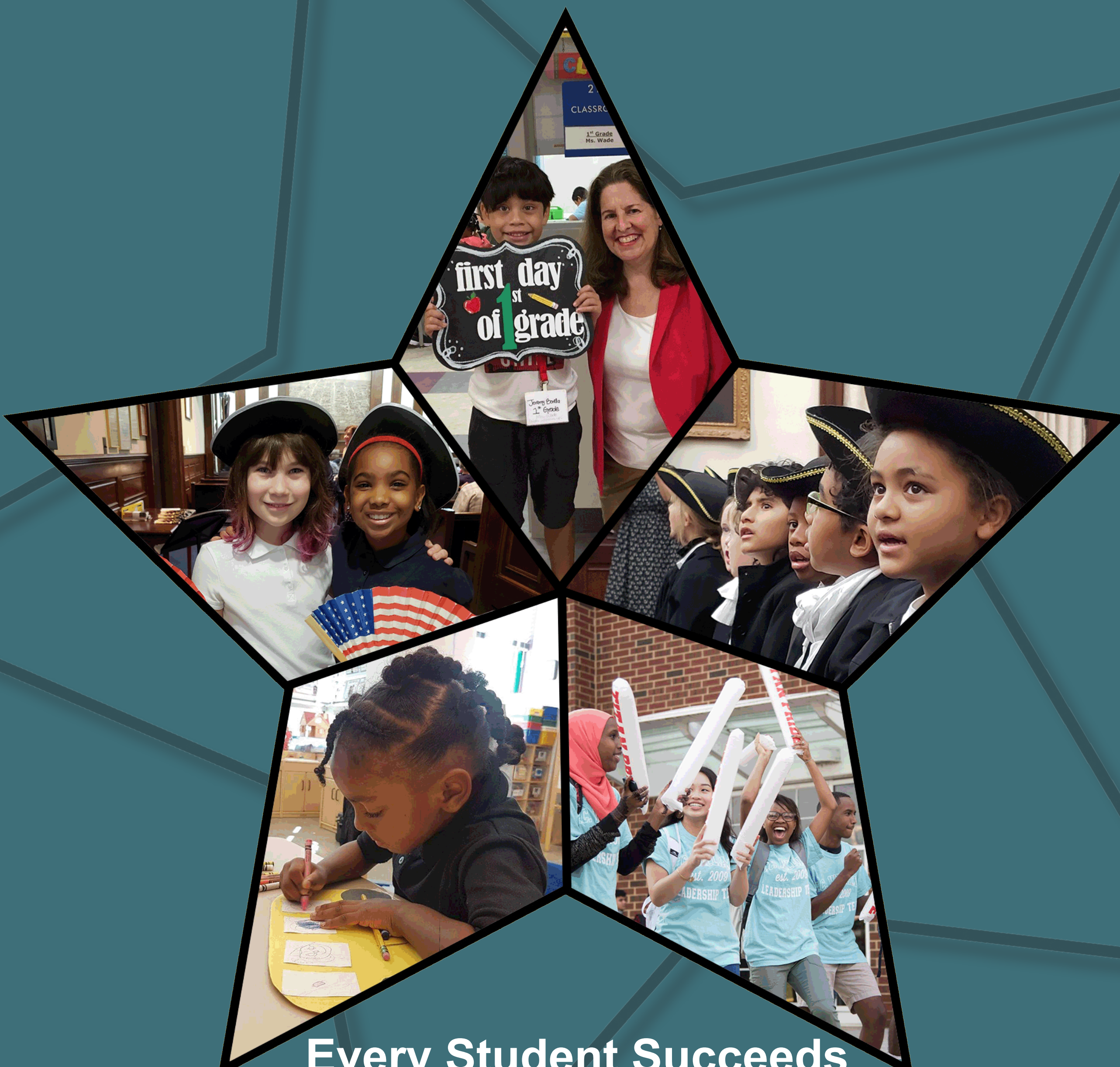
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019



Every Student Succeeds

ACPS

Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

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Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by:

Financial Services Department

Dr. Gregory C. Hutchings, Jr.
Superintendent of Schools

Dominic B. Turner
Chief Financial Officer

Michael A. Covington
Director, Accounting

Farah Afrasiabi
Sr. Accountant

Michael Barclay
Sr. Accountant

Ramona Crawford
Administrative Assistant II

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INTRODUCTORY SECTION

Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS' 2020 Vision

Our students achieve at high levels, are well-rounded, critical thinkers, and have a passion to learn.
ACPS has an engaging and collaborative climate that promotes ethical behavior and values diversity.
ACPS is a vital part of the fabric of our community, and Alexandria residents and businesses take pride in our schools.

