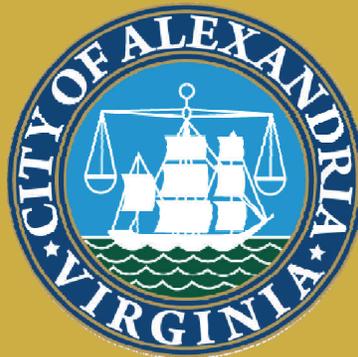


City of  
**Alexandria**  
Virginia



# Comprehensive Annual Financial Report



—Fiscal Year Ended June 30, 2014—

## POTOMAC YARD PARK

*On December 14, 2013, the Alexandria City Council dedicated the first phase of this regional park, located at 2501 Potomac Ave. in Potomac Yard.*

*The park was designed and constructed through a public-private partnership with Pulte Homes. It features ADA accessible picnic tables and pathways, special events area with outdoor stage, athletic fields, basketball courts, tennis courts, volleyball courts, picnic area, interactive fountain, ADA playground, Stormwater management ponds, walking/bicycle trails, passive seating areas and historical interpretation.*

**CITY OF ALEXANDRIA, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
JULY 1, 2013 TO JUNE 30, 2014**



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

**City Manager** .....Rashad M. Young  
**Acting Director of Finance**..... Kendel Taylor  
**Acting Deputy Director of Finance**..... Michael Stewart  
**Real Estate Assessor**..... William B. Page  
**City Attorney**..... James L. Banks  
**City Clerk and Clerk of Council** ..... Jacqueline Henderson  
**Independent Auditors** ..... CliftonLarsonAllen, LLP

Prepared by the Department of Finance  
Berenice Harris, CPA Acting Comptroller

**alexandriava.gov**

CITY OF ALEXANDRIA, VIRGINIA  
Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2014

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

Raymond J. Welch, Jr. – Comptroller (Retired)

Carmen Fraser, CPA – Acting Financial Reporting Supervisor

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

The entire staff of the Accounting Division

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

Bryan Capelli, CPA – Retirement Specialist

Nathan Carrick – Public Information Specialist

General Services Division Mail Room Staff

Office of Communications Electronic Publishing Staff

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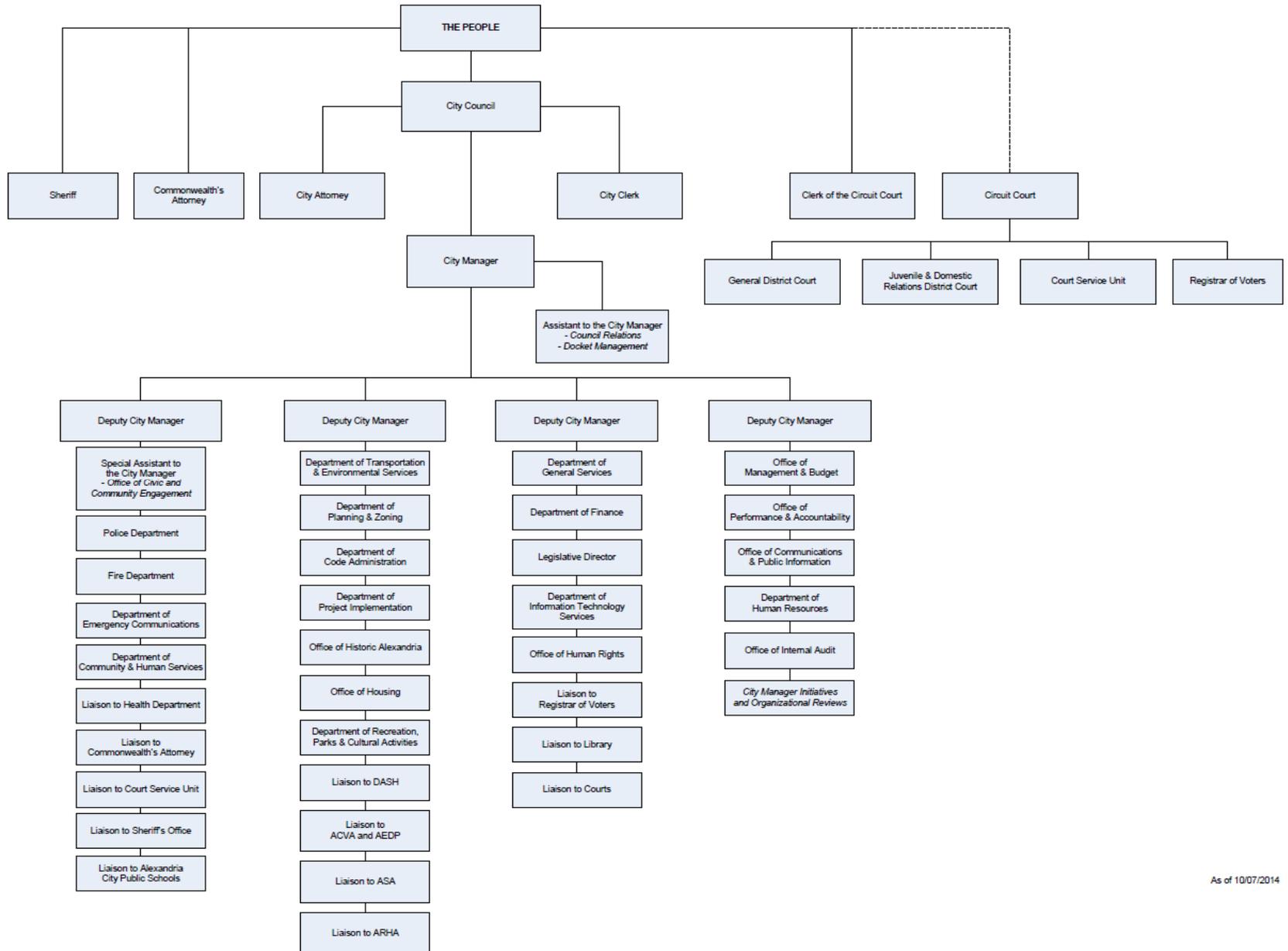
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# INTRODUCTORY SECTION

# ALEXANDRIA CITY GOVERNMENT ORGANIZATIONAL CHART





November 5, 2014

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, 2014. The report is designed to present fairly the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

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

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

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

#### THE CITY

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

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

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

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

## FINANCIAL REPORTING ENTITY

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

## LOCAL ECONOMY

While the City's economy was somewhat stable, the City did feel the impact of major changes in federal government spending. In part this is due to Alexandria's geographical location as an inner suburb to Washington DC. It is also due to a mix of higher paying jobs in Alexandria. Approximately 20% of Alexandria's jobs are in the professional and technical services fields, and 17% are in public administration, both of which tend to pay well and help to offset challenges in federal spending. Because the City's federal employment is not as dependent on federal appropriations, the number of employees in public administration remained stable as the U.S. Patent and Trademark Office (PTO), continues to need employees to assess and review increasingly complex patent applications. The National Science Foundation recently decided to relocate to Alexandria, and it is expected to add approximately 3,100 high level jobs to the City, as well as 60,000 visitors annually to the foundation over the next several years.

One measure of the local economy is how economically sensitive City revenues fared. During FY 2014, the City showed some improvement in many of these areas. Despite an increase in hotel occupancy in the spring of 2014, overall FY 2014 collections from the transient lodging tax decreased by 2.0 percent and the meals tax remained flat compared to FY 2013. Helping to counter those trends, revenues from Sales tax were up 8.0 percent when measured against FY 2013 and personal property tax revenues on vehicles showed a 10.5 percent increase over FY 2013.

Real estate assessments, which generate over half of the City's General Fund revenues, continue to show similar signs of improvement as neighboring Northern Virginia markets. Residential assessments increased by 4.8 percent and the CY 2014 total assessments increased by 3.6 percent compared to 2013, while locally assessed commercial assessments increased by 2.1 percent. However, the office vacancy rate of 17.1 percent in the 2nd quarter of 2014 is 1.8 percent higher than one year earlier, and approximately 1.6 percent higher than the average for Northern Virginia. The City's unemployment rate of 4.0 percent in June 2014 is down slightly from a year earlier, and still well below the national unemployment rate of 6.1 percent.

## MAJOR INITIATIVES

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

During the past fiscal year, the City made progress or contributions in a number of important areas, including using City funds to begin construction on a new fire station to better serve an area of Alexandria with a growing population and with strong development pressures.

## FINANCIAL CONDITION

The City government continues to be in very sound financial condition as demonstrated by the financial statements and schedules included in this report. Within the context of a fiscally prudent budget and careful management, the City has continued to provide a wide range of services, has achieved many of its program goals, and enhanced the quality of life in the City. The City's cash and investment position was strong throughout a very difficult fiscal year.

The relatively slow recovery from the national economic recession continued to exert pressure on maintaining services at existing levels. Keeping existing programs funded and salaries of public employees competitive, and addressing the expanding program needs of the community have required careful budgeting. The City Council has adopted a Strategic Plan to ensure that City resources remain focused on City priorities. The seven goals of the Strategic Plan are:

1. Alexandria has quality development and redevelopment support for local businesses and a strong, diverse and growing local economy.
2. Alexandria respects, protects and enhances the health of its citizens and the quality of its natural environment.
3. A multimodal transportation network that supports sustainable land use and provides internal mobility and regional connectivity for Alexandrians.
4. Alexandria is a community that supports and enhances the well-being, success and achievement of children, youth and families.
5. Alexandria is financially sustainable, efficient; community oriented and values its employees.
6. The City protects the safety and security of its residents, businesses, employees and visitors.
7. Alexandria is a caring and inclusive community that values its rich diversity, history and culture.

Capital investment and the resulting debt service costs are planned to increase in the Approved FY 2015-2024 Capital Improvement Budget. The need for increased operating and capital support to fund the Jefferson Houston and Patrick Henry Schools, transportation and Stormwater needs are the City's major near term capital challenges. During fiscal year FY 2015, revenues are budgeted to grow by about 6.8 percent over FY 2014, reflecting a higher real estate tax base, a modest real estate tax increase and additional user fees. While the City believes, in general, that the overall state of most of its infrastructure of streets, bridges, and many public facilities is good, it plans on an increased capital improvement program aimed at maintaining and improving the City's infrastructure. The type of development in the City will also influence future expenditure and revenue levels.

Over the last five years, the City has been able to maintain its fiscal strength as the result of the City Council's adoption of, and subsequent adherence to, the series of financial policies listed on pages 9 and 10. These policies are aimed at (1) limiting debt and annual debt service requirements and (2) maintaining an appropriate General Fund balance so as to retain the City's AAA/Aaa bond ratings and to keep the City on firm financial footing. When City Council initially adopted the financial policies in 1987, the City's general obligation debt as a percentage of the real estate tax base was 1.4 percent. Because of the City 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 2014, the City's debt to tax base ratio was just 1.50 percent with that projected to remain at 1.5 percent in FY 2015 (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

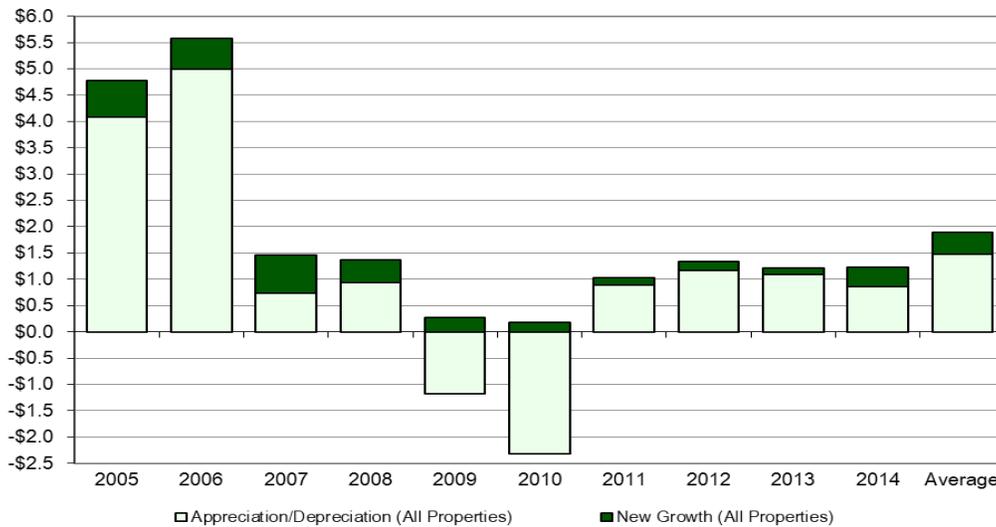
The following table shows that the overall real property assessed value has increased by over \$7.9 billion since 2005. This includes a 1.8 percent increase from calendar year 2013 to 2014. Real property taxes, which are based on assessments as of January 1 of each year, are due in two payments. The first half of the real estate tax is due on June 15 and the second half of the tax is due on November 15.

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

<u>Year</u>	<u>Residential Assessed Value</u>	<u>Residential % Increase (Decrease)</u>	<u>Commercial<sup>1</sup> Assessed Value</u>	<u>Commercial % Increase (Decrease)</u>	<u>Total Assessed Value</u>	<u>Total % Increase (Decrease)</u>
2005	\$16,272,324	22.9	\$11,087,327	28.3	\$27,359,651	25
2006	20,331,756	24.9	12,574,963	13.4	32,906,719	20.3
2007	20,205,364	(0.6)	14,037,667	11.6	34,243,031	4.1
2008	20,139,614	(0.3)	14,963,203	6.6	35,102,817	2.5
2009	19,152,518	(4.9)	14,811,680	(1.0)	33,964,198	(3.2)
2010	18,203,922	(5.0)	13,615,344	(8.1)	31,819,266	(6.3)
2011	18,430,732	1.2	14,201,220	4.3	32,631,952	2.6
2012	18,715,708	1.5	15,066,990	6.1	33,782,698	3.5
2013	19,384,653	3.6	14,706,140	3.3	34,725,071	2.8
2014	20,314,910	4.8	15,020,272	2.1	35,335,182	1.8

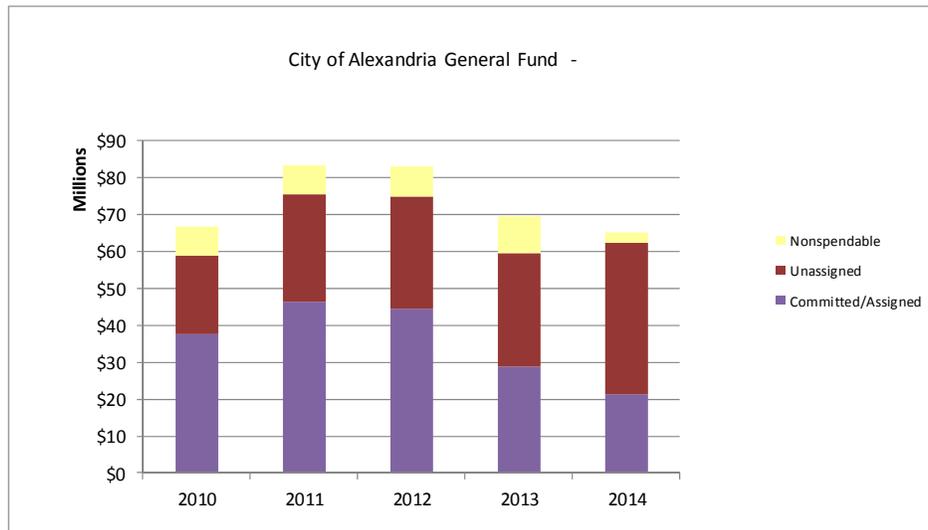
1. Includes apartment buildings.

**Change in Total Tax Base**  
Tax Year 2005-2014



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

The Fund balance financial policies for the General Fund are one component of the City’s overall financial strength and stability. At the end of FY 2014, the City’s General Fund fund balance was \$65.3 million and include a non-spendable fund balance of \$3.0 million, a number of commitments totaling \$12.7 million, and an assigned total of \$9.5 million, including \$4.4 million assigned for future capital funding, leaving a remaining unassigned fund balance of \$40.0 million. At the end of FY 2014 the City’s ending General Fund fund balance condition was consistent with the City’s established financial policies.



### CAPITAL FINANCING AND DEBT MANAGEMENT

In conjunction with the annual operating budget preparation, the City Manager annually prepares a ten-year Capital Improvement Plan to provide for the financing of improvements to the City's public facilities. The first year of the program constitutes the capital budget for the current fiscal year; the remaining nine years serve as a planning guide. The City accounts for capital improvement expenditures in the Capital Projects Fund and finances the projects from the General Fund (including appropriations of Committed Fund Balance), general obligation debt, the sale of surplus property, and intergovernmental grant revenues. The City's Capital Improvement Plan for FY 2015 through FY 2024 represents \$1.132 billion of City-funded public improvements to the City's schools, public buildings, parks, and transportation systems. In addition, state and federal grants and other non-City sources will provide \$326.8 million in additional planned capital funding for the FY 2015-FY 2024 time frame.

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

	<u>Ceiling</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Target</u>
Debt as a Percentage of Fair Market Value	1.6%	0.88%	0.90%	0.85%	0.73%	1.12%	1.15%	1.27%	1.36%	1.46%	1.50%	1.1%
Debt Per Capita as a Percentage of Per Capita Income <sup>1</sup>	4.5%	3.1%	3.4%	2.9%	2.6%	3.7%	3.4%	3.8%	4.0%	4.3%	4.5%	3.2%
Debt Service as a Percentage of General Governmental Expenditures <sup>2</sup>	10.0%	4.2%	4.3%	4.5%	4.4%	4.4%	4.9%	5.3%	5.9%	6.5%	7.0%	8.0%
General Fund Balance as a Percentage of General Fund Revenue:												
Unreserved Spendable	10% (floor)	13.3%	13.2%	13.4%	12.0%	9.3%	11.1%	- 13.7%	- 13.2%	- 10.1%	- 10.2%	N/A
Undesignated Unassigned <sup>3</sup>	4% (floor)	5.9%	5.6%	5.2%	5.2%	4.7%	5.3%	- 5.3%	- 5.3%	- 5.6%	- 6.5%	5.5%
Net Position as a Percentage of General Revenue	4% (floor)	14.5%	17.7%	19.0%	19.0%	9.4%	11.8%	11.7%	14.2%	17.9%	20.2%	5.5%

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

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

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

The adopted financial policies include the following:

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

The City's General Obligation Bonds have the top available ratings which were reaffirmed in July 2014 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.

#### INDEPENDENT AUDIT

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

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

#### CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Alexandria a Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR) for the 36<sup>th</sup> consecutive year in 2013. 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 2014.

## REPORTING REQUIREMENTS

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the City has agreed for the benefit of the owners of City general obligation bonds and joint enterprise waste-to-energy-revenue bonds, to provide each nationally recognized municipal securities information repository and to any appropriate state information depositor, if any is hereafter created, certain financial information not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ended June 30, 1996. The City is currently in compliance with the new arrangement to file this information through the Electronic Municipal Market Access (EMMA) website which is the comprehensive source for official statements, continuing disclosure documents, advance refunding documents and real time trade price information on all municipal securities. This CAFR provides the 15c2-12 general bond obligation bond information, which includes the “Debt Statement” found in Note 9 of Notes to the Financial Statements, a “Five Year Summary of General Fund Revenues and Expenditures” found in Table XXII, a summary of debt found in Table XXIII (Summary of Total General Obligation Bonds Debt Service), and “Tax Revenues by Source” found in Table III.

## ACKNOWLEDGMENTS

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

Respectfully submitted,

Kendel Taylor  
Acting Director of Finance

Berenice Harris, CPA  
Acting Comptroller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

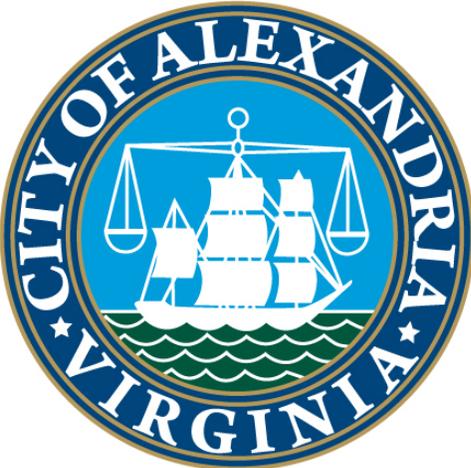
Presented to

**City of Alexandria  
Virginia**

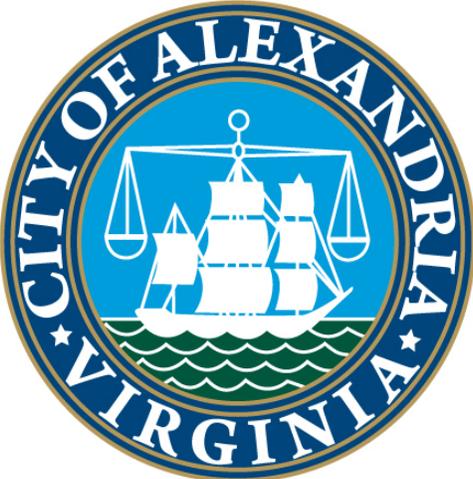
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

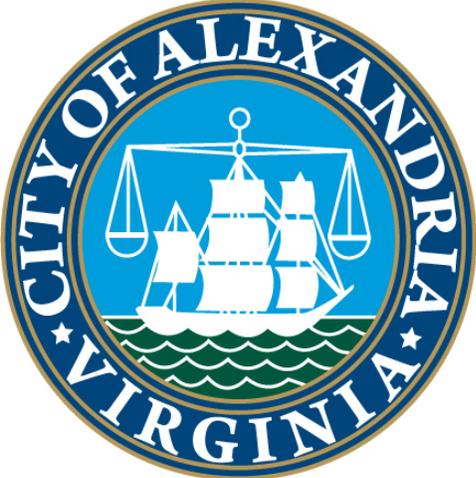
Executive Director/CEO



# FINANCIAL SECTION



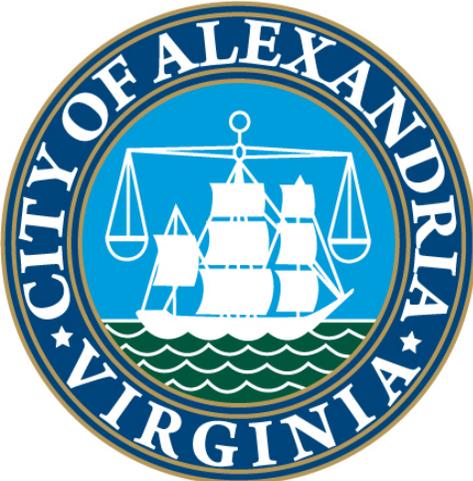
## **INDEPENDENT AUDITORS' REPORT**



The signed Independent Auditors' Report is in process and will be included in the final document available on the website.



# **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Alexandria's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS FOR FY 2014

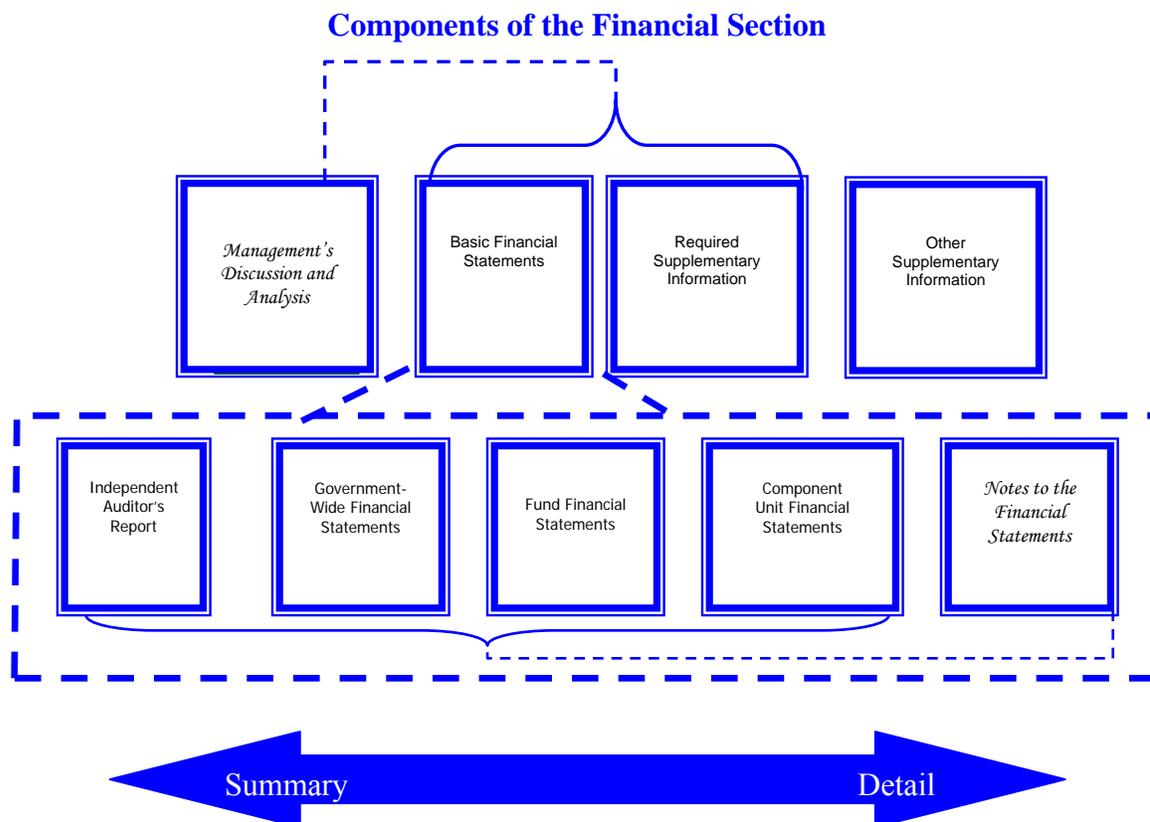
The City's total Net Position, excluding component units, on the government-wide basis, totaled \$462.1 million at June 30, 2014. Of this amount, \$118.2 million is unrestricted (Exhibit I).

On a government-wide basis for governmental activities, the City's general revenues of \$578.2 million were \$33.3 million more than the \$544.6 million of expenses net of program revenue (Exhibit II).

The General Fund, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources by \$3.9 million (Exhibit IV) after making a budgeted \$24.8 million transfer to the capital projects fund and a \$49.9 million transfer to the special revenue fund.

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

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



## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements provide both long-term and short-term information about the City's overall financial position. The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the City as a whole and about its activities in a way that 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 Position and changes in those assets. The City's Net position - the difference between assets and liabilities - is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's Net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors need to be considered, 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 Position and the Statement of Activities include the following:

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

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

## FUND FINANCIAL STATEMENTS

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

The City has three kinds of funds:

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

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

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

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

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Statement of Net Position:

The following table presents the condensed Statement of Net Position:

**Table 1**  
**Summary of Net Position**  
**As of June 30, 2014 and 2013**  
**(In millions)**

	Primary Government		Component	
	Governmental Activities		Units	
	2014	2013	2014	2013
Current and other assets	\$ 637	\$ 597	\$ 79	\$ 80
Capital assets	<u>775</u>	<u>735</u>	<u>23</u>	<u>26</u>
Total Assets	<u>\$ 1,412</u>	<u>\$ 1,332</u>	<u>\$ 102</u>	<u>\$ 106</u>
Other Liabilities	\$ 55	\$ 52	\$ 36	\$ 49
Long-term liabilities	654	611	9	7
Deferred Inflows	<u>240</u>	<u>240</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 949</u>	<u>\$ 903</u>	<u>\$ 45</u>	<u>\$ 56</u>
Net Position:				
Invested in Capital assets, net of related debt	\$ 344	\$ 330	\$ 23	\$ 26
Restricted	-	-	18	3
Unrestricted	<u>118</u>	<u>99</u>	<u>16</u>	<u>21</u>
	<u>\$ 462</u>	<u>\$ 429</u>	<u>\$ 57</u>	<u>\$ 50</u>

Amounts may not add due to rounding

The City's Net Position, (which is the City's bottom line) increased seven percent, or \$33 million, to \$462 million. The increase is primarily attributable to new schools projects and transit initiatives. The Component Units Net Position increased by \$7 million. The City's capital assets increased \$40 million mainly due to the construction of the new Jefferson Houston School and the US1 Transitway at Potomac Yard during the year. Long-term liabilities increased by \$43 million with the issuance of general obligation bonds.

## Statement of Activities

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

**Table 2**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2014 and 2013**  
**(In millions)**  
**Total**

	Primary Government		Component	
	Governmental		Units	
	2014	2013	2014	2013
<b>Revenues</b>				
<b>Program revenues:</b>				
Charges for services	\$ 62	\$ 64	\$ 7	\$ 7
Operating grants and contributions	79	75	16	20
Capital grant/contributions	15	18	-	-
<b>General revenues:</b>				
Property taxes	407	393	-	-
Other taxes	127	125	-	-
Other	43	39	36	33
Payment to/from City	-	-	203	209
<b>Total Revenues</b>	<u>\$ 733</u>	<u>\$ 714</u>	<u>\$ 262</u>	<u>\$ 269</u>
<b>Expenses</b>				
General Government	\$ 71	\$ 75	-	-
Judicial Administration	20	21	-	-
Public Safety	141	132	-	-
Public Works	68	53	-	-
Library	6	6	7	7
Health and Welfare	94	92	-	-
Transit	11	18	17	16
Culture and Recreation	30	29	-	-
Community Development	46	40	-	-
Education	189	195	231	239
Interest on Long-term Debt	24	22	-	-
<b>Total Expenses</b>	<u>\$ 700</u>	<u>\$ 683</u>	<u>\$ 255</u>	<u>\$ 262</u>
<b>Change in Net Position</b>	<u>\$ 33</u>	<u>\$ 31</u>	<u>\$ 7</u>	<u>\$ 7</u>
<b>Net Position beginning of Year</b>	<u>\$ 429</u>	<u>\$ 398</u>	<u>\$ 50</u>	<u>\$ 43</u>
<b>Net Position end of Year</b>	<u>\$ 462</u>	<u>\$ 429</u>	<u>\$ 57</u>	<u>\$ 50</u>

Amounts may not add due to rounding

## REVENUES

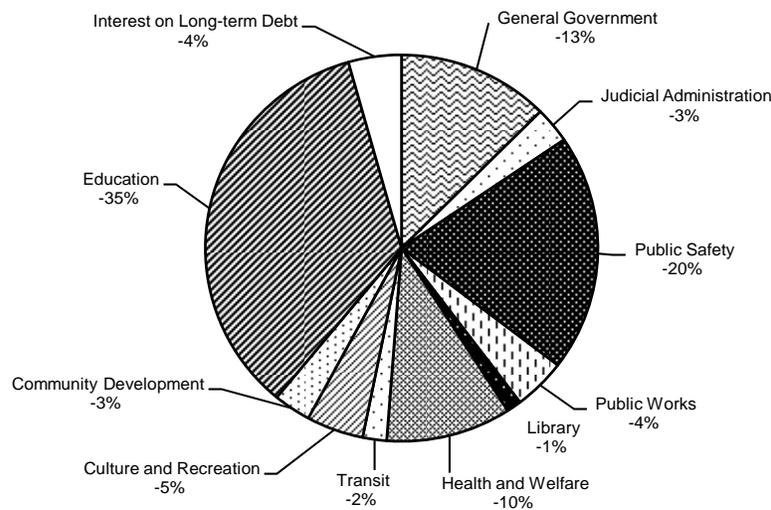
For the fiscal year ended June 30, 2014 revenues from governmental activities totaled \$733 million. Real estate tax revenues, the City's largest revenue source, reflecting the recognition of the taxes associated with the last half of calendar year 2013 and the first half of calendar year 2014 real property tax billings, were \$360.7 million. The increase in tax revenues is primarily attributable to an increase in the City's assessed real property tax base in calendar year 2014. The increase in tax revenues is also attributable to a tax rate increase of 0.5¢.

In addition:

- Charges for services decreased in the special revenue fund due to a decrease in fees collected for sewer connections.
- The decrease in capital contributions reflects the end of federal ARRA funding.

Component units' Net Position increased by \$7 million due mainly to the decrease in schools accrued wages.

