

THE CITY OF
Alexandria
VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING
JUNE 30, 2023



DRAFT

**CITY OF ALEXANDRIA, VIRGINIA
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 FOR THE FISCAL YEAR
 JULY 1, 2022 TO JUNE 30, 2023**



DRAFT

**Alexandria City Council
 Justin M. Wilson, *Mayor*
 Amy Jackson, *Vice-Mayor*
 Canek Aguirre
 Sarah Bagley
 John Taylor Chapman
 Alyia Gaskins
 R. Kirk McPike**

City Manager.....James F. Parajon
Director of FinanceKendel Taylor
Comptroller Ian Greaves
Assistant Director of Revenue..... Kevin Greenlief
Real Estate Assessor William B. Page
City Attorney Joanna C. Anderson
City Clerk and Clerk of Council..... Gloria Sitton
Independent Auditors..... CliftonLarsonAllen, LLP

alexandriava.gov

CITY OF ALEXANDRIA, VIRGINIA
Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2023

The ACFR Project Team extends its gratitude to all personnel throughout the City who contributed to the success of the FY2023 external financial audits and the preparation of the FY2023 ACFR.

ACFR PROJECT TEAM

Davidia A. Thompson, CPA, CPM
Financial Reporting Manager

Tewodros A. Tessema, CPA, CGFM, MBA
Accountant III

Erik A. Braun, CPA, MBA
Accountant II

Brigitte C. Perrussot, MGDT
Accountant II

Fahn Harris
Accountant II

Tesfaye Gizaw
Accountant I

TABLE OF CONTENTS

	Description	Page
	<u>Part I - Introductory Section</u>	
	Principal Officials.....	Title Page
	Organizational Chart.....	6
	Finance Department's Transmittal Letter	7
	Certificate of Achievement for Excellence in Financial Reporting	15
	<u>Part II - Financial Section</u>	
<u>Exhibits</u>		
	Independent Auditors' Report	21
	Management's Discussion and Analysis	27
	Basic Financial Statements	
	Government-wide Financial Statements	
Exhibit I	Statement of Net Position.....	39
Exhibit II	Statement of Activities.....	40
	Fund Financial Statements	
	Governmental Funds Financial Statements	
Exhibit III	Balance Sheet.....	41
Exhibit IV	Statement of Revenues, Expenditures and Changes in Fund Balances.....	42
	Proprietary Fund Financial Statements	
Exhibit V	Statement of Net Position.....	43
Exhibit VI	Statement of Revenues, Expenses and Changes in Fund Net Position	44
Exhibit VII	Statement of Cash Flows.....	45
	Fiduciary Fund Financial Statements	
Exhibit VIII	Statement of Fiduciary Net Position	46
Exhibit IX	Statement of Changes in Fiduciary Net Position.....	47
	Component Units Financial Statements	
Exhibit X	Statement of Net Position	48
Exhibit XI	Statement of Activities.....	49
Exhibit XII	Notes to Financial Statements	
	1. Summary of Significant Accounting Policies	51
	Financial Reporting Entity.....	51
	Government-wide and Fund Financial Statements	53
	Basis of Accounting	56
	Budgets and Budgetary Accounting	57
	Equity in Pooled Cash and Investments.....	57
	Allowance for Uncollectible Accounts	58
	Inventory of Supplies.....	58
	Other Assets	59
	Leases.....	59
	Capital Assets.....	59
	Compensated Absences	60
	Use of Estimates.....	60
	Fund Balance.....	60
	Short Term Liabilities.....	64
	Deferred Outflows	64
	Deferred Inflows.....	65

Part II - Financial Section (Continued)

Exhibits

2. Legal Compliance—Budgets.....	65
3. Deposits and Investments.....	66
4. Receivables.....	72
5. Capital and Right to Use Assets.....	76
6. Risk Management.....	81
7. Leases.....	84
8. Commitments and Contingencies.....	87
9. Long-Term Debt.....	91
10. Interfund Balances and Component Unit Transactions.....	105
11. Grants.....	106
12. Intergovernmental Revenues.....	106
13. Due from Other Governments.....	107
14. Joint Ventures.....	108
15. Related Party Transactions.....	109
16. Other Post-Employment Benefits.....	111
17. Employee Retirement Systems.....	140
18. Tax Abatements.....	187
19. New Accounting Standards.....	188

Required Supplementary Information

Budgetary Comparison Schedules	
Exhibit XIII General Fund.....	192
Exhibit XIV Special Revenue Fund.....	193
Exhibit XV Alexandria Transit Company.....	194
Exhibit XVI Notes to Budgetary Comparison Schedules	195
Exhibit XVII Pension and Other Post Employment Benefit Trust Funds	
Pension Schedule of Employer Contributions.....	196
Schedule of Changes in Net Pension Liability and Related Ratios.....	197
Schedule of Changes in Net OPEB Liability and Related Ratios.....	198
Schedule of OPEB Contributions.....	203

Other Supplementary Information

Statements/Schedules

Combining and Individual Fund Statements and Schedules	
Combining Statement of Fiduciary Net Position—Custodial Funds.....	210
Combining Statement of Changes in Fiduciary Net Position—Custodial Funds.....	211
Combining Balance Sheet—Special Revenue Funds.....	214
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance—Special Revenue Funds.....	215
Combining Statement of Fiduciary Net Position—Trust Funds.....	218
Combining Statement of Changes in Fiduciary Net Position—Trust Funds.....	219

Part III - Statistical Section

Tables

Table I Schedule of Changes in Net Position—Last Ten Fiscal Years.....	224
Table II Changes in Fund Balances, Governmental Funds—Last Ten Fiscal Years.....	226
Table III Tax Revenues by Source—Last Ten Fiscal Years.....	227
Table IV Real Estate Tax Levies and Collections—Last Ten Calendar Years.....	228
Table V Personal Property Tax Levies and Collections—Last Ten Calendar Years.....	228
Table VI Real and Personal Property Assessments and Tax Rates—Last Ten Calendar Years.....	229
Table VII Net Position—Last Ten Fiscal Years.....	230
Table VIII Fund Balances, Governmental Funds—Last Ten Fiscal Years.....	231
Table IX 2022 Tax Rates for Major Revenue Sources.....	232
Table X Legal Debt Margin Information—Last Ten Fiscal Years.....	233
Table XI Ratio of Net General Debt to Assessed Value and Net Debt Per Capita—Last Ten Fiscal Years.....	234

Part III - Statistical Section (Continued)

Table XII	Overlapping Debt and Debt History	235
Table XIII	Ratio of Annual Debt Service Expenditures for Net General Debt to Total General Expenditures Last Ten Fiscal Years	235
Table XIV	Demographic Statistics.....	236
Table XV	Principal Taxpayers—Current Year and Nine Years Ago.....	237
Table XVI	Alexandria City School Board Demographic Statistics—Last Ten Fiscal Years.....	239
Table XVII	General Fund—City Departments’ Expenditures Detail by Function	240
Table XVIII	Government Employees by Function—Last Ten Fiscal Years	241
Table XIX	Principal Employers—Current Year and Nine Years Ago	241
Table XX	Operating and Capital Indicators—Last Ten Fiscal Years	242
Table XXI	Miscellaneous Statistical Data.....	244
Table XXII	Five Year Summary of General Fund Revenues and Expenditures.....	246
Table XXIII	Summary of Debt Service	247

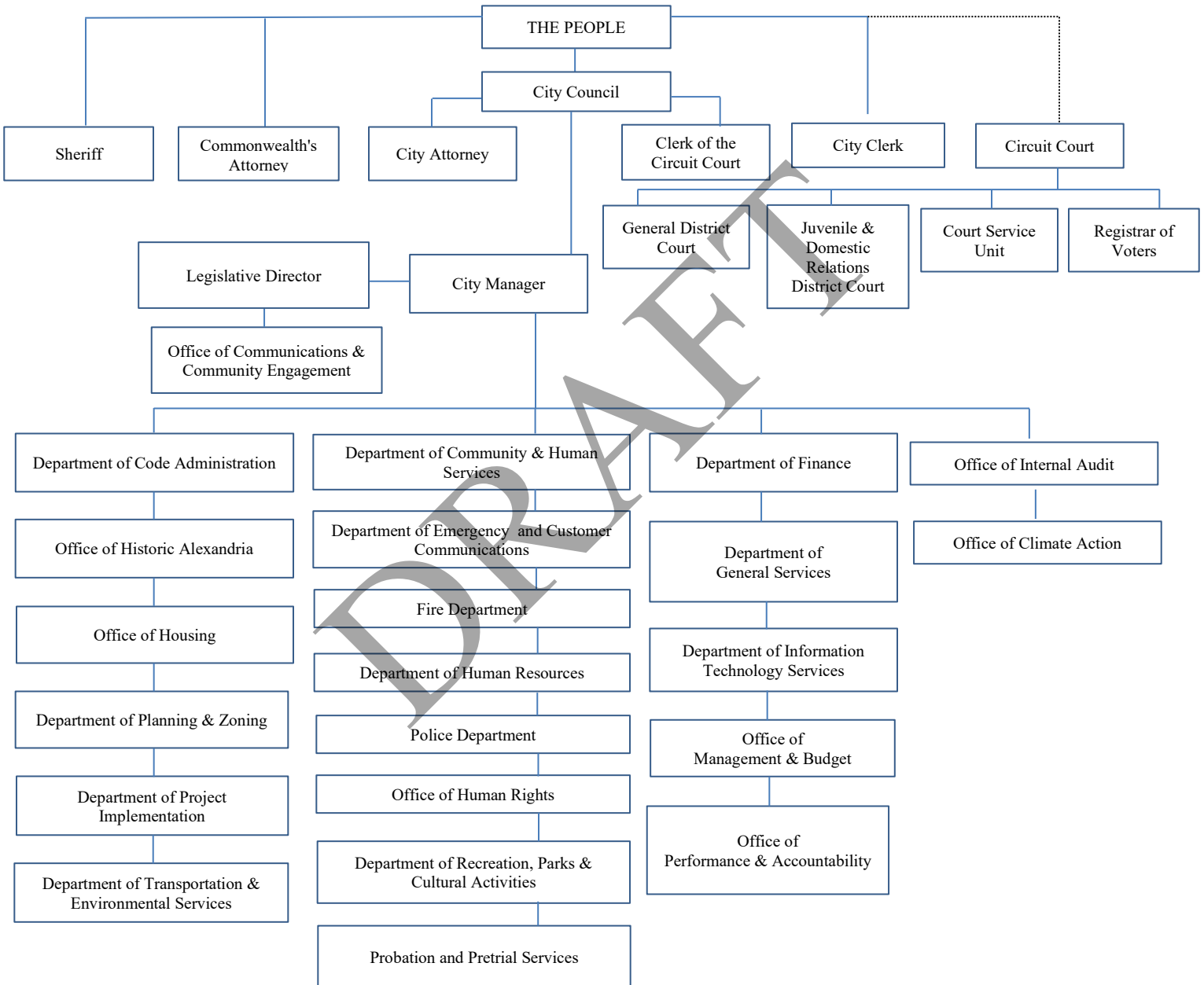
DRAFT



INTRODUCTORY SECTION

DRAFT

ALEXANDRIA CITY GOVERNMENT ORGANIZATIONAL CHART CITY OF ALEXANDRIA, VIRGINIA ORGANIZATIONAL CHART





November, 2023

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) **Annual Comprehensive Financial Report** (the ACFR) for the fiscal year ended June 30, 2023. This report is designed to present fairly the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

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

- Generally Accepted Accounting Principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States.
- The Governmental Accounting Standards Board (GASB) Codification, an integration of guidance from governmental accounting and financial reporting statements, interpretations, technical bulletins, implementation guides, and concepts; National Council on Governmental Accounting (NCGA) statements and interpretations; and the American Institute of Certified Public Accountants (AICPA) industry audit guide and other literature.
- Uniform financial reporting standards for counties, cities and towns issued by the Commonwealth of Virginia's Auditor of Public Accounts (APA).

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

THE CITY

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

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

The City adopted the Council-Manager form of government in 1922. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council is composed of a Mayor and six Council Members elected at-large for three-year terms. The Mayor is elected on a separate ballot. City Council

appoints the City Manager who serves as the City's chief executive officer and is responsible for implementing the policies established by City Council. The City Charter was first granted in 1852.

The City provides a comprehensive range of municipal services including general government, judicial administration, public safety, public works, library, health and welfare, transit, culture and recreation, community development, and education.

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 and results of operations from those of the primary government. The Alexandria City Public Schools and the Library System are reported as discretely presented component units. This report does not include the financial activities of the City's Deferred Compensation Plan, Alexandria Redevelopment and Housing Authority, Alexandria Economic Development Partnership, Inc., Alexandria Renew Enterprises (formerly the Alexandria Sanitation Authority), Visit Alexandria, or Sheltered Homes of Alexandria because the City Council is not financially accountable for these entities, and therefore, these entities are not component units.

LOCAL ECONOMY

Alexandria's economy remains healthy as it emerges from the COVID-19 pandemic with strong fundamentals including population and wage growth, and low unemployment. The City's population continues to grow and, per the 2020 Census, totals 159,467, which reflects a growth rate of 13.9 percent over the last decade. The estimated population in 2023 is 165,700, which reflects a 1.4 percent increase.

Total employment in the City in the first quarter of 2023 was 81,126. This compares to 83,844 in the same quarter of 2022. The decrease in jobs of 2,718 is due to a decline in the federal government presence in the City. The decrease in federal employees is offset by an increase in private employment. Additionally, the number of business establishments in the City grew from 5,975 in the first quarter of 2022 to 6,198 in the first quarter of 2023. Private employers accounted for 77.9 percent of all jobs as compared to 74.3 percent in 2022. Government entities (federal, state and local) accounted for 17,899 jobs in 2022, which is 25.7 percent of the total. Government is led by prominent federal agencies, including the U.S. Department of Defense, the U.S. Department of Agriculture, and the U.S. General Services Administration.

Median family income in Alexandria in 2021 increased very slightly from \$137,135 to \$137,335, an increase of 0.15 percent compared to 2020. These are the most recent years that data is available from the U.S. Bureau of Economic Analysis. Per capita income has also grown, from \$93,108 to \$100,017. This increase of \$6,909 is a growth of 7.4 percent compared to 2020. Both median family income and per capita income are significantly higher compared to similar jurisdictions in Virginia and the United States.

The real estate tax base, which generates over half of the City's General Fund revenues, continued to show steady, moderate growth. Total locally assessed real property increased in value by 3.8 percent compared to 2022. Residential real property increased by 5.0 percent, and commercial assessments increased by 2.0. The office vacancy rate of 14.6 percent in the second quarter of 2023 which is equal to 2nd quarter 2022 (14.6 percent) and compares favorably to the office vacancy rate in Northern Virginia of 19.6 percent and the Washington DC Metro area rate of 19.8 percent. The unemployment rate in the City as of June 2022 was 2.2 percent, which compares favorably to Virginia (2.7 percent) and the United States (3.6 percent).

MAJOR INITIATIVES

Strong fiscal management remains a hallmark of Alexandria's City government and enables the City to respond to the needs of the community, provide fair and competitive pay for all employees and address climate issues related to spot flooding and stormwater management. 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).

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. The City has taken a thoughtful and deliberate approach to the use of one-time funds provided by the federal government through the American Rescue Plan Act. Within the context of a fiscally prudent budget and careful management, the City continued to provide a wide range of services, achieved many of its program goals, and enhanced the quality of life in the City. The City's cash and investment position is strong.

Keeping existing programs funded, the salaries of public employees competitive in a challenging labor market, and addressing the expanding program needs of the community have required careful budgeting. The City Council has adopted six priorities to address the needs of the community and allocate limited resources in a strategic manner. These six priorities will be viewed through the lenses of equity, environmental justice, civility, transparency, respect, and service. The six priorities are:

1. *Recover from the COVID-19 Pandemic* – Identify the policies, practices and resources needed to ensure a resilient and equitable recovery for all residents and businesses.
2. *Provide Diverse Housing Opportunities* – Reconsider our zoning model and explore other tools to better facilitate an Alexandria housing economy that provides the necessary range of price points, styles of housing and associated services to meet the needs of a thriving City.
3. *Define Our Community Engagement Approach* – Use both new and traditional outreach methods to ensure that engagement is efficient, effective and accessible to all stake holders, creating a clear connection between community input and its effects on policy decision, infrastructure needs and financial considerations.
4. *Support Youth and Families* – Explore ways to expand academic social and emotional services and physical support to all youth during out-of-school hours.
5. *Foster Economic Development* – Seek out and consider budgetary land use, regulatory and other economic development tools to foster sustainable and equitable development, diversify revenue and allow greater investment in our infrastructure.
6. *Develop a Compensation Philosophy* – Establish a new compensation philosophy to ensure we are the preferred workplace of choice and that employees feel valued.

The City Council Approved FY 2024 – FY 2033 Capital Improvement Program (CIP) totals \$2.41 billion, which represents a \$319.3 million, or 11.7%, decrease from the Approved FY 2023 – FY 2032 CIP. The decrease in the size of the 10-year plan is largely attributable to significant investments that were appropriated as part of the FY 2023 capital budget, which are no longer included in the Approved 10-year capital planning window. The FY 2023 capital budget included projects such as the acquisition and renovation of 4850 Mark Center Drive (the Redella S. “Del’ Pepper Community Resource Center, funding associated with the Schools’ High School Project, and funding associated with the City’s contribution to the redevelopment efforts at the Landmark Mall site.

The Approved FY 2024 – FY 2033 Capital Improvement Program totals \$2.41 billion. Non-City funds including Federal and State funds and private capital contributions contribute \$399.9 million of this total from FY 2024 – FY 2033. The City portion from FY 2024 – FY 2033 is \$2.0 billion. The total approved single year CIP for FY 2024 is \$360.8 million, a decrease of \$29.4 million compared to FY 2023 in last year's approved CIP, which is largely attributed to targeted reductions to projects with ongoing funding streams that have adequate balances available to meet FY 2024 project needs and capacity.

Over the last five years, the City has maintained 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 12. These policies are aimed at (1) limiting debt and annual debt service requirements and (2) maintaining an appropriate General Fund balance to retain the City's AAA/Aaa bond ratings and to keep the City on firm financial footing. When City Council initially adopted the financial policies in 1987, the City's general obligation debt as a percentage of the real estate tax base was 1.4 percent. Because of the City's use of "pay-as-you-go" financing for many capital projects, the City has maintained superior debt ratios since their implementation in 1987. At the end of FY 2023, the City's debt to tax base ratio was 1.96 percent (including 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

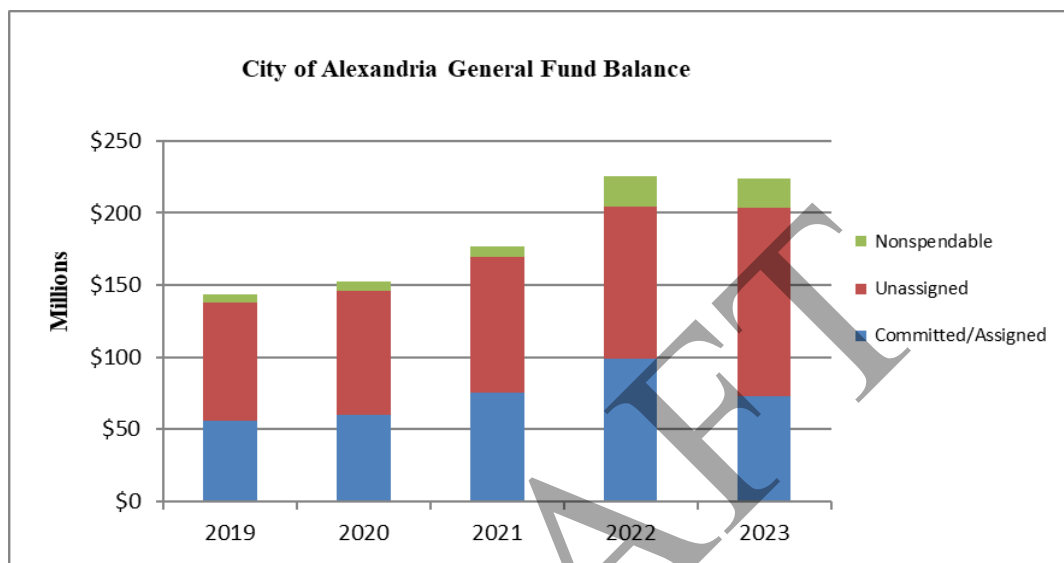
The following table displays the increases and decreases in assessed values for the last 10 years as appreciation and depreciation of existing properties and new properties. Overall real property assessed value for locally assessed property has increased by over \$12.3 billion since 2014, which is a 34.9 percent increase. This includes a 3.8 percent increase from calendar year 2022 to 2023. 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.

Year	Residential Assessed Value	Residential % Increase (Decrease)	Commercial¹ Assessed Value	Commercial % Increase (Decrease)	Total² Assessed Value	Total % Increase (Decrease)
2014	20,314,910	4.8%	15,020,272	1.9%	35,335,182	3.6%
2015	21,195,995	4.3%	15,376,112	2.4%	36,572,107	3.5%
2016	21,713,189	2.4%	15,886,156	3.3%	37,599,345	2.8%
2017	22,092,997	1.7%	16,284,956	2.5%	38,377,953	2.1%
2018	22,844,036	3.4%	16,437,017	0.9%	39,281,053	2.4%
2019	23,310,833	2.0%	17,025,285	3.6%	40,336,118	2.7%
2020	24,550,610	5.3%	17,501,144	2.8%	42,051,754	4.3%
2021	26,029,769	6.0%	17,158,601	-2.0%	43,188,369	2.7%
2022	27,828,841	6.9%	18,074,465	5.3%	45,903,305	6.3%
2023	29,224,848	5.0%	18,430,001	3.8%	47,654,849	3.8%

1. Includes apartment buildings.

2. Total assessed value includes only locally assessed property.

Each of the bars in the chart below is comprised of a single year snapshot and is not cumulative. The fund balance financial policies for the General Fund are one component of the City’s overall financial strength and stability. At the end of FY 2023, the City’s General Fund balance was \$223.7 million and included a non-spendable fund balance of \$20.0 million, commitments and assignments totaling \$72.9 million, including \$20 million assigned for future capital funding, leaving a remaining unassigned fund balance of \$130.7 million. At the end of FY 2023 the City’s ending General Fund balance condition was consistent with the City’s established financial policies.



CAPITAL FINANCING AND DEBT MANAGEMENT

In conjunction with the annual operating budget preparation, the City Manager annually prepares a ten-year Capital Improvement Plan to provide for the financing of improvements to the City's public facilities. The first year of the program constitutes the capital budget for the current fiscal year; the remaining nine years serve as a planning guide. The City accounts for capital improvement expenditures in the Capital Projects Fund and finances the projects from the General Fund (including appropriations of Committed Fund Balance), general obligation debt, the sale of surplus property, and intergovernmental grant revenues. As noted above, the City's Capital Improvement Plan for FY 2024 through FY 2033 totals \$2.4 billion, including \$2.0 billion of City-funded public improvements to the City's schools, public buildings, parks, and transportation systems. In addition, state and federal grants and other non-City sources will provide \$400.0 million in additional planned capital funding for the FY 2024—FY 2033 timeframe.

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:

	Limit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Target
Debt as a Percentage of Assessed Value	2.5% (ceiling)	1.50%	1.46%	1.37%	1.43%	1.49%	1.44%	1.75%	1.61%	1.83%	1.96%	N/A
Debt Service as a Percentage of General Governmental Expenditures ¹	12.00%	6.99%	7.50%	7.84%	7.36%	7.19%	6.94%	6.68%	6.81%	6.22%	5.95%	N/A
10-Year Debt Payout Ratio ²	50% (floor)	-	-	-	70.27%	69.02%	70.90%	74.60%	76.20%	58.6%	66.8%	65.00%
Spendable Fund Balance as a Percentage of General Fund Revenue:	(floor)	10.20%	11.70%	12.88%	15.96%	16.43%	18.48%	19.97%	22.62%	26.20%	24.15%	10% & above
Unrestricted Net Position as a Percentage of General Revenue	4% (floor)	20.20%	(5.97%)	(2.68%)	4.78%	8.97%	10.49%	14.37%	21.12%	39.02%	41.07%	5.50%

² The establishment of a 10-Year Debt Payout Ratio target of 50% formalizes the City’s current practice of structuring debt with level principal payments. The new debt ratio was adopted by City Council on May 4, 2017.

The adopted financial policies include the following:

- The City will increase its reliance on current revenue to finance its capital improvements.
- The City will consider a designation for ‘pay-as-you-go’ capital a priority when additional General Fund resources become available at the end of a fiscal year.
- The City will not use General Fund equity to finance current operations for periods of longer than two years.
- The City will annually prepare a 10-year Capital Improvement Plan.
- The City will not issue tax or revenue anticipation notes to fund governmental operations.
- The City will not issue bond anticipation notes for a term of longer than two years.

The City's General Obligation Bonds have the top available ratings which were reaffirmed in October 2020 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 or her recommendation to City Council for consideration. If Council does not adopt a budget before June 27, the budget submitted by the City Manager for the upcoming fiscal year has full force and effect as if Council had adopted it. For FY 2023, the City Manager proposed the budget on February 15, 2022, and City Council adopted it on May 4, 2022.

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

INDEPENDENT AUDIT

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

The Alexandria City Council has selected the firm of CliftonLarsonAllen LLP to perform these audit services. Their completed audit reports are presented in the Financial Section of this report. The remaining reports will be presented in an additional Single Audit Section pending guidance from the U.S. Office of Management and Budget.

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 Annual Comprehensive Financial Report (ACFR) for the forty-seventh year in 2021. 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, an ACFR 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 2023.

REPORTING REQUIREMENTS

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the City has agreed for the benefit of the owners of City general obligation bonds and joint enterprise waste-to-energy-revenue bonds, to provide each nationally recognized municipal securities information repository and to any appropriate state information depositor, if any is hereafter created, certain financial information not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ended June 30, 1996. The City is currently in compliance with the new arrangement to file this information through the Electronic Municipal Market Access (EMMA) website which is the comprehensive source for official statements, continuing disclosure documents, advance refunding documents and real time trade price information on all municipal securities. This ACFR 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 government who assisted with and contributed to the preparation of this report. Special recognition is extended to the Accounting Division for their dedicated pursuit of excellence and leadership in financial reporting.

Respectfully submitted,



Kendel Taylor
Director of Finance



Ian Greaves, Ph.D.
Comptroller

DRAFT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alexandria
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

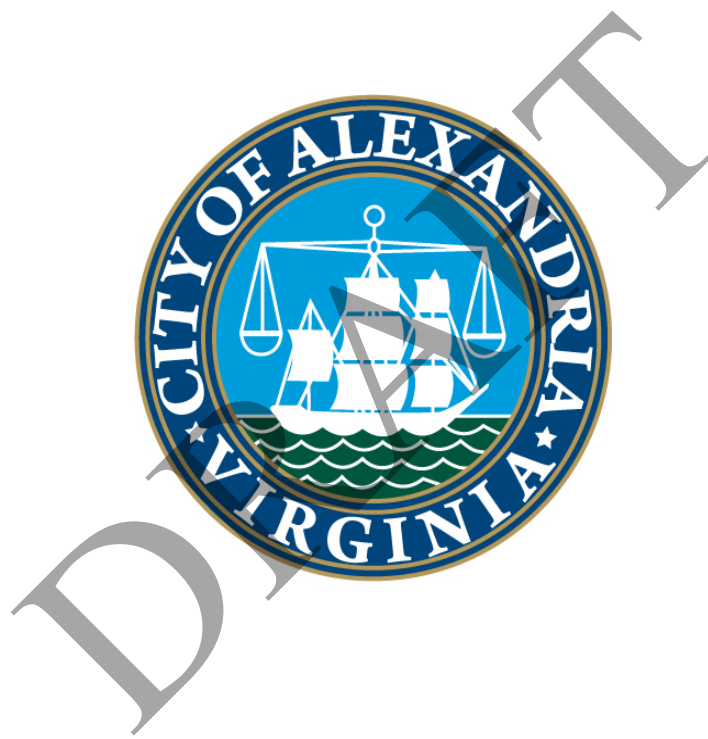
DRAFT

PAGE LEFT BLANK INTENTIONALLY

DRAFT

INDEPENDENT AUDITORS' REPORT

DRAFT



PAGE LEFT BLANK INTENTIONALLY

DRAFT

PAGE LEFT BLANK INTENTIONALLY

DRAFT

PAGE LEFT BLANK INTENTIONALLY

DRAFT

PAGE LEFT BLANK INTENTIONALLY

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

PAGE LEFT BLANK INTENTIONALLY

DRAFT

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 that ended June 30, 2023. 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 2023

The City's total Net Position, excluding component units, on a government wide basis, decreased approximately \$1.1 million from \$655.7 million to \$654.6 million at June 30, 2023 (Exhibit I).

The government-wide activities had an unrestricted net position of \$331.7 million (Exhibit I) as of June 30, 2023, an increase of \$44.3 million from the FY 2022 total of \$287.4 million. The City's general revenues of \$807.6 million in FY 2023 is an increase of \$72.5 million compared to the general revenues of \$735.1 million in FY 2022 (Exhibit II).

The General Fund reported current net change in fund balance of (\$2.1) million (Exhibit IV), including a \$82.2 million transfer to the capital projects fund and a \$89.1 million transfer to the special revenue fund.

USING THE FINANCIAL SECTION OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

Required Components of the Financial Report



The government-wide financial statements report information about the City using accounting methods like those used by private-sector companies. The government-wide financial statements provide both long-term and short-

term information about the City's overall financial position. The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the City's activities. These statements include all assets, liabilities, deferred outflows, and deferred inflows using the accrual basis of accounting. All the current year's revenues and expenses are reflected regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. The City's net position is the difference between (1) assets and deferred outflows of resources, and (2) liabilities and deferred inflows of resources. Net position is displayed in three components: Net investment in capital assets, Restricted, and Unrestricted. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. To assess the overall health of the City, other nonfinancial factors need to be considered such as changes in the City's property tax base and the condition of the City's infrastructure.

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

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

Component units—The City includes two separate legal entities in its report - The City of Alexandria School Board and the Alexandria Library, respectively Schools and Library. Although legally separate, these component units are included because the City is financially accountable for them and provides operating and capital funding to them.

FUND FINANCIAL STATEMENTS

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

The City has three kinds of funds:

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

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 custodial 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 the City's fiduciary activities are reported in a separate

statement of fiduciary net position and a statement of changes in fiduciary net position. Custodial funds are City funds used to provide accountability of client monies, for which the City is custodian. The City excludes pension plans and custodial funds from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position

The following table presents the condensed Statement of Net Position:

Table 1
Summary of Net Position
As of June 30, 2023 and 2022
(in millions)

	Primary Government Governmental Activities		Component Units	
	2023	2022	2023	2022
ASSETS				
Current and other assets	\$ 1,129	\$ 1,244	\$ 108	\$ 115
Capital assets	1,273	1,035	38	37
Total Assets	2,402	2,279	146	152
Deferred Outflows	101	136	76	85
LIABILITIES				
Other Liabilities	92	84	48	52
Long-term liabilities	1,132	1,032	32	33
Net Pension/OPEB Liability	192	156	260	227
Total Liabilities	1,416	1,272	340	312
Deferred Inflows	432	487	66	129
NET POSITION				
Net Investment in Capital				
Assets	294	349	21	33
Restricted	29	20	31	33
Unrestricted	332	287	(235)	(270)
Total Net Position	\$ 655	\$ 656	\$ (183)	\$ (204)

Amounts may not add due to rounding.

The City's Net Position decreased \$1 million from its Net Position of \$656 million to \$655 million (Table 1)

Statement of Activities

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

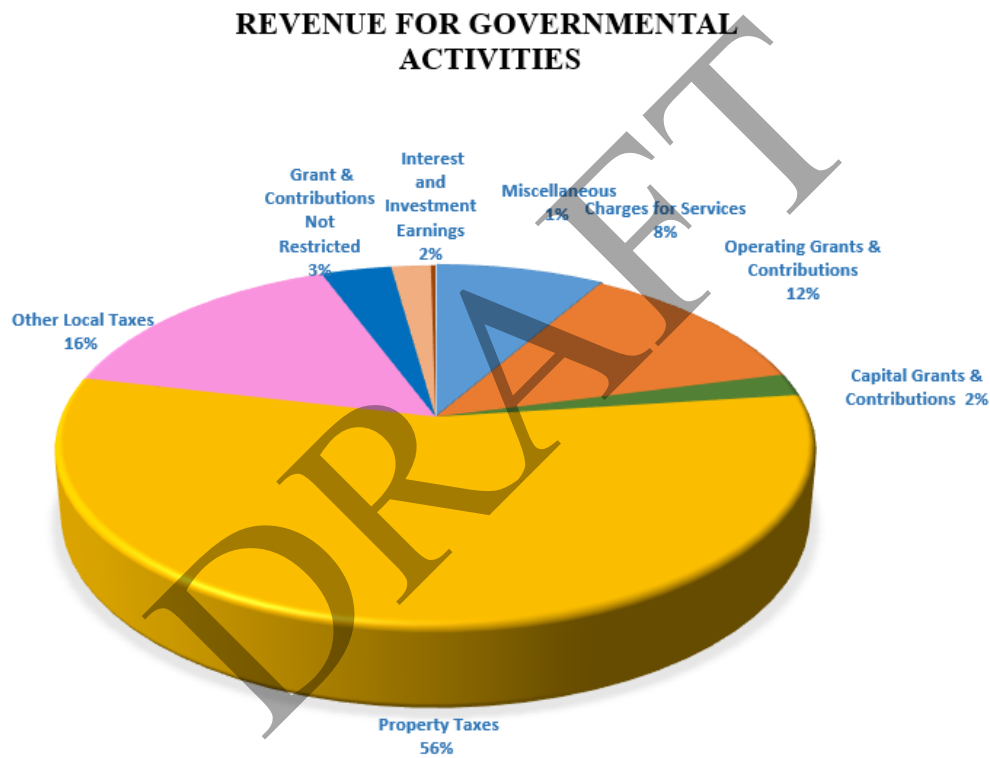
Table 2
Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022
(in millions)

	<u>Primary Government</u>		<u>Component</u>	
	<u>Governmental</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES				
Program revenues				
Charges for services	\$ 87	\$ 84	\$ 3	\$ 2
Operating grants and contributions	131	148	47	46
Capital grant/contributions	21	21	-	-
General revenues				
Property taxes	585	539	-	-
Other taxes	163	156	-	-
Other	57	36	-	-
Payment to/from City	3	3	328	311
Total Revenues	<u>1,047</u>	<u>987</u>	<u>378</u>	<u>359</u>
EXPENSES				
General Government	68	27	-	-
Judicial Administration	25	22	-	-
Public Safety	168	183	-	-
Public Works	145	185	-	-
Library	8	8	8	7
Health and Welfare	78	114	-	-
Transit	58	54	-	-
Culture and Recreation	37	37	-	-
Community Development	57	45	-	-
Education	377	249	349	331
Interest on Long-term Debt	27	23	-	-
Total Expenses	<u>1,048</u>	<u>947</u>	<u>357</u>	<u>338</u>
Change in Net Position	<u>(1)</u>	<u>40</u>	<u>21</u>	<u>21</u>
Net Position beginning of Year, restated	<u>656</u>	<u>616</u>	<u>(204)</u>	<u>(225)</u>
Net Position end of Year	<u>\$ 655</u>	<u>\$ 656</u>	<u>\$ (183)</u>	<u>\$ (204)</u>

Amounts may not add due to rounding.

REVENUES

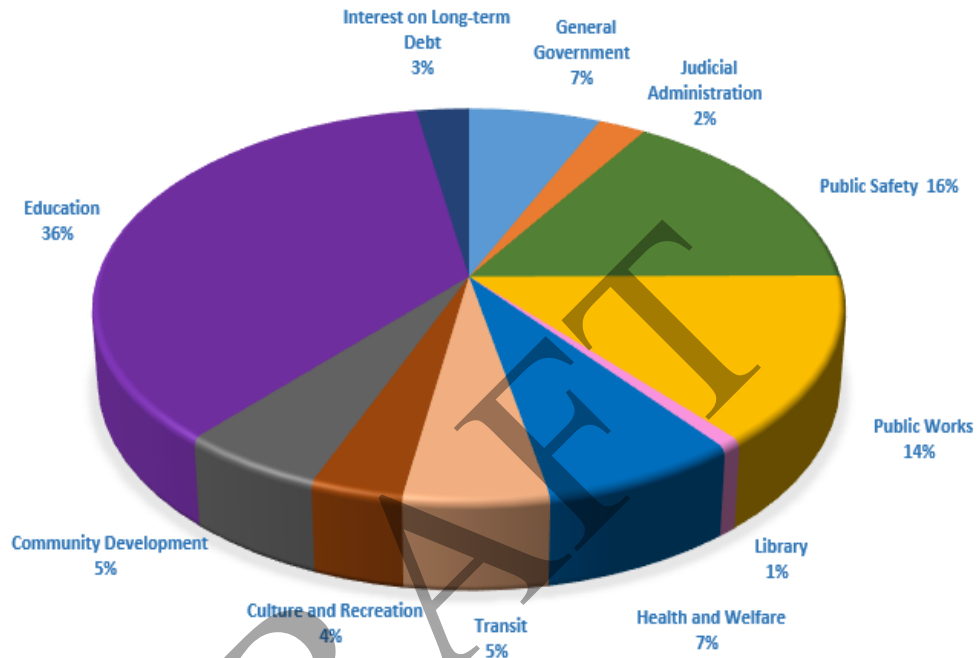
For the fiscal year ending June 30, 2023, revenues for governmental activities totaled \$1,047.3 million, \$59.3 million higher than the FY 2022 total of \$988.0 million (Table 2). The decrease in operating grants reflects the one-time utilization of the City's share of federal relief funds from the American Rescue Plan Act (ARPA) in FY 2022. Property tax revenues from both real estate and vehicle personal property increased in FY 2023. The City's limited supply of properties for sale helped drive a 5 percent increase in the residential tax base. Impacts of the pandemic continued to impact the value of personal property, as used cars continued to depreciate at a much lower rate than in prior years. Interest rates were higher than in previous years, contributing to a \$17 million increase in Revenue from Use of Money and Property.



EXPENSES

For the fiscal year ending June 30, 2023, expenses for governmental activities totaled \$1,048.4 million, an increase of \$100.5 million from FY 2022 (Table 2). A significant portion of this increase was in Education as the Douglas MacArthur project was nearing completion. Other completed construction projects were the Potomac Yard Metrorail Station and the new Redella 'Del' Pepper West End Service Center. The City completed the purchase of the building for this facility in February 2023 (\$52 million). The City increased the cash contribution to the Capital Improvement Program (General Government), utilizing General Fund Balance to minimize the amount of debt issuance.

EXPENSES FOR GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2023, the governmental funds reflect a combined fund balance of \$638.2 million (Exhibit III). The Total Governmental Funds fund balance decrease of \$98.6 million was driven by a \$111.0 million decrease in the Capital Projects Fund and a \$1.4 million decrease in the General Fund, offset by a \$12.5 million increase in the Special Revenue Fund. Bond proceeds of more than \$144.0 million were issued for capital projects that will be constructed over the next several years. The decline in the Capital Projects Fund balance is largely due to the utilization of bond proceeds that were issued in a prior year for several large capital projects (Potomac Yard Metrorail Station, Douglas MacArthur Elementary School). The Special Revenue Fund Balance increase reflects the multi-year nature of programs and initiatives, in which the timing of revenue and expenditures crosses fiscal years.

- The General Fund contributed \$67.9 million to pay-as-you-go financing of capital projects, which represented 7.9 percent of all General Fund expenditures (excluding bond refunding).
- The City contributed \$248.7 million to the Schools operating budget. The ACPS share of total debt service was \$31.9 million
- The City spent \$377.1 million in the Capital Projects Fund, the most notable projects being the Potomac Yard Metrorail Station, the purchase of the West End Service Center building, and school projects at Douglas MacArthur Elementary School.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

	2023		
	Original Budget	Amended Budget	Actual
Revenues, Transfers, and Other Financial Sources			
Taxes	\$ 585	\$ 585	\$ 583
Other Local Taxes	148	149	152
Transfers and Other	98	100	122
Total	831	833	857
Expenditures, Transfers, and Other Financial Uses			
Expenditures	421	485	443
Transfers and Other	385	419	417
Total	805	903	860
Change in Fund Balance	\$ 26	\$ (71)	\$ (2)

Amounts may not add due to rounding.

Actual General Fund revenues and other financial sources exceeded the amended budget by \$24.0 million during FY 2023. Including supplemental appropriations, actual General Fund expenditures were less than the amended budget by \$43 million. One of the most significant areas of variance in General Fund revenues is in Use of Money and Property. The interest rates used to estimate revenues in the FY 2023 General Fund budget were much lower than actual interest rates during the year. This contributed to \$12.5 million of the revenue variance. Consumer spending exceeded budgeted estimates by nearly \$4 million, driven by both demand as well as higher interest rates. The expenditure variance is largely due to vacancies and turnover across multiple City departments, as well as a decision by City Council to use reappropriated prior year surplus to support the Capital Improvement Program in future years.

During FY 2023, the 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, 2022, but not paid by that date.
- To reappropriate monies to pay for projects budgeted for FY 2023 but not completed before the end of the fiscal year.
- To reappropriate grant, donation and other revenues authorized in FY 2022 or earlier, but not expended or encumbered as of June 30, 2022.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2023.

CAPITAL ASSETS

At the end of FY 2023, the City’s governmental activities had invested cumulatively \$1.3 billion (Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$205.7 million. The two primary drivers of this increase are the purchase of land for the Landmark Mall Redevelopment Project and construction in progress for the Douglas MacArthur Elementary School project, which opened for students in August 2023 and the High School Capacity project, which is underway.

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

	<u>Balance 6/30/2022</u>	<u>Net Additions/ (Deletions)</u>	<u>Balance 6/30/2023</u>
Non-Depreciable Assets			
Land and Land Improvements	\$ 128.4	\$ 54.1	\$ 182.5
Construction in Progress	118.0	132.2	250.2
Other Capital Assets			
Intangible Assets	26.4	-	26.4
Buildings	874.1	53.2	927.3
Infrastructure	338.5	12.0	350.5
Furniture and Other Equipment	221.0	2.5	223.5
Accumulated Depreciation on Other Capital Assets	(639.0)	(48.3)	-
	<u>(639.0)</u>	<u>(48.3)</u>	<u>(687.3)</u>
Total Capital Assets	<u>\$ 1,067.4</u>	<u>\$ 205.7</u>	<u>\$ 1,273.1</u>

Amounts may not add due to rounding.

The FY 2024—FY 2033 Approved Capital Improvement Program (CIP), which was approved by City Council on May 3, 2023, sets forth a 10-year program with \$2.41 billion in total funding, including \$2.0 billion in net City funding and \$400.0 million in other non-City sources for public improvements for the City and the Alexandria City Public Schools. This represents (in City funding) a decrease of approximately \$288.5 million compared to the FY 2023—FY 2032 CIP. The total approved single year CIP for FY 2024 is \$360.8 million, which is a decrease of \$29.4 million compared to FY 2024 in last year’s approved CIP.

LONG-TERM DEBT

At the end of FY 2023, the City had \$946.1 million in outstanding general obligation bonds, an increase of \$93.5 million from last year's outstanding bonds of \$852.6 million. More detailed information about the City's long-term liabilities is presented in Note 9 of the financial statements.

In November 2022, 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 Aaa rating from Moody's in 1986 and the AAA rating from S&P in 1992. Standard and Poor's cited the City's "very strong" economy, fiscal management, budgetary flexibility, and liquidity as it again rated the City's credit as AAA. Moody's noted the City's tax base, relatively high per capita income, and sound fiscal policies and management in assigning its Aaa rating.

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to 10 percent of the assessed value of real property within the City. The City's outstanding debt is significantly below, or less than one-tenth of this state law limit—which would equate to \$4.3 billion for the City.

ECONOMIC FACTORS

Alexandria's economy remains healthy as it emerges from the COVID-19 pandemic with strong fundamentals including population and wage growth, and low unemployment. The City's population continues to grow and, per the 2020 Census, totals 159,467, which reflects a growth rate of 13.9 percent over the last decade. The estimated population in 2023 is 165,700, which reflects a 1.4 percent increase.

Total employment in the City in the first quarter of 2023 was 81,126. This compares to 83,844 in the same quarter of 2022. The decrease in jobs of 2,718 is due to a decline in the federal government presence in the City. The decrease in federal employees is offset by an increase in private employment. Additionally, the number of business establishments in the City grew from 5,975 in the first quarter of 2022 to 6,198 in the first quarter of 2023. Private employers accounted for 77.9 percent of all jobs as compared to 74.3 percent in 2022. Government entities (federal, state, and local) accounted for 17,899 jobs in 2022, which is 25.7 percent of the total. Government is led by prominent federal agencies, including the U.S. Department of Defense, the U.S. Department of Agriculture, and the U.S. General Services Administration.

The increase in private sector jobs of 1.5 percent is mixed across all categories. Professional, Scientific, and Technical account for 16.8 percent of the total, decreased by 170 jobs, but remains the largest category of jobs in the City. Accommodation and Food Services continues to increase in the post-pandemic era. The increase in jobs in this sector is 752, or a 10.5 percent increase. Jobs in the Retail Trade industry increased by 7.3 percent, or 445 jobs compared to 2022.

Median family income in Alexandria in 2021 increased slightly from \$137,135 to \$137,335, an increase of 0.15 percent compared to 2020. These are the most recent years that data is available from the U.S. Bureau of Economic Analysis. Per capita income has also grown, from \$93,108 to \$100,017. This increase of \$6,909 is a growth of 7.4 percent compared to 2020. Both median family income and per capita income are significantly higher compared to similar jurisdictions in Virginia and the United States.