Alexandria City Public Schools

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Alexandria City Public Schools

1340 Braddock Place
Alexandria, Virginia 22314

Telephone: 703-619-8000
TTY: 711 (Virginia Relay)
www.acps.k12.va.us

@ACPSk12
facebook.com/ACPSk12

November 22, 2019

The Honorable Chair Anderson and
Members of the Alexandria City School Board and
Citizens of the City of Alexandria, Virginia:

We are pleased to submit the *Comprehensive Annual Financial Report* (CAFR) of the Alexandria City Public Schools (ACPS) for the fiscal year ended June 30, 2019. It has been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to local government entities. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of ACPS for the fiscal year ended June 30, 2019. ACPS is considered a component unit of the City of Alexandria, Virginia (City) and, accordingly, the financial position and results of operations of ACPS are also reflected in the financial statements included in the City's CAFR.

An independent audit of the Board's finances is required each fiscal year by either the Virginia Auditor of Public Accounts or a firm of independent Certified Public Accountants. The *Code of Virginia* (Section 15.2-2510) requires ACPS to submit its audit report to the Auditor of Public Accounts by November 30 of each year. This document will be submitted in fulfillment of this requirement. An audit was also conducted to meet the requirements of the Federal Single Audit Act Amendment of 1996 and related Office of Management and Budget Uniform Grant Guidance.

ACPS' financial statements were audited by CliftonLarsenAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of ACPS for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the ACPS financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP).

The independent audit of the financial statements of the school division was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal control and legal requirements involving the administration of federal awards. The independent auditors' report is available in the Other Supplementary Information section of the CAFR.

The report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, financial institutions and the Board. GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Alexandria City Public Schools

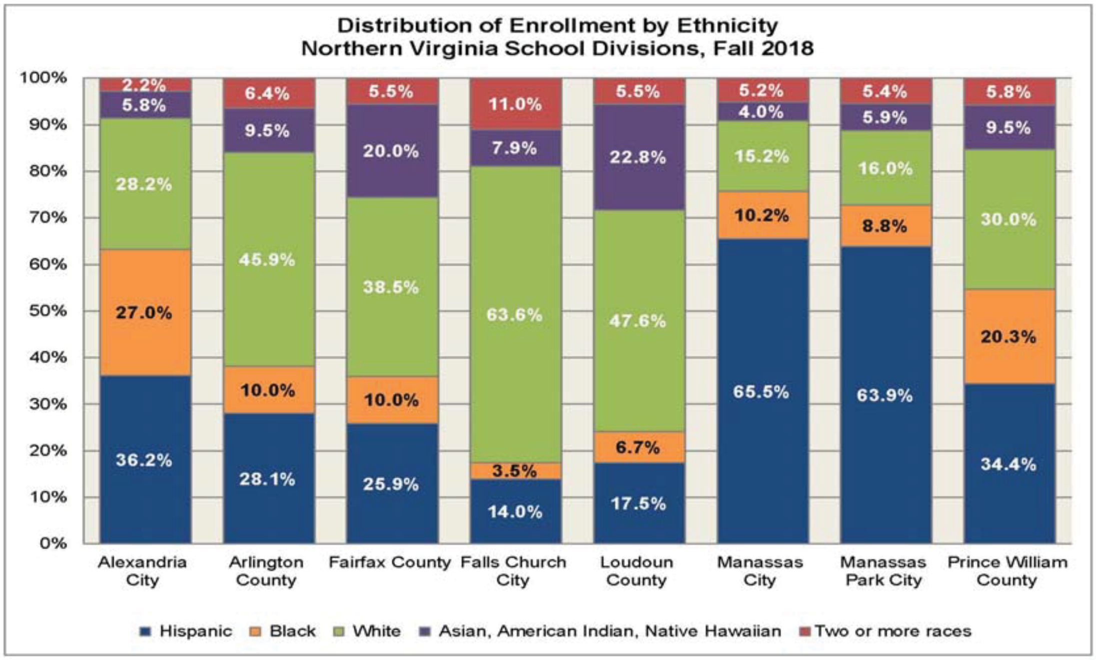
Alexandria City Public Schools is a school division located within and serving the residents of the City of Alexandria.

The City is located on the west bank of the Potomac River across from Washington, D.C., and was established in 1749 by an Act of the Virginia General Assembly. The City is autonomous from any county, town or other political subdivision of the Commonwealth of Virginia. It has a total area of 15.8 square miles and an estimated population of approximately 160,035 according to the US Census Bureau.