### Net Expenses for Governmental Activities



## EXPENSES

For the fiscal year ended June 30, 2014, expenses for governmental activities totaled \$700 million reflecting an increase of \$17 million due to increase in expenditures for various School renovation projects and various Transit projects.

Education continues to be one of the City's highest priorities. Capital funding included \$0.3 million in addition to the City's operating subsidy to the Schools of \$185.6 million.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2014, the governmental funds reflect a combined fund balance of \$314.2 million (Exhibit III). The Governmental fund balance increase of \$33.8 million is primarily due to resources received but not yet committed to projects, primarily for transportation

- The General Fund contributed \$24.8 million to pay-as-you-go financing of capital projects.
- The City contributed \$185.6 million to the schools for operations.

- The City spent \$91.1 million in the Capital Projects Fund primarily to fund school projects and the new Transit initiatives.
- The newly established Northern Virginia Transportation fund received \$6.3 million in taxes for transportation
- The Potomac Yard fund received \$2.8 million in real estate taxes to be used to build a Metrorail station

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

#### GENERAL FUND BUDGETARY HIGHLIGHTS

**Table 3**  
**General Fund Budget**  
**(in millions)**

	FY 2014		
	Original Budget	Amended Budget	Actual
<u>Revenues, Transfers, and Other Financial Sources</u>			
Taxes	\$ 402	\$ 402	\$ 403
Other Local Taxes	129	129	121
Transfers and Other	88	106	109
Total	\$ 619	\$ 637	\$ 633
<u>Expenditures, Transfers, and Other Financial Uses</u>			
Expenditures	\$ 358	\$ 364	\$ 352
Transfers and Other	267	291	284
Total	\$ 625	\$ 655	\$ 636
Change in Fund Balance	\$ (6)	\$ (18)	\$ (3)

Amounts may not add due to rounding

Expenditure and other financing uses exceeded revenue and other financing sources by \$3 million in the General Fund for FY 2014.

Actual General Fund revenues and other financial sources were above the original budget by \$14 million and below the amended budget by \$4 million during FY 2014. This is primarily due to decreased collections for sales, hotel, and transient lodging. In addition, a portion of taxes associated with assessment increases in Potomac Yard are set aside in a special revenue fund. As a result of supplemental appropriations, actual General Fund expenditures were above the original budget by \$11 million, while General Fund expenditures were less than the amended budget by \$19 million. This was primarily for funds that have been committed or assigned for future use planned reduced spending to offset projected revenue shortfalls.

During FY 2014, 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, 2013 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, 2014, totaled \$10.2 million.

- To reappropriate monies (\$2.8 million) to pay for projects budgeted for FY 2013 but not completed before the end of the fiscal year.
- To reappropriate grant, donation and other revenues authorized in FY 2013 or earlier, but not expended or encumbered as of June 30, 2013.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2014.

## CAPITAL ASSETS

At the end of FY 2014, the City's governmental activities had invested cumulatively \$775.5 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$40.4 million.

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

	Balance <u>30-Jun-13</u>	Net Additions/ <u>(Deletions)</u>	Balance <u>30-Jun-14</u>
Non-Depreciable Assets			
Land and Land Improvements	\$102.0	\$1.0	\$103.0
Construction in Progress	26.8	39.8	66.6
Other Capital Assets			
Intangible Assets	11.6	5.8	17.4
Buildings	589.3	0.7	590.0
Infrastructure	225.0	9.6	234.6
Furniture and Other Equipment	81.5	10.8	92.3
Accumulated Depreciation on Other Capital Assets	(301.1)	(27.8)	(328.9)
<b>Totals</b>	<b><u>\$735.1</u></b>	<b><u>\$39.9</u></b>	<b><u>\$775.0</u></b>

Amounts may not add due to rounding

The FY 2014 increase in construction in progress reflects the construction of the new Jefferson Houston School.

The FY 2015- FY 2024 Approved Capital Improvement Program (CIP), which was approved by City Council on May 1, 2014, sets forth a ten-year program with \$1.4 billion in new City funding and \$326.8 million in other non-City sources for public improvements for the City and the Alexandria Public Schools.

This represents (in City funding) an increase of approximately \$229 million above the FY 2014-2023 CIP. For purpose of comparison the Approved FY 2014 – 2023 CIP totaled \$1.4 billion in total funding, of which \$25.9 million was from non-City sources.

## LONG-TERM DEBT

At the end of FY 2014, the City had \$539.8 million in outstanding general obligation bonds, an increase of \$31 million, or 6.1 percent, over last year. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2014, Moody's Investors Services, Inc. and Standard & Poor's (S&P) credit rating agencies reaffirmed the City's triple-A bond ratings. The City received its first triple-A rating from Moody's in 1986 and from S&P in 1992. Standard and Poor's Financial Management Assessment concluded that the City's financial practices were "strong."

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt is significantly below, or less than one-tenth of this state law limit - which would equate to \$3.5 billion for the City.

During Fiscal year 2014 the City Council issued \$63.8 million in General Obligation Bonds with a premium of \$6.8 million and a true interest cost of 3.26 percent. The \$63.8 million General Obligation bonds will be used to finance certain capital improvement projects including two new sanitary sewers and continuing improvement in public school facilities. See details in footnotes 5 and 9 of this document. The city's bond ratings were reaffirmed in July as 'AAA' and 'Aaa' by Standard & Poor's and Moody's, respectively. Subsequently, Moody's revised the "negative outlook" to "stable outlook" after the federal government's rating was upgraded.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2014. Other short term liabilities represent unclaimed money and deposits.

## ECONOMIC FACTORS

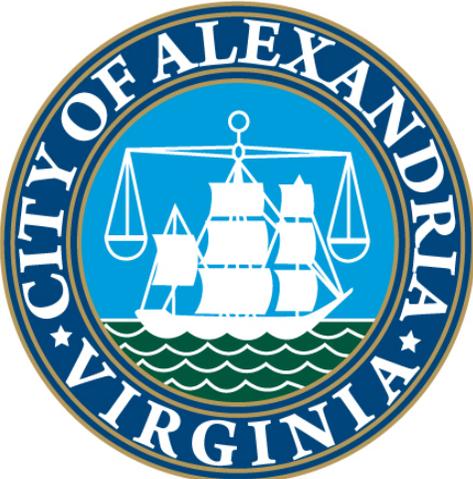
The number of jobs in the City decreased slightly in FY 2014. As of March 2014, the number of Alexandria jobs totaled 93,729 (the latest data available from the Virginia Employment Commission). Tourism improved, with lodging and restaurant food tax showing an increase of 3.5 percent and 6.2 percent respectively in FY 2014.

As of 2012 (the latest data available from the U.S. Bureau of Economic Analysis), the City's major per capita personal income of \$80,952 remains one of the highest in the United States, and is the second highest of any major jurisdiction in Virginia. The City's office vacancy rate stood at 16.2 percent by the end of FY 2014, compared to the office vacancy rate in Northern Virginia (15.3 percent), as well as the Washington, DC metropolitan area (13.0 percent), partially attributable to the closure of several offices due to Base Realignment and Closures (BRAC).

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

# **BASIC FINANCIAL STATEMENTS**



**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Position**  
**As of June 30, 2014**

## Exhibit I

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 197,247,414	\$ 63,230,111
Cash and Investments with Fiscal Agents	147,855,941	2,830,380
Receivables, Net	246,496,285	1,047,800
Accrued Interest	148,581	-
Due From Other Governments	42,773,231	5,581,832
Inventory of Supplies	2,210,510	904,430
Prepaid and Other Assets	490,568	5,142,672
Capital Assets		
Land and Construction in Progress	169,657,278	999,381
Other Capital Assets, Net	605,574,571	22,283,536
Capital Assets, Net	<u>775,231,849</u>	<u>23,282,917</u>
Total Assets	<u>\$ 1,412,305,798</u>	<u>\$ 102,020,142</u>
Deferred Outflows	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,412,305,798</u>	<u>\$ 102,020,142</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 17,628,767	\$ 9,727,572
Accrued Wages	6,207,607	23,549,479
Accrued Liabilities	6,151,012	-
Unearned Revenue	4,493,940	2,256,139
Other Short-term Liabilities	18,523,895	420,711
Deposits	2,947,019	-
Long-term Liabilities Due Within One Year	44,550,113	1,828,425
Long-term Liabilities Due in More Than One Year	609,986,456	7,026,992
Total Liabilities	<u>710,488,809</u>	<u>44,809,318</u>
Deferred Inflows	239,670,628	402,793
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 950,159,437</u>	<u>\$ 45,212,111</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	343,930,137	\$ 23,282,917
Restricted for:		
Educational projects	-	17,449,685
Unrestricted	<u>118,216,224</u>	<u>16,075,429</u>
<b>TOTAL NET POSITION</b>	<u><u>462,146,361</u></u>	<u><u>\$ 56,808,031</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

## Exhibit II

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government	Component Units
					Governmental Activities	
<b>Primary Government:</b>						
Governmental Activities:						
General Government	\$ 71,336,445	\$ 2,228,081	\$ 1,022,035	\$ -	\$ (68,086,328)	\$ -
Judicial Administration	20,575,998	1,349,139	2,778,521	-	(16,448,338)	-
Public Safety	141,070,722	17,667,177	15,343,656	-	(108,059,889)	-
Public Works	68,120,415	23,654,916	8,339,045	12,544,991	(23,581,463)	-
Library	6,598,290	-	-	-	(6,598,290)	-
Health and Welfare	93,760,344	6,373,617	31,222,434	-	(56,164,293)	-
Transit	10,730,541	-	-	-	(10,730,541)	-
Culture and Recreation	29,769,578	3,896,139	268,918	27,817	(25,576,704)	-
Community Development	45,747,809	6,591,035	19,819,514	2,567,845	(16,769,415)	-
Education	189,086,137	-	-	-	(189,086,137)	-
Interest on Long-term Debt	23,779,882	-	-	-	(23,779,882)	-
<b>Total Primary Government</b>	<u>\$ 700,576,161</u>	<u>\$ 61,760,104</u>	<u>\$ 78,794,123</u>	<u>\$ 15,140,653</u>	<u>\$ (544,881,280)</u>	<u>\$ -</u>
<b>Component Units:</b>						
Library	\$ 7,222,015	\$ 262,674	\$ 164,310	\$ -	\$ -	\$ (6,795,031)
Transit	16,728,704	4,691,873	40,772	-	-	(11,996,059)
School Board	231,598,994	2,133,727	16,199,266	-	-	(213,266,001)
<b>Total Component Units</b>	<u>\$ 255,549,713</u>	<u>\$ 7,088,274</u>	<u>\$ 16,404,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (232,057,091)</u>
<b>General Revenues:</b>						
Taxes:						
General Property Taxes:						
Real Estate					\$ 360,650,823	\$ -
Personal Property					47,214,944	-
Other Local Taxes:						
Business License Tax					31,610,440	-
Local Sales Tax					27,619,133	-
Meals Tax					17,404,589	-
Transient Lodging Tax					11,568,709	-
Utility Tax					11,460,413	-
Communications Sales Tax					11,693,210	-
Motor Vehicle License, Recordation, and other local taxes					15,983,496	-
Revenue from Primary Government						
Payment from City of Alexandria (operating)					-	202,869,394
Payment from City of Alexandria (capital)					-	327,666
Grants and Contributions Not Restricted to Specific Programs					36,096,466	34,150,184
Interest and Investment Earnings					4,887,129	207,053
Miscellaneous					1,966,638	1,708,884
Total General Revenues					<u>\$ 578,155,990</u>	<u>\$ 239,263,181</u>
Change in Net Position					33,274,710	7,206,090
Net Position at Beginning of Year					428,871,651	49,601,941
Net Position at End of Year					<u>\$ 462,146,361</u>	<u>\$ 56,808,031</u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2014**

## Exhibit III

	Capital			Total
	General	Special Revenue	Projects	Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 79,051,463	\$ 58,284,148	\$ 44,232,334	\$ 181,567,945
Cash and Investments with Fiscal Agents	-	-	147,855,941	147,855,941
Receivables, Net	241,191,016	5,156,688	-	246,347,704
Accrued Interest	148,581	-	-	148,581
Due From Other Governments	32,757,313	7,689,255	2,326,663	42,773,231
Inventory of Supplies	2,210,510	-	-	2,210,510
Prepaid and Other Assets	341,511	149,057	-	490,568
Total Assets	<u>\$ 355,700,394</u>	<u>\$ 71,279,148</u>	<u>\$ 194,414,938</u>	<u>\$ 621,394,480</u>
<b>TOTAL</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 7,671,709	\$ 3,643,013	\$ 5,841,944	\$ 17,156,666
Accrued Wages	4,722,042	1,464,107	21,458	6,207,607
Other Liabilities	18,523,895	-	-	18,523,895
Deposits	2,947,019	-	-	2,947,019
Unearned Revenue	4,493,940	-	-	4,493,940
Total Liabilities	<u>38,358,605</u>	<u>5,107,120</u>	<u>5,863,402</u>	<u>49,329,127</u>
Deferred Inflows	252,089,521	5,761,821	-	257,851,342.00
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 290,448,126</u>	<u>\$ 10,868,941</u>	<u>\$ 5,863,402</u>	<u>\$ 307,180,469</u>
<b>TOTAL FUND BALANCES</b>				
Non-Spendable	\$ 2,952,021	\$ 2,498,322	\$ -	\$ 5,450,343
Restricted	-	12,173,856	-	12,173,856
Committed	12,741,566	45,738,029	188,551,536	247,031,131
Assigned	9,538,948	-	-	9,538,948
Unassigned	40,019,733	-	-	40,019,733
Total Fund Balances	<u>\$ 65,252,268</u>	<u>\$ 60,410,207</u>	<u>\$ 188,551,536</u>	<u>\$ 314,214,011</u>
Total Liabilities and Fund Balances	<u>\$ 355,700,394</u>	<u>\$ 71,279,148</u>	<u>\$ 194,414,938</u>	

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)	761,586,401
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)	18,180,714
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 Position. (Exhibit V)	28,852,816
Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(660,687,581)
<b>Net Position of Governmental Activities</b>	<u>\$ 462,146,361</u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

Exhibit IV

	General	Special Revenue	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
General Property Taxes	\$ 403,229,553	\$ 4,594,329	\$ -	\$ 407,823,882
Other Local Taxes	121,053,810	6,286,180	-	127,339,990
Permits, Fees, and Licenses	2,380,825	9,147,246	-	11,528,071
Fines and Forfeitures	5,187,003	-	-	5,187,003
Use of Money and Property	4,815,192	84,918	316,377	5,216,487
Charges for Services	16,844,363	16,046,524	35,240	32,926,127
Intergovernmental Revenue	56,334,737	54,946,336	15,140,653	126,421,726
Miscellaneous	1,569,959	6,146,117	2,215,651	9,931,727
Total Revenues	<u>\$ 611,415,442</u>	<u>\$ 97,251,650</u>	<u>\$ 17,707,921</u>	<u>\$ 726,375,013</u>
<b>EXPENDITURES</b>				
Current Operating:				-
General Government	\$ 44,591,188	\$ 567,654	\$ -	\$ 45,158,842
Judicial Administration	18,952,110	1,118,745	-	20,070,855
Public Safety	126,256,389	8,583,165	-	134,839,554
Public Works	44,801,499	4,760,322	-	49,561,821
Library	6,598,290	-	-	6,598,290
Health and Welfare	20,663,159	72,452,125	-	93,115,284
Transit	70,909	10,659,632	-	10,730,541
Culture and Recreation	24,062,336	1,206,735	-	25,269,071
Community Development	16,043,648	25,373,480	-	41,417,128
Education	185,623,257	-	327,666	185,950,923
Debt Service:				
Principal	33,476,070	-	-	33,476,070
Interest and Other Charges	23,835,653	-	-	23,835,653
Capital Outlay	-	-	91,110,719	91,110,719
Total Expenditures	<u>\$ 544,974,508</u>	<u>\$ 124,721,858</u>	<u>\$ 91,438,385</u>	<u>\$ 761,134,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 66,440,934</u>	<u>\$ (27,470,208)</u>	<u>\$ (73,730,464)</u>	<u>\$ (34,759,738)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	\$ -	\$ -	\$ 63,800,000	\$ 63,800,000
Sale of land	-	-	1,189,735	1,189,735
Issuance of Refunding Bonds	18,635,000	-	-	18,635,000
Bond Premium (Discount)	-	-	6,827,308	6,827,308
Payment to Refunded Bonds Escrow Agent	(18,531,679)	-	-	(18,531,679)
Transfers In	3,044,329	49,926,943	24,844,429	77,815,701
Transfers Out	(73,439,890)	(4,225,811)	(3,554,284)	(81,219,985)
Total Other Financing Sources and Uses	<u>\$ (70,292,240)</u>	<u>\$ 45,701,132</u>	<u>\$ 93,107,188</u>	<u>\$ 68,516,080</u>
Net Change in Fund Balance	<u>\$ (3,851,306)</u>	<u>\$ 18,230,924</u>	<u>\$ 19,376,724</u>	<u>\$ 33,756,342</u>
Fund Balance at Beginning of Year	69,513,182	42,179,284	169,174,812	
Decrease in Reserve for Inventory	(409,608)	-	-	(409,608)
Fund Balance at End of Year	<u>\$ 65,252,268</u>	<u>\$ 60,410,208</u>	<u>\$ 188,551,536</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 Position.	33,476,070
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)	42,126,546
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)	41,885
Issuance of debt and premium provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. (Note 9)	(70,730,629)
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)	(12,727,113)
Internal service funds are used by management to charge the costs of certain equipment to individual funds. The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI)	7,741,218

**Change in Net Position of Governmental Activities**

<u>7,741,218</u>
<u>\$ 33,274,710</u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Position**  
**Proprietary Funds – Internal Service Fund**  
**As of June 30, 2014**

**Exhibit V**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 15,679,469
Total Current Assets	<u>\$ 15,679,469</u>

Capital Assets:

Buildings and Equipment	\$ 43,295,781
Less Accumulated Depreciation	29,650,333
Capital Assets, Net	<u>\$ 13,645,448</u>

Total Assets	<u><u>\$ 29,324,917</u></u>
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**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 472,101
Total Current Liabilities	<u>\$ 472,101</u>

**NET POSITION**

Invested in Capital Assets	\$ 13,645,448
Unrestricted Net Position	<u>15,207,368</u>
<b>TOTAL NET POSITION</b>	<u>\$ 28,852,816</u>
Total Liabilities and Net Assets	<u><u>\$ 29,324,917</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Revenue, Expenses, and Change in Net Position**  
**Proprietary Funds – Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2014**

## Exhibit VI

Operating Revenues:	
Charges for Services	\$ 5,509,040
Total Operating Revenues	<u>\$ 5,509,040</u>
Operating Expenses:	
Materials and Supplies	\$ 1,195,404
Depreciation	3,678,320
Total Operating Expenses	<u>\$ 4,873,724</u>
Operating Income	<u>\$ 635,316</u>
Non-Operating Revenues	
Insurance Recoveries	\$ 21,056
Gain on Sale of Equipment	209,174
Total Non-Operating Revenues	<u>\$ 230,230</u>
Nonoperating Expenses:	
Loss on Disposal of Capital Assets	\$ 206,932
Non- Operating Income	<u>\$ 23,298</u>
Net Profit/Loss Before Operating Transfers	<u>\$ 658,614</u>
Operating Transfers:	
Transfers In	<u>\$ 3,404,284</u>
Transfers Out	<u>-</u>
Total Net Transfers	<u>\$ 3,404,284</u>
Change in Net Position	\$ 4,062,898
Net Position at Beginning of Year	<u>24,789,918</u>
Net Position at End of Year	<u><u>\$ 28,852,816</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds – Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2014**

**Exhibit VII**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts From Customers	\$ 5,509,040
Payment to Suppliers	(975,517)
Net Cash Provided by Operating Activities	<u>\$ 4,533,523</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating Subsidies and Transfers from Other Funds	<u>\$ 3,404,284</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Gain on Sale and Insurance Recovery	\$ 230,230
Purchases of Capital Assets	(4,800,534)
Net Cash Used By Capital and Related Financing Activities	<u>(1,166,020)</u>
Net Increase in Cash and Cash Equivalents	\$ 3,367,503
Cash and Cash Equivalents at Beginning of Year	<u>12,311,966</u>
Cash and Cash Equivalents at End of Year	<u>\$ 15,679,469</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 635,316
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	3,678,320
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Payable	219,887
Net Cash Provided by Operating Activities	<u>\$ 4,533,523</u>

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

Capital assets with a net book value of \$206,932 were retired in non-cash transactions during the year in the Internal Service fund.

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Fiduciary Net Position**  
**As of June 30, 2014**

## Exhibit VIII

	<b>Employee Retirement Plans</b>	<b>Other Post Employment Benefits</b>	<b>Private- Purpose Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and Short-term Investments	\$ -	\$ -	\$ -	\$ 81,918
Investments, at Fair Value:				
LGIP/CDARS/ICS/NOW	-	-	6,136	23,474
Mutual Funds	193,095,077	20,375,031	-	-
Stocks	141,686,467	5,830,196	-	-
Guaranteed Investment Accounts	34,817,698	419,718	-	-
Real Estate	22,398,551	1,152,425	-	-
Timber/Private Equity	25,773,354	1,425,541	-	-
Other Investments	2,078,017	1,033,913	-	-
Total Investments	<u>\$ 419,849,164</u>	<u>\$ 30,236,824</u>	<u>\$ 6,136</u>	<u>\$ 23,474</u>
Total Assets	<u>\$ 419,849,164</u>	<u>\$ 30,236,824</u>	<u>\$ 6,136</u>	<u>\$ 105,392</u>
<b>LIABILITIES</b>				
Refunds Payable and Other	\$ -	\$ -	\$ -	\$ 105,392
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,392</u>
<b>NET POSITION</b>				
Held in Trust for:				
Pension Benefits	\$ 419,849,164	\$ -	\$ -	
Other Post Employment Benefits	-	30,236,824	-	
Other Purposes	-	-	6,136	
<b>TOTAL NET POSITION</b>	<u>\$ 419,849,164</u>	<u>\$ 30,236,824</u>	<u>\$ 6,136</u>	

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Change in Fiduciary Net Position**  
**For the Year ended June 30, 2014**

Exhibit IX

	Employee Retirement Plans	Other Post Employment Benefits	Private- Purpose Trusts
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 23,843,897	\$ 2,333,907	\$ -
Plan Members	3,257,180	-	-
Total Contributions	<u>\$ 27,101,077</u>	<u>\$ 2,333,907</u>	<u>\$ -</u>
Investment Earnings:			
Net Appreciation in Fair Value of Investments	\$ 38,879,751	\$ 2,447,380	\$ -
Interest	21,923,207	1,965,582	509
Investment Expense	(1,756,198)	(121,494)	-
Net Investment Income	<u>\$ 59,046,760</u>	<u>\$ 4,291,468</u>	<u>\$ 509</u>
Total Additions	<u>\$ 86,147,837</u>	<u>\$ 6,625,375</u>	<u>\$ 509</u>
<b>DEDUCTIONS</b>			
Benefits	\$ 28,383,019	\$ -	\$ -
Refunds of Contributions	670,238	-	574
Administrative Expenses	1,480,025	35,435	-
Total Deductions	<u>\$ 30,533,282</u>	<u>\$ 35,435</u>	<u>\$ 574</u>
Change in Net Position	\$ 55,614,555	\$ 6,589,940	\$ (65)
Net Position at Beginning of Year	<u>364,234,609</u>	<u>23,646,884</u>	<u>6,201</u>
Net Position at End of Year	<u>\$ 419,849,164</u>	<u>\$ 30,236,824</u>	<u>\$ 6,136</u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Position**  
**Component Units**  
**As of June 30, 2014**

Exhibit X

	<u>School Board</u>	<u>Library</u>	<u>Transit</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 61,319,459	\$ 29,543	\$ 1,881,109	\$ 63,230,111
Cash and Investments with Fiscal Agents	-	2,830,380	-	2,830,380
Receivables	657,348	-	390,452	1,047,800
Due from Other Governments	5,546,598	35,234	-	5,581,832
Inventory of Supplies	171,367	-	733,063	904,430
Prepaid and Other Assets	5,130,275	12,397	-	5,142,672
Capital assets				
Land and Construction in Progress	999,381	-	-	999,381
Other Capital Assets, Net	8,666,915	-	13,616,621	22,283,536
Capital Assets, Net	<u>\$ 9,666,296</u>	<u>\$ -</u>	<u>\$ 13,616,621</u>	<u>\$ 23,282,917</u>
Total Assets	<u>\$ 82,491,343</u>	<u>\$ 2,907,554</u>	<u>\$ 16,621,245</u>	<u>\$ 102,020,142</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 9,104,058	\$ 314,079	\$ 309,435	\$ 9,727,572
Accrued Wages	23,141,893	-	407,586	23,549,479
Unearned Revenue	2,256,139	-	-	2,256,139
Other Short-term Liabilities	-	-	420,711	420,711
Long-term Liabilities Due Within One Year	1,828,425	-	-	1,828,425
Long-term Liabilities Due in More Than One Year	7,026,992	-	-	7,026,992
Total Liabilities	<u>\$ 43,357,507</u>	<u>\$ 314,079</u>	<u>\$ 1,137,732</u>	<u>\$ 44,809,318</u>
Deferred Inflows	402,793	-	-	402,793
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 43,760,300</u>	<u>\$ 314,079</u>	<u>\$ 1,137,732</u>	<u>\$ 45,212,111</u>
<b>NET POSITION</b>				
Invested in Capital Assets	\$ 9,666,296	\$ -	\$ 13,616,621	\$ 23,282,917
Restricted	17,449,685	-	-	17,449,685
Unrestricted	11,615,062	2,593,475	1,866,892	16,075,429
<b>TOTAL NET POSITION</b>	<u>\$ 38,731,043</u>	<u>\$ 2,593,475</u>	<u>\$ 15,483,513</u>	<u>\$ 56,808,031</u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Activities**  
**Component Units**  
**For the Fiscal Year Ended June 30, 2014**

## Exhibit XI

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</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>
<b>School Board</b>							
Instructional	\$ 231,598,994	\$ 2,133,727	\$ 16,199,266	\$ (213,266,001)	\$ -	\$ -	\$ (213,266,001)
Total School Board	<u>\$ 231,598,994</u>	<u>\$ 2,133,727</u>	<u>\$ 16,199,266</u>	<u>\$ (213,266,001)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (213,266,001)</u>
							-
<b>Library</b>	\$ 7,222,015	\$ 262,674	\$ 164,310	-	\$ (6,795,031)	-	\$ (6,795,031)
<b>Transit</b>	16,728,704	4,691,873	40,772	-	-	(11,996,059)	(11,996,059)
Total Component Units	<u>\$ 255,549,713</u>	<u>\$ 7,088,274</u>	<u>\$ 16,404,348</u>	<u>-</u>	<u>(6,795,031)</u>	<u>(11,996,059)</u>	<u>(232,057,091)</u>
<b>General Revenues:</b>							-
Payment From/(To) City				\$ 185,611,472	\$ 6,598,290	\$ 10,659,632	\$ 202,869,394
Capital Payment From City ***				327,666	-	-	327,666
Grants not restricted to specific programs				34,039,898	110,286	-	34,150,184
Interest and Investment Earnings				-	207,053	-	207,053
Miscellaneous				1,651,826	6,287	50,771	1,708,884
Total General Revenues				<u>\$ 221,630,862</u>	<u>\$ 6,921,916</u>	<u>\$ 10,710,403</u>	<u>\$ 239,263,181</u>
Change in Net Position				8,364,861	126,885	(1,285,656)	7,206,090
Net Position Beginning of Year				30,366,182	2,466,590	16,769,169	49,601,941
Net Position End of Year				<u>\$ 38,731,043</u>	<u>\$ 2,593,475</u>	<u>\$ 15,483,513</u>	<u>\$ 56,808,031</u>

\*\*\*City Expenditure on schools joint tenancy project

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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 146,294 and a land area of 15.75 square miles, Alexandria is the 7<sup>th</sup> largest city in the Commonwealth of Virginia and one of the most densely populated cities in the Commonwealth.

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

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

**A. Financial Reporting Entity**

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

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

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

**Statement of Net Position** – The Statement of Net position displays the financial position of the primary government (governmental and business-type activities) and it's discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net position and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. Net Position represents the difference between assets, liabilities, and deferred inflow (outflow) of Resources. The Net Position of a government is broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Net invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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 \$185.6 million for operations and \$0.3 million for capital equipment in FY 2014.

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 \$6.6 million for FY 2014.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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 \$10.7 million in FY 2014.

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

City of Alexandria School Board  
 1340 Braddock Place  
 Alexandria, Virginia 22314

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

**Excluded from Reporting Entity:**

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

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

The following is a brief description of the specific funds used by the City in FY 2014.

**1. Governmental Funds**

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

**a. General Fund**

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

**b. Special Revenue Fund**

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

The Special Revenue Fund of the City as of the end of FY 2014 is comprised of the following funds:

**Housing** – This fund accounts for the City's housing programs. The sources of funding are Bond proceeds and the Payment of Note Receivables.

**Sanitary Sewer** – This fund accounts for the funding of sanitary sewer maintenance and construction. The fund is funded by Sewer Connection Fees and Sewer Charges.

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

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

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

**c. Capital Projects Fund**

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

**2. Proprietary Funds**

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, Net Position, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. 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 account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis and is considered an enterprise fund. The City established the Equipment Replacement Reserve Account, the internal service fund, for the purpose of providing for the accumulation of funds to replace capital equipment items used in City operations. This internal service fund derives its funding from periodic equipment rental charges assessed to the user departments in the governmental funds. This funding is then used to replace capital equipment when the need arises. The internal service fund is included in governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenues or expenses for the fund are allocated to the appropriate functional activity. The component unit, Alexandria Transit Company, is considered an enterprise fund and derives its funding from fare box fees and some support from the City.

**3. Fiduciary Funds**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

The agency funds held by the City as of the end of FY 2014 comprise the following:

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

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

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

**C. Basis of Accounting**

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

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

The Statement of Net Position, 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, 2014**

**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 15, 2014 the City Council formally approved the original adopted budget and on June 14, 2014 approved the revised budget reflected in the required supplemental information. Budgets are prepared for the Capital Projects Fund on a project basis, which covers the life of the project. A Capital Projects Fund appropriation does not lapse until an appropriation reduction is approved by City Council.

**Encumbrances**

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

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

Cash resources of the individual funds, including imprest cash of \$20,635 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, 2014**

**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, 2014, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	\$ 668,157
Personal	12,530,570
Penalties and Interest	<u>802,802</u>
Total taxes	\$ 14,001,529
Accounts Receivable	4,665
Notes Receivable	<u>309,000</u>
	<u>\$ 14,315,194</u>
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	<u>\$ 38,515,262</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, 2014**

**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	\$ 13,993,892
Deferred interest	<u>4,186,822</u>
Total adjustment	<u>\$ 18,180,714</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 are met. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

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

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

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

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

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

**I. Compensated Absences**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

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

**J. Use of Estimates**

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

**K. Fund Balance**

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

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

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

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

**Committed Fund Balance** - The City's highest level of decision-making authority is the City Council. The formal action required to establish, modify, or rescind a fund balance commitment is an Ordinance of the City Council.

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Fund Balance Detail**

**General Fund**

Nonspendable			
	Inventories	\$	2,210,510
	Prepays		341,511
	Long Term Notes		400,000
	Total	\$	2,952,021
Committed			
	FY 2015 Operating Budget	\$	2,420,958
	Encumbrances		5,320,608
	Self-Insurance		5,000,000
	Total	\$	12,741,566
Assigned			
	Subsequent Capital Program	\$	4,388,948
	Emergency Response		900,000
	Natural Disaster/Emergencies		2,000,000
	Sequestration		1,000,000
	Termination		500,000
	Public Utility Engineering/Consulting		150,000
	City Projects/Initiatives		600,000
	Total	\$	9,538,948
Unassigned			
	Total	\$	40,019,733
Total Fund Balance		\$	65,252,268

**Subsequent Fiscal Year's Operating Budget** - On June 14, 2014, City Council approved the FY 2015 Appropriations Ordinance, which appropriated \$2.4 million of General Fund Balance to meet, anticipated expenditures.

