Investments	\$ -	\$ -	\$ -	\$ 30,983
Investments, at Fair Value:				
U.S. Government Obligations	2,133,390	-	-	-
LGIP	-	-	5,792	681,631
Mutual Funds	139,110,798	-	-	-
Corporate Stocks	42,444,454	3,532,426	-	-
Guaranteed Investment Accounts	66,220,071	878,811	-	-
Domestic Corporate Bonds	700,675	-	-	-
Other Investments	406,165	94,953	-	-
Total Investments	<u>\$ 251,015,553</u>	<u>\$ 4,506,190</u>	<u>\$ 5,792</u>	<u>\$ 681,631</u>
Total Assets	<u>\$ 251,015,553</u>	<u>\$ 4,506,190</u>	<u>\$ 5,792</u>	<u>\$ 712,614</u>
LIABILITIES				
Refunds Payable and Other	\$ -	\$ -	\$ -	\$ 712,614
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,614</u>
NET ASSETS				
Held in Trust for:				
Pension Benefits	\$ 251,015,553	\$ -	\$ -	
Other Post Employment Benefits	-	4,506,190	-	
Other Purposes	-	-	5,792	
TOTAL NET ASSETS	<u>\$ 251,015,553</u>	<u>\$ 4,506,190</u>	<u>\$ 5,792</u>	

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2009

Exhibit IX

	<u>Employee Retirement Plans</u>	<u>Other Post Employment Benefits</u>	<u>Private- Purpose Trusts</u>
ADDITIONS			
Contributions:			
Employer	\$ 15,632,474	\$ 5,391,667	\$ -
Plan Members	5,118,547	-	-
Total Contributions	<u>\$ 20,751,021</u>	<u>\$ 5,391,667</u>	<u>\$ -</u>
Investment Earnings:			
Net (Depreciation) in Fair Value of Investments	\$ (41,748,527)	\$(1,185,365)	\$ -
Interest	8,926,812	158,351	601
Total Investment Earnings	<u>\$ (32,821,715)</u>	<u>\$(1,027,014)</u>	<u>\$ 601</u>
Less Investment Expense	-	-	-
Net Investment Income	<u>\$ (32,821,715)</u>	<u>\$(1,027,014)</u>	<u>\$ 601</u>
Total Additions	<u>\$ (12,070,694)</u>	<u>\$ 4,364,653</u>	<u>\$ 601</u>
DEDUCTIONS			
Benefits	\$ 16,570,756	\$ -	\$ 563
Refunds of Contributions	2,161,727	-	-
Administrative Expenses	469,814	66,796	-
Total Deductions	<u>\$ 19,202,297</u>	<u>\$ 66,796</u>	<u>\$ 563</u>
Change in Net Assets	<u>\$ (31,272,991)</u>	<u>\$ 4,297,857</u>	<u>\$ 38</u>
Net Assets at Beginning of Year	282,288,544	208,333	5,754
Net Assets at End of Year	<u><u>\$ 251,015,553</u></u>	<u><u>\$ 4,506,190</u></u>	<u><u>\$ 5,792</u></u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Assets
Component Units
As of June 30, 2009

Exhibit X

	<u>School Board</u>	<u>Library</u>	<u>Transit</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 41,065,198	\$ 149,078	\$ 289,534	\$ 41,503,810
Cash and Investments with Fiscal Agents	-	2,240,479	-	2,240,479
Receivables	142,055	-	123,590	265,645
Due from Other Governments	2,006,736	-	233,138	2,239,874
Inventory of Supplies	158,618	-	446,822	605,440
Prepaid and Other Assets	7,127,757	-	-	7,127,757
Capital assets				
Land and Construction in Progress	999,381	-	6,504,807	7,504,188
Other Capital Assets, Net	6,568,462	-	8,559,397	15,127,859
Capital Assets, Net	<u>\$ 7,567,843</u>	<u>\$ -</u>	<u>\$ 15,064,204</u>	<u>\$ 22,632,047</u>
Total Assets	<u>\$ 58,068,207</u>	<u>\$ 2,389,557</u>	<u>\$ 16,157,288</u>	<u>\$ 76,615,052</u>
LIABILITIES				
Accounts Payable	\$ 1,949,028	\$ 862	\$ 300,172	\$ 2,250,062
Accrued Wages	23,643,446	257,635	177,053	24,078,134
Deferred Revenue	527,733	-	-	527,733
Unclaimed Property	14,127	-	-	14,127
Other Short-term Liabilities	-	-	399,403	399,403
Long-term Liabilities Due Within One Year	2,282,898	-	-	2,282,898
Long-term Liabilities Due in More Than One Year	13,644,130	-	-	13,644,130
Total Liabilities	<u>\$ 42,061,362</u>	<u>\$ 258,497</u>	<u>\$ 876,628</u>	<u>\$ 43,196,487</u>
NET ASSETS				
Invested in Capital Assets	\$ 7,567,843	\$ -	\$ 15,064,204	\$ 22,632,047
Unrestricted Net Assets	8,439,002	2,131,060	216,456	10,786,518
TOTAL NET ASSETS	<u><u>\$ 16,006,845</u></u>	<u><u>\$ 2,131,060</u></u>	<u><u>\$ 15,280,660</u></u>	<u><u>\$ 33,418,565</u></u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
Component Units
For the Year Ended June 30, 2009

Exhibit XI

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>School Board</u>	<u>Library</u>	<u>Transit</u>	<u>Totals</u>
School Board							
Instructional	\$ 213,853,213	\$ 2,558,276	\$ 42,891,356	\$ (168,403,581)	\$ -	\$ -	\$ (168,403,581)
Total School Board	<u>\$ 213,853,213</u>	<u>\$ 2,558,276</u>	<u>\$ 42,891,356</u>	<u>\$ (168,403,581)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (168,403,581)</u>
Library	\$ 7,462,738	\$ 243,490	\$ 196,626	\$ -	\$ (7,022,622)	\$ -	\$ (7,022,622)
Transit	13,071,813	3,356,815	279,274	-	-	(9,435,724)	(9,435,724)
Total Component Units	<u>\$ 234,387,764</u>	<u>\$ 6,158,581</u>	<u>\$ 43,367,256</u>	<u>\$ -</u>	<u>\$ (7,022,622)</u>	<u>\$ (9,435,724)</u>	<u>\$ (184,861,927)</u>

General Revenues:

Payment From City	\$ 167,953,749	\$ 6,793,868	\$ 7,955,042	\$ 182,702,659
Capital Payment From City	3,897,558	-	-	3,897,558
Capital Contribution From City	-	-	55,190	55,190
Interest and Investment Earnings	-	16,733	-	16,733
Miscellaneous	1,072,171	21,684	67,814	1,161,669
Total General Revenues	<u>\$ 172,923,478</u>	<u>\$ 6,832,285</u>	<u>\$ 8,078,046</u>	<u>\$ 187,833,809</u>
Change in Net Assets	\$ 4,519,897	\$ (190,337)	\$ (1,357,678)	\$ 2,971,882
Net Assets Beginning of Year	11,486,948	2,321,397	16,638,338	30,446,683
Net Assets End of Year	<u>\$ 16,006,845</u>	<u>\$ 2,131,060</u>	<u>\$ 15,280,660</u>	<u>\$ 33,418,565</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Narrative Profile

The City of Alexandria, located in northern Virginia and bordered by the District of Columbia (Potomac River) and Arlington and Fairfax Counties, was founded in 1749 and incorporated in 1779. With a population of 141,000 and a land area of 15.75 square miles, Alexandria is the 7th largest city in the Commonwealth of Virginia and one of the most densely populated cities in the Commonwealth.

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

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

A. Financial Reporting Entity

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

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Component Units:

City of Alexandria School Board

Since FY 1995, the Alexandria City School Board (School Board) has been elected. The School Board is substantially reliant upon the City because City Council approves the School Board’s total annual budget appropriation, levies taxes, and issues debt for school projects. The legal liability for the general obligation debt issued for school capital assets remains with the City. The City’s primary transaction with the School Board is the City’s annual General Fund revenue support, which totaled \$168 million for operations and \$3.9 million for capital equipment in FY 2009.

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

City of Alexandria Library System

City Council appoints the Library Board (Library) and approves the Library budget. The City is responsible for issuing debt, and acquiring and maintaining all capital items on behalf of the Library. The legal liability for the general obligation debt issued on behalf of the Library remains with the City. The City’s primary transaction with the Library is the City’s annual operating support, which was \$6.8 million for FY 2009.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Alexandria Transit Company

The City Council, acting as sole shareholder, elects members of the Alexandria Transit Company's board of directors. City Council approves bus routes, fares, and budgets. The City funds deficits and may issue debt on behalf of the Alexandria Transit Company. The City's primary transactions with the Alexandria Transit Company are the City's annual subsidy, which was \$8 million, and a capital contribution, which was \$0.1 million, in FY 2009.

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

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

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

Excluded from Reporting Entity:

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

B. Government-wide and Fund Financial Statements

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The following is a brief description of the specific funds used by the City in FY 2009.

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Fund

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Capital Projects Fund

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

2. Proprietary Funds

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

3. Fiduciary Funds

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The agency funds held by the City as of end of FY 2009 comprise the following:

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

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

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

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

Potomac Yard Open Space – This fund accounts for the remittances received from Potomac Yard Development LLC to cover open space expenses.

C. Basis of Accounting

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. The School Board appropriation is determined by the City Council and controlled in total by the primary government. On June 14, 2008, the City Council formally approved the original adopted budget (which had been initially approved on May 5, 2008) and on June 23, 2009 approved the revised budget reflected in the required supplemental information. Budgets are prepared for the Capital Projects Fund on a project basis, which covers the life of the project. A Capital Projects Fund appropriation does not lapse until an appropriation reduction is approved by City Council.

Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation, is used as an extension of formal budgetary control in the General and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. These encumbrances are subject to reappropriation by Council ordinance in the succeeding fiscal year.

E. Equity in Pooled Cash and Investments

Cash resources of the individual funds, including imprest cash of \$19,265 and excluding cash held with fiscal agents in the General Fund, Special Revenue Fund, Capital Projects Fund, Proprietary Funds, Fiduciary Funds, and discretely presented component units (School Board, Library, and Alexandria Transit Company), are combined to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of the State Treasurer's Local Government Investment Pool (LGIP) and are recorded at fair value. Income from pooled investments is allocated only when contractually or legally required. All investment earnings not legally or contractually required to be credited to individual accounts or funds are credited to the General Fund.

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

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, 2009, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	\$ 586,246
Personal	17,933,934
Penalties and Interest	<u>1,896,874</u>
Total taxes	\$ 20,417,054
Accounts Receivable	2,825
Notes Receivable	<u>9,000</u>
	<u>\$ 20,428,879</u>
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	<u>\$ 35,947,673</u>
CAPITAL PROJECTS FUND:	
Capital Projects Fund Notes Receivable	<u>\$ 1,475,000</u>

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

G. Inventory of Supplies and Prepaid and Other Assets

Primary Government

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

Component Units

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Taxes receivable	\$ 2,702,134
Deferred interest	<u>2,778,960</u>
Total adjustment	<u>\$ 5,481,094</u>

H. Capital Assets

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

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

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

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

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

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

I. Compensated Absences

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

J. Use of Estimates

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

K. Fund Balance

Reservations of Fund Balance

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

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designations of Fund Balance

General Fund designations at June 30, 2009 consisted of the following:

Subsequent Fiscal Years' Operating Budgets	
FY 2010 – Operating Budget	\$ 2,315,347
FY 2011 – Operating Budget	3,600,000
Subsequent Fiscal Years' Capital Program	
FY 2010- 2015	226,958
Self-Insurance	5,000,000
Retiree Health and Life (OPEB)	6,500,000
Fuel Costs	250,000
One-Time Acute Human Services Needs	400,000
Fiscal Year 2010 Revenue Shortfall Reserve	4,309,397
King Street Gardens	25,000
Ongoing Projects	<u>1,694,734</u>
Total Designations	<u>\$ 24,321,436</u>

Subsequent Fiscal Year's Operating Budget – On June 13, 2009, City Council approved the FY 2010 Appropriations Ordinance, which appropriated \$2.3 million of General Fund Balance to meet anticipated expenditures. An additional \$3.6 million has been designated for FY 2011.

Subsequent Fiscal Years' Capital Program – These monies (\$0.2 million) have been designated in the Approved FY 2010 – 2015 Capital Improvement Program Funding Plans to fund a portion of the capital improvement program in FY 2010.

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

Retiree Health and Life (OPEB) - These monies (\$6.5 million) have been designated as part of the City's efforts to fund a health and life insurance benefit trust.

Fuel Costs - These monies (\$0.3 million) have been set aside as a contingency for possible fuel cost increases.

One-Time Accute Human Services – These monies (\$0.4 million) have been set aside for possible shortfalls in federal or state grants for social service programs and for possible additional City costs for mandated foster care and special education services under the Commonwealth's Comprehensive Services Act.

King Street Gardens – These monies (\$25,000) have been set aside for the King Street Gardens.

Ongoing Projects – These monies (\$1.7 million) have been set aside for projects for which funding was available in the FY 2009 budget, but not completed as of the end of the fiscal year.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Short Term Liabilities

Short Term Liabilities include unclaimed funds. The City did not have any short term debt during FY 2009.

M. Pollution Remediation

The City has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." The implementation of GASB Statement no. 49, did not affect the presentation of the financial statements of the City.

NOTE 2. LEGAL COMPLIANCE – BUDGETS

After a public hearing and several work sessions, the City Council adopts an annual budget no later than June 27 for the succeeding fiscal year to commence July 1. Transfers of appropriations among departments or projects are made throughout the fiscal year by the City Council. The City Council may also approve supplemental appropriations. In FY 2009, 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 2009, 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, 2009, the carrying value of the City's deposits was negative \$605,666 and the bank balance was \$1,948,626. The carrying value of the City's deposits represents checks outstanding. This amount will fluctuate depending on the difference between checks issued and checks paid. The funds for these checks remain invested until the checks are presented for payment at the bank. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (The Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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

Component Units

At June 30, 2009, the carrying value of deposits for the School Board was negative \$1,678,973 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, 2009, the carrying value of deposits and bank balance for the Library was \$164,369. Of this amount, \$164,369 was collateralized at 102 percent with U.S. government agency securities as part of a repurchase agreement with Burke and Herbert Bank and Trust Company.

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

B. Investments

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

During fiscal year 2009 all 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.

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Treasurer's Local Government Investment Pool (LGIP). During the fiscal year, the City held its investments in (LGIP). The investments for five of the City's seven pension plans are handled by Prudential, a company with an A (Excellent) rating, one of the top three, by A.M. Best rating agency. The investments for the two defined contribution plans are directed by employees and are invested in mutual funds and guaranteed investment accounts. The City has directed Prudential to invest funds for the other three defined benefit pension plans in guaranteed investment accounts and mutual funds. The Commonwealth of Virginia manages the investments of the Virginia Retirement System (VRS) and the City has contracted with SunTrust Bank to handle investments for the Firefighters and Police Officers Pension Plan – Disability Component mostly in bonds (U.S., municipal and corporate) and domestic equities. SunTrust Bank also handles investments for OPEB trust fund for the City.

Custodial Risk – For an investment, custodial risk is the risk that in the event of the failure of the counter party the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently all City investments are held in LGIP. 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, 2009, the City had the following cash, investments and maturities:

Primary Government

	Investment Maturities (in years)			
	Fair Value	Less than 1 year	1-5 years	Long term
State Treasurer's Local Government Investment Pool (LGIP)	\$ 111,551,155	\$ 111,551,155	\$ ---	\$ ---
Total Investments Controlled by City	\$ 111,551,155	\$ 111,551,155	\$ ---	\$ ---
OPEB Trust Investments	4,506,190	---	---	4,506,190
Pension Plan Investments (Exhibit VIII)	\$ 251,015,553	\$ ---	\$ ---	\$ 251,015,553
Total	<u>\$ 367,072,898</u>	<u>\$ 111,551,155</u>	<u>\$ ---</u>	<u>\$ 255,521,743</u>

Reconciliation to Total Cash and Investments:

Add:

Cash on Hand and in Banks	(605,666)
Cash With Fiscal Agent	<u>126,223,317</u>
Total Deposits and Investments	<u>\$ 492,690,549</u>

Component Unit

School Board

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
State Treasurer's Local Government Investment Pool (LGIP)	\$ 42,744,171	\$ 42,744,171	\$ ---
U.S. Treasuries	---	---	---
U.S. Government Agencies	---	---	---
Total Investments Controlled by City	<u>\$ 42,744,171</u>	<u>\$ 42,744,171</u>	<u>\$ ---</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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

Other Component Units

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
State Treasurer's Local Government Investment Pool (LGIP)	\$ 438,612	\$ 438,612	\$ ---
Total Investments Controlled by City	\$ 438,612	\$ 438,612	\$ ---

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2009:

	Governmental Activities	Business Type Activities	Fiduciary Activities	Total
Primary Government				
Cash on Hand and In Banks	\$ (605,666)	\$ ---	\$ ---	\$ (605,666)
Cash and Investments	110,863,732	---	687,423	111,551,155
Cash and Investments with Fiscal Agents	126,192,334	---	255,552,726	381,745,060
Total	\$ 236,450,400	\$ ----	\$ 256,240,149	\$ 492,690,549
Component Unit School Board				
Cash on Hand and In Banks	\$ (1,678,973)	\$ ---	\$ ---	\$ (1,678,973)
Cash and Investments Controlled by City	42,744,171	---	---	42,744,171
Total	\$ 41,065,198	\$ ---	\$ ---	\$ 41,065,198
Other Component Units				
Cash and Investments Controlled by City	\$ 149,078	\$ 289,534	\$ ---	\$ 438,612
Cash and Investments with Fiscal Agents	2,240,479	---	---	2,240,479
Total	\$ 2,389,557	\$ 289,534	\$ ---	\$ 2,679,091
Grand Total				\$ 536,434,838

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2009 consist of the following:

Primary Government

	General	Special Revenue	Capital Project	Total
Taxes				
Real Property	\$ 157,036,219	\$ ---	\$ ---	\$ 157,036,219
Personal Property	47,560,939	---	---	47,560,939
Penalties and Interest	3,091,936	---	---	3,091,936
Other	787,423	---	---	787,423
Total Taxes	\$ 208,476,517	\$ ---	\$ ---	\$ 208,476,517
Accounts	\$ 8,714,077	\$ 905,118	\$ 13	\$ 9,619,208
Intergovernmental	31,800,221	5,617,085	---	37,417,306
Notes	409,000	38,621,479	1,475,000	40,505,479
Gross Receivables	\$ 249,399,815	\$ 45,143,682	\$ 1,475,013	\$ 296,018,510
Less: Allowance for Uncollectibles	20,428,879	35,947,673	1,475,000	57,851,552
Net Receivables	\$ 228,970,936	\$ 9,196,009	\$ 13	\$ 238,166,958

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 9.8 percent of the total taxes receivable at June 30, 2009 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, 2009 represent the second-half payment due for real estate taxes on November 15, 2009.

Receivables on a government-wide basis include taxes receivable of \$2.7 million that are not available to pay for current period expenditures and, therefore, are offset by the unearned revenue for the governmental funds. Tax revenues and the corresponding unearned revenue reported on a government-wide basis do not include approximately \$0.9 million of taxes that are considered current financial resources, and therefore, are reported in the governmental funds. This comprises:

Real Estate tax receivables	\$ (110,295)
Personal Property tax receivables	<u>1,017,451</u>
Total	<u>907,156</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also include unearned revenue related to resources that have been received but not yet earned. At the end of FY 2009 unearned revenue in the governmental funds consisted of the following:

	Unavailable	Unearned	Total
Property taxes, net of related allowances	\$ 210,044,791	\$ 4,166,852	\$ 214,211,643
Grant proceeds received prior to completion of eligibility requirements	---	3,876,048	3,876,048
Total unearned revenue for governmental funds	\$ 210,044,791	\$ 8,042,900	\$ 218,087,691

Component Units

Receivables at June 30, 2009 consist of following:

	School Board	Transit	Total
Accounts	\$ 142,055	\$ 123,590	\$ 265,645
Intergovernmental	2,006,736	233,138	2,239,874
Total Receivables	\$ 2,148,791	\$ 356,728	\$ 2,505,519

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

All deferred revenue in the component units is unearned.

