

City of Alexandria
**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**
**FISCAL YEAR ENDING
JUNE 30, 2022**



DRAFT

**CITY OF ALEXANDRIA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR
JULY 1, 2021 TO JUNE 30, 2022**



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. Parjon
Director of FinanceKendel Taylor
ComptrollerIan 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

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CITY OF ALEXANDRIA, VIRGINIA
Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2022

The ACFR Project Team extends its gratitude to all personnel throughout the City who contributed to the success of the FY2022 external financial audits and the preparation of the FY2022 ACFR.

Special thanks to the Accounting Division's support personnel, other Finance divisions, and the mailroom staff.

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TABLE OF CONTENTS

	<u>Description</u>	<u>Page</u>
	<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 and Prepaid and Other Assets.....	58
	Other Assets.....	59
	Capital Assets	59
	Compensated Absences	59
	Use of Estimates	60
	Fund Balance	60
	Short Term Liabilities.....	64
	Deferred Outflows	64
	Deferred Inflows.....	64

Part II - Financial Section (Continued)

Exhibits

2. Legal Compliance—Budgets.....	65
3. Deposits and Investments	66
4. Receivables	72
5. Capital Assets.....	76
6. Risk Management	81
7. Leases.....	84
8. Commitments and Contingencies.....	88
9. Long-Term Debt	92
10. Interfund Balances and Component Unit Transactions	105
11. Grants	106
12. Intergovernmental Revenues.....	106
13. Due from Other Governments	107
14. Joint Ventures	109
15. Related Party Transactions.....	110
16. Other Post-Employment Benefits	111
17. Employee Retirement Systems	139
18. Tax Abatements.....	185
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 Changes in Assets and Liabilities—Custodial Funds	210
Combining Balance Sheet—Special Revenue Fund.....	212
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance—Special Revenue Fund	213

Part III - Statistical Section

Tables

Table I	Schedule of Changes in Net Position—Last Ten Fiscal Years	218
Table II	Changes in Fund Balances, Governmental Funds—Last Ten Fiscal Years	220
Table III	Tax Revenues by Source—Last Ten Fiscal Years	221
Table IV	Real Estate Tax Levies and Collections—Last Ten Calendar Years.....	222
Table V	Personal Property Tax Levies and Collections—Last Ten Calendar Years	222
Table VI	Real and Personal Property Assessments and Tax Rates—Last Ten Calendar Years.....	223
Table VII	Net Position—Last Ten Fiscal Years	224
Table VIII	Fund Balances, Governmental Funds—Last Ten Fiscal Years	225
Table IX	2018 Tax Rates for Major Revenue Sources.....	226
Table X	Legal Debt Margin Information—Last Ten Fiscal Years	227
Table XI	Ratio of Net General Debt to Assessed Value and Net Debt Per Capita—Last Ten Fiscal Years.....	228
Table XII	Overlapping Debt and Debt History	229

Part III - Statistical Section (Continued)

Tables

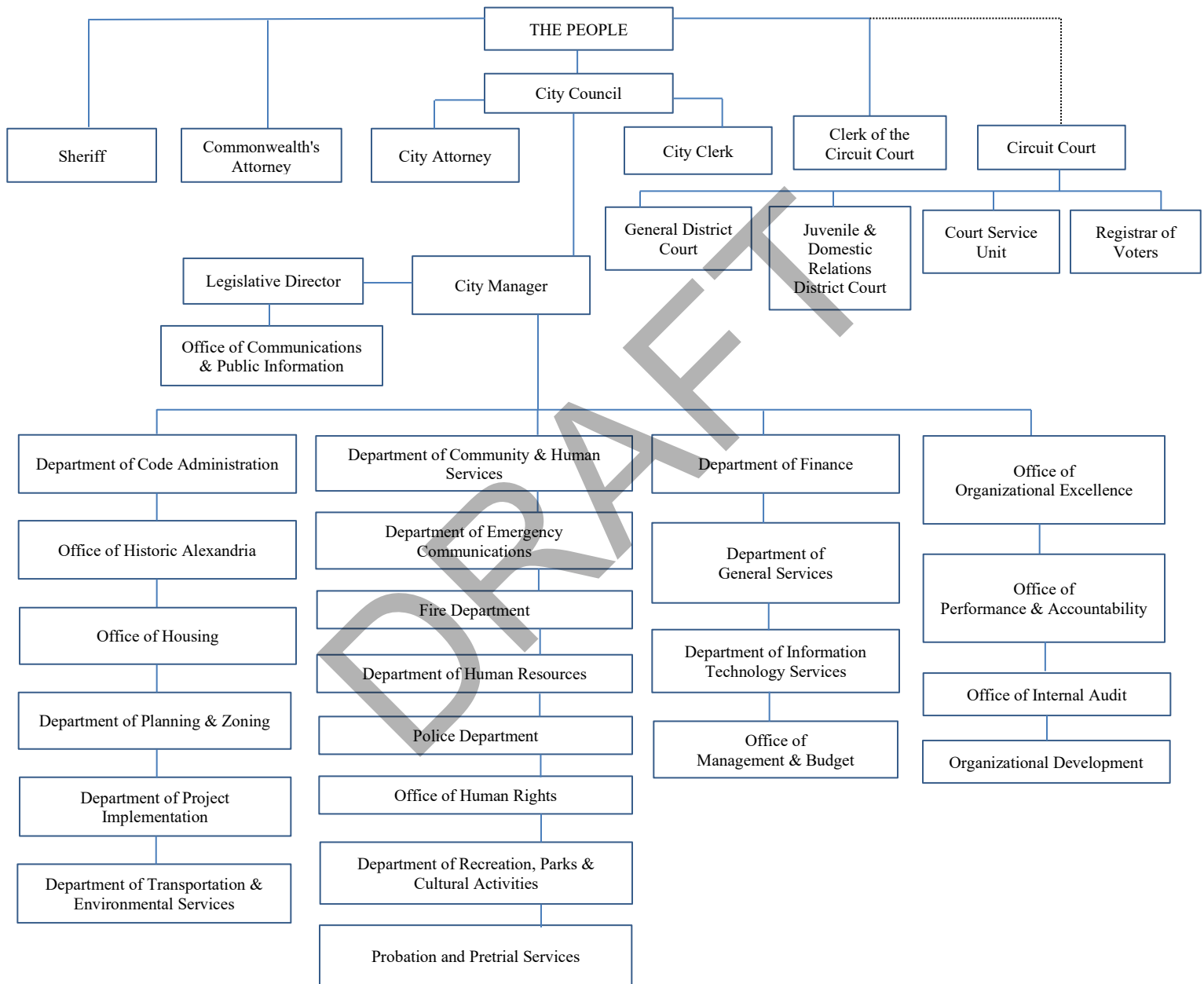
Table XIII	Ratio of Annual Debt Service Expenditures for Net General Debt to Total General Expenditures Last Ten Fiscal Years	229
Table XIV	Demographic Statistics	230
Table XV	Principal Taxpayers—Current Year and Nine Years Ago	232
Table XVI	Alexandria City School Board Demographic Statistics—Last Ten Fiscal Years.....	233
Table XVII	General Fund—City Departments’ Expenditures Detail by Function	234
Table XVIII	Government Employees by Function—Last Ten Fiscal Years.....	235
Table XIX	Principal Employers—Current Year and Nine Years Ago	235
Table XX	Operating and Capital Indicators—Last Ten Fiscal Years	236
Table XXI	Miscellaneous Statistical Data	238
Table XXII	Five Year Summary of General Fund Revenues and Expenditures.....	240
Table XXIII	Summary of Debt Service.....	241



INTRODUCTORY SECTION

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ALEXANDRIA CITY GOVERNMENT ORGANIZATIONAL CHART





November 15, 2022

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, 2022. 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 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 2022 is 163,400, which reflects a 1.3 percent increase.

Total employment in the City in the first quarter of 2022 was 83,844. This compares to 82,149 in the same quarter of 2021. The increase in jobs of 1,695 demonstrates the City's continued recovery from the pandemic. Private employers accounted for 74.3 percent of all jobs in compared to 73.9 percent in 2021. Government entities (federal, state and local) accounted for 21,554 jobs in 2022, which is 25.7 percent of the total. Government is led by prominent federal agencies, including the U.S. Patent & Trademark Office, the National Science Foundation, the U.S. Department of Defense, and the U.S. Department of Agriculture Food and Nutrition Service.

The increase in private sector jobs of 2.6 percent is mixed across all categories. Professional, Scientific and Technical, which accounts for 16.4 percent of the total, decreased by 255 jobs, but remains the largest category of jobs in the City. As the pandemic becomes less of an impact on travel and tourism, accommodation and food services has increased significantly in 2022. The increase in jobs in this area is 1,456, or a 25.6 percent increase. Jobs in the health care and social assistance industry increased by 8.3 percent or 546 jobs compared to 2021.

Median family income in Alexandria in 2020 increased from 130,395 to 137,135, an increase of 5.2 percent compared to 2019. These are the most recent years that data is available for the U.S Bureau of Economy. Per capita income has also grown, from \$91,990 to \$93,835. This increase of \$1,845 is a growth of 2 percent compared to 2019. Both median family income and per capita income are significantly higher compared Alexandria than 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. In FY 2022, the City experienced an overall increase in tax revenue of approximately 5.3 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 was driven by online purchases, as well as the impact of inflation on the price of goods. Transient lodging tax revenue has returned to near pre-pandemic levels and leisure travel has been strong as well. Personal property tax revenue increased 8 percent compared to FY 2021. This is largely due to the unusual appreciation of car values. To mitigate this, City Council took action during the FY 2023 budget process to allow for a 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 6.3 percent compared to 2021. Residential real property increased by 6.9 percent, and commercial assessments increased by 5.3. The office vacancy rate of 14.6 percent in the second quarter of 2022 is lower than 2nd quarter 2021 (16.2 percent), and compares favorably to the office vacancy rate in Northern Virginia of 20.9 percent and the Washington DC Metro area rate of 19.3 percent. The unemployment rate in the City as of June 2022 was 2.4 percent, which compares favorably to Virginia (2.8 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 both Coronavirus Aid, Relief and Economic Security Act and the American Rescue Plan Act funds. 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's Approved FY 2023 – 2032 Capital Improvement Program (CIP) totals \$2.73 billion, which represents a \$63.5 million, or 2.4%, increase from the Approved FY 2022 – FY 2031 CIP. Significant project expenses include increased investments in school facilities, maintenance of existing City assets and facilities, and continued substantial support of the regional transit system. Non-City funds including Federal and State funds and private capital contributions contribute \$430.7 million of this total in FY 2023 – FY 2032. The City portion for FY 2023 – FY 2031 is \$2.3 billion. The total approved single year CIP for FY 2023 is \$561.2 million, which is an increase of \$33.3 million compared to FY 2023 in last year's approved CIP.

The Approved FY 2023 – FY 2032 CIP addresses four broad areas of expenditure: protection of the City's investment in existing public facilities or infrastructure (physical assets) through capital maintenance or renovations; planning and construction of major new public facilities and infrastructure, including new or replacement information technology systems; planning and construction of major infrastructure related to the City's stormwater management systems; and Alexandria City Public Schools capital infrastructure needs. This ten-year capital plan was balanced through calculated prioritization and decision making.

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 11. 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 2022, the City's debt to tax base ratio was 1.87 percent (excluding self-supported sewer project related debt). The City's financial policies encourage the use of surplus General Fund revenues and resources derived from spending less than the full budget to fund capital projects

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

GENERAL GOVERNMENT FUNCTIONS

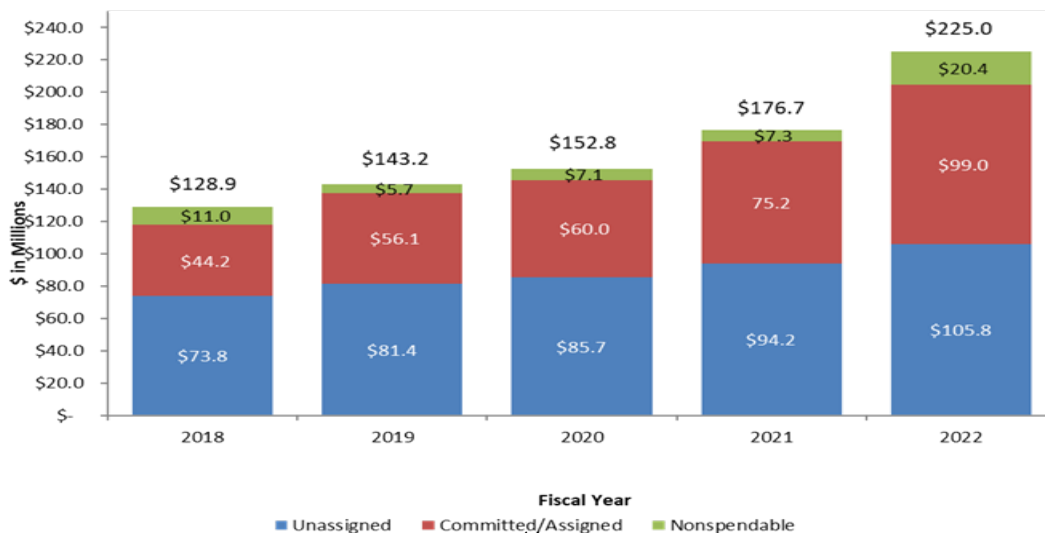
The following table displays the increases and decreases in assessed values for the last 10 years as appreciation and depreciation of existing properties and new properties. Overall real property assessed value for locally assessed property has increased by over \$11.8 billion since 2013, which is a 34.5 percent increase. This includes a 6.3 percent increase from calendar year 2021 to 2022. 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)	Commercial ¹ Assessed Value	Commercial % Increase (Decrease)	Total ² Assessed Value	Total % Increase (Decrease)
2013	19,384,653	3.6%	14,735,802	3.5%	34,120,455	3.5%
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	27,282,841	6.9%	18,074,465	5.3%	45,903,305	6.3%

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 2022, the City's General Fund balance was \$225.1 million and included a non-spendable fund balance of \$20.4 million, commitments and assignments totaling \$99.0 million, including \$20 million assigned for future capital funding, leaving a remaining unassigned fund balance of \$105.7 million. At the end of FY 2022 the City's ending General Fund balance condition was consistent with the City's established financial policies. The City recognized \$35.4 million in FY 2022 as Revenue Replacement, consistent with the guidance of the U.S. Treasury allowing American Rescue Plan Act funds to be used to replace revenue that a locality did not receive during the pandemic. These funds were transferred from the ARPA Fund to the General Fund and offset cost for public safety salaries and benefits. This generating a General Fund surplus of \$35.4 million, which is recognized as an assignment of fund balance. The assignment will be used in FY 2023 and FY 2024 to fund projects that support City Council's priorities.



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 2023 through FY 2032 totals \$2.73 billion, including \$2.3 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 \$430.7 million in additional planned capital funding for the FY 2023—FY 2032 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Target
Debt as a Percentage of Assessed Value	2.5% (ceiling)	1.46%	1.50%	1.46%	1.37%	1.43%	1.49%	1.44%	1.75%	1.61%	1.72%	N/A
Debt Service as a Percentage of General Governmental Expenditures ²	12% (ceiling)	6.55%	6.99%	7.50%	7.84%	7.36%	7.19%	6.94%	6.68%	6.86%	6.23%	N/A
10-Year Debt Payout Ratio	50% (floor)	-	-	-	-	70.27%	69.02%	70.90%	74.60%	76.20%	58.60%	65.00%
Spendable Fund Balance as a Percentage of General Fund Revenue	4% (floor)	0.101	10.20%	11.70%	12.88%	15.96%	16.43%	18.48%	19.97%	22.62%	26.20%	5.50%
Net Position as a Percentage of General Revenue	4% (floor)	17.90%	20.20%	(5.97%)	(2.68%)	4.78%	8.97%	10.49%	14.37%	21.12%	39.00%	5.50%

¹ Data includes Schools and Library component units.

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 2022, the City Manager proposed the budget on February 16, 2021, and City Council adopted it on May 5, 2021.

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 2022.

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



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, 2021

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2022. 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 2022

The City's total Net Position, excluding component units, on a government wide basis, increased approximately \$40.1 million from \$615.6 million to \$655.7 million at June 30, 2022 (Exhibit I).

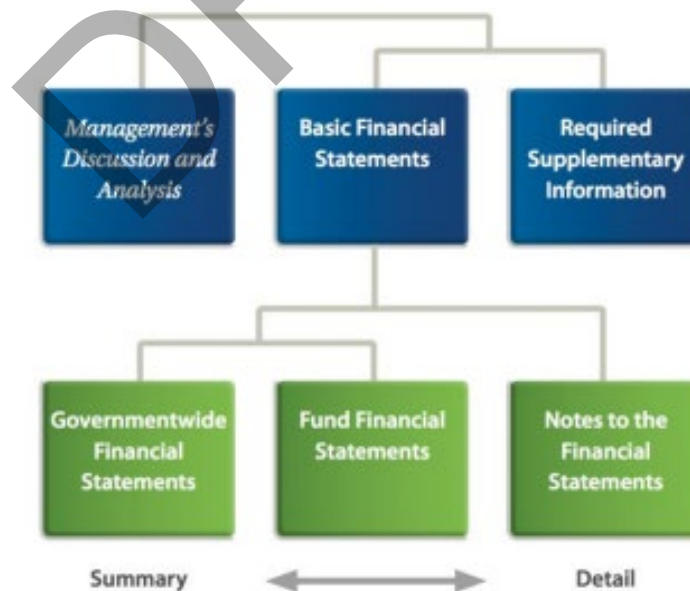
The government-wide activities had an unrestricted net position of \$286.8 million (Exhibit I) as of June 30, 2022, an increase of \$135.0 million from the FY 2021 total of \$151.8 million. The City's general revenues of \$735.3 million in FY 2022 is an increase of \$17.3 million compared the general revenues of \$718.0 million in FY 2021 (Exhibit II).

The General Fund reported current net change in fund balance of \$49.2 million (Exhibit IV), including a \$116.7 million transfer to the capital projects fund and a \$82.3 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 as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements provide both

long-term and short-term information about the City's overall financial position. The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the City's activities as a whole. These statements include all assets, liabilities, deferred outflows, and deferred inflows using the accrual basis of accounting. All of 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 of the City’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. 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, 2022 and 2021
(in millions)

	Primary Government		Component	
	Governmental		Units	
	Activities			
	2022	2021	2022	2021
ASSETS				
Current and other assets	\$ 1,244	\$ 1,092	\$ 115	\$ 103
Capital assets	1,035	958	37	16
Total Assets	2,279	2,050	152	119
Deferred Outflows	136	86	85	85
LIABILITIES				
Other Liabilities	84	68	52	52
Long-term liabilities	1,032	831	33	15
Net Pension/OPEB Liability	156	145	227	334
Total Liabilities	1,272	1,044	312	401
Deferred Inflows	487	475	129	28
NET POSITION				
Net Investment in Capital				
Assets	349	406	33	16
Restricted	20	58	33	20
Unrestricted	287	152	(270)	(261)
Total Net Position	\$ 656	\$ 616	\$ (204)	\$ (225)

Amounts may not add due to rounding.

The City’s Net Position increased \$40 million from its Net Position of \$616 million to \$656 million (Table 1)

Statement of Activities

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

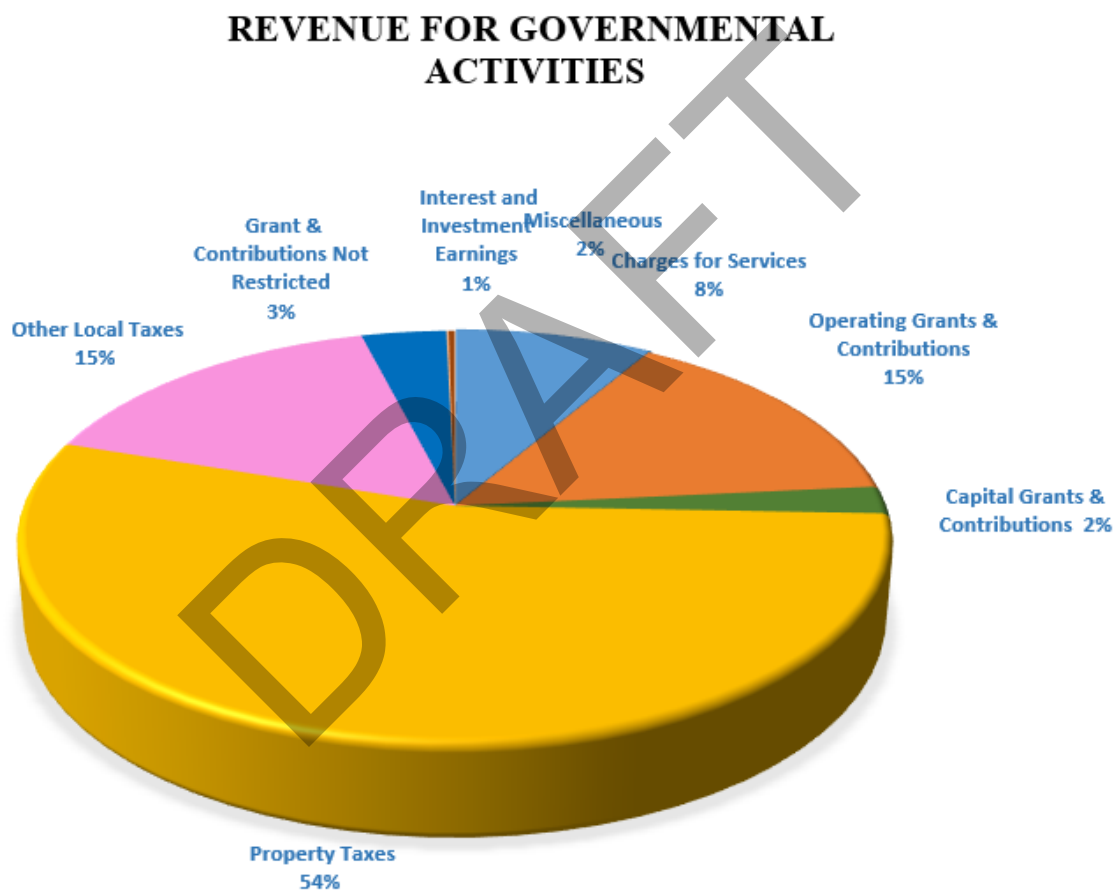
Table 2
Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2022 and 2021
(in millions)

	Primary Government		Component	
	Governmental		Units	
	Activities			
	2022	2021	2022	2021
REVENUES				
Program revenues				
Charges for services	\$ 84	\$ 84	\$ 2	\$ -
Operating grants and contributions	148	113	46	33
Capital grant/contributions	21	10	-	-
General revenues				
Property taxes	539	524	-	-
Other taxes	156	144	-	-
Other	36	38	-	-
Payment to/from City	3	13	311	307
Total Revenues	987	926	359	340
EXPENSES				
General Government	27	49	-	-
Judicial Administration	22	21	-	-
Public Safety	183	176	-	-
Public Works	185	84	-	-
Library	8	7	7	8
Health and Welfare	114	120	-	-
Transit	54	29	-	-
Culture and Recreation	37	31	-	-
Community Development	45	57	-	-
Education	249	293	331	333
Interest on Long-term Debt	23	27	-	-
Total Expenses	947	894	338	341
Change in Net Position	40	32	21	-
Net Position beginning of Year, restated	616	584	(225)	(225)
Net Position end of Year	\$ 656	\$ 616	\$ (204)	\$ (225)

Amounts may not add due to rounding.

REVENUES

For the fiscal year ending June 30, 2022, revenues for governmental activities totaled \$988.2 million, \$63.3 million higher than FY 2021's total of \$924.9 million (Table 2). This is due to \$35 million increase in operating grants and contributions, as well as stable or increasing sources of property tax and consumer spending-related tax revenues. The increase in operating grants includes the City's share of federal relief funds from the American Rescue Plan Act (ARPA). FY 2022 general revenues increased by \$17.3 million from \$718.0 million in FY 2021 to \$735.3 million in FY 2022, due to an increase of \$14 million in Property tax revenues, including real estate and personal property. As the pandemic restrictions were lifted, Meals and Transient Lodging tax revenues increased significantly, returning to near pre-pandemic levels.

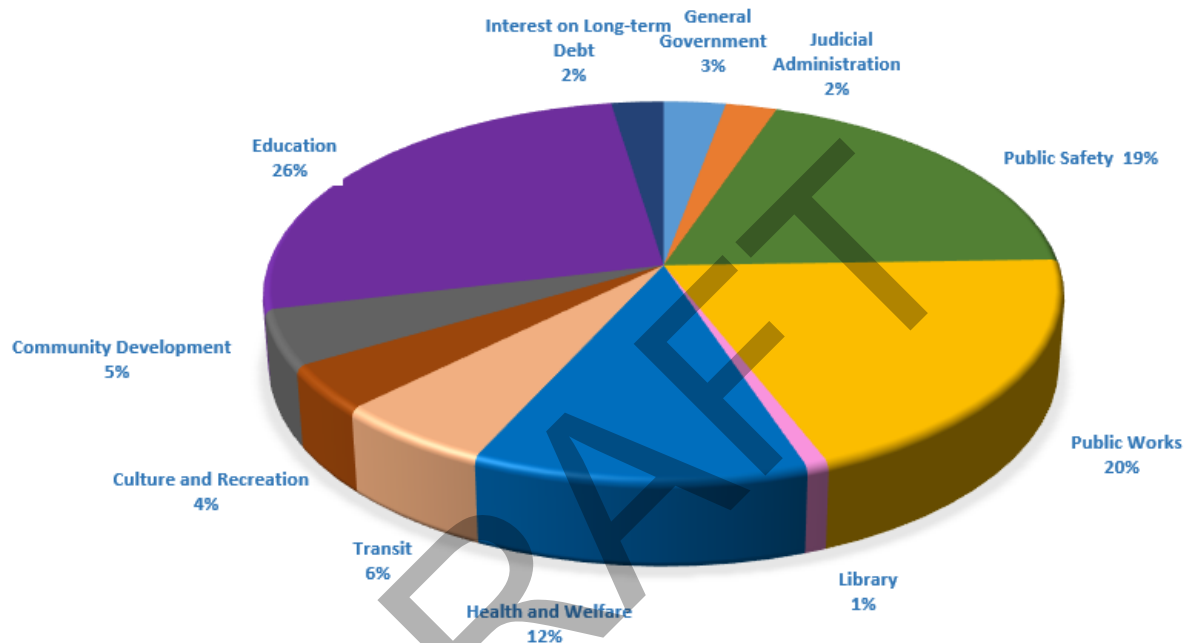


EXPENSES

For the fiscal year ending June 30, 2022, expenses for governmental activities totaled \$993.8 million, an increase of \$100.1 million from FY 2021 (Table 2). Expenditures for general government declined due to vacancy savings. During the pandemic throughout most of FY 2021, the City was in a hiring freeze, which resulted in savings as normal attrition occurred. Expenses in Public Works increased by approximately \$123 million as construction on the new Potomac Yard Metrorail Station neared completion. Transit increased significantly due to a change in payment source. In FY 2021, the City was able to use other regional transit funds to meet its contribution to the Washington Metropolitan Transit Authority, but in FY 2022 the City used budgeted General Funds and NVT 30

percent funds. Several pay adjustments planned for FY 2021 were delayed until FY 2022 due to the uncertainty surrounding the pandemic and its economic impact. The City's contribution to Alexandria City Public Schools reflected a moderate increase compared to the prior year and represents 28% of expenses for governmental activities.

EXPENSES FOR GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2022, the governmental funds reflect a combined fund balance of \$736.8 million (Exhibit III). The Total Governmental Funds fund balance increase of \$137.9 million was driven by the \$106.0 million increase in the Capital Projects Fund and a \$49.2 million increase in the General Fund. Bond proceeds of more than \$193 million were issued for capital projects that will be constructed over the next several years and the City recognized ARPA funds as Revenue Replacement to fund public safety salaries in FY 2022. The resulting surplus will be used to fund projects identified and approved by City Council to benefit the community and address specific capital projects related to flood mitigation and stormwater management. Special Revenue Fund Balance decreased as funds were transferred to the Capital Projects Fund from the Sanitary Sewer, Stormwater Utility and Potomac Yard Funds. These transfers were budgeted in prior years, but the transfer was executed this year.

- The General Fund contributed \$44.8 million to pay-as-you-go financing of capital projects, which represented 5.8 percent of all General Fund expenditures (excluding bond refunding).
- The City contributed \$239.4 million to the Schools operating budget. The ACPS share of total debt service was \$28.6 million.
- The City spent \$236.7 million in the Capital Projects Fund, the most notable projects being the Potomac Yard Metrorail Station, the purchase of land related to the Landmark Mall redevelopment project 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

Amounts may not add due to rounding.

Table 3
General Fund Budget
(in millions)

	2022		
	Original Budget	Amended Budget	Actual
Revenues, Transfers, and Other Financial Sources			
Taxes	\$ 541	\$ 541	\$ 553
Other Local Taxes	127	127	149
Transfers and Other	93	105	138
Total	761	773	839
Expenditures, Transfers, and Other Financial Uses			
Expenditures	409	428	404
Transfers and Other	362	386	386
Total	771	814	790
Change in Fund Balance	\$ (10)	\$ (41)	\$ 49

Amounts may not add due to rounding.

Actual General Fund revenues and other financial sources exceeded the amended budgets by \$65.9 million during FY 2022. Including supplemental appropriations, actual General Fund expenditures were less than the amended budget by \$24 million. Due to uncertainty from the pandemic, a hiring freeze was in place in FY 2021, and the resulting turnover and attrition was reflected in vacancy savings across many departments. Non-personnel budgets, particularly in professional services expenditures, reflect considerable savings as the City transitioned from a pandemic, telework environment to more normal operations. The most significant impact on the General Fund was the recognition of \$35.4 million of the City's ARPA funds as Revenue Replacement and used to fund public safety salary and benefits. The resulting surplus in the General Fund has been assigned for projects that will benefit the populations in the community who have been hardest hit by the pandemic.

During FY 2022, City Council amended the budget four times. These budget amendments, or supplemental appropriation ordinances, were primarily for the following purposes:

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2021, but not paid by that date.
- To reappropriate monies to pay for projects budgeted for FY 2021 but not completed before the end of the fiscal year.
- To reappropriate grant, donation and other revenues authorized in FY 2021 or earlier, but not expended or encumbered as of June 30, 2021.

- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2022.

CAPITAL ASSETS

At the end of FY 2022, the City's governmental activities had invested cumulatively \$1.0 billion (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$42.2 million.

Table 4
Governmental Activities
Capital Assets
(in millions)

	<u>Balance</u> <u>6/30/2021</u>	<u>Net Additions/</u> <u>(Deletions)</u>	<u>Balance</u> <u>6/30/2022</u>
Non-Depreciable Assets			
Land and Land Improvements	\$ 127.6	\$ -	\$ 127.6
Construction in Progress	71.0	46.9	117.9
Other Capital Assets			
Intangible Assets	26.4	-	26.4
Buildings	797.6	40.0	837.6
Infrastructure	325.5	12.6	338.1
Furniture and Other Equipment	202.7	16.9	219.6
Accumulated Depreciation on Other Capital Assets	(592.9)	(39.7)	(632.6)
Total Capital Assets	<u>\$ 957.9</u>	<u>\$ 76.7</u>	<u>\$ 1,034.6</u>

The FY 2023—FY 2032 Approved Capital Improvement Program (CIP), which was approved by City Council on May 4, 2022, sets forth a 10-year program with \$2.73 billion in total funding, including \$2.3 billion in net City funding and \$430.7 million in other non-City sources for public improvements for the City and the Alexandria City Public Schools. This represents (in City funding) an increase of approximately \$63.5 billion more than the FY 2022—FY 2031 CIP. The total approved single year CIP for FY 2023 is \$561.2 million, which is an increase of \$33.3 million compared to FY 2023 in last year's approved CIP.

LONG-TERM DEBT

At the end of FY 2022, the City had \$852.6 million in outstanding general obligation bonds, a increase of \$148.5 million from last year's outstanding bonds of \$704.1 million. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

In November 2021, 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 2022 is 163,400, which reflects a 1.3 percent increase.

Total employment in the City in the first quarter of 2022 was 83,844. This compares to 82,149 in the same quarter of 2021. The increase in jobs of 1,695 demonstrates the City's continued recovery from the pandemic. Private employers accounted for 74.3 percent of all jobs in compared to 73.9 percent in 2021. Government entities (federal, state and local) accounted for 21,554 jobs in 2022, which is 25.7 percent of the total. Government is led by prominent federal agencies, including the U.S. Patent & Trademark Office, the National Science Foundation, the U.S. Department of Defense, and the U.S. Department of Agriculture Food and Nutrition Service.

The increase in private sector jobs of 2.6 percent is mixed across all categories. Professional, Scientific and Technical, which accounts for 16.4 percent of the total, decreased by 255 jobs, but remains the largest category of jobs in the City. As the pandemic becomes less of an impact on travel and tourism, accommodation and food services has increased significantly in 2022. The increase in jobs in this area is 1,456, or a 25.6 percent increase. Jobs in the health care and social assistance industry increased by 8.3 percent or 546 jobs compared to 2021.

Median family income in Alexandria in 2020 increased from 130,395 to 137,135, an increase of 5.2 percent compared to 2019. These are the most recent years that data is available for the U.S Bureau of Economic Analysis. Per capita income has also grown, from \$91,990 to \$93,835. This increase of \$1,845 is a growth of 2 percent compared to 2019. Both median family income and per capita income are significantly higher compared Alexandria than 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. In FY 2022, the City experienced an overall increase in tax revenue of approximately 5.3 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 was driven by online purchases, as well as the impact of inflation on the price of goods. Transient lodging tax revenue has returned to near pre-pandemic levels and leisure travel has been strong in Alexandria. Personal property tax revenue increased 8 percent compared to FY 2021. This is largely due to the unusual appreciation of car values. To mitigate this City Council took action during the FY 2023 budget process to allow for a 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 6.3 percent compared to 2021. Residential real property increased by 6.9 percent, and commercial assessments increased by 5.3. The office vacancy rate of 14.6 percent in the second quarter of 2022 is lower than 2nd quarter 2021 (16.2 percent), and compares favorably to the office vacancy rate in Northern Virginia of 20.9 percent and the Washington DC Metro area rate of 19.3 percent. The unemployment rate in the City as of June 2022 was 2.4 percent, which compares favorably to Virginia (2.8 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.

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BASIC
FINANCIAL STATEMENTS

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CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
June 30, 2022

Exhibit I

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
ASSETS		
Cash and Cash Equivalents	\$ 518,627,200	\$ 64,193,668
Cash and Investments with Fiscal Agents	246,211,960	4,422,700
Receivables, Net	360,884,800	5,306,397
Lease Receivable	14,566,093	-
Due From Other Governments	48,407,283	25,700,018
Inventory of Supplies	6,968,146	347,887
Prepaid and Other Assets	14,536,567	2,309,506
Net Pension Asset	2,004,234	13,101,129
Net Right to use Leased Asset	32,010,058	
Capital Assets:		
Land and Construction in Progress	245,553,525	999,381
Other Capital Assets, Net	789,025,185	35,741,049
Capital Assets, Net	<u>1,034,578,710</u>	<u>36,740,430</u>
Total Assets	<u>2,278,795,051</u>	<u>152,121,735</u>
DEFERRED OUTFLOWS		
Pension	107,911,009	77,600,064
OPEB	10,094,588	7,112,006
Deferred Gain on Refunding Bonds	18,250,331	-
Total Deferred Outflows of Resources	<u>136,255,928</u>	<u>84,712,070</u>
LIABILITIES		
Accounts Payable	20,198,232	31,762,820
Accrued Wages	17,637,799	15,346,864
Accrued Liabilities	434,996	-
Notes Payable	189,590	-
Unearned Revenue	5,057,592	4,874,521
Other Liabilities	28,596,407	-
Deposits	12,456,567	-
Long-term Liabilities Due Within One Year	59,497,266	5,939,118
Long-term Liabilities Due in More Than One Year	972,252,389	27,576,128
Net Pension Liability	128,183,130	187,799,200
Net OPEB Liability	27,746,272	38,771,444
Total Liabilities	<u>1,272,250,240</u>	<u>312,070,095</u>
DEFERRED INFLOWS		
Deferred Tax Revenues	363,933,686	-
Deferred resources	14,513,295	
Pension	89,396,462	116,722,218
OPEB	19,267,597	11,973,400
Total Deferred Inflows of Resources	<u>487,111,040</u>	<u>128,695,618</u>
NET POSITION		
Net Investment in Capital Assets	348,593,348	33,157,132
Restricted for:		
Affordable Housing	10,810,585	-
Special Projects	7,456,562	-
Net Pension Assets	2,004,234	13,101,129
Educational Projects	-	19,643,713
Unrestricted	286,824,971	(269,833,882)
Total Net Position	<u>\$ 655,689,700</u>	<u>\$ (203,931,908)</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2022

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 Government Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General Government	\$ 27,195,369	\$ 3,967,897	\$ 54,747,773	\$ 287,764	\$ 31,808,065	
Judicial Administration	22,446,316	377,187	1,245,572	-	(20,823,557)	
Public Safety	182,543,428	16,222,594	9,237,179	-	(157,083,655)	
Public Works	185,216,761	49,029,423	1,394,624	19,712,412	(115,080,302)	
Library	7,680,826	-	-	-	(7,680,826)	
Health and Welfare	114,324,339	5,008,004	45,625,549	-	(63,690,786)	
Transit	54,571,445	2,295,617	7,241,193	-	(45,034,635)	
Culture and Recreation	36,910,777	5,207,233	2,566,837	1,148,003	(27,988,704)	
Community Development	44,989,516	1,851,772	25,687,966	50,675	(17,399,103)	
Education	249,165,715	-	-	-	(249,165,715)	
Interest on Long-term Debt	22,911,817	-	-	-	(22,911,817)	
Total Governmental Activities	947,956,309	83,959,727	147,746,693	21,198,854	(695,051,035)	
Total Primary Government	947,956,309	83,959,727	147,746,693	21,198,854	(695,051,035)	
Component Units:						
Schools	330,733,278	1,481,693	46,191,873	-	-	(283,059,712)
Library	7,680,826	50,976	195,371	-	-	(7,434,479)
Total Component Units	\$ 338,414,104	\$ 1,532,669	\$ 46,387,244	\$ -	\$ -	\$ (290,494,191)
General Revenues						
Property Taxes:						
Real Estate					480,178,817	-
Personal Property					59,296,793	-
Other Local Taxes:						
Business License					38,101,182	-
Local Sales					43,873,085	-
Meals					28,872,822	-
Transient Lodging					10,206,837	-
Utility					12,017,966	-
Communications Sales					7,709,875	-
Motor Vehicle License, Recordation, and other local					15,272,051	-
Revenue from Primary Government						
Payment from City of Alexandria Operating						256,623,911
Grants & Contributions Not Restricted to Specific Programs					35,909,418	54,825,648
Interest and Investment Earnings					1,062,464	(557,873)
Miscellaneous					2,597,806	579,791
Total General Revenues					735,099,116	311,471,477
Change in Net Position					40,048,081	20,977,286
Net Position at Beginning of Year					615,641,619	(224,909,194)
Net Position at End of Year					\$ 655,689,700	\$ (203,931,908)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2022

Exhibit III

	General	Special Revenue	Capital Projects	Alexandria Transit Company	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 225,353,924	\$ 139,164,100	\$ 139,275,211	\$ 783,320	\$ 504,576,555
Cash and Investments with Fiscal Agents	-	-	246,211,960	-	246,211,960
Receivables, Net	336,202,367	19,448,928	4,878,873	354,632	360,884,800
Accrued Interest	-	-	-	-	-
Due From Other Governments	31,668,158	8,110,954	8,444,264	183,907	48,407,283
Inventory of Supplies	5,994,154	-	-	973,992	6,968,146
Prepaid and Other Assets	14,446,770	-	-	89,798	14,536,568
Total Assets	613,665,373	166,723,982	398,810,308	2,385,649	1,181,585,312
LIABILITIES					
Accounts Payable	5,031,741	4,046,436	10,114,613	409,637	19,602,427
Due to Other Governments	291,550	-	-	-	291,550
Accrued Wages	12,160,593	4,256,613	435,780	784,813	17,637,799
Current Portion of Notes Payable	-	189,590	-	-	189,590
Other Liabilities	17,107,060	9,154,405	1,144,571	1,190,371	28,596,407
Deposits	12,456,567	-	-	-	12,456,567
Due to Other Funds	-	-	-	-	-
Unearned Revenue	5,057,593	-	-	-	5,057,593
Total Liabilities	52,105,104	17,647,044	11,694,964	2,384,821	83,831,933
DEFERRED INFLOWS					
Deferred Inflows	336,475,461	24,446,139	-	-	360,921,600
TOTAL LIABILITIES AND DEFERRED INFLOWS	388,580,565	42,093,183	11,694,964	2,384,821	444,753,533
FUND BALANCES					
Non-Spendable	20,378,954	-	-	-	20,378,954
Restricted	-	18,267,147	-	-	18,267,147
Committed	13,024,074	106,363,652	387,115,344	-	506,503,070
Assigned	85,964,340	-	-	-	85,964,340
Unassigned	105,717,440	-	-	828	105,718,268
Total Fund Balances	225,084,808	124,630,799	387,115,344	828	736,831,779
Total Liabilities and Fund Balances	\$ 613,665,373	\$ 166,723,982	\$ 398,810,308	\$ 2,385,649	
 (1) Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)					
					989,380,055
(2) Other long-term assets are not available to pay for current period expenditures; the taxes offset by deferred revenue in the governmental funds. (Note 1)					
					(3,012,086)
(3) Other long-term assets are not available to pay for current period expenditures; deferred gain on refunding. (Note 1)					
					18,250,331
(4) Deferred inflows of resources related to OPEB & Pensions. (Note 16 & 17)					
					(108,664,059)
(5) Deferred outflows of resources related to OPEB & Pensions. (Note 16 & 17)					
					118,005,597
(6) Lease receivable for right to use asset net of Deferred outflow for right to use assets. (Note 7)					
					52,798
(7) 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)					
					21,915,028
(8) 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)					
					37,030,018
(9) Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)					
					(1,188,114,053)
(10) Right to use leased assets used (net of amortization) in governmental activities are not financial resources and therefore are not reported in the funds. (Note 7)					
					32,010,058
(11) 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)					
					2,004,234
					<u>655,689,700</u>

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, 2022

Exhibit IV

	General	Special Revenue	Capital Projects	Alexandria Transit Company	Total Governmental Funds
REVENUES					
General Property Taxes	\$ 552,540,913	\$ 1,520,100	\$ -	\$ -	\$ 554,061,013
Other Local Taxes	148,875,492	6,884,870	293,456	-	156,053,818
Permits, Fees, and Licenses	2,202,262	13,578,805	-	-	15,781,067
Fines and Forfeitures	2,694,652	-	-	-	2,694,652
Use of Money and Property	1,115,117	1,570,646	1,155,499	-	3,841,262
Charges for Services	15,203,509	47,974,061	291,170	2,295,617	65,764,357
Intergovernmental Revenue	56,268,765	99,119,065	15,920,672	7,211,911	178,520,413
Miscellaneous	2,597,949	14,759,296	3,290,533	29,282	20,677,060
Total Revenues	781,498,659	185,406,843	20,951,330	9,536,810	997,393,642
EXPENDITURES					
Current Operating:					
General Government	56,619,999	2,719,234	-	-	59,339,233
Judicial Administration	20,440,688	1,463,197	-	-	21,903,885
Public Safety	147,184,920	9,559,386	-	-	156,744,306
Public Works	27,917,451	21,061,214	-	-	48,978,665
Library	7,680,826	-	-	-	7,680,826
Health and Welfare	21,726,647	92,105,998	-	-	113,832,645
Transit	18,681,843	-	-	30,563,626	49,245,469
Culture and Recreation	26,704,089	2,796,652	-	-	29,500,741
Community Development	21,667,205	18,816,039	-	-	40,483,244
Education	239,437,296	-	9,505,789	-	248,943,085
Debt Service:					
Principal	42,992,958	2,553,042	-	-	45,546,000
Interest and Other Charges	19,656,254	7,415,708	-	-	27,071,962
Capital Outlay	-	-	236,696,150	-	236,696,150
Total Expenditures	650,710,176	158,490,470	246,201,939	30,563,626	1,085,966,211
Excess (Deficiency) of Revenues Over (Under) Expenditures	130,788,483	26,916,373	(225,250,609)	(21,026,816)	(88,572,569)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	193,135,000	-	193,135,000
Sale of land	-	-	-	-	-
Issuance of Refunding Bonds	11,782,546	-	-	-	11,782,546
Bond Premium (Discount)	-	-	21,418,823	-	21,418,823
Other Financing	-	11,837,719	-	-	11,837,719
Payment to Refunded Bonds Escrow Agent	(11,710,136)	-	-	-	(11,710,136)
Transfers In	45,584,494	82,309,601	116,706,237	21,357,846	265,958,178
Transfers Out	(127,261,747)	(138,696,431)	-	-	(265,958,178)
Total Other Financing Sources and Uses	(81,604,843)	(44,549,111)	331,260,060	21,357,846	226,463,952
Total other financing sources (uses)	(81,604,843)	(44,549,111)	331,260,060	21,357,846	
Net Change in Fund Balance	49,183,640	(17,632,738)	106,009,451	331,030	137,891,383
Fund Balance at Beginning of Year	176,644,513	142,263,537	281,105,893	(330,202)	599,683,741
Increase/(Decrease) in Reserve for Inventory	(743,345)	-	-	-	(743,345)
Fund Balance at End of Year	\$ 225,084,808	\$ 124,630,799	\$ 387,115,344	\$ 828	736,831,779

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)	45,546,000
(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)	29,509,012
(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)	17,777,426
(4) Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)	(13,914,333)
(5) 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)	(226,336,369)
(6)	11,024,197
(7) 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)	25,428,314
(8) The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI)	3,226,810
(9) Change in net pension & OPEB liability. (Note 9)	10,638,986
	\$ 40,048,081

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
Proprietary Funds – Internal Service Fund
June 30, 2022

Exhibit V

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 14,050,645
Total Current Assets	<u>14,050,645</u>
Capital Assets:	
Land	
Buildings and Equipment	50,881,185
Less Accumulated Depreciation	<u>(42,712,548)</u>
Capital Assets, Net	<u>8,168,637</u>
Total Noncurrent Assets	<u>8,168,637</u>
Total Assets	<u>\$ 22,219,282</u>
LIABILITIES	
Accounts Payable	304,254
Total Liabilities	<u>304,254</u>
NET POSITION	
Net Investment in Capital Assets	8,168,637
Unrestricted Net Position	<u>13,746,391</u>
Total Net Position	<u>21,915,028</u>
Total Liabilities and Net Position	<u>\$ 22,219,282</u>
See Accompanying Notes to Financial Statements	

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenue, Expenses, and Change in Net Position
Proprietary Funds – Internal Service Fund
For the Fiscal Year Ended June 30, 2022

Exhibit VI

OPERATING REVENUES

Charges for Services	\$ 3,599,450
Total Operating Revenues	<u>3,599,450</u>

OPERATING EXPENSES

Materials and Supplies	360,266
Depreciation	<u>3,983,898</u>
Total Operating Expenses	<u>4,344,164</u>
Operating Loss	<u>(744,714)</u>

NON-OPERATING REVENUES (EXPENSES)

Loss on disposal of capital asset, net	<u>(12,374)</u>
Total Non-Operating Expenses	<u>(12,374)</u>

Net Loss Before Transfers and Contributions	<u>(757,088)</u>
---	------------------

Change in Net Position	(757,088)
Net Position at Beginning of Year	<u>22,672,116</u>
Net Position at End of Year	<u>\$ 21,915,028</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Cash Flows
Proprietary Funds – Internal Service Fund
For the Fiscal Year Ended June 30, 2022

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts From Customers	\$ 3,599,450
Reduction in Payments to Suppliers	(795,962)
Loss on Sale of Equipment	<u>12,374</u>
Net Cash Provided by Operating Activities	<u><u>2,815,862</u></u>

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

Purchases of Capital Assets	<u>(4,480,407)</u>
	<u>(4,480,407)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(4,480,407)</u>
Net Increase in Cash and Cash Equivalents	(1,664,545)
Cash and Cash Equivalents at Beginning of Year	<u>15,715,190</u>
Cash and Cash Equivalents at End of Year	<u><u>14,050,645</u></u>

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

Operating Loss	(732,340)
Adjustments:	
(1) Cash flows reported in other categories:	
Interest and dividends	
Depreciation Expense	3,983,898
(2) Effect of changes in Operating Assets and Liabilities:	
Accounts Payable	<u>(435,696)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,815,862</u></u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Fiduciary Net Position
June 30, 2022

Exhibit VIII

	Employee Benefit Trust Funds	Private- Purpose Trusts
ASSETS		
Cash and Short-term Investments	\$ -	\$ -
Investments, at Fair Value:		
U.S. Government Obligations		
LGIP/CDARS/Commercial Paper	-	6,933
 Mutual Funds	 175,920,503	 -
Stocks	132,366,002	-
Guaranteed Investment Accounts	37,068,522	-
Real Estate	66,859,743	-
Timber	20,102,860	-
Private Equity	52,139,539	-
Other Investments	235,545,678	-
Total Investments	<u>720,002,847</u>	<u>6,933</u>
Total Assets	<u>720,002,847</u>	<u>6,933</u>
LIABILITIES		
Refunds Payable and Other	-	-
Total Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Restricted For		
Pension Benefits	615,278,509	-
Other Post Employment Benefits	104,724,339	-
Other Purposes	-	6,933
Total Net Position	<u>\$ 720,002,848</u>	<u>\$ 6,933</u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Change in Fiduciary Net Position
For the Year ended June 30, 2022

Exhibit IX

	Employee Benefit Trust Funds	Private- Purpose Trusts
ADDITIONS		
Contributions:		
Employer	\$ 31,058,662	\$ -
Plan Members	5,302,767	-
Total Contributions	<u>36,361,429</u>	<u>-</u>
Investment Earnings:		
Net Appreciation (Depreciation) in Fair Value of Investments	(90,031,691)	-
Interest	(4,132,126)	22
Investment Expense	(1,781,592)	-
Net Investment Income	<u>(95,945,409)</u>	<u>22</u>
Total Additions	(59,583,980)	22
DEDUCTIONS		
Benefits	34,592,068	-
Refunds of Contributions	710,135	-
Administrative Expenses	1,135,727	-
Total Deductions	<u>36,437,930</u>	<u>-</u>
Change in Net Position	(96,021,910)	22
Net Position at Beginning of Year	816,308,523	7,454
Net Position at End of Year	<u><u>\$ 720,286,613</u></u>	<u><u>\$ 7,476</u></u>

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2022

Exhibit X

	Schools	Library	Total
ASSETS			
Cash and Cash Equivalents	\$ 63,368,114	\$ 825,554	\$ 64,193,668
Cash and Investments with Fiscal Agents	706,847	3,715,853	4,422,700
Receivables	5,306,397	-	5,306,397
Due from Other Governments	25,700,018	-	25,700,018
Inventory of Supplies	347,887	-	347,887
Net Pension Assets	13,101,129	-	13,101,129
Prepaid and Other Assets	2,308,732	774	2,309,506
Capital assets			
Land	999,381	-	999,381
Construction-in-progress	504,126	-	504,126
Other Capital Assets, Net	35,236,923	-	35,236,923
Capital Assets, Net	36,740,430	-	36,236,304
Total Assets	147,579,554	4,542,181	152,121,735
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	77,600,064	-	77,600,064
OPEB	7,112,006	-	7,112,006
Total Deferred Outflows of Resources	84,712,070	-	84,712,070
Total Assets and Deferred Outflows of Resources	232,291,624	4,542,181	236,833,805
LIABILITIES			
Accounts Payable	31,600,123	162,697	31,762,820
Accrued Wages	15,052,422	294,442	15,346,864
Unearned Revenue	4,874,521	-	4,874,521
Long-term Liabilities Due Within One Year	5,939,118	-	5,939,118
Long-term Liabilities Due in More Than One Year	27,576,128	-	27,576,128
Net Pension Liabilities	187,799,200	-	187,799,200
Net OPEB Liabilities	38,771,444	-	38,771,444
Total Liabilities	311,612,956	457,139	312,070,095
DEFERRED INFLOWS OF RESOURCES			
Pensions	116,722,218	-	116,722,218
OPEB	11,973,400	-	11,973,400
Total Deferred Inflows of Resources	128,695,618	-	128,695,618
NET POSITION			
Net Investment in Capital Assets	33,157,132	-	33,157,132
Restricted for grant programs	7,533,859	-	7,533,859
Restricted for health benefits	12,109,854	-	12,109,854
Restricted for net pension assets	13,101,129	-	13,101,129
Unrestricted	(273,918,924)	4,085,042	(269,833,882)
Total Net Position	(208,016,950)	4,085,042	(203,931,908)
Total Deferred Inflows of Resources, Liabilities and Net Position	\$ 232,291,624	\$ 4,542,181	\$ 236,833,805

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2022

Exhibit XI

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Schools	Library	Totals
Schools	\$ 330,733,278	\$ 1,481,693	\$ 46,191,873	\$ (283,059,712)	\$ -	\$(283,059,712)
Library	7,680,826	50,976	195,371	-	(7,434,479)	(7,434,479)
Total Component Units	<u>338,414,104</u>	<u>1,532,669</u>	<u>46,387,244</u>	<u>(283,059,712)</u>	<u>(7,434,479)</u>	<u>(290,494,191)</u>
General Revenues:						
Payment From City				248,943,085	7,680,826	256,623,911
Grants Not Restricted To Specific Programs				54,825,648	-	54,825,648
Interest and Investment Earnings				-	(557,873)	(557,873)
Miscellaneous				579,791	-	579,791
Total General Revenues				<u>304,348,524</u>	<u>7,122,953</u>	<u>311,471,477</u>
Change in Net Position				21,288,812	(311,526)	20,977,286
Net Position Beginning of Year, restated				(229,305,762)	4,396,568	(224,909,194)
Net Position End of Year				<u>\$ (208,016,950)</u>	<u>\$ 4,085,042</u>	<u>\$(203,931,908)</u>

See Accompanying Notes to Financial Statements

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CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 163,400 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 expense – the cost of “using up” capital assets – in the Statement of Activities. Net Position represents the difference between assets, liabilities, and deferred inflow (outflow) of Resources. The Net Position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Net invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances (net of unspent bond proceeds) of any borrowing used for the acquisition, construction, or improvement of those assets.

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, 2022

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 and so 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 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 total \$248.9 million in FY 2022. 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. 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 and acquiring and maintaining all capital items on behalf of the Library. The City only maintains the assets based on agreements reached with the Library Board. The legal liability for the general obligation debt issued on behalf of the Library remains with the City but is based on needs requested by the Library Board. The City's primary transaction with the Library is the City's annual operating support, which was \$7.6 million for FY 2022. The Library provides a variety of services to the community that is supplemented with funding by endowments and is not completely government services. The City budget provides most of the funding for all services and programs; many of the endowments supplement the materials budget, and nothing more. The City has no authority in the selection of books and materials the Library carries, or 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, 2022

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 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 focus is 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) 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 on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 2022.

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, 2022 is comprised of the following sub funds:

CARES - 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 Coronavirus Aid Relief and Economic Security Act adopted in March 2020.

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 (NVTa) - This sub fund was established in FY 2014. It is funded by various state and local other taxes collected by NVTa.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. Proprietary Funds

Proprietary Funds are used to account for activities that are like those often found in the private sector. The measurement focus is on determination of net income, financial position, and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as 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 Funds, Employee Retirement Funds, 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. Private Purpose Trust Funds account for assets of which the principal may not be spent. The Employee Retirement Funds account for the assets of the City's pension plans and the OPEB fund. Custodial Funds do not involve measurement of results of operations. Fiduciary funds are not included in the government-wide financial statements because the resources cannot be used for operations of the government.

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, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The custodial funds held by the City as of the end of FY 2022 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.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. The Schools appropriation is determined by the City Council and controlled in total by the primary government. On May 5, 2021, the City Council formally approved the original adopted budget and on June 18, 2022, approved the revised budget reflected in the required supplemental information. Budgets are prepared for the Capital Projects Fund on a project basis, which covers the life of the project. A Capital Projects Fund appropriation does not lapse until an appropriation reduction is approved by City Council.

Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments 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.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance on June 30, 2022, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	\$ 1,762,620
Personal	16,381,978
Penalties and Interest	912,955
Total Taxes	<u>19,057,553</u>
Accounts Receivable	48,492
Notes Receivable	309,000
	<u>19,415,045</u>
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	\$ <u>92,699,064</u>
CAPITAL PROJECTS FUND:	
Capital Projects Fund Notes Receivable	\$ <u>1,475,000</u>

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

G. Inventory of Supplies and Prepaid and Other Assets

Primary Government

Inventories of consumable supplies are recorded at cost (determined on a first in, first out basis). Inventory in the General Fund consists of expendable supplies held for consumption. The costs are recorded as expenditures under the purchase method. Reported inventories in the General Fund are equally offset by a reservation of fund balance. Purchases of non-inventory items are recorded as expenses or expenditures under the purchase method. Prepaid expenditures in reimbursable grants are offset by unearned revenues until expenses or expenditures are recognized. Inventory for the Alexandria Transit Company is comprised of parts and operating materials held for consumption. These inventories are costed by methods that approximate average cost or market value, whichever is lower.

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.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid and Other Assets

I. Other Assets

Other assets in the government-wide statements also 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:

Taxes receivable	\$ 3,012,086
Deferred gain on Refunding Bonds	<u>18,250,331</u>
Total Adjustment	<u>\$ 21,262,417</u>

J. 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 term of the lease agreement. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

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

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

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

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets 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 lease 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, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

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 discretely 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.

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.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Balance Detail

General Fund

Nonspendable	
Inventories	\$ 5,994,154
Prepays	13,984,800
Long Term Notes	400,000
Total	<u>20,378,954</u>
Committed	
Encumbrances	6,524,074
Self-Insurance	6,500,000
Total	<u>13,024,074</u>
Assigned	
Subsequent Capital Program	20,000,000
Subsequent Operating Budgets	8,120,000
UHC Self-Funding	2,000,000
Transit Savings	5,000,000
Carryover and Incomplete Projects	7,432,389
Natural Disaster/Emergencies	3,000,000
Landmark Redevelopment soil	3,000,000
Contingency	
Accrued Leave Payout	1,000,000
Economic Development Incentives	1,000,000
Revenue Replacement-funded Projects	35,441,951
Total	<u>85,994,340</u>
Unassigned	<u>105,717,440</u>
Total Fund Balance	<u><u>\$ 225,084,808</u></u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances – These funds (\$6.5 million) have been committed for purchase orders and/or contracts to acquire goods and services not yet received.

Self-Insurance—These funds (\$6.5 million) have been committed for reserves 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 2023 and beyond.

FY 2023 Operating Budget - These funds (\$8.1 million) have been assigned to fund a portion of the operating budget in FY 2023.

Transit Savings - These funds (\$5.0 million) have been assigned for future transit costs in the FY 2023 and FY 2024 budget. Savings were generated in FY 2021 as a result of available federal funding for WMATA and the City’s utilization of NVTC reserves.

Carryover and Incomplete Projects - These funds (\$7.4 million) are assigned to support projects and initiatives that are approved but not yet under contract.

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.

Revenue Replacement Funded Project – In FY 2022, (\$35.4 million) the City recognized ARPA funds that replaced lost revenue during the pandemic. The ARPA funds were used to cover compensation of public safety employees. The result was a savings of General Funds that will be used to fund projects in FY 2023 and FY 2024.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue

Restricted	
Grants	\$ 2,354,667
Donations	5,101,895
Housing Programs	10,810,585
Total	<u>18,267,147</u>
Committed	
Sanitary Sewer	34,556,099
Stormwater Utility	623,186
Other Programs	33,755,699
Potomac Yard	31,851,847
NVTA	5,691,248
IDA	(114,427)
Total	<u>106,363,652</u>
Total Fund Balance	<u><u>\$ 124,630,799</u></u>

Sanitary Sewer - These funds (\$34.5 million) are committed for sanitary sewer maintenance and construction. The funds originate from sewer connection fees and charges.

Stormwater Utility - These funds (\$0.62 million) are committed for stormwater capital projects. The funds originate from a stormwater utility fee which was implemented in 2019. This fee replaces the dedicated real estate property tax in the Stormwater Management fund.