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

**Subsequent Fiscal Years' Capital Program** - These monies (\$4.4 million) have been assigned in the Approved FY 2015 – 2024 Capital Improvement Program Funding Plans to fund a portion of the capital improvement program in FY 2015 and beyond.

**Emergency Response** – This \$0.9 million has been assigned for improved emergency response capabilities.

**Natural Disaster/Emergencies** - These funds (\$2.0 million) have been assigned to cover damages and operational costs associated with responding to extraordinary emergencies.

**Sequestration**- These funds (\$1.0 million) have been assigned to mitigate the effects of Sequestration.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Employee Separation** - \$0.5 million has been assigned to cover accrued leave payments for City employees who separate from the City, either through retirement or voluntary/involuntary termination.

**Public Utility Engineering/Consulting** - These funds (\$0.15 million) are assigned for future engineering, consulting, and environmental impact analyses for public utility expansion projects.

**City Projects/Initiatives** - These funds (\$0.6 million) are assigned to support projects and initiatives that are approved but not yet under contract, such as City Council contingent reserve initiatives.

**Special Revenue**

Nonspendable			
Long Term Notes	\$	2,498,321	
Total	\$	<u>2,498,321</u>	
Restricted			
Grants	\$	7,992,300	
Donations		3,219,559	
Housing Programs		<u>961,997</u>	
Total	\$	<u>12,173,856</u>	
Committed			
Sanitary Sewer	\$	18,287,086	
Stormwater		414,105	
Other Programs		15,110,623	
Potomac Yard		4,750,161	
NVTA		<u>7,176,055</u>	
Total	\$	<u>45,738,030</u>	
Total Fund Balance	\$	<u><u>60,410,207</u></u>	

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

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

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

<u>Fund</u>	<u>Vendor</u>	<u>Amount</u>
Capital Projects	J.A. Scheibel, Inc.	\$ 4,515,472
Capital Projects	Integrgraph Corporation	\$ 2,807,748
Capital Projects	Tritech Software Systems	\$ 1,574,717
Capital Projects	The Lane Construction Corporation	\$ 1,274,150

**L. Short Term Liabilities**

Short Term Liabilities include unclaimed funds. The City did not have any short term debt during FY 2014.

**M. Deferred Outflows**

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of the resources (expenditure) until the future period. At June 30, 2014, the City had no items that should be recognized as deferred outflows of resources.

**N. Deferred Inflows**

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. At June 30, 2014, the City had deferred inflows of resources of \$239.7 million representing deferred taxes and grant revenues.

**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 2014, 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 2014, 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, 2014, the carrying value of the City's deposits was \$15,836,277 and the bank balance was \$19,503,381. 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 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, 2014, the carrying value of deposits for the School Board was negative \$1,969,564 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, 2014, the carrying value of deposits and bank balance for the Library was \$163,660. Of this amount, \$163,660 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

**Exhibit XII  
(Continued)**

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

repurchase agreements fully collateralized in obligations of the United States and agencies thereof, CDARS, ICS and NOW accounts.

During fiscal year 2014 most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in CDARS, ICS and NOW accounts where deposits are eligible for FDIC insurance.

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

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

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

**Credit Risk** – State Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, and Virginia Local Government Investment Pool. The City's current investment policy limits investments to obligations of the United States and agencies thereof, commercial paper, and repurchase agreements fully collateralized in the Obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service, is a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to \$50 million), Insured Cash Sweeps (ICS) and NOW accounts (Negotiable Order of Withdrawal, an interest bearing bank account with which the customer is permitted to write drafts against money held on deposit). During the fiscal year, the City held its investments in LGIP, CDARS, ICS and NOW, commercial paper, investments of US agencies and VA municipalities. The investments for five of the City's six pension plans are handled by Prudential, a company with an A (Excellent) rating, one of the top three, by A.M. Best rating agency. The investment for the defined contribution plan is directed by employees and is invested in mutual funds and guaranteed investment accounts. The City has directed Prudential to invest funds for the other four defined benefit pension plans in guaranteed investment accounts, mutual funds and stocks. The Commonwealth of Virginia manages the investments of the Virginia Retirement System (VRS). Prudential also handles investments for OPEB trust fund for the City.

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

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

**Custodial Risk** – For an investment, custodial risk is the risk that in the event of the failure of the counter party the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently all City investments are held in LGIP, CDARS, ICS and NOW accounts. In the event the City has to invest in a local bank, the City requires a designated portfolio manager and that at the time funds are invested, collateral for repurchase agreements be held in the City’s name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve in a custodial account.

As of June 30, 2014, the City had the following cash, investments and maturities:

**Primary Government**

<u>INVESTMENT TYPE</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1 year</u>	<u>13-24 Months</u>	<u>25-60 Months</u>
Fixed Agency (Callable) Securities	\$ 27,990,831.6	\$ -	\$ 735,274	\$ 27,255,557
Fixed Agency (Non-Callable) Securities	2,387,140	-	-	2,387,140
Fixed Certificate of Deposit	29,056,049	16,191,285	10,466,071	2,398,693
Overnight Funds Securities	121,198,885	-	-	121,198,885
Taxable Muni (Callable) Securities	787,611	-	-	787,611
Taxfree Muni (Non-Callable) Securities	20,230	-	-	20,230
Total Investments Controlled by City	\$ 181,440,747	\$ 16,191,285	\$ 11,201,345	\$ 154,048,117
OPEB Trust Investments *	30,236,824	-	-	30,236,824
Pension Plan Investments (Exhibit VIII) *	419,849,164	-	-	419,849,164
Total	<u>\$ 631,526,735</u>	<u>\$ 16,191,285</u>	<u>\$ 11,201,345</u>	<u>\$ 604,134,105</u>

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

Reconciliation to Total Cash and Investments:

Add:

Cash on Hand and in Banks	\$ 15,836,277
Cash with Fiscal Agents	<u>147,937,859</u>
Total Deposits and Investments	<u>\$ 795,300,871</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Component Unit**

**School Board**

	Investment Maturities (in years)			
	Fair Value	Less than 1 year	13-24 Months	25-60 Months
Fixed Agency (Callable) Securities	\$ 9,763,586	\$ -	\$ 256,474	\$ 9,507,113
Fixed Agency (Non-Callable) Securities	832,667	-	-	832,667
Fixed Certificate of Deposit	10,135,149	5,647,743	3,650,709	836,697
Overnight Funds Securities	42,275,835	42,275,835	-	-
Taxable Muni (Callable) Securities	274,729	-	274,729	-
Taxfree Muni (Non-Callable) Securities	7,057	-	7,057	-
Total Investments Controlled by City	<u>\$ 63,289,024</u>	<u>\$ 47,923,578</u>	<u>\$ 4,188,969</u>	<u>\$ 11,176,477</u>

**Other Component Units**

	Investment Maturities (in years)			
	Fair Value	Less than 1 year	13-24 Months	25-60 Months
Fixed Agency (Callable) Securities	\$ 294,756	\$ -	\$ 2,283	\$ 292,473
Fixed Agency (Non-Callable) Securities	25,137.65	-	-	25,138
Fixed Certificate of Deposit	305,973.16	170,501	110,213	25,259
Overnight Funds Securities	1,276,278.32	1,276,278	-	-
Taxable Muni (Callable) Securities	8,293.89	-	-	8,294
Taxfree Muni (Non-Callable) Securities	213.03	-	-	213
Total Investments Controlled by City	<u>\$ 1,910,652</u>	<u>\$ 1,446,779</u>	<u>\$ 112,496</u>	<u>\$ 351,377</u>
Total Investments Controlled by City				
Primary Government and Component Units:	<u>\$ 246,640,423</u>			

As of June 30, 2014, the City had investments in the following issuers with credit quality ratings as shown below:

	Fair Value	S&P		Other	
		AAA	AA	Unrated	Certificate of Deposit
Fixed Agency (Callable) Securities **	\$ 38,049,174	\$ -	\$ 38,049,174	\$ -	\$ -
Fixed Agency (Non-Callable) Securities **	3,244,945	-	3,244,945	-	-
Fixed Corporate Securities **	39,497,171	-	-	-	39,497,171
Overnight Funds Securities	164,750,999	116,088,613	26,027,278	242,373	22,392,735
Taxable Muni (Callable) Securities	1,070,635	459,357	611,278	-	-
Taxfree Muni (Non-Callable) Securities	27,500	27,500	-	-	-
Total Investments Controlled by City & Components	<u>\$ 246,640,424</u>	<u>\$ 116,575,470</u>	<u>\$ 67,932,675</u>	<u>\$ 242,373</u>	<u>\$ 61,889,906</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

Issuer	Investment Type	Fair Value	% of Portfolio
Federal Home Loan	Fixed Agency (Callable) Securities	\$ 20,805,420	8.44%
Federal Farm Credit	Fixed Agency (Callable ) Investments	20,488,700	8.31%
John Marshall Bank	Fixed Certificate of Deposit	15,257,727	6.19%
Access National Bank	Fixed Certificate of Deposit	28,044,603	11.37%
VA Local Gov't Investment	Government Investment Pool	116,088,613	47.07%
VIP	Government Investment Pool	26,027,278	10.55%

Reconciliation of total deposits and investments to the government-wide financial statements as of June 30, 2014:

	Governmental Activities	Business Type Activities	Fiduciary Activities	Total
<b>Primary Government</b>				
Cash on Hand and In Banks	\$ 15,836,277	\$ -	\$ -	\$ 15,836,277
Cash and Investments	181,411,137	-	29,610	181,440,747
Cash and Investments with Fiscal Agents	147,855,941	-	450,167,906	598,023,847
Total	<u>\$ 345,103,355</u>	<u>\$ -</u>	<u>\$ 450,197,516</u>	<u>\$ 795,300,871</u>
<b>Component Unit School Board</b>				
Cash on Hand and In Banks	\$ (1,969,564)	\$ -	\$ -	\$ (1,969,564)
Cash and Investments Controlled by City	63,289,023	-	-	63,289,023
Total	<u>\$ 61,319,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,319,459</u>
<b>Other Component Units</b>				
Cash and Investments Controlled by City	\$ 29,543	\$ 1,881,109	\$ -	\$ 1,910,652
Cash and Investments with Fiscal Agents	2,830,380	-	-	2,830,380
Total	<u>\$ 2,859,923</u>	<u>\$ 1,881,109</u>	<u>\$ -</u>	<u>\$ 4,741,032</u>
<b>Grand Total</b>				<u><u>\$ 861,361,362</u></u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2014 consist of the following:

	<u>Primary Government</u>			
	General	Special Revenue	Capital Project	Total
<b>Taxes</b>				
Real Property	\$ 189,541,890	\$ -	\$ -	\$ 189,541,890
Personal Property	50,074,885	-	-	50,074,885
Penalties and Interest	2,770,916	-	-	2,770,916
Other	<u>2,377,197</u>	<u>-</u>	<u>-</u>	<u>2,377,197</u>
<b>Total Taxes</b>	<b>\$ 244,764,888</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 244,764,888</b>
Accounts	\$ 10,032,321	\$ -	\$ -	\$ 10,032,321
Interest	148,582	-	-	148,582
Intergovernmental	32,757,313	7,689,255	2,326,663	42,773,231
Notes	<u>709,000</u>	<u>43,671,950</u>	<u>1,475,000</u>	<u>45,855,950</u>
<b>Gross Receivables</b>	<b>\$ 288,412,104</b>	<b>\$ 51,361,205</b>	<b>\$ 3,801,663</b>	<b>\$ 343,574,972</b>
Less: Allowance for Uncollectibles	<u>14,315,194</u>	<u>38,515,262</u>	<u>1,475,000</u>	<u>54,305,456</u>
<b>Net Receivables</b>	<b><u>\$ 274,096,910</u></b>	<b><u>\$ 12,845,943</u></b>	<b><u>\$ 2,326,663</u></b>	<b><u>\$ 289,269,516</u></b>

Taxes receivable represents the current and past four years of uncollected tax levies for personal property taxes and the current and past nineteen years for uncollected tax levies on real property. The allowance for estimated uncollectible taxes receivable is 5.8 percent of the total taxes receivable at June 30, 2014 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, 2014 represent the second-half payment due for real estate taxes on November 15, 2014.

Receivables on a government-wide basis include taxes receivable of \$13.9 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 \$0.1 million of taxes that are considered current financial resources, and therefore, are reported in the governmental funds. This comprises:

Real Estate tax receivables	\$ (2,611,539)
Personal Property tax receivables	<u>2,653,424</u>
Total	<u><u>\$ 41,885</u></u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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 2014 unearned revenue in the governmental funds consisted of the following:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes, net of related allowances	\$ 251,307,398	\$ 5,276,064	\$ 256,583,462
Grant proceeds received prior to completion of eligibility requirements	-	6,556,793	6,556,793
Total unearned revenue for governmental funds	<u>\$ 251,307,398</u>	<u>\$ 11,832,857</u>	<u>\$ 263,140,255</u>

**Deferred Outflows/Inflows**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Comment</u>
Total deferred Taxes	\$ 251,307,398	\$ -	
Grants received prior to Eligibility	794,972	5,761,821	BAB refund in GF
Total Deferred Outflows	<u>\$ 252,102,370</u>	<u>\$ 5,761,821</u>	

**Component Units**

Receivables at June 30, 2014 consist of following:

	<u>School Board</u>	<u>Library</u>	<u>Transit</u>	<u>Total</u>
Accounts	\$ 622,260	\$ -	\$ 390,452	\$ 1,012,712
Intergovernmental	5,581,686	35,234	-	5,616,920
Total Receivables	<u>\$ 6,203,946</u>	<u>\$ 35,234</u>	<u>\$ 390,452</u>	<u>\$ 6,629,632</u>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**NOTE 4. RECEIVABLES (Continued)**

reassessed each year as of January 1. The Real Estate Assessor, by authority of City ordinance, prorates billings for property incomplete as of January 1, but completed during the year.

Real estate taxes are billed in equal semi-annual installments due June 15 and November 15. The taxes receivable balance at June 30, 2014 includes amounts not yet received from the January 1, 2014 levy (due June 15 and November 15, 2014), less an allowance for uncollectible. The installment due on November 15, 2014 is included as unavailable revenue since these taxes are restricted for use until FY 2015. Liens are placed on the property on the date real estate taxes become delinquent and must be satisfied prior to the sale or transfer of the property. In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The tax rate was \$1.043 and 1.038¢ per \$100 of assessed value during calendar years 2014 and 2013, respectively.

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair market value of the property as of January 1 of each year. For a vehicle, the tax may be prorated for the length of time the vehicle has status in the City. Personal property taxes for the calendar year are due on October 5. Personal property taxes do not create a lien on property; however, City vehicle decals, which are required by law for all vehicles garaged in the City, may not be issued to any individual having outstanding personal property taxes. The taxes receivable balance at June 30, 2014 includes amounts not yet billed or received from the January 1, 2014 levy (due October 5, 2014). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2015. The tax rates for motor vehicles were \$5.00 and \$4.75 per \$100 of assessed value during calendar years 2014 and 2013, respectively. The tax rates during calendar years 2014 and 2013 were \$4.75 for tangible property and \$4.50 for machinery and tools per \$100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the State 61 percent of most taxpayers' payments in FY 2014 for the January 1, 2013 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, 2014 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, 2014:

**Governmental Activities**

General Fund	\$ 709,000
Special Revenue Fund	43,671,950
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	<u>(40,299,262)</u>
Net	<u>\$ 5,556,688</u>
Amounts due within one year	<u>\$ 150,251</u>
Amounts due in more than one year	<u>\$ 5,406,437</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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, 2014:

**Governmental Activities**

	<b>Balance June 30, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 102,038,109	\$ 1,013,599	\$ -	\$ 103,051,708
Construction in Progress	26,768,083	47,027,353	7,189,866	66,605,570
Total Capital Assets Not Being Depreciated	<u>\$ 128,806,192</u>	<u>\$ 48,040,952</u>	<u>\$ 7,189,866</u>	<u>\$ 169,657,278</u>
Depreciable Capital Assets:				
Buildings	\$ 589,274,298	\$ 1,231,130	\$ 546,021	\$ 589,959,407
Infrastructure	225,000,517	9,594,691	-	234,595,208
Intangible Assets	11,592,520	5,810,246	-	17,402,766
Furniture and Other Equipment	81,472,422	15,604,888	4,798,356	92,278,954
Total Depreciable Capital Assets	<u>\$ 907,339,757</u>	<u>\$ 32,240,955</u>	<u>\$ 5,344,377</u>	<u>\$ 934,236,335</u>
Less Accumulated Depreciation for:				
Buildings	\$ 137,476,820	\$ 16,064,359	\$ 250,536	\$ 153,290,643
Infrastructure	101,855,970	7,362,672	-	109,218,642
Intangible Assets	11,368,347	1,236,774	-	12,605,121
Furniture and Other Equipment	50,361,874	7,708,611	4,523,127	53,547,358
Total Accumulated Depreciation	<u>\$ 301,063,011</u>	<u>\$ 32,372,416</u>	<u>\$ 4,523,127</u>	<u>\$ 328,661,764</u>
Depreciable Capital Assets, Net	<u>\$ 606,276,746</u>	<u>\$ (131,461)</u>	<u>\$ 275,229</u>	<u>\$ 605,574,571</u>
<b>TOTALS</b>	<u><b>\$ 735,082,938</b></u>	<u><b>\$ 47,909,491</b></u>	<u><b>\$ 7,465,095</b></u>	<u><b>\$ 775,231,849</b></u>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

Governmental activities capital assets, net of accumulated depreciation at June 30, 2014, are comprised of the following:

General Capital Assets, Net	\$ 761,586,401
Internal Service Fund Capital Assets, Net	<u>13,645,448</u>
Total	<u>\$ 775,231,849</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 3,250,600
Judicial Administration	505,143
Public Safety	4,106,892
Public Works	6,932,218
Depreciation of infrastructure assets	7,362,672
Health and Welfare	645,060
Culture and Recreation	2,396,681
Education	6,877,512
Community Development	<u>295,638</u>
Total	<u>\$ 32,372,416</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	\$ 91,110,719
Donated Assets	3,609,516
Depreciation Expense	(32,372,416)
Sale of building (net)	(295,485)
Capital Outlay not capitalized	<u>(19,925,788)</u>
Total Adjustment	<u>\$ 42,126,546</u>

Donated assets are comprised of infrastructure donated by developers.

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

Capital Assets (net)	\$ 775,231,849
Outstanding bonds (including premium)	(\$579,157,653)
Unspent bond proceeds at SNAP	<u>147,855,941</u>
	<u>(431,301,712)</u>
Invested in Capital Assets Net of Debt	<u>\$ 343,930,137</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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, 2014:

	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 999,381	\$ -	\$ -	\$ 999,381
Total Capital Assets Not Being Depreciated	<u>\$ 999,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 999,381</u>
Depreciable Capital Assets:				
Buildings	\$ 38,239,412	\$ -	\$ -	\$ 38,239,412
Furniture and Other Equipment	<u>15,780,412</u>	<u>1,614,895</u>	<u>405,181</u>	<u>16,990,126</u>
Total Depreciable Capital Assets	<u>\$ 54,019,824</u>	<u>\$ 1,614,895</u>	<u>\$ 405,181</u>	<u>\$ 55,229,538</u>
Less Accumulated Depreciation For:				
Buildings and building improvements	\$ 35,646,842	\$ 345,066	\$ -	\$ 35,991,908
Furniture and Other Equipment	<u>9,270,934</u>	<u>1,704,962</u>	<u>405,181</u>	<u>10,570,714</u>
Depreciable Capital Assets, Net	<u>\$ 44,917,776</u>	<u>\$ 2,050,028</u>	<u>\$ 405,181</u>	<u>\$ 46,562,623</u>
Total Other Capital Assets, net	<u>\$ 9,102,048</u>	<u>\$ (435,133)</u>	<u>\$ -</u>	<u>\$ 8,666,915</u>
<b>TOTALS</b>	<u><u>\$ 10,101,429</u></u>	<u><u>\$ (435,133)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,666,296</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, 2014**

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

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

**Component Unit – Alexandria Transit Company**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Depreciable Capital Assets:				
Equipment	\$ 31,990,057	\$ 253,807	\$ 71,753	\$ 32,172,112
Less Accumulated Depreciation	<u>16,528,020</u>	<u>2,099,224</u>	<u>71,753</u>	<u>18,555,491</u>
Total Depreciable Capital Assets, Net	<u>\$ 15,462,037</u>	<u>\$(1,845,416)</u>	<u>\$ -</u>	<u>\$ 13,616,621</u>
TOTALS	<u>\$ 15,462,037</u>	<u>\$(1,845,416)</u>	<u>\$ -</u>	<u>\$ 13,616,621</u>

All depreciation was charged to transit.

**Primary Government**

Construction in progress is composed of the following at June 30, 2014:

	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>Through</u> <u>June 30, 2014</u>	<u>Committed</u>
School Capital Projects	\$ 64,506,455	\$ 35,165,163	\$ -
Infrastructure	14,614,947	4,526,768	593,501
Parks and Recreation Facilities	895,000	695,459	171,891
Public Buildings	4,907,439	1,842,173	1,420,915
Public Safety Buildings	14,991,590	9,969,502	4,424,738
Information Technology Hardware	4,287,916	2,758,204	922,849
Other	<u>14,909,539</u>	<u>11,648,301</u>	<u>1,470,177</u>
TOTALS	<u>\$ 119,112,886</u>	<u>\$ 66,605,570</u>	<u>\$ 9,004,073</u>

**Component Units**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**NOTE 6. RISK MANAGEMENT**

The City is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and account for any claims settlement in the General Fund. Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective. The City is covered by property/casualty insurance policies on real and personal property and the following liability insurance policies as of June 30, 2014: 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, 2014:

Director of Finance.....	\$ 1,000,000**
Treasury Director .....	\$ 1,000,000
Revenue Director .....	\$ 0**
Retirement Administrator.....	\$ 1,000,000
Clerk of the Circuit Court.....	\$ 103,000*
Sheriff.....	\$ 30,000*
All other City employees.....	\$ 100,000
Alexandria Historic Restoration and Preservation Commissioners .....	\$ 10,000

\* Bond provided by the Commonwealth of Virginia

\*\* The Director of Finance covered the unfilled position of Revenue Director in FY 2014.

**Self-Insurance**

The non-current portion of unpaid workers' compensation claims amounted to approximately \$18.8 million as of June 30, 2014 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, 2014 the current portion of employees' health insurance was \$1.1 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, 2014. 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, 2014**

**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, 2014 and 2013 were as follows:

	<b>Worker's Compensation</b>	<b>Health Insurance</b>
July 1, 2012 Liability Balances	\$ 20,991,206	\$ 1,349,885
Claims and changes in estimates	4,279,281	15,448,554
Claim Payments	(4,409,627)	(15,439,726)
June 30, 2013 Liability Balances	\$ 20,860,860	\$ 1,358,713
Claims and changes in estimates	2,616,288	14,242,312
Claim Payments	(4,722,068)	(14,516,467)
June 30, 2014 Liability Balances	<u>\$ 18,755,080</u>	<u>\$ 1,084,558</u>

**Insurance Commitment**

In addition, the City has established a General Fund fund balance self-insurance commitment of \$5 million as of June 30, 2014.

**Risk Pools**

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

**Line of Duty Death and Disability Benefits**

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

Effective July 1, 2012 the City opted out of the Virginia Plan and will now self-fund and self-administer its Line of Duty Benefits. In June 2012, City Council approved the merging of the Line of Duty Benefit into the OPEB Trust Fund and self-administering the program which will reduce risk and should, over time reduce costs. During FY 2012, the City participated in the Virginia Line of Duty Trust Fund. The City contributed \$0.1 million to the Trust Fund in FY 2012. In addition, as a result of opting out, the City paid \$0.5 million to the Commonwealth as a reimbursement of the City's actual costs for FY 2011. In FY 2014 the City contributed to the OPEB trust fund for line of duty benefits.

In Fiscal Year 2014 the Line of Duty information was incorporated into the City's OPEB actuarial valuation. According to the 12/31/2013 actuarial valuation, 712 active employees were eligible for Line of Duty benefits. As of June, 2014, 65 beneficiaries were receiving Line of Duty payments. During FY 2014, Line of Duty payments for the recipients amounted to \$1.03 million.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Component Units**

The School Board commercial carries insurance for all risks of loss, including property, theft, auto liability, physical damage, and general liability insurance through the Virginia Municipal League. Settled claims resulting from these risks have not exceeded commercial reinsurance coverage for the past three years. There were no material reductions in insurance coverage from coverage in the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years. The School Board also carries catastrophic medical insurance for Virginia High School League Student participants.

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

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

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

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

Under the provisions of the Virginia Workers' Compensation Act, the Alexandria Transit Company has secured the payment of Virginia compensation benefits and employers' liability coverage with the Virginia Municipal Group Self-Insurance Association (VMGSIA). VMGSIA is a public entity risk pool providing a comprehensive workers' compensation insurance program to Virginia municipalities and other local government entities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control and claims administration. The Alexandria Transit Company pays an annual premium to VMGSIA for workers' compensation coverage. VMGSIA is self-sustaining through member premiums and will reinsure for claims in excess of \$5 million. Each member's premium is determined through an actuarial analysis based upon the individual member's past experience and number of employees. In FY 2014, the Alexandria Transit Company paid an annual premium of \$0.24 million for participation in this pool.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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 2029. 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>	Primary <u>Government</u>	School Board <u>Component Unit</u>
2015	\$ 5,636,475	\$ 990,792
2016	4,345,759	2,845,189
2017	3,328,217	2,668,779
2018	3,401,482	2,742,170
2019	3,556,394	2,817,580
2020-2024	15,634,585	15,133,636
2025-2029	18,409,206	15,631,020

Total rental costs during FY 2014 for operating leases were \$5.3 million for the Primary Government and \$2.8 million for the School Board.

**Rental Revenues**

The City also leases various City-owned properties and buildings under non-cancellable long-term lease agreements through FY 2028. The net book value of leased assets of \$3.5 million (cost of \$5.7 million less accumulated depreciation of \$2.2 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>
2015	\$ 328,870
2016	244,093
2017	212,707
2018	212,707
2019	212,707
2020-2029	1,063,533

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

**A. Washington Metropolitan Area Transit Authority**

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

Due to the new State requirement to reflect all State aid to all jurisdictions in their accounting statements according to Generally Accepted Accounting Principles, all State funding for WMATA received and administered by Northern Virginia Transportation Commission (NVTC) are now reflected in the accounting statements in addition to these footnotes. Total Department of Rail and Public Transportation (DRPT) funding for WMATA administered by NVTC on behalf of the City of Alexandria for FY 2014 amounted to \$18.8 million.

The City and other participating jurisdictions have entered into a series of capital contributions agreements with WMATA to fund the local share of the cost of the regional Metrorail, Metrobus and Metro Access transit systems. The City's commitments are summarized as follows:

**1. Capital contributions - Bus and Rail Replacement**

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

For the fiscal year ended June 30, 2014, the total City obligation was \$10.1 million, which includes payments to WMATA as well as debt service for the 2009 series of bonds used to prefund the City share. The debt service is also included in Exhibit IV in the total reported debt service. The state Aid and NVTC funding used for a portion of the payments to WMATA is included in the reported Special Revenue Fund activities for FY 2014. The City paid this obligation from the following sources:

City payments .....	\$ 7,052,137
State Aid and NVTC reimbursable .....	1,866,000
City Debt Service for 2009 bonds .....	<u>1,176,208</u>
TOTAL	<u>\$ 10,094,345</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

During the fiscal year ended June 30, 2014, obligations for bus and rail subsidies amounted to \$27.3 million. The City paid this obligation from the following sources:

City payments .....	\$ 7,295,755
State Aid and State Motor Fuel Sales Tax revenues .....	19,986,666
Investment Earnings .....	<u>13,257</u>
<b>TOTAL</b>	<b><u>\$27,295,678</u></b>

Expected obligations for FY 2015 are \$31.0 million of which \$6.4 million is expected to be paid from the City's General Fund. We will also use \$22.8 million from NVTC funding and \$1.8 million from NVTA 30% funding to cover the rest of the obligations.

**3. WMATA Transit Revenue Bonds**

WMATA issued approximately \$1 billion of federally guaranteed transit revenue bonds to fund part of the construction of the rail transit system. Operating revenues have been insufficient to retire this debt. The federal government and WMATA entered into an agreement whereby the federal government agreed to pay two-thirds of the debt service costs for these bonds and to advance part of the remaining one third during the first three years of the agreement. The agreement requires that WMATA repay the federal advances, with interest, and one-third of the debt service on the bonds. WMATA allocated the cost of the advances and the one-third of the debt service costs among the participating jurisdictions. The City has not agreed to any payments for the one-third allocation of debt service, but the Northern Virginia Transportation Commission (NVTC) has paid, from state aid, all such costs allocated to Northern Virginia jurisdictions, of which \$607,636 was the City's allocation during the fiscal year ended June 30, 2014. However, NVTC has not paid any of the allocations for federal advances. In July of 1985, the Alexandria City Council authorized NVTC to pay \$4.2 million to WMATA, including accrued interest, from state aid on deposit to the credit of the City. This was the total amount allocated to the City by WMATA for advances by the federal government, including accrued interest. The City has thus, with such authorization, satisfied all claims due WMATA for transit revenue bonds.

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

At the current time, as a major long-term economic development initiative, the City on June 12, 2010 approved a major rezoning of 69 acres of prime real estate into a high density mixed-use development of over 7.5 million square feet. An integral part of this proposal, which will add approximately 10 percent to the City's tax base and generate over \$1 billion in new tax revenue over a 30 year period, would entail the construction of a new Metrorail station on the existing heavy rail Metrorail line that runs to the east of this 69 acres. The cost of this Metrorail station is estimated (in 2016 dollars) at between \$119 million and \$539 million, depending on the location of the station and other cost variables. The City is currently considering issuing general obligation bonds to finance this Metrorail station construction project and plans to repay these bonds with new tax revenues, two special tax districts, and developer contributions. The City is also considering pursuing financing assistance through the Transportation Infrastructure Financing Innovation ACT (TIFIA). Planning, further studies, station design and refinement of costs are underway. A final decision by City Council to proceed with the Metrorail station financing is anticipated to be made in the 1<sup>st</sup> quarter of FY 2015.

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

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

**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 2014 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.

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.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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.

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

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.

The Trust was dissolved in December 2012; at the time that all of the revenue bonds debt service had been paid in full. A new Facilities Monitoring Group (FMG) was established and a new trust fund was set up to fund FMG’S activities. It is funded entirely by contributions from Arlington County (60%) and the City (40%). The FMG budget for FY 2014 was \$69,000 and according to the trust agreement the City’s contribution was \$27,600.

Operating costs of the facility are paid for primarily through tipping fees. The City paid \$1.0 million in tipping fees in FY 2014.

**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 2014 payment of \$256,070 was made from the proceeds from the City’s telecommunications tax received by the General Fund. The City is not liable for repayment of the 20-year bonds.