A. Property Taxes

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

Real estate taxes are billed in equal semi-annual installments due June 15 and November 15. The taxes receivable balance at June 30, 2009 includes amounts not yet received from the January 1, 2009 levy (due June 15 and November 15, 2009), less an allowance for uncollectibles. The installment due on November 15, 2009 is included as unavailable revenue since these taxes are restricted for use until FY 2010. 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 90.3¢ and 84.5¢ per \$100 of assessed value during calendar years 2009 and 2008, respectively.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair market value of the property as of January 1 of each year. For a vehicle, the tax may be prorated for the length of time the vehicle has situs in the City. Personal property taxes for the calendar year are due on October 5. Personal property taxes do not create a lien on property; however, City vehicle decals, which are required by law for all vehicles garaged in the City, may not be issued to any individual having outstanding personal property taxes. The taxes receivable balance at June 30, 2009 includes amounts not yet billed or received from the January 1, 2009 levy (due October 5, 2009). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2010. The tax rates during calendar years 2009 and 2008 were \$4.75 for motor vehicles and tangible property and \$4.50 for machinery and tools per \$100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the State 69 percent of most taxpayers' payments in FY 2009 for the January 1, 2008 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, 2009 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, 2009:

Governmental Activities

General Fund	\$ 409,000
Special Revenue Fund	38,621,479
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	<u>(37,431,673)</u>
Net	<u>\$ 3,073,806</u>
Amounts due within one year	<u>\$ 96,636</u>
Amounts due in more than one year	<u>\$ 2,977,170</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

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, 2009:

Governmental Activities

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 88,824,643	\$ ---	\$ ---	\$ 88,824,643
Construction in Progress	36,762,341	63,759,217	21,311,416	79,210,142
Total Capital Assets Not Being Depreciated	\$ 125,586,984	\$ 63,759,217	\$ 21,311,416	\$ 168,034,785
Depreciable Capital Assets:				
Buildings	\$ 362,740,588	\$ 19,476,267	\$ ---	\$ 382,216,855
Infrastructure	142,775,420	1,346,173	---	144,121,593
Furniture and Other Equipment	57,984,971	4,714,903	2,950,010	59,749,864
Total Depreciable Capital Assets	\$ 563,500,979	\$ 25,537,343	\$ 2,950,010	\$ 586,088,312
Less Accumulated Depreciation for:				
Buildings	\$ 81,135,796	\$ 8,541,903	\$ ---	\$ 89,677,699
Infrastructure	67,772,902	5,571,547	---	73,344,449
Furniture and Other Equipment	38,889,377	5,410,172	2,600,996	41,698,553
Total Accumulated Depreciation	\$ 187,798,075	\$ 19,523,622	\$ 2,600,996	\$ 204,720,701
Depreciable Capital Assets, Net	\$ 375,702,904	\$ 6,013,721	\$ 349,014	\$ 381,367,611
TOTALS	\$ 501,289,888	\$ 69,772,938	\$ 21,660,430	\$ 549,402,396

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, 2009, are comprised of the following:

General Capital Assets, Net	\$ 539,799,567
Internal Service Fund Capital Assets, Net	9,602,829
TOTAL	\$ 549,402,396

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

General Government	\$ 1,467,306
Judicial Administration	385,995
Public Safety	3,088,363
Public Works	8,126,391
Health and Welfare	571,968
Culture and Recreation	1,916,016
Education	3,743,411
Community Development	<u>224,172</u>
Total	<u>\$ 19,523,622</u>

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

Primary Government

City Capital Outlay	\$100,725,662
Donated Assets	765,167
Depreciation Expense	(19,523,622)
Capital Outlay not Capitalized	<u>(40,739,919)</u>
Total Adjustment	<u>\$ 41,227,288</u>

Donated assets are comprised of infrastructure donated by developers.

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

Capital Assets (Net)	\$ 549,402,396
General Obligation Bonds net of premium and deferrals	(383,950,000)
Bond Premium	(9,434,112)
Deferred Interest	<u>(2,778,959)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 153,239,325</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

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, 2009:

	<u>Balance June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 999,381	\$ ---	\$ ---	\$ 999,381
Total Capital Assets Not Being Depreciated	<u>\$ 999,381</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 999,381</u>
Depreciable Capital Assets:				
Buildings	\$ 36,331,241	\$ 33,000	\$ ---	\$ 36,364,241
Furniture and Other Equipment	10,462,588	1,470,606	625,738	11,307,456
Total Depreciable Capital Assets	<u>\$ 46,793,829</u>	<u>\$ 1,503,606</u>	<u>\$ 625,738</u>	<u>\$ 47,671,697</u>
Less Accumulated Depreciation	40,512,925	1,216,048	625,738	41,103,235
Depreciable Capital Assets, Net	<u>\$ 6,280,904</u>	<u>\$ 287,558</u>	<u>\$ ---</u>	<u>\$ 6,568,462</u>
TOTALS	<u><u>\$ 7,280,285</u></u>	<u><u>\$ 287,558</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 7,567,843</u></u>

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

All depreciation was charged to education.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit – Alexandria Transit Company

	<u>Balance</u> <u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ <u>6,504,807</u>	\$ <u>----</u>	\$ <u>---</u>	\$ <u>6,504,807</u>
Depreciable Capital Assets:				
Equipment	\$ 21,066,752	\$ 199,523	\$ ---	\$ 21,266,275
Less Accumulated Depreciation	<u>11,081,885</u>	<u>1,624,993</u>	<u>---</u>	<u>12,706,878</u>
Total Depreciable Capital Assets, Net	\$ <u>9,984,867</u>	\$ <u>(1,425,470)</u>	\$ <u>---</u>	\$ <u>8,559,397</u>
TOTALS	<u>\$ 16,489,674</u>	<u>\$ (1,425,470)</u>	<u>\$ ---</u>	<u>\$ 15,064,204</u>

All depreciation was charged to transit.

Primary Government

Construction in progress is composed of the following at June 30, 2009:

	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>Through</u> <u>June 30, 2009</u>	<u>Committed</u>
School Capital Projects	\$ 28,410,357	\$ 5,634,207	\$ ---
Infrastructure	21,946,916	15,524,588	4,815,481
Housing and Community Improvement	645,000	62,759	139,903
Alexandria Transit Facility	40,351,201	27,855,512	9,519,456
Parks and Recreation Facilities	2,192,214	198,930	46,734
Public Buildings	7,002,732	2,421,571	2,758,494
Public Safety Buildings	36,193,458	25,716,290	6,680,121
Information Technology	<u>2,013,327</u>	<u>1,796,285</u>	<u>231,908</u>
TOTALS	<u>\$ 138,755,205</u>	<u>\$ 79,210,142</u>	<u>\$ 24,192,097</u>

Component Units

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT

The City is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and account for any claims settlement in the General Fund. Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective. The City is covered by property/casualty insurance policies on real and personal property (except vehicles) and the following liability insurance policies as of June 30, 2009: 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, 2009:

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

* Bond provided by the Commonwealth of Virginia

Self-Insurance

The non-current portion of unpaid workers' compensation claims amounted to approximately \$9.1 million as of June 30, 2009 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, 2009 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. Therefore a long-term liability has not been recorded as of June 30, 2009. Liabilities are reported when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the City records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

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, 2009 and 2008 were as follows:

	Worker's Compensation	Health Insurance
July 1, 2007 Liability Balances	\$ 6,877,347	\$ ---
Claims and changes in estimates	2,511,519	---
Claim Payments	(1,985,493)	---
June 30, 2008 Liability Balances	\$ 7,403,373	\$ ---
Claims and changes in estimates	3,862,655	13,003,349
Claim Payments	(2,161,199)	(11,814,462)
June 30, 2009 Liability Balances	\$ 9,104,829	\$ 1,188,887

Insurance Designation

In addition, the City has established a General Fund fund balance self-insurance designation of \$5 million as of June 30, 2009.

Risk Pools

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

Component Units

The School Board carries insurance for all risks of loss, including property insurance, theft, auto liability, physical damage, and general liability insurance through the Virginia Municipal League. The School Board is self-insured for workers compensation. School management has estimated their workers compensation liability to be \$0.7 million as of June 30, 2009. Settled claims resulting from these risks have not exceeded commercial insurance coverage. There were no material reductions in insurance coverage from coverage in the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years.

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT (Continued)

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

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

In FY 2009 the Alexandria Transit Company paid an annual premium of \$ 0.29 million for participation in this pool.

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 2009, the Alexandria Transit Company paid an annual premium of \$0.28 million for participation in this pool.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

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 2024. Certain leases contain provisions for possible future increased rentals based upon changes in the Consumer Price Index.

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

<u>Fiscal Year</u>	<u>Primary Government</u>	<u>School Board Component Unit</u>
2010	\$ 6,359,968	\$ 1,228,757
2011	6,594,337	247,370
2012	6,875,266	254,791
2013	5,377,587	239,965
2014	4,391,690	---
2015-2019	10,420,762	7,342,412
2020-2024	3,584,591	---

Total rental costs during FY 2009 for operating leases were \$6.1 million for the Primary Government and \$2.9 million for the School Board.

Rental Revenues

The City also leases various City-owned properties and buildings under noncancellable long-term lease agreements through FY 2022. The net book value of leased assets of \$4.1 million (cost of \$5.7 million less accumulated depreciation of \$1.6 million) is included in capital assets in the government-wide financial statements. Certain leases contain provisions for future increased revenues based upon changes in the Consumer Price Index.

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

<u>Fiscal Year</u>	<u>Total Revenues</u>
2010	\$ 557,819
2011	33,037
2012	34,028
2013	14,604

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Washington Metropolitan Area Transit Authority

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

The City and other participating jurisdictions have entered into a series of capital contributions agreements with WMATA to fund the local share of the cost of the regional Metrorail transit system. 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. It is likely that prior to the end of the first six-year period, an updated Metro Matters agreement to provide additional funding beyond the first six years will be considered by WMATA and the participating jurisdictions. The Metro Matters inter-jurisdictional agreement was signed by the City of Alexandria on September 28, 2004. 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, 2009, the total City obligation was \$8.0 million all of which was funded from the City's capital project fund.

2. Operating subsidies - Bus and Rail Systems

During the fiscal year ended June 30, 2009, obligations for bus and rail subsidies amounted to \$20.3 million. The City paid this obligation from the following sources:

City payments	\$ 2,161,185
State Aid and State Motor Fuel Sales Tax revenues	<u>18,181,869</u>
TOTAL	<u>\$20,343,054</u>

Expected obligations for FY 2010 are \$28.3 million, of which \$7.2 million is expected to be paid from the City's General Fund.

3. WMATA Transit Revenue Bonds

WMATA issued approximately \$1 billion of federally guaranteed transit revenue bonds to fund part of the construction of the rail transit system. Operating revenues have been insufficient to retire this debt. The federal government and WMATA entered into an agreement whereby the federal government agreed to pay two-thirds of the debt service costs for these bonds and to advance part of the remaining one third during the first three years of the agreement. The agreement requires that WMATA repay the federal advances, with interest, and one-third of the debt service on the bonds. WMATA allocated the cost of the advances and the one-third of the debt service costs among the participating jurisdictions. The City has not agreed to any payments for the one-third allocation of debt service, but the Northern Virginia Transportation Commission (NVTC) has paid, from state aid, all such costs allocated to Northern Virginia jurisdictions, of which \$1,418,200 was the City's allocation during the fiscal year ended June 30, 2009. However, NVTC has not paid any of the allocations for federal advances. In July of 1985, the

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

Alexandria City Council authorized NVTC to pay \$4.2 million to WMATA, including accrued interest, from state aid on deposit to the credit of the City. This was the total amount allocated to the City by WMATA for advances by the federal government, including accrued interest. The City has thus, with such authorization, satisfied all claims due WMATA for transit revenue bonds.

B. Litigation

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

C. Waste-To-Energy Facility

The City has guaranteed annual tonnage of acceptable waste commitment to the Waste-to-Energy Facility, which is owned and operated by a private corporation. The commitment, which is joint with Arlington County, is based on a percent of solid waste the City and Arlington County expects to collect together. The facility charges fees on each ton based on defined costs, as well as has two multi-year contracts for large haulers where a fee discount applies. It is expected that the City and Arlington County will be able to continue to meet their minimum requirement for annual tonnage of 225,000 tons per year. For FY 2009 and for every year the facility has been open, the City and Arlington County exceeded the minimum annual tonnage requirement. If the City would be required to augment this requirement, the financial effect on the City would be immaterial.

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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

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

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

The Trust Fund derives its revenue from the following sources: a portion of the annual property tax assessment by the City of Alexandria, interest on invested funds and a portion of special revenues generated on contract waste and was \$0.5 million for FY 2009.

Expenditures such as capital costs of repairs, replacement/changes to the facility, and waste recycling programs/activities which benefit the two jurisdictions are eligible for reimbursement through the Trust. In addition, in FY 2009 the Trust has been used to pay consulting fees to an engineering firm for operations and maintenance audits of the facility, for oversight of the new construction and for legal consulting fees paid for services related to the issuance of retrofit financing.

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

Operating costs of the facility are paid for primarily through tipping fees. The City paid \$1.9 million in tipping fees in FY 2009. In the event of a revenue shortfall at the facility, the City is not responsible for the repayment of the bonds. The Alexandria Sanitation Authority and the Arlington Solid Waste Authority have certain bond repayment obligations.

D. Northern Virginia Transportation District Bonds

In November 1999, the City signed an agreement with the Commonwealth Transportation Board to provide \$256,070 annually, subject to appropriation, to finance certain Northern Virginia Transportation District Bond projects benefiting the City and other jurisdictions in Northern Virginia. The FY 2009 payment of \$256,070 was made from the proceeds from the City's telecommunications tax received by the General Fund. The City is not liable for repayment of the 20-year bonds.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

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, 2009 are composed of the following individual issues:

\$35.2 million Public Improvement (tax-exempt) Bonds of 2009 installments ranging from \$1.1 million to \$4.1 million through 2019, bearing interest at rates ranging from 1.75 percent to 4.0 percent. The Bonds are not subject to redemption prior to maturity	\$	35,200,000
\$44.5 million Public Improvement (taxable-Build America) Bonds of 2009 installments ranging from \$4.1 million to \$4.8 million through 2029, bearing interest at rates ranging from 4.85 percent to 5.7 percent for which the Federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2019, are subject to optional redemption before maturity on or after July 1, 2019, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption		44,500,000
\$58.0 million Public Improvement (tax-exempt) Bonds of 2008 installments ranging from \$0.9 million to \$3.1 million through 2028, bearing interest at rates ranging from 3.375 percent to 5.0 percent. The Bonds maturing on or after July 15, 2019, are subject to optional redemption before maturity on or after July 15, 2018, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption		58,000,000
\$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		5,000,000
\$22.8 million Public Improvement (tax-exempt) Refunding Bonds of 2007 installments ranging from \$2.8 million to \$2.9 million through 2021, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to their maturity		22,815,000
\$56 million Public Improvement (tax-exempt) Bonds of 2006 installments of \$2.9 million through 2026, bearing interest at rates ranging from 4.00 percent to 5.0 percent. The bonds maturing on or after June 15, 2017, are subject to optional redemption before maturity on or after June 15, 2016, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption		49,580,000
\$15 million Public Improvement (taxable) Bonds of 2006 installments of \$0.75 million through 2026, bearing interest at rates ranging from 5.5 percent to 5.95 percent. The bonds maturing before December 15, 2016 are not subject to redemption before maturity. The bonds maturing on or after June 15, 2017, are subject to optional redemption before maturity on or after June 15, 2016, at the direction of the City, in whole or in part installments of \$5,000, at any time or from time to time at par plus accrued interest on the principal amount to be redeemed to the date fixed for redemption		12,750,000

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

\$54.8 million Public Improvement Bonds of 2004 installments of \$2.74 million through 2024, bearing interest at rates ranging from 3.0 percent to 5.0 percent. The bonds maturing before December 15, 2015 are not subject to redemption before maturity. Beginning December 15, 2014, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest	\$	43,845,000
\$32.5 million Refunding Bonds of 2004 installments ranging from \$0.2 million to \$3.205 million through 2020, bearing interest at rates ranging from 2.6 percent to 5.0 percent. The bonds maturing before June 15, 2015 are not subject to redemption before maturity. Beginning June 15, 2015, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest		30,985,000
\$64.7 million Public Improvement Bonds of 2004 installments ranging from \$3.3 million to \$3.8 million through 2023, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds maturing before June 15, 2015 are not subject to redemption before maturity. Beginning June 15, 2014, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest		46,700,000
\$54.5 million Public Improvement Bonds of 2001 due in installments of \$2.9 million through 2013, bearing interest at rates ranging from 4.0 percent to 4.5 percent. The bonds are not subject to redemption prior to maturity. (\$23.2 million refunded in May 2007).		11,590,000
\$55 million Public Improvement Bonds of 2000 installments of \$2.985 million through 2010, bearing interest at rate at 5.0 percent. (\$29.805 million were refunded in October 2004)		2,985,000
\$40 million Public Improvement Bonds of 1999 due in annual installments of \$2 million through 2019, bearing interest at rates ranging from 3.9 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity		20,000,000
Total	\$	<u>383,950,000</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2009 (Tax-Exempt)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 1,</u>
015302D90	\$ 1,100,000	4.00%	2010
015302E24	2,200,000	3.00%	2011
015302E32	3,200,000	4.00%	2012
015302E40	4,100,000	1.75%	2013
015302E57	4,100,000	2.13%	2014
015302E65	4,100,000	3.00%	2015
015302E73	4,100,000	3.00%	2016
015302E81	4,100,000	4.00%	2017
015302E99	4,100,000	4.00%	2018
015302F23	4,100,000	4.00%	2019
Total	<u>\$ 35,200,000</u>		

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2008 (Tax-exempt)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
015302ZZ8	\$ 900,000	3.38%	2009
015302A28	1,900,000	3.38%	2010
015302A36	2,500,000	3.38%	2011
015302A44	3,100,000	5.00%	2012
015302A51	3,100,000	3.50%	2013
015302A69	3,100,000	3.50%	2014
015302A77	3,100,000	5.00%	2015
015302A85	3,100,000	5.00%	2016
015302A93	3,100,000	5.00%	2017
015302B27	3,100,000	4.00%	2018
015302B35	3,100,000	4.00%	2019
015302B43	3,100,000	4.25%	2020
015302B50	3,100,000	4.00%	2021
015302B68	3,100,000	4.00%	2022
015302B76	3,100,000	4.13%	2023
015302B84	3,100,000	4.20%	2024
015302B92	3,100,000	4.25%	2025
015302C26	3,100,000	4.25%	2026
015302C34	3,100,000	4.30%	2027
015302C42	3,100,000	4.38%	2028
Total	\$58,000,000		

Public Improvement Bonds of 2008 (Taxable)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
015302C59	\$ 250,000	5.00%	2009
015302C67	250,000	4.50%	2010
015302C75	250,000	4.50%	2011
015302C83	250,000	4.50%	2012
015302C91	250,000	4.63%	2013
015302D25	250,000	4.63%	2014
015302D33	250,000	4.80%	2015
015302D41	250,000	5.00%	2016
015302D58	250,000	5.25%	2017
015302D66	250,000	5.25%	2018
015302D74	1,250,000	5.40%	2023
015302D82	1,250,000	5.60%	2028
Total	\$ 5,000,000		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The outstanding bonds have been issued as follows:

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

Public Improvement Bonds of 2006 (Tax-exempt)			
<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302YC0	\$ 2,920,000	5.00%	2010
015302YD8	2,920,000	5.00%	2011
015302YE6	2,920,000	5.00%	2012
015302YF3	2,920,000	5.00%	2013
015302YG1	2,920,000	4.00%	2014
015302YH9	2,915,000	4.00%	2015
015302YJ5	2,915,000	5.00%	2016
015302YK2	2,915,000	5.00%	2017
015302YL0	2,915,000	4.25%	2018
015302YM8	2,915,000	4.38%	2019
015302YN6	2,915,000	4.38%	2020
015302Y91	2,915,000	4.50%	2021
015302YQ9	2,915,000	5.00%	2022
015302YR7	2,915,000	5.00%	2023
015302YS5	2,915,000	4.25%	2024
015302Y73	2,915,000	4.25%	2025
015302YU0	2,915,000	4.38%	2026
Total	\$49,580,000		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2006 (Taxable)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302YY2	\$ 750,000	5.50%	2010
015302YZ9	750,000	5.50%	2011
015302ZA3	750,000	5.50%	2012
015302ZB1	750,000	5.50%	2013
015302ZC9	750,000	5.50%	2014
015302ZD7	750,000	5.55%	2015
015302ZE5	750,000	5.55%	2016
015302ZF2	750,000	5.65%	2017
015302ZG0	750,000	5.70%	2018
015302ZH8	750,000	5.75%	2019
015302ZJ4	750,000	5.80%	2020
015302ZK1	750,000	5.85%	2021
015302ZL9	750,000	5.90%	2022
015302ZM7	750,000	5.95%	2023
015302ZN5	750,000	5.95%	2024
015302ZP0	750,000	5.95%	2025
015302ZQ8	750,000	5.95%	2026
Total	<u>\$12,750,000</u>		

Public Improvement Bonds of 2004 (Tax-Exempt)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>December 15,</u>
015302XH0	\$ 2,745,000	3.00	2009
015302XJ6	2,740,000	3.00	2010
015302XK3	2,740,000	5.00	2011
015302XL1	2,740,000	3.00	2012
015302XM9	2,740,000	3.50	2013
015302XN7	2,740,000	5.00	2014
015302XP2	2,740,000	4.50	2015
015302XQ0	2,740,000	4.50	2016
015302XR8	2,740,000	4.00	2017
015302XS6	2,740,000	4.00	2018
015302XT4	2,740,000	4.00	2019
015302XU1	2,740,000	4.00	2020
015302XV9	2,740,000	4.00	2021
015302XW7	2,740,000	4.00	2022
015302XX5	2,740,000	4.25	2023
015302XY3	2,740,000	4.50	2024
Total	<u>\$43,845,000</u>		

Refunding Bonds of 2004 (Tax-Exempt)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302WS7	\$ 215,000	2.875	2010
015302WT5	3,205,000	3.750	2011
015302WU2	3,170,000	3.500	2012
015302WV0	3,130,000	5.000	2013
015302WW8	3,130,000	4.000	2014
015302WX6	3,085,000	4.250	2015
015302WY4	3,060,000	5.000	2016
015302WZ1	3,050,000	4.250	2017
015302XA5	3,015,000	4.250	2018
015302XB3	2,980,000	4.250	2019
015302XC1	2,945,000	4.375	2020
Total	<u>\$30,985,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Public Improvement Bonds of 2004 (Tax-Exempt)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>June 15,</u>
015302VX7	\$ 3,800,000	5.00	2010
015302VY5	3,300,000	5.00	2011
015302VZ2	3,300,000	5.00	2012
015302WA6	3,300,000	4.00	2013
015302WB4	3,300,000	4.00	2014
015302WC2	3,300,000	4.00	2015
015302WD0	3,300,000	4.00	2016
015302WE8	3,300,000	4.00	2017
015302WF5	3,300,000	4.00	2018
015302WG3	3,300,000	4.00	2019
015302WH1	3,300,000	4.13	2020
015302WJ7	3,300,000	4.25	2021
015302WK4	3,300,000	4.25	2022
015302WL2	3,300,000	4.25	2023
Total	<u>\$ 46,700,000</u>		

Public Improvement Bonds of 2001 (Tax-Exempt)

<u>CUSIP</u>	<u>2000 Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>June 15,</u>
015302VE9	\$ 2,900,000	4.13	2010
015302VF6	2,900,000	4.25	2011
015302VG4	2,895,000	4.40	2012
015302VH2	2,895,000	4.50	2013
Total	<u>\$ 11,590,000</u>		

Public Improvement Bonds of 2000 (Tax-Exempt)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>June 15,</u>
015302UK6	\$ 2,985,000	5.00	2010
Total	<u>\$ 2,985,000</u>		

Public Improvement Bonds of 1999 (Tax-Exempt)

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>January 15,</u>
015302TQ5	\$ 2,000,000	5.00	2010
015302TR3	2,000,000	4.25	2011
015302TS1	2,000,000	4.25	2012
015302TT9	2,000,000	5.00	2013
015302TU6	2,000,000	5.00	2014
015302TV4	2,000,000	4.50	2015
015302TW2	2,000,000	5.00	2016
015302TX0	2,000,000	5.00	2017
015302TY8	2,000,000	5.00	2018
015302TZ5	2,000,000	5.00	2019
Total	<u>\$ 20,000,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2009, including interest payments of \$154 million, are summarized as follows:

Fiscal Year	Serial Bonds	
	<u>Principal</u>	<u>Interest</u>
2010.....	19,465,000	15,123,464
2011.....	21,065,000	15,955,556
2012.....	22,725,000	15,024,768
2013.....	24,285,000	14,011,650
2014.....	25,195,000	12,973,544
2015-2019.....	125,220,000	49,528,946
2020-2024.....	91,075,000	24,132,793
2025-2029.....	50,120,000	7,105,088
2030.....	4,800,000	136,800
	<u>\$ 383,950,000</u>	<u>\$ 153,992,609</u>

The General Fund meets debt service requirements for general obligation bonds. The City retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board.