One measure of the health of the local economy, and the strength of the City's recovery from the COVID-19 pandemic, is economically sensitive City revenues, such as those generated from consumer spending. In FY 2023, the City experienced an overall increase in tax revenue of approximately 5.0 percent. This was led by increases in real property, business license (gross receipts), restaurant meals, and local sales taxes. This growth was offset by decreases in recordation tax revenue following changes in interest rates and the slowing of the housing and refinancing markets. Growth in business license and restaurant meals taxes reflects the recovery of the local business community, while sales tax growth of more than 9 percent was largely driven by the impact of inflation on the price of

goods. Transient lodging tax revenue returned to pre-pandemic levels and leisure travel has been strong as well. Personal property tax revenue increased 16 percent compared to FY 2022. This is largely due to the unusual appreciation of car values. To mitigate the impact that this appreciation would have on vehicle owners paying personal property tax, City Council took action during the FY 2023 budget process to allow for a continued reduction in the fair market value assumed for tax purposes in FY 2023 (Tax Year 2022).

The real estate tax base, which generates over half of the City's General Fund revenues, continued to show steady, moderate growth. Total locally assessed real property increased in value by 3.8 percent compared to 2022. Residential real property increased by 5.0 percent, and commercial assessments increased by 2.0. The office vacancy rate of 14.6 percent in the second quarter of 2023 which is equal to 2nd quarter 2022 (14.6 percent) and compares favorably to the office vacancy rate in Northern Virginia of 19.6 percent and the Washington DC Metro area rate of 19.8 percent. The unemployment rate in the City as of June 2022 was 2.2 percent, which compares favorably to Virginia (2.7 percent) and the United States (3.6 percent).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

DRAFT

BASIC
FINANCIAL STATEMENTS

DRAFT

PAGE LEFT BLANK INTENTIONALLY

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
June 30, 2023

Exhibit I

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Cash and Investments	\$ 579,466,236	\$ 40,794,345
Cash and Investments with Fiscal Agents	102,283,026	4,717,515
Receivables, Net	360,487,461	27,113,245
Opioid Settlement Receivable	1,074,238	-
Lease Receivable	15,426,349	-
Due From Other Governments	42,552,227	21,732,416
Inventory of Supplies	7,659,014	323,517
Prepaid and Other Assets	14,425,281	2,041,202
Net Pension Asset	5,838,816	10,978,540
Capital Assets:		
Land and Construction in Progress	431,766,501	999,381
Other Capital Assets, Net	841,396,876	38,528,465
Capital Assets, Net	<u>1,273,163,377</u>	<u>39,527,846</u>
Total Assets	<u>2,402,376,025</u>	<u>147,228,626</u>
DEFERRED OUTFLOWS		
Pension	78,947,595	69,484,137
OPEB	5,866,689	6,348,543
Deferred related to Refunding Bonds	16,048,464	-
Total Deferred Outflows of Resources	<u>100,862,748</u>	<u>75,832,680</u>
LIABILITIES		
Accounts Payable	25,388,339	32,789,498
Accrued Wages	7,738,847	10,867,271
Accrued Liabilities	682,592	-
Notes Payable	5,537	-
Unearned Revenue	4,914,119	4,723,061
Other Liabilities	33,331,815	-
Deposits	19,704,354	-
Long-term Liabilities Due Within One Year	64,861,289	6,178,921
Long-term Liabilities Due in More Than One Year	1,067,889,654	25,569,085
Net Pension Liability	171,139,269	222,304,241
Net OPEB Liability	20,869,359	37,861,213
Total Liabilities	<u>1,416,525,174</u>	<u>340,293,290</u>
DEFERRED INFLOWS		
Deferred Tax Revenues	363,237,522	-
Deferred resources - Leases Receivable	15,163,752	-
Pension	37,195,907	55,747,054
OPEB	15,433,070	9,825,026
Opioid Settlement Receivable	1,074,238	-
Total Deferred Inflows of Resources	<u>432,104,489</u>	<u>65,572,080</u>
NET POSITION		
Net Investment in Capital Assets	293,989,839	21,037,012
Restricted for:		
Affordable Housing	13,962,234	-
Special Projects	8,063,357	-
Net Pension Assets	5,838,816	10,978,540
Educational Projects	-	20,148,917
Opioid Settlement	1,074,238	-
Unrestricted	<u>331,680,626</u>	<u>(234,968,533)</u>
Total Net Position	<u>\$ 654,609,110</u>	<u>\$ (182,804,064)</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Exhibit II

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General Government	\$ 68,522,126	\$ 5,455,550	\$ 56,403,442	\$ (6,967,815)	\$ (13,630,949)	
Judicial Administration	24,709,770	399,054	1,494,832	-	(22,815,884)	
Public Safety	167,828,892	12,930,845	10,606,041	-	(144,292,006)	
Public Works	145,330,490	53,768,554	272,894	27,136,263	(64,152,779)	
Library	8,149,962	-	-	-	(8,149,962)	
Health and Welfare	78,035,769	5,907,576	40,866,679	-	(31,261,514)	
Transit	57,651,632	262,689	7,217,947	-	(50,170,996)	
Culture and Recreation	36,938,550	6,339,039	3,182,130	892,040	(26,525,341)	
Community Development	57,309,185	2,167,371	11,414,918	14,425	(43,712,471)	
Education	376,710,639	-	-	-	(376,710,639)	
Interest on Long-term Debt	27,217,085	-	-	-	(27,217,085)	
Total Governmental Activities	1,048,404,100	87,230,678	131,458,883	21,074,913	(808,639,626)	
Total Primary Government	1,048,404,100	87,230,678	131,458,883	21,074,913	(808,639,626)	
Component Units:						
Schools	348,703,554	3,003,318	47,061,987	-	-	(298,638,249)
Library	8,360,879	152,136	221,603	-	-	(7,987,140)
Total Component Units	\$ 357,064,433	\$ 3,155,454	\$ 47,283,590	\$ -	\$ -	\$ (306,625,389)
General Revenues						
Property Taxes:						
Real Estate					515,991,467	-
Personal Property					68,799,819	-
Other Local Taxes:						
Business License					40,006,700	-
Local Sales					50,344,775	-
Meals					30,143,987	-
Transient Lodging					11,960,434	-
Utility					12,639,483	-
Communications Sales					7,512,962	-
Other Local Taxes					10,773,033	-
Revenue from Primary Government						
Payment from City of Alexandria Operating						268,224,552
Grants & Contributions Not Restricted to Specific Programs					36,484,031	61,974,827
Interest and Investment Earnings					20,495,182	(3,478,627)
Miscellaneous					2,407,163	1,032,481
Total General Revenues					807,559,036	327,753,233
Change in Net Position						
					(1,080,590)	21,127,844
Net Position at Beginning of Year						
					655,689,700	(203,931,908)
Net Position at End of Year						
					\$ 654,609,110	\$ (182,804,064)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit III

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Alexandria Transit Company</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 283,549,816	\$ 146,288,520	\$ 133,257,473	\$ 1,288,488	\$ 564,384,297
Cash and Investments with Fiscal Agents	-	-	102,283,026	-	102,283,026
Receivables, Net	346,761,658	13,725,803	-	-	360,487,461
Opioid Settlement Receivable	-	1,074,238	-	-	1,074,238
Lease Receivables	15,426,349	-	-	-	15,426,349
Due From Other Funds	-	-	54,939,877	-	54,939,877
Due From Other Governments	32,346,720	10,197,870	7,637	-	42,552,227
Inventory of Supplies	6,608,200	-	-	1,050,814	7,659,014
Prepaid and Other Assets	14,242,774	-	-	182,507	14,425,281
Total Assets	<u>698,935,517</u>	<u>171,286,431</u>	<u>290,488,013</u>	<u>2,521,809</u>	<u>1,163,231,770</u>
LIABILITIES					
Accounts Payable	7,708,956	3,597,700	13,007,402	329,115	24,643,173
Due to Other Governments	311,875	-	-	-	311,875
Accrued Wages	4,959,944	1,676,970	195,858	906,075	7,738,847
Current Portion of Notes Payable	-	5,537	-	-	5,537
Other Liabilities	19,416,836	12,635,380	1,144,571	135,028	33,331,815
Deposits	19,704,354	-	-	-	19,704,354
Due to Other Funds	54,939,877	-	-	-	54,939,877
Unearned Revenue	4,914,119	-	-	-	4,914,119
Total Liabilities	<u>111,955,961</u>	<u>17,915,587</u>	<u>14,347,831</u>	<u>1,370,218</u>	<u>145,589,597</u>
DEFERRED INFLOWS					
Deferred Inflows - Taxes	348,125,613	15,111,909	-	-	363,237,522
Opioid Settlement Receivable	-	1,074,238	-	-	1,074,238
Deferred resources - Leases Receivable	15,163,752	-	-	-	15,163,752
TOTAL LIABILITIES AND DEFERRED INFLOW	<u>475,245,326</u>	<u>34,101,734</u>	<u>14,347,831</u>	<u>1,370,218</u>	<u>523,990,871</u>
FUND BALANCES					
Non-Spendable	19,983,095	-	-	1,151,591	21,134,686
Restricted	-	22,025,591	102,283,026	-	124,308,617
Committed	16,006,322	115,159,106	173,857,156	-	305,022,584
Assigned	56,964,943	-	-	-	56,964,943
Unassigned	130,735,831	-	-	-	130,735,831
Total Fund Balances	<u>223,690,191</u>	<u>137,184,697</u>	<u>276,140,182</u>	<u>1,151,591</u>	<u>638,166,661</u>
Total Liabilities and Fund Balances	<u>\$ 698,935,517</u>	<u>\$ 171,286,431</u>	<u>\$ 290,488,013</u>	<u>\$ 2,521,809</u>	

- | | |
|---|--------------------|
| (1) Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5) | 1,207,293,232 |
| (2) Other long-term assets are not available to pay for current period expenditures; deferred outflow related to refunding bonds. (Note 1) | 16,048,464 |
| (3) Deferred inflows of resources related to OPEB & Pensions. (Note 16 & 17) | (52,628,977) |
| (4) Deferred outflows of resources related to OPEB & Pensions. (Note 16 & 17) | 84,814,284 |
| (5) Internal service funds are used by management to charge the costs of equipment replacement to City Departments; and, therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. (Exhibit V) | 19,805,158 |
| (6) Alexandria Transit Company is blended in to the primary government, and therefore, the assets and liabilities are included in governmental activities in the statement of Net Position. (Note 5) | 31,657,229 |
| (7) Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9) | (1,325,442,163) |
| (8) Right to use leased and subscription assets used (net of amortization) in governmental activities are not financial resources and therefore are not reported in the funds (Note 5) | 29,056,406 |
| (9) Net Pension Asset recorded for the amount of Plan Fiduciary Net Position in excess of Total Pension Liability, included in the Statement of Net Position (Note 17) | 5,838,816 |
| Total Net Position | 654,609,110 |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenues, Expenditures and Changes Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

Exhibit IV

	General	Special Revenue	Capital Projects	Alexandria Transit Company	Total Governmental Funds
REVENUES					
General Property Taxes	\$ 582,975,505	\$ 1,815,780	\$ -	\$ -	\$ 584,791,285
Other Local Taxes	152,409,150	8,530,980	2,441,245	-	163,381,375
Permits, Fees, and Licenses	2,683,307	10,765,855	-	-	13,449,162
Fines and Forfeitures	3,129,147	-	-	-	3,129,147
Use of Money and Property	20,186,948	1,309,405	9,631,171	-	31,127,524
Charges for Services	17,312,775	52,902,137	1,577,222	262,689	72,054,823
Intergovernmental Revenue	59,286,179	59,945,394	21,612,967	7,132,617	147,977,158
Interest from Leases	212,764	-	-	-	212,764
Miscellaneous	5,140,380	4,786,028	2,619,548	85,330	12,631,286
Total Revenues	843,336,155	140,055,579	37,882,153	7,480,636	1,028,754,524
EXPENDITURES					
Current Operating:					
General Government	66,364,403	2,572,990	-	-	68,937,393
Judicial Administration	22,545,469	1,621,869	-	-	24,167,338
Public Safety	157,867,952	9,840,653	-	-	167,708,605
Public Works	28,753,194	32,247,324	-	-	61,000,518
Library	8,149,962	-	-	-	8,149,962
Health and Welfare	22,769,857	88,820,594	-	-	111,590,451
Transit	17,435,975	-	-	33,297,904	50,733,879
Culture and Recreation	30,835,418	3,488,341	-	-	34,323,759
Community Development	24,424,539	16,285,281	-	-	40,709,820
Education	248,737,300	-	11,337,290	-	260,074,590
Debt Service:					
Principal	47,904,788	2,029,212	-	-	49,934,000
Interest and Other Charges	24,019,704	7,886,677	-	-	31,906,381
Capital Outlay	-	-	377,147,736	-	377,147,736
Total Expenditures	699,808,559	164,792,942	388,485,026	33,297,904	1,286,384,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	143,527,596	(24,737,363)	(350,602,873)	(25,817,268)	(257,629,908)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	143,385,000	-	143,385,000
Bond Premium (Discount)	-	-	14,798,520	-	14,798,520
Transfers In	14,233,764	89,093,259	82,176,140	26,968,031	212,471,194
Transfers Out	(159,822,821)	(51,916,424)	(731,949)	-	(212,471,194)
Total Other Financing Sources and Uses	(145,589,057)	37,176,835	239,627,711	26,968,031	158,183,520
Total other financing sources (uses)	(145,589,057)	37,176,835	239,627,711	26,968,031	158,183,520
Net Change in Fund Balance	(2,061,461)	12,439,471	(110,975,162)	1,150,763	(99,446,388)
Fund Balance at Beginning of Year	225,137,606	124,745,226	387,115,344	828	736,999,004
Increase/(Decrease) in Reserve for Inventory	614,046	-	-	-	614,046
Fund Balance at End of Year	\$ 223,690,191	\$ 137,184,697	\$ 276,140,182	\$ 1,151,591	638,166,661

Adjustments for the Statement of Activities:

(1) Repayment of bond principal and payment to bond escrow agent are reported as an expenditure and other financing uses in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. (Note 9)	49,934,000
(2) Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense and donated assets 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)	160,716,427
(3) Governmental funds report pension & OPEB contributions as expenditures, however in the statement of activities the cost of pension & OPEB benefits earned net of employee contributions is reported as pension & OPEB expense. (Note 9)	(3,451,413)
(4) Issuance of debt, refunding bonds and premium provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. (Note 9)	(158,183,520)
(5) Net effect of implementing GASB 87	2,719,385
(6) Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds. (Note 9)	9,035,390
(7) The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI)	902,256
(8) Change in net pension & OPEB liability. (Note 9)	36,079,226
Change in net Position	\$ (1,080,590)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
Proprietary Funds – Internal Service Fund
June 30, 2023

Exhibit V

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	15,081,939
Total Current Assets		15,081,939

Capital Assets:

Land		
Buildings and Equipment		50,703,808
Less Accumulated Depreciation		(45,547,298)
Capital Assets, Net		5,156,510
Total Noncurrent Assets		5,156,510

Total Assets		20,238,449
---------------------	--	------------

LIABILITIES

Accounts Payable		433,291
Total Liabilities		433,291

NET POSITION

Net Investment in Capital Assets		5,156,510
Unrestricted Net Position		14,648,648
Total Net Position		19,805,158

Total Liabilities and Net Position	\$	20,238,449
---	----	------------

See Accompanying Notes to Financial Statements

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenue, Expenses, and Change in Net Position
Proprietary Funds – Internal Service Fund
For the Fiscal Year Ended June 30, 2023

Exhibit VI

OPERATING REVENUES	
Charges for Services	\$ 5,288,391
Total Operating Revenues	5,288,391
OPERATING EXPENSES	
Materials and Supplies	4,386,135
Depreciation	3,012,126
Total Operating Expenses	7,398,261
Operating Loss	(2,109,870)
NON-OPERATING REVENUES (EXPENSES)	
Net Loss Before Transfers and Contributions	(2,109,870)
Change in Net Position	
Net Position at Beginning of Year	21,915,028
Net Position at End of Year	\$ 19,805,158

See Accompanying Notes to Financial Statements

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Proprietary Funds – Internal Service Fund
For the Fiscal Year Ended June 30, 2023

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts From Customers	\$	5,288,391
Reduction in Payments to Suppliers		<u>(4,257,098)</u>
Net Cash Provided by Operating Activities		<u>1,031,293</u>

Net Increase in Cash and Cash Equivalents 1,031,293

Cash and Cash Equivalents at Beginning of Year 14,050,645

Cash and Cash Equivalents at End of Year **15,081,938**

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Loss (2,109,870)

Adjustments:

(1) Cash flows reported in other categories:

Interest and dividends

Depreciation Expense 3,012,126

(2) Effect of changes in Operating Assets and Liabilities:

Accounts Payable 129,037

Net Cash Provided by Operating Activities **\$ 1,031,293**

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Fiduciary Net Position
June 30, 2023

Exhibit VIII

	Employee Benefit Trust Funds	Private- Purpose Trusts	Custodial Funds
ASSETS			
Cash and Short-term Investments	\$ -	\$ -	\$ 109,858
Investments, at Fair Value:			
U.S. Government Obligations			
LGIP/CDARS/Commercial Paper	-	7,059	-
Mutual Funds	189,773,135	-	-
Stocks	105,157,601	-	-
Guaranteed Investment Accounts	71,382,220	-	-
Real Estate	60,461,024	-	-
Timber/Private Equity	70,597,459	-	-
Other Investments	259,961,597	-	-
Total Investments	757,333,035	7,059	-
Total Assets	757,333,035	7,059	109,858
NET POSITION			
Restricted For			
Pension Benefits	643,105,525	-	-
Other Post Employment Benefits	114,227,510	-	-
Other Purposes	-	7,059	109,858
Total Net Position	\$ 757,333,035	\$ 7,059	\$ 109,858

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Change in Fiduciary Net Position
For the Year ended June 30, 2023

Exhibit IX

	Employee Benefit Trust Funds	Private- Purpose Trusts	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ 28,248,279	\$ -	\$ -
Plan Members	6,180,040	-	-
Total Contributions	34,428,319	-	-
Investment Earnings:			
Net Appreciation (Depreciation) in Fair Value of Investments	10,057,589	-	-
Interest	32,004,222	579	35,327
Investment Expense	(1,654,887)	-	-
Net Investment Income	40,406,924	579	35,327
Total Additions	74,835,243	579	35,327
DEDUCTIONS			
Benefits	35,486,998	-	-
Refunds of Contributions	526,446	-	-
Administrative Expenses	1,491,613	1,000	-
Total Deductions	37,505,056	1,000	-
Change in Net Position	37,330,187	(421)	35,327
Net Position at Beginning of Year	720,002,848	7,480	74,531
Net Position at End of Year	\$ 757,333,035	\$ 7,059	\$ 109,858

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2023

Exhibit X

	Schools	Library	Total
ASSETS			
Cash and Cash Equivalents	\$ 39,735,965	\$ 1,058,380	\$ 40,794,345
Cash and Investments with Fiscal Agents	686,540	4,030,975	4,717,515
Receivables	27,108,901	4,344	27,113,245
Due from Other Governments	21,662,127	70,289	21,732,416
Inventory of Supplies	323,517	-	323,517
Net Pension Assets	10,978,540	-	10,978,540
Prepaid and Other Assets	2,007,866	33,336	2,041,202
Capital assets			
Land	999,381	-	999,381
Construction-in-progress	-	-	504,126
Other Capital Assets, Net	38,528,465	-	38,528,465
Capital Assets, Net	39,527,846	-	39,527,846
Total Assets	142,031,302	5,197,324	147,228,626
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	69,484,137	-	69,484,137
OPEB	6,348,543	-	6,348,543
Total Deferred Outflows of Resources	75,832,680	-	75,832,680
Total Assets and Deferred Outflows of Resources	217,863,982	5,197,324	223,061,306
LIABILITIES			
Accounts Payable	32,551,468	238,030	32,789,498
Accrued Wages	10,736,041	131,230	10,867,271
Unearned Revenue	4,723,061	-	4,723,061
Long-term Liabilities Due Within One Year	6,161,798	17,123	6,178,921
Long-term Liabilities Due in More Than One Year	25,546,984	22,101	25,569,085
Net Pension Liabilities	222,304,241	-	222,304,241
Net OPEB Liabilities	37,861,213	-	37,861,213
Total Liabilities	339,884,806	408,484	340,293,290
DEFERRED INFLOWS OF RESOURCES			
Pensions	55,747,054	-	55,747,054
OPEB	9,825,026	-	9,825,026
Total Deferred Inflows of Resources	65,572,080	-	65,572,080
NET POSITION			
Net Investment in Capital Assets	21,037,012	-	21,037,012
Restricted for grant programs	7,429,513	-	7,429,513
Restricted for health benefits	12,719,404	-	12,719,404
Restricted for net pension assets	10,978,540	-	10,978,540
Unrestricted	(239,757,373)	4,788,840	(234,968,533)
Total Net Position	(187,592,904)	4,788,840	(182,804,064)
Total Deferred Inflows of Resources, Liabilities and Net Position	\$ 217,863,982	\$ 5,197,324	\$ 223,061,306

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2023

Exhibit XI

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating Grants</u>	<u>Schools</u>	<u>Library</u>	<u>Totals</u>
		<u>Services</u>	<u>and Contributions</u>			
Schools	\$ 348,703,554	\$ 3,003,318	\$ 47,061,987	\$ (298,638,249)	\$ -	\$ (298,638,249)
Library	8,360,879	152,136	221,603		(7,987,140)	(7,987,140)
Total Component Units	<u>357,064,433</u>	<u>3,155,454</u>	<u>47,283,590</u>	<u>(298,638,249)</u>	<u>(7,987,140)</u>	<u>(306,625,389)</u>
General Revenues:						
				260,074,590	8,149,962	268,224,552
				61,974,827	-	61,974,827
				(3,774,100)	295,473	(3,478,627)
				786,978	245,503	1,032,481
				<u>319,062,295</u>	<u>8,690,938</u>	<u>327,753,233</u>
				20,424,046	703,798	21,127,844
				<u>(208,016,950)</u>	<u>4,085,042</u>	<u>(203,931,908)</u>
				<u>\$ (187,592,904)</u>	<u>\$ 4,788,840</u>	<u>\$ (182,804,064)</u>

See Accompanying Notes to Financial Statements

PAGE LEFT BLANK INTENTIONALLY

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

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 165,700 and a land area of 15.75 square miles, Alexandria is the seventh largest city in the Commonwealth of Virginia and one of the most densely populated cities in the Commonwealth.

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

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

A. Financial Reporting Entity

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

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

Government-wide Financial Statements – These include financial statements prepared using full accrual accounting for all government 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 revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net position and the Statement of Activities.

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

Statement of Activities – The Statement of Activities reports revenues and expenses in a format that focuses on the cost of each of the City's functions. The expenses of individual functions are 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, 2023

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 an independent accounting entity. The fund financial statements also include reconciliation to the government-wide statements, which briefly explains the differences between the fund and government-wide financial statements.

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

As required by GAAP, these financial statements and schedules present the primary government and its component units, entities for which the City is financially accountable. Blended component units (although legally separate entities) are, in substance, part of the government’s operations; therefore, data from these units are combined with data of the primary government. The discretely presented component units are reported in a separate column in the government-wide statements to emphasize they that 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 has been an elected body which oversees the operations of the Alexandria City Public Schools (ACPS). ACPS is substantially reliant upon the City because City Council approves ACPS’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 ACPS is the City’s annual support for combined operations and capital equipment which totals \$248.8 million in FY 2023. ACPS’ financial statements are available via the ACPS website on the Department of Financial Services page.

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. ACPS issues separate audited financial statements.

City of Alexandria Library System

The Alexandria Library (the Library) is a discretely presented component unit of the City of Alexandria. The Library’s financial statements are available for public viewing at the Library’s Administration office at the Beatley Library, 5005 Duke St., Alexandria, VA 22304. The City Council approves the Library budget and appoints three citizens and a member of the Alexandria City Council to the Library Board. The seven-member Library Board also includes three members of the non-profit Alexandria Library Company. The City is responsible for issuing debt, acquiring, and maintaining all capital items on behalf of the Library. The City only maintains the assets based on agreements reached with the Library Board. The library liability for the general obligation debt issued on behalf of the Library remains with the City and is based on needs requested by the Library Board. The City’s primary transaction with the Library is the City’s annual operating support, which was \$8.2 million for FY 2023. The Library provides a variety of services to the community that are supplemented with funding by endowments and are not completely government services. The City budget provides most of the funding for all services and programs; many of the endowments supplement only the materials budget. The City has no authority in the selection of books and materials the Library carries, nor the day-to-day management of the operations of the Library buildings or staffing. The Library issues separate audited financial statements.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Alexandria Transit Company

Alexandria Transit Company (ATC), although legally separate in substance, is presented as a blended component unit and part of the City's reporting entity as a governmental fund. As a not-for-profit corporation for which the primary government is the only corporate member, the blending of ATC fell within the scope of GASB Statement No. 80. ATC's governing body is substantively the same as the governing body of the primary government and the City's management has operational responsibility for ATC.

Excluded from Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health, and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation and amortization) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health, and welfare, etc.). Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants and contributions columns include 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 based on funds. The operation of each fund is considered an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with related liabilities, fund balances and net position, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Governmental fund statements are presented based on current financial resources and a modified accrual basis of accounting. This is the way these funds are normally budgeted. Since governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The following is a brief description of the specific funds used by the City in FY 2023.

1. Governmental Funds

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

a. General Fund

The General Fund is a major fund and 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 Schools.

b. Special Revenue Fund

A special revenue fund is a major fund and is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. A significant portion of the Special Revenue Fund is used for Health and Welfare programs. The Special Revenue Fund of the City as June 30, 2023, is comprised of the following sub funds:

ARPA - This sub fund accounts for the City's funds across multiple departments in support of the COVID-19 pandemic response. The source of funding is the American Rescue Plan Act adopted in March 2021.

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

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

Stormwater Utility – This sub fund is funded by a stormwater utility fee which was implemented in 2019. This fee replaces the dedicated real estate property tax in the Stormwater Management fund.

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

Potomac Yard Special Tax District – This sub fund is funded by certain real estate taxes for the development of the Potomac Yard Metro Rail station.

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

Industrial Development Authority (IDA) – This fund accounts for IDA bond issuance fees and expenses.

Other Special Revenue – This sub fund accounts for grants and donations and other amounts that represent a small percentage of special revenues.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Capital Projects Fund

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

d. Alexandria Transit Company

Alexandria Transit Company (ATC), a major governmental fund, is a blended component unit and part of the City's reporting entity. As a not-for-profit corporation for which the primary government is the only corporate member, the blending of ATC fell within the scope of GASB Statement No. 80. ATC's governing body is the same as the primary government.

2. Proprietary Funds

Proprietary Funds are used to account for activities that are like those often found in the private sector. The measurement focuses 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 and amortization. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The City has one proprietary fund, the Internal Service Fund. The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis and is considered a proprietary fund. The City established the Equipment Replacement Reserve Account, the internal service fund, for the purpose of providing for the accumulation of funds to replace capital equipment items used in City operations. This internal service fund derives its funding from periodic equipment rental charges assessed to the user departments in the governmental funds. This funding is then used to replace capital equipment when the need arises. The Internal Service Fund is included in governmental activities for government-wide reporting purposes. As a 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.

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. The fiduciary funds of the City are the John D. Collins Private Purpose Trust Fund, City Supplemental Retirement, Pension for Fire and Police, Retirement Income for Fire and Police, Firefighters and Police Pension, Fire and Police Disability, Other Post-Employment Benefits (OPEB) and the custodial funds for the Human Services Special Welfare Account and the Human Services Dedicated Account. 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. The Private Purpose Trust Fund accounts for assets of which the principal may not be spent. The Employee Retirement Funds account for the assets of the City's pension plans and the OPEB fund. Custodial Funds use the economic resources measurement focus.

Fiduciary net position of the Pension and OPEB Plans, and the change in fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The custodial funds held by the City as of the end of FY 2023 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.

C. Basis of Accounting

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

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

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

The fund financial statements of the General, Special Revenue, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within 45 days after the fiscal year-end. Levies made prior to the fiscal year end, but which are not available, are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants revenues are measurable and available as revenue when reimbursements for related eligible expenditures are collected within a year of the date the expenditure was incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

D. Budgets and Budgetary Accounting

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. The Schools appropriation is determined by the City Council and controlled in total by the primary government. On May 5, 2022, the City Council formally approved the original adopted budget and on June 18, 2023, 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 the City Council.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments to reserve an applicable portion of an appropriation, is used as an extension of formal budgetary control in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are classified as committed or assigned in the General Fund, or as restricted fund balance in the non-General Funds. These encumbrances are subject to re-appropriation 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 \$18,735 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 (Schools and Library), are combined to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of the State Treasurer’s Local Government Investment Pool (LGIP) and are recorded at fair value. Income from pooled investments is allocated only when contractually or legally required. All investment earnings not legally or contractually required to be credited to individual accounts or funds are credited to the General Fund.

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

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

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

F. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance on June 30, 2023, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	\$ 1,296,762
Personal	19,497,769
Penalties and Interest	<u>1,237,456</u>
Total Taxes	22,031,987
Accounts Receivable	57,296
Notes Receivable	<u>309,000</u>
	<u><u>22,398,283</u></u>
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	<u><u>\$ 92,699,064</u></u>
CAPITAL PROJECTS FUND:	
Capital Projects Fund Notes Receivable	<u><u>\$ 1,475,000</u></u>

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory of Supplies

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. 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 fair value, whichever is lower.

Component Units

Inventory for the Schools 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 value when received and the amounts consumed are recorded as revenue. The amounts of unused food commodities are reported as inventory.

H. Other Assets

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

Deferred outflow related to Refunding Bonds	<u>16,048,464</u>
Total Adjustment	<u>\$ 16,048,464</u>

I. Leases

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset; and a lessor is required to recognize a lease receivable and a deferred inflow of resources. If the present value of the payments or receipts is greater than or equal to \$5,000, the contract is classified as a lease for accounting purposes.

J. SBITAs

GASB Statement No. 96, GASB Statement No. 96, Subscription-Based Information Technology Arrangements (this is effective for fiscal years beginning after June 15, 2022). In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The City adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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 per unit are met. Amortization for right-to-use assets is based on the terms of the agreement. Depreciation and amortization are 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 received in a concession arrangement are valued at their acquisition value. 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. Right-to-use assets are valued based on the present value of the agreement and amortized over the shorter life of the asset or agreement.

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 and amortization, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

L. 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 discreetly presented component unit Library, since the City funds all Library personnel costs.

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

Alexandria Transit Company accrues annual and sick leave benefits in the period in which they are earned.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

N. Fund Balance

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

Fund Balances are reported according to the following categories:

Non-spendable Fund Balance—amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact; for example, notes receivable, inventory of supplies, prepaid amounts, and assets-held-for-sale.

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Detail

General Fund

Nonspendable

Inventories	\$	6,608,200
Prepays		12,974,895
Long Term Notes		400,000
Total		19,983,095

Committed

Encumbrances		9,506,322
Self-Insurance		6,500,000
Total		16,006,322

Assigned

Subsequent Capital Program		20,000,000
Subsequent Operating Budgets		17,464,943
UHC Self Funding		2,000,000
Transit Savings		5,000,000
Carryover and Incomplete Projects		4,500,000
Natural Disaster/Emergencies		3,000,000
Landmark Redevelopment soil Contingency		3,000,000
Accrued Leave Payout		1,000,000
Economic Development Incentives		1,000,000
Total		56,964,943

Unassigned

Total Fund Balance	\$	223,690,191
---------------------------	-----------	--------------------

Encumbrances – These funds (\$9.5 million) have been committed for purchase orders and/or contracts to acquire goods and services not yet received.

Self-Insurance—These funds (\$5 million) have been committed and an additional (\$1.5 million) reserved for the City’s self-insurance program.

UHC Self-Funding – These funds (\$2.0 million) are assigned from health premium cost savings due to vacancies to increase the balance available for the City’s self-funded healthcare plan.

Subsequent Fiscal Years’ Capital Program—These funds (\$20.0 million) have been assigned to fund a portion of the capital improvement program for CIP projects in FY 2024 and beyond.

FY 2024 Operating Budget - These funds (\$17.5 million) have been assigned to fund a portion of the operating budget in FY 2024.

Transit Savings - These funds (\$5.0 million) have been assigned for future transit costs in the FY 2025 budget. Savings were generated in FY 2021 because of available federal funding for WMATA and the City’s utilization of NVTC reserves.

Carryover and Incomplete Projects - These funds (\$4.5 million) are assigned to support projects and initiatives that are approved but not yet under contract.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Natural Disaster/Emergencies/ Emergency Response - These funds (\$3.0 million) have been assigned to cover damages and operational costs associated with responding to extraordinary emergencies.

Landmark Redevelopment Soil Removal Contingency – These funds (\$3.0 million) have been assigned to provide additional resources to address the removal of contaminated soil that may be discovered at the Landmark Mall site, above the amount currently budgeted by the developer.

Accrued Leave Payout - These funds (\$1.0 million) are assigned to address leave payouts that are required for employees that are separated from the city either voluntarily or involuntarily.

Economic Development Incentives - These funds (\$1.0 million) are assigned to provide funds to incentivize business to locate or expand in the City.

Special Revenue

Restricted

Grants	\$	2,354,668
Donations		5,708,689
Housing Programs		13,962,234
Total		22,025,591

Committed

Sanitary Sewer		36,145,253
Other Programs		36,182,220
Potomac Yard		35,254,429
NVTA		7,577,204
Total		115,159,106

Total Fund Balance	\$	137,184,697
---------------------------	-----------	--------------------

Sanitary Sewer - These funds (\$36.1 million) are committed for sanitary sewer maintenance and construction. The funds originate from sewer connection fees and charges.

Potomac Yard - These funds (\$35.3 million) are committed for the development of the Potomac Yard Metrorail Station. The funds originate from certain real estate property taxes.

Northern Virginia Transportation Authority (NVTA) - These funds (\$7.6 million) are committed for transportation improvements in the City. The funds originate from various state and other local taxes collected by the NVTA.

Other Programs - These funds (\$36.2 million) are committed per the terms of various grants and donations received by the City. The major programs funded were:

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Program</u>	<u>Amount</u>
Building Permitting and Inspection Activities	\$ 29.9 million
Neighborhood Planning	\$ 6.5 million
Weekly Trash/Recycling Collections, Household Hazardous Waste Collections, Special Collections, and Enhanced Recycling Programs	\$ 3.2 million
Criminal Investigation	\$ 1.4 million
Outdoor Space Improvements for Recreational Facilities, and Youth Program	
Fees for Field Trips and Daily Operations	\$ 1.2 million
Development Review	\$ 1.0 million
Retrofit for Cubicle Office Space	\$ 0.9 million
Field Operations Bureau	\$ 0.5 million
Renovation and Maintenance of Courthouse Facilities	\$ 0.4 million
Inmate Services	\$ 0.4 million

Capital Projects

Restricted	\$102,283,026
Committed	<u>173,857,156</u>
Total Fund Balance	<u>\$ 276,140,182</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant encumbrances greater than \$1.0 million as of June 30, 2023, were:

<u>Fund</u>	<u>Vendor</u>	<u>Amount</u>
Capital Projects	GILBANE BUILDING COMPANY	\$ 95.8 million
Capital Projects	SKANSKA USA BUILDING, INC	\$ 16.6 million
Capital Projects	NEW FLYER OF AMERICA INC	\$ 5.9 million
Capital Projects	ARCADIS U.S., INC.	\$ 5.2 million
Capital Projects	BLYTHE CONSTRUCTION,INC	\$ 4.7 million
Capital Projects	GREELEY & HANSEN LLC	\$ 4.4 million
Capital Projects	KIMLEY-HORN AND ASSOCIATES INC	\$ 4.3 million
Capital Projects	PERKINS EASTMAN ARCHITECTS DPC	\$ 4.2 million
Capital Projects	JAMES G. DAVIS CONSTRUCTION CORPORATION	\$ 4.0 million
Capital Projects	JACOBS ENGINEERING GROUP INC	\$ 3.6 million
Capital Projects	JONES UTILITIES CONSTRUCTION INC	\$ 3.2 million
Capital Projects	AM-LINER EAST INC	\$ 3.1 million
Capital Projects	FT MYER CONSTRUCTION CORP	\$ 2.9 million
Capital Projects	SERVICE MECHANICAL INC	\$ 2.9 million
Capital Projects	AVON CORPORATION	\$ 2.5 million
Capital Projects	URS CORPORATION	\$ 2.0 million
Capital Projects	COMBUSTIONEER CORPORATION	\$ 1.9 million
Capital Projects	PROTEC CONSTRUCTION INC	\$ 1.6 million
Capital Projects	AP CONSTRUCTION LLC	\$ 1.6 million
Capital Projects	WHITMAN, REQUARDT & ASSOCIATES.,LLP	\$ 1.5 million
Capital Projects	ATHENS BUILDING CORPORATION	\$ 1.4 million
Capital Projects	VOLKERT INC	\$ 1.4 million
Capital Projects	RICHARDSON-WAYLAND ELECTRICAL LLC	\$ 1.4 million
Capital Projects	SAGRES CONSTRUCTION CORPORATION	\$ 1.4 million
Capital Projects	WACO INC	\$ 1.3 million
Capital Projects	TURNER & TOWNSEND HEERY, LLC	\$ 1.3 million
Capital Projects	COMMERCIAL CARPETS OF AMERICA INC	\$ 1.3 million
Capital Projects	INTERIORS BY GUERNSEY LLC	\$ 1.3 million
Capital Projects	D & F CONSTRUCTION INC	\$ 1.2 million
Capital Projects	KADCON CORP	\$ 1.2 million
Capital Projects	GENESYS IMPACT LLC	\$ 1.1 million
Capital Projects	PAVION CORP	\$ 1.1 million
Capital Projects	WSP USA INC	\$ 1.1 million

O. Short Term Liabilities

Short Term Liabilities include unclaimed funds. The City did not have any short-term debt during FY 2023.

P. Deferred Outflows

A deferred outflow of resources represents a consumption of net assets by the government that is applicable to a future period and so will not be recognized as an outflow of resources until the future period. The City recognizes deferred outflows for contributions made after the measurement date related to pensions and OPEB, difference between expected and actual experience, changes in assumptions, and net difference between projects and actual earnings on pension plans investments. On June 30, 2023, the City had deferred outflows of resources related to pensions and OPEB of \$84.8 million.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City calculated a deferred outflow related to bond refunding in the amount of \$18,250,331 for prior year bonds.

Q. Deferred Inflows

A deferred inflow of resources represents an acquisition of net assets by the government that is applicable to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. GASB 87 was implemented in FY 2022 and deferred inflows now include deferred resources relating to leases. On June 30, 2023, the City had the following deferred inflows of resources.

DEFERRED INFLOWS	
Deferred Tax Revenue	\$ 363,237,522
Deferred Resources	15,163,752
Pension	37,195,907
OPEB	15,433,070
Opioid Settlement Receivable	1,074,238
Total Deferred Inflows of Resources	\$ 432,104,489

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 2023, the Council approved a re-appropriation of prior fiscal year encumbrances, as well as several other supplemental appropriations. The City Manager has authority to transfer appropriations within each department. In FY 2023, several intradepartmental transfers were made.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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, most funds in the City's general account are always invested. 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, 2023, the carrying value of the City's deposits was (\$15,727,439) and the bank balance was (\$10,254,711). The difference between the carrying value of the City's deposits and the bank balance was the checks outstanding. This amount will fluctuate depending on the difference between checks issued and checks paid. The funds for these checks remain invested until the checks are presented for payment at the bank. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (The Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is like depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral were inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured. The City maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts to comply with the provisions of bond indentures. The City has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP"). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities, and towns. As of June 30, 2023, the City had \$102,283,026 in the SNAP short term investment.

Component Units

At June 30, 2023, the carrying value of deposits for the Schools was (\$1,778,135) and the bank balance was \$0. The difference between the carrying value of the School's deposits and the bank balance was the checks outstanding. 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, 2023, the carrying value of deposits and bank balance for the Library was \$423,964. The entire balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act as defined above.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

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

During fiscal year 2023 most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in Certificate of Deposit Account Registry Service (CDARS), where deposits are eligible for FDIC insurance, as well as commercial paper, U.S. Agencies, and the Virginia Investment Pool.

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

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

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

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

Custodial Risk – Custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently all City investments are held in LGIP, VIP, commercial paper, investments of U.S. agencies, and CDARS. If the City must invest in a local bank, the City will require a designated portfolio manager. At the time funds are invested, collateral for repurchase agreements will be held in the City's name by a custodial agent for the term of the agreement, and investments in obligations of the United States or its agencies will be held by the Federal Reserve in a custodial account.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2023, the City had the following cash, investments, and maturities:

Primary Government

INVESTMENT TYPE	Investment Maturities			
	Fair Value	1-12 Months	13-24 Months	25-60 Months
Fixed Certificate of Deposit	\$ 28,158,554	\$ 28,158,554	\$ -	\$ -
Federal Farm Credit Bank (FFCB)	9,330,717	-	-	9,330,717
Federal Home Loan Bank (FHLB)	51,085,675	3,732,287	2,799,215	44,554,173
Local Government Investment Pool	504,943,250	504,943,250	-	-
Subtotal	593,518,195	536,834,091	2,799,215	53,884,890
OPEB Trust Investments *	114,227,510	-	-	114,227,510
Pension Plan Investments (Exhibit VIII) *	643,105,525	-	-	643,105,525
Total	\$ 1,350,851,230	\$ 536,834,091	\$ 2,799,215	\$ 811,217,924

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

Reconciliation to Total Cash and Investments:

Add:

Cash on Hand and in Banks	\$ (15,727,439)
Cash with Fiscal Agents	102,392,884
Total Deposits and Investments	<u>\$ 1,437,516,675</u>

Component Unit

Schools

	Investment Maturities			
	Fair Value	1-12 Months	13-24 Months	25-60 Months
Fixed Certificate of Deposit	\$ 1,969,572	\$ 1,969,572	\$ -	\$ -
Federal Farm Credit Bank (FFCB)	652,644	-	-	652,644
Federal Home Loan Bank (FHLB)	3,573,228	261,058	195,793	3,116,377
Local Government Investment Pool	35,318,655	35,318,655	-	-
Total Investments Controlled by City	<u>\$ 41,514,099</u>	<u>\$ 37,549,285</u>	<u>\$ 195,793</u>	<u>\$ 3,769,021</u>

Component Unit

Library

	Investment Maturities			
	Fair Value	1-12 Months	13-24 Months	25-60 Months
Fixed Certificate of Deposit	\$ 50,213	\$ 50,213	\$ -	\$ -
Federal Farm Credit Bank (FFCB)	16,639	-	-	16,639
Federal Home Loan Bank (FHLB)	91,098	6,656	4,992	79,450
Local Government Investment Pool	900,430	900,430	-	-
Total Investments Controlled by City	<u>\$ 1,058,380</u>	<u>\$ 957,299</u>	<u>\$ 4,992</u>	<u>\$ 96,089</u>
Total Investments Controlled by City				
Primary Government and Component Units:	<u>\$ 636,090,674</u>			

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2023, the City had investments in the following issuers with credit quality ratings as shown below:

	<u>Fair Value</u>	<u>AAA</u>	<u>AA+</u>	<u>CDs and Cash</u>
Fixed Certificate of Deposit	\$ 30,178,339	\$ -	\$ -	\$ 30,178,339
Federal Farm Credit Bank (FFCB)	10,000,000	-	10,000,000	-
Federal Home Loan Bank (FHLB)	54,750,000	-	54,750,000	-
Virginia Investment Pool 1-3 Year	5,378,977	5,378,977	-	-
Virginia Local Govt. Investment Pool	535,783,358	535,783,358	-	-
Total Investments Controlled by City & Components	<u>\$ 636,090,674</u>	<u>\$ 541,162,335</u>	<u>\$ 64,750,000</u>	<u>\$ 30,178,339</u>

Rated by S&P

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
VA Dept of Treasury	Local Govt Invest Pool	535,783,358	84.23%
Federal Home Loan Bank (FHLB)	FHLB Bond	54,750,000	8.61%

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Reconciliation of total deposits and investments to the government-wide financial statements as of June 30, 2023:

	Governmental Activities	Fiduciary Activities	Total
Primary Government including DASH			
Cash on Hand and In Banks	\$ (15,727,439)	\$ -	\$ (15,727,439)
Cash and Investments	543,989,442	7,059	543,996,501
Cash and Investments with Fiscal Agents	102,283,026	757,442,893	859,725,919
Total	\$ 630,545,029	\$ 757,449,952	\$ 1,387,994,981
Component Unit Schools			
Cash on Hand and In Banks	\$ (1,778,135)	\$ -	\$ (1,778,135)
Cash and Investments Controlled by City	41,514,099	-	41,514,099
Cash and Investments with Fiscal Agents	-	-	-
Total	\$ 39,735,964	\$ -	\$ 39,735,964
Component Unit Library			
Cash and Investments Controlled by City	\$ 1,058,380	\$ -	\$ 1,058,380
Cash and Investments with Fiscal Agents	3,992,298	-	3,992,298
Total	5,050,678	-	5,050,678
Grand Total	\$ 675,331,671	\$ 757,449,952	\$ 1,432,781,623

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

During fiscal year 2023, zero investments were classified in Level 1 and Level 3 of the fair value hierarchy. Investments worth \$94.9 million were classified in Level 2. Fixed government securities worth \$64.7 million and fixed certificates of deposit worth \$30.2 million were classified in Level 2. The fixed government securities and the fixed securities of deposit were valued using a matrix pricing technique. Matrix pricing is used based on the securities' relationship to benchmark quoted prices.

Virginia Local Government Investment Pool, worth \$535.8 million were excluded from the fair value hierarchy since they are an external investment pool and have the option to report their investments at NAV or amortized cost. They have chosen to report at amortized cost.