Potomac Yard - These funds (\$31.8 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 (\$5.7 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 (\$33.7 million) are committed per the terms of various grants and donations received by the City.

Capital Projects

Committed	
Notes Receivable	\$ 210,903,469
Encumbrances	<u>70,202,424</u>
Total Fund Balance	<u><u>\$ 387,115,384</u></u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant encumbrances greater than \$1.0 million as of June 30, 2022 were:

<u>Fund</u>	<u>Vendor</u>	<u>Amount</u>	
Capital Projects	Skanska USA Building, Inc.	\$ 55.4	million
Capital Projects	Gilbane Building Company	\$ 21.6	million
Capital Projects	Greeley & Hansen, LLC	\$ 8.3	million
Capital Projects	Jones Utilities Construction, Inc.	\$ 5.9	million
Capital Projects	Sagres Construction Corp.	\$ 3.4	million
Capital Projects	WSP USA, Inc	\$ 3.2	million
Capital Projects	Ft Myer Construction Corp.	\$ 2.8	million
Capital Projects	Perkins Eastman Architects, DPC	\$ 2.5	million
Capital Projects	Penn Care, Inc.	\$ 2.4	million
Capital Projects	Cbre Heery, Inc.	\$ 2.2	million
Capital Projects	Whitman, Requardt & Associates, LLP	\$ 2.2	million
Capital Projects	Athens Building Corporation	\$ 1.7	million
Capital Projects	Randstad US LP	\$ 1.4	million
Capital Projects	URS Corporation	\$ 1.3	million
Capital Projects	Protec Construction, Inc.	\$ 1.3	million
Capital Projects	D & F Construction, Inc.	\$ 1.2	million
Capital Projects	DLR Group of DC, P.C.	\$ 1.2	million
Capital Projects	Service Mechanical, Inc.	\$ 1.1	million
Capital Projects	Adrian L Merton, Inc.	\$ 1.1	million
Capital Projects	Carollo Engineers, 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 2022.

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 subsequent to 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, 2022, the City had deferred outflows of resources related to pensions and OPEB of \$118.0 million. GASB 75 was implemented in FY 2018 and Outflows now include OPEB.

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2021

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Inflows now include deferred resources. .On June 30, 2022, the City had the following deferred inflows of resources.

DEFERRED INFLOWS

Deferred Tax Revenues	363,933,686
Deferred resources	14,513,295
Pension	89,396,462
OPEB	19,267,597
Total Deferred Inflows of Resources	487,111,040

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 2022, 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 2022, several intradepartmental transfers were made.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, the majority of funds in the City's general account are invested at all times. Exceptions to this are funds in the Library System's checking account, the School Student Activity Fund account, and some bank accounts administered by the Human Services Department. The City's pooled portfolio also excludes pension plans.

A. Deposits

Primary Government

At June 30, 2022, the carrying value of the City's deposits was (\$6,991,740) and the bank balance was (\$1,044,645). The difference between the carrying value of the City's deposits and the bank balance are the checks outstanding. This amount will fluctuate depending on the difference between checks issued and checks paid. The funds for these checks remain invested until the checks are presented for payment at the bank. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (The Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral were inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured. The City maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. The City has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP"). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities, and towns. As of June 30, 2022, the City had \$246,211,960 in the SNAP short term investment.

Component Units

At June 30, 2022, the carrying value of deposits for the Schools was (\$1,450,136) and the bank balance was \$0. The difference between the carrying value of the School's deposits and the bank balance are 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, 2022, the carrying value of deposits and bank balance for the Library was \$376,192. The entire balance is 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, 2022

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 2021 most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in CDARS, 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. The investments for five of the City's six pension plans are handled by Prudential, a company with an A (Excellent) rating, one of the top three, by A.M. Best rating agency. The investment for the defined contribution plan is directed by employees and is invested in mutual funds and guaranteed investment accounts. The City has directed Prudential to invest funds for the other four defined benefit pension plans in guaranteed investment accounts, mutual funds and stocks. The Commonwealth of Virginia manages the investments of the Virginia Retirement System (VRS). Prudential also handles investments for OPEB (Other Post-Employment Benefits) trust fund for the City.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Custodial Risk – Custodial risk is the risk that in the event of the failure of the counter-party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently all City investments are held in LGIP, VIP, commercial paper, investments of U.S. agencies, and CDARS. If the City has to 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.

As of June 30, 2022, 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	\$ 8,475,218	\$ 8,475,218	\$ -	\$ -
Federal Farm Credit Bank (FFCB)	12,782,530	-	12,782,529.97	-
Federal Home Loan Bank (FHLB)	41,353,221	-	24,744,979.02	16,608,242
Local Government Investment Pool	459,104,332	459,104,332	-	-
Subtotal	521,715,300	467,579,549	37,527,509	16,608,242
OPEB Trust Investments *	104,724,339	-	-	104,724,339
Pension Plan Investments (Exhibit VIII) *	615,278,509	-	-	615,278,509
Total	\$ 1,241,718,148	\$ 467,579,549	\$ 37,527,509	\$ 736,611,090

*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	\$ (1,044,645)
Cash with Fiscal Agents	246,211,960
Total Deposits and Investments	\$ 245,167,315

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:

Issuer	Investment Type	Fair Value	% of Portfolio
Commonwealth of Virginia	VA Dept of Treasury	511,576,460	87.00%
Federal Home Loan Bank (FHLB)	FHLB Bond	46,545,518	8.00%

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Component Unit

Schools

	Investment Maturities			
	Fair Value	1-12 Months	13-24 Months	25-60 Months
Fixed Certificate of Deposit	\$ 1,053,129	\$ 1,053,129	\$ -	\$ -
Federal Farm Credit Bank (FFCB)	1,588,355	-	1,588,355	-
Federal Home Loan Bank (FHLB)	5,138,544	-	3,074,807	2,063,737
Local Government Investment Pool	57,048,223	57,048,223	-	-
Total Investments Controlled by City	<u>\$ 64,828,251</u>	<u>\$ 58,101,352</u>	<u>\$ 4,663,162</u>	<u>\$ 2,063,737</u>

Component Unit

Library

	Investment Maturities			
	Fair Value	1-12 Months	13-24 Months	25-60 Months
Fixed Certificate of Deposit	\$ 11,016	\$ 11,016	\$ -	\$ -
Federal Farm Credit Bank (FFCB)	16,615	-	16,615	-
Federal Home Loan Bank (FHLB)	53,752	-	32,164	21,588
Local Government Investment Pool	596,757	596,757	-	-
Total Investments Controlled by City	<u>\$ 678,141</u>	<u>\$ 607,774</u>	<u>\$ 48,779</u>	<u>\$ 21,588</u>
Total Investments Controlled by City				
Primary Government and Component Units:	<u>\$ 587,221,693</u>			

As of June 30, 2022, the City had investments in the following issuers with credit quality ratings as shown below:

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2022:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Primary Government including DASH			
Cash on Hand and In Banks	\$ (1,044,645)	\$ -	\$ (1,044,645)
Cash and Investments	521,534,275	7,476	521,541,751
Cash and Investments with Fiscal Agents	246,211,960	720,077,377	966,289,337
Total	<u>\$ 766,701,590</u>	<u>\$ 720,084,853</u>	<u>\$ 1,486,786,443</u>
Component Unit Schools			\$
Cash on Hand and In Banks	\$ (1,460,136)	\$ -	\$ (1,460,136)
Cash and Investments Controlled by City	64,828,251	-	64,828,251
Cash and Investments with Fiscal Agents		-	-
Total	<u>\$ 63,368,115</u>	<u>\$ -</u>	<u>\$ 63,368,115</u>
Component Unit Library			
Cash and Investments Controlled by City	\$ 825,554	\$ -	\$ 825,554
Cash and Investments with Fiscal Agents	3,700,311	-	3,700,311
Total	<u>4,525,865</u>	<u>-</u>	<u>4,525,865</u>
Grand Total	<u>\$ 834,595,570</u>	<u>\$ 720,084,853</u>	<u>\$ 1,554,680,422</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 2022, zero investments were classified in Level 1 and Level 3 of the fair value hierarchy. Investments worth \$61.4 million were classified in Level 2. Fixed government securities worth \$60.9 million and fixed certificates of deposit worth \$9.5 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 \$511.6 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	\$ 60,933,018	\$ -	\$ 60,933,018	\$ -
Fixed Certificates of Deposit	9,539,363	-	9,539,363	-
Total Debt Securities	<u>\$ 70,472,381</u>	<u>\$ -</u>	<u>\$ 70,472,381</u>	<u>\$ -</u>
 Total Investments by Fair Asset Value	 <u>\$ 70,472,381</u>	 <u>\$ -</u>	 <u>\$ 70,472,381</u>	
 Investments measured at the net asset value (NAV)				
Virginia Investment Pool - Liquidity	5,172,832			
	<u>\$ 5,172,832</u>			
 Total Investments by Fair Value and NAV	 <u>\$ 75,645,213</u>			
 Investments Reported by Amortized Cost				
Virginia Local Govt. Investment Pool	<u>\$ 511,576,460</u>			
 Total Investments	 <u>\$ 587,221,673</u>			

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2022, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Alexandria Transit Company</u>	<u>Total</u>
Taxes					
Real Property	\$ 262,152,700	\$ 844,023	\$ -	\$ -	\$ 262,996,723
Personal Property	75,444,442	-	-	-	75,444,442
Penalties and Interest	1,737,646	-	-	-	1,737,646
Others	1,875,626	10,111,603	-	-	11,987,229
Total Taxes	341,210,414	10,955,626	-	-	352,166,039
Account	13,697,994	5,994,980	4,878,873	354,632	24,926,480
Due from Other Governments	31,668,158	8,110,954	8,444,264	183,907	48,407,283
Notes	709,000	95,197,386	1,475,000	-	97,381,386
Gross Receivable	387,285,566	120,258,946	14,798,137	538,539	522,881,188
Less: Allowance for Uncollectables	19,415,041	92,699,064	1,475,000	-	113,589,105
Net Receivables	<u>\$ 367,870,525</u>	<u>\$ 27,559,882</u>	<u>\$ 13,323,137</u>	<u>\$ 538,539</u>	<u>\$ 409,292,083</u>

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 7.2% percent of the total taxes receivable at June 30, 2022, and is based on historical collection rates. Almost all of the real property tax receivables as of June 30, 2022, represent the second-half payment due for real estate taxes on November 15, 2022. The majority of personal property taxes represent tax year 2022 due October 5, 2022.

Receivables on a government-wide basis include taxes receivable of \$3 million that are available to pay for current period expenditures and, therefore, are offset by the deferred inflows in the governmental funds. Tax revenues and the corresponding unearned revenue reported on a government-wide basis, do not include approximately \$13.9 million of taxes that are considered current financial resources and, therefore, are reported in the governmental funds. This comprises:

Real Estate Tax Receivables	\$ 5,952,592
Personal Property Tax Receivables	7,961,741
Total	<u>\$ 13,914,333</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 2022, 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	\$ 336,475,461	\$ 5,057,593	\$ 341,533,054
Grant proceeds received prior to completion of	14,839,071	-	14,839,071
eligibility requirements	<u>\$ 351,314,532</u>	<u>\$ 5,057,593</u>	<u>\$ 356,372,125</u>

Deferred Inflows

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes, net of related allowances	\$ 336,475,461	\$ 5,057,593	\$ 341,533,054
Grant proceeds received prior to completion of	14,839,071	-	14,839,071
eligibility requirements	<u>\$ 351,314,532</u>	<u>\$ 5,057,593</u>	<u>\$ 356,372,125</u>

Component Units

Receivables at June 30, 2022, consist of following:

	<u>School Board</u>
Accounts	\$ 5,306,397
Intergovernmental	25,700,018
Total Receivables	<u>\$ 31,006,415</u>

All the component unit receivables are considered to be collectible.

All deferred revenue in the component units is unearned.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

A. Property Taxes

The City levies real estate taxes on all real property on a calendar year basis, at a rate enacted by the City Council on the assessed value of property (except public utility property) as determined by the 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, 2022, includes amounts not yet received from the January 1, 2022 levy (due June 15 and November 15, 2022), less an allowance for uncollectible amounts. The installment due on November 15, 2022 is included as unavailable revenue since these taxes are restricted for use until FY 2023. 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 2021 and 2022.

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair market value of the property as of January 1 of each year. For a vehicle, the tax may be prorated for the length of time the vehicle has status in the City. Personal property taxes for the calendar year are due on October 5th. The taxes receivable balance at June 30, 2022, includes amounts not yet billed or received from the January 1, 2022 levy (due October 5, 2022). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2023. The tax rate for motor vehicles was \$5.33 per \$100 of assessed value during calendar years 2021 and 2022. The tax rate for motor vehicles remained the same in calendar year 2022 (\$5.33). On May 4, 2022, City Council adopted an ordinance to set the real and personal property tax rates for Calendar Year 2022. The FY 2023 Approved Budget was also adopted on May 4, 2022 and included personal property tax relief for all vehicles by providing an assessment ratio of 78.8% on the assessed value of vehicles. The discount provided a reduction of a vehicle's actual market value by 21.2% for Tax Year 2022 to reflect unprecedented value appreciation due to the pandemic. In total this initiative reduced estimated personal property tax revenue by \$18 million in FY 2023. Tax rates during calendar years 2021 and 2022 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 2022. 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 2022.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2022:

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>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 5. CAPITAL AND RIGHT TO USE ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2022:

Governmental Activities

Primary Government

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 127,673,426	\$ -	\$ 20,910	\$ 127,652,516
Construction in Progress	71,038,798	82,475,586	35,613,375	117,901,009
Total Capital Assets Not Being Depreciated	198,712,224	82,475,586	35,634,285	245,553,525
Depreciable Capital Assets				
Buildings	797,629,749	41,243,645	1,275,116	837,598,278
Infrastructure	325,515,020	12,662,041	-	338,177,061
Intangible Assets	26,445,620	29,613	-	26,475,233
Furniture and Other Equipment	142,914,199	14,178,455	5,517,199	151,575,455
Total Depreciable Capital Assets	1,292,504,588	68,113,754	6,792,315	1,353,826,027
Less Accumulated Depreciation for				
Buildings	275,346,970	18,833,012	430,736	293,749,246
Infrastructure	176,468,849	10,497,111	-	186,965,960
Intangible Assets	24,970,687	489,131	-	25,459,818
Furniture and Other Equipment	90,086,096	10,537,531	4,967,791	95,655,836
Total Accumulated Depreciation	566,872,602	40,356,785	5,398,527	601,830,860
Depreciable Capital Assets, Net	725,631,986	27,756,969	1,393,788	751,995,167
Alexandria Transit Company				
Depreciable Capital Assets				
Equipment	59,780,931	8,878,329	640,483	68,018,777
Less: Accumulated Depreciation	26,242,024	5,387,218	640,483	30,988,759
Total Depreciable Capital Assets, Net	33,538,907	3,491,111	-	37,030,018
Totals	<u>\$ 957,883,117</u>	<u>\$ 113,723,666</u>	<u>\$ 37,028,073</u>	<u>\$ 1,034,578,710</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, 2022

Exhibit XII
(Continued)

NOTE 5. CAPITAL AND RIGHT TO USE ASSETS (Continued)

Governmental activities capital assets, net of accumulated depreciation at June 30, 2022, are comprised of the following:

General Capital Assets, Net	\$ 989,380,055
Internal Service Fund Capital Assets, Net	8,168,637
Alexandria Transit Company Capital Assets, Net	37,030,018
Total	<u>\$ 1,034,578,710</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 2,717,051
Judicial Administration	542,432
Public Safety	4,522,523
Public Works	7,854,804
Depreciation of Infrastructure Assets	10,497,111
Health and Welfare	491,694
Transit	5,387,218
Culture and Recreation	2,661,228
Education	10,834,310
Community Development	235,632
Total	<u>\$ 45,744,003</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	\$ 119,132,145
Donated Assets	4,722,149
Depreciation Expense	(45,744,003)
Capital Outlay not capitalized	(48,601,280)
Total Adjustment	<u>\$ 29,509,011</u>

Donated assets are comprised of infrastructure assets donated by developers.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 5. CAPITAL AND RIGHT TO USE ASSETS (Continued)

Net position Investment in capital assets is computed as follows:

General Capital Assets, Net		\$ 1,034,578,710
Outstanding bonds (including premium)	(950,447,653)	
Unspent bond proceeds at SNAP	246,211,960	
Deferred gain on the refunding bonds	18,250,331	
Net Outstanding Debt		<u>(685,985,362)</u>
Investment in Capital Assets Net of Debt		<u>\$ 348,593,348</u>

Right to Use Activities

	<u>Balance</u> <u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Right to Use Assets				
Buildings	\$ -	\$ 36,540,196	\$ -	\$ 36,540,196
Equipment	-	455,186	-	455,186
Land	-	761,213	-	761,213
Infrastructure	-	346,191	-	346,191
Total Assets	-	38,102,786	-	38,102,786
Less Accumulated Amortization				
Buildings	-	5,820,827	-	5,820,827
Equipment	-	101,088	-	101,088
Land	-	149,028	-	149,028
Infrastructure	-	21,784	-	21,784
Total Accumulated Amortization	-	6,092,727	-	6,092,727
Total Right to Use Assets, Net	<u>\$ -</u>	<u>\$ 32,010,059</u>	<u>\$ -</u>	<u>\$ 32,010,059</u>

The City acquires and maintains all right to use assets. Accordingly, the Right to Use assets are not included in the governmental activity's total and are being presented separately.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 5. CAPITAL AND RIGHT TO USE ASSETS (Continued)

Component Unit - Schools

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
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	999,381	504,126	-	1,503,507
Depreciable Capital Assets				
Buildings	46,026,190	61,820	-	46,088,010
Furniture and Other Equipment	26,567,165	1,067,674	3,084,226	24,550,613
Right-of-Use assets	-	24,373,884	-	24,373,884
Total Depreciable Capital Assets	72,593,355	25,503,378	3,084,226	95,012,507
Less Accumulated Depreciation For				
Buildings and building improvements	38,999,632	473,121	-	39,472,753
Furniture and Other Equipment	18,263,329	1,573,950	3,084,226	16,753,053
Right-of-Use assets	-	3,549,778	-	3,549,778
Depreciable Capital Assets, Net	57,262,961	5,596,849	3,084,226	59,775,584
Total Other Capital Assets, Net	15,330,394	19,906,529	-	35,236,923
Totals	\$ 16,329,775	\$ 20,410,655	\$ -	\$ 36,740,430

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, 2022

Exhibit XII
(Continued)

NOTE 5. CAPITAL AND RIGHT TO USE ASSETS (Continued)

Primary Government

Construction-in-progress is composed of the following at June 30, 2022:

	<u>Project Authorization</u>	<u>Expended Through June 30, 2022</u>	<u>Committed</u>
Schools Capital Projects	\$ 312,656,552	\$ 40,410,259	\$ 85,134,408
Housing and Community Improvement	11,768,142	7,849,115	1,696,190
Parks and Recreation	23,579,844	4,257,109	2,248,828
Public Buildings	65,600,064	42,370,554	7,056,801
Public Safety	6,115,750	3,836,075	619,115
Infrastructure	24,463,051	11,485,718	6,960,697
Information Technology Hardware	16,065,938	7,692,179	8,637,887
Total	<u>\$ 460,249,341</u>	<u>\$ 117,901,009</u>	<u>\$ 112,353,926</u>

The primary sources of funding for capital assets are long term debt, cash, and grants.

Component Units

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT

The City is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and account for any claims settlement in the General Fund. Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective. The City is covered by property/casualty insurance policies on real and personal property and the following liability insurance policies as of June 30, 2022: 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 \$19.1 million as of June 30, 2022 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, 2022, the current portion of employees' health insurance was \$1.7 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, 2022. 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, 2022 and 2021 were as follows:

	Worker Compensation	Health Insurance
July 1, 2020 Liability Balance	\$ 21,309,057	\$ 1,542,955
Claims and changes in estimates	2,442,622	21,969,654
Claim Payments	(3,804,423)	(21,494,178)
June 30, 2021 Liability Balances	\$ 19,947,256	\$ 2,018,431
Claims and changes in estimates	3,070,531	22,789,990
Claim Payments	(3,915,735)	(23,095,201)
June 30, 2022 Liability Balances	\$ 19,102,052	\$ 1,713,220

The Health Insurance liability is included in other liabilities.

Insurance Commitment

In addition, the City has established a General Fund self-insurance commitment of \$5.0 million as of June 30, 2022.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 2022, the Alexandria Transit Company paid an annual premium of \$0.2 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 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 2022, an actuarial valuation was issued for Line of Duty Act benefits (see Note 16 OPEB). According to the December 31, 2021 actuarial valuation, 721 active employees were eligible for Line of Duty Act pension/health benefits. As of June 30, 2022, 89 beneficiaries were receiving Line of Duty Act health benefits. During FY 2022, Line of Duty Act premium payments for the recipients amounted to \$1.5 million.

In FY22, 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, 2022

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.

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CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 7. 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. For additional information, refer to the disclosures below.

Leases Payable

Buildings

On or before June 30, 2022, 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 06/30/2022, the value of the lease liability is \$31,304,577. 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 2.038%. 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 06/30/2022 of \$36,540,196 with accumulated amortization of \$5,820,827 is included with buildings on the Lease Class activities table found below.

Equipment

On or before June 30, 2022, 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 06/30/2022, the value of the lease liability is \$369,819. The City is required to make monthly fixed payments ranging from \$250 to \$1,498. 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 06/30/2022 of \$455,186 with accumulated amortization of \$101,088 is included with equipment on the Lease Class activities table found below.

Land

Before June 30, 2022, 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 06/30/2022, the value of the lease liability is \$614,339. 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, 2022 of \$761,213 with accumulated amortization of \$149,028 is included with land on the Lease Class activities table found below.

Infrastructure

Before June 30, 2022, 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 06/30/2022, the value of the lease liability is \$328,800. 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, 2022 of \$346,191 with accumulated amortization of \$21,784 is included with infrastructure on the Lease Class activities table found below. City of Alexandria has 2 extension option(s), each for 60 months.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Buildings	\$ 36,540,196	\$ 5,820,827
Equipment	455,186	101,088
Land	761,213	149,028
Infrastructure	346,191	21,784
Total Leases	\$ 38,102,786	\$ 6,092,728

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 4,428,302	\$ 492,766	\$ 4,921,068
2024	2,755,134	450,463	3,205,597
2025	2,588,163	410,790	2,998,954
2026	2,551,478	369,905	2,921,383
2027	2,490,676	328,363	2,819,039
2028 - 2032	13,165,055	991,588	14,156,642
2033 - 2037	4,638,728	118,580	4,757,309
Totals	\$ 32,617,536	\$ 3,162,455	\$ 35,779,991

Leases Receivable

Buildings

On or before June 30, 2022, 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, 2022, the value of the lease receivable is \$6,771,311. 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 of 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 06/30/2022 was \$6,711,457, and City of Alexandria recognized lease revenue of \$286,519 during the fiscal year.

Land

On or before June 30, 2022, 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, 2022, the value of the lease receivable is \$6,681,807. 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 of 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 06/30/2022 was \$6,700,263, and City of Alexandria recognized lease revenue of \$611,545 during the fiscal year.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

Infrastructure

Before June 30, 2022, 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. As of June 30, 2022, the value of the lease receivable is \$1,112,975. The lessees are required to make monthly fixed payments ranging from \$2,744 to \$3,529. The leases have an interest rate ranging from 1.803% to of 2.15%. 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, 2022 was \$1,101,575, and City of Alexandria recognized lease revenue of \$73,167 during the fiscal year.

Principal and Interest Expected to Maturity			
Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 912,538	\$ 348,634	\$ 1,261,172
2024	879,129	326,829	1,205,957
2025	846,947	305,809	1,152,756
2026	871,200	284,557	1,155,757
2027	892,479	262,721	1,155,200
2028 - 2032	4,452,983	979,399	5,432,383
2033 - 2037	3,003,400	504,489	3,507,889
2038 - 2042	1,176,531	252,993	1,429,523
2043 - 2047	910,164	119,386	1,029,549
2048 - 2052	53,180	72,745	125,925
2053 - 2057	59,948	65,977	125,925
2058 - 2062	67,578	58,347	125,925
2063 - 2067	76,179	49,746	125,925
2068 - 2072	85,875	40,050	125,925
2073 - 2077	96,804	29,120	125,925
2078 - 2082	109,125	16,800	125,925
2083 - 2086	72,033	3,522	75,555
Totals	\$ 14,566,093	\$ 3,721,123	\$ 18,287,216

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.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

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, 2022:

Long term Lease Liability for right to use asset	\$ (32,617,536)	
Intangible right to use assets	38,102,786	
Amortization	<u>(6,092,728)</u>	
Lessee adjustment		\$ (607,478.03)
Lease receivable for right to use asset	14,566,093	
Deferred outflow for right to use assets	<u>(14,513,295)</u>	
Lessor adjustment		<u>52,798</u>
Net Lease adjustment		<u>\$ (554,680)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 contributions agreements with WMATA to fund the local share of the cost of the regional Metrorail transit system. The City's commitments are summarized as follows:

1. Capital contributions - Bus and Rail Replacement

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 past 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 2023 agreement is \$13 million, compared to the FY 2022 contribution for Alexandria, which was \$12.7 million.

2. Operating subsidies - Bus and Rail Systems

During FY 2022, obligations for bus and rail subsidies amounted to \$52.6 million. The City paid these obligations from the following sources:

City General Fund	\$16.7
Transportation Improvement Program (TIP)	0.9
State Aid and State Motor Fuel Sales Tax revenues	33.4
NVTA 30%	1.6
TOTAL	\$52.6

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 2022 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.

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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) 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. Since the lease was essentially a capital lease, the capital assets completed and covered by the lease and the promissory note are removed from the City records and are now considered a part of the plant.

By December 2012, all of 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 2022 was \$118,000 and according to the interjurisdictional agreement the City's contribution was \$47,200. Operating costs of the Facility are paid for primarily through tipping fees. The City paid \$1,006,539 in tipping fees in FY 2022 and is anticipating a similar cost in FY 2023.

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 \$400 to \$600 million in investments to its combined sewer system over the next 6 years, 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 for 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 the 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 projections, the City's allocated capacity is projected to be approaching full utilization by about 2040. Based on these

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

projections, an additional 4 MGD capacity will be needed beyond 2040. In order 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. A 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. City Council also authorized 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 of 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. Potomac Yard Metrorail Station

Alexandria's Potomac Yard is located in the northeast corner of the City, south of downtown Washington, D.C. and just southwest of Ronald Reagan Washington National Airport. It consists of two development tracts, North Potomac Yard and South Potomac Yard, which are divided into smaller geographic units or "landbays" for zoning and development purposes. As a major long-term economic development investment, the City of Alexandria approved the North Potomac Yard Small Area Plan on June 12, 2010. This initiative rezoned 69 acres of prime real estate located in Alexandria's Potomac Yard area into a high-density mixed-use development of over 7.5 million square feet. An integral part of this plan, which is expected to add approximately 10 percent to the City's tax base and generate over \$1 billion in new tax revenue over 30-years, entails the construction of a new Metrorail station (Potomac Yard) along the existing heavy rail Metrorail line.

In November 2018, Amazon selected Virginia's National Landing location, comprised of Arlington's Crystal City and Pentagon City, and Alexandria's Potomac Yard, for its HQ2 offices after an 18-month selection process that began with more than 200 localities. Included in the Commonwealth's Amazon HQ2 bid package was the designation of \$50 million for an enhanced Potomac Yard Metrorail Station southwest access. This updated design concept was approved by City Council on April 18, 2020. Site surveying was completed, and City Council approved an amended DSUP reflecting the design improvements in Fall 2020. Project construction, including the enhanced southwest access, is anticipated to be complete in Fall 2022.

The National Landing site was also selected in part due to Virginia Polytechnic Institute and State University's (Virginia Tech) commitment to build a \$1 billion, 1-million square foot, technology-focused Innovation Campus in Alexandria. The campus' first building is scheduled open by 2024 and is scheduled to have a classroom presence of approximately 3,000 students by 2028. Virginia Tech's Innovation Campus, and a greater surrounding Innovation District immediately adjacent to the north Metro station entrance, was officially added to the North Potomac Yard Small Area Plan on June 20, 2020. In 2020, the projected total project cost increased to \$370 million,

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

following approval by City Council to amend the funding agreement with WMATA to incorporate the \$50 million in funds granted in the Amazon HQ2 bid.

The financial risk to the City associated with the Metrorail station project has been carefully structured. The debt is anticipated to be structured with a ramped up principal repayment schedule to more closely align the debt service payments with the expected growth surrounding the metro station. Long-term debt will be repaid by the net new taxes derived from Potomac Yard development, developer contributions, and taxes from a special tax district established specifically to generate revenue for construction of the new Metrorail station. In December 2010, City Council approved the Tier I Special Services Tax District for Landbays F, G, and H and the multi-family portion of Landbay I. Tier I tax collections began in 2011 at the rate of 20 cents per \$100 of valuation. A Tier II Tax District (Landbays I and J) with a 10-cent per \$100 of valuation levy was abolished by City Council in December 2018, due to projected real estate tax revenues resulting from the Amazon HQ2.

Additionally, upfront shortfall guarantees totaling \$32 million have been negotiated with the North Potomac Yard property owner. No cash flow draw from the City's General Fund is planned.

F. 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 \$1.040 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 \$140 million in direct public participation comprising (1) an \$86 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.