Legal Debt Margin - The City has no overlapping debt with other jurisdictions. As of June 30, 2009, the City had a legal debt limit of \$3.4 billion and a debt margin of \$3.1 billion:

Assessed Value of Real Property, January 1, 2009	<u>\$34,379,163,000</u>
Debt Limit: 10 Percent of Assessed Value.....	\$ 3,437,916,300
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds.....	<u>\$383,950,000</u>
Less Total General Obligation Debt.....	<u>(383,950,000)</u>
LEGAL DEBT MARGIN REMAINING	<u>\$ 3,053,966,300</u>

Unissued Bonds - Bond authorizations expire three years from the effective date of the respective bond ordinances. Authorization of bonds, bonds issued and expired during the fiscal year ended June 30, 2009, are summarized below:

	Authorized and Unissued <u>July 1, 2008</u>	<u>Authorized</u>	<u>Issued</u>	<u>Expired</u>	Authorized and Unissued <u>June 30, 2009</u>
	General Obligation Bonds	<u>\$ 77,100,000</u>	<u>\$ 106,700,000</u>	<u>\$ 142,700,000</u>	<u>\$ 7,100,000</u>

On June 25, 2009 the City Council issued \$35.2 million in General Obligation bonds for school construction, sewers, and infrastructure improvements and renovation. These bonds were issued with an original issue premium of approximately \$1.5 million and a true interest cost of 2.68 percent. Also, on June 25, 2009 the City Council issued \$44.5 million in taxable bonds for school construction, sewers, and infrastructure improvements and renovation. These bonds were issued with an original issue premium of \$43,468 and a true interest cost of 3.50 percent for which the Federal government provides a 35 percent interest rate subsidy for these Build America Bonds. The premium for these bonds are being amortized over the life of the bonds.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

On July 15, 2008 the City Council issued \$58.0 million in General Obligation bonds for school construction, sewers, and infrastructure improvements and renovation. These bonds were issued with an original issue premium of approximately \$1.4 million and a true interest cost of 3.99 percent. Also, on July 15, 2008 the City Council issued \$5 million in taxable bonds for the acquisition and rehabilitation of affordable/workforce housing by non-profit housing operations. These bonds were issued with an original issue premium of \$29,048 and a true interest cost of 5.36 percent. The premium and discounts for these bonds are being amortized over the life of the bonds.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2009. Other short-term liabilities represent unclaimed money and deposits.

Changes in Long-Term Liabilities - Changes in the total long-term liabilities during the fiscal year ended June 30, 2009 are summarized below. The Net Pension Obligation results from contributions to the City Supplemental Retirement Plan, the Pension for Fire and Police Plan, and the Firefighters' and Police Pension Plan that were less than the required amount. In general the City uses the General Fund to liquidate long-term liabilities.

Primary Government – Governmental Activities

	Balance			Balance	Amounts Due
	July 1, 2008	Additions	Reductions	June 30, 2009	Within One
					Year
General Obligation Bonds	\$ 260,350,000	\$142,700,000	\$19,100,000	\$ 383,950,000	\$ 19,465,000
Bond Premium	6,934,131	2,984,635	484,654	9,434,112	560,489
Workers' Compensation Claims	7,403,373	3,862,655	2,161,199	9,104,829	2,565,651
Accrued Compensated Absences	18,962,174	12,693,579	11,951,413	19,704,340	1,436,398
Net Pension Obligation	12,251,829	1,213,773	1,809,545	11,656,057	---
Net OPEB Obligation	6,978,029	10,769,137	10,222,864	7,524,302	---
Total	<u>\$ 312,879,536</u>	<u>\$174,223,779</u>	<u>\$45,729,675</u>	<u>\$ 441,373,640</u>	<u>\$24,027,538</u>

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

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

Balances at June 30, 2009:	
Long-term liabilities (detail above)	\$ 441,373,640
Accrued interest payable	<u>2,637,671</u>
Adjustment	<u>\$ 444,011,311</u>

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Compensated absences	\$	742,166
Workers compensation		1,701,456
Change in net pension obligation and net OPEB obligation		(2,680,068)
Amortization of bond premium, Discount and interest		2,138,169
Accrued interest on bonds		<u>1,889,329</u>
Adjustment		<u>\$ 3,791,052</u>

Component Unit – School Board

		<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>		<u>Balance</u> <u>June 30, 2009</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Accrued Compensated Absences	\$	7,319,792	\$ 11,349,647	\$11,259,822	\$	7,409,617	\$ 679,336
Capital Leases		---	2,265,980	---		2,265,980	1,132,990
Workers' Compensation Claims		574,956	848,831	751,542		672,245	470,572
Net OPEB Obligation		<u>5,884,556</u>	<u>---</u>	<u>305,370</u>		<u>5,579,186</u>	<u>---</u>
Total	\$	<u>13,779,304</u>	<u>\$ 14,464,458</u>	<u>\$12,316,734</u>	\$	<u>15,927,028</u>	<u>\$ 2,282,898</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

There were no interfund receivables/payables at June 30, 2009. Interfund transfers and transactions for the year ended June 30, 2009 consisted of the following:

Transfer In/Out:	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>
Primary Government Transactions					
General Fund	\$ ---	\$ 1,323,910	\$ ---	\$ 900,000	\$ 2,223,910
Special Revenue	38,217,033	62,330	---	---	38,279,363
Capital Projects	12,552,687	5,850,000	---	---	18,402,687
Internal Service	---	150,576	---	---	150,576
Total	<u>\$ 50,769,720</u>	<u>\$ 7,386,816</u>	<u>\$ ---</u>	<u>\$ 900,000</u>	<u>\$ 58,156,536</u>
Component Unit Transactions					
School Board	\$ 167,953,749	\$ ---	\$ 3,897,558	\$ ---	\$ 171,851,307
Library	6,793,868	---	---	---	6,793,868
Alexandria Transit	7,955,042	---	---	---	7,955,042
Total	<u>\$ 182,702,659</u>	<u>\$ ---</u>	<u>\$ 3,897,558</u>	<u>\$ ---</u>	<u>\$ 186,600,217</u>

Primary government transfer activities include:

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

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

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

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

Transactions with the component units represent budgeted subsidies for the school operations and capital projects, library operations and transit operations. In addition, the City transferred capital assets totaling \$0.1 million to Alexandria Transit.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 11. GRANTS

The City receives financial assistance from numerous federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any unallowed disbursements resulting from such audits could become a liability of the City. In the opinion of City management, no material refunds will be required as a result of unallowed disbursements (if any), by the grantor agencies.

NOTE 12. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the City and its component units totaled \$159.4 million in FY 2009. Sources of these revenues were as follows:

GOVERNMENTAL FUNDS	
Federal Government	\$ 31,316,538
Commonwealth of Virginia	<u>84,678,045</u>
Total Primary Government	<u><u>\$ 115,994,583</u></u>
 COMPONENT UNITS	
Federal Government:	
School Board	\$ 10,477,624
Alexandria Transit Company	<u>106,680</u>
Total Component Units of Federal Government	<u><u>\$ 10,584,304</u></u>
 Commonwealth of Virginia:	
School Board	\$ 32,413,732
Library	196,626
Alexandria Transit Company	<u>172,594</u>
Total Component Units Commonwealth of Virginia	<u><u>\$ 32,782,952</u></u>
Total Component Units	<u><u>\$ 43,367,256</u></u>
 TOTAL CITY AND COMPONENT UNITS	
Total Federal Government	\$ 41,900,842
Total Commonwealth of Virginia	<u>117,460,997</u>
Total Intergovernmental Revenue	<u><u>\$ 159,361,839</u></u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERNMENTS

Due from other governments represents accrued revenue at June 30, 2009, consisting of the following:

Primary Government	
State	
General Fund	\$ 30,674,412
Special Revenue Fund	<u>2,220,479</u>
Total State	<u>\$ 32,894,891</u>
Federal	
General Fund	\$ 1,125,809
Special Revenue Fund	<u>3,396,606</u>
Total Federal	<u>\$ 4,522,415</u>
Total Primary Government	<u>\$ 37,417,306</u>
Component Units	
State	
School Board	\$ 150,575
Alexandria Transit Company	<u>233,138</u>
Total State	<u>\$ 383,713</u>
Federal	
School Board	<u>\$ 1,856,161</u>
Total Component Units	<u>\$ 2,239,874</u>
Total	<u>\$ 39,657,180</u>

NOTE 14. JOINT VENTURES

A. Northern Virginia Criminal Justice Academy

The City participates in a joint venture with the Counties of Arlington and Loudoun and the Cities of Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued \$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The City and the Counties of Arlington and Loudoun have entered into a capital lease with the Industrial Development Authority of Loudoun County. The City maintains an equity interest only in the land and building of the Academy, which is reflected in the City's Statement of Net Assets. The City does not maintain an equity interest in the Academy's operations. This lease was paid in full in FY 2007. New debt of \$18.7 was issued in FY 2007. The City does not have an equity interest associated with this debt. In addition, the City pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2009, the City paid \$0.6 million for operating costs.

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 14. JOINT VENTURES (Continued)

B. Northern Virginia Juvenile Detention Home

The City participates in a joint venture with Arlington County and the City of Falls Church to operate a regional juvenile detention home. In July 1993, the City agreed to fund 55.3 percent of the construction costs of a new facility. The final construction payments were made in FY 1995. In addition, the City pays part of the Northern Virginia Juvenile Detention Home's operating costs based on the number of beds utilized by Alexandria residents. These payments totaled \$1.6 million in FY 2009.

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

C. Peumansend Creek Regional Jail Authority

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

The total project cost of \$27 million, with 50 percent of the eligible construction cost (\$23.8 million) is expected to be reimbursed by the Commonwealth. The Regional Jail Authority issued \$10.2 million in revenue bonds and \$12 million of grant anticipation notes in March 1997. The City's total share is \$18.2 million, including approximately \$3.2 million in capital and debt service costs and \$15 million in operating costs over the 20-year period of debt service payments (1997-2016). For FY 2009, the City paid \$0.6 million for operating costs and \$0.1 million for debt service payments. The City does not maintain an equity interest in the jail and is not responsible for repayment of the debt.

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

D. Washington Metropolitan Area Transit Authority

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

NOTE 15. RELATED PARTY TRANSACTIONS

Sheltered Homes of Alexandria is a not-for-profit corporation formed to obtain and maintain group homes for mentally and physically disabled or impaired adults. The corporation's trustees also serve on the Alexandria Community Services Board, whose board members are appointed by the City and whose financial activities are therefore included as part of the primary government. During FY 2009, the City made rental payments to Sheltered Homes of Alexandria totaling \$0.1 million.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

The plan is a reimbursement program that is based on the actual cost of the retiree's monthly premium up to a maximum amount determined by the City Council. Effective July 1, 2005, the maximum monthly amount an eligible retiree or a surviving spouse may receive is \$260. The City Council has authority to establish or amend the provisions. As of June 30, 2009, 819 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 \$2.0 million for FY 2009. 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. As per City Council FY 2010 budget actions, as of July 1, 2008 any new City employee will not be eligible to receive the life insurance when they retire.

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

MEMBERSHIP

At January 1, 2009, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	888
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	<u>2,273</u>
TOTAL	<u>3,161</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

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

ANNUAL OPEB COSTS AND NET OPEB OBLIGATIONS

The annual required contribution (ARC) decreased from \$10,900,053 for fiscal year 2008 to \$10,800,769 for the current year. As a percentage of the payroll, the ARC decreased from 7.5% to 7.35% this fiscal year. As of June 30, 2009, the Net OPEB Obligation (NOO) increased to \$7,524,302 compared to \$6,978,029 for fiscal year 2008 because only 94.6 percent of the ARC was contributed. As of December 31, 2008 the unfunded Actuarial Accrued Liability (UAAL) increased by \$1,038,460 to 85,584,062. This increase was due to certain valuation changes to mortality, disability and retirement rates for the Fire and Police members and the pre-medical subsidy increased less than projected. The plan changes to prorate the health subsidy payments for retirees hired after September 30, 2007 based on years of service and to eliminate life insurance for those hired after July 1, 2008 were included in this year's valuation but had no effect on the current UAAL. The savings from these changes will be recognized over time.

Annual Required Contribution	\$	10,800,769
Interest on Net OPEB Obligation		523,352
Adjustment to Annual Required Contribution		(554,984)
		10,769,137
Annual OPEB Cost	\$	10,769,137
Contributions Made		<u>(10,222,864)</u>
Increase (Decrease in Net OPEB Obligation)	\$	546,273
Net OPEB Obligation, Beginning of Year		6,978,029
		7,524,302
Net OPEB Obligation, End Of Year	\$	7,524,302

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of December 31, 2008 was as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll ((2-1)/5)
12/31/2008	\$ 4,316,727	\$ 89,900,789	\$85,584,062	4.80%	\$146,884,002	58.27%

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

Actuarial valuations of 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, 2008. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

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

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

In the December 31, 2008 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumption included 7.50% investment rate and an initial annual medical cost trend rate of 8.5% graded to 5.0% over 7 years and salary scale ranging from 3.75% to 7.50% for Fire and Police and 3.75% to 5.60% for City employees depending on service with 3.0% attributable to inflation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. Asset valuation method used was market value and the remaining amortization period as of December 31, 2008 was 29 years.

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contributions	Employer Contributions	Percentage Contributed
06/30/2008	\$ 10,900,053	\$ 3,922,024	36 %
06/30/2009	10,800,769	10,222,864	94.6%

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

Three Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
06/30/2008	\$ 10,900,053	36.0%	\$ 6,978,029
06/30/2009	10,769,137	94.9%	7,524,302

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008 and only two years' information was available. This will be expanded in future years when more information becomes available.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

Primary Government

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Fiduciary Net Assets

	<u>Employee Retirement Plans</u>					<u>Post Retirement Benefit Trust</u>		<u>Total</u>
	<u>Firefighters and Police Officers Pension Plan</u>					<u>Retirement Income for Sheriff and ERT</u>	<u>Other Post Employment Benefits</u>	
	<u>City Supplemental Retirement</u>	<u>Pension for Fire and Police</u>	<u>Defined Contribution Component</u>	<u>Defined Benefit Component</u>	<u>Disability Component</u>			
ASSETS								
Investments, at Fair Value								
U.S. Government Obligations	\$ -	\$ -	\$ -	\$ -	\$ 2,133,390	\$ -	\$ -	\$ 2,133,390
Mutual Funds	20,054,787	-	8,327,058	103,095,485	2,088,384	5,545,084	-	139,110,798
Stocks	36,939,166	-	-	-	5,505,288	-	3,532,426	45,976,880
Guaranteed Investment Accounts	12,812,642	27,946,279	9,112,620	7,352,608	-	8,995,922	878,811	67,098,882
Domestic Corporate Bonds	-	-	-	-	700,675	-	-	700,675
Other Investments	-	-	-	-	406,165	-	94,953	501,118
Total Investments	<u>\$69,806,595</u>	<u>\$27,946,279</u>	<u>\$ 17,439,678</u>	<u>\$110,448,093</u>	<u>\$10,833,902</u>	<u>\$14,541,006</u>	<u>\$ 4,506,190</u>	<u>\$255,521,743</u>
Total Assets	<u>\$69,806,595</u>	<u>\$27,946,279</u>	<u>\$ 17,439,678</u>	<u>\$110,448,093</u>	<u>\$10,833,902</u>	<u>\$14,541,006</u>	<u>\$ 4,506,190</u>	<u>\$255,521,743</u>
NET ASSETS								
Held in Trust for Pension Benefits	<u>\$69,806,595</u>	<u>\$27,946,279</u>	<u>\$ 17,439,678</u>	<u>\$110,448,093</u>	<u>\$10,833,902</u>	<u>\$14,541,006</u>	<u>\$ 4,506,190</u>	<u>\$255,521,743</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Changes in Fiduciary Net Assets

	Employee Retirement Plans					Post Retirement Benefit Trust		Total
	Firefighters and Police Officers Pension Plan					Retirement Income for Sheriff and ERT	Other Post Employment Benefits	
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component			
ADDITIONS								
Contributions:								
Employer	\$ 5,109,723	\$ 1,707,836	\$ -	\$ 7,087,325	\$ 1,444,947	\$ 282,643	\$ 5,391,667	\$ 21,024,141
Plan Members	2,547,460	-	-	2,402,978	168,109	-	-	5,118,547
Total Contributions	<u>\$ 7,657,183</u>	<u>\$ 1,707,836</u>	<u>\$ -</u>	<u>\$ 9,490,303</u>	<u>\$ 1,613,056</u>	<u>\$ 282,643</u>	<u>\$ 5,391,667</u>	<u>\$ 26,142,688</u>
Investment Income:								
Net Appreciation (Depreciation) in Fair Value of Investments	\$(10,024,177)	\$ -	\$ (3,004,591)	\$ (24,700,325)	\$ (2,298,371)	\$ (1,721,063)	\$ (1,185,365)	\$ (42,933,892)
Interest	1,859,603	1,680,810	350,395	4,303,436	410,670	321,898	158,351	9,085,163
Total Investment Income	<u>\$ (8,164,574)</u>	<u>\$ 1,680,810</u>	<u>\$ (2,654,196)</u>	<u>\$ (20,396,889)</u>	<u>\$ (1,887,701)</u>	<u>\$ (1,399,165)</u>	<u>\$ (1,027,014)</u>	<u>\$ (33,848,729)</u>
Less Investment Expense	-	-	-	-	-	-	-	-
Net Investment Income	<u>\$ (8,164,574)</u>	<u>\$ 1,680,810</u>	<u>\$ (2,654,196)</u>	<u>\$ (20,396,889)</u>	<u>\$ (1,887,701)</u>	<u>\$ (1,399,165)</u>	<u>\$ (1,027,014)</u>	<u>\$ (33,848,729)</u>
Total Additions	<u>\$ (507,391)</u>	<u>\$ 3,388,646</u>	<u>\$ (2,654,196)</u>	<u>\$ (10,906,586)</u>	<u>\$ (274,645)</u>	<u>\$ (1,116,522)</u>	<u>\$ 4,364,653</u>	<u>\$ (7,706,041)</u>
DEDUCTIONS								
Benefits	\$ 5,833,905	\$ 4,459,122	\$ -	\$ 4,576,773	\$ 1,700,956	\$ -	\$ -	\$ 16,570,756
Refunds of Contributions	-	-	1,491,194	-	-	670,533	-	2,161,727
Administrative Expenses	128,054	26,434	-	238,944	76,382	-	66,796	536,610
Total Deductions	<u>\$ 5,961,959</u>	<u>\$ 4,485,556</u>	<u>\$ 1,491,194</u>	<u>\$ 4,815,717</u>	<u>\$ 1,777,338</u>	<u>\$ 670,533</u>	<u>\$ 66,796</u>	<u>\$ 19,269,093</u>
Net Increase (Decrease)	<u>\$ (6,469,350)</u>	<u>\$ (1,096,910)</u>	<u>\$ (4,145,390)</u>	<u>\$ (15,722,303)</u>	<u>\$ (2,051,983)</u>	<u>\$ (1,787,055)</u>	<u>\$ 4,297,857</u>	<u>\$ (26,975,134)</u>
Net Assets at Beginning of Year	76,275,945	29,043,189	21,585,068	126,170,396	12,885,885	16,328,061	208,333	282,496,877
Net Assets at End of Year	<u>\$ 69,806,595</u>	<u>\$ 27,946,279</u>	<u>\$ 17,439,678</u>	<u>\$ 110,448,093</u>	<u>\$ 10,833,902</u>	<u>\$ 14,541,006</u>	<u>\$ 4,506,190</u>	<u>\$ 255,521,743</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial valuations for all the defined benefit pension plans are performed annually with the exception of VRS, which is performed biennially; however, an actuarial update is performed in the interim year. In the current valuation report, VRS used the same assumptions and methods as the prior year report. The number of active members shown includes those who have worked for the City at one time, but who are now active in another jurisdiction. Also the number of retirees includes those who retired from the City, as well as those who retired from another jurisdiction with service attributable to the City. The liability for the City's share of the benefits for those employees has been reflected in the pension liabilities and employer contribution rates. Financial statements and required supplementary information are presented in the VRS comprehensive annual financial report, which can be obtained by writing to the Virginia Retirement System, Post Office Box 2500, Richmond, Virginia 23218.