**E. Combined Sanitary Sewer/Stormwater Sewer System**

As a result of new and emerging state and federal regulations related to improving the water quality of the Chesapeake Bay, the jurisdictions that comprise the Bay’s watershed will be required to make significant capital investments in sanitary, storm water treatment and agricultural runoff systems in the coming decades. For Alexandria, this means making between \$200 million and \$300 million in investments to the combined sanitary sewer/storm water sewer system, as well as investing between \$50 and \$150 million to upgrade the City’s storm water infrastructure over the next two to three decades. The development of project plans, costs, timetables and funding plans will occur over the next few years and will be incorporated into future City CIPs.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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, 2014 are comprised of the following individual issues:

\$18.635 million Public Improvement (tax-exempt) Refunding Bonds of 2014, installments ranging from \$2.7 to \$3.39 million through 2020, bearing interest rates 1.0 percent. The Bonds maturing on or before June 15, 2020 are not subject to redemption prior to maturity. This is a direct Bank Loan. The debt is being held as an investment with no intention of sale or distribution.	\$	18,635,000
\$63.8 million Public Improvement (tax-exempt) Refunding Bonds of 2013 installments ranging from \$3.305 to \$3.310 million through 2033, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The Bonds maturing on or before June 15, 2023, are not subject to redemption prior to their maturity. The bonds maturing on or after June 15, 2024, are subject to optional redemption before maturity on or after June 15, 2023, at the option of the city in whole or in part, in installments of \$5,000 at any time or from time to time at par plus the interest accrued and on the principal amount to be redeemed to the date fixed for redemption.		62,800,000
\$76.82 million Public Improvement (tax-exempt) Bonds of 2012, installments ranging from \$200,000 to \$4 million through 2033, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before June 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2023, may be redeemed before their maturities on or after June 15, 2022, at the option of the City, in whole or in part, in installments of \$5,000 at any time or from time to time at par plus the interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.		74,420,000
\$17.33 million Public Improvement (tax-exempt) Refunding Bonds of 2012 installments ranging from \$70,000 to \$2.64 million through 2025, bearing interest at rates ranging from 2.0 percent to 4.0 percent. The Bonds maturing on or after June 15, 2022, are not subject to redemption before maturity. The bonds at the time outstanding that are stated to mature on or after June 15, 2023, may be redeemed before their maturities on or after June 15, 2022, at the option of the city in whole or in part, in installments of \$5,000 at any time or from time to time at par plus the interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.		17,180,000
\$63.6 million Public Improvement (tax-exempt) Refunding Bonds of 2012, installments ranging from \$2.9 million to \$8.6 million through 2023, bearing interest rates ranging from 2.0 percent to 4.5 percent. Bonds maturing on or before June 15, 2022, are not subject to optional redemption. The Bonds maturing on June 15, 2023, are subject to optional redemption before maturity on or after June 15, 2022, at the direction of the City in whole or in part in installments of \$5,000 at par plus interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.		60,735,000
\$69.95 million Public improvement (tax-exempt) Bonds of 2011, installments ranging from \$1.0 million to \$3.8 million through 2031, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before July 15, 2021, are not subject to redemption prior to maturity. The Bonds maturing on or after July 15, 2022, are subject to optional redemption before maturity on or after July 15, 2021, at the direction of the City, in whole or in part, in installments of \$5,000 at any time or from time to time at par plus the interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.		66,950,000
\$17.0 million Public Improvement (tax-exempt) Bonds of 2010, installments ranging from \$2.0 million to \$3.7 million through 2016, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity		11,100,000
\$55.3 million Public Improvement (taxable Build America) Bonds of 2010, installments ranging from \$3.7 million to \$4.4 million through 2030, bearing interest at rates ranging from 3.6 percent to 5.0 percent for which the federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2021, are subject to optional redemption, in whole or part, at the direction of the City. The bonds are subject to redemption prior to July 2020, at the option of the City, upon the occurrence of an Extraordinary Event.		55,300,000

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

\$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	\$	24,600,000
\$44.5 million Public Improvement (taxable-Build America) Bonds of 2009 installments ranging from \$4.1 million to \$4.8 million through 2029, bearing interest at rates ranging from 4.85 percent to 5.7 percent for which the Federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2019, are subject to optional redemption before maturity on or after July 1, 2019, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption		44,500,000
\$58.0 million Public Improvement (tax-exempt) Bonds of 2008 installments ranging from \$0.9 million to \$3.1 million through 2028, bearing interest at rates ranging from 3.5 percent to 5.0 percent. The Bonds maturing on or after July 15, 2019, are subject to optional redemption before maturity on or after July 15, 2018, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption		46,500,000
\$5.0 million Public Improvement (taxable) Bonds of 2008 installments ranging from \$0.25 million to \$1.25 million through 2028, bearing interest at rates ranging from 4.5 percent to 5.6 percent. The Bonds maturing on or after July 15, 2019, are subject to optional redemption before maturity on or after July 15, 2018, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption.		3,750,000
\$22.8 million Public Improvement (tax-exempt) Refunding Bonds of 2007 installments ranging from \$2.8 million to \$2.9 million through 2021, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to their maturity		19,910,000
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		11,660,000
\$15 million Public Improvement (taxable) Bonds of 2006 installments of \$0.75 million through 2026, bearing interest at rates ranging from 5.5 percent to 5.95 percent. The bonds maturing before December 15, 2016, are not subject to redemption before maturity. The bonds maturing on or after June 15, 2017, are subject to optional redemption before maturity on or after June 15, 2016, at the direction of the City, in whole or in part installments of \$5,000, at any time or from time to time at par plus accrued interest on the principal amount to be redeemed to the date fixed for redemption		9,000,000
\$54.8 million Public Improvement Bonds of 2004 installments of \$2.74 million through 2024, bearing interest at rates ranging from 3.0 percent to 5.0 percent. The bonds maturing before December 15, 2015, are not subject to redemption before maturity. Beginning December 15, 2014, bonds maturing on or after June 15, 2015, are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest		2,740,000
\$40 million Public Improvement Bonds of 1999 due in annual installments of \$2 million through 2019, bearing interest at rates ranging from 4.25 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity		10,000,000
Total	\$	539,780,000

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

The outstanding bonds have been issued as follows:

**General Obligation Refunding Bonds of 2014A Direct Bank Loan**

	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
			<u>June 15,</u>
\$	3,390,000	1.000%	2015
	3,310,000	1.000%	2016
	3,185,000	1.000%	2017
	3,050,000	1.000%	2018
	2,915,000	1.000%	2019
	2,785,000	1.000%	2020
\$	<u>18,635,000</u>		

**General Obligation Capital Improvement Bonds of 2013**

	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u>
<u>CUSIP</u>			<u>June 15,</u>
015302S52	\$ 3,305,000	5.000%	2015
015302S60	3,305,000	5.000%	2016
015302S78	3,305,000	5.000%	2017
015302S86	3,305,000	5.000%	2018
015302S94	3,305,000	5.000%	2019
015302T28	3,305,000	5.000%	2020
015302T36	3,305,000	5.000%	2021
015302T44	3,305,000	5.000%	2022
015302T51	3,305,000	5.000%	2023
015302T69	3,305,000	4.000%	2024
015302T77	3,305,000	4.000%	2025
015302T85	3,305,000	4.000%	2026
015302T93	3,305,000	4.000%	2027
015302U26	3,305,000	4.000%	2028
015302U34	3,305,000	4.500%	2029
015302U42	3,305,000	4.500%	2030
015302U59	3,305,000	4.500%	2031
015302T67	3,305,000	4.500%	2032
015302T75	3,310,000	4.500%	2033
\$	<u>62,800,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Public Improvement Bonds of 2012 B**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302N81	\$ 3,280,000	5.000%	2015
015302N99	3,340,000	5.000%	2016
015302P22	4,000,000	5.000%	2017
015302P30	4,000,000	5.000%	2018
015302P48	4,000,000	5.000%	2019
015302P55	4,000,000	5.000%	2020
015302P63	4,000,000	5.000%	2021
015302P71	4,000,000	5.000%	2022
015302P89	4,000,000	5.000%	2023
015302P97	3,980,000	5.000%	2024
015302Q21	3,980,000	4.000%	2025
015302Q39	3,980,000	4.000%	2026
015302Q47	3,980,000	4.000%	2027
015302Q54	3,980,000	4.000%	2028
015302Q62	3,980,000	3.000%	2029
015302Q70	3,980,000	3.000%	2030
015302Q88	3,980,000	3.000%	2031
015302Q96	3,980,000	3.125%	2032
015302R20	3,980,000	3.250%	2033
	\$ <u>74,420,000</u>		

**Refunding Bonds of 2012 C**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302R53	\$ 85,000	3.000%	2015
015302R61	90,000	3.000%	2016
015302R79	3,005,000	4.000%	2017
015302R87	2,980,000	4.000%	2018
015302R95	2,750,000	3.000%	2023
015302S29	5,630,000	3.000%	2024
015302S37	2,640,000	3.000%	2025
	\$ <u>17,180,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Refunding Bonds of 2012**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
15302M58	\$ 3,135,000	4.00%	2015
15302M66	5,740,000	4.00%	2016
15302M74	5,715,000	4.00%	2017
15302M82	5,690,000	4.25%	2018
15302M90	8,595,000	4.50%	2019
15302M24	8,615,000	4.50%	2020
15302M32	8,625,000	4.50%	2021
15302M40	8,635,000	4.00%	2022
15302M57	5,985,000	4.00%	2023
	<u>\$ 60,735,000</u>		

**Public Improvement Bonds of 2011**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
015302J94	\$ 3,000,000	4.00%	2014
015302K27	3,765,000	5.00%	2015
015302K35	3,765,000	5.00%	2016
015302K43	3,765,000	5.00%	2017
015302K50	3,765,000	5.00%	2018
015302K68	3,765,000	2.13%	2019
015302K76	3,765,000	2.25%	2020
015302K84	3,760,000	4.00%	2021
015302K92	3,760,000	5.00%	2022
015302L26	3,760,000	3.00%	2023
015302L34	3,760,000	3.25%	2024
015302L42	3,760,000	3.25%	2025
015302L59	3,760,000	4.00%	2026
015302L67	3,760,000	4.00%	2027
015302L75	3,760,000	4.00%	2028
015302L83	3,760,000	4.00%	2029
015302L91	3,760,000	4.00%	2030
015302M25	3,760,000	4.00%	2031
	<u>\$ 66,950,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 1,</u>
015302G89	\$ 3,700,000	4.00%	2014
015302G97	3,700,000	5.00%	2015
015302H21	3,700,000	4.00%	2016
Total	\$ <u>11,100,000</u>		

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

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

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

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 1,</u>
15302E57	\$ 4,100,000	2.13%	2014
15302E65	4,100,000	3.00%	2015
15302E73	4,100,000	3.00%	2016
15302E81	4,100,000	4.00%	2017
15302E99	4,100,000	4.00%	2018
15302F23	4,100,000	4.00%	2019
Total	\$ <u>24,600,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

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

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

<b><u>CUSIP</u></b>	<b><u>Issue</u></b>	<b><u>Rate</u></b>	<b><u>Maturity Date</u></b>
			<b><u>July 15,</u></b>
15302A69	\$ 3,100,000	3.50%	2014
15302A77	3,100,000	5.00%	2015
15302A85	3,100,000	5.00%	2016
15302A93	3,100,000	5.00%	2017
15302B27	3,100,000	4.00%	2018
15302B35	3,100,000	4.00%	2019
15302B43	3,100,000	4.25%	2020
15302B50	3,100,000	4.00%	2021
15302B68	3,100,000	4.00%	2022
15302B76	3,100,000	4.13%	2023
15302B84	3,100,000	4.20%	2024
15302B92	3,100,000	4.25%	2025
15302C26	3,100,000	4.25%	2026
15302C34	3,100,000	4.30%	2027
15302C42	3,100,000	4.38%	2028
Total	\$ <u>46,500,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
15302D25	\$ 250,000	4.63%	2014
15302D33	250,000	4.80%	2015
15302D41	250,000	5.00%	2016
15302D58	250,000	5.25%	2017
15302D66	250,000	5.25%	2018
15302D74	1,250,000	5.40%	2023
15302D82	1,250,000	5.60%	2028
Total	\$ <u>3,750,000</u>		

**Refunding Bonds of 2007**

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302ZR6	\$ 2,890,000	4.00%	2015
015302ZS4	2,870,000	4.00%	2016
015302ZT2	2,845,000	4.00%	2017
015302ZU9	2,825,000	5.00%	2018
015302ZV7	2,825,000	5.00%	2019
015302ZW5	2,825,000	5.00%	2020
015302ZX3	2,830,000	5.00%	2021
Total	\$ <u>19,910,000</u>		

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

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
15302YH9	\$ 2,915,000	4.00%	2015
15302YJ5	2,915,000	5.00%	2016
15302YT3	2,915,000	4.25%	2025
15302YU0	2,915,000	4.38%	2026
Total	\$ <u>11,660,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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>
15302ZD7	\$ 750,000	5.55%	2015
15302ZE5	750,000	5.55%	2016
15302ZF2	750,000	5.65%	2017
15302ZG0	750,000	5.70%	2018
15302ZH8	750,000	5.75%	2019
15302ZJ4	750,000	5.80%	2020
15302ZK1	750,000	5.85%	2021
15302ZL9	750,000	5.90%	2022
15302ZM7	750,000	5.95%	2023
15302ZN5	750,000	5.95%	2024
15302ZP0	750,000	5.95%	2025
15302ZQ8	750,000	5.95%	2026
Total	\$ <u>9,000,000</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>
15302XN7	\$ 2,740,000	5.00%	2014
Total	\$ <u>2,740,000</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>
15302TV4	\$ 2,000,000	4.50%	2015
15302TW2	2,000,000	5.00%	2016
15302TX0	2,000,000	5.00%	2017
15302TY8	2,000,000	5.00%	2018
15302TZ5	2,000,000	5.00%	2019
Total	\$ <u>10,000,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

The requirements to pay all long-term bonds as of June 30, 2014, including interest payments of \$184.8 million, are summarized as follows:

<b>Fiscal Year</b>	<b>Serial Bonds</b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2014.....	\$ 16,890,000	\$ 10,927,963
2015.....	36,670,000	22,018,689
2016.....	39,235,000	20,478,088
2017.....	39,715,000	18,837,787
2018.....	39,515,000	17,206,712
2019-2023.....	174,220,000	62,156,467
2024-2028.....	132,225,000	27,792,807
2029-2033.....	<u>61,310,000</u>	<u>5,346,250</u>
	<u>\$ 539,780,000</u>	<u>\$ 184,764,763</u>

The General Fund meets debt service requirements for general obligation bonds. The City retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board. The City will receive \$17.6 million in Build America Bonds interest subsidy payments through 2031.

**Legal Debt Margin** - The City has no overlapping debt with other jurisdictions. As of June 30, 2014, the City had a legal debt limit of \$3.6 billion and a debt margin of \$3.0 billion:

Assessed Value of Real Property, January 1, 2014.....	<u>\$35,335,182,000</u>
Debt Limit: 10 Percent of Assessed Value.....	\$ 3,533,518,200
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds.....	<u>\$539,780,000</u>
Less Total General Obligation Debt.....	<u>(539,780,000)</u>
LEGAL DEBT MARGIN REMAINING .....	<u>\$ 2,993,738,200</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, 2014, are summarized below:

	<b>Authorized and Unissued</b>				<b>Authorized and Unissued</b>
	<b><u>July 1, 2013</u></b>	<b><u>Authorized</u></b>	<b><u>Issued</u></b>	<b><u>Expired</u></b>	<b><u>June 30, 2014</u></b>
General Obligation Bonds	<u>\$ 63,800,000</u>	<u>\$ 35,997,000</u>	<u>\$ 63,800,000</u>	<u>\$ -</u>	<u>\$ 35,997,000</u>

The City Council is planning to issue \$40 million in General Obligation Bonds. The proceeds of the Bonds will be used to finance certain capital improvement projects for the City, including, but not limited to, public school projects, City parks and public buildings, traffic control, capital contributions to the Washington Metropolitan Area Transit Authority ("WMATA"), infrastructure improvements and maintenance and acquisition of fire department vehicles and apparatus

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2014. 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, 2014 are summarized below. The Net Pension Obligation results from contributions to the City Supplemental

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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			Amounts Due	
	July 1, 2013	Additions	Reductions	Balance June 30, 2014	Within One Year
General Obligation Bonds	\$ 508,700,000	\$82,435,000	\$51,355,000	\$539,780,000	\$ 36,665,000
Bond Premium	34,916,307	6,827,308	2,365,962	39,377,653	2,365,962
Workers' Compensation Claims	20,860,860	2,938,959	5,044,739	18,755,080	4,750,218
Accrued Compensated Absences	23,028,485	14,822,485	15,162,459	22,688,511	3,134,895
Net Pension Obligation	16,815,698	2,493,044	2,344,544	16,964,198	-
Net OPEB Obligation	6,751,951	10,219,176	-	16,971,127	-
<b>Total</b>	<u>\$ 611,073,301</u>	<u>119,735,972</u>	<u>\$76,272,704</u>	<u>\$654,536,569</u>	<u>\$ 46,916,075</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 position. The adjustment from modified accrual to full accrual is as follows:

Balances at June 30, 2014:	
Long-term liabilities (detail above)	\$ 654,536,569
Accrued interest payable	<u>6,151,012</u>
Adjustment	<u>\$ 660,687,581</u>

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

Compensated absences	\$ (339,974)
Workers compensation	(2,105,780)
Change in net pension obligation and net OPEB obligation	10,367,676
Amortization of bond premium, Discount and interest	4,860,962
Accrued interest on bonds	<u>(55,771)</u>
Adjustment	<u>\$ 12,727,113</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Deferred Inflows: Exhibit I**

Deferred Inflows Exhibit III		\$ 257,851,342
Tax Lead	\$(13,993,891)	
Deferred Interest	<u>(4,186,822)</u>	
Adjustment Exhibit III		<u>(18,180,713)</u>
Deferred Inflows Exhibit I		<u><u>\$239,670,628</u></u>

**Component Unit – School Board**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Accrued Compensated Absences	\$ 7,049,914	\$ 10,140,081	\$ 9,611,237	\$ 7,578,758	\$ 1,102,439
Workers' Compensation Claims	395,559	1,675,011	1,033,447	1,037,123	725,986
Net OPEB Obligation	840,056	-	600,520	239,536	-
<b>Total</b>	<u>\$ 8,285,529</u>	<u>\$ 11,815,092</u>	<u>\$11,245,204</u>	<u>\$ 8,855,417</u>	<u>\$ 1,828,425</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**Primary Government**

There were no interfund receivables/payables at June 30, 2014. Interfund transfers and transactions for the year ended June 30, 2014 consisted of the following:

Transfer In/Out:	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Primary Government Transaction</b>				
General Fund	\$ -	\$ 2,894,329	\$ 150,000	\$ 3,044,329
Special Revenue	49,926,943	-	-	49,926,943
Capital Projects	23,512,947	1,331,482	-	24,844,429
Internal Service	-	-	3,404,284	3,404,284
Total	<u>\$ 73,439,890</u>	<u>\$ 4,225,811</u>	<u>\$ 3,554,284</u>	<u>\$ 81,219,985</u>
<b>Component Unit Transactions</b>				
School Board	\$ 185,611,472	\$ -	\$ -	\$ 185,611,472
Library	6,598,290	-	-	6,598,290
Alexandria Transit	-	10,659,632	-	10,659,632
Total	<u>\$ 192,209,762</u>	<u>\$ 10,659,632</u>	<u>\$ -</u>	<u>\$ 202,869,394</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 and to fund NVTA agreement.

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**NOTE 11. GRANTS**

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

**NOTE 12. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues for the City and its component units totaled \$176.9 million in FY 2014. Sources of these revenues were as follows:

<b>GOVERNMENTAL FUNDS</b>	
Federal Government	\$ 42,252,682
Commonwealth of Virginia	<u>84,169,044</u>
Total Primary Government	<u>\$ 126,421,726</u>
<b>COMPONENT UNITS</b>	
Federal Government:	
School Board	\$ 13,074,924
Total Component Units Federal Government	<u>\$ 13,074,924</u>
Commonwealth of Virginia:	
School Board	\$ 37,164,240
Library	164,310
Alexandria Transit Company	<u>40,772</u>
Total Component Units Commonwealth of Virginia	<u>\$ 37,369,322</u>
Total Component Units	<u>\$ 50,444,246</u>
<b>TOTAL CITY AND COMPONENT UNITS</b>	
Total Federal Government	\$ 55,327,606
Total Commonwealth of Virginia	<u>121,538,366</u>
Total Intergovernmental Revenue	<u>\$ 176,865,972</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**NOTE 13. DUE FROM OTHER GOVERNMENTS**

Due from other governments represents accrued revenue at June 30, 2014, consisting of the following:

<b>Primary Government</b>	
State	
General Fund	\$ 30,715,028
Special Revenue Fund	<u>2,617,488</u>
Total State	<u>\$ 33,332,516</u>
Federal	
General Fund	\$ 2,042,285
Special Revenue Fund	5,071,767
Capital Projects	<u>2,326,663</u>
Total Federal	<u>9,440,715</u>
Total Primary Government	<u>\$ 42,773,231</u>
<b>Component Units</b>	
State	
School Board	\$ 2,070,903
Library	<u>35,234</u>
Total State	<u>\$ 2,106,137</u>
Federal	
School Board	<u>\$ 3,475,696</u>
Total Federal	<u>\$ 3,475,696</u>
Total	<u>\$ 48,355,064</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 position. The City does not maintain an equity interest in the Academy's operations. This lease was paid in full in FY 2007. New debt of \$18.7 was issued in FY 2007. The City does not have an equity interest associated with this debt. In addition, the City pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2014, 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, 2014**

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

**NOTE 14. JOINT VENTURES (Continued)**

**B. Northern Virginia Juvenile Detention Home**

The City participates in a joint venture with Arlington County and the City of Falls Church to operate a regional juvenile detention home. In July 1993, the City agreed to fund 55.3 percent of the construction costs of a new facility. The final construction payments were made in FY 1995. In addition, the City pays part of the Northern Virginia Juvenile Detention Home's operating costs based on the number of beds utilized by Alexandria residents. These payments totaled \$1.4 million in FY 2014.

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

**C. Peumansend Creek Regional Jail Authority**

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

The total project cost is \$27 million, with 50 percent of the eligible construction cost (\$23.8 million) expected to be reimbursed by the Commonwealth. The Regional Jail Authority issued \$10.2 million in revenue bonds and \$12 million of grant anticipation notes in March 1997. The City's total share is \$18.2 million, including approximately \$3.2 million in capital and debt service costs and \$15 million in operating costs over the 20-year period of debt service payments (1997-2016). For FY 2014, the City paid \$0.5 million for operating costs and \$0.1 million for debt service payments. The City does not maintain an equity interest in the jail and is not responsible for repayment of the debt.

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

**D. Washington Metropolitan Area Transit Authority**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**NOTE 15. RELATED PARTY TRANSACTIONS**

In February 2013, the City of Alexandria created a special purpose entity, East Reed LLC (ERLLC), in order to enter into a public-private partnership arrangement with nonprofit housing developer, AHC, Inc. to develop 78 units of affordable housing, pending completion of AHC's proposed \$32 M funding package (including an award of competitive low income housing tax credits to provide equity necessary for the project). The City was notified in early June 2013 that VHDA will award the tax credits required, so it is likely that the project will go forward as proposed with construction being completed and the building's lease up occurring by December 2015.

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

This plan is a reimbursement program that is based on the actual cost of the retiree's monthly premium up to a maximum amount determined by the City Council. Effective July 1, 2005, the maximum monthly amount an eligible retiree or a surviving spouse may receive is \$260. The City Council has authority to establish or amend the provisions. As of June 30, 2014, 692 retirees were both eligible and received benefits from all three classes of this plan. Eligibility is contingent upon retiree providing proof of participation and payment to a health insurance plan. The City contributed on a "pay-as-you-go" basis at the rate of up to \$260 per month for each retiree, for a total annual contribution of \$2.6 million for FY 2014. Employees hired after September 30, 2007 will have their retirees health benefits prorated based on the length of service.

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

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

**MEMBERSHIP**

At January 1, 2014, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	805
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	<u>2,254</u>
TOTAL	<u>3,059</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**ANNUAL OPEB COSTS AND NET OPEB OBLIGATIONS**

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

The annual required contribution (ARC) increased from \$10,502,721 for fiscal year 2013 to \$13,536,757 (\$7,696,929 for regular benefits and \$5,839,828 for Line of Duty benefits) for the current fiscal year. As a percentage of payroll, the ARC decreased from 5.28% to 4.72% this fiscal year for Regular Benefits and increased from 1.71% to 11.09% for Line of Duty Benefits. As of June 30, 2014, the Net OPEB Obligation (NOO) for Regular Benefits increased to \$10,647,610 compared to \$5,076,967 for fiscal year 2013 and for Line of Duty Benefits the NOO increased to \$6,323,517 compared to \$1,674,984 for fiscal year 2013. As of the December 31, 2013 actuarial report, the unfunded Actuarial Accrued Liability (UAAL) decreased from \$68,969,442 to \$63,419,457 for regular Benefits and increased from \$16,630,789 to \$28,618,663 for Line of Duty Benefits. These increases are due to demographic and actuarial assumption changes and the additional benefits provided by the Line of Duty Act. The net OPEB Obligation as of June 30, 2014 is as follows:

	Regular	LOD	Total
Annual Required Contribution			
Regular	\$7,696,929	\$5,839,828	\$13,536,757
Interest on NET OPEB Obligation Regular	380,772	66,999	447,771
Adjustment to Annual Required Contribution	(430,007)	(105,631)	(535,638)
Annual OPEB Cost	7,647,694	5,801,196	13,448,890
Contribution Made			
Trust fund Contributions	(2,233,907)	(100,000)	(2,333,907)
Pay-Go Contributions	(3,924,439)	(1,052,663)	(4,977,102)
Total Contributions Made	(6,158,346)	(1,152,663)	(7,311,009)
Increase (Decrease) in NET OPEB Obligation	1,489,348	4,648,533	6,137,881
Net OPEB Obligation, Beginning of Year	5,076,967	1,674,984	6,751,951
Prior Year Adjustment FY 14	4,081,295		4,081,295
Adjusted Net OPEB Obligation, Beginning of Year	9,158,262	1,674,984	10,833,246
Net OPEB Obligation, End of Year	<u>\$10,647,610</u>	<u>\$6,323,517</u>	<u>\$16,971,127</u>

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

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plan as of December 31, 2013 was as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
Regular Benefits 12/30/2013	\$ 24,507,342	\$ 89,926,799	\$ 63,419,457	29.48%	\$ 163,191,811	38.86%
Line of Duty Benefits (LOD) 12/30/2013	\$ -	\$ 28,618,663	\$ 28,618,663	0.00%	\$ 52,648,238	54.36%

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

Actuarial valuations of the plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following notes to the financial statements, presents results as of December 31, 2013. The schedule provides multi-year trend information about whether the actuarial values of plan Net position are increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

**ACTUARIAL METHODS AND ASSUMPTIONS**

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

For the December 31, 2013 actuarial valuations, regular OPEB benefits valuation used a 7.50% investment rate whereas the LOD valuation used a 4.50% investment rate. The following assumptions apply to both valuation reports. The entry-age actuarial cost method was used. An annual medical cost trend rate of 8.00% graded down to 5.00% over 18 years was used for non-Medicare and 7.00% graded down to 5.00% over 18 years for Medicare. Salary scale ranges were from 3.50% to 7.25% for Fire and Police and 3.75% to 5.60% for City employees depending on service with 3.75% attributable to inflation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. Asset valuation method used was market value and the remaining amortization period as of December 31, 2013 was 24 years.

**Schedule of Employer Contributions**

	Fiscal Year Ended	Annual Required Contributions	Employer Contributions	Percentage Contributed
Regular OPEB Benefits	06/30/2012	\$7,375,458	\$8,084,734	109.6%
	06/30/2013	7,931,884	8,106,837	102.2%
	06/30/2014	7,696,929	6,158,346	80.0%
Line of Duty Benefits	06/30/2013	2,570,837	895,853	34.8%
	06/30/2014	5,839,828	1,152,663	19.7%

**Three Year Trend Information**

	Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
Regular OPEB Benefits	06/30/2012	\$7,331,138	109.60%	\$5,296,686
	06/30/2013	7,887,117	102.80%	5,076,966
	06/30/2014	7,647,694	80.53%	10,647,610
Line of Duty Benefits	06/30/2013	2,570,837	34.80%	1,674,984
	06/30/2014	5,801,196	19.87%	6,323,517

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS**

**Primary Government**

During FY 2014, the City participated in six public employee retirement systems (PERS). One of these systems is handled by Virginia Retirement System (VRS), an agent multi-employer public retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia, and is, therefore, not reflected as a City pension trust fund. Of the remaining five, four are single-employer defined benefit systems (City Supplemental, Pension for Fire and Police, Firefighters and Police Officers Pension Plan-defined benefit component, and Firefighters and Police Officers Pension Plan-disability component), where a stated methodology for determining benefits is provided, and one is a defined contribution plan (Firefighters and Police Officers Pension Plan-defined contribution component), where contribution requirements are not actuarially determined. All of these systems are included as part of the City's reporting entity and as such are reflected as Pension Trust Funds.

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

**Method Used to Value Investments:** Investments are valued at fair market value.

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

**Target Allocations**

<u>Asset Class</u>	<b>Firefighters' &amp; Police Officers' Pension Plan</b>	<b>Supplemental Retirement Plan</b>	<b>Pension Plan for Firefighters &amp; Police Officers</b>
Domestic Equity	45%	43%	0%
International Equity Developed	10%	10%	0%
International Equity Emerging	10%	10%	0%
Private Equity	5%	5%	0%
Timber	5%	5%	0%
Farmland	0%	2%	0%
Real Estate	5%	5%	0%
Domestic Fixed Income	20%	20%	0%
Guaranteed Deposit	0%	0%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

<u>Asset Class</u>	<u>Capital Market</u>	<u>Firefighters' &amp; Police Officers' Pension Plan</u>		<u>Supplemental Retirement Plan</u>		<u>Pension Plan for Firefighters &amp; Police Officers</u>	
	<u>Estimate</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>
Domestic Equity	7.2%	45.0%	3.2%	43.0%	3.1%	0.0%	0.0%
International Equity Developed	6.8%	10.0%	0.7%	10.0%	0.7%	0.0%	0.0%
International Equity Emerging	8.7%	10.0%	0.9%	10.0%	0.9%	0.0%	0.0%
Private Equity	9.9%	5.0%	0.5%	5.0%	0.5%	0.0%	0.0%
Timber	7.0%	5.0%	0.4%	5.0%	0.4%	0.0%	0.0%
Real Estate	5.8%	5.0%	0.3%	5.0%	0.3%	0.0%	0.0%
Farmland	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fixed Income US Investment Grade	3.0%	20.0%	0.6%	20.0%	0.6%	0.0%	0.0%
Cash	7.5%	0.0%	0.0%	0.0%	0.0%	100.0%	3.5%
Return			6.5%		6.4%		3.5%
Inflation			2.5%		2.5%		2.5%
Return w/Inflation			9.0%		8.9%		6.0%
Risk Adjustment			(1.5%)		(1.4%)		(0.5%)
Total Expected Return			7.5%		7.5%		5.5%

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

Money-weighted Rate of Return

<u>Firefighters' &amp; Police Officers' Pension Plan</u>	<u>Supplemental Retirement Plan</u>	<u>Pension Plan for Firefighters &amp; Police Officers</u>
17.48%	17.60%	4.42%

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

**CITY OF ALEXANDRIA, VIRGINIA**  
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**June 30, 2014**

## NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Exhibit XII  
(Continued)

## Combining Schedule of Fiduciary Net Position

	Employee Retirement Plans					Post Retirement Benefit Trust	Total
	Firefighters and Police Officers Pension Plan					Other Post Employment Benefits	
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component		
<b>ASSETS</b>							
Investments, at Fair Value							
Mutual Funds	\$ 66,859,268	\$ -	\$ 14,061,615	\$ 105,422,917	\$ 6,751,277	\$ 20,375,031	\$ 213,470,108
Stocks	48,512,114	-	-	87,474,998	5,699,355	5,830,196	147,516,663
Guaranteed Investment Accounts	3,547,952	22,931,289	-	7,423,101	915,356	419,718	35,237,416
Real Estate	7,994,751	-	-	13,298,426	1,105,374	1,152,425	23,550,976
Timber	5,500,426	-	-	8,855,689	770,060	687,553	15,813,728
Private Equity	4,331,720	-	-	5,825,222	490,237	737,988	11,385,167
Other	2,078,017	-	-	-	-	1,033,913	3,111,930
Total Investments	<u>\$ 138,824,248</u>	<u>\$ 22,931,289</u>	<u>\$ 14,061,615</u>	<u>\$ 228,300,353</u>	<u>\$ 15,731,659</u>	<u>\$ 30,236,824</u>	<u>\$ 450,085,988</u>
Total Assets	<u>\$ 138,824,248</u>	<u>\$ 22,931,289</u>	<u>\$ 14,061,615</u>	<u>\$ 228,300,353</u>	<u>\$ 15,731,659</u>	<u>\$ 30,236,824</u>	<u>\$ 450,085,988</u>
<b>NET POSITION</b>							
Held in Trust for Pension Benefits	<u>\$ 138,824,248</u>	<u>\$ 22,931,289</u>	<u>\$ 14,061,615</u>	<u>\$ 228,300,353</u>	<u>\$ 15,731,659</u>	<u>\$ 30,236,824</u>	<u>\$ 450,085,988</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

## NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Exhibit XII  
(Continued)

## Combining Schedule of Changes in Fiduciary Net Position

	Employee Retirement Plans					Post Retirement Benefit Trust	
	Firefighters and Police Officers Pension Plan					Other Post Employment Benefits	Total
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component		
<b>ADDITIONS</b>							
Contributions:							
Employer	\$ 9,705,496	\$ 1,700,000	\$ -	\$ 10,398,552	\$ 2,039,849	\$ 2,333,907	\$ 26,177,804
Plan Members	605,368	-	-	2,392,226	259,585	-	3,257,179
Total Contributions	<u>\$ 10,310,863</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 12,790,778</u>	<u>\$ 2,299,434</u>	<u>\$ 2,333,907</u>	<u>\$ 29,434,983</u>
Investment Income:							
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 13,360,499	\$ -	\$ 1,531,558	\$ 22,385,007	\$ 1,602,687	\$ 2,447,380	\$ 41,327,132
Interest	7,954,786	1,041,529	-	12,098,240	828,652	1,965,582	23,888,789
Investment Expense	(570,294)	-	-	(1,082,244)	(103,660)	(121,494)	(1,877,692)
Net Investment Income	<u>\$ 20,744,991</u>	<u>\$ 1,041,529</u>	<u>\$ 1,531,558</u>	<u>\$ 33,401,003</u>	<u>\$ 2,327,679</u>	<u>\$ 4,291,468</u>	<u>\$ 63,338,229</u>
Total Additions	<u>\$ 31,055,854</u>	<u>\$ 2,741,529</u>	<u>\$ 1,531,558</u>	<u>\$ 46,191,781</u>	<u>\$ 4,627,113</u>	<u>\$ 6,625,375</u>	<u>\$ 92,773,212</u>
<b>DEDUCTIONS</b>							
Benefits	\$ 10,936,348	\$ 3,773,545	\$ 1,316,198	\$ 9,817,278	\$ 2,539,650	\$ -	\$ 28,383,019
Refunds of Contributions	340,486	-	-	329,752	-	-	670,238
Administrative Expenses	997,375	10,830	5,815	379,242	86,762	35,435	1,515,460
Total Deductions	<u>\$ 12,274,209</u>	<u>\$ 3,784,375</u>	<u>\$ 1,322,013</u>	<u>\$ 10,526,272</u>	<u>\$ 2,626,412</u>	<u>\$ 35,435</u>	<u>\$ 30,568,717</u>
Net Increase (Decrease)	\$ 18,781,645	\$ (1,042,846)	\$ 209,545	\$ 35,665,509	\$ 2,000,701	\$ 6,589,940	\$ 62,204,495
Assets Transfer in (Out)	-	-	-	-	-	-	-
Net Position at Beginning of Year	120,042,601	23,974,135	13,852,070	192,634,845	13,730,958	23,646,884	387,881,493
Net Position at End of Year	<u>\$ 138,824,247</u>	<u>\$ 22,931,289</u>	<u>\$ 14,061,615</u>	<u>\$ 228,300,353</u>	<u>\$ 15,731,659</u>	<u>\$ 30,236,824</u>	<u>\$ 450,085,988</u>
	<u>\$ 138,824,248</u>	<u>\$ 22,931,289</u>	<u>\$ 14,061,615</u>	<u>\$ 228,300,353</u>	<u>\$ 15,731,659</u>	<u>\$ 30,236,824</u>	<u>\$ 450,085,988</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
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**Exhibit XII**  
**(Continued)**

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

The actuarial valuations for all defined benefit plans are performed annually with the exception of Virginia Retirement System (VRS) which is performed biennially; however, an actuarial update is performed in the interim year for informational purposes

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

As of June 30, 2014, the City of Alexandria had 60 employees enrolled in the Hybrid Plan. The FY 2014 City contribution was \$7,177.