Investments by fair value level	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities				
Fixed Government Securities	\$ 64,750,000	\$ -	\$ 64,750,000	\$ -
Fixed Certificates of Deposit	<u>30,178,339</u>	<u>-</u>	<u>30,178,339</u>	<u>-</u>
Total Debt Securities	<u>\$ 94,928,339</u>	<u>\$ -</u>	<u>\$ 94,928,339</u>	<u>\$ -</u>
Total Investments by Fair Asset Value	<u>\$ 94,928,339</u>	<u>\$ -</u>	<u>\$ 94,928,339</u>	
Investments measured at the net asset value (NAV)				
Virginia Investment Pool - Liquidity	<u>5,378,977</u>			
	<u>\$ 5,378,977</u>			
Total Investments by Fair Value and NAV	<u>\$ 100,307,316</u>			
Investments Reported by Amortized Cost				
Virginia Local Govt. Investment Pool	<u>\$ 535,783,358</u>			
Total Investments	<u>\$ 636,090,674</u>			

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2023, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total</u>
Taxes				
Real Property	\$ 265,392,520	\$ 907,128	\$ -	\$ 266,299,648
Personal Property	83,629,906	-	-	83,629,906
Penalties and Interest	4,103,277	-	-	4,103,277
Others	1,906,783	10,109,044	-	12,015,827
Total Taxes	355,032,485	11,016,172	-	366,048,657
Account	13,400,847	211,309	-	13,612,155
Interest	-	-	-	-
Due from Other Governments	32,346,720	10,197,870	7,637	42,552,227
Due from other funds	-	-	54,939,877	54,939,877
Notes	709,000	95,197,386	1,475,000	97,381,386
Gross Receivable	401,489,052	116,622,737	56,422,514	574,534,302
Less: Allowance for Uncollectables	22,380,674	92,699,064	1,475,000	116,554,738
Net Receivables	\$ 379,108,378	\$ 23,923,673	\$ 54,947,514	\$ 457,979,565

Taxes receivable represents the current and past four years of uncollected tax levies for personal property taxes, and the current and past 19 years for uncollected tax levies on real property. The allowance for estimated uncollectible taxes receivable is 4.7% percent of the total taxes receivable at June 30, 2023, and is based on historical collection rates. Almost all of the real property tax receivables as of June 30, 2023, represent the second-half payment due for real estate taxes on November 15, 2023. The majority of personal property taxes represent tax year 2023 due October 5, 2023.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also include unearned revenue related to resources that have been received but not yet earned. At the end of FY 2023, 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	\$ 348,125,613	\$ 9,667,614	\$ 357,793,227
Grant proceeds received prior to completion of eligibility requirements	-	5,444,295	5,444,295
	\$ 348,125,613	\$ 15,111,909	\$ 363,237,522

Deferred Inflows

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Total Deferred Taxes	\$ 348,125,613	\$ 9,667,614
Grants Received Prior to Eligibility		5,444,295
Total Deferred Inflows, Receivables	\$ 348,125,613	\$ 15,111,909

Component Units

Receivables at June 30, 2023, consist of following:

	<u>School Board</u>	<u>Library</u>	<u>Total</u>
Accounts	\$ 27,108,901	\$ 4,344	\$ 27,113,245
Intergovernmental	21,662,127	70,289	21,732,416
Total Receivables	\$ 48,771,028	\$ 74,633	\$ 48,845,661

All the component unit receivables are considered to be collectible.

All deferred revenue in the component units is unearned.

NOTE 4. RECEIVABLES (Continued)

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

A. Property Taxes

The City levies real estate taxes on all real property on a calendar year basis, at a rate enacted by the City Council on the assessed value of property (except public utility property) as determined by the Real Estate Assessor of the City. The Commonwealth assesses public utility property. Neither the City nor the Commonwealth imposes a limitation on the tax rate. All property is assessed at 100 percent of fair market value and reassessed each year as of January 1. The Real Estate Assessor, by authority of City ordinance, prorates billings for incomplete property 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, 2023, includes amounts not yet received from the January 1, 2023 levy (due June 15 and November 15, 2023), less an allowance for uncollectible amounts. The installment due on November 15, 2023 is included as unavailable revenue since these taxes are restricted for use until FY 2024. Liens are placed on the property on the date real estate taxes become delinquent and must be satisfied prior to the sale or transfer of the property. In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The tax rate was \$1.11 per \$100 of assessed value during calendar year 2022 and 2023.

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair value of the property as of January 1 of each year. For a vehicle, the tax may be prorated for the length of time the vehicle has status in the City. Personal property taxes for the calendar year are due on October 5th. The taxes receivable balance at June 30, 2023, includes amounts not yet billed or received from the January 1, 2023 levy (due October 5, 2023). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2024. The tax rate for motor vehicles was \$5.33 per \$100 of assessed value during the calendar years 2022 and 2023. On May 3, 2023, City Council adopted an ordinance to set the real and personal property tax rates for Calendar Year 2023. The FY 2024 Approved Budget was also adopted on May 3, 2023 and included personal property tax relief for all vehicles by providing an assessment ratio of 90% on the assessed value of vehicles. The discount provided a reduction of a vehicle's actual market value by 10 percent for Tax Year 2023 to reflect continued value appreciation due to the pandemic. In total this initiative reduced estimated personal property tax revenue by \$7.7 million in FY 2024. Tax rates during calendar years 2022 and 2023 were \$4.75 for tangible personal property and \$4.50 for machinery and tools per \$100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance.

Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the Commonwealth, approximately 32 percent of total personal property tax levy in calendar year 2023. The threshold for vehicles that receive a 100% state car tax subsidy is also increased, shifting this subsidy on vehicles valued from \$1,000 and less to vehicles valued \$5,000 and less. This action is estimated to eliminate the local tax burden on more than 30,000 cars for tax year 2023.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

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, 2023:

Governmental Activities

General Fund	\$ 709,000
Special Revenue Fund	95,197,386
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	<u>(94,483,064)</u>
Net Notes Receivable	<u>2,898,321</u>
Amounts due within one year	<u>50,000</u>
Amounts due in more than one year	<u>\$ 2,848,321</u>

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

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, 2023:

Governmental Activities

Primary Government

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 127,652,516	\$ 54,059,460	\$ -	\$ 181,711,976
Construction in Progress	117,901,009	179,390,160	47,236,644	250,054,525
Total Capital Assets				
Not Being Depreciated	245,553,525	233,449,620	47,236,644	431,766,501
Depreciable Capital Assets				
Buildings	837,598,278	56,355,496	-	893,953,774
Infrastructure	338,177,061	12,150,177	105,797	350,221,441
Intangible Assets	26,475,233	-	-	26,475,233
Furniture and Other Equipment	151,575,455	2,489,663	460,326	153,604,792
Total Depreciable Capital Assets	1,353,826,027	70,995,336	566,123	1,424,255,240
Less Accumulated Depreciation for				
Buildings	293,749,246	20,507,464	-	314,256,710
Infrastructure	186,965,960	11,069,047	20,898	198,014,109
Intangible Assets	25,459,818	489,131	-	25,948,949
Furniture and Other Equipment	95,655,836	10,187,332	490,937	105,352,231
Total Accumulated Depreciation	601,830,860	42,252,974	511,835	643,571,999
Depreciable Capital Assets, Net	751,995,167	28,742,362	54,288	780,683,241
Right-to-Use Lease Assets:				
Buildings	36,540,196	789,982	3,898,017	33,432,161
Equipment	455,186	-	12,762	442,424
Land	761,213	-	-	761,213
Infrastructure	346,191	-	-	346,191
Easements	-	1,071,674	-	1,071,674
Total Assets	38,102,786	1,861,656	3,910,779	36,053,663
Less Accumulated Amortization for				
Buildings	5,820,827	4,865,045	3,898,017	6,787,855
Equipment	101,089	109,414	12,762	197,741
Land	149,028	149,028	-	298,056
Infrastructure	21,784	21,784	-	43,568
Easements	-	52,821	-	52,821
Total Accumulated Amortization	6,092,728	5,198,092	3,910,779	7,380,041
Total Right to Use Assets, Net	32,010,058	(3,336,436)	-	28,673,622
SBITA Assets				
SBITA	842,665	-	-	842,665
Less: Accumulated Amortization:	-	459,881	-	459,881
Total SBITA	842,665	(459,881)	-	382,784
Alexandria Transit Company				
Depreciable Capital Assets				
Equipment	68,018,777	315,800	887,898	67,446,679
Less: Accumulated Depreciation	30,988,759	5,688,589	887,898	35,789,450
Total Depreciable Capital Assets, Net	37,030,018	(5,372,789)	-	31,657,229
Totals	<u>\$ 1,067,431,433</u>	<u>\$ 253,022,876</u>	<u>\$ 47,290,932</u>	<u>\$ 1,273,163,377</u>

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Governmental activities capital assets, net of accumulated depreciation and amortization at June 30, 2023, are comprised of the following:

General Capital Assets	\$ 1,207,293,232
Internal Service Fund Capital Assets	5,156,510
Alexandria Transit Company Capital Assets	31,657,229
Right-to-Use Lease Assets	28,673,622
SBITA Assets	382,784
Total	<u>\$ 1,273,163,377</u>

Depreciation and amortization was charged to governmental functions as follows:

General Government	\$ 3,162,160
Judicial Administration	513,115
Public Safety	4,445,552
Public Works	8,257,079
Depreciation of Infrastructure Assets	10,497,066
Health and Welfare	464,779
Transit	5,688,589
Culture and Recreation	2,647,157
Education	12,025,858
Community Development	240,208
Right-to-Use Lease	5,198,092
SBITA	459,881
Total	<u>\$ 53,599,536</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	\$ 377,147,736
Donated Assets	4,382,945
Depreciation Expense	(53,599,536)
Capital Outlay not capitalized	<u>(167,214,718)</u>
Total Adjustment	<u>\$ 160,716,427</u>

Donated assets are comprised of infrastructure assets donated by developers.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Net Position Investment in Capital Assets is computed as follows:

General Capital Assets, Net		\$ 1,273,163,377
Outstanding bonds (including premium)	(1,051,558,413)	
Unspent bond proceeds at SNAP	102,283,026	
Net Outstanding Debt		(949,275,387)
Lease Liability and SBITA		(29,898,151)
Investment in Capital Assets Net of Debt		<u>\$ 293,989,839</u>

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit - Schools

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 999,381	\$ -	\$ -	\$ 999,381
Construction-in progress	504,126	-	504,126	-
Total Capital Assets Not Being Depreciated	<u>1,503,507</u>	<u>-</u>	<u>504,126</u>	<u>999,381</u>
Depreciable Capital Assets				
Buildings	46,088,010	4,763,096	3,544,696	47,306,410
Furniture and Other Equipment	24,550,613	2,392,325	762,222	26,180,716
Right-of-Use assets	24,373,884	351,299	-	24,725,183
SBITA assets	1,996,468	331,978	8,923	2,319,523
Total Depreciable Capital Assets	<u>97,008,975</u>	<u>7,838,698</u>	<u>4,315,841</u>	<u>100,531,832</u>
Less Accumulated Depreciation For				
Buildings and building improvements	39,472,753	704,636	3,544,696	36,632,693
Furniture and Other Equipment	16,753,053	1,646,693	762,222	17,637,524
Right-of-Use Leases Assets	3,549,778	3,552,186	-	7,101,964
SBITA assets	-	640,109	8,923	631,186
Depreciable Capital Assets, Net	<u>59,775,584</u>	<u>6,543,624</u>	<u>4,315,841</u>	<u>62,003,367</u>
Total Other Capital Assets, Net	<u>37,233,391</u>	<u>1,295,074</u>	<u>-</u>	<u>38,528,465</u>
Totals	<u>\$ 38,736,898</u>	<u>\$ 1,295,074</u>	<u>\$ 504,126</u>	<u>\$ 39,527,846</u>

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Primary Government

Construction-in-progress is composed of the following at June 30, 2023:

	<u>Project Authorization</u>	<u>Expended Through June 30, 2023</u>	<u>Committed</u>
Schools Capital Projects	\$ 319,671,307	\$ 157,428,163	\$ 121,810,070
Housing and Community Improvement	97,471,905	27,048,425	659,020
Parks and Recreation	41,968,481	8,211,487	4,417,727
Public Buildings	82,356,487	32,430,173	22,219,835
Public Safety	3,763,291	1,078,727	76,794
Infrastructure	27,018,928	12,428,837	4,352,170
Information Technology Hardware	17,237,524	11,428,713	4,412,289
Total	<u>\$ 589,487,923</u>	<u>\$ 250,054,525</u>	<u>\$ 157,947,905</u>

Component Units

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

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 the risks of losses in those areas where it believes it is more economical to manage its risks internally and account for any claims settlement in the General Fund. Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective. The City is covered by property/casualty insurance policies on real and personal property and the following liability insurance policies as of June 30, 2023: public entity and public officials' excess liability, medical malpractice liability, voting booths, special events, vacant buildings, volunteer liability, cyber liability, and commercial crime. In addition, the City maintains excess workers' compensation insurance. 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 four fiscal years.

The City is self-insured for workers' compensation claims up to \$1.5 million, and for public officers, public entity, physical damage to vehicles, and vehicle general liability under \$2.0 million and over \$10.0 million.

Self-Insurance

The non-current portion of unpaid workers' compensation claims amounted to approximately \$20.7 million as of June 30, 2023, and is reflected in the government-wide statements. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. In FY 2009, the City became self-insured for one of the two health insurance plans offered to employees. On June 30, 2023, the current portion of employees' health insurance was \$1.6 million which represents an estimate of health insurance claims that have been incurred but not reported and are reported in accrued liabilities. The amount of expenditures did not exceed funds that are available to pay the claims covering a period of four years. Therefore, a long-term liability has not been recorded as of June 30, 2023. 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 and health insurance during the fiscal years ended June 30, 2023 and 2022 were as follows:

	<u>Workers' Compensation</u>	<u>Health Insurance</u>
July 1, 2021 Liability Balance	\$ 19,947,256	\$ 2,018,431
Claims and Changes in Estimates	3,070,531	22,789,990
Claim Payments	<u>(3,915,735)</u>	<u>(23,095,201)</u>
June 30, 2021 Liability Balance	19,102,052	1,713,220
Claims and Changes in Estimates	5,290,195	21,194,581
Claim Payments	<u>(3,721,625)</u>	<u>(21,315,889)</u>
June 30, 2022 Liability Balance	<u>\$ 20,670,622</u>	<u>\$ 1,591,912</u>

The Health Insurance liability is included in other liabilities.

Insurance Commitment

In addition, the City has established a General Fund self-insurance commitment of \$6.5 million as of June 30, 2023.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT (Continued)

Risk Pools

On March 15, 1986, the City joined the Commonwealth of Virginia's Law Enforcement Liability plan, called VA Risk, on behalf of the Office of the Sheriff. The Division of Risk Management of the Commonwealth's Department of General Services operates VA Risk. The division was created in accordance with Sec. 2.1-526.8:1 of the Code of Virginia, which says that the State shall have the right and duty to defend any suit seeking damages or compensation against the City's officials and employees on account of wrongful acts, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make the investigation and settlement of any claims or suit as deemed expedient. The limits of VA Risk coverage are \$1.0 million per claim. The City retains the risk for all claims in excess of \$1.0 million. Claims have not exceeded coverage in the last four years.

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

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

Commercial General Liability	\$20 million
Automobile Liability	\$20 million
Uninsured Motorist.....	\$50,000
Automobile Physical Damage	(Actual Cash Value)

Under the provisions of the Virginia Workers' Compensation Act, the Alexandria Transit Company has secured the payment of Virginia compensation benefits and employers' liability coverage with the Virginia Municipal Group Self-Insurance Association (VMGSIA). VMGSIA is a public entity risk pool providing a comprehensive workers' compensation insurance program to Virginia municipalities and other local government entities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control and claims administration. The Alexandria Transit Company pays an annual premium to VMGSIA for workers' compensation coverage. VMGSIA is self-sustaining through member premiums and will reinsure for claims in excess of \$5.0 million. Each member's premium is determined through an actuarial analysis based upon the individual member's experience and number of employees. In FY 2023, the Alexandria Transit Company paid an annual premium of \$0.3 million for participation in this pool.

Line of Duty Act (LODA) Pension, OPEB, Health, and Disability/Life Insurance Benefits

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

In accordance with the State Code, LODA retirees elect a plan administered through the Virginia Department of Human Resources (DHRM). The City pays the DHRM the premiums for covered retirees, spouses, and widows. In FY 2021, the City contributed to the OPEB trust fund for Line of Duty Act benefits. In fiscal year 2023, an actuarial valuation was issued for Line of Duty Act benefits (see Note 16 OPEB). According to the December 31, 2022, actuarial valuation, 721 active employees were eligible for Line of Duty Act pension/health benefits. As of June 30, 2023, 89 beneficiaries were receiving Line of Duty Act health benefits. During FY 2023, Line of Duty Act premium payments for the recipients amounted to \$1.5 million.

In FY23, the average number of employees that were eligible for LODA disability/life insurance was 458, with premium payments of \$53,000.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT (Continued)

Component Units

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

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

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 7. LEASES

Leases Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective for this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Easements

On April 1, 2023, the City entered into a 60-month lease as lessee with Hornblower City Cruise/Water Taxi. An initial lease liability was recorded in the amount of \$1,071,674. As of 06/30/2023, the value of the lease liability is \$1,025,245. The City is required to make annual fixed payments of \$16,906. The lease has an interest rate of 2.457%. The value of the right to use asset as of June 30, 2023 of \$1,071,674 with accumulated amortization of \$52,821 is included with Easements on the Lease Class activities table found below.

Buildings

On or before June 30, 2023, the City entered into leases from 15 - 180 months as lessee for the use of various buildings. Initial lease liability was recorded in the amount of \$36,540,196. As of 06/30/2023, the value of the lease liability is \$27,607,689. The City is required to make monthly fixed payments ranging from \$1,435 to \$149,410. The leases have interest rates ranging from .237% to 2.19%. The buildings estimated useful life was up to 360 months as of the contract commencement. The value of the right to use assets as of 06/30/2023 of \$33,463,857 with accumulated amortization of \$7,001,199 is included with Buildings on the Lease Class activities table found below.

Equipment

On or before June 30, 2023, the City entered into leases from 14 - 68 months as lessee for the use of office equipment. An initial lease liability was recorded in the amount of \$381,885. As of 06/30/2023, the value of the lease liability is \$258,800. The City is required to make monthly fixed payments ranging from \$250 to \$2,472. The leases have interest rates ranging from .237% to 2.54%. The equipment estimated useful life was up to 60 months as of the contract commencement. The value of the right to use assets as of 06/30/2023 of \$442,425 with accumulated amortization of \$197,741 is included with Equipment on the Lease Class activities table found below.

Land

Before June 30, 2023, the City entered into leases from 51 - 90 months as lessee for the use of land. An initial lease liability was recorded in the amount of \$761,213. As of 06/30/2023, the value of the lease liability is \$467,349. The City is required to make monthly fixed payments ranging from \$3,447 to \$9,290. The leases have interest rates ranging from .814% to 1.372%. The land estimated useful life was up to 90 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$761,213 with accumulated amortization of \$298,057 is included with Land on the Lease Class activities table found below.

Infrastructure

Before June 30, 2023, the City entered into a 190-month lease as lessee for the use of the N. Hampton & King Site. An initial lease liability was recorded in the amount of \$346,191. As of 06/30/2023, the value of the lease liability is \$311,332. The City is required to make annual fixed payments of \$23,386. The lease has an interest rate of 1.9420%. The estimated useful life of the infrastructure site was 190 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$346,191 with accumulated amortization of \$43,569 is included

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

with Infrastructure on the Lease Class activities table found below. City of Alexandria has 2 extension option(s), each for 60 months.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Buildings	\$ 33,432,161	\$ 6,787,855
Equipment	442,424	197,741
Infrastructure	346,191	43,568
Land	761,213	298,056
Easements	1,071,674	52,821
Total Leases	\$ 36,053,663	\$ 7,380,041

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 3,160,539	\$ 481,396	\$ 3,641,936
2025	3,018,084	432,097	3,450,182
2026	2,764,435	383,412	3,147,846
2027	2,720,374	336,451	3,056,825
2028	2,727,288	289,177	3,016,465
2029 - 2033	13,440,884	766,763	14,207,647
2034 - 2037	1,838,810	56,523	1,895,334
	\$ 29,670,414	\$ 2,745,820	\$ 32,416,234

Leases Receivable

Buildings

On or before June 30, 2023, the City entered into leases ranging from 20 to 180-month leases as Lessor for the use of various buildings. An initial lease receivable was recorded in the amount of \$6,997,977. As of June 30, 2023, the value of the lease receivable is \$6,185,386. The lessees are required to make monthly fixed payments ranging from \$1,288 to \$28,098. The leases have an interest rate ranging from .237% to 2.89%. The Buildings estimated useful life was up to 180 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$6,047,294, and City of Alexandria recognized lease revenue of \$664,163 during the fiscal year.

Land

On or before June 30, 2023, the City entered into leases ranging from 62 to 768-month leases as Lessor for the use of various parcels of land. An initial lease receivable was recorded in the amount of \$7,011,808. As of June 30, 2023, the value of the lease receivable is \$6,293,138. The lessees are required to make monthly fixed payments ranging from \$300 to \$20,081. The leases have an interest rate ranging from .98% to 2.449%. The Land estimated useful life was up to 768 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$6,251,527, and City of Alexandria recognized lease revenue of \$326,249 during the fiscal year.

Infrastructure

Before June 30, 2023, the City entered into leases ranging from 170 to 232-month leases as Lessor for the use of various infrastructure sites in Alexandria. An initial lease receivable was recorded in the amount of \$1,174,742. During the year the City entered into additional lease for 96 months. As of June 30, 2023, the value of the lease

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

receivable is \$2,303,773. The lessees are required to make monthly fixed payments ranging from \$2,744 to \$14,250. The leases have an interest rate ranging from 1.803% to 2.19%. The infrastructure sites have an estimated useful life was up to 232 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$2,245,958, and City of Alexandria recognized lease revenue of \$247,102 during the fiscal year.

Fiscal Year	Principal and Interest Expected to Maturity			
	Governmental Activities			
	Principal Payments	Interest Payments	Total Payments	
2024	\$ 1,151,697	\$ 354,806	\$ 1,506,503	
2025	1,134,044	328,178	1,462,223	
2026	1,116,434	301,325	1,417,759	
2027	1,080,071	274,752	1,354,822	
2028	1,100,197	248,175	1,348,373	
2029 - 2033	4,382,765	875,324	5,258,090	
2034 - 2038	2,605,046	433,119	3,038,165	
2039 - 2043	1,171,030	225,572	1,396,601	
2044 - 2048	688,456	100,126	788,583	
2049 - 2053	54,469	71,456	125,925	
2054 - 2058	61,402	64,523	125,925	
2059 - 2063	69,217	56,708	125,925	
2064 - 2068	78,026	47,899	125,925	
2069 - 2073	87,957	37,968	125,925	
2074 - 2078	99,152	26,773	125,925	
2079 - 2083	111,771	14,153	125,925	
2084 - 2085	48,595	1,775	50,370	
	<u>\$ 15,040,330</u>	<u>\$ 3,462,632</u>	<u>\$ 18,502,962</u>	

Primary Government – Governmental Activities

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

All liabilities – both current and long-term – are reported in the Statement of Net Position. The adjustment from modified accrual to full accrual as it relates to leases is as follows:

Balances at June 30, 2023:

Long term Lease Liability for right to use assets	\$ (29,670,414)	
Intangible right to use assets	36,085,360	
Amortization	<u>(7,593,386)</u>	
Lessee adjustment		\$ (1,178,441)
Lease receivable for right to use assets	15,426,350	
Deferred inflow for right to use assets	<u>(15,163,752)</u>	
Lessor adjustment		<u>262,598</u>
Net Lease adjustment		<u>\$ (915,843)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Washington Metropolitan Area Transit Authority

The City's commitments to 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 contribution 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

In June 2021, a new six-year Capital Funding Agreement was signed by all members of the WMATA Compact after a series of one-year extensions of the 2010 six-year agreement. That funding agreement did not assume an increase of \$150 million per year of new federal funds beyond FY 2022 but did assume approximately \$50 million each from the Commonwealth of Virginia, the State of Maryland, and the District of Columbia. The new agreement totaled \$13.6 billion over the six-year period, and \$2.1 billion was projected to be funded by the federal government. The participating jurisdictions' financial obligations, per the Regional Capital Funding Agreement, are subject to individual jurisdictional annual appropriation consideration. The dollar amount of the FY 2024 contribution is \$13.4 million, compared to the FY 2023 contribution for Alexandria, which was \$13 million. The Virginia 2018 dedicated funding legislation also requires that local jurisdictions pay a match to the state dedicated funding. In FY 2024, this amount was \$4.1 million, in addition to the allocation specified in the CFA.

2. Operating subsidies - Bus and Rail Systems

During FY 2023, obligations for bus and rail subsidies amounted to \$56.6 million. The City paid these obligations from the following sources:

City General Fund	\$15.9
Transportation Improvement Program (TIP)	\$1.7
State Aid and State Motor Fuel Sales Tax revenues	\$37.5
NVTA 30%	\$1.7
TOTAL (millions)	\$56.6

B. 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 2023 payment of \$256,070 was made from the proceeds from the telecommunications taxes received by the City's General Fund.

C. Waste-To-Energy Facility

The City has a waste disposal commitment to the Waste-to-Energy Facility (the "Facility"), which is owned and operated by a private corporation (the "Corporation"). The commitment, which is joint with Arlington County, Virginia (the "County"), is based on a combined volume of solid waste the City and the County expect to collect. The Facility charges the City and the County fees on each ton based on a waste disposal agreement and contracts separately with private haulers for additional waste. It is expected that the City and the County will be able to continue to meet their minimum requirement for annual tonnage of 46,000 to 66,000 tons per year. The City and the County can adjust the tonnage thresholds annually if it appears the annual tonnage is approaching a minimum or maximum threshold.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

The construction of the Facility was originally financed with revenue bonds issued by the Alexandria Industrial Development Authority in 1984. The Arlington Solid Waste Authority, together with the Alexandria Sanitation Authority (the "Authorities") and the Corporation, refinanced these bonds in July 1998 to achieve debt service savings. Additionally, the Authorities issued new bonds in November 1998 to finance the retrofit of the Facility to meet Clear Air Act requirements. This retrofit was completed by November 9, 2000 in advance of the EPA deadline of December 19, 2000. The retrofit assets continue to be owned by the Authorities. Upon the maturity of the bond in January 2008, the ownership of the plant (but not the land it sits on, which is jointly owned by Alexandria and Arlington) was passed to the Corporation.

Acceptance testing on each unit was completed in November 2000, and the Lease agreement between the Authorities and the Corporation took effect in January 2001. The lease and the promissory note were removed from the City records and are now considered a part of the plant.

By December 2012, all the related revenue bond debt service had been paid in full. A new Facilities Monitoring Group ("FMG") was established, and a new trust fund was set up to fund FMG'S activities. It is funded entirely by contributions from the County (60%) and the City (40%). The FMG budget for FY 2023 was \$118,000 and according to the interjurisdictional agreement the City's contribution was \$47,200. The operating costs of the Facility are paid primarily through tipping fees. The City paid \$987,112 in tipping fees in FY 2023 and is anticipating a similar cost in FY 2024.

D. Federal and State Sanitary and Stormwater Requirements

The City is facing increased state and federal regulatory mandates associated with sanitary sewer and stormwater management requirements to protect and enhance the water quality in our local streams, the Potomac River, and the Chesapeake Bay. For Alexandria, this means approximately \$615 million in investments to its combined sewer through 2025, as well as investing between \$65 million to \$100 million to for the implementation and maintenance of stormwater infrastructure over the next decade.

Because of state and federal regulations mandating the improvement of Chesapeake Bay water quality for the six states and the District of Columbia that comprise the Bay's watershed, municipalities must make significant capital investments in stormwater management infrastructure. Virginia municipalities in the Bay watershed that are regulated by a municipal separate storm sewer system (MS4) permit that urban stormwater discharges must achieve increasing pollution reduction goals enforced through three 5-year MS4 permit cycles. Accordingly, the City was required to achieve 5 percent of the pollution reduction targets during the 2013 – 2018 permit, with an additional 35% (40% total) required by the end of the current 2018-2023 MS4 permit, and the remaining 60% (100% total) on or before the end of the 2023 – 2028 MS4 permit as part of the Stormwater Management Program. The estimated cost of Stormwater Management Program infrastructure improvements over this period is between \$50 million and \$75 million. Additionally, the region and the City have experienced unprecedented intense rainfall events that are occurring more frequently and creating urban and flash flooding that threatens homes and businesses, causing damages to structures and endangering lives. Effective January 1, 2018, the City Council adopted a Stormwater Utility Fee as a dedicated funding source to perform operations and maintenance of existing and new stormwater management infrastructure, and to provide cash capital and funding of debt service to implement new stormwater management infrastructure improvements to meet the state and federal mandates in the MS4 permit and to mitigate the occurrence and impacts of flooding from more frequent and intense storm events. Collection of this fee began in Calendar Year 2018, with the typical single-family home billed approximately \$140 per year.

The City also maintains a wastewater collection system serving residents and businesses that comprises of approximately 240 miles of sewers. Alexandria Renew Enterprises, an independent governmental authority, provides wastewater treatment services to most of the City and to a portion of southern Fairfax County. The current Alexandria Renew Enterprises treatment facility has a treatment capacity of 54 million gallons per day ("MGD"), of which 60 percent is allocated to Fairfax County and 40 percent to the City. Based on City new development build-out

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

projections, the City's allocated capacity is projected to be approaching full utilization by about 2040. Based on these projections, an additional 4 MGD capacity will be needed beyond 2040. To provide this additional capacity for the City, alternatives need to be evaluated that may include purchasing a portion of Fairfax County's capacity at the plant and/or implementing plant systems upgrades.

In addition to federal mandates concerning the Chesapeake Bay, the 2017 Virginia General Assembly (CSO) Combined Sewer Outflow Law (CSO Law) required the City to accelerate its efforts to address combined sewer discharges from all four outfalls in the City. The CSO system in Old Town currently comprises approximately 540 acres of the approximate 10,000 acres of land in the City. The CSO Law mandated construction for each outfall be completed no later than July 1, 2025. On April 14, 2018, City Council adopted a new Long Term Control Plan Update ("LTCPU") also known as the RiverRenew program. The LTCPU was developed as a partnership between the City and Alexandria Renew Enterprises, which allowed for the leveraging of both the City's and Alexandria Renew Enterprises' experience and abilities. The City Council also authorized the transfer of Combined Sewer Outfalls to Alexandria Renew Enterprises. Accordingly, the Outfall Transfer Agreement was executed and combined sewer outfalls were transferred to Alexandria Renew Enterprises effective July 1, 2018.

The RiverRenew program led by Alexandria Renew Enterprises is anticipated to cost \$615 million with the goal of reducing overflows from the Combined Sewer System from an average of about 70 events to less than 4 per year. The outfall transfer allows Alexandria Renew Enterprises to own all the combined sewer outfalls and then finance and contract to own the proposed River Renew project, consisting of a unified tunnel and dual use wet weather treatment infrastructure. Alexandria Renew Enterprises is debt financing this CSO project and will increase its user rates to repay bonds issued for the CSO project. The City continues to coordinate with Alexandria Renew Enterprises on wet weather flow management mitigation initiatives, such as the City's infiltration and inflow program, and RiverRenew program.

E. Landmark Mall Redevelopment

In December 2020, the City, Inova Health Care Services (Inova) and a joint venture that includes Foulger-Pratt, Howard Hughes Corporation and Seritage (FP Joint Venture, now Landmark Land Holdings, LLC, Developer) announced a partnership to redevelop the 51-acre Landmark Mall site into a mixed-use town-center type development with new regional Level II Trauma Center Hospital, Cancer Center and at least one medical office building. In total, the plan will encompass 5.6 million (FAR) square feet of new development. For the City, the Landmark total redevelopment, including the impact of moving Inova from its current site, is expected to generate \$1.15 billion in tax revenue over a 30-year period and create a town center for the West End of the City.

The proposed development is expected to transform the unoccupied, enclosed mall site into a mixed-use, walkable urban village. Inova, the leading nonprofit health care provider in Northern Virginia, is expected to invest an estimated \$1 billion to create a new medical campus, anchored by the relocation and expansion of its Alexandria Hospital and more than 2,000 health care workers. Development plans on the balance of the site include residential, retail, commercial, and entertainment offerings integrated into a cohesive neighborhood with a central plaza, a network of parks and public spaces, and a transit hub serving bus rapid transit (BRT), DASH, and Metrobus. Affordable and workforce housing is expected to be enhanced through Developer contributions and co-location with community facilities such as a new Alexandria Fire-EMS station to replace the outdated nearby Station 208.

Excluding the cost of financing, the transaction involves \$177.6 million in direct public participation comprising (1) a \$123.6 million investment in infrastructure improvements at and adjacent to the site (plus capitalized interest) to be funded through a plan of synthetic tax increment financing backstopped by special assessments imposed on the property within a Community Development Authority district, and (2) a \$54 million purchase of land and parking space rights for the hospital site by the IDA, which will then lease the land and associated parking easements to Inova.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

F. Opioid Settlement

On August 20, 2021, the Commonwealth of Virginia and its localities entered and signed the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding. These actions result in an exchange transaction for the FY2022 reporting period, thus creating an event that results in a revenue accrual. Over a period of 18 years, the City is projected to receive \$1,420,614. As of June 30, 2023, the City has received \$346,375, leaving a remaining balance receivable of \$1,074,239.

G. 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 loss not covered by insurance reserves or fund balance commitments that may ultimately be incurred as a result of the suits and claims will not be material and thus will not have a substantial financial impact.

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

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, 2023, are comprised of the following individual issues:

1.	\$143.4 million General Obligation Capital Improvement Bonds of 2023, installments ranging from \$1.4 million to \$6.9 through 2052, bearing interest rates ranging from 4.0 to 5.0 percent payable semiannually on June 15 and December 15, and maturing on December 15, 2052. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after December 15, 2032.	\$	143,385,000
2.	\$50 million General Obligation Capital Improvement Bonds of 2022, installments of \$3.3 through 2037, bearing interest rate of 2.82 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2029.		50,000,000
3	\$143.1 million General Obligation Capital Improvement Bonds of 2021, installments ranging from \$3 million to \$7.9 million through 2041, bearing interest rates ranging from 1.75 percent to 5.0 percent payable semiannually on June 15 and December 15, and maturing on December 15, 2041. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after December 15, 2031.		140,135,000
4.	\$11.7 million General Obligation Refunding Bond of 2021(Federally Taxable), installments ranging from \$0.09 million to \$1.95 million through 2034, bearing interest rates ranging from 1.7 to 2.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2022. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after June 15, 2031.		11,695,000
5.	\$49.8 million General Obligation Refunding Bond of 2020, installments ranging from \$0.39 million to \$9.99 million through 2033, bearing interest rates ranging from 0.45 to 1.95 percent payable semiannually on June 15 and December 15 and maturing on June 15, 2033. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after June 15, 2030.		40,460,000
6.	\$204.0 million General Obligation Capital Improvement Bonds of 2019, installments ranging from \$0.5 million to \$46.2 million through 2050, bearing interest rates ranging from 2.1 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2050. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2030.		202,460,000
7.	\$40.9 million General Obligation Capital Improvement Bonds of 2018, installments ranging from \$0.75 million to \$2.15 million through 2038, bearing interest rates ranging from 2.9 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2038. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2028.		34,375,000
8.	\$34.9 million General Obligation Refunding Bond of 2017, installments ranging from \$3.0 million to \$4.0 million through 2030, bearing interest rate 5.0 percent payable semiannually on January 1 and July 1, and maturing on July 1, 2030. The Bonds are not subject to optional redemption prior to their maturities.		28,960,000
9.	\$102.2 million General Obligation Refunding Bond of 2017, installments ranging from \$0.5 million to \$11.7 million through 2032, bearing interest rates ranging from 3.0 percent to 5.0 percent payable semiannually on January 1 and July 1, and maturing on July 1, 2032. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 1, 2027.		80,455,000
10.	\$4.4 million General Obligation Capital Improvement Bonds of 2017 (taxable), installments ranging from \$0.21 million to \$0.22 million through 2037, bearing interest rates ranging from 2.4 percent to 3.4 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2027.		3,280,000
11.	\$94.7 million General Obligation Capital Improvement Bonds of 2017 (tax exempt), installments ranging from \$2.0 million to \$5.0 million through 2037, bearing interest rates ranging from 2.0 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2027.		74,715,000

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

12.	\$34.2 million General Obligation Refunding Bond of 2016 (tax exempt), installments ranging from \$0.4 million to \$4.1 million through 2031, bearing interest rate 1.9 percent payable semiannually on January 15 and July 15 and maturing on July 15, 2031. The City irrevocably exercises its option to redeem all the refunded bonds on the redemption date.	31,857,000
13.	\$73.7 million General Obligation Capital Improvement Bonds of 2016 (tax exempt), installments ranging from \$1.4 million to \$4.0 million through 2036, bearing interest rates ranging from 2.0 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2036. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2026.	55,930,000
14.	\$10.6 million General Obligation Refunding Bonds (taxable) of 2015, installments ranging from \$1.0 million to \$1.1 million through 2028, bearing interest rates ranging from 0.9 percent to 3.5 percent payable semiannually on January 15 and July 15 and maturing on July 15, 2028. The Bonds will not be subject to optional redemption prior to maturity.	3,380,000
15.	\$23.2 million General Obligation Capital Improvement (tax-exempt) Bonds of 2015, installments ranging from \$1.1 million to \$1.2 million through 2035, bearing interest rates ranging from 3.0 percent to 5.0 percent payable semiannually on January 15 and July 15. The Bonds are subject to optional redemption in whole or in part at the discretion of the City on or after July 15, 2025.	15,060,000
16.	\$34.0 million General Obligation (tax-exempt) Refunding Bonds of 2015, installments ranging from \$0.4 million to \$6.2 million through 2028, bearing interest at 1.9 percent. The Bonds are subject to optional redemption in whole or in part at any time by the City, upon thirty days prior written notice, at a redemption price equal to 100% of the outstanding principal amount of the Bond redeemed plus accrued interest to the redemption date, plus the Fixed Rate Prepayment Charge. This is a direct bank loan.	24,510,000
17.	\$36.0 million General Obligation Improvement (tax-exempt) Bonds of 2014 installments averaging \$1.8 million through 2035, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before January 15, 2025, are not subject to redemption prior to maturity. The Bonds maturing on or after January 15, 2026, may be redeemed before their maturities on or after January 15, 2025, at the option of the City, in whole or in part, in installments of \$5,000 at any time or from time to time at par plus the interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.	5,400,000
	Total	\$ 946,057,000

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The outstanding bonds listed below have been issued. The maturity dates are noted in fiscal year format.

1. General Obligation Capital Improvement Bonds of 2022B

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>December 15,</u>
015303BY5	\$ 5,545,000	5.00%	2023
015303BZ2	5,545,000	5.00%	2024
015303CA6	5,545,000	5.00%	2025
015303CB4	6,160,000	5.00%	2026
015303CC2	6,190,000	5.00%	2027
015303CD0	6,225,000	5.00%	2028
015303CE8	6,260,000	5.00%	2029
015303CF5	6,295,000	5.00%	2030
015303CG3	6,335,000	5.00%	2031
015303CH1	6,375,000	5.00%	2032
015303CJ7	6,415,000	5.00%	2033
015303CK4	6,460,000	5.00%	2034
015303CL2	6,510,000	5.00%	2035
015303CM0	6,555,000	5.00%	2036
015303CN8	6,610,000	5.00%	2037
015303CP3	6,665,000	5.00%	2038
015303CQ1	6,715,000	4.00%	2039
015303CR9	6,760,000	4.00%	2040
015303CS7	6,810,000	4.00%	2041
015303CT5	6,865,000	4.00%	2042
015303CU2	1,375,000	4.00%	2043
015303CVO	1,430,000	4.00%	2044
015303CW8	1,485,000	4.00%	2045
015303CX6	1,550,000	4.00%	2046
015303CY4	1,610,000	4.00%	2047
015303CZ1	1,675,000	4.00%	2048
015303DA5	1,745,000	4.00%	2049
015303DD9	5,675,000	4.00%	2052
	<u>\$ 143,385,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

2. General Obligation Capital Improvement Bonds of 2022A (Loan)

	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>January 15,</u>
\$	3,380,000	2.82%	2023
	3,330,000	2.82%	2024
	3,330,000	2.82%	2025
	3,330,000	2.82%	2026
	3,330,000	2.82%	2027
	3,330,000	2.82%	2028
	3,330,000	2.82%	2029
	3,330,000	2.82%	2030
	3,330,000	2.82%	2031
	3,330,000	2.82%	2032
	3,330,000	2.82%	2033
	3,330,000	2.82%	2034
	3,330,000	2.82%	2035
	3,330,000	2.82%	2036
	3,330,000	2.82%	2037
\$	<u>50,000,000</u>		

3. General Obligation Capital Improvement Bonds of 2021A

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>December 15,</u>
015303AQ3	\$ 5,000,000	5.00%	2023
015303AR1	7,945,000	5.00%	2024
015303AS9	7,945,000	5.00%	2025
015303AT7	7,945,000	5.00%	2026
015303AU4	7,945,000	5.00%	2027
015303AV2	7,945,000	5.00%	2028
015303AW0	7,945,000	5.00%	2029
015303AX8	7,945,000	5.00%	2030
015303AY6	7,945,000	5.00%	2031
015303AZ3	7,160,000	4.00%	2032
015303BA7	7,160,000	4.00%	2033
015303BB5	7,160,000	1.75%	2034
015303BC3	7,160,000	1.75%	2035
015303BD1	7,160,000	1.88%	2036
015303BE9	7,160,000	1.88%	2037
015303BF6	7,160,000	2.00%	2038
015303BG4	7,155,000	2.00%	2039
015303BH2	7,150,000	2.00%	2040
015303BJ8	7,150,000	2.00%	2041
	<u>\$ 140,135,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

4. General Obligation Refunding Bonds of 2021B

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
015303BN9	\$ 90,000	2.00%	2025
015303BP4	1,945,000	2.00%	2026
015303BQ2	95,000	2.00%	2027
015303BR0	95,000	2.00%	2028
015303BS8	100,000	2.00%	2029
015303BT6	1,915,000	1.70%	2030
015303BU3	1,895,000	1.75%	2031
015303BV1	1,875,000	1.85%	2032
015303BW9	1,855,000	1.95%	2033
015303BX7	1,830,000	2.05%	2034
	<u>\$ 11,695,000</u>		

4. General Obligation Refunding Bonds of 2020

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
0153027AB6	\$ 9,990,000	0.70%	2024
0153027AC4	3,085,000	0.80%	2025
0153027AD2	390,000	1.00%	2026
0153027AE0	395,000	1.15%	2027
0153027AF7	2,195,000	1.35%	2028
0153027AG5	6,135,000	1.40%	2029
0153027AH3	6,030,000	1.50%	2030
0153027AJ9	4,130,000	1.70%	2031
0153027AK6	4,080,000	1.80%	2032
0153027AL4	4,030,000	1.95%	2033
	<u>\$ 40,460,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

5. General Obligation Capital Improvement Bonds of 2019A

CUSIP	Issue	Rate	Maturity Date July 15,
0153027D8	\$ 1,120,000	5.00%	2023
0153027E6	1,120,000	5.00%	2024
0153027F3	1,120,000	5.00%	2025
0153027G1	1,120,000	5.00%	2026
0153027H9	3,450,000	5.00%	2027
0153027J5	3,730,000	5.00%	2028
0153027K2	4,010,000	5.00%	2029
0153027L0	4,285,000	5.00%	2030
0153027M8	4,580,000	5.00%	2031
0153027N6	4,895,000	5.00%	2032
0153027P1	5,205,000	4.00%	2033
0153027Q9	6,650,000	2.13%	2034
0153027R7	7,610,000	3.00%	2035
0153027S5	8,570,000	2.25%	2036
0153027T3	9,365,000	3.00%	2037
0153027U0	9,615,000	3.00%	2038
0153027V8	9,855,000	2.63%	2039
0153027W6	10,090,000	2.63%	2040
0153027X4	9,235,000	3.00%	2041
0153027Y2	9,515,000	3.00%	2042
0153027Z9	9,805,000	3.00%	2043
0153028C9	31,235,000	3.00%	2044-2046
0153028G0	46,280,000	3.00%	2047-2050
	\$ 202,460,000		

6. General Obligation Capital Improvement Bonds of 2018C

CUSIP	Issue	Rate	Maturity Date July 15,
0153026K3	\$ 2,150,000	5.00%	2023
0153026L1	2,150,000	5.00%	2024
0153026M9	2,150,000	5.00%	2025
0153026N7	2,150,000	5.00%	2026
0153026P2	2,150,000	5.00%	2027
0153026Q0	2,150,000	5.00%	2028
0153026R8	2,150,000	5.00%	2029
0153026S6	2,150,000	2.90%	2030
0153026T4	2,150,000	3.00%	2031
0153026U1	2,150,000	3.10%	2032
0153026V9	2,150,000	3.15%	2033
0153026W7	2,145,000	3.20%	2034
0153026X5	2,145,000	3.25%	2035
0153026Y3	2,145,000	3.30%	2036
0153026Z0	2,145,000	3.35%	2037
0153027A4	2,145,000	3.40%	2038
	\$ 34,375,000		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

7. General Obligation Refunding Bond of 2017D

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 1,</u>
0153025X6	\$ 3,035,000	5.00%	2023
0153025Y4	3,075,000	5.00%	2024
0153025Z1	3,110,000	5.00%	2025
0153026A5	3,850,000	5.00%	2026
0153026B3	3,900,000	5.00%	2027
0153026C1	3,945,000	5.00%	2028
0153026D9	3,995,000	5.00%	2029
0153026E7	4,050,000	5.00%	2030
	<u>\$ 28,960,000</u>		

8. General Obligation Refunding Bond of 2017C

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 1,</u>
0153025H1	\$ 10,595,000	5.00%	2023
0153025J7	10,645,000	5.00%	2024
0153025K4	11,450,000	5.00%	2025
0153025L2	11,555,000	5.00%	2026
0153025M0	11,665,000	5.00%	2027
0153025N8	7,695,000	5.00%	2028
0153025P3	7,670,000	3.00%	2029
0153025Q1	3,085,000	4.00%	2030
0153025R9	3,060,000	4.00%	2031
0153025S7	3,035,000	4.00%	2032
	<u>\$ 80,455,000</u>		

9. General Obligation Bonds (taxable) of 2017B

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>July 15,</u>
0153024J8	\$ 220,000	3.00%	2023
0153024K5	220,000	3.00%	2024
0153024L3	220,000	2.65%	2025
0153024M1	220,000	2.75%	2026
0153024N9	220,000	2.85%	2027
0153024P4	220,000	3.00%	2028
0153024Q2	220,000	3.10%	2029
0153024R0	220,000	3.20%	2030
0153024S8	220,000	3.25%	2031
0153024T6	220,000	3.30%	2032
0153024U3	220,000	3.30%	2033
0153024V1	215,000	3.30%	2034
0153024W9	215,000	3.35%	2035
0153024X7	215,000	3.35%	2036
0153024Y5	215,000	3.40%	2037
	<u>\$ 3,280,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

10. General Obligation Capital Improvement Bonds of 2017A

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
0153023N0	\$ 4,985,000	5.00%	2023
0153023P5	4,985,000	5.00%	2024
0153023Q3	4,985,000	5.00%	2025
0153023R1	4,980,000	5.00%	2026
0153023S9	4,980,000	5.00%	2027
0153023T7	4,980,000	5.00%	2028
0153023U4	4,980,000	2.00%	2029
0153023V2	4,980,000	3.00%	2030
0153023W0	4,980,000	5.00%	2031
0153023X8	4,980,000	3.00%	2032
0153023Y6	4,980,000	3.00%	2033
0153023Z3	4,980,000	3.00%	2034
0153024A7	4,980,000	3.25%	2035
0153024B5	4,980,000	3.25%	2036
0153024C3	4,980,000	3.25%	2037
	<u>\$ 74,715,000</u>		

11. General Obligation Refunding Bond of 2016B

<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
\$ 412,000	1.91%	2023
4,154,000	1.91%	2024
4,111,000	1.91%	2025
4,052,000	1.91%	2026
3,979,000	1.91%	2027
3,904,000	1.91%	2028
3,827,000	1.91%	2029
3,749,000	1.91%	2030
3,669,000	1.91%	2031
<u>\$ 31,857,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

12. General Obligation Bonds of 2016A

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
0153022T8	\$ 3,995,000	5.00%	2023
0153022U5	3,995,000	5.00%	2024
0153022V3	3,995,000	5.00%	2025
0153022W1	3,995,000	5.00%	2026
0153022X9	3,995,000	5.00%	2027
0153022Y7	3,995,000	5.00%	2028
0153022Z4	3,995,000	2.00%	2029
0153023A8	3,995,000	2.13%	2030
0153023B6	3,995,000	2.63%	2031
0153023C4	3,995,000	2.75%	2032
0153023D2	3,995,000	2.88%	2033
0153023E0	3,995,000	3.00%	2034
0153023F7	3,995,000	3.00%	2035
0153023G5	3,995,000	3.00%	2036
	<u>\$ 55,930,000</u>		

13. General Obligation Bonds (taxable) of 2015C

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
0153022F8	\$ 1,010,000	2.75%	2023
0153022G6	980,000	2.85%	2024
0153022H4	950,000	3.00%	2025
0153022J0	155,000	3.15%	2026
0153022K7	145,000	3.35%	2027
0153022L5	140,000	3.50%	2028
0153022K8	<u>\$ 3,380,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

14. General Obligation Capital Improvement Bonds of 2015B

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
015302Y30	\$ 1,165,000	5.00%	2023
015302Y48	1,165,000	5.00%	2024
015302Y55	1,165,000	5.00%	2025
015302Y63	1,165,000	5.00%	2026
015302Y71	1,165,000	5.00%	2027
015302Y89	1,165,000	3.00%	2028
015302Y97	1,165,000	3.00%	2029
015302Z21	1,165,000	3.00%	2030
015302Z39	1,165,000	3.00%	2031
015302Z47	1,165,000	3.13%	2032
015302Z54	1,165,000	3.13%	2033
015302Z62	1,165,000	3.25%	2034
015302Z70	1,080,000	3.25%	2035
	<u>\$ 15,060,000</u>		

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

<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
\$ 3,365,000	1.86%	2023
6,240,000	1.86%	2024
6,100,000	1.86%	2025
3,015,000	1.86%	2026
2,935,000	1.86%	2027
2,855,000	1.86%	2028
<u>\$ 24,510,000</u>		

16. General Obligation Capital Improvement Bonds of 2014B

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>January 15,</u>
015302V82	\$ 1,800,000	5.00%	2024
015302V90	1,800,000	5.00%	2025
015302W24	1,800,000	3.00%	2026
	<u>\$ 5,400,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2023, including interest payments of \$312.2 million, are summarized as follows:

<u>Fiscal Year</u>	<u>Serial Bonds Principal</u>	<u>Interest</u>
2024.....	\$ 57,767,000	\$ 33,112,168
2025.....	60,434,000	30,734,867
2026.....	58,456,000	28,245,009
2027.....	56,032,000	25,777,871
2028.....	58,339,000	23,306,960
2029-2033.....	256,094,000	84,594,485
2034-2038.....	182,185,000	47,577,364
2039-2053.....	216,750,000	38,888,361
	<u>\$ 946,057,000</u>	<u>\$ 312,237,085</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 Schols.