There were no significant changes made to the pension plan for Police and Fire during current evaluation. However, the investment return assumption was changed from 7.5% to 5.5% effective July 1, 2008; this was changed in order to more closely align with anticipated investment earnings of the plan. Prior to the changes, the Annual Required Contribution (ARC) increased from \$1,209,549 (\$1,182,987 after interest adjustment) last year to \$1,278,018 this year; this increase was primarily due to the losses from investment return of approximately 6.17%, compared to 7.5% assumed. The change in investment return assumption increased the (ARC) by approximately \$400,000, from \$1,278,018 to \$1,679,131.

Effective this year's valuation, there were some actuarial assumption changes for the Firefighters and Police Officers defined benefit pension plan. Assumed COLA increases were reduced from 3.0% to 2.7% per year. Healthy life mortality rates were changed from 1983 Group Annuity Mortality Table to the more up-to-date RP-2000 Healthy Annuitant Mortality Table. The retirement rates for active participants increased slightly for ages 45-50, and decreased for ages 50-61. The disability incidence rates were decreased for all ages. The percentage for service related disabilities was lowered, while the percentage for non-service related disabilities was increased. The workman's compensation offset to the disability benefit was increased. The current actuarial valuation report is as of July 1, 2008 and the changes in the value of assets subsequent to that date are not reflected. Declines in the asset values will increase the actuarial cost of the plan and the effect would be spread over four years.

There were no changes in actuarial assumptions, benefit provisions, or funding method for the Virginia Retirement System and City Supplemental Pension Plan. The major provisions of all the defined benefit pension plans are listed in this disclosure.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

PLAN DESCRIPTION

	(1) <u>VRS</u>	(2)	(3)	(4)	(5)	(6)	(7)
	<u>City</u>	<u>City Supplemental Retirement</u>	<u>Pension for Fire and Police</u>	<u>Retirement Income for Fire and Police</u>	<u>Firefighters and Police Pension</u>	<u>Fire and Police Disability</u>	<u>Retirement Income for Sheriff and ERT</u>
Administrator	State of Virginia	Prudential	Prudential	Prudential	Prudential	SunTrust	Prudential
Employees Covered	General body	General body Sheriff/ERT	Public Safety	Public Safety	Public Safety	Public Safety	Sheriff/ERT
Authority for Plan Provisions and Contributions	State Statute	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance
Plan Type	Agent Multi-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer
	Defined Benefit	Defined Benefit	Defined Benefit	Defined Contribution	Defined Benefit	Defined Benefit	Defined Contribution
Stand Alone Financial Report	Yes	No	No	No	No	No	No
Actuarial Valuation Date	6/30/2008	7/1/2008	7/1/2008	6/30/2009	7/1/2008	7/1/2008	6/30/2009
MEMBERSHIP AND PLAN PROVISIONS							
Active Participants	2043	2141	0	106	458	458	252
Retirees & Beneficiaries	728	247	154	0	131	64	0
Terminated Vested & Non-vested	498	787	0	37	16	N/A	18
Normal Retirement Benefits:							
Age	65 50 (30Yrs)	65 50 (30Yrs)/ 50(25 Yrs)	60 50 (20Yrs)	60	55 Any Age (25Yrs)	55	60
Benefits Vested	5	5	10	5	5	5	5
Disability & Death Benefits	Disability Death	Disability Death	Disability Death	N/A Death	Disability Death	Disability N/A	N/A Death

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

As of:	6/30/08	7/01/08	7/01/08	6/30/09	7/01/08	7/01/08	6/30/09
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>VRS</u>						
	City	City Supplemental Retirement	Pension For Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability	Retirement Income for Sheriff and ERT

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Investment Earnings	7.5%	7.5%	5.5%	N/A	7.5%	7.5%	N/A
---------------------	------	------	------	-----	------	------	-----

Projected Salary Increases

Attributable to:

Inflation	2.5%	3.0%	N/A	N/A	3.0%	3.0%	N/A
-----------	------	------	-----	-----	------	------	-----

Seniority/Merit	1.25% - 3.10%	Up to 4%	N/A	N/A	Up to 4.5%	Up to 4.5%	N/A
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Projected Postretirement
Increases

	2.5%	None	3.0%	N/A	2.7%	2.7%	N/A
--	------	------	------	-----	------	------	-----

Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Projected Unit Credit With Zero Normal Cost	N/A	Entry Age Normal Cost	Entry Age Normal Cost	N/A
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Amortization Method Open/Closed	Level Percentage Open	Level Percentage N/A	Level dollar Closed	N/A	Level Percentage Closed	Level Percentage Closed	N/A
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Remaining Amortization Period	20	20	17	N/A	21	21	N/A
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Asset Valuation Method	Modified Market	Market Value	Book Value	N/A	4-year Smoothed Market	4-year Smoothed Market	N/A
------------------------	-----------------	--------------	------------	-----	------------------------------	------------------------------	-----

Funded Status

Actuarial Value of assets	334,817,687	76,275,945	29,043,189	N/A	133,567,658	14,305,285	N/A
Actuarial Accrued Liability	378,308,775	117,964,452	47,171,730	N/A	181,469,715	16,804,777	N/A
Unfunded Actuarial Accrued Liability (UAAL)	43,491,087	41,688,507	18,128,541	N/A	47,902,057	2,499,492	N/A
Funded Ratio	88.5%	64.7%	61.57%	N/A	73.6%	85.1%	N/A
Annual Covered Payroll	114,427,304	126,492,987	N/A	N/A	33,485,674	33,485,674	N/A
UAAL as Percentage of Covered Payroll	38.0%	33.0%	N/A	N/A	143.1%	7.5%	N/A

The multi-year funding progress is presented in RSI.

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

As of:	6/09	6/09	6/09	6/09	6/09	6/09	6/09
	VRS						
	City	City Supplemental Retirement	Pension for Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability	Retirement Income for Sheriff and ERT
PERCENTAGE OF COVERED PAYROLL CONTRIBUTED							
Employee %	5.0%	2.0%	N/A	N/A	7.4%	0.6%	N/A
Employer %	7.07%	3.64% 6.50%	\$ 1.71 mil/Yr.	N/A	21.96%	4.45%	1.78%
AMOUNT CONTRIBUTED							
Employee	\$ 5,827,284 *	\$ 2,547,460 *	\$ -	\$ -	\$ 2,402,978	\$ 168,109	\$ -
Employer	<u>8,149,979</u>	<u>5,109,723</u>	<u>1,707,836</u>	<u>-</u>	<u>7,087,325</u>	<u>1,444,947</u>	<u>282,643</u>
Total Amount Contributed	<u>\$ 13,977,263</u>	<u>\$ 7,657,183</u>	<u>\$ 1,707,836</u>	<u>\$ -</u>	<u>\$ 9,490,303</u>	<u>\$ 1,613,056</u>	<u>\$ 282,643</u>

* The City assumed the responsibility of payment of employees' share of contributions. Administrative costs of all the pension plans are financed through investment earnings except Public Safety Retirement and Sheriff Retirement plans, where the cost is assumed by the City.

The Contribution requirements for all pension plans (except VRS) are established and may be amended by City Ordinance. VRS requirements are established and may be amended by State Statutes. No contributions were made to Firefighters and Police defined contribution component plan during FY 2009.

COVERED PAYROLL

Dollar Amount	\$ 116.5 mil	\$ 127.4 mil	\$ N/A	\$ N/A	\$ 32.5 mil	\$ 32.5 mil	\$ N/A
Legally Required Reserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long Term Contribution Contracts	N/A	N/A	N/A	N/A	N/A	N/A	N/A

INVESTMENT CONCENTRATIONS

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

Prudential General Account (Long Term)	*	18%	100%	52%	7%	-	62%
Prudential Mutual Funds	*	29%	-	48%	93%	-	38%
SunTrust Mutual Funds	*	-	-	-	-	20%	-
State Street Global Russell 3000	*	53%	-	-	-	-	-
Stocks	*	-	-	-	-	51%	-
Bonds	*	-	-	-	-	7%	-

* Investment information not available on an individual jurisdiction basis.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Calculation of Net Pension Obligation (Asset)

	City Supplemental Retirement	Pension for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
ARC	\$ 6,381,581	\$ 1,679,131	\$ 7,184,309	\$ 1,244,853
Interest on NPO	546,394	69,892	98,613	62,918
ARC Adjustment	(714,625)	(116,964)	(85,451)	(54,520)
Annual Pension Cost	\$ 6,213,350	\$ 1,632,059	\$ 7,197,471	\$ 1,253,251
Actual Deposit	(5,109,723)	(1,707,836)	(7,087,325)	(1,444,947)
Change in NPO	\$ 1,103,627	\$ (75,777)	\$ 110,146	\$ (191,696)
NPO Beginning of year	7,285,247	1,270,763	1,314,838	838,909
NPO End of Year (6/30/09)	\$ 8,388,874	\$ 1,194,986	\$ 1,424,984	\$ 647,213

THREE-YEAR TREND INFORMATION

	Actuarial Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
City Supplemental Retirement	06/30/2007	\$ 4,256,280	111.48%	\$ 7,447,119
	06/30/2008	5,247,292	103.08%	7,285,247
	06/30/2009	6,213,350	82.24%	8,388,874
Pension for Fire and Police	06/30/2007	\$ 1,027,555	145.98%	937,491
	06/30/2008	1,183,272	72.00%	1,270,763
	06/30/2009	1,632,059	104.64%	1,194,986
Firefighter and Police Pension	* 06/30/2007	\$ 6,996,155	91.11%	\$ 1,403,828
	06/30/2008	7,132,976	101.25%	1,314,838
	06/30/2009	7,197,471	98.47%	1,424,984
Fire and Police Disability	* 06/30/2007	\$ 1,472,750	51.09%	\$ (320)
	06/30/2008	1,610,274	47.88%	838,909
	06/30/2009	1,253,251	115.30%	647,213
Virginia Retirement System	06/30/2007	\$ 7,077,570	100.00%	\$ -
	06/30/2008	7,490,208	100.00%	-
	06/30/2009	8,149,979	100.00%	-

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

DESCRIPTION OF BENEFITS:

VRS – City - Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service and at age 50 with 30 years of service. Employees who retire with a reduced benefit at age 55 with at least 5 years of credited service 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. An optional reduced retirement benefit is available as early as age 50 with 10 years of credited service. In addition, retirees qualify for annual cost-of-living (COLA) increases on July 1 of the second calendar year after retirement. These benefit provisions and all other requirements are established and may be amended by State statutes.

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

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

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

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

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2009

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

NOTE 18. TERMINATION BENEFITS

The City provided termination benefits to twelve employees in fiscal year 2009. The benefits consisted of three to six weeks of pay based on completed years of service. The total cost to the City was \$169,000. There were no other benefits provided.

NOTE 19. ACCOUNTING CHANGES

During the fiscal year ended June 30, 2009, the City adopted:

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses the accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this statement did not have a material impact on the financial statements.

REQUIRED
SUPPLEMENTARY
INFORMATION
(Unaudited)

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

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
General Fund
June 30, 2009

EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Positive (Negative)
Revenues:				
General Property Taxes.....	\$ 329,070,498	\$ 329,070,498	\$ 333,482,063	\$ 4,411,565
Other Local Taxes.....	121,493,000	115,905,252	112,271,370	(3,633,882)
Permits, Fees, and Licenses.....	6,157,000	6,157,000	4,827,422	(1,329,578)
Fines and Forfeitures.....	4,755,300	4,755,300	4,116,453	(638,847)
Use of Money and Property.....	6,000,000	4,675,689	4,433,015	(242,674)
Charges for Services.....	14,473,877	11,594,877	12,404,166	809,289
Intergovernmental Revenues.....	52,788,012	52,894,012	53,095,127	201,115
Miscellaneous.....	616,750	1,399,810	1,065,130	(334,680)
Total Revenues	\$ 535,354,437	\$ 526,452,438	\$ 525,694,746	\$ (757,692)
Expenditures:				
City Council.....	\$ 524,157	\$ 520,780	\$ 510,035	\$ 10,745
City Manager.....	1,845,208	1,769,508	1,619,040	150,468
Office on Women.....	1,451,485	1,389,744	1,389,743	1
Citizens Assistance.....	773,273	757,158	716,378	40,780
Office of Management and Budget.....	1,183,001	1,134,468	1,121,368	13,100
18th Circuit Court.....	1,368,046	1,361,094	1,342,075	19,019
18th General District Court.....	78,571	103,571	99,004	4,567
Juvenile And Domestic Relations Court.....	34,327	34,327	29,908	4,419
Commonwealth's Attorney.....	2,775,506	2,776,132	2,725,092	51,040
Sheriff.....	26,350,559	26,222,556	26,039,589	182,967
Clerk of Courts.....	1,637,190	1,630,261	1,599,348	30,913
Other Correctional Activities.....	5,284,501	5,284,501	5,233,194	51,307
Court Services.....	1,322,775	1,321,339	1,274,887	46,452
Human Rights.....	648,845	643,048	620,316	22,732
Internal Audit.....	239,606	238,445	219,233	19,212
Information Technology Services.....	7,342,566	7,078,396	6,675,286	403,110
Office of Communications.....	1,389,716	1,332,702	1,287,949	44,753
City Clerk and Clerk of Council.....	415,455	415,707	407,573	8,134
Finance.....	9,833,109	10,116,030	9,316,826	799,204
Real Estate Assessments.....	1,635,473	1,635,473	1,573,247	62,226
Human Resources.....	3,421,143	3,306,913	3,219,974	86,939
Planning and Zoning.....	9,345,590	10,151,807	9,866,560	285,247
City Attorney.....	3,341,753	3,287,544	3,015,941	271,603
Registrar of Voters.....	1,275,383	1,400,383	1,377,827	22,556
General Services.....	13,125,647	12,133,554	11,790,479	343,075
Transportation and Environmental Services.....	29,242,032	28,481,370	27,206,561	1,274,809
Transit Subsidies.....	8,680,745	8,162,250	4,595,401	3,566,849
Fire.....	39,142,446	39,628,714	39,497,216	131,498
Police.....	53,502,272	53,713,685	53,079,793	633,892
Mental Health/Mental Retardation and Substance Abuse.....	540,038	599,868	595,442	4,426
Health.....	7,960,099	7,824,865	7,653,868	170,997
Human Services.....	10,206,724	10,239,425	9,751,083	488,342
Human Services Contributions.....	2,324,880	2,324,880	2,304,073	20,807
Office of Historic Alexandria.....	2,913,392	2,915,135	2,906,634	8,501
Recreation and Cultural Activities.....	21,044,635	20,326,429	20,203,235	123,194
Other Educational Activities.....	12,004	12,004	12,004	-
Non Departmental (including debt service).....	48,050,076	47,452,032	46,053,953	1,398,079
Total Expenditures	\$ 320,262,228	\$ 317,726,098	\$ 306,930,135	\$ 10,795,963
Other Financing Sources (Uses):				
Operating Transfers In.....	\$ 2,023,910	\$ 2,223,910	\$ 2,223,910	\$ -
Operating Transfers Out.....	(42,690,235)	(51,075,319)	(50,769,720)	305,599
Transfers Out - Component Units.....	(183,225,884)	(182,821,576)	(182,702,659)	118,917
Total Other Financing Sources (Uses)	\$ (223,892,209)	\$ (231,672,985)	\$ (231,248,469)	\$ 424,516
Net Change in Fund Balance.....	\$ (8,800,000)	\$ (22,946,645)	\$ (12,483,858)	\$ 10,462,787
Fund Balances at Beginning of Year.....	65,488,041	65,488,041	65,488,041	-
Increase/(Decrease) in Reserve for Inventory	-	302,808	302,808	-
FUND BALANCES AT END OF YEAR	\$ 56,688,041	\$ 42,844,204	\$ 53,306,991	\$ 10,462,787

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

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
Special Revenue Fund
June 30, 2009

Exhibit XIV

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
Revenues:				
Use of Money and Property.....	\$ 6,000	58,063	395,672	\$ 337,609
Charges for Services.....	13,785,142	14,656,831	12,064,093	(2,592,738)
Permits, Fees and Licenses.....	2,342,107	2,342,107	882,686	(1,459,421)
Intergovernmental Revenues.....	40,347,270	49,053,665	42,415,391	(6,638,274)
Miscellaneous.....	1,231,526	4,590,260	8,606,742	4,016,482
Total Revenues.....	\$ 57,712,045	\$ 70,700,926	\$ 64,364,584	\$ (6,336,342)
Other Financing Sources:				
Bond Proceeds.....	\$ -	\$ -	\$ 5,029,048	\$ (5,029,048)
Operating Transfers In.....	38,839,712	38,839,712	38,279,363	(560,349)
Total Other Financing Sources.....	\$ 38,839,712	\$ 38,839,712	\$ 43,308,411	\$ (5,589,397)
Total Revenues and Other Financing Sources.....	\$ 96,551,757	\$ 109,540,638	\$ 107,672,995	\$ (11,925,739)
Expenditures:				
Office of Women.....	\$ 433,113	588,129	587,614	\$ 515
Citizens Assistance.....	5,498	15,463	9,504	5,959
Commonwealth's Attorney.....	254,957	270,128	246,193	23,935
Sheriff.....	828,529	1,007,898	917,877	90,021
Clerk of Courts.....	-	32,219	15,173	17,046
Law Library.....	163,013	163,013	162,632	381
Other Correctional and Judicial Activities.....	198,333	194,358	194,024	334
Court Services.....	213,010	279,663	212,713	66,950
Human Rights.....	42,850	41,850	26,360	15,490
Personnel.....	6,000	6,000	2,000	4,000
Finance.....	-	11,092	10,847	245
Planning.....	608,343	1,153,971	718,719	435,252
General Services.....	142,181	145,181	144,807	374
Transportation and Environmental Services.....	2,857,683	3,049,308	2,591,010	458,298
Fire.....	2,837,593	3,278,752	1,599,053	1,679,699
Police.....	105,000	1,021,716	507,953	513,763
Office of Housing.....	5,780,738	10,198,156	9,204,079	994,077
Mental Health/Mental Retardation and Substance Abuse.....	30,205,518	31,640,149	30,548,245	1,091,904
Health.....	-	16,462	2,711	13,751
Human Services.....	43,988,074	46,829,898	44,685,080	2,144,818
Office of Historic Alexandria.....	411,660	469,030	465,981	3,049
Recreation and Cultural Activities.....	514,754	571,092	421,530	149,562
Non Departmental.....	1,000,000	1,152,200	182,558	969,642
Total Expenditures.....	\$ 90,596,847	\$ 102,135,728	\$ 93,456,663	\$ 8,679,065
Other Financing Uses:				
Operating Transfers Out.....	\$ 5,954,910	7,404,910	7,386,816	\$ 18,094
Total Other Financing Uses.....	\$ 5,954,910	\$ 7,404,910	\$ 7,386,816	\$ 18,094
Total Expenditures and Other Financing Uses.....	\$ 96,551,757	\$ 109,540,638	\$ 100,843,479	\$ 8,697,159
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses.....				
	\$ -	\$ -	\$ 6,829,516	\$ 6,829,516
Fund Balances at Beginning of Year.....	\$ -	\$ -	\$ 17,973,841	\$ 17,973,841
FUND BALANCES AT END OF YEAR.....	\$ -	\$ -	\$ 24,803,357	\$ 24,803,357

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Budgetary Comparison Schedules
June 30, 2009

Exhibit XV

(1) SUMMARY OF SIGNIFICANT BUDGET POLICIES

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. On June 16, 2008, the City Council approved the original adopted budget and on June 14, 2009 approved the revised budget reflected in the required supplementary information.