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.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2022, are comprised of the following individual issues:

1.	\$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
2.	\$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.		143,135,000
3.	\$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
4.	\$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.		49,800,000
5.	\$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.		203,580,000
6.	\$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.		36,525,000
7.	\$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.		31,955,000
8.	\$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.		91,440,000
9.	\$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.		3,500,000
10.	\$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.		79,700,000
11.	\$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.		32,261,000

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

12.	\$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.	59,925,000
13.	\$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.	4,420,000
14.	\$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.	16,225,000
15.	\$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.	27,940,000
16.	\$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.	7,200,000
17.	\$63.8 million General Obligation (tax-exempt) Refunding Bonds of 2013, installments averaging \$3.3 million through 2023, bearing interest at 5.0 percent. The Bonds maturing on or before June 15, 2023, are not subject to redemption prior to maturity.	3,305,000
	Total	\$ 852,606,000

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 2022A

	Issue	Rate	Maturity Date
			January 15,
\$	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>		

2. General Obligation Capital Improvement Bonds of 2021A

CUSIP	Issue	Rate	Maturity Date
			December 15,
015303AP5	\$ 3,000,000	5.00%	2022
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>143,135,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

3. 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>
0153027AA8	\$ 9,340,000	0.45%	2023
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>\$ 49,800,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

5. General Obligation Capital Improvement Bonds of 2019A

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
0153027C0	\$ 1,120,000	5.00%	2022
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
	<u>\$ 203,580,000</u>		

6. General Obligation Capital Improvement Bonds of 2018C

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
0153026J6	\$ 2,150,000	5.00%	2022
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
	<u>\$ 36,525,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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>
0153025W8	2,995,000	5.00%	2022
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>\$ 31,955,000</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>
0153025F5	8,985,000	5.00%	2022
0153025G3	2,000,000	3.00%	2022
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>\$ 91,440,000</u>		

9. General Obligation Bonds (taxable) of 2017B

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>July 15,</u>
0153024H2	220,000	3.00%	2022
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>\$ 3,500,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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>
0153023M2	4,985,000	5.00%	2022
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>\$ 79,700,000</u>		

11. General Obligation Refunding Bond of 2016B

<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>July 15,</u>
404,000	1.91%	2022
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>\$ 32,261,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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>
0153022S0	3,995,000	5.00%	2022
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>\$ 59,925,000</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>
0153022E1	1,040,000	2.45%	2022
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>\$ 4,420,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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>
015302Y22	1,165,000	5.00%	2022
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>\$ 16,225,000</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>
3,430,000	1.86%	2022
3,365,000	1.86%	2023
6,240,000	1.86%	2024
6,100,000	1.86%	2025
3,015,000	1.86%	2026
2,935,000	1.86%	2027
2,855,000	1.86%	2028
<u>\$ 27,940,000</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>
015302V74	1,800,000	5.00%	2023
015302V82	1,800,000	5.00%	2024
015302V90	1,800,000	5.00%	2025
015302W24	1,800,000	3.00%	2026
	<u>\$ 7,200,000</u>		

17. General Obligation Capital Improvement Bonds of 2013

<u>CUSIP</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity Date</u> <u>June 15,</u>
015302T51	3,305,000	5.00%	2023
	<u>\$ 3,305,000</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2022, including interest payments of \$262.8 million, are summarized as follows:

<u>Fiscal Year</u>	<u>Serial Bonds Principal</u>	<u>Interest</u>
2023.....	\$ 48,134,000	\$ 27,943,000
2024.....	52,222,000	26,518,493
2025.....	54,979,000	24,418,442
2026.....	54,766,000	22,205,834
2027.....	49,822,000	20,031,321
2028-2032.....	241,698,000	70,519,393
2033-2037.....	157,400,000	37,511,218
2038-2051.....	193,585,000	33,632,634
	<u>\$ 852,606,000</u>	<u>\$ 262,780,335</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, 2022, the City had a legal debt limit of \$4.67 billion and a debt margin of \$3.8 billion:

Assessed Taxable Value of Real Property, January 1, 2022	\$46,560,058,324
Constitution Debt Limit (10% of Assessed Taxable Value)	4,656,005,832
Outstanding General Obligation Indebtedness as of June 30, 2022	
Governmental Activities – General Obligation Debt	<u>852,606,000</u>
Net Indebtedness subject to debt limit	<u>852,606,000</u>
Legal Debt Margin Remaining	\$3,803,399,832
Percentage of net debt margin available	81.7%

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, 2022, are summarized below:

	Authorized and Unissued <u>July 1, 2021</u>	<u>Authorized</u>	<u>Issued</u>	<u>Expired</u>	Authorized and Unissued <u>June 30, 2022</u>
General Obligation Bonds	\$338,000,000	\$551,700,000	\$193,135,000	\$0.00	\$696,565,000

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

On December 13, 2021, the City Council issued \$143.1 million in General Obligation Capital Improvement Bonds and \$11.7 million General Obligation Refunding Bonds. The \$143.1 million Capital Improvement bonds were issued with an original premium of \$21.4 million and a true interest cost of 1.50 percent and the \$11.7 million refunding bonds were issued with the original premium of \$87,546 and a true interest cost of 1.82 percent.

On June 15, 2022, the City Council also issued \$50 million in General Obligation Capital Improvement Bonds. The \$50 million Capital Improvement bonds were issued with interest rate of 2.82 percent.

The City has not issued any revenue anticipation notes at any time for the past two decades. On July 10, 2018, the City secured lines of credit totaling up to \$250 million to assist with cash flow for the Potomac Yard Metrorail Station project. The Station is being funded from a number of sources that are structured as reimbursement funding, including a Northern Virginia Transportation Authority grant. The City has also secured a Virginia Transportation Infrastructure Bank loan. The lines of credit will be available for five years and will be used for cash flow purposes, to fund various capital improvement projects, enabling the City to save debt service costs of general obligation bonds.

Changes in Long-Term Liabilities - Changes in the total long-term liabilities during the fiscal year ended June 30, 2022, are summarized below. In general, the City uses the General Fund to liquidate long-term liabilities.

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
General Obligation Bonds	\$ 704,117,000	\$ 204,830,000	\$ 56,341,000	\$ 852,606,000	\$ 45,546,000
Bond Premium	71,664,368	32,530,566	6,353,281	97,841,653	6,353,281
Workers' Compensation Claims	19,947,256	3,560,235	4,405,439	19,102,052	3,921,604
Accrued Compensated Absences	28,826,793	18,180,358	17,424,737	29,582,414	3,676,381
Capital Leases	31,890,046	6,212,740	5,485,250	32,617,536	
Net Pension Liability	120,784,107	7,399,023	-	128,183,130	-
Net OPEB Liability	24,383,484	3,362,788	-	27,746,272	-
Total	\$ 1,001,613,054	\$ 276,075,710	\$ 90,009,707	\$ 1,187,679,057	\$ 59,497,266

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, 2022:

Long-term liabilities (detail above)	\$ 1,187,679,057
Accrued interest payable	434,996
Reconciling items to Governmental Funds	<u>\$ 1,188,114,053</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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	\$ 755,621
Workers compensation	(845,204)
Discount and interest	26,177,286
Accrued interest on bonds	(659,389)
Net Adjustment	<u>\$ 25,428,314</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	\$ 32,254,732
Contributions, measurement date	
City Single Agency & VRS FY22	(38,283,775)
Net Pension Expense	(6,029,043)
OPEB Expense, Note 16	1,921,987
Contributions, measurement date	
City OPEB FY22	(13,670,370)
Net OPEB Adjustment	(11,748,383)
Adjustment to Exhibit IV	<u>\$ (17,777,426)</u>

Reconciliation to Net position:

Deferred Inflows

Deferred Inflows: Exhibit III	\$ 360,921,600
Tax Receivable, Note I	3,012,086
Adjustment, Exhibit III	<u>3,012,086</u>
Deferred Inflows, Taxes Exhibit I	<u>363,933,686</u>
Deferred Resources, Leases Exhibit I	<u>14,513,295</u>
Deferred Inflows, Pensions	89,396,462
Deferred Inflows, OPEB	19,267,597
Deferred Inflows, Pensions & OPEB Exhibit I	<u>\$ 108,664,059</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Component Unit – Schools

	Balance			Balance	Amounts Due	Long Term
	July 1, 2021	Additions	Reductions	June 30, 2022	Within One	Payable
					Year	
Compensated Absences	\$ 10,500,725	\$ 15,398,396	\$ 15,938,212	\$ 9,960,909	\$ 777,057	\$ 9,183,852
Workers' Compensation Claims	2,481,407	1,378,518	1,604,548	2,255,377	1,578,764	676,613
Capital Leases	-	24,373,884	3,074,924	21,298,960	3,583,297	17,715,663
Rent Abatement Accrual	1,680,195	-	1,680,195	-	-	-
Net Pension Liability	291,935,783	84,405,930	188,542,513	187,799,200	-	187,799,200
Net OPEB Obligation	42,514,622	13,136,141	16,879,319	38,771,444	-	38,771,444
Total	\$ 349,112,732	\$ 138,692,869	\$ 227,719,711	\$ 260,085,890	\$ 5,939,118	\$ 254,146,772

Refunding Bonds

Prior-year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2022, \$49.25 million of bonds outstanding were considered defeased.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

Primary Government

This balance represents timing differences related to accounts receivable.

Interfund transfers and transactions for the year ended June 30, 2022 consisted of the following:

Transfers:	General	Special Revenue	Internal Service	Capital Projects	Total Transfers In
Primary Government					
General Fund	\$ -	\$ 45,584,494	\$ -	\$ -	\$ 45,584,494
Special Revenue	80,548,404	1,761,197	-	-	82,309,601
Capital Projects	44,804,271	71,901,966	-	-	116,706,237
Alexandria Transit	1,909,072	19,448,774	-	-	21,357,846
Total Transfers Out	127,261,747	138,696,431	-	-	265,958,178
Component Unit					
Schools	239,437,296	-	-	9,505,789	248,943,085
Library	7,680,826	-	-	-	7,680,826
Total Transfers Out	\$ 247,118,122	\$ -	\$ -	\$ 9,505,789	\$ 256,623,911

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 \$8.8 million in capital assets to Alexandria Transit in FY 2022.

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, 2022

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 \$278.0 million in FY 2022. Sources of these revenues were as follows:

GOVERNMENTAL FUNDS	
Federal Government	\$ 89,309,436
Commonwealth of Virginia	89,210,977
Total Primary Government	<u>178,520,413</u>
FEDERAL GOVERNMENT	
Schools	40,272,721
Component Units - Federal Government	<u>40,272,721</u>
COMMONWEALTH OF VIRGINIA	
Schools	59,838,156
Library	195,371
Component Units - Commonwealth of Virginia	<u>60,033,527</u>
Total Component Units	<u>100,306,248</u>
TOTAL CITY AND COMPONENT UNITS	
Federal Government	129,582,157
Commonwealth of Virginia	149,244,504
Total Intergovernmental Revenue	<u>\$ 278,826,661</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERNMENTS

Due from other governments represents accrued revenue at June 30, 2022, consisting of the following:

PRIMARY GOVERNMENT

State

General Fund	\$ 31,668,158
Special Revenue Fund	5,816,376
Capital Projects Fund	8,444,264
Alexandria Transit	183,907
Total State	<u>46,112,705</u>

Federal

Special Revenue Fund	2,294,578
Total Federal	<u>2,294,578</u>

Total Primary Government	<u><u>48,407,283</u></u>
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COMPONENT UNITS

State

Schools	3,403,953
Library	15,542
Total State	<u>3,419,495</u>

Federal

Schools	22,296,065
Total Federal	<u>22,296,065</u>

Total Component Units	<u><u>25,715,560</u></u>
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Total Primary Government & Component Units	<u><u>\$ 74,122,843</u></u>
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CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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. 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 2022, 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 \$1.4 million in FY 2022.

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 2022, the City made payments of \$0.04 million to VRE.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 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 into 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.

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, 2022

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 is schedule to be completed in Spring/Summer 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 is scheduled to begin this summer, with completion expected in late 2023.

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 rebate 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, 2022

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.

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 FY22, 375 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 FY22, 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 \$6.4 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, and at least one other member who is an employee or citizen of the City with "proven integrity, business ability, and demonstrated experience in cash management and in investments." The citizen/employee 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, 2022

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 in order 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, 2022.

Target Allocations

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Growth	10%
Large Cap Value	15%
Mid Cap Core	10%
Private Equity	5%
Small Cap Core	5%
International Developed Markets	10%
Emerging Markets	15%
Fixed Income Domestic	10%
Tactical Asset Allocation	5%
Timber	5%
Real Estate	5%
Farmland	5%
Total	<u>100%</u>

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -13.90% 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 2.70 percent. The long term expected rates of return for each major asset class as of June 30, 2022, are summarized in the following table.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

<u>Asset Class</u>	<u>Long Term Expected Rate of Return</u> of
Diversified Assets	0.3%
Equity	4.4%
Real Assets	0.8%
Fixed Income	0.7%
Return	6.1%
Inflation	2.7%
Return w/ Inflation	8.8%
Risk Adjustment	(1.5%)
Total Expected Arithmetic Nominal Return	7.3%
TOTAL EXPECTED ARITHMETIC NOMINAL RETURN	7.3%

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, 2021. 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, 2021 actuarial reports was 6.75 percent.

Membership

At January 1, 2022, membership consisted of:
Retirees and Beneficiaries Currently Receiving

Benefits	1,557
Terminated Employees Entitled to Benefits	
But not yet receiving them	---
Active Employees	<u>2,294</u>
TOTAL	<u>3,851</u>

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.

	<u>Regular</u>	<u>LODA</u>	<u>Total</u>
Trust Fund Contributions	\$ 300,000	\$ 5,450,000	\$ 5,750,000
Pay Go Contributions	6,371,932	1,548,438	7,920,370
	<u>\$ 6,671,932</u>	<u>\$ 6,998,438</u>	<u>\$ 13,670,370</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

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 decreased from \$3.6 million as of June 30, 2021 to \$2.4 million as of June 30, 2022.

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.

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 Plan 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 Plan Board based upon the results of an actuarial experience study covering the period July 1, 2010 through June 30, 2015. The City is now offering a high deductible health plan option for both UHC and Kaiser, but very few retirees are participating. Changes made can be referenced in the Required Supplemental Information.

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 Blue Collar 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. 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, 2021 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 an annual medical cost trend rate of 6.60 percent for 2022 grading down to 3.12 percent over 18 years was used. For LODA non-Medicare an annual medical cost trend rate of 6.63 percent for 2022 grading down to 4.75 percent over 8 years was used, and a rate of 5.06% for 2022 grading down to 4.75 percent over 2 years for Medicare was used. Salary scale ranges were from 3.25 percent to 725 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. Asset valuation method used was market value and the remaining amortization period as of December 31, 2021 was 16 years.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

Total OPEB Liability

The City of Alexandria's total OPEB liability of \$27,746,272 was measured as of June 30, 2022 and was determined by an actuarial valuation as of December 31, 2020, projected to June 30, 2022. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2022 and the Total OPEB Liability as of the valuation date, December 31, 2020, updated to June 30, 2022. 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 6/30/2021	\$ 139,572,858	\$ 115,189,374	\$ 24,383,484
Changes for the year:			
Service cost	2,928,023	-	2,928,023
Interest	9,598,323	-	9,598,323
Changes in benefit terms	-	-	-
Changes in assumptions	(3,579,597)	-	(3,579,597)
Difference between expected and actual experience	(8,128,626)	-	(8,128,626)
Contributions-employer	-	13,670,370	(13,670,370)
Contributions-member	-	-	-
Net Investment Income	-	(16,173,784)	16,173,784
Benefit payments	(7,920,370)	(7,920,370)	-
Administrative Expense	-	(41,251)	41,251
Net Changes	(7,102,247)	(10,465,035)	3,362,788
Balances at 6/30/2022	<u>\$ 132,470,611</u>	<u>\$ 104,724,339</u>	<u>\$ 27,746,272</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,921,987.

At June 30, 2022, 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	\$ 40,739	\$ 7,249,680
Changes of assumptions	3,341,655	12,017,917
Net difference between projected and actual earnings on OPEB plan investments	6,712,194	-
Total	<u>\$ 10,094,588</u>	<u>\$ 19,267,597</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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:

2023	\$	(2,398,586)
2024		(3,349,670)
2025		(4,261,972)
2026		2,788,587
2027		(1,951,368)
Thereafter		-
Total Future Deferrals	\$	<u>(9,173,009)</u>

The components of the Net OPEB Liability of the City of Alexandria as of June 30, 2022 are as follows:

	Measurement Date
	<u>6/30/2022</u>
Total OPEB Liability	\$ 132,470,611
Plan Fiduciary Net Position	104,724,339
Net OPEB Liability	<u>\$ 27,746,272</u>

Plan Fiduciary Net Position as a percentage of Total OPEB Liability 79.1%

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	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Total OPEB Liability	\$ 147,474,008	\$ 132,470,611	\$ 120,040,272
Plan Fiduciary Net Position	104,724,339	104,724,339	104,724,339
Net OPEB Liability 6/30/2022	<u>\$ 42,749,669</u>	<u>\$ 27,746,272</u>	<u>\$ 15,315,933</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	71.0%	79.1%	87.2%

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 Data	1% Decrease	Healthcare Trend	1% Increase
	5.75%	6.75%	7.75%
Total OPEB Liability	\$ 126,302,611	\$ 132,470,611	\$ 139,831,653
Plan Fiduciary Net Position	104,724,339	104,724,339	104,724,339
Net OPEB Liability 6/30/2022	<u>\$ 21,578,272</u>	<u>\$ 27,746,272</u>	<u>\$ 35,107,314</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	82.9%	79.1%	74.9%

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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. During fiscal year 2022, \$8.2 million worth of investments were evaluated and classified in Level 1 of the fair value hierarchy.

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. During fiscal year 2022, \$58.4 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

OPEB TRUST
As of June 30, 2022

<u>Portfolio</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Equity Securities</u>			
Common Stock & ETFs	\$ 8,198,586	\$ -	\$ -
Mutual Funds	-	58,319,268	-
Total Equity Securities	8,198,586	58,319,268	-
<u>Cash Equivalents</u>			
Money Market Funds	-	108,386	-
Total Cash Equivalents	-	108,386	-
Total Investments by Fair Asset Value	<u>\$ 8,198,586</u>	<u>\$ 58,427,654</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	\$ 19,408,508		
Private Equity	5,942,361		
Real Estate Funds	5,041,120		
Timber Funds	5,355,333		
Farmland	2,350,777		
Total Investments Measured at NAV	<u>38,098,099</u>		
Total Value	<u>\$ 104,724,339</u>		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

\$38.1 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	\$19,408,508	Monthly to Quarterly
Private Equity	\$8,600,000	\$6,550,752	\$2,049,248	\$5,942,361	Closed End Strategies
Real Estate Funds	\$2,900,000	\$2,900,000	\$0	\$5,041,120	Quarterly
Timber & Farmland	\$3,450,000	\$3,450,000	\$0	\$3,720,736	Quarterly
Timber Funds	\$1,500,000	\$1,406,000	\$94,000	\$1,634,597	Closed End Strategies
Farmland	\$1,700,000	\$1,700,000	\$0	\$2,350,777	Quarterly
	\$18,150,000	\$16,006,752	\$2,143,248	\$38,098,099	

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CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 range 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 2022, ACPS contributed up to \$265 for each participant.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 retiree 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, 2020 valuation are reflected in the chart below.

Membership and Key Actuarial Assumptions	
Active plan members	2,485
Inactive/Deferred Vested	0
Retirees and spouses	653
Total	3,138
Covered Payroll	\$181,346,548
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, 2022

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 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 2022.

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, 2022

Investment Type	Allocation	Expected Long-Term Rates of Return (real)	Long-Term Arithmetic Weighted Average Real Return
Large Cap Equity (Domestic)	21.00%	7.13%	1.50%
Small Cap Equity (Domestic)	10.00%	8.53%	0.85%
International Equity (Developed)	13.00%	7.99%	1.04%
Emerging Markets Equity	5.00%	9.23%	0.46%
Private Equity	10.00%	10.47%	1.05%
Long/Short Equity	6.00%	5.68%	0.34%
Core Bonds Fixed Income	5.00%	2.58%	0.13%
Core Plus Fixed Income	11.00%	2.88%	0.32%
Liquid Absolute Return Fixed Income	4.00%	3.25%	0.13%
Core Real Estate	10.00%	6.60%	0.66%
Opportunistic Real Estate	5.00%	9.60%	0.48%
Total	100.00%		6.95%
		Inflation	2.75%
		Expected arithmetic nominal return	9.70%

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, 2022 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.

Measurement Date

The measurement date used for the OPEB Trust GASB 74 reporting is June 30, 2022.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -9.27%. 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	-9.27%	30.07%	3.01%	4.67%	9.52%	13.04%

⁽¹⁾This chart is intended to show information for 10 fiscal years. More data will be added as it become 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, 2022. The net OPEB liability at the end of the measurement year, June 30, 2022, is measured as of a valuation date of January 1, 2022 and projected to June 30, 2022. 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

Increase (Decrease)

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances as of June 30, 2021	\$ 32,432,816	\$ 28,196,198	\$ 4,236,618
Changes for the year:			
Service cost	1,100,364	-	1,100,364
Interest	2,206,203	-	2,206,203
Changes of benefits	-	-	-
Differences between expected and actual experience	(3,259,578)	-	(3,259,578)
Changes of assumptions	(413,248)	-	(413,248)
Contributions - employer	-	1,928,807	(1,928,807)
Contributions - member	-	-	-
Net investment income	-	(2,703,072)	2,703,072
Benefit payments	(882,270)	(882,270)	-
Administrative expense	-	(28,644)	28,644
Net changes	<u>(1,248,529)</u>	<u>(1,685,179)</u>	<u>436,650</u>
Balances as of June 30, 2022	<u>\$ 31,184,287</u>	<u>\$ 26,511,019</u>	<u>\$ 4,673,268</u>

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

85.0%

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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	\$ 34,784,653	\$ 31,184,287	\$ 28,193,143
Plan Fiduciary Net Position	26,511,019	26,511,019	26,511,019
Net OPEB Liability	<u>\$ 8,273,634</u>	<u>\$ 4,673,268</u>	<u>\$ 1,682,124</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	76.2%	85.0%	94.0%

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	\$ 30,063,490	\$ 31,184,287	\$ 32,493,365
Plan Fiduciary Net Position	26,511,019	26,511,019	26,511,019
Net OPEB Liability	<u>\$ 3,552,471</u>	<u>\$ 4,673,268</u>	<u>\$ 5,982,346</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	88.2%	85.0%	81.6%

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

For the year ended June 30, 2022 the OPEB expense is \$416,028. At June 30, 2022, 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, 2022

Exhibit XII
(Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,860,877
Change in assumptions	192,191	957,032
Net difference between projected and actual earnings on OPEB plan investments	<u>1,190,427</u>	<u>-</u>
Total	<u>\$ 1,382,618</u>	<u>\$ 6,817,909</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (830,061)
2024	(921,379)
2025	(1,087,436)
2026	(86,614)
2027	(846,808)
Thereafter	<u>(1,662,993)</u>
Total	<u>\$ (5,435,291)</u>

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 through the use of investment income and employer contributions. For the period ending June 30, 2022, ACPS contributed \$1.7 million for current costs and an additional \$1.0 million to prefund benefits.

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 8 years. It is anticipated that once the Plan becomes 100% funded, ACPS will switch to paying benefit payments from the Trust. The assets were then projected forward reflecting known contributions through June 30, 2022, 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, 2022

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, 2022:

Summary of Fiduciary Net Position	
ACPS OPEB Trust Fund	
As of June 30, 2022	
ASSETS	
Cash Equivalents	\$ 808,586
Bonds	13,684,988
Mutual Funds	6,969,747
Other Investments	5,047,698
Total assets	<u>26,511,019</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 26,511,019</u>

The following is a summary of changes in fiduciary net position of the Trust for the year ended June 30, 2022:

Summary of Changes in Fiduciary Net Position	
ACPS OPEB Trust Fund	
For the Year Ended June 30, 2022	
ADDITIONS	
Contributions	\$ 1,738,611
Investment Income, net	<u>(2,703,072)</u>
Total Additions	<u>(964,461)</u>
DEDUCTIONS	
Benefit payments	1,738,611
Administrative expenses	<u>28,644</u>
Total Deductions	<u>1,767,255</u>
Change in net position	(2,731,716)
NET POSITION, beginning of year	<u>29,242,735</u>
NET POSITION, end of year	<u>\$ 26,511,019</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, 2022

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 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, and 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 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	
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:
	<ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts	The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:
	<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.
Health Insurance Credit Program Notes:	
	<ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

- 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.

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 as a result 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, 2022 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, 2019. 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 \$2.0 million for each of the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the school division reported a liability of \$23.8 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, 2021 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, 2020 and rolled forward to June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was 1.86936% as compared to 1.85656% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$ 1.9 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, 2022, 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	\$ -	\$ 415,836
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	313,916
Changes in assumptions	644,175	95,772
Changes in proportionate share	235,686	282,527
Employer contributions subsequent to the measurement date	2,047,680	-
Total	<u>\$ 2,927,541</u>	<u>\$ 1,108,051</u>

An amount of \$2.0 million reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2023. 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
2023	\$ (52,315)
2024	(55,879)
2025	(52,796)
2026	(51,832)
2027	9,580
Thereafter	(24,948)
Total	<u>\$ (228,190)</u>

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*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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:

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

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.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, 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, 2021, 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	\$ 1,477,874
Plan Fiduciary Net Position	<u>194,305</u>
Teacher Employee net HIC OPEB Liability	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	<u>13.15%</u>

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi -Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		(1) Expected arithmetic nominal return	7.39%

(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 provide 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 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a media return of 7.11%, including expected inflation rate 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, 2021, 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, 2021 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, 2022

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	\$ 21,294,898	\$ 23,830,232	\$ 26,826,236

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 2021 Comprehensive Annual Financial Report (annual financial report). A copy of the 2020 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, 2021, 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 accordance with the benefit terms. Investments are reported at fair value.

General Information about the Group Life Insurance Program

Plan Description

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 OPEB plans, for

CITY OF ALEXANDRIA, VIRGINIA

Notes to Financial Statements

June 30, 2022

**Exhibit XII
(Continued)**

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

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</p> <p>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 end 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</p> <p>The benefits payable under the Group Life Insurance Program have 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</p> <p>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)</p> <p>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 \$8,463 as of June 30, 2020.</p>

Contributions

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

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 as a result 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% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$2.2 million for both years ended June 30, 2021 and June 30, 2020 respectively. Total contributions for the Locality group were \$0.1 million for both years ended June 30, 2021 and June 30, 2020, respectively.

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, 2021, ACPS reported liabilities of \$ 13.3 million and \$0.6 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, 2020 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, 2019 and rolled forward to June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, for the Teachers group, the ACPS employer's proportion was 0.79551% as compared 0.80828% at June 30, 2019, and for the Locality group, the employer's proportion was 0.03692% at June 30, 2020 as compared 0.04033% at June 30, 2019.