Legal Debt Margin - The City has no overlapping debt with other jurisdictions. As of June 30, 2023, the City had a legal debt limit of \$4.83 billion and a debt margin of \$3.89 billion:

Assessed Taxable Value of Real Property, January 1, 2023	\$48,332,631,187
Constitution Debt Limit (10% of Assessed Taxable Value)	4,833,263,119
Outstanding General Obligation Indebtedness as of June 30, 2023	
Governmental Activities – General Obligation Debt	<u>946,057,000</u>
Net Indebtedness subject to debt limit	<u>946,057,000</u>
Legal Debt Margin Remaining	\$3,887,206,119
Percentage of net debt margin available	80.4%

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, 2023, are summarized below:

	Authorized and Unissued <u>July 1, 2022</u>	<u>Authorized</u>	<u>Issued</u>	<u>Expired</u>	Authorized and Unissued <u>June 30, 2023</u>
General Obligation Bonds	\$696,565,000	\$196,000,000	\$143,385,000	\$0.00	\$749,180,000

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

On December 8, 2022, the City Council issued \$143.4 million in General Obligation Capital Improvement Bonds. The \$143.4 million Capital Improvement bonds were issued with an original premium of \$14.8 million and a true interest cost of 3.47 percent.

The City has not issued any revenue anticipation notes at any time for the past two decades. On June 15, 2023, the city secured a line of credit totaling \$100 million to assist with cash flow and short-term financing of the capital improvement plan.

Changes in Long-Term Liabilities - Changes in the total long-term liabilities during the fiscal year ended June 30, 2023, are summarized below. In general, the City uses the General Fund to liquidate long-term liabilities.

	Balance			Balance		Amounts Due Within One Year
	July 1, 2022	Additions	Reductions	June 30, 2023		
General Obligation Bonds	\$ 852,606,000	\$ 143,385,000	\$ 49,934,000	\$ 946,057,000	\$ 49,934,000	
Bond Premium	97,841,653	14,798,520	7,138,760	105,501,413	7,138,760	
Workers' Compensation Claims	19,102,052	5,800,358	4,231,788	20,670,622	3,558,008	
Accrued Compensated Absences	29,582,414	19,339,744	18,298,401	30,623,757	4,230,520	
Right to Use Leases	32,617,536	1,861,656	4,666,884	29,812,308	-	
Subscription Liability	-	210,067	124,224	85,843	-	
Net Pension Liability	128,183,130	42,956,139	-	171,139,269	-	
Net OPEB Liability	27,746,272	-	6,876,913	20,869,359	-	
Total	\$ 1,187,679,057	\$ 228,351,484	\$ 91,270,970	\$ 1,324,759,571	\$ 64,861,288	

Primary Government – Governmental Activities

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

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

Balances at June 30, 2023:	
Long-term liabilities (detail above)	\$ 1,324,759,571
Accrued interest payable	<u>682,592</u>
Reconciling items to Governmental Funds	<u>\$ 1,325,442,163</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Reconciliation to statement of Net Position and Statement of Activities

Reconciliation to Statement of Activities

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	\$	218,853
Workers compensation		1,568,570
Discount and interest		7,659,760
Accrued interest on bonds		(411,793)
Net Adjustment	\$	<u>9,035,390</u>

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

Pension and OPEB Reconciliation

Pension expense, Note 17	\$	43,380,010
Contributions, measurement date		
City Single Agency & VRS FY23		<u>(40,347,882)</u>
Net Pension Expense		3,032,128
OPEB Expense, Note 16		1,147,033
Contributions, measurement date		
City OPEB FY23		<u>(7,630,574)</u>
Net OPEB Adjustment		<u>(6,483,541)</u>
Adjustment to Exhibit IV	\$	<u>(3,451,413)</u>

Reconciliation to Net position:

Deferred Inflows

Deferred Inflows: Exhibit III	\$	<u>369,204,390</u>
Deferred Inflows, Taxes Exhibit I		<u>369,204,390</u>
Deferred Resources, Leases Exhibit I		15,163,752
Opioid Settlement Receivable		1,074,238
		<u>16,237,990</u>
Deferred Inflows, Pensions		37,195,907
Deferred Inflows, OPEB		15,456,198
Deferred Inflows, Pensions & OPEB Exhibit I	\$	<u>52,652,105</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Component Unit – Schools

	Balance			Balance June 30, 2023	Amounts Due Within One Year	Long Term Payable
	July 1, 2022	Additions	Reductions			
Compensated Absences	\$ 9,960,909	\$ 784,974	\$ -	\$ 10,745,883	\$ 886,508	\$ 9,859,375
Workers' Compensation Claims	2,255,377	330,085	705,397	1,880,065	1,316,045	564,020
Right to Use Leases	21,298,960	351,299	3,224,864	18,425,395	3,536,563	14,888,832
Right to Use Subscriptions	1,996,469	308,953	1,647,982	657,439	422,682	234,757
Net Pension Liability	187,799,200	157,003,902	122,498,861	222,304,241	-	222,304,241
Net OPEB Obligation	38,771,444	12,575,214	13,485,445	37,861,213	-	37,861,213
Total	\$ 262,082,359	\$ 171,354,427	\$ 141,562,549	\$ 291,874,236	\$ 6,161,798	\$ 285,712,438

Refunding Bonds

Prior-year Defeasance of Debt

In prior years, the City defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2023, \$16,195,000 million of bonds outstanding were considered defeased.

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

This balance represents timing differences related to accounts receivable.

Interfund transfers and transactions for the year ended June 30, 2023, consisted of the following:

Transfers:	General	Special Revenue	Capital Projects	Total Transfers In
Primary Government				
General Fund	\$ -	\$ 13,501,815	\$ 731,949	\$ 14,233,764
Special Revenue	64,972,983.00	24,120,276	-	89,093,259
Capital Projects	67,881,807	14,294,333	-	82,176,140
Alexandria Transit	26,968,031	-	-	26,968,031
Total Transfers Out	159,822,821	51,916,424	731,949	212,471,194
Component Unit				
Schools	248,737,300	-	11,337,290	260,074,590
Library	8,149,962	-	-	8,149,962
Total Transfers Out	\$ 256,887,262	\$ -	\$ 11,337,290	\$ 268,224,552

Primary government transfer activities include:

Transfers from the General Fund to the Special Revenue Fund represent City funds required to match grant programs resources and taxes collected for affordable housing projects and to fund transportation agreements. In addition, the City transferred \$0.01 million in capital assets to Alexandria Transit in FY 2023.

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

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

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

Transactions with the component units represent budgeted subsidies for the school operations and capital projects and library operations.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 11. GRANTS

The City receives financial assistance from numerous federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed 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 \$256.3 million in FY 2023. Sources of these revenues were as follows:

GOVERNMENTAL FUNDS	
Federal Government	\$ 55,529,336
Commonwealth of Virginia	92,447,822
Total Primary Government	<u>147,977,158</u>
 FEDERAL GOVERNMENT	
Schools	<u>40,880,518</u>
Component Units - Federal Government	<u>40,880,518</u>
 COMMONWEALTH OF VIRGINIA	
Schools	67,240,156
Library	221,603
Component Units - Commonwealth of Virginia	<u>67,461,759</u>
Total Component Units	<u>108,342,277</u>
 TOTAL CITY AND COMPONENT UNITS	
Federal Government	96,409,854
Commonwealth of Virginia	159,909,581
Total Intergovernmental Revenue	<u>\$ 256,319,435</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERNMENTS

Due from other governments represents accrued revenue at June 30, 2023, consisting of the following:

PRIMARY GOVERNMENT

State

General Fund	\$	32,346,720
Special Revenue Fund		7,673,253
Capital Projects Fund		7,637
Total State		40,027,610

Federal

Special Revenue Fund	2,524,617
Total Federal	2,524,617

Total Primary Government	42,552,227
--------------------------	------------

COMPONENT UNITS

State

Schools	2,738,118
Library	70,289
Total State	2,808,407

Federal

Schools	18,924,009
Total Federal	18,924,009

Total Component Units	21,732,416
-----------------------	------------

Total Primary Government & Component Units	\$	64,284,643
---	-----------	-------------------

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 14. JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain: (1) an ongoing financial interest or (2) an ongoing financial responsibility.

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 \$6.6 million in 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 lease with the Industrial Development Authority of Loudoun County. The City maintains an equity interest only in the land and building of the Academy, which is reflected in the City's Statement of Net Position. The City does not maintain an equity interest in the Academy's operations. This lease was paid in full in FY 2007. A new debt of \$18.7 million 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 2023, the City paid \$0.7 million for operating costs.

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

B. Northern Virginia Juvenile Detention Home

The City participates in a joint venture with Arlington County and the City of Falls Church to operate a regional juvenile detention home. In July 1993, the City agreed to fund 55.3 percent of the construction costs of a new facility. The final construction payments were made in FY 1995. In addition, the City pays part of the Northern Virginia Juvenile Detention Home's operating costs based on the number of beds utilized by Alexandria residents. These payments totaled \$0.9 million in FY 2023.

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. 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.

D. Virginia Railway Express (VRE)

In July 2014, the City entered an amended agreement with the Northern Virginia Transportation Commission (NVTC), the Potomac and Rappahannock Transportation Commission (PRTC), and several jurisdictions in Northern Virginia to provide commuter rail services. The commuter rail service is known as Virginia Railway Express (VRE). In fiscal year 2023, the City made payments of \$0.1 million to VRE.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 15. RELATED PARTY TRANSACTIONS

Related parties include, but are not limited to, members of the governing board, administrative boards or commissions, administrative officials and their immediate families, component units and joint ventures, and affiliated or related organizations that are not included as part of the financial reporting entity, and transactions with related parties are defined.

A. Alexandria Housing Development Corporation (AHDC)

AHDC is an affordable housing provider.

The Station at Potomac Yard

The City established a related party agreement for The Station at Potomac Yard Apartments project in 2008. This project was developed via a joint venture with a local non-profit housing group, AHDC, and Pulte Homebuilders. None of these related entities are active and plans are to dissolve the limited liability corporation (LLC) that was formed for the project. Due to warranty/liability issues, the LLC was required to be maintained for several years after construction was completed in 2009 and is operational and occupied.

The Bloom (Carpenter Shelter Project)

In December 2016, the City Council approved a loan in the amount of \$7.1 million for AHDC's Bloom project. In June 2018, the project was awarded LIHTC credits by VHDA. On September 11, 2018, City Council approved additional loan funds in the amount of \$1.7 million for the project. The project is scheduled to be completed in November 2020 and is operational and occupied.

B. Arlington Housing Corporation, Inc (AHC)

AHC is an affordable housing provider.

East Reed LLC (ERLLC)

In February 2013, the City of Alexandria created a special purpose entity, ERLLC, to enter a public-private partnership arrangement with nonprofit housing developer, AHC, to develop 78 units of affordable housing. The project was completed in 2014 and is operational and occupied. The City assessed the agreement and determined that the agreement does not meet the requirements of GASB 94: Public-Private Partnership

St. James Plaza

On January 24, 2015, City Council approved a loan in the amount of \$5.7 million for the AHC St James Plaza project. In June 2015, the project was awarded LIHTC credits by VHDA. The project was completed in 2018 and is operational and occupied.

Church of Resurrection

On January 20, 2018, the City Council approved a loan in the amount of \$9.0 million for the AHC Church of the Resurrection project. In June 2018, the project was awarded LIHTC credits by VHDA. On April 23, 2019 City Council approved an additional \$0.9 million. The City has distributed \$0.4 million in predevelopment funds previously and closed on the full loan in FY 2019 with all funds now disbursed. The project was completed in Spring 2021 and is operational and occupied.

C. Alexandria Redevelopment and Housing Authority (ARHA)

ARHA is a public agency established under the Housing Authority Law, Chapter 1 Title 36 of the Code of Virginia of 1938. The agency develops a variety of housing projects around the City.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 15. RELATED PARTY TRANSACTIONS (Continued)

Ramsey Homes

On May 22, 2018, the City Council approved a loan in the amount of \$3.6 million for ARHA's Ramsey Homes project. In June 2017, the project was awarded LIHTC credits by VHDA. On October 22, 2019, the City Council approved additional loan funds in the amount of \$1.4 million for ARHA's Ramsey Home project. The project was completed in the Spring of 2021 and is operational and occupied.

D. Wesley Housing Development Corporation (Wesley)

Wesley is an affordable housing provider.

The Waypoint

On November 17, 2018, the City Council approved a loan in the amount of \$7.65 million for the Wesley Waypoint project. In June 2019, the project was awarded LIHTC credits by VHDA. The City has distributed \$0.4 million in predevelopment funds previously and closed on the full loan in FY 2021 with all funds now disbursed. The project was completed in September of 2022.

E. Alexandria Economic Development Partnership (AEDP)

699 Prince Street

As proposed, the six-story building at 699 Prince St. will be converted into a 134-room hotel with 30,000 square feet of restaurant, meeting and retail space. Construction has begun, with completion expected in Spring 2024.

The creation of the project ordinance allows the 699 Prince Street catalyst project to participate in the State's Tourism Development Finance Program. The proposed project must qualify to generate Virginia and City of Alexandria sales and use tax, such as lodging, dining, meeting space rental and catering, and limited, project-specific retail, to invest in the City within a designated Tourism Zone.

For the City, the 699 Prince Street redevelopment is estimated to generate \$42.9 million incremental tax revenue over a 20-year period. After deducting the 1% sales and use tax abatement of almost \$2.3 million, and \$3 million for estimated city services, the net gain for the City is \$37.6 million over a 20-year period.

F. Landmark Community Development Authority (CDA)

At its July 6, 2021, meeting, the Alexandria City Council unanimously approved the redevelopment agreements for the site of the former Landmark Mall, which will result in up to approximately four million square feet of new development. The project will be anchored by the relocation and expansion of Inova's new state-of-the-art Alexandria Hospital bringing more than 2,000 health care workers to the medical campus. This transformational project (led by developer Foulger-Pratt) was recently named by the Washington Business Journal as the 2020 Real Estate Deal of the Year.

To facilitate the redevelopment of the Landmark site, the transaction includes investment of (a) \$54 million in public bond funds to acquire land to lease to Inova for the proposed hospital and related medical facilities, and (b) \$86 million in public bond funds for Landmark site preparation and infrastructure costs. By investing public funds (which has been contemplated as far back as 2004), the City would accelerate the revitalization of Alexandria's West End.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

PRIMARY GOVERNMENT

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 Retirement Plan; (b) Fire and Police employees who are eligible to retire under the current defined benefit pension plan; and (c) Fire and police employees who retired and were eligible for normal retirement with 20 years of service under the old defined contribution retirement income plan and the retirees under the old defined benefit pension. In addition, spouses of deceased retirees are also eligible to receive benefits under this provision. The Other Postemployment benefits (OPEB) plan is a single-employer plan.

Full-time employees who retire under a primary City-sponsored retirement plan may continue to participate in a City-sponsored health insurance plan as a retiree. The City also offers a reimbursement program that is based on the actual cost of the retiree's monthly health care premium up to a maximum amount determined by the City Council. Eligibility is contingent upon the retiree providing proof of participation and payment to a health insurance plan. In FY23, 370 retirees participated in the reimbursement program. 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. In FY23, 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 \$6.8 million. Employees hired after June 30, 2008, have their retirees' health benefits prorated based on the length of service.

In addition to the healthcare benefits, the City pays for basic life insurance to regular full-time employees hired prior to July 1, 2009, at no cost to the employee. At retirement, full-time regular employees hired before July 1, 2009, are eligible for basic life insurance at two times their salary as of the last January 1st rounded up to the nearest \$1,000, with applicable reductions after age 65. On January 1, following the 65th birthday, the basic life insurance amount is reduced by 25 percent and then by 10 percent each year until the 70th birthday. The ultimate insurance amount is 25 percent of the salary.

The City follows the guidance in Statements No. 74 and 75 of the Governmental Accounting Standards Board (GASB), Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions.

The City does not issue a stand-alone financial report for the OPEB Trust Fund. The financial statements and required supplementary information are included in the City's Annual Comprehensive Financial Report.

Plan Administration

The City's OPEB Plan, which includes the Line of Duty Act benefits (LODA), is one plan and is overseen by the OPEB Plan Board. The board must be comprised of at least three members including the Chief Financial Officer, the City Finance Director, or City Manager Designee, and at least one other member who is a citizen of the Commonwealth with "proven integrity, business ability, and demonstrated experience in cash management and in investments." The citizen is nominated by the City Manager and approved by City Council. The City OPEB Board adopts a realistic actuarial rate of return for the Plan and recommends the level of contributions needed to keep the Plan financially sound. City Council approves the contribution level.

Method Used to Value Investments

Investments are valued at fair value. The City does not have any OPEB investments, other than U.S. Government and U.S. Government guaranteed obligations, in any one organization that represents five percent or more of the net assets held in trust for OPEB investments.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Investment Policy

The City OPEB Plan has two components: cash payments for Medical Insurance and Life Insurance. The objective of the Medical Insurance and Life Insurance components is to preserve actuarial soundness to meet contractual benefit obligations. In striving to attain these objectives, the Plan will be managed in a manner consistent with three fiduciary standards. First, all transactions shall be made in the sole interest of the participants and their beneficiaries. Second, that all investments shall be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in an expert-like capacity and familiar with such matters would use. Third, that all entities dealing with the plan are required to disclose conflicts of interest as soon as they become apparent. The following was the City's asset allocation as of June 30, 2023.

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Growth	10.0%
Large Cap Value	15.0%
Mid Cap Core	10.0%
Private Equity	5.0%
Small Cap Core	5.0%
International Developed Markets	10.0%
Emerging Markets	15.0%
Fixed Income Domestic	10.0%
Tactical Asset Allocation	5.0%
Timber	5.0%
Real Estate	5.0%
Farmland	5.0%
Total	100.0%

Target Allocations

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.51% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The long-term expected rate of return on OPEB plan investments was determined using the last twenty years of return for the index, as of the fiscal year end, for each asset class in which funds were invested, taking the arithmetic mean and adjusting it for inflation of 2.60 percent. The long term expected rates of return for each major asset class as of June 30, 2023, are summarized in the following table.

<u>Asset Class</u>	<u>Long Term Expected Rate of Return</u>
Diversified Assets	0.2%
Equity	5.2%
Real Assets	0.6%
Fixed Income	0.4%
Return	6.5%
Inflation	2.6%
Return w/ Inflation	9.1%
Risk Adjustment	(1.5%)
Total Expected Arithmetic Nominal Return	7.6%

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Discount Rate

The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Projections of the Plan’s fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current Plan members. The actuarial liability, normal cost, and expected benefit payments were projected for the remaining lifetimes of the closed group population as of December 31, 2022. An expected contribution rate is calculated each year based on the current funding policy. The long-term expected rate of return used for funding purposes in the December 31, 2022 actuarial reports was 6.75 percent.

Membership

At January 1, 2023, membership consisted of:
 Retirees and Beneficiaries Currently Receiving Benefits
 Terminated Employees Entitled to Benefits But not yet receiving them
 Active Employees
 TOTAL

1,554

2,329
3,883

Contributions

The City established a Single Employer Other Post-Employment Benefit Trust Plan (OPEB) and funds the obligation through this Trust Fund using a phased in approach. There are no legal or contractual requirements for contributing to the OPEB Trust Fund. Line of Duty Act (LODA) is part of the OPEB Trust Fund. OPEB Trust Fund contributions are comprised of contributions to the Trust Fund and Pay-Go Contributions.

	Regular	LODA	Total
Trust Fund Contributions	\$ 300,000	\$ 575,000	\$ 875,000
Pay Go Contributions	<u>5,142,291</u>	<u>1,613,283</u>	<u>6,755,574</u>
	<u>\$ 5,442,291</u>	<u>\$ 2,188,283</u>	<u>\$ 7,630,574</u>

Annual OPEB Costs and Net OPEB Liability

The City is responsible for funding benefits required under the Virginia Line of Duty Act (LODA). LODA retirees must elect a plan administered through the Virginia Department of Human Resources (DHRM). The City pays DHRM the premiums for covered retirees, spouses, and widows. The OPEB Trust Fund is comprised of regular OPEB benefits and LODA benefits. Separate actuarial reports are generated for each plan.

The City’s GASB requirements fall under GASB 74 and 75 and the entire OPEB liability has been recorded on the balance sheet. Under the current method of actuarial funding, the City contributes the entire Actuarially Determined Contribution (ADC). The ADC increased from \$2.4 million as of June 30, 2022 to \$5.6 million as of June 30, 2023.

The Statement of Fiduciary Net Position for the City’s OPEB plan is included as Exhibit VIII and in note 17.

Actuarial valuations of the plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

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. The actuarial assumptions for the Fire and Police Members are the assumptions that were adopted by the City of Alexandria Firefighters and Police Officers Pension Board based upon the results of an actuarial experience study covering the period July 1, 2013 through June 30, 2017. The actuarial assumptions for the City Members are similar to the assumptions that were adopted by the City of Alexandria Supplemental Retirement Board based upon the results of an actuarial experience study covering the period July 1, 2010 through June 30, 2015.

In the actuarial valuations, the same mortality rates are used for both OPEB and LODA. Mortality rates for Fire and Police were based on the SOA RP-2014 Employee Mortality Table adjusted to 2006 and projected fully generationally with scale MP-2017. The mortality rates for City employees were based on the RP-2000 Combined Mortality Table sex distinct for base rates. For mortality improvement, rates were projected generationally from the base year using a modified version of the MP-2015 projection scale. The scale was modified using the Society of Actuaries' model implementation tool with rates converging to the ultimate rate in 2019 (instead of 2029) and an ultimate rate of improvement of 0.85% (instead of 1.0%) up to age 85 decreasing to 0.70% (instead of 0.85%) at age 95. This table was updated based on the 2016 Supplemental Retirement plan experience study. Disability mortality rates for Fire and Police were based on SOA RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected fully generationally with scale MP-2017. The disability mortality rates for City Employees were based on 70 percent of PBGC Disabled Mortality Table 5a for males, and 90 percent PBGC Disabled Mortality Table 6a for females.

For the December 31, 2022 actuarial valuations, the following assumptions apply to both OPEB and LODA valuation reports. The investment rate used was 6.75 percent. The entry-age actuarial cost method was used. For OPEB pre-Medicare trend rates, 3.80 percent was assumed for Kaiser in 2023 and 11.00 percent for UHC in 2023. Rates were then assumed to be 7.00 percent in 2024 grading down to 4.19 percent over 19 years. For Medicare premiums, 5.50 percent was assumed for calendar year 2023 grading down to 4.19 percent over 20 years. For LODA non-Medicare an annual medical cost trend rate of 6.8753 percent for 2023 grading down to 4.75 percent over 9 years was used, and a rate of 5.187 percent for 2023 grading down to 4.75 percent over 3 years for Medicare was used. Salary scale ranges were from 3.25 percent to 7.25 percent for Fire and Police and 3.25 percent to 5.10 percent for City employees depending on service with 3.25 percent attributable to inflation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. The asset valuation method used was market value. The amortization period changed to the 15-year layered approach as the Plan became underfunded (positive unfunded actuarial liability) as of December 31, 2022. The unfunded actuarial liability is amortized over closed 15-year layered periods if positive and a rolling 30-year amortization if negative. The amortization method is a level dollar amortization.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Total OPEB Liability

The City of Alexandria's net OPEB liability of \$20,869,359 was measured as of June 30, 2023, and was determined by an actuarial valuation as of December 31, 2022, projected to June 30, 2023. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2023 and the Total OPEB Liability as of the valuation date, December 31, 2022, updated to June 30, 2023. There were no significant events between the valuation date and the measurement date.

Change in Net OPEB Liability for City of Alexandria

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of 6/30/2022	\$ 132,470,611	\$ 104,724,339	\$ 27,746,272
Changes for the year:			
Service cost	2,411,043	-	2,411,043
Interest	8,797,533	-	8,797,533
Changes in benefit terms	-	-	-
Changes in assumptions	(88,275)	-	(88,275)
Difference between expected and actual experience	(1,738,469)	-	(1,738,469)
Contributions-employer	-	7,630,574	(7,630,574)
Contributions-member	-	-	-
Net Investment Income	-	8,683,205	(8,683,205)
Benefit payments	(6,755,574)	(6,755,574)	-
Administrative Expense	-	(55,034)	55,034
Net Changes	<u>2,626,258</u>	<u>9,503,171</u>	<u>(6,876,913)</u>
Balances at 6/30/2023	<u>\$ 135,096,869</u>	<u>\$ 114,227,510</u>	<u>\$ 20,869,359</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,147,033.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,435,555
Changes of assumptions	1,247,581	8,997,515
Net difference between projected and actual earnings on OPEB plan investments	4,619,108	-
Total	<u>\$ 5,866,689</u>	<u>\$ 15,433,070</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31:		
	2024	\$ (3,971,546)
	2025	(4,883,848)
	2026	2,166,711
	2027	(2,573,244)
	2028	(304,454)
	Thereafter	-
Total Future Deferrals	\$	(9,566,381)

The components of the Net OPEB Liability of the City of Alexandria as of June 30, 2023 are as follows:

	Measurement Date
	6/30/2023
Total OPEB Liability	\$ 135,096,869
Plan Fiduciary Net Position	114,227,510
Net OPEB Liability	<u>\$ 20,869,359</u>
 Plan Fiduciary Net Position as a percentage of Total OPEB Liability	 84.6%

The following presents the Net OPEB Liability of the City of Alexandria, calculated using the current discount rate, as well as what the Fund's Net OPEB Liability would be if it were calculated using a discount rate that is 1.0 percent lower or higher than the current rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate	Current		
	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Total OPEB Liability	\$ 149,621,752	\$ 135,096,869	\$ 122,937,968
Plan Fiduciary Net Position	114,227,510	114,227,510	114,227,510
Net OPEB Liability 6/30/2023	<u>\$ 35,394,242</u>	<u>\$ 20,869,359</u>	<u>\$ 8,710,458</u>
 Plan Fiduciary Net Position as a percentage of Total OPEB Liability	 76.3%	 84.6%	 92.9%

The following presents the Net OPEB Liability of the City of Alexandria, calculated using the current healthcare trend, as well as what the Fund's Net OPEB Liability would be if it were calculated using a healthcare trend 1.0 percent lower or higher than the current rate.

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend	Healthcare		
	1% Decrease	Trend	1% Increase
Total OPEB Liability	\$ 129,478,514	\$ 135,096,869	\$ 141,770,965
Plan Fiduciary Net Position	114,227,510	114,227,510	114,227,510
Net OPEB Liability 6/30/2023	<u>\$ 15,251,004</u>	<u>\$ 20,869,359</u>	<u>\$ 27,543,455</u>
 Plan Fiduciary Net Position as a percentage of Total OPEB Liability	 88.2%	 84.6%	 80.6%

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

OPEB Trust

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

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

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active or inputs that are observable market data. Level 2 assets include The City’s mutual funds and money market funds. The City’s mutual funds and money market funds have both equity and fixed income securities as the underlying. While the pricing of the funds is only observable daily, the underlying inputs are continuously observable. The underlying equities are observable through quoting services, while the underlying fixed income instruments pricing is determined through both observable market quotes and market pricing determined using matrix valuation using similar securities.

<u>Portfolio</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
OPEB TRUST			
As of June 30, 2023			
<u>Equity Securities</u>			
Common Stock & ETFs	\$ 12,819,346	\$ -	\$ -
Mutual Funds	-	61,127,962	-
Total Equity Securities	12,819,346	61,127,962	-
<u>Cash Equivalents</u>			
Money Market Funds	-	373,129	-
Total Cash Equivalents	-	373,129	-
Total Investments by Fair Asset Value	<u>\$ 12,819,346</u>	<u>\$ 61,501,091</u>	<u>\$ -</u>
<u>Investments measured at net asset value (NAV)</u>			
Commingled Collective Trusts	\$ 21,997,931		
Private Equity	5,510,405		
Real Estate Funds	4,567,173		
Timber & Farmland	3,606,561		
Timber Funds	1,724,357		
Farmland	2,500,646		
Total Investments Measured at NAV	<u>39,907,073</u>		
Total Value	<u>\$ 114,227,510</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

\$39.9 million worth of investments were evaluated at Net Asset Value (NAV). The following table presents the NAV investment disclosures for the OPEB Trust Fund.

	Capital Commitment	Capital Called	Remaining Uncalled Commitment	Current NAV	Withdrawal Frequency
Commingled Collective Trusts	N/A	N/A	N/A	\$21,997,931	Monthly to Quarterly
Private Equity	\$8,600,000	\$6,745,256	\$1,854,744	\$5,510,405	Closed End Strategies
Real Estate Funds	\$2,900,000	\$2,900,000	\$0	\$4,567,173	Quarterly
Timber & Farmland	\$3,450,000	\$3,450,000	\$0	\$3,606,561	Quarterly
Timber Funds	\$1,500,000	\$1,406,000	\$94,000	\$1,724,357	Closed End Strategies
Farmland	\$1,700,000	\$1,700,000	\$0	\$2,500,646	Quarterly
	\$18,150,000	\$16,201,256	\$1,948,744	\$39,907,073	

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

COMPONENT UNIT – ALEXANDRIA CITY PUBLIC SCHOOLS (ACPS)

A. ACPS OPEB Trust Fund

Plan Description

The School Board administers a single-employer defined benefits healthcare plan. It provides medical insurance benefits to eligible retired school employees and beneficiaries. In May 2009, the School Board authorized the establishment of a trust for the purpose of accumulating and investing assets to fund Other Post Employment Benefits.

ACPS invests the OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Association of Counties and the Virginia Municipal League (VACo/VML). The Pooled Trust is an investment pooling vehicle created to allow participating local governments, school divisions, and authorities in the State to accumulate and invest assets to fund other post-employment benefits. Funds of participating jurisdictions are pooled and invested in the name of the Pooled Trust. ACPS' respective shares in the Pooled Trust are reported in the OPEB Trust Fund's financial statements. The Pooled Trust is governed by a Board of Trustees (Trustees), composed of nine (9) elected members. Trustees are elected by participants in the Pooled Trust, whose votes are weighted according to each Participating Employer's share of total Trust Fund assets. Investment decisions are made by the Trustees of the Pooled Trust. The Trustees are responsible for managing Pooled Trust assets through the appointment and oversight of investment managers and with the guidance of an investment advisor.

Eligibility

Participants in the ACPS Plan must meet the eligibility requirements based on service earned with ACPS and prior service earned from other Virginia agencies to be eligible to receive benefits upon retirement. Participants who do not retire directly from active service are not eligible for the benefits. In addition, participants must meet one of the following criteria:

VRS Tier 1:

- Attained the age of 50 with at least 30 years of service for unreduced pension retirement benefits.
- Attained the age of 50 with at least 10 years of service for reduced pension retirement benefits.
- Attained the age of 65 with at least 5 years of service.

VRS Tier 2:

- Age plus service equals 90 for unreduced pension retirement benefits.
- Age 60 with at least 5 years of service for reduced pension retirement benefits.
- Social Security Normal Retirement Age with at least five years of service.

Benefits

Program participants may continue medical coverage by paying the appropriate subsidized premium which ranges from \$0 to \$2,225.81 monthly, based on the medical plan under which the retiree is covered. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the program on average than those of active employees. The subsidies in this program are accounted for in the ACPS OPEB Trust Fund. In FY 2023, ACPS contributed up to \$265 for each participant.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

For employees hired July 1, 2008 or earlier: ACPS contributes \$265 per month for retiree medical coverage. This Board contribution will not exceed the premium for the coverage tier elected. The retirees and dependents pay the remainder of the premium, if any.

For employees hired after July 1, 2008: The retiree must complete five years of vesting service with ACPS to receive a Board contribution. ACPS contributes a pro-rated amount of \$265 per month equal to 5% per year of service with ACPS (including the five vesting years) and other VRS employers for retiree medical coverage. A maximum of 15 years of service will be credited toward the contribution made by ACPS. This Board contribution will not exceed the premium for the coverage tier elected. The retiree and dependents pay the remainder of the premium, if any.

Actuarial Assumptions

The key actuarial assumptions used in the January 1, 2023 valuation are reflected in the chart below.

Membership and Key Actuarial Assumptions	
Active plan members	2,485
Inactive/Deferred Vested	0
Retirees and spouses	<u>653</u>
Total	3,138
Covered Payroll	\$186,786,944
Long-term Expected Rate of Return	7.0 percent
Salary increases, including inflation	3.0 percent
Ultimate Rate of Medical Inflation	4.55 percent
Discount Rate	7.0 percent
Healthcare Cost Trend Rates	UHC POS: 6% in 2022, 10% in 2023 and 2024 then grading to 4.55% in 2041 Kaiser Pre-Medicare: 5% in 2022, 6% in 2021 then grading to 4.55% in 2041 Medicare: 3% in 2022, 6% in 2023 and 2024 then grading to 4.55% in 2041
Mortality rates:	
- Pre-Retirement	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males, no adjustment for females
- Post-Retirement	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; 100% of rates set forward 1 year for males; 105% of rates for females
- Post-Disablement	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
-Beneficiaries and Survivors	Pub-2010 Amount Weighted Teachers Healthy Contingent Annuitant Rates projected generationally
-Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. These mortality rates are the same as those used for Teachers in the June 30, 2021 actuarial valuation for the Virginia Retirement System.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Investment Policy

The Pooled Trust Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Trustees will establish and maintain investment policies and objectives. Within this framework, the Trustees will monitor and evaluate the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Trustees are responsible for making changes to achieve this. The investment objective of the Pooled Trust is to maximize the total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Portfolio will be structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. There were no significant changes in investment policy during fiscal year 2023.

The Trustees are responsible for setting each Portfolio's long-term asset allocation, after taking into consideration expectations for asset class returns and volatility, risk tolerance and liquidity needs.

The Pooled Trust's assets will be separately managed by professional investment managers or invested in professionally managed investment vehicles. Each Portfolio will be invested in a broadly diversified manner by asset class, style, and capitalization, which will control volatility levels. The target allocation for each class of investment is shown below.

Target Allocation for OPEB Pooled Investments
As of June 30, 2023

Investment Type	Allocation	Expected Long-Term Rates of Return (real)	Long-Term Arithmetic Weighted Average Real Return
Large Cap Equity (Domestic)	21.00%	7.17%	1.51%
Small Cap Equity (Domestic)	10.00%	8.61%	0.86%
International Equity (Developed)	13.00%	8.06%	1.05%
Emerging Markets Equity	5.00%	9.33%	0.47%
Private Equity	10.00%	10.55%	1.06%
Long/Short Equity	6.00%	5.77%	0.35%
Core Bonds Fixed Income	5.00%	2.58%	0.13%
Core Plus Fixed Income	11.00%	2.89%	0.32%
Liquid Absolute Return Fixed Income	4.00%	3.25%	0.13%
Core Real Estate	10.00%	6.54%	0.65%
Opportunistic Real Estate	5.00%	9.54%	0.48%
Total	<u>100.00%</u>		7.01%
		Inflation	<u>2.75%</u>
		Expected arithmetic nominal return	<u><u>9.76%</u></u>

The expected long-term real rates of return in the above table are arithmetic; they are used as inputs for the financial model to arrive at the median returns for the portfolio which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the long-term rates for all years thereafter.

Discount Rate

The discount rate as of June 30, 2023, is 7.00%, which is the estimated long-term rate of return on Pooled Trust investments. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current Plan members.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Measurement Date

The measurement date used for the OPEB Trust GASB 74 reporting is June 30, 2023.

Concentrations

There are no investments in any one organization that represent 5 percent or more of the OPEB Trust Fund's fiduciary net position.

Money-Weighted Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Schedule of Investment Returns					
	Last 10 Fiscal Years ⁽¹⁾					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	7.62%	-9.27%	30.07%	3.01%	4.67%	9.52%

⁽¹⁾This chart is intended to show information for 10 fiscal years. More data will be added as it becomes available.

Net OPEB Liability

The net OPEB liability at the beginning of the current measurement year is measured as of a valuation date of January 1, 2022, and rolled forward to June 30, 2023. The net OPEB liability at the end of the measurement year, June 30, 2023, is measured as of a valuation date of January 1, 2022, and projected to June 30, 2023. In future years, valuations will be completed every other year, assuming there are no significant events between the years. Each valuation will be rolled forward to provide two years of OPEB liability.

	Changes in Net OPEB Liability		
	<i>Increase (Decrease)</i>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances as of June 30, 2022	\$ 31,184,287	\$ 26,511,019	\$ 4,673,268
Changes for the year:			
Service cost	988,491	-	988,491
Interest	2,196,903	-	2,196,903
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	1,134,990	(1,134,990)
Contributions - member	-	-	-
Net investment income	-	2,020,535	(2,020,535)
Benefit payments	(1,134,990)	(1,134,990)	-
Administrative expense	-	(24,901)	24,901
Net changes	<u>2,050,404</u>	<u>1,995,634</u>	<u>54,770</u>
Balances as of June 30, 2023	<u>\$ 33,234,691</u>	<u>\$ 28,506,653</u>	<u>\$ 4,728,038</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability 85.8%

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

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

The following presents the net OPEB liability of the Other Post-Retirement Employee Benefits Trust Fund using the discount rate of 7.0%, as well as what the net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	(-1%) Decrease 6.0%	Discount Rate 7.0%	(+1%) Increase 8.0%
Total OPEB Liability	\$ 36,905,466	\$ 33,234,691	\$ 30,179,131
Plan Fiduciary Net Position	28,506,653	28,506,653	28,506,653
Net OPEB Liability	<u>\$ 8,398,813</u>	<u>\$ 4,728,038</u>	<u>\$ 1,672,478</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	77.2%	85.8%	94.5%

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate

The following presents the net OPEB liability of the Other Post-Retirement Employee Benefits Trust Fund using the current base healthcare trend rate, as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower (-1%) or one percentage point higher (+1%) than the base rate.

	Trend Minus (-) 1%	Trend Baseline	Trend Plus (+) 1%
Total OPEB Liability	\$ 31,970,354	\$ 33,234,691	\$ 34,711,768
Plan Fiduciary Net Position	28,506,653	28,506,653	28,506,653
Net OPEB Liability	<u>\$ 3,463,701</u>	<u>\$ 4,728,038</u>	<u>\$ 6,205,115</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	89.2%	85.8%	82.1%

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2023, the OPEB expense is \$492,195. At June 30, 2023, the deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,928,051
Change in assumptions	144,144	812,832
Net difference between projected and actual earnings on OPEB plan investments	859,013	-
Total	\$ 1,003,157	\$ 5,740,883

Amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2024	\$ (954,503)
2025	(1,120,560)
2026	(119,738)
2027	(879,932)
2028	(846,804)
Thereafter	(816,189)
Total	\$ (4,737,726)

Contributions

Contribution requirements of ACPS are established and may be amended by the School Board. The required contributions were actuarially determined and are based upon projected pay-as-you-go financing requirements with additional amount to prefund benefits. The costs of administering the plan are paid for by the OPEB Trust Fund using investment income and employer contributions. For the period ending June 30, 2023, ACPS contributed \$1.8 million for current costs.