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

General Fund				
Budget Statement Title	Budgetary Statement Amount	Adjustment for Transfer to Component Unit (Footnote 10)	Exhibit IV	Exhibit IV Title
Other Educational Activities	\$ 12,004	\$ 167,953,749	\$ 167,965,753	Education
Transit Subsidies	4,595,401	7,955,042	12,550,443	Transit
Library Transfer	-	6,793,868	6,793,868	Library
Other Expenditures (not listed separately)	302,322,730	-	302,322,730	Other Expenditures (not listed separately)
Total Expenditures	\$ 306,930,135	\$ 182,702,659	\$ 489,632,794	Total Expenditures
<hr/>				
Transfers Out – Component Units	\$ 182,702,659	\$ (182,702,659)	\$ -	None
Operating Transfers Out	50,769,720	-	50,769,720	Operating Transfers Out
Other Financing	(2,223,910)	-	(2,223,910)	Other Expenditures (not listed separately)
Total Financing (Sources) Uses	\$ 231,248,469	(182,702,659)	48,545,810	Total Financing Uses

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

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems - Primary Government
Required Supplementary Information
June 30, 2009

Exhibit XVI

SCHEDULE OF FUNDING PROGRESS

		(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL as a
	Valuation	Value of	Accrued	AAL	Ratio	Covered	Percentage of
	Date	Assets	Liability	(UAAL)	(1/2)	Payroll	Covered Payroll
			(AAL)	(2-1)			((2-1)/5)
City Supplemental Pension	(a) 06/30/2006	\$ 65,143,405	\$ 96,974,375	\$ 31,830,970	67.18%	\$ 116,853,571	27.24%
	06/30/2007	77,046,696	107,983,990	30,937,294	71.35%	123,522,516	25.05%
	06/30/2008	76,275,945	117,964,452	41,688,507	64.66%	126,492,987	32.96%
Pension for Fire and Police	** 06/30/2003	\$ 37,406,204	\$ 43,443,748	\$ 6,037,544	86.10%	\$ 60,566	9968.54%
	06/30/2004	35,362,688	42,580,064	7,217,376	83.05%	61,778	11682.76%
	06/30/2005	33,410,759	43,482,216	10,071,457	76.84%	63,012	15983.40%
	06/30/2006	30,940,298	43,895,855	12,955,557	70.49%	71,935	18010.09%
	06/30/2007	30,875,740	42,511,290	11,635,550	72.63%	72,987	15941.95%
	06/30/2008	29,043,189	47,171,730	18,128,541	61.57%	N/A	N/A
	06/30/2008	29,043,189	47,171,730	18,128,541	61.57%	N/A	N/A
Firefighters and Police Pension	01/01/2004	\$ 73,115,648	\$ 112,392,474	\$ 39,276,826	65.05%	\$ 27,221,546	144.29%
	07/01/2004	78,577,979	115,340,503	36,762,524	68.13%	25,268,564	145.49%
	07/01/2005	88,534,386	135,445,004	46,910,618	65.37%	29,132,558	161.02%
	07/01/2006	100,513,967	152,624,962	52,110,995	65.86%	31,961,191	163.04%
	07/01/2007	115,782,806	167,092,854	51,310,048	69.29%	32,564,077	157.57%
	07/01/2008	133,567,658	181,469,715	47,902,057	73.60%	33,485,674	143.05%
	07/01/2008	133,567,658	181,469,715	47,902,057	73.60%	33,485,674	143.05%
Fire and Police Disability	07/01/2003	\$ 11,936,587	\$ 10,165,275	\$ (1,771,312)	117.43%	\$ 26,002,593	-6.81%
	07/01/2004	12,601,146	8,638,183	(3,962,963)	145.88%	25,268,564	-15.68%
	07/01/2005	13,337,719	8,947,524	(4,390,195)	149.07%	29,132,558	-15.07%
	07/01/2006	13,830,273	12,568,299	(1,261,974)	110.04%	31,961,191	-3.95%
	07/01/2007	14,398,259	15,638,422	1,240,163	92.07%	32,564,077	3.81%
	07/01/2008	14,305,285	16,804,777	2,499,492	85.13%	33,485,674	7.46%
	07/01/2008	14,305,285	16,804,777	2,499,492	85.13%	33,485,674	7.46%
Virginia Retirement System	06/30/2003	\$ 239,425,215	\$ 213,902,045	\$ (25,523,170)	111.93%	\$ 78,337,719	-32.58%
	06/30/2004	244,033,928	240,500,266	(3,533,662)	101.47%	90,113,045	-3.92%
	06/30/2005	250,705,689	286,667,574	35,961,885	87.46%	93,142,752	38.61%
	06/30/2006	265,845,121	312,274,142	46,429,021	85.13%	100,219,243	46.33%
	06/30/2007	302,085,645	344,775,571	42,689,926	87.62%	108,719,495	39.27%
	06/30/2008	334,817,687	378,308,775	43,491,088	88.50%	114,427,304	38.01%

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

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

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

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

See Accompanying Independent Auditors' Report

CITY OF ALEXANDRIA, VIRGINIA
Public Employee Retirement Systems - Primary Government
Required Supplementary Information
June 30, 2009

Exhibit XVI
(Continued)

SCHEDULES OF EMPLOYER CONTRIBUTIONS

For Defined Benefit Pension Plans

<u>City Supplemental Retirement</u>				<u>Pension Plan for Fire and Police</u>			
<u>Actuarial</u>	<u>Annual</u>	<u>Percentage</u>		<u>Actuarial</u>	<u>Annual</u>	<u>Percentage</u>	
<u>Date</u>	<u>Required</u>	<u>Contributed</u>		<u>Date</u>	<u>Required</u>	<u>Contributed</u>	
	<u>Contribution</u>				<u>Contribution</u>		
06/30/2004	\$ 3,229,768		44.83%	06/30/2004	\$ 1,125,912		80.11%
06/30/2005	3,172,787		82.70%	06/30/2005	1,547,955		58.27%
06/30/2006	4,271,649		100.90%	06/30/2006	932,554		113.50%
06/30/2007	4,811,560		98.61%	06/30/2007	1,187,836		126.30%
06/30/2008	5,419,262		99.81%	06/30/2008	1,209,549		70.27%
06/30/2009	6,381,581		80.07%	06/30/2009	1,679,131		101.71%
Firefighters and Police Pension				Virginia Retirement System			
06/30/2004	\$ 2,633,733		60.68%	06/30/2004	\$ 667,108		100.00%
06/30/2005	4,890,046		108.30%	06/30/2005	1,386,592		100.00%
06/30/2006	5,938,572		97.90%	06/30/2006	1,470,239		100.00%
06/30/2007	6,985,282		91.25%	06/30/2007	7,077,570		100.00%
06/30/2008	7,116,057		101.49%	06/30/2008	7,490,208		100.00%
06/30/2009	7,184,309		98.65%	06/30/2009	8,149,979		100.00%
Fire and Police Disability							
06/30/2004	\$ 443,122		140.10%				
06/30/2005	347,672		180.90%				
06/30/2006	414,340		165.80%				
06/30/2007	1,455,223		51.71%				
06/30/2008	1,610,278		47.88%				
06/30/2009	1,244,853		116.07%				

See Accompanying Independent Auditors' Report

**CITY OF ALEXANDRIA, VIRGINIA
Other Post Employment Benefits (OPEB)
Required Supplementary Information
June 30, 2009**

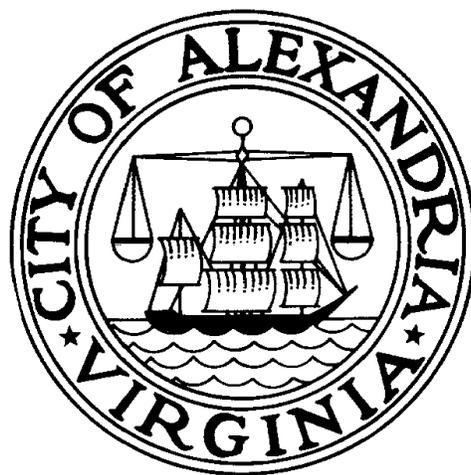
**Exhibit XVI
(Continued)**

SCHEDULE OF FUNDING PROCESS

(1)	(2)	(3)	(4)	(5)	(6)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1/2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
12/31/2007	-	\$84,545,602	\$84,545,602	0.00%	142,475,212	59.34%
12/31/2008	4,316,727	\$89,900,789	\$85,584,062	4.80%	146,884,002	58.27%

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

See Accompanying Independent Auditors' Report



OTHER SUPPLEMENTARY INFORMATION

Agency Funds

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

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

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

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

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

Potomac Yard Open Space – This fund accounts for the remittances received from Potomac Yard Development LLC to cover open space expenses.

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedules of Changes in Assets and Liabilities – Agency Funds
For the Fiscal Year Ended June 30, 2009

Schedule 1

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
HUMAN SERVICES SPECIAL WELFARE ACCOUNT				
Assets				
Cash and Investments with Fiscal Agent.....	\$ 2,892	\$ 34,787	30,438	\$ 7,241
Liabilities:				
Other Liabilities.....	\$ 2,892	\$ 34,787	30,438	\$ 7,241
Total Liabilities.....	\$ 2,892	\$ 34,787	\$ 30,438	\$ 7,241
HUMAN SERVICES DEDICATED ACCOUNT				
Assets				
Cash and Investments with Fiscal Agent.....	\$ 13,639	\$ 10,103	\$ -	\$ 23,742
Liabilities:				
Other Liabilities.....	\$ 13,639	\$ 10,103	\$ -	\$ 23,742
Total Liabilities.....	\$ 13,639	\$ 10,103	\$ -	\$ 23,742
INDUSTRIAL DEVELOPMENT AUTHORITY				
Assets				
Equity in Pooled Cash and Investments.....	\$ 833,020	\$ 20,807	202,542	\$ 651,285
Liabilities:				
Other Liabilities.....	\$ 833,020	\$ 20,807	\$ 202,542	\$ 651,285
Total Liabilities.....	\$ 833,020	\$ 20,807	\$ 202,542	\$ 651,285
POTOMAC YARD AFFORDABLE HOUSING -ASLLC				
Assets				
Equity in Pooled Cash and Investments.....	\$ 18,577	\$ 34,441,785	\$ 34,430,016	\$ 30,346
Liabilities:				
Other Liabilities.....	\$ 18,577	\$ 34,441,785	\$ 34,430,016	\$ 30,346
Total Liabilities.....	\$ 18,577	\$ 34,441,785	\$ 34,430,016	\$ 30,346
POTOMAC YARD OPEN SPACE -ASLLC				
Assets:				
Equity in Pooled Cash and Investments.....	\$ 3,716	\$ 195,667	\$ 199,383	\$ -
Other Liabilities.....				
Other Liabilities.....	\$ 3,716	\$ 195,667	\$ 199,383	\$ -
Total Liabilities.....	\$ 3,716	\$ 195,667	\$ 199,383	\$ -
TOTAL ALL AGENCY FUNDS				
Assets				
Equity in Pooled Cash and Investments.....	\$ 855,313	\$ 34,658,259	\$ 34,831,941	\$ 681,631
Cash and Investments with Fiscal Agent.....	16,531	44,890	30,438	30,983
Total Assets.....	\$ 871,844	\$ 34,703,149	\$ 34,862,379	\$ 712,614
Liabilities:				
Other Liabilities.....	\$ 871,844	\$ 34,703,149	\$ 34,862,379	\$ 712,614
Total Liabilities.....	\$ 871,844	\$ 34,703,149	\$ 34,862,379	\$ 712,614

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Component Unit
Alexandria Transit Company
As of June 30, 2009

Schedule 2

Cash Flows from Operating Activities:	
Cash Received from Customers.....	\$ 3,405,325
Cash payments to Suppliers for Goods and Services.....	(3,454,463)
Cash Payments to Employees for Services.....	(8,010,470)
Net Cash Used for Operating Activities.....	<u>\$ (8,059,608)</u>
Cash Flows from Noncapital Financing Activities:	
Payments from Primary Government.....	7,955,042
Cash from other non revenue receipts.....	52,569
Cash received from Non Operating Grant.....	279,274
Net Cash provided by Noncapital Financing Activities.....	<u>\$ 8,286,885</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition/Sale of Capital Assets.....	<u>\$ (144,331)</u>
Net Cash Used for Capital Assets and Related Financing Activities.....	<u>\$ (144,331)</u>
Net Increase in Cash and Cash Equivalents.....	\$ 82,947
Cash and Cash Equivalents at Beginning of Year.....	206,587
Cash and Cash Equivalents at End of Year.....	<u><u>\$ 289,534</u></u>
Reconciliation of Operating Loss to Cash Used for Operating Activities:	
Operating Loss.....	<u>\$ (9,699,752)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense.....	\$ 1,624,992
Changes in Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable.....	33,265
Decrease (Increase) in Inventory of Supplies.....	(32,763)
Decrease (Increase) in Prepaid Expenses.....	-
Decrease (Increase) in Accounts Payable.....	(142,435)
Decrease (Increase) in Accrued Liabilities.....	33,573
Decrease (Increase) in Other Liabilities.....	123,512
Total Adjustments.....	<u>\$ 1,640,144</u>
Net Cash Used for Operating Activities.....	<u><u>\$ (8,059,608)</u></u>

Noncash Capital and Related Financing Activities:

During Fiscal Year 2009, the City transferred capital assets totaling \$55,190 to Alexandria Transit.

CITY OF ALEXANDRIA, VIRGINIA
Combining Balance Sheet
Special Revenue Funds
As of June 30, 2009

Schedule 3

	Housing	Sewer	Other Special Revenue	Total Combined Special Revenue
ASSETS				
Cash and Cash Equivalents	\$ 4,643,981	\$ 9,071,761	\$ 10,544,802	\$ 24,260,544
Cash and Investments with Fiscal Agents	-	-	104,489	104,489
Receivables, Net	2,673,806	878,466	26,652	3,578,924
Due From Other Governments	716,401	-	4,900,684	5,617,085
Prepaid and Other Assets	-	-	43,307	43,307
Total Assets	<u>\$ 8,034,188</u>	<u>\$ 9,950,227</u>	<u>\$ 15,619,934</u>	<u>\$ 33,604,349</u>
LIABILITIES				
Accounts Payable	\$ 122,690	5,267	\$ 2,606,582	\$ 2,734,539
Accrued Wages	76,423	49,872	2,064,110	2,190,405
Unearned Revenue	-	-	3,876,048	3,876,048
Total Liabilities	<u>\$ 199,113</u>	<u>\$ 55,139</u>	<u>\$ 8,546,740</u>	<u>\$ 8,800,992</u>
FUND BALANCES				
Reserved for:				
Receivable, net	\$ 2,673,806	\$ -	\$ -	\$ 2,673,806
Encumbrances	112,731	10,613	1,725,376	1,848,720
Unreserved	5,048,538	9,884,475	5,347,818	20,280,831
Total Fund Balances	<u>\$ 7,835,075</u>	<u>\$ 9,895,088</u>	<u>\$ 7,073,194</u>	<u>\$ 24,803,357</u>
Total Liabilities and Fund Balances	<u>\$ 8,034,188</u>	<u>\$ 9,950,227</u>	<u>\$ 15,619,934</u>	<u>\$ 33,604,349</u>

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Funds
As of June 30, 2009

Schedule 4

	Housing	Sewer	Other Special Revenue	Total Combined Special Revenue
REVENUES				
Permits, Fees, and Licenses	\$ -	\$ -	\$ 882,686	\$ 882,686
Use of Money and Property	212,059	-	183,613	395,672
Charges for Services	-	4,765,661	7,298,432	12,064,093
Intergovernmental Revenue	2,494,033	-	39,921,358	42,415,391
Miscellaneous	6,280,471	-	2,326,271	8,606,742
Total Revenues	<u>\$ 8,986,563</u>	<u>\$ 4,765,661</u>	<u>\$ 50,612,360</u>	<u>\$ 64,364,584</u>
EXPENDITURES				
Current Operating:				
General Government	\$ -	\$ -	\$ 554,342	\$ 554,342
Judicial Administration	-	-	919,747	919,747
Public Safety	-	-	2,950,578	2,950,578
Public Works	-	1,483,634	712,686	2,196,320
Health and Welfare	-	-	76,041,847	76,041,847
Culture and Recreation	-	-	43,578	43,578
Community Development	9,204,079	-	1,546,172	10,750,251
Total Expenditures	<u>\$ 9,204,079</u>	<u>\$ 1,483,634</u>	<u>\$ 82,768,950</u>	<u>\$ 93,456,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (217,516)</u>	<u>\$ 3,282,027</u>	<u>\$ (32,156,590)</u>	<u>\$ (29,092,079)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Bond Premium	29,048	-	-	29,048
Transfers In	4,501,960	-	33,777,403	38,279,363
Transfers Out	(5,062,330)	(1,323,910)	(1,000,576)	(7,386,816)
Total Other Financing Sources and Uses	<u>\$ 4,468,678</u>	<u>\$ (1,323,910)</u>	<u>\$ 32,776,827</u>	<u>\$ 35,921,595</u>
Net Change in Fund Balance	<u>\$ 4,251,162</u>	<u>\$ 1,958,117</u>	<u>\$ 620,237</u>	<u>\$ 6,829,516</u>
Fund Balance at Beginning of Year	3,583,913	7,936,971	6,452,957	17,973,841
Fund Balance at End of Year	<u>\$ 7,835,075</u>	<u>\$ 9,895,088</u>	<u>\$ 7,073,194</u>	<u>\$ 24,803,357</u>

STATISTICAL SECTION

The statistical section includes detail information to assist in understating how the financial statement related to the City's overall financial well-being and includes the following categories:

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

Table I - Schedule of Changes in Net Assets

Table II - Changes in Fund Balances Governmental Funds

Table VII - Net assets

Table VIII - Fund Balances Governmental Funds

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

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

Table III - Tax Revenues by Source

Tables IV and V - Tax Levies and Collections

Table VI - Real and Personal Property Tax Assessments and Rates

Table IX - 2009 Tax Rates for Major Revenue Sources

Table XV and XVI - Principal Taxpayers

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

Table X - Legal Debt Margin Information

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

Table XXII - Overlapping Debt and Debt History

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

Table XXIII - Summary of Total General Obligation Bonds Debt Service

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

Table XIV - Population and Per Capita Income

Table XVII - Alexandria City School Board Demographic Statistics

Table XVIII - Government Employees By Function

Table XIX - Principal Employers

Table XXI - Miscellaneous Statistical Data

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

Table XX – Operating and Capital Indicators

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

TABLE I

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses										
Governmental Activities:										
General Government	\$ 40.3	\$ 40.3	\$ 45.1	\$ 47.4	\$ 56.5	\$ 47.7	\$ 47.5	\$ 63.6	\$ 64.6	\$ 79.5
Judicial Administration	12.0	11.5	12.5	13.0	14.0	14.6	15.6	17.7	19.3	19.3
Public Safety	68.0	73.6	83.2	88.4	94.9	96.5	106.9	112.3	114.5	120.5
Public Works	31.3	33.3	33.5	36.9	44.1	40.0	41.1	44.3	48.8	48.5
Library	3.8	4.2	4.8	5.1	5.5	6.0	6.4	6.8	6.9	6.8
Health and Welfare	62.2	61.5	66.8	71.9	73.9	79.4	84.3	89.4	96.2	97.3
Transit	5.0	7.1	6.8	11.9	9.1	10.5	12.5	14.1	14.1	12.5
Culture and Recreation	12.4	14.1	17.2	20.8	21.3	26.1	25.3	26.9	30.4	28.1
Community Development	9.3	8.9	11.9	13.5	16.2	16.1	24.4	35.0	40.6	30.4
Education	92.5	116.4	110.7	123.4	128.6	142.2	139.9	153.7	168.5	173.8
Interest on Long-term Debt	2.9	5.6	7.6	7.1	8.0	9.5	10.4	13.5	12.5	10.9
Total Governmental Activities	<u>\$ 339.8</u>	<u>\$ 376.5</u>	<u>\$ 400.1</u>	<u>\$ 439.3</u>	<u>\$ 472.0</u>	<u>\$ 488.6</u>	<u>\$ 514.4</u>	<u>\$ 577.3</u>	<u>\$ 616.4</u>	<u>\$ 627.6</u>
Subtotal Governmental Activities Expenses	<u>\$ 339.8</u>	<u>\$ 376.5</u>	<u>\$ 400.1</u>	<u>\$ 439.3</u>	<u>\$ 472.0</u>	<u>\$ 488.6</u>	<u>\$ 514.4</u>	<u>\$ 577.3</u>	<u>\$ 616.4</u>	<u>\$ 627.6</u>
Business-type Activities:										
Recycling	\$ 0.6	\$ 0.6	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Business-type Activities:	<u>\$ 0.6</u>	<u>\$ 0.6</u>	<u>\$ 0.5</u>	<u>\$ -</u>						
Total Primary Government Expenses	<u>\$ 340.5</u>	<u>\$ 377.1</u>	<u>\$ 400.6</u>	<u>\$ 439.3</u>	<u>\$ 472.0</u>	<u>\$ 488.6</u>	<u>\$ 514.4</u>	<u>\$ 577.3</u>	<u>\$ 616.4</u>	<u>\$ 627.6</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6.3	\$ 5.6	\$ 1.4
Judicial Administration	1.2	1.2	1.3	1.7	1.9	2.0	2.0	2.0	1.9	1.6
Public Safety	8.7	8.2	8.2	6.5	7.6	8.4	10.6	11.5	10.7	15.5
Public Works	5.8	8.2	8.2	9.6	10.4	13.2	16.9	16.1	17.4	18.1
Library	-	-	-	-	-	-	-	-	-	-
Health and Welfare	5.5	5.1	4.9	5.2	5.2	5.1	5.4	6.4	6.7	6.6
Transit	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	1.7	1.8	2.0	1.7	1.6	1.7	2.3	2.5	3.0	2.9
Community Development	0.1	0.1	0.1	0.3	0.3	0.3	3.1	4.9	6.0	8.2
Operating Grants and Contributions	52.0	48.2	52.9	60.0	62.5	59.6	60.3	61.0	61.3	63.2
Capital Grants and Contributions	7.8	2.3	12.4	20.0	15.0	5.1	9.9	18.2	7.6	20.5
Subtotal Governmental Activities	<u>\$ 82.8</u>	<u>\$ 75.1</u>	<u>\$ 90.0</u>	<u>\$ 105.0</u>	<u>\$ 104.5</u>	<u>\$ 95.4</u>	<u>\$ 110.5</u>	<u>\$ 128.9</u>	<u>\$ 120.2</u>	<u>\$ 138.0</u>
Business-type Activities:										
Recycling	0.8	0.3	0.1	-	-	-	-	-	-	-
Subtotal Business-type Activities:	<u>\$ 0.8</u>	<u>\$ 0.3</u>	<u>\$ 0.1</u>	<u>\$ -</u>						
Total Primary Government Revenues	<u>\$ 83.6</u>	<u>\$ 75.4</u>	<u>\$ 90.1</u>	<u>\$ 105.0</u>	<u>\$ 104.5</u>	<u>\$ 95.4</u>	<u>\$ 110.5</u>	<u>\$ 128.9</u>	<u>\$ 120.2</u>	<u>\$ 138.0</u>