The City is a primary government that is financially accountable for a legally separate entity, the School Board of the City of Alexandria (Board). The Board is the elected body established under Virginia law to provide public education from pre-kindergarten through twelfth grade to children residing within the City of Alexandria, Virginia. The Board consists of nine members who each serve a three-year term. The Board members elect one member to serve as Chair of the Board and a second member to serve as Vice-Chair of the Board.

The Board determines educational policy and employs a superintendent of schools to administer the school division. The Board has no power to levy or collect taxes or increase the City appropriation. Because of its relationship with the City, it is considered a component unit of the City, as defined by GAAP. ACPS has no component units for financial reporting purposes.

ACPS ranks 16th in enrollment of the 132 school divisions in the Commonwealth of Virginia and is in close proximity to the three largest Virginia school divisions (Fairfax, Prince William, and Loudoun County Public Schools). It has a vibrant multicultural community, and students reflect an even broader diversity than that of the City. ACPS served a student population of approximately 15,795 students in the 2018-2019 school year, with students who come from more than 114 different countries, speak more than 119 languages, and represent a myriad of cultural and socioeconomic groups. The chart below illustrates this rich diversity compared to neighboring school divisions.



Source: Virginia Department of Education, 2018-2019 Fall Membership

ACPS has experienced significant enrollment increases over the past six years and estimates that this growth trend will continue in the coming years. In the 2019-2020 school year, ACPS received an additional 255 students, or a 1.6 percent increase in enrollment over the prior year. The City and ACPS are dedicated to ensuring the academic success for each and every student.

Currently, the school division operates one high school with two campuses (a 9th grade campus and a campus for grades 10-12), two middle schools (grades 6 – 8), two K – 8 schools, and eleven elementary schools (grades pre-K – 5). ACPS operates alternative education programs to meet the needs of students through the flexible online learning Satellite Program and the Chance for Change Academy (an interim education facility). ACPS also operates the Northern Virginia Juvenile Detention Center School and opened the Early Childhood Center in the 2018-2019 school year.

Most of ACPS school buildings were built between the 1940’s and the 1960’s.
By 2021, five of the 17 ACPS facilities will be older than 75-years. This includes Mount Vernon, Matthew Maury, George Mason, and Douglas MacArthur elementary schools, and George Washington Middle School. Over the next 20 years, an additional eight schools will reach 75- plus years. This underlines our concern for maintenance and replacement of our aged systems and infrastructure.

Local Economic Outlook and Long-term Financial Planning

Since 2009, the Greater Metropolitan Washington DC area economic performance continues to show improvement in increased real estate listings and sales prices. The City of Alexandria and Northern Virginia usually outperform the rest of the Commonwealth. The 2016 unemployment rate, population 16 years and over, for the City and the Commonwealth are 4.0 percent and 5.9 percent, respectively, a reduction compared to 4.5 percent and 6.5 percent in 2015. These rates continue to be significantly lower than the average national unemployment rate of 7.4 percent for 2017 and 8.3 percent for 2016, respectively.

After four years of declines through 2010, real estate assessments, which generate over half of the City's General Fund revenues, continue to grow. Residential assessments increased by 3.4 percent of value compared to 2017, while commercial assessments increased by 1.0 percent. This marks the ninth year in a row that assessed values have increased.

ACPS is funded from local, state, and federal resources. State and City funds are the two largest sources of revenue and represent approximately 98.9 percent of total revenues. ACPS does not have the authority to levy taxes to directly support education; as such the school division is fiscally dependent on the City. State monies are determined based on Average Daily Membership (ADM) and the local composite index, which measures a school division's ability to pay education costs to meet the Commonwealth's Standard of Quality (SOQ). Significant funding is also received from federal grants.

Each year, ACPS staff develops and presents a five-year fiscal forecast with varying revenue and expenditure assumptions to facilitate informed decision-making as a part of the budget process. With approximately 83 percent of General Fund revenue derived from the City appropriation, assumptions regarding the City's revenue growth and the resulting increase or decrease in the City appropriation can drive forecast results. Similarly for budgeted expenditures, salaries and benefits comprise approximately 88 percent of total General Fund expenditures and assumptions related to salary increases, as well as the growth of healthcare and retirement costs, also drive forecast results. The most recent forecast shows that the school division will face funding shortfalls that range from approximately $14.6 million for FY 2021 to over $55.3 million by FY 2025. Under the *Code of Virginia*, School Boards are required to adopt a balanced budget which means the projected revenues plus beginning fund balance must fully cover the total estimated expenditures. As a result, the school board and division leadership are analyzing various strategies to increase revenue and reduce costs, while maximizing overall efficiency to ensure structural deficits do not continue.