The funding policy of ACPS is to contribute the difference between the actuarially determined contribution and the expected explicit subsidy payment to the Trust Fund. Benefit payments, including the implicit subsidy, are paid outside the Trust over the next 20 years. It is anticipated that once the Plan becomes 100% funded, ACPS will switch to making benefit payments from the Trust. The assets were then projected forward reflecting known contributions through June 30, 2023, and then assuming the funding policy is followed going forward. Using the long-term expected rate of return of 7.0%, the assets are projected to always be greater than the expected benefit payments in any given year.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

The following is a summary of fiduciary net position of the Trust as of June 30, 2023:

Summary of Fiduciary Net Position	
ACPS OPEB Trust Fund	
As of June 30, 2023	
ASSETS	
Cash Equivalents	\$ 840,946
Bonds	13,956,857
Mutual Funds	7,907,746
Other Investments	<u>5,801,104</u>
Total assets	<u>28,506,653</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 28,506,653</u>

The following is a summary of changes in fiduciary net position of the Trust for the year ended June 30, 2023:

Summary of Changes in Fiduciary Net Position	
ACPS OPEB Trust Fund	
For the Year Ended June 30, 2023	
ADDITIONS	
Contributions	\$ 1,771,828
Investment Earnings, net	<u>2,020,535</u>
Total Additions	<u>3,792,363</u>
DEDUCTIONS	
Benefit payments	1,771,828
Administrative expenses	<u>24,901</u>
Total Deductions	<u>1,796,729</u>
Change in net position	1,995,634
NET POSITION, beginning of year	<u>26,511,019</u>
NET POSITION, end of year	<u><u>\$ 28,506,653</u></u>

The ACPS OPEB Trust does not issue a stand-alone financial report and is not included in the report of another entity. Additional disclosures on changes in schools OPEB liability, related ratios, and employer contributions can be found in the RSI following the notes to the Financial Statements.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

B. VRS Employee Health Insurance Credit Program OPEB – Teachers

Summary of Significant Accounting Policies

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program is a multiple-employer, cost-sharing plan. The Teacher Employee HIC Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program’s net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Teacher Employee Health Insurance Credit Program Plan Description

All full-time, salaried permanent (professional) employees of public-school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • Disability Retirement – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> - \$4.00 per month, multiplied by twice the amount of service credit, or - \$4.00 per month, multiplied by the amount of service earned had employee been active until age 60, whichever is lower.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$2.1 million for each of the years ended June 30, 2023, and \$2.0 million for the year ended June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution. ACPS' share of this non-employer contribution was 0.2 million

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee HIC Program OPEB

At June 30, 2023, the school division reported a liability of \$22.7 million for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2022, and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Program was 1.81574% as compared to 1.85656% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$ 1.7 million. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 924,450
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	22,764
Changes in assumptions	662,582	57,916
Changes in proportionate share	174,851	681,933
Employer contributions subsequent to the measurement date	<u>2,134,968</u>	<u>-</u>
Total	<u>\$ 2,972,401</u>	<u>\$ 1,687,063</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

An amount of \$2.1 million reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions after the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2024	\$ (145,262)
2025	(142,418)
2026	(141,565)
2027	(81,698)
2028	(169,127)
Thereafter	(169,560)
Total	\$ (849,630)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation – Teacher Employees	3.5% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

Mortality rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	221,845
Teacher Employee net HIC OPEB Liability	\$ 1,249,046
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi -Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		(1) Expected arithmetic nominal return	<u>7.83%</u>

(1) The above allocation provides a one-year return of 7.39%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns that ultimately provides a medium return of 6.94% including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.72% which is roughly at 40 percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	(-1%) Decrease 5.75%	Discount Rate 6.75%	(+1%) Increase 7.75%
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 25,559,986	\$ 22,679,437	\$ 20,237,669

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program’s Fiduciary Net Position is available in the separately issued VRS 2022 Comprehensive Annual Financial Report (annual financial report). A copy of the 2022 VRS annual financial report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Teacher Employee Health Insurance Credit Program OPEB Plan

At June 30, 2023, ACPS reported payables to the Teacher Employee Health Insurance Credit Program OPEB Plan of \$0.2 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

C. VRS Group Life Insurance Program

Summary of Significant Accounting Policies

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to deductions from the VRS Political Subdivision Health Insurance Credit Program’s fiduciary net position have been determined on the same basis as then were reported by VRS. For the purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Group Life Insurance Program

Plan Description

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia. Within the Group Life insurance Program, ACPS employees are divided into two groups; Teachers (includes administrators and teachers) and Locality Employees (includes non-exempt support staff).

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts The benefits payable under the Group Life Insurance Program has several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
<p>Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.</p>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted because of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the Group Life Insurance Program from the entity for the Teachers group were \$2.4 million for year ended June 30, 2023 and \$2.3 million for year ended June 30, 2022, respectively. Total contributions for the Locality group were \$0.1 million for both years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act. ACPS' share for the Teachers group was \$0.2 million and ACPS' share for the Locality group was \$12,000.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2023, ACPS reported liabilities of \$9.4 million and \$0.5 million for its proportionate share of the Net GLI OPEB Liability, for the Teachers and Locality groups, respectively. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, for the Teachers group, the ACPS employer's proportion was 0.78074% as compared 0.79247% at June 30, 2021, and for the Locality group, the employer's proportion was 0.03790% at June 30, 2021 as compared 0.03723% at June 30, 2022.

For the year ended June 30, 2023, ACPS recognized GLI OPEB expense of \$0.3 million for the Teachers group and (\$91) for the Locality group. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, ACPS reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Teachers Group		Locality Group		Total GLI OPEB Program	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 744,430	\$ 377,140	\$ 38,137	\$ 18,308	\$ 780,567	\$ 395,448
Net difference between projected and actual earnings on GLI OPEB program investments	-	587,416	-	28,515	-	615,931
Changes in assumptions	350,637	915,682	17,021	44,451	367,658	960,133
Changes in proportion	107,254	334,564	10,937	45,359	118,191	379,923
Employer contributions subsequent to the measurement date	955,251	-	46,357	-	1,001,608	-
Total	\$ 2,157,572	\$ 2,214,802	\$ 110,452	\$ 138,633	\$ 2,268,024	\$ 2,351,435

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

An amount of \$1.0 million reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	GLI - Teachers Amount	GLI - Locality Employees Amount	GLI - Total Amount
2024	\$ (214,092)	\$ (22,663)	\$ (236,755)
2025	(199,174)	(20,717)	(219,891)
2026	(527,641)	(31,033)	(558,674)
2027	25,838	3,733	29,571
2028	(97,412)	(1,858)	(99,270)
Thereafter	-	-	-
Total	<u>\$ (1,012,481)</u>	<u>\$ (72,538)</u>	<u>\$ (1,085,019)</u>

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation – Teacher Employees	3.5% - 5.95%
General state/locality employees	3.5% - 5.35%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

Mortality rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	<u>VRS Group Life Insurance OPEB Program</u>
Total GLI OPEB Liability	\$3,672,085
Plan Fiduciary Net Position	<u>2,467,989</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	<u>67.21%</u>

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PI-Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		⁽¹⁾ Expected arithmetic nominal return	<u>7.83%</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

⁽¹⁾ The above allocation provides a one-year return of 7.83%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	(-1%) Decrease 5.75%	Discount Rate 6.75%	(+1%) Increase 7.75%
School division's proportionate share of the VRS Group Life Net OPEB Liability - Teachers Group	<u>\$ 13,679,355</u>	<u>\$ 9,400,862</u>	<u>\$ 5,943,255</u>
School division's proportionate share of the VRS Group Life Net OPEB Liability - Locality Employee Group	<u>\$ 664,046</u>	<u>\$ 456,353</u>	<u>\$ 288,508</u>
Total VRS Group Life Net OPEB Liability	<u>\$ 14,343,401</u>	<u>\$ 9,857,215</u>	<u>\$ 6,231,763</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

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

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (annual financial report). A copy of the 2022 VRS annual financial report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2023, ACPS reported payables to the VRS Group Life Insurance OPEB Plan of \$0.2 million for the Teachers group and \$11,000 for the Locality group. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

On the following page is a summary of deferred outflows and inflows of resources and net OPEB liabilities for the various OPEB programs as of June 30, 2023.

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Combining Schedule of VR8 HIC OPEB Plans Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and Pension Expense
As of June 30, 2023

	VR8 HIC OPEB Program											
	Teachers Group				Political Subdivision Group				Total VR8 HIC OPEB Program			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	\$ -	\$ -	\$ 22,679,437	\$ -	\$ -	\$ 596,525	\$ -	\$ -	\$ -	\$ -	\$ 23,275,962	\$ -
Differences between expected and actual experience	-	924,450	-	-	1,902	45,645	-	-	1,902	970,095	-	-
Net difference between projected and actual earnings on HIC OPEB program investments	-	22,764	-	-	45,669	-	-	-	45,669	22,764	-	-
Changes in assumptions	662,582	57,916	-	-	-	-	-	-	662,582	57,916	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	174,851	681,933	-	-	-	-	-	-	174,851	681,933	-	-
Employer contributions subsequent to the measurement date	2,134,968	-	-	-	57,388	-	-	-	2,192,356	-	-	-
OPEB Expense	-	-	-	1,736,450	-	-	-	47,917	-	-	-	1,784,367
Totals	\$2,972,401	\$ 1,687,063	\$ 22,679,437	\$ 1,736,450	\$ 104,959	\$ 45,645	\$ 596,525	\$ 47,917	\$ 3,077,980	\$ 1,732,708	\$ 23,275,962	\$ 1,784,367

Combining Schedule of VR8 GLI OPEB Plans Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and Pension Expense
As of June 30, 2023

	VR8 GLI OPEB Program											
	Teachers Group				Political Subdivision Group				Total VR8 HIC OPEB Program			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	\$ -	\$ -	\$ 9,400,852	\$ -	\$ -	\$ 456,353	\$ -	\$ -	\$ -	\$ -	\$ 9,857,215	\$ -
Differences between expected and actual experience	744,430	377,140	-	-	36,137	18,308	-	-	780,567	395,448	-	-
Net difference between projected and actual earnings on GLI OPEB program investments	-	587,416	-	-	-	28,515	-	-	-	615,931	-	-
Changes in assumptions	350,637	915,682	-	-	17,021	44,451	-	-	367,658	960,133	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,254	334,564	-	-	10,937	45,359	-	-	118,191	379,923	-	-
Employer contributions subsequent to the measurement date	955,251	-	-	-	45,357	-	-	-	1,001,608	-	-	-
OPEB Expense	-	-	-	273,542	-	-	-	(91)	-	-	-	273,551
Totals	\$ 2,157,572	\$ 2,214,802	\$ 9,400,852	\$ 273,542	\$ 110,452	\$ 136,633	\$ 456,353	\$ (91)	\$ 2,268,024	\$ 2,351,435	\$ 9,857,215	\$ 273,551

Summary of OPEB Related Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and Pension Expense
As of June 30, 2023

	ACPS OPEB Trust				VR8 HIC OPEB Program				GLI OPEB Program				Total OPEB Programs			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	\$ -	\$ -	\$ 4,728,038	\$ -	\$ -	\$ -	\$ 23,275,962	\$ -	\$ -	\$ -	\$ 9,857,215	\$ -	\$ -	\$ -	\$ 37,861,215	\$ -
Differences between expected and actual experience	-	4,928,051	-	-	-	924,450	-	-	780,567	395,448	-	-	780,567	6,247,949	-	-
Net difference between projected and actual earnings on OPEB plan investments	859,013	-	-	-	1,902	68,409	-	-	-	615,931	-	-	860,915	684,340	-	-
Changes in assumptions	144,144	812,832	-	-	708,251	57,916	-	-	367,658	960,133	-	-	1,220,053	1,830,881	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	174,851	681,933	-	-	118,191	379,923	-	-	293,042	1,051,856	-	-
Employer contributions subsequent to the measurement date	-	-	-	-	2,192,366	-	-	-	1,001,608	-	-	-	3,193,964	-	-	-
OPEB Expense	-	-	-	482,195	-	-	-	1,784,367	-	-	-	273,551	-	-	-	2,550,113
Totals	\$ 1,003,157	\$ 5,740,883	\$ 4,728,038	\$ 482,195	\$ 3,077,360	\$ 1,732,708	\$ 23,275,962	\$ 1,784,367	\$ 2,268,024	\$ 2,351,435	\$ 9,857,215	\$ 273,551	\$ 6,348,541	\$ 9,825,025	\$ 37,861,215	\$ 2,550,113

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

PRIMARY GOVERNMENT

During FY 2023, the City participated in six public employee retirement systems (PERS). One system is handled by the 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. Four are single-employer defined benefit systems where a stated methodology for determining benefits is provided. The four systems are the City Supplemental, Pension Plan for Fire and Police, Firefighters and Police Officers Pension Plan-defined benefit component, and Firefighters and Police Officers Pension Plan-disability component. The last system is a defined contribution plan (Firefighters and Police Officers Pension Plan-defined contribution component), where contribution requirements are not actuarially determined. All of these systems are included as part of the City's reporting entity and as such are reflected as Pension Trust Funds.

Plan Administration

The City Supplemental Plan is overseen by the Supplemental Retirement Board. The board consists of eight members. Four of the members are nominated by the City Manager, while the other remaining four are nominated by the board. There are four alternates nominated by the board and one alternate nominated by the City Manager. The Firefighters and Police Officers Pension Board manages the Firefighters and Police Officers Defined Contribution Plan, Defined Benefit Plan, Disability Plan, as well as the Pension for Fire and Police Plan. The board consists of eight members. Four members are nominated by the City Manager and four members are nominated by the Voting Participants. In addition, there are two alternate members nominated by the Voting Participants and one alternate nominated by the City Manager. City Council approves the nominations to all boards.

Method Used to Value Investments

Investments are valued at fair value.

Investment Policy

The Firefighters and Police Officers Pension Board investment policy objectives for Defined Benefit and Disability components and the Supplemental Retirement Board investment policy objectives for the Supplemental Retirement Plan are to preserve the actuarial soundness of each plan in order to meet contractual benefit obligations and to maximize investment return given an acceptable level of risk. The objective of the Defined Contribution component is to help beneficiaries save for retirement by enabling them to construct portfolios that will achieve an acceptable level of return while minimizing risk through diversification. The assets for the Pension Plan for the Firefighters and Police Officers are part of a group annuity contract with Empower. Empower invests the money according to their guidelines. The following is the asset allocation policy as of June 30, 2023.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Target Allocations

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

<u>Asset Class</u>	<u>Supplemental Retirement Plan</u>	<u>Firefighters & Police Officers Pension Plan</u>	<u>Pension Plan for Firefighters & Police Officers</u>
Large Cap Growth	7.0%	10.0%	0.0%
Large Cap Value	8.0%	5.0%	0.0%
Mid Cap Core	10.0%	10.0%	0.0%
Private Equity	10.0%	5.0%	0.0%
Small Cap Core	5.0%	10.0%	0.0%
Foreign Small Cap	5.0%	5.0%	0.0%
International Dev.	10.0%	5.0%	0.0%
Emerging Markets	5.0%	10.0%	0.0%
Domestic Fixed Income	10.0%	10.0%	0.0%
Global Fixed Income	10.0%	10.0%	0.0%
Tactical Asset Allocation	0.0%	0.0%	0.0%
Timber	5.0%	5.0%	0.0%
Real Estate	10.0%	10.0%	0.0%
Farmland	5.0%	5.0%	0.0%
Cash/ Other Fixed	0.0%	0.0%	0.0%
Guaranteed Deposit	0.0%	0.0%	100.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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

Money-Weighted Rate of Return

<u>Supplemental Retirement Plan</u>	<u>Firefighters & Police Officers Pension Plan</u>	<u>Pension Plan for Firefighters & Police Officers</u>
6.0%	5.4%	3.6%

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Virginia Retirement System Long-Term Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	6.80%	2.31%
Fixed Income	15.00%	4.40%	0.66%
Credit Strategies	14.00%	7.10%	0.99%
Real Assets	14.00%	6.00%	0.84%
Private Equity	14.00%	8.80%	1.23%
MAPS-Multi-Asset Public Strategies	6.00%	5.90%	0.35%
PIP-Private Investment Partnership	3.0%	7.30%	0.22%
Total	<u>100.00%</u>		<u>6.60%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return			<u>9.10%</u>

VRS Long-Term Expected Rate of Return

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

VRS Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Combining Schedule of Fiduciary Net Position					Post Retirement	Total
	Employee Retirement Plans					Benefit Trust	
	City Supplemental Retirement	Pension for Fire and Police	Firefighters and Police Officers Pension Plan			Other Post Employment Benefits	
		Defined Contribution Component	Defined Benefit Component	Disability Component			
ASSETS							
Investments, at Fair Value							
Mutual Funds	\$ 52,179,590	\$ -	\$ 13,974,850	\$ 56,515,990	\$ 5,974,743	\$ 61,127,962	\$ 189,773,135
Stocks	25,502,710	-	-	45,978,825	20,856,720	12,819,346	105,157,601
Guaranteed Investment Accounts	4,132,464	17,660,121	-	44,295,525	4,022,333	1,271,777	71,382,220
Real Estate	14,002,516	-	-	41,891,335	-	4,567,173	60,461,024
Timber	7,287,850	-	-	12,179,597	-	5,330,918	24,798,365
Private Equity	12,150,100	-	-	28,138,589	-	5,510,405	45,799,094
Other	66,283,249	-	-	168,739,826	1,338,593	23,599,929	259,961,597
Total Investments	<u>\$ 181,538,479</u>	<u>\$ 17,660,121</u>	<u>\$ 13,974,850</u>	<u>\$ 397,739,687</u>	<u>\$ 32,192,388</u>	<u>\$ 114,227,510</u>	<u>\$ 757,333,035</u>
Total Assets	<u>\$ 181,538,479</u>	<u>\$ 17,660,121</u>	<u>\$ 13,974,850</u>	<u>\$ 397,739,687</u>	<u>\$ 32,192,388</u>	<u>\$ 114,227,510</u>	<u>\$ 757,333,035</u>
NET POSITION							
Held in Trust for Pension Benefits	<u>\$ 181,538,479</u>	<u>\$ 17,660,121</u>	<u>\$ 13,974,850</u>	<u>\$ 397,739,687</u>	<u>\$ 32,192,388</u>	<u>\$ 114,227,510</u>	<u>\$ 757,333,035</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Changes in Fiduciary Net Position

	<u>Employee Retirement Plans</u>					<u>Post Retirement Benefit Trust</u>	
	<u>Firefighters and Police Officers Pension Plan</u>						
	<u>City Supplemental Retirement</u>	<u>Pension for Fire and Police</u>	<u>Defined Contribution Component</u>	<u>Defined Benefit Component</u>	<u>Disability Component</u>	<u>Other Post Employment Benefits</u>	<u>Total</u>
ADDITIONS							
Contributions:							
Employer	\$ 7,328,038	\$ 1,700,000	\$ -	\$ 17,518,490	\$ 826,751	\$ 875,000	\$ 28,248,279
Plan Members	2,226,859	-	-	3,736,832	216,349	-	6,180,040
Total Contributions	<u>9,554,897</u>	<u>1,700,000</u>	<u>-</u>	<u>21,255,322</u>	<u>1,043,100</u>	<u>875,000</u>	<u>34,428,319</u>
Investment Income:							
Net Appreciation (Depreciation) in Fair Value of Investments	3,181,613	-	1,013,907	2,575,074	(585,098)	3,872,094	10,057,590
Interest	6,068,267	557,491	213,263	18,500,886	1,709,097	4,955,218	32,004,222
Investment Expense	(413,137)	-	-	(1,014,458)	(83,185)	(144,107)	(1,654,887)
Net Investment Income	<u>8,836,743</u>	<u>557,491</u>	<u>1,227,170</u>	<u>20,061,502</u>	<u>1,040,814</u>	<u>8,683,205</u>	<u>40,406,925</u>
Total Additions	<u>18,391,640</u>	<u>2,257,491</u>	<u>1,227,170</u>	<u>41,316,824</u>	<u>2,083,914</u>	<u>9,558,205</u>	<u>74,835,244</u>
DEDUCTIONS							
Benefits	10,235,465	2,199,345	86,870	20,095,016	2,870,302	-	35,486,998
Refunds of Contributions	356,953	-	-	169,492	-	-	526,446
Administrative Expenses	972,104	23,011	5,270	343,733	92,461	55,034	1,491,613
Total Deductions	<u>11,564,522</u>	<u>2,222,356</u>	<u>92,140</u>	<u>20,608,241</u>	<u>2,962,763</u>	<u>55,034</u>	<u>37,505,056</u>
Net Increase (Decrease)	6,827,118	35,135	1,135,030	20,708,583	(878,849)	9,503,171	37,330,188
Assets Transfer in (Out)	-	-	-	-	-	-	-
Net Position at Beginning of Year	174,711,361	17,624,986	12,839,820	377,031,104	33,071,237	104,724,339	720,002,847
Net Position at End of Year	<u>\$ 181,538,479</u>	<u>\$ 17,660,121</u>	<u>\$ 13,974,850</u>	<u>\$ 397,739,687</u>	<u>\$ 32,192,388</u>	<u>\$ 114,227,510</u>	<u>\$ 757,333,035</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial valuations for all defined benefit plans are performed annually except for Virginia Retirement System (VRS), which is performed biennially; however, an actuarial update is performed in the interim year for informational purposes. The employer contribution rate based on the June 30, 2021 actuarial valuation is 11 percent of payroll. Contribution rates for VRS employers are established every two years, so this rate applies to fiscal years ending 2023 and 2024.

Beginning January 1, 2014, employees newly covered under VRS were enrolled in the new VRS Hybrid Retirement Plan (Hybrid Plan). The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members of VRS could opt into the new Hybrid Plan. The employees under the new plan have a mandatory contribution to the Defined Contribution Plan of 1.00 percent which is matched by the City. A voluntary employee contribution of up to an additional 4.00 percent is allowed with the City matching up to 1.00 percent on the first 1.00 percent of voluntary contributions plus 0.25 percent for each additional 0.50 percent. The employer contribution includes the contribution to the Defined Contribution Plan for Hybrid members.

As of June 30, 2023, the City of Alexandria had 939 employees enrolled in the Hybrid Defined Contribution Plan. The FY 2023 City contribution was \$1.6 million.

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

Historically the City has assumed the responsibility of paying 2.00 percent of the employee share of contributions for the City Supplemental Retirement Plan. General schedule employees commencing participation in this Plan after July 1, 2009, will make the 2.00 percent employee contribution. The City will continue to make the 2.00 percent contribution for general schedule employees who were participants prior to July 1, 2009. Historically the City has also made the 2.00 percent contribution for its deputy sheriffs, medics, and fire marshals. Beginning on January 1, 2020, deputy sheriffs began making a 1.50 percent employee contribution. The City will continue to make the 2.00 percent contribution for medics and fire marshals. Any employee contributions paid by the City will be characterized as employer contributions. The City paid an employer contribution of 5.10 percent for General Schedule employees, 7.03 percent for Deputy Sheriff's and 8.32 percent for Medics and Fire Marshals during FY 2023.

The recommended contribution rate increased from 34.96 percent as of July 1, 2021 to 35.80 percent as of July 1, 2022 for the Firefighter and Police Officers Basic Plan and decreased from 1.01 percent as of July 1, 2021 to 0.92 percent as of July 1, 2022 for the Disability Plan. During the year ended June 30, 2022, the Basic Plan's assets returned -11.68 percent and the Disability Plan's assets had a return of -16.99 percent on a market value basis. As of the July 1, 2022 Actuarial Valuation, the Basic Plan's unfunded actuarial accrued liability was \$50.2 million, and the Disability Plan's unfunded actuarial accrued liability was negative \$8.8 million.

The actuarial assumptions for the Firefighters and Police Officers Basic and Disability Plans have not been changed since the prior actuarial valuation. The actuarial assumptions for the Pension Plan for Firefighters and Police Officers, have not been changed since the prior actuarial valuation. The actuarial assumptions reflect the actuary's understanding of the likely future experience of the Plan. The Supplemental Plan had no changes in assumptions since the prior actuarial valuation.

On June 30, 2023, the City recognized a net pension liability of \$85.7 million for two of the City's Single Employer Pension Plans. The City recognized a net pension asset of \$5.8 million for the other two City Single Employer Pension Plans. Measurements as of June 30, 2023 were based on the fair value of assets as of June 30, 2023 and the Total Pension Liability as of the valuation date, June 30, 2022, updated to June 30, 2023. The City recognized a net pension liability of \$85.4 million for the VRS multi-employer plan. The VRS net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

For each of the City's four Plans, the funding policy is to contribute at least the Actuarially Determined Contribution annually. This contribution is equal to the amortization of the unfunded liability plus normal costs. The amortization of the unfunded liability is calculated as a level-dollar closed period for the Pension Plan for Firefighters and Police Officers. The amortization of the unfunded liability for the Supplemental Plan is calculated as an initial level-dollar closed period. Effective July 1, 2015, the Supplemental Plan began incorporating layers where future gains and losses and assumption changes are amortized over separate 10-year periods. The Firefighters and Police Officers Basic Plan and Disability Plan are calculated as a level percentage. A payment of 16.75 percent of payroll is made towards the remaining unamortized unfunded actuarial liability from July 1, 2010. Effective July 1, 2015, the Firefighters and Police Basic and Disability Plans began incorporating layers where future gains and losses and assumption changes are amortized over separate 15-year periods.

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

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

PLAN DESCRIPTION

	(1)	(2)	(3)	(4)	(5)	(6)
	VRS City	City Supplemental Retirement	Pension for Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
Administrator	State of Virginia	Empower	Empower	MissionSquare	Empower	Empower
Employees Covered	General body	General body Sheriff/EERT	Public Safety	Public Safety	Public Safety	Public Safety
Authority for Plan Provisions and Contributions	State Statute	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance
Plan Type	Agent Multi-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer
DB/DC	Defined Benefit Hybrid	Defined Benefit	Defined Benefit	Defined Contribution	Defined Benefit	Defined Benefit
Stand Alone Financial Report	Yes	No	No	No	No	No
Actuarial Valuation Date	6/30/2022	7/1/2022	7/1/2022	N/A	7/1/2022	7/1/2022
Measurement Date	6/30/2022	6/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023

MEMBERSHIP AND PLAN PROVISIONS

Active Participants	1755	1918	0	30	555	555
Retirees & Beneficiaries	1396	613	72	0	364	96
Terminated Vested & Non-vest	1543	774	0	35	122	N/A
Normal Retirement Benefits						
Age	65* 50 (30Yrs)	65 50 (30Yrs)/ 50(25 Yrs)	60 50 (20Yrs)	60	55 Any Age (25Yrs)	55
Benefits Vested**	5	5	10	5	5	5
Disability & Death Benefits	Disability Death	Disability Death	Disability Death	N/A Death	Disability Death	Disability N/A

* Tier 1 members. Tier 2 and Hybrid members' normal retirement benefit age is their Social Security Retirement age or rule of 90 when age plus service equals 90. Deputy Sheriffs VRS normal retirement age is 60 or age 50 with 25 years of service.

** VRS Hybrid Plan members are 100% vested in the Defined Contributions Plan after four years.

The following schedules present a description of the plan provisions and membership information, actuarial assumptions, accounting and funding policies, and contribution requirements.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

As of:	6/30/2022	7/01/2022	7/01/2022	N/A	7/01/2022	7/01/2022
	(1)	(2)	(3)	(4)	(5)	(6)
	VRS City	City Supplemental Retirement	Pension For Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Investment Earnings	6.75%	6.75%	3.50%	N/A	6.75%	6.75%
Projected Salary Increases						
Attributable to:						
Inflation	2.5%*	3.25%	N/A	N/A	3.25%	3.25%
Seniority/Merit	3.50% -5.35%**	3.25%-5.10%	N/A	N/A	3.25%-7.25%	3.25%-7.25%
Projected Postretirement Increases	2.5%*, 2.25%†	None	2.5%	N/A	2.5%	2.5%
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	N/A	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method Open/Closed/Layered	Level Percentage Closed	Level dollar Layered	Level dollar Closed	N/A	Level Percentage Layered	Level Percentage Layered
Remaining Amortization Peri	12-21	2(10 year layer)	3	N/A	8(15 year layer)	8(15 year layer)
Asset Valuation Method	5-year Smoothed Market Value	4-year Smoothed Market	Market Value	N/A	4-year Smoothed Market	4-year Smoothed Market

Funded Status

Actuarial Value of Assets	\$ 639,902,490	\$ 185,172,821	\$ 17,624,986	N/A	\$ 400,132,636	\$ 38,896,954
Actuarial Accrued Liability	755,626,989	187,175,092	15,874,124	N/A	450,405,290	30,069,359
Unfunded Actuarial Accrued Liability (UAAL)	\$ 115,724,499	\$ 2,002,271	\$ (1,750,862)	N/A	\$ 50,272,654	\$ (8,827,595)
Funded Ratio	84.68%	98.9%	111.0%	N/A	88.8%	129.4%
Annual Covered Payroll	\$ 154,070,651	\$ 157,239,760	N/A	N/A	\$ 46,318,902	\$ 46,318,902
UAAL as Percentage of Covered Payroll	75.11%	1.3%	N/A	N/A	108.5%	-19.1%

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

* Plan 1, †Plan 2 and Hybrid

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

As of:	6/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023
	VRS City	City Supplemental Retirement	Pension for Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
PERCENTAGE OF COVERED PAYROLL CONTRIBUTED						
Employee %	5.0%	2.0% **	N/A	N/A	7.2%	0.8%
Employer %	11.0%	3.1%	\$ 1.7 mil/Yr.	N/A	34.9%	1.3%
AMOUNT CONTRIBUTED						
Employee	\$ 7,206,037	\$ 2,226,859	\$ -	\$ -	\$ 3,736,832	\$ 216,349
Employer	15,797,310	7,328,038	1,700,000	-	17,518,490	826,751
Total Amount Contributed	<u>\$ 23,003,347</u>	<u>\$ 9,554,897</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 21,255,322</u>	<u>\$ 1,043,100</u>
COVERED PAYROLL						
Dollar Amount (in millions)	\$ 154.1	\$ 157.2	\$ N/A	\$ N/A	\$ 46.3	\$ 46.3
Legally Required Reserves	N/A	N/A	N/A	N/A	N/A	N/A
Long Term Contribution Contracts	N/A	N/A	N/A	N/A	N/A	N/A
INVESTMENT CONCENTRATIONS						
The City of Alexandria does not have pension investments (other than U. S. Government and U.S. Government guaranteed obligations) in any one organization that represents five percent or more of net assets held in trust for pension investments.						
Empower General Account (Long Term)	*	2.0%	100.0%	-	11.0%	12.0%
Empower and Comerica Mutual Funds	*	29.0%	-	100.0%	14.0%	19.0%
Stocks	*	14.0%	-	-	12.0%	65.0%
Real Estate	*	8.0%	-	-	11.0%	0.0%
Timber	*	4.0%	-	-	3.0%	0.0%
Private Equity	*	7.0%	-	-	7.0%	0.0%
Other	*	37.0%	-	-	42.0%	4.0%

* Investment information not available on an individual jurisdiction basis.

** General Schedule Employees hired before 6/30/2009 make a 0% contribution; Deputy Sheriffs make a 1.5% contribution.

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active or inputs that are observable market data. Level 2 assets include Alexandria’s mutual funds and money market funds. Alexandria’s mutual funds and money market funds have both equity and fixed income securities are continuously observable. The underlying equities are observable through quoting services, while the underlying fixed income instruments pricing is determined through both observable market quotes and market pricing determined through the use of matrix valuation using similar securities.

Level 3 – Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. Alexandria’s private equity secondaries are priced using private non-observable data.

Firefighters and Police Officers Defined Benefit and Disability Pension Plans
As of June 30, 2023

<u>Portfolio</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Equity Securities</u>			
Common Stock & ETFs	\$ 45,978,825	\$ -	\$ -
Mutual Funds	-	56,515,990	-
Total Equity Securities	45,978,825	56,515,990	-
<u>Private Equity</u>			
Secondaries Funds	-	-	28,138,589
Total Private Equity	-	-	28,138,589
<u>Cash Equivalents</u>			
Money Market Funds	-	43,189,519	-
Total Cash Equivalents	-	43,189,519	-
Total Investments by Fair Asset Value	<u>\$ 45,978,825</u>	<u>\$ 99,705,509</u>	<u>\$ 28,138,589</u>
<u>Investments measured at net asset value (NAV)</u>			
Commingled Collective Trusts	202,038,226		
Real Estate Funds	41,891,335		
Timber Funds	12,179,591		
Total Investments Measured at NAV	<u>256,109,152</u>		
Total Value	<u>\$ 429,932,075</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Capital Commitment	Capital Called	Remaining Uncalled Commitment	Current NAV	Withdrawal Frequency
Commingled Collective Trusts	N/A	N/A	N/A	\$199,910,205	Daily to Quarterly
Real Estate Funds	\$4,400,000	\$4,400,000	\$0	\$41,891,335	Monthly
Timber Funds	\$8,500,000	\$8,359,000	\$141,000	\$12,179,591	Closed End Strategies
	<u>\$12,900,000</u>	<u>\$12,759,000</u>	<u>\$141,000</u>	<u>\$253,981,131</u>	

Pension for Fire and Police
As of June 30, 2022

<u>Portfolio</u>	Level 1	Level 2	Level 3
Guaranteed Investment Accounts	\$ -	\$ 17,660,121	\$ -
Totals	<u>\$ -</u>	<u>\$ 17,660,121</u>	<u>\$ -</u>

Retirement Income for Firefighters and Police
As of June 30, 2022

<u>Portfolio</u>	Level 1	Level 2	Level 3
<u>Equity Securities</u>			
Common Stock & ETFs	\$ -	\$ -	\$ -
Mutual Funds	-	13,974,850	-
Total Equity Securities	<u>-</u>	<u>13,974,850</u>	<u>-</u>
Total Investments by Fair Asset Value	<u>\$ -</u>	<u>\$ 13,974,850</u>	<u>\$ -</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Retirement Plan
As of June 30, 2023

<u>Portfolio</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Equity Securities</u>			
Common Stock & ETFs	\$ 25,502,710	\$ -	\$ -
Mutual Funds	-	52,179,590	-
Total Equity Securities	25,502,710	52,179,590	-
<u>Private Equity</u>			
Secondaries Funds	-	-	12,150,100
Total Private Equity	-	-	12,150,100
<u>Cash Equivalents</u>			
Money Market Funds	-	2,444,520	-
Total Cash Equivalents	-	2,444,520	-
Total Investments by Fair Asset Value	<u>\$ 25,502,710</u>	<u>\$ 54,624,110</u>	<u>\$ 12,150,100</u>
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	64,064,005		
Real Estate Funds	14,002,516		
Timber Funds	7,287,850		
Farmland	3,907,188		
Total Investments Measured at NAV	<u>89,261,559</u>		
Total Value	<u>\$ 181,538,479</u>		

Supplemental NAV

	Capital Commitment	Capital Called	Remaining Uncalled Commitment	Current NAV	Withdrawal Frequency
Commingled Collective Trusts	N/A	N/A	N/A	\$62,873,515	Daily to Quarterly
Real Estate Funds	\$4,400,000	\$4,400,000	\$0	\$14,002,516	Monthly
Timber Funds	\$5,200,000	\$5,087,200	\$112,800	\$7,287,850	Closed End Strategies
Farmland	\$2,000,000	\$2,000,000	\$0	\$3,907,188	Quarterly
	<u>\$11,600,000</u>	<u>\$11,487,200</u>	<u>\$112,800</u>	<u>\$88,071,069</u>	

Net Pension Liabilities and Pension Expense

For the year ended June 30, 2023, the City recognized pension expense of \$43,380,010 for the City's Firefighters & Police Officers Pension Plan, Firefighters & Police Officers Disability Pension Plan, Supplemental Retirement Plan, Pension Plan for Firefighters & Police Officers, and the VRS Pension Plan.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Firefighters & Police Officers Pension Plan			
Balances as of 6/30/2022	\$ 445,362,309	\$ 377,031,104	\$ 68,331,205
Changes for the year:			
Service cost	10,347,474	-	10,347,474
Interest	30,428,052	-	30,428,052
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	5,042,981	-	5,042,981
Contributions-employer	-	17,518,490	(17,518,490)
Contributions-employee	-	3,736,832	(3,736,832)
Net Investment Income	-	20,061,502	(20,061,502)
Benefit payments, including refunds	(20,264,508)	(20,264,508)	-
Administrative Expense	-	(343,733)	343,733
Net Changes	25,553,999	20,708,583	4,845,416
Balances at 6/30/2023	<u>\$ 470,916,308</u>	<u>\$ 397,739,687</u>	<u>\$ 73,176,621</u>
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Firefighters & Police Officers Disability Pension Plan			
Balances as of 6/30/2022	\$ 31,647,492	\$ 33,071,237	\$ (1,423,745)
Changes for the year:			
Service cost	644,524	-	644,524
Interest	1,977,896	-	1,977,896
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(1,578,133)	-	(1,578,133)
Contributions-employer	-	826,751	(826,751)
Contributions-employee	-	216,349	(216,349)
Net Investment Income	-	1,040,814	(1,040,814)
Benefit payments, including refunds	(2,870,302)	(2,870,302)	-
Administrative Expense	-	(92,461)	92,461
Net Changes	(1,826,015)	(878,849)	(947,166)
Balances at 6/30/2023	<u>\$ 29,821,477</u>	<u>\$ 32,192,388</u>	<u>\$ (2,370,911)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Retirement Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2022	\$ 187,774,488	\$ 174,711,361	\$ 13,063,127
Changes for the year:			
Service cost	4,880,444	-	4,880,444
Interest	12,612,092	-	12,612,092
Changes in benefit terms	-	-	0
Changes in assumptions	-	-	0
Difference between expected and actual experience	(599,396)	-	(599,396)
Contributions-employer	-	7,328,038	(7,328,038)
Contributions-employee	-	2,226,859	(2,226,859)
Net Investment Income	-	8,836,743	(8,836,743)
Benefit payments, including refunds	(10,592,418)	(10,592,418)	-
Administrative Expense	-	(972,104)	972,104
Net Changes	6,300,722	6,827,118	(526,396)
Balances at 6/30/2023	<u>\$ 194,075,210</u>	<u>\$ 181,538,479</u>	<u>\$ 12,536,731</u>
Pension Plan for Firefighters & Police Officers			
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2022	\$ 17,044,497	\$ 17,624,986	\$ (580,489)
Changes for the year:			
Service Cost	-	-	-
Interest	517,437	-	517,437
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(1,170,373)	-	(1,170,373)
Contributions-employer	-	1,700,000	(1,700,000)
Contributions-employee	-	-	-
Net Investment Income	-	557,491	(557,491)
Benefit payments, including refunds	(2,199,345)	(2,199,345)	-
Administrative Expense	-	(23,011)	23,011
Net Changes	(2,852,281)	35,135	(2,887,416)
Balances at 6/30/2023	<u>\$ 14,192,216</u>	<u>\$ 17,660,121</u>	<u>\$ (3,467,905)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2021	\$ 723,641,677	\$ 676,975,704	\$ 46,665,973
Changes for the year:			
Service cost	13,090,352	-	13,090,352
Interest	48,491,234	-	48,491,234
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(4,070,706)	-	(4,070,706)
Contributions-employer	-	12,974,603	(12,974,603)
Contributions-employee	-	6,863,568	(6,863,568)
Net Investment Income	-	(534,757)	534,757
Benefit payments, including refunds	(36,686,751)	(36,686,751)	-
Other	-	(129,560)	129,560
Prior Year Adj	-	0	-
Administrative Expense	-	(422,918)	422,918
Net Changes	20,824,129	(17,935,815)	38,759,944
Balances as of 6/30/2022	<u>\$ 744,465,806</u>	<u>\$ 659,039,889</u>	<u>\$ 85,425,917</u>

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The components of the Net Pension Liability of the City of Alexandria Defined Benefit Plans as of June 30, 2023 are as follows:

	Firefighters & Police Officers Pension Plan	Firefighters & Police Officers Disability Pension Plan	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
Total Pension Liability	\$ 470,916,308	\$ 29,821,477	\$ 194,075,210	\$ 14,192,216
Plan Fiduciary Net Position	397,739,687	32,192,388	181,538,479	17,660,121
Net Pension Liability/(Asset)	<u>\$ 73,176,621</u>	<u>\$ (2,370,911)</u>	<u>\$ 12,536,731</u>	<u>\$ (3,467,905)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.5%	108.0%	93.5%	124.4%

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

	Firefighters & Police Officers Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Sensitivity of Net Pension Liability to Changes in the Discount Rate	5.75%	6.75%	7.75%
Total Pension Liability	\$ 482,919,259	\$ 470,916,308	\$ 459,440,375
Plan Fiduciary Net Position	397,739,687	397,739,687	397,739,687
Net Pension Liability/(Asset) 6/30/2023	<u>\$ 85,179,572</u>	<u>\$ 73,176,621</u>	<u>\$ 61,700,688</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.4%	84.5%	86.6%
	Firefighters & Police Officers Disability Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Sensitivity of Net Pension Liability to Changes in the Discount Rate	5.75%	6.75%	7.75%
Total Pension Liability	\$ 30,225,057	\$ 29,821,477	\$ 29,432,329
Plan Fiduciary Net Position	32,192,388	32,192,388	32,192,388
Net Pension Liability/(Asset) 6/30/2023	<u>\$ (1,967,331)</u>	<u>\$ (2,370,911)</u>	<u>\$ (2,760,059)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	106.5%	108.0%	109.4%
	Supplemental Retirement Plan		
	1% Decrease	Current Discount Rate	1% Increase
Sensitivity of Net Pension Liability to Changes in the Discount Rate	5.75%	6.75%	7.75%
Total Pension Liability	\$ 212,534,936	\$ 194,075,210	\$ 178,201,681
Plan Fiduciary Net Position	181,538,479	181,538,479	181,538,479
Net Pension Liability/(Asset) 6/30/2023	<u>\$ 30,996,457</u>	<u>\$ 12,536,731</u>	<u>\$ (3,336,798)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	85.4%	93.5%	101.9%
	Pension Plan for Firefighters & Police Officers		
	1% Decrease	Current Discount Rate	1% Increase
Sensitivity of Net Pension Liability to Changes in the Discount Rate	2.50%	3.50%	4.50%
Total Pension Liability	\$ 14,968,668	\$ 14,192,216	\$ 13,491,351
Plan Fiduciary Net Position	17,660,121	17,660,121	17,660,121
Net Pension Liability/(Asset) 6/30/2023	<u>\$ (2,691,453)</u>	<u>\$ (3,467,905)</u>	<u>\$ (4,168,770)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	118.0%	124.4%	130.9%
	Virginia Retirement System (VRS)		
	1% Decrease	Current Discount Rate	1% Increase
Sensitivity of Net Pension Liability to Changes in the Discount Rate	5.75%	6.75%	7.75%
Net Pension Liability/(Asset) 6/30/2022	<u>\$ 183,086,230</u>	<u>\$ 85,425,917</u>	<u>\$ 5,671,402</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

\$15,797,309.55 reported as deferred outflows of resources related to pensions resulting from City contributions to VRS subsequent to the measurement date of June 30, 2022 will be recognized in pension expense in the year ended June 30, 2023. At June 30, 2022, the City of Alexandria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Firefighters & Police Officers Pension Plan		Firefighters & Police Officers Disability Pension Plan		Supplemental Retirement Plan		Pension Plan for Firefighters & Police Officers		VRS		TOTAL		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 5,302,906	\$ 5,566,190	\$ 405,483	\$ 6,349,175	\$ 2,085,605	\$ 479,517	\$ -	\$ -	\$ 739,003	\$ 3,194,439	\$ 8,532,997	\$ 15,589,321	\$ (7,056,324)
Changes in assumptions	12,447,179	-	1,321,791	2,101,867	3,252,718	-	-	-	13,150,135	-	30,171,823	2,101,867	28,069,956
Net difference between projected and actual earnings on pension plan investments	23,449,759	-	5,624,337	-	10,977,578	-	191,101	-	-	19,504,719	40,242,775	19,504,719	20,738,056
Employer contributions subsequent to the measurement date	-	-	-	-	-	-	-	-	14,289,884	-	14,289,884	-	14,289,884
Total	\$ 41,199,844	\$ 5,566,190	\$ 7,351,611	\$ 8,451,042	\$ 16,315,901	\$ 479,517	\$ 191,101	\$ -	\$ 28,179,022	\$ 22,699,158	\$ 93,237,479	\$ 37,195,907	\$ 56,041,572
Total deferred outflows	<u>\$ 93,237,479</u>												
Total deferred inflows	<u>\$ 37,195,907</u>												
	Firefighters & Police Officers Pension Plan		Firefighters & Police Officers Disability Pension Plan		Supplemental Retirement Plan		Pension Plan for Firefighters & Police Officers		VRS				
Year ended June 30:													
2024	\$ 8,750,671		\$ 175,210		\$ 4,437,039		\$ 105,959		\$ (491,776)				
2025	2,702,481		214,320		2,080,589		42,205		(3,628,813)				
2026	18,919,859		1,289,656		8,860,724		32,872		(13,818,098)				
2027	2,670,983		(677,713)		458,032		10,065		9,128,667				
2028	1,869,235		(903,268)		-		-		-				
Thereafter	720,425		(1,197,636)		-		-		-				
Total Future Deferrals	\$ 35,633,654		\$ (1,099,431)		\$ 15,836,384		\$ 191,101		\$ (8,810,020)				

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

DESCRIPTION OF BENEFITS:

VRS—City—Regular, full time City employees who are not covered employees under the Firefighters & Police Officers Pension Plan are members of VRS. Participation is mandatory. This plan is administered by the Virginia Retirement System. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Employees with credit for services rendered prior to July 1, 2010 are covered under Plan 1, while members hired or rehired on or after July 1, 2010 are covered under Plan 2. Plan 1 members who did not have 5 years of service as of December 31, 2012, became Plan 2 members. Members hired after January 1, 2014 who are new participants to VRS are covered under the Hybrid Plan. Employees are eligible for an unreduced retirement at age 65 with 5 years of service and at age 50 with 30 years of service under Plan 1, and at Social Security normal retirement age with at least five years of service or when age and service are equal to 90 under Plan 2 and the Hybrid Plan. Beginning January 1, 2020, deputy sheriffs are covered by the VRS enhanced hazardous duty coverage with no supplement. Deputy sheriffs are eligible for an unreduced retirement at age 60 with 5 years of service and at age 50 with 25 years of service under enhanced hazardous duty coverage with no supplement plan. An optional reduced retirement benefit is available to deputy sheriffs as early as age 50 with five years of service under enhanced hazardous duty coverage with no supplement plan. The retirees are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.70 percent of their average final salary (AFS) for each year of credited service under Plan 1 and the enhanced hazardous duty coverage with no supplement plan; 1.65 percent of AFS for Plan 2; 1.00 percent for the Hybrid Plan. AFS under Plan 1 is 36 highest consecutive months while it is 60 highest consecutive months under Plan 2 and for Plan 1 active non-vested members. In addition, retirees qualify for annual cost-of-living (COLA) increases on July 1 of the second calendar year after retirement. These benefit provisions and all other requirements are established and may be amended by State statutes.