Amounts may not add due to rounding

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

TABLE I (continued)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net (Expense) (Revenue)										
General Government	\$ (40.3)	\$ (40.3)	\$ (45.1)	\$ (47.4)	\$ (56.5)	\$ (47.7)	\$ (47.5)	\$ (57.3)	\$ (57.7)	\$ (77.6)
Judicial Administration	(10.8)	(10.3)	(11.2)	(11.3)	(12.1)	(12.6)	(13.6)	(15.7)	(13.1)	(13.7)
Public Safety	(59.3)	(65.4)	(75.0)	(81.9)	(87.3)	(88.1)	(96.3)	(100.8)	(89.6)	(91.8)
Public Works	(25.5)	(25.1)	(25.3)	(27.3)	(33.7)	(26.8)	(24.2)	(28.2)	(20.7)	(4.8)
Library	(3.8)	(4.2)	(4.8)	(5.1)	(5.5)	(6.0)	(6.4)	(6.8)	(6.9)	(6.8)
Health and Welfare	(56.7)	(56.4)	(61.9)	(66.7)	(68.7)	(74.3)	(78.9)	(83.0)	(57.2)	(54.7)
Transit	(5.0)	(7.1)	(6.8)	(11.9)	(9.1)	(10.5)	(12.5)	(14.1)	(14.1)	(12.6)
Culture and Recreation	(10.7)	(12.3)	(15.2)	(19.1)	(19.7)	(24.4)	(23.0)	(24.4)	(27.2)	(25.0)
Community Development	(9.2)	(8.8)	(11.8)	(13.2)	(15.9)	(15.8)	(21.3)	(30.1)	(28.9)	(26.0)
Education	(92.5)	(116.4)	(110.7)	(123.4)	(128.6)	(142.2)	(139.9)	(153.7)	(168.5)	(165.7)
Interest on Long-term Debt	(2.9)	(5.6)	(7.6)	(7.1)	(8.0)	(9.5)	(10.4)	(13.5)	(12.4)	(10.9)
Subtotal Governmental Activities	<u>\$ (316.8)</u>	<u>\$ (351.9)</u>	<u>\$ (375.4)</u>	<u>\$ (414.3)</u>	<u>\$ (445.0)</u>	<u>\$ (457.9)</u>	<u>\$ (474.1)</u>	<u>\$ (527.6)</u>	<u>\$ (496.3)</u>	<u>\$ (489.6)</u>
Business-type Activities:										
Recycling	\$ 0.2	\$ (0.3)	\$ (0.3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Business-type Activities:	<u>0.2</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>-</u>						
Total Primary Government	<u>\$ (316.7)</u>	<u>\$ (352.3)</u>	<u>\$ (375.8)</u>	<u>\$ (414.3)</u>	<u>\$ (445.0)</u>	<u>\$ (457.9)</u>	<u>\$ (474.1)</u>	<u>\$ (527.6)</u>	<u>\$ (496.3)</u>	<u>\$ (489.6)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Real Estate	\$ 141.7	\$ 153.4	\$ 163.5	\$ 189.4	\$ 211.1	\$ 234.3	\$ 255.4	\$ 275.4	\$ 289.3	\$ 296.4
Personal Property	47.6	27.0	38.5	31.1	31.3	32.0	33.1	35.3	38.6	37.9
Other	75.0	81.7	85.8	88.4	94.2	101.5	109.4	111.0	112.2	112.3
Transfer	-	-	-	1.0	-	-	-	-	-	-
Grants and Contributions										
not restricted to other programs	19.1	26.9	28.9	29.2	30.4	29.5	31.0	32.4	31.8	32.4
Interest and Investment Earnings	7.3	8.4	7.3	3.6	1.7	4.9	9.1	6.9	6.0	1.7
Miscellaneous	0.7	0.5	0.5	0.6	0.3	0.5	0.8	0.6	0.6	1.1
Subtotal Governmental Activities	<u>\$ 291.4</u>	<u>\$ 297.9</u>	<u>\$ 324.5</u>	<u>\$ 343.3</u>	<u>\$ 369.1</u>	<u>\$ 402.7</u>	<u>\$ 438.9</u>	<u>\$ 461.6</u>	<u>\$ 478.5</u>	<u>\$ 481.8</u>
Business-type Activities:										
Payment for City	\$ 0.3	\$ -	\$ -	\$ (1.0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Business-type Activities:	<u>\$ 0.3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1.0)</u>	<u>\$ -</u>					
Total Primary Government	<u>\$ 291.7</u>	<u>\$ 297.9</u>	<u>\$ 324.5</u>	<u>\$ 342.3</u>	<u>\$ 369.1</u>	<u>\$ 402.7</u>	<u>\$ 438.9</u>	<u>\$ 461.6</u>	<u>\$ 478.5</u>	<u>\$ 481.8</u>
Change in Net Assets										
Governmental Activities:	\$ (25.4)	\$ (54.0)	\$ (50.9)	\$ (71.0)	\$ (75.9)	\$ (55.2)	\$ (35.2)	\$ (66.0)	\$ (17.8)	\$ (7.8)
Business-type Activities:	0.5	(0.3)	(0.3)	(1.0)	-	-	-	-	-	-
	<u>\$ (25.0)</u>	<u>\$ (54.3)</u>	<u>\$ (51.3)</u>	<u>\$ (72.0)</u>	<u>\$ (75.9)</u>	<u>\$ (55.2)</u>	<u>\$ (35.2)</u>	<u>\$ (66.0)</u>	<u>\$ (17.8)</u>	<u>\$ (7.8)</u>

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

TABLE II

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Property Taxes	\$ 183.3	\$ 189.8	\$ 205.1	\$ 218.9	\$ 243.5	\$ 265.3	\$ 290.1	\$ 310.8	\$ 324.1	\$ 333.5
Other Local Taxes	75.0	81.7	84.0	88.1	94.0	101.5	109.5	111.0	112.3	112.3
Permits Fees and License	4.4	4.1	4.2	4.5	4.0	4.5	6.5	7.2	5.8	5.7
Fines and Forfeitures	4.2	4.1	3.9	3.9	4.2	4.0	3.5	3.6	3.9	4.1
Use of Money and Property	7.6	11.2	9.9	6.3	4.6	7.9	12.1	15.8	12.0	6.2
Charges for Services	14.4	14.4	14.2	15.6	16.1	19.2	23.9	23.2	25.8	25.3
Intergovernmental Revenue	67.3	66.3	79.1	92.9	95.4	90.1	92.1	111.5	100.7	116.0
Sale of Surplus Property	-	-	-	-	2.8	-	0.5	-	-	-
Miscellaneous and Non Revenue Receipts	7.2	4.8	4.9	4.8	7.6	4.2	5.1	7.3	10.2	15.8
Total Governmental Revenues	\$ 363.5	\$ 376.3	\$ 405.3	\$ 435.1	\$ 472.1	\$ 496.7	\$ 543.3	\$ 590.4	\$ 594.8	\$ 618.9
Expenditures										
General Government	27.3	28.0	30.2	31.9	36.1	37.7	39.6	45.5	43.0	46.7
Judicial Administration	11.5	11.0	12.0	12.5	13.5	14.1	15.0	17.1	18.7	18.9
Public Safety	66.5	71.9	78.2	86.6	89.6	93.8	104.5	109.6	112.2	116.8
Public Works	27.4	27.4	27.5	29.8	30.0	30.1	32.6	35.5	36.7	36.9
Library	3.8	4.1	4.8	5.1	5.5	6.0	6.4	6.8	6.9	6.8
Health and Welfare	62.0	61.0	66.4	71.5	73.5	78.9	83.9	88.9	95.7	96.8
Transit and Transit Transfer	5.0	7.1	6.8	8.5	9.1	10.5	12.5	14.1	14.1	12.5
Culture and Recreation	11.6	12.6	15.0	17.4	18.5	20.1	21.8	23.6	24.5	23.2
Community Development	9.3	8.1	9.5	12.1	13.3	15.1	23.3	31.3	34.4	28.5
Education	92.5	116.4	110.1	122.9	128.0	141.7	139.4	150.7	164.2	168.0
Capital Outlay	30.2	21.6	46.9	49.4	53.4	51.5	79.1	93.5	75.8	100.7
Debt Service - Principal	6.1	6.9	8.6	10.4	10.9	13.2	16.5	17.7	18.2	19.1
- Interest	2.9	5.6	7.6	7.2	7.9	9.6	10.5	13.3	12.3	12.8
Total Governmental Expenditures	\$ 356.0	\$ 381.9	\$ 423.5	\$ 465.2	\$ 489.1	\$ 522.3	\$ 585.1	\$ 647.6	\$ 656.7	\$ 687.7
Excess of Revenues over (under) expenditures	\$ 7.5	\$ (5.6)	\$ (18.2)	\$ (30.1)	\$ (17.0)	\$ (25.6)	\$ (41.8)	\$ (57.2)	\$ (61.9)	\$ (68.8)
Other Financing Sources/(Uses)										
Issuance of Debt	\$ 55.0	\$ -	\$ 54.5	\$ -	\$ 67.9	\$ 55.8	\$ 72.7	\$ 0.1	\$ -	\$ 145.7
Transfers in	41.5	45.1	40.5	48.0	45.0	54.7	59.0	49.1	67.8	58.9
Transfers out	(41.9)	(45.1)	(40.6)	(47.6)	(46.5)	(54.7)	(59.5)	(50.0)	(67.8)	(58.2)
Sale of Land	-	0.2	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 54.6	\$ 0.2	\$ 54.4	\$ 0.4	\$ 66.3	\$ 55.8	\$ 72.2	\$ (0.8)	\$ -	\$ 146.4
Net change in Fund Balance	\$ 62.1	\$ (5.4)	\$ 36.2	\$ (29.7)	\$ 49.3	\$ 30.2	\$ 30.4	\$ (58.0)	\$ (61.9)	\$ 77.6
Debt Service as percentage of general governmental funds	2.76%	3.47%	4.30%	4.23%	4.31%	4.84%	5.34%	5.59%	5.25%	5.43%

Amounts may not add due to rounding

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

TABLE III

119

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
General Property Taxes	Real Estate	\$ 142,401,311	\$ 152,560,694	\$ 164,959,409	\$ 186,431,815	\$ 210,922,789	\$ 232,528,457	\$ 255,141,063	\$ 274,477,589	\$ 287,344,299	\$ 295,518,893
	Personal	38,435,852	35,222,613	38,331,453	30,745,962	30,944,059	31,243,560	33,163,126	34,487,106	34,883,037	36,023,945
	Penalties and Interests	2,459,101	1,992,370	1,854,835	1,761,585	1,657,926	1,514,783	1,751,503	1,856,927	1,885,683	1,939,225
Other Local Taxes	Local Sales	\$ 19,802,533	\$ 20,730,807	\$ 20,316,345	\$ 21,216,124	\$ 22,541,886	\$ 23,812,277	\$ 25,264,689	\$ 25,440,638	\$ 24,256,803	\$ 21,679,635
	Utility	15,034,992	16,937,315	17,761,931	17,793,919	18,570,290	18,520,667	17,587,865	13,836,170	10,019,854	10,409,248
	Business License	19,022,675	20,762,586	22,233,330	23,679,889	25,601,366	27,098,032	28,381,583	30,947,412	32,026,526	30,527,956
	Cable TV Franchise Li	836,041	901,777	1,025,474	978,574	1,089,381	1,154,576	1,240,841	720,926	-	-
	Motor Vehicle License	2,173,654	2,247,172	2,285,722	2,313,054	2,427,656	2,460,980	2,461,023	2,429,078	3,197,576	3,085,288
	Bank Franchise	991,609	1,403,375	1,294,376	1,922,095	1,111,691	1,364,270	1,784,565	1,540,550	1,263,689	1,855,496
	Tobacco	1,647,047	1,607,292	1,597,140	2,083,135	2,430,092	2,277,366	2,840,486	2,932,386	2,681,573	2,719,084
	Recordation	1,710,477	2,028,522	2,494,425	3,262,783	4,046,517	7,244,022	7,818,676	6,561,330	4,947,208	3,206,705
	Transient Lodging	5,228,467	5,827,803	5,206,418	5,241,018	6,323,906	7,183,067	7,811,884	7,415,060	8,506,762	10,592,806
	Restaurant Food	7,911,895	8,466,964	8,562,840	8,792,704	9,051,520	9,598,763	10,094,267	10,657,839	10,972,048	14,912,796
	Telecommunication	655,212	762,172	1,139,266	792,025	727,384	726,112	725,684	691,023	857,354	829,291
	Admissions	-	-	-	-	-	-	1,149,537	1,058,226	1,090,067	1,103,782
	Cell Phone	-	-	-	-	-	-	2,305,525	1,397,452	-	-
	Communications Sale	-	-	-	-	-	-	-	5,318,253	12,402,256	11,268,560
	Other	26,336	50,987	42,507	44,528	39,266	28,428	28,931	33,024	42,225	80,723
Total	\$ 258,337,202	\$ 271,502,449	\$ 289,105,471	\$ 307,059,210	\$ 337,485,729	\$ 366,755,360	\$ 399,551,248	\$ 421,800,989	\$ 436,376,960	\$ 445,753,433	

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

Table IV

Calendar Year Ended December 31,	Real Property (Amounts in thousands)				Total Collections to date			
	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		Percentage of Levy
1999	\$ 135,079	\$ 133,102	98.54%	\$ 1,958	\$ 135,060	99.99%		
2000	147,059	144,741	98.42%	2,299	147,040	99.99%		
2001	159,186	156,748	98.47%	2,426	159,174	99.99%		
2002	174,827	172,296	98.55%	2,511	174,807	99.99%		
2003	199,800	196,181	98.19%	3,600	199,781	99.99%		
2004	225,156	223,047	99.06%	2,084	225,131	99.99%		
2005	250,188	247,166	98.79%	2,970	250,136	99.98%		
2006	267,027	264,951	99.22%	1,936	266,887	99.95%		
2007	282,604	279,948	99.06%	2,172	282,120	99.83%		
2008	296,493	292,996	98.82%	-	292,996	98.82%		

120 * Levy adjusted for changes since original levy

Table V

Calendar Year Ended December 31,	Personal Property (Amounts in thousands)				Total Collections to date			
	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	Amount	Percentage of Levy
1999	\$ 52,178	\$ 6,887	\$ 41,507	79.55%	\$ 3,700	\$ 45,207	86.64%	
2000	56,591	13,268	44,711	79.01%	3,677	48,388	85.50%	
2001	56,957 *	20,842	48,136	84.51%	11,176	59,312	104.13%	
2002	58,478	21,122	49,216	84.16%	3,880	53,096	90.80%	
2003	60,472	22,915	50,576	83.64%	3,711	54,287	89.77%	
2004	56,059	21,936	48,535	86.58%	3,834	52,369	93.42%	
2005	58,942	22,558	50,422	85.55%	4,649	55,071	93.43%	
2006	62,213	24,193	55,284	88.86%	2,589	57,873	93.02%	
2007	61,974	23,849	55,247	89.15%	2,322	57,569	92.89%	
2008	62,740	23,768	56,201	89.58%	-	56,201	89.58%	

* Assessment adjusted for large sale of public service commission property to private corporation.
Commonwealth reimbursement included in taxes levied and collections.

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

TABLE VI

Calendar Year	Real Property (\$000)			Personal Property (\$100)					
	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
1999	6,169,055	6,018,465	12,187,520	1.110	1,251,250	4.75	10,259	4.50	1,261,509
2000	6,716,942	6,578,366	13,295,308	1.110	1,359,340	4.75	13,281	4.50	1,372,621
2001	7,573,897	7,058,452	14,632,349	1.110	1,386,141	4.75	187,217	4.50	1,573,358
2002	8,889,290	7,243,699	16,132,989	1.080	1,409,955	4.75	16,351	4.50	1,426,306
2003	11,191,850	8,034,076	19,225,926	1.035	1,459,886	4.75	20,369	4.50	1,480,255
2004	13,224,543	9,532,642	22,757,185	0.995	1,391,110	4.75	17,895	4.50	1,409,005
2005	16,272,324	11,087,326	27,359,650	0.915	1,455,520	4.75	15,009	4.50	1,470,529
2006	20,205,364	14,037,667	34,243,031	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	19,255,906	15,123,257	34,379,163	0.845	1,354,932	4.75	17,837	4.50	1,372,769

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

CITY OF ALEXANDRIA, VIRGINIA
Net Assets
Last Ten Fiscal Years

TABLE VII

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003^a</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 172.6	\$ 181.2	\$ 118.5	\$ 160.6	\$ 119.5	\$ 100.2	\$ 105.6	\$ 170.0	\$ 231.0	\$ 153.3
Restricted for:										
Affordable Housing	-	-	-	-	-	-	3.0	0.3	-	-
Capital Projects	39.2	58.3	70.1	72.8	115.7	148.3	157.2	101.6	51.5	134.7
Unrestricted Net Assets	55.1	23.9	103.8	67.9	67.7	63.9	81.6	88.7	60.3	47.0
Subtotal Governmental Activities Net Assets	<u>\$ 266.9</u>	<u>\$ 263.4</u>	<u>\$ 292.4</u>	<u>\$ 301.3</u>	<u>\$ 302.9</u>	<u>\$ 312.4</u>	<u>\$ 347.4</u>	<u>\$ 360.6</u>	<u>\$ 342.8</u>	<u>\$ 335.0</u>
Business-type Activities Net Assets										
Invested in Capital Assets, Net of Related Debt	0.2	0.1	0.1	-	-	-	-	-	-	-
Unrestricted Net Assets	1.5	1.2	0.9	-	-	-	-	-	-	-
Subtotal Business-type Activities Net Assets	<u>\$ 1.6</u>	<u>\$ 1.3</u>	<u>\$ 1.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government										
Invested in Capital Assets, Net of Related Debt	172.8	181.3	118.6	160.6	119.5	100.2	105.6	170.0	231.0	153.3
Restricted for:										
Affordable Housing	-	-	-	-	-	-	3.0	0.3	-	-
Capital Projects	39.2	58.3	70.1	72.8	115.7	148.3	157.2	101.6	51.5	134.7
Unrestricted Net Assets	56.6	25.1	104.6	67.9	67.7	63.9	81.6	88.7	60.3	47.0
Total Primary Government Net Assets	<u><u>\$ 268.5</u></u>	<u><u>\$ 264.7</u></u>	<u><u>\$ 293.4</u></u>	<u><u>\$ 301.3</u></u>	<u><u>\$ 302.9</u></u>	<u><u>\$ 312.4</u></u>	<u><u>\$ 347.4</u></u>	<u><u>\$ 360.6</u></u>	<u><u>\$ 342.8</u></u>	<u><u>\$ 335.0</u></u>

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

Amounts may not add due to rounding

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

TABLE VIII

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved for:										
Encumbrances	\$ 3,207,099	\$ 3,729,754	\$ 3,117,566	\$ 2,386,468	\$ 1,525,942	\$ 2,087,658	\$ 1,845,820	\$ 2,345,051	\$ 1,579,168	\$ 1,967,201
Inventories	1,288,791	1,278,362	1,480,168	1,537,404	1,681,593	1,970,689	2,189,185	2,347,911	1,588,472	1,891,281
Notes Receivable		-	-	-	-	-	-	-	-	400,000
Unreserved	53,502,641	55,825,487	63,630,925	54,193,856	59,589,075	58,216,836	63,343,040	67,560,766	62,320,401	49,048,509
Subtotal General Fund	<u>\$ 57,998,531</u>	<u>\$ 60,833,603</u>	<u>\$ 68,228,659</u>	<u>\$ 58,117,728</u>	<u>\$ 62,796,610</u>	<u>\$ 62,275,183</u>	<u>\$ 67,378,045</u>	<u>\$ 72,253,728</u>	<u>\$ 65,488,041</u>	<u>\$ 53,306,991</u>
All Other Governmental Funds										
Reserved For										
Capital Projects	\$ 51,089,259	\$ 49,528,043	\$ 61,806,602	\$ 63,968,631	\$ 105,611,068	\$ 126,848,380	\$ 141,395,119	\$ 83,700,361	\$ 2,691,739	\$ 101,741,783
Notes Receivable	1,455,942	1,287,340	1,558,984	1,922,984	4,227,041	4,147,198	2,015,393	1,236,283	1,204,885	2,673,806
Encumbrances	11,908,389	8,750,823	8,321,719	8,788,237	10,042,480	21,501,270	18,055,741	19,475,849	50,019,226	34,830,199
Unreserved Special Revenue	10,323,792	11,301,953	12,263,486	11,761,929	11,359,179	9,831,441	26,366,419	20,909,225	15,523,030	20,280,831
Unreserved Capital Projects	10,348,516	6,061,855	22,031,197	-	-	-	-	-	-	-
Subtotal All Other Governmental Funds	<u>\$ 85,125,898</u>	<u>\$ 76,930,014</u>	<u>\$ 105,981,988</u>	<u>\$ 86,441,781</u>	<u>\$ 131,239,768</u>	<u>\$ 162,328,289</u>	<u>\$ 187,832,672</u>	<u>\$ 125,321,718</u>	<u>\$ 69,438,880</u>	<u>\$ 159,526,619</u>
Total Governmental Funds										
Encumbrances	\$ 15,115,488	\$ 12,480,577	\$ 11,439,285	\$ 11,174,705	\$ 11,568,422	\$ 23,588,928	\$ 19,901,561	\$ 21,821,900	\$ 51,598,394	\$ 36,797,400
Inventories	1,288,791	1,278,362	1,480,168	1,537,404	1,681,593	1,970,689	2,189,185	2,347,911	1,588,472	1,891,281
Capital Projects	51,089,259	49,528,043	61,806,602	63,968,631	105,611,068	126,848,380	141,395,119	83,700,361	2,691,739	101,741,783
Notes Receivable	1,455,942	1,287,340	1,558,984	1,922,984	4,227,041	4,147,198	2,015,393	1,236,283	1,204,885	3,073,806
Unreserved	74,174,949	73,189,295	97,925,608	65,955,785	70,948,254	68,048,277	89,709,459	88,469,991	77,843,431	69,329,340
Total Fund Balance	<u>\$ 143,124,429</u>	<u>\$ 137,763,617</u>	<u>\$ 174,210,647</u>	<u>\$ 144,559,509</u>	<u>\$ 194,036,378</u>	<u>\$ 224,603,472</u>	<u>\$ 255,210,717</u>	<u>\$ 197,576,446</u>	<u>\$ 134,926,921</u>	<u>\$ 212,833,610</u>