The valuation reflects the following changes in the actuarial assumptions since the last actuarial valuation.  
For Non-Leo Members:

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

For Leo Members:

- Updated mortality table
- Decreased male rates of disability

Financial statements and required supplementary information are presented in the VRS comprehensive annual financial report, which can be obtained at [www.varetire.org](http://www.varetire.org).

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

The recommended contribution rate decreased from 31.17% as of July 1, 2012 to 30.42% as of July 1, 2013 for the Fire and Police Basic Plan and increased from 7.18% as of July 1, 2012 to 12.87% as of July 1, 2013 for the Fire and Police Disability Plan. During the year ended June 30, 2013, the Basic Plan's assets returned 11.87% and the Disability Plan's assets had a return of 11.50% on a market value basis. However, due to the Plans' asset-smoothing technique which recognizes only a portion of the gains and losses, the returns on the actuarial asset values were 11.09% and 11.02%, respectively. As of the July 1, 2013 Actuarial Valuation, the Basic Plan's unfunded actuarial liability was \$75.0 million and the Disability Plan's unfunded actuarial liability was \$20.3 million. As a result of the Fifth Amendment to the Plan, a change was made in the way the unfunded actuarial liability (UAL) is amortized for the Basic Plan. The contribution rate for the portion of the UAL relating to the remaining UAL from the 2010 actuarial valuation is funded with a City contribution equal to 16.75% of payroll. Any UAL that has developed since 2010 is amortized based on the Basic Plan's amortization policy, which as of July 1, 2013 is to amortize over 16 years. The following benefit provisions changes were reflected due to the Fifth Amendment, effective for employees hired prior to October 23, 2013. No credited interest on Drop Accounts if entered after October 31, 2013; recalculations of disability benefits at normal retirement age no longer assume a salary increase; COLA on Service-Connected Disability benefits limited to 5 years; no COLA on Non-Service-Connected Disability benefits; 10 years of service required for Non-Service-Connected Partial Disability; formulas changed for Non-Service-Connected Disability; and earnings offsets were required for all disability benefits.

The major provisions of all the defined pension plans are listed in the disclosure.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

**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.

<b>PLAN DESCRIPTION</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
	<b>VRS City</b>	<b>City Supplemental Retirement</b>	<b>Pension for Fire and Police</b>	<b>Retirement Income for Fire and Police</b>	<b>Firefighters and Police Pension</b>	<b>Fire and Police Disability</b>
Administrator	State of Virginia	Prudential	Prudential	ICMA	Prudential	Prudential
Employees Covered	General body	General body Sheriff/ERT	Public Safety	Public Safety	Public Safety	Public Safety
Authority for Plan Provisions and Contributions	State Statute	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance
Plan Type	Agent Multi- Employer	Single- Employer	Single- Employer	Single- Employer	Single- Employer	Single- Employer
Plan 1 & 2 Hybrid Plan	Defined Benefit Hybrid	Defined Benefit	Defined Benefit	Defined Contribution	Defined Benefit	Defined Benefit
Stand Alone Financial Report	Yes	No	No	No	No	No
Actuarial Valuation Date	6/30/2013	7/1/2013	7/1/2013	6/30/2013	7/1/2013	7/1/2013
<b>MEMBERSHIP AND PLAN PROVISIONS</b>						
Active Participants	2001	2054	0	75	462	462
Retirees & Beneficiaries	904	387	125	0	239	97
Terminated Vested & Non-vested	621	798	0	28	24	N/A
<b>Normal Retirement Benefits:</b>						
Age	65 50 (30Yrs)	65 50 (30Yrs)/ 50(25 Yrs)	60 50 (20Yrs)	60	55 Any Age (25Yrs)	55
Benefits Vested**	5	5	10	5	5	5
Disability & Death Benefits	Disability Death	Disability Death	Disability Death	N/A Death	Disability Death	Disability N/A

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**MEMBERSHIP AND PLAN PROVISIONS**

As of:	6/30/13	7/01/13	7/01/13	6/30/14	7/01/13	7/01/13
	(1)	(2)	(3)	(4)	(5)	(6)
	<u>VRS 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>
<b>SIGNIFICANT ACTUARIAL ASSUMPTIONS</b>						
Investment Earnings	7.0%	7.5%	5.5%	N/A	7.5%	7.5%
<b>Projected Salary Increases</b>						
<b>Attributable to:</b>						
Inflation	2.5%*	3.75%	N/A	N/A	3.5%	3.5%
Seniority/Merit	3.50% -5.35%**	3.75%-5.60%	N/A	N/A	3.50%-7.25%	3.50%-7.25%
Projected Postretirement Increases	2.5%*, 2.25% <sup>†</sup>	None	3.0%	N/A	2.7%	2.7%
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	N/A	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method Open/Closed	Level Percentage Closed	Level dollar N/A	Level dollar Closed	N/A	Level Percentage Closed	Level Percentage Closed
Remaining Amortization Period	30	10	12	N/A	16	16
Asset Valuation Method	5-year Smoothed Market Value	4-year Smoothed Market	Market Value	N/A	4-year Smoothed Market	4-year Smoothed Market
<b>Funded Status</b>						
Actuarial Value of assets	\$ 368,821,110	\$ 116,467,659	\$ 23,974,135	N/A	\$ 187,628,995	\$ 13,431,955
Actuarial Accrued Liability	494,712,450	139,320,358	34,195,806	N/A	262,719,767	33,729,716
Unfunded Actuarial Accrued Liability (UAAL)	\$ 125,891,340	\$ 22,852,699	\$ 10,221,671	N/A	\$ 75,090,772	\$ 20,297,761
Funded Ratio	74.6%	83.6%	70.1%	N/A	71.4%	39.8%
Annual Covered Payroll	\$ 123,842,881	\$ 139,893,391	N/A	N/A	\$ 34,424,794	\$ 34,424,794
UAAL as Percentage of Covered Payroll	101.7%	16.3%	N/A	N/A	218.1%	59.0%

The multi-year funding progress is presented in RSI.

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

\* Plan 1, <sup>†</sup>Plan 2 and Hybrid

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

**FUNDING POLICY AND ANNUAL PENSION COST**

As of:	6/14	6/14	6/14	6/14	6/14	6/14
	VRS City	City Supplemental Retirement	Pension for Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
PERCENTAGE OF COVERED PAYROLL CONTRIBUTED						
Employee %	5.0%	2.0%	N/A	N/A	7.2%	0.8%
Employer %	10.30%	4.97%	\$ 1.7 mil/Yr.	N/A	30.48%	6.02%
AMOUNT CONTRIBUTED						
Employee	\$ 6,297,101 *	\$ 605,368 *	\$ -	\$ -	\$ 2,349,741	\$ 259,586
Employer	<u>12,629,447</u>	<u>9,705,496</u>	<u>1,700,000</u>	<u>-</u>	<u>10,315,152</u>	<u>2,040,349</u>
Total Amount Contributed	<u>\$ 18,926,548</u>	<u>\$ 10,310,864</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 12,664,893</u>	<u>\$ 2,299,935</u>

\* The City assumed the responsibility of payment of employees' share of contributions. Starting in July 2010, under VRS Plan 1 (the employees hired prior to July 1, 2010) City pays 5% of the employees share while under VRS Plan 2 (employees hired after July 1, 2010) the employees are required to pay 4% and City only pays 1% of the employees share. As of July 1, 2009 the City's payment on behalf of the employees for City Supplemental pension plan is characterized as employer's share. VRS Plan 2 members are required to pay their share of contributions. Members joining on or after January 1, 2014 are in the Hybrid Plan.

Administrative costs of all the pension plans are financed through investment earnings except Public Safety and Sheriff's retirement income plans, where the cost is assumed by the City.

The Contribution requirements for all pension plans (except VRS) are established and may be amended by City Ordinance. VRS requirements are established and may be amended by State Statutes.

COVERED PAYROLL

Dollar Amount	\$ 123.8	\$ 139.9	\$ N/A	\$ N/A	\$ 34.4	\$ 34.4
Legally Required Reserves	N/A	N/A	N/A	N/A	N/A	N/A
Long Term Contribution Contracts	N/A	N/A	N/A	N/A	N/A	N/A

INVESTMENT CONCENTRATIONS

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)	*	3%	100%	-	3%	6%
Prudential and Comerica Mutual Funds	*	48%	-	100%	46%	43%
Stocks	*	35%	-	-	38%	36%
Real Estate	*	6%	-	-	6%	7%
Timber	*	4%	-	-	4%	5%
Private Equity	*	3%	-	-	3%	3%
Other		1%				

\* Investment information not available on an individual jurisdiction basis.

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

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

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

	City Supplemental Retirement	Pension for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
ARC	\$ 8,462,725	\$ 1,211,013	\$ 10,471,367	\$ 4,431,587
Interest on NPO	646,710	6,775	448,981	156,247
ARC Adjustment	(1,168,578)	(14,293)	(489,714)	(170,423)
Annual Pension Cost	\$ 7,940,857	\$ 1,203,495	\$ 10,430,634	\$ 4,417,411
Actual Deposit	(9,705,496)	(1,700,000)	(10,398,552)	(2,039,849)
Change in NPO	\$ (1,764,639)	\$ (496,505)	\$ 32,082	\$ 2,377,562
NPO Beginning of year	8,622,803	123,185	5,986,411	2,083,299
NPO End of Year (6/30/14)	\$ 6,858,164	\$ (373,320)	\$ 6,018,493	\$ 4,460,861

**THREE-YEAR TREND INFORMATION**

	Actuarial Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
City Supplemental Retirement	06/30/2012	\$ 8,845,073	111.42%	\$ 11,136,048
	06/30/2013	6,860,568	136.63%	8,622,803
	06/30/2014	7,940,857	122.22%	6,858,164
Pension for Fire and Police	06/30/2012	1,433,363	118.60%	518,589
	06/30/2013	1,304,596	130.31%	123,185
	06/30/2014	1,203,495	141.26%	(373,320)
Firefighter and Police Pension	* 06/30/2012	9,765,010	84.51%	4,354,093
	06/30/2013	10,267,138	84.10%	5,986,411
	06/30/2014	10,430,634	99.69%	6,101,893
Fire and Police Disability	* 06/30/2012	1,926,838	75.61%	1,412,301
	06/30/2013	2,363,366	71.61%	2,083,299
	06/30/2014	4,417,411	46.18%	4,460,861
Virginia Retirement System	06/30/2012	8,274,478	100.00%	-
	06/30/2013	12,542,600	100.00%	-
	06/30/2014	12,629,447	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.

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

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

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

<b>Firefighters' &amp; Police Officers' Pension Plan</b>	Total Pension	Increase (Decrease)	
	Liability	Plan Fiduciary	Net Pension
	(a)	Net Position	Liability
	(a)	(b)	(a)-(b)
<b>Balances as of 6/30/2013</b>	\$ 262,719,767	\$ 192,634,845	\$ 70,084,922
Changes for the year:			
Service Cost	5,749,258	-	5,749,258
Interest	19,761,542	-	19,761,542
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	10,398,552	(10,398,552)
Contributions-employee	-	2,392,226	(2,392,226)
Net Investment Income	-	33,401,003	(33,401,003)
Benefit payments, including refunds	(10,147,030)	(10,147,030)	-
Administrative Expense	-	(379,242)	379,242
Net Changes	<u>\$ 15,363,770</u>	<u>\$ 35,665,509</u>	<u>\$ (20,301,739)</u>
Balances at 6/30/2014	<u>\$ 278,083,537</u>	<u>\$ 228,300,354</u>	<u>\$ 49,783,183</u>

<b>Firefighters' &amp; Police Officers' Disability Pension Plan</b>	Total Pension	Increase (Decrease)	
	Liability	Plan Fiduciary	Net Pension
	(a)	Net Position	Liability
	(a)	(b)	(a)-(b)
<b>Balances as of 6/30/2013</b>	\$ 33,729,716	\$ 13,730,958	\$ 19,998,758
Changes for the year:			
Service Cost	2,699,276	-	2,699,276
Interest	2,638,659	-	2,638,659
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	2,039,849	(2,039,849)
Contributions-employee	-	259,585	(259,585)
Net Investment Income	-	2,327,679	(2,327,679)
Benefit payments, including refunds	(2,539,650)	(2,539,650)	-
Administrative Expense	-	(86,762)	86,762
Net Changes	<u>\$ 2,798,285</u>	<u>\$ 2,000,701</u>	<u>\$ 797,584</u>
Balances at 6/30/2014	<u>\$ 36,528,001</u>	<u>\$ 15,731,659</u>	<u>\$ 20,796,342</u>

**Exhibit XII  
(Continued)**

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

<b>Supplemental Pension Plan</b>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<b>Balances as of 6/30/2013</b>	\$ 139,320,358	\$ 120,042,601	\$ 19,277,757
Changes for the year:			
Service Cost	4,812,530	-	4,812,530
Interest	10,210,998	-	10,210,998
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	9,705,496	(9,705,496)
Contributions-employee	-	605,369	(605,369)
Net Investment Income	-	20,744,991	(20,744,991)
Benefit payments, including refunds	(11,276,834)	(11,276,834)	-
Administrative Expense	-	(997,375)	997,375
Net Changes	<u>\$ 3,746,694</u>	<u>\$ 18,781,647</u>	<u>\$ (15,034,953)</u>
Balances at 6/30/2014	<u>\$ 143,067,052</u>	<u>\$ 138,824,248</u>	<u>\$ 4,242,804</u>

<b>Pension Plan for Firefighters &amp; Police Officers</b>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<b>Balances as of 6/30/2013</b>	\$ 34,195,806	\$ 23,974,135	\$ 10,221,671
Changes for the year:			
Service Cost	-	-	-
Interest	1,778,386	-	1,778,386
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	1,700,000	(1,700,000)
Contributions-employee	-	-	-
Net Investment Income	-	1,041,529	(1,041,529)
Benefit payments, including refunds	(3,773,545)	(3,773,545)	-
Administrative Expense	-	(10,830)	10,830
Net Changes	<u>\$ (1,995,159)</u>	<u>\$ (1,042,846)</u>	<u>\$ (952,313)</u>
Balances at 6/30/2014	<u>\$ 32,200,647</u>	<u>\$ 22,931,289</u>	<u>\$ 9,269,358</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

The components of the Net Pension Liability of the City of Alexandria Defined Benefit Plans as of June 30, 2014 are as follows:

	Firefighters' & Police Officers' Pension Plan	Firefighters' & Police Officers' Disability Pension Plan	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
Total Pension Liability	\$ 278,083,537	\$ 36,528,001	\$ 143,067,052	\$ 32,200,647
Plan Fiduciary Net Position	228,300,354	15,731,659	138,824,248	22,931,289
Net Pension Liability	<u>\$ 49,783,183</u>	<u>\$ 20,796,342</u>	<u>\$ 4,242,804</u>	<u>\$ 9,269,358</u>

Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.1%	43.1%	97.0%	71.2%
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The following presents the Net Pension Liabilities of the City of Alexandria Defined Benefit Plans, calculated using the current discount rates, as well as what the Funds' Net Pension Liabilities would be if it were calculated using a discount rate that is 1.00% lower or higher than the current rate

Sensitivity of Net Pension Liability to Changes in the Discount Rate	Firefighters' & Police Officers' Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Total Pension Liability	\$ 316,449,078	\$ 278,083,537	\$ 246,311,981
Plan Fiduciary Net Position	228,300,354	228,300,354	228,300,354
Net Pension Liability	<u>\$ 88,148,724</u>	<u>\$ 49,783,183</u>	<u>\$ 18,011,627</u>

Plan Fiduciary Net Position as a percentage of Total Pension Liability	72.1%	82.1%	92.7%
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Sensitivity of Net Pension Liability to Changes in the Discount Rate	Firefighters' & Police Officers' Disability Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Total Pension Liability	\$ 39,603,052	\$ 36,528,001	\$ 33,856,367
Plan Fiduciary Net Position	15,731,659	15,731,659	15,731,659
Net Pension Liability	<u>\$ 23,871,393</u>	<u>\$ 20,796,342</u>	<u>\$ 18,124,708</u>

Plan Fiduciary Net Position as a percentage of Total Pension Liability	39.7%	43.1%	46.5%
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Sensitivity of Net Pension Liability to Changes in the Discount Rate	Supplemental Retirement Plan		
	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Total Pension Liability	\$ 154,963,648	\$ 143,067,052	\$ 131,510,462
Plan Fiduciary Net Position	138,824,248	138,824,248	138,824,248
Net Pension Liability	<u>\$ 16,139,400</u>	<u>\$ 4,242,804</u>	<u>\$ (7,313,786)</u>

Plan Fiduciary Net Position as a percentage of Total Pension Liability	89.6%	97.0%	105.6%
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Sensitivity of Net Pension Liability to Changes in the Discount Rate	Pension Plan for Firefighters & Police Officers		
	1% Decrease	Current Discount Rate	1% Increase
	4.50%	5.50%	6.50%
Total Pension Liability	\$ 34,305,619	\$ 32,200,647	\$ 30,322,199
Plan Fiduciary Net Position	22,931,289	22,931,289	22,931,289
Net Pension Liability	<u>\$ 11,374,330</u>	<u>\$ 9,269,358</u>	<u>\$ 7,390,910</u>

Plan Fiduciary Net Position as a percentage of Total Pension Liability	66.8%	71.2%	75.6%
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**Exhibit XII  
(Continued)**

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

**DESCRIPTION OF BENEFITS:**

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

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

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

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

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

**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.

**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.

**NOTE 18. TERMINATION BENEFITS**

The City provided termination benefits to Thirty Three employees in fiscal year 2014. The benefits consisted of three to six weeks of pay based on completed years of service. The total cost to the City was \$0.26 million. There were no other benefits provided.

**NOTE 19. NEW ACCOUNTING STANDARD ADOPTED**

During the fiscal year ended June 30, 2014, the City adopted the following new accounting standard issued by the Governmental Accounting Standards Board (GASB):

Statement No. 67, Financial Reporting for Pension Plans

Issued in June 2012, this statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

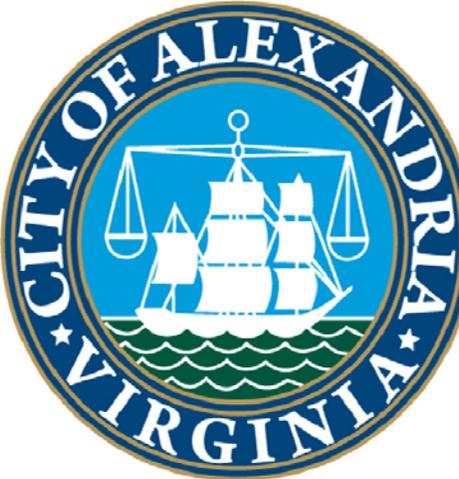
This Statement, along with Statement No. 68, Accounting and Financial Reporting for Pensions(to be adopted in FY 2015), establishes a definition of a pension that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial for activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.
- For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the

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

**NOTE 19. NEW ACCOUNTING STANDARD ADOPTED (Continued)**

- Pension plan (the net pension liability), about which information is required to be presented. The City's financial statements will not be affected until Statement 68 is adopted. Statement 67 does not apply to OPEB.



REQUIRED  
SUPPLEMENTARY  
INFORMATION  
(Unaudited)

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**

## EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Positive (Negative)
<b>Revenues:</b>				
General Property Taxes.....	\$ 401,555,032	\$ 401,555,032	\$ 403,229,553	\$ 1,674,521
Other Local Taxes.....	129,514,000	129,514,000	121,053,810	(8,460,190)
Permits, Fees, and Licenses.....	2,519,975	2,519,975	2,380,825	(139,150)
Fines and Forfeitures.....	5,322,000	5,322,000	5,187,003	(134,997)
Use of Money and Property.....	3,995,000	3,995,000	4,815,192	820,192
Charges for Services.....	16,694,959	16,694,959	16,844,363	149,404
Intergovernmental Revenues.....	55,243,798	55,346,298	56,334,736	988,438
Miscellaneous.....	782,000	782,000	1,569,960	787,960
<b>Total Revenues</b> .....	<b>\$ 615,626,764</b>	<b>\$ 615,729,264</b>	<b>\$ 611,415,442</b>	<b>\$ (4,313,822)</b>
<b>Expenditures:</b>				
City Council.....	\$ 527,725	\$ 528,370	\$ 528,304	\$ 66
City Manager.....	2,432,507	2,444,464	2,285,183	159,281
Office of Management and Budget.....	1,277,825	1,468,052	1,199,207	268,845
18th Circuit Court.....	1,609,069	1,611,951	1,413,776	198,175
18th General District Court.....	62,452	62,452	59,841	2,611
Juvenile And Domestic Relations Court.....	36,129	36,129	20,863	15,266
Commonwealth's Attorney.....	2,810,724	2,821,730	2,656,652	165,078
Sheriff.....	28,950,325	29,312,606	29,075,584	237,022
Clerk of Courts.....	1,665,830	1,671,723	1,577,792	93,931
Other Correctional Activities.....	5,460,936	5,460,936	5,332,690	128,246
Court Services.....	1,512,496	1,552,550	1,345,184	207,366
Human Rights.....	651,097	652,841	652,752	89
Internal Audit.....	723,098	774,059	570,839	203,220
Information Technology Services.....	8,255,909	8,570,835	7,772,589	798,246
Office of Communications.....	1,913,177	2,215,298	2,054,173	161,125
City Clerk and Clerk of Council.....	463,282	464,348	404,765	59,583
Finance.....	11,127,469	11,993,424	10,684,837	1,308,587
Real Estate Assessments.....	1,856,591	1,859,448	1,351,706	507,742
Human Resources.....	3,011,789	3,387,923	3,368,231	19,692
Planning and Zoning.....	5,813,984	6,031,201	5,946,899	84,302
Economic Development Activities.....	5,085,724	5,202,474	5,112,120	90,354
City Attorney.....	2,715,438	2,720,365	2,702,583	17,782
Registrar of Voters.....	1,215,161	1,271,543	1,180,621	90,922
General Services.....	12,512,518	12,846,691	12,512,219	334,472
Office of Proj. Implementation.....	337,568	338,880	136,265	202,615
Transportation and Environmental Services.....	27,694,611	28,767,448	27,662,554	1,104,894
Transit Subsidies.....	9,490,378	9,491,838	8,767,748	724,090
Fire.....	42,260,975	43,088,268	42,222,938	865,330
Police.....	55,021,466	55,542,915	54,279,889	1,263,026
Emergency Communication.....	6,699,221	7,201,274	6,661,707	539,567
Building and Fire Code Administration.....	822,975	858,876	837,365	21,511
Community and Human Services.....	13,801,164	14,747,106	14,062,997	684,109
Other Health Services.....	1,374,000	1,637,500	1,637,500	-
Health.....	6,851,046	7,121,110	6,626,548	494,562
Office of Historic Alexandria.....	2,690,087	2,711,065	2,641,336	69,729
Recreation and Cultural Activities.....	21,403,545	21,921,455	21,421,000	500,455
Other Educational Activities.....	11,785	11,785	11,785	-
Non Departmental (including debt service).....	67,789,202	65,898,310	65,985,703	(87,393)
<b>Total Expenditures</b> .....	<b>\$ 357,939,278</b>	<b>\$ 364,299,243</b>	<b>\$ 352,764,745</b>	<b>\$ 11,534,498</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of Refunding Bonds.....	\$ -	\$ 18,635,000	\$ 18,635,000	\$ -
Bond Premium.....	-	-	-	-
Payment to Refunded Bonds Escrow Agent.....	-	(18,531,679)	(18,531,679)	-
Transfers In.....	2,894,329	2,942,352	3,044,329	101,977
Transfers Out.....	(62,862,451)	(68,776,628)	(73,439,891)	(4,663,263)
Transfers Out - Component Units.....	(204,047,018)	(204,061,934)	(192,209,762)	11,852,172
<b>Total Other Financing Sources (Uses)</b> .....	<b>\$ (264,015,140)</b>	<b>\$ (269,792,889)</b>	<b>\$ (262,502,003)</b>	<b>\$ 7,290,886</b>
Net Change in Fund Balance.....	\$ (6,327,654)	\$ (18,362,868)	\$ (3,851,306)	\$ 14,511,562
Fund Balances at Beginning of Year.....	69,513,182	69,513,182	69,513,182	-
<b>Increase/(Decrease) in Reserve for Inventory</b> .....	<b>-</b>	<b>-</b>	<b>(409,608)</b>	<b>(409,608)</b>
<b>FUND BALANCES AT END OF YEAR</b> .....	<b>\$ 63,185,528</b>	<b>\$ 51,150,314</b>	<b>\$ 65,252,268</b>	<b>\$ 14,101,954</b>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2014**

## Exhibit XIV

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Positive (Negative)
<b>Revenues:</b>				
General Property Taxes.....	\$ 3,153,540	\$ 3,153,540	\$ 10,880,509	\$ 7,726,969
Permits, Fees and Licenses.....	6,262,999	6,262,999	9,147,246	2,884,247
Use of Money and Property.....	6,000	141,716	84,918	(56,798)
Charges for Services.....	15,834,020	16,118,502	16,046,524	(71,978)
Intergovernmental Revenues.....	63,213,696	85,581,501	54,946,336	(30,635,165)
Miscellaneous.....	3,791,542	9,373,021	6,146,117	(3,226,904)
Total Revenues.....	<u>\$ 92,261,797</u>	<u>\$ 120,631,279</u>	<u>\$ 97,251,650</u>	<u>\$ (23,379,629)</u>
Other Financing Sources:				
Transfers In.....	\$ 54,408,583	\$ 54,709,023	\$ 49,926,943	\$ (4,782,080)
<b>Total Other Financing Sources.....</b>	<b>\$ 54,408,583</b>	<b>\$ 54,709,023</b>	<b>\$ 49,926,943</b>	<b>\$ (4,782,080)</b>
<b>Total Revenues and Other Financing Sour</b>	<b>\$ 146,670,380</b>	<b>\$ 175,340,302</b>	<b>\$ 147,178,593</b>	<b>\$ (28,161,709)</b>
<b>Expenditures:</b>				
Commonwealth's Attorney.....	\$ 382,749	\$ 436,217	\$ 271,163	\$ 165,054
Sheriff.....	775,668	807,218	799,171	8,047
Clerk of Courts.....	59,986	104,915	-	104,915
Law Library.....	177,452	202,452	198,091	4,361
Other Correctional and Judicial Activities....	184,177	184,177	184,177	-
Court Services.....	411,225	443,504	228,129	215,375
Human Rights.....	94,164	94,164	41,404	52,760
Information Technology Services.....	129,063	149,063	144,548	4,515
Human Resources.....	36,067	36,067	-	36,067
Finance.....	616,449	696,449	468,800	227,649
Planning and Zoning.....	786,275	786,275	198,579	587,697
General Services.....	381,913	475,618	115,309	360,309
Transit Subsidies.....	-	18,263,136	17,581,090	682,046
Transportation and Environmental Services....	29,386,987	27,094,446	16,032,321	11,062,125
Fire.....	4,893,141	4,478,451	976,561	3,501,890
Building and Fire Code Administration.....	6,455,669	6,502,433	5,722,182	780,251
Police.....	2,207,336	2,500,132	1,250,385	1,249,747
Office of Housing.....	10,822,272	19,300,861	6,752,872	12,547,989
Community and Human Services.....	77,591,352	75,864,193	72,406,491	3,457,702
Alexandria Health.....	65,099	126,949	20,264	106,685
Historic Alexandria.....	625,582	666,731	456,067	210,664
Recreation and Cultural Activities.....	1,580,995	2,058,995	742,433	1,316,562
Non-Departmental.....	200,000	200,000	131,821	68,179
Total Expenditures.....	<u>\$ 137,863,621</u>	<u>\$ 161,472,446</u>	<u>\$ 124,721,858</u>	<u>\$ 36,750,588</u>
Other Financing Uses:				
Transfers Out.....	\$ (114,694)	\$ 3,207,392	\$ 4,225,812	\$ (1,018,420)
<b>Total Other Financing Uses.....</b>	<b>\$ (114,694)</b>	<b>\$ 3,207,392</b>	<b>\$ 4,225,812</b>	<b>\$ (1,018,420)</b>
<b>Total Expenditures and Other Financing U</b>	<b>\$ 137,748,927</b>	<b>\$ 164,679,838</b>	<b>\$ 128,947,670</b>	<b>\$ 35,732,168</b>
<b>Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing  </b>				
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,230,923.28</b>	<b>\$ 18,230,923</b>
Fund Balance at Beginning of Year.....	\$ -	\$ -	\$ 42,179,284	\$ 42,179,284
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,410,207</b>	<b>\$ 60,410,207</b>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Budgetary Comparison Schedules**  
**For Fiscal Year Ended June 30, 2013**

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 May 1, 2014, the City Council approved the original adopted budget and on June 15, 2014 approved the revised budget reflected in the required supplementary information.