Major Initiatives

Alexandria City Public Schools is committed to providing every student with a high-quality education, a welcoming learning environment and the skills and resources needed to succeed today and after graduation. The priorities of the school division are outlined through a series of six goals focused on a common mission of seeing Every Student Succeed; academic excellence, family and community engagement, high-quality staff, facilities and learning environment, health and wellness, and effective and efficient operations. ACPS has just completed the fourth year of the ACPS 2020 Strategic Plan.

The school division is the process of developing a new strategic plan for 2025. This plan will have equity at its core. The 2025 strategic plan is being developed by a Strategic Planning Committee made up of 60 staff, community members, parents and students, with support from FourPoint Education Partners, an education consultancy firm that specializes in strategic planning. The final plan is expected to be adopted by the Alexandria City School Board in spring 2020.

This was the first year of Dr. Gregory C. Hutchings, Jr's superintendency and included a listen and learn tour and a vision session where he set out what he had heard and his goals to take Alexandria City Public Schools to the next level. This established six priority areas for ACPS: equity, community collaboration, transparency, alignment, and systems and processes. Equity is the lens through which all work going forward will be viewed in order to fulfil the ACPS 2020 commitment of seeing every student succeed. This includes facilities, opportunities, access and the provision of the necessary supports or enrichment to help every student achieve their success.

In November 2018, Dr. Hutchings was named Superintendent of the Year by the National Alliance of Black School Educators (NABSE) for his outstanding contributions to the educational advancement of African Americans.

During FY 2019, ACPS has worked to refine and better align its budget process to ensure an Academic Return on Investment. The school division has put processes in place to ensure the division's organizational structure is aligned with the strategic planning goals, that we deliver fiscally responsible Operating and Capital Improvement Program (CIP) Budgets, and that we continue to work closely with the City of Alexandria to deliver the outcomes needed.

This collaboration is essential at a time when many of our aging school facilities are reaching the end of their lifespan. Alexandria City Public Schools opened three new schools in 2018-19.

Ferdinand T. Day Elementary School, named after a local civil rights icon, opened on the West End in September 2018. The Early Childhood Center opened a few days later to house 360 Virginia Preschool Initiative and Head Start pre-K students. The Patrick Henry K-8 School opened its expanded new 136,600 sq. ft. school building in January 2019. The new K-8 facility has the capacity to house students from kindergarten through grade eight and saw its total number of students expanded from 650 to 900.

In 2018-19, ACPS faced serious maintenance issues with the building envelope at Mount Vernon Community School. In the spring of 2018, ACPS commissioned a Targeted Facilities Assessment of six of its oldest schools to assist with documenting the most pressing needs in order to prioritize these projects. Instead of demolishing the old Patrick Henry Elementary School, it will be used as temporary swing space, which allowed ACPS in April 2019 to accelerate the planned modernization of Douglas MacArthur Elementary School.

In January 2019, the Alexandria City School Board voted to initiate the High School Project to explore options to solve our capacity issues and redefine the high school experience in terms of programming for future generations. The High School Project aims to rethink the way we are delivering our high school education and, at the same time, solve space issues that come with a growing student body. Alexandria City is growing and will face the challenge of educating up to 5,000 high school students over the next five to ten years.

In response to Amazon's announcement in the fall of 2018 that it would be locating its H2 headquarters in Crystal City, Virginia, ACPS has established a partnership with Arlington Public Schools and Falls Church City Public Schools to explore a possible future partnership with Virginia Tech University to support the development of the Northern Virginia region as a technology hub.

Alexandria City Public Schools continues the work to become a high-performing school division. The record number of students at T.C. Williams High School who scored top grades in Advanced Placement (AP) tests in 2018 led to ACPS being one of only two public school divisions in the Commonwealth to be recognized by the College Board for its achievement. T.C. Williams made the College Board's 9th Annual AP District Honor Roll for expanding enrollment opportunities for all students, while simultaneously achieving significant gains in AP test scores. This increase in access was seen across all students, including those who historically have not enrolled in AP-level courses. T.C. Williams High School earned the College Board AP Computer Science Female Diversity Award for achieving high female representation in AP Computer Science Principles, while T.C. Williams High School 2018 valedictorian Jackson du Pont was recognized by the College Board for being one of 111 students in the world to earn every point possible on the AP Research Exam.