**CITY OF ALEXANDRIA, VIRGINIA
2009 Tax Rates for Major Revenue Sources**

TABLE IX

Real Estate Tax	90.3¢ per \$100 assessed value
Personal Property Tax	\$4.50 per \$100 assessed value (machinery and tools) \$4.75 per \$100 assessed value (tangible personal property) \$3.55 per \$100 assessed value (handicap vehicles)
Utility Tax (for residential users)	15% of water service charge \$1.12 plus \$0.012075 of each kwh (\$2.40 maximum) \$1.28 plus \$0.124444 of each CCF gas delivered (\$2.40 maximum) \$1.28 plus \$0.050909 of each CCF gas delivered-group meter consumers) (\$2.40 maximum per dwelling unit) \$1.28 plus 0.023267 of each CCF gas delivered-group meter interruptible consumers (\$2.40 maximum per dwelling unit)
Utility Tax (for commercial users)	15% of first \$150 of water service charge \$0.97 plus \$0.004610 of each kwh delivered-commercial consumer \$0.97 plus \$0.003755 of each kwh delivered-industrial consumer \$1.42 plus \$0.050213 each CCF gas delivered-commercial/industrial consumer \$4.50 plus \$0.003670 of each CCF gas delivered-non-residential interruptible gas consumers
Business and Professional Licenses	
Alcoholic Beverages	\$5 - \$1,500
First year of operation:	
Gross receipts less than \$100,000	No tax due
Gross receipts of greater than \$100,000 and less than \$2,000,000	\$50
Gross receipts of \$2,000,000 or more	Same as renewal for greater than \$100,000 below
Renewal business	
Gross receipts of greater than \$10,000 and less than \$100,000:	
Any business	\$50
Gross receipts of \$100,000 or more	
Amusement and Entertainment	\$0.36 per \$100 gross receipts
Professional	\$0.58 per \$100 gross receipts
Renting of Residential Property	\$0.50 per \$100 gross receipts
Renting of Commercial Property	\$0.35 per \$100 gross receipts
Financial Services	\$0.35 per \$100 gross receipts
Personal, Business and Repair Service	\$0.35 per \$100 gross receipts
Retail Merchants	\$0.20 per \$100 gross receipts
Restaurants	\$0.20 per \$100 gross receipts
Contractors	\$0.16 per \$100 gross receipts
Wholesale Merchants	\$0.05 per \$100 total purchases
Public Utilities	
Telephone	\$0.50 per \$100 gross receipts
Telegraph	\$2.00 per \$100 gross receipts
Communication Tax	2.6% of statewide communication tax
Water, heat, electric and gas companies	\$0.50 per \$100 gross receipts
Admissions Tax	10% of admissions up to \$0.50 per person
Public Rights-of-Way Use Fee	\$0.89 per line per month
Local Sales Tax	1% added to the rate of the state retail tax imposed
Daily Rental Tax	1% on the gross proceeds
Cigarette Tax	\$0.70 on each package of twenty cigarettes
Transient Lodging Tax	6.5% of total amount paid for room rental plus \$1 per night lodging fee
Restaurant Meal Tax	4% on all food and drink
Recordation Tax	\$0.083 per \$100 of sales price – City (State is \$0.25 per \$100)
Grantor Deed Tax	\$0.50 per \$500 of sales price

SOURCE: Department of Finance, Revenue Administration

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

TABLE X

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assessed Value of Real Property, January 1	\$ 13,295,308,000	\$ 14,632,348,200	\$ 16,132,989,000	\$ 19,225,926,000	\$ 21,580,995,000
Debt Limit: 10 percent	1,329,530,800	1,463,324,820	1,613,298,900	1,922,592,600	2,258,099,500
Amount of Debt Applicable to Debt Limit	<u>114,690,000</u>	<u>107,875,000</u>	<u>153,925,000</u>	<u>143,615,000</u>	<u>197,520,000</u>
Legal Debt Margin	<u>1,214,840,800</u>	<u>1,355,449,820</u>	<u>1,459,373,900</u>	<u>1,778,977,600</u>	<u>\$ 2,060,579,500</u>
Debt as a Percentage of Assessed Value	0.86%	0.74%	0.95%	0.75%	0.92%
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Value of Real Property, January 1	\$ 27,359,649,900	\$ 32,906,720,000	\$ 34,243,031,000	\$ 35,554,958,000	\$ 34,379,163,000
Debt Limit: 10 percent	2,735,964,990	3,290,672,000	3,424,303,100	3,555,495,800	3,437,916,300
Amount of Debt Applicable to Debt Limit	<u>241,890,000</u>	<u>296,540,000</u>	<u>278,525,000</u>	<u>260,350,000</u>	<u>383,950,000</u>
Legal Debt Margin	<u>\$2,494,074,990</u>	<u>\$2,994,132,000</u>	<u>\$3,145,778,100</u>	<u>\$3,295,145,800</u>	<u>\$3,053,966,300</u>
Debt as a Percentage of Assessed Value	0.88%	0.90%	0.81%	0.73%	1.12%

125

Limitations on the Incurrence of General Obligation Debt:

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

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

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

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

TABLE XI

Year	Population ⁽³⁾	Assessed Value (\$000) ⁽²⁾			Outstanding Debt	Outstanding Debt As Percentage of Assessed		Personal Income (\$100)	Debt Per Capita	Debt Per Capita As A Percentage of Per Capita Income ⁽⁴⁾
		Real Property	Personal Property	Total		Real Property	Total Property			
2000	129,147	13,295,308	1,372,621	14,667,929	114,690,000	0.86	0.78	6,211,938	888	1.8
2001	130,403	14,632,349	1,573,358	16,205,707	107,875,000	0.74	0.67	6,931,579	827	1.6
2002	129,938	16,132,989	1,426,306	17,559,295	153,925,000	0.95	0.88	7,009,871	1,185	2.2
2003	135,000	19,225,926	1,459,886	20,685,812	143,615,000	0.75	0.69	7,165,859	1,064	2.0
2004	134,000	22,580,995	1,309,443	23,890,438	197,520,000	0.87	0.82	7,435,257	1,474	2.7
2005	135,000	27,359,650	1,359,782	28,719,432	241,890,000	0.88	0.84	7,776,966	1,792	3.1
2006	138,000	32,906,270	1,409,852	34,316,122	296,540,000	0.90	0.86	8,835,057	2,148	3.4
2007	139,000	34,243,031	1,411,599	35,654,630	278,525,000	0.81	0.78	9,507,531	2,004	2.9
2008	140,879	35,554,958	1,426,679	36,981,637	260,350,000	0.73	0.70	10,204,006	1,848	2.6
2009	144,100	34,379,163	1,354,932	35,734,095	383,950,000	1.12	1.07	10,178,071	2,664	3.7

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Overlapping Debt and Debt History
June 30, 2009

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
2000	\$ 6,020,000	\$ 2,846,071	\$ 8,866,071	\$ 393,588,056	2.25 %
2001	6,815,000	5,567,314	12,382,314	401,555,221	3.08
2002	8,450,000	7,565,996	16,015,996	452,671,072	3.54
2003	10,310,000	7,173,024	17,483,024	488,044,085	3.59
2004	10,795,000	7,887,768	18,682,768	516,275,303	3.62
2005	13,115,000	9,567,247	22,682,247	545,688,442	4.16
2006	16,350,000	10,502,282	26,852,282	623,774,871	4.30
2007	17,670,000	13,306,096	30,976,096	689,280,260	4.49
2008	18,175,000	12,344,320	30,519,320	688,844,141	4.43
2009	19,100,000	12,800,634	31,900,634	720,924,777	4.42

(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, 2009

TABLE XIV

Population

<u>Calendar Year</u>	<u>Population</u>	<u>Calendar Year</u>	<u>Population</u>
1940	33,523	1980	103,217
1950	61,787	1990	111,183
1960	91,023	2000	128,283
1970	110,938	2008	140,024
.....		2009	144,100

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

POPULATION INDICATORS
PER CAPITA INCOME*

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Alexandria	\$44,031	\$45,956	\$48,106	\$52,125	\$52,344	\$53,711	\$58,365	\$61,147	\$65,141	\$70,632
Arlington	\$43,554	\$45,703	\$49,555	\$52,673	\$53,860	\$54,207	\$58,893	\$59,389	\$63,827	\$68,270
Fairfax (includes Fairfax City and Falls Church)	\$43,193	\$47,306	\$50,035	\$51,931	\$52,494	\$53,981	\$57,169	\$60,289	\$64,698	\$67,909
Washington MSA	\$33,824	\$35,848	\$37,777	\$40,672	\$42,404	\$43,693	\$46,311	\$48,697	\$57,746	\$62,484

*The BEA has revised these numbers.

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

CITY OF ALEXANDRIA
UNEMPLOYMENT RATE
LAST TEN YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Unemployment Rate	1.9%	2.5%	3.8%	2.9%	3.2%	3.1%	2.6%	2.2%	2.9%	2.8%

SOURCE: Virginia Employment Commission

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

TABLE XV

Private Property

Owner's Name	Property	2009 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1. LCOR Alexandria, L.L.C.	Office Buildings	\$ 1,077.4	3.13%
2. AIMCO Foxchase L.P.	Foxchase Apartments	293.7	0.85%
3. Washington Real Estate Investment Trust	Portfolio	272.9	0.79%
4. Southern Towers L.L.C.	Southern Towers Apartments	238.1	0.69%
5. Hoffman Buildings LP	Hoffman Office Buildings	230.5	0.67%
6. Lafayette Buildings LLC	Mark Center Office Buildings	225.9	0.66%
7. T C Duke Street L.L.C.	Office Buildings	192.4	0.56%
8. CPYR Inc.	Potomac Yard Retail	176.1	0.51%
9. Canal Center L.P.	Canal Center	173.0	0.50%
10. Tishman Speyer Archstone Smith Newport	Newport Village Apartments	166.8	0.49%

SOURCE: City of Alexandria Real Estate Department

Owner's Name	Property	2000 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1. Carlyle Development Corporation	Vacant Land/Office Building	137.3	1.03%
2. AIMCO Foxchase L.P.	Foxchase Apartments	118.0	0.89%
3. Potomac Yard Retail, Inc.	Potomac Yard Retail Center	106.0	0.79%
4. Winkler, Harold, et al	Southern Towers Apartments	105.2	0.79%
5. Landmark Mall, LLC	Landmark Mall	96.7	0.73%
6. SAP II-III/Stellar Housing Partnership	Oakwood Apartments	93.4	0.70%
7. Commonwealth Atlanta Land, Inc.	Vacant Land/Warehouses	79.8	0.60%
8. Hoffman Buildings LP	Office Building	64.0	0.48%
9. Laszlo N. Tauber & Associates L.P.	Office Building	63.7	0.48%
10. Avalon Properties, Inc.	Avalon Apartments	59.5	0.45%

SOURCE: City of Alexandria Real Estate Department

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

TABLE XV
(Continued)

Public Service Companies

Owner's Name	Property	2009 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1. Mirant Potomac River, LLC		\$ 271.3	30.7%
2. Virginia Electric & Power Company		\$ 164.8	18.7%
3. Covanta Alexandria/Arlington, Inc.		\$ 87.7	9.9%
4. Norfolk Southern Railway Company		\$ 72.6	8.2%
5. Richmond, Fredericksburg & Potomac Railway Co		\$ 68.9	7.8%
4. Verizon Virginia Inc.		\$ 61.7	7.0%
5. Virginia-American Water Co.		\$ 48.9	5.5%
6. Potomac Electric Power Company		\$ 36.1	4.1%
7. Washington Gas Light Company		\$ 32.6	3.7%
8. APC PCS a/ka/ American Personal Communications Inc.		\$ 6.1	0.7%

SOURCE: Virginia State Corporation Commission

Percentage

Owner's Name	Property	2000 Assessed Value (In millions)	Percentage of Total Assessed Valuation
1. Potomac Electric Power Company		\$ 234.0	1.76%
2. Virginia Electric Power Company		\$ 117.6	0.89%
3. Bell Atlantic Virginia, Inc.		\$ 90.9	0.68%
4. Norfolk Southern Railway Company		\$ 52.8	0.40%
5. Richmond, Fredericksburg & Potomac Railway Co		\$ 42.3	0.32%
6. Virginia American Water Company		\$ 32.0	0.24%
7. Washington Gas Light Company		\$ 28.2	0.21%
8. Jones Telecommunications of Virginia, Inc.		\$ 21.6	0.16%
9. Washington DC SMSA Limited Partnership		\$ 7.0	0.05%
10 American Telephone & Telegraph Co of Virginia, Inc.		\$ 3.1	0.02%

SOURCE: Virginia State Corporation Commission

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

TABLE XVI

Fiscal Year	Total Enrollment⁽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
2000	11,245	5,763	1,395	1,918	773	823
2001	11,345	5,567	1,611	1,927	574	447
2002	11,274	5,593	1,809	1,958	547	461
2003	10,979	5,243	2,090	1,949	644	455
2004	11,104	5,525	2,412	1,999	543	470
2005	10,667	5,449	2,628	1,979	493	453
2006	10,284	5,169	2,379	1,900	436	442
2007	10,057	4,961	2,223	1,802	436	442
2008	10,557	5,012	2,083	1,786	451	435
2009	11,225	5,866	2,909	1,830	333	395

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, 2009

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.....	\$ 510,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510,035
City Manager.....	1,619,040	-	-	-	-	-	-	-	-	-	1,619,040
Office On Women.....	1,389,743	-	-	-	-	-	-	-	-	-	1,389,743
Citizens Assistance.....	348,250	-	368,128	-	-	-	-	-	-	-	716,378
Office of Management and Budget.....	1,121,368	-	-	-	-	-	-	-	-	-	1,121,368
18th Circuit Court.....	-	1,342,075	-	-	-	-	-	-	-	-	1,342,075
18th General District Court.....	-	99,004	-	-	-	-	-	-	-	-	99,004
Juvenile and Domestic Relations Courts.....	-	29,908	-	-	-	-	-	-	-	-	29,908
Commonwealth's Attorney.....	-	2,725,092	-	-	-	-	-	-	-	-	2,725,092
Sheriff.....	-	6,718,393	19,321,196	-	-	-	-	-	-	-	26,039,589
Clerk of Courts.....	-	1,599,348	-	-	-	-	-	-	-	-	1,599,348
Other Correctional Activities.....	-	4,170,075	1,063,119	-	-	-	-	-	-	-	5,233,194
Court Services.....	-	1,274,887	-	-	-	-	-	-	-	-	1,274,887
Human Rights.....	620,316	-	-	-	-	-	-	-	-	-	620,316
Internal Audit.....	219,233	-	-	-	-	-	-	-	-	-	219,233
Information Technology Services.....	6,675,286	-	-	-	-	-	-	-	-	-	6,675,286
Office of Communications.....	-	-	-	-	-	-	1,287,949	-	-	-	1,287,949
City Clerk and Clerk of Council.....	407,573	-	-	-	-	-	-	-	-	-	407,573
Finance.....	9,316,826	-	-	-	-	-	-	-	-	-	9,316,826
Real Estate Assessments.....	1,573,247	-	-	-	-	-	-	-	-	-	1,573,247
Human Resources.....	3,219,974	-	-	-	-	-	-	-	-	-	3,219,974
Planning and Zoning.....	-	-	-	-	-	-	9,866,560	-	-	-	9,866,560
City Attorney.....	3,015,941	-	-	-	-	-	-	-	-	-	3,015,941
Registrar.....	1,377,827	-	-	-	-	-	-	-	-	-	1,377,827
General Services.....	2,614,289	-	-	9,176,190	-	-	-	-	-	-	11,790,479
Transportation and Environmental Services.....	-	-	-	25,034,967	-	-	2,171,594	-	-	-	27,206,561
Transit Subsidies.....	-	-	-	-	-	-	-	4,595,401	-	-	4,595,401
Fire.....	-	-	39,497,216	-	-	-	-	-	-	-	39,497,216
Police.....	-	-	53,079,793	-	-	-	-	-	-	-	53,079,793
Mental Health/Mental Retardation and Substance Abuse.....	-	-	-	-	595,442	-	-	-	-	-	595,442
Health.....	-	-	-	-	7,375,109	-	278,759	-	-	-	7,653,868
Human Services.....	-	-	-	-	9,751,083	-	-	-	-	-	9,751,083
Human Services Contributions.....	-	-	-	-	2,304,073	-	-	-	-	-	2,304,073
Office of Historic Alexandria.....	-	-	-	-	-	2,906,634	-	-	-	-	2,906,634
Recreation and Cultural Activities.....	-	-	-	-	-	20,203,235	-	-	-	-	20,203,235
Other Educational Activities.....	-	-	-	-	-	-	-	12,004	-	-	12,004
Miscellaneous.....	12,108,148	-	567,416	544,492	697,956	-	235,306	-	-	31,900,635	46,053,953
Total Expenditures.....	46,137,096	\$ 17,958,782	\$ 113,896,868	\$ 34,755,649	\$ 20,723,663	\$ 23,109,869	\$ 13,840,168	\$ 12,004	\$ 4,595,401	\$ 31,900,635	\$ 306,930,135

CITY OF ALEXANDRIA
Government Employees By Function
Last Ten Fiscal Years

TABLE XVIII

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	288	290	300	303	305	304	300	300	297	273
Judicial Administration	106	109	118	119	117	120	121	120	120	120
Public Safety	861	868	887	900	910	926	929	933	936	937
Public Works	221	225	224	227	229	231	232	225	228	231
Library	49	53	52	52	54	55	55	55	55	56
Health and Welfare	479	491	492	497	511	502	509	514	515	511
Culture and Recreation	139	143	145	145	150	155	154	157	158	155
Community Development	58	64	66	67	57	57	57	55	55	59
Education	2,010	2,091	2,098	2,079	2,082	2,120	2,125	2,119	2,058	2,015
TOTAL	4,211	4,334	4,382	4,389	4,415	4,470	4,482	4,478	4,422	4,357

Principal Employers
Current Year (as of July 1, 2009 and Nine Years Ago)

TABLE XIX

Current Year	Employees	Percentage of Total City Employment	Nine Years Ago	Employees	Percentage of Total City Employment
LARGEST PUBLIC EMPLOYERS			LARGEST PUBLIC EMPLOYERS		
U.S. Patent Trademark Offices	9,000	8.88%	U.S. Department of Defense	7,545	8.7%
U.S. Department of Defense	7,500	7.4%	City of Alexandria	2,132	2.4%
City of Alexandria	2,500	2.5%	Alexandria Public Schools	1,837	2.1%
Alexandria Public Schools	1,900	1.9%	WMATA (Metro)	1,369	1.6%
WMATA	1,400	1.4%	U.S. Postal Services	794	1.1%
Northern Virginia Community College	800	0.8%	U.S. Department of Agriculture	605	0.1%
U.S. Postal Service	400	0.4%	Northern Virginia Community College	534	0.6%
Total	23,500	23.2%	Total	14,816	16.6%
LARGEST PRIVATE EMPLOYERS			LARGEST PRIVATE EMPLOYERS		
INOVA Alexandria Hospital	1,800	1.8%	Alexandria Hospital	1,589	1.8%
American Building Maintenance Co	1,000	1.0%	Institute for Defense Analysis	792	0.9%
Institute of Defense Analysis	900	0.9%	Boat Owners Assoc. of the U.S.	550	0.6%
Center for Naval Analysis	700	0.7%	Pentagon Federal Credit Union	538	0.6%
Gali Services Corporation	750	0.7%			
Grant Thornton LLP	750	0.7%			
United Postal Services (UPS)	750	0.7%			
Oblon Spivak McClelland	750	0.7%			
Total	7,400	7.2%	Total	3,469	3.9%