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

<b>General Fund</b>					
Budget Statement Title	Budgetary Statement Amount	Adjustment for Transfer to Component Unit (Footnote 10)	Exhibit IV	Exhibit IV Title	
Other Educational Activities	\$ 11,785	\$ 185,611,472	\$ 185,623,257	Education	
Transit Subsidies	70,909	-	70,909	Transit	
Library Transfer	-	6,598,290	6,598,290	Library	
Other Expenditures (not listed separately)	371,213,731	-	371,213,731	Other Expenditures (not listed separately)	
<b>Total Expenditures</b>	<b>\$ 371,296,425</b>	<b>\$ 192,209,762</b>	<b>\$ 563,506,187</b>	<b>Total Expenditures</b>	
Transfers Out – Component Units	\$ 196,209,762	\$ (192,209,762)	\$ -	None	
Operating Transfers Out	73,439,890	-	73,439,890	Operating Transfers Out	
Other Financing	(3,147,650)	-	(3,147,341)	Other Expenditures (not listed separately)	
<b>Total Financing (Sources) Uses</b>	<b>\$ 262,502,002</b>	<b>\$ (192,209,762)</b>	<b>\$ 70,292,240</b>	<b>Total Financing Uses</b>	

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Public Employee Retirement Systems - Primary Government**  
**Required Supplementary Information**  
**For Fiscal Year Ended June 30, 2014**

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

**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)	06/30/2008	\$76,275,945	\$117,964,452	\$41,688,507	64.66%	\$126,492,987	32.96%
	06/30/2009	69,806,595	123,842,600	54,036,005	56.37%	125,803,615	42.95%
	07/01/2010	81,356,870	132,010,864	50,653,994	61.63%	124,936,457	40.54%
	07/01/2011	93,964,723	137,021,115	43,056,392	68.58%	125,569,484	34.29%
	07/01/2012	106,870,422	131,245,724	24,375,302	81.43%	129,419,066	18.83%
	07/01/2013	116,467,659	139,320,358	22,852,699	83.60%	139,893,391	16.34%
Pension for Fire and Police**	06/30/2008	29,043,189	47,171,730	18,128,541	61.57%	N/A	N/A
	06/30/2009	27,946,279	44,821,166	16,874,887	62.35%	N/A	N/A
	07/01/2010	26,886,856	41,265,691	14,378,835	65.16%	N/A	N/A
	07/01/2011	25,873,205	39,749,990	13,876,785	65.09%	N/A	N/A
	07/01/2012	24,947,060	36,871,790	11,924,730	66.66%	N/A	N/A
	07/01/2013	23,974,135	34,195,806	10,221,671	70.11%	N/A	N/A
Firefighters and Police Pension	07/01/2008	133,567,658	181,469,715	47,902,057	73.60%	33,485,674	143.05%
	07/01/2009	138,100,526	194,321,125	56,220,599	71.07%	33,261,971	169.02%
	07/01/2010	144,096,425	208,265,626	64,169,201	69.19%	32,638,214	196.61%
	07/01/2011	153,937,251	231,433,160	77,495,909	66.51%	32,058,296	241.73%
	07/01/2012	166,750,296	245,654,207	78,903,911	67.88%	33,013,511	239.00%
	07/01/2013	187,628,995	262,719,767	75,090,772	71.42%	34,424,794	218.13%
Fire and Police Disability	07/01/2008	14,305,285	16,804,777	2,499,492	85.13%	33,485,674	7.46%
	07/01/2009	13,542,378	19,153,249	5,610,871	70.71%	33,261,971	16.87%
	07/01/2010	13,534,949	18,477,276	4,942,327	73.25%	32,638,214	15.14%
	07/01/2011	12,723,954	21,814,160	9,090,206	58.33%	32,058,296	28.36%
	07/01/2012	12,688,726	26,548,564	13,859,838	47.79%	33,013,511	41.98%
	07/01/2013	13,431,955	33,729,716	20,297,761	39.82%	34,424,794	58.96%
Virginia Retirement System	06/30/2008	334,817,687	378,308,775	43,491,088	88.50%	114,427,304	38.01%
	06/30/2009	341,519,985	401,354,110	59,834,125	85.09%	115,516,783	51.80%
	06/30/2010	343,465,187	440,562,710	97,097,523	77.96%	112,083,557	86.63%
	06/30/2011	352,101,404	463,125,065	111,023,661	76.03%	115,330,876	96.27%
	06/30/2012	352,758,637	485,591,335	132,832,698	72.65%	117,489,335	113.06%
	06/30/2013	368,821,110	494,712,450	125,891,340	74.55%	123,842,881	101.65%

\*\* 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 2008. Only five years of information was available. This will be expanded when information becomes available.

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Public Employee Retirement Systems - Primary Government**  
**Required Supplementary Information**  
**For Fiscal Year Ended June 30, 2014**

## Exhibit XVI (Continued)

## SCHEDULES OF EMPLOYER CONTRIBUTIONS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Supplemental Plan (a)</b>										
Actuarial Determined Contribution	\$ 8,462,725	\$ 7,441,425	\$ 9,394,774	\$ 9,882,928	\$ 10,284,656	\$ 6,381,581	\$ 5,419,262	\$ 4,811,560	\$ 4,271,649	\$ 3,172,787
Actual Contribution Amounts	9,705,496	9,373,813	9,854,860	8,544,859	7,416,575	5,109,723	5,409,164	4,744,710	4,311,779	2,623,763
Contribution Deficiency (Excess)	\$ (1,242,771)	\$ (1,932,388)	\$ (460,086)	\$ 1,338,069	\$ 2,868,081	\$ 1,271,858	\$ 10,098	\$ 66,850	\$ (40,130)	\$ 549,024
Percentage of Actual Contribution Contributed	114.69%	125.97%	104.90%	86.46%	72.11%	80.07%	99.81%	98.61%	100.94%	82.70%
Covered-Employee Payroll	\$ 139,893,391	\$ 129,419,066	\$ 125,569,484	\$ 124,936,457	\$ 125,803,615	\$ 126,492,987	\$ 123,522,516	\$ 116,853,571	N/A	N/A
Contribution as a Percentage of Covered-Employee Payroll	6.94%	7.24%	7.85%	6.84%	5.90%	4.04%	4.38%	4.06%		
<b>Pension Plan for Fire and Police*</b>										
Actuarial Determined Contribution	\$ 1,211,013	\$ 1,332,955	\$ 1,472,059	\$ 1,443,056	\$ 1,623,492	\$ 1,679,131	\$ 1,209,549	\$ 1,187,836	\$ 932,554	\$ 1,547,955
Actual Contribution Amounts	1,700,000	1,700,000	1,700,000	1,700,000	1,679,131	1,707,836	850,000	1,500,000	1,058,000	902,000
Contribution Deficiency (Excess)	\$ (488,987)	\$ (367,045)	\$ (227,941)	\$ (256,944)	\$ (55,639)	\$ (28,705)	\$ 359,549	\$ (312,164)	\$ (125,446)	\$ 645,955
Percentage of Actual Contribution Contributed	140.38%	127.54%	115.48%	117.81%	103.43%	101.71%	70.27%	126.28%	113.45%	58.27%
Covered-Employee Payroll	N/A	N/A	N/A							
<b>Contribution as a Percentage of Firefighters and Police Pension</b>										
Actuarial Determined Contribution	\$ 10,471,367	\$ 10,291,033	\$ 9,770,783	\$ 8,268,658	\$ 7,916,599	\$ 7,184,309	\$ 7,116,057	\$ 6,985,282	\$ 5,938,572	\$ 4,890,046
Actual Contribution Amounts	10,398,552	8,634,820	8,330,531	7,651,601	7,062,118	7,087,325	7,221,966	6,374,061	5,812,579	5,297,649
Contribution Deficiency (Excess)	\$ 72,815	\$ 1,656,213	\$ 1,440,252	\$ 617,057	\$ 854,481	\$ 96,984	\$ (105,909)	\$ 611,221	\$ 125,993	\$ (407,603)
Percentage of Actual Contribution Contributed	99.30%	83.91%	85.26%	92.54%	89.21%	98.65%	101.49%	91.25%	97.88%	108.34%
Covered-Employee Payroll	\$ 34,424,794	\$ 33,013,511	\$ 32,058,296	\$ 32,638,214	\$ 33,261,971	\$ 33,485,674	\$ 32,564,077	\$ 31,961,191	\$ 29,132,558	\$ 25,268,564
Contribution as a Percentage of Covered-Employee Payroll	30.21%	26.16%	25.99%	23.44%	21.23%	21.17%	22.18%	19.94%	19.95%	20.97%
<b>Firefighters and Police Disability</b>										
Actuarial Determined Contribution	\$ 4,431,587	\$ 2,371,116	\$ 1,928,701	\$ 1,611,887	\$ 1,469,682	\$ 1,244,853	\$ 1,610,278	\$ 1,455,223	\$ 414,340	\$ 347,672
Actual Contribution Amounts	2,039,849	1,692,368	1,456,788	1,210,062	1,584,314	1,444,947	771,036	752,470	686,861	628,813
Contribution Deficiency (Excess)	\$ 2,391,738	\$ 678,748	\$ 471,913	\$ 401,825	\$ (114,632)	\$ (200,094)	\$ 839,242	\$ 702,753	\$ (272,521)	\$ (281,141)
Percentage of Actual Contribution Contributed	46.03%	71.37%	75.53%	75.07%	107.80%	116.07%	47.88%	51.71%	165.77%	180.86%
Covered-Employee Payroll	\$ 34,424,794	\$ 33,013,511	\$ 32,058,296	\$ 32,638,214	\$ 33,261,971	\$ 33,485,674	\$ 32,564,077	\$ 31,961,191	\$ 29,132,558	\$ 25,268,564
Contribution as a Percentage of Covered-Employee Payroll	5.93%	5.13%	4.54%	3.71%	4.76%	4.32%	2.37%	2.35%	2.36%	2.49%
<b>VRS</b>										
Actuarial Determined Contribution	\$ 12,629,447	\$ 12,542,600	\$ 8,274,478	\$ 8,772,167	\$ 7,977,375	\$ 8,149,979	\$ 7,490,208	\$ 7,077,570	\$ 1,470,239	\$ 1,386,592
Actual Contribution Amounts	12,629,447	12,542,600	8,274,478	8,772,167	7,977,375	8,149,979	7,490,208	7,077,570	1,470,239	1,386,592
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Percentage of Actual Contribution Contributed	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Covered-Employee Payroll	\$ 123,842,881	\$ 117,489,335	\$ 115,330,876	\$ 112,083,557	\$ 115,516,783	\$ 114,427,304	\$ 108,719,495	\$ 100,219,243	\$ 93,142,752	\$ 90,113,045
Contribution as a Percentage of Covered-Employee Payroll	10.20%	10.68%	7.17%	7.83%	6.91%	7.12%	6.89%	7.06%	1.58%	1.54%

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

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

(a) The aggregate actuarial cost method was changed to entry age cost method for the City Supplemental plan during fiscal year 2007. No covered-employee payroll is available for 2006 and 2005.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Public Employee Retirement Systems - Primary Government**  
**Required Supplementary Information**  
**For Fiscal Year Ended June 30, 2014**

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

	Last 10 Fiscal Years			
	<b>Firefighters' &amp; Police Officers' Pension Plan</b>	<b>2014 Firefighters' &amp; Police Officers' Disability Pension Plan</b>	<b>Supplemental Retirement Plan</b>	<b>Pension Plan for Firefighters &amp; Police Officers</b>
<b><u>Total Pension Liability</u></b>				
Service Cost	\$ 5,749,258	\$ 2,699,276	\$ 4,812,530	\$ -
Interest	19,761,542	2,638,659	10,210,998	1,778,386
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	-	-	-	-
Changes in assumptions	-	-	-	-
Benefit payments, including refunds	(10,147,030)	(2,539,650)	(11,276,834)	(3,773,545)
Net Change in Total Pension Liability	\$ 15,363,770	\$ 2,798,285	\$ 3,746,694	\$ (1,995,159)
<b>Total Pension Liability - Beginning of Year</b>	<b>262,719,767</b>	<b>33,729,716</b>	<b>139,320,358</b>	<b>34,195,806</b>
<b>Total Pension Liability - End of Year</b>	<b>\$ 278,083,537</b>	<b>\$ 36,528,001</b>	<b>\$ 143,067,052</b>	<b>\$ 32,200,647</b>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions - employer	\$ 10,398,552	\$ 2,039,849	\$ 9,705,496	\$ 1,700,000
Contributions - employee	2,392,226	259,585	605,369	1
Net investment income	33,401,003	2,327,679	20,744,991	1,041,529
Benefit payments, including refunds	(10,147,030)	(2,539,650)	(11,276,834)	(3,773,545)
Administration Expenses	(379,242)	(86,762)	(997,375)	(10,830)
Net Change in Plan Fiduciary Net Position	\$ 35,665,509	\$ 2,000,701	\$ 18,781,647	\$ (1,042,845)
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<b>192,634,845</b>	<b>13,730,958</b>	<b>120,042,601</b>	<b>23,974,135</b>
<b>Plan Fiduciary Net Position - End of Year</b>	<b>\$ 228,300,354</b>	<b>\$ 15,731,659</b>	<b>\$ 138,824,248</b>	<b>\$ 22,931,289</b>
<b>Net Pension Liability - End of Year</b>	<b>\$ 49,783,183</b>	<b>\$ 20,796,342</b>	<b>\$ 4,242,804</b>	<b>\$ 9,269,358</b>
<b>Plan Fiduciary Net Position as a percentage of Total Pension Liability</b>	<b>82.1%</b>	<b>43.1%</b>	<b>97.0%</b>	<b>71.2%</b>
<b>Covered Employee Payroll</b>	<b>\$ 34,424,794</b>	<b>\$ 34,424,794</b>	<b>\$ 145,139,393</b>	<b>-</b>
<b>Net Pension Liability as a percentage of Covered Payroll</b>	<b>144.6%</b>	<b>60.4%</b>	<b>2.9%</b>	<b>N/A</b>

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

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

**Money-Weighted Rate of Return**

Last 10 Fiscal Years

<b>Firefighters' &amp; Police Officers' Pension Plan</b>	<b>Supplemental Retirement Plan</b>	<b>Pension Plan for Firefighters &amp; Police Officers</b>
17.48%	17.60%	4.42%

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

**CITY OF ALEXANDRIA, VIRGINIA  
Other Post-Employment Benefits (OPEB)  
Required Supplementary Information  
For Fiscal Year Ended June 30, 2014**

**Exhibit XVI  
(Continued)**

**SCHEDULE OF FUNDING PROGRESS**

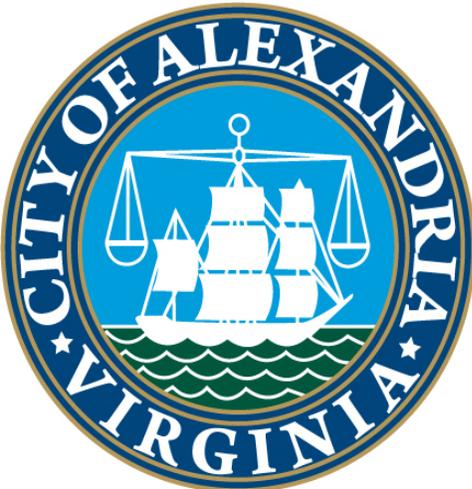
(1)	(2)	(3)	(4)	(5)	(6)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1/2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
Regular OPEB						
12/31/2008	\$4,316,727	\$89,900,789	\$85,584,062	4.80%	\$146,884,002	58.27%
12/31/2009	8,201,742	90,681,046	82,479,304	9.04%	147,006,590	56.11%
12/31/2010	11,668,519	80,569,082	68,900,563	14.48%	146,101,440	47.16%
12/31/2011	15,081,559	81,202,583	66,121,024	18.57%	148,202,583	44.62%
12/31/2012	19,796,803	88,766,245	68,969,442	22.30%	150,176,760	45.93%
12/31/2013	26,507,342	89,926,799	63,419,457	29.48%	163,191,871	38.86%
Line of Duty						
12/31/2012	-	16,630,789	16,630,789	0.00%	150,176,760	11.07%
12/31/2013	-	28,618,663	28,618,663	0.00%	52,648,238	54.36%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Actuarial Date	Annual Required Contribution	Percentage Contributed
Regular OPEB		
6/30/2009	\$10,800,769	94.6%
6/30/2010	10,306,577	106.2%
6/30/2011	7,415,385	110.1%
6/30/2012	7,375,458	109.6%
6/30/2013	7,931,885	102.2%
6/30/2014	7,696,929	80.0%
Line of Duty		
6/30/2013	\$2,570,837	34.8%
6/30/2014	5,839,828	19.7%





# **OTHER SUPPLEMENTARY INFORMATION**

## Agency Funds

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Statement of Changes in Assets and Liabilities – Agency Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>HUMAN SERVICES SPECIAL WELFARE ACCOUNT</b>				
Assets:				
Cash and Investments with Fiscal Agent.....	\$ 3,509	\$ 21,008	\$ 19,521	\$ 4,996
Liabilities:				
Other Liabilities.....	\$ 3,509	\$ 21,008	\$ 19,521	\$ 4,996
Total Liabilities.....	<u>\$ 3,509</u>	<u>\$ 21,008</u>	<u>\$ 19,521</u>	<u>\$ 4,996</u>
<b>HUMAN SERVICES DEDICATED ACCOUNT</b>				
Assets:				
Cash and Investments with Fiscal Agent.....	\$ 51,479	\$ 25,443	\$ -	\$ 76,922
Liabilities:				
Other Liabilities.....	\$ 51,479	\$ 25,443	\$ -	\$ 76,922
Total Liabilities.....	<u>\$ 51,479</u>	<u>\$ 25,443</u>	<u>\$ -</u>	<u>\$ 76,922</u>
<b>INDUSTRIAL DEVELOPMENT AUTHORITY</b>				
Assets:				
Equity in Pooled Cash and Investments.....	\$ 114,702	\$ 38,457	\$ 129,885	\$ 23,474
Liabilities:				
Vouchers Payable.....	\$ 50,000	\$ 65,000	\$ 115,000	\$ -
Other Liabilities.....	64,702	38,457	79,885	23,474
Total Liabilities.....	<u>\$ 114,702</u>	<u>\$ 103,457</u>	<u>\$ 194,885</u>	<u>\$ 23,474</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
Assets:				
Cash and Investments with Fiscal Agent.....	\$ 54,988	\$ 46,451	\$ 19,521	\$ 81,918
Equity in Pooled Cash and Investments.....	114,702	38,457	129,885	23,474
Total Assets.....	<u>\$ 169,690</u>	<u>\$ 84,908</u>	<u>\$ 149,406</u>	<u>\$ 105,392</u>
Liabilities:				
Vouchers Payable.....	\$ 50,000	\$ 65,000	\$ 115,000	\$ -
Other Liabilities.....	119,690	84,908	99,406	105,392
Total Liabilities.....	<u>\$ 169,690</u>	<u>\$ 149,908</u>	<u>\$ 214,406</u>	<u>\$ 105,392</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Cash Flows**  
**Component Unit**  
**Alexandria Transit Company**  
**As of June 30, 2014**

Cash Flows from Operating Activities:	
Cash Received From Customers.....	\$ 4,717,745
Cash Payments to Suppliers for Goods and Services.....	(4,456,398)
Cash Payments to Employees for Services.....	(10,443,939)
Net Cash Used for Operating Activities.....	<u>\$ (10,182,592)</u>
Cash Flows from Noncapital Financing Activities:	
Payment from Primary Government.....	\$ 10,659,632
Cash Received from Other Nonoperating Revenue.....	44,972
Net Cash Provided by Noncapital and Related Financing Activities.....	<u>\$ 10,704,604</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets.....	\$ (255,774)
Net Cash Used for Capital and Related Financing Activities.....	<u>\$ (255,774)</u>
Net Increase in Cash and Cash Equivalents.....	\$ 266,238
Cash and Cash Equivalents at Beginning of Year.....	1,614,871
<b>Cash and Cash Equivalents at End of Year.....</b>	<b><u>\$ 1,881,109</u></b>
Reconciliation of Operating Loss to Cash Used for	
Operating Activities:	
Operating Loss.....	<u>\$ (11,990,261)</u>
Adjustments to Reconcile Operating Loss to Net Cash	
Used for Operating Activities:	
Depreciation Expense.....	\$ 2,099,224
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable.....	(20,698)
Increase in Inventory of Supplies.....	8,231
Decrease in Prepaid Expenses.....	104,209
(Decrease) in Accounts Payable.....	(455,267)
Increase in Accrued Liabilities.....	82,137
Increase in Other Liabilities.....	(10,167)
Total Adjustments.....	<u>\$ 1,807,669</u>
<b>Net Cash Used for Operating Activities.....</b>	<b><u>\$ (10,182,592)</u></b>

## Special Revenue Funds

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

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

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

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

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

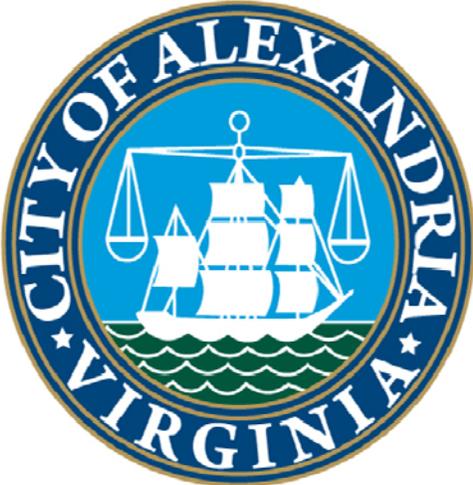
**Other Special Revenue** – This fund accounts for grants and donations.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Balance Sheet**  
**Special Revenue Fund**  
**As of June 30, 2014**

	<u>Housing</u>	<u>Sanitary Sewer</u>	<u>Stormwater</u>	<u>Potomac Yard</u>	<u>NVTA</u>	<u>Other Special Revenue</u>	<u>Total Combined Special Revenue</u>
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 997,644	\$ 17,998,895	\$ 472,790	\$ 4,750,161	\$ 5,943,470	\$ 28,121,188	\$ 58,284,148
Receivables, Net	-	452,484	-	-	1,160,168	3,544,036	5,156,688
Due From Other Governments	-	-	-	-	-	7,689,255	7,689,255
Prepaid and Other Assets	-	-	-	-	72,417	76,640	149,057
Total Assets	<u>\$ 997,644</u>	<u>\$ 18,451,379</u>	<u>\$ 472,790</u>	<u>\$ 4,750,161</u>	<u>\$ 7,176,055</u>	<u>\$ 39,431,119</u>	<u>\$ 71,279,148</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ 2,691	\$ 104,541	\$ 32,303	\$ -	\$ -	\$ 3,503,478	\$ 3,643,013
Accrued Wages	32,956	59,752	26,382	-	-	1,345,017	1,464,107
Unearned Revenue	-	-	-	-	-	5,761,821	5,761,821
Total Liabilities	<u>\$ 35,647</u>	<u>\$ 164,293</u>	<u>\$ 58,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,610,316</u>	<u>\$ 10,868,941</u>
<b>FUND BALANCES</b>							
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,498,321	\$ 2,498,321
Restricted	961,997	-	-	-	-	11,211,859	12,173,856
Committed	-	18,287,086	414,105	4,750,161	7,176,055	15,110,623	45,738,030
Assigned	-	-	-	-	-	-	-
Total Fund Balances	<u>\$ 961,997</u>	<u>\$ 18,287,086</u>	<u>\$ 414,105</u>	<u>\$ 4,750,161</u>	<u>\$ 7,176,055</u>	<u>\$ 28,820,803</u>	<u>\$ 60,410,207</u>
Total Liabilities and Fund Balances	<u>\$ 997,644</u>	<u>\$ 18,451,379</u>	<u>\$ 472,790</u>	<u>\$ 4,750,161</u>	<u>\$ 7,176,055</u>	<u>\$ 39,431,119</u>	<u>\$ 71,279,148</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2014**

	Housing	Sewer	Stormwater	Potomac Yard	NVTA	Other Special Revenue	Total Combined Special Revenue
<b>REVENUES</b>							
General Property Taxes	\$ -	\$ -	\$ 1,754,894	\$ 2,839,435	\$ 6,286,180	\$ -	\$ 10,880,509
Permits, Fees, and Licenses	-	-	-	-	-	9,147,246	9,147,246
Use of Money and Property	-	-	-	-	1,145	83,773	84,918
Charges for Services	-	9,171,107	-	-	-	6,875,417	16,046,524
Intergovernmental Revenue	-	-	-	-	-	54,946,336	54,946,336
Miscellaneous	-	-	-	-	-	6,146,117	6,146,117
Total Revenues	<u>\$ -</u>	<u>\$ 9,171,107</u>	<u>\$ 1,754,894</u>	<u>\$ 2,839,435</u>	<u>\$ 6,287,325</u>	<u>\$ 77,198,889</u>	<u>\$ 97,251,650.00</u>
<b>EXPENDITURES</b>							
Current Operating:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,654	\$ 567,654
Judicial Administration	-	-	-	-	-	1,118,745	1,118,745
Public Safety	-	-	-	-	-	8,583,165	8,583,165
Public Works	-	3,209,052	895,920	-	37,270	618,080	4,760,322
Library	-	-	-	-	-	72,452,125	72,452,125
Transit	-	-	-	-	10,659,632	-	10,659,632
Culture and Recreation	-	-	-	-	-	1,206,735	1,206,735
Community Development	3,774,717	-	9,528	-	-	21,589,235	25,373,480
Total Expenditures	<u>\$ 3,774,717</u>	<u>\$ 3,209,052</u>	<u>\$ 905,448</u>	<u>\$ -</u>	<u>\$ 10,696,902</u>	<u>\$ 106,135,739</u>	<u>\$ 124,721,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (3,774,717)</u>	<u>\$ 5,962,055</u>	<u>\$ 849,446</u>	<u>\$ 2,839,435</u>	<u>\$ (4,409,577)</u>	<u>\$ (28,936,850)</u>	<u>\$ (27,470,208)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	\$ 2,083,565	\$ -	\$ -	\$ -	\$ 11,585,632	\$ 36,257,746	\$ 49,926,943
Transfers Out	-	(3,076,898)	(597,509)	-	-	(551,405)	(4,225,812)
Total Other Financing Sources and Uses	<u>\$ 2,083,565</u>	<u>\$ (3,076,898)</u>	<u>\$ (597,509)</u>	<u>\$ -</u>	<u>\$ 11,585,632</u>	<u>\$ 35,706,341</u>	<u>\$ 45,701,131</u>
Net Change in Fund Balance	(1,691,152)	2,885,157	251,937	2,839,435	7,176,055	6,769,491	18,230,923
Fund Balance at Beginning of Year	2,653,149	15,401,929	162,168	1,910,726	-	22,051,312	42,179,284
Fund Balance at End of Year	<u>\$ 961,997</u>	<u>\$ 18,287,086</u>	<u>\$ 414,105</u>	<u>\$ 4,750,161</u>	<u>\$ 7,176,055</u>	<u>\$ 28,820,803</u>	<u>\$ 60,410,207</u>



# **STATISTICAL SECTION**

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

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

Table I - Schedule of Changes in Net Position

Table II - Changes in Fund Balances Governmental Funds

Table VII - Net Position

Table VIII - Fund Balances Governmental Funds

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

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

Table III - Tax Revenues by Source

Tables IV and V - Tax Levies and Collections

Table VI - Real and Personal Property Tax Assessments and Rates

Table IX - 2014 Tax Rates for Major Revenue Sources

Table XV and XVI - Principal Taxpayers

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

Table X - Legal Debt Margin Information

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

Table XXII - Overlapping Debt and Debt History

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

Table XXIII - Summary of Total General Obligation Bonds Debt Service

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

Table XIV - Population and Per Capita Income

Table XVII - Alexandria City School Board Demographic Statistics

Table XVIII - Government Employees by Function

Table XIX - Principal Employers

Table XXI - Miscellaneous Statistical Data

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

Table XX – Operating and Capital Indicators

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

TABLE I

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 47.7	\$ 47.5	\$ 63.6	\$ 64.6	\$ 79.5	\$ 61.1	\$ 59.2	\$ 84.7	\$ 75.3	\$ 71.3
Judicial Administration	14.6	15.6	17.7	19.3	19.3	19.3	19.8	20.5	20.8	20.6
Public Safety	96.5	106.9	112.3	114.5	120.5	118.3	122.2	126.9	131.6	141.1
Public Works	40.0	41.1	44.3	48.8	48.5	57.0	51.0	56.4	52.9	68.0
Library	6.0	6.4	6.8	6.9	6.8	6.1	5.9	6.2	6.4	6.6
Health and Welfare	79.4	84.3	89.4	96.2	97.3	90.8	92.7	93.6	92.4	93.8
Transit	10.5	12.5	14.1	14.1	12.5	13.1	16.3	15.9	17.8	10.7
Culture and Recreation	26.1	25.3	26.9	30.4	28.1	25.9	28.3	27.7	28.9	29.8
Community Development	16.1	24.4	35.0	40.6	30.4	21.0	24.6	34.3	40.2	45.7
Education	142.2	139.9	153.7	168.5	173.8	173.3	174.8	185.2	194.6	189.1
Interest on Long-term Debt	9.5	10.4	13.5	12.5	10.9	16.4	17.3	22.0	22.5	23.8
Total Governmental Activities	\$ 488.6	\$ 514.3	\$ 577.3	\$ 616.4	\$ 627.6	\$ 602.3	\$ 612.1	\$ 673.4	\$ 683.4	\$ 700.5
Total Primary Government Expenses	\$ 488.6	\$ 514.3	\$ 577.3	\$ 616.4	\$ 627.6	\$ 602.3	\$ 612.1	\$ 673.4	\$ 683.4	\$ 700.5
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ -	\$ -	\$ 6.3	\$ 5.6	\$ 1.4	\$ 2.0	\$ 1.3	\$ 1.5	\$ 3.6	\$ 2.2
Judicial Administration	2.0	2.0	2.0	1.9	1.6	1.5	1.7	1.7	1.6	1.3
Public Safety	8.4	10.6	11.5	10.7	15.5	11.1	13.3	14.4	17.0	17.7
Public Works	13.2	16.9	16.1	17.4	18.1	18.0	21.3	23.5	27.8	23.7
Library	-	-	-	-	-	-	-	-	-	-
Health and Welfare	5.1	5.4	6.4	6.7	6.6	6.7	6.4	6.7	6.2	6.4
Transit	-	2.3	-	-	-	-	-	-	-	-
Culture and Recreation	1.7	3.1	2.5	3.0	2.9	3.1	3.1	5.4	3.7	3.9
Community Development	-	60.3	4.9	6.0	8.2	1.6	3.9	2.7	4.2	6.6
Operating Grants and Contributions	59.6	9.9	61.0	61.3	63.2	65.2	65.0	66.4	75.0	78.8
Capital Grants and Contributions	5.1	-	18.2	7.6	20.5	50.2	7.4	19.6	18.5	15.1
Total Governmental Activities	\$ 95.1	\$ 110.5	\$ 128.9	\$ 120.2	\$ 138.0	\$ 159.4	\$ 123.4	\$ 141.9	\$ 157.6	\$ 155.7
Total Primary Government Revenues	\$ 95.1	\$ 110.5	\$ 128.9	\$ 120.2	\$ 138.0	\$ 159.4	\$ 123.4	\$ 141.9	\$ 157.6	\$ 155.7

