


City of Alexandria, Virginia  

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## MEMORANDUM

DATE: NOVEMBER 18, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: RECEIPT OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR  
THE FISCAL YEAR ENDED JUNE 30, 2008

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**ISSUE:** Receipt of the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008.

**RECOMMENDATION:** That City Council receive the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008.

**DISCUSSION:** Virginia Code §15.2-2511 requires all local governments to have their books and records audited by an independent certified public accountant as of June 30 of each year. The State Code further requires the certified public accountant to present a written report to the local governing body at a public session by the following December 31.

Attached is a copy of the City's Comprehensive Annual Financial Report for the fiscal year which ended June 30, 2008. This report, which follows a format prescribed by the national Governmental Accounting Standards Board (GASB), includes: a description of the significant financial events of the fiscal year, the City's audited financial statements, and selected financial and demographic information.

The following are highlights of the report:

- The City received a positive "clean opinion" from its independent certified public accountant, KPMG, LLP, of its financial statements for the year ended June 30, 2008, from the auditors (CAFR, page 19). The auditors found that the City's financial statements "present fairly" the City's financial position and results of operations and that the City has complied with applicable laws and regulations related to federal grants.
- The CAFR includes a Management's Discussion and Analysis section that provides an overview of the City's financial performance (CAFR, page 21).

- On this entity-wide basis, the City government has recorded \$342 million in net assets (CAFR, Exhibit I, page 33) including the investment in capital assets of \$231 million, and capital project commitments of \$52 million. The City government's net assets decreased by \$18 million in fiscal year (FY) 2008 (CAFR, Exhibit II, page 34).
- General Fund revenues in FY 2007 totaled \$520 million (CAFR, Exhibit IV, page 36). Final General Fund expenditures totaled \$472 million and transfers to other City funds totaled \$55 million (CAFR, Exhibit IV, page 36).
- Driven largely by real estate taxes, FY 2008 General Fund revenues exceeded budgeted revenues by \$4 million (CAFR, Exhibit XIII, page 98). Real and personal property taxes including penalties and interest, exceeded budget by \$8 million. Other Local Taxes were less than budgeted by \$4 million. As discussed in recent monthly financial reports to Council, total General Fund expenditures overall ended the year under authorized levels.
- When the FY 2009 budget was presented, considered and then approved, most of the FY 2008 fiscal surplus was known and incorporated into the FY 2009 budget and tax rate decision-making.
- The audited year end General Fund financial condition was \$0.8 million more than expected due to lower resources required for inventory. These additional funds have been designated to help fund the FY 2010 budget.
- The undesignated General Fund balance of \$27 million at the conclusion of FY 2008 (CAFR pg 8) represents 5.2 percent of General Fund revenues (CAFR, page 9). This is slightly below the 5.5% target rate, but higher than the 4.0% floor. Undesignated General Fund balance is the accumulated total of all prior years actual General Fund revenues in excess of expenditures, less resources reserved for inventory and encumbrances and designations including operating and capital budgets, self-insurance, other post employment benefits and ongoing projects (CAFR, page 53).
- Total General Fund balance, which includes all reserved, designated and undesignated resources, was \$65 million at the end of FY 2008 (CAFR, Exhibit III, page 35). This compares to the total General Fund balance of \$72 million at the end of FY 2007. This decrease in fund balance was planned and reflects an increased investment in capital projects.
- The City now includes separate financial information for the new Sewer and Housing funds. The Sewer fund had an \$8 million fund balance and the Housing fund had \$4 million in fund balance (CAFR, Schedule 3, page 111).
- The City continues to comply with all of the debt-related financial targets and limits (CAFR, page 9).
- Largely due to the tax refund scandal in the District of Columbia government, at City staff initiative, KPMG was asked to review the City's tax refund policies and processes, as well as

to randomly test tax refunds paid. KPMG reported no issues in regard to tax refunds, and made no recommendations in regard to changing existing tax refund policies and processes.

- There were no negative audit findings related to \$34.4 million in federal grant expenditures.
- The CAFR cover continues a City practice of showcasing a capital project completed in the fiscal year of the CAFR. This year the project is the new T.C. Williams High School which opened in FY 2008.
- Staff is confident that the City's FY 2008 CAFR will be awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The City has received this award for each of the last 30 consecutive years.

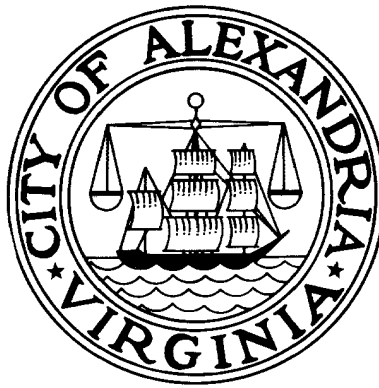
**ATTACHMENT:**

City of Alexandria Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2008.

**STAFF:**

Mark Jinks, Deputy City Manager  
Laura B. Triggs, Director of Finance  
Ray Welch, Acting Comptroller

**CITY OF ALEXANDRIA, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
JULY 1, 2007 TO JUNE 30, 2008**

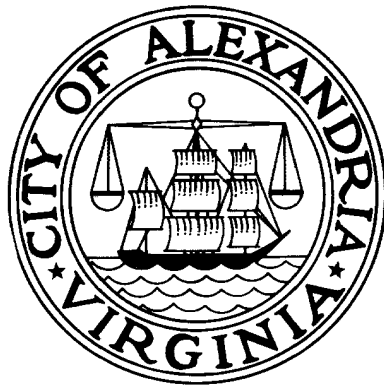


**Alexandria City Council**  
**William D. Euille, *Mayor***  
**Redella S. Pepper *Vice-Mayor***  
**Ludwig P. Gaines**  
**Rob Krupicka**  
**Timothy B. Lovain**  
**Paul C. Smedberg**  
**Justin M. Wilson**

**City Manager.....James K. Hartmann**  
**Deputy City Manager .....Mark B. Jinks**  
**Director of Finance ..... Laura B. Triggs, CPA**  
**Director of Real Estate Assessments .....Cindy Smith-Page**  
**City Attorney ..... Ignacio B. Pessoa**  
**City Clerk and Clerk of Council..... Jacqueline Henderson**  
**Independent Auditors.....KPMG LLP**

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

**[alexandriava.gov](http://alexandriava.gov)**



**CITY OF ALEXANDRIA, VIRGINIA**  
**Comprehensive Annual Financial Report**  
**for the Fiscal Year Ended June 30, 2008**

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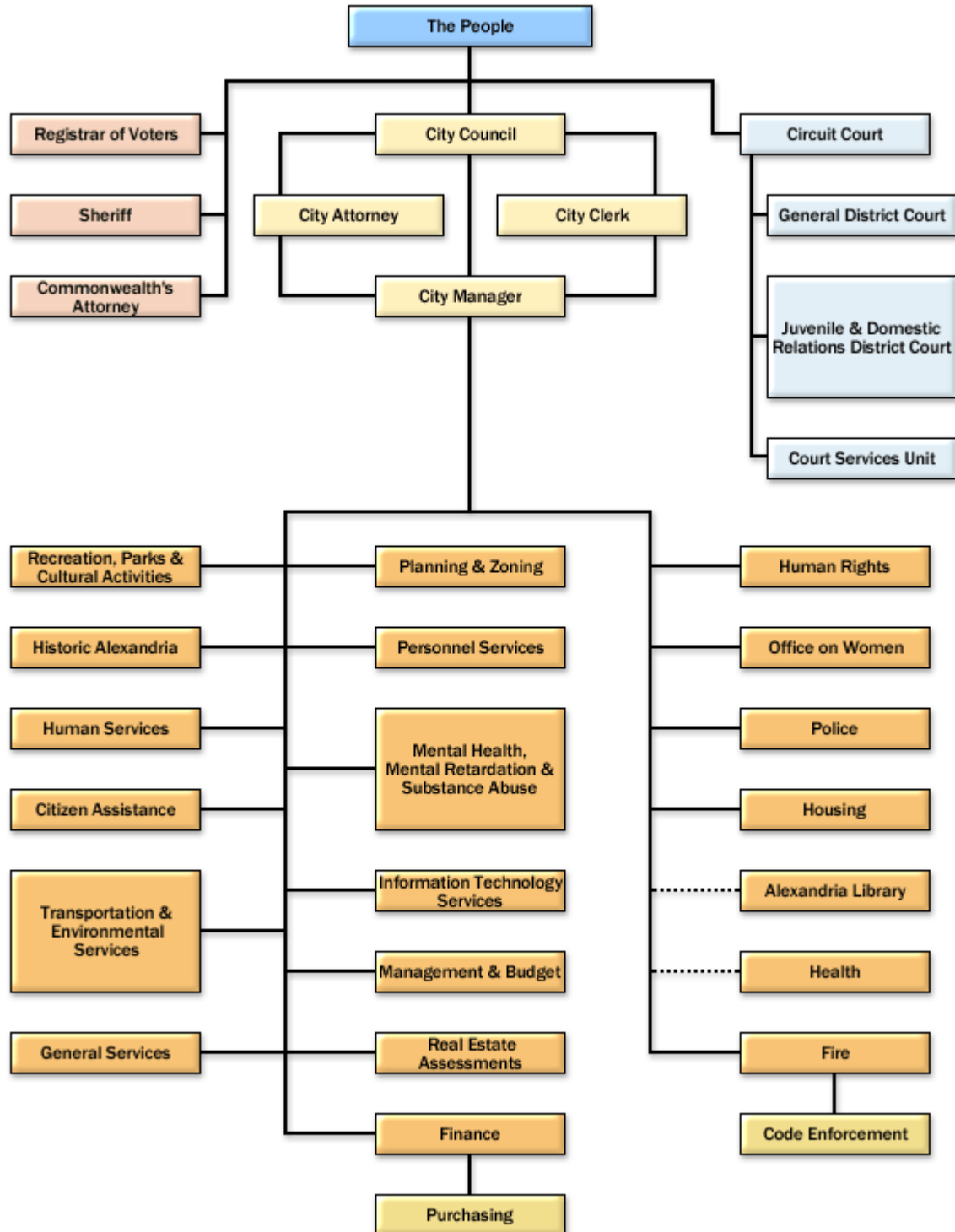
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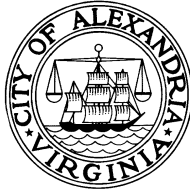
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# INTRODUCTORY SECTION



# ALEXANDRIA CITY GOVERNMENT ORGANIZATIONAL CHART





November 18, 2008

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, 2008. The report is designed to present fairly the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

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

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

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

#### THE CITY

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

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

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

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

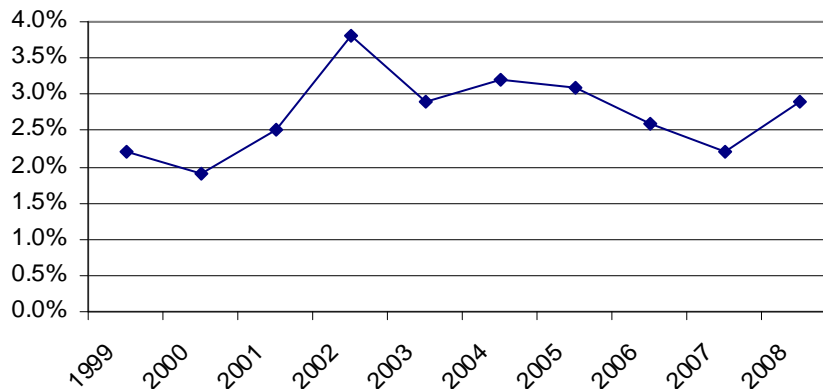
## FINANCIAL REPORTING ENTITY

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

## LOCAL ECONOMY

The City has seen decline in revenues because of changes in the real estate market and availability of credit nationally. While unemployment rates remain lower than the national average, office vacancy rates are moderate, demand for housing has dropped in the City, and the number of jobs in the City has not increased. As of December 31, 2007, 101,110 persons were employed in the City, a decrease of 1,541 compared to 102,651 at the end of December 2006. The local jobless rate has increased from 2.2 percent in 2007 to 2.9 percent in 2008. The following table shows the City's jobless rate for the past 10 years:

**City of Alexandria Unemployment Rate Last Ten Years**



The real estate market, which is the principal source of tax revenue for the City, had essentially no growth in FY 2008. Total real property assessments increased in calendar year 2008 by 3.8 percent, or \$1.3 billion, all of which is attributable to some commercial growth.

## MAJOR INITIATIVES

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

During the past fiscal year, the City made progress in a number of important areas, including adding to the City's open space, investing in affordable housing projects and completing construction at the new T.C. Williams school.

## FINANCIAL CONDITION

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

The continued need to reduce real estate tax rates continued to exert pressure on maintaining services at existing levels. Keeping existing programs funded and salaries of public employees competitive, and addressing the expanding program needs of the community will require careful budgeting. The City Council has adopted a Strategic Plan to ensure that City resources remain focused on City priorities. The eight goals of the Strategic Plan are:

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

Capital investment and the resulting debt service costs are planned to increase. The need for increased operating and capital support to fund the new Police Facility and transit projects are two of the City's major capital challenges. During fiscal year (FY) 2009, revenues are budgeted to grow by about 4.4 percent over FY 2008 with revenues budgeted reflecting an essentially flat estate tax base offset by an increase in the City real estate tax rate (from 83.0¢ to 84.5¢). One percent of the City's real property taxes collected continues to be dedicated to open space acquisition, with one cent of the real estate tax rate dedicated to affordable housing. The City believes, in general, that the overall state of its infrastructure of streets, bridges, and many public facilities is good, with the increased capital improvement program aimed at maintaining and improving the City's infrastructure. The amount of development in the City will also influence future expenditure and revenue levels.

Over the last five years, the City has been able to maintain its fiscal strength as the result of the City Council's adoption of, and subsequent adherence to, the series of financial policies listed on page 10. These policies are aimed at (1) limiting debt and annual debt service requirements and (2) maintaining an appropriate General Fund fund balance so as to retain the City's AAA/Aaa bond ratings and to keep the City on firm financial footing. When City Council initially adopted the financial policies in 1987, the City's general obligation debt as a percentage of the tax base was 1.4 percent. Because of the City use of "pay-as-you-go" financing for many capital projects, the City has maintained superior debt ratios since their implementation in 1987. At the end of FY 2008, the City's debt to tax base ratio was just .68 percent with that projected to rise to 1.05 percent in FY 2011 (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

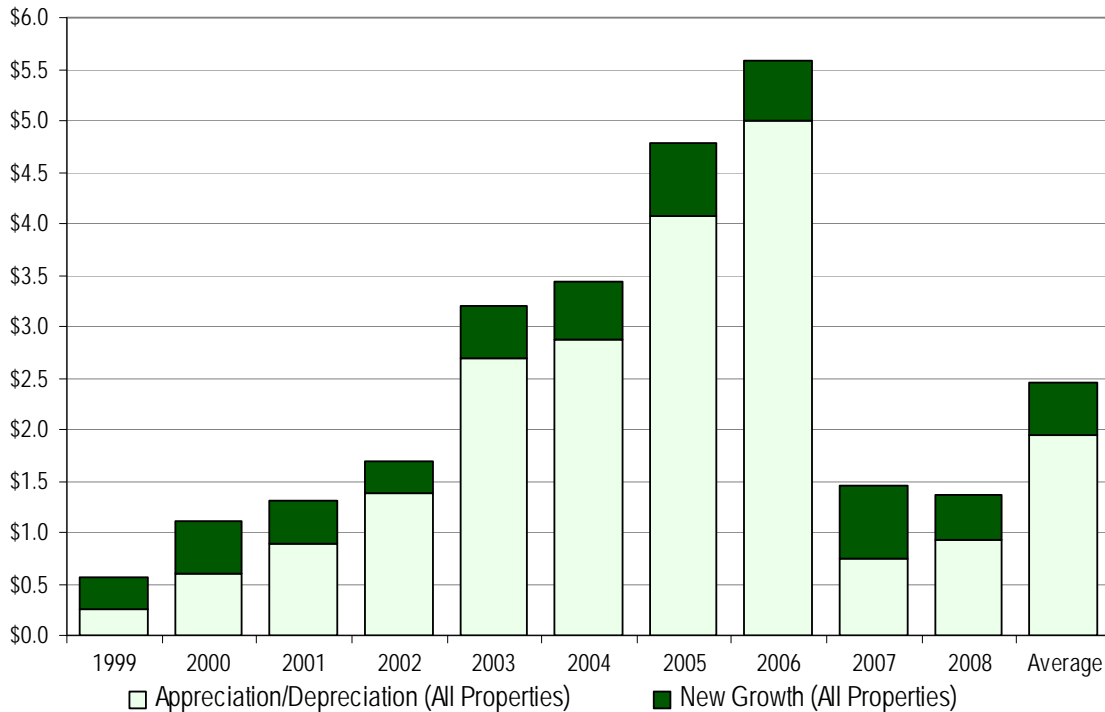
The following table shows that the overall real property assessed value has increased by over \$23 billion since 1999, including a 3.8 percent increase from calendar year 2007 to 2008, which is lower than the 4.4 percent increase from calendar year 2006 to 2007. Real property taxes, which are based on 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>
1999	\$ 6,169,055	4.9	\$ 6,018,465	5.2	\$ 12,187,520	5.0
2000	6,716,942	8.9	6,578,366	9.3	13,295,308	9.1
2001	7,573,897	12.8	7,058,452	7.3	14,632,349	10.1
2002	8,889,290	17.4	7,243,699	2.6	16,132,989	10.3
2003	11,191,850	25.9	8,034,076	10.9	19,225,926	19.2
2004	13,224,543	18.3	9,532,642	7.6	21,889,496	13.9
2005	16,272,324	22.9	11,087,326	28.3	27,359,650	25.0
2006	20,331,756	25.2	12,574,963	12.0	32,790,562	19.9
2007	20,205,364	(0.8)	14,037,667	13.0	34,243,031	4.4
2008	20,143,404	(0.3)	15,411,554	9.8	35,554,958	3.8

1. Includes apartment buildings.

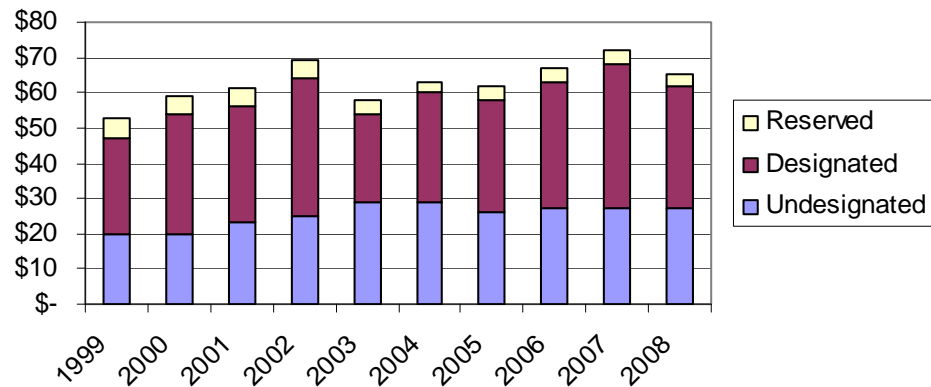
**Change in Total Tax Base**  
Tax Year 1999-2008



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

The General Fund Unreserved Fund Balance financial policies are one keystone in the City's overall financial strength and stability. At the end of FY 2008, the City's General Fund fund balance was \$65.5 million and included legal reservations of fund balance of \$3.2 million and a number of designations totaling \$35.3 million, including \$8.4 million designated for future capital funding, leaving a remaining undesignated fund balance of \$27.1 million. At the end of FY 2008 the City's ending General Fund fund balance condition was consistent with the City's established financial policies.

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



### CAPITAL FINANCING AND DEBT MANAGEMENT

In conjunction with the annual operating budget preparation, the City Manager annually prepares a six-year Capital Improvement Plan to provide for the financing of improvements to the City's public facilities. The first year of the program constitutes the capital budget for the current fiscal year; the remaining five years serve as a planning guide. The City accounts for capital improvement expenditures in the Capital Projects Fund and finances the projects from the General Fund (including appropriations of Designated Fund Balance), general obligation debt, the sale of surplus property, and intergovernmental grant revenues. The City's Capital Improvement Plan for FY 2009 through FY 2014 represents \$396.9 million of City-funded public improvements to the City's schools, public buildings, parks, and transportation systems. In addition, state and federal grants and other sources, such as prior year City funds, will provide \$151.6 million in additional planned capital funding for the FY 2009-FY 2014 time period.

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

	<u>Ceiling</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Target</u>
Debt as a Percentage of Fair Market Value	1.6%	0.74%	0.95%	0.75%	0.90%	0.88%	0.90%	0.85%	0.73%	1.1%
Debt Per Capita as a Percentage of Per Capita Income <sup>1</sup>	4.5%	1.6%	2.2%	2.0%	2.7%	3.1%	3.4%	2.9%	2.6%	3.2%
Debt Service as a Percentage of General Governmental Expenditures <sup>2</sup>	10.0%	3.1%	3.5%	3.6%	3.6%	4.2%	4.3%	4.5%	4.4%	8.0%
General Fund Balance as a Percentage of General Fund Revenue:										
Unreserved	10% (floor)	16.6%	17.6%	14.4%	14.6%	13.3%	13.2%	13.4%	12.0%	N/A
Undesignated	4% (floor)	6.6%	6.8%	7.3%	6.9%	5.9%	5.6%	5.2%	5.2%	5.5%
Assets Unrestricted Net as a Percentage of General Revenue	4% (floor)	8.4% <sup>3</sup>	32.2%	19.8%	18.4%	14.5%	17.7%	19.0%	12.6%	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> Net Assets percentage decrease associated with School assets. See Note 5.

The adopted financial policies include the following:

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

The City's General Obligation Bonds have the top available ratings which were reaffirmed in July 2008 as follows:

**Moody's Investors Service**

Aaa

**Standard & Poor's**

AAA

**BUDGETARY ACCOUNTING AND INTERNAL CONTROLS**

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

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

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

**REPORT FORMAT**

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

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

and School programs that are financed by federal grants. This information is required by the Single Audit Act Amendments of 1996 and by the Auditor of Public Accounts of the Commonwealth of Virginia.

## INDEPENDENT AUDIT

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

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

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Alexandria a Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR) for the 30th consecutive year in 2007. 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 2008.

## 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. This CAFR provides the 15c2-12 general bond obligation bond information, which includes the "Debt Statement" found in Note 9 of Notes to the Financial Statements, a "Five Year Summary of General Fund Revenues and Expenditures" found in Table XXII, a summary of debt found in Table XXIII (Summary of Total General Obligation Bonds Debt Service), and "Tax Revenues by Source" found in Table III.



## ACKNOWLEDGMENTS

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

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'm. jinks', written over two horizontal lines.

Mark B. Jinks  
Deputy City Manager

A handwritten signature in black ink, appearing to be 'LB Triggs', written in a cursive style.

Laura B. Triggs, CPA  
Director of Finance

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

Raymond J. Welch, Jr.  
Acting Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alexandria  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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

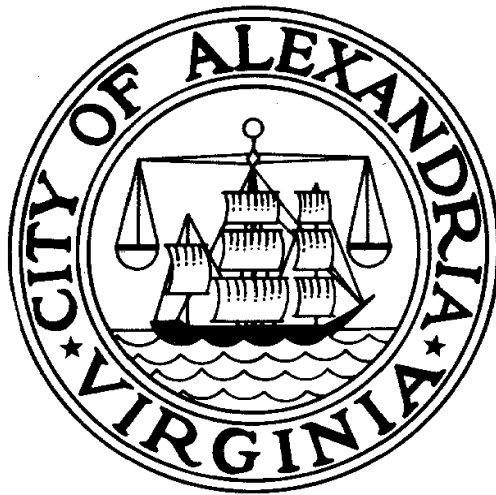


*Charles S. Cox*

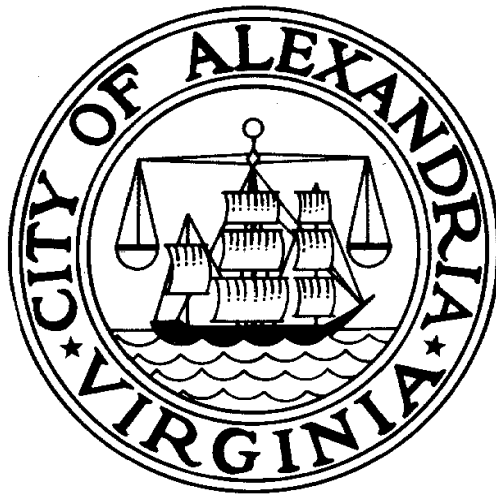
President

*Jeffrey R. Emen*

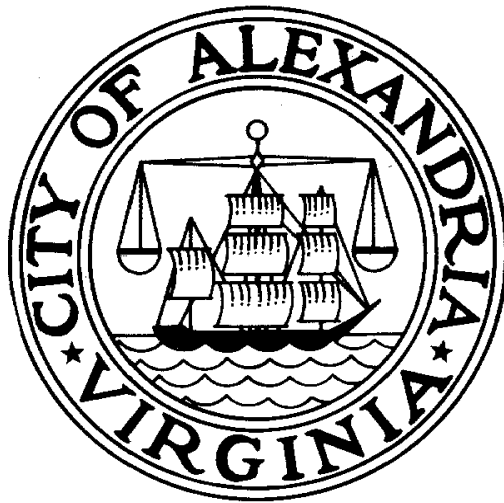
Executive Director



## FINANCIAL SECTION



## **INDEPENDENT AUDITORS' REPORT**





KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Virginia (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements identified in Exhibits I through XII in the Financial Section of the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia, Virginia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 16, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, effective July 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.