For the year ended June 30, 2021, ACPS recognized GLI OPEB expense of \$0.5 million for the Teachers group and \$6,774 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, 2021, 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	\$ 851,518	\$ 119,239	\$ 39,519	\$ 5,534	\$ 891,037	\$ 124,773
Net difference between projected and actual earnings on GLI OPEB program investments	398,792	-	18,508	-	417,300	-
Changes in assumptions	663,941	277,206	30,814	12,865	694,755	290,071
Changes in proportion	266,042	321,258	-	80,028	266,042	401,286
Employer contributions subsequent to the measurement date	883,521	-	41,515	-	925,036	-
Total	\$ 3,063,814	\$ 717,703	\$ 130,356	\$ 98,427	\$ 3,194,170	\$ 816,130

CITY OF ALEXANDRIA, VIRGINIA

Notes to Financial Statements

June 30, 2022

**Exhibit XII
(Continued)**

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

An amount of \$0.9 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, 2022. 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 - Locality		
	GLI - Teachers Amount	Employees Amount	GLI - Total Amount
2022	\$ 215,223	\$ (7,441)	\$ 207,782
2023	327,844	(2,215)	325,629
2024	407,890	2,556	410,446
2025	422,893	4,496	427,389
2026	88,358	(5,417)	82,941
Thereafter	382	(1,565)	(1,183)
Total	<u>\$ 1,462,590</u>	<u>\$ (9,586)</u>	<u>\$ 1,453,004</u>

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in discount rate,

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

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 a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Lowered Disability Rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

CITY OF ALEXANDRIA, VIRGINIA

Notes to Financial Statements

June 30, 2022

**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, 2019, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	VRS Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$3,523,937
Plan Fiduciary Net Position	<u>1,855,102</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	<u>52.64%</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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi -Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		⁽¹⁾ Expected arithmetic nominal return	<u>7.39%</u>

⁽¹⁾ The above allocation provides a one-year return of 7.39%. 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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

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

range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. 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. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

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, 2020, 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, 2019 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	\$ 17,452,005	\$ 13,275,760	\$ 9,884,257
School division's proportionate share of the VRS Group Life Net OPEB Liability - Locality Employee Group	\$ 809,956	\$ 616,134	\$ 458,733
Total VRS Group Life Net OPEB Liability	\$ 18,261,961	\$ 13,891,894	\$ 10,342,990

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 2020 VRS annual financial report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2020, ACPS reported payables to the VRS Group Life Insurance OPEB Plan of \$0.2 million for the Teachers group and \$9,000 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 June 30, 2021.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Summary of OPEB Related Net OPEB Liabilities and Deferred Outflows and Inflows of Resources
As of June 30, 2021

	ACPS OPEB Trust				VRS 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	\$ -	\$ -	\$ 4,673,268	\$ -	\$ -	\$ -	\$ 24,438,216	\$ -	\$ -	\$ -	\$ 9,659,960	\$ -	\$ -	\$ -	\$ 38,771,444	
Net difference between projected and actual earnings on OPEB plan investments	1,190,427	-	-	-	-	419,001	-	-	-	2,205,471	-	-	1,190,427	2,624,472	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	235,686	282,527	-	-	190,464	343,358	-	-	426,150	625,885	-	-
Differences between expected and actual experience	-	5,860,877	-	-	-	313,916	-	-	1,101,752	173,758	-	-	1,101,752	6,348,551	-	-
Changes in assumptions	192,191	957,032	-	-	656,378	95,772	-	-	532,551	1,321,688	-	-	1,381,120	2,374,462	-	-
Employer contributions subsequent to the measurement date	-	-	-	-	2,100,058	-	-	-	-	-	-	-	2,100,058	-	-	-
OPEB Expense				416,028				2,036,173				368,155				2,820,356
Total	\$ 1,382,618	\$ 6,817,909	\$ 4,673,268	\$ 416,028	\$ 2,992,122	\$ 1,111,216	\$ 24,438,216	\$ 2,036,173	\$ 1,824,767	\$ 4,044,275	\$ 9,659,960	\$ 368,155	\$ 6,199,507	\$ 11,673,400	\$ 38,771,444	\$ 2,820,356

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

PRIMARY GOVERNMENT

During FY 2022, 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, 2022.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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	5%	5%	0%
Large Cap Value	10%	15%	0%
Mid Cap Core	10%	15%	0%
Private Equity	5%	5%	0%
Small Cap Core	5%	5%	0%
International Dev.	10%	10%	0%
Emerging Markets	10%	10%	0%
Domestic Fixed Income	7.5%	7.5%	0%
Global Fixed Income	10%	5%	0%
Tactical Asset Allocation	5%	0%	0%
Timber	5%	5%	0%
Real Estate	8%	10%	0%
Farmland	2%	0%	0%
Cash/ Other Fixed	7.5%	7.5%	0%
Guaranteed Deposit	0%	0%	100%
Total	100%	100%	100%

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

<u>Asset Class</u>	<u>Capital Market Estimate</u>	<u>Supplemental Retirement Plan Allocation</u>	<u>Supplemental Retirement Plan Return</u>	<u>Firefighters & Police Officers Pension Plan Allocation</u>	<u>Firefighters & Police Officers Pension Plan Return</u>	<u>Pension Plan for Firefighters & Police Officers Allocation</u>	<u>Pension Plan for Firefighters & Police Officers Return</u>
Diversified	5.6%	5.0%	0.3%	0.0%	0.0%	0.0%	0.0%
Domestic Equity	6.8%	54.3%	3.7%	63.3%	4.3%	0.0%	0.0%
Commodities	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Real Assets	6.2%	14.8%	0.9%	14.0%	0.9%	0.0%	0.3%
Fixed Income	3.7%	18.6%	0.7%	21.6%	0.8%	0.0%	0.0%
Cash	1.7%	7.3%	0.1%	1.1%	0.0%	100.0%	3.5%
Return			5.7%		6.0%		3.5%
Inflation			2.7%		2.7%		2.5%
Return w/Inflation			8.4%		8.7%		6.0%
Risk Adjustment			-1.5%		-1.5%		-0.5%
Total Expected Arithmetic Nominal Return			6.9%		7.2%		5.5%

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

Money-Weighted Rate of Return

<u>Supplemental Retirement Plan</u>	<u>Firefighters & Police Officers Pension Plan</u>	<u>Pension Plan for Firefighters & Police Officers</u>
-10.9%	-12.0%	3.8%

**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, 2022

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.0%	6.84%	0.21%
Total	100.00%		4.89%
Inflation			2.50%
Expected arithmetic nominal return			7.39%

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, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Fiduciary Net Position						Post Retirement Benefit Trust	
Employee Retirement Plans							
Firefighters and Police Officers Pension Plan							
City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component	Other Post Employment Benefits	Total	
ASSETS							
Investments, at Fair Value							
Mutual Funds	\$ 38,381,154	\$ -	\$ 12,839,820	\$ 53,390,004	\$ 12,990,257	\$ 58,319,268	\$ 175,920,503
Stocks	26,516,590	-	-	82,435,626	15,215,200	8,198,586	132,366,002
Guaranteed Investment Account:	12,755,687	17,624,986	-	4,716,535	1,764,516	206,798	37,068,522
Real Estate	15,486,789	-	-	46,331,834	-	5,041,120	66,859,743
Timber	6,913,484	-	-	11,554,779	-	1,634,597	20,102,860
Private Equity	13,745,327	-	-	31,410,399	1,041,452	5,942,361	52,139,539
Other	60,912,330	-	-	147,191,927	2,059,812	25,381,609	235,545,678
Total Investments	174,711,361	17,624,986	12,839,820	377,031,104	33,071,237	104,724,339	720,002,847
Total Assets	\$ 174,711,361	\$ 17,624,986	\$ 12,839,820	\$ 377,031,104	\$ 33,071,237	\$ 104,724,339	\$ 720,002,847
NET POSITION							
Held in Trust for Pension Benefits	\$ 174,711,361	\$ 17,624,986	\$ 12,839,820	\$ 377,031,104	\$ 33,071,237	\$ 104,724,339	\$ 720,002,847

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Changes in Fiduciary Net Position							
	Employee Retirement Plans					Post Retirement Benefit Trust	
	Firefighters and Police Officers Pension Plan						
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component	Other Post Employment Benefits	Total
ADDITIONS							
Contributions:							
Employer	\$ 7,208,914	\$ 1,700,000	\$ -	\$ 15,464,667	\$ 935,081	\$ 5,750,000	\$ 31,058,662
Plan Members	1,845,825	-	-	3,250,033	206,909	-	5,302,767
Total Contributions	<u>\$ 9,054,739</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 18,714,700</u>	<u>\$ 1,141,990</u>	<u>\$ 5,750,000</u>	<u>\$ 36,361,429</u>
Investment Income:							
Net Appreciation (Depreciation)							
in Fair Value of Investments	\$ (24,024,908)	\$ -	\$ (1,569,314)	\$ (41,585,682)	\$ (5,369,061)	\$ (17,482,726)	\$ (90,031,691)
Interest	2,402,082	498,086	241,568	(7,258,980)	(1,496,924)	1,482,042	(4,132,126)
Investment Expense	(470,979)	-	-	(1,038,061)	(99,452)	(173,100)	(1,781,592)
Net Investment Income	<u>\$ (22,093,805)</u>	<u>\$ 498,086</u>	<u>\$ (1,327,746)</u>	<u>\$ (49,882,723)</u>	<u>\$ (6,965,437)</u>	<u>\$ (16,173,784)</u>	<u>\$ (95,945,409)</u>
Total Additions	<u>\$ (13,039,066)</u>	<u>\$ 2,198,086</u>	<u>\$ (1,327,746)</u>	<u>\$ (31,168,023)</u>	<u>\$ (5,823,447)</u>	<u>\$ (10,423,784)</u>	<u>\$ (59,583,980)</u>
DEDUCTIONS							
Benefits	\$ 9,757,951	\$ 2,394,031	\$ 754,591	\$ 18,681,916	\$ 3,003,579	\$ -	\$ 34,592,068
Refunds of Contributions	363,903	-	-	346,232	-	-	710,135
Administrative Expenses	945,741	24,170	5,549	330,130	72,652	41,251	1,419,493
Total Deductions	<u>\$ 11,067,595</u>	<u>\$ 2,418,201</u>	<u>\$ 760,140</u>	<u>\$ 19,358,278</u>	<u>\$ 3,076,231</u>	<u>\$ 41,251</u>	<u>\$ 36,721,696</u>
Net Increase (Decrease)	<u>\$ (24,106,661)</u>	<u>\$ (220,115)</u>	<u>\$ (2,087,886)</u>	<u>\$ (50,526,301)</u>	<u>\$ (8,899,678)</u>	<u>\$ (10,465,035)</u>	<u>\$ (96,305,676)</u>
Assets Transfer in (Out)		-	-				-
Net Position at Beginning of Year	<u>198,818,022</u>	<u>17,845,101</u>	<u>14,927,706</u>	<u>427,557,405</u>	<u>41,970,915</u>	<u>115,189,374</u>	<u>816,308,523</u>
Net Position at End of Year	<u>\$ 174,711,361</u>	<u>\$ 17,624,986</u>	<u>\$ 12,839,820</u>	<u>\$ 377,031,104</u>	<u>\$ 33,071,237</u>	<u>\$ 104,724,339</u>	<u>\$ 720,002,847</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial valuations for all defined benefit plans are performed annually with the exception of Virginia Retirement System (VRS), which is performed biennially; however, an actuarial update is performed in the interim year for informational purposes. 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. The Deputy Sheriffs adopted enhanced hazardous duty benefits as of January 1, 2020 which increased the contribution from 8.93 percent to 9.92 percent.

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, 2022, the City of Alexandria had 810 employees enrolled in the Hybrid Defined Contribution Plan. The FY 2022 City contribution was \$1.3 million.

The assumption changes are presented in the RSI for Pensions. The basis for the assumptions for all participants is the Virginia Retirement System Experience Study for the Four-Year Period July 1, 2016 to June 30, 2020 presented and adopted by the Board at its April 2021 meeting.

Financial statements and required supplementary information are presented in the VRS comprehensive annual 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 5.73 percent for General Schedule employees, 7.73% for Deputy Sheriff's and 9.01 % for Medics and Fire Marshals during FY 2022.

The recommended contribution rate decreased from 34.86 percent as of July 1, 2020 to 34.96 percent as of July 1, 2021 for the Firefighter and Police Officers Basic Plan and decreased from 1.26 percent as of July 1, 2020 to 1.01 percent as of July 1, 2021 for the Disability Plan. During the year ended June 30, 2021, the Basic Plan's assets returned 12.08 percent and the Disability Plan's assets had a return of 8.64 percent on a market value basis. As of the July 1, 2021 Actuarial Valuation, the Basic Plan's unfunded actuarial accrued liability was \$50.6 million, and the Disability Plan's unfunded actuarial accrued liability was negative \$7.9 million.

The actuarial assumptions for the Firefighters and Police Officers Basic and Disability Plans are based on an actuarial experience study based on experience of the Plans from July 1, 2013 to June 30, 2017. 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 with the exception of the assumed rate of return which was lowered from 7.00% to 6.75% The lump sum conversion rate is scheduled to change annually.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

On June 30, 2022, the City recognized a net pension liability of \$81.4 million for two of the City's Single Employer Pension Plans. The City recognized a net pension asset of \$2 million for the other two City Single Employee Pension Plans. Measurements as of June 30, 2022 were based on the fair value of assets as of June 30, 2022 and the Total Pension Liability as of the valuation date, June 30, 2021, updated to June 30, 2022. The City recognized a net pension liability of \$46.8 million for the VRS multi-employer plan. The VRS net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020.

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.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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/ERT	Public Safety	Public Safety	Public Safety	Public Safety
Authority for Plan Provisions and Contributions	State Statute	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance
Plan Type	Agent Multi-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer
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	6/30/2021	7/1/2021	7/1/2021	N/A	7/1/2021	7/1/2021
Measurement Date	6/30/2021	6/30/2022	6/30/2022	6/30/2022	6/30/2022	6/30/2022

MEMBERSHIP AND PLAN PROVISIONS

Active Participants	2041	1920	0	41	525	525
Retirees & Beneficiaries	1337	575	81	0	349	97
Terminated Vested & Non-vested	945	739	0	22	101	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 vested in the Defined Contributions Plan after four years.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

As of:	6/30/2021	7/01/2021	7/01/2021	N/A	7/01/2021	7/01/2021
	(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%	3.5%	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% ¹	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	Level Percentage	Level dollar	Level dollar	N/A	Level Percentage	Level Percentage
Open/Closed/Layered	Closed	Layered	Closed		Layered	Layered
Remaining Amortization Period	14-23	2(10 year layer)	4	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	\$ 561,191,401	\$ 175,426,421	\$17,845,101	N/A	\$375,174,441	\$ 39,872,594
Actuarial Accrued Liability	671,819,770	181,029,659	18,821,317	N/A	425,739,646	31,931,248
Unfunded Actuarial						
Accrued Liability (UAAL)	\$ 110,628,369	\$ 5,603,238	\$ 976,216	N/A	\$ 50,565,205	\$ (7,941,346)
Funded Ratio	83.53%	96.9%	94.8%	N/A	88.1%	124.9%
Annual Covered Payroll	\$ 144,874,214	\$ 154,127,839	N/A	N/A	\$ 44,226,890	\$ 44,226,890
UAAL as Percentage of Covered Payroll	76.36%	3.6%	N/A	N/A	114.3%	-18.0%

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

* Plan 1, ¹ Plan 2 and Hybrid

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

MEMBERSHIP AND PLAN PROVISIONS

As of:

6/30/2021

7/01/2021

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	(1)	(2)
	VRS	City
	City	Supplemental Retirement
SIGNIFICANT ACTUARIAL ASSUMPTIONS		
Investment Earnings	6.75%	6.75%
Projected Salary Increases		
Attributable to:		
Inflation	2.5%*	3.25%
Seniority/Merit	3.50% -5.35%**	3.25%-5.10%
Projected Postretirement Increases	2.5%*, 2.25% ^t	None
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Percentage	Level dollar
Open/Closed/Layered	Closed	Layered
Remaining Amortization Period	14-23	2(10 year layer)
Asset Valuation Method	5-year Smoothed Market Value	4-year Smoothed Market
Funded Status		
Actuarial Value of Assets	\$ 561,191,401	\$ 175,426,421

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Accrued Liability	671,819,770	181,029,659	
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 110,628,369	\$ 5,603,238	
Funded Ratio	83.53%	96.9%	
Annual Covered Payroll	\$ 144,874,214	\$ 154,127,839	
UAAL as Percentage			
of Covered Payroll	76.36%	3.6%	

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%

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CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

As of:	6/30/2022	6/30/2022	6/30/2022	6/30/2022	6/30/2022	6/30/2022
	VRS City	City Supplemental Retirement	Pension for Fire and Police	Retirement Income for Fire and Police	Firefighters and Police Pension	Fire and Police Disability
PERCENTAGE OF COVERED PAYROLL CONTRIBUTED						
Employee %	5.0%	2.0%	N/A	N/A	7.2%	0.8%
Employer %	9.92% **	3.45%	\$ 1.7 mil/Yr.	N/A	34.99%	1.67%
AMOUNT CONTRIBUTED						
Employee	\$ 6,746,952	\$ 1,845,825	\$ -	\$ -	\$ 3,250,033	\$ 206,909
Employer	13,010,172	7,208,914	1,700,000	-	15,464,667	935,081
Total Amount Contributed	\$ 19,757,124	\$ 9,054,739	\$ 1,700,000	\$ -	\$ 18,714,700	\$ 1,141,990

All employees make a 5% contribution to VRS.

COVERED PAYROLL

Dollar Amount (in millions)	\$ 144.9	\$ 154.1	\$ N/A	\$ N/A	\$ 44.2	\$ 44.2
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)	*	8%	100%	-	2%	1%
Empower and Comerica Mutual Funds	*	56%	-	100%	57%	75%
Stocks	*	15%	-	-	19%	20%
Real Estate	*	8%	-	-	12%	0%
Timber	*	4%	-	-	3%	0%
Private Equity	*	8%	-	-	8%	3%
Other	*	2%	-	-	0%	0%

* Investment information not available on an individual jurisdiction basis.

** The VRS employer contribution was increased from 8.93% to 9.92% due to the addition of enhanced hazardous duty coverage for Deputy Sheriffs.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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, 2022

<u>Portfolio</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Equity Securities</u>			
Common Stock & ETFs	\$ 97,650,826	\$ -	\$ -
Mutual Funds		66,380,261	-
Total Equity Securities	97,650,826	66,380,261	-
<u>Private Equity</u>			
Secondaries Funds	-	-	32,451,851
Total Private Equity	-	-	32,451,851
<u>Cash Equivalents</u>			
Money Market Funds	-	6,481,051	-
Total Cash Equivalents	-	6,481,051	-
Total Investments by Fair Asset Value	\$ 97,650,826	\$ 72,861,312	\$ 32,451,851
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	149,251,739		
Real Estate Funds	46,331,834		
Timber Funds	11,554,779		
Total Investments Measured at NAV	207,138,352		
Total Value	\$ 410,102,341		

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

During fiscal year 2022, \$410.1 million worth of investments were evaluated and classified in the fair value hierarchy as follows: Level 1, \$97.7 million; Level 2, \$72.9 million; Level 3, \$32.5 million; and NAV, \$207.1 million. The following table presents the NAV investment disclosures for the Firefighters and Police Officers Pension Plan.

	Capital Commitment	Capital Called	Remaining Uncalled Commitment	Current NAV	Withdrawal Frequency
Commingled Collective Trusts	N/A	N/A	N/A	\$183,020,506	Daily to Quarterly
Real Estate Funds	\$4,400,000	\$4,400,000	\$0	\$46,331,834	Monthly
Timber Funds	\$8,500,000	\$8,359,000	\$141,000	\$11,554,779	Closed End Strategies
	\$12,900,000	\$12,759,000	\$141,000	\$240,907,119	

Pension for Fire and Police
As of June 30, 2022

<u>Portfolio</u>	Level 1	Level 2	Level 3
Guaranteed Investment Accounts	\$ -	\$ 17,624,986	\$ -
Totals	\$ -	\$ 17,624,986	\$ -

During fiscal year 2022, \$17.6 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

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		12,839,820	-
Total Equity Securities	-	12,839,820	-
Total Investments by Fair Asset Value	\$ -	\$ 12,839,820	\$ -

During fiscal year 2022, \$12.8 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Retirement Plan
As of June 30, 2022

<u>Portfolio</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Equity Securities</u>			
Common Stock & ETFs	\$ 26,516,590	\$ -	\$ -
Mutual Funds	-	38,381,154	-
Total Equity Securities	26,516,590	38,381,154	-
<u>Private Equity</u>			
Secondaries Funds	-	-	13,745,327
Total Private Equity	-	-	13,745,327
<u>Cash Equivalents</u>			
Money Market Funds	-	11,734,542	-
Total Cash Equivalents	-	11,734,542	-
Total Investments by Fair Asset Value	\$ 26,516,590	\$ 50,115,696	\$ 13,745,327
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	58,260,453		
Real Estate Funds	15,486,789		
Timber Funds	6,913,484		
Farmland	3,673,022		
Total Investments Measured at NAV	84,333,748		
Total Value	\$ 174,711,361		

During fiscal year 2022, \$174.7 million worth of investments were evaluated and classified in the fair value hierarchy as follows: Level 1, \$26.5 million; Level 2, \$50.1 million; Level 3, \$13.7 million; and NAV, \$84.3 million. The following table presents the NAV investment disclosures for Supplemental Retirement Plan.

	Capital Commitment	Capital Called	Remaining Uncalled Commitment	Current NAV	Withdrawal Frequency
Commingled Collective Trusts	N/A	N/A	N/A	\$58,260,453	Daily to Quarterly
Real Estate Funds	\$4,400,000	\$4,400,000	\$0	\$15,486,789	Monthly
Timber Funds	\$5,200,000	\$5,087,200	\$112,800	\$6,913,484	Closed End Strategies
Farmland	\$2,000,000	\$2,000,000	\$0	\$3,673,022	Quarterly
	\$11,600,000	\$11,487,200	\$112,800	\$84,333,748	

Net Pension Liabilities and Pension Expense

For the year ended June 30, 2022, the City recognized pension expense of \$32,254,732 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, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Firefighters & Police Officers Pension Plan			
Balances as of 6/30/2021	\$ 417,697,953	\$ 427,557,405	\$ (9,859,452)
Changes for the year:			
Service cost	9,878,313	-	9,878,313
Interest	28,772,498	-	28,772,498
Changes in benefit terms	-	-	-
Changes in assumptions	13,579,116	-	13,579,116
Difference between expected and actual experience	(5,537,423)	-	(5,537,423)
Contributions-employer	-	15,464,667	(15,464,667)
Contributions-employee	-	3,250,033	(3,250,033)
Net Investment Income	-	(49,882,723)	49,882,723
Benefit payments, including refunds	(19,028,148)	(19,028,148)	-
Administrative Expense	-	(330,130)	330,130
Net Changes	27,664,356	(50,526,301)	78,190,657
Balances at 6/30/2022	<u>\$ 445,362,309</u>	<u>\$ 377,031,104</u>	<u>\$ 68,331,205</u>
Firefighters & Police Officers Disability Pension Plan			
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2021	\$ 31,965,188	\$ 41,970,915	\$ (10,005,727)
Changes for the year:			
Service cost	622,182	-	622,182
Interest	2,097,641	-	2,097,641
Changes in benefit terms	-	-	-
Changes in assumptions	666,836	-	666,836
Difference between expected and actual experience	(700,776)	-	(700,776)
Contributions-employer	-	935,081	(935,081)
Contributions-employee	-	206,909	(206,909)
Net Investment Income	-	(6,965,437)	6,965,437
Benefit payments, including refunds	(3,003,579)	(3,003,579)	-
Administrative Expense	-	(72,652)	72,652
Net Changes	(317,696)	(8,899,678)	8,581,982
Balances at 6/30/2022	<u>\$ 31,647,492</u>	<u>\$ 33,071,237</u>	<u>\$ (1,423,745)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Supplemental Retirement Plan			
Balances as of 6/30/2021	\$ 174,957,995	\$ 198,818,022	\$ (23,860,027)
Changes for the year:			
Service cost	4,668,118	-	4,668,118
Interest	12,198,565	-	12,198,565
Changes in benefit terms	-	-	0
Changes in assumptions	5,421,196	-	5,421,196
Difference between expected and actual experience	650,468	-	650,468
Contributions-employer	-	7,208,914	(7,208,914)
Contributions-employee	-	1,845,825	(1,845,825)
Net Investment Income	-	(22,093,805)	22,093,805
Benefit payments, including refunds	(10,121,854)	(10,121,854)	-
Administrative Expense	-	(945,741)	945,741
Net Changes	12,816,493	(24,106,661)	36,923,154
Balances at 6/30/2022	<u>\$ 187,774,488</u>	<u>\$ 174,711,361</u>	<u>\$ 13,063,127</u>
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Pension Plan for Firefighters & Police Officers			
Balances as of 6/30/2021	\$ 18,629,611	\$ 17,845,101	\$ 784,510
Changes for the year:			
Service Cost	-	-	-
Interest	617,211	-	617,211
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	191,706	-	191,706
Contributions-employer	-	1,700,000	(1,700,000)
Contributions-employee	-	-	-
Net Investment Income	-	498,086	(498,086)
Benefit payments, including refunds	(2,394,031)	(2,394,031)	-
Administrative Expense	-	(24,170)	24,170
Net Changes	(1,585,114)	(220,115)	(1,364,999)
Balances at 6/30/2022	<u>\$ 17,044,497</u>	<u>\$ 17,624,986</u>	<u>\$ (580,489)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2020	\$ 664,745,527	\$ 544,745,930	\$ 119,999,597
Changes for the year:			
Service cost	13,299,007	-	13,299,007
Interest	43,694,605	-	43,694,605
Changes in benefit terms	5,911,527	-	5,911,527
Changes in assumptions	29,186,885	-	29,186,885
Difference between expected and actual experience	1,640,227	-	1,640,227
Contributions-employer	-	13,010,172	(13,010,172)
Contributions-employee	-	6,746,952	(6,746,952)
Net Investment Income	-	147,643,324	(147,643,324)
Benefit payments, including refunds	(34,836,101)	(34,836,101)	-
Other	-	(85,469)	85,469
Administrative Expense	-	(371,929)	371,929
Net Changes	58,896,150	132,106,949	(73,210,799)
Balances as of 6/30/2021	\$ 723,641,677	\$ 676,852,879	\$ 46,788,798

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2022 are as follows:

	Firefighters & Police Officers Pension Plan	Firefighters & Police Officers Disability Pension Plan	Supplemental Retirement Plan	Pension Plan for Firefighters & Police
Total Pension Liability	\$ 445,362,309	\$ 31,647,492	\$ 187,774,488	\$ 17,044,497
Plan Fiduciary Net Position	377,031,104	33,071,237	174,711,361	17,624,986
Net Pension Liability/(Asset)	<u>\$ 68,331,205</u>	<u>\$ (1,423,745)</u>	<u>\$ 13,063,127</u>	<u>\$ (580,489)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.7%	104.5%	93.0%	103.4%

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate	Firefighters & Police Officers Pension Plan		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$ 509,259,078	\$ 445,362,309	\$ 393,049,860
Plan Fiduciary Net Position	377,031,104	377,031,104	377,031,104
Net Pension Liability/(Asset) 6/30/2022	<u>\$ 132,227,974</u>	<u>\$ 68,331,205</u>	<u>\$ 16,018,756</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	74.0%	84.7%	95.9%

Sensitivity of Net Pension Liability to Changes in the Discount Rate	Firefighters & Police Officers Disability Pension Plan		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$ 34,558,055	\$ 31,647,492	\$ 29,168,469
Plan Fiduciary Net Position	33,071,237	33,071,237	33,071,237
Net Pension Liability/(Asset) 6/30/2022	<u>\$ 1,486,818</u>	<u>\$ (1,423,745)</u>	<u>\$ (3,902,768)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	95.7%	104.5%	113.4%

Sensitivity of Net Pension Liability to Changes in the Discount Rate	Supplemental Retirement Plan		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$ 205,694,257	\$ 187,774,488	\$ 172,379,356
Plan Fiduciary Net Position	174,711,361	174,711,361	174,711,361
Net Pension Liability/(Asset) 6/30/2022	<u>\$ 30,982,896</u>	<u>\$ 13,063,127</u>	<u>\$ (2,332,005)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.9%	93.0%	101.4%

Sensitivity of Net Pension Liability to Changes in the Discount Rate	Pension Plan for Firefighters & Police Officers		
	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total Pension Liability	\$ 18,013,062	\$ 17,044,497	\$ 16,172,457
Plan Fiduciary Net Position	17,624,986	17,624,986	17,624,986
Net Pension Liability/(Asset) 6/30/2022	<u>\$ 388,076</u>	<u>\$ (580,489)</u>	<u>\$ (1,452,529)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	97.8%	103.4%	109.0%

Sensitivity of Net Pension Liability to Changes in the Discount Rate	Virginia Retirement System (VRS)		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability/(Asset) 6/30/2022	<u>\$ 140,411,679</u>	<u>\$ 46,665,973</u>	<u>\$ (30,679,770)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

\$12,975,113 reported as deferred outflows of resources related to pensions resulting from City contributions to VRS subsequent to the measurement date of June 30, 2021 will be recognized in pension expense in the year ended June 30, 2022. At June 30, 2021, 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/(Inflow s) of Resources
Differences between expected and actual experience	\$ 1,378,795	\$ 6,882,520	\$ 508,958	\$ 6,290,758	\$ 3,769,665	\$ -	\$ -	\$ -	\$ 2,751,211	\$ 615,460	\$ 8,408,629	\$ 13,788,738	\$ (5,380,109)
Changes in assumptions	17,134,866	-	1,537,652	2,452,179	4,336,957	-	-	-	25,050,451	-	48,059,926	2,452,179	45,607,747
Net difference between projected and actual earnings on pension plan investments	21,925,304	-	6,190,820	-	10,040,166	-	311,051	-	-	73,155,545	38,467,341	73,155,545	(34,688,204)
Employer contributions subsequent to the measurement date	-	-	-	-	-	-	-	-	12,975,113	-	12,975,113	-	12,975,113
Total	\$ 40,438,965	\$ 6,882,520	\$ 8,237,430	\$ 8,742,937	\$ 18,146,788	\$ -	\$ 311,051	\$ -	\$ 40,776,775	\$ 73,771,005	\$107,911,009	\$ 89,396,462	\$ 18,514,547
Total deferred outflows	<u>\$ 107,911,009</u>												
Total deferred inflows	<u>\$ 89,396,462</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:					
2023	\$ 6,573,010	\$ 61,469	\$ 4,142,532	\$ 160,207	\$ 9,393,650
2024	6,948,329	93,124	3,979,007	95,895	(8,486,541)
2025	900,139	132,234	1,622,557	32,141	(11,623,578)
2026	17,117,517	1,207,570	8,402,692	22,808	(22,277,761)
2027	868,641	(759,798)	-	-	-
Thereafter	1,148,809	(1,240,106)	-	-	-
Total Future Deferrals	\$ 33,556,445	\$ (505,507)	\$ 18,146,788	\$ 311,051	\$ (32,994,230)

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2022

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 in excess of 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, 2022

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, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The Retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at Retirement using a formula.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election</p> <p>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p><i>Political Subdivision Plan Only:</i></p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: School division employees and Political subdivision employees*</p> <p>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</p> <p>*Non-Eligible Members</p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <p>Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees.</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the Hybrid retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<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</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</p>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.		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.
Service Credit 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.	Service Credit Same as Plan 1.	Service Credit <u>Defined Benefit Component:</u> 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. <u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five year (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component</u> 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. <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

		<p>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%. 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>
<p>Normal Retirement Age</p> <p>VRS: Age 65.</p>	<p>Normal Retirement Age</p> <p>VRS: Normal Social Security retirement age.</p>	<p>Normal Retirement Age</p> <p>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>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

<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: Defined Benefit Component: 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>Defined Contribution Component: 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: Defined Benefit Component: Age 60 with at least five years (60 months) of creditable service.</p> <p>Defined Contribution Component: 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 following unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</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. 	<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>Exceptions to COLA Effective Dates: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2.</p> <p>Defined Contribution component: Not applicable.</p> <p>Eligibility:</p> <p>Same as Plan 1 and Plan 2.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.</p>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

<ul style="list-style-type: none"> • 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. 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>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>
<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. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service Defined Benefit component: 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>Defined Contribution Component: Not applicable.</p>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Active Members	<u>243</u>
Inactive members:	
Vested inactive members	40
Non-vested Inactive Members	105
LTD	-
Inactive members active elsewhere in VRS	<u>46</u>
Total Inactive Members	<u>191</u>
Inactive members or their beneficiaries currently receiving benefits	<u>200</u>
Total Covered Employees	<u><u>634</u></u>

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, 2022 was 1.21 % of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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, 2022 and June 30, 2021, respectively.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 particular 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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial assumptions used in the June 30, 2020 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

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:

<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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.0%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return			<u>7.39%</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

(1) The above allocation provides a one-year return of 7.39%. 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 6.94%, 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 the expected long-term results of the VRS fund asset allocation at the 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, 2021, 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, 2017, actuarial valuations, whichever was greater. From July 1, 2021 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.

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, 2020	\$ 44,718,010	\$ 48,105,973	\$ (3,387,963)
Changes for the year:			
Service Cost	695,580	-	695,580
Interest	2,929,383	-	2,929,383
Differences between expected and actual experience	(1,566,069)	-	(1,566,069)
Changes in assumptions	1,471,608	-	1,471,608
Contributions - employer	-	58	(58)
Contributions - employee	-	365,306	(365,306)
Net investment income	-	12,910,551	(12,910,551)
Benefit payments, including refunds of employee contributions	(2,639,499)	(2,639,499)	-
Administrative expenses	-	(33,452)	33,452
Other changes	-	1,205	(1,205)
Net changes	891,003	10,604,169	(9,713,166)
Balances at June 30, 2021	\$ 45,609,013	\$ 58,710,142	\$ (13,101,129)

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 5.75%	Current Discount Rate 6.75%	(+1%) Increase 7.75%
Net Pension Liability (Asset)	\$ (7,921,589)	\$ (13,101,129)	\$ (17,454,786)

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

For the year ended June 30, 2022, ACPS recognized pension expense of approximately (\$2,065,051). As of June 30, 2022, 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	\$ -	\$ 6,373,656
Employer contributions subsequent to the measurement date	75,496	-
Change in assumptions	903,420	-
Differences between expected and actual experience	-	1,146,756
Total	<u>\$ 978,916</u>	<u>\$ 7,520,412</u>

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, 2023. 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
2023	\$ (1,713,352)
2024	(1,471,622)
2025	(1,483,772)
2026	(1,948,246)
	<u>\$ (6,616,992)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Payables to the Pension Plan

At June 30, 2022, 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 2021 VRS Annual Financial Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/Publications/2020-annual-report.pdf>, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$34.4 million and \$33.5 million for each of the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teachers Plan. The special payment was authorized by a budget amendment included in Chapter 552 of the 2021 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, 2022, ACPS reported a liability of \$142.3 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 1.83262% as compared to 1.84340% at June 30, 2020.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

For the year ended June 30, 2022, ACPS recognized pension expense of \$2.4 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.