Amounts may not add due to rounding

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

TABLE I (continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Net (Expense) (Revenue)</b>										
General Government	\$ (47.7)	\$ (47.5)	\$ (57.3)	\$ (57.7)	\$ (77.6)	\$ (58.5)	\$ (56.4)	\$ (82.4)	\$ (70.8)	\$ (68.1)
Judicial Administration	(12.6)	(13.6)	(15.7)	(13.1)	(13.7)	(14.2)	(14.1)	(15.2)	(15.5)	(16.4)
Public Safety	(88.1)	(98.5)	(100.8)	(89.6)	(91.8)	(93.5)	(96.2)	(99.0)	(99.3)	(108.1)
Public Works	(26.8)	(27.9)	(28.2)	(20.7)	(4.8)	19.3	(15.8)	(9.6)	(3.3)	(23.6)
Library	(6.0)	(6.4)	(6.8)	(6.9)	(6.8)	(6.1)	(5.9)	(6.2)	(6.4)	(6.6)
Health and Welfare	(74.3)	(79.2)	(83.0)	(57.2)	(54.7)	(49.1)	(51.4)	(54.2)	(56.5)	(56.2)
Transit	(10.5)	(12.5)	(14.1)	(14.1)	(12.6)	(13.1)	(16.3)	(15.9)	(17.8)	(10.7)
Culture and Recreation	(24.4)	(23.6)	(24.4)	(27.2)	(25.0)	(22.3)	(24.7)	(22.0)	(24.6)	(25.6)
Community Development	(15.8)	(24.4)	(30.1)	(28.9)	(26.0)	(15.2)	(15.4)	(19.9)	(14.5)	(16.7)
Education	(142.2)	(139.9)	(153.7)	(168.5)	(165.7)	(173.3)	(174.8)	(185.2)	(194.6)	(189.1)
Interest on Long-term Debt	(9.5)	(10.4)	(13.5)	(12.4)	(10.9)	(16.3)	(17.3)	(21.9)	(22.5)	(23.8)
Subtotal Governmental Activities	\$ (457.9)	\$ (483.9)	\$ (527.6)	\$ (496.3)	\$ (489.6)	\$ (442.3)	\$ (488.3)	\$ (531.5)	\$ (525.8)	\$ (544.9)
Total Primary Government	\$ (457.9)	\$ (483.9)	\$ (527.6)	\$ (496.3)	\$ (489.6)	\$ (442.3)	\$ (488.3)	\$ (531.5)	\$ (525.8)	\$ (544.9)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Real Estate	\$ 234.3	\$ 255.4	\$ 275.4	\$ 289.3	\$ 296.4	\$ 304.3	\$ 315.6	\$ 321.6	\$ 333.8	\$ 360.7
Personal Property	32.0	33.1	35.3	38.6	37.9	32.9	37.0	48.2	58.6	47.2
Other	101.5	109.4	111.0	112.2	112.3	114.3	118.2	121.1	125.4	127.3
Transfer	-	-	-	-	-	-	-	-	-	-
Grants and Contributions										
not restricted to other programs	29.5	31.0	32.4	31.8	32.4	31.5	32.4	41.5	36.9	36.1
Interest and Investment Earnings	4.9	9.1	6.9	6.0	1.7	0.4	1.0	1.3	0.8	4.9
Miscellaneous	0.5	0.8	0.6	0.6	1.1	0.8	1.0	1.2	1.4	2.0
Subtotal Governmental Activities	\$ 402.7	\$ 438.9	\$ 461.6	\$ 478.5	\$ 481.8	\$ 484.2	\$ 505.2	\$ 534.9	\$ 556.9	\$ 578.2
Business-type Activities:										
Total Primary Government	\$ 402.7	\$ 438.9	\$ 461.6	\$ 478.5	\$ 481.8	\$ 484.2	\$ 505.2	\$ 534.9	\$ 556.9	\$ 578.2
Change in Net Position										
Governmental Activities:	\$ (55.2)	\$ (45.0)	\$ (66.0)	\$ (17.8)	\$ (7.8)	\$ 41.9	\$ 16.9	\$ 3.3	\$ 31.1	\$ 33.3
	\$ (55.2)	\$ (45.0)	\$ (66.0)	\$ (17.8)	\$ (7.8)	\$ 41.9	\$ 16.9	\$ 3.3	\$ 31.1	\$ 33.3

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

TABLE II

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Property Taxes	\$ 265.3	\$ 290.1	\$ 310.8	\$ 324.1	\$ 333.5	\$ 337.2	\$ 351.6	\$ 366.2	\$ 385.2	\$ 407.8
Other Local Taxes	101.5	109.5	111.0	112.3	112.3	114.4	118.3	121.1	125.3	127.3
Permits Fees and License	4.5	6.5	7.2	5.8	5.7	4.8	7.1	8.8	10.6	11.5
Fines and Forfeitures	4.0	3.5	3.6	3.9	4.1	3.9	4.5	4.9	5.1	5.2
Use of Money and Property	7.9	12.1	15.8	12.0	6.2	3.8	4.1	4.6	4.2	5.2
Charges for Services	19.2	23.9	23.2	25.8	25.3	27.0	29.9	32.2	34.6	32.9
Intergovernmental Revenue	90.1	92.1	111.5	100.7	116.0	110.1	101.9	111.1	125.9	126.5
Sale of Surplus Property	-	0.5	-	-	-	-	-	-	-	-
Miscellaneous and Non Revenue Receipts	4.2	5.1	7.3	10.2	15.8	5.5	7.5	8.3	10.2	9.9
<b>Total Governmental Revenues</b>	<b>\$ 496.7</b>	<b>\$ 543.3</b>	<b>\$ 590.4</b>	<b>\$ 594.8</b>	<b>\$ 618.9</b>	<b>\$ 606.7</b>	<b>\$ 624.9</b>	<b>\$ 657.2</b>	<b>\$ 701.1</b>	<b>\$ 726.3</b>
Expenditures										
General Government	\$ 37.7	\$ 39.6	\$ 45.5	\$ 43.0	\$ 46.7	\$ 45.2	\$ 44.3	\$ 46.8	\$ 45.2	\$ 45.2
Judicial Administration	14.1	15.0	17.1	18.7	18.9	18.8	19.3	20.0	20.3	20.1
Public Safety	93.8	104.5	109.6	112.2	116.8	115.0	118.4	123.8	131.0	134.8
Public Works	30.1	32.6	35.5	36.7	36.9	42.3	37.9	41.0	40.3	49.6
Library	6.0	6.4	6.8	6.9	6.8	6.1	5.9	6.1	6.4	6.6
Health and Welfare	78.9	83.9	88.9	95.7	96.8	90.2	92.1	93.1	91.8	93.1
Transit and Transit Transfer	10.5	12.5	14.1	14.1	12.5	13.1	16.3	15.9	17.8	10.7
Culture and Recreation	20.1	21.8	23.6	24.5	23.2	21.8	22.8	23.2	24.6	25.3
Community Development	15.1	23.3	31.3	34.4	28.5	19.3	22.8	25.9	35.8	41.4
Education	141.7	139.4	150.7	164.2	168.0	167.5	170.1	178.5	185.8	185.9
Capital Outlay	51.5	79.1	93.5	75.8	100.7	93.4	91.5	71.8	70.9	91.1
Debt Service - Principal	13.2	16.5	17.7	18.2	19.1	19.5	21.1	23.7	27.5	33.5
- Interest	9.6	10.5	13.3	12.3	12.8	15.1	17.4	19.5	22.4	23.8
<b>Total Governmental Expenditures</b>	<b>\$ 522.3</b>	<b>\$ 585.1</b>	<b>\$ 647.6</b>	<b>\$ 656.7</b>	<b>\$ 687.7</b>	<b>\$ 667.3</b>	<b>\$ 679.9</b>	<b>\$ 689.3</b>	<b>\$ 719.8</b>	<b>\$ 761.1</b>
Excess of Revenues over (under) expenditures	\$ (25.6)	\$ (41.8)	\$ (57.2)	\$ (61.9)	\$ (68.8)	\$ (60.6)	\$ (55.0)	\$ (32.1)	\$ (18.7)	\$ (34.8)
<b>Other Financing Sources/(Uses)</b>										
Issuance of Debt	\$ 55.8	\$ 72.7	\$ 0.1	\$ -	\$ 145.7	\$ -	\$ 74.2	\$ 74.8	\$ 88.1	\$ 70.7
Sale of Land	-	-	-	-	-	-	-	0.6	-	1.2
Transfers in	54.7	59.0	49.1	67.8	58.9	48.6	47.9	61.7	82.8	77.8
Transfers out	(54.7)	(59.5)	(50.0)	(67.8)	(58.2)	(48.9)	(48.1)	(65.2)	(82.8)	(81.2)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 55.8</b>	<b>\$ 72.2</b>	<b>\$ (0.8)</b>	<b>\$ -</b>	<b>\$ 146.4</b>	<b>\$ (0.3)</b>	<b>\$ 74.0</b>	<b>\$ 71.9</b>	<b>\$ 88.1</b>	<b>\$ 68.5</b>
Net change in Fund Balance	<b>\$ 30.2</b>	<b>\$ 30.4</b>	<b>\$ (58.0)</b>	<b>\$ (61.9)</b>	<b>\$ 77.6</b>	<b>\$ (60.9)</b>	<b>\$ 19.0</b>	<b>\$ 39.8</b>	<b>\$ 69.4</b>	<b>\$ 33.7</b>
Debt Service as percentage of noncapital expenditures	4.84%	5.34%	5.59%	5.25%	5.43%	6.03%	6.54%	7.00%	7.70%	8.55%

Amounts may not add due to rounding

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

TABLE III

Fiscal Year		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Property Taxes</b>	<b>Real Estate</b>	\$ 232,528,457	\$ 255,141,063	\$ 274,477,589	\$287,344,299	\$ 295,518,893	\$ 302,666,192	\$ 314,506,526	\$ 326,248,520	\$ 343,336,713	362,339,024
	<b>Personal</b>	31,243,560	33,163,126	34,487,106	34,883,037	36,023,945	32,923,178	34,891,944	37,897,525	39,694,273	43,799,341
	<b>Penalties and Interest</b>	1,514,783	1,751,503	1,856,927	1,885,683	1,939,225	1,631,548	2,246,186	2,092,976	2,140,497	1,685,517
<b>Other Local Taxes</b>	<b>Local Sales</b>	\$ 23,812,277	\$ 25,264,689	\$ 25,440,638	\$ 24,256,803	\$ 21,679,635	\$ 22,744,483	\$ 23,880,909	\$ 24,949,593	\$ 25,549,709	27,619,132
	<b>Utility</b>	18,520,667	17,587,865	13,836,170	10,019,854	10,409,248	10,462,233	10,812,989	10,322,623	10,650,297	11,460,413
	<b>Business License</b>	27,098,032	28,381,583	30,947,412	32,026,526	30,527,956	30,295,624	30,444,798	31,468,957	32,571,953	30,237,576
	<b>Cable TV Franchise License</b>	1,154,576	1,240,841	720,926	-	-	-	-	-	-	-
	<b>Motor Vehicle License</b>	2,460,980	2,461,023	2,429,078	3,197,576	3,085,288	3,172,254	3,324,937	3,348,075	3,501,907	3,557,565
	<b>Bank Franchise</b>	1,364,270	1,784,565	1,540,550	1,263,689	1,855,496	2,432,312	2,670,275	2,768,991	2,641,475	3,035,635
	<b>Tobacco</b>	2,277,366	2,840,486	2,932,386	2,681,573	2,719,084	2,910,382	2,777,052	2,674,157	2,567,249	2,927,125
	<b>Recordation</b>	7,244,022	7,818,676	6,561,330	4,947,208	3,206,705	3,313,547	3,668,663	5,152,593	5,847,889	5,468,147
	<b>Transient Lodging</b>	7,183,067	7,811,884	7,415,060	8,506,762	10,592,806	10,824,410	11,245,201	11,375,121	11,774,914	11,568,709
	<b>Restaurant Food</b>	959,876	10,094,267	10,657,839	10,972,048	14,912,796	14,908,999	16,214,900	16,313,765	17,325,897	17,404,589
	<b>Telecommunication</b>	726,112	725,684	691,023	857,354	829,291	819,313	839,848	564,219	741,542	821,426
	<b>Admissions</b>	-	1,149,537	1,058,226	1,090,067	1,103,782	1,125,172	1,082,685	1,093,182	1,086,841	948,968
	<b>Cell Phone</b>	-	2,305,525	1,397,452	-	-	-	-	-	-	-
	<b>Communications Sales Tax</b>	-	-	5,318,253	12,402,256	11,268,560	11,315,541	11,259,534	11,030,711	11,060,107	10,871,785
<b>Other</b>	28,428	28,931	33,024	42,225	80,723	47,081	37,566	39,246	27,743	1,418,920	
<b>Total</b>		<u>\$ 366,755,360</u>	<u>\$ 399,551,248</u>	<u>\$ 421,800,989</u>	<u>\$436,376,960</u>	<u>\$ 445,753,433</u>	<u>\$ 451,592,269</u>	<u>\$ 469,904,013</u>	<u>\$ 487,340,254</u>	<u>\$ 510,519,006</u>	<u>\$ 535,163,872</u>

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

**Table IV**

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year*	Real Property (Amounts in thousands) Collected within the Fiscal Year of the Levy			Total Collections to date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
2004	\$225,156	\$223,047	99.06%	\$2,094	\$225,141	99.99%	
2005	250,180	247,166	98.80%	3,000	250,166	99.99%	
2006	266,852	264,951	99.29%	1,887	266,838	99.99%	
2007	282,562	279,948	99.07%	2,586	282,534	99.99%	
2008	296,189	292,996	98.92%	3,183	296,179	100.00%	
2009	306,524	305,691	99.73%	717	306,408	99.96%	
2010	308,847	305,548	98.93%	2,972	308,520	99.89%	
2011	315,441	314,116	99.58%	1,005	315,121	99.90%	
2012	327,335	324,947	99.27%	2,111	327,058	99.92%	
2013	352,622	351,598	99.71%	-	351,598	99.71%	

\* Levy adjusted for changes since original levy

**Personal Property  
(Amounts in thousands)**

**Table V**

Calendar Year Ended December 31,	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	Percentag e of Levy
2004	\$56,059	\$21,936	\$48,535	86.58%	\$3,860	\$52,395	93.46%
2005	58,942	22,558	50,422	85.55%	4,807	55,229	93.70%
2006	62,213	24,193	55,284	88.86%	2,745	58,029	93.27%
2007	61,974	23,849	55,247	89.15%	2,789	58,036	93.65%
2008	62,740	23,768	56,201	89.58%	2,661	58,862	93.82%
2009	60,820	24,635	54,784	90.08%	1,903	56,687	93.20%
2010	60,301	24,057	55,611	92.22%	2,472	58,083	96.32%
2011	62,364	23,033	58,042	93.07%	1,283	59,325	95.13%
2012	64,419	23,565	59,802	92.83%	2,517	62,319	96.74%
2013	67,544	23,335	65,664	97.22%	-	65,664	97.22%

\* Commonwealth reimbursement included in taxes levied and collections.

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

TABLE VI

Calendar Year	Real Property (\$000)				Personal Property (\$000)				
	Residential	Commercial	Total	Tax Rate per \$100	Motor Vehicle and Tangibles Assessments	Tax Rate per \$100	Machine and Tools Assessment	Tax Rate per \$100	Total Assessment
2004	\$13,224,543	\$9,532,642	\$22,757,185	\$0.995	\$1,391,110	\$4.75	\$17,895	\$4.50	\$1,409,005
2005	16,272,324	11,087,326	27,359,650	0.915	1,455,520	4.75	15,009	4.50	1,470,529
2006	20,331,756	12,574,963	32,906,719	0.815	1,394,947	4.75	14,906	4.50	1,409,853
2007	20,143,403	15,411,555	35,554,958	0.830	1,426,679	4.75	11,485	4.50	1,438,164
2008	20,139,614	14,963,203	35,102,817	0.845	1,354,932	4.75	17,837	4.50	1,372,769
2009	19,152,518	14,811,680	33,964,198	0.903	1,170,972	4.75	14,246	4.50	1,185,218
2010	18,270,905	13,378,585	31,649,490	0.978	1,226,896	4.75	14,336	4.50	1,241,232
2011	18,430,731	14,201,221	32,631,952	0.998	1,309,164	4.75	10,665	4.50	1,319,829
2012	18,715,707	15,066,989	33,782,696	0.998	1,343,202	4.75	12,631	4.50	1,355,833
2013	19,384,653	14,706,140	34,090,793	1.038	1,417,679	4.75	11,506	4.50	1,429,185

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Net Position**  
**Last Ten Fiscal Years**  
**(in millions)**

TABLE VII

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 100.2	\$ 105.6	\$ 170.0	\$ 231.0	\$ 153.3	\$ 248.0	\$ 335.4	\$ 321.6	\$ 329.5	344.2
Restricted for:										
Affordable Housing	-	3.0	0.3	-	-	-	-	-	-	-
Capital Projects	148.3	157.2	101.6	51.5	134.7	72.3	-	-	-	-
Unrestricted Net Assets	<u>63.9</u>	<u>81.6</u>	<u>88.7</u>	<u>60.3</u>	<u>47.0</u>	<u>57.3</u>	<u>59.0</u>	<u>76.2</u>	<u>99.4</u>	<u>115.2</u>
Total Governmental Activities Net Position	<u>\$ 312.4</u>	<u>\$ 347.4</u>	<u>\$ 360.6</u>	<u>\$ 342.8</u>	<u>\$ 335.0</u>	<u>\$ 377.6</u>	<u>\$ 394.4</u>	<u>\$ 397.8</u>	<u>\$ 428.9</u>	<u>\$ 459.4</u>
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 100.2	\$ 105.6	\$ 170.0	\$ 231.0	\$ 153.3	\$ 248.0	\$ 335.4	\$ 321.6	\$ 329.5	344.2
Restricted for:										
Affordable Housing	-	3.0	0.3	-	-	-	-	-	-	-
Capital Projects	148.3	157.2	101.6	51.5	134.7	72.3	-	-	-	-
Unrestricted Net Assets	<u>63.9</u>	<u>81.6</u>	<u>88.7</u>	<u>60.3</u>	<u>47.0</u>	<u>57.3</u>	<u>59.0</u>	<u>76.2</u>	<u>99.4</u>	<u>115.2</u>
Total Primary Government Net Position	<u>\$ 312.4</u>	<u>\$ 347.4</u>	<u>\$ 360.6</u>	<u>\$ 342.8</u>	<u>\$ 335.0</u>	<u>\$ 377.6</u>	<u>\$ 394.4</u>	<u>\$ 397.8</u>	<u>\$ 428.9</u>	<u>\$ 459.4</u>

Amounts may not add due to rounding

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

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

TABLE VIII

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved for:										
Encumbrances	\$ 2,087,658	\$ 1,845,820	\$ 2,345,051	\$ 1,579,168	\$ 1,967,201	\$ 2,007,557	\$ -	\$ -	\$ -	\$ -
Inventories	1,970,689	2,189,185	2,347,911	1,588,472	1,891,281	1,827,459	-	-	-	-
Notes Receivable	-	-	-	-	400,000	400,000	-	-	-	-
Unreserved	58,216,836	63,343,040	67,560,766	62,320,401	49,048,509	58,806,355	-	-	-	-
Non-Spendable	-	-	-	-	-	-	5,509,288	8,099,925	9,945,850	2,952,021
Committed	-	-	-	-	-	-	16,149,828	17,219,808	15,855,605	12,741,566
Assigned	-	-	-	-	-	-	30,009,737	27,235,643	10,769,948	9,538,948
Unassigned	-	-	-	-	-	-	29,191,314	30,427,629	32,941,779	40,019,733
Subtotal General Fund	\$ 62,275,183	\$ 67,378,045	\$ 72,253,728	\$ 65,488,041	\$ 53,306,991	\$ 63,041,371	\$ 80,860,167	\$ 82,983,005	\$ 69,513,182	\$ 65,252,268
All Other Governmental Funds										
Reserved For										
Capital Projects	\$ 126,848,380	\$ 141,395,119	\$ 83,700,361	\$ 2,691,739	\$ 101,741,783	\$ 39,286,809	\$ -	\$ -	\$ -	\$ -
Notes Receivable	4,147,198	2,015,393	1,236,283	1,204,885	2,673,806	2,650,025	-	-	-	-
Encumbrances	21,501,270	18,055,741	19,475,849	50,019,226	34,830,199	30,913,373	-	-	-	-
Unreserved Special Revenue	9,831,441	26,366,419	20,909,225	15,523,030	20,280,831	15,972,479	-	-	-	-
Unreserved Capital Projects	-	-	-	-	-	-	-	-	-	-
Non-Spendable (Special Revenue Fund)	-	-	-	-	-	-	2,625,521	2,596,021	2,596,021	2,498,322
Restricted (Special Revenue Fund)	-	-	-	-	-	-	9,720,387	7,748,211	10,400,005	12,173,856
Committed (Special Revenue Fund)	-	-	-	-	-	-	8,562,334	12,575,087	29,183,258	45,738,029
Committed (Capital Projects)	-	-	-	-	-	-	64,184,449	97,523,662	169,174,812	188,551,536
Assigned (Special Revenue Fund)	-	-	-	-	-	-	4,961,270	7,730,465	-	-
Total All Other Governmental Funds	\$ 162,328,289	\$ 187,832,672	\$ 125,321,718	\$ 69,438,880	\$ 159,526,619	\$ 88,822,686	\$ 90,053,961	\$ 128,173,446	\$ 211,354,096	\$ 248,961,743

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**2014 Tax Rates for Major Revenue Sources**

TABLE IX

Real Estate Tax	\$1.043 per \$100 assessed value
Personal Property Tax	\$4.50 per \$100 assessed value (machinery and tools) \$5.00 per \$100 assessed value (tangible personal property) \$3.55 per \$100 assessed value (handicap vehicles)
Utility Tax (for residential users)	15% of water service charge \$1.12 plus \$0.012075 of each KWh (\$3.00 maximum) \$1.28 plus \$0.124444 of each CCF gas delivered (\$3.00 maximum) \$1.28 plus \$0.050909 of each CCF gas delivered-group meter consumers) (\$3.00 maximum per dwelling unit) \$1.28 plus 0.023267 of each CCF gas delivered-group meter interruptible consumers (\$3.00 maximum per dwelling unit)
Utility Tax (for commercial users)	20% of first \$150 of water service charge \$1.18 plus \$0.005578 of each kwh delivered-commercial consumer \$1.18 plus \$0.004544 of each kwh delivered-industrial consumer \$1.42 plus \$0.050213 each CCF gas delivered-commercial/industrial consumer \$4.50 plus \$0.003670 of each CCF gas delivered-non-residential interruptible gas consumers
Business and Professional Licenses	
Alcoholic Beverages	\$5 - \$1,500
First year of operation:	
Gross receipts less than \$100,000	No tax due
Gross receipts of greater than \$100,000 and less than \$2,000,000	\$50
Gross receipts of \$2,000,000 or more	Same as renewal for greater than \$100,000 below
Renewal business	
Gross receipts of greater than \$10,000 and less than \$100,000:	
Any business	\$50
Gross receipts of \$100,000 or more	
Amusement and Entertainment	\$0.36 per \$100 gross receipts
Professional	\$0.58 per \$100 gross receipts
Renting of Residential Property	\$0.50 per \$100 gross receipts
Renting of Commercial Property	\$0.35 per \$100 gross receipts
Financial Services	\$0.35 per \$100 gross receipts
Personal, Business and Repair Service	\$0.35 per \$100 gross receipts
Retail Merchants	\$0.20 per \$100 gross receipts
Restaurants	\$0.20 per \$100 gross receipts
Contractors	\$0.16 per \$100 gross receipts
Wholesale Merchants	\$0.05 per \$100 total purchases
Public Utilities	
Telephone	\$0.50 per \$100 gross receipts
Telegraph	\$2.00 per \$100 gross receipts
Communication Tax	5% of statewide communication tax
Water, heat, electric and gas companies	\$0.50 per \$100 gross receipts
Admissions Tax	10% of admissions up to \$0.50 per person
Public Rights-of-Way Use Fee	\$0.97 per line per month
Local Sales Tax	1% added to the rate of the state retail tax imposed
Daily Rental Tax	1% on the gross proceeds excluding heavy equipment 1.5% on the gross proceeds for heavy equipment
Cigarette Tax	\$1.20 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	\$0.083 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>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	\$ 2,494,074,990	\$ 2,994,132,000	\$ 3,145,778,100	\$ 3,295,145,800	\$ 3,053,966,300
Debt as a Percentage of Assessed Value	0.88%	0.90%	0.81%	0.73%	1.12%
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessed Value of Real Property, January 1	\$ 31,649,490,000	\$ 32,631,952,000	\$33,782,697,985	\$ 34,725,071,000	\$35,335,182,000
Debt Limit: 10 percent	3,164,949,000	3,263,195,200	3,378,269,799	3,472,507,100	3,533,518,200
Amount of Debt Applicable to Debt Limit	<u>364,485,000</u>	<u>415,720,000</u>	<u>459,060,000</u>	<u>508,700,000</u>	<u>539,780,000</u>
Legal Debt Margin	\$ 2,800,464,000	\$ 2,847,475,200	\$ 2,919,209,799	\$ 2,963,807,100	\$ 2,993,738,200
Debt as a Percentage of Assessed Value	1.15%	1.27%	1.36%	1.46%	1.53%

Limitations on the Incurrence of General Obligation Debt:

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

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

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

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

TABLE XI

Year	Population <sup>(3)</sup>	Assessed Value (\$000) <sup>(2)</sup>			Outstanding Debt	Outstanding Debt As Percentage of Assessed		Personal Income (\$100)	Debt Per Capita	Debt Per Capita As A Percentage of Per Capita Income <sup>(4)</sup>
		Real Property	Personal Property	Total		Real Property	Total Property			
2005	135,000	\$27,359,650	\$1,359,782	\$28,719,432	\$241,890,000	0.88	0.84	\$7,776,966	\$1,792	3.1
2006	138,000	32,906,270	1,409,852	34,316,122	296,540,000	0.90	0.86	8,835,057	2,148	3.4
2007	139,000	35,554,958	1,411,599	36,966,557	278,525,000	0.78	0.75	9,507,531	2,004	2.9
2008	140,879	35,102,817	1,426,679	36,529,496	260,350,000	0.74	0.71	10,204,006	1,848	2.6
2009	144,100	33,964,198	1,354,932	35,319,130	383,950,000	1.13	1.09	10,178,071	2,664	3.7
2010	139,966	31,649,490	1,170,972	32,820,462	364,485,000	1.15	1.11	10,441,443	2,604	3.4
2011	141,287	32,631,952	1,226,896	33,858,848	415,720,000	1.27	1.23	10,627,334	2,942	3.8
2012	144,301	33,782,698	1,309,164	35,091,862	459,060,000	1.36	1.31	10,758,922	3,181	4.0
2013	146,294	34,725,071	1,343,202	36,068,273	508,700,000	1.46	1.41	11,760,450	3,477	4.3
2014	148,892	35,895,604	1,417,679	37,313,283	539,780,000	1.50	1.45	12,115,212	3,625	4.5

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

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

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

(4) Personal Income and per capita income represents data from the United States Bureau of Economic Analysis, as revised, that is generally two years old.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Overlapping Debt and Debt History**  
**June 30, 2014**

**TABLE XII**

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

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

Credit Ratings

Moody's Investors Service .....	Aaa
Standard & Poor's Corporation .....	AAA

Paying Agents

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

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

**TABLE XIII**

Year	Principal	Interest Other Costs	Total Debt Service	General Expenditures <sup>(2)</sup>	Ratio of Debt Service to General Expenditures
2005	\$ 13,115,000	\$ 9,567,247	\$ 22,682,247	\$ 545,688,442	4.16
2006	16,350,000	10,502,282	26,852,282	623,774,871	4.30
2007	17,670,000	13,306,096	30,976,096	689,280,260	4.49
2008	18,175,000	12,344,320	30,519,320	688,844,141	4.43
2009	19,100,000	12,800,634	31,900,634	720,924,777	4.42
2010	19,465,000	15,123,463	34,588,463	705,338,251	4.90
2011	21,065,000	17,414,349	38,479,349	722,966,982	5.32
2012	23,725,000	19,492,222	43,217,222	735,769,542	5.87
2013	27,550,000	22,437,678	49,987,678	763,516,075	6.55
2014	33,476,070	23,835,653	57,311,723	820,080,010	6.99

(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, 2014**

TABLE XIV

**Population**

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

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Alexandria .....	\$53,711	\$58,365	\$61,147	\$65,141	\$70,632	\$72,220	\$70,846	\$76,362	\$78,383	\$80,952
Arlington .....	\$54,207	\$58,893	\$59,389	\$63,827	\$68,270	\$72,317	\$69,241	\$79,967	\$82,491	\$83,242
Fairfax (include Fairfax City and Falls Church)	\$53,981	\$57,169	\$60,289	\$64,698	\$67,909	\$69,885	\$69,241	\$66,679	\$69,008	\$71,607
Washington MS .....	\$43,693	\$46,311	\$48,697	\$57,746	\$62,484	\$56,510	\$56,984	\$57,343	\$59,345	\$75,198

\*The BEA has revised these numbers.