The accompanying management's discussion and analysis, the budgetary comparison schedules and the schedules of funding progress and employer contributions on pages 23 through 30, 102 through 104, and 105 through 107, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

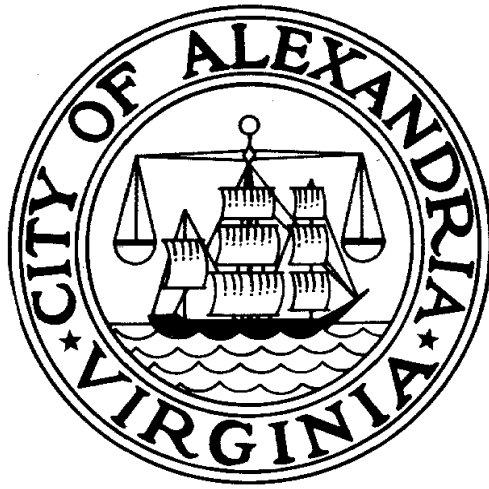
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The information identified as schedules 1, 2, 3 and 4 in the Financial Section of the accompanying table of contents, is presented for purposes of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

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

KPMG LLP

November 18, 2008

## **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, 2008. 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 2008

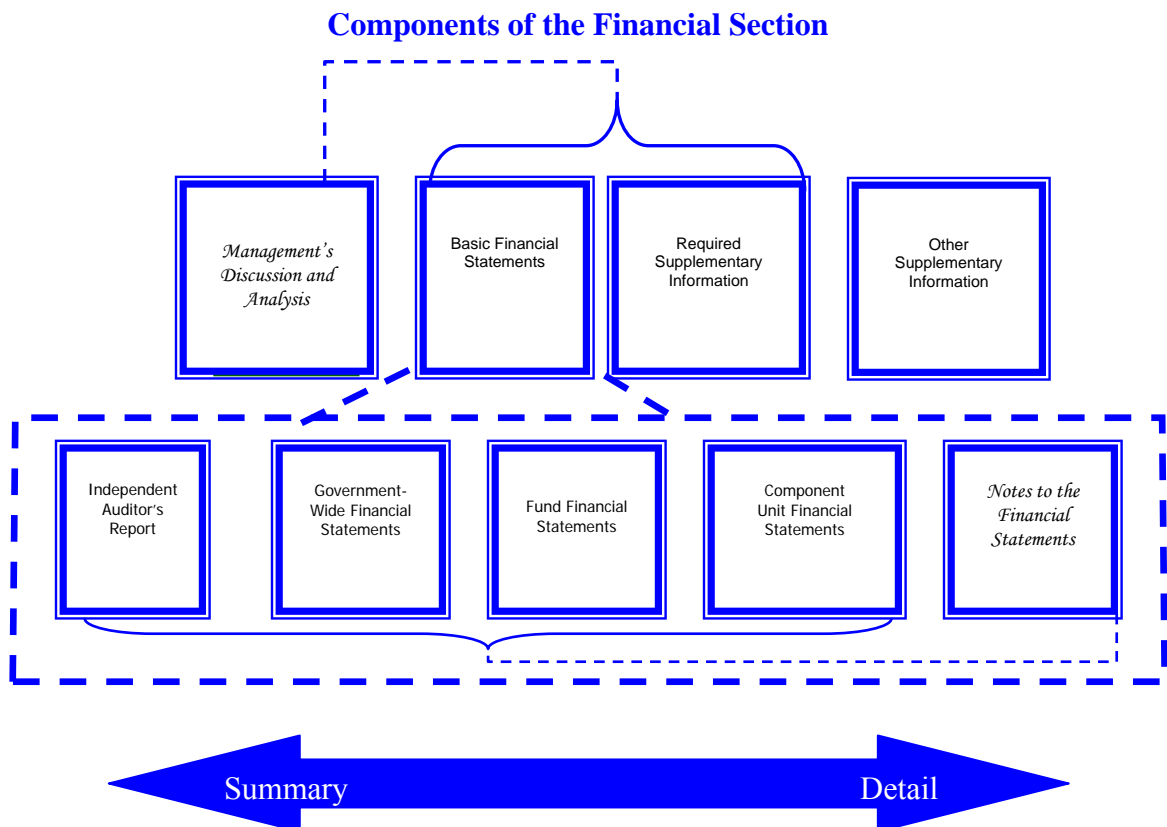
The General Fund, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources by \$6.0 million (Exhibit IV) after making a budgeted \$16.2 million transfer to the capital projects fund and a \$39.1 million transfer to the special revenue fund.

On a government-wide basis for governmental activities, the City's general revenues of \$478.5 million were \$17.8 million less than the \$496.3 million of expenses net of program revenue (Exhibit II).

The City's total net assets, excluding component units, on the government-wide basis, totaled \$342.8 million at June 30, 2008. Of this amount, \$60.3 million is unrestricted (Exhibit I).

### 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 STATEMENTS

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

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

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

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

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

## FUND FINANCIAL STATEMENTS

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

The City has three kinds of funds:

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

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

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

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

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Statement of Net Assets:

The following table presents the condensed Statement of Net Assets:

**Table 1**  
**Summary of Net Assets**  
**As of June 30, 2008 and 2007**  
**(In millions)**

	<b>Primary Government Governmental Activities</b>		<b>Component Units</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Current and other assets	\$ 399	\$ 444	\$ 44	\$ 41
Capital assets	501	469	24	22
Total assets	<u>\$ 900</u>	<u>\$ 913</u>	<u>\$ 68</u>	<u>\$ 63</u>
Other liabilities	\$ 267	\$ 253	\$ 25	\$ 24
Long-term liabilities	290	299	12	7
Total liabilities	<u>\$ 557</u>	<u>\$ 552</u>	<u>\$ 37</u>	<u>\$ 31</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 231	\$ 171	\$ 24	\$ 22
Restricted	52	102	-	-
Unrestricted	60	88	7	10
Total Net Assets	<u>\$ 343</u>	<u>\$ 361</u>	<u>\$ 31</u>	<u>\$ 32</u>

Amounts may not add due to rounding

The City's net assets (which is the City's bottom line) decreased five percent, or \$18 million, to \$343 million. The decrease is primarily attributable to decrease in current assets. The decrease in the City's current assets is primarily attributable to the use of bond proceeds for capital asset purchases in a year in which there were no new bond issues. Component units net assets decreased by \$1 million. The City's capital assets increased \$32 million, primarily due to completion of the TC Williams school construction, the FC Hammond school renovation and additions to the City's construction in progress for the new Transit Bus and Police facilities and the renovation of Charles Houston recreation center. Long-term liabilities decreased as bonds were repaid and no General obligation bonds for capital projects were issued in FY 2008 (Note 5). The increase in long term liabilities for component units represents the liability associated with Other Post Employment Benefits.

## Statement of Activities

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

**Table 2**  
**Changes in Net Assets**  
**For the Fiscal Years Ended June 30, 2008 and 2007**  
**(In millions)**

	<b>Total Primary Government Governmental Activities</b>		<b>Component Units</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Revenues</b>				
<b>Program revenues:</b>				
Charges for services	\$ 51	\$ 50	\$ 6	\$ 5
Operating grants and Contributions	61	61	38	42
Capital grant/contributions	8	18	--	--
<b>General revenues:</b>				
Property taxes	328	311	--	--
Other taxes	112	111	--	--
Other	39	40	1	1
Payment to/from City	--	--	181	166
<b>Total revenues</b>	<b>\$ 599</b>	<b>\$ 591</b>	<b>\$ 226</b>	<b>\$ 214</b>
<b>Expenses</b>				
General government	\$ 65	\$ 64	\$ --	\$ --
Judicial administration	19	18	--	--
Public safety	115	112	--	--
Public works	49	44	--	--
Library	7	7	8	7
Health and welfare	96	89	--	--
Transit	14	14	12	11
Culture and recreation	30	27	--	--
Community development	41	35	--	--
Education	169	154	208	200
Interest on long-term debt	12	13	--	--
<b>Total expenses</b>	<b>\$ 617</b>	<b>\$ 577</b>	<b>\$ 228</b>	<b>\$ 218</b>
<b>Change in net assets</b>	<b>\$ (18)</b>	<b>\$ 14</b>	<b>\$ (1)</b>	<b>\$ (4)</b>
<b>Net Assets Beginning of Year</b>	<b>\$ 361</b>	<b>\$ 347</b>	<b>\$ 32</b>	<b>\$ 36</b>
<b>Net Assets End of Year</b>	<b>\$ 343</b>	<b>\$ 361</b>	<b>\$ 31</b>	<b>\$ 32</b>

Amounts may not add due to rounding

## REVENUES

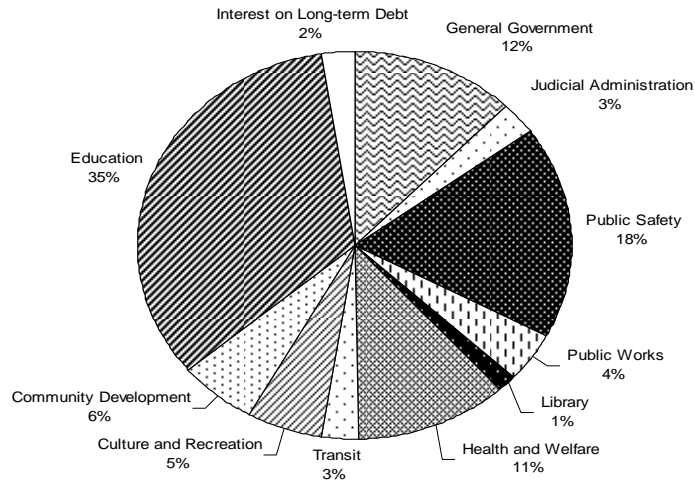
For the fiscal year ended June 30, 2008 revenues from governmental activities totaled \$599 million. Real estate tax revenues, the City's largest revenue source, reflecting the recognition of the taxes associated with the last half of calendar year 2007 and the first half of calendar year 2008 real property tax billings, were \$289 million. The increase in tax revenues is primarily attributable to an increase in the City's assessed real property tax base and tax rate, which increased 1.5¢. One percent of the City's real estate tax was set aside to fund open space initiatives and the equivalent of one cent of the real estate tax rate revenues was transferred to a special housing fund for affordable housing initiatives.

In addition:

- Charges for services increased by \$1 million.
- The decrease in capital grants and contributions reflect the receipt of funds for the Woodrow Wilson bridge in FY 2007.

Component units' net assets decreased \$1 million.

#### Net Expenses for Governmental Activities



#### EXPENSES

For the fiscal year ended June 30, 2008 expenses for governmental activities totaled \$620 million and include budgeted increases for employee compensation, maintenance of public buildings and budgeted increases in payments for educational expenses to the School Board. For FY 2008 the City provided increased resources to the following areas:

- Increased cost to the City's supplemental pension plan,
- Increased costs to provide mandated human services under the State Comprehensive Services Act.

Education continues to be one of the City's highest priorities. Capital funding included \$3.9 million in addition to the City's operating subsidy to the Schools of \$160.2 million.

#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2008, the governmental funds reflect a combined fund balance of \$135 million (Exhibit III). The Governmental fund balance decrease of \$63 million is primarily due to funds committed to capital projects and affordable/workforce housing in FY 2008. In addition, these other changes in fund balance should be noted:



- The General Fund contributed \$16.2 million to pay-as-you-go financing of capital projects.
- The City contributed \$160 million to the schools for operations.
- The sewer fund contributed \$5.2 million to pay as you go capital projects.
- The City spent \$80 million in the Capital Projects Fund primarily to fund the completion of the new high school.

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

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

	FY 2008		
	Original Budget	Amended Budget	Actual
<u>Revenues, Transfers, and Other Financial Sources</u>			
Taxes	\$ 432	\$ 432	\$ 436
Intergovernmental	53	53	54
Other	31	32	30
Total	<u>\$ 516</u>	<u>\$ 517</u>	<u>\$ 520</u>
<u>Expenditures, Transfers, and Other Financial Uses</u>			
Expenditures	\$ 297	\$ 303	\$ 298
Transfers and other	221	229	228
Total	<u>\$ 518</u>	<u>\$ 532</u>	<u>\$ 526</u>
Change in Fund Balance	<u>\$ (2)</u>	<u>\$ (15)</u>	<u>\$ (6)</u>

Amounts may not add due to rounding

Expenditures and other financing uses exceeded revenue and other financing sources by \$6 million in the General Fund for FY 2008.

Actual General Fund revenues and other financial sources exceeded original budgeted revenues by \$4 million and the amended budget by \$3 million during FY 2008. This is primarily due to an increase in the City's assessed real property tax rate. As a result of supplemental appropriations for encumbrances and cash capital transfers, actual General Fund expenditures and transfers were greater than the original budget by \$8 million, while General Fund expenditures were less than the amended budget by \$6 million since not all planned projects were completed before the end of the fiscal year.

During FY 2008, 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, 2007 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, 2007, totaled \$2.3 million.
- To reappropriate monies (\$2.3 million) to pay for projects budgeted for FY 2007 but not completed before the end of the fiscal year.

- To reappropriate grant, donation and other revenues authorized in FY 2007 or earlier, but not expended or encumbered as of June 30, 2007.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2008.
- To appropriate the designated General Fund balance of \$3.6 million to planned capital projects.

## CAPITAL ASSETS

At the end of FY 2008, the City's governmental activities had invested cumulatively \$501.3 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$32.1 million.

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

	Balance <u>June 30, 2007</u>	Net Additions/ (Deletions)	Balance <u>June 30, 2008</u>
Non-Depreciable Assets			
Land and Land Improvements	\$ 87.7	\$ 1.1	\$ 88.8
Construction in Progress	108.4	(71.7)	36.7
Other Capital Assets			
Buildings	256.3	106.4	362.7
Infrastructure	140.5	2.3	142.8
Furniture and Other Equipment	51.1	6.9	58.0
Accumulated Depreciation on Other Capital Assets	<u>(174.8)</u>	<u>(13.0)</u>	<u>(187.8)</u>
Totals	<u>\$469.2</u>	<u>\$ 32.1</u>	<u>\$501.3</u>

Amounts may not add due to rounding

The FY 2008 increase in buildings includes the completion of the T.C. Williams school construction. The increase in land represents the purchase of open space property at East Del Ray Avenue. The primary components of construction in progress are the new Police Facility, new Transit Bus Facility and construction of a new Charles Houston Center.

The FY 2009 - FY 2014 Approved Capital Improvement Program (CIP), which was approved by City Council in May 2008, sets forth a six-year program with \$396.9 million in new City funded and \$59.2 million in prior City funded and partially state transportation aid funded program of public improvements for the City and the Alexandria City Public Schools. This represents (in City funding) an increase of approximately \$7.8 million above the FY 2008-2013 CIP. The CIP also provides an increased capital investment in quality of life initiatives, including open space acquisition, and increased Metro capital funding, to enhance the quality of life in Alexandria.

## LONG-TERM DEBT

At the end of FY 2008, the City had \$260.4 million in outstanding general obligation bonds a decrease of \$18.1 million, or 6.5 percent, over last year. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2008, Moody's Investors Services, Inc. and Standard & Poor's (S&P) credit rating agencies reaffirmed the City's triple-A bond ratings. The City received its first triple-A rating from Moody's in 1986 and from S&P in 1992. Standard and Poor's Financial Management Assessment concluded that the City's practices were "strong."

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt is significantly below, or less than one-tenth of this state law limit - which would equate to \$3.6 billion for the City.

On July 9, 2008 the City Council issued \$58.0 million in General Obligation bonds for school construction, sewers, and infrastructure improvements and renovation. These bonds were issued with an original issue premium of approximately \$1.4 million and a true interest cost of 3.99 percent. Also, on July 9, 2008 the City Council issued \$5 million in taxable bonds to assist the City's Housing Authority in financing the redevelopment of its Glebe Park site. These bonds were issued with an original issue premium of \$29,048 and a true interest cost of 5.39 percent. The premium and discounts for these bonds are being amortized over the life of the bonds.

## ECONOMIC FACTORS

Job growth in the City slowed somewhat in FY 2008, with total employment of 99,035 for March 2008 (the latest data available from the Virginia Employment Commission). Tourism has remained relatively flat, with restaurant food tax showing only moderate growth in FY 2008.

As of 2006 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita income of \$65,141 remains one of the highest in the United States, and is now the highest of any major jurisdiction in Virginia. The City's office vacancy rate stood at 6.3 percent by the end of FY 2008, which is lower than the office vacancy rate in Northern Virginia (13.6 percent), as well as the Washington D.C. metropolitan area (12.0 percent).

## OTHER INFORMATION

During fiscal year 2008, the City implemented Governmental Accounting Standard Board Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). The City had actuaries prepare a preliminary evaluation of post retirement medical and life insurance costs as of January 1, 2008. 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 \$1.9 million to cover 715 retirees for FY 2008. That evaluation estimated the Unfunded Actuarial Accrued Liability to be \$84.5 million and the Annual Required Contribution to be \$10.9 million. This information was based on a 30-year amortization of the unfunded actuarial liability and a 7.5 percent discount rate assumption. The 7.5 percent discount rate assumption was based on the assumption that the City would establish a separate investment trust fund to finance the payment of benefits. The City established an OPEB trust fund with initial deposit of \$0.2 million in June and additional deposit of \$5.4 million in July. The City has also designated \$10.7 million of the fund balance to fund retirees' health and life insurance benefits.

The Alexandria City Public Schools (a component unit of the City) also provides a post retirement health care subsidy per month for each retiree. For FY 2008, the Schools provided a subsidy of \$265 per month to cover 300 retirees at a total cost on a "pay-as-you-go" basis of \$0.8 million. A preliminary evaluation of their plan as of June 30, 2006, estimated that, with a separate trust fund, the Unfunded Actuarial Accrued Liability would be approximately \$39.0 million and the Annual Required Contribution would be \$4.9 million; if a separate trust fund is not used, the Unfunded Actuarial Accrued Liability would be approximately \$66.0 million and the Annual Required Contribution would be approximately \$7.0 million.

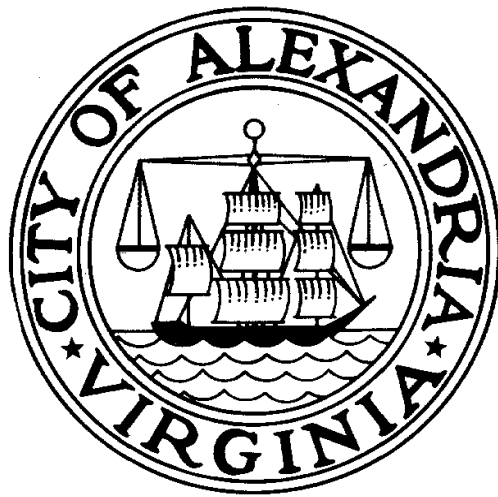
In recognition that GASB 45 requires unfunded liabilities to be disclosed, City Council as part of its FY 2009 budget deliberations designated \$10.7 million of the City's General Fund balance for "Post Retirement Employees Benefits." During FY 2009 funding policies and retiree benefit options will continue to be reviewed.

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

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Laura Triggs, Director of the City of Alexandria's Finance Department, City Hall, P.O. Box 178, Alexandria, VA 22313, telephone (703) 838-4755, or visit the City's web site at alexandriava.gov.

# **BASIC FINANCIAL STATEMENTS**



**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Assets**  
**As of June 30, 2008**

**Exhibit I**

	<b>Primary Government</b>	
	<b>Governmental</b>	<b>Component</b>
	<b>Activities</b>	<b>Units</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 111,776,997	\$ 31,438,104
Cash and Investments with Fiscal Agents	47,172,897	2,438,890
Receivables, Net	196,128,983	223,477
Accrued Interest	241,093	
Due From Other Governments	38,336,405	2,577,315
Inventory of Supplies	1,588,472	501,332
Prepaid and Other Assets	3,163,850	6,974,590
Capital Assets		
Land and Construction in Progress	125,586,984	7,504,188
Other Capital Assets, Net	375,702,904	16,265,771
Capital Assets, Net	<u>\$ 501,289,888</u>	<u>\$ 23,769,959</u>
Total Assets	<u>\$ 899,698,585</u>	<u>\$ 67,923,667</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 16,524,524	\$ 3,453,229
Accrued Wages	9,682,382	19,749,682
Accrued Liabilities	3,402,211	-
Unearned Revenue	210,324,600	212,921
Other Short-term Liabilities	2,651,160	281,848
Deposits	1,428,123	-
Long-term Liabilities Due Within One Year	22,877,629	1,008,813
Long-term Liabilities Due in More Than One Year	290,001,907	12,770,491
Total Liabilities	<u>\$ 556,892,536</u>	<u>\$ 37,476,984</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 231,047,531	\$ 23,831,196
Restricted for:		
Capital Projects	51,475,871	-
Unrestricted Net Assets	<u>60,282,647</u>	<u>6,615,487</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 342,806,049</u></u>	<u><u>\$ 30,446,683</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

**Exhibit II**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government		Component Units
					Governmental Activities	Total	
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 64,574,051	\$ 5,577,874	\$ 1,225,233	\$ -	\$ (57,770,944)	\$ (57,770,944)	\$ -
Judicial Administration	19,247,399	1,855,444	4,301,765	-	(13,090,190)	(13,090,190)	-
Public Safety	114,527,290	10,650,735	14,066,038	217,683	(89,592,834)	(89,592,834)	-
Public Works	48,793,257	17,423,537	6,181,407	4,530,109	(20,658,204)	(20,658,204)	-
Library	6,920,124	-	-	-	(6,920,124)	(6,920,124)	-
Health and Welfare	96,246,999	6,680,105	32,388,176	-	(57,178,718)	(57,178,718)	-
Transit	14,136,260	-	-	-	(14,136,260)	(14,136,260)	-
Culture and Recreation	30,392,658	2,990,478	241,166	37,500	(27,123,514)	(27,123,514)	-
Community Development	40,563,861	5,993,533	2,892,302	2,784,797	(28,893,229)	(28,893,229)	-
Education	168,532,082	-	-	-	(168,532,082)	(168,532,082)	-
Interest on Long-term Debt	12,416,946	-	-	-	(12,416,946)	(12,416,946)	-
<b>Total Primary Government</b>	<b>\$ 616,350,927</b>	<b>\$ 51,171,706</b>	<b>\$ 61,296,087</b>	<b>\$ 7,570,089</b>	<b>\$ (496,313,044)</b>	<b>\$ (496,313,044)</b>	<b>\$ -</b>
<b>Component Units:</b>							
Library	\$ 7,664,074	\$ 225,232	\$ 201,710	\$ -	\$ -	\$ -	\$ (7,237,132)
Transit	12,422,839	3,089,405	97,456	-	-	-	(9,235,978)
School Board	208,025,361	2,697,986	37,947,145	-	-	-	(167,380,230)
<b>Total Component Units</b>	<b>\$ 228,112,274</b>	<b>\$ 6,012,623</b>	<b>\$ 38,246,311</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (183,853,340)</b>
<b>General Revenues:</b>							
Taxes:							
General Property Taxes:							
Real Estate					\$ 289,251,943	\$ 289,251,943	\$ -
Personal Property					38,571,299	38,571,299	-
Other					112,263,941	112,263,941	-
Payment from City of Alexandria					-	-	181,281,767
Grants and Contributions Not Restricted to Specific Programs					31,795,749	31,795,749	-
Interest and Investment Earnings					6,017,406	6,017,406	252,299
Miscellaneous					618,904	618,904	921,115
Total General Revenues					<u>\$ 478,519,242</u>	<u>\$ 478,519,242</u>	<u>\$ 182,455,181</u>
Change in Net Assets					<u>\$ (17,793,802)</u>	<u>\$ (17,793,802)</u>	<u>\$ (1398,159)</u>
Net Assets at Beginning of Year					<u>360,599,851</u>	<u>360,599,851</u>	<u>31,844,842</u>
Net Assets at End of Year					<u><u>\$ 342,806,049</u></u>	<u><u>\$ 342,806,049</u></u>	<u><u>\$ 30,446,683</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**

**Balance Sheet  
Governmental Funds  
June 30, 2008**

**Exhibit III**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 70,384,426	\$ 18,841,482	\$ 10,494,411	\$ 99,720,319
Cash and Investments with Fiscal Agents	-	763,589	46,409,308	47,172,897
Receivables, Net	194,028,586	2,100,384	13	196,128,983
Accrued Interest	241,093	-	-	241,093
Due From Other Governments	32,834,148	5,502,257	-	38,336,405
Inventory of Supplies	1,588,472	-	-	1,588,472
Prepaid and Other Assets	180,995	24,628	-	205,623
Total Assets	<u>\$ 299,257,720</u>	<u>\$ 27,232,340</u>	<u>\$ 56,903,732</u>	<u>\$ 383,393,792</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 8,087,936	\$ 2,700,037	\$ 5,433,237	\$ 16,221,210
Accrued Wages	7,585,773	2,091,154	5,457	9,682,384
Accrued Vacation	2,654,196	-	-	2,654,196
Other Liabilities	2,651,160	-	-	2,651,160
Deposits	1,428,123	-	-	1,428,123
Unearned Revenue	211,362,491	4,467,308	-	215,829,799
Total Liabilities	<u>\$ 233,769,679</u>	<u>\$ 9,258,499</u>	<u>\$ 5,438,694</u>	<u>\$ 248,466,872</u>
<b>FUND BALANCES</b>				
Reserved for:				
Capital Projects	\$ -	\$ -	\$ 2,691,739	\$ 2,691,739
Notes Receivable	-	1,204,885	-	1,204,885
Inventory of Supplies	1,588,472	-	-	1,588,472
Encumbrances	1,579,168	1,245,926	48,773,300	51,598,394
Unreserved	62,320,401	15,523,030	-	77,843,431
Total Fund Balances	<u>\$ 65,488,041</u>	<u>\$ 17,973,841</u>	<u>\$ 51,465,039</u>	<u>\$ 134,926,921</u>
Total Liabilities and Fund Balances	<u>\$ 299,257,720</u>	<u>\$ 27,232,340</u>	<u>\$ 56,903,733</u>	