T.C. Williams High School saw more than a quarter of its graduating Class of 2019 earn a diploma in a language other than their native one. More than 80% of the Class of 2019 reported that they were going on to college in the fall. The school division celebrated its tenth anniversary of having Advancement Via Individual Determination (AVID) programming in its school.

T.C. Williams High School senior Ana Humphrey won first place and $250,000 in the nation's most prestigious Regeneron Science Talent Search competition for her research into exoplanets, surpassing more than 2,000 other students. She became the first Hispanic student to receive the award in 20 years. T.C. Williams students won the regional championship in the "We the People" Competition in January, while two T.C. Williams seniors placed first and third in the State on the National German Exam. In 2019, T.C. Williams High School also won the Scholastic Bowl state championship for the first time in the school's history.

In 2018-19, as part of an ongoing commitment to improve our processes and ensure we continue to be good stewards of taxpayers' dollars, ACPS conducted an audit of our Human Resources processes.

In 2018-19, ACPS continued to build support for the school division within the community. ACPS had 2,580 participants in the ACPS 2020 survey in 2019, almost 1,000 more participants than the previous year. 72% rated the quality of ACPS education as excellent or good, 92% said they feel welcome to attend school activities, and 92% said there were opportunities to volunteer for school, programs, activities and events. 86% said ACPS partners with families and the community in the education of Alexandria’s youth and 76% said there is shared/mutual trust and respect between ACPS and the community. ACPS facilities were seen to still require more work, with 62% saying that facilities were well maintained and 67% saying that ACPS provides optimal learning environments for students.

Financial Information

ACPS ended the fiscal year in sound financial condition. The government-wide financial statements reflect revenues in excess of expenditures by $1.0 million. General Fund expenditures and other financing sources exceeded revenues by approximately $1.6 million using the modified accrual basis of accounting. The FY 2019 comprehensive annual financial report reflects continued strong and fiscally prudent management practices.

Fund Accounting: ACPS reports its financial activities through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. (See Note 1 of the Notes to the Basic Financial Statements for a summary of significant accounting policies and descriptions of fund types.)

Internal Control: ACPS management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school division are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance is based on the assumption that the cost of internal financial controls should not exceed the benefits expected to be derived from their implementation. As a result, one inherent limitation of internal controls is that a certain degree of risk will always be unavoidable because of cost/benefit considerations.

For both general and special revenue funds, ACPS utilizes a fully integrated accounting system as well as an automated system of controls for fixed assets and payroll. These systems, coupled with the manual review of each voucher before payment, ensure that the financial information generated is both accurate and reliable.

The audit for the year ended June 30, 2019, disclosed no material internal control weaknesses or material instances of noncompliance or other violations of laws, regulations, contracts and grant agreements.

Budgetary Control: Under Virginia law (Section 22.1-93), the School Board must prepare and approve an annual budget by May 15 or within 30 days of the receipt of the estimates of state funds, whichever shall later occur. ACPS maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget. The fiscal year begins on July 1 and ends on June 30 with all annual unencumbered appropriations lapsing at year end. Outstanding encumbrances of certain governmental funds at the end of the fiscal year are re-appropriated, as part of the following fiscal year's operating budget.

Budgets are also prepared annually for the Grants and Special Projects Fund and the School Nutrition Fund (special revenue funds). The school lunch program is dependent on federal and state reimbursements and cafeteria sales to support its overall lunch and breakfast food service activities.

The Capital Projects Fund is budgeted on a project-by-project basis and represents the entire project budget for projects expected to begin that fiscal year. Debt service funds are established by the City in accordance with the requirements of bondholders. All budget and expenditures related to the capital projects fund are currently recorded in the City's financial system.

Management control is exercised over the budget at the budgetary department level within each fund. ACPS also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at the end of the fiscal year in the general fund, grants and special projects fund, and the school food services fund are carried forward and available in the subsequent fiscal year as appropriate.

Each department administrator and school principal is furnished with monthly financial reports showing the status of the budget accounts for which they are responsible and detailed transaction reports. They are also provided a report listing outstanding encumbrances for the current and prior years.

Other Information

Awards

Certificate of Excellence (ASBO): The Association of School Business Officials International (ASBO) awarded the Alexandria City Public Schools a Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. This is the 16th consecutive year that ACPS has achieved this prestigious award.

This Financial Reporting award was designed by ASBO to enable school officials to achieve a high standard of financial reporting. The award is only conferred to school systems that have met or exceeded the standards of the program. We believe that the current CAFR also conforms to the ASBO Certificate of Excellence program requirements and we are submitting it to ASBO to determine its eligibility for another certificate.