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Unemployment Rate	3.1%	2.6%	2.2%	2.9%	2.8%	4.8%	4.8%	4.6%	4.7%	4.6%

SOURCE: Virginia Employment Commission

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

TABLE XV

**Private Property**

<b>Owner's Name</b>	<b>Property</b>	<b>2014 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. LCOR Alexandria, L.L.C.	Office Buildings	\$991.1	2.76 %
2. Equity Residential	Apartments Buildings	575.3	1.60
3. Paradigm Companies	Apartments Buildings	564.0	1.57
4. Home Properties	Apartments Buildings	385.7	1.07
5. AIMCO	Apartments	334.3	0.94
6. Hoffman Family	Hoffman Office Buildings	329.0	0.92
7. JBG Properties	Apartments and Land	277.1	0.77
8. Southern Towers, L.L.C	Southern Towers	259.4	0.72
9. Area Properties	Apartments/Industrial	247.4	0.69
10. Duke Realty	Office Buildings	180.8	0.50

SOURCE: City of Alexandria, Department of Real Estate Assessments

<b>Owner's Name</b>	<b>Property</b>	<b>2005 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. LCOR Alexandria LLC	Vacant Land/Office Buildings	\$884.2	3.23 %
2. AIMCO Foxchase L.P.	Foxchase Apartments	233.0	0.85
3. Alexandria Apartments L.L.C	Alexandria Apartments	187.5	0.69
4. Southern Towers L.L.C	Southern Towers Apartments	172.2	0.63
5. Washington Real Estate Investment Trust	Portfolio	151.5	0.55
6. Carr Canal Center Props	Office Building	141.0	0.52
7. Hoffman Buildings L.P./L.L.P	Hoffman Office Buildings	140.5	0.51
8. CPYR INC.	Retail Shopping Center	136.8	0.50
9. Hoffman Family LLC	Vacant Land/Office Buildings	113.3	0.41
10 Potomac Yard Retail, Inc	Vacant Land/Warehouse	112.4	0.41

SOURCE: City of Alexandria, Department of Real Estate Assessments

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

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

**Public Service Companies**

<b>Owner's Name</b>	<b>2014 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1 Virginia Electric & Power Company	\$202.1	1.50 %
2 Norfolk Southern Railway Company	73.3	0.21
3 Richmond, Fredericksburg & Potomac Railway Co	61.8	0.18
4 Virginia-American Water Co.	52.4	0.15
5 Covanta Alexandria/Arlington, Inc.	43.1	0.14
6 Verizon Virginia Inc.	40.7	0.13
7 Potomac Electric Power Company	39.3	0.10
8 Washington Gas Light Company	35.4	0.10
9 New Cingular Wireless PCS, LLC	9.1	0.03
10 Cellco	5.9	0.02

SOURCE: Virginia State Corporation Commission

<b>Owner's Name</b>	<b>2005 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. Mirant Potomac River, LLC	\$232.6	0.85 %
2. Virginia Electric Power Company	126.5	0.46
3. Covanta Alexandria, Arlington, Inc	89.8	0.33
4. Verizon Virginia Inc.	86.1	0.31
5. Richmond, Fredericksburg & Potomac Railway Co	55.3	0.20
6. Norfolk Southern Railway Company	52.2	0.19
7. Virginia American Water Company	34.9	0.13
8. Potomac Electric Power Company	32.0	0.12
9. Washington Gas Light Company	29.2	0.11
10. Comcast Phone of Northern Virginia, Inc.	11.6	0.04

SOURCE: Virginia State Corporation Commission

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

TABLE XVI

<b>Fiscal Year</b>	<b>Total Enrollment<sup>(1)</sup></b>	<b>Number Receiving Free or Reduced Meals</b>	<b>Number in English as Second Language</b>	<b>Number Receiving Special Education</b>	<b>Number in Elementary School Gifted and Talented Programs</b>	<b>Number in Middle (6-8) School Gifted and Talented Programs</b>
2005	10,667	5,449	2,628	1,979	493	453
2006	10,284	5,169	2,379	1,900	436	442
2007	10,057	4,961	2,223	1,802	436	442
2008	10,557	5,012	2,083	1,786	451	435
2009	11,225	5,866	2,909	1,830	333	395
2010	11,623	6,264	2,572	1,747	451	330
2011	11,999	6,665	2,698	1,701	462	293
2012	12,395	6,916	3,005	1,686	495	326
2013	13,114	7,370	3,406	1,641	935	351
2014	13,623	8,100	3,642	1,621	759	370

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, 2014**

**TABLE XVII**

	<u>General</u>	<u>Judicial</u>	<u>Public</u>	<u>Public</u>	<u>Health and</u>	<u>Recreation</u>	<u>Community</u>	<u>Transit</u>	<u>Debt</u>	
	<u>Government</u>	<u>Administration</u>	<u>Safety</u>	<u>Works</u>	<u>Welfare</u>	<u>&amp; Culture</u>	<u>Development</u>	<u>Subsidies</u>	<u>Service</u>	<u>Total</u>
penditures:										
City Council.....	\$ 528,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,304
City Manager.....	2,285,183	-	-	-	-	-	-	-	-	2,285,183
Office of Management and Budget.....	1,199,207	-	-	-	-	-	-	-	-	1,199,207
18th Circuit Court.....	-	1,413,776	-	-	-	-	-	-	-	1,413,776
18th General District Court.....	-	59,841	-	-	-	-	-	-	-	59,841
Juvenile and Domestic Relations Courts	-	20,863	-	-	-	-	-	-	-	20,863
Commonwealth's Attorney.....	-	2,656,652	-	-	-	-	-	-	-	2,656,652
Sheriff.....	-	7,684,657	21,390,927	-	-	-	-	-	-	29,075,584
Clerk of Courts.....	-	1,577,792	-	-	-	-	-	-	-	1,577,792
Other Correctional Activities.....	-	4,193,346	1,139,344	-	-	-	-	-	-	5,332,690
Court Services.....	-	1,393,003	-	-	-	-	-	-	-	1,393,003
Human Rights.....	652,752	-	-	-	-	-	-	-	-	652,752
Internal Audit.....	570,839	-	-	-	-	-	-	-	-	570,839
Information Technology Services.....	7,747,301	-	-	-	-	-	25,288	-	-	7,772,589
Office of Communications.....	-	-	-	-	-	-	2,054,173	-	-	2,054,173
City Clerk and Clerk of Council.....	404,766	-	-	-	-	-	-	-	-	404,766
Finance.....	10,684,837	-	-	-	-	-	-	-	-	10,684,837
Real Estate Assessments.....	1,351,706	-	-	-	-	-	-	-	-	1,351,706
Human Resources.....	3,368,231	-	-	-	-	-	-	-	-	3,368,231
Planning and Zoning.....	-	-	-	-	-	-	5,946,899	-	-	5,946,899
Economic Development Activities.....	-	-	-	-	-	-	5,112,120	-	-	5,112,120
City Attorney.....	2,702,583	-	-	-	-	-	-	-	-	2,702,583
Registrar.....	1,180,621	-	-	-	-	-	-	-	-	1,180,621
General Services.....	2,828,594	-	-	9,683,624	-	-	-	-	-	12,512,218
Project Implementation Office.....	112,253	-	-	-	-	-	24,013	-	-	136,266
Transportation and Environmental										
Services.....	-	-	-	3,103,659	-	-	2,384,448	-	-	33,421,039
Transit Subsidies.....	-	-	-	20,353,380	-	-	-	-	-	20,353,380
Fire.....	-	-	42,316,902	-	-	-	-	-	-	42,316,902
Police.....	-	-	54,279,889	-	-	-	-	-	-	54,279,889
Emergency Communications.....	-	-	6,661,707	-	-	-	-	-	-	6,661,707
Code Administration.....	-	-	837,365	-	-	-	-	-	-	837,365
Community and Human Services.....	1,487,273	-	-	-	47,946,025	-	-	-	-	49,433,298
Other Health Services.....	-	-	-	-	1,637,500	-	-	-	-	1,637,500
Health.....	-	-	-	-	6,389,792	-	236,756	-	-	6,626,548
Office of Historic Alexandria.....	-	-	-	-	-	2,641,336	-	-	-	2,641,336
Recreation and Cultural Activities.....	-	-	-	-	-	21,548,371	-	-	-	21,548,371
Other Educational Activities.....	-	-	-	-	-	-	-	11,785	-	11,785
Miscellaneous.....	7,802,951	-	87,000	1,700,496	-	-	259,952	-	49,987,678	59,838,077
Total Expenditures.....	\$ 44,907,401	\$ 18,999,930	\$ 126,713,134	\$ 62,774,091	\$ 55,973,317	\$ 24,189,707	\$ 16,043,649	\$ 11,785	\$ 49,987,678	\$ 399,600,692

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

TABLE XVIII

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	304	300	300	297	273	269	259	270	302	321
Judicial Administration	120	121	120	120	120	123	123	123	290	286
Public Safety	926	929	933	936	937	930	934	973	805	803
Public Works	231	232	225	228	231	232	240	238	220	212
Library	55	55	55	55	56	55	54	55	54	71
Health and Welfare	502	509	514	515	511	510	530	532	526	579
Culture and Recreation	155	154	157	158	155	152	144	145	147	183
Community Development	57	57	55	55	59	57	57	62	65	83
Education	2,120	2,125	2,119	2,058	2,015	2,098	2,115	2,181	2,230	2,285
<b>TOTAL</b>	<b>4,470</b>	<b>4,482</b>	<b>4,478</b>	<b>4,422</b>	<b>4,357</b>	<b>4,426</b>	<b>4,456</b>	<b>4,579</b>	<b>4,639</b>	<b>4,823</b>

**Principal Employers**  
**Current Year (as of July 1, 2014 and Nine Years Ago)**

TABLE XIX

<b>Current Year</b>	<b>Employees<sup>(1)</sup></b>	<b>Percentage of Total City Employment<sup>(2)</sup></b>	<b>Nine Years Ago</b>	<b>Employees<sup>(1)</sup></b>	<b>Percentage of Total City Employment<sup>(2)</sup></b>
<b>LARGEST PUBLIC EMPLOYERS</b>			<b>LARGEST PUBLIC EMPLOYERS</b>		
U.S. Department of Commerce	1,000 & over	3.41%	U.S. Department of Defense	1,000 & over	10.00%
U.S. Department of Defense	1,000 & over	3.41%	City of Alexandria	1,000 & over	2.50%
WMATA	1,000 & over	3.41%	Alexandria Public Schools	1,000 & over	2.30%
City of Alexandria	2,538	2.88%	WMATA (Metro)	1,000 & over	1.30%
Alexandria Public Schools	2,285	2.59%	Northern Virginia Community College	500-999	1.10%
Northern Virginia Community College	500-999	0.85%	U.S. Department of Agriculture	500-999	0.70%
U.S. Department of Agriculture	500-999	0.85%	U.S. Postal Services	250-499	0.40%
		17.40%			18.30%
<b>LARGEST PRIVATE EMPLOYERS</b>			<b>LARGEST PRIVATE EMPLOYERS</b>		
INVOA Health System	1000 & over	3.41%	The Alexandria Hospital	1,000 & over	1.70%
ABM Janitorial Services M Inc	500-999	0.85%	Institute for Defense Analysis	1,000 & over	1.30%
Institute for Defense Analysis	500-999	0.85%	American Diabetes Association	500-999	1.00%
Grant Thornton LLP	500-999	0.85%	Center for Naval Analysis	500-999	0.70%
CNA Corporation	500-999	0.85%	Boat Owners Assoc. of the U.S	500-999	0.60%
Oblon Spivak McClelland PC	250-499	0.43%	Public Broadcasting System	500-999	0.60%
Catholic Diocese of Arlington	250-499	0.43%			
		7.66%			5.90%

SOURCE: Virginia Employment Commission

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

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

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

TABLE XX

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Judicial Administration										
Civil and criminal cases processed by Clerk of Courts	5,780	5,255	5,657	5,730	5,700	5,666	6,700	6,950	6,650	6,000
Real estate documents processed	43,900	44,844	31,009	29,396	29,000	26,340	25,000	25,000	29,000	30,000
Public Safety										
Fire calls requiring emergency response	5,666	6,001	5,956	5,990	6,050	6,080	5,900	5,950	5,950	**
Average number of calles for service per fire emergency	*	*	*	*	*	*	*	*	*	1,690
Patrol calls for service	*	*	*	*	*	*	*	52,230	52,230	**
Number of fire code violations	*	*	*	*	*	*	*	*	*	2,074
EMS incidents responded to	*	*	*	*	11,583	12,500	15,000	15,000	15,000	**
Public Works										
Sq yds of concrete sidewalks replaced	7,448	7,012	10,099	8,000	8,000	3,450	5,635	5,600	5,800	6,700
Cubic yards of leaves collected	22,650	31,000	33,600	33,000	33,000	32,001	33,500	34,700	33,000	33,000
Library										
Circulation	972,494	1,002,881	1,145,490	1,234,726	1,302,633	1,215,000	1,105,000	1,060,000	*	*
Total number of material circulated	*	*	*	*	*	*	*	1,060,000	1,132,500	1,335,000
Number of reference questions answered	*	376,532	591,864	592,345	592,855	567,500	332,050	480,792	480,792	480,792
Health and Welfare										
Youth attending outreach activities	*	*	*	*	*	*	*	200	800	800
Average monthly food stamp cases	1,658	1,637	1,675	1,675	3,294	4,098	4,586	4,898	4,958	4,632
Other public health services	*	*	*	*	*	*	*	*	685,067	**
Adult clients served	*	3,631	3,631	3,230	3,230	2,456	2,477	2,477	2,244	**
Transit										
Annual Ridership	3,323,021	3,556,486	3,743,499	3,800,000	4,006,825	3,880,000	3,741,499	3,882,022	4,265,417	4,244,588
Trolley/Shuttle Cost per rider	*	*	*	*	*	*	*	*	\$ 1.19	\$ 1.06
Miles of service	*	1,396,590	1,462,464	1,505,000	1,534,900	1,500,000	1,410,656	1,472,993	1,493,146	1,550,704
Culture and Recreation										
Number of registered users in recreation centers and recreation activities	*	*	*	*	*	*	*	*	7,000	7,000
Average cost per park facility maintained	*	\$ 25,246	\$ 23,018	\$ 24,512	\$ 22,671	\$ 23,078	\$ 7,963	\$ 7,394		**
Community Development										
homeownership loan cost per household	\$ 73,036	\$ 74,693	*	*	*	*	*	*	59,713	**
Average Home rehabilitation loan cost	*	\$ 68,479	\$ 69,484	\$ 32,379	\$ 61,154	\$ 63,350	\$ 71,737	\$ 79,453		**
Education										
Cost per pupil	\$ 13,670	\$ 15,871	\$ 18,232	\$ 19,341	\$ 19,078	\$ 18,003	\$ 18,169	\$ 18,516	\$ 17,024	\$ 17,249
Enrollment	10,677	10,284	10,332	10,557	11,225	11,623	11,999	12,798	13,707	14,171

\* - 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.)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Judicial Administration										
Number of foster care homes	*	125	123	135	91	60	60	53	50	50
Public Safety										
Fire vehicles	*	*	132	136	130	137	139	138	138	143
Public Works										
Paved streets	514	514	514	521	514	514	514	556	560	560
Sidewalks	321	321	321	321	321	321	321	319	319	319
Library										
Full service branches and central library	4	4	4	4	4	4	4	4	4	4
Health and Welfare										
Preventative health care sites	3	3	3	3	3	3	3	3	3	3
Transit										
DASH transit buses	57	57	57	57	62	63	63	77	79	79
Culture and Recreation										
Playgrounds	45	45	45	46	46	46	45	36	36	37
Athletic fields available for games	*	48	48	50	50	56	48	49	49	
Acreage of park and open space	949	964	964	964	964	964	965	722.2	958	974
Total number of facilities maintained	*	217	217	206	235	237	237	181	181	181
Community Development										
Public housing and public housing replacement units	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Education										
Public schools	17	17	17	17	17	17	17	17	17	17

\* - New indicator - Additional information will be provided as it becomes available. In FY 2007, the City reviewed and changed many operating indicators.

\*\* - Indicator no longer maintained

SOURCE: City of Alexandria Approved Budget



Miscellaneous Statistical Data

As of June 30, 2014

TABLE XXI  
(Continued)

Housing	2014	2013
Total Housing Units.....	73,488	72,277
Type of Single-Family Housing		
Detached.....	9,128	9,131
Semi-Detached.....	5,725	5,722
Rowhouse.....	6,481	6,448
Condo Townhouse.....	1,059	1,081
Total Single-Family.....	22,393	22,382
Condominium Units.....	19,559	19,559
Rental Apartments.....	30,386	29,186
Public Housing and Public Housing		
Replacement Units.....	1,150	1,150
Average Assessed Value of		
Single Family Homes.....	\$677,375	\$651,468
Average Assessed Value of		
Condominiums.....	\$287,495	\$288,409
Average Market Rents		
Efficiency.....	\$1,020	\$1,144
1 Bedroom Apartment.....	\$1,399	\$1,472
2 Bedroom Apartment.....	\$1,753	\$1,838
3 Bedroom Apartment.....	\$1,903	\$2,005

Communications

Television:  
All major networks plus cable  
Local Newspapers:  
Alexandria Gazette Packet (weekly)  
Alexandria Times (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 .....	560
Sidewalks .....	319.0
Alleys, Paved .....	20.56

Utilities

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

Public Recreation

Acreage .....	974
Facilities:	
Playground Areas.....	37
Swimming Pools .....	4
Gymnasiums .....	16
Basketball Courts (outdoor) .....	21
Tennis Courts .....	38
Playing Fields.....	52

Medical Facilities

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

Libraries

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

Education

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

Higher Education:

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

Financial Institutions

Commercial Banks.....	17
Credit Unions.....	11

Hotels and Motels

	Rooms
Alexandria Towne Motel .....	26
Alexandria Travelodge.....	40
Best Western Old Colony Inn .....	49
Bragg Towers.....	98
Alexandria Comfort Inn .....	150
Alexandria Days Inn .....	200
Embassy Suites .....	268
Extended Stay America.....	104
Hampton Inn .....	80
Hawthorn Suites Hotel .....	185
Hilton Alexandria Mark Center.....	496
Hilton Alexandria Old Town .....	252
Holiday Inn Eisenhower.....	195
Hotel Monaco .....	241
Holiday Inn Historic District.....	178
Homestead Studio Suites .....	132
Morrison House .....	45
Crown Plaza Alexandria Old Town .....	254
Residence Inn Alexandria Old Towne .....	240
Residence Inn Alexandria at Carlyle.....	181
Courtyard Alexandria Pentagon South.....	203
Sheraton Suites Alexandria.....	247
Westin Alexandria.....	319
Courtyard Alexandria Tech Center .....	178
Springhill Suites Alexandria Tech Center.....	155
The Lorien Hotel & Spa.....	107
Washington Suites .....	219
Total .....	4,842

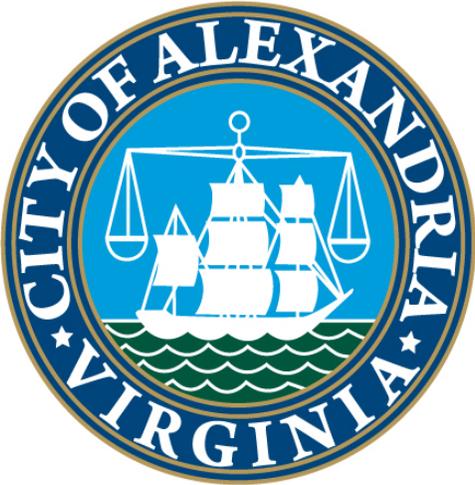
## Five-Year Summary of General Fund Revenues and Expenditures

Table XXII

	2010	2011	2012	2013	2014
<b>Revenues:</b>					
General Property Taxes	\$ 337,220,918	\$ 349,779,825	\$ 363,774,571	\$ 381,929,567	\$ 403,229,553
Other Local Taxes	114,371,351	118,259,357	121,101,233	125,347,523	121,053,810
Permits, Fees, and Licenses	4,811,588	2,543,789	2,373,448	2,227,745	2,380,825
Fines and Forfeitures	3,941,372	4,472,520	4,869,294	5,148,115	5,187,003
Use of Money and Property	3,033,638	3,591,323	3,947,855	3,568,335	4,815,192
Charges for Services	13,803,578	14,939,668	16,474,115	16,533,824	16,844,363
Intergovernmental Revenues	52,465,911	53,728,609	55,484,133	55,021,954	56,334,737
Miscellaneous	787,960	987,727	1,195,495	1,398,291	1,569,959
<b>Total Revenues</b>	<b>\$ 530,436,316</b>	<b>\$ 548,302,818</b>	<b>\$ 569,220,144</b>	<b>\$ 591,175,354</b>	<b>\$ 611,415,442</b>
<b>Other Financing Sources:</b>					
Operating Transfers In	\$ 1,301,560	\$ 1,446,713	\$ 1,394,903	\$ 3,833,938	\$ 3,044,329
Refunding Bonds	-	-	63,625,000	17,335,000	18,635,000
Premium	-	-	9,829,827	1,921,545	-
<b>Total Other Financing Sources</b>	<b>\$ 1,301,560</b>	<b>\$ 1,446,713</b>	<b>\$ 74,849,730</b>	<b>\$ 23,090,483</b>	<b>\$ 21,679,329</b>
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 531,737,876</b>	<b>\$ 549,749,531</b>	<b>\$ 644,069,874</b>	<b>\$ 614,265,837</b>	<b>\$ 633,094,771</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	\$ 44,487,379	\$ 43,476,795	\$ 46,074,105	\$ 44,271,646	\$ 44,591,188
Judicial Administration	17,743,109	17,895,917	18,765,856	19,212,554	18,952,110
Public Safety	111,666,800	111,860,869	117,049,127	121,756,031	126,256,389
Public Works	33,298,427	34,396,222	36,904,247	35,707,593	44,801,499
Library	6,074,971	5,879,455	6,145,662	6,387,227	6,598,290
Health and Welfare	19,152,519	20,101,509	20,925,733	20,408,625	20,663,159
Transit	13,076,158	16,273,035	15,937,959	17,757,518	70,909
Culture and Recreation	20,748,594	21,586,342	21,887,846	23,450,802	24,062,336
Community Development	12,594,376	13,542,955	15,286,156	15,772,902	16,043,648
Education	165,568,264	167,898,796	174,968,708	179,623,193	185,623,257
<b>Debt Services:</b>					
Principal Retired	19,465,000	21,065,000	23,725,000	27,550,000	33,476,070
Interest and Fiscal Charges	15,123,463	17,414,349	19,492,222	22,437,678	23,835,653
<b>Total Expenditures</b>	<b>\$ 478,999,060</b>	<b>\$ 491,391,244</b>	<b>\$ 517,162,621</b>	<b>\$ 534,335,769</b>	<b>\$ 544,974,508</b>
<b>Other Financing Uses:</b>					
Payment to Refunded Bonds					
Escrow Agent	\$ -	\$ -	\$ 73,150,309	\$ 19,119,142	\$ 18,531,679
Operating Transfers Out	42,940,615	40,621,320	52,077,786	74,547,899	73,439,890
<b>Total Other Financing Uses</b>	<b>\$ 42,940,615</b>	<b>\$ 40,621,320</b>	<b>\$ 125,228,095</b>	<b>\$ 93,667,041</b>	<b>\$ 91,971,569</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 521,939,675</b>	<b>\$ 532,012,564</b>	<b>\$ 642,390,716</b>	<b>\$ 628,002,810</b>	<b>\$ 636,946,077</b>
<b>Revenues and Other Financing Sources</b>					
Over/(Under) Expenditures and Other Financing Uses	\$ 9,798,201	\$ 17,736,967	\$ 1,679,158	\$ (13,736,973)	\$ (3,851,306)
Fund Balances at Beginning of Year	53,306,991	63,041,371	80,860,167	82,983,005	69,513,182
Increase (Decrease) in Reserve for Inventory	(63,821)	81,829	443,680	267,150	(409,608)
<b>FUND BALANCES</b>					
<b>AT END OF YEAR</b>	<b>\$ 63,041,371</b>	<b>\$ 80,860,167</b>	<b>\$ 82,983,005</b>	<b>\$ 69,513,182</b>	<b>\$ 65,252,268</b>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Summary of Total**  
**General Obligation Bonds**  
**Debt Service**  
**As of June 30, 2014**

<b>Fiscal Year</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total</b>
2014	\$ 16,890,000	\$ 10,927,963	\$ 27,817,963
2015	36,670,000	22,018,689	58,688,689
2016	39,235,000	20,478,088	59,713,088
2017	39,715,000	18,837,787	58,552,787
2018	39,515,000	17,206,712	56,721,712
2019	39,055,000	15,593,960	54,648,960
2020	36,945,000	13,981,175	50,926,175
2021	34,170,000	12,418,619	46,588,619
2022	31,350,000	10,819,594	42,169,594
2023	32,700,000	9,343,119	42,043,119
2024	28,325,000	7,980,044	36,305,044
2025	28,950,000	6,769,219	35,719,219
2026	27,010,000	5,502,756	32,512,756
2027	23,345,000	4,270,200	27,615,200
2028	24,595,000	3,270,588	27,865,588
2029	20,245,000	2,198,575	22,443,575
2030	15,445,000	1,423,250	16,868,250
2031	11,045,000	894,725	11,939,725
2032	7,285,000	551,400	7,836,400
2033	7,290,000	278,300	7,568,300
<b>Total</b>	<b>\$ 539,780,000</b>	<b>\$ 184,764,763</b>	<b>\$ 724,544,763</b>



SINGLE  
AUDIT

The signed Independent Auditors' Report is in process and will be included in the final document available on the website.



The signed Independent Auditors' Report is in process and will be included in the final document available on the website.



**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

<u>Federal Grantor/Recipient State Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE		
Pass Through Payments:		
Department of Agriculture and Consumer Services (301 535-06):		
National School Lunch Program	10.555	\$ 396,698
Commodity Food Distribution	10.559	123,862
State Administrative Matching for Supplemental Nutrition Assistance Program	10.561	2,771,049
Department of Education (197 457-07)		
School Breakfast Program	10.553	1,028,163
School Lunch Program	10.555	3,564,759
Child and Adult Care Food Program	10.558	197,982
Summer Food Service Program for Children	10.559	115,647
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>\$ 8,198,160</u>
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	\$ 1,703
Alzheimer's Disease Demonstration Grants to States	93.051	168,160
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	374,573
Affordable Care Act (ACA) Personal	93.092	6,551
Total Direct Payments		<u>\$ 550,987</u>
Pass Through Payments:		
Department of Health:		
Preventive Health and Health Services Block Grant	93.991	\$ 131,900
Department of Mental Health and Mental Retardation		
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	2,178
Department of Mental Health and Mental Retardation		
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	22,111
Block Grant for Community Mental Health Services	93.958	995,217
Projects for Assistance in Transition from Homelessness	93.150	69,807
Block Grant for Prevention and Treatment of Substance Abuse	93.959	820,290
Drug Free Communities Support Program Grants	93.276	138,212
Department for the Aging:		
Special Programs for the Aging_ Title III Part B Supportive Svces and Senior Centers	93.044	155,325
Special Programs for the Aging_ Title III Part D_ Disease Prevention and Health Promotion Services	93.043	1,695
Special Programs for the Aging Title IIIC - Nutritional Services	93.045	198,733
Department of Social Services:		
Promoting Safe and Stable Families	93.556	58,061
Temporary Assistance for Needy Families	93.558	1,243,838
Head Start	93.600	2,468,598
Family Support Payments to States_ Assistance Payments	93.667	908,283
Child Welfare Services State Grant	93.645	9,811
Refugee and Entrant Assistance _ State Administered Programs	93.566	208,267
Community Services Block Grant	93.569	126,248
Low Income Ho	93.568	108,787
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596	200,388
Chafee Education and Training Vouchers Program	93.599	14,981
Foster Care Title IV - E	93.658	1,264,687
Adoption Assistance	93.659	1,244,958
Chafee Foster Care Independence Program	93.674	25,662
Children's Health Insurance Program	93.767	81,394
Medical Assistance Program	93.778	2,419,808
Total Pass Through Payments		<u>\$ 12,919,239</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>\$ 13,470,226</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Payments:			
Community Development Block Grant Program, Entitlement Grants	14.218		\$ 1,045,609
Total Direct Payments			<u>\$ 1,045,609</u>
Pass Through Payments:			
Supportive Housing Program	14.235		\$ 292,544
Emergency Shelter Grants Program	14.231		52,396
Home Investment Partnerships Program	14.239		284,472
Total Pass Through Payments			<u>\$ 629,412</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 1,675,021</u>
DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments			
Emergency Management Performance Grants	97.042	2013	\$ 68,184
Port Security Grant Program	97.056	2013	20,675
Homeland Security Grant Program	97.067	2010	1,024,861
Total Pass Through Payments			<u>\$ 1,113,720</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>\$ 1,113,720</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Payments:			
Public Safety Partnership and Community Policing Grants	16.710		\$ 280,066
Total Direct Payments			<u>\$ 280,066</u>
Pass Through Payments:			
Department of Criminal Justice Services (140-390-01)			
Asset Forfeiture Report	16.000		\$ 183,313
State Criminal Alien Assistance Program	16.606		84,408
B - Cooperative Agreements	16.111		1,644
Violence Against Women Office	16.017		2,783
Juvenile Accountability Block Grants	16.523		33,065
Youth Gang Prevention	16.544		29,398
Crime Victim Assistance	16.575		91,135
Violence Against Women Formula Grants	16.588		105,376
Edward Byrne Memorial JAG grant	16.738		29,451
Equitable Sharing Program	16.922		198,500
Total Pass Through Payments			<u>\$ 759,073</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 1,039,139</u>
U.S. DEPARTMENT OF LABOR			
Pass Through Payments:			
WIA Pilots, Demonstrations, and Research Projects	17.261		\$ 36,137
WIA Adult Program	17.258		101,155
WIA Youth Activities	17.259		63,357
WIA Dislocated Workers	17.260		264,133
WIA Employment Training Administration	17.278		15,933
			<u>\$ 480,715</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 480,715</u>
U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES			
Direct Payments:			
Promotion of the Humanities_Public Programs	45.164		\$ 10,527
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			<u>\$ 10,527</u>
U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE			
Direct Payments:			
Historic Preservation Fund Grants-In-Aid	15.904		\$ 6,734
TOTAL U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE			<u>\$ 6,734</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

U.S. ENVIRONMENTAL PROTECTION AGENCY		
Direct Payments:		
Congressionally Mandated Projects	66.202	\$ <u>65,317</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		\$ <u>65,317</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Pass Through Payments:		
Department of Transportation		
Highway Planning and Construction	20.205	\$ 3,874,390
Alcohol Open Container Requirements	20.607	1,092
Federal Transit_Capital Investment Grants	20.500	453,015
<b>ARRA Surface Transportation _ Discretionary Grants for Capital Investment</b>	<b>20.932</b>	<b><u>6,509,151</u></b>
Total Pass through payments		\$ <u>10,837,648</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		\$ <u>10,837,648</u>
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		
Direct Payments:		
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	30.002	\$ <u>39,886</u>
TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		\$ <u>39,886</u>
U.S. DEPARTMENT OF EDUCATION		
Pass Through Payments:		
Department of Education:		
Title I Grants to Local Educational Agencies	84.010	\$ 3,574,767
Title I State Agency Program for Neglected and Delinquent Children	84.013	105,978
Special Education Grants to States	84.027	2,402,274
Adult Literacy Services- Federal	84.002A	136,535
Career and Technical Education-- Basic Grants to States	84.048	193,245
Special Education Preschool Grants	84.173	121,980
Education for Homeless Children and Youth	84.196	21,841
English Language Acquisition Grants	84.365	307,854
Improving Teacher Quality State Grants	84.367	317,323
<b>ARRA School Improvement Grant 1003g</b>	<b>84.388</b>	<b><u>205,370</u></b>
Total Pass through payments		\$ <u>7,387,167</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		\$ <u>7,387,167</u>
DEPARTMENT OF DEFENSE		
Direct Payments:		
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	\$ <u>52,274</u>
TOTAL DEPARTMENT OF DEFENSE		\$ <u>52,274</u>
OTHER FEDERAL AID		
Direct Payments:		
High Intensity Drug Trafficking Area	95.001	\$ -
High Intensity Drug Trafficking Assessment/Evaluation	99.997	33,157
High Intensity Drug Trafficking Area	98.473	<u>51,365</u>
TOTAL OTHER FEDERAL		\$ <u>84,522</u>
TOTAL FEDERAL ASSISTANCE		\$ <u>44,461,056</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2014**

**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 2014. 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	\$ 44,461,056
Non-Reportable Federal Revenue	10,990,412
Commodities Distribution	<u>(123,862)</u>
Total Federal Revenue per Note 12	<u>\$ 55,327,606</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 2014:

<u>Program Title</u>	<u>CFDA</u>	<u>Amount</u>
Headstart	93.600	\$2,468,598

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**I Summary of Independent Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

Material weakness (es) identified?	___	Yes	<u>X</u>	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	___	Yes	<u>X</u>	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	___	Yes	<u>X</u>	No
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**Identification of Major Programs:**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
14.218	Community Development Block Grant
20.932	Surface Transportation-ARRA
84.027, 84.173	Special Education Cluster
10.561	SNAP Cluster
93.778	Medicaid

Dollar threshold used to distinguish between type A and type B programs	\$ <u>1,333,832</u>
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Auditee qualified as low-risk auditee?	<u>X</u>	Yes	___	No
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**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2014**

**II     Financial Statement Findings**

None.

**III    Federal Award Findings and Questioned Costs**

None.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2014**

**Finding Reference: 2013-01**

**Federal Agency:** U.S. Department of Housing and Urban Development  
**Federal Program:** 14.218 – Community Development Block Grant  
**Compliance Requirement:** Reporting  
**Type of Finding:** Significant Deficiency in Internal Control, Noncompliance

***Condition/Context***

For 1 out of 1 subrecipients selected for testing, the City failed to implement procedures to ensure that the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements were performed for subrecipients awarded \$25,000 or more of non –ARRA funds.

***Current Status***

Resolved, the City's compliance with the FFATA reporting requirement was tested during the current audit, no exceptions were noted.

**Finding Reference: 2013-02**

**Federal Agency:** U.S. Department of Education  
**Federal Program:** 84.027, 84.173 – Special Education Cluster  
**Compliance Requirement:** Procurement  
**Type of Finding:** Significant Deficiency in Internal Control, Noncompliance

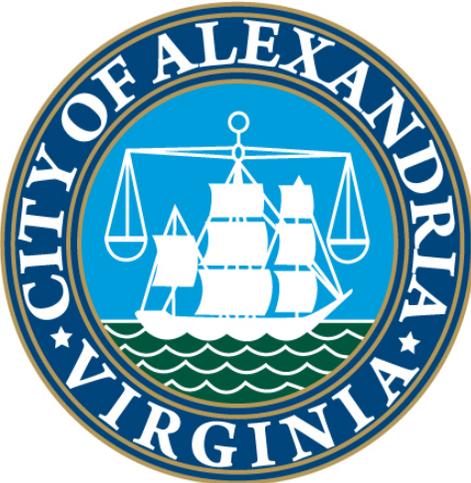
***Condition/Context***

For 1 out of 3 procurement contracts selected for testing, the School System did not document a sole source contract in accordance with federal requirement.

***Current Status***

Resolved, the City's compliance with the procurement requirement was tested during the current audit, no exceptions were noted.







City of Alexandria, Virginia  
Finance Department  
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