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)	491,484,799
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)	8,463,425
Internal service funds are used by management to charge the costs of equipment replacement; and, therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets. (Exhibit V)	21,558,455
Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(313,627,551)
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 342,806,049</u></u>

See Accompanying Notes to Financial Statements



**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

**Exhibit IV**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
General Property Taxes	\$ 324,113,019	\$ -	\$ -	\$ 324,113,019
Other Local Taxes	112,263,941	-	-	112,263,941
Permits, Fees, and Licenses	4,764,924	1,074,016	-	5,838,940
Fines and Forfeitures	3,903,807	-	-	3,903,807
Use of Money and Property	9,044,947	360,078	2,634,086	12,039,111
Charges for Services	11,302,195	14,505,022	26,690	25,833,907
Intergovernmental Revenue	54,447,311	38,644,525	7,570,089	100,661,925
Miscellaneous	618,907	6,668,343	2,905,004	10,192,254
Total Revenues	<u>\$ 520,459,051</u>	<u>\$ 61,251,984</u>	<u>\$ 13,135,869</u>	<u>\$ 594,846,904</u>
<b>EXPENDITURES</b>				
Current Operating:				
General Government	\$ 42,536,812	\$ 468,991	\$ -	\$ 43,005,803
Judicial Administration	17,028,954	1,687,131	-	18,716,085
Public Safety	108,941,895	3,229,972	-	112,171,867
Public Works	34,206,948	2,479,492	-	36,686,440
Library	6,920,124	-	-	6,920,124
Health and Welfare	21,058,544	74,629,716	-	95,688,260
Transit	14,136,260	-	-	14,136,260
Culture and Recreation	23,822,427	695,985	-	24,518,412
Community Development	13,009,454	21,408,633	-	34,418,087
Education	160,252,096	-	3,926,105	164,178,201
Debt Service:				
Principal	18,175,000	-	-	18,175,000
Interest and Other Charges	12,344,320	-	-	12,344,320
Capital Outlay	-	-	75,778,132	75,778,132
Total Expenditures	<u>\$ 472,432,834</u>	<u>\$ 104,599,920</u>	<u>\$ 79,704,237</u>	<u>\$ 656,736,991</u>
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	<u>\$ 48,026,217</u>	<u>\$ (43,347,936)</u>	<u>\$ (66,568,368)</u>	<u>\$ (61,890,087)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 1,311,109	\$ 45,060,950	\$ 21,445,723	\$ 67,817,782
Transfers Out	(55,343,575)	(7,474,207)	(5,000,000)	(67,817,782)
Total Other Financing Sources and Uses	<u>\$ (54,032,466)</u>	<u>\$ 37,586,743</u>	<u>\$ 16,445,723</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ (6,006,249)	\$ (5,761,193)	\$ (50,122,645)	\$ (61,890,087)
Fund Balance at Beginning of Year	72,253,728	23,735,034	101,587,684	
Decrease in Reserve for Inventory	(759,438)	-	-	(759,438)
Fund Balance at End of Year	<u>\$ 65,488,041</u>	<u>\$ 17,973,841</u>	<u>\$ 51,465,039</u>	

**Adjustments for the Statement of Activities:**

Repayment and refunding of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	18,175,000
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded capital expenditures in the current period. (Note 5)	30,199,146
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)	3,710,223
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)	(10,313,233)
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)	3,084,587
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ (17,793,802)</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Assets**  
**Proprietary Funds – Internal Service Fund**  
**June 30, 2008**

**Exhibit V**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 12,056,678
Total Current Assets	<u>\$ 12,056,678</u>

Capital Assets:

Buildings and Equipment	\$ 33,678,952
Less Accumulated Depreciation	<u>(23,873,863)</u>
Capital Assets, Net	<u>\$ 9,805,089</u>

Total Assets	<u><u>\$ 21,861,767</u></u>
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**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 303,312
Total Current Liabilities	<u>\$ 303,312</u>
Total Liabilities	<u>\$ 303,312</u>

**NET ASSETS**

Invested in Capital Assets	\$ 9,805,089
Unrestricted Net Assets	<u>11,753,366</u>
Total Net Assets	<u>\$ 21,558,455</u>
Total Liabilities and Net Assets	<u><u>\$ 21,861,767</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds – Internal Service Fund**  
**For the Year Ended June 30, 2008**

**Exhibit VI**

Operating Revenues:	
Charges for Services	\$ 4,717,991
Total Operating Revenues	<u>\$ 4,717,991</u>
Operating Expenses:	
Materials and Supplies	\$ 1,548,993
Depreciation	3,255,518
Total Operating Expenses	<u>\$ 4,804,511</u>
Operating Income	<u>\$ (86,520)</u>
Nonoperating Expenses:	
Loss on Disposal of Capital Assets	\$ (84,411)
Total Nonoperating Expenses	<u>\$ (84,411)</u>
Change in Net Assets	(170,931)
Net Assets at Beginning of Year	\$ 21,729,386
Net Assets at End of Year	<u><u>\$ 21,558,455</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

**Exhibit VII**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts From Customers	\$ 4,717,991
Payments to Suppliers	(1,555,123)
Net Cash Provided by Operating Activities	<u>\$ 3,162,868</u>

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

Operating Subsidies and Transfers from Other Funds	\$ -
--	------

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Purchases of Capital Assets	\$ (1,764,285)
Net Cash Used By Capital and Related Financing Activities	<u>\$ (1,764,285)</u>

Net Increase in Cash and Cash Equivalents	\$ 1,398,583
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Cash and Cash Equivalents at Beginning of Year	10,658,095
Cash and Cash Equivalents at End of Year	<u>\$ 12,056,678</u>

**Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities**

Operating Income	\$ (86,520)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	3,255,518
Change in Assets and Liabilities:	
Accounts Payable	(6,130)
Net Cash Provided by Operating Activities	<u>\$ 3,162,868</u>

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

Capital assets with a net book value of \$84,411 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 Assets**  
**At June 30, 2008**

**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	\$ -	\$ -	\$ -	\$ 16,531
Investments, at Fair Value:				
U.S. Government Obligations	2,749,930	-	1,567	232,987
LGIP	-	-	4,187	622,326
Mutual Funds	196,671,047	-	-	-
Corporate Stocks	9,003,782	-	-	-
Guaranteed Investment Accounts	72,731,612	-	-	-
Domestic Corporate Bonds	786,760	-	-	-
Other Investments	345,413	208,333	-	-
Total Investments	<u>\$ 282,288,544</u>	<u>\$ 208,333</u>	<u>\$ 5,754</u>	<u>\$ 855,313</u>
Total Assets	<u>\$ 282,288,544</u>	<u>\$ 208,333</u>	<u>\$ 5,754</u>	<u>\$ 871,844</u>
<b>LIABILITIES</b>				
Refunds Payable and Other	\$ -	\$ -	\$ -	\$ 871,844
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,844</u>
<b>NET ASSETS</b>				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 282,288,544</u>	<u>\$ 208,333</u>	<u>\$ 5,754</u>	

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended June 30, 2008**

**Exhibit IX**

	<b>Employee Retirement Plans</b>	<b>Other Post Employment Benefits</b>	<b>Private- Purpose Trusts</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 14,252,166	\$ 208,333	\$ -
Plan Members	5,553,945	-	-
Total Contributions	<u>\$ 19,806,111</u>	<u>\$ 208,333</u>	<u>\$ -</u>
Investment Earnings:			
Net (Depreciation)			
in Fair Value of Investments	\$ (20,702,089)	\$ -	\$ -
Interest	8,439,939	-	1,297
Total Investment Earnings	<u>\$ (12,262,150)</u>	<u>\$ -</u>	<u>\$ 1,297</u>
Less Investment Expense	-	-	-
Net Investment Income	<u>\$ (12,262,150)</u>	<u>\$ -</u>	<u>\$ 1,297</u>
Total Additions	<u>\$ 7,543,961</u>	<u>\$ 208,333</u>	<u>\$ 1,297</u>
<b>DEDUCTIONS</b>			
Benefits	\$ 14,331,106	\$ -	\$ 563
Refunds of Contributions	1,818,092	-	-
Administrative Expenses	427,647	-	-
Total Deductions	<u>\$ 16,576,845</u>	<u>\$ -</u>	<u>\$ 563</u>
Change in Net Assets	<u>\$ (9,032,884)</u>	<u>\$ 208,333</u>	<u>\$ 734</u>
Net Assets at Beginning of Year	291,321,428	-	5,020
Net Assets at End of Year	<u><u>\$282,288,544</u></u>	<u><u>\$ 208,333</u></u>	<u><u>\$ 5,754</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Net Assets**  
**Component Units**  
**For the Year Ended June 30, 2008**

**Exhibit X**

	<b>School Board</b>	<b>Library</b>	<b>Transit</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 31,102,599	\$ 128,918	\$ 206,587	\$ 31,438,104
Cash and Investments with Fiscal Agents		2,438,890		2,438,890
Receivables	101,287	-	122,190	223,477
Due from Other Governments	2,309,511	-	267,804	2,577,315
Inventory of Supplies	87,273	-	414,059	501,332
Prepaid and Other Assets	6,974,590	-		6,974,590
Capital assets				
Land and Construction in Progress	999,381	-	6,504,807	7,504,188
Other Capital Assets, Net	6,280,904	-	9,984,867	16,265,771
Capital Assets, Net	<u>\$ 7,280,285</u>	<u>\$ -</u>	<u>\$ 16,489,674</u>	<u>\$ 23,769,959</u>
Total Assets	<u>\$ 47,855,545</u>	<u>\$ 2,567,808</u>	<u>\$ 17,500,314</u>	<u>\$ 67,923,667</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,999,743	\$ 10,881	\$ 442,605	\$ 3,453,229
Accrued Wages	19,370,672	235,530	143,480	19,749,682
Unearned Revenue	212,921	-		212,921
Other Short-term Liabilities	5,957	-	275,891	281,848
Long-term Liabilities Due Within One Year	1,008,813	-		1,008,813
Long-term Liabilities Due in More Than One Year	12,770,491	-		12,770,491
Total Liabilities	<u>\$ 36,368,597</u>	<u>\$ 246,411</u>	<u>\$ 861,976</u>	<u>\$ 37,476,984</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	\$ 7,280,285	\$ -	\$ 16,550,911	\$ 23,831,196
Unrestricted Net Assets	4,206,663	2,321,397	87,427	6,615,487
<b>TOTAL NET ASSETS</b>	<u><u>\$ 11,486,948</u></u>	<u><u>\$ 2,321,397</u></u>	<u><u>\$ 16,638,338</u></u>	<u><u>\$ 30,446,683</u></u>

See Accompanying Notes to Financial Statements

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2008**

**Exhibit XI**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	School Board	Library	Transit	Totals
<b>School Board</b>							
Instructional	\$ 208,025,361	\$ 2,697,986	\$ 37,947,145	\$ (167,380,230)	\$ -	\$ -	\$ (167,380,230)
Total School Board	<u>\$ 208,025,361</u>	<u>\$ 2,697,986</u>	<u>\$ 37,947,145</u>	<u>\$ (167,380,230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (167,380,230)</u>
 <b>Library</b>	 \$ 7,664,074	 \$ 225,232	 \$ 201,710	 \$ -	 \$ (7,237,132)	 \$ -	 \$ (7,237,132)
<b>Transit</b>	12,422,839	3,089,405	97,456	-	-	(9,235,978)	(9,235,978)
Total Component Units	<u>\$ 228,112,274</u>	<u>\$ 6,012,623</u>	<u>\$ 38,246,311</u>	<u>\$ -</u>	<u>\$ (7,237,132)</u>	<u>\$ (9,235,978)</u>	<u>\$ (183,853,340)</u>
 <b>General Revenues:</b>							
Payment From City				\$ 160,239,697	\$ 6,920,124	\$ 7,491,522	\$ 174,651,343
Capital Payment From City				3,926,105	-	-	3,926,105
Capital Contribution From City				-	-	2,704,319	2,704,319
Interest and Investment Earnings				-	252,299	-	252,299
Miscellaneous				802,296	73,834	44,985	921,115
Total General Revenues				<u>\$ 164,968,098</u>	<u>\$ 7,246,257</u>	<u>\$ 10,240,826</u>	<u>\$ 182,455,181</u>
Change in Net Assets				\$ (2,412,132)	\$ 9,125	\$ 1,004,848	\$ (1,398,159)
Net Assets Beginning of Year				13,899,080	2,312,272	15,633,490	31,844,842
Net Assets End of Year				<u>\$ 11,486,948</u>	<u>\$ 2,321,397</u>	<u>\$ 16,638,338</u>	<u>\$ 30,446,683</u>

See Accompanying Notes to Financial Statements



**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**Exhibit XII**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Narrative Profile**

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

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

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

**A. Financial Reporting Entity**

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

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**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 \$160 million for operations and \$3.9 million for capital equipment in FY 2008.

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 \$6.9 million for FY 2008.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**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 \$7.5 million, and a capital contribution, which was \$2.7 million, in FY 2008.

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

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

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

**Excluded from Reporting Entity:**

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

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.). Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2)

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

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.

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

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

The following is a brief description of the specific funds used by the City in FY 2008.

**1. Governmental Funds**

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

**a. General Fund**

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

**b. Special Revenue Fund**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**c. Capital Projects Fund**

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

**2. Proprietary Funds**

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

**3. Fiduciary Funds**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

The agency funds held by the City as of end of FY 2008 comprise the following:

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

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

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

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

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

**C. Basis of Accounting**

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**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 16, 2007, the City Council formally approved the original adopted budget (which had been initially approved on May 7, 2007) and on June 14, 2008 approved the revised budget reflected in the required supplemental information. Budgets are prepared for the Capital Projects Fund on a project basis, which covers the life of the project. A Capital Projects Fund appropriation does not lapse until an appropriation reduction is approved by City Council.

**Encumbrances**

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

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

Cash resources of the individual funds, including imprest cash of \$19,815 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 repurchase agreements, commercial paper, and obligations of the Federal Government 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, 2008**

**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, 2008, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	\$ 599,863
Personal	17,131,477
Penalties and Interest	<u>1,595,303</u>
Total taxes	\$ 19,326,643
Accounts Receivable	12,490
Notes Receivable	<u>9,000</u>
	<u>\$ 19,348,133</u>
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	<u>\$ 33,851,546</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, 2008**

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

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

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

Taxes receivable	\$ 5,505,200
Deferred interest	<u>2,958,225</u>
Total adjustment	<u>\$ 8,463,425</u>

**H. Capital Assets**

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

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

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

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

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

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

**I. Compensated Absences**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

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

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

**J. Use of Estimates**

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

**K. Fund Balance**

**Reservations of Fund Balance**

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

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**Designations of Fund Balance**

General Fund designations at June 30, 2008 consisted of the following:

Subsequent Fiscal Years' Operating Budgets	
FY 2009 – Operating Budget	\$ 4,600,000
FY 2010 – Operating Budget	1,285,347
Subsequent Fiscal Years' Capital Program	
FY 2009- 2014	7,350,000
FY2010-2015	1,026,958
Self-Insurance	5,000,000
Retiree Health and Life (OPEB)	10,700,000
Fuel Costs	250,000
Social Services Contingency	530,000
Fire Station/Affordable Housing Project	1,600,000
King Street Gardens	25,000
Ongoing Projects	<u>2,902,820</u>
Total Designations	<u>\$ 35,270,125</u>

**Subsequent Fiscal Year's Operating Budget** – On June 14, 2008, City Council approved the FY 2009 Appropriations Ordinance, which appropriated \$4.6 million of General Fund Balance to meet anticipated expenditures. An additional \$1.3 million has been designated for FY 2010.

**Subsequent Fiscal Years' Capital Program** – These monies (\$7.4 million) have been designated in the Approved FY 2009 – 2014 Capital Improvement Program Funding Plans to fund a portion of the capital improvement program in FY 2009. An additional \$1.0 million has been designated to fund a portion of the FY 2010 capital improvement program.

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

**Retiree Health and Life (OPEB)** - These monies (\$10.7 million) have been designated as part of the City's efforts to fund a health and life insurance benefit trust.

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

**Social Services Contingency** – These monies (\$0.5 million) have been set aside for possible shortfalls in federal or state grants for social service programs and for possible additional City costs for mandated foster care and special education services under the Commonwealth's Comprehensive Services Act.

**Fire Station** – These monies (\$1.6 million) have been set aside for construction of a fire station and affordable housing project in Potomac Yard.

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

**Ongoing Projects** – These monies (\$2.9 million) have been set aside for projects for which funding was available in the FY 2008 budget, but not completed as of the end of the fiscal year.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**L. Short Term Liabilities**

Short Term Liabilities include unclaimed funds. The City did not have any short term debt during FY 2008.

**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 2008, 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 2008, 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, 2008, the carrying value of the City's deposits was negative \$1,611,284 and the bank balance was \$2,519,677. 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.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**Component Units**

At June 30, 2008, the carrying value of deposits for the School Board was negative \$3,609,056 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, 2008, the carrying value of deposits and bank balance for the Library was \$138,669. Of this amount, \$118,864 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. The remaining balance, \$19,805 is an uninsured annuity contract.

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

**B. Investments**

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

A designated portfolio manager placed part of the City's investments during FY 2008. During FY 2008, the City had a contract with the portfolio manager which required that, at the time funds are invested, collateral for repurchase agreements be held in the City's name in the Trust Department of the City's independent third-party custodian, SunTrust Bank. During the fiscal year 2008 the City transferred major portion of its investments to the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditors of the Public Accounts.

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

The City's 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-

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

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. During the fiscal year, the City made investments in repurchase agreements and obligations of the United States and agencies thereof. The investments for five of the City's seven pension plans are handled by Prudential, a company with an A (Excellent) rating, one of the top three, by A.M. Best rating agency. The investments for the two defined contribution plans are directed by employees and are invested in mutual funds and guaranteed investment accounts. The City has directed Prudential to invest funds for the other three defined benefit pension plans in guaranteed investment accounts and mutual funds. The Commonwealth of Virginia manages the investments of the Virginia Retirement System (VRS) and the City has contracted with SunTrust Bank to handle investments for the Firefighters and Police Officers Pension Plan – Disability Component mostly in bonds (U.S., municipal and corporate) and domestic equities.

**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. A designated portfolio manager placed the City's investments during the fiscal year. The City has a contract with the portfolio manager which requires 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. Any funds not invested at the end of the day are placed in overnight repurchase agreements in the City's name.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

As of June 30, 2008, the City had the following cash, investments and maturities:

**Primary Government**

	<b>Investment Maturities (in years)</b>			
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Long term</b>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 83,127,825	\$ 83,127,825	\$ ---	\$ ---
U.S. Treasuries	15,503,636	11,678,889	3,824,747	---
U.S. Government Agencies	<u>15,617,887</u>	<u>3,912,281</u>	<u>11,705,606</u>	<u>---</u>
Total Investments Controlled by City	\$ 114,249,348	\$ 98,718,995	\$ 15,530,353	\$ ---
OPEB Trust Investments	208,333	---	---	208,333
Pension Plan Investments (Exhibit VIII)	<u>\$ 282,288,544</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 282,288,544</u>
Total	<u>\$ 396,746,225</u>	<u>\$ 98,718,995</u>	<u>\$ 15,530,353</u>	<u>\$ 282,496,877</u>

Reconciliation to Total Cash and Investments:

Add:

Cash on Hand and in Banks	(1,611,284)
Cash With Fiscal Agent	<u>47,189,428</u>
Total Deposits and Investments	<u>\$ 442,324,369</u>

**Component Unit**

**School Board**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 25,256,200	\$ 25,256,200	\$ ---
U.S. Treasuries	4,710,372	3,548,323	1,162,049
U.S. Government Agencies	<u>4,745,083</u>	<u>1,188,643</u>	<u>3,556,440</u>
Total Investments Controlled by City	<u>\$ 34,711,655</u>	<u>\$ 29,993,166</u>	<u>\$ 4,718,489</u>

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

**Other Component Units**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 244,147	\$ 244,147	\$ ---
U.S. Treasuries	44,790	33,758	11,032
U.S. Government Agencies	<u>46,568</u>	<u>11,665</u>	<u>34,903</u>
Total Investments Controlled by City	<u>\$ 335,505</u>	<u>\$ 289,570</u>	<u>\$ 45,935</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2008:

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Fiduciary Activities</b>	<b>Total</b>
<b>Primary Government</b>				
Cash on Hand and In Banks	\$ (1,611,284)	\$ ---	\$ ---	\$ (1,611,284)
Cash and Investments	113,388,281	---	861,067	114,249,348
Cash and Investments with Fiscal Agents	47,172,897	---	282,513,408	329,686,305
Total	<u>\$ 158,949,894</u>	<u>\$ ----</u>	<u>\$ 283,374,475</u>	<u>\$ 442,324,369</u>
<b>Component Unit School Board</b>				
Cash on Hand and In Banks	\$ (3,609,056)	\$ ---	\$ ---	\$ (3,609,056)
Cash and Investments Controlled by City	34,711,655	---	---	34,711,655
Total	<u>\$ 31,102,599</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 31,102,599</u>
<b>Other Component Units</b>				
Cash and Investments Controlled by City	\$ 128,918	\$ 206,587	\$ ---	\$ 335,505
Cash and Investments with Fiscal Agents	2,438,890	---	---	2,438,890
Total	<u>\$ 2,567,808</u>	<u>\$ 206,587</u>	<u>\$ ---</u>	<u>\$ 2,774,395</u>
Grand Total				<u><u>\$ 476,201,363</u></u>



**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2008 consist of the following:

<b>Primary Government</b>				
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Project</b>	<b>Total</b>
Interest	\$ 241,093	\$ ---	\$ ---	\$ 241,093
<b>Taxes</b>				
Real Property	\$ 151,731,224	\$ ---	\$ ---	\$ 151,731,224
Personal Property	50,312,088	---	---	50,312,088
Penalties and Interest	2,970,497	---	---	2,970,497
Other	553,509	---	---	553,509
<b>Total Taxes</b>	\$ 205,567,318	\$ ---	\$ ---	\$ 205,567,318
Accounts	\$ 7,800,401	\$ 895,499	\$ 13	\$ 8,695,913
Intergovernmental	32,834,148	5,502,257	---	38,336,405
Notes	9,000	35,056,431	1,475,000	36,540,431
<b>Gross Receivables</b>	\$ 246,210,867	\$ 41,454,187	\$ 1,475,013	\$ 289,140,067
Less: Allowance for Uncollectibles	19,348,133	33,851,546	1,475,000	54,674,679
<b>Net Receivables</b>	<u>\$ 227,103,827</u>	<u>\$ 7,602,641</u>	<u>\$ 13</u>	<u>\$ 234,706,481</u>

Taxes receivable represents the current and past four years of uncollected tax levies for personal property taxes and the current and past nineteen years for uncollected tax levies on real property. The allowance for estimated uncollectible taxes receivable is 9.4 percent of the total taxes receivable at June 30, 2008 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, 2008 represent the second-half payment due for real estate taxes on November 15, 2008.

Receivables on a government-wide basis include taxes receivable of \$8.5 million that are not available to pay for current period expenditures and, therefore, are offset by the unearned revenue for the governmental funds. Tax revenues and the corresponding unearned revenue reported on a government-wide basis do not include approximately \$3.7 million of taxes that are considered current financial resources, and therefore, are reported in the governmental funds. This comprises

Real Estate tax receivables	\$ 833,939
Personal Property tax receivables	<u>2,876,284</u>
Total	<u>3,710,223</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**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 2008 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	\$ 207,655,023	\$ 3,707,468	\$ 211,362,491
Grant proceeds received prior to completion of eligibility requirements	---	4,467,308	4,467,308
Total unearned revenue for governmental funds	<u>\$ 207,655,023</u>	<u>\$ 8,174,776</u>	<u>\$ 215,829,799</u>

**Component Units**

Receivables at June 30, 2008 consist of following:

	<u>School Board</u>	<u>Transit</u>	<u>Total</u>
Accounts	\$ 101,287	\$ 122,190	\$ 223,477
Intergovernmental	2,309,511	267,804	2,577,315
Total Receivables	<u>\$ 2,410,798</u>	<u>\$ 389,994</u>	<u>\$ 2,800,792</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 reassessed each year as of January 1. The Director of Real Estate Assessments, by authority of City ordinance, prorates billings for property incomplete as of January 1, but completed during the year.