Certificate of Achievement (GFOA): The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ACPS for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 9th year ACPS has achieved this prestigious award. In order to be awarded a Certificate of Achievement by the GFOA, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet GFOA's Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the two awards for excellence in financial reporting described above, ACPS has also earned the *Meritorious Budget Award* from the ASBO for the fiscal year ended June 30, 2019. This award is valid for a period of one year only and we believe that our budget report continues to conform to the program requirements of ASBO. We will be submitting our fiscal year 2020 budget to ASBO to determine the School Board's eligibility for another certificate award and GFOA's new "Award for Best Practices in School Budgeting" program.

Acknowledgements

The preparation of this report would not have been possible without the hard work, professional dedication, and continuing efforts of the entire staff of the Financial Services Department. We would like to express our sincere appreciation to everyone in the department who assisted with and contributed to the preparation of this report. We would also like to acknowledge the cooperation and assistance of the ACPS departments and schools throughout the year in their efficient administration of ACPS' financial operations. Appreciation is also extended to the School Board and ACPS leadership team whose continuing support is vital to the financial health of the school division. This report is the result of extensive teamwork throughout ACPS.

Respectfully submitted,

Gregory C. Hutchings, Jr., Ed.D.
Superintendent

Dominic B. Turner
Chief Financial Officer

Michael A. Covington
Director, Accounting

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School Board

Cindy Anderson .... Chair
Veronica Nolan .... Vice-Chair
Meagan L. Alderton .... Member
Ramee A. Gentry .... Member
Jacinta Greene .... Member
Margaret Lorber .... Member
Michelle Rief .... Member
Christopher A. Suarez .... Member
Heather Thornton .... Member

Jennifer Abbruzzese .... Director of Policy and Board Initiatives
Susan Neilson .... Clerk of the Board

Superintendent's Leadership Team

Dr. Gregory C. Hutchings, Jr. .... Superintendent of Schools
Dominic B. Turner .... Chief Financial Officer, Superintendent's Designee
Dr. Terri Mozingo .... Chief Academic Officer, Superintendent's Designee
Dr. Stephen Wilkins .... Chief Human Resources Officer
Dr. Elizabeth Hoover .... Chief Technology Officer
Clinton Page .... Chief Accountability Officer
Mignon Anthony .... Chief Operating Officer
Dr. Julie Crawford .... Chief Student Services, Equity and Alternative Programs Officer
Dr. Lisa Piehota .... Executive Director, Elementary School Instruction
Dr. Gerald Mann, Jr. .... Executive Director, Secondary School Instruction
Anthony Kurt Huffman .... Director, School, Business and Community Partnerships
Helen Lloyd .... Director II, Communications

Alexandria City School Board

Director of Policy & Board Initiatives
Jennifer Abbruzzese

Clerk of the Board
Susan Neilson

Dr. Gregory C. Hutchings, Jr.
Superintendent

Curriculum and Instruction
Superintendent's Designee
Dr. Terri Mozingo

Data Analysis, Interpretation, and Resources
Elementary Instruction
English Learners
Humanities
Literacy
Secondary Instruction and College and Career Readiness
Specialized Instruction
STEM
Talent Development
Tile I and School Improvement

Office of Communications
Helen Lloyd

Information Services
Community Engagement
Video and Video Production Services
Audio-Visual Services

Financial Services
Dominic B. Turner

Accounting Services
Audit Support
Budget and Financial Planning
Financial Systems and Reporting
Fiscal Procedures and Compliance
Grants Management
Payroll Services
Procurement and General Services

Students and Schools
Pre-K-5 Principals
K-5 Principals
Pre-K-8 Principals
Middle School Principals
High School Principal
Alternative Programs

School, Business and Community Partnerships
Anthony Kurt Huffman

ACPS Partners
Business Advisory Council
Community-Funded Facilities Projects
Family and Community Engagement
Grants Development
Volunteer Services

Student Services, Alternative Programs and Equity
Dr. Julie Crawford

Alternative Education Programs
Equity and Cultural Competence
Family Educational Rights and Privacy Act (FERPA)
Homelessness
Home Schooling
School Counseling Services
School Health Services
School Psychology Services
School Social Worker Services
Student Hearings
Title IX Compliance

Technology Services
Dr. Elizabeth Hoover

Education and Business Applications
Freedom of Information Act (FOIA)
Help Desk
Instructional Technology
Network Infrastructure
Online Learning
Records Management
Student Data
Web Services

Human Resources
Superintendent's Designee
Dr. Stephen Wilkins

Compensation and Benefits
Employee Relations
Employment Services
Licensure
Onboarding
Succession Planning

Accountability
Clinton Page

Data Analysis & Reporting
Evaluation & Research
Technical Support
Test Administration

Operations
Mignon Anthony

Educational Facilities
Emergency Management
Pupil Transportation
School Nutrition Services

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Alexandria City Public Schools

for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018.