At June 30, 2022, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 89,653,534
Changes in proportion and differences between employer contributions and proportionate share of contributions	959,744	2,385,978
Changes in assumptions	24,924,995	-
Differences between expected and actual experience	-	12,117,534
Employer contributions subsequent to the measurement date	26,414,800	-
Total	<u>\$ 52,299,539</u>	<u>\$ 104,157,046</u>

The deferred outflows of resources of \$26.4 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (18,316,388)
2024	(16,165,601)
2025	(18,291,979)
2026	(25,519,870)
2027	21,531
	<u>\$ (78,272,307)</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2020, 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, 2021.

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, 2020 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 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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	<u>45,617,878</u>
Employers' Net Position Liability	<u>\$ 7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>85.46%</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 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	<u>3.00%</u>	<u>6.84%</u>	<u>0.21%</u>
Total	<u>100.00%</u>		<u>4.89%</u>
		<u>Inflation</u>	<u>2.50%</u>
		(1) Expected arithmetic nominal return	<u>7.39%</u>

(1) The above allocation provides a one-year return of 7.39%. 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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 7.11%, including expected inflation of 2.50%. 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. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

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, 2021, 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, 2021 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:

	(-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 2021 *Comprehensive Annual Financial Report* (Annual Financial Report). A copy of the 2021 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 Pension Plan

At June 30, 2022, ACPS reported payables to the VRS Teacher Retirement Plan of \$3.7 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.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 period ending August 31, 2021 was measured as of August 31, 2021, using the total pension liability that was determined by an actuarial valuation as August 31, 2021.

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, 2021 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 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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.50% of covered payroll. During FY 2022, only ACPS employees contributed to the Plan. These contributions totaled \$2.9 million for the fiscal year ended June 30, 2022. 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, 2021.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Expected Geometric Return
U.S Equity - Large Cap	17.16%	7.70%	6.20%
U.S Equity - Mid Cap	2.18%	8.00%	6.20%
U.S Equity - Small Cap	2.21%	8.55%	6.20%
Non-US Equity	8.96%	8.00%	6.20%
REITs	0.00%	7.30%	5.65%
Real Estate (direct property)	10.72%	5.35%	5.00%
TIPS	0.00%	2.35%	2.15%
Core Bond	54.32%	2.55%	2.55%
High Yield	4.44%	4.65%	4.20%
Total	100.00%		
Exp LTROA (arithmetic mean)	4.65%		
Portfolio Standard Deviation	6.95%		
40th percentile	3.93%		
45th percentile	4.18%		
Expected Compound Return	4.42%		
55th percentile	4.66%		
60th percentile	4.91%		

Portfolio Investment Mix: Equity 31% / Fixed Income 59% / Other 11%

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 \$142.1 million, that represented 5 percent or more of the Plan's fiduciary net position.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Money-Weighted Rate of Return

For the Plan year ended August 31, 2021, the annual money-weighted rate of return on plan investments for the measurement period is 10.44%. 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, 2021, the expected long-term rate of return assumption as of the end of period is 4.50%. 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, 2021 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, 2020, the following changes in assumptions were implemented.

- The mortality improvement scale as been changed to MP2021.
- The discount rate has decreased from 5.50% to 4.50%.
- The long-term rate of return for the current year has decreased from 5.50% to 4.50%

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,433
Retirees and beneficiaries currently receiving benefits	1,287
Inactive or disabled plan members entitled to but not receiving benefits	1,858
Total	<u>5,578</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	4.50%
Discount rate	4.50%
Projected salary increase attributed to:	
Inflation	2.25%
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	\$ 2,753,087
Employer contribution	-
Total amount contributed	<u>\$ 2,753,087</u>
Covered payroll (Annual member compensation)	\$ 169,314,176
Legally-required reserves	None
Long-term contribution contracts	None

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 4.5%. 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 2021 to 2116. Benefit payments after 2116 are projected to be \$0.00.

Net Pension Liability

The net pension liability reported for ACPS fiscal year end of June 30, 2022 was measured as of August 31, 2021, using the total pension liability that was determined by an actuarial valuation as of August 31, 2021.

Changes in Net Pension Liability			
		<i>Increase(Decrease)</i>	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at August 31, 2020	\$ 156,067,165	\$ 132,394,492	\$ 23,672,673
Changes for the year			
Service Cost	4,905,857	-	4,905,857
Interest	8,666,457	-	8,666,457
Differences between expected and actual experience	(380,027)	-	(380,027)
Change in assumptions	24,746,787	-	24,746,787
Contributions - employer	-	-	-
Contributions - employee	-	2,736,256	(2,736,256)
Net investment income	-	13,587,071	(13,587,071)
Benefit payments, including refunds of employee contributions	(6,368,090)	(6,368,090)	-
Administrative expenses	-	(242,705)	242,705
Net changes	31,570,984	9,712,532	21,858,452
Balances at August 31, 2021	\$ 187,638,149	\$ 142,107,024	\$ 45,531,125

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 4.50%, 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 (3.50%) or one percentage point higher (5.50%) than the current rate.

	(-1%) Decrease 3.50%	Current Discount Rate 4.50%	(+1%) Increase 5.50%
Net Pension Liability	\$ 75,875,308	\$ 45,531,125	\$ 21,132,358

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2022 is \$13.2 million. For the year ended June 30, 2022, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 4,657,032
Changes in assumptions	24,268,579	114,751
Differences between expected and actual experience	53,031	272,977
Total	<u>\$ 24,321,610</u>	<u>\$ 5,044,760</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 9,922,483
2024	8,325,407
2025	2,314,431
2026	(1,285,471)
Total	<u>\$ 19,276,850</u>

Payables to the Pension Plan

At June 30, 2022, ACPS reported payables to the Employees' Supplemental Retirement Plan of \$0.3 million.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The following is a summary of fiduciary net position of the Plan as of June 30, 2022.

Summary of Fiduciary Net Position	
Employees' Supplementary Retirement Plan	
As of June 30, 2022	
ASSETS	
Bonds	\$ 76,840,837
Mutual Funds	23,080,634
Other Investments	26,187,039
Contribution Receivable	340,279
Total assets	<u>126,448,789</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 126,448,789</u>

The following is a summary of changes in fiduciary net position of the Plan for the year ended June 30, 2022.

Summary of Changes in Fiduciary Net Position	
Employees' Supplementary Retirement Plan	
For the Year Ended June 30, 2022	
ADDITIONS	
Contributions	\$ 2,885,035
Investment Losses, net	(10,141,376)
Total Additions	<u>(7,256,341)</u>
DEDUCTIONS	
Benefit payments	6,551,099
Administrative expenses	285,979
Total Deductions	<u>6,837,078</u>
Change in net position	(14,093,419)
NET POSITION, beginning of year	<u>140,542,208</u>
NET POSITION, end of year	<u>\$ 126,448,789</u>

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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, 2022

	VRS - Teachers Plan				VRS - 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	\$ -	\$ -	\$ 142,268,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,531,125	\$ -	\$ -	\$ -	\$ -	\$ 187,799,200	\$ -
Net Pension Asset	-	-	-	-	-	-	13,101,129	-	-	-	-	-	-	-	13,101,129	-	-
Net difference between projected and actual earnings on pension plan investments	-	89,653,534	-	-	-	6,373,656	-	-	-	4,657,032	-	-	-	100,684,222	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	959,744	2,385,978	-	-	-	-	-	-	-	-	-	-	959,744	2,385,978	-	-	-
Differences between expected and actual experience	-	12,117,534	-	-	-	1,146,756	-	-	53,031	272,977	-	-	53,031	13,537,267	-	-	-
Changes in assumptions	24,924,995	-	-	-	903,420	-	-	-	24,268,579	114,751	-	-	50,096,993	114,751	-	-	-
Employer contributions subsequent to the measurement date	26,414,800	-	-	-	75,496	-	-	-	-	-	-	-	26,490,296	-	-	-	-
Pension Expense	-	-	-	990,657	-	-	-	(2,065,051)	-	-	-	13,239,836	-	-	-	-	12,165,442
Totals	\$ 52,299,539	\$ 104,157,046	\$ 142,268,075	\$ 990,657	\$ 978,916	\$ 7,520,412	\$ 13,101,129	\$ (2,065,051)	\$ 24,321,610	\$ 5,044,760	\$ 45,531,125	\$ 13,239,836	\$ 77,600,064	\$ 116,722,218	\$ 13,101,129	\$ 187,799,200	\$ 12,165,442

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

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 2022 is the fifth 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.

The agency's presence in the City is projected to generate (in today's dollars) \$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 will generate 90,000 hotel room stays per year, 30,000 above the original study estimate (worth between \$10.0 million and \$14.0 million to these tax generation estimates).

In FY 2022, 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, 2022

Exhibit XII
(Continued)

Note 18. TAX ABATEMENTS (Continued)

2022 Real Estate Tax Relief Program for Elderly and Disabled Persons

Residents who are either 65 years of age or older or permanently and totally disabled, or who become such during the current calendar year, may be eligible for the City's Real Estate Tax Relief Program for Elderly and Disabled Persons. The applicant must own and occupy the property as their sole residence. The following limits are currently in effect:

- For a full tax exemption, a household's gross combined income may not have exceeded \$40,000 in 2020.
- For an exemption of 50 percent of taxes, a household's gross combined income may not have exceeded \$55,000 in 2020.
- For an exemption of 25 percent of taxes, a household's gross combined income may not have exceeded \$72,000 in 2020.
- Taxes over the maximum exemption may be deferred for qualifying applicants, subject to repayment with interest upon conveyance or demise of the owner.
- Qualifying elderly and disabled applicants with gross income over \$72,000 but not in excess of \$100,000 may defer their taxes, also subject to repayment with interest. An exemption does not apply for this category.
- For all qualifying applicants, the assets of the household may not exceed \$430,000 (excluding the house and one acre of land).

2022 Real Property Tax Exemption for Veterans with 100% Service-Connected Disability, and Surviving Spouse

The City offers a full real estate tax exemption to veterans with total and permanent service-connected disability and their surviving spouses, subject to the terms in Virginia Code § 58.1-3219.5:

For veterans:

- The veteran must have been rated by the U.S. Department of Veterans Affairs or its successor agency pursuant to federal law as having a service-connected 100 percent permanent and total disability.
- The residence for which the veteran is seeking tax exemption must be his or her primary residence.
- The property must be deeded in the name of the veteran or the veteran and his or her spouse (to include applicable title in trust).
- The veteran's spouse, if applicable, must also be identified.

For surviving spouses of disabled veterans:

- The surviving spouse must be able to meet the standards above for the deceased veteran's disability certification.
- The residence must be deeded in the name of the veteran and surviving spouse, or the surviving spouse has ownership rights by virtue of a will or trust agreement.
- The residence for which the surviving spouse is seeking tax exemption must be his or her principal place of residence, however, the exemption applies without any restriction on the spouse's moving to a different principal place of residence.
- The veteran must have died on or after January 1, 2011.
- The surviving spouse must not be remarried.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

Note 18. TAX ABATEMENTS (Continued)

2022 Real Property Tax Exemption for Spouse of Veteran Killed in Action

The City offers a full real estate tax exemption to the spouse of any veteran killed in action, subject to the terms in Virginia Code § 58.1-3219.9:

- Effective for tax years 2015 and beyond.
- Eligible to the surviving spouse (i) of any member of the armed forces of the United States who was killed in action as determined by the U.S. Department of Defense and (ii) who occupies the real property as their principal place of residence.
- Per state code, the spouse is eligible “so long as the surviving spouse does not remarry and continues to occupy the real property as their principal place of residence.” The exemption applies without any restriction on the spouse’s moving to a different principal place of residence.
- “Killed in action” includes a determination by the U.S. Department of Defense of “died of wounds received in action.”
- If the surviving spouse acquires the property after January 1, 2015, then the exemption shall begin on the date of acquisition.
- If the value of the applicant’s dwelling is in excess of the average assessed residential value in the City, then only that portion of the assessed value that is not in excess of the average value shall be exempt from real property taxes.
- In most cases, exemption applies to the qualifying dwelling and the land, not exceeding one acre upon which it is situated.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
June 30, 2022

Exhibit XII
(Continued)

NOTE 19. NEW ACCOUNTING STANDARDS

In FY 2022, the following Governmental Accounting Standards Board (GASB) statements were implemented:

Statement No. 87, “Leases.” The objective of GASB 87 statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational 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, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

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REQUIRED
SUPPLEMENTARY
INFORMATION
(Unaudited)

In accordance with the Governmental Accounting Standards Board Statements No. 25, No. 27, No. 34, No. 43,

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, 2022

EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Over (Under)
Revenues:				
General Property Taxes.....	\$ 541,037,548	\$ 541,037,548	\$ 552,540,913	\$ 11,503,365
Other Local Taxes.....	127,016,900	127,016,900	148,875,493	21,858,593
Permits, Fees, and Licenses.....	2,136,550	2,136,550	2,202,262	65,712
Fines and Forfeitures.....	3,762,200	3,762,200	2,694,652	(1,067,548)
Use of Money and Property.....	4,139,167	4,139,167	1,253,752	(2,885,415)
Charges for Services.....	13,724,495	13,724,495	15,203,509	1,479,014
Intergovernmental Revenues.....	56,634,531	57,127,940	56,268,765	(859,175)
Miscellaneous.....	2,115,013	2,190,013	2,597,949	407,936
Total Revenues	750,566,404	751,134,813	781,637,295	30,502,482
Expenditures:				
City Council.....	675,508	730,508	712,091	18,417
City Manager.....	3,064,351	3,682,431	3,483,040	199,391
Office of Management and Budget.....	1,475,268	1,525,055	1,246,904	278,151
18th Circuit Court.....	1,494,941	1,525,055	1,385,871	139,184
18th General District Court.....	142,662	162,662	145,938	16,724
Juvenile And Domestic Relations Court.....	76,909	110,275	93,639	16,637
Commonwealth's Attorney.....	2,895,904	3,236,496	3,141,170	95,326
Sheriff.....	31,064,253	32,306,766	31,647,383	659,383
Clerk of Courts.....	1,844,810	1,844,810	1,707,883	136,927
Other Correctional Activities.....	4,395,790	4,655,790	4,390,890	264,900
Court Services.....	1,560,539	1,704,139	1,591,503	112,636
Human Rights.....	1,008,210	1,018,210	1,010,597	7,613
Internal Audit.....	396,605	461,431	393,529	67,902
Information Technology Services.....	13,343,563	14,159,877	12,960,811	1,199,065
Office of Communications.....	1,576,965	1,651,966	1,390,367	261,599
City Clerk and Clerk of Council.....	420,380	445,380	440,575	4,805
Finance.....	12,646,010	13,175,806	11,805,154	1,370,651
Organizational Excellence.....	177,448	193,448	177,213	16,235
Human Resources.....	4,662,400	5,051,154	4,113,830	937,324
Planning and Zoning.....	6,383,717	6,758,347	6,017,203	741,144
Economic Development Activities.....	7,011,340	7,036,340	6,739,985	296,355
City Attorney.....	3,582,295	3,946,595	3,935,608	10,987
Registrar of Voters.....	1,329,387	1,617,361	1,385,628	231,733
General Services.....	10,670,321	11,857,873	10,758,104	1,099,769
Office of Proj. Implementation.....	-	-	-	-
Performance and Accountability.....	655,709	690,709	522,198	168,511
Transportation and Environmental Services.....	24,333,217	25,235,656	24,529,607	706,049
Transit Subsidies.....	19,255,706	19,272,548	18,681,843	590,705
Fire.....	53,979,734	55,613,741	54,804,334	809,407
Community Policing Review Board.....	288,866	500,000	16,000	484,000
Police.....	60,222,046	61,941,031	60,650,177	1,290,853
Emergency Communication.....	9,083,917	9,145,442	8,533,833	611,609
Building and Fire Code Administration.....	-	-	-	-
Housing.....	1,814,506	1,954,941	1,898,502	56,439
Community and Human Services.....	15,460,024	15,956,335	14,341,249	1,615,085
Other Health Services.....	1,257,387	1,747,962	1,747,962	-
Health.....	7,444,430	7,680,430	6,607,610	1,072,820
Office of Historic Alexandria.....	3,533,997	3,940,823	3,491,916	448,907
Recreation and Cultural Activities.....	24,419,339	25,267,173	23,212,173	2,055,000
Library.....	-	-	-	-
ACPS (Debt Service).....	28,633,966	28,633,966	28,633,966	-
Other Educational Activities.....	15,785	15,785	15,785	-
Non Departmental (including debt service).....	46,682,777	51,795,759	45,368,620	6,427,139
	408,980,982	428,250,075	403,730,690	24,519,384
Other Financing Sources (Uses):				
Proceeds of Refunding Bonds.....	-	11,782,546	11,782,546	-
Payment to Refunded Bonds Escrow Agent.....	-	(11,710,136)	(11,710,136)	-
Transfers In.....	10,142,543	10,142,543	45,584,494	35,441,951
Transfers Out.....	(114,733,811)	(127,241,725)	(127,261,747)	(20,022)
Transfers Out - Component Units.....	(246,994,154)	(247,118,122)	(247,118,122)	-
	(351,585,422)	(364,144,894)	(328,722,965)	35,421,929
Net Change in Fund Balance.....	(10,000,000)	(41,260,156)	49,183,640	90,443,795
Fund Balances at Beginning of Year.....	176,644,513	176,644,513	176,644,513	-
Increase/(Decrease) in Reserve for Inventory	-	(743,345)	(743,345)	-
FUND BALANCES AT END OF YEAR.....	\$ 166,644,513	\$ 134,641,012	\$ 225,084,808	\$ 90,443,795

(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, 2022

EXHIBIT XIV

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Over (Under)
Revenues:				
General Property Taxes.....	\$ 1,571,483	\$ 1,571,483	\$ 1,520,100	\$ (51,383)
Other Local Taxes.....	7,157,269	7,157,269	6,884,870	(272,398)
Permits, Fees and Licenses.....	10,169,871	10,169,871	13,578,805	3,408,934
Use of Money and Property.....	586,036	586,036	1,570,646	984,610
Charges for Services.....	51,858,687	51,913,701	47,974,061	(3,939,640)
Intergovernmental Revenues.....	163,093,787	154,179,116	99,119,069	(55,060,047)
Miscellaneous.....	20,297,002	26,393,152	14,759,292	(11,633,861)
Total Revenues.....	254,734,134	251,970,628	185,406,843	(66,563,785)
Other Financing Sources:				
Transfers In.....	81,116,394	81,618,057	82,309,601	691,543
Issuance of Debt and other Financing	6,191,251	6,191,251	11,837,719	5,646,468
Total Other Financing Sources.....	87,307,645	87,809,308	94,147,320	6,338,011
Total Revenues and Other Financing Sources.....	342,041,780	339,779,936	279,554,163	(60,225,773)
Expenditures:				
City Manager's Office.....	120,000	120,000	30,000	90,000
Commonwealth's Attorney.....	1,086,429	1,090,400	469,529	620,871
Sheriff.....	285,853	285,853	199,868	85,985
Clerk of Courts.....	127,915	127,915	-	127,915
Law Library.....	-	-	-	-
Other Correctional and Judicial Activities.....	678,528	678,528	628,064	50,464
Court Services.....	597,752	647,732	236,594	411,138
Human Rights.....	48,166	48,166	23,443	24,723
Internal Audit.....	50,000	120,000	31,781	88,219
Information Technology Services.....	1,064,185	1,064,185	896,498	167,687
Finance.....	912,889	919,139	863,646	-
Planning and Zoning.....	688,127	688,127	437,252	250,875
Economic Development.....	400,000	900,000	620,000	280,000
Registrar.....	-	-	-	-
General Services.....	677,883	747,141	277,048	470,093
Office of Project Implementation.....	147,216	147,216	90,027	57,189
Performance and Accountability.....	111,643	111,643	97,031	14,612
Transportation and Environmental Services.....	48,081,034	49,329,103	25,286,037	24,043,066
Transit Subsidies.....	7,282,352	7,282,352	10,266,723	(2,984,371)
Fire.....	6,994,444	7,633,618	3,057,833	4,575,785
Police.....	976,756	980,210	99,220	880,990
Emergency Communications.....	108,916	108,916	86,596	22,320
Building and Fire Code Administration.....	8,233,886	8,258,886	6,244,879	2,014,007
Office of Housing.....	24,674,420	32,558,928	6,731,779	25,827,149
Community and Human Services.....	98,254,368	102,437,049	90,436,548	12,000,500
Alexandria Health.....	618,119	618,119	434,937	183,182
Historic Alexandria.....	1,355,594	1,509,931	701,559	808,372
Recreation and Cultural Activities.....	3,934,675	4,212,616	2,011,204	2,201,412
Library.....	84,000	84,000	83,890	110
ACPS - Schools.....	-	-	-	-
Non-Departmental.....	66,996,898	16,095,690	8,148,483	7,947,207
Total Expenditures.....	274,472,049	238,685,464	158,490,469	80,169,502
Other Financing Sources/Uses:				
Transfers Out.....	94,635,209	135,583,888	138,696,431	(3,112,543)
Total Other Financing Uses.....	94,635,209	135,583,888	138,696,431	(3,112,543)
Total Expenditures and Other Financing Uses.....	369,107,257	374,269,352	297,186,900	77,056,959
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses.....	(27,065,478)	(34,489,416)	(17,632,737)	(17,632,737)
Fund Balance at Beginning of Year.....	142,263,536	142,263,536	142,263,536	142,263,536
FUND BALANCE AT END OF YEAR.....	\$ 115,198,058	\$ 107,774,120	\$ 124,630,799	\$ 124,630,799

(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, 2022

EXHIBIT XV

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Over (Under)
Revenues:				
Charges for Services.....	\$ 3,260,524	\$ 3,260,524	\$ 2,295,617	\$ (964,907)
Intergovernmental Revenues.....	2,718,802	12,239,802	7,211,911	(5,027,891)
Miscellaneous.....	55,000	55,000	29,281	(25,719)
Total Revenues	6,034,326	15,555,326	9,536,808	(6,018,518)
Expenditures:				
Personnel Services.....	21,512,202	30,877,402	24,302,347	6,575,055
Contractual Services.....	1,085,100	1,289,412	1,438,797	(149,385)
Materials and Supplies.....	2,438,500	2,548,626	3,714,016	(1,165,390)
Other Charges.....	1,312,670	1,596,193	1,108,466	487,728
Total Expenditures.....	26,348,472	36,311,633	30,563,625	5,748,008
Other Financing Sources (Uses):				
Transfers In.....	20,397,646	20,720,646	21,357,846	637,200
Transfers Out.....	-	-	-	-
Total Other Financing Sources (Uses).....	20,397,646	20,720,646	21,357,846	637,200
Change in Fund Balance	83,500	(35,661)	331,030	366,691
Fund Balance at Beginning of Year.....	(330,202)	(330,202)	(330,202)	-
Increase/(Decrease) in Reserve for Invento	-	-	-	-
FUND BALANCE AT END OF YEAR.....	\$ (246,702)	\$ (365,863)	\$ 828	\$ 366,691

(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, 2022

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 April 29, 2021, 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	\$ 15,785	\$ 239,421,511	\$ 239,437,296	Education
Library Transfer	-	7,680,826	7,680,826	Library
Other Expenditures (not listed separately)	415,329,062	-	415,329,062	Other Expenditures (not listed separately)
Total Expenditures	415,344,847	247,102,337	662,447,184	Total Expenditures
Transfers Out – Component Units	247,118,122	(247,118,122)	-	None
Operating Transfers Out	127,261,747	-	127,261,747	Operating Transfers Out
Other Financing	(45,656,904)	-	(45,656,904)	Other Expenditures (not listed separately)
Total Financing (Sources) Uses	\$ 328,722,965	\$ (247,118,122)	\$ 81,604,843	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, 2022**

Exhibit XVII

PENSION SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Supplemental Plan</u>										
Actuarial Determined Contribution	\$ 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	\$ 7,441,425
Actual Contribution Amounts	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	9,373,813
Contribution Deficiency (Excess)	800,847	(1,025,420)	239,125	2,120,602	1,360,974	1,371,772	1,607,887	374,493	(1,242,771)	(1,932,388)
Percentage of ADC Contributed	90.00%	112.26%	97.30%	80.26%	85.69%	85.37%	82.51%	95.04%	114.69%	125.97%
Covered Payroll	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	129,419,066
Contribution as a Percentage of Covered Payroll	4.68%	6.02%	5.68%	5.85%	5.70%	5.76%	5.42%	5.26%	7.60%	7.24%
<u>Pension Plan for Fire and Police*</u>										
Actuarial Determined Contribution	290,776	548,040	563,948	652,038	868,570	908,621	1,057,539	1,158,624	1,211,013	1,332,955
Actual Contribution Amounts	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	1,700,000
Contribution Deficiency (Excess)	(1,409,224)	(1,151,960)	(1,136,052)	(1,047,962)	(831,430)	(805,123)	(666,205)	(569,689)	(488,987)	(367,045)
Percentage of ADC Contributed	584.64%	310.20%	301.45%	260.72%	195.72%	188.61%	163.00%	149.17%	140.38%	127.54%
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
<u>Firefighters and Police Pension</u>										
Actuarial Determined Contribution	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	10,291,033
Actual Contribution Amounts	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	8,634,820
Contribution Deficiency (Excess)	(909)	987,623	435,342	2,919,246	3,183,928	(1,329,416)	(1,734,930)	(659,675)	72,815	1,656,213
Percentage of ADC Contributed	100.01%	93.74%	97.12%	79.18%	76.62%	113.42%	118.49%	107.11%	99.30%	83.91%
Covered Payroll	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	33,013,511
Contribution as a Percentage of Covered Payroll	34.97%	32.68%	34.41%	27.63%	26.32%	30.38%	31.17%	29.38%	30.21%	26.16%
<u>Firefighters and Police Disability</u>										
Actuarial Determined Contribution	446,429	569,453	719,937	1,014,585	1,834,550	4,449,438	4,638,338	4,618,019	4,431,587	2,371,116
Actual Contribution Amounts	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	1,692,368
Contribution Deficiency (Excess)	(488,652)	(906,646)	(1,425,889)	(4,063,077)	(4,384,766)	(1,217,931)	(96,191)	2,169,323	2,391,738	678,748
Percentage of ADC Contributed	209.46%	259.21%	298.06%	500.47%	339.01%	127.37%	102.07%	53.02%	46.03%	71.37%
Covered Payroll	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	33,013,511
Contribution as a Percentage of Covered Payroll	2.11%	3.26%	5.03%	12.64%	15.69%	15.33%	13.27%	7.24%	5.93%	5.13%
<u>VRS</u>										
Actuarial Determined Contribution	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	12,542,600
Actual Contribution Amounts	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	12,542,600
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	\$ 144,874,214	\$ 141,098,814	\$ 134,462,348	\$ 131,605,713	\$ 126,449,341	\$ 125,437,843	\$ 125,890,250	\$ 125,890,250	\$ 123,842,881	\$ 117,489,335
Contribution as a Percentage of Covered Payroll	8.96%	9.22%	7.81%	7.52%	7.90%	7.95%	9.76%	11.18%	10.20%	10.68%

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, 2022

Exhibit XVII
(Continued)

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

Firefighters & Police Officers Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>									
Service Cost	\$ 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	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	(5,537,423)	(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	(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	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	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	<u>445,362,309</u>	<u>417,697,953</u>	<u>400,338,848</u>	<u>379,625,794</u>	<u>362,704,497</u>	<u>324,099,611</u>	<u>308,163,946</u>	<u>291,791,334</u>	<u>278,083,537</u>
<u>Plan Fiduciary Net Position</u>									
Contributions - employer	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	3,250,033	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	(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	(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	(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	(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	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	<u>377,031,104</u>	<u>427,557,405</u>	<u>325,327,492</u>	<u>318,151,575</u>	<u>296,948,047</u>	<u>273,917,418</u>	<u>239,843,968</u>	<u>235,452,757</u>	<u>228,300,354</u>
Net Pension Liability - End of Year	<u>\$ 68,331,205</u>	<u>\$ (9,859,452)</u>	<u>\$ 75,011,356</u>	<u>\$ 61,474,219</u>	<u>\$ 65,756,450</u>	<u>\$ 50,182,193</u>	<u>\$ 68,319,978</u>	<u>\$ 56,338,577</u>	<u>\$ 49,783,183</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.7%	102.4%	81.3%	83.8%	81.9%	84.5%	77.8%	80.7%	82.1%
Covered Payroll	\$ 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	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, 2022

Exhibit XVII
(Continued)

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

Firefighters & Police Officers Disability Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>									
Service Cost	\$ 622,182	\$ 609,396	\$ 581,315	\$ 544,069	\$ 543,661	\$ 2,885,911	\$ 2,679,963	\$ 2,620,753	\$ 2,699,276
Interest	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	(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	(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	(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	31,965,188	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	<u>31,647,492</u>	<u>31,965,188</u>	<u>32,516,030</u>	<u>31,889,990</u>	<u>37,104,757</u>	<u>39,949,882</u>	<u>39,528,466</u>	<u>39,859,040</u>	<u>36,528,001</u>
<u>Plan Fiduciary Net Position</u>									
Contributions - employer	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	206,909	216,110	232,849	218,502	225,640	248,035	243,351	246,551	259,585
Net investment income	(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	(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	(72,652)	(29,375)	(4,876)	(4,896)	(2,467)	(15,277)	(77)	(15,876)	(86,762)
Net Change in Plan Fiduciary Net Position	(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	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	<u>33,071,237</u>	<u>41,970,915</u>	<u>36,923,327</u>	<u>36,507,599</u>	<u>31,270,058</u>	<u>25,258,549</u>	<u>19,063,106</u>	<u>16,292,195</u>	<u>15,731,659</u>
Net Pension Liability - End of Year	<u>\$ (1,423,745)</u>	<u>\$ (10,005,727)</u>	<u>\$ (4,407,297)</u>	<u>\$ (4,617,609)</u>	<u>\$ 5,834,699</u>	<u>\$ 14,691,333</u>	<u>\$ 20,465,360</u>	<u>\$ 23,566,845</u>	<u>\$ 20,796,342</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	104.5%	131.3%	113.6%	114.5%	84.3%	63.2%	48.2%	40.9%	43.1%
Covered Payroll	\$ 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	-3.2%	-22.1%	-10.3%	-11.5%	14.7%	39.7%	57.4%	69.7%	60.4%

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, 2022

Exhibit XVII
(Continued)

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

Pension Plan for Firefighters & Police Officers

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>									
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	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	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	(2,394,031)	(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	(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	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	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
<u>Plan Fiduciary Net Position</u>									
Contributions - employer	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
Net investment income	498,086	574,501	592,045	619,900	706,055	821,797	893,641	920,708	1,041,529
Benefit payments, including refunds	(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	(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	(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	17,845,101	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	17,624,986	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	\$ (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	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
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

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, 2022

Exhibit XVII
(Continued)

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

Supplemental Retirement Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>									
Service Cost	\$ 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	12,198,565	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	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	(10,121,854)	(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	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	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>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	7,208,914	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	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	(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	(10,121,854)	(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	(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	(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	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>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>\$ 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	93.0%	113.6%	91.2%	91.4%	88.0%	85.5%	80.3%	93.5%	97.0%
Covered Payroll	\$ 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	8.5%	-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, 2022

Exhibit XVII
(Continued)

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

VRS

	2022	2021	2020	2019	2018	2017	2016	2015
<u>Total Pension Liability</u>								
Service Cost	\$ 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	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	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	(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	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	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	723,641,677	664,745,527	644,745,020	597,591,095	575,645,782	557,958,157	536,894,807	520,139,295
<u>Plan Fiduciary Net Position</u>								
Contributions - employer	13,010,172	10,506,432	9,883,188	9,995,019	9,969,716	12,331,063	12,232,407	12,630,540
Contributions - employee	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	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	(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	(85,469)	(15,985)	(24,191)	(32,938)	(49,590)	(3,392)	(4,303)	3,221
Administration Expenses	(371,929)	(361,356)	(352,518)	(325,786)	(326,971)	(286,988)	(280,179)	(327,787)
Net Change in Plan Fiduciary Net Position	132,106,949	(5,889,677)	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	544,745,930	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	676,852,879	544,745,930	550,635,607	530,684,136	507,405,372	463,063,125	461,701,938	447,066,992
Net Pension Liability - End of Year	\$ 46,788,798	\$ 119,999,597	\$ 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	93.5%	81.9%	85.4%	88.8%	88.1%	83.0%	86.0%	86.0%
Covered Payroll	\$ 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	32.3%	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, 2022**

**Exhibit XVII
(Continued)**

Assumed Rate of Return for Firefighters & Police Officers Pension Plan also applies to Firefighters and Police Officers Disability Pension Plan
Money-Weighted Rate of Return
Last Ten Fiscal Years

	Firefighters & Police Officers Pension Plan**	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
2014	17.48%	17.60%	4.42%
2015	3.03%	4.73%	4.11%
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%

**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, 2022

Firefighters and Police Officers Pension Plan, Basic Plan and Firefighters and Police Officers Pension Plan, Disability Plan

The administrative expense assumption for the Basic Plan was increased from \$200,000 to \$400,000 to account for higher expected expenses.