Real estate taxes are billed in equal semi-annual installments due June 15 and November 15. The taxes receivable balance at June 30, 2008 includes amounts not yet received from the January 1, 2008 levy (due June 15 and November 15, 2008), less an allowance for uncollectibles. The installment due on November 15, 2008 is included as unavailable revenue since these taxes are restricted for use until FY 2008. 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 84.5¢ and 83.0¢ per \$100 of assessed value during calendar years 2008 and 2007, respectively.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

**NOTE 4. RECEIVABLES (Continued)**

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair market value of the property as of January 1 of each year. For a vehicle, the tax may be prorated for the length of time the vehicle has situs in the City. Personal property taxes for the calendar year are due on October 5. Personal property taxes do not create a lien on property; however, City vehicle decals, which are required by law for all vehicles garaged in the City, may not be issued to any individual having outstanding personal property taxes. The taxes receivable balance at June 30, 2008 includes amounts not yet billed or received from the January 1, 2008 levy (due October 6, 2008). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2009. The tax rates during calendar years 2008 and 2007 were \$4.75 for motor vehicles and tangible property and \$4.50 for machinery and tools per \$100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the State 69 percent of most taxpayers' payments in FY 2008 for the January 1, 2007 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, 2008 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, 2008:

**Governmental Activities**

General Fund	\$ 9,000
Special Revenue Fund	35,056,431
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	<u>(35,335,546)</u>
Net	<u>\$ 1,204,885</u>
Amounts due within one year	<u>\$ 93,961</u>
Amounts due in more than one year	<u>\$ 1,110,924</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**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, 2008:

**Governmental Activities**

	<b>Balance June 30, 2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2008</b>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 87,723,892	\$ 1,100,751	\$ ---	\$ 88,824,643
Construction in Progress	108,413,012	47,329,384	118,980,055	36,762,341
Total Capital Assets Not Being Depreciated	<u>\$ 196,136,904</u>	<u>\$ 48,430,135</u>	<u>\$ 118,980,055</u>	<u>\$ 125,586,984</u>
Depreciable Capital Assets:				
Buildings	\$ 256,317,500	\$ 106,778,611	\$ 355,523	\$ 362,740,588
Infrastructure	140,453,984	2,321,436	---	142,775,420
Furniture and Other Equipment	51,109,804	10,156,478	3,281,311	57,984,971
Total Depreciable Capital Assets	<u>\$ 447,881,288</u>	<u>\$ 119,256,525</u>	<u>\$ 3,636,834</u>	<u>\$ 563,500,979</u>
Less Accumulated Depreciation for:				
Buildings	\$ 75,512,464	\$ 5,867,013	\$ 243,681	\$ 81,135,796
Infrastructure	62,350,550	5,422,352	---	67,772,902
Furniture and Other Equipment	36,948,258	5,067,326	3,126,207	38,889,377
Total Accumulated Depreciation	<u>\$ 174,811,272</u>	<u>\$ 16,356,691</u>	<u>\$ 3,369,888</u>	<u>\$ 187,798,075</u>
Depreciable Capital Assets, Net	<u>\$ 273,070,016</u>	<u>\$ 102,899,834</u>	<u>\$ 266,946</u>	<u>\$ 375,702,904</u>
TOTALS	<u>\$ 469,206,920</u>	<u>\$ 151,329,969</u>	<u>\$ 119,247,001</u>	<u>\$ 501,289,888</u>

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

Governmental activities capital assets, net of accumulated depreciation at June 30, 2008, are comprised of the following:

General Capital Assets, Net	\$ 491,484,799
Internal Service Fund Capital Assets, Net	<u>9,805,089</u>
TOTAL	<u>\$ 501,289,888</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

Depreciation was charged to governmental functions as follows:

General Government	\$ 1,777,274
Judicial Administration	531,314
Public Safety	2,221,117
Public Works	7,937,047
Health and Welfare	558,739
Culture and Recreation	1,965,869
Education	1,163,695
Community Development	<u>201,636</u>
 Total	 <u>\$ 16,356,691</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	\$ 75,778,132
Donated Assets	53,850
Depreciation Expense	(16,356,691)
Capital Outlay not Capitalized	<u>(29,276,145)</u>
 Total Adjustment	 <u>\$ 30,199,146</u>

Donated assets are comprised of infrastructure donated by developers.

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

Capital Assets (Net)	\$ 501,289,888
General Obligation Bonds net of premium and deferrals	<u>(270,242,357)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 231,047,531</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**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, 2008:

	<b>Balance June 30, 2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2008</b>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 999,381	\$ --	\$ --	\$ 999,381
Total Capital Assets Not Being Depreciated	\$ 999,381	\$ --	\$ --	\$ 999,381
Depreciable Capital Assets:				
Buildings	\$ 54,486,551	\$ 290,333	\$ 18,445,643	\$ 36,331,241
Furniture and Other Equipment	9,352,280	1,919,813	809,505	10,462,588
Total Depreciable Capital Assets	\$ 63,838,831	\$ 2,210,146	\$ 19,255,148	\$ 46,793,829
Less Accumulated Depreciation	58,072,146	1,227,177	18,786,398	40,512,925
Depreciable Capital Assets, Net	\$ 5,766,685	\$ 982,969	\$ 468,750	\$ 6,280,904
<b>TOTALS</b>	<b>\$ 6,766,066</b>	<b>\$ 982,969</b>	<b>\$ 468,750</b>	<b>\$ 7,280,285</b>

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, 2008**

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

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

**Component Unit – Alexandria Transit Company**

	<u>Balance</u> <u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 6,504,807	\$ ----	\$ ---	\$ 6,504,807
Depreciable Capital Assets:				
Equipment	\$ 17,991,682	\$ 3,075,070	\$ ---	\$ 21,066,752
Less Accumulated Depreciation	<u>9,490,283</u>	<u>1,591,602</u>	<u>---</u>	<u>11,081,885</u>
Total Depreciable Capital Assets, Net	\$ 8,501,399	\$ 1,483,468	\$ ---	\$ 9,984,867
TOTALS	<u>\$ 15,006,206</u>	<u>\$ 1,483,468</u>	<u>\$ ---</u>	<u>\$ 16,489,674</u>

All depreciation was charged to transit.

**Primary Government**

Construction in progress is composed of the following at June 30, 2008:

	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>Through</u> <u>June 30, 2008</u>	<u>Committed</u>
School Capital Projects	\$ 2,235,862	\$ 2,164,585	\$ ---
Infrastructure	27,289,569	11,440,908	7,353,051
Housing and Community Improvement	208,800	62,759	7,248
Alexandria Transit Facility	40,351,201	4,117,856	---
Parks and Recreation Facilities	15,584,635	7,067,519	5,992,279
Public Buildings	914,642	137,760	---
Public Safety Buildings	<u>25,986,618</u>	<u>11,770,955</u>	<u>12,456,593</u>
TOTALS	<u>\$ 112,571,327</u>	<u>\$ 36,762,341</u>	<u>\$ 25,809,171</u>

**Component Units**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

**NOTE 6. RISK MANAGEMENT**

The City is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and account for any claims settlement in the General Fund. Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective. The City is covered by property/casualty insurance policies on real and personal property (except vehicles) and the following liability insurance policies as of June 30, 2008: 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, 2008:

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

\* Bond provided by the Commonwealth of Virginia

**Self-Insurance**

The non-current portion of unpaid workers' compensation claims amounted to approximately \$7.4 million as of June 30, 2008 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. 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.

Changes in the estimated claims payable for workers' compensation during the fiscal years ended June 30, 2008 and 2007 were as follows:

	<u><b>FY 2008</b></u>	<u><b>FY 2007</b></u>
Estimated claims payable at beginning of period .....	\$ 6,877,347	\$ 6,954,929
Current fiscal year claims and changes in estimates.....	2,511,519	2,197,564
Claim payments .....	<u>(1,985,493)</u>	<u>(2,275,146)</u>
Estimated claims payable at end of period .....	<u><b>\$ 7,403,373</b></u>	<u><b>\$ 6,877,347</b></u>



**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**Insurance Designation**

In addition, the City has established a General Fund fund balance self-insurance designation of \$5 million as of June 30, 2008.

**Risk Pools**

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

**Component Units**

The School Board carries insurance for all risks of loss, including property insurance, theft, auto liability, physical damage, and general liability insurance through the Virginia Municipal League. The School Board is self-insured for workers compensation. School management has estimated their workers compensation liability to be \$0.6 million as of June 30, 2008. Settled claims resulting from these risks have not exceeded commercial insurance coverage. There were no material reductions in insurance coverage from coverage in the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years.

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

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

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

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

In FY 2008 the Alexandria Transit Company paid an annual premium of \$ 0.33 million for participation in this pool.

Under the provisions of the Virginia Workers' Compensation Act, the Alexandria Transit Company has secured the payment of Virginia compensation benefits and employers' liability coverage with the Virginia Municipal Group Self-Insurance Association (VMGSIA). VMGSIA is a public entity risk pool providing a comprehensive workers' compensation insurance program to Virginia municipalities and other local government entities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control and claims administration. The Alexandria Transit Company pays an annual premium to VMGSIA for

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

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 2008, the Alexandria Transit Company paid an annual premium of \$0.28 million for participation in this pool.

**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 2023. Certain leases contain provisions for possible future increased rentals based upon changes in the Consumer Price Index.

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

<u>Fiscal Year</u>	<u>Primary Government</u>	<u>School Board Component Unit</u>
2009	\$ 6,156,119	\$ 1,195,058
2010	5,165,680	1,228,757
2011	5,263,018	1,265,620
2012	3,185,834	1,303,588
2013	3,274,343	1,342,696
2014-2018	11,805,753	7,342,412
2019-2023	2,711,200	---

Total rental costs during FY 2008 for operating leases were \$6.1 million for the Primary Government and \$2.9 million for the School Board.

**Rental Revenues**

The City also leases various City-owned properties and buildings under noncancellable long-term lease agreements through FY 2022. The net book value of leased assets of \$4.2 million (cost of \$5.7 million less accumulated depreciation of \$1.5 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>
2009	\$ 541,694
2010	24,680

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

**A. Washington Metropolitan Area Transit Authority**

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

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

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

During FY 2004 the WMATA Board, the City and other participating jurisdictions in the Washington D.C. area discussed and negotiated a new "Metro Matters" multi-year capital funding agreement. This agreement reflects some \$3.2 billion in Metrorail and Metrobus infrastructure capital improvements, as well as expansion of Metro transit services through the acquisition of new railcars and buses. The participating jurisdictions' share is planned at \$1.9 billion over a 20-year period with \$0.9 billion planned during the first six years. The City's share is \$82.5 million over the 20-year period with \$40.7 million planned during the first six years. It is likely that prior to the end of the first six-year period, an updated Metro Matters agreement to provide additional funding beyond the first six years will be considered by WMATA and the participating jurisdictions. The Metro Matters inter-jurisdictional agreement was signed by the City of Alexandria on September 28, 2004. The participating jurisdictions' financial obligations, including the City, per the Metro Matters agreement, are subject to individual jurisdictional annual appropriation consideration.

For the fiscal year ended June 30, 2008, the total City obligation was \$7.0 million including \$0.3 million from WMATA capital grants for railcar procurement and \$0.3 million in NVTC credits under the Metro Matters and Beyond Metro Matters agreements. Of this total, \$6.5 million was funded from the City capital project fund.

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

During the fiscal year ended June 30, 2008, obligations for bus and rail subsidies amounted to \$19.4 million. The City paid this obligation from the following sources:

City payments .....	\$ 4,874,173
Revenues and credits available at WMATA.....	505,711
State Aid and State Motor Fuel Sales Tax revenues .....	<u>14,059,054</u>
TOTAL	<u>\$19,438,938</u>

Expected obligations for FY 2009 are \$20.0 million, of which \$6.1 million is expected to be paid from the City's General Fund.

**3. WMATA Transit Revenue Bonds**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

allocated to Northern Virginia jurisdictions, of which \$1,418,200 was the City's allocation during the fiscal year ended June 30, 2008. 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.

**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 2008 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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

bonds) to cover the cost of new pollution abatement equipment at the Facility required by federal law. The proceeds of the Series 1998 B bonds were lent to Authorities to construct the equipment.

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

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

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

The Trust Fund derives its revenue from the following sources: a portion of the annual property tax assessment by the City of Alexandria, interest on invested funds and a portion of special revenues generated on contract waste and was \$0.6 million for FY 2008.

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 2008 the Trust has been used to pay consulting fees to an engineering firm for operations and maintenance audits of the facility, for oversight of the new construction and for legal consulting fees paid for services related to the issuance of retrofit financing.

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

Operating costs of the facility are paid for primarily through tipping fees. The City paid \$2.1 million in tipping fees in FY 2008. In the event of a revenue shortfall at the facility, the City is not responsible for the repayment of the bonds. The Alexandria Sanitation Authority and the Arlington Solid Waste Authority have certain bond repayment obligations.

**D. Northern Virginia Transportation District Bonds**

In November 1999, the City signed an agreement with the Commonwealth Transportation Board to provide \$256,070 annually, subject to appropriation, to finance certain Northern Virginia Transportation District Bond projects benefiting the City and other jurisdictions in Northern Virginia. The FY 2008 payment of \$256,070 was made from the proceeds from the City's telecommunications tax received by the General Fund. The City is not liable for repayment of the 20-year bonds.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**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, 2008 are composed of the following individual issues:

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

\$22.8 million Public Improvement (tax-exempt) Refunding Bonds of 2007 installments ranging from \$2.8 million to \$2.9 million through 2021, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds are not subject to redemption prior to their maturity .....	\$	22,815,000
\$56 million Public Improvement (tax-exempt) Bonds of 2006 installments of \$2.9 million through 2026, bearing interest at rates ranging from 4.00 percent to 5.0 percent. The bonds maturing on or after June 15, 2017, are subject to optional redemption before maturity on or after June 15, 2016, at the direction of the City, in whole or in part installments of \$5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption .....		52,500,000
\$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.....		13,500,000
\$54.8 million Public Improvement Bonds of 2004 installments of \$2.74 million through 2024, bearing interest at rates ranging from 3.0 percent to 5.0 percent. The bonds maturing before December 15, 2015 are not subject to redemption before maturity. Beginning December 15, 2014, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest .....		46,590,000
\$32.5 million Refunding Bonds of 2004 installments ranging from \$0.2 million to \$3.205 million through 2020, bearing interest at rates ranging from 2.6 percent to 5.0 percent. The bonds maturing before June 15, 2015 are not subject to redemption before maturity. Beginning June 15, 2015, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest .....		31,195,000
\$64.7 million Public Improvement Bonds of 2004 installments ranging from \$3.3 million to \$3.8 million through 2023, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The bonds maturing before June 15, 2015 are not subject to redemption before maturity. Beginning June 15, 2014, bonds maturing on or after June 15, 2015 are subject to redemption at the direction of the City, in whole or in part in installments of \$5,000, at certain redemption prices that include a redemption premium plus accrued interest.....		50,500,000
\$54.5 million Public Improvement Bonds of 2001 due in installments of \$2.9 million through 2013, bearing interest at rates ranging from 4.0 percent to 4.5 percent. The bonds are not subject to redemption prior to maturity. (\$23.2 million refunded in May 2007). . . . .		14,490,000
\$55 million Public Improvement Bonds of 2000 installments of \$2.985 million through 2010, bearing interest at rate at 5.0 percent. (\$29.805 million were refunded in October 2004) .....		5,970,000
\$40 million Public Improvement Bonds of 1999 due in annual installments of \$2 million through 2019, bearing interest at rates ranging from 3.9 percent to 5.0 percent. The bonds are not subject to redemption prior to maturity .....		22,000,000
\$22.7 million Public Improvement and Refunding Bonds (\$10 million refunded) of 1994 due in annual installments of \$0.790 million through 2009, bearing interest of 5.1 percent. The bonds are not subject to redemption prior to maturity .....		790,000
Total	\$	<u>260,350,000</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

The outstanding bonds have been issued as follows:

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

<b>Public Improvement Bonds of 2006 (Tax-exempt)</b>			
<b><u>CUSIP</u></b>	<b><u>Issue</u></b>	<b><u>Rate</u></b>	<b><u>Maturity Date</u></b> <b><u>June 15,</u></b>
015302YB2	\$ 2,920,000	4.25%	2009
015302YC0	2,920,000	5.00%	2010
015302YD8	2,920,000	5.00%	2011
015302YE6	2,920,000	5.00%	2012
015302YF3	2,920,000	5.00%	2013
015302YG1	2,920,000	4.00%	2014
015302YH9	2,915,000	4.00%	2015
015302YJ5	2,915,000	5.00%	2016
015302YK2	2,915,000	5.00%	2017
015302YL0	2,915,000	4.25%	2018
015302YM8	2,915,000	4.38%	2019
015302YN6	2,915,000	4.38%	2020
015302Y91	2,915,000	4.50%	2021
015302YQ9	2,915,000	5.00%	2022
015302YR7	2,915,000	5.00%	2023
015302YS5	2,915,000	4.25%	2024
015302Y73	2,915,000	4.25%	2025
015302YU0	2,915,000	4.38%	2026
Total	<u>\$52,500,000</u>		



**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

<b>Public Improvement Bonds of 2006 (Taxable)</b>			
<b><u>CUSIP</u></b>	<b><u>Issue</u></b>	<b><u>Rate</u></b>	<b><u>Maturity Date</u></b>
			<b><u>June 15,</u></b>
015302YX4	\$ 750,000	5.50%	2009
015302YY2	750,000	5.50%	2010
015302YZ9	750,000	5.50%	2011
015302ZA3	750,000	5.50%	2012
015302ZB1	750,000	5.50%	2013
015302ZC9	750,000	5.50%	2014
015302ZD7	750,000	5.55%	2015
015302ZE5	750,000	5.55%	2016
015302ZF2	750,000	5.65%	2017
015302ZG0	750,000	5.70%	2018
015302ZH8	750,000	5.75%	2019
015302ZJ4	750,000	5.80%	2020
015302ZK1	750,000	5.85%	2021
015302ZL9	750,000	5.90%	2022
015302ZM7	750,000	5.95%	2023
015302ZN5	750,000	5.95%	2024
015302ZP0	750,000	5.95%	2025
015302ZQ8	750,000	5.95%	2026
Total	<u>\$13,500,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

<b>Public Improvement Bonds of 2004</b>				<b>Refunding Bonds of 2004</b>			
<b>CUSIP</b>	<b>Issue</b>	<b>Rate</b>	<b><u>Maturity Date</u> <u>December 15,</u></b>	<b>CUSIP</b>	<b>Issue</b>	<b>Rate</b>	<b><u>Maturity Date</u> <u>June 15,</u></b>
015302XG2	\$2,745,000	3.00	2008	015302WR9	\$ 210,000	2.625	2009
015302XH0	2,745,000	3.00	2009	015302WS7	215,000	2.875	2010
015302XJ6	2,740,000	3.00	2010	015302WT5	3,205,000	3.750	2011
015302XK3	2,740,000	5.00	2011	015302WU2	3,170,000	3.500	2012
015302XL1	2,740,000	3.00	2012	015302WV0	3,130,000	5.000	2013
015302XM9	2,740,000	3.50	2013	015302WW8	3,130,000	4.000	2014
015302XN7	2,740,000	5.00	2014	015302WX6	3,085,000	4.250	2015
015302XP2	2,740,000	4.50	2015	015302WY4	3,060,000	5.000	2016
015302XQ0	2,740,000	4.50	2016	015302WZ1	3,050,000	4.250	2017
015302XR8	2,740,000	4.00	2017	015302XA5	3,015,000	4.250	2018
015302XS6	2,740,000	4.00	2018	015302XB3	2,980,000	4.250	2019
015302XT4	2,740,000	4.00	2019	015302XC1	2,945,000	4.375	2020
015302XU1	2,740,000	4.00	2020	Total	<u>\$31,195,000</u>		
015302XV9	2,740,000	4.00	2021				
015302XW7	2,740,000	4.00	2022				
015302XX5	2,740,000	4.25	2023				
015302XY3	2,740,000	4.50	2024				
Total	<u>\$46,590,000</u>						

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

<b>Public Improvement Bonds of 2004</b>				<b>Public Improvement Bonds of 2001</b>			
<b>CUSIP</b>	<b>Issue</b>	<b>Rate</b>	<b><u>Maturity Date</u></b> <b><u>June 15,</u></b>	<b>CUSIP</b>	<b><u>2000 Issue</u></b>	<b><u>Rate</u></b>	<b><u>Maturity Date</u></b> <b><u>June 15,</u></b>
015302VW9	\$ 3,800,000	5.00	2009	015302VD1	\$ 2,900,000	4.00	2009
015302VX7	3,800,000	5.00	2010	015302VE9	2,900,000	4.13	2010
015302VY5	3,300,000	5.00	2011	015302VF6	2,900,000	4.25	2011
015302VZ2	3,300,000	5.00	2012	015302VG4	2,895,000	4.40	2012
015302WA6	3,300,000	4.00	2013	015302VH2	2,895,000	4.50	2013
015302WB4	3,300,000	4.00	2014	Total	<u>\$ 14,490,000</u>		
015302WC2	3,300,000	4.00	2015				
015302WD0	3,300,000	4.00	2016				
015302WE8	3,300,000	4.00	2017				
015302WF5	3,300,000	4.00	2018				
015302WG3	3,300,000	4.00	2019				
015302WH1	3,300,000	4.13	2020				
015302WJ7	3,300,000	4.25	2021				
015302WK4	3,300,000	4.25	2022				
015302WL2	<u>3,300,000</u>	4.25	2023				
Total	<u>\$ 50,500,000</u>						

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

<b>Public Improvement Bonds of 2000</b>				<b>Public Improvement Bonds of 1999</b>			
<b>CUSIP</b>	<b>Issue</b>	<b>Rate</b>	<b><u>Maturity Date</u> June 15,</b>	<b>CUSIP</b>	<b>Issue</b>	<b>Rate</b>	<b><u>Maturity Date</u> January 15,</b>
015302UJ9	\$ 2,985,000	5.00	2009	015302TP7	\$ 2,000,000	4.00	2009
015302UK6	2,985,000	5.00	2010	015302TQ5	2,000,000	5.00	2010
Total	<u>\$ 5,970,000</u>			015302TR3	2,000,000	4.25	2011
<b>Public Improvement and Refunding Bonds of 1994</b>				015302TS1	2,000,000	4.25	2012
<b>CUSIP</b>	<b>Issue</b>	<b>Rate</b>	<b><u>Maturity Date</u> February 1,</b>	015302TT9	2,000,000	5.00	2013
015302TD4	\$ 790,000	5.100	2009	015302TU6	2,000,000	5.00	2014
Total	<u>\$ 790,000</u>			015302TV4	2,000,000	4.50	2015
				015302TW2	2,000,000	5.00	2016
				015302TX0	2,000,000	5.00	2017
				015302TY8	2,000,000	5.00	2018
				015302TZ5	2,000,000	5.00	2019
				Total	<u>\$ 22,000,000</u>		

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

The requirements to pay all long-term bonds as of June 30, 2008, including interest payments of \$91.7 million, are summarized as follows:

<b>Fiscal Year</b>	<b>Serial Bonds</b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2009 .....	19,100,000	11,514,576
2010 .....	18,315,000	10,685,824
2011 .....	17,815,000	9,851,243
2012 .....	17,775,000	9,060,955
2013 .....	17,735,000	8,275,775
2014-2018 .....	88,205,000	29,739,689
2019-2023 .....	64,930,000	11,284,237
2024-2027 .....	16,475,000	1,265,182
	<u>\$ 260,350,000</u>	<u>\$ 91,677,481</u>

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

**Legal Debt Margin** - The City has no overlapping debt with other jurisdictions. As of June 30, 2008, the City had a legal debt limit of \$3.6 billion and a debt margin of \$3.3 billion:

Assessed Value of Real Property, January 1, 2008 .....	<u>\$35,554,958,000</u>
Debt Limit: 10 Percent of Assessed Value .....	\$ 3,555,495,800
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds .....	<u>\$260,350,000</u>
Less Total General Obligation Debt .....	<u>(260,350,000)</u>
LEGAL DEBT MARGIN REMAINING .....	<u>\$ 3,295,145,800</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, 2008, are summarized below:

	<b>Authorized and Unissued <u>July 1, 2007</u></b>	<b><u>Authorized</u></b>	<b><u>Issued</u></b>	<b><u>Expired</u></b>	<b>Authorized and Unissued <u>June 30, 2008</u></b>
General Obligation Bonds	<u>\$ 7,100,000</u>	<u>\$ 70,000,000</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 77,100,000</u>

On July 9, 2008 the City Council issued \$58.0 million in General Obligation bonds for school construction, sewers, and infrastructure improvements and renovation. These bonds were issued with an original issue premium of approximately \$1.4 million and a true interest cost of 3.99 percent. Also, on July 9, 2008 the City Council issued \$5 million in taxable bonds for the acquisition and rehabilitation of affordable/workforce housing by non-profit housing operations. These bonds were issued with an original issue premium of \$29,048 and a true interest cost of 5.39 percent. The premium and discounts for these bonds are being amortized over the life of the bonds.

The City did not issue any short-term debt or have any short-term debt outstanding during FY 2008. Other short-term liabilities represent unclaimed money and deposits.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**Changes in Long-Term Liabilities** - Changes in the total long-term liabilities during the fiscal year ended June 30, 2008 are summarized below. The Net Pension Obligation results from contributions to the City Supplemental Retirement Plan, the Pension for Fire and Police Plan, and the Firefighters' and Police Pension Plan that were less than the required amount. In general the City uses the General Fund to liquidate long-term liabilities.

**Primary Government – Governmental Activities**

	<b>Balance</b>			<b>Balance</b>	<b>Amounts Due</b>
	<b>July 1, 2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2008</b>	<b>Within One</b>
					<b>Year</b>
General Obligation Bonds	\$ 278,525,000	\$ ---	\$18,175,000	\$ 260,350,000	\$ 19,100,000
Bond Premium	7,345,388	---	411,257	6,934,131	411,257
Workers' Compensation Claims	6,877,347	2,511,519	1,985,493	7,403,373	1,933,037
Accrued Compensated Absences	18,311,770	12,498,167	11,847,763	18,962,174	1,433,335
Net Pension Obligation	9,788,438	2,714,253	250,862	12,251,829	---
Net OPEB Obligation	---	10,900,053	3,922,024	6,978,029	---
<b>Total</b>	<b>\$ 320,847,943</b>	<b>\$28,623,992</b>	<b>\$36,592,399</b>	<b>\$ 312,879,536</b>	<b>\$22,877,629</b>

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

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

Balances at June 30, 2008:	
Long-term liabilities (detail above)	\$ 312,879,536
Accrued interest payable	748,015
Adjustment	<u>\$ 313,627,551</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	\$650,404
Workers compensation	526,026
Change in net pension obligation and net OPEB obligation	9,441,420
Amortization of bond premium,	
Discount and interest	(231,991)
Accrued interest on bonds	<u>(72,626)</u>
Adjustment	<u>\$ 10,313,233</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**Component Unit – School Board**

	<b>Balance</b>			<b>Balance</b>	<b>Amounts Due</b>
	<b>July 1, 2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2008</b>	<b>Within One</b>
					<b>Year</b>
Accrued Compensated Absences	\$ 7,068,661	\$ 11,032,309	\$10,781,178	\$ 7,319,792	\$ 606,344
Workers' Compensation Claims	396,299	546,943	368,286	574,956	402,469
Net OPEB Obligation	---	5,884,556	---	5,884,556	---
<b>Total</b>	<b>\$ 7,464,960</b>	<b>\$ 17,463,808</b>	<b>\$11,149,464</b>	<b>\$ 13,779,304</b>	<b>\$ 1,008,813</b>

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

There were no interfund receivables/payables at June 30, 2008.