The CAFR meets the criteria established for ASBO International's Certificate of Excellence.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Tom Wohlleber, CSRM
President

David J. Lewis
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Alexandria City Public Schools

Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS' goal #1

Academic Excellence and Educational Equity: Every student will be academically successful and prepared for life, work, and college.

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

The Members of the Alexandria City School Board
Alexandria, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria City Public Schools (ACPS) (a component unit of the City of Alexandria, Virginia), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise ACPS’ basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Members of the Alexandria City School Board
Alexandria City Public Schools
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of ACPS as of June 30, 2019, and the respective changes in financial position and cash flows where applicable, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the budgetary comparison schedules, schedules of employer contributions, schedules of changes in net pension liability, schedule of employer's share of net pension liability, schedule of changes in net OPEB liability, and schedule of employer's share of net OPEB liabilities, as referenced in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ACPS' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The Members of the Alexandria City School Board
Alexandria City Public Schools
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of ACPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of ACPS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACPS' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 22, 2019

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FINANCIAL SECTION

Management's Discussion & Analysis

ACPS' goal #2

Family and Community Engagement: ACPS will partner with families and the community in the education of Alexandria's youth.

Introduction

Our discussion and analysis of Alexandria City Public Schools' (ACPS) financial performance provides an overview of ACPS' financial activities for the fiscal year ended June 30, 2019. The intent of this management discussion and analysis is to consider ACPS' financial performance as a whole. Readers should also review the letter of transmittal, basic financial statements, notes to the basic financial statements, and supplementary information to enhance their understanding of ACPS' financial performance.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments, as amended. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. The reporting model is a combination of both government-wide financial statements and fund financial statements.

Financial Highlights

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The financial status of ACPS, as reflected by net position, increased by $1.0 million to a deficit of $221.7 million at June 30, 2019. The total net position is comprised of $14.3 million net investment in capital assets, $7.0 million is restricted for grant and special revenue programs; $4.4 million is restricted for health benefits reserves and $5.1 million is restricted for net pension assets. The unrestricted net position deficit decreased by $4.4 million, to a total deficit of $252.4 million.

On a government-wide basis for governmental activities, the school division's revenues of $297.2 million exceeded expenses of $296.2 million by $1.0 million.

FUND FINANCIAL STATEMENTS

As of the close of the current fiscal year, ACPS' governmental funds reported combined ending fund balances of $17.9 million, a decrease of $8.3 million in comparison with the prior year. Of this $17.9 million combined fund balance, $2.8 million is available as unassigned fund balance and may be designated for use at the discretion of the School Board or management.

At June 30, 2019, the General Fund reported an ending fund balance of $10.8 million, a decrease of $1.6 million from the prior year. The fiscal year 2019 original budget included a planned use of fund balance in the amount of $5.2 million due to ongoing fiscal constraints.

Overview of the Financial Statements

This Financial Section of the Comprehensive Annual Financial Report consists of four parts: 1) Management's Discussion and Analysis (MD&A), 2) basic financial statements (government-wide and fund statements) including notes to the financial statements, 3) required supplementary information, and 4) other supplementary information.

The basic financial statements consist of two kinds of statements that present different views of ACPS' financial activities. The government-wide financial statements provide both long-term and short-term information about ACPS' overall financial status. The fund financial statements report ACPS' operations in more detail than the government-wide statements.

The Statement of Net Position and Statement of Activities provide information on a government-wide basis. These statements present an aggregate view of ACPS' financial position. Government-wide statements contain useful long-term information as well as information for the just completed fiscal year.