City Supplemental Retirement Plan—Regular, full time City employees including Deputy Sheriffs, Medics and Fire Marshals and regular, part-time City employees who are scheduled to work at least 50 percent time and who are not covered under the Firefighters & Police Officers Pension Plan are participants in the Supplemental Retirement Plan. This plan is administered by the City of Alexandria. State employees working at the Alexandria Health Department are also covered under the Plan. Full time employees receive Credited Service for each month the City and/or employee makes a contribution. Part-time employees accrue Credited Service on a pro-rata basis determined by scheduled work hours. Regular City employees who retire at or after age 65 or after age 50 with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to the sum of (1) and (2), increased by 50 percent, plus (3):

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

The Deputy Sheriffs, Medics and Fire Marshals can retire unreduced with at least 25 years of services in those positions and at least age 50. The annual benefit is the sum of:

- (1) 0.6 percent of the participant's average earnings times credited service for years 1-5 in these positions
- (2) 0.9 percent of the participant's average earnings times credited service for years 6-15 in these positions
- (3) 1.0 percent of the participant's average earning times credited service for years 16 and greater in these positions.

Benefit provisions are established and may be amended via resolution by City Council.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 via resolution by City Council. This plan was closed to new participants in 1979.

Retirement Income Plan for Fire & Police- defined contribution (closed plan)—The employees are entitled to contributions made on their behalf after 100 percent vesting. Benefit provisions are established and may be amended via resolution by City Council. 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 under the new defined benefit plan with the assets associated with their contributions.

Firefighters and Police Officers Pension Plan—defined benefit component—Full-time sworn Firefighters and Police Officers are covered employees in the Firefighters and Police Officers Pension Plan. Recruits are also covered by the Plan. This plan is administered by the City of Alexandria. Full-time employees receive one month of credit for each full month covered by the Plan. Special rules apply for service prior to January 1, 2004. The Plan provisions were approved by City Council in FY 2004 and provide retirement benefits for covered employees who retire at age 55 with 5 years of service or any age with 25 years of service. The Plan also allows for early retirement at age 50 with 20 years of service with reduced benefits. Employees hired before October 2013 are entitled to 2.5 percent of the participant's average monthly compensation (AMC), multiplied by the years of credited service up to 20 years; plus 3.2 percent of the participant's AMC, multiplied by years of credited service more than 20 years. The maximum benefit is 82.0 percent of the AMC. Employees hired after October 22, 2013 are entitled to 2.5 percent of the participant's average monthly compensation, multiplied by years of credited service. There is no limitation service or maximum benefit for employees hired after October 2013. AMC is the 48 highest consecutive months.

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 service-connected partial disability, and 2.5 percent multiplied by years of credited service, up to 50 percent for non-service connected partial or total and permanent disability. Employees hired after October 23, 2013 are not eligible for the non-service connected disability. Benefits provisions are established and may be amended via resolution by City Council. Effective January 1, 2004, this plan was merged with the Firefighters and Police Officers Pension Plan. Separate actuarial calculations have been performed for the defined benefit and disability components.

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

COMPONENT UNIT – ALEXANDRIA CITY PUBLIC SCHOOLS (ACPS)

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

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

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

A. VIRGINIA RETIREMENT SYSTEM

Plan Description

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
		<p>employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years a member is 50% vested and may withdraw 50% of employer contributions • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>
<p>Calculating the Benefit</p> <p>The Basic Benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction is applied to this amount, if the member is retiring with a reduced benefit.</p> <p>In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1</p>	<p>Calculating the Benefit</p> <p><u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier</p> <p>VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The Retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier</p> <p>VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier</p> <p><u>Defined Benefit Component:</u> VRS: the retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
<p>Normal Retirement Age VRS: Age 65.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p>	<p>Normal Retirement Age VRS: <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: <u>Defined Benefit Component:</u> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) if creditable service or age 50 with at least 10 years of creditable service</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: <u>Defined Benefit Component:</u> Age 60 with at least five years (60 months) of creditable service..</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility:</p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year</p>	<p>Cost-of Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p>Eligibility:</p> <p>Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution component:</u> Not applicable.</p> <p>Eligibility:</p> <p>Same as Plan 1 and Plan 2</p>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
<p>following unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act of the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of school divisions and political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service <p><u>Defined Contribution Component:</u> Not applicable.</p>

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

ACPS VRS Political Subdivision Retirement Plan

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Active Members	288
Inactive members:	
Vested inactive members	36
Non-vested Inactive Members	106
Long-term Disability	-
Total Inactive Members	142
Retirees and beneficiaries currently receiving benefits	199
Total Covered Employees	629

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation towards their retirement.

ACPS' contractually required contribution rate for the year ended June 30, 2023 was 1.21 % of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS were \$0.4 million for each of the years ended June 30, 2023 and June 30, 2022, respectively.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For ACPS, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions- General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 Percent, net of pension plan investment expense, including inflation*
Mortality rates:	
Largest 10- Non-LEOS:	20% of deaths are assumed to be service related
- Pre-Retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates
All Others (non 10 Largest) Non-LEOS:	15% of deaths are assumed to be service related
- Pre-Retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS board action, effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

Largest 10-Non-LEOS Duty:

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates; Salary Rates; Discount Rates	No changes

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

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates; Salary Rates; Discount Rates	No changes

Long-Term Expected Rate of Return

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return ⁽¹⁾
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		5.33%
		Inflation	<u>2.50%</u>
		⁽¹⁾ Expected arithmetic nominal return	<u>7.83%</u>

(1) The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing median return of 7.11%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate.

For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Changes in Net Pension Liability (Asset)

	<i>Increase/(Decrease)</i>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2021	\$ 45,609,013	\$ 58,710,142	\$ (13,101,129)
Changes for the year:			
Service Cost	668,355	-	668,355
Interest	3,046,189	-	3,046,189
Differences between expected and actual experience	(1,279,300)	-	(1,279,300)
Changes in assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	385,286	(385,286)
Net investment income	-	(37,009)	37,009
Benefit payments, including refunds of employee contributions	(2,297,273)	(2,297,273)	-
Administrative expenses	-	(36,921)	36,921
Other changes	-	1,299	(1,299)
Net changes	<u>137,971</u>	<u>(1,984,618)</u>	<u>2,122,589</u>
Balances at June 30, 2022	<u>\$ 45,746,984</u>	<u>\$ 56,725,524</u>	<u>\$ (10,978,540)</u>

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

The following presents the net pension liability of ACPS using the discount rate of 6.75%, as well as what ACPS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	(-1%) Decrease	Current Discount Rate	(+1%) Increase
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net Pension Liability (Asset)	\$ (5,666,340)	\$ (10,978,540)	\$ (15,366,123)

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

For the year ended June 30, 2023, ACPS recognized pension expense of approximately (\$1,871,619). As of June 30, 2023, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,734,754
Employer contributions subsequent to the measurement date	77,254	-
Change in assumptions	335,232	-
Differences between expected and actual experience	-	1,147,767
Total	\$ 412,486	\$ 2,882,521

The \$0.1 million reported as deferred outflows of resources related to pensions resulting from ACPS's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (1,173,062)
2025	(999,666)
2026	(1,161,404)
2027	786,844
	\$ (2,547,288)

Payables to the Pension Plan

At June 30, 2023, ACPS reported payables to the VRS Political Subdivision Retirement Plan of \$50,000. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2021 *Comprehensive Annual Financial Report* (Annual Financial Report). A copy of the 2022 VRS Annual Financial Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/Publications/2022-annual-report.pdf>, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Teachers Retirement Plan

The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Retirement Plan and the additions to/deductions from the VRS Teacher Employee Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the VRS. In addition, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Contributions

The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2023 was 1662% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS were \$35.7 million and \$34.4 million for each of the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teachers Plan. The special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and classified as a non-employer contribution.

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

At June 30, 2023, ACPS reported a liability of \$170.7 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. ACPS' proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 1.79324% as compared to 1.83262% at June 30, 2021.

For the year ended June 30, 2023, ACPS recognized pension expense of \$7.4 million. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

At June 30, 2023, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 22,259,249
Changes in proportion and differences between employer contributions and proportionate share of contributions	570,207	5,263,951
Changes in assumptions	16,096,135	-
Differences between expected and actual experience	-	11,772,314
Employer contributions subsequent to the measurement date	27,418,771	-
Total	\$ 44,085,113	\$ 39,295,514

The deferred outflows of resources of \$27.4 million related to pensions, resulting from the school division's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (6,866,472)
2025	(8,948,588)
2026	(16,021,100)
2027	9,206,988
	-
	\$ (22,629,172)

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.95 percent
Investment rate of return	6.75 Percent, net of pension plan investment expense, including inflation
Mortality rates:	
- Pre-Retirement	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action, effective as of July 1, 2019.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates; Salary Rates; Discount Rates	No changes

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	<u>45,211,731</u>
Employers' Net Position Liability	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>82.61%</u>

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

Long – Term Expected Rate of Return

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return ⁽¹⁾
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		⁽¹⁾ Expected arithmetic nominal return	7.83%

(1) The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by ACPS for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate share of the Net Pension Liability to Changes in the Discount Rate

The following presents ACPS' proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage lower (5.75%) or one percentage point higher (7.75%) than the current rate:

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	(-1%) Decrease 5.75%	Current Discount Rate 6.75%	(+1%) Increase 7.75%
ACPS' proportionate share of VRS			
Teacher Plan Net Pension Liability	\$ 274,569,682	\$ 142,268,075	\$ 33,432,333

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 *Comprehensive Annual Financial Report* (Annual Financial Report). A copy of the 2022 VRS Annual Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA23218-2500.

Payables to the Pension Plan

At June 30, 2023, ACPS reported payables to the VRS Teacher Retirement Plan of \$3.8 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. EMPLOYEES' SUPPLEMENTAL RETIREMENT PLAN

Plan Description

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

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

All full-time employees are eligible to participate in the Plan as of July 1, 1961, if classified as a twelve-month employee. Ten-month employees were eligible to participate in the Plan as of July 1, 1971. The Plan's fiscal year end is August 31. The net pension liability reported for the period ending August 31, 2021 was measured as of August 31, 2022, using the total pension liability that was determined by an actuarial valuation as August 31, 2022.

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

Measurement Date

A measurement date of August 31, 2022 has been used for GASB 67 reporting and for the Fiscal Year ending June 30, 2022 for GASB 68 reporting.

Benefits Provided

The Plan provides disability and death benefits. Benefits at retirement are based upon years of service and the average earnable compensation of an eligible employee during any three years that provide the highest average earnable compensation and are adjusted for inflation after retirement. Benefits at early retirement are reduced by an early retirement factor. Employees are considered vested on or after completing five years of service, or on or after attaining age 60. Employees who retire at or after age 65 or after age 50 with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 0.40 percent of effective compensation multiplied by credited future service on and after September 1, 1984, and 1.625 percent of effective compensation not to exceed \$100 plus 0.25 percent of the amount by which effective compensation exceeds \$100 multiplied by credited past service before September 1, 1984, and 1.625 percent of past service compensation in excess of \$100 plus 0.25 percent of past service compensation in excess of \$100 times credited past service. There have been no changes in plan provisions during the measurement period.

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The funding policy of the Plan provides for monthly contributions at actuarially- determined rates, which will remain relatively level over time

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.50% of covered payroll. During FY 2023, only ACPS employees contributed to the Plan. These contributions totaled \$3.1 million for the fiscal year ended June 30, 2023. Administrative costs of the Plan are paid from the Plan's assets.

Investment Policy

The objective of the Plan is to maintain actuarial soundness so that funds will be available to meet contractual benefit obligations. The investment policy may be amended by the Board at any time. Principal Financial Advisors, Inc., a registered investment advisor and wholly owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation strategy for the Plan. The following was the Plan's adopted asset allocation policy as of August 31, 2022.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Expected Geometric Return
U.S Equity - Large Cap	16.08%	7.70%	6.20%
U.S Equity - Mid Cap	1.99%	8.00%	6.20%
U.S Equity - Small Cap	1.97%	8.55%	6.20%
Non-US Equity	8.41%	8.00%	6.20%
REITs	0.00%	7.30%	5.65%
Real Estate (direct property)	12.46%	5.35%	5.00%
TIPS	0.00%	3.75%	3.60%
Core Bond	54.25%	4.20%	4.05%
High Yield	<u>4.83%</u>	6.10%	5.65%
Total	<u>100.00%</u>		
Exp LTROA (arithmetic mean)	5.48%		
Portfolio Standard Deviation	6.67%		
40th percentile	4.80%		
45th percentile	5.04%		
Expected Compound Return	5.27%		
55th percentile	5.50%		
60th percentile	5.74%		
Portfolio Investment Mix:	Equity 28% / Fixed Income 59% / Other 12%		

Concentrations

As of the measurement date, the plan had investments (other than US Government and US Government guaranteed obligations) in only Principal Financial Group, totaling \$126.7 million, that represented 5 percent or more of the Plan's fiduciary net position.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Money-Weighted Rate of Return

For the Plan year ended August 31, 2022, the annual money-weighted rate of return on plan investments for the measurement period is -8.16%. The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

Long-Term Expected Rate of Return

For the plan year ended August 31, 2022, the expected long-term rate of return assumption as of the end of period is 5.25%. The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2021. The capital market assumptions were developed with a primary focus on forward-looking market indicators and valuation models, as well as utilizing the analysis of historical data and trends, the outlook and forecasts from credible economic studies, and investment expert opinions.

Actuarial Assumptions

The actuarial assumptions used in the August 31, 2022 valuation were based upon the results of an actuarial assumption review for the five-year period of September 1, 2007 to August 31, 2012.

During the plan year ended August 31, 2022, the following changes in assumptions were implemented.

- The discount rate has decreased from 4.50% to 5.25%.
- The long-term rate of return for the current year has increased from 4.50% to 5.25%.
- The inflation rate has increased from 2.25% to 2.40%.
- The comp limit has increased from 2.25% to 2.40%.
- The wage base increase has increased from 3.25% to 3.50%.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,226
Retirees and beneficiaries currently receiving benefits	1,284
Inactive or disabled plan members entitled to but not receiving benefits	<u>2,316</u>
Total	<u><u>5,826</u></u>

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

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Long-term rate of return	5.25%
Discount rate	5.25%
Projected salary increase attributed to:	
Inflation	2.40%
Seniority /merit	4.88 - 7.18%
Retirement increases	-
Actuarial cost method	Entry Age Normal actuarial cost method
Open/closed	Open
Remaining amortization period	18 years
Asset valuation method	Contract Basis
Mortality - Pre-retirement	PubG-2010 General base table with MP-2021 Mortality Improvement Scale
Mortality - Post-retirement	PubG-2010 General base table with MP-2021 Mortality Improvement Scale

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

Employee contribution percentage	1.50%
Employer contribution percentage	0.00%
Employee contribution, during the measurement period	\$ 2,901,934
Employer contribution	<u>-</u>
Total amount contributed	<u><u>\$ 2,901,934</u></u>
Covered payroll (Annual member compensation)	\$ 173,250,599
Legally-required reserves	None
Long-term contribution contracts	None

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Projected Cash Flows

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

Discount Rate

The discount rate used to determine the end of period Total Pension Liability is 5.25%. The discount rate is a single rate that incorporates the long-term rate of return assumption. The long-term rate of return assumption was applied to the projected benefit payments from 2022 to 2117. Benefit payments after 2117 are projected to be \$0.00.

Net Pension Liability

The net pension liability reported for ACPS fiscal year end of June 30, 2023 was measured as of August 31, 2022, using the total pension liability that was determined by an actuarial valuation as of August 31, 2022.

	Changes in Net Pension Liability		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<i>Increase(Decrease)</i>		
Balances <u>at</u> August 31, 2021	\$ 187,638,149	\$ 142,107,024	\$ 45,531,125
Changes for the year			
Service Cost	6,622,862	-	6,622,862
Interest	8,581,713	-	8,581,713
Differences between expected and actual experience	1,939,951	-	1,939,951
Change in assumptions	(19,846,886)	-	(19,846,886)
Contributions - employer	-	-	-
Contributions - employee	-	2,899,057	(2,899,057)
Net investment income	-	(11,405,095)	11,405,095
Benefit payments, including <u>refunds</u> of employee contributions	(6,628,409)	(6,628,409)	-
Administrative expenses	-	(242,255)	242,255
Net changes	<u>(9,330,769)</u>	<u>(15,376,702)</u>	<u>6,045,933</u>
Balances <u>at</u> August 31, 2022	<u>\$ 178,307,380</u>	<u>\$ 126,730,322</u>	<u>\$ 51,577,058</u>

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

The following presents the net pension liability of the Employees' Supplemental Retirement Plan using the discount rate of 5.25%, as well as what the pension net pension liability would be if it was calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current rate.

	(-1%) Decrease	Current Discount Rate	(+1%) Increase
	4.25%	5.25%	6.25%
Net Pension Liability	\$ 78,822,464	\$ 51,577,058	\$ 59,509,320

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The Employees' Supplemental Retirement Plan pension expense for the fiscal year ended June 30, 2023 is \$13.9 million. For the year ended June 30, 2023, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 10,557,072	\$ -
Changes in assumptions	14,418,900	13,403,092
Differences between expected and actual experience	10,566	165,927
Total	\$ 24,986,538	\$ 13,569,019

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

Year Ending June 30,	Amount
2024	\$ 6,050,504
2025	39,528
2026	1,788,451
2027	3,539,036
Total	\$ 11,417,519

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Payables to the Pension Plan

At June 30, 2023, ACPS reported payables to the Employees' Supplemental Retirement Plan of \$0.4 million. The following is a summary of fiduciary net position of the Plan as of June 30, 2023.

Summary of Fiduciary Net Position	
Employees' Supplementary Retirement Plan	
As of June 30, 2023	
ASSETS	
Bonds	\$ 75,555,901
Mutual Funds	25,813,420
Other Investments	25,365,694
Contribution Receivable	<u>358,356</u>
Total assets	<u>127,093,371</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 127,093,371</u>

The following is a summary of changes in fiduciary net position of the Plan for the year ended June 30, 2023.

Summary of Changes in Fiduciary Net Position	
Employees' Supplementary Retirement Plan	
For the Year Ended June 30, 2023	
ADDITIONS	
Contributions	\$ 3,057,246
Investment Earnings net	<u>4,440,406</u>
Total Additions	<u>7,497,652</u>
DEDUCTIONS	
Benefit payments	6,570,526
Administrative expenses	<u>282,544</u>
Total Deductions	<u>6,853,070</u>
Change in net position	644,582
NET POSITION, beginning of year	<u>126,448,789</u>
NET POSITION, end of year	<u><u>\$ 127,093,371</u></u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Summary of Net Pension Liabilities/Asset and Deferred Inflows and Outflows of Resources
As of June 30, 2023

	VR8 - Teachers Plan				VR3 - Political Subdivision Plan				Employees Supplemental Plan				Total Pension Plans				
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Net Pension Liability	Pension Expense
Net Pension Liability	\$ -	\$ -	\$ 170,727,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,677,058	\$ -	\$ -	\$ -	\$ 222,304,241	\$ -	
Net Pension Asset	-	-	-	-	-	-	10,878,540	-	-	-	-	-	-	10,878,540	-	-	
Net difference between projected and actual earnings on pension plan investments	-	22,268,248	-	-	-	1,734,763	-	-	10,667,072	-	-	-	10,667,072	28,984,002	-	-	
Changes in proportion and differences between employer contributions and proportionate share of contributions	670,208	6,288,851	-	-	-	-	-	-	-	-	-	-	670,208	6,288,851	-	-	
Differences between expected and actual experience	-	11,772,314	-	-	-	1,147,787	-	-	10,588	185,827	-	-	10,588	13,038,008	-	-	
Changes in assumptions	18,088,134	-	-	-	335,232	-	-	-	14,413,800	13,408,092	-	-	30,850,286	13,408,092	-	-	
Employer contributions subsequent to the measurement date	27,418,771	-	-	-	77,264	-	-	-	-	-	-	-	27,498,025	-	-	-	
Pension Expense	-	-	-	7,338,853	-	-	-	(1,871,819)	-	-	-	13,906,284	-	-	-	18,422,283	
Total	\$ 44,035,115	\$ 38,286,514	\$ 170,727,183	\$ 7,338,853	\$ 412,488	\$ 2,832,620	\$ 10,878,540	\$ (1,871,819)	\$ 24,888,633	\$ 13,589,019	\$ 51,677,058	\$ 13,906,284	\$ 88,434,138	\$ 66,747,053	\$ 10,878,540	\$ 222,304,241	\$ 18,422,283

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 18. TAX ABATEMENTS

A tax abatement is a reduction in tax revenues or exemption from tax expense that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action that after the agreement has been entered into, it contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City entered into a 15-year agreement with the General Services Administration (GSA) on behalf of an independent federal government agency for the purchase of real property and construction of a building for lease (known as the Eisenhower Avenue Science Redevelopment District). The agreement involves a real property tax exemption that partially exempts real estate taxes due during the 15-year period of leasing the building to tenants. The state law under which the abatement was enacted is the Code of Virginia detailed within 58.1-3221 which states that, the governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement provided certain criteria is met including substantial rehabilitation, renovation, or replacement for commercial or industrial use.

The effective date of the start of the abatement was January 1, 2018. The annual percent of real estate taxes that will be exempt on the improvements during the 15 years of the initial transaction are summarized in the table below. Calendar Year 2023 is the sixth year of the abatement.

Year	Percent	Year	Percent
1	100%	9	90%
2	100%	10	80%
3	100%	11	70%
4	100%	12	60%
5	100%	13	50%
6	100%	14	40%
7	100%	15	30%
8	100%	16 & Beyond	0%

The real property assessments for all land and buildings within the District shall be determined by the Real Estate Assessor and shall be established at 100 percent of fair market value using the same principles, procedures, and methodology established for other like kind taxable real property in the City. The owner of land and improvements within the District maintains the same rights and limitations of appeal of the City’s annual real estate assessment as that applicable to other taxable real estate in the City. The annual assessed value of the land component in the District, reflecting any increases or decreases in assessed value of said land component, shall remain fully taxable. The annual assessed value of the land component shall also reflect that of a finished developed lot.

At the time of the agreement the agency’s presence in the City was projected to generate \$73.0 million over a 15-year period and up to \$95.0 million over a 20-year period if the agency lease is extended. After setting aside a \$28.0 million value of the proposed tax abatement over the 15 years, the net tax gain to the City’s General Fund is projected to be \$45.0 million over a 15-year period and \$68.0 million over a 20-year period. An economic analysis indicated that the agency would generate 90,000 hotel room stays per year.

In FY 2023, the eligibility requirements for the District were met and \$2.6 million in real estate taxes were abated.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2023

Exhibit XII
(Continued)

NOTE 19. NEW ACCOUNTING STANDARDS

In FY 2023, the following Governmental Accounting Standards Board (GASB) statements were implemented:

Statement No. 94, “Public-Private and Public-Public Partnership Arrangements.” The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this Statement were effective for financial statements starting with the fiscal year that ends June 30, 2023.

Statement No. 96, “Subscription-Based Information Technology Arrangements.” This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government’s incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term. The requirements of this Statement were effective for financial statements starting with the fiscal year that ends June 30, 2023.



PAGE LEFT BLANK INTENTIONALLY

DRAFT

REQUIRED
SUPPLEMENTARY
INFORMATION
(Unaudited)

In accordance with the Governmental Accounting Standards Board Statements No. 25, No. 27, No. 34, No. 43,

No.45 and No. 75 the following information is a required part of the basic financial statements.

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2023

EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Over (Under)
Revenues:				
General Property Taxes.....	\$ 584,530,339	\$ 584,530,339	\$ 582,975,505	\$ (1,554,834)
Other Local Taxes.....	148,478,380	148,478,380	152,409,150	3,930,770
Permits, Fees, and Licenses.....	2,867,350	2,867,350	2,683,307	(184,043)
Fines and Forfeitures.....	4,305,200	4,305,200	3,129,147	(1,176,053)
Use of Money and Property.....	6,655,000	6,655,000	20,186,948	13,531,948
Charges for Services.....	14,941,328	15,071,741	17,312,775	2,241,034
Intergovernmental Revenues.....	57,449,022	57,524,022	59,286,179	1,762,157
Interest from Leases.....	-	-	212,764	212,764
Miscellaneous.....	2,518,252	2,518,252	5,140,380	2,622,128
Total Revenues	821,744,871	821,950,284	843,336,155	21,385,871
Expenditures:				
City Council.....	783,826	783,826	635,486	148,340
City Manager.....	3,775,733	5,936,026	3,988,058	1,947,969
Office of Management and Budget.....	1,733,353	1,786,300	1,459,315	326,985
18th Circuit Court.....	1,620,076	1,650,223	1,507,332	142,892
18th General District Court.....	150,597	150,638	120,892	29,746
Juvenile And Domestic Relations Court.....	87,827	87,852	55,616	32,236
Commonwealth's Attorney.....	3,677,655	3,752,710	3,722,638	30,072
Sheriff.....	34,119,914	34,257,389	33,914,882	342,506
Clerk of Courts.....	1,779,588	2,179,623	2,164,875	14,748
Other Correctional Activities.....	4,371,766	4,371,817	3,965,021	406,796
Court Services.....	2,148,533	2,194,870	1,895,353	299,517
Human Rights.....	1,093,748	1,118,760	1,014,758	104,002
Internal Audit.....	436,496	438,920	413,788	25,132
Information Technology Services.....	15,168,902	17,389,609	15,706,533	1,683,076
Office of Communications.....	2,315,965	2,315,978	1,682,846	633,131
City Clerk and Clerk of Council.....	478,570	544,112	467,678	76,434
Finance.....	13,937,644	14,364,920	12,446,681	1,918,239
Organizational Excellence.....	-	-	-	-
Human Resources.....	5,356,578	5,977,543	4,984,069	993,474
Planning and Zoning.....	7,188,572	7,593,103	6,794,569	798,534
Economic Development Activities.....	7,657,894	9,230,984	8,700,033	530,951
City Attorney.....	4,153,008	4,785,150	4,593,807	191,343
Registrar of Voters.....	1,419,534	1,561,822	1,168,127	393,695
General Services.....	13,971,419	14,748,086	11,687,557	3,060,529
Office of Proj. Implementation.....	-	-	-	-
Performance and Accountability.....	768,227	868,232	834,184	34,048
Transportation and Environmental Services.....	26,427,941	27,367,236	24,540,199	2,827,037
Transit Subsidies.....	17,523,751	17,550,989	17,435,975	115,014
Fire.....	55,548,322	56,162,458	56,821,996	(659,538)
Office of Independent Policing.....	288,866	500,000	16,000	484,000
Police.....	69,064,725	70,304,355	65,166,165	5,138,190
Emergency Communication.....	9,820,971	9,907,128	9,125,950	781,178
Building and Fire Code Administration.....	-	-	-	-
Housing.....	2,070,660	2,081,133	1,958,623	122,510
Community and Human Services.....	16,163,566	18,021,877	15,119,078	2,902,799
Other Health Services.....	1,279,936	1,279,936	1,279,915	21
Health.....	8,230,175	8,433,310	7,935,021	498,290
Office of Historic Alexandria.....	4,018,857	5,279,685	3,997,760	1,281,925
Recreation and Cultural Activities.....	27,021,487	28,066,089	26,837,658	1,228,431
Library.....	-	-	-	-
ACPS (Debt Service).....	31,941,000	31,941,000	31,941,000	-
Other Educational Activities.....	15,750	15,750	15,750	-
Non Departmental (including debt service).....	23,107,762	69,695,313	56,772,609	12,922,704
	<u>420,719,194</u>	<u>484,694,752</u>	<u>442,887,796</u>	<u>41,806,957</u>
Other Financing Sources (Uses):				
Bond Premium.....	-	-	-	-
Payment to Refunded Bonds Escrow Agent.....	-	-	-	-
Transfers In.....	9,349,100	10,681,049	14,233,764	3,552,715
Transfers Out.....	(127,775,942)	(161,734,893)	(159,822,821)	1,912,073
Transfers Out - Component Units.....	(256,920,765)	(256,950,826)	(256,920,765)	30,061
Sale of Land.....	-	-	-	-
	<u>(375,347,607)</u>	<u>(408,004,670)</u>	<u>(402,509,821)</u>	<u>5,494,849</u>
Net Change in Fund Balance.....	25,678,070	(70,749,138)	(2,061,462)	68,687,677
Fund Balances at Beginning of Year.....	225,137,606	225,137,606	225,137,606	-
Increase/(Decrease) in Reserve for Inventory	-	614,046	614,046	-
FUND BALANCES AT END OF YEAR.....	\$ 250,815,676	\$ 155,002,514	\$ 223,690,191	\$ 68,687,677

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

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2023

EXHIBIT XIV

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Over (Under)</u>
Exhibit XIV				
Revenues:				
General Property Taxes.....	\$ 1,961,828	\$ 1,961,828	\$ 1,815,780	\$ (146,048)
Other Local Taxes.....	7,395,000	7,115,990	8,530,980	1,414,990
Permits, Fees and Licenses.....	10,804,377	10,804,377	10,765,855	(38,522)
Use of Money and Property.....	657,361	657,361	1,309,405	652,044
Charges for Services.....	53,675,476	53,899,481	52,902,137	(997,344)
Intergovernmental Revenues.....	107,014,726	112,076,737	59,945,394	(52,131,344)
Miscellaneous.....	19,943,533	21,582,034	4,786,028	(16,796,006)
Total Revenues.....	201,452,301	208,097,808	140,055,579	(68,042,229)
Other Financing Sources:				
Transfers In.....	90,598,714	90,508,661	89,093,259	(1,415,402)
Issuance of Debt and other Financing	-	-	-	-
Total Other Financing Sources.....	90,598,714	90,508,661	89,093,259	(1,415,402)
Total Revenues and Other Financing Sources.....	292,051,014	298,606,468	229,148,838	(69,457,630)
Expenditures:				
City Manager's Office.....	90,000	142,000	91,877	50,123
Commonwealth's Attorney.....	988,455	988,455	465,125	523,330
Sheriff.....	609,036	942,759	485,199	457,560
Clerk of Courts.....	127,915	127,915	92,619	35,296
Law Library.....	-	-	-	-
Other Correctional and Judicial Activities.....	753,405	753,405	678,666	74,739
Court Services.....	462,562	793,779	260,914	532,865
Human Rights.....	62,444	62,444	6,157	56,287
Internal Audit.....	88,219	88,219	3,131	85,088
Information Technology Services.....	734,606	884,606	665,751	218,855
Finance.....	1,019,218	1,025,468	916,756	108,711.81
Planning and Zoning.....	599,345	599,345	240,483	358,862
Economic Development.....	775,000	775,000	495,000	280,000
Registrar.....	-	-	-	-
General Services.....	422,784	583,970	323,585	260,385
Office of Project Implementation.....	1,795,438	11,795,438	2,184,189	9,611,249
Performance and Accountability.....	-	-	-	-
Transportation and Environmental Services.....	55,132,578	52,956,060	33,073,431	19,882,628
Transit Subsidies.....	7,909,142	7,909,142	7,240,612	668,530
Fire.....	9,133,165	9,961,142	2,230,889	7,730,253
Police.....	1,503,932	1,580,937	275,254	1,305,683
Emergency Communications.....	114,287	114,287	114,049	238
Building and Fire Code Administration.....	8,646,179	8,658,578	6,859,808	1,798,770
Office of Housing.....	28,084,509	32,797,184	7,733,105	25,064,079
Community and Human Services.....	95,646,564	101,814,746	89,547,382	12,267,364
Alexandria Health.....	434,949	434,949	122,786	312,163
Historic Alexandria.....	1,313,951	1,745,099	1,139,701	605,398
Recreation and Cultural Activities.....	4,455,244	5,052,667	2,275,137	2,777,530
Library.....	73,503	73,503	73,503	-
ACPS - Schools.....	-	-	-	-
Non-Departmental.....	14,905,049	9,776,029	7,197,835	2,578,195
Total Expenditures.....	235,881,481	252,437,126	164,792,943	87,644,183
Other Financing Sources/Uses:				
Transfers Out.....	53,649,356	67,900,249	51,916,424	15,983,825
Total Other Financing Uses.....	53,649,356	67,900,249	51,916,424	15,983,825
Total Expenditures and Other Financing Uses.....	289,530,837	320,337,375	216,709,367	103,628,008
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses.....	2,520,177	(21,730,907)	12,439,471	(34,170,378)
Fund Balance at Beginning of Year.....	124,745,226	124,745,226	124,745,226	-
FUND BALANCE AT END OF YEAR.....	\$ 127,265,403	\$ 103,014,319	\$ 137,184,697	\$ (34,170,378)

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

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
Alexandria Transit Company
For the Fiscal Year Ended June 30, 2023

EXHIBIT XV

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget - Positive (Negative)</u>
Revenues:				
Charges for Services.....	\$ 336,400	\$ 336,400	\$ 262,689	\$ (73,711)
Intergovernmental Revenues.....	5,062,319	7,891,963	7,132,617	(759,346)
Miscellaneous.....	60,000	60,000	85,330	25,330
Total Revenues	<u>5,458,719</u>	<u>8,288,363</u>	<u>7,480,636</u>	<u>(807,727)</u>
Expenditures:				
Personnel Services.....	25,666,582	28,419,195	25,869,088	2,550,107
Contractual Services.....	1,447,184	2,024,644	1,510,598	514,046
Materials and Supplies.....	3,118,038	3,121,738	4,455,559	(1,333,821)
Other Charges.....	1,627,533	1,659,625	1,462,659	196,966
Total Expenditures	<u>31,859,337</u>	<u>35,225,201</u>	<u>33,297,904</u>	<u>1,927,297</u>
Other Financing Sources (Uses):				
Transfers In.....	25,323,587	26,886,087	26,968,031	81,944
Transfers Out.....	-	-	-	-
Total Other Financing Sources (Uses)	<u>25,323,587</u>	<u>26,886,087</u>	<u>26,968,031</u>	<u>81,944</u>
Change in Fund Balance	(1,077,031)	(50,752)	1,150,763	1,201,515
Fund Balance at Beginning of Year.....	828	828	828	-
Increase/(Decrease) in Reserve for Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (1,076,203)</u>	<u>\$ (49,924)</u>	<u>\$ 1,151,591</u>	<u>\$ 1,201,515</u>

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Budgetary Comparison Schedules
For the Fiscal Year Ended June 30, 2023

EXHIBIT XVI

(1) SUMMARY OF SIGNIFICANT BUDGET POLICIES

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. On May 4, 2022, the City Council approved the original adopted budget and approved multiple budget amendments 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 XIII 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 (Note 10)	Exhibit IV	Exhibit IV Title
Other Educational Activities	\$ 15,750	\$ 248,721,550	\$ 248,737,300	Education
Library Transfer	-	8,149,962	8,149,962	Library
Other Expenditures (not listed separately)	442,905,547	-	442,905,547	Other Expenditures (not listed separately)
Total Expenditures	442,921,297	256,871,512	699,792,809	Total Expenditures
Transfers Out – Component Units	256,887,262	(256,887,762)	-	None
Operating Transfers Out	159,822,821	-	159,822,821	Operating Transfers Out
Other Financing	-	-	-	Other Expenditures (not listed separately)
Total Financing (Sources) Uses	\$ 416,710,083	\$ (256,887,762)	\$ 159,822,821	Total Financing Uses

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension Schedule of Employer Contributions
For Fiscal Year Ended June 30, 2023

Exhibit XVII

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Supplemental Plan										
Actuarial Determined Contribution	\$ 8,126,230	\$ 8,009,761	\$ 8,363,413	\$ 8,866,569	\$ 10,743,083	\$ 9,509,690	\$ 9,378,597	\$ 9,193,893	\$ 7,548,253	\$ 8,462,725
Actual Contribution Amounts	7,328,038	7,208,914	9,388,833	8,627,444	8,622,481	8,148,716	8,006,825	7,586,006	7,173,760	9,705,496
Contribution Deficiency (Excess)	798,192	800,847	(1,025,420)	239,125	2,120,602	1,360,974	1,371,772	1,607,887	374,493	(1,242,771)
Percentage of ADC Contributed	90.18%	90.00%	112.26%	97.30%	80.26%	85.69%	85.37%	82.51%	95.04%	114.69%
Covered Payroll	157,239,760	154,127,839	155,989,640	151,867,063	147,362,907	142,843,740	139,044,952	139,914,668	136,374,392	127,784,140
Contribution as a Percentage of Covered Payroll	4.66%	4.68%	6.02%	5.68%	5.85%	5.70%	5.76%	5.42%	5.26%	7.60%
Pension Plan for Fire and Police*										
Actuarial Determined Contribution	0	290,776	548,040	563,948	652,038	868,570	908,621	1,057,539	1,158,624	1,211,013
Actual Contribution Amounts	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,713,744	1,723,744	1,728,313	1,700,000
Contribution Deficiency (Excess)	(1,700,000)	(1,409,224)	(1,151,960)	(1,136,052)	(1,047,962)	(831,430)	(805,123)	(666,205)	(569,689)	(488,987)
Percentage of ADC Contributed	#DIV/0!	584.64%	310.20%	301.45%	260.72%	185.72%	188.61%	163.00%	149.17%	140.38%
Covered Payroll	-	-	-	-	-	-	-	-	-	-
Contribution as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Firefighters and Police Pension										
Actuarial Determined Contribution	16,538,936	15,463,758	15,772,143	15,117,075	14,018,911	13,620,056	9,903,407	9,384,623	9,273,326	10,471,367
Actual Contribution Amounts	17,518,490	15,464,667	14,784,520	14,681,733	11,099,665	10,436,128	11,232,823	11,119,553	9,933,001	10,398,552
Contribution Deficiency (Excess)	(979,554)	(900,909)	987,623	435,342	2,919,246	3,183,928	(1,329,416)	(1,734,930)	(659,675)	72,815
Percentage of ADC Contributed	105.92%	100.01%	93.74%	97.12%	79.18%	76.62%	113.42%	118.49%	107.11%	99.30%
Covered Payroll	46,318,902	44,226,890	45,242,944	42,665,383	40,168,637	39,649,421	36,973,064	35,671,448	33,810,854	34,424,794
Contribution as a Percentage of Covered Payroll	37.82%	34.97%	32.68%	34.41%	27.63%	26.32%	30.38%	31.17%	29.38%	30.21%
Firefighters and Police Disability										
Actuarial Determined Contribution	424,680	446,429	569,453	719,987	1,014,585	1,834,550	4,449,438	4,638,338	4,618,019	4,431,587
Actual Contribution Amounts	826,751	935,081	1,476,099	2,145,826	5,077,662	6,219,316	5,667,369	4,734,529	2,448,696	2,039,849
Contribution Deficiency (Excess)	(402,071)	(488,652)	(906,646)	(1,425,839)	(4,063,077)	(4,384,766)	(1,217,931)	(96,191)	2,169,323	2,391,738
Percentage of ADC Contributed	194.68%	209.46%	259.21%	298.06%	500.47%	339.01%	127.37%	102.07%	53.02%	46.03%
Covered Payroll	46,318,902	44,226,890	45,242,944	42,665,383	40,168,637	39,649,421	36,973,064	35,671,448	33,810,854	34,424,794
Contribution as a Percentage of Covered Payroll	1.78%	2.11%	3.26%	5.03%	12.64%	15.69%	15.33%	13.27%	7.24%	5.93%
VRS										
Actuarial Determined Contribution	14,289,884	12,975,113	13,010,172	10,506,432	9,890,834	9,983,362	9,974,720	12,285,419	14,070,398	12,629,447
Actual Contribution Amounts	14,289,884	12,975,113	13,010,172	10,506,432	9,890,834	9,983,362	9,974,720	12,285,419	14,070,398	12,629,447
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Percentage of ADC Contributed	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Covered Payroll	\$ 144,051,251	\$ 144,874,214	\$ 141,098,814	\$ 134,462,348	\$ 131,605,713	\$ 126,449,341	\$ 125,437,843	\$ 125,890,250	\$ 125,890,250	\$ 123,842,881
Contribution as a Percentage of Covered Payroll	9.92%	8.96%	9.22%	7.81%	7.52%	7.90%	7.95%	9.76%	11.18%	10.20%

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

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

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

Firefighters & Police Officers Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 10,347,474.00	\$ 9,878,313	\$ 9,483,217	\$ 9,168,309	\$ 9,620,841	\$ 8,390,462	\$ 6,180,741	\$ 5,671,076	\$ 5,526,902	\$ 5,749,258
Interest	30,428,052	28,772,498	27,927,795	26,764,399	25,379,639	24,192,874	23,064,895	21,948,491	20,769,869	19,761,542
Changes in benefit terms		-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	5,042,981	(5,537,423)	(1,961,199)	2,036,689	(1,715,696)	752,396	(546,278)	1,386,820	(978,630)	-
Changes in assumptions		13,579,116	-	-	-	19,234,689	-	-	-	-
Benefit payments, including refunds	(20,264,508)	(19,028,148)	(18,090,708)	(17,256,343)	(16,363,487)	(13,965,535)	(12,763,693)	(12,633,775)	(11,610,344)	(10,147,030)
Net Change in Total Pension Liability	25,553,999	27,664,356	17,359,105	20,713,054	16,921,297	38,604,886	15,935,665	16,372,612	13,707,797	15,363,770
Total Pension Liability - Beginning of Year	445,362,309	417,697,953	400,338,848	379,625,794	362,704,497	324,099,611	308,163,946	291,791,334	278,083,537	262,719,767
Total Pension Liability - End of Year	470,916,308	445,362,309	417,697,953	400,338,848	379,625,794	362,704,497	324,099,611	308,163,946	291,791,334	278,083,537
Plan Fiduciary Net Position										
Contributions - employer	17,518,490	15,464,667	14,784,520	14,681,733	11,099,665	10,436,128	11,232,823	11,119,553	9,933,001	10,398,552
Contributions - employee	3,736,832	3,250,033	3,240,297	3,806,982	4,221,569	2,745,051	2,914,101	2,598,821	2,381,830	2,392,226
Net investment income	20,061,502	(49,882,723)	102,620,858	6,335,095	22,614,416	24,196,919	32,888,556	3,513,529	6,726,117	33,401,003
Benefit payments, including refunds	(20,264,508)	(19,028,148)	(18,090,708)	(17,256,343)	(16,363,487)	(13,965,535)	(12,763,693)	(12,633,775)	(11,610,344)	(10,147,030)
Administration Expenses	(343,733)	(330,130)	(325,054)	(391,550)	(368,635)	(381,934)	(198,337)	(206,917)	(278,201)	(379,242)
Net Change in Plan Fiduciary Net Position	20,708,583	(50,526,301)	102,229,913	7,175,917	21,203,528	23,030,629	34,073,450	4,391,211	7,152,403	35,665,509
Plan Fiduciary Net Position - Beginning of Year	377,031,104	427,557,405	325,327,492	318,151,575	296,948,047	273,917,418	239,843,968	235,452,757	228,300,354	192,634,845
Plan Fiduciary Net Position - End of Year	397,739,687	377,031,104	427,557,405	325,327,492	318,151,575	296,948,047	273,917,418	239,843,968	235,452,757	228,300,354
Net Pension Liability - End of Year	\$ 73,176,621	\$ 68,331,205	\$ (9,859,452)	\$ 75,011,356	\$ 61,474,219	\$ 65,756,450	\$ 50,182,193	\$ 68,319,978	\$ 56,338,577	\$ 49,783,183
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.5%	84.7%	102.4%	81.3%	83.8%	81.9%	84.5%	77.8%	80.7%	82.1%
Covered Payroll	\$ 46,318,902	\$ 44,226,890	\$ 45,242,944	\$ 42,665,383	\$ 40,168,637	\$ 39,649,421	\$ 36,973,064	\$ 35,671,448	\$ 33,810,854	\$ 34,424,794
Net Pension Liability as a percentage of Covered Payroll	158.0%	154.5%	-21.8%	175.8%	153.0%	165.8%	135.7%	191.5%	166.6%	144.6%

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

**CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023**

**Exhibit XVII
(Continued)**

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

Firefighters & Police Officers Disability Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 644,524	\$ 622,182	\$ 609,396	\$ 581,315	\$ 544,069	\$ 543,661	\$ 2,885,911	\$ 2,679,963	\$ 2,620,753	\$ 2,699,276
Interest	1,977,896	2,097,641	2,189,249	2,220,796	2,176,646	2,512,564	2,875,585	2,845,545	2,872,200	2,638,659
Changes in benefit terms		-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(1,578,133)	(700,776)	(401,271)	637,187	(1,364,824)	(5,049,132)	(2,851,393)	(3,385,398)	409,917	-
Changes in assumptions		666,836	-	-	(3,853,427)	1,707,637	-	-	-	-
Benefit payments, including refunds	(2,870,302)	(3,003,579)	(2,948,216)	(2,813,258)	(2,717,231)	(2,559,855)	(2,488,687)	(2,470,684)	(2,571,831)	(2,539,650)
Net Change in Total Pension Liability	(1,826,015)	(317,696)	(550,842)	626,040	(5,214,767)	(2,845,125)	421,416	(330,574)	3,331,039	2,798,285
Total Pension Liability - Beginning of Year	31,647,492	31,965,188	32,516,030	31,889,990	37,104,757	39,949,882	39,528,466	39,859,040	36,528,001	33,729,716
Total Pension Liability - End of Year	29,821,477	31,647,492	31,965,188	32,516,030	31,889,990	37,104,757	39,949,882	39,528,466	39,859,040	36,528,001
Plan Fiduciary Net Position										
Contributions - employer	826,751	935,081	1,476,099	2,145,826	5,077,662	6,219,316	5,667,369	4,734,529	2,448,696	2,039,849
Contributions - employee	216,349	206,909	216,110	232,849	218,502	225,640	248,035	243,351	246,551	259,585
Net investment income	1,040,814	(6,965,437)	6,332,970	855,187	2,663,504	2,128,875	2,784,003	263,792	452,996	2,327,679
Benefit payments, including refunds	(2,870,302)	(3,003,579)	(2,948,216)	(2,813,258)	(2,717,231)	(2,559,855)	(2,488,687)	(2,470,684)	(2,571,831)	(2,539,650)
Administration Expenses	(92,461)	(72,652)	(29,375)	(4,876)	(4,896)	(2,467)	(15,277)	(77)	(15,876)	(86,762)
Net Change in Plan Fiduciary Net Position	(878,849)	(8,899,678)	5,047,588	415,728	5,237,541	6,011,509	6,195,443	2,770,911	560,536	2,000,701
Plan Fiduciary Net Position - Beginning of Year	33,071,237	41,970,915	36,923,327	36,507,599	31,270,058	25,258,549	19,063,106	16,292,195	15,731,659	13,730,958
Plan Fiduciary Net Position - End of Year	32,192,388	33,071,237	41,970,915	36,923,327	36,507,599	31,270,058	25,258,549	19,063,106	16,292,195	15,731,659
Net Pension Liability - End of Year	\$ (2,370,911)	\$ (1,423,745)	\$ (10,005,727)	\$ (4,407,297)	\$ (4,617,609)	\$ 5,834,699	\$ 14,691,333	\$ 20,465,360	\$ 23,566,845	\$ 20,796,342
Plan Fiduciary Net Position as a percentage of Total Pension Liability	108.0%	104.5%	131.3%	113.6%	114.5%	84.3%	63.2%	48.2%	40.9%	43.1%
Covered Payroll	\$ 46,318,902	\$ 44,226,890	\$ 45,242,944	\$ 42,665,383	\$ 40,168,637	\$ 39,649,421	\$ 36,973,064	\$ 35,671,448	\$ 33,810,854	\$ 34,424,794
Net Pension Liability as a percentage of Covered Payroll	-5.1%	-3.2%	-22.1%	-10.3%	-11.5%	14.7%	39.7%	57.4%	69.7%	60.4%