Supplemental Retirement Plan

There were no changes in assumptions for the Supplemental Pension Plan since the prior actuarial valuation.

Pension Plan for Firefighters and Police Officers

The assumed interest rate for the minimum required reserve was changed to 2.81% from 2.16% based on the data file from Empower. The rate of investment was lowered from 5.00% to 3.50%.

Virginia Retirement System (VRS) Pension Plan

The valuation reflects enhanced benefits with no supplement for Deputy Sheriffs, including a 1.70% benefit multiplier.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2022

Exhibit XVII
(Continued)

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB Liability</u>						
Service Cost	\$ 2,928,023	\$ 2,889,520	\$ 3,239,204	\$ 4,701,991	\$ 4,814,967	\$ 3,803,579
Interest	9,598,323	9,337,427	9,595,477	9,905,114	9,470,934	8,232,053
Changes in benefit terms	-	-	-	-	4,587,884	-
Difference between expected and actual experience	(8,128,626)	(721,530)	(4,162,077)	(5,113,882)	244,419	-
Changes in assumptions	(3,579,597)	(158,892)	(10,276,267)	7,485,481	5,078,954	-
Benefit payments, including refunds	(7,920,370)	(7,365,734)	(6,624,477)	(5,732,739)	(6,305,642)	(6,298,159)
Net Change in Total Pension Liability	(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>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>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>Plan Fiduciary Net Position</u>						
Contributions - employer	13,670,370	8,504,564	10,324,477	11,932,739	12,205,642	16,398,159
Net investment income	(16,173,784)	29,200,847	2,827,980	4,953,783	4,427,840	6,357,091
Benefit payments, including refunds	(7,920,370)	(7,365,734)	(6,624,477)	(5,732,739)	(6,305,642)	(6,298,159)
Administration Expenses	(41,251)	(37,973)	(30,149)	(53,715)	(45,886)	(16)
Net Change in Plan Fiduciary Net Position	(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>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>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>\$ 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	79.1%	82.5%	62.6%	54.5%	50.8%	49.7%
Covered Payroll	\$ 191,142,870	\$ 185,548,765	\$ 188,014,495	\$ 175,843,626	\$ 169,455,099	\$ 167,129,788
Net OPEB Liability as a percentage of Covered Payroll	14.5%	13.1%	27.0%	37.2%	38.5%	34.5%

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2022

Exhibit XVII
(Continued)

Schedule of OPEB Contributions

	2022	2021	2020	2019	2018	2017
Actuarially Determined Contributions (ADC)	\$ 2,428,087	\$ 3,550,219	\$ 7,346,160	\$ 8,513,816	\$ 9,404,961	\$ 12,898,197
Contributions related to the ADC	13,670,370	8,504,564	10,324,477	11,932,739	12,205,642	16,398,159
Contribution Excess relative to ADC	<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	\$ 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	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, 2022

Valuation Date	12/31/2021
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	16-year level dollar closed as of 12/31/2021
Discount rate	6.75 percent for Regular OPEB and for Line of Duty OPEB
Healthcare Cost Trend Rates	
Regular OPEB	Medical: 6.6 percent for 2022 grading down to 3.12 percent over 18 years Expenses: 5 percent per year
Line of Duty	Non Medicare: 6.63 percent for 2022 grading down to 4.75 percent over 8 years Medicare: 5.06 percent for 2022 grading down to 4.75 percent over 2 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%

Future years will be added as they become available.



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OTHER SUPPLEMENTARY
INFORMATION

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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.

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CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Assets and Liabilities – Custodial Funds
For the Fiscal Year Ended June 30, 2022

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
HUMAN SERVICES SPECIAL WELFARE ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent.....	\$ 32,610	\$ 14,269	\$ -	\$ 46,879
Liabilities:				
Other Liabilities.....	32,610	14,269	-	46,879
Total Liabilities.....	<u>\$ 32,610</u>	<u>\$ 14,269</u>	<u>\$ -</u>	<u>\$ 46,879</u>
HUMAN SERVICES DEDICATED ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent.....	\$ 27,650	\$ 2	\$ -	\$ 27,652
Liabilities:				
Other Liabilities.....	27,650	2	-	27,652
Total Liabilities.....	<u>\$ 27,650</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 27,652</u>
TOTAL ALL CUSTODIAL FUNDS				
Assets:				
Cash and Investments with Fiscal Agent.....	\$ 60,260	\$ 14,271	\$ -	\$ 74,531
Total Assets.....	<u>\$ 60,260</u>	<u>\$ 14,271</u>	<u>\$ -</u>	<u>\$ 74,531</u>
Liabilities:				
Other Liabilities.....	\$ 60,260	\$ 14,271	\$ -	\$ 74,531
Total Liabilities.....	<u>\$ 60,260</u>	<u>\$ 14,271</u>	<u>\$ -</u>	<u>\$ 74,531</u>

Special Revenue Fund

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

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

Stormwater 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.

Coronavirus Aid, Relief, and Economic Security Act (CARES) – 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 CARES Act adopted in March 2020.

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.

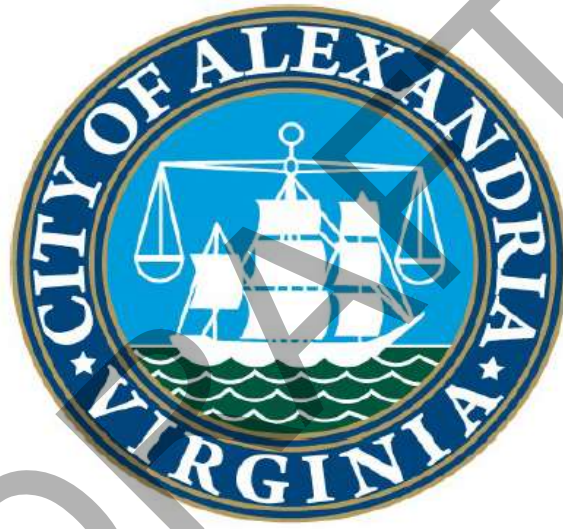
Other Special Revenue – This sub fund accounts for grants and donations and other amounts that represent a small percentage of special revenues.

CITY OF ALEXANDRIA, VIRGINIA
Combining Balance Sheet
Special Revenue Fund
As of June 30, 2022

	Housing	Sanitary Sewer	Storm water Utility	Potomac Yard	NVTA	ARPA	IDA	Other Special Revenue	Total Combined Special Revenue
ASSETS									
Cash and Cash Equivalents	\$ 10,826,245	\$ 34,991,513	\$ 778,122	\$ 26,336,512	\$ 4,413,311	\$ 15,042,517	\$ 684,093	\$ 46,091,787	\$ 139,164,100
Receivables, Net	-	-	8,833,666	6,548,948	1,277,937	-	-	2,788,377	19,448,928
Due From Other Governments	-	-	-	-	-	-	-	8,110,954	8,110,954
Total Assets	<u>10,826,245</u>	<u>34,991,513</u>	<u>9,611,788</u>	<u>32,885,460</u>	<u>5,691,248</u>	<u>15,042,517</u>	<u>684,093</u>	<u>56,991,118</u>	<u>166,723,982</u>
LIABILITIES									
Accounts Payable	15,660	264,376	11,815	-	-	152,944	798,520	2,803,121	4,046,436
Accrued Wages	-	171,038	213,742	-	-	50,236	-	3,821,597	4,256,613
Notes Payable	-	-	-	189,590	-	-	-	-	189,590
Other Liabilities	-	-	-	-	-	-	-	9,154,405	9,154,405
Total Liabilities	<u>15,660</u>	<u>435,414</u>	<u>225,557</u>	<u>189,590</u>	<u>-</u>	<u>203,180</u>	<u>798,520</u>	<u>15,779,123</u>	<u>17,647,044</u>
Deferred Inflows	-	-	8,763,045	844,023	-	14,839,071	-	-	24,446,139
FUND BALANCES									
Restricted	10,810,585	-	-	-	-	266	-	7,456,296	18,267,147
Committed	-	34,556,099	623,186	31,851,847	5,691,248	-	(114,427)	33,755,699	106,363,652
Total Fund Balances	<u>10,810,585</u>	<u>34,556,099</u>	<u>623,186</u>	<u>31,851,847</u>	<u>5,691,248</u>	<u>266</u>	<u>(114,427)</u>	<u>41,211,995</u>	<u>124,630,799</u>
Total Liabilities and Fund Balances	<u>\$ 10,826,245</u>	<u>\$ 34,991,513</u>	<u>\$ 9,611,788</u>	<u>\$ 32,885,460</u>	<u>\$ 5,691,248</u>	<u>\$ 15,042,517</u>	<u>\$ 684,093</u>	<u>\$ 56,991,118</u>	<u>\$ 166,723,982</u>

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Housing	Sanitary Sewer	Storm Water Utility	Storm Sewer	Potomac Yard	NVTA	Cares	ARPA	IDA	Other Special Revenue	Total Combined Special Revenue
REVENUES											
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,520,100		\$ -	\$ -	\$ -	\$ -	\$ 1,520,100
Other Local Taxes	-	-	-	-	-	6,779,589	-	-	-	105,281	6,884,870
Permits, Fees, and Licenses	-	-	-	-	-	1,513,210	-	-	-	12,065,595	13,578,805
Use of Money and Property	325	-	-	-	-	1,140	-	-	-	1,569,181	1,570,646
Charges for Services	-	16,813,182	15,872,712	-	-	-	-	-	-	15,288,167	47,974,061
Intergovernmental Revenue	-	-	-	-	-	348,324	(30,000)	43,969,762	\$ -	54,830,979	99,119,065
Miscellaneous	8,933,769	-	-	-	-	-	-	-	-	5,825,527	14,759,296
Total Revenues	8,934,094	16,813,182	15,872,712	-	1,520,100	8,642,263	(30,000)	43,969,762	-	89,684,730	185,406,843
EXPENDITURES											
Current Operating:											
General Government	-	-	-	-	-	-	(30,000)	706,421	-	2,042,813	2,719,234
Judicial Administration	-	-	-	-	-	-	-	23,302	-	1,439,895	1,463,197
Public Safety	-	119,489	-	-	-	-	-	42,050	-	9,397,847	9,559,386
Public Works	-	5,517,661	4,291,112	-	-	1,581,999	-	-	-	9,670,442	21,061,214
Health and Welfare	-	-	-	-	-	-	-	6,715,953	-	85,390,045	92,105,998
Culture and Recreation	-	-	-	-	-	-	-	329,792	-	2,466,860	2,796,652
Community Development	4,427,503	-	-	-	-	-	-	710,027	-	13,678,509	18,816,039
Principal	-	1,981,139	571,903	-	-	-	-	-	-	-	2,553,042
Interest and Other Charges	-	488,139	783,919	-	6,143,650	-	-	-	-	-	7,415,708
Total Expenditures	4,427,503	8,106,428	5,646,934	-	6,143,650	1,581,999	(30,000)	8,527,545	-	124,086,411	158,490,470
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,506,591	8,706,754	10,225,778	-	(4,623,550)	7,060,264	-	35,442,217	-	(34,401,681)	26,916,373
OTHER FINANCING SOURCES (USES)											
Other Financing (Bond Usage)	-	-	-	-	11,837,719	-	-	-	-	-	11,837,719
Transfers In	4,588,522	-	1,761,197	-	12,808,451	19,448,774	-	-	-	43,702,657	82,309,601
Transfers Out	(3,996,000)	(33,691,745)	(18,310,101)	(1,761,197)	(18,045,633)	(25,452,719)	-	(35,441,951)	-	(1,997,085)	(138,696,431)
Total Other Financing Sources and Uses	592,522	(33,691,745)	(16,548,904)	(1,761,197)	6,600,537	(6,003,945)	-	(35,441,951)	-	41,705,572	(44,549,111)
Net Change in Fund Balance	5,099,113	(24,984,991)	(6,323,126)	(1,761,197)	1,976,987	1,056,319	-	266	-	7,303,891	(17,632,738)
Fund Balance at Beginning of Year	5,711,472	59,541,090	6,946,312	1,761,198	29,874,860	4,634,929	(1)	-	(114,427)	33,908,104	142,263,537
Fund Balance at End of Year	\$ 10,810,585	\$ 34,556,099	\$ 623,186	\$ 1	\$ 31,851,847	\$ 5,691,248	\$ (1)	\$ 266	\$ (114,427)	\$ 41,211,995	\$ 124,630,799



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—2021 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

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

TABLE I

	<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>	<u>2022</u>
Expenses										
Governmental Activities										
General Government	\$ 75.3	\$ 71.3	\$ 73.8	\$ 66.3	\$ 91.6	\$ 47.4	\$ 52.3	\$ 95.1	\$ 49.0	\$ 27.2
Judicial Administration	20.8	20.6	20.1	19.9	20.6	20.5	21.7	21.7	21.2	22.4
Public Safety	131.6	141.1	138.6	149.4	152.2	157.3	160.8	163.4	175.7	171.5
Public Works	52.9	68.0	63.9	70.5	78.9	73.3	75.2	76.5	84.0	185.2
Library	6.4	6.6	6.5	6.7	6.9	6.9	7.0	7.1	7.4	7.7
Health and Welfare	92.4	93.8	93.3	94.9	96.9	97.6	100.2	107.7	119.6	114.3
Transit	17.8	10.7	17.8	21.9	32.8	39.0	44.1	42.9	28.7	54.6
Culture and Recreation	28.9	29.8	30.2	32.6	33.4	33.0	34.3	32.7	30.6	36.9
Community Development	40.2	45.7	35.3	33.3	37.1	35.4	44.0	58.3	57.5	45.0
Education	194.6	189.1	197.4	211.2	210.7	217.4	241.9	263.2	292.5	260.2
Interest on Long-term Debt	22.5	23.8	21.8	21.3	20.7	19.4	24.3	23.5	27.5	22.9
Total Governmental Activities	<u>\$ 683.4</u>	<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.</u>
Revenues										
Governmental Activities										
Charges for Services:										
General Government	\$ 3.6	\$ 2.2	\$ 2.9	\$ 2.0	\$ 3.6	\$ 3.7	\$ 3.9	\$ 5.6	\$ 6.1	\$ 4.0
Judicial Administration	1.6	1.3	1.2	1.2	1.3	1.4	1.0	0.8	1.0	0.4
Public Safety	17.0	17.7	16.9	14.1	10.5	3.6	14.5	17.3	7.3	16.2
Public Works	27.8	23.7	22.1	33.0	32.0	38.9	30.4	59.8	53.2	49.0
Library	-	-	-	-	-	-	-	-	-	-
Health and Welfare	6.2	6.4	5.9	5.3	5.5	10.4	0.2	6.1	6.2	5.0
Transit	-	-	-	-	4.3	4.2	6.1	-	3.6	2.3
Culture and Recreation	3.7	3.9	4.7	4.8	5.0	7.0	11.9	5.1	2.7	5.2
Community Development	4.2	6.6	5.0	1.5	0.8	8.4	2.6	0.9	4.4	1.9
Education	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	75.0	78.8	68.8	46.8	66.3	52.2	51.5	60.2	112.6	147.7
Capital Grants and Contributions	18.5	15.1	11.5	6.5	19.1	7.1	7.0	6.8	9.7	21.2
Total Governmental Activities	<u>\$ 157.60</u>	<u>\$ 155.70</u>	<u>\$ 139.00</u>	<u>\$ 115.20</u>	<u>\$ 148.40</u>	<u>\$ 136.90</u>	<u>\$ 129.10</u>	<u>\$ 162.6</u>	<u>\$ 206.9</u>	<u>\$ 252.9</u>

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

TABLE I (continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense) (Revenue)										
General Government	\$ (70.8)	\$ (68.1)	\$ (69.8)	\$ (63.2)	\$ (82.0)	\$ (43.0)	\$ (47.7)	\$ (86.4)	\$ (18.3)	\$ 31.8
Judicial Administration	(15.5)	(16.4)	(15.1)	(16.3)	(18.70)	(18.50)	(20.1)	(20.4)	(19.2)	(20.8)
Public Safety	(99.3)	(108.1)	(106.6)	(121.9)	(132.10)	(144.1)	(143.0)	(142.2)	(157.2)	(146.1)
Public Works	(3.3)	(23.6)	(22.3)	(23.7)	(32.80)	(26.20)	(37.2)	(9.1)	(22.6)	(115.1)
Library	(6.4)	(6.6)	(6.5)	(6.7)	(6.90)	(6.90)	(7.0)	(7.1)	(7.4)	(7.7)
Health and Welfare	(56.5)	(56.2)	(56.5)	(69.8)	(58.00)	(54.0)	(65.5)	(62.2)	(60.9)	(63.7)
Transit	(17.8)	(10.7)	(17.8)	(21.9)	(28.00)	(34.6)	(37.4)	(42.6)	(25.0)	(45.0)
Culture and Recreation	(24.6)	(25.6)	(25.3)	(26.7)	(26.00)	(25.7)	(22.1)	(26.9)	(24.4)	(28.0)
Community Development	(14.5)	(16.7)	(20.6)	(30.1)	(17.50)	(20.4)	(30.5)	(45.9)	(31.9)	(17.4)
Education	(194.6)	(189.1)	(197.4)	(211.2)	(210.70)	(217.4)	(241.9)	(263.2)	(292.5)	(260.2)
Interest on Long-term Debt	(22.5)	(23.8)	(21.8)	(21.3)	(20.70)	(19.4)	(24.3)	(23.5)	(27.5)	(22.9)
Subtotal Governmental Activities	(525.8)	(544.9)	(559.7)	(612.8)	(633.4)	(610.2)	(676.7)	(729.5)	(686.8)	(695.1)
Total Primary Government	(525.8)	(544.9)	(559.7)	(612.8)	(633.4)	(610.2)	(676.7)	(729.5)	(686.8)	(695.1)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Real Estate	333.8	360.7	375.9	393.5	424.4	441.5	455.4	463.8	478.4	480.2
Personal Property	58.6	47.2	50.5	44.5	49.6	57.0	48.2	56.6	45.2	59.3
Other	125.4	127.3	134.1	135.9	155.4	141.0	145.3	133.4	143.5	156.1
Transfer	-	-	-	-	-	-	-	-	-	-
Grants and Contributions										
not restricted to other programs	36.9	36.1	33.3	58.5	34.8	52.4	58.4	50.3	38.2	35.9
Interest and Investment Earnings	0.8	4.9	4.9	5.4	5.5	7.3	11.3	8.7	3.8	1.1
Miscellaneous	1.4	2.0	5.0	2.9	11.5	15.6	21.8	31.3	8.9	2.6
Subtotal Governmental Activities	556.9	578.2	603.7	640.7	681.2	714.8	740.4	744.0	718.0	735.1
Total Primary Government	556.9	578.2	603.7	640.7	681.2	714.8	740.4	744.0	718.0	735.1
Change in Net Position										
Governmental Activities	31.1	33.3	44.0	27.9	47.8	104.6	63.7	14.4	14.4	40.0
	\$ 31.1	\$ 33.3	\$ 44.0	\$ 27.9	\$ 47.8	\$ 104.6	\$ 63.7	\$ 14.4	\$ 14.4	\$ 40.0

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

TABLE II

Revenues	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Property Taxes	\$ 385.2	\$ 407.8	\$ 422.2	\$ 439.7	\$ 473.0	\$ 492.3	\$ 505.7	\$ 518.5	\$ 536.3	\$ 554.1
Other Local Taxes	125.3	121.1	134.1	135.9	138.8	140.9	145.3	133.4	143.5	156.1
Permits, Fees, and Licenses	10.6	17.8	10.9	8.1	9.5	10.5	12.8	15.0	18.6	15.8
Fines and Forfeitures	5.1	5.2	4.9	5.0	5.0	5.0	4.3	4.1	3.1	2.7
Use of Money and Property	4.2	5.2	5.1	6.1	7.7	13.8	16.7	14.0	5.2	3.8
Charges for Services	34.6	32.9	32.1	37.5	43.7	56.4	59.6	70.1	60.7	65.8
Intergovernmental Revenue	125.9	126.5	111.9	108.1	117.0	108.8	114.7	124.6	147.6	178.5
Miscellaneous and	-	-	-	10.6	16.5	14.5	21.8	31.3	9.7	20.7
Non Revenue Receipts	10.2	9.9	8.8	-	-	-	-	-	-	-
Total Governmental Revenues	701.1	726.4	730.0	751.0	811.2	842.2	880.9	911.0	924.6	997.4
Expenditures										
General Government	45.2	45.2	45.7	46.6	50.8	52.6	50.1	50.2	58.0	59.3
Judicial Administration	20.3	20.1	19.7	19.4	20.1	19.9	21.1	21.4	21.0	21.9
Public Safety	131.0	134.8	134.9	142.7	146.7	150.0	156.7	158.0	153.4	156.7
Public Works	40.3	49.6	41.8	44.2	43.4	46.0	46.7	49.3	46.8	49.0
Library	6.4	6.6	6.5	6.7	6.9	6.9	7.0	7.1	7.4	7.7
Health and Welfare	91.8	93.1	92.9	94.4	96.5	97.1	99.7	111.1	119.1	113.8
Transit and Transit Transfer	17.8	10.7	17.8	21.9	28.4	35.7	40.2	42.9	28.7	49.2
Culture and Recreation	24.6	25.3	24.7	25.5	26.3	27.0	27.5	28.3	26.0	29.5
Community Development	35.8	41.4	29.4	31.4	34.8	34.1	42.0	47.2	44.8	40.5
Education	185.8	185.9	196.3	202.8	225.3	206.9	227.2	241.2	244.9	248.9
Capital Outlay*	70.9	91.1	99.5	62.9	81.4	101.2	157.8	135.5	176.5	236.7
Debt Service - Principal	27.5	33.5	38.6	41.6	43.3	44.4	46.0	46.1	47.5	45.5
- Interest	22.4	23.8	22.6	21.8	21.5	21.8	24.6	23.5	27.2	27.1
Total Governmental Expenditures	719.8	761.1	770.4	761.9	825.4	843.6	946.6	961.8	1,001.5	1,086.0
Excess of Revenues over (under) expenditures	(18.7)	(34.7)	(40.4)	(10.9)	(14.2)	(1.4)	(65.7)	(50.8)	(76.9)	(88.6)
Other Financing Sources/(Uses)										
Issuance of Debt	74.8	88.1	70.7	39.1	25.4	84.4	109.7	204.1	49.9	193.1
Sale of Land	0.6	-	1.2	5.3	-	4.4	-	-	-	-
Other Financing	-	-	-	-	-	-	0.3	-	-	-
Transfers in	61.7	82.8	77.8	85.9	91.2	108.8	139.2	135.5	154.5	266.0
Transfers out	(65.2)	(82.8)	(81.2)	(86.6)	(90.4)	(109.4)	(139.0)	(137.0)	(153.8)	(266.0)
Capital Contribution	-	-	-	-	-	4.3	0.1	-	-	-
Total	71.9	88.1	68.5	43.7	26.2	92.5	110.2	202.6	50.6	193.1
Net change in Fund Balance	\$ 53.2	\$ 53.4	\$ 28.1	\$ 32.8	\$ 12.0	\$ 91.1	\$ 44.5	\$ 151.7	-\$ 26.3	\$ 104.6
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%	8.55%

** Amounts may not add due to rounding

* Capital Outlay was recalculated in 2022 and back to 2013.