SOURCE: City of Alexandria Approved Budget

CITY OF ALEXANDRIA
Operating Indicators By Function
Last Ten Fiscal Years

TABLE XX

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Judicial Administration										
Civil and criminal cases processed by										
Clerk of Courts	4,747	5,342	49,998	4,785	5,346	5,780	5,255	5,657	5,730	5,700
Real estate documents processed	25,011	32,754	43,105	43,805	50,522	43,900	44,844	31,009	29,396	29,000
Public Safety										
Fire calls requiring emergency response	5,669	5,930	5,939	5,586	6,256	5,666	6,001	5,956	5,990	6,050
Police calls for emergency service	3,000	2,504	3,192	2,401	2,379	2,148	2,100	2,458	2,500	2,500
EMS incidents responded to	*	*	*	*	*	*	*	*	*	11,583
Public Works										
Sq yds of concrete sidewalks replaced	*	8,831	7,515	10,575	7,846	7,448	7,012	10,099	8,000	8,000
Cubic yards of leaves collected	28,644	29,500	26,750	26,750	21,075	22,650	31,000	33,600	33,000	33,000
Library										
Circulation	668,046	874,815	987,450	1,044,868	1,032,147	972,494	1,002,881	1,145,490	1,234,726	1,302,633
Patron visits	619,327	668,457	755,281	833,835	893,427	813,704	823,496	**	**	**
Number of reference questions answered	*	*	*	*	*	*	376,532	591,864	592,345	592,855
Health and Welfare										
Adolescent patient visits	3,535	3,366	3,380	3,049	3,211	2,961	3,005	**	**	**
Average monthly food stamp cases	1,387	1,022	1,100	1,206	1,530	1,658	1,637	1,675	1,675	3,294
Number of home based services	*	*	*	*	*	*	7,117	7,025	6,800	**
Adult clients served	*	*	*	*	*	*	3,631	3,631	3,230	3,230
Transit										
Annual Ridership	2,521,925	2,640,420	2,739,719	2,986,631	3,131,284	3,323,021	3,556,486	3,743,499	3,800,000	4,006,825
Operating cost per mile	\$ 3.97	\$ 4.30	\$ 4.51	\$ 4.80	\$ 5.13	\$ 5.72	**	**	**	**
Miles of service	*	*	*	*	*	*	1,396,590	1,462,464	1,505,000	1,534,900
Culture and Recreation										
Number of staff directed programs at										
City Recreation Centers and Playgrounds *		15,900	17,365	20,437	19,128	19,154	20,500	**	**	**
Average cost per park facility maintained	*	*	*	*	*	*	*	\$ 25,246	\$ 23,018	\$ 24,512
Community Development										
Average Home rehabilitation loan	\$ 27,068	\$ 45,452	\$ 54,272	\$ 68,529	\$ 59,757	\$ 73,036	74,693	**	**	**
Average Home rehabilitation loan cost	*	*	*	*	*	*	*	\$ 68,479	\$ 69,484	\$ 32,379
Education										
Cost per pupil	*	*	\$ 10,862	\$ 11,914	\$ 12,918	\$ 13,670	\$ 15,871	\$ 18,232	\$ 19,341	\$ 19,078
Enrollment	11,017	11,167	11,104	10,979	10,752	10,677	10,284	10,332	10,557	11,225

* - 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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Judicial Administration										
Number of beds at Sheltercare	14	14	14	14	14	14	14	**	**	**
Number of foster care homes	*	*	*	*	*	*	125	123	135	91
Public Safety										
Rescue apparatus	*	*	*	*	98	98	108	**	**	**
Fire vehicles	*	*	*	*	*	*	*	132	136	130
Public Works										
Paved streets	506	508	511	513	514	514	514	514	521	514
Sidewalks	319	320	320	321	321	321	321	321	321	321
Library										
Full service branches and central library	4	4	4	4	4	4	4	4	4	4
Health and Welfare										
Preventative health care sites	*	*	*	4	3	3	3	3	3	3
Transit										
DASH transit buses	42	49	49	49	49	57	57	57	57	62
Culture and Recreation										
Playgrounds	45	45	45	45	45	45	45	45	46	46
Athletic fields available for games	*	*	*	*	*	*	48	48	50	50
Acreage of park and open space	944	944	964	964	964	949	964	964	964	964
Total number of facilities maintained	*	*	*	*	*	*	217	217	206	235
Community Development										
Public housing and public housing replacement units	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Education										
Public schools	17	17	17	17	17	17	17	17	17	17

135

* - 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, 2009

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)	2,665
Number of Full-Time Equivalent School Positions	2,015

Land Area

15.75 Square Miles

Elevation

30 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

2009 Resident Population	144,100
Number of Households – 2008 Estimate	71,722
Household Size (2000 U.S. Census)	2.04 Persons Per Unit
2008 Population by Race (2008 U.S. Census Bureau Estimate):	
White	58.2%
Black.....	20.7%
Native American.....	0.2%
Asian and Pacific Islanders.....	5.9%
Multi-Racial.....	1.5%
Hispanic (All Races).....	13.5%

2008 Population by Age (2008 U.S. Census Bureau Estimate):	
(1-17).....	20.8%
(18-24).....	5.8%
(25-64).....	62.3%
(65 +).....	11.1%

Registered Voters

June 2009..... 98,547

Temporary Assistance to Needy Families

(Cases) - Monthly Average, 2009..... 476

Food Stamps (Cases) - Monthly Average, 2009..... 3,294

Medicaid (Cases) - Monthly Average, 2009..... 6,995

Economy

Employed Residents, June 2009..... 89,047

Unemployed Residents, June 2009..... 4,585

Unemployed Rate, June 2009..... 2.8%

Washington PMSA Inflation Rate, based
on Consumer Price Index, for FY 2009..... -0.9%

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2009

TABLE XXI

(Continued)

Housing	2009	2008
Total Housing Units.....	74,774	74,333
Type of Single-Family Housing		
Detached.....	9,115	9,122
Semi-Detached.....	5,601	5,465
Rowhouse.....	6,207	6,342
Condo Townhouse.....	960	943
Total Single-Family.....	21,883	21,870
Condominium Units.....	18,247	18,274
Rental Apartments.....	33,467	31,066
Public Housing and Public Housing Replacement Units.....	1,150	1,150
Average Assessed Value of Single Family Homes.....	\$637,154	\$656,984
Average Assessed Value of Condominiums.....	\$301,718	\$326,026
Average Market Rents		
Efficiency.....	\$1,012	\$966
1 Bedroom Apartment.....	\$1,284	\$1,249
2 Bedroom Apartment.....	\$1,700	\$1,604
3 Bedroom Apartment.....	\$1,844	\$1,738

Communications

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

Miles of Streets, Sidewalks and Alleys

Streets:	
Paved - Lane Miles.....	514
Unpaved.....	0.17
Sidewalks.....	321.2
Alleys, Paved.....	20.56

Utilities

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

Public Recreation

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

Medical Facilities

	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

	Number
Public Schools:	
Elementary.....	13
Middle.....	2
Ninth Grade Center.....	1
High School.....	1
Secondary Training Educational Program.....	1
Parochial and Private Schools.....	11

Higher Education:

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

Financial Institutions

Commercial Banks.....	14
Credit Unions.....	10

Hotels and Motels

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

CITY OF ALEXANDRIA, VIRGINIA

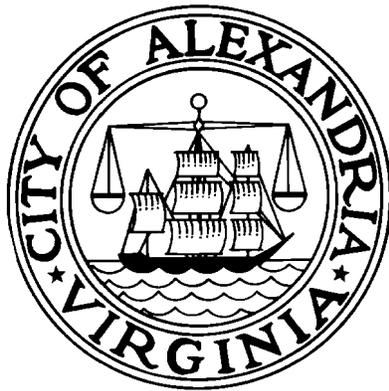
Five-Year Summary of General Fund Revenues and Expenditures

Table XXII

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:					
General Property Taxes	\$ 265,286,800	\$ 290,055,692	\$ 310,821,622	\$ 324,113,019	\$ 333,482,063
Other Local Taxes	101,468,560	109,495,556	110,979,367	112,263,941	112,271,370
Permits, Fees, and Licenses	4,439,701	5,372,138	5,944,363	4,764,924	4,827,422
Fines and Forfeitures	4,035,693	3,536,342	3,628,938	3,903,807	4,116,453
Use of Money and Property	5,790,327	8,190,426	9,712,862	9,044,947	4,433,015
Charges for Services	10,352,947	10,837,058	10,286,955	11,302,195	12,404,166
Intergovernmental Revenues	47,054,318	50,232,988	53,608,403	54,447,311	53,095,127
Miscellaneous	521,372	842,030	590,351	618,907	1,065,130
Total Revenues	\$ 438,949,718	\$ 478,562,230	\$ 505,572,861	\$ 520,459,051	\$ 525,694,746
Other Financing Sources:					
Operating Transfers In	\$ -	\$ -	\$ 1,063,895	\$ 1,311,109	\$ 2,223,910
Refunding Bonds	32,465,000	-	22,815,000	-	-
Premium	1,222,931	-	1,448,072	-	-
Total Other Financing Sources	\$ 33,687,931	\$ -	\$ 25,326,967	\$ 1,311,109	\$ 2,223,910
Total Revenues and Other Financing Sources	472,637,649	478,562,230	530,899,828	521,770,160	527,918,656
Expenditures:					
Current:					
General Government	\$ 37,233,747	\$ 39,252,972	\$ 44,983,189	\$ 42,536,812	\$ 46,137,096
Judicial Administration	13,060,768	13,904,977	16,024,123	17,028,954	17,958,782
Public Safety	90,347,799	97,853,993	105,381,228	108,941,895	113,896,868
Public Works	29,920,883	30,378,866	33,072,866	34,206,948	34,755,649
Health and Welfare	18,164,634	19,350,745	20,889,031	21,058,544	20,723,663
Culture and Recreation	19,507,018	21,260,550	22,855,258	23,822,427	23,109,869
Community Development	8,538,375	8,758,008	9,219,603	13,009,454	13,840,168
Education	13,299	12,990	12,548	12,399	12,004
Transit	4,761,857	6,110,373	6,755,289	6,644,738	4,595,401
Debt Services:					
Principal Retired	13,220,854	16,461,681	17,729,329	18,175,000	19,100,000
Interest and Fiscal Charges	9,583,716	10,502,282	13,307,530	12,344,320	12,800,635
Total Expenditures	\$ 244,352,950	\$ 263,847,437	\$ 290,229,994	\$ 297,781,491	\$ 306,930,135
Other Financing Uses:					
Payment to Refunded Bonds					
Escrow Agent	\$ 33,385,875	\$ -	\$ 24,104,018	\$ -	\$ -
Operating Transfers Out	53,883,761	58,296,860	47,816,337	55,343,575	50,769,720
Transfers Out- Component Units	141,825,586	151,533,567	164,032,522	174,651,343	182,702,659
Total Other Financing Uses	\$ 229,095,222	\$ 209,830,427	\$ 235,952,877	\$ 229,994,918	\$ 233,472,379
Total Expenditures and Other Financing Uses	\$ 473,448,172	\$ 473,677,864	\$ 526,182,871	\$ 527,776,409	\$ 540,402,514
Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (810,523)	\$ 4,884,366	\$ 4,716,957	\$ (6,006,249)	\$ (12,483,858)
Fund Balances at Beginning of Year	62,796,610	62,275,183	67,378,045	72,253,728	65,488,041
Increase (Decrease) in Reserve for Inventory	289,096	218,496	158,726	(759,438)	302,808
FUND BALANCES					
AT END OF YEAR	\$ 62,275,183	\$ 67,378,045	\$ 72,253,728	\$ 65,488,041	\$ 53,306,991

CITY OF ALEXANDRIA, VIRGINIA
Summary of Total
General Obligation Bonds
Debt Service
As of June 30, 2009

Fiscal Year	Principal	Interest	Total
2010	19,465,000	15,123,464	34,588,464
2011	21,065,000	15,955,556	37,020,556
2012	22,725,000	15,024,768	37,749,768
2013	24,285,000	14,011,650	38,296,650
2014	25,195,000	12,973,544	38,168,544
2015	25,130,000	12,026,143	37,156,143
2016	25,085,000	11,020,463	36,105,463
2017	25,050,000	9,919,738	34,969,738
2018	24,995,000	8,828,426	33,823,426
2019	24,960,000	7,734,176	32,694,176
2020	22,925,000	6,652,706	29,577,706
2021	19,985,000	5,643,056	25,628,056
2022	17,155,000	4,733,356	21,888,356
2023	17,155,000	3,948,956	21,103,956
2024	13,855,000	3,154,719	17,009,719
2025	13,855,000	2,508,294	16,363,294
2026	11,815,000	1,894,906	13,709,906
2027	8,150,000	1,315,400	9,465,400
2028	8,150,000	902,475	9,052,475
2029	8,150,000	484,013	8,634,013
2030	4,800,000	136,800	4,936,800
Total	\$383,950,000	\$153,992,609	\$537,942,609



SINGLE
AUDIT



KPMG LLP
2001 M Street, NW
Washington, DC 20036

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

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* (the Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Also, the Auditor of Public Accounts of the Commonwealth of Virginia requires us to test the City's compliance with certain matters specified in the Code of Virginia, including budget and appropriation laws; cash and investments; conflict of interest; debt provisions, procurement; local retirement systems; unclaimed property; the Personal Property Tax Relief Act, intragovernmental revenue and agreements; state agency requirements of education; Comprehensive Services Act funds; and social services. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Specifications.

KPMG LLP

November 2, 2009



KPMG LLP
2001 M Street, NW
Washington, DC 20036

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

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

Compliance

We have audited the compliance of the City of Alexandria, Virginia (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to in the first paragraph above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.



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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City as of and for the year ended June 30, 2009, and have issued our report thereon dated November 2, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

KPMG LLP

November 2, 2009

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Grantor/Recipient State Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Year</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Pass Through Payments:			
Department of Agriculture and Consumer Services (301 535-06):			
National School Lunch Program	10.555		\$ 252,098
Commodity Food Distribution	10.555		155,513
State Administrative Matching for Supplemental Nutrition Assistance program	10.561		1,731,387
Department of Education (197 457-07)			
School Breakfast Program	10.553		713,067
School Lunch Program	10.555		2,464,676
Child and Adult Care Food Program	10.558		105,941
Summer Food Service Program for Children	10.559		113,727
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 5,536,409
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Payments:			
Administration for Children, Youth and Families			
Special Programs for the Aging Title VII, Chapter 3	93.041		\$ 1,700
Head Start	93.600		1,680,881
Total Direct Payments			\$ 1,682,581
Pass Through Payments:			
Department of Health:			
Preventive Health and Health Services Block Grant	93.991		\$ 100,926
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		2,711
Department of Mental Health and Mental Retardation			
Block Grant for Community Mental Health Services	93.958		541,430
Projects for Assistance in Transition from Homelessness	93.150		93,660
Substance Abuse and Mental Health Services	93.243		10,606
Child Care and Development Block Grant	93.575		1,239,381
Block Grant for Prevention and Treatment of Substance Abuse	93.959		1,200,040
Public Health & Soc Serv Emergency Fund	93.003		800
Drug Free Communities Support Program Grants	93.276		42,306
Department for the Aging:			
Special Programs for the Aging Title III Part B Supportive Svces and Senior Programs	93.044		189,593
Special Programs for the Aging Title III Part D Disease Prevention and Health Promotion	93.043		1,955
Special Programs for the Aging Title IIIC - Nutritional Services (163-457-03)	93.045		187,431
Department of Social Services:			
Promoting Safe and Stable Families	93.556		74,082
Temporary Assistance for Needy Families (765-460-03)	93.558		1,402,499
Social Services Block Grant (765-490-04)	93.667		1,192,505
Child Welfare Services State Grant	93.645		9,870
Refugee and Entrant Assistance State Administered Programs	93.566		192,442
Low Income Home Energy Assistance	93.568		48,922
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596		1,981,648
Chafee Education and Training Vouchers Program (765-453-01)	93.599		11,309
Foster Care Title IV - E (765-460-03)	93.658		2,253,830
Adoption Assistance (765-453-03)	93.659		842,846
Chafee Foster Care Independence Program	93.674		45,787
Children's Health Insurance Program	93.767		111,803
Medical Assistance Program (765-460-03)	93.778		1,220,898
Sub total			\$ 12,999,280
ARRA-Foster Care Title IV - E (765-460-03)	93.658		148,652
ARRA_Adoption Assistance (765-453-03)	93.659		89,932
ARRA - Child Care and Development Block Grant	93.713		26,562
Total ARRA funds			265,146
Total Pass Through Payments			\$ 13,264,426
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 14,947,007

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Payments:			
Community Development Block Grant Program, Entitlement Grants	14.218		\$ 1,727,849
Total Direct Payments			<u>\$ 1,727,849</u>
Pass Through Payments:			
Supportive Housing Program	14.235		\$ 98,150
Emergency Shelter Grants Program	14.231		43,699
Home Investment Partnerships Program	14.239		882,850
Total Pass Through Payments			<u>\$ 1,024,699</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 2,752,548</u>
DEPARTMENT OF HOMELAND SECURITY			
Direct Payments:			
Assistance to Firefighters Grants	97.044	2009	\$ 80,000
Total Direct Payments			<u>80,000</u>
Pass Through Payments (127-722-09):			
Urban Areas Security Initiative	97.008	2005	\$ 316,533
State Homeland Security Program	97.073	2009	104,286
Emergency Management Performance Grants	97.042	2006	682,424
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2009	3,491
Community Emergency Response Teams	97.054	2009	14,029
Rail and Transit Security Grant Program	97.075	2009	106,680
Total Pass Through Payments			<u>\$ 1,227,443</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>\$ 1,307,443</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Payments:			
Public Safety Partnership and Community Policing Grants	16.710		\$ 89,043
Total Direct Payments			<u>\$ 89,043</u>
Pass Through Payments:			
Department of Criminal Justice Services (140-390-01)			
Asset Forfeiture Report	16.000		\$ 199,221
State Criminal Alien Assistance	16.606		197,909
Juvenile Accountability Block Grant	16.523		15,813
Gang-Free Schools and Communities_ Community Based Gang Intervention	16.544		31,993
Crime Witness Assistance	16.575		138,758
Edward Byrne Memorial Formula Grant	16.579		9,610
Violence Against Women Formula Grants	16.588		40,881
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		30,155
Edward Byrne Memorial Justice Assistance Grant Program	16.738		57,212
Total Pass Through Payments			<u>\$ 721,552</u>
ARRA- State Fiscal Stabilization Fund (SFSF)- Government Services, Recovery Act	84.397		<u>\$ 1,189,051</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 1,999,646</u>
U.S. DEPARTMENT OF LABOR			
Pass Through Payments:			
WIA Pilots, Demonstrations, and Research Projects	17.261		\$ 18,215
Adult Program	17.258		89,148
Youth Activities	17.259		46,185
Dislocated Workers	17.260		211,722
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 365,270</u>

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

U.S. DEPARTMENT OF TRANSPORTATION		
Pass Through Payments:		
Department of Transportation (501-605-07):		
Highway Planning and Construction	20.205	\$ 180,914
State and Community Highway Safety	20.600	<u>21,738</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>\$ 202,652</u>
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		
Direct Payments:		
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	30.002	<u>\$ 23,949</u>
TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		<u>\$ 23,949</u>
U.S. DEPARTMENT OF EDUCATION		
Pass Through Payments:		
Department of Education:		
Title 1 Grants to Local Educational Agencies (197-171-01)	84.010	\$ 3,229,052
Special Education Grants to States (197-171-02)	84.027	2,294,193
Career and Technical Education-- Basic Grants to States	84.048	242,288
Special Education Preschool Grants (197-171-02)	84.173	98,834
Special Education Grants for Infants and Families with Disabilities (720-445-07)	84.181	113,241
Safe and Drug-Free Schools and Communities_State Grants	84.186	60,236
Hurricane Education Recovery (197-171-02)	84.938	12,841
Innovative Education Program Strategies (197-171-01)	84.298	8,597
Education Technology State Grants (197-175-18)	84.318	21,817
English Language Acquisition Grants	84.365	321,389
Improving Teacher Quality State Grants (201-199-28)	84.367	<u>533,761</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>\$ 6,936,249</u>
DEPARTMENT OF DEFENSE		
Community Economic Adjustment Assistance for		
Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	<u>\$ 155,403</u>
TOTAL DEPARTMENT OF DEFENSE		<u>155,403</u>
OTHER FEDERAL AID		
High Intensity Drug Trafficking Assessment/Evaluation	99.997	10,860
High Intensity Drug Trafficking Area	98.473	<u>\$ 185,317</u>
TOTAL OTHER FEDERAL		<u>\$ 196,177</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 34,422,753</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

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 2009. 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	\$ 34,422,753
Non-Reportable Federal Revenue	7,633,602
Commodities Distribution	<u>(155,513)</u>
Total Federal Revenue per Note 12	<u>\$ 41,900,842</u>

FEDERAL COGNIZANT AGENCY

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

SUBGRANTEES

The City provided the following amounts to subrecipients during FY 2009:

<u>Program Title</u>	<u>CFDA</u>	<u>Amount</u>
Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	\$ 155,403
Headstart	93.600	1,680,881

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Summary of Auditors' Results:

Financial Statements

The type of report issued on the financial statements: Unqualified

Internal control over financial reporting

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

Noncompliance material to the financial statements noted: None

Federal Awards

Internal control over major programs

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

The type of report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: No

Major programs:

- Social Services Block Grant (SSBG) (CFDA 93.667)
- Foster Care/Title IV-E (CFDA 93.658)
- Temporary Assistance for Needy Families (TANF) (CFDA 93.558)
- Child Care Block Grant (CFDA 93.575, CFDA 93.596, and CFDA 93.713)
- Adoption Assistance (CFDA 93.659)
- State Stabilization Fund (CFDA 84.397)

Dollar threshold used to distinguish between Type A and Type B programs: \$1,032,683

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

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2009

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

None

Findings and Questioned Costs relating to Federal Awards:

None

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

No findings reported in the prior year.



City of Alexandria, Virginia
Finance Department
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