



# Alexandria City Public Schools Audit Results Year Ended June 30, 2023



# Contents

We welcome the opportunity to meet with you to discuss the results of our audit and the financial statements of Alexandria City Public Schools for the year ended June 30, 2023. We completed our audit and issued our report dated December 15, 2023.

CLA exists to create opportunities for our clients, our people, and our communities. We achieve this goal by living the CLA Promise: to know you and help you. The contact at CLA in connection with this communication is listed below:



Remi Omisore, CPA, MBA, CISA, CIA  
Remi.Omisore@CLAConnect.com  
(410)308-8157

<i>Content</i>	<i>Page</i>
<b>Scope and Deliverables</b>	
Scope and Deliverables	3
<b>Industry Trends and Developments</b>	
Scope and Deliverables	4
<b>Required Communications</b>	
Financial Reporting Risk Assessment	4
Financial Statement Summary	5
Internal Control Communications	6
Industry and Firm Required Communications	4



# Scope and Deliverables



## Scope of the Engagement

Issue an opinion on the June 30<sup>th</sup> financial Statements



## Responsibilities

Management is responsible for the preparation and fair presentation of these financial statements. Auditors' responsibility is to express an opinion on these financial statements based on an audit and to conduct the audit to obtain reasonable assurance that the financial statements are free from material misstatement.



## Conclusion

Unmodified Opinion  
Required communications - Communications to those charged with governance on key components  
Report on internal control and compliance



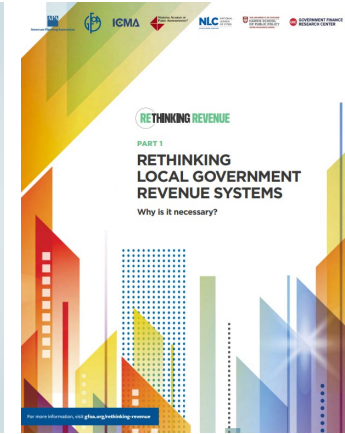


# Industry Trends and Developments



# Now Is The Time To Rethink


- Public engagement
- Rethinking Budget
- Revenue
- Reserves
- Financial Reporting



# Accounting Industry Top Challenges

 Talent shortage

 Automation and Digitization

 Salary increases

 Accounting standard changes

 Inflation Reduction Act Tax Credits

 Cyber security



# Governmental Accounting Standards Board Update

## Effective Dates

- 2023
  - Statement 91—Conduit Debt Obligations
  - Statement 94—Public-Private and Public-Public Partnerships and Availability Payment Arrangements
  - **Statement 96—Subscription-Based Information Technology Arrangements**
- 2024
  - **Statement 100—Accounting Changes and Error Corrections**
- 2025
  - **Statement 101—Compensated Absences**





# Required Communications





# Financial Reporting Risk Assessment Summary



**Management  
Override of  
Controls**



**Improper  
Revenue  
Recognition**



**Valuation of  
Investments**



**Valuation of  
Pension  
Liability and  
Related Amounts**



**New  
Accounting  
Pronouncements and  
Financial Reporting**



# Financial Statement Summary

Financial Statement Components	2023	2022	Variance
Cash	\$ 65,183,355	\$64,074,961	\$1,108,394
Long Term Liabilities	291,874,236	262,082,359	29,791,877
Net Position/Deficit	(187,477,900)	(208,016,950)	20,539,050
General Fund - Fund			
Balance	20,997,505	24,389,697	(3,392,192)
Net Income	20,539,050	21,288,812	(749,762)
City of Alexandria			
Contributions	260,074,591	248,943,085	11,131,506
Commonwealth			
Contributions	61,974,827	54,825,648	7,149,179
Grants	47,061,987	46,191,873	870,114
Expenses	348,588,550	330,733,278	17,855,272

- Long term liabilities increased by \$30 million as a result of the pension liability related to the VRS Teachers Retirement Plan(\$28.4) and ACPS Employees Supplemental Plan (\$6.1m)
- Long term liabilities increased by \$2.5 million related to the implementation of GASB 96.
- Revenues and expenses increased by approximately \$17 million, respectively.
- Contributions from the City and State increased by \$11m and \$7m, respectively.



# Internal Control Matters



Topic	Communication
Purpose	<ul style="list-style-type: none"> <li>Express an opinion on the financial statements, not on the effectiveness of internal controls.</li> <li>Our consideration of internal controls was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls.</li> </ul>
Material Weakness	<ul style="list-style-type: none"> <li>Reasonable possibility that a material misstatement would not be prevented, or detected and corrected on a timely basis.</li> </ul>
Significant Deficiencies	<ul style="list-style-type: none"> <li>Less significant than a material weakness, yet important enough to merit the attention of governance.</li> </ul>
Restricted Use	<ul style="list-style-type: none"> <li>This communication is intended solely for the information and use of management, the audit committee, and others within ACPS, and is not intended to be, and should not be, used by anyone other than these specified parties.</li> </ul>
Audit Adjustments	<ul style="list-style-type: none"> <li>No significant uncorrected misstatements</li> <li>No significant corrected misstatements</li> </ul>
Results	<ul style="list-style-type: none"> <li>No material weaknesses or significant deficiencies identified</li> <li>GASB 96 Implementation</li> </ul>

# Required Communications



Topic	Communication
Our Responsibility Under Generally Accepted Auditing Standards	<ul style="list-style-type: none"> <li>Express an opinion on the fair presentation of the financial statements in conformity with GAAP</li> <li>Plan and perform the audit to obtain <b>reasonable, but not absolute, assurance</b> that the financial statements are free of material misstatement</li> <li>Evaluate internal control over financial reporting</li> <li><b>Utilize a risk-based audit approach</b></li> <li>Communicate significant matters to appropriate parties</li> </ul>
Planned Scope & Timing of the Audit	<ul style="list-style-type: none"> <li>Performed the audit according to the planned scope and timing previously communicated</li> </ul>
Other Information in Documents Containing the Audited Financial Statements	<ul style="list-style-type: none"> <li>Financial statements may only be used in their entirety</li> <li>Our approval is required to use our audit report in a client prepared document</li> <li>We have no responsibility to perform procedures beyond those related to the financial statements</li> </ul>
Significant Accounting Policies	<ul style="list-style-type: none"> <li>Management is responsible for the accounting policies of the organization</li> <li><b>Accounting policies are outlined in Note 1 to the financial statements</b></li> <li><b>ACPS implemented GASB No. 96, SBITA's</b></li> </ul>
Significant Accounting Estimates	<ul style="list-style-type: none"> <li>An area of focus under a risk-based audit approach</li> <li><b>Significant estimates include: Incurred but not reported claims and net pension and OPEB liability</b></li> <li>Estimates determined by management based on their knowledge and experience</li> <li>No management bias indicated</li> <li>Estimates were deemed reasonable</li> <li>Estimate uncertainty is disclosed in the financial statements</li> </ul>
Other	<ul style="list-style-type: none"> <li><b>No difficulties encountered in performing the audit</b></li> <li><b>No issues discussed prior to retention as independent auditors</b></li> <li><b>No disagreements with management regarding accounting, reporting, or other matters</b></li> <li><b>No consultations with other independent auditors</b></li> <li><b>No other findings or issues were discussed with, or communicated to, management</b></li> </ul>



*Remi Omisore, CPA*  
*Principal*  
*Remi.Omisore@CLAConnect.com*  
*(410)-308-8157*

*Aires Coleman, CPA*  
*Director*  
*Aires.Coleman@CLAConnect.com*  
*(410)-453-0900*



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2023 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://www.claglobal.com/disclaimer).  
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.