Interfund transfers and transactions for the year ended June 30, 2008 consisted of the following:

Transfer In/Out:	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>Primary Government Transactions</b>				
General Fund	\$ ---	\$ 1,311,109	\$ ---	\$ 1,311,109
Special Revenue	39,104,292	956,658	5,000,000	45,060,950
Capital Projects	16,239,283	5,206,440	---	21,445,723
Total	<u>\$ 55,343,575</u>	<u>\$ 7,474,207</u>	<u>\$ 5,000,000</u>	<u>\$ 67,817,782</u>
<b>Component Unit Transactions</b>				
School Board	\$ 160,239,697	\$ ---	\$ 3,926,105	\$ 164,165,802
Library	6,920,124	---	---	6,920,124
Alexandria Transit	7,491,522	---	---	7,491,522
Total	<u>\$ 174,651,343</u>	<u>\$ ---</u>	<u>\$ 3,926,105</u>	<u>\$ 178,577,448</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 projects.

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.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

**NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS (Continued)**

Transactions with the component units represent budgeted subsidies for the school operations and capital projects, library operations and transit operations. In addition, the City transferred capital assets totaling \$2.7 million to Alexandria Transit.

**NOTE 11. GRANTS**

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

**NOTE 12. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues for the City and its component units totaled \$138.9 million in FY 2008. Sources of these revenues were as follows:

<b>GOVERNMENTAL FUNDS</b>	
Federal Government	\$ 30,990,285
Commonwealth of Virginia	<u>69,671,640</u>
Total Primary Government	<u>\$ 100,661,925</u>
<b>COMPONENT UNITS</b>	
Federal Government:	
School Board	<u>\$ 9,394,442</u>
Commonwealth of Virginia:	
School Board	\$ 28,496,080
Library	201,710
Alexandria Transit Company	<u>97,456</u>
Total Component Units Commonwealth of Virginia	<u>\$ 28,795,246</u>
Total Component Units	<u>\$ 38,189,688</u>
<b>TOTAL CITY AND COMPONENT UNITS</b>	
Total Federal Government	\$ 40,384,727
Total Commonwealth of Virginia	<u>98,466,886</u>
Total Intergovernmental Revenue	<u>\$ 138,851,613</u>



**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

**NOTE 13. DUE FROM OTHER GOVERNMENTS**

Due from other governments represents accrued revenue at June 30, 2008, consisting of the following:

<b>Primary Government</b>	
State	
General Fund	\$ 30,978,267
Special Revenue Fund	<u>1,721,901</u>
Total State	<u>\$ 32,700,168</u>
Federal	
General Fund	\$ 1,855,881
Special Revenue Fund	<u>3,780,356</u>
Total Federal	<u>\$ 5,636,237</u>
Total Primary Government	<u>\$ 38,336,405</u>
<b>Component Units</b>	
State	
School Board	\$ 857,962
Alexandria Transit Company	<u>267,804</u>
Total State	<u>\$ 1,125,766</u>
Federal	
School Board	<u>\$ 1,451,549</u>
Total Component Units	<u>\$ 2,577,315</u>
Total	<u>\$ 40,913,720</u>

**NOTE 14. JOINT VENTURES**

**A. Northern Virginia Criminal Justice Academy**

The City participates in a joint venture with the Counties of Arlington and Loudoun and the Cities of Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued \$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The City and the Counties of Arlington and Loudoun have entered into a capital lease with the Industrial Development Authority of Loudoun County. The City maintains an equity interest only in the land and building of the Academy, which is reflected in the City's Statement of Net Assets. The City does not maintain an equity interest in the Academy's operations. This lease was paid in full in FY 2007. New debt of \$18.7 was issued in FY 2007. The City does not have an equity interest associated with this debt. In addition, the City pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2008, 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, 2008**

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

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

**B. Northern Virginia Juvenile Detention Home**

The City participates in a joint venture with Arlington County and the City of Falls Church to operate a regional juvenile detention home. In July 1993, the City agreed to fund 55.3 percent of the construction costs of a new facility. The final construction payments were made in FY 1995. In addition, the City pays part of the Northern Virginia Juvenile Detention Home's operating costs based on the number of beds utilized by Alexandria residents. These payments totaled \$1.6 million in FY 2008.

The Juvenile Detention commission approved recommendations by a security consultant to make immediate improvements to the security systems at the facility. The participating jurisdictions agreed to fund the immediate improvements. On completion of the project the State will refund to each jurisdiction 50 percent of the project cost incurred. The City of Alexandria spent a total of \$0.4 million as agreed in FY 2007. Reimbursement of 50 percent of this amount was received from the State in FY 2008.

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

**C. Peumansend Creek Regional Jail Authority**

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

The total project cost of \$27 million, with 50 percent of the eligible construction cost (\$23.8 million) is expected to be reimbursed by the Commonwealth. The Regional Jail Authority issued \$10.2 million in revenue bonds and \$12 million of grant anticipation notes in March 1997. The City's total share is \$18.2 million, including approximately \$3.2 million in capital and debt service costs and \$15 million in operating costs over the 20-year period of debt service payments (1997-2016). For FY 2008, the City paid \$0.6 million for operating costs and \$0.2 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.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**D. Washington Metropolitan Area Transit Authority**

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

**NOTE 15. RELATED PARTY TRANSACTIONS**

Sheltered Homes of Alexandria is a not-for-profit corporation formed to obtain and maintain group homes for mentally and physically disabled or impaired adults. The corporation's trustees also serve on the Alexandria Community Services Board, whose board members are appointed by the City and whose financial activities are therefore included as part of the primary government. During FY 2008, the City made rental payments to Sheltered Homes of Alexandria totaling \$0.1 million.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

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

The plan is a reimbursement program that is based on the actual cost of the retiree's monthly premium up to a maximum amount determined by the City Council. Effective July 1, 2005, the maximum monthly amount an eligible retiree or a surviving spouse may receive is \$260. The City Council has authority to establish or amend the provisions. As of June 30, 2008, 715 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 \$1.9 million for FY 2008.

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. As per City Council FY 2010 budget actions, as of July 1, 2008 any new City employee will not be eligible to receive the life insurance when they retire.

The City implemented Statement No. 45 of the Governmental Accounting Standards Boards (GASB), (Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions) for the year ended June 30, 2008. The City established a Single Employer OPEB Trust and plans to fund on a phased in basis the obligation through this Trust.

**MEMBERSHIP**

At December 31, 2007, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	669
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	<u>2,290</u>
TOTAL	<u>2,959</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**ANNUAL OPEB COSTS AND NET OPEB OBLIGATIONS**

The City first had an actuarial study done for the OPEB cost as of January 1, 2007. That study estimated unfunded actuarial accrued liability to be \$88.8 million and the annual required contribution to be \$12.3 million. As required, the City implemented GASB 45 in fiscal year 2008 and established an OPEB trust fund with initial deposit of \$0.2 million in June and additional deposit of \$5.4 million in July 2008. Under this benefit plan the City reimburses a portion of the actual cost of 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 and for retirees who elect to continue in the City's health plan are estimated to receive an implicit subsidy (approximately \$318 per person/per month) for those benefits under per-capita health costs. According to actuarial valuation the total estimated cost of benefits (medical and life insurance) for fiscal year 2008 is \$4.7 million. Since the actuarial valuation is made as of December 31, 2007, the initial value of assets and Net OPEB Obligation (NOO) has been set at zero. Based on the actuarial evaluation, the City's ARC is 7.65% of the compensation and annual OPEB obligation for fiscal year ended June 30, 2008 is as follows:

Annual Required Contribution	\$	10,900,053
Interest on Net OPEB Obligation		---
Adjustment to Annual Required Contribution		---
Annual OPEB Cost		<u>10,900,053</u>
Contributions Made		<u>3,922,024</u>
Increase (Decrease in Net OPEB Obligation)		6,978,029
Net OPEB Obligation, Beginning of Year		N/A
Net OPEB Obligation, End Of Year	\$	<u><u>6,978,029</u></u>

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plan as of December 31, 2007, was as follows:

Actuarial Accrued Liability (AAL)	\$	84,545,602
Actuarial Value of Plan Assets		---
Unfunded Actuarial Accrued Liability (UAAL)	\$	84,545,602
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0%
Covered Payroll (Active Plan Members)	\$	142,475,212
UAAL as a Percentage of Covered Payroll		0%

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

Actuarial valuations of plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend.

The actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following notes to the financial statements, presents results as of December 31, 2007. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**ACTUARIAL METHODS AND ASSUMPTIONS**

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

In the December 31, 2007 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumption included 7.50% investment rate and an initial annual medical cost trend rate of 9.0% graded to 5.0% over 8 years and salary scale ranging from 3.75% to 7.50% for Fire and Police and 3.75% to 5.60% for City employees depending on service with 3.0% attributable to inflation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. Asset valuation method used was market value and the remaining amortization period as of December 31, 2007 was 30 years.

**Schedule of Employer Contributions**

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

This is a transition year and only one year's information was available.

**Three Year Trend Information**

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
06/30/2008	\$ 10,900,053	36 %	\$ 6,978,029

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

**NOTE 17. EMPLOYEE RETIREMENT SYSTEMS**

**Primary Government**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

Combining Schedule of Fiduciary Net Assets								
	Employee Retirement Plans					Post Retirement Benefit Trust		
	Firefighters and Police Officers Pension Plan					Retirement Income for Sheriff and ERT	Other Post Employment Benefits	Total
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component			
<b>ASSETS</b>								
Investments, at Fair Value								
U.S. Government Obligations	\$ -	\$ -	\$ -	\$ -	\$ 2,749,930	\$ -	\$ -	\$ 2,749,930
Mutual Funds	59,787,378	-	12,634,347	116,923,437	-	7,325,885	-	196,671,047
Stocks	-	-	-	-	9,003,782	-	-	9,003,782
Guaranteed Investment Accounts	16,488,567	29,043,189	8,950,721	9,246,959	-	9,002,176	-	72,731,612
Domestic Corporate Bonds	-	-	-	-	786,760	-	-	786,760
Other Investments	-	-	-	-	345,413	-	208,333	553,746
Total Investments	<u>\$ 76,275,945</u>	<u>\$ 29,043,189</u>	<u>\$ 21,585,068</u>	<u>\$ 126,170,396</u>	<u>\$ 12,885,885</u>	<u>\$ 16,328,061</u>	<u>\$ 208,333</u>	<u>\$ 282,496,877</u>
Total Assets	<u>\$ 76,275,945</u>	<u>\$ 29,043,189</u>	<u>\$ 21,585,068</u>	<u>\$ 126,170,396</u>	<u>\$ 12,885,885</u>	<u>\$ 16,328,061</u>	<u>\$ 208,333</u>	<u>\$ 282,496,877</u>
<b>NET ASSETS</b>								
Held in Trust for Pension Benefits	<u>\$ 76,275,945</u>	<u>\$ 29,043,189</u>	<u>\$ 21,585,068</u>	<u>\$ 126,170,396</u>	<u>\$ 12,885,885</u>	<u>\$ 16,328,061</u>	<u>\$ 208,333</u>	<u>\$ 282,496,877</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

16

Combining Schedule of Changes in Fiduciary Net Assets								
	Employee Retirement Plans					Post Retirement Benefit Trust		
	Firefighters and Police Officers Pension Plan					Retirement Income for Sheriff and ERT	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	\$ 5,409,164	\$ 850,000	\$ -	\$ 7,221,966	\$ 771,036	\$ -	\$ 208,333	\$ 14,460,499
Plan Members	2,685,523	3,239	-	2,703,171	162,012	-	-	5,553,945
Total Contributions	<u>\$ 8,094,687</u>	<u>\$ 853,239</u>	<u>\$ -</u>	<u>\$ 9,925,137</u>	<u>\$ 933,048</u>	<u>\$ -</u>	<u>\$ 208,333</u>	<u>\$ 20,014,444</u>
Investment Income:								
Net Appreciation								
in Fair Value of Investments	\$ (5,777,690)	\$ -	\$ (1,618,947)	\$ (10,329,773)	\$ (2,103,411)	\$ (872,268)	\$ -	\$ (20,702,089)
Interest	1,534,199	1,790,963	352,358	3,964,196	452,015	346,208	-	8,439,939
Total Investment Income	<u>\$ (4,243,491)</u>	<u>\$ 1,790,963</u>	<u>\$ (1,266,589)</u>	<u>\$ (6,365,577)</u>	<u>\$ (1,651,396)</u>	<u>\$ (526,060)</u>	<u>\$ -</u>	<u>\$ (12,262,150)</u>
Less Investment Expense	-	-	-	-	-	-	-	-
Net Investment Income	<u>\$ (4,243,491)</u>	<u>\$ 1,790,963</u>	<u>\$ (1,266,589)</u>	<u>\$ (6,365,577)</u>	<u>\$ (1,651,396)</u>	<u>\$ (526,060)</u>	<u>\$ -</u>	<u>\$ (12,262,150)</u>
Total Additions	<u>\$ 3,851,196</u>	<u>\$ 2,644,202</u>	<u>\$ (1,266,589)</u>	<u>\$ 3,559,560</u>	<u>\$ (718,348)</u>	<u>\$ (526,060)</u>	<u>\$ 208,333</u>	<u>\$ 7,752,294</u>
<b>DEDUCTIONS</b>								
Benefits	\$ 4,491,959	\$ 4,450,258	\$ -	\$ 3,701,739	\$ 1,687,150	\$ -	\$ -	\$ 14,331,106
Refunds of Contributions	-	-	351,944	-	-	1,466,148	-	1,818,092
Administrative Expenses	129,988	26,495	-	189,548	81,616	-	-	427,647
Total Deductions	<u>\$ 4,621,947</u>	<u>\$ 4,476,753</u>	<u>\$ 351,944</u>	<u>\$ 3,891,287</u>	<u>\$ 1,768,766</u>	<u>\$ 1,466,148</u>	<u>\$ -</u>	<u>\$ 16,576,845</u>
Net Increase (Decrease)	<u>\$ (770,751)</u>	<u>\$ (1,832,551)</u>	<u>\$ (1,618,533)</u>	<u>\$ (331,727)</u>	<u>\$ (2,487,114)</u>	<u>\$ (1,992,208)</u>	<u>\$ 208,333</u>	<u>\$ (8,824,551)</u>
Assets Transfer in (Out)	-	-	(4,511,727)	4,511,727	-	-	-	-
Net Assets at Beginning of Year	77,046,696	30,875,740	27,715,328	121,990,396	15,372,999	18,320,269	-	291,321,428
Net Assets at End of Year	<u>\$ 76,275,945</u>	<u>\$ 29,043,189</u>	<u>\$ 21,585,068</u>	<u>\$ 126,170,396</u>	<u>\$ 12,885,885</u>	<u>\$ 16,328,061</u>	<u>\$ 208,333</u>	<u>\$ 282,496,877</u>



**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

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

The funding method was changed for pension plan for Police and Fire effective July 1, 2007 to amortize the employer unfunded actuarial accrued liability over 18 years, decreasing one per year in the future. This change decreased the annual required contribution to \$1,125,542 for this year compared to \$1,187,836 last year.

There were some plan changes to Firefighters and Police Officers defined benefit pension plan. A "service buy-back" amendment adopted June 12, 2007 resulted in eight employees electing to purchase prior service on a partially subsidized basis. The employee pension contribution rate was lowered from 7.5% to 7.4% of salary and disability pension contribution rate was increased from 0.5% to 0.6% of salary both effective July 1, 2008 but reflected in this year's valuation for recommended contribution purpose. New plan provisions adopted, effective June 12, 2007, were added by amendment regarding special election to use the City funded Retirement Income Account (RIA) to purchase retirement income at normal retirement date. These plan provisions are designed to provide disabled participants with an actuarially cost-neutral means of annuitizing the RIA benefit.

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

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

**PLAN DESCRIPTION**

	(1) <b>VRS</b>	(2)	(3)	(4)	(5)	(6)	(7)
	<b>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>	<b>Retirement Income for Sheriff and ERT</b>
Administrator	State of Virginia	Prudential	Prudential	Prudential	Prudential	SunTrust	Prudential
Employees							
Covered	General body	General body Sheriff/ERT	Public Safety	Public Safety	Public Safety	Public Safety	Sheriff/ERT
Authority for Plan Provisions and Contributions	State Statute	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance
Plan Type	Agent Multi- Employer	Single- Employer	Single- Employer	Single- Employer	Single- Employer	Single- Employer	Single- Employer
	Defined Benefit	Defined Benefit	Defined Benefit	Defined Contribution	Defined Benefit	Defined Benefit	Defined Contribution
Stand Alone Financial Report	Yes	No	No	No	No	No	No
Actuarial Valuation Date	6/30/2007	7/1/2007	7/1/2007	6/30/2008	7/1/2007	7/1/2007	6/30/2008

**MEMBERSHIP AND PLAN PROVISIONS**

Active Participants	1993	2168	1	107	467	467	219
Retirees & Beneficiaries	672	206	157	0	119	60	0
Terminated Vested & Non-vested	473	686	0	42	9	N/A	12

**Normal Retirement Benefits:**

Age	65 50 (30Yrs)	65 50 (30Yrs)/ 50(25 Yrs)	60 50 (20Yrs)	60	55 Any Age (25Yrs)	55	60
Benefits Vested	5	5	10	5	5	5	5
Disability & Death Benefits	Disability Death	Disability Death	Disability Death	N/A Death	Disability Death	Disability N/A	N/A Death

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**MEMBERSHIP AND PLAN PROVISIONS**

As of:	6/30/07	7/01/07	7/01/07	6/30/08	7/01/07	7/01/07	6/30/08
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>VRS</u>						
		City	Pension	Retirement	Firefighters	Fire and	Retirement
		Supplemental	For fire	Income for	and Police	Police	Income for
	<u>City</u>	<u>Retirement</u>	<u>and Police</u>	<u>Fire and Police</u>	<u>Pension</u>	<u>Disability</u>	<u>Sheriff and ERT</u>

**SIGNIFICANT ACTUARIAL ASSUMPTIONS**

Investment Earnings	7.5%	7.5%	7.5%	N/A	7.5%	7.5%	N/A
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**Projected Salary Increases**

**Attributable to:**

Inflation	2.5%	3.0%	N/A	N/A	3.0%	3.0%	N/A
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Seniority/Merit	1.25% - 3.10%	Up to 4%	N/A	N/A	Up to 4.5%	Up to 4.5%	N/A
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Projected Postretirement Increases	2.5%	None	3.0%	N/A	3.0%	3.0%	N/A
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Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Projected Unit Credit With Zero Normal Cost	N/A	Entry Age Normal Cost	Entry Age Normal Cost	N/A
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Amortization Method Open/Closed	Level Percentage Open	Level Percentage N/A	Level dollar Closed	N/A	Level Percentage Closed	Level Percentage Closed	N/A
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Remaining Amortization Period	20	20	18	N/A	22	22	N/A
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Asset Valuation Method	Modified Market	Market Value	Book Value	N/A	4-year Smoothed Market	4-year Smoothed Market	N/A
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**Funded Status**

Actuarial Value of assets	302,085,645	77,046,696	30,875,740	N/A	115,782,806	14,398,259	N/A
Actuarial Accrued Liability	344,775,571	107,983,990	42,428,679	N/A	167,092,854	15,638,422	N/A
Unfunded Actuarial Accrued Liability (UAAL)	42,689,926	30,937,294	11,552,939	N/A	51,310,048	1,240,163	N/A
Funded Ratio	87.6%	71.4%	72.8%	N/A	69.3%	92.1%	N/A
Annual Covered Payroll	108,719,495	123,522,516	72,987	N/A	32,564,077	32,564,077	N/A
UAAL as Percentage of Covered Payroll	39.3%	25.1%	15828.8%	N/A	157.6%	3.8%	N/A

The multi-year funded progress is presented in RSI.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**FUNDING POLICY AND ANNUAL PENSION COST**

As of:	6/08	6/08	6/08	6/08	6/08	6/08	6/08
	<b>VRS</b>						
	<b>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>	<b>Retirement Income for Sheriff and ERT</b>
PERCENTAGE OF COVERED PAYROLL CONTRIBUTED							
Employee %	5.0%	2.0%	8.0%	N/A	7.5%	0.5%	N/A
Employer %	6.66%	3.32% 8.75%	\$ .85 mil/Yr.	N/A	20.0%	2.35%	N/A
AMOUNT CONTRIBUTED							
Employee	\$ 5,714,569 *	\$ 2,685,523 *	\$ 3,239	\$ -	\$ 2,703,171	\$ 162,012	\$ -
Employer	<u>7,490,208</u>	<u>5,409,164</u>	<u>850,000</u>	<u>-</u>	<u>7,221,966</u>	<u>771,036</u>	<u>-</u>
Total Amount Contributed	<u>\$ 13,204,777</u>	<u>\$ 8,094,687</u>	<u>\$ 853,239</u>	<u>\$ -</u>	<u>\$ 9,925,137</u>	<u>\$ 933,048</u>	<u>\$ -</u>

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

The Contribution requirements for all pension plans (except VRS) are established and may be amended by City Ordinance. VRS requirements are established and may be amended by State Statutes. No contributions were made to Firefighters and Police defined contribution component and Sheriff/ERT plan during FY 2008.

**COVERED PAYROLL**

Dollar Amount	\$ 114.0 mil	\$ 125.0 mil	\$ 0.1 mil	\$ N/A	\$ 33.0 mil	\$ 33.0 mil	\$ N/A
Legally Required Reserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long Term Contribution Contracts	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**INVESTMENT CONCENTRATIONS**

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

Prudential General Account (Long Term)	*	21%	100%	42%	7%	-	55%
Prudential Mutual Funds	*	-	-	58%	93%	-	45%
State Street Global Russell 3000	*	58%	-	-	-	-	-
Stocks	*	-	-	-	-	70%	-
Bonds	*	21%	-	-	-	6%	-

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

**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	\$ 5,419,262	\$ 1,209,549	\$ 7,116,057	\$ 1,610,278
Interest on NPO	558,534	70,312	105,287	(25)
ARC Adjustment	(730,504)	(96,589)	(88,368)	21
Annual Pension Cost	\$ 5,247,292	\$ 1,183,272	\$ 7,132,976	\$ 1,610,274
Actual Deposit	(5,409,164)	(850,000)	(7,221,966)	771,036
Change in NPO	\$ (161,872)	\$ 333,272	\$ (88,990)	\$ 2,381,310
NPO Beginning of year	7,447,119	937,491	1,403,828	(329)
NPO End of Year (6/30/08)	\$ 7,285,247	\$ 1,270,763	\$ 1,314,838	\$ 2,380,981

**THREE-YEAR TREND INFORMATION**

	Actuarial Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
City Supplemental Retirement	06/30/2006	\$ 3,689,500	116.86%	\$ 7,935,549
	06/30/2007	4,256,280	111.48%	7,447,119
	06/30/2008	5,247,292	103.08%	7,285,247
Pension for Fire and Police	06/30/2006	770,165	137.37%	\$ 1,409,936
	06/30/2007	1,027,555	145.98%	937,491
	06/30/2008	1,183,272	72.00%	1,270,763
Firefighter and Police Pension	* 06/30/2006	\$ 5,948,646	97.71%	\$ 781,734
	06/30/2007	6,996,155	91.11%	1,403,828
	06/30/2008	7,132,976	101.25%	1,314,838
Fire and Police Disability	* 06/30/2006	\$ 422,604	162.53%	\$ (720,609)
	06/30/2007	1,472,750	51.09%	(320)
	06/30/2008	771,036	47.88%	2,380,981
Virginia Retirement System	06/30/2006	\$ 1,470,239	100.00%	\$ -
	06/30/2007	7,077,570	100.00%	-
	06/30/2008	7,490,208	100.00%	-

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

**DESCRIPTION OF BENEFITS:**

**VRS – City** - Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service and at age 50 with 30 years of service. Employees who retire with a reduced benefit at age 55 with at least 5 years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. An optional reduced retirement benefit is available as early as age 50 with 10 years of credited service. In addition, retirees qualify for annual cost-of-living (COLA) increases on July 1 of the second calendar year after retirement. These benefit provisions and all other requirements are established and may be amended by State statutes.

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

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

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

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

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2008**

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

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

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

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

**NOTE 18. ACCOUNTING CHANGES**

During the fiscal year ended June 30, 2008, the City adopted:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. See footnote 16 for disclosures and information.