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

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

Pension Plan for Firefighters & Police Officers

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	517,437	617,211	674,734	1,006,234	1,081,231	1,204,224	1,399,445	1,534,443	1,664,966	1,778,386
Changes in benefit terms Difference between expected and actual experience	(1,170,373)	191,706	(774,025)	332,248	(643,998)	(860,707)	(584,816)	(425,528)	(95,467)	-
Changes in assumptions	-	-	1,660,222	-	-	1,282,305	-	-	-	-
Benefit payments, including refunds	(2,199,345)	(2,394,031)	(2,623,916)	(2,841,992)	(2,983,088)	(3,056,201)	(3,298,973)	(3,506,496)	(3,715,881)	(3,773,545)
Net Change in Total Pension Liability	(2,852,281)	(1,585,114)	(1,062,985)	(1,503,510)	(2,545,855)	(1,430,379)	(2,484,344)	(2,397,581)	(2,146,382)	(1,995,159)
Total Pension Liability - Beginning of Year	17,044,497	18,629,611	19,692,596	21,196,106	23,741,961	25,172,340	27,656,684	30,054,265	32,200,647	34,195,806
Total Pension Liability - End of Year	14,192,216	17,044,497	18,629,611	19,692,596	21,196,106	23,741,961	25,172,340	27,656,684	30,054,265	32,200,647
Plan Fiduciary Net Position										
Contributions - employer	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,713,744	1,723,744	1,728,313	1,700,000
Contributions - employee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	557,491	498,086	574,501	592,045	619,900	706,055	821,797	893,641	920,708	1,041,529
Benefit payments, including refunds	(2,199,345)	(2,394,031)	(2,623,916)	(2,841,992)	(2,983,088)	(3,056,201)	(3,298,973)	(3,506,496)	(3,715,881)	(3,773,545)
Administration Expenses	(23,011)	(24,170)	(22,725)	(25,633)	(13,678)	(21,933)	(23,566)	(27,971)	(18,583)	(10,830)
Net Change in Plan Fiduciary Net Position	35,135	(220,115)	(372,140)	(575,580)	(676,866)	(672,079)	(786,998)	(917,082)	(1,085,443)	(1,042,846)
Plan Fiduciary Net Position - Beginning of Year	17,624,986	17,845,101	18,217,241	18,792,821	19,469,687	20,141,766	20,928,764	21,845,846	22,931,289	23,974,135
Plan Fiduciary Net Position - End of Year	17,660,121	17,624,986	17,845,101	18,217,241	18,792,821	19,469,687	20,141,766	20,928,764	21,845,846	22,931,289
Net Pension Liability - End of Year	\$ (3,467,905)	\$ (580,489)	\$ 784,510	\$ 1,475,355	\$ 2,403,285	\$ 4,272,274	\$ 5,030,574	\$ 6,727,920	\$ 8,208,419	\$ 9,269,358
Plan Fiduciary Net Position as a percentage of Total Pension Liability	124.4%	103.4%	95.8%	92.5%	88.7%	82.0%	80.0%	75.7%	72.7%	71.2%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

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

Supplemental Retirement Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>										
Service Cost	\$ 4,880,444	\$ 4,668,118	\$ 4,484,408	\$ 4,456,529	\$ 4,300,104	\$ 4,561,409	\$ 4,429,736	\$ 4,353,655	\$ 4,512,088	\$ 4,812,530
Interest	12,612,092	12,198,565	11,749,210	11,257,622	10,855,794	11,093,766	11,710,854	11,626,797	10,773,145	10,210,998
Changes in benefit terms		-	-	(221,996)	(10,649,964)	(7,321,279)	-	-	-	-
Difference between expected and actual experience	(599,396)	650,468	706,796	211,707	8,221,593	5,495,455	1,431,699	4,866,212	2,957,767	-
Changes in assumptions		5,421,196	-	-	-	3,537,513	-	10,625,401	-	-
Benefit payments, including refunds	(10,592,418)	(10,121,854)	(9,119,904)	(9,722,181)	(9,406,431)	(23,092,292)	(19,026,570)	(13,723,857)	(14,043,843)	(11,276,834)
Net Change in Total Pension Liability	6,300,722	12,816,493	7,820,510	5,981,681	3,321,096	(5,725,428)	(1,454,281)	17,748,208	4,199,157	3,746,694
Total Pension Liability - Beginning of Year	187,774,488	174,957,995	167,137,485	161,155,804	157,834,708	163,560,136	165,014,417	147,266,209	143,067,052	139,320,358
Total Pension Liability - End of Year	<u>194,075,210</u>	<u>187,774,488</u>	<u>174,957,995</u>	<u>167,137,485</u>	<u>161,155,804</u>	<u>157,834,708</u>	<u>163,560,136</u>	<u>165,014,417</u>	<u>147,266,209</u>	<u>143,067,052</u>
<u>Plan Fiduciary Net Position</u>										
Contributions - employer	7,328,038	7,208,914	9,388,833	8,627,444	8,622,481	8,148,716	8,006,825	7,586,006	7,173,760	9,705,496
Contributions - employee	2,226,859	1,845,825	1,769,665	1,640,659	1,352,861	1,140,415	1,070,814	892,335	756,101	605,369
Net investment income	8,836,743	(22,093,805)	45,314,976	5,577,321	8,889,658	13,822,092	18,031,871	895,078	5,922,932	20,744,991
Benefit payments, including refunds	(10,592,418)	(10,121,854)	(9,119,904)	(9,722,181)	(9,406,431)	(23,092,292)	(19,026,570)	(13,723,857)	(14,043,843)	(11,276,834)
Administration Expenses	(972,104)	(945,741)	(978,590)	(994,031)	(1,062,762)	(1,009,780)	(665,349)	(895,060)	(896,419)	(997,375)
Net Change in Plan Fiduciary Net Position	6,827,118	(24,106,661)	46,374,980	5,129,212	8,395,807	(990,849)	7,417,591	(5,245,498)	(1,087,469)	18,781,647
Plan Fiduciary Net Position - Beginning of Year	174,711,361	198,818,022	152,443,042	147,313,830	138,918,023	139,908,872	132,491,281	137,736,779	138,824,248	120,042,601
Plan Fiduciary Net Position - End of Year	<u>181,538,479</u>	<u>174,711,361</u>	<u>198,818,022</u>	<u>152,443,042</u>	<u>147,313,830</u>	<u>138,918,023</u>	<u>139,908,872</u>	<u>132,491,281</u>	<u>137,736,779</u>	<u>138,824,248</u>
Net Pension Liability - End of Year	<u>\$ 12,536,731</u>	<u>\$ 13,063,127</u>	<u>\$ (23,860,027)</u>	<u>\$ 14,694,443</u>	<u>\$ 13,841,974</u>	<u>\$ 18,916,685</u>	<u>\$ 23,651,264</u>	<u>\$ 32,523,136</u>	<u>\$ 9,529,430</u>	<u>\$ 4,242,804</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	93.5%	93.0%	113.6%	91.2%	91.4%	88.0%	85.5%	80.3%	93.5%	97.0%
Covered Payroll	\$ 157,239,760	\$ 154,127,839	\$ 155,989,640	\$ 151,867,063	\$ 147,362,907	\$ 142,843,740	\$ 139,044,952	\$ 139,914,668	\$ 136,374,392	\$ 127,784,140
Net Pension Liability as a percentage of Covered Payroll	8.0%	8.5%	-15.3%	9.7%	9.4%	13.2%	17.0%	23.2%	7.0%	3.3%

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

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

VRS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 13,090,352	\$ 13,299,007	\$ 12,301,089	\$ 11,614,379	\$ 11,545,603	\$ 11,562,356	\$ 11,832,548	\$ 12,256,191	\$ 12,232,148
Interest	48,491,234	43,694,605	42,394,263	40,744,225	39,243,929	38,089,007	36,704,090	35,571,142	33,905,011
Changes in benefit terms	-	5,911,527	-	-	-	-	-	55,097	-
Difference between expected and actual experience	(4,070,706)	1,640,227	(1,331,112)	7,417,578	1,192,221	(3,765,626)	(2,371,962)	(7,166,675)	-
Changes in assumptions	-	29,186,885	-	18,439,222	-	(539,132)	-	-	-
Benefit payments, including refunds	(36,686,751)	(34,836,101)	(33,363,733)	(31,061,479)	(30,036,440)	(27,658,980)	(25,101,326)	(23,960,243)	(20,710,314)
Net Change in Total Pension Liability	20,824,129	58,896,150	20,000,507	47,153,925	21,945,313	17,687,625	21,063,350	16,755,512	25,426,845
Total Pension Liability - Beginning of Year	723,641,677	664,745,527	644,745,020	597,591,095	575,645,782	557,958,157	536,894,807	520,139,295	494,712,450
Total Pension Liability - End of Year	744,465,806	723,641,677	664,745,527	644,745,020	597,591,095	575,645,782	557,958,157	536,894,807	520,139,295
Plan Fiduciary Net Position									
Contributions - employer	12,974,603	13,003,347	10,636,032	9,883,188	9,995,019	9,969,716	12,331,063	12,232,407	12,630,540
Contributions - employee	6,863,568	6,746,952	6,894,324	6,610,813	6,457,201	6,513,944	6,452,307	6,272,097	6,443,111
Net investment income	(534,757)	147,643,324	10,450,641	34,895,658	37,221,708	55,894,128	7,969,523	20,375,167	61,114,498
Benefit payments, including refunds	(36,686,751)	(34,836,101)	(33,363,733)	(31,061,479)	(30,036,440)	(27,658,980)	(25,101,326)	(23,960,243)	(20,710,314)
Other	(129,560)	(85,469)	(15,985)	(24,191)	(32,938)	(49,590)	(3,392)	(4,303)	3,221
Administration Expenses	(422,918)	(371,929)	(361,356)	(352,518)	(325,786)	(326,971)	(286,988)	(280,179)	(327,787)
Net Change in Plan Fiduciary Net Position	(17,935,815)	132,100,124	(5,760,027)	19,951,471	23,278,764	44,342,247	1,361,187	14,634,946	59,153,269
Plan Fiduciary Net Position - Beginning of Year	676,975,704	544,875,580	550,635,607	530,684,136	507,405,372	463,063,125	461,701,938	447,066,992	387,913,723
Plan Fiduciary Net Position - End of Year	659,039,889	676,975,704	544,875,580	550,635,607	530,684,136	507,405,372	463,063,125	461,701,938	447,066,992
Net Pension Liability - End of Year	\$ 85,425,917	\$ 46,665,973	\$ 119,869,947	\$ 94,109,413	\$ 66,906,959	\$ 68,240,410	\$ 94,895,032	\$ 75,192,869	\$ 73,072,303
Plan Fiduciary Net Position as a percentage of Total Pension Liability	88.5%	93.6%	82.0%	85.4%	88.8%	88.1%	83.0%	86.0%	86.0%
Covered Payroll	\$ 144,051,251	\$ 144,874,214	\$ 141,098,814	\$ 134,462,348	\$ 131,605,713	\$ 126,449,341	\$ 125,437,843	\$ 125,890,250	\$ 125,890,250
Net Pension Liability as a percentage of Covered Payroll	59.3%	32.2%	85.0%	70.0%	50.8%	54.0%	75.7%	59.7%	58.0%

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

**CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023**

**Exhibit XVII
(Continued)**

	Money-Weighted Rate of Return Last Ten Fiscal Years		
	Firefighters & Police Officers Pension Plan**	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
2014	17.48%	17.60%	4.42%
2015	3.03%	4.73%	4.11%
2016	1.14%	0.37%	5.31%
2017	13.71%	14.39%	5.13%
2018	8.66%	10.31%	4.87%
2019	7.87%	6.55%	4.60%
2020	1.80%	3.59%	4.30%
2021	29.93%	29.61%	4.03%
2022	-11.95%	-10.88%	3.80%
2023	5.35%	5.98%	3.57%

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

Notes to the Required Supplementary Information for the City of Alexandria Pension Plans for the Year Ended June 30, 2023

Firefighters and Police Officers Pension Plan, Basic Plan and Firefighters and Police Officers Pension Plan, Disability Plan

There were no changes in the assumptions for the Firefighters and Police Officers Pension Plan, Basic Plan and Firefighters and Police Officers Pension Plan since the prior actuarial valuation.

Supplemental Retirement Plan

There were no changes in the assumptions for the Supplemental Retirement Plan since the prior actuarial valuation.

Pension Plan for Firefighters and Police Officers

There were no changes in the assumptions for the Pension Plan for the Firefighters and Police Officers since the prior actuarial valuation.

Virginia Retirement System (VRS) Pension Plan

There were no changes to the Virginia Retirement System (VRS) Plan since the prior actuarial valuation.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service Cost	\$ 2,411,043	\$ 2,928,023	\$ 2,889,520	\$ 3,239,204	\$ 4,701,991	\$ 4,814,967	\$ 3,803,579
Interest	8,797,533	9,598,323	9,337,427	9,595,477	9,905,114	9,470,934	8,232,053
Changes in benefit terms experience	-	-	-	-	-	4,587,884	-
Changes in assumptions	(88,275)	(8,128,626)	(721,530)	(4,162,077)	(5,113,882)	244,419	-
Benefit payments, including refunds	(1,738,469)	(3,579,597)	(158,892)	(10,276,267)	7,485,481	5,078,954	-
Net Change in Total Pension Liability	(6,755,574)	(7,920,370)	(7,365,734)	(6,624,477)	(5,732,739)	(6,305,642)	(6,298,159)
	2,626,258	(7,102,247)	3,980,791	(8,228,140)	11,245,965	17,891,516	5,737,473
Total OPEB Liability - Beginning of Year	<u>132,470,611</u>	<u>139,572,858</u>	<u>135,592,067</u>	<u>143,820,207</u>	<u>132,574,242</u>	<u>114,682,726</u>	<u>108,945,253</u>
Total OPEB Liability - End of Year	<u>135,096,869</u>	<u>132,470,611</u>	<u>139,572,858</u>	<u>135,592,067</u>	<u>143,820,207</u>	<u>132,574,242</u>	<u>114,682,726</u>
Plan Fiduciary Net Position							
Contributions - employer	7,630,574	13,670,370	8,504,564	10,324,477	11,932,739	12,205,642	16,398,159
Net investment income	8,683,205	(16,173,784)	29,200,847	2,827,980	4,953,783	4,427,840	6,357,091
Benefit payments, including refunds	(6,755,574)	(7,920,370)	(7,365,734)	(6,624,477)	(5,732,739)	(6,305,642)	(6,298,159)
Administration Expenses	(55,034)	(41,251)	(37,973)	(30,149)	(53,715)	(45,886)	(16)
Net Change in Plan Fiduciary Net Position	9,503,171	(10,465,035)	30,301,704	6,497,831	11,100,068	10,281,954	16,457,075
Plan Fiduciary Net Position - Beginning of Year	<u>104,724,339</u>	<u>115,189,374</u>	<u>84,887,670</u>	<u>78,389,839</u>	<u>67,289,771</u>	<u>57,007,817</u>	<u>40,550,742</u>
Plan Fiduciary Net Position - End of Year	<u>114,227,510</u>	<u>104,724,339</u>	<u>115,189,374</u>	<u>84,887,670</u>	<u>78,389,839</u>	<u>67,289,771</u>	<u>57,007,817</u>
Net OPEB Liability - End of Year	<u>\$ 20,869,359</u>	<u>\$ 27,746,272</u>	<u>\$ 24,383,484</u>	<u>\$ 50,704,397</u>	<u>\$ 65,430,368</u>	<u>\$ 65,284,471</u>	<u>\$ 57,674,909</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	84.6%	79.1%	82.5%	62.6%	54.5%	50.8%	49.7%
Covered Payroll	\$ 187,189,210	\$ 191,142,870	\$ 185,548,765	\$ 188,014,495	\$ 175,843,626	\$ 169,455,099	\$ 167,129,788
Payroll	11.1%	14.5%	13.1%	27.0%	37.2%	38.5%	34.5%

Information is only available for the fiscal years shown. Future years will continue to be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

Schedule of OPEB Contributions

	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contributions (ADC)	\$ 5,624,709	\$ 2,428,087	\$ 3,550,219	\$ 7,346,160	\$ 8,513,816	\$ 9,404,961	\$ 12,898,197
Contributions related to the ADC	7,630,573	13,670,370	8,504,564	10,324,477	11,932,739	12,205,642	16,398,159
Contribution Excess relative to ADC	<u>\$ (2,005,864)</u>	<u>\$ (11,242,283)</u>	<u>\$ (4,954,345)</u>	<u>\$ (2,978,317)</u>	<u>\$ (3,418,923)</u>	<u>\$ (2,800,681)</u>	<u>\$ (3,499,962)</u>
Covered Payroll	\$ 187,189,210	\$ 191,142,870	\$ 185,548,765	\$ 188,014,495	\$ 175,843,626	\$ 169,455,099	\$ 167,129,788
Contributions as a percentage of Covered Payroll	4.08%	7.15%	4.58%	5.49%	6.79%	7.20%	9.81%

Future years will be added to the schedule as they become available.

Notes to the Required Supplementary Information for the City of Alexandria Other Post-Employment Benefits Trust Fund for the Year Ended June 30, 2023

Valuation Date 12/31/2022
Timing Actuarially determined contribution rates are calculated based on the actuarial valuations during the fiscal year.

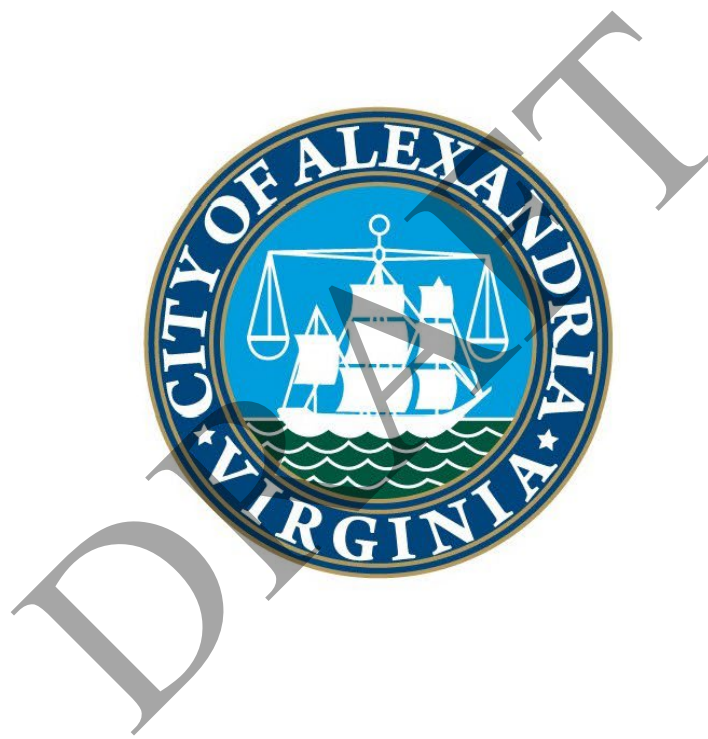
Key Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method Entry Age Normal
Asset valuation method Market Value
Amortization method 15-year layered level dollar closed as of 12/31/2022
Discount rate 6.75 percent for Regular OPEB and for Line of Duty OPEB
Healthcare Cost Trend Rates
 Regular OPEB Medical, Non-Medicare: 3.8 percent for Kaiser and 11.0 percent for UHC for 2023, then 7.00 percent for 2024 grading down to 4.19 percent over 19 years
 Medicare: 5.5 percent for 2023 grading down to 4.19 percent over 20 years.
 Expenses: 5 percent per year
Line of Duty Non Medicare: 6.875 percent for 2023 grading down to 4.75 percent over 9 years
 Medicare: 5.187 percent for 2023 grading down to 4.75 percent over 3 years
Ultimate Salary Increase 3.25 percent

OPEB Money-Weighted Rate of Return
Last Ten Fiscal Years

2017	14.96%
2018	7.39%
2019	7.29%
2020	3.41%
2021	34.50%
2022	-13.90%
2023	9.51%

Future years will be added as they become available.



PAGE LEFT BLANK INTENTIONALLY

DRAFT

OTHER SUPPLEMENTARY
INFORMATION

DRAFT

PAGE LEFT BLANK INTENTIONALLY

DRAFT

Custodial Funds

Custodial funds are 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.

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Fiduciary Net Position – Custodial Funds
June 30, 2023

	Human Services Special Welfare Account	Human Services Dedicated Account	Total Custodial Funds
ASSETS			
Cash & Investments w/Fiscal Agents	\$ 82,203	\$ 27,655	\$ 109,858
Accounts Receivable	-	-	-
Total Assets	82,203	27,655	109,858
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred outflows of resources	-	-	-
LIABILITIES			
Total Accounts Payable and Accrued Liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	-	-	-
NET POSITION			
Net Position	\$ 82,203	\$ 27,655	\$ 109,858

DRAFT

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds
For the Fiscal Year Ended June 30, 2023

	Human Services Special Welfare Account	Human Serviced Dedicated Account	Total Custodial Funds
ADDITIONS			
Contributions	\$ 35,324	\$ -	\$ 35,324
Interest	-	3	3
Total Additions	<u>35,324</u>	<u>3</u>	<u>35,327</u>
DEDUCTIONS			
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in fiduciary net position	35,324	3	35,327
Net position, beginning of year	<u>46,879</u>	<u>27,652</u>	<u>74,531</u>
Net Position, end of year	<u>\$ 82,203</u>	<u>\$ 27,655</u>	<u>\$ 109,858</u>

DRAFT



Special Revenue Funds

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

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

Stormwater Utility – This sub fund is funded by a stormwater utility fee which was implemented in 2018. This fee replaces the dedicated real estate property tax in the Stormwater Management fund.

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

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

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

American Rescue Plan Act (ARPA) – This sub fund builds upon previously enacted COVID-19 aid measures. The source of funding is the American Rescue Plan Act adopted in March 2021.

Industrial Development Authority (IDA) – This fund accounts for IDA bond issuance fees and expenses.

Other Special Revenue – This sub fund accounts for grants and donations and other amounts that represent a small percentage of special revenues.

CITY OF ALEXANDRIA, VIRGINIA
Combining Balance Sheet
Special Revenue Funds
As of June 30, 2023

	Housing	Sanitary Sewer	Storm water Utility	Potomac Yard	NVTA	ARPA	IDA	Other Special Revenue	Total Combined Special Revenue
ASSETS									
Cash and Cash Equivalents	\$ 13,962,234	\$ 36,705,104	\$ 100,739	\$ 35,259,966	\$ 5,048,360	\$ 5,629,361	\$ 738,394	\$ 48,844,362	\$ 146,288,520
Receivables, Net	-	-	8,831,107	907,128	1,277,937	-	-	2,709,631	13,725,803
Opioid Settlement Receivable	-	-	-	-	-	-	-	1,074,238	1,074,238
Due From Other Governments	-	-	-	-	1,251,946	-	-	8,945,924	10,197,870
	-	-	-	-	-	-	-	-	-
Total Assets	<u>13,962,234</u>	<u>36,705,104</u>	<u>8,931,846</u>	<u>36,167,094</u>	<u>7,578,243</u>	<u>5,629,361</u>	<u>738,394</u>	<u>61,574,155</u>	<u>171,286,431</u>
LIABILITIES									
Accounts Payable	-	479,727	86,551	-	-	169,577	-	2,861,845	3,597,700
Accrued Wages	-	80,124	84,809	-	1,039	15,223	-	1,495,775	1,676,970
Notes Payable	-	-	-	5,537	-	-	-	-	5,537
Other Liabilities	-	-	-	-	-	-	738,394	-	-
Total Liabilities	<u>-</u>	<u>559,851</u>	<u>171,360</u>	<u>5,537</u>	<u>1,039</u>	<u>184,800</u>	<u>738,394</u>	<u>11,896,986</u>	<u>12,635,380</u>
Deferred Inflows	<u>-</u>	<u>-</u>	<u>8,760,486</u>	<u>907,128</u>	<u>-</u>	<u>5,444,295</u>	<u>-</u>	<u>1,074,238</u>	<u>16,186,147</u>
FUND BALANCES									
Restricted	13,962,234	-	-	-	-	266	-	8,063,091	22,025,591
Committed	-	36,145,253	-	35,254,429	7,577,204	-	-	36,182,220	115,159,106
Total Fund Balances	<u>13,962,234</u>	<u>36,145,253</u>	<u>-</u>	<u>35,254,429</u>	<u>7,577,204</u>	<u>266</u>	<u>-</u>	<u>44,245,311</u>	<u>137,184,697</u>
Total Liabilities and Fund Balances	<u>\$ 13,962,234</u>	<u>\$ 36,705,104</u>	<u>\$ 8,931,846</u>	<u>\$ 36,167,094</u>	<u>\$ 7,578,243</u>	<u>\$ 5,629,361</u>	<u>\$ 738,394</u>	<u>\$ 61,574,155</u>	<u>\$ 171,286,431</u>

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Funds
For the Fiscal Year Ended June 30, 2023

	Housing	Sanitary Sewer	Storm Water Utility	Potomac Yard	NVTA	ARPA	IDA	Other Special Revenue	Total Combined Special Revenue
REVENUES									
General Property Taxes	\$ -	\$ -	\$ -	\$ 1,536,770		\$ -	\$ -	\$ 279,010	\$ 1,815,780
Other Local Taxes	-	-	-	-	8,530,980	-	-	-	8,530,980
Permits, Fees, and Licenses	-	-	-	-	-	-	-	10,765,855	10,765,855
Use of Money and Property	8,646	-	-	-	-	-	-	1,300,759	1,309,405
Charges for Services	-	18,466,916	17,645,125	-	-	-	-	16,790,096	52,902,137
Intergovernmental Revenue	-	-	-	-	-	9,394,776	-	50,550,618	59,945,394
Miscellaneous	1,146,606	-	-	-	-	-	-	3,639,422	4,786,028
Total Revenues	1,155,252	18,466,916	17,645,125	1,536,770	8,530,980	9,394,776	-	83,325,760	140,055,579
EXPENDITURES									
Current Operating:									
General Government	-	-	-	-	-	419,637	-	2,153,353	2,572,990
Judicial Administration	-	-	-	-	-	216,712	-	1,405,157	1,621,869
Public Safety	-	123,817	-	-	-	19,995	-	9,696,841	9,840,653
Public Works	-	11,869,685	8,346,202	163,000	1,588,207	-	-	10,280,230	32,247,324
Health and Welfare	-	-	-	-	-	4,213,916	-	84,606,679	88,820,594
Culture and Recreation	-	-	-	-	-	342,164	-	3,146,178	3,488,341
Community Development	5,682,718	-	-	-	-	57,189	-	10,545,374	16,285,281
Principal	-	1,410,943	618,269	-	-	-	-	-	2,029,212
Interest and Other Charges	-	407,770	485,157	6,993,750	-	-	-	-	7,886,677
Total Expenditures	5,682,718	13,812,215	9,449,628	7,156,750	1,588,207	5,269,612	-	121,833,811	164,792,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,527,466)	4,654,701	8,195,497	(5,619,980)	6,942,773	4,125,164	-	(38,508,051)	(24,737,363)
OTHER FINANCING SOURCES (USES)									
Other Financing (Bond Usage)									
Transfers In	7,679,115	-	-	13,986,232	24,079,459	-	-	43,348,453	89,093,259
Transfers Out	-	(3,065,547)	(8,818,682)	(4,963,670)	(29,136,276)	(4,125,164)	-	(1,807,085)	(51,916,424)
Total Other Financing Sources and Uses	7,679,115	(3,065,547)	(8,818,682)	9,022,562	(5,056,817)	(4,125,164)	-	41,541,368	37,176,835
Net Change in Fund Balance	3,151,649	1,589,154	(623,186)	3,402,582	1,885,956	0	-	3,033,317	12,439,471
Fund Balance at Beginning of Year	10,810,585	34,556,099	623,186	31,851,847	5,691,248	266	-	41,211,995	124,745,226
Fund Balance at End of Year	\$ 13,962,234	\$ 36,145,253	\$ 0	\$ 35,254,429	\$ 7,577,204	\$ 266	\$ -	\$ 44,245,312	\$ 137,184,697



Trust Funds

City Supplemental Retirement – Single employer defined benefit plan under the authority of the City of Alexandria (the City). The plan covers regular, full time City employees including deputy sheriffs, medics, and fire marshals and regular, part-time City employees who are scheduled to work at least 50 percent time and who are not covered under the Firefighters & Police Officers Pension Plan.

Pension Plan for Fire Fighters and Police Officers - Single employer defined benefit plan under the authority of the City. The plan covers public safety employees who met specific criteria (see Note 17). This plan was closed to new participants in 1979.

Retirement Income Plan for Fire & Police - Single employer defined contribution plan under the authority of the City. The plan covers public safety employees with contributions made after 100 percent vesting. This plan was closed to new members in fiscal year 2004 and converted to a defined benefit plan.

Firefighters and Police Officers Pension Plan (defined benefit component) - Single employer defined benefit plan under the authority of the City. The plan covers full-time sworn firefighters and police officers. Recruits are also covered by the Plan.

Firefighters and Police Officers Pension Plan (disability component) - Single employer defined benefit plan under the authority of the City. The plan provisions provide disability benefits for firefighters and police officers.

Other Post-Employment Benefits (OPEB) – The plan includes three classes of City retirees as follows: (a) full-time City employees who are eligible to retire under the Virginia Retirement System and City Supplemental Retirement 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

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Fiduciary Net Position – Trust Funds
June 30, 2023

	Employee Retirement Plans					Post Retirement Benefit Trust	Total
	Firefighters and Police Officers Pension Plan					Other Post Employment Benefits	
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component		
ASSETS							
Investments, at Fair Value							
Mutual Funds	\$ 52,179,590	\$ -	\$ 13,974,850	\$ 56,515,990	\$ 5,974,743	\$ 61,127,962	\$ 189,773,135
Stocks	25,502,710	-	-	45,978,825	20,856,720	12,819,346	105,157,601
Guaranteed Investment Accounts	4,132,464	17,660,121	-	44,295,525	4,022,333	1,271,777	71,382,220
Real Estate	14,002,516	-	-	41,891,335	-	4,567,173	60,461,024
Timber	7,287,850	-	-	12,179,597	-	5,330,918	24,798,365
Private Equity	12,150,100	-	-	28,138,589	-	5,510,405	45,799,094
Other	66,283,249	-	-	168,739,826	1,338,593	23,599,929	259,961,597
Total Investments	<u>181,538,479</u>	<u>17,660,121</u>	<u>13,974,850</u>	<u>397,739,687</u>	<u>32,192,388</u>	<u>114,227,510</u>	<u>757,333,035</u>
Total Assets	<u>181,538,479</u>	<u>17,660,121</u>	<u>13,974,850</u>	<u>397,739,687</u>	<u>32,192,388</u>	<u>114,227,510</u>	<u>757,333,035</u>
NET POSITION							
Held in Trust for Pension Benefits	<u>\$ 181,538,479</u>	<u>\$ 17,660,121</u>	<u>\$ 13,974,850</u>	<u>\$ 397,739,687</u>	<u>\$ 32,192,388</u>	<u>\$ 114,227,510</u>	<u>\$ 757,333,035</u>

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Fiduciary Net Position – Trust Funds
For the Year Ended June 30, 2023

	Employee Retirement Plans					Post Retirement	Total
	Firefighters and Police Officers Pension Plan					Benefit Trust	
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component	Other Post Employment Benefits	
ADDITIONS							
Contributions:							
Employer	\$ 7,328,038	\$ 1,700,000	\$ -	\$ 17,518,490	\$ 826,751	\$ 875,000	\$ 28,248,279
Plan Members	2,226,859	-	-	3,736,832	216,349	-	6,180,040
Total Contributions	9,554,897	1,700,000	-	21,255,322	1,043,100	875,000	34,428,319
Investment Income:							
Net Appreciation (Depreciation) in Fair Value of Investments	3,181,613	-	1,013,907	2,762,475	(564,843)	3,872,094	10,265,246
Interest	6,068,267	557,491	213,263	18,500,886	1,709,097	4,955,218	32,004,222
Investment Expense	(413,137)	-	-	(1,014,458)	(83,185)	(144,107)	(1,654,887)
Net Investment Income	8,836,743	557,491	1,227,170	20,248,903	1,061,069	8,683,205	40,614,581
Total Additions	18,391,640	2,257,491	1,227,170	41,504,225	2,104,169	9,558,205	75,042,900
DEDUCTIONS							
Benefits	10,235,465	2,199,345	86,870	20,095,016	2,870,302	-	35,486,998
Refunds of Contributions	356,953	-	-	169,492	-	-	526,446
Administrative Expenses	972,104	23,011	5,270	343,733	92,461	55,034	1,491,613
Total Deductions	11,564,522	2,222,356	92,140	20,608,241	2,962,763	55,034	37,505,056
Net Increase (Decrease)	6,827,118	35,135	1,135,030	20,895,984	(858,594)	9,503,171	37,537,844
Assets Transfer in (Out)		-	-	-	-	-	-
Net Position at Beginning of Year	174,711,361	17,624,986	12,839,820	376,843,703	33,050,982	104,724,339	719,795,191
Net Position at End of Year	\$ 181,538,479	\$ 17,660,121	\$ 13,974,850	\$ 397,739,687	\$ 32,192,388	\$ 114,227,510	\$ 757,333,035



STATISTICAL SECTION

DRAFT

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

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

Table I—Schedule of Changes in Net Position

Table II—Changes in Fund Balances Governmental Funds

Table VII—Net Position

Table VIII—Fund Balances Governmental Funds

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

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

Table III—Tax Revenues by Source

Tables IV and V—Tax Levies and Collections

Table VI—Real and Personal Property Tax Assessments and Rates

Table IX—2023 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 XII—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 Schools Demographic Statistics

Table XVIII—Government Employees by Function

Table XIX—Principal Employers

Table XXI—Miscellaneous Statistical Data

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

Table XX—Operating and Capital Indicators

DRAFT

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses										
Governmental Activities										
General Government	\$ 71.3	\$ 73.8	\$ 66.3	\$ 91.6	\$ 47.4	\$ 52.3	\$ 95.1	\$ 49.0	\$ 27.2	\$ 68.5
Judicial Administration	20.6	20.1	19.9	20.6	20.5	21.7	21.7	21.2	22.4	24.7
Public Safety	141.1	138.6	149.4	152.2	157.3	160.8	163.4	175.7	171.5	167.8
Public Works	68.0	63.9	70.5	78.9	73.3	75.2	76.5	84.0	185.2	145.3
Library	6.6	6.5	6.7	6.9	6.9	7.0	7.1	7.4	7.7	8.1
Health and Welfare	93.8	93.3	94.9	96.9	97.6	100.2	107.7	119.6	114.3	78.0
Transit	10.7	17.8	21.9	32.8	39.0	44.1	42.9	28.7	54.6	57.7
Culture and Recreation	29.8	30.2	32.6	33.4	33.0	34.3	32.7	30.6	36.9	36.9
Community Development	45.7	35.3	33.3	37.1	35.4	44.0	58.3	57.5	45.0	57.3
Education	189.1	197.4	211.2	210.7	217.4	241.9	263.2	292.5	260.2	376.7
Interest on Long-term Debt	23.8	21.8	21.3	20.7	19.4	24.3	23.5	27.5	22.9	27.2
Total Governmental Activities	<u>\$ 700.5</u>	<u>\$ 698.7</u>	<u>\$ 728.0</u>	<u>\$ 781.9</u>	<u>\$ 747.2</u>	<u>\$ 805.8</u>	<u>\$ 892.2</u>	<u>\$ 893.7</u>	<u>\$ 948.0</u>	<u>\$ 1,048.4</u>
Revenues										
Governmental Activities										
Charges for Services:										
General Government	\$ 2.2	\$ 2.9	\$ 2.0	\$ 3.6	\$ 3.7	\$ 3.9	\$ 5.6	\$ 6.1	\$ 4.0	\$ 5.5
Judicial Administration	1.3	1.2	1.2	1.3	1.4	1.0	0.8	1.0	0.4	0.4
Public Safety	17.7	16.9	14.1	10.5	3.6	14.5	17.3	7.3	16.2	12.9
Public Works	23.7	22.1	33.0	32.0	38.9	30.4	59.8	53.2	49.0	53.8
Library	-	-	-	-	-	-	-	-	-	-
Health and Welfare	6.4	5.9	5.3	5.5	10.4	0.2	6.1	6.2	5.0	5.9
Transit	-	-	-	4.3	4.2	6.1	-	3.6	2.3	0.3
Culture and Recreation	3.9	4.7	4.8	5.0	7.0	11.9	5.1	2.7	5.2	6.3
Community Development	6.6	5.0	1.5	0.8	8.4	2.6	0.9	4.4	1.9	2.2
Education	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	78.8	68.8	46.8	66.3	52.2	51.5	60.2	112.6	147.7	131.5
Capital Grants and Contributions	15.1	11.5	6.5	19.1	7.1	7.0	6.8	9.7	21.2	21.1
Total Governmental Activities	<u>\$ 155.7</u>	<u>\$ 139.0</u>	<u>\$ 115.2</u>	<u>\$ 148.4</u>	<u>\$ 136.9</u>	<u>\$ 129.1</u>	<u>\$ 162.6</u>	<u>\$ 206.9</u>	<u>\$ 252.9</u>	<u>\$ 239.8</u>

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

TABLE I (continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense) (Revenue)										
General Government	\$ (68.1)	\$ (69.8)	\$ (63.2)	\$ (82.0)	\$ (43.0)	\$ (47.7)	\$ (86.4)	\$ (18.3)	\$ 31.8	\$ (13.6)
Judicial Administration	(16.4)	(15.1)	(16.3)	(18.70)	(18.50)	(20.1)	(20.4)	(19.2)	(20.8)	(22.8)
Public Safety	(108.1)	(106.6)	(121.9)	(132.10)	(144.1)	(143.0)	(142.2)	(157.2)	(146.1)	(144.3)
Public Works	(23.6)	(22.3)	(23.7)	(32.80)	(26.20)	(37.2)	(9.1)	(22.6)	(115.1)	(64.2)
Library	(6.6)	(6.5)	(6.7)	(6.90)	(6.90)	(7.0)	(7.1)	(7.4)	(7.7)	(8.1)
Health and Welfare	(56.2)	(56.5)	(69.8)	(58.00)	(54.0)	(65.5)	(62.2)	(60.9)	(63.7)	(31.3)
Transit	(10.7)	(17.8)	(21.9)	(28.00)	(34.6)	(37.4)	(42.6)	(25.0)	(45.0)	(50.2)
Culture and Recreation	(25.6)	(25.3)	(26.7)	(26.00)	(25.7)	(22.1)	(26.9)	(24.4)	(28.0)	(26.5)
Community Development	(16.7)	(20.6)	(30.1)	(17.50)	(20.4)	(30.5)	(45.9)	(31.9)	(17.4)	(43.7)
Education	(189.1)	(197.4)	(211.2)	(210.70)	(217.4)	(241.9)	(263.2)	(292.5)	(260.2)	(376.7)
Interest on Long-term Debt	(23.8)	(21.8)	(21.3)	(20.70)	(19.4)	(24.3)	(23.5)	(27.5)	(22.9)	(27.2)
Subtotal Governmental Activities	(544.9)	(559.7)	(612.8)	(633.4)	(610.2)	(676.7)	(729.5)	(686.8)	(695.1)	(808.6)
Total Primary Government	(544.9)	(559.7)	(612.8)	(633.4)	(610.2)	(676.7)	(729.5)	(686.8)	(695.1)	(808.6)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Real Estate	360.7	375.9	393.5	424.4	441.5	455.4	463.8	478.4	480.2	516.0
Personal Property	47.2	50.5	44.5	49.6	57.0	48.2	56.6	45.2	59.3	68.8
Other	127.3	134.1	135.9	155.4	141.0	145.3	133.4	143.5	156.1	163.3
Transfer	-	-	-	-	-	-	-	-	-	-
Grants and Contributions										
not restricted to other programs	36.1	33.3	58.5	34.8	52.4	58.4	50.3	38.2	35.9	36.5
Interest and Investment Earnings	4.9	4.9	5.4	5.5	7.3	11.3	8.7	3.8	1.1	20.5
Miscellaneous	2.0	5.0	2.9	11.5	15.6	21.8	31.3	8.9	2.6	2.4
Subtotal Governmental Activities	578.2	603.7	640.7	681.2	714.8	740.4	744.0	718.0	735.1	807.5
Total Primary Government	578.2	603.7	640.7	681.2	714.8	740.4	744.0	718.0	735.1	807.5
Change in Net Position										
Governmental Activities	33.3	44.0	27.9	47.8	104.6	63.7	14.4	14.4	40.0	(1.1)
	\$ 33.3	\$ 44.0	\$ 27.9	\$ 47.8	\$ 104.6	\$ 63.7	\$ 14.4	\$ 14.4	\$ 40.0	\$ (1.1)

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

Revenues	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Property Taxes	\$ 407.8	\$ 422.2	\$ 439.7	\$ 473.0	\$ 492.3	\$ 505.7	\$ 518.5	\$ 536.3	\$ 554.1	\$ 584.8
Other Local Taxes	121.1	134.1	135.9	138.8	140.9	145.3	133.4	143.5	156.1	163.4
Permits, Fees, and Licenses	17.8	10.9	8.1	9.5	10.5	12.8	15.0	18.6	15.8	13.4
Fines and Forfeitures	5.2	4.9	5.0	5.0	5.0	4.3	4.1	3.1	2.7	3.1
Use of Money and Property	5.2	5.1	6.1	7.7	13.8	16.7	14.0	5.2	3.8	31.1
Charges for Services	32.9	32.1	37.5	43.7	56.4	59.6	70.1	60.7	65.8	72.1
Intergovernmental Revenue	126.5	111.9	108.1	117.0	108.8	114.7	124.6	147.6	178.5	148.0
Miscellaneous	-	-	10.6	16.5	14.5	21.8	31.3	9.7	20.7	12.6
Non Revenue Receipts	9.9	8.8	-	-	-	-	-	-	-	0.2
Total Governmental Revenues	726.4	730.0	751.0	811.2	842.2	880.9	911.0	924.6	997.4	1,028.8
Expenditures										
General Government	45.2	45.7	46.6	50.8	52.6	50.1	50.2	58.0	59.3	68.9
Judicial Administration	20.1	19.7	19.4	20.1	19.9	21.1	21.4	21.0	21.9	24.2
Public Safety	134.8	134.9	142.7	146.7	150.0	156.7	158.0	153.4	156.7	167.7
Public Works	49.6	41.8	44.2	43.4	46.0	46.7	49.3	46.8	49.0	61.0
Library	6.6	6.5	6.7	6.9	6.9	7.0	7.1	7.4	7.7	8.2
Health and Welfare	93.1	92.9	94.4	96.5	97.1	99.7	111.1	119.1	113.8	111.6
Transit and Transit Transfer	10.7	17.8	21.9	28.4	35.7	40.2	42.9	28.7	49.2	50.7
Culture and Recreation	25.3	24.7	25.5	26.3	27.0	27.5	28.3	26.0	29.5	34.3
Community Development	41.4	29.4	31.4	34.8	34.1	42.0	47.2	44.8	40.5	40.7
Education	185.9	196.3	202.8	225.3	206.9	227.2	241.2	244.9	248.9	260.1
Capital Outlay*	91.1	99.5	62.9	81.4	101.2	157.8	135.5	176.5	236.7	377.2
Debt Service - Principal	33.5	38.6	41.6	43.3	44.4	46.0	46.1	47.5	45.5	49.9
- Interest	23.8	22.6	21.8	21.5	21.8	24.6	23.5	27.2	27.1	31.9
Total Governmental Expenditures	761.1	770.4	761.9	825.4	843.6	946.6	961.8	1,001.5	1,086.0	1,286.4
Excess of Revenues over (under) expenditures	(34.7)	(40.4)	(10.9)	(14.2)	(1.4)	(65.7)	(50.8)	(76.9)	(88.6)	(257.6)
Other Financing Sources/(Uses)										
Issuance of Debt	88.1	70.7	39.1	25.4	84.4	109.7	204.1	49.9	193.1	143.4
Sale of Land	-	1.2	5.3	-	4.4	-	-	-	-	-
Other Financing	-	-	-	-	-	0.3	-	-	-	-
Bond Premium (Discount)	-	-	-	-	-	-	-	-	-	14.8
Transfers in	82.8	77.8	85.9	91.2	108.8	139.2	135.5	154.5	266.0	212.5
Transfers out	(82.8)	(81.2)	(86.6)	(90.4)	(109.4)	(139.0)	(137.0)	(153.8)	(266.0)	(212.5)
Capital Contribution	-	-	-	-	4.3	0.1	-	-	-	-
Total	88.1	68.5	43.7	26.2	92.5	110.2	202.6	50.6	193.1	158.2
Net change in Fund Balance	\$ 53.4	\$ 28.1	\$ 32.8	\$ 12.0	\$ 91.1	\$ 44.5	\$ 151.7	\$ (26.3)	\$ 104.6	\$ (99.4)
Debt Service as percentage of noncapital expenditures	8.65%	8.77%	8.82%	8.73%	9.21%	8.61%	8.62%	9.06%	8.19%	9.00%