CITY OF ALEXANDRIA, VIRGINIA
Tax Revenues by Source - All Funds
Last Ten Fiscal Years

TABLE III

Fiscal Year		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Property Taxes	Real Estate	\$ 343,336,713	\$ 362,339,024	\$ 375,629,898	\$ 391,339,844	\$ 422,362,653	\$ 440,427,264	\$ 452,762,144	\$ 459,756,284	\$ 480,092,075	\$ 493,495,159
	Personal	39,694,273	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
	Penalties and Interest	2,140,497	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
Other Local Taxes	Local Sales	25,549,709	27,619,132	29,907,322	31,174,524	32,360,983	31,965,152	33,843,610	35,179,797	44,299,858	43,579,630
	Utility	10,650,297	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
	Business License	32,571,953	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
	Motor Vehicle License	3,501,907	3,557,565	3,483,135	3,602,980	3,661,152	3,675,482	3,558,915	163,361	25,676	8,212
	Bank Franchise	2,641,475	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
	Tobacco	2,567,249	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
	Recordation	5,847,889	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
	Transient Lodging	11,774,914	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
	Restaurant Food	17,325,897	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
	Telecommunication	741,542	821,426	530,408	988,865	772,110	837,655	748,488	694,026	913,013	1,040,571
	Admissions	1,086,841	948,968	902,556	759,368	709,640	688,505	574,440	443,640	104,221	254,968
	Communications Sales Tax	11,060,107	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
	Other	27,743	1,418,920	44,078	36,409	48,777	59,700	35,860	139,218	65,486	209,815
Total		<u>\$ 510,519,006</u>	<u>\$ 535,163,872</u>	<u>\$ 556,260,719</u>	<u>\$ 575,573,866</u>	<u>\$ 611,734,515</u>	<u>\$ 633,177,437</u>	<u>\$ 651,041,780</u>	<u>\$ 650,673,428</u>	<u>\$ 679,807,297</u>	<u>\$ 709,821,375</u>

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	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
2012	323,779	322,747	99.7%	864	323,611	99.9%
2013	348,850	347,849	99.7%	821	348,670	99.9%
2014	362,580	361,334	99.7%	879	362,212	99.9%
2015	375,568	374,208	99.6%	699	374,907	99.8%
2016	395,839	394,696	99.7%	4,491	399,186	100.8%
2017	426,139	424,908	99.7%	4,182	429,090	100.7%
2018	436,106	434,793	99.7%	48	434,840	99.7%
2019	446,629	445,474	99.7%	938	446,413	100.0%
2020	467,301	465,972	99.7%	744	466,715	99.9%
2021	470,456	469,384	99.8%	1,062	470,466	100.0%

* 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	Taxes Levied for the Calendar Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to date	
	Total	Commonwealth Reimbursement	Amount	Percentage of Levy		Amount	Percentage of Levy
2012	63,337	23,446	59,802	94.4%	2,689	62,491	98.7%
2013	67,192	23,239	65,664	97.7%	627	66,291	98.7%
2014	68,075	23,455	63,579	93.4%	2,919	66,498	97.7%
2015	69,948	23,710	67,329	96.3%	1,938	69,267	99.0%
2016	71,851	23,517	69,382	96.6%	1,611	70,993	98.8%
2017	72,063	23,752	70,919	98.4%	2,074	72,993	101.3%
2018	73,764	22,724	69,614	94.4%	2,304	71,918	97.5%
2019	79,890	23,391	76,012	95.1%	1,898	77,910	97.5%
2020	78,526	23,475	74,456	94.8%	2,004	76,460	97.4%
2021	82,400	23,112	77,935	94.6%	2,384	80,319	97.5%

* 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	19,384,651	14,706,140	34,090,791	0.998	1,417,679	4.75	11,506	4.50	1,429,185
2014	20,314,909	15,020,272	35,335,181	1.043	1,397,502	5.00	11,281	4.50	1,408,783
2015	21,195,556	15,376,112	36,571,668	1.050	1,426,427	5.00	10,776	4.50	1,437,203
2016	21,713,189	15,886,156	37,599,345	1.073	1,492,140	5.00	11,199	4.50	1,503,339
2017	22,092,997	16,284,957	38,377,954	1.130	1,517,743	5.00	6,123	4.50	1,523,866
2018	22,844,035	16,437,017	39,281,052	1.130	1,555,607	5.00	9,727	4.50	1,565,334
2019	23,310,833	17,025,285	40,336,118	1.130	1,581,904	5.00	14,262	4.50	1,596,166
2020	24,550,610	17,501,144	42,051,754	1.130	1,491,271	5.33	14,963	4.50	1,506,234
2021	26,029,769	17,158,601	43,188,369	1.110	1,652,958	4.75	11,115	4.50	1,664,073
2022	27,828,841	18,074,465	45,903,306	1.110	1,775,759	4.75	15,755	4.50	1,791,514

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

Note: Tax Rate % double check from Table IX

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

TABLE VII

Governmental Activities	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Investment in Capital Assets	\$ 329.5	\$ 343.9	\$ 364.3	\$ 373.4	\$ 389.1	\$ 416.1	\$ 469.8	\$ 461.4	\$ 406.0	\$ 348.6
Restricted for										
Affordable Housing	-	1.0	1.4	0.7	2.0	5.7	13.8	8.3	5.7	10.8
Other Projects	-	13.7	15.1	15.8	20.4	20.4	8.7	9.5	8.6	7.5
Capital Projects	-	-	-	-	-	-	-	-	-	-
Net Pension Assets	-	-	-	-	-	-	-	4.4	43.7	2.
Unrestricted Net Position	99.4	103.5	(36.0)	(17.2)	32.3	64.1	77.7	100.8	151.6	286.8
Total Governmental Activities Net Position	<u>\$ 428.9</u>	<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>

** Amounts may not add due to rounding

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

TABLE VIII

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Non-Spendable	9,945,850	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
Committed	15,855,605	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
Assigned	10,769,948	9,538,948	12,400,000	12,400,000	35,789,849	34,152,482	46,762,362	50,643,051	63,400,000	85,964,340
Unassigned	32,941,779	40,019,733	51,624,142	51,624,142	61,562,170	73,780,565	81,406,421	85,718,804	94,165,465	105,717,440
Subtotal General Fund	\$ 69,513,182	\$ 65,252,268	\$ 77,781,815	\$ 77,781,815	\$ 120,006,283	\$ 128,958,343	\$ 143,214,706	\$ 152,800,030	\$ 176,644,513	\$ 225,084,808
All Other Governmental Funds										
Reserved For										
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Receivable	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-	-	-
Unreserved Special Revenue	-	-	-	-	-	-	-	-	-	-
Unreserved Capital Projects	-	-	-	-	-	-	-	-	-	-
Non-Spendable (Special Revenue Fund)	2,596,021	2,498,322	2,498,322	-	-	-	-	-	-	-
Restricted (Special Revenue Fund)	10,400,005	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
Committed (Special Revenue Fund)	29,183,258	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
Committed (Capital Projects)	169,174,812	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
Assigned (Special Revenue Fund)	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 211,354,096	\$ 248,961,743	\$ 240,227,017	\$ 238,603,874	\$ 290,189,250	\$ 393,456,225	\$ 362,561,109	\$ 523,002,322	\$ 423,369,430	\$ 511,746,143

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

CITY OF ALEXANDRIA, VIRGINIA
2022 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 water service charge
	\$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	\$1.60 per line per month (effective 7/1/21)
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% 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**

Last Ten Fiscal Years

TABLE X

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Value of Real Property, January 1	\$ 34,725,070,077	\$ 35,895,602,676	\$ 37,146,860,126	\$ 38,195,318,730	\$ 38,987,293,704
Debt Limit: 10 percent	3,472,507,008	3,589,560,268	3,714,686,013	3,819,531,873	3,898,729,370
Amount of Debt Applicable to Debt Limit	<u>508,700,000</u>	<u>539,780,000</u>	<u>540,495,000</u>	<u>522,710,000</u>	<u>557,233,000</u>
Legal Debt Margin	<u>\$ 2,963,807,008</u>	<u>\$ 3,049,780,268</u>	<u>\$ 3,174,191,013</u>	<u>\$ 3,296,821,873</u>	<u>\$ 3,341,496,370</u>
Debt as a Percentage of Assessed Value	1.46%	1.50%	1.46%	1.37%	1.43%
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed Value of Real Property, January 1	\$ 39,897,986,964	\$ 40,977,242,214	\$ 42,679,236,862	\$ 43,826,796,330	\$ 46,560,058,324
Debt Limit: 10 percent	3,989,798,696	4,097,724,221	4,267,923,686	4,382,679,633	4,656,005,832
Amount of Debt Applicable to Debt Limit	<u>595,021,000</u>	<u>589,957,000</u>	<u>747,911,000</u>	<u>704,117,000</u>	<u>802,606,000</u>
Legal Debt Margin	<u>\$ 3,394,777,696</u>	<u>\$ 3,507,767,221</u>	<u>\$ 3,520,012,686</u>	<u>\$ 3,678,562,633</u>	<u>\$ 3,853,399,832</u>
Debt as a Percentage of Assessed Value	1.49%	1.44%	1.75%	1.61%	1.72%

Limitations on the Incurrence of General Obligation Debt:

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

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

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			
2013	142,000	34,725,071	1,343,202	36,068,273	508,700,000	1.46	1.41	11,760,450	3,582	4.37
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	802,606,000	1.72	1.66	14,894,033	4,912	5.58

(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, 2022

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 %
2013	27,550,000	22,437,678	49,987,678	763,516,075	6.55
2014	33,476,070	23,835,653	57,311,723	820,080,010	6.99
2015	38,645,000	22,614,198	61,259,198	817,311,890	7.50
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	1,165,844,100	6.23

(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, 2022

TABLE XIV

Population

<u>Calendar Year</u>	<u>Population</u>	<u>Calendar Year</u>	<u>Population</u>
1990	111,183	2016	149,900
2000	128,283	2017	152,200
2010	139,993	2018	154,500
2012	140,800	2019	156,800
2013	142,200	2020	159,467
2014	144,000	2021	161,300
2015	147,650	2022	163,400

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 is an estimate developed by the City's Department of Planning and Zoning.

**POPULATION INDICATORS
PER CAPITA INCOME***

	<u>2011</u>	<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>
Alexandria	\$78,383	\$81,896	\$77,419	\$80,506	\$82,253	\$81,887	\$83,477	\$87,761	\$89,884	\$93,835
Arlington	\$82,491	\$83,925	\$79,295	\$83,616	\$86,141	\$87,136	\$90,390	\$95,012	\$98,116	\$100,823
Fairfax (include..... Fairfax City and Falls Church)	\$69,008	\$72,257	\$69,817	\$72,552	\$75,081	\$76,947	\$78,751	\$82,888	\$86,031	\$88,971
Washington MSA	\$59,345	\$62,496	\$60,814	\$62,546	\$65,155	\$67,598	\$69,295	\$71,615	\$73,059	\$76,771

***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>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>	<u>2022</u>
Unemployment Rate	4.7%	4.6%	3.5%	2.9%	2.8%	2.4%	2.2%	8.3%	4.3%	2.4%

***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 April 16, 2021.

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

TABLE XV

Private Property

Owner's Name	Property	Percentage of	
		2022	Total
		Assessed Value	Assessed
		(in millions)	Valuation
1 LCOR Alexandria, L.L.C.	Office Buildings	886.6	1.90%
2 CIM Group	Apartments	763.8	1.64%
2 Equity Residential	Apartments	758.0	1.63%
3 Paradigm Companies	Apartments	614.6	1.32%
4 Morgan Properties	Apartments	564.7	1.21%
5 AIMCO	Apartments	400.0	0.86%
6 UDR	Apartments	324.2	0.70%
7 Monday Properties	Apartments/Office Buildings	310.6	0.67%
8 Washington REIT	Apartments/Office Buildings	263.4	0.57%
10 Public Storage	Self-Storage/Warehouse	238.2	0.51%

SOURCE: City of Alexandria, Department of Finance, Real Estate Assessment Division

Owner's Name	Property	Percentage of	
		2013	Total
		Assessed Value	Assessed
		(in millions)	Valuation
1 LCOR Alexandria, L.L.C.	Office Buildings	\$1,010.9	2.96%
2 Paradigm Companies	Apartments Buildings	562.6	1.62
3 Equity Residential	Apartments Buildings	525.8	1.51
4 Home Properties	Apartments Buildings	372.8	1.07
5 AIMCO Foxchase L.P.	Appartments	341.9	0.98
6 Hoffman Family L.L.C.	Hoffman Office Buildings	333.6	0.96
7 Southern Towers L.L.C.	Southern Towers Apartments	248.6	0.72
8 JBG Properties	Apartments and Land	232.7	0.67
9 Duke Realty	Office Buildings	229.0	0.66
10 Area Property Partners	Apartments/Industrial	216.3	0.62

SOURCE: City of Alexandria, Department of Finance, Real Estate Assessment Division

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

TABLE XV
(Continued)

Public Service Companies

Owner's Name	2022 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1 Virginia Electric Power Company	249.7	0.54%
2 Virginia-American Water Co.	86.0	0.18%
3 Washington Gas Light Company	61.4	0.13%
4 Verizon Virginia Inc.	44.3	0.10%
5 Potomac electric Power Company	41.0	0.09%
6 Covanta Alexandria / Arlington, Inc.	17.8	0.04%
7 New Cingular Wireless PCS, LLC	11.0	0.02%
8 Cellco Partnership	10.9	0.02%
9 T-Mobile Northeast, LLC	8.3	0.02%
10 Crown Castle Fiber LLC	1.7	0.00%

SOURCE: Virginia State Corporation Commission

SOURCE: City of Alexandria, Department of Finance, Office of Real Estate Assessments

Owner's Name	2013 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1 Virginia Electric Power Company	\$182.6	1.50%
2 Norfolk Southern Railway Company	71.3	0.21
3 Richmond Fredericksburg & Potomac Railway Co	61.7	0.18
4 Virginia-American Water Co.	51.1	0.15
5 Covanta Alexandria/Arlington, Inc	48.7	0.14
6 Verizon Virginia Inc.	44.8	0.13
7 Potomac Electric Power Company	34.9	0.10
8 Washington Gas Light Company	34.5	0.10
9 New Cingular Wireless PCS, LLC	8.8	0.03
10 APC PCS, LLC	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>
2013	13,114	7,370	3,406	1,641	935	351
2014	13,623	8,100	3,642	1,621	759	370
2015	14,224	8,582	4,202	1,634	823	432
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

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, 2022

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.....	\$ 712,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	712,091
City Manager.....	3,483,040	-	-	-	-	-	-	-	-	-	-	3,483,039.81
Office of Management and Budget.....	1,246,904	-	-	-	-	-	-	-	-	-	-	1,246,903.87
18th Circuit Court.....	-	1,385,871	-	-	-	-	-	-	-	-	-	1,385,870.64
18th General District Court.....	-	145,938	-	-	-	-	-	-	-	-	-	145,938.25
Juvenile and Domestic Relations Courts.....	-	93,639	-	-	-	-	-	-	-	-	-	93,638.52
Commonwealth's Attorney.....	-	3,141,170	-	-	-	-	-	-	-	-	-	3,141,169.95
Sheriff.....	-	8,078,776	23,568,607	-	-	-	-	-	-	-	-	31,647,383.20
Clerk of Courts.....	-	1,707,883	-	-	-	-	-	-	-	-	-	1,707,882.58
Other Correctional Activities.....	-	4,295,909	94,981	-	-	-	-	-	-	-	-	4,390,889.69
Court Services.....	-	1,591,503	-	-	-	-	-	-	-	-	-	1,591,503.21
Human Rights.....	1,010,597	-	-	-	-	-	-	-	-	-	-	1,010,597.17
Internal Audit.....	393,529	-	-	-	-	-	-	-	-	-	-	393,529.27
Information Technology Services.....	10,797,853	-	-	-	-	-	2,162,959	-	-	-	-	12,960,811.39
Office of Communications.....	-	-	-	-	-	-	1,390,367	-	-	-	-	1,390,367.31
City Clerk and Clerk of Council.....	440,575	-	-	-	-	-	-	-	-	-	-	440,574.51
Finance.....	11,805,154	-	-	-	-	-	-	-	-	-	-	11,805,154.45
Organizational Excellence.....	177,213	-	-	-	-	-	-	-	-	-	-	177,213.35
Human Resources.....	4,113,830	-	-	-	-	-	-	-	-	-	-	4,113,829.62
Planning and Zoning.....	-	-	-	-	-	-	6,017,203	-	-	-	-	6,017,202.62
Economic Development Activities.....	-	-	-	-	-	-	6,739,985	-	-	-	-	6,739,984.76
City Attorney.....	3,935,608	-	-	-	-	-	-	-	-	-	-	3,935,607.91
Registrar.....	1,385,628	-	-	-	-	-	-	-	-	-	-	1,385,627.83
General Services.....	335,756	-	1,252,944	9,121,414	-	-	-	-	-	-	-	10,710,114.51
Project Implementation Office.....	-	-	-	-	-	-	-	-	-	-	-	-
Performance and Accountability.....	522,198	-	-	-	-	-	-	-	-	-	-	522,197.80
Transportation and Environmental Services.....	2,681,325	-	-	17,542,541	-	-	2,938,201	-	-	-	-	23,162,066.82
Transit Subsidies.....	-	-	-	-	-	-	-	-	-	18,681,843	-	18,681,843.00
Fire.....	-	-	53,067,178	-	-	-	-	-	-	-	-	53,067,178.22
Police.....	-	-	60,666,177	-	-	-	-	-	-	-	-	60,666,177.20
Emergency Communications.....	-	-	8,533,833	-	-	-	-	-	-	-	-	8,533,833.09
Code Administration.....	-	-	0.00	-	-	-	-	-	-	-	-	-
Housing.....	-	-	-	-	-	-	1,898,502	-	-	-	-	1,898,501.63
Community and Human Services.....	1,433,234	-	-	-	12,860,026	-	-	-	-	-	-	14,293,259.62
Other Health Services.....	-	-	1,200	-	1,746,762	-	-	-	-	-	-	1,747,962.00
Health.....	-	-	-	-	6,424,119	-	183,491	-	-	-	-	6,607,609.69
Office of Historic Alexandria.....	-	-	-	-	-	3,491,916	-	-	-	-	-	3,491,915.98
Recreation and Cultural Activities.....	-	-	-	-	-	23,212,173	-	-	-	-	-	23,212,173.00
Other Educational Activities.....	-	-	-	-	-	-	-	239,437,296	-	-	-	239,437,296.00
Miscellaneous.....	12,145,464	-	-	1,253,496	695,740	-	336,498	-	7,680,826	-	62,649,212	84,761,236.17
Total Expenditures.....	\$ 56,619,999	\$ 20,440,688	\$ 147,184,920	\$ 27,917,451	\$ 21,726,647	\$ 26,704,089	\$ 21,667,205	\$ 239,437,296	\$ 7,680,826	\$ 18,681,843	\$ 62,649,212	\$ 650,710,176

CITY OF ALEXANDRIA, VIRGINIA
Government Employees by Function
Last Ten Fiscal Years

TABLE XVIII

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	302	321	323	317	317	318	327	344	333	342
Judicial Administration	290	286	286	287	281	280	279	279	280	280
Public Safety	805	803	801	809	810	816	818	837	844	836
Public Works	220	212	212	223	222	212	215	217	235	249
Library	54	71	72	70	70	69	67	67	67	66
Health and Welfare	526	579	589	586	586	599	598	607	629	627
Culture and Recreation	147	183	183	175	175	179	181	183	189	192
Community Development	65	83	82	85	91	92	94	95	98	104
Education	2,230	2,285	2,268	2,426	2,489	2,519	2,585	2,607	2,649	2,649
TOTAL	4,639	4,823	4,816	4,978	5,041	5,084	5,164	5,236	5,324	5,345

Source: City of Alexandria FY 2013 - FY 2022 Approved Operating Budgets

Principal Employers
Current Year (as of July 1, 2022 and Nine Years Ago)

TABLE XIX

Current Year		Percentage of Total City		Percentage of Total City	
Employees	Employment⁽²⁾	Employees	Employment⁽²⁾	Employees	Employment⁽²⁾
LARGEST PUBLIC EMPLOYERS			LARGEST PUBLIC EMPLOYERS		
U.S. Department of Defense - Mark Center	8,000	9.50%	U.S. Department of Commerce	1,000 & over	3.41%
U.S. Dept of Commerce (includes Patent and Trademark Office)	5,000	5.94%	U.S. Department of Defense	1,000 & over	3.41%
Alexandria Public School System	2,500	2.97%	WMATA	1,000 & over	3.41%
City of Alexandria	2,500	2.97%	City of Alexandria	2,551	2.90%
WMATA	1,200	1.43%	Alexandria Public Schools	2,230	2.54%
U.S. Dept of Agriculture	800	0.95%	Northern Virginia Community College	500-999	0.85%
Commonwealth of Virginia (Northern Virginia Community College)	600	0.71%	U.S. Department of Agriculture	500-999	0.85%
		24.47%			17.37%
LARGEST PRIVATE EMPLOYERS			LARGEST PRIVATE EMPLOYERS		
INOVA HEALTH SYSTEM	1,700	2.02%	The Alexandria Hospital	1,000 & over	3.41%
INSTITUTE FOR DEFENSE ANALYSIS	650	0.77%	Institute for Defense Analysis	1,000 & over	3.41%
SYSTEM PLAN & ANALYSIS INC	550	0.65%	ABM Janitorial Svcs M Inc	1,000 & over	3.41%
CUISINE SOLUTIONS INC	500	0.59%	CAN Corporation	1,000 & over	3.41%
KEARNEY & COMPANY PC	450	0.53%	Grant Thornton LLP	500-1000	0.85%
WOODBINE REHABILITATION & HEALTHCAF	425	0.50%	Oblon Spivak McClelland PC	250-499	0.43%
DIVERSIFIED PROTECTION CORPORATION	400	0.48%	Catholic Diocese of Arlington	250-499	0.43%
		5.55%			15.35%

SOURCE: Virginia Employment Commission and Alexandria Economic Development Partnership
Quarterly Census of Employment and Wages, Q2 2022

*Employment numbers are estimates only

CITY OF ALEXANDRIA, VIRGINIA
Operating Indicators By Function
Last Ten Fiscal Years

TABLE XX

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Judicial Administration										
Civil and criminal cases processed by Clerk of Courts	6,950	6,000	6,000	5,377	5,734	5,985	6,489	5,185	4,168	5,827
Public Safety										
Number of Homicides	5	4	4	7	6	4	2	2	3	6
Response Time (minutes) from turnout to arrival met by 90% of responses to Fire Emergency Incidents	N/A	N/A	0.30972222	7:13	7:26	6:41	6:30	7:11	7:33	9:33
Response Time (minutes) from turnout to arrival met by 90% of responses to Medical Emergency Incidents	N/A	N/A	0.29236111	7:03	6:09	5:45	5:30	7:45	7:56	8:24
Public Works										
Tons of Waste Disposed Annually	21,732	20,689	20,975	21,199	21,033	22,058	22,328	22,045	22,960	**
Lane Miles Repaired	N/A	43	45	66	72	45	44	46	48	16
Acres of Impervious Surface within City	1,327	1,355	1,444	1,519	1,522	1,536	1,544	1,560	1,573	1,579
City-Wide Recycling Rate	49	49	49	49	50	48	49	**	**	**
Library										
Total number of material circulated	1,132,500	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
Number of Library Visitors and Web Users	1,233,203	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
Health and Welfare										
Number of immunizations given to the public	14,757	15,930	14,618	10,234	12,844	9,553	8,221	6,772	3,923	6,820
Average number of active participants in Women, Infants, and Children program per month	3,080	2,511	2,828	2,754	2,801	3,003	2,826	2,875	3,259	3,292
Teen Wellness Center Visits	3,055	3,495	3,440	3,167	3,800	3,720	3,398	2,888	1,863	2,503
Pharmacy (number of prescriptions)	10,161	13,045	16,233	17,567	19,173	26,742	28,355	27,852	30,207	30,251
Transit										
Annual Ridership of Bus & Trolley	4,265,417	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
Number of Metro Rail Riders Originating in Alexandria	5,454,752	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
Miles of service	1,493,146	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
Culture and Recreation										
Number of Registered Users in Recreation Centers and Recreation Activities***	7,000	7,000	13,745	23,806	26,423	26,403	30,014	33,127	36,376	19,652
Number of Public Special Events	163	170	197	211	136	137	165	114	117	159
Community Development										
Number of Affordable Housing Units	3,782	3,782	3,724	3,955	3,955	4,075	4,084	4,450	4,687	4,913
Assessed Value Average Residential Property	466,774	486,456	505,740	516,280	522,800	542,202	549,253	577,988	576,901	655,901
Education										
Cost per pupil	17,024	17,249	17,041	16,896	17,216	17,193	17,740	18,190	18,241	19,864
Graduation Rate	86	84	80	82	83	81	83	82	91	83

* last year data is revised. Information were excluded for e-materials from the circulation number and web visits from the visitor/web user number.

** Lag in reporting. Virginia DOE On-Time Graduation Rate by school district has one-year lag. Virginia DEQ Recycling Rate has one-year lag. CityData.com Homicides has a two-year lag.

CITY OF ALEXANDRIA, VIRGINIA
Capital Indicators By Function
Last Ten Fiscal Years

TABLE XX (cont.)

	<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>	<u>2022</u>
Judicial Administration										
Number of foster care homes	50	50	46	46	39	47	51	53	56	56
Public Safety										
Fire vehicles	138	143	143	143	143	144	144	183	167	119
Public Works										
Paved streets	560	560	560	560	561	561	561	561	561	548
Sidewalks	319	319	319	319	319	319	319	319	319	366
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	79	74	85	85	85	85	99	99	101
Culture and Recreation										
Playgrounds	36	37	36	40	41	41	42	42	42	42
Athletic fields available for games	49	49	49	53	53	59	56	56	56	55
Acreage of park and open space	958	974	1,000	1,036	1,042	1,042	1,042	1,042	1,042	1,042
Total number of facilities maintained	181	181	181	181	130	126	126	127	117	159
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	17	16	16	16	16	18	18	18	18

* - New indicator - Additional information will be provided as it becomes available.

** - Indicator no longer maintained

Miscellaneous Statistical Data

As of June 30, 2022

Population

238

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2022

TABLE XXI (Continued)

<u>Housing</u>	<u>2022</u>	<u>2021</u>
Total Housing Units	83,943	79,403
Type of Single-Family Housing		
Detached	9,132	9,143
Semi-Detached	5,867	5,863
Rowhouse	6,714	6,714
Condo Townhouse	1,482	1,471
Total Single-Family	23,195	23,190
Condominium Units	20,266	18,743
Rental Apartments	40,488	37,470
Public Housing and Public Housing Replacement Units	1,150	1,150
Average Assessed Value of Single-Family Homes	\$896,176	\$841,964
Average Assessed Value of Condominiums	\$398,470	\$387,597
Average Market Rents Efficiency	\$1,547	\$1,438
1 Bedroom Apartment	\$1,920	\$1,799
2 Bedroom Apartment	\$2,413	\$2,231
3 Bedroom Apartment	\$2,577	\$2,477

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 miles548
Sidewalks miles366
Alleys, Paved miles17.3

Utilities

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

Public Recreation

Acreage1,042
Facilities:
Playground Areas42
Swimming Pools4
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:	
Envoy of Alexandria, LLC.....	111
Goodwin House Alexandria.....	80
Mount Vernon Healthcare Center	130
Promedica Skilled Nursing and Rehab (Alexandria).....	96
The Fountains at Washington House.....	68
Woodbine Rehabilitation and Healthcare Center	307

Libraries

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

Education

	Number
Public Schools:	
Elementary	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.....	4,206
Alexandria Hotel Occupancy.....	56.6%
National Hotel Occupancy (as of June 2022)	61.5%
Alexandria Average Daily Rate.....	\$143.27
National Average Daily Rate (as of June 2022)	\$139.58

SOURCE: Visit Alexandria

CITY OF ALEXANDRIA, VIRGINIA
Five-Year Summary of General Fund Revenues and Expenditures
As of June 30, 2022

Table XXII

	2018	2019	2020	2021	2022
Revenues					
General Property Taxes	\$ 490,205,197	\$ 504,616,490	\$ 517,263,555	\$ 534,770,027	\$ 552,540,913
Other Local Taxes	133,448,905	140,260,786	128,170,493	131,506,114	148,875,492
Permits, Fees, and Licenses	2,235,428	2,802,064	1,387,070	4,185,341	2,202,262
Fines and Forfeitures	5,024,337	4,297,753	4,052,312	3,076,876	2,694,652
Use of Money and Property	7,307,650	11,265,651	8,610,954	3,149,630	1,115,117
Charges for Services	21,272,076	22,276,812	11,215,075	10,681,086	15,203,509
Intergovernmental Revenues	56,587,411	56,124,121	56,885,336	59,552,814	56,268,765
Miscellaneous	1,646,321	2,663,744	1,966,605	1,921,463	2,597,949
Total Revenues	717,727,325	744,307,421	729,551,400	748,843,351	781,498,659
Other Financing Sources					
Operating Transfers In	10,705,736	11,921,244	9,291,882	9,246,427	45,584,494
Refunding Bonds	165,711,747	-	-	49,887,196	11,782,546
Bond Premium (Discount)	-	-	-	-	-
Sale of Land	-	-	-	-	-
Total Other Financing Sources	176,417,483	11,921,244	9,291,882	59,133,623	57,367,040
Total Revenues and Other Financing Sources	894,144,808	756,228,665	738,843,282	807,976,974	838,865,699
Expenditures					
Current					
General Government	51,000,556	48,284,138	46,141,615	52,615,276	56,619,999
Judicial Administration	19,080,832	20,363,626	20,640,006	19,773,623	20,440,688
Public Safety	142,200,883	147,267,680	147,712,011	142,367,202	147,184,920
Public Works	35,665,834	35,212,635	29,164,816	25,638,460	27,917,451
Library	6,935,201	7,026,500	7,095,682	7,379,204	7,680,826
Health and Welfare	20,169,486	20,334,366	20,703,485	20,962,751	21,726,647
Transit	15,340,916	16,926,703	16,570,690	2,478,947	18,681,843
Culture and Recreation	24,860,318	25,257,914	25,814,160	24,292,705	26,704,089
Community Development	19,167,648	18,211,203	19,715,477	20,174,219	21,667,205
Education	214,073,749	223,841,444	231,685,624	234,037,296	239,437,296
Debt Services					
Principal Retired	44,404,949	45,653,950	43,809,930	44,965,570	42,992,958
Interest and Fiscal Charges	21,795,764	23,926,863	21,909,241	19,638,000	19,656,254
Total Expenditures	614,696,136	632,307,022	630,962,737	614,323,252	650,710,176
Other Financing Uses					
Payment to Refunded Bonds					
Escrow Agent	166,600,582	-		49,618,630	11,710,136
Operating Transfers Out	103,984,281	110,575,925	101,197,911	120,356,796	127,261,747
Total Other Financing Uses	270,584,863	110,575,925	101,197,911	169,975,426	138,971,883
Total Expenditures and Other Financing Uses	885,280,999	742,882,946	732,160,648	784,298,678	789,682,059
Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing	8,863,809	13,345,718	6,682,634	23,678,295	49,183,640
Fund Balances at Beginning of Year	120,006,283	128,958,343	143,214,706	152,800,030	176,644,513
Increase (Decrease) in Reserve for Inventory	88,251	910,645	2,902,690	166,188	(743,345)
FUND BALANCES					
AT END OF YEAR	\$ 128,958,343	\$ 143,214,706	\$ 152,800,030	\$ 176,644,513	\$ 225,084,808

CITY OF ALEXANDRIA, VIRGINIA
Summary of Total
General Obligation Bonds
Debt Service
As of June 30, 2022

TABLE XXIII

Fiscal Year	Total Principal	Total Interest	Total
2023	49,934,000	27,120,500	77,054,500
2024	48,842,000	25,156,151	73,998,151
2025	51,559,000	23,150,711	74,709,711
2026	49,581,000	21,032,009	70,613,009
2027	46,542,000	18,951,402	65,493,402
2028	48,819,000	16,883,147	65,702,147
2029	48,954,000	14,851,446	63,805,446
2030	46,087,000	13,100,814	59,187,814
2031	41,669,000	11,554,734	53,223,734
2032	37,739,000	10,138,247	47,877,247
2033	33,505,000	8,930,019	42,435,019
2034	26,730,000	7,869,816	34,599,816
2035	28,140,000	7,073,119	35,213,119
2036	27,185,000	6,355,974	33,540,974
2037	27,065,000	5,638,935	32,703,935
2038	23,865,000	4,967,445	28,832,445
2039	18,920,000	4,387,046	23,307,046
2040	17,010,000	3,933,859	20,943,859
2041	17,240,000	3,529,031	20,769,031
2042	16,385,000	3,115,075	19,500,075
2043	9,515,000	2,762,325	12,277,325
2044	9,805,000	2,472,525	12,277,525
2045	10,100,000	2,173,950	12,273,950
2046	10,410,000	1,866,300	12,276,300
2047	10,725,000	1,549,275	12,274,275
2048	11,055,000	1,222,575	12,277,575
2049	11,390,000	885,900	12,275,900
2050	11,740,000	538,950	12,278,950
2051	12,095,000	181,425	12,276,425
Total	\$ 802,606,000	\$ 251,392,706	\$ 1,053,998,706



DRAFT

DRAFT



City of Alexandria, Virginia
Finance Department
P.O. Box 178
Alexandria, Virginia 22313
alexandriava.gov/finance