REQUIRED  
SUPPLEMENTARY  
INFORMATION  
(Unaudited)

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



**CITY OF ALEXANDRIA, VIRGINIA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**June 30, 2008**

**EXHIBIT XIII**

	<b>Original Budget</b>	<b>Budget as Amended</b>	<b>Actual</b>	<b>Variance from Amended Budget - Positive (Negative)</b>
<b>Revenues:</b>				
General Property Taxes.....	\$ 315,934,367	\$ 315,934,367	\$ 324,113,019	\$ 8,178,652
Other Local Taxes.....	115,930,000	115,930,000	112,263,941	(3,666,059)
Permits, Fees, and Licenses.....	5,356,000	5,356,000	4,764,924	(591,076)
Fines and Forfeitures.....	4,722,300	4,722,300	3,903,807	(818,493)
Use of Money and Property.....	9,570,000	9,570,000	9,044,947	(525,053)
Charges for Services.....	11,270,072	11,847,072	11,302,195	(544,877)
Intergovernmental Revenues.....	53,156,334	53,192,888	54,447,311	1,254,423
Miscellaneous.....	245,000	268,211	618,907	350,696
<b>Total Revenues</b> .....	<b>\$ 516,184,073</b>	<b>\$ 516,820,838</b>	<b>\$ 520,459,051</b>	<b>\$ 3,638,213</b>
<b>Expenditures:</b>				
City Council.....	\$ 528,317	\$ 528,054	\$ 522,607	\$ 5,447
City Manager.....	2,131,881	1,685,594	1,613,885	71,709
Office on Women.....	1,428,688	1,375,305	1,328,067	47,238
Citizens Assistance.....	725,649	737,977	736,584	1,393
Office of Management and Budget.....	1,193,832	1,131,547	1,121,523	10,024
18th Circuit Court.....	1,313,294	1,311,271	1,307,765	3,506
18th General District Court.....	78,571	96,571	94,895	1,676
Juvenile And Domestic Relations Court.....	34,327	34,327	29,896	4,431
Commonwealth's Attorney.....	2,645,719	2,640,919	2,616,168	24,751
Sheriff.....	25,081,653	25,092,572	25,086,670	5,902
Clerk of Courts.....	1,605,395	1,573,789	1,555,524	18,265
Other Correctional Activities.....	4,956,539	4,947,040	4,912,092	34,948
Court Services.....	1,220,275	1,154,043	1,094,374	59,669
Human Rights.....	633,950	632,593	616,252	16,341
Internal Audit.....	232,632	232,302	228,462	3,840
Information Technology Services.....	8,166,636	7,622,071	7,452,348	169,723
Office of Communications.....	-	1,267,883	1,246,627	21,256
City Clerk and Clerk of Council.....	398,316	399,209	391,733	7,476
Finance.....	9,548,274	10,223,719	9,371,892	851,827
Real Estate Assessments.....	1,533,253	1,620,590	1,608,458	12,132
Personnel.....	3,371,739	3,316,284	3,295,723	20,561
Planning and Zoning.....	7,925,328	9,338,688	8,794,327	544,361
City Attorney.....	3,257,747	3,418,814	3,777,194	(358,380)
Registrar of Voters.....	1,060,361	1,121,565	1,121,030	535
General Services.....	12,553,600	14,238,310	14,226,373	11,937
Transportation and Environmental Services.....	27,310,628	27,506,938	26,250,657	1,256,281
Transit Subsidies.....	7,844,495	6,717,495	6,644,738	72,757
Fire.....	37,220,954	37,525,170	37,381,381	143,789
Police.....	51,378,889	51,092,764	50,818,689	274,075
Mental Health/Mental Retardation and Substance Abuse.....	521,650	546,650	542,933	3,717
Health.....	7,851,039	7,781,534	7,725,052	56,482
Human Services.....	9,008,146	9,607,876	9,651,712	(43,836)
Human Services Contributions.....	2,324,880	2,324,880	2,296,457	28,423
Office of Historic Alexandria.....	2,831,451	3,037,611	3,009,162	28,449
Recreation and Cultural Activities.....	20,032,903	20,779,297	20,771,994	7,303
Other Educational Activities.....	12,399	12,399	12,399	-
Non Departmental (including debt service).....	39,225,552	40,387,599	38,525,848	1,861,751
<b>Total Expenditures</b> .....	<b>\$ 297,188,962</b>	<b>\$ 303,061,250</b>	<b>\$ 297,781,491</b>	<b>\$ 5,279,759</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In.....	\$ 1,311,109	\$ 1,311,109	\$ 1,311,109	\$ -
Operating Transfers Out.....	(47,419,416)	(55,882,486)	(55,343,575)	538,911
Transfers Out - Component Units.....	(174,886,354)	(174,688,965)	(174,651,343)	37,622
<b>Total Other Financing Sources (Uses)</b> .....	<b>\$ (220,994,661)</b>	<b>\$ (229,260,342)</b>	<b>\$ (228,683,809)</b>	<b>\$ 576,533</b>
Net Change in Fund Balance.....	\$ (1,999,550)	\$ (15,500,754)	\$ (6,006,249)	\$ 9,494,505
Fund Balances at Beginning of Year.....	72,253,728	72,253,728	72,253,728	-
<b>Increase/(Decrease) in Reserve for Inventory</b> .....	<b>-</b>	<b>-</b>	<b>(759,438)</b>	<b>(759,438)</b>
<b>FUND BALANCES AT END OF YEAR</b> .....	<b>\$ 70,254,178</b>	<b>\$ 56,752,974</b>	<b>\$ 65,488,041</b>	<b>\$ 8,735,067</b>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**June 30, 2008**

**Exhibit XIV**

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Positive (Negative)
<b>Revenues:</b>				
Use of Money and Property.....	\$ 6,000	-	360,078	\$ 360,078
Charges for Services.....	13,475,524	16,133,643	14,505,022	(1,628,621)
Permits, Fees and Licenses.....	2,195,959	4,442,670	1,074,016	(3,368,654)
Intergovernmental Revenues.....	38,202,318	46,774,814	38,644,525	(8,130,289)
Miscellaneous.....	2,037,434	14,210,333	6,668,343	(7,541,990)
<b>Total Revenues.....</b>	<b>\$ 55,917,235</b>	<b>\$ 81,561,460</b>	<b>\$ 61,251,984</b>	<b>\$ (20,309,476)</b>
<b>Other Financing Sources:</b>				
Operating Transfers In.....	\$ 37,093,031	36,563,041	45,060,950	\$ 8,497,909
<b>Total Other Financing Sources.....</b>	<b>\$ 37,093,031</b>	<b>\$ 36,563,041</b>	<b>\$ 45,060,950</b>	<b>\$ 8,497,909</b>
<b>Total Revenues and Other Financing Sources.....</b>	<b>\$ 93,010,266</b>	<b>\$ 118,124,501</b>	<b>\$ 106,312,934</b>	<b>\$ (11,811,567)</b>
<b>Expenditures:</b>				
Office of Women.....	\$ 392,990	507,477	461,777	\$ 45,700
Citizens Assistance.....	5,498	22,665	22,590	75
Commonwealth's Attorney.....	246,718	265,827	265,791	36
Sheriff.....	763,960	1,407,587	1,404,614	2,973
Clerk of Courts.....	-	99,569	99,069	500
Law Library.....	149,455	149,232	146,280	2,952
Other Correctional and Judicial Activities.....	198,999	198,999	196,048	2,951
Court Services.....	269,877	393,804	385,272	8,532
Human Rights.....	42,850	42,850	31,281	11,569
Personnel.....	6,000	6,000	5,192	808
Finance.....	-	10,000	8,092	1,908
Planning.....	683,221	2,291,230	347,590	1,943,640
General Services.....	140,487	140,487	136,498	3,989
Transportation and Environmental Services.....	2,764,184	4,587,757	2,990,944	1,596,813
Fire.....	2,724,890	2,517,050	1,801,262	715,788
Police.....	172,800	830,702	400,219	430,483
Office of Housing.....	5,615,527	20,208,001	20,179,871	28,130
Mental Health/Mental Retardation and Substance Abuse.....	29,162,520	30,534,986	30,428,303	106,683
Health.....	-	1,125	879	246
Human Services.....	42,075,184	43,678,418	44,323,793	(645,375)
Office of Historic Alexandria.....	257,791	303,418	214,550	88,868
Recreation and Cultural Activities.....	504,315	701,387	458,844	242,543
Non Departmental.....	1,000,000	1,256,287	291,161	965,126
<b>Total Expenditures.....</b>	<b>\$ 87,177,266</b>	<b>\$ 110,154,858</b>	<b>\$ 104,599,920</b>	<b>\$ 5,554,938</b>
<b>Other Financing Uses:</b>				
Operating Transfers Out.....	\$ 5,833,000	7,969,643	7,474,207	\$ 495,436
<b>Total Other Financing Uses.....</b>	<b>\$ 5,833,000</b>	<b>\$ 7,969,643</b>	<b>\$ 7,474,207</b>	<b>\$ 495,436</b>
<b>Total Expenditures and Other Financing Uses.....</b>	<b>\$ 93,010,266</b>	<b>\$ 118,124,501</b>	<b>\$ 112,074,127</b>	<b>\$ 6,050,374</b>
<b>Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (5,761,193)</b>	<b>\$ (5,761,193)</b>
Fund Balances at Beginning of Year.....	\$ -	\$ -	\$ 23,735,034	\$ 23,735,034
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,973,841</b>	<b>\$ 17,973,841</b>

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Budgetary Comparison Schedules**  
**June 30, 2008**

**Exhibit XV**

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

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. On June 16, 2007, the City Council approved the original adopted budget and on June 14, 2008 approved the revised budget reflected in the required supplementary information.

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

**General Fund**

Budget Statement Title	Budgetary Statement Amount	Adjustment for Transfer to Component Unit (Footnote 11)	Exhibit IV	Exhibit IV Title
Other Educational Activities	\$ 12,399	\$ 160,239,697	\$ 160,252,096	Education
Transit Subsidies	6,644,738	7,491,522	14,136,260	Transit
Library Transfer	-	6,920,124	6,920,124	Library
Other Expenditures (not listed separately)	291,124,354	-	291,124,354	Other Expenditures (not listed separately)
<b>Total Expenditures</b>	<b>\$ 297,781,491</b>	<b>\$ 174,651,343</b>	<b>\$ 472,432,834</b>	<b>Total Expenditures</b>
Transfers Out – Component Units	\$ 174,651,343	\$ (174,651,343)	\$ -	None
Operating Transfers Out	55,343,575	-	55,343,575	Operating Transfers Out
Other Financing	(1,311,109)	-	(1,311,109)	Other Expenditures (not listed separately)
<b>Total Financing (Sources) Uses</b>	<b>\$ 228,683,809</b>	<b>(174,651,343)</b>	<b>54,032,466</b>	<b>Total Financing Uses</b>

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

For the fiscal year ended June 30, 2008 expenditures exceeded appropriations for the City Attorney in the General Fund by \$358,380 for additional costs for providing legal services associated with the City's defense related to the Mirant Plant. The City has set aside funds for FY 2009 for any additional costs.

For the fiscal year ended June 30, 2008 expenditures exceeded appropriations for the Department of Human Services in the General Fund by \$43,836 for additional costs for providing services under the state Comprehensive Services Act. The City has set aside funds for FY 2009 for this contingency.

For the fiscal year ended June 30, 2008 expenditures exceeded appropriations for the Department of Human Services in the Special Revenue by Fund by \$645,375 for additional costs for providing services under the state Comprehensive Services Act. The City has set aside funds for FY 2009 for this contingency. These expenditures were funded by greater than anticipated revenues.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Public Employee Retirement Systems - Primary Government**  
**Required Supplementary Information**  
**June 30, 2008**

**Exhibit XVI**

**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)
City Supplemental <sup>(a)</sup>		06/30/2006	\$ 65,143,405	\$ 96,974,375	\$ 31,830,970	67.18%	\$ 116,853,571
		06/30/2007	77,046,696	107,983,990	30,937,294	71.35%	123,522,516
		06/30/2008 *	76,275,945	116,193,713	39,917,768	65.65%	125,000,000
Pension Plan For Fire And Police **		06/30/2003	37,406,204	43,443,748	6,037,544	86.10%	60,566
		06/30/2004	35,362,688	42,580,064	7,217,376	83.05%	61,778
		06/30/2005	33,410,759	43,482,216	10,071,457	76.84%	63,012
		06/30/2006	30,940,298	43,895,855	12,955,557	70.49%	71,935
		06/30/2007	30,875,740	42,428,679	11,552,939	72.77%	72,987
		06/30/2008 *	29,043,189	40,990,136	11,946,947	70.85%	75,787
Firefighters And Police Officers Pension Plan <sup>(b)</sup>	Defined	01/01/2004	\$ 73,115,648	\$ 112,392,474	\$ 39,276,826	65.05%	\$ 27,221,546
	Benefit	07/01/2004	78,577,979	115,340,503	36,762,524	68.13%	25,268,564
	Component	07/01/2005	88,534,386	135,445,004	46,910,618	65.37%	29,132,558
		07/01/2006	100,513,967	152,624,962	52,110,995	65.86%	31,961,191
		07/01/2007	115,782,806	167,092,854	51,310,048	69.29%	32,564,077
	Disability	07/01/2003	\$ 11,936,587	\$ 10,165,275	\$ (1,771,312)	117.43%	\$ 26,002,593
	Component	07/01/2004	12,601,146	8,638,183	(3,962,963)	145.88%	25,268,564
		07/01/2005	13,337,719	8,947,524	(4,390,195)	149.07%	29,132,558
		07/01/2006	13,830,273	12,568,299	(1,261,974)	110.04%	31,961,191
		07/01/2007	14,398,259	15,638,422	1,240,163	92.07%	32,564,077
Virginia Retirement System		06/30/2002	235,660,890	201,292,189	(34,368,701)	117.07%	78,337,719
		06/30/2003	239,425,215	213,902,045	(25,523,170)	111.93%	84,710,535
		06/30/2004	244,033,928	240,500,266	(3,533,662)	101.47%	90,113,045
		06/30/2005	250,705,689	286,667,574	35,961,885	87.46%	93,142,752
		06/30/2006	265,845,121	312,274,142	46,429,021	85.13%	100,219,243
		06/30/2007	302,085,645	344,775,571	42,689,926	87.62%	108,719,495

\* Estimated

\*\* The Pension Plan for Fire and Police is a closed plan with only one active participant who retired during fiscal year 2008.

(a) The City Supplemental Plan changed from the aggregate actuarial cost method to entry age normal during FY 2007. Only three years of information is available. This will be expanded when information becomes available.

(b) These plans commenced during FY 2004 and only five years of information is available. These will be expanded when information becomes available.

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

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

**See Accompanying Independent Auditors' Report**

**CITY OF ALEXANDRIA, VIRGINIA**  
**Public Employee Retirement Systems - Primary Government**  
**Required Supplementary Information**  
**June 30, 2008**

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

**SCHEDULES OF EMPLOYER CONTRIBUTIONS**

	Actuarial Date	Annual Required Contribution	Percentage Contributed	Actuarial Date	Annual Required Contribution	Percentage Contributed
	<b>City Supplemental</b>			<b>Pension Plan for Police and Fire</b>		
<b>For Defined Benefit Pension Plans</b>	06/30/2003	\$ 3,229,768	28.90%	06/30/2003	\$ 1,033,916	87.24%
	06/30/2004	3,229,768	44.83%	06/30/2004	1,125,912	80.11%
	06/30/2005	3,172,787	82.70%	06/30/2005	1,547,955	58.27%
	06/30/2006	4,271,649	100.90%	06/30/2006	932,554	113.50%
	06/30/2007	4,811,560	98.61%	06/30/2007	1,187,836	126.30%
	06/30/2008	5,419,262	99.81%	06/30/2008	1,209,549	70.27%
	<b>Firefighters and Police Defined Benefit Component <sup>(a)</sup></b>			<b>Virginia Retirement System</b>		
	06/30/2004	\$ 2,633,733	60.68%	06/30/2003	626,701	100.00%
	06/30/2005	4,890,046	108.30%	06/30/2004	667,108	100.00%
	06/30/2006	5,938,572	97.90%	06/30/2005	1,386,592	100.00%
	06/30/2007	6,985,282	91.25%	06/30/2006	1,470,239	100.00%
	06/30/2008	7,116,057	101.49%	06/30/2007	7,077,570	100.00%
				06/30/2008	7,490,208	100.00%
	<b>Firefighters and Police Disability Component <sup>(a)</sup></b>					
	06/30/2004	\$ 443,122	140.10%			
	06/30/2005	347,672	180.90%			
	06/30/2006	414,340	165.80%			
	06/30/2007	1,455,223	51.71%			
	06/30/2008	1,610,278	47.88%			

<sup>(a)</sup> These plan components commenced in FY 2004 and only five years of information is available. This will be expanded when information becomes available.

**See Accompanying Independent Auditors' Report**

**CITY OF ALEXANDRIA, VIRGINIA  
Other Post Employment Benefits (OPEB)  
Required Supplementary Information  
June 30, 2008**

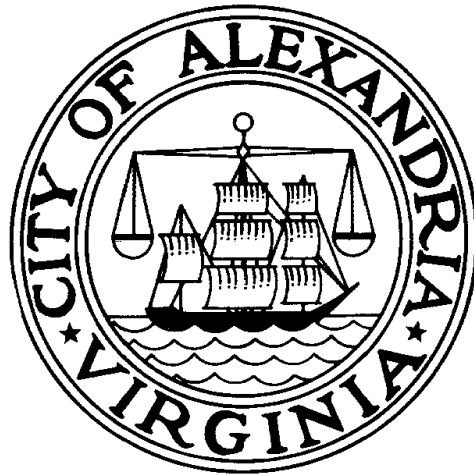
**Exhibit XVI  
(Continued)**

**SCHEDULE OF FUNDING PROCESS**

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL) (2)-(1)</b>	<b>Funded Ratio (1/2)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll ((2-1)/5)</b>
12/31/2007	-	\$84,545,602	\$84,545,602	0.00%	142,475,212	59.34%

Only one year of information was available. This will be expanded when information becomes available.

**See Accompanying Independent Auditors' Report**



# **OTHER SUPPLEMENTARY INFORMATION**



## Agency Funds

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

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

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Schedules of Changes in Assets and Liabilities – Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**

**Schedule 1**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
<b>HUMAN SERVICES SPECIAL WELFARE ACCOUNT</b>				
Assets				
Cash and Investments with Fiscal Agent.....	\$ 3,829	\$ 29,205	\$ 30,142	\$ 2,892
Liabilities:				
Other Liabilities.....	\$ 3,829	\$ 29,205	\$ 30,142	\$ 2,892
Total Liabilities.....	\$ 3,829	\$ 29,205	\$ 30,142	\$ 2,892
<b>HUMAN SERVICES DEDICATED ACCOUNT</b>				
Assets				
Cash and Investments with Fiscal Agent.....	\$ 6,368	\$ 7,271	\$ -	\$ 13,639
Liabilities:				
Other Liabilities.....	\$ 6,368	\$ 7,271	\$ -	\$ 13,639
Total Liabilities.....	\$ 6,368	\$ 7,271	\$ -	\$ 13,639
<b>INDUSTRIAL DEVELOPMENT AUTHORITY</b>				
Assets				
Equity in Pooled Cash and Investments.....	\$ 909,906	\$ 370,453	\$ 447,339	\$ 833,020
Liabilities:				
Other Liabilities.....	\$ 909,906	\$ 370,453	\$ 447,339	\$ 833,020
Total Liabilities.....	\$ 909,906	\$ 370,453	\$ 447,339	\$ 833,020
<b>POTOMAC YARD AFFORDABLE HOUSING -ASLLC</b>				
Assets				
Equity in Pooled Cash and Investments.....	\$ -	\$ 14,826,600	\$ 14,808,023	\$ 18,577
Liabilities:				
Other Liabilities.....	\$ -	\$ 14,826,600	\$ 14,808,023	\$ 18,577
Total Liabilities.....	\$ -	\$ 14,826,600	\$ 14,808,023	\$ 18,577
<b>POTOMAC YARD OPEN SPACE -ASLLC</b>				
Assets:				
Equity in Pooled Cash and Investments.....	\$ -	\$ 523,138	\$ 519,422	\$ 3,716
Liabilities:				
Other Liabilities.....	\$ -	\$ 523,138	\$ 519,422	\$ 3,716
Total Liabilities.....	\$ -	\$ 523,138	\$ 519,422	\$ 3,716
<b>TOTAL ALL AGENCY FUNDS</b>				
Assets				
Equity in Pooled Cash and Investments.....	\$ 909,906	\$ 15,720,191	\$ 15,774,784	\$ 855,313
Cash and Investments with Fiscal Agent.....	10,197	36,476	30,142	16,531
Total Assets.....	\$ 920,103	\$ 15,756,667	\$ 15,804,926	\$ 871,844
Liabilities:				
Other Liabilities.....	\$ 920,103	\$ 15,756,667	\$ 15,804,926	\$ 871,844
Total Liabilities.....	\$ 920,103	\$ 15,756,667	\$ 15,804,926	\$ 871,844

**CITY OF ALEXANDRIA, VIRGINIA**  
**Statement of Cash Flows**  
**Component Unit**  
**Alexandria Transit Company**  
**As of June 30, 2008**

**Schedule 2**

Cash Flows from Operating Activities:

Cash Received from Customers.....	\$ 2,972,571
Cash payments to Suppliers for Goods and Services.....	(3,139,506)
Cash Payments to Employees for Services.....	(7,408,992)
Net Cash Used for Operating Activities.....	<u>\$ (7,575,927)</u>

Cash Flows from Noncapital Financing Activities:

Transfers in from Primary Government.....	\$ 7,491,522
Cash from other non revenue receipts.....	-
Cash received from Non Operating Grant.....	97,456
Net Cash provided by Noncapital Financing Activities.....	<u>\$ 7,588,978</u>

Cash Flows from Capital and Related Financing Activities:

Acquisition/Sale of Capital Assets.....	\$ (370,751)
Net Cash Used for Capital Assets and Related Financing Activities.....	<u>\$ (370,751)</u>

Net Increase in Cash and Cash Equivalents.....	\$ (357,700)
Cash and Cash Equivalents at Beginning of Year.....	564,287
<b>Cash and Cash Equivalents at End of Year.....</b>	<b><u>\$ 206,587</u></b>

Reconciliation of Operating Loss to Cash Used for Operating Activities:

Operating Loss.....	<u>\$ (9,288,449)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense.....	\$ 1,591,602
Changes in Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable.....	(161,818)
Decrease (Increase) in Inventory of Supplies.....	(27,344)
Decrease (Increase) in Prepaid Expenses.....	-
Decrease (Increase) in Accounts Payable.....	317,332
Decrease (Increase) in Accrued Liabilities.....	31,174
Decrease (Increase) in Other Liabilities.....	(38,423)
Total Adjustments.....	<u>\$ 1,712,523</u>

<b>Net Cash Used for Operating Activities.....</b>	<b><u>\$ (7,575,926)</u></b>
--	------------------------------

Noncash Capital and Related Financing Activities:

During Fiscal Year 2008, The City transferred capital assets totaling \$2.7 million to Alexandria Transit.

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Balance Sheet**  
**Special Revenue Funds**  
**As of June 30, 2008**

**Schedule 3**

	<b>Housing</b>	<b>Sewer</b>	<b>Other Special Revenue</b>	<b>Combined Special Revenue</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,427,227	\$ 7,118,265	\$ 10,295,990	\$ 18,841,482
Cash and Investments with Fiscal Agents	648,115	-	115,474	763,589
Receivables, Net	1,204,885	883,505	11,994	2,100,384
Due From Other Governments	409,346	-	5,092,911	5,502,257
Prepaid and Other Assets	-	-	24,628	24,628
Total Assets	<u>\$ 3,689,573</u>	<u>\$ 8,001,770</u>	<u>\$ 15,540,997</u>	<u>\$ 27,232,340</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 32,297	10,453	\$ 2,657,287	\$ 2,700,037
Accrued Wages	73,363	54,346	1,963,445	\$ 2,091,154
Unearned Revenue		-	4,467,308	4,467,308
Total Liabilities	<u>\$ 105,660</u>	<u>\$ 64,799</u>	<u>\$ 9,088,040</u>	<u>\$ 9,258,499</u>
<b>FUND BALANCES</b>				
Reserved for:				
Receivable, net	\$ 1,204,885	\$ -	\$ -	\$ 1,204,885
Encumbrances	111,080	1,416	1,133,430	\$ 1,245,926
Unreserved	2,267,948	7,935,555	5,319,527	\$ 15,523,030
Total Fund Balances	<u>\$ 3,583,913</u>	<u>\$ 7,936,971</u>	<u>\$ 6,452,957</u>	<u>\$ 17,973,841</u>
Total Liabilities and Fund Balances	<u>\$ 3,689,573</u>	<u>\$ 8,001,770</u>	<u>\$ 15,540,997</u>	<u>\$ 27,232,340</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Special Revenue Funds**  
**As of June 30, 2008**

				<b>Schedule 4</b>
	<b>Housing</b>	<b>Sewer</b>	<b>Other Special Revenue</b>	<b>Total Combined Special Revenue</b>
<b>REVENUES</b>				
Permits, Fees, and Licenses	\$ -	\$ -	\$ 1,074,016	\$ 1,074,016
Use of Money and Property	151,904	-	208,174	360,078
Charges for Services	-	7,394,061	7,110,961	14,505,022
Intergovernmental Revenue	1,939,374	-	36,705,151	38,644,525
Miscellaneous	5,068,930	-	1,599,413	6,668,343
Total Revenues	<u>\$ 7,160,208</u>	<u>\$ 7,394,061</u>	<u>\$ 46,697,715</u>	<u>\$ 61,251,984</u>
<b>EXPENDITURES</b>				
Current Operating:				
General Government	\$ -	\$ -	\$ 468,991	\$ 468,991
Judicial Administration	-	-	1,687,131	1,687,131
Public Safety	-	-	3,229,972	3,229,972
Public Works	-	1,532,307	947,185	2,479,492
Health and Welfare	-	-	74,629,716	74,629,716
Culture and Recreation	-	-	695,985	695,985
Community Development	20,179,871	-	1,228,762	21,408,633
Total Expenditures	<u>\$ 20,179,871</u>	<u>\$ 1,532,307</u>	<u>\$ 82,887,742</u>	<u>\$ 104,599,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (13,019,663)</u>	<u>\$ 5,861,754</u>	<u>\$ (36,190,027)</u>	<u>\$ (43,347,936)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 9,290,263	\$ -	\$ 35,770,687	45,060,950
Transfers Out	-	(6,517,549)	(956,658)	(7,474,207)
Total Other Financing Sources and Uses	<u>\$ 9,290,263</u>	<u>\$ (6,517,549)</u>	<u>\$ 34,814,029</u>	<u>\$ 37,586,743</u>
Net Change in Fund Balance	\$ (3,729,400)	\$ (655,795)	\$ (1,375,998)	\$ (5,761,193)
Fund Balance at Beginning of Year	7,313,313	8,592,766	7,828,955	23,735,034
Fund Balance at End of Year	<u>\$ 3,583,913</u>	<u>\$ 7,936,971</u>	<u>\$ 6,452,957</u>	<u>\$ 17,973,841</u>

# **STATISTICAL SECTION**

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

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

Table I - Schedule of Changes in Net Assets

Table II - Changes in Fund Balances Governmental Funds

Table VII - Net assets

Table VIII - Fund Balances Governmental Funds

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

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

Table III - Tax Revenues by Source

Tables IV and V - Tax Levies and Collections

Table VI - Real and Personal Property Tax Assessments and Rates

Table IX - 2008 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

Note: The City first used statements of net assets, and activities, and governmental fund changes and balances in FY 2000; therefore, only nine years of data is available for these tables. Additional information will be added as available.