** Amounts may not add due to rounding

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

TABLE III

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
General Property Taxes	Real Estate	\$ 362,339,024	\$ 375,629,898	\$ 391,339,844	\$ 422,362,653	\$ 440,427,264	\$ 452,762,144	\$ 459,756,284	\$ 480,092,075	\$ 493,495,160	\$ 514,222,181
	Personal	43,799,341	44,495,560	45,556,820	47,476,491	49,240,775	50,007,122	54,534,521	52,984,935	57,207,803	66,525,461
	Penalties and Interest	1,685,517	2,065,762	2,757,775	3,083,530	2,622,511	2,923,419	2,972,751	3,183,207	3,358,050	3,764,634
Other Local Taxes	Local Sales	27,619,132	29,907,322	31,174,524	32,360,983	31,965,152	33,843,610	35,179,797	44,299,858	43,873,085	47,903,530
	Utility	11,460,413	12,364,106	12,579,583	12,286,676	12,069,408	11,264,818	12,077,396	11,534,144	12,017,966	12,639,483
	Business License	30,237,576	33,474,138	32,134,946	33,751,755	33,846,543	36,883,865	35,154,223	37,042,157	38,101,182	40,006,700
	Motor Vehicle License	3,557,565	3,483,135	3,602,980	3,661,152	3,675,482	3,558,915	163,361	25,676	8,212	6,318
	Bank Franchise	3,035,635	3,077,715	3,408,128	3,391,507	3,828,225	3,932,554	3,445,787	3,603,341	3,182,904	3,191,348
	Tobacco	2,927,125	3,020,469	2,907,915	3,021,243	2,777,656	2,513,138	2,321,508	2,137,890	2,149,715	2,095,823
	Recordation	5,468,147	6,481,339	6,458,302	6,185,633	9,036,488	5,913,217	7,144,558	9,016,670	8,425,865	4,360,818
	Transient Lodging	11,568,709	12,371,555	12,755,322	13,542,901	13,936,579	12,912,839	8,663,346	4,762,880	10,206,837	11,960,434
	Restaurant Food	17,404,589	17,635,886	18,655,330	18,878,758	18,283,682	23,999,949	19,765,936	21,934,868	28,872,822	30,143,987
	Telecommunication	821,426	530,408	988,865	772,110	837,655	748,488	694,026	913,013	1,040,571	641,191
	Admissions	948,968	902,556	759,368	709,640	688,505	574,440	443,640	104,221	254,968	332,241
	Communications Sales Tax	10,871,785	10,776,792	10,457,755	10,200,706	9,881,812	9,167,402	8,217,077	8,106,878	7,709,875	7,512,962
	Other	1,418,920	44,078	36,409	48,777	59,700	35,860	139,218	65,486	209,815	424,305
Total		\$ 535,163,872	\$ 556,260,719	\$ 575,573,866	\$ 611,734,515	\$ 633,177,437	\$ 651,041,780	\$ 650,673,428	\$ 679,807,297	\$ 710,114,831	\$ 745,731,415

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

Table IV

Real Property
(Amounts in thousands)

Calendar Year Ended December 31	Fiscal Years	Taxes Levied for the Calendar Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	FY 2014	348,850	\$347,849	99.7%	\$821	348,670	99.95%
2014	FY 2015	362,580	\$361,334	99.7%	879	362,212	99.90%
2015	FY 2016	375,568	\$374,208	99.6%	699	374,907	99.82%
2016	FY 2017	395,839	\$394,696	99.7%	4,491	399,186	100.85%
2017	FY 2018	426,139	\$424,908	99.7%	4,182	429,090	100.69%
2018	FY 2019	436,106	\$434,793	99.7%	48	434,840	99.71%
2019	FY 2020	446,629	\$445,474	99.7%	938	446,413	99.95%
2020	FY 2021	467,301	\$465,972	99.7%	744	466,715	99.87%
2021	FY 2022	470,456	\$469,384	99.8%	1,062	470,446	100.00%
2022	FY 2023	498,191	\$497,078	99.8%	1,338	498,416	100.05%

* Levy adjusted for changes since original levy
Source: City of Alexandria Department of Finance

Table V

Personal Property
(Amounts in thousands)

Calendar Year Ended December 31	Fiscal Years	Taxes Levied for the Calendar Year		Collected within the Fiscal Year of the Levy		Total Collections to date		
		Total	Commonwealth Reimbursement	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2013	FY 2014	67,192	23,239	65,664	97.7%	627	66,291	98.7%
2014	FY 2015	68,075	23,455	63,579	93.4%	2,919	66,498	97.7%
2015	FY 2016	69,948	23,710	67,329	96.3%	1,938	69,267	99.0%
2016	FY 2017	71,851	23,517	69,382	96.6%	1,611	70,993	98.8%
2017	FY 2018	72,063	23,752	70,919	98.4%	2,074	72,993	101.3%
2018	FY 2019	73,764	22,724	69,614	94.4%	2,304	71,918	97.5%
2019	FY 2020	79,890	23,391	76,012	95.1%	1,898	77,910	97.5%
2020	FY 2021	78,526	23,475	74,456	94.8%	2,004	76,460	97.4%
2021	FY 2022	82,400	23,112	77,935	94.6%	2,384	80,319	97.5%
2022	FY 2023	90,331	23,258	85,523	94.7%	4,261	89,784	99.4%

* Commonwealth reimbursement included in taxes levied and collections.
Source: City of Alexandria Department of Finance

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

TABLE VI

Calendar Year	Locally Assessed Real Property (\$000)				Personal Property (\$000)				
	Residential	Commercial	Total	Tax Rate per \$100	Motor Vehicle and Tangibles Assessments	Tax Rate per \$100	Machine and Tools Assessment	Tax Rate per \$100	Total Assessment
2013	20,314,909	15,020,272	35,335,181	1.043	1,397,502	5.00	11,506	4.50	1,409,008
2014	21,195,556	15,376,112	36,571,668	1.050	1,426,427	5.00	11,281	4.50	1,437,708
2015	21,713,189	15,886,156	37,599,345	1.073	1,492,140	5.00	10,776	4.50	1,502,916
2016	22,092,997	16,284,957	38,377,954	1.130	1,517,743	5.00	11,199	4.50	1,528,942
2017	22,844,035	16,437,017	39,281,052	1.130	1,555,607	5.00	6,123	4.50	1,561,730
2018	23,310,833	17,025,285	40,336,118	1.130	1,581,904	5.00	9,727	4.50	1,591,631
2019	24,550,610	17,501,144	42,051,754	1.130	1,491,271	5.33	14,262	4.50	1,505,533
2020	26,029,769	17,158,601	43,188,369	1.110	1,652,958	5.33	14,963	4.50	1,667,921
2021	27,828,841	18,074,465	45,903,306	1.110	1,775,759	5.33	11,115	4.50	1,786,874
2022	29,224,848	18,430,001	47,654,849	1.110	1,903,199	5.33	15,755	4.50	1,918,954

Note: Property is assessed each year as of January 1. Property is assessed at actual value; therefore, assessed values are equal to actual values.

Note: Tax Rate % double check from Table IX

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

TABLE VII

Governmental Activities	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Investment in Capital Assets	\$ 343.9	\$ 364.3	\$ 373.4	\$ 389.1	\$ 416.1	\$ 469.8	\$ 461.4	\$ 406.0	\$ 348.0	\$ 294.0
Restricted for										
Affordable Housing	1.0	1.4	0.7	2.0	5.7	13.8	8.3	5.7	10.8	14.0
Other Projects	13.7	15.1	15.8	20.4	20.4	8.7	9.5	8.6	7.5	8.1
Net Pension Assets	-	-	-	-	-	-	4.4	43.7	2.0	5.8
OPIOD Settlement	-	-	-	-	-	-	-	-	-	1.1
Unrestricted Net Position	<u>103.5</u>	<u>(36.0)</u>	<u>(17.2)</u>	<u>32.3</u>	<u>64.1</u>	<u>77.7</u>	<u>100.8</u>	<u>151.6</u>	<u>287.4</u>	<u>331.7</u>
Total Governmental Activities Net Position	<u>\$ 462.1</u>	<u>\$ 344.8</u>	<u>\$ 372.7</u>	<u>\$ 443.8</u>	<u>\$ 506.3</u>	<u>\$ 570.0</u>	<u>\$ 584.4</u>	<u>\$ 615.6</u>	<u>\$ 655.7</u>	<u>\$ 654.6</u>

**Amounts may not add due to rounding

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

TABLE VIII

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Reserved for:										
Non-Spendable	2,952,021	3,374,907	3,374,907	10,917,115	11,009,773	5,685,676	7,101,792	7,272,032	20,378,954	19,983,095
Committed	12,741,566	10,382,766	10,382,766	11,737,149	10,015,523	9,360,247	9,336,383	11,807,016	13,024,074	16,006,322
Assigned	9,538,948	12,400,000	12,400,000	35,789,849	34,152,482	46,762,362	50,643,051	63,400,000	85,994,340	56,964,943
Unassigned	40,019,733	51,624,142	51,624,142	61,562,170	73,780,565	81,406,421	85,718,804	94,165,465	105,740,238	130,735,831
Subtotal General Fund	<u>\$ 65,252,268</u>	<u>\$ 77,781,815</u>	<u>\$ 77,781,815</u>	<u>\$ 120,006,283</u>	<u>\$ 128,958,343</u>	<u>\$ 143,214,706</u>	<u>\$ 152,800,030</u>	<u>\$ 176,644,513</u>	<u>\$ 225,137,606</u>	<u>\$ 223,690,191</u>
All Other Governmental Funds										
Reserved For										
Non-Spendable (Special Revenue Fund)	2,498,322	2,498,322	-	-	-	-	-	-	-	1,151,591
Non-Spendable (ATC)	-	-	-	-	-	-	-	-	1,063,790	-
Restricted (Special Revenue Fund)	12,173,856	14,027,836	16,553,843	22,396,774	26,113,490	22,508,963	17,808,272	14,124,539	18,267,147	22,025,591
Committed (Special Revenue Fund)	45,738,029	52,452,826	49,925,447	55,507,559	69,651,113	78,073,867	104,473,313	128,138,998	106,363,652	115,159,106
Committed (Capital Projects)	188,551,536	171,248,033	172,124,584	212,284,917	297,691,622	261,978,279	400,720,737	281,105,893	387,115,344	173,857,156
Restricted (Capital Projects)	-	-	-	-	-	-	-	-	-	102,283,026
Unassigned (ATC)	-	-	-	-	-	-	-	-	(1,062,962)	-
Total All Other Governmental Funds	<u>\$ 248,961,743</u>	<u>\$ 240,227,017</u>	<u>\$ 238,603,874</u>	<u>\$ 290,189,250</u>	<u>\$ 393,456,225</u>	<u>\$ 362,561,109</u>	<u>\$ 523,002,322</u>	<u>\$ 423,369,430</u>	<u>\$ 511,746,971</u>	<u>\$ 414,476,470</u>

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

**CITY OF ALEXANDRIA, VIRGINIA
2023 Tax Rates for Major Revenue Source**

TABLE IX

Real Estate Tax	\$1.11 per \$100 assessed value (December and June)
Personal Property Tax	\$4.50 per \$100 assessed value (machinery and tools) \$4.75 per \$100 assessed value (tangible personal property) \$1.11 per \$100 assessed value (Mobile homes) \$5.33 per \$100 assessed value (Automobiles) \$3.55 per \$100 assessed value (handicap vehicles) \$0.01 per \$100 assessed value (Boats)
Utility Tax (for residential users)	15% of monthly amount charged to consumers of the utility Service \$1.12 plus \$0.012075 of each KWh (\$3.00 maximum) - Electric \$1.28 plus \$0.124444 of each CCF gas delivered (\$3.00 maximum) - Gas \$1.28 plus \$0.050909 of each CCF gas delivered-group meter consumers) (\$3.00 maximum per dwelling unit) \$1.28 plus 0.023267 of each CCF gas delivered-group meter interruptible consumers (\$3.00 maximum per dwelling unit)
Utility Tax (for commercial users)	20% of first \$150 of water service charge \$1.18 plus \$0.005578 of each kwh delivered-commercial consumer - Electric, Commercial \$1.18 plus \$0.004544 of each kwh delivered-industrial consumer - Electric, Industrial \$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 (fee based on seating capacity/type of license)
First year of operation:	
Gross receipts less than \$100,000	No tax due (dependant on license category)
Gross receipts of greater than \$10,000 and less than \$100,000	\$50 (First year only, dependant on license category)
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
Contractors	\$0.16 per \$100 gross receipts
Wholesale Merchants	\$0.05 per \$100 total purchases
Public Utilities	
Telephone	\$0.50 per \$100 of gross receipts excluding charges for long distance calls
Communication Sales and Use Tax	5% of sale price of each communications service
Water	One-half of one percent of the gross receipt
Admissions Tax	10% of admissions up to \$0.50 per person
Public Rights-of-Way Use Fee	\$1.01 per access line per month (effective 7/1/22)
Electric Consumption Tax	\$0.0038/kwh
Natural Gas Consumption Tax	\$0.004 per CCF
Local Sales Tax	1.0% on sale (added to the rate of the State tax imposed)
Short-Term Rental Tax	1% of gross proceeds of business arising from rentals (1.5% Heavy Equipment).
Cigarette Tax	\$1.26 on each package of twenty cigarette
Transient Lodging Tax	6.5% of total amount paid for room rental plus \$1.25 per night lodging fee
Restaurant Meal Tax	5% of total charge of Meal (on all food and drink)
Recordation Tax	\$0.083 per \$100 of sales price/loan value (equals State max)
Late Payment Tax Penalty	10% or \$10, whichever is greater
Tax Interest	10% for the first year and 5% for each year thereafter.

Source: City of Alexandria Revenue Division

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

TABLE X

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Value of Real Property, January 1	\$ 35,895,602,676	\$ 37,146,860,126	\$ 38,195,318,730	\$ 38,987,293,704	\$ 39,897,986,964
Debt Limit: 10 percent	3,589,560,268	3,714,686,013	3,819,531,873	3,898,729,370	3,989,798,696
Amount of Debt Applicable to Debt Limit	<u>539,780,000</u>	<u>540,495,000</u>	<u>522,710,000</u>	<u>557,233,000</u>	<u>595,021,000</u>
Legal Debt Margin	<u>\$ 3,049,780,268</u>	<u>\$ 3,174,191,013</u>	<u>\$ 3,296,821,873</u>	<u>\$ 3,341,496,370</u>	<u>\$ 3,394,777,696</u>
Debt as a Percentage of Assessed Value	1.50%	1.46%	1.37%	1.43%	1.49%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assessed Value of Real Property, January 1	\$ 40,977,242,214	\$ 42,679,236,862	\$ 43,826,796,330	\$ 46,560,058,324	\$ 48,332,631,187
Debt Limit: 10 percent	4,097,724,221	4,267,923,686	4,382,679,633	4,656,005,832	4,833,263,119
Amount of Debt Applicable to Debt Limit	<u>589,957,000</u>	<u>747,911,000</u>	<u>704,117,000</u>	<u>852,606,000</u>	<u>946,057,000</u>
Legal Debt Margin	<u>\$ 3,507,767,221</u>	<u>\$ 3,520,012,686</u>	<u>\$ 3,678,562,633</u>	<u>\$ 3,803,399,832</u>	<u>\$ 3,887,206,119</u>
Debt as a Percentage of Assessed Value	1.44%	1.75%	1.61%	1.83%	1.96%

Limitations on the Incurrence of General Obligation Debt:

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

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

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 Debt¹ to Assessed Value
And Net Debt Per Capita
Last Ten Fiscal Years

TABLE XI

FY Year	Population ⁽³⁾	Taxable Assessed Value (\$000) ⁽²⁾			Outstanding Debt	Outstanding Debt As Percentage of Assessed		Personal Income (\$100)	Debt Per Capita	Debt Per Capita As A Percentage of Per Capita Income ⁽⁴⁾
		Real Property	Personal Property	Total		Real Property	Total Property			
2014	144,000	35,895,603	1,417,679	37,313,282	539,780,000	1.50	1.45	12,115,212	3,748	4.84
2015	147,650	37,146,860	1,397,502	38,544,362	540,495,000	1.46	1.40	12,071,851	3,661	4.55
2016	149,900	38,195,319	1,437,203	39,632,522	522,710,000	1.37	1.32	11,789,823	3,487	4.24
2017	152,200	38,987,294	1,503,339	40,490,633	557,233,000	1.43	1.38	12,692,748	3,661	4.40
2018	154,500	39,897,987	1,520,865	41,418,852	595,021,000	1.49	1.44	12,958,210	3,851	4.58
2019	156,800	40,977,242	1,565,335	42,542,577	589,957,000	1.44	1.39	13,455,505	3,762	4.47
2020	159,200	42,679,237	1,596,166	44,275,403	747,911,000	1.75	1.69	14,127,927	4,698	5.34
2021	161,300	43,826,796	1,506,234	45,333,030	704,117,000	1.61	1.55	14,665,740	4,365	4.96
2022	163,400	46,560,058	1,664,074	48,224,132	852,606,000	1.83	1.77	14,894,033	5,218	5.93
2023	165,700	48,332,631	1,791,514	50,124,145	946,057,000	1.96	1.89	15,473,266	5,709	6.11

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

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

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

(4) Personal Income and per capita income represents data from the United States Bureau of Economic Analysis, as revised, that generally has a two-year lag.

CITY OF ALEXANDRIA, VIRGINIA
Overlapping Debt and Debt History
June 30, 2023

TABLE XII

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

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

Credit Ratings

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

Paying Agents

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

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

TABLE XIII

Year	Principal	Interest and Other Costs	Total Debt Service	General Expenditures ⁽²⁾	Ratio of Debt Service to General Governmental Expenditures %
2014	33,476,070	23,835,653	57,311,723	820,080,010	6.99
2015	38,645,000	22,614,198	61,259,198	817,311,890	7.50
2016	41,595,000	21,766,140	63,361,140	808,162,557	7.84
2017	43,300,000	21,490,252	64,790,252	880,542,277	7.36
2018	44,404,949	21,795,764	66,200,713	920,488,621	7.19
2019	45,989,000	24,591,838	70,580,838	1,016,620,191	6.94
2020	46,126,000	23,463,907	69,589,907	1,041,037,742	6.68
2021	47,529,000	27,223,323	74,752,323	1,090,444,851	6.86
2022	45,546,000	27,071,962	72,617,962	1,167,956,936	6.22
2023	49,934,000	31,919,094	81,853,094	1,375,224,313	5.95

(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, 2023**

TABLE XIV

Population

<u>Calendar Year</u>	<u>Population</u>	<u>Calendar Year</u>	<u>Population</u>
1990.....	111,183	2017	152,200
2000.....	128,283	2018.....	154,500
2010.....	139,993	2019.....	156,800
2013.....	142,200	2020.....	159,467
2014.....	144,000	2021.....	161,300
2015.....	147,650	2022.....	163,400
2016.....	149,900	2023.....	165,700

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

2011-2019 City of Alexandria, Department of Planning Zoning. Calendar Year 2020 reflects the 2020 Census data released on August 12, 2021. Calendar Year 2021-2023 is an estimate developed by the City's Department of Planning and Zoning.

**POPULATION INDICATORS
PER CAPITA INCOME***

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Alexandria	\$81,896	\$77,419	\$80,506	\$82,253	\$81,887	\$83,477	\$87,761	\$89,884	\$93,835	\$100,017
Arlington	83,925	79,295	83,616	86,141	87,136	90,390	95,012	98,116	100,823	107,603
Fairfax (include..... Fairfax City and Falls Church)	72,257	69,817	72,552	75,081	76,947	78,751	82,888	86,031	88,971	94,677
Washington MSA	\$59,345	\$62,496	\$60,814	\$62,546	\$65,155	\$67,598	\$69,295	\$71,615	\$73,059	\$80,822

*BEA has revised these numbers.

SOURCE: U.S. Bureau of Economic Analysis (BEA) This data has been revised from previous estimates provided by the Department of Commerce

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Unemployment Rate	4.6%	3.5%	2.9%	2.8%	2.4%	2.2%	8.3%	4.3%	2.4%	2.2%

*The Bureau of Labor Statistics has revised these numbers

SOURCE: U.S. Bureau of Labor Statistics (BLS). This data has been revised from previous estimates provided by the Bureau of Labor Statistics. Revision occurred on June 2023.

CITY OF ALEXANDRIA, VIRGINIA
Principal Taxpayers
Current Year and Nine Years Ago
June 30, 2023

TABLE XV

Private Property

Owner's Name	Property	2023 Assessed Value (in millions)	Percentage of
			Total Assessed Valuation
1 Equity Residential	Apartments	761.2	1.57%
2 Paradigm Companies	Apartments	638.5	1.32%
3 LCOR Alexandria, L.L.C.	Commercial/Office Buildings	590.6	1.22%
4 Morgan Properties	Commercial/Apartments	579.5	1.20%
5 CIM Group	Apartments	579.1	1.20%
6 Stonebridge Carras	Apartments	460.6	0.95%
7 AIMCO	Apartments/Commercial	428.5	0.89%
8 Monday Properties	Apartments/Office Buildings	362.1	0.75%
9 UDR	Apartments	325.8	0.67%
10 Elme Communities (formerly Washreit)	Apartments/Commercial	256.0	0.53%

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Principal Taxpayers
Current Year and Nine Years Ago
June 30, 2023

TABLE XV
(Continued)

Public Service Companies

Owner's Name	2023 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1 Virginia Electric Power Company	254.8	0.53%
2 Virginia-American Water Co.	92.2	0.19%
3 Norfolk Southern Railway Company	76.4	0.16%
4 CSX TRANSPORTATION, INC.	67.2	0.14%
5 Washington Gas Light Company	65.1	0.13%
6 Verizon Virginia Inc.	44.4	0.09%
7 Potomac electric Power Company	42.1	0.09%
8 Covanta Alexandria / Arlington, Inc.	19.8	0.04%
9 Cellco Partnership	12.2	0.03%
10 New Cingular Wireless PCS, LLC	11.0	0.02%

SOURCE: Virginia State Corporation Commission

SOURCE: City of Alexandria, Department of Finance, Office of Real Estate Assessments

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

SOURCE: Virginia State Corporation Commission

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

TABLE XVI

<u>Fiscal Year</u>	<u>Total Enrollment</u>	<u>Number Receiving Free or Reduced Meals</u>	<u>Number in English as Second Language</u>	<u>Number Receiving Special Education</u>	<u>Elementary School Gifted and Talented Programs</u>	<u>Number in Middle (6-8) School Gifted and Talented Programs</u>
2014	13,623	8,100	3,642	1,621	759	370
2015	14,224	8,582	4,202	1,634	823	432
2016	14,729	8,664	4,381	1,672	861	545
2017	15,105	8,965	4,789	1,803	933	604
2018	15,540	9,106	4,791	1,731	1,045	663
2019	15,795	9,282	5,045	1,762	1,044	711
2020	16,117	9,094	5,117	1,697	698	691
2021	15,635	8,385	5,062	1,581	392	658
2022	15,526	9,099	4,853	1,571	668	633
2023	15,786	8,589	5,713	1,715	749	606

SOURCE: City of Alexandria Public School System

CITY OF ALEXANDRIA, VIRGINIA
General Fund
City Department Expenditure Detail by Function
For the Fiscal Year Ended June 30, 2023

TABLE XVII

	General Government	Judicial Administration	Public Safety	Public Works	Health and Welfare	Recreation & Culture	Community Development	Education	Library	Transit Subsidies	Debt Services	Total
General Fund Expenditures												
City Council.....	\$ 635,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 635,486
City Manager.....	3,988,058	-	-	-	-	-	-	-	-	-	-	3,988,058
Office of Management and Budget.....	1,459,315	-	-	-	-	-	-	-	-	-	-	1,459,315
18th Circuit Court.....	-	1,507,332	-	-	-	-	-	-	-	-	-	1,507,332
18th General District Court.....	-	120,892	-	-	-	-	-	-	-	-	-	120,892
Juvenile and Domestic Relations Courts....	-	55,616	-	-	-	-	-	-	-	-	-	55,616
Commonwealth's Attorney.....	-	3,722,638	-	-	-	-	-	-	-	-	-	3,722,638
Sheriff.....	-	8,715,878	25,199,004	-	-	-	-	-	-	-	-	33,914,882
Clerk of Courts.....	-	2,164,875	-	-	-	-	-	-	-	-	-	2,164,875
Other Correctional Activities.....	-	3,859,234	105,787	-	-	-	-	-	-	-	-	3,965,021
Court Services.....	-	1,895,353	-	-	-	-	-	-	-	-	-	1,895,353
Human Rights.....	1,014,758	-	-	-	-	-	-	-	-	-	-	1,014,758
Internal Audit.....	413,788	-	-	-	-	-	-	-	-	-	-	413,788
Information Technology Services.....	13,677,354	72,203	-	-	-	-	1,956,976	-	-	-	-	15,706,533
Office of Communications.....	-	-	-	-	-	-	1,682,846	-	-	-	-	1,682,846
City Clerk and Clerk of Council.....	467,678	-	-	-	-	-	-	-	-	-	-	467,678
Finance.....	12,446,681	-	-	-	-	-	-	-	-	-	-	12,446,681
Organizational Excellence.....	-	-	-	-	-	-	-	-	-	-	-	-
Human Resources.....	4,984,069	-	-	-	-	-	-	-	-	-	-	4,984,069
Planning and Zoning.....	-	-	-	-	-	-	6,794,569	-	-	-	-	6,794,569
Economic Development Activities.....	-	-	-	-	-	-	8,700,033	-	-	-	-	8,700,033
City Attorney.....	4,593,807	-	-	-	-	-	-	-	-	-	-	4,593,807
Registrar.....	1,168,127	-	-	-	-	-	-	-	-	-	-	1,168,127
General Services.....	404,460	-	1,279,317	10,003,780	-	-	-	-	-	-	-	11,687,557
Project Implementation Office.....	-	-	-	-	-	-	-	-	-	-	-	-
Performance Analytics.....	725,492	-	-	-	108,692	-	-	-	-	-	-	834,184
Transportation and Environmental Services.....	3,134,077	-	-	18,601,404	-	-	2,804,718	-	-	-	-	24,540,198
Transit Subsidies.....	-	-	-	-	-	-	-	-	-	17,435,975	-	17,435,975
Fire.....	-	-	56,821,996	-	-	-	-	-	-	-	-	56,821,996
Police.....	-	431,448	64,734,717	-	-	-	-	-	-	-	-	65,166,165
Emergency Communications.....	-	-	9,125,950	-	-	-	-	-	-	-	-	9,125,950
Code Administration.....	-	-	0.00	-	-	-	-	-	-	-	-	-
Housing.....	-	-	-	-	-	-	1,958,623	-	-	-	-	1,958,623
Community and Human Services.....	1,510,245	-	-	-	13,608,833	-	-	-	-	-	-	15,119,077
Other Health Services.....	-	-	1,180	-	1,278,735	-	-	-	-	-	-	1,279,915
Health.....	-	-	-	-	7,772,368	-	162,653	-	-	-	-	7,935,021
Office of Historic Alexandria.....	-	-	-	-	-	3,997,760	-	-	-	-	-	3,997,760
Recreation and Cultural Activities.....	-	-	-	-	-	26,837,658	-	-	-	-	-	26,837,658
Other Educational Activities.....	15,750	-	-	-	-	-	-	248,737,300	-	-	-	248,753,050
Miscellaneous.....	15,725,258	-	600,000	148,010	1,229	-	364,122	-	8,149,962	-	71,924,492	96,913,073
Total Expenditures.....	\$ 66,364,403	\$ 22,545,469	\$ 157,867,952	\$ 28,753,194	\$ 22,769,857	\$ 30,835,418	\$ 24,424,539	\$ 248,737,300	\$ 8,149,962	\$ 17,435,975	\$ 71,924,492	\$ 699,808,559

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

TABLE XVIII

	2014	2015	2016	2017	2018	2019	2020	2021	2021	2023
General Government	321	323	317	317	318	327	344	333	342	359
Judicial Administration	286	286	287	281	280	279	279	280	280	284
Public Safety	803	801	809	810	816	818	837	844	836	899
Public Works	212	212	223	222	212	215	217	235	249	260
Library	71	72	70	70	69	67	67	67	66	66
Health and Welfare	579	589	586	586	599	598	607	629	627	637
Culture and Recreation	183	183	175	175	179	181	183	189	192	198
Community Development	83	82	85	91	92	94	95	98	104	106
Education	2,285	2,268	2,426	2,489	2,519	2,585	2,607	2,649	2,649	2,661
TOTAL	4,823	4,816	4,978	5,041	5,084	5,164	5,236	5,324	5,324	5,470

Source: City of Alexandria FY 2014 - FY 2023 Approved Operating Budgets

**Principal Employers
Current Year (as of July 1, 2023 and Nine Years Ago)**

TABLE XIX

<u>Current Year</u>	<u>Employees</u>	<u>Percentage of Total City Employment^(*)</u>	<u>Nine Years Ago</u>	<u>Employees</u>	<u>Percentage of Total City Employment^(*)</u>
LARGEST PUBLIC EMPLOYERS			LARGEST PUBLIC EMPLOYERS		
U.S. Department of Defense - Mark Center	8,000	9.86%	U.S. Department of Commerce	1,000 & over	3.41%
U.S. Dept of Commerce (includes Patent and Trademark Office)	5,500	6.78%	U.S. Department of Defense	1,000 & over	3.41%
City of Alexandria	2,700	3.33%	WMATA	1,000 & over	3.41%
Alexandria Public School System	2,500	3.08%	City of Alexandria	2,538	2.88%
WMATA	1,200	1.48%	Alexandria Public Schools	2,285	2.59%
U.S. Dept of Agriculture	800	0.99%	Northern Virginia Community College	500-999	0.85%
U.S. General Services Administration	600	0.74%	U.S. Department of Agriculture	500-999	0.85%
		26.26%			17.40%
LARGEST PRIVATE EMPLOYERS			LARGEST PRIVATE EMPLOYERS		
Inova Health System	1,700	2.10%	Inova Health System	500-999	3.41%
Institute for Defense Analyses	750	0.92%	ABM Janitorial Svices M Inc	500-999	0.85%
System Plan & Analysis INC	700	0.86%	Institute for Defense Analysis	500-999	0.85%
Goodwin House	700	0.86%	Grant Thornton LLP	500-999	0.85%
Kearney & Company PC	600	0.74%	CAN Corporation	500-999	0.85%
CRS Facility Service	400	0.49%	Oblon Spivak McClelland PC	250-499	0.43%
United Parcel Service	350	0.43%	Catholic Diocese of Arlington	250-499	0.43%
		6.41%			7.67%

SOURCE: Virginia Employment Commission and Alexandria Economic Development Partnership
Quarterly Census of Employment and Wages, Q2 2023

*Employment numbers are estimates only

CITY OF ALEXANDRIA, VIRGINIA
Operating Indicators By Function
Last Ten Fiscal Years

TABLE XX

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Judicial Administration										
Civil and criminal cases processed by Clerk of Courts	6,000	6,000	5,377	5,734	5,985	6,489	5,185	4,168	5,827	7,605
Public Safety										
Number of Homicides	4	4	7	6	4	2	2	3	6	3
Response Time (minutes) from turnout to arrival met by 90% of responses to Fire Emergency Incidents	N/A	0.30972222	7:13	7:26	6:41	6:30	7:11	7:33	9:33	9:40
Response Time (minutes) from turnout to arrival met by 90% of responses to Medical Emergency Incidents	N/A	0.29236111	7:03	6:09	5:45	5:30	7:45	7:56	8:24	8:15
Public Works										
Tons of Waste Disposed Annually	20,689	20,975	21,199	21,033	22,058	22,328	22,045	22,960	23,049	22,590
Lane Miles Repaired	43	45	66	72	45	44	46	48	16	48
Acres of Impervious Surface within City	1,355	1,444	1,519	1,522	1,536	1,544	1,560	1,573	1,579	1,586
City-Wide Recycling Rate	49	49	49	50	48	49	52	53	**	**
Library										
Total number of material circulated	1,335,000	1,339,000	1,304,000	1,595,528	1,607,718	1,611,014	1,458,234	1,262,833	1,412,497	1,443,215
Number of Library Visitors and Web Users	1,219,936	1,288,629	1,247,355	1,303,209	1,382,324	1,556,345	1,493,926	1,121,843	1,228,567	1,389,238
Health and Welfare										
Number of immunizations given to the public	15,930	14,618	10,234	12,844	9,553	8,221	6,772	3,923	6,820	10,766
Average number of active participants in Women, Infants, and Children program per month	2,511	2,828	2,754	2,801	3,003	2,826	2,875	3,259	3,292	3,409
Teen Wellness Center Visits	3,495	3,440	3,167	3,800	3,720	3,398	2,888	1,863	2,503	2,297
Pharmacy (number of prescriptions)	13,045	16,233	17,567	19,173	26,742	28,355	27,852	30,207	30,251	28,673
Transit										
Annual Ridership of Bus & Trolley	4,244,588	4,275,682	4,108,706	3,939,351	3,892,685	3,940,251	2,844,989	1,521,928	3,019,825	4,538,202
Number of Metro Rail Riders Originating in Alexandria	5,403,671	5,364,129	5,034,745	4,306,919	4,426,213	3,861,674	2,141,993	605,820	1,540,000	1,801,106
Miles of service	1,550,704	1,714,388	1,758,689	1,857,385	1,851,653	1,966,261	2,073,300	1,844,028	2,338,240	2,787,421
Culture and Recreation										
Number of Registered Users in Recreation Centers and Recreation Activities***	7,000	13,745	23,806	26,423	26,403	30,014	33,127	36,376	19,652	9,323
Number of Public Special Events	170	197	211	136	137	165	114	117	159	244
Community Development										
Number of Affordable Housing Units	3,782	3,724	3,955	3,955	4,075	4,084	4,450	4,687	4,913	4,995
Assessed Value Average Residential Property	486,456	505,740	516,280	522,800	542,202	549,253	577,988	576,901	655,901	679,914
Education										
Cost per pupil	17,249	17,041	16,896	17,216	17,193	17,740	18,190	18,241	19,864	20,719
Graduation Rate	84	80	82	83	81	83	82	91	83	83

Source Virginia DOE On-Time Graduation Rate by school district has two-year lag. CityData.com Homicides

**Lag in reporting. Virginia DEQ Recycling Rate has two-year lag.

CITY OF ALEXANDRIA, VIRGINIA
Capital Indicators By Function
Last Ten Fiscal Years

TABLE XX (cont.)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Judicial Administration										
Number of foster care homes	50	46	46	39	47	51	53	56	56	56
Public Safety										
Fire vehicles	143	143	143	143	144	144	183	167	119	125
Public Works										
Paved streets	560	560	560	561	561	561	561	561	548	561
Sidewalks	319	319	319	319	319	319	319	319	366	320
Library										
Full service branches and central library	4	4	4	4	4	4	4	4	4	4
Health and Welfare										
Preventative health care sites	3	3	3	3	3	3	3	3	3	3
Transit										
DASH transit buses	79	74	85	85	85	85	99	99	101	101
Culture and Recreation										
Playgrounds	37	36	40	41	41	42	42	42	42	42
Athletic fields available for games	49	49	53	53	59	56	56	56	55	55
Acreage of park and open space	974	1,000	1,036	1,042	1,042	1,042	1,042	1,042	1,042	1,042
Total number of facilities maintained	181	181	181	130	126	126	127	117	159	244
Community Development										
Public housing and public housing replacement u	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Education										
Public schools	17	16	16	16	16	18	18	18	18	18

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2023

Date of Incorporation 1779
 Date of City Charter 1932
 Form of Government Council-Manager
 Number of Full-Time City Positions
 (Other than Schools)..... 2809
 Number of Full-Time Equivalent School Positions..... 2661

Land Area

15.75 Square Miles

Elevation

0 to 287 ft 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 rail transit to the Washington Metro area. Five of the system's 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

2023 Resident Population (Estimate) 165,700
 Number of Households (2017-2021 U.S. Census ACS)..... 74,224
 Household Size (2017-2021)..... 2.11 Persons Per Unit
 2022 Population by Race (2017-2021 U.S. Census ACS):
 White.....75.5%
 Black13.6%
 Native American1.3%
 Asian and Pacific Islanders6.9%
 Multi-Racial3.0%
 Hispanic (All Races)19.1%

2022 Population by Age and Sex (U.S. Census Bureau Estimate):
 Persons under 5 years.....5.6%
 Persons under 18 years.....21.7%
 Persons 65 + years17.3 %
 Female Persons50.4%

Registered Voters

November 2022..... 98,566
 Temporary Assistance to Needy Families
 (Cases) - Monthly Average, 2023.....521
 Food Stamps (Cases) - Monthly Average, 2023.....6,365
 Medicaid (Cases) - Monthly Average, 2023.....33,941

Economy

Employed Residents, June 2023.....103,515
 Unemployed Residents, June 2023.....2,331
 Unemployed Rate, June 2023..... 2.2%
 Washington PMSA Inflation Rate, based
 on Consumer Price Index, for FY 2023.....3.1%

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2023

TABLE XXI (Continued)

Housing	2023	2022
Total Housing Units	83,056	82,458
Type of Single-Family Housing		
Detached	9,124	9,132
Semi-Detached	5,876	5,867
Rowhouse	6,717	6,714
Condo Townhouse	1,531	1,482
Total Single-Family	23,248	23,195
Garden Condominium	10,824	10,729
High Rise and Cooperative		
Condominium	8,418	8,055
Rental Apartments	40,566	40,488
Public Housing and Public Housing Replacement Units	1,150	1,150
Average Assessed Value of Single-Family Homes	\$940,375	\$896,176
Average Assessed Value of Condominiums	\$407,616	\$398,470
Average Market Rents Efficiency	\$1,610	\$1,547
1 Bedroom Apartment	\$2,050	\$1,920
2 Bedroom Apartment	\$2,570	\$2,413
3 Bedroom Apartment	\$2,830	\$2,577

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	561
Sidewalks miles	320
Alleys, Paved miles	0.0

Utilities

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

Public Recreation

Acreage	1,042
Facilities:	
Playground Areas	42
Swimming Pools	4
Gymnasiums (doesn't include schools)	7
Basketball Courts (outdoor, schools, half courts)	32
Tennis Courts (includes schools)	37
Multi-Use Courts (includes schools)	14
Playing Fields (include schools do not include overlays)	55

Medical Facilities

	Beds
Hospital:	
INOVA Alexandria Hospital	318
Nursing Homes:	
Alexandria Rehabilitation and Healthcare Center	111
George Washington Rehabilitation and Healthcare	96
Goodwin House Alexandria	80
Mount Vernon Healthcare Center	130
The Fountains at Washington House	68
Woodbine Rehabilitation and Healthcare Center	307

Libraries

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

Education

	Number
Public Schools:	
Elementary	14
Middle	2
High School	1
Parochial and Private Schools	39

Higher Education:

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

Financial Institutions

Commercial Banks	15
Credit Unions	11

**Lodging
(FY 2022)**

Alexandria Available Hotel Rooms	4,552
Alexandria Hotel Occupancy	66.9%
National Hotel Occupancy (as of June 2022)	63.3%
Alexandria Average Daily Rate	\$166.40
National Average Daily Rate (as of June 2022)	\$153.48

SOURCE: Visit Alexandria

CITY OF ALEXANDRIA, VIRGINIA
Five-Year Summary of General Fund Revenues and Expenditures
As of June 30, 2023

Table XXII

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues					
General Property Taxes	\$ 504,616,490	\$ 517,263,555	\$ 534,770,027	\$ 552,540,913	\$ 582,975,505
Other Local Taxes	140,260,786	128,170,493	131,506,114	148,875,492	152,409,150
Permits, Fees, and Licenses	2,802,064	1,387,070	4,185,341	2,202,262	2,683,307
Fines and Forfeitures	4,297,753	4,052,312	3,076,876	2,694,652	3,129,147
Use of Money and Property	11,265,651	8,610,954	3,149,630	1,115,117	20,186,948
Charges for Services	22,276,812	11,215,075	10,681,086	15,203,509	17,312,775
Intergovernmental Revenues	56,124,121	56,885,336	59,552,814	56,268,765	59,286,179
Interest from Lease	-	-	-	52,798	212,764
Miscellaneous	2,663,744	1,966,605	1,921,463	2,597,949	5,140,380
Total Revenues	744,307,421	729,551,400	748,843,351	781,551,457	843,336,155
Other Financing Sources					
Operating Transfers In	11,921,244	9,291,882	9,246,427	45,584,494	14,233,764
Refunding Bonds	-	-	49,887,196	11,782,546	-
Bond Premium (Discount)	-	-	-	-	-
Sale of Land	-	-	-	-	-
Total Other Financing Sources	11,921,244	9,291,882	59,133,623	57,367,040	14,233,764
Total Revenues and Other Financing Sources	756,228,665	738,843,282	807,976,974	838,918,497	857,569,919
Expenditures					
Current					
General Government	48,284,138	46,141,615	52,615,276	56,619,999	66,364,403
Judicial Administration	20,363,626	20,640,006	19,773,623	20,440,688	22,545,469
Public Safety	147,267,680	147,712,011	142,367,202	147,184,920	157,867,952
Public Works	35,212,635	29,164,816	25,638,460	27,917,451	28,753,194
Library	7,026,500	7,095,682	7,379,204	7,680,826	8,149,962
Health and Welfare	20,334,366	20,703,485	20,962,751	21,726,647	22,769,857
Transit	16,926,703	16,570,690	2,478,947	18,681,843	17,435,975
Culture and Recreation	25,257,914	25,814,160	24,292,705	26,704,089	30,835,418
Community Development	18,211,203	19,715,477	20,174,219	21,667,205	24,424,539
Education	223,841,444	231,685,624	234,037,296	239,437,296	248,737,300
Debt Services					
Principal Retired	45,653,950	43,809,930	44,965,570	42,992,958	47,904,788
Interest and Fiscal Charges	23,926,863	21,909,241	19,638,000	19,656,254	24,019,704
Total Expenditures	632,307,022	630,962,737	614,323,252	650,710,176	699,808,559
Other Financing Uses					
Payment to Refunded Bonds					
Escrow Agent	-	-	49,618,630	11,710,136	-
Operating Transfers Out	110,575,925	101,197,911	120,356,796	127,261,747	159,822,821
Total Other Financing Uses	110,575,925	101,197,911	169,975,426	138,971,883	159,822,821
Total Expenditures and Other Financing Uses	742,882,947	732,160,647	784,298,678	789,682,059	859,631,380
Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing	13,345,718	6,682,634	23,678,295	49,236,438	(2,061,461)
Fund Balances at Beginning of Year	128,958,343	143,214,706	152,800,030	176,644,513	225,137,606
Increase (Decrease) in Reserve for Inventory	910,645	2,902,690	166,188	(743,345)	614,046
FUND BALANCES					
AT END OF YEAR	\$ 143,214,706	\$ 152,800,030	\$ 176,644,513	\$ 225,137,606	\$ 223,690,191

CITY OF ALEXANDRIA, VIRGINIA
Summary of Total
General Obligation Bonds
Debt Service
As of June 30, 2023

TABLE XXIII

Fiscal Year	Total Principal	Total Interest	Total
2024	57,767,000	33,112,168	90,879,168
2025	60,434,000	30,734,867	91,168,867
2026	58,456,000	28,245,009	86,701,009
2027	56,032,000	25,777,871	81,809,871
2028	58,339,000	23,306,960	81,645,960
2029	58,509,000	20,870,978	79,379,978
2030	55,677,000	18,714,315	74,391,315
2031	51,294,000	16,760,454	68,054,454
2032	47,404,000	14,934,311	62,338,311
2033	43,210,000	13,314,427	56,524,427
2034	36,475,000	11,840,568	48,315,568
2035	37,930,000	10,628,090	48,558,090
2036	37,025,000	9,492,789	46,517,789
2037	36,950,000	8,355,219	45,305,219
2038	33,805,000	7,260,698	41,065,698
2039	25,585,000	6,301,471	31,886,471
2040	23,725,000	5,547,359	29,272,359
2041	24,000,000	4,873,031	28,873,031
2042	23,195,000	4,187,675	27,382,675
2043	16,380,000	3,561,425	19,941,425
2044	11,180,000	3,106,825	14,286,825
2045	11,530,000	2,752,150	14,282,150
2046	11,895,000	2,386,200	14,281,200
2047	12,275,000	2,008,475	14,283,475
2048	12,665,000	1,618,575	14,283,575
2049	13,065,000	1,216,200	14,281,200
2050	13,485,000	800,850	14,285,850
2051	13,910,000	372,125	14,282,125
2052	1,890,000	116,600	2,006,600
2053	1,970,000	39,400	2,009,400
Total	\$ 946,057,000	\$ 312,237,086	\$ 1,258,294,086

PAGE LEFT BLANK INTENTIONALLY

DRAFT

DRAFT

DRAFT



City of Alexandria, Virginia
Finance Department
P.O. Box 178
Alexandria, Virginia 22313
alexandriava.gov/finance