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

**TABLE I**

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

Amounts may not add due to rounding

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

**TABLE I (continued)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Net (Expense) (Revenue)</b>									
General Government	\$ (40.3)	\$ (40.3)	\$ (45.1)	\$ (47.4)	\$ (54.1)	\$ (47.7)	\$ (47.5)	\$ (57.3)	\$ (57.7)
Judicial Administration	(10.8)	(10.3)	(11.2)	(11.3)	(12.1)	(12.6)	(13.6)	(15.7)	(13.1)
Public Safety	(59.3)	(65.4)	(75.0)	(81.9)	(87.3)	(88.1)	(96.3)	(100.8)	(89.6)
Public Works	(25.5)	(25.1)	(25.3)	(27.3)	(33.7)	(26.8)	(24.2)	(28.2)	(20.7)
Library	(3.8)	(4.2)	(4.8)	(5.1)	(5.5)	(6.0)	(6.4)	(6.8)	(6.9)
Health and Welfare	(56.7)	(56.4)	(61.9)	(66.7)	(38.1)	(74.3)	(78.9)	(83.0)	(57.2)
Transit	(5.0)	(7.1)	(6.8)	(11.9)	(9.1)	(10.5)	(12.5)	(14.1)	(14.1)
Culture and Recreation	(10.7)	(12.3)	(15.2)	(19.1)	(19.7)	(24.4)	(23.0)	(24.4)	(27.2)
Community Development	(9.2)	(8.8)	(11.8)	(13.2)	(15.9)	(15.8)	(21.3)	(30.1)	(28.9)
Education	(92.5)	(116.4)	(110.7)	(123.4)	(128.6)	(142.2)	(139.9)	(153.7)	(168.5)
Interest on Long-term Debt	(2.9)	(5.6)	(7.6)	(7.1)	(8.0)	(9.5)	(10.4)	(13.5)	(12.4)
Subtotal Governmental Activities	<u>\$ (316.8)</u>	<u>\$ (351.9)</u>	<u>\$ (375.4)</u>	<u>\$ (414.3)</u>	<u>\$ (411.9)</u>	<u>\$ (457.9)</u>	<u>\$ (474.1)</u>	<u>\$ (527.6)</u>	<u>\$ (496.3)</u>
Business-type Activities:									
Recycling	<u>\$ 0.2</u>	<u>\$ (0.3)</u>	<u>\$ (0.3)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Subtotal Business-type Activities:	<u>0.2</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ (316.7)</u>	<u>\$ (352.3)</u>	<u>\$ (375.8)</u>	<u>\$ (414.3)</u>	<u>\$ (411.9)</u>	<u>\$ (457.9)</u>	<u>\$ (474.1)</u>	<u>\$ (527.6)</u>	<u>\$ (496.3)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Taxes									
Real Estate	\$ 141.7	\$ 153.4	\$ 163.5	\$ 189.4	\$ 211.1	\$ 234.3	\$ 255.4	\$ 275.4	\$ 289.3
Personal Property	47.6	27.0	38.5	31.1	31.3	32.0	33.1	35.3	38.6
Other	75.0	81.7	85.8	88.4	94.2	101.5	109.4	111.0	112.2
Transfer	-	-	-	1.0	-	-	-	-	-
Grants and Contributions									
not restricted to other programs	19.1	26.9	28.9	29.2	30.4	29.5	31.0	32.4	31.8
Interest and Investment Earnings	7.3	8.4	7.3	3.6	1.7	4.9	9.1	6.9	6.0
Miscellaneous	0.7	0.5	0.5	0.6	0.3	0.5	0.8	0.6	0.6
Subtotal Governmental Activities	<u>\$ 291.4</u>	<u>\$ 297.9</u>	<u>\$ 324.5</u>	<u>\$ 343.3</u>	<u>\$ 369.1</u>	<u>\$ 402.7</u>	<u>\$ 438.9</u>	<u>\$ 461.6</u>	<u>\$ 478.5</u>
Business-type Activities:									
Payment for City	<u>\$ 0.3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1.0)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Subtotal Business-type Activities:	<u>\$ 0.3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1.0)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 291.7</u>	<u>\$ 297.9</u>	<u>\$ 324.5</u>	<u>\$ 342.3</u>	<u>\$ 369.1</u>	<u>\$ 402.7</u>	<u>\$ 438.9</u>	<u>\$ 461.6</u>	<u>\$ 478.5</u>
Change in Net Assets									
Governmental Activities:	\$ (25.4)	\$ (54.0)	\$ (50.9)	\$ (71.0)	\$ (42.8)	\$ (55.2)	\$ (35.2)	\$ (66.0)	\$ (17.8)
Business-type Activities:	0.5	(0.3)	(0.3)	(1.0)	-	-	-	-	-
	<u>\$ (25.0)</u>	<u>\$ (54.3)</u>	<u>\$ (51.3)</u>	<u>\$ (72.0)</u>	<u>\$ (42.8)</u>	<u>\$ (55.2)</u>	<u>\$ (35.2)</u>	<u>\$ (66.0)</u>	<u>\$ (17.8)</u>

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

**TABLE II**

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

Amounts may not add due to rounding

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

**TABLE III**

Fiscal Year		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Property Taxes	Real Estate	\$ 13,109,190	\$ 14,240,131	\$ 15,256,694	\$ 16,495,409	\$ 18,643,185	\$ 210,922,789	\$ 232,528,457	\$ 255,141,063	\$ 274,477,589	\$ 287,344,299
	Personal	4,109,345	38,435,852	35,222,613	38,331,453	30,745,962	30,944,059	31,243,560	33,163,126	34,487,106	34,883,037
	Penalties and Interest	2,264,927	2,459,101	1,992,370	1,854,835	1,761,585	1,657,926	1,514,783	1,751,503	1,856,927	1,885,683
Other Local Taxes	Local Sales	\$ 18,552,625	\$ 19,802,533	\$ 20,730,807	\$ 20,316,345	\$ 21,216,124	\$ 22,541,886	\$ 23,812,277	\$ 25,264,689	\$ 25,440,638	\$ 24,256,803
	Utility	14,426,824	15,034,992	16,937,315	17,761,931	17,793,919	18,570,290	18,520,667	17,587,865	13,836,170	10,019,854
	Business License	16,707,988	19,022,675	20,762,586	22,233,330	23,679,889	25,601,366	27,098,032	28,381,583	30,947,412	32,026,526
	Cable TV Franchise License	791,691	836,041	901,777	1,025,474	978,574	1,089,381	1,154,576	1,240,841	720,926	-
	Motor Vehicle License	2,040,226	2,173,654	2,247,172	2,285,722	2,313,054	2,427,656	2,460,980	2,461,023	2,429,078	3,197,576
	Bank Franchise	1,110,481	991,609	1,403,375	1,294,376	1,922,095	1,111,691	1,364,270	1,784,565	1,540,550	1,263,689
	Tobacco	1,649,055	1,647,047	1,607,292	1,597,140	2,083,135	2,430,092	2,277,366	2,840,486	2,932,386	2,681,573
	Recordation	2,022,539	1,710,477	2,028,522	2,494,425	3,262,783	4,046,517	7,244,022	7,818,676	6,561,330	4,947,208
	Transient Lodging	4,129,594	5,228,467	5,827,803	5,206,418	5,241,018	6,323,906	7,183,067	7,811,884	7,415,060	8,506,762
	Restaurant Food	7,057,069	7,911,895	8,466,964	8,562,840	8,792,704	9,051,520	9,598,763	10,094,267	10,657,839	10,972,048
	Telecommunication	422,874	655,212	762,172	1,139,266	792,025	727,384	726,112	725,684	691,023	857,354
	Admissions	-	-	-	-	-	-	-	1,149,537	1,058,226	1,090,067
	Cell Phone	-	-	-	-	-	-	-	2,305,525	1,397,452	-
	Communications Sale	-	-	-	-	-	-	-	-	5,318,253	12,402,256
	Other	36,134	26,336	50,987	42,507	44,528	39,266	28,428	28,931	33,024	42,225
Total		\$ 243,399,674	\$ 258,337,202	\$ 271,502,449	\$ 289,105,471	\$ 307,059,210	\$ 337,485,729	\$ 366,755,360	\$ 399,551,248	\$ 421,800,989	\$ 436,376,960

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

**Table IV**

Real Property (Amounts in thousands)							
Calendar Year Ended December 31,	Taxes Levied for the Calendar Year*	Collected within the Fiscal Year of the Levy				Total Collections to date	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
1999	\$ 135,085	\$ 133,102	98.53%	\$ 1,957	\$ 135,059	99.98%	
2000	147,059	144,741	98.42%	2,298	147,039	99.99%	
2001	159,186	156,748	98.47%	2,424	159,172	99.99%	
2002	174,827	172,296	98.55%	2,506	174,802	99.99%	
2003	199,800	196,181	98.19%	3,590	199,771	99.99%	
2004	225,156	223,047	99.06%	2,063	225,110	99.98%	
2005	250,525	247,166	98.66%	3,232	250,398	99.95%	
2006	267,420	264,951	99.08%	1,930	266,881	99.80%	
2007	282,996	279,948	98.92%	-	279,948	98.92%	

\* Levy adjusted for changes since original levy

**Table V**

Personal Property (Amounts in thousands)								
Taxes Levied for the Calendar Year		Collected within the Fiscal Year of the Levy				Total Collections to date		
		Commonwealth Reimbursement #		Percentage of Levy		Collections in Subsequent Years	Amount	Percentage of Levy
Calendar Year Ended December 31,	Total		Amount				Amount	
1999	\$ 52,178	\$ 6,887	\$ 41,507	79.55%	\$ 3,700	\$ 45,207	86.64%	
2000	56,591	13,268	44,711	79.01%	3,677	48,388	85.50%	
2001	56,957 *	20,842	48,136	84.51%	11,176	59,312	104.13%	
2002	58,478	21,122	49,216	84.16%	3,880	53,096	90.80%	
2003	60,472	22,915	50,576	83.64%	3,709	54,285	89.77%	
2004	56,059	21,936	48,535	86.58%	3,806	52,341	93.37%	
2005	58,942	22,558	50,422	85.55%	4,497	54,919	93.17%	
2006	62,213	24,193	55,284	88.86%	2,191	57,475	92.38%	
2007	61,974	23,849	55,247	89.15%	-	55,247	89.15%	

\* Assessment adjusted for large sale of public service commission property to private corporation.

# Commonwealth reimbursement included in taxes levied and collections.

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

**TABLE VI**

Calendar Year	Real Property (\$000)				Personal Property (\$100)				
	Residential	Commercial	Total	Tax Rate per \$100	Motor Vehicle and Tangibles Assessments	Tax Rate per \$100	Machine and Tools Assessment	Tax Rate per \$100	Total Assessment
1998	\$ 5,882,796	\$ 5,722,494	\$ 11,605,290	\$ 1.070	\$ 1,203,370	\$ 4.75	\$ 9,681	\$ 4.50	\$ 1,213,051
1999	6,169,055	6,018,465	12,187,520	1.110	1,251,250	4.75	10,259	4.50	1,261,509
2000	6,716,942	6,578,366	13,295,308	1.110	1,359,340	4.75	13,281	4.50	1,372,621
2001	7,573,897	7,058,452	14,632,349	1.110	1,386,141	4.75	187,217	4.50	1,573,358
2002	8,889,290	7,243,699	16,132,989	1.080	1,409,955	4.75	16,351	4.50	1,426,306
2003	11,191,850	8,034,076	19,225,926	1.035	1,459,886	4.75	20,369	4.50	1,480,255
2004	13,224,543	9,532,642	22,757,185	0.995	1,391,110	4.75	17,895	4.50	1,409,005
2005	16,272,324	11,087,326	27,359,650	0.915	1,455,520	4.75	15,009	4.50	1,470,529
2006	20,331,756	12,574,963	32,906,719	0.815	1,394,947	4.75	14,906	4.50	1,409,853
2007	20,205,364	14,037,667	34,243,031	0.830	1,400,114	4.75	11,485	4.50	1,411,599

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

**CITY OF ALEXANDRIA, VIRGINIA**

**Net Assets  
Last Nine Fiscal Years**

**TABLE VII**

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

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

Amounts may not add due to rounding

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

**TABLE VIII**

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



**CITY OF ALEXANDRIA, VIRGINIA**  
**2008 Tax Rates for Major Revenue Sources**

**TABLE IX**

Real Estate Tax	84.5¢ per \$100 assessed value
Personal Property Tax	\$4.50 per \$100 assessed value (machinery and tools)
	\$4.75 per \$100 assessed value (tangible personal property)
	\$3.55 per \$100 assessed value (handicap vehicles)
Utility Tax (for residential users)	15% of water service charge
	\$1.12 plus \$0.012075 of each kwh (\$2.40 maximum)
	\$1.28 plus \$0.124444 of each CCF gas delivered (\$2.40 maximum)
	\$1.28 plus \$0.050909 of each CCF gas delivered-group meter consumers) (\$2.40 maximum per dwelling unit)
	\$1.28 plus 0.023267 of each CCF gas delivered-group meter interruptible consumers (\$2.40 maximum per dwelling unit)
Utility Tax (for commercial users)	15% of first \$150 of water service charge
	\$0.97 plus \$0.004610 of each kwh delivered-commercial consumer
	\$0.97 plus \$0.003755 of each kwh delivered-industrial consumer
	\$1.42 plus \$0.050213 each CCF gas delivered-commercial/industrial consumer
	\$4.50 plus \$0.003670 of each CCF gas delivered-non-residential interruptible gas consumers
Business and Professional Licenses	
Alcoholic Beverages	\$5 - \$1,500
First year of operation:	
Gross receipts less than \$100,000	No tax due
Gross receipts of greater than \$100,000 and less than \$2,000,000	\$50
Gross receipts of \$2,000,000 or more	Same as renewal for greater than \$100,000 below
Renewal business	
Gross receipts of greater than \$10,000 and less than \$100,000:	
Any business	\$50
Gross receipts of \$100,000 or more	
Amusement and Entertainment	\$0.36 per \$100 gross receipts
Professional	\$0.58 per \$100 gross receipts
Renting of Residential Property	\$0.50 per \$100 gross receipts
Renting of Commercial Property	\$0.35 per \$100 gross receipts
Financial Services	\$0.35 per \$100 gross receipts
Personal, Business and Repair Service	\$0.35 per \$100 gross receipts
Retail Merchants	\$0.20 per \$100 gross receipts
Restaurants	\$0.20 per \$100 gross receipts
Contractors	\$0.16 per \$100 gross receipts
Wholesale Merchants	\$0.05 per \$100 total purchases
Public Utilities	
Telephone	\$0.50 per \$100 gross receipts
Telegraph	\$2.00 per \$100 gross receipts
Communication Tax	2.6% of statewide communication tax
Water, heat, electric and gas companies	\$0.50 per \$100 gross receipts
Admissions Tax	10% of admissions up to \$.50 per person
Public Rights-of-Way Use Fee	\$0.72 per line per month
Local Sales Tax	1% added to the rate of the state retail tax imposed
Daily Rental Tax	1% on the gross proceeds
Cigarette Tax	\$0.70 on each package of twenty cigarettes
Transient Lodging Tax	5.5%/6.5% of total amount paid for room rental plus <sup>1</sup>
	\$1 per night lodging fee
Restaurant Meal Tax	3%/4% on all food and drink <sup>1</sup>
Recordation Tax	\$0.083 per \$100 of sales price – City (State is \$0.25 per \$100)
Grantor Deed Tax	\$0.50 per \$500 of sales price

<sup>1</sup> Tax rates increased as of July 1, 2008.

SOURCE: Department of Finance, Revenue Administration

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

**TABLE X**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Assessed Value of Real Property, January 1	\$ 12,187,159,600	\$ 13,295,308,000	\$ 14,632,348,200	\$ 16,132,989,000	\$ 19,225,926,000
Debt Limit: 10 percent	1,218,751,960	1,329,530,800	1,463,324,820	1,613,298,900	1,922,592,600
Amount of Debt Applicable to Debt Limit	<u>65,710,000</u>	<u>114,690,000</u>	<u>107,875,000</u>	<u>153,925,000</u>	<u>143,615,000</u>
Legal Debt Margin	\$ 1,153,041,960	1,214,840,800	1,355,449,820	1,459,373,900	1,778,977,600
Debt as a Percentage of Assessed Value	0.54%	0.86%	0.74%	0.95%	0.75%
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed Value of Real Property, January 1	\$ 21,580,995,000	\$ 27,359,649,900	\$ 32,906,720,000	\$ 34,243,031,000	\$ 35,554,958,000
Debt Limit: 10 percent	2,258,099,500	2,735,964,990	3,290,672,000	3,424,303,100	3,555,495,800
Amount of Debt Applicable to Debt Limit	<u>197,520,000</u>	<u>241,890,000</u>	<u>296,540,000</u>	<u>278,525,000</u>	<u>260,350,000</u>
Legal Debt Margin	\$ 2,060,579,500	\$2,494,074,990	\$2,994,132,000	\$3,145,778,100	\$3,295,145,800
Debt as a Percentage of Assessed Value	0.92%	0.88%	0.90%	0.81%	0.73%

**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			
1999	121,700	\$ 12,187,520	\$ 1,261,500	\$ 13,449,029	\$ 65,710,000	0.54	0.49	\$ 5,775,230	\$ 540	1.1
2000	129,147	13,295,308	1,372,621	14,667,929	114,690,000	0.86	0.78	6,211,938	888	1.8
2001	130,403	14,632,349	1,573,358	16,205,707	107,875,000	0.74	0.67	6,931,579	827	1.6
2002	129,938	16,132,989	1,426,306	17,559,295	153,925,000	0.95	0.88	7,009,871	1,185	2.2
2003	135,000	19,225,926	1,459,886	20,685,812	143,615,000	0.75	0.69	7,165,859	1,064	2.0
2004	134,000	22,580,995	1,309,443	23,890,438	197,520,000	0.87	0.82	7,435,257	1,474	2.7
2005	135,000	27,359,650	1,359,782	28,719,432	241,890,000	0.88	0.84	7,776,966	1,792	3.1
2006	138,000	32,906,270	1,409,852	34,316,122	296,540,000	0.90	0.86	8,835,057	2,148	3.4
2007	139,000	34,243,031	1,411,599	35,654,630	278,525,000	0.81	0.78	9,507,531	2,004	2.9
2008	140,879	35,554,958	1,426,679	36,981,637	260,350,000	0.73	0.70	10,204,006	1,848	2.6

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

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

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Overlapping Debt and Debt History**  
**June 30, 2008**

**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**

<b>Year</b>	<b>Principal</b>	<b>Interest and Other Costs</b>	<b>Total Debt Service</b>	<b>General Expenditures <sup>(2)</sup></b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
1999 \$	4,875,000	\$ 1,475,549	\$ 6,350,549	\$ 380,736,909	1.67 %
2000	6,020,000	2,846,071	8,866,071	393,588,056	2.25
2001	6,815,000	5,567,314	12,382,314	401,555,221	3.08
2002	8,450,000	7,565,996	16,015,996	452,671,072	3.54
2003	10,310,000	7,173,024	17,483,024	488,044,085	3.59
2004	10,795,000	7,887,768	18,682,768	516,275,303	3.62
2005	13,115,000	9,567,247	22,682,247	545,688,442	4.16
2006	16,350,000	10,502,282	26,852,282	623,774,871	4.30
2007	17,670,000	13,306,096	30,976,096	689,280,260	4.49
2008	18,175,000	12,344,320	30,519,320	688,844,141	4.43

(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, 2008**

**TABLE XIV**

**Population**

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

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

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Alexandria .....	\$41,166	\$44,031	\$45,956	\$48,106	\$52,125	\$52,344	\$53,711	\$58,365	\$61,147	\$65,141
Arlington .....	\$40,830	\$43,554	\$45,703	\$49,555	\$52,673	\$53,860	\$54,207	\$58,893	\$59,389	\$63,827
Fairfax (includes Fairfax City and Falls Church) .....	\$40,330	\$43,193	\$47,306	\$50,035	\$51,931	\$52,494	\$53,981	\$57,169	\$60,289	\$64,698
Washington MSA .....	\$32,401	\$33,824	\$35,848	\$37,777	\$40,672	\$42,404	\$43,693	\$46,311	\$48,697	\$57,746

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

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

**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>2008 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. LCOR Alexandria, L.L.C.	Office Buildings	\$ 1,290.0	3.63%
2. AIMCO Foxchase L.P.	Foxchase Apartments	313.2	0.88%
3. Washington Real Estate Investment Trust	Portfolio	258.8	0.73%
4. Hoffman Buildings L.P.	Hoffman Office Buildings	247.9	0.70%
5. Lafayette Buildings L.L.C.	Mark Center Office Buildings	231.2	0.65%
6. Southern Towers L.L.C.	Southern Towers Apartments	228.4	0.64%
7. Canal Center L.P.	Canal Center	193.3	0.54%
8. T C Duke Street L.L.C.	Office Buildings	184.5	0.52%
Tishman Speyer Archiston Smith Newport			
9. Village I & II	Newport Village Apartments	167.8	0.47%
10. Alexandria Apartments L.L.C.	Alexandria Apartments	166.2	0.47%

<b>Owner's Name</b>	<b>Property</b>	<b>1999 Assessed Value (In millions)</b>	<b>Percentage of Total Assessed Valuation</b>
1. Commonwealth Atlantic Land VI	Potomac Yard Retail		
	Center/Vacant Land	165.80	1.36%
2. AIMCO Foxchase L.P.	Foxchase Apartments	114.00	0.94%
3. Winkler, Harold et. Al.	Southern Towers Apartments	104.00	0.85%
4. Hoffman Buildings L.P.	Office Buildings	86.50	0.71%
5. CGP Ivanhoe II Inc.	Landmark Mall	86.00	0.71%
6. Carlyle Development Corporation	Vacant Land/Office Building	84.10	0.69%
7. Alexandria Country Club Apartments	Oakwood Apartments	80.00	0.66%
8. Washington Real Estate Investment Trust	Bradlee Shopping		
	Center/Foxchase Shopping		
	Center/Warehouse/Retail	65.80	0.54%
9. Cameron Associates L.L.C.	Vacant Land	58.90	0.48%
10. Laszlo N. Tauber & Associates L.P.	Office Building	57.90	0.47%

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

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

**Public Service Companies**

<b>Owner's Name</b>	<b>Property</b>	<b>Percentage of</b>	
		<b>2008 Assessed Value (In millions)</b>	<b>Total Assessed Valuation</b>
1. Mirant Potomac River, LLC		\$ 271.9	31.0%
2. Virginia Electric & Power Company		\$ 155.4	17.7%
3. Covanta Alexandria/Arlington, Inc.		\$ 90.3	10.3%
4. Verizon Virginia Inc.		\$ 61.3	7.0%
5. Virginia-American Water Co.		\$ 45.6	5.2%
6. Potomac Electric Power Company		\$ 36.2	4.1%
7. Washington Gas Light Company		\$ 32.4	3.7%
8. Washington DC SMSA Limited Partnership		\$ 6.1	0.7%
9. Comcast Phone of Northern Virginia, Inc.		\$ 6.1	0.7%
10. T-Mobile License, LLC		\$ 5.7	0.6%

**Percentage**

<b>Owner's Name</b>	<b>Property</b>	<b>Percentage of</b>	
		<b>1999 Assessed Value (In millions)</b>	<b>Total Assessed Valuation</b>
1. Potomac Electric Power Company		\$ 247.5	2.06%
2. Virginia Electric Power Company		\$ 103.4	0.85
3. Bell Atlantic Virginia, Inc.		\$ 82.2	0.67
4. Norfolk Southern Railway Company		\$ 54.8	0.47
Richmond, Fredericksburg & Potomac Railway			
5. Co.		\$ 42.2	0.35
6. Virginia American Water Company		\$ 33.4	0.27
7. Washing Gas Light Company		\$ 27.5	0.23
8. Jones Telecommunications of Virginia, Inc.		\$ 14.0	0.11
9. Washington DC SMSA Limited Partnership		\$ 6.8	0.06
Institutional Communications Co., of Virginia,			
10. Inc.		\$ 4.5	0.04

**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>
1999	10,788	5,537	1,187	1,841	678	474
2000	11,245	5,763	1,395	1,918	773	823
2001	11,345	5,567	1,611	1,927	574	447
2002	11,274	5,593	1,809	1,958	547	461
2003	10,979	5,243	2,090	1,949	644	455
2004	11,104	5,525	2,412	1,999	543	470
2005	10,667	5,449	2,628	1,979	493	453
2006	10,284	5,169	2,379	1,900	436	442
2007	10,057	4,961	2,223	1,802	436	442
2008	10,557	5,012	2,083	1,786	451	435

(1) As of September 30

(2) Reflects New method of defining ESL students to be consistent with federal " No Child Left Behind Act

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, 2008**

**TABLE XVII**

	General	Judicial	Public	Public	Health and	Recreation	Community		Transit	Debt	
	Government	Administration	Safety	Works	Welfare	& Culture	Development	Education	Subsidies	Service	Total
Expenditures:											
City Council.....	\$ 522,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 522,607
City Manager.....	1,613,885	-	-	-	-	-	-	-	-	-	1,613,885
Office On Women.....	1,328,067	-	-	-	-	-	-	-	-	-	1,328,067
Citizens Assistance.....	356,170	-	380,414	-	-	-	-	-	-	-	736,584
Office of Management and Budget.....	1,121,523	-	-	-	-	-	-	-	-	-	1,121,523
18th Circuit Court.....	-	1,307,765	-	-	-	-	-	-	-	-	1,307,765
18th General District Court.....	-	94,895	-	-	-	-	-	-	-	-	94,895
Juvenile and Domestic Relations Courts.....	-	29,896	-	-	-	-	-	-	-	-	29,896
Commonwealth's Attorney.....	-	2,616,168	-	-	-	-	-	-	-	-	2,616,168
Sheriff.....	-	6,431,104	18,655,566	-	-	-	-	-	-	-	25,086,670
Clerk of Courts.....	-	1,555,524	-	-	-	-	-	-	-	-	1,555,524
Other Correctional Activities.....	-	3,899,228	1,012,864	-	-	-	-	-	-	-	4,912,092
Court Services.....	-	1,094,374	-	-	-	-	-	-	-	-	1,094,374
Human Rights.....	616,252	-	-	-	-	-	-	-	-	-	616,252
Internal Audit.....	228,462	-	-	-	-	-	-	-	-	-	228,462
Information Technology Services.....	7,452,348	-	-	-	-	-	-	-	-	-	7,452,348
Office of Communications.....	-	-	-	-	-	-	1,246,627	-	-	-	1,246,627
City Clerk and Clerk of Council.....	391,733	-	-	-	-	-	-	-	-	-	391,733
Finance.....	9,371,892	-	-	-	-	-	-	-	-	-	9,371,892
Real Estate Assessments.....	1,608,458	-	-	-	-	-	-	-	-	-	1,608,458
Personnel.....	3,295,723	-	-	-	-	-	-	-	-	-	3,295,723
Planning and Zoning.....	-	-	-	-	-	-	8,794,327	-	-	-	8,794,327
City Attorney.....	3,777,194	-	-	-	-	-	-	-	-	-	3,777,194
Registrar.....	1,121,030	-	-	-	-	-	-	-	-	-	1,121,030
General Services.....	4,120,059	-	-	10,106,314	-	-	-	-	-	-	14,226,373
Transportation and Environmental Services.....	-	-	-	24,010,688	-	-	2,239,969	-	-	-	26,250,657
Transit Subsidies.....	-	-	-	-	-	-	-	-	6,644,738	-	6,644,738
Fire.....	-	-	37,381,381	-	-	-	-	-	-	-	37,381,381
Police.....	-	-	50,818,689	-	-	-	-	-	-	-	50,818,689
Mental Health/Mental Retardation and Substance Abuse.....	-	-	-	-	542,933	-	-	-	-	-	542,933
Health.....	-	-	-	-	7,511,965	-	213,087	-	-	-	7,725,052
Human Services.....	-	-	-	-	9,651,712	-	-	-	9,651,712	-	9,651,712
Human Services Contributions.....	-	-	-	-	2,296,457	-	-	-	-	-	2,296,457
Office of Historic Alexandria.....	-	-	-	-	-	3,009,162	-	-	-	-	3,009,162
Recreation and Cultural Activities.....	-	-	-	-	-	20,771,994	-	-	-	-	20,771,994
Other Educational Activities.....	-	-	-	-	-	-	-	12,399	-	-	12,399
Miscellaneous.....	5,611,409	-	692,981	89,946	1,055,477	41,271	515,444	-	-	30,519,320	38,525,848
Total Expenditures.....	42,536,812	\$ 17,028,954	\$ 108,941,895	\$ 34,206,948	\$ 21,058,544	\$ 23,822,427	\$ 13,009,454	\$ 12,399	\$ 6,644,738	\$ 30,519,320	\$ 297,781,491

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

**TABLE XVIII**

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

**Principal Employers**  
**Current Year (as of July 1, 2008 and Nine Years Ago)**

**TABLE XIX**

<b>Current Year</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>	<b>Nine Years Ago</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>
<b>LARGEST PUBLIC EMPLOYERS</b>			<b>LARGEST PUBLIC EMPLOYERS</b>		
U.S. Patent Trademark Offices	8,558	8.38%	U.S. Department of Defense	7,599	10.2%
U. S. Department of Defense	7,200	7.1%	City of Alexandria	2,091	2.8%
City of Alexandria	2,384	2.3%	Alexandria Public Schools	1,848	2.5%
Alexandria Public Schools	1,939	1.9%	WMATA (Metro)	1,372	1.8%
WMATA	1,308	1.3%	U.S. Postal Services	754	1.1%
Northern Virginia Community College	716	0.7%	Northern Virginia Community College	619	0.1%
US Postal Service	587	0.6%	U.S. Department of Agriculture	546	0.7%
US Attorney's Office	212	0.2%			
<b>Total</b>	<b>22,904</b>	<b>22.4%</b>	<b>Total</b>	<b>14,829</b>	<b>19.2%</b>
<b>LARGEST PRIVATE EMPLOYERS</b>			<b>LARGEST PRIVATE EMPLOYERS</b>		
INOVA Alexandria Hospital	1,860	1.8%	Alexandria Hospital	1,692	2.3%
American Building Maintenance Company	1,170	1.2%	Institute for Defense Analysis	664	0.9%
Institute of Defense Analysis	791	0.8%	Boat Owners Assoc. of the U.S.	549	0.7%
United Postal Services (UPS)	742	0.7%	Giant Food	592	0.8%
Center for Naval Analysis	617	0.6%	Pentagon Federal Credit Union	516	0.7%
Military Professional Resources	551	0.5%	Safeway Stores	500	0.7%
Grant Thornton LLP	514	0.5%			
<b>Total</b>	<b>6,245</b>	<b>6.1%</b>	<b>Total</b>	<b>4,513</b>	<b>6.1%</b>

SOURCE: City of Alexandria Approved Budget

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

**TABLE XX**

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

\* - 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 Eight Fiscal Years**

**TABLE XX (cont)**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Miscellaneous Statistical Data**  
**As of June 30, 2008**

**TABLE XXI**

Date of Incorporation..... 1779  
 Date of City Charter..... 1922  
 Form of Government ..... Council-Manager  
 Number of Full-Time City Positions  
 (Other than Schools) ..... 2,332  
 Number of Full-Time Equivalent School Positions ..... 2,078

**Land Area**

15.75 Square Miles

**Elevation**

30 Feet Above Sea Level

**Location**

38.8210 N  
 77.0861 W

**Climate**

Average January Temperature 34.9°  
 Average July Temperature 79.2°

**Transportation**

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

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

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

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

Dulles International Airport provides international and longer domestic travel.

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

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

Individualized service is available through privately owned taxicab fleets.

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

**Population**

2008 Resident Population ..... 141,000  
 Number of Households – 2008 Estimate ..... 70,541  
 Household Size (2000 U.S. Census) ..... 2.04 Persons Per Unit  
 2005 Population by Race (2005 U.S. Census Bureau Estimate):  
 White ..... 59.1%  
 Black..... 21.1%  
 Native American..... 0.2%  
 Asian and Pacific Islanders..... 5.3%  
 Multi-Racial..... 1.3%  
 Hispanic (All Races)..... 13.7%

2006 Population by Age (2006 U.S. Census Bureau Estimate):  
 (1-17) ..... 19.4%  
 (18-24) ..... 5.8%  
 (25-64) ..... 63.8%  
 (65 +) ..... 11.0%

Registered Voters  
 June 2008..... 80,072  
 Temporary Assistance to Needy Families  
 (Cases) - Monthly Average, 2008..... 432  
 Food Stamps (Cases) - Monthly Average, 2008 ..... 2,860  
 Medicaid (Cases) - Monthly Average, 2008 ..... 6,513

**Economy**

Employed Residents, June 2008 ..... 87,806  
 Unemployed Residents, June 2008 ..... 2,079  
 Unemployed Rate, June 2008 ..... 2.2%  
 Washington PMSA Inflation Rate, based  
 on Consumer Price Index, for FY 2008 ..... 2.9%

**CITY OF ALEXANDRIA, VIRGINIA**

**Miscellaneous Statistical Data**

**As of June 30, 2008**

**TABLE XXI**

**(Continued)**

<b>Housing</b>	<b>2008</b>	<b>2007</b>
Total Housing Units.....	74,333	72,129
Type of Single-Family Housing		
Detached.....	9,122	9,132
Semi-Detached.....	5,463	5,477
Rowhouse.....	6,342	6,386
Condo Townhouse.....	943	941
Total Single-Family.....	21,870	21,906
Condominium Units.....	18,247	17,956
Rental Apartments.....	33,066	31,667
Public Housing and Public Housing		
Replacement Units.....	1,150	1,150
Average Assessed Value of		
Single Family Homes.....	\$656,984	\$660,866
Average Assessed Value of		
Condominiums.....	\$326,026	\$341,008
Average Market Rents		
Efficiency.....	\$996	\$920
1 Bedroom Apartment.....	\$1,249	\$1,205
2 Bedroom Apartment.....	\$1,604	\$1,519
3 Bedroom Apartment.....	\$1,738	\$1,712

**Communications**

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

**Miles of Streets, Sidewalks and Alleys**

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

**Utilities**

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

**Public Recreation**

Acreage..... 964.62  
Facilities:  
Playground Areas..... 45  
Swimming Pools..... 7  
Gymnasiums..... 16  
Basketball Courts (outdoor)..... 28  
Tennis Courts..... 36  
Playing Fields..... 52

**Medical Facilities**

Hospital:  
INOVA Alexandria Hospital..... 356  
Nursing Homes:  
Goodwin House..... 264  
Hermitage Retirement Community..... 220  
Woodbine Rehabilitation & Healthcare Center..... 307  
Washington House..... 55  
Integrated Health Services of Northern Virginia..... 111

**Libraries**

**Number**

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

**Education**

**Number**

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

**Higher Education:**

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

**Financial Institutions**

Commercial Banks..... 16  
Credit Unions..... 13

**Hotels and Motels**

**Rooms**

Alexandria Towne Motel..... 26  
Alexandria Travelodge..... 40  
Best Western Old Colony Inn..... 49  
Bragg Towers..... 98  
Alexandria Comfort Inn..... 169  
Courtyard by Marriott..... 176  
Alexandria Days Inn..... 200  
Embassy Suites..... 268  
Extended Stay America..... 132  
Hampton Inn..... 80  
Hawthorn Suites Hotel..... 185  
Hilton Alexandria Mark Center..... 496  
Hilton Alexandria Old Town..... 260  
Holiday Inn Eisenhower..... 197  
Hotel Monaco..... 227  
Holiday Inn Historic District..... 178  
Homestead Village..... 132  
Morrison House..... 45  
Crown Plaza Alexandria Old Town..... 255  
Residence Inn Alexandria Old Towne..... 240  
Courtyard Alexandria Pentagon South..... 203  
Sheraton Suites Alexandria..... 247  
Westin Alexandria..... 319  
Washington Suites..... 222  
Total..... 4,113

**CITY OF ALEXANDRIA, VIRGINIA**

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

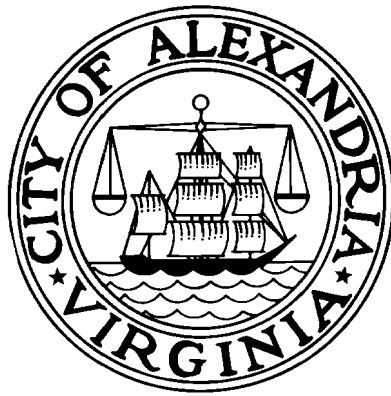
**Table XXII**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Revenues:					
General Property Taxes	\$ 243,524,774	\$ 265,286,800	\$ 290,055,692	\$ 310,821,622	\$ 324,113,019
Other Local Taxes	93,960,955	101,468,560	109,495,556	110,979,367	112,263,941
Permits, Fees, and Licenses	3,246,124	4,439,701	5,372,138	5,944,363	4,764,924
Fines and Forfeitures	4,164,369	4,035,693	3,536,342	3,628,938	3,903,807
Use of Money and Property	4,048,134	5,790,327	8,190,426	9,712,862	9,044,947
Charges for Services	9,587,175	10,352,947	10,837,058	10,286,955	11,302,195
Intergovernmental Revenues	49,460,664	47,054,318	50,232,988	53,608,403	54,447,311
Miscellaneous	348,868	521,372	842,030	590,351	618,907
Total Revenues	\$ 408,341,063	\$ 438,949,718	\$ 478,562,230	\$ 505,572,861	\$ 520,459,051
Other Financing Sources:					
Operating Transfers In	\$ -	\$ -	\$ -	\$ 1,063,895	\$ 1,311,109
Refunding Bonds	-	32,465,000	-	22,815,000	-
Premium	-	1,222,931	-	1,448,072	-
Total Other Financing Sources	\$ -	\$ 33,687,931	\$ -	\$ 25,326,967	\$ 1,311,109
<b>Total Revenues and Other Financing Sources</b>	<b>408,341,063</b>	<b>472,637,649</b>	<b>478,562,230</b>	<b>530,899,828</b>	<b>521,770,160</b>
Expenditures:					
Current:					
General Government	\$ 35,692,807	\$ 37,233,747	\$ 39,252,972	\$ 44,983,189	\$ 42,536,812
Judicial Administration	12,350,329	13,060,768	13,904,977	16,024,123	17,028,954
Public Safety	86,328,771	90,347,799	97,853,993	105,381,228	108,941,895
Public Works	29,362,422	29,920,883	30,378,866	33,072,866	34,206,948
Health and Welfare	16,415,944	18,164,634	19,350,745	20,889,031	21,058,544
Culture and Recreation	18,005,521	19,507,018	21,260,550	22,855,258	23,822,427
Community Development	7,321,949	8,538,375	8,758,008	9,219,603	13,009,454
Education	13,058	13,299	12,990	12,548	12,399
Transit	3,890,922	4,761,857	6,110,373	6,755,289	6,644,738
Debt Services:					
Principal Retired	10,895,998	13,220,854	16,461,681	17,729,329	18,175,000
Interest and Fiscal Charges	7,909,093	9,583,716	10,502,282	13,307,530	12,344,320
Total Expenditures	\$ 228,186,814	\$ 244,352,950	\$ 263,847,437	\$ 290,229,994	\$ 297,781,491
Other Financing Uses:					
Payment to Refunded Bonds					
Escrow Agent	\$ -	\$ 33,385,875	\$ -	\$ 24,104,018	\$ -
Operating Transfers Out	43,745,927	53,883,761	58,296,860	47,816,337	55,343,575
Transfers Out- Component Units	131,873,629	141,825,586	151,533,567	164,032,522	174,651,343
Total Other Financing Uses	\$ 175,619,556	\$ 229,095,222	\$ 209,830,427	\$ 235,952,877	\$ 229,994,918
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 403,806,370</b>	<b>\$ 473,448,172</b>	<b>\$ 473,677,864</b>	<b>\$ 524,233,704</b>	<b>\$ 527,776,409</b>
Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ 4,534,693	\$ (810,523)	\$ 4,884,366	\$ 4,716,957	\$ (6,006,249)
Fund Balances at Beginning of Year	58,117,728	62,796,610	62,275,183	67,378,045	72,253,728
Increase (Decrease) in Reserve for Inventories	144,189	289,096	218,496	158,726	(759,438)
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 62,796,610</b>	<b>\$ 62,275,183</b>	<b>\$ 67,378,045</b>	<b>\$ 72,253,728</b>	<b>\$ 65,488,041</b>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Summary of Total**  
**General Obligation Bonds**  
**Debt Service**  
**As of June 30, 2008**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$19,100,000	\$11,514,576	\$30,614,576
2010	18,315,000	10,685,824	29,000,824
2011	17,815,000	9,851,243	27,666,243
2012	17,775,000	9,060,955	26,835,955
2013	17,735,000	8,275,775	26,010,775
2014	17,745,000	7,480,700	25,225,700
2015	17,680,000	6,732,800	24,412,800
2016	17,635,000	5,975,713	23,610,713
2017	17,600,000	5,165,238	22,765,238
2018	17,545,000	4,385,238	21,930,238
2019	17,510,000	3,607,613	21,117,613
2020	15,475,000	2,827,456	18,302,456
2021	12,535,000	2,140,606	14,675,606
2022	9,705,000	1,574,206	11,279,206
2023	9,705,000	1,134,356	10,839,356
2024	6,405,000	690,706	7,095,706
2025	6,405,000	402,319	6,807,319
2026	3,665,000	172,157	3,837,157
Total	\$260,350,000	\$91,677,481	\$352,027,481





# SINGLE AUDIT



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

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

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

We have audited the accompanying financial statements of the governmental activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria (City), a component unit of the City of Alexandria, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 18, 2008. Our report referred to the adoption of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective July 1, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* (the Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia

**Internal Control over Financial Reporting**

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

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

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

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



### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City in a separate letter dated November 18, 2008.

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

KPMG LLP

November 18, 2008



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

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

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

### **Compliance**

We have audited the compliance of the City of Alexandria, Virginia (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that are applicable to each of its major federal programs for the year ended June 30, 2008. City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

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

In our opinion, City complied, in all material respects, with the requirements referred to in the first paragraph above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### **Internal Control Over Compliance**

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program



on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City as of and for the year ended June 30, 2008, and have issued our report thereon dated November 18, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

**KPMG LLP**

November 18, 2008

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2008**

<b>Federal Grantor/Recipient State Agency/Program Title</b>	<b>Federal Catalog Number</b>	<b>Grant Year</b>	<b>Expenditures</b>
U.S. DEPARTMENT OF AGRICULTURE			
Pass Through Payments:			
Department of Agriculture and Consumer Services (301 535-06):			
Commodity Food Distribution-Summer	10.559		
Commodity Food Distribution-School	10.555		\$ 313,797
Commodity Food Distribution	10.555		116,328
Food Stamp Program	10.561		1,591,866
Department of Education (197 457-07)			
Lunch Program	10.555		2,101,193
After School Program	10.558		112,314
Summer Food Program	10.559		104,507
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 4,340,005</u>
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Corporation for National and Community Services	94.006		\$ 248,974
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>\$ 248,974</u>
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Payments:			
Administration for Children, Youth and Families			
Special Programs for the Aging	93.041		\$ 31,232
Head Start	93.600		1,800,104
Total Direct Payments			<u>\$ 1,831,336</u>
Pass Through Payments:			
Department of Health:			
Rape Crisis Treatment and Prevention Grant (140 390-01)	93.991		\$ 118,695
Department of Mental Health and Mental Retardation (790 445-00):			
Block Grant for Community Mental Health Services	93.958		554,650
Comprehensive Services to Children and Adolescents with			
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118		29,502
Projects for Assistance in Transition from Homelessness	93.150		91,488
Substance Abuse and Mental Health Services	93.243		14,930
Child Care Block Grant	93.575		1,271,093
Prevention and Treatment of Substance Abuse	93.959		975,265
Mental Health Disaster Assistance	93.982		181,660
Public Health & Soc Serv Emergency Fund	93.003		20,422
Department for the Aging:			
Title IIIB - Supportive Services and Senior Programs (163-455-04)	93.044		126,920
Special Programs for the Aging Title III - Disease Prevention (163-455-04)	93.043		425
Special Programs for the Aging Title IIIC - Nutritional Services (163-457-03)	93.045		187,128
Department of Social Services:			
Family Preservation and Support Services (765-453-01)	93.556		236,942
Temporary Assistance for Needy Families (765-460-03)	93.558		861,966
Social Services Block Grant (765-490-04)	93.667		3,274,843
Child Welfare State Services State Grant (765-490-10)	93.645		7,023
Refugee Resettlement (765-460-03)	93.566		164,830
Child Care Mandatory and Matching Funds (765-490-10)	93.596		2,127,842
Chafee Education and Training Vouchers Program (765-453-01)	93.599		29,054
Foster Care Title IV - E (765-460-03)	93.658		2,424,045
Adoption Assistance (765-453-03)	93.659		887,424
Independent Living (765-453-01)	93.674		24,085
State Children's Insurance Program (765-453-03)	93.767		42,875
Medical Assistance Program (765-460-03)	93.778		1,199,705
Total Pass Through Payments			<u>\$ 14,852,812</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 16,684,148</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2008**

<b>Federal Grantor/Recipient State Agency/Program Title</b>	<b>Federal Catalog Number</b>	<b>Grant Year</b>	<b>Expenditures</b>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Payments:			
Community Development Block Grant Program, Entitlement Grants	14.218		\$ 938,572
Total Direct Payments			<u>\$ 938,572</u>
Pass Through Payments:			
Regional and Community Development and Planning (1665-533-05)	14.235		\$ 98,150
Emergency Shelter Grants for the Homeless (165-458-05)	14.231		44,489
Affordable Housing (165-533-05)	14.239		<u>879,036</u>
Total Pass Through Payments			<u>\$ 1,021,675</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u><u>\$ 1,960,247</u></u>
DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments (127-722-09):			
State Domestic Preparedness Equipment Support Program	97.004	2007	\$ 53,218
Emergency Management Performance Grants	97.042	2006	25,971
Emergency Management Response	97.042	2006	407,125
Emergency Management Performance Grants	97.042	2005	<u>218,549</u>
Total Pass Through Payments			<u>\$ 704,863</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u><u>\$ 704,863</u></u>
U.S. DEPARTMENT OF JUSTICE			
Direct Payments:			
COPS Grants	16.710		\$ 15,794
Total Direct Payments			<u>\$ 15,794</u>
Pass Through Payments:			
Department of Criminal Justice Services (140-390-01)			
Asset Forfeiture Report	16.000		\$ 435,783
State Criminal Alien Assistance	16.606		181,666
Juvenile Accountability Incentive Block Grant	16.523		13,063
Gang Prevention Intervention	16.544		182,416
Crime Witness Assistance	16.575		149,234
Edward Byrne Memorial Formula Grant	16.579		10,202
Violence Against Women Formula Grants	16.588		41,897
Grants to Encourage Arrest Policies	16.590		52,070
Law Enforcement Block Grant	16.592		<u>24,482</u>
Total Pass Through Payments			<u>\$ 1,090,813</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u><u>\$ 1,106,607</u></u>
U.S. DEPARTMENT OF LABOR			
Pass Through Payments:			
Workforce Investment Act (182-462-09):			
Employment and Training Administration Pilots	17.261		\$ 22,750
Adult Program	17.258		66,716
Youth Activities	17.259		62,761
Dislocated Workers	17.260		<u>202,626</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 354,853</u>



**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2008**

Federal Grantor/Recipient State Agency/Program Title	Number	Grant Year	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Pass Through Payments:			
Department of Transportation (501-605-07):			
Highway Planning and Construction	20.205		\$ 833,756
State and Community Highway Safety	20.600		<u>116,485</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 950,241
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			
Direct Payments:			
Title VII Age, New Charges Age Discrimination Employment Act	30.002		\$ <u>28,236</u>
			<u>\$ 28,236</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Pass Through Payments:			
State Air Pollution Control Board			
Air Pollution Control Program Grants	66.001		<u>35,667</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>\$ 35,667</u>
U.S. DEPARTMENT OF EDUCATION			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies (197-171-01)	84.010		\$ 2,826,115
Special Education Grants to States (197-171-02)	84.027		1,703,540
Vocational Education Basic Grants (197-171-03)	84.048		269,567
Special Education Preschool Grants (197-171-02)	84.173		77,640
Special Education Grants for Infants and Families with Disabilities (720-445-07)	84.181		93,698
Drug-Free Schools (197-171-05)	84.186		61,941
Fund for the Improvement of Education (197-171-14)	84.215		10,206
Twenty-first Century Community Learning Centers (197-171-03)	84.287		77,969
Innovative Education Program Strategies (197-171-01)	84.298		37,652
Education Technology State Grants (197-175-18)	84.318		17,827
English Language Acquisition Grants	84.365		367,208
Improving Teacher Quality State Grants (201-199-28)	84.367		<u>604,162</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 6,147,525</u>
DEPARTMENT OF DEFENSE			
BRAC Coordinator	12.607		\$ <u>71,726</u>
TOTAL DEPARTMENT OF DEFENSE			<u>71,726</u>
OTHER FEDERAL AID			
High Intensity Drug Trafficking Area	98.473		\$ <u>227,521</u>
TOTAL OTHER FEDERAL			<u>\$ 227,521</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 32,860,613</u>

**CITY OF ALEXANDRIA, VIRGINIA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2008**

**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 2008. 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	\$ 32,860,613
Non-Reportable Federal Revenue	7,640,442
Commodities Distribution	<u>(116,328)</u>
Total Federal Revenue per Note 12	<u>\$ 40,384,727</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 2008:

<u>Program Title</u>	<u>CFDA</u>	<u>Amount</u>
BRAC Coordinator	12.607	\$ 71,726
Headstart	93.600	1,800,104

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2008**

**Summary of Auditors' Results:**

*Financial Statements*

The type of report issued on the financial statements: Unqualified

Internal control over financial reporting

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

Noncompliance material to the financial statements noted: None

*Federal Awards*

Internal control over major programs

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

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

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

Major programs:

- Title I Grants to Local Educational Agencies (CFDA 84.010)
- Child Nutrition Cluster (CFDA 10.555 and CFDA 10.559)
- Food Stamps Program (CFDA 10.561)
- Special Education Cluster (CFDA 84.027 and CFDA 84.173)

Dollar threshold used to distinguish between Type A and Type B programs: \$985,818

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2008**

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

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2006**

No findings reported in the prior year.