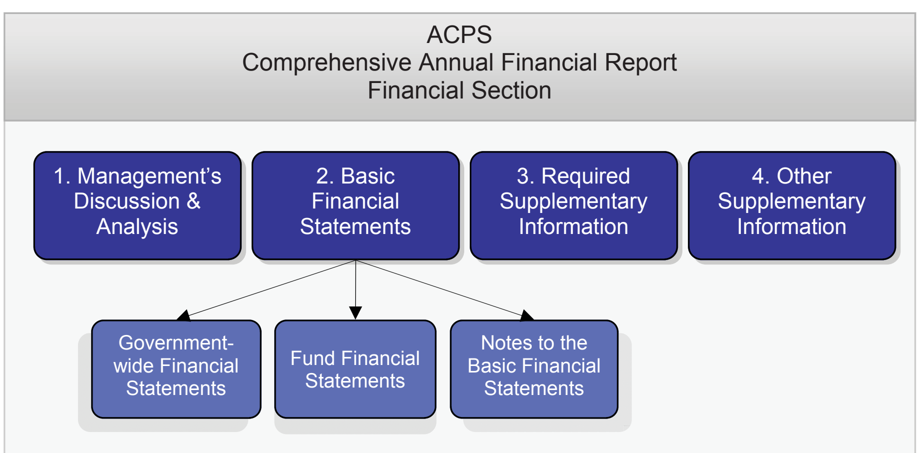
The remaining statements are fund financial statements that focus on the individual funds of ACPS, providing primarily short-term information. Fund statements report operations in more detail than government-wide statements.

The notes to the financial statements explain some of the information in the statements and provide additional disclosures so that statement users have a complete picture of ACPS' financial activities and position.

The required supplementary information further enhances the financial statements with budgetary comparisons and pension trend data. The budgetary comparisons provide three separate types of information: the original budget, the final amended budget and the actual expenditures. Three statements are required to be presented in connection with the defined benefit plans; schedule of employer contributions, schedule of changes in net pension liability and a schedule of employer's share of net pension liability. For the OPEB trust, two schedules are required; schedule of employer contributions and a schedule of changes in net OPEB liability.

The other supplementary information refers to information about our fiduciary funds and is presented immediately following the required supplementary information on pensions.

The following diagram shows how the various parts of the financial section are arranged and relate to one another.



Government-wide Financial Statements

The government-wide statements report information about ACPS as a whole, using accounting methods similar to those used in private-sector companies. The Statement of Net Position and the Statement of Activities provide information about the activities of the school division as a whole, presenting both an aggregate and a long-term view of the financial position. These statements include all assets, liabilities and deferred inflows and outflows of resources using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all of ACPS' (1) assets and deferred outflows of resources, (2) liabilities and deferred inflows of resources, and (3) the difference between them reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of the school division is improving or deteriorating.

The Statement of Activities presents information on ACPS' costs of providing services and the resources obtained to finance those services. This statement also highlights to what extent ACPS programs are able to cover their costs with user fees, operating grants and contributions, as opposed to being financed with general revenues. In addition, the statement provides overall information as to whether the financial position has improved or deteriorated during the fiscal year.

Financial Analysis of ACPS as a Whole

In government-wide financial statements, the activities can be divided into two categories: governmental activities and business-type activities. ACPS reports only governmental activities, since it has no business-type activities. The governmental activities of ACPS include the school division's principal functions, such as instruction, administration, operation and maintenance of school buildings, pupil transportation, food services, and attendance and health. These governmental activities are primarily supported by the City of Alexandria (the City), State aid and intergovernmental revenues.

In response to GASB Statement No. 34, the Virginia General Assembly passed a law that established the local option of creating, for financial reporting purposes, a tenancy in common between the city/county and the local school board when the city/county issues bonds for financing school construction. The sole purpose of the law is to allow cities and counties the ability to match the recording of school assets and related liabilities. As a result, certain school assets financed with the City's general obligation bonds are recorded as part of the primary government rather than as part of ACPS.

According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the bonds are repaid. Capital debt financing activities are not reported in the ACPS financial statements, but rather in the City's financial statements.

Net position. The table below, provides a summary of ACPS' net position as of June 30, 2019 compared to June 30, 2018.

Summary of Net Position
As of June 30,

	Governmental Activities 2019	Governmental Activities 2018	Variance	Percentage Change 2019-2018
ASSETS				
Current assets	$ 68,599,802	$ 85,646,650	$ (17,046,848)	-19.9%
Net Pension Assets	5,050,065	4,600,977	449,088	9.8%
Capital assets, net	15,599,998	12,792,893	2,807,105	21.9%
Total assets	89,249,865	103,040,520	(13,790,655)	-13.4%
DEFERRED OUTFLOWS OF RESOURCES	41,717,250	47,821,414	(6,104,164)	-12.8%
LIABILITIES				
Current liabilities	45,535,290	53,636,339	(8,101,049)	-15.1%
Long-term liabilities	9,925,564	10,199,383	(273,819)	-2.7%
Net OPEB liabilities	47,876,319	48,179,050	(302,731)	-0.6%
Net pension liabilities	219,040,487	229,706,920	(10,666,433)	-4.6%
Total liabilities	322,377,660	341,721,692	(19,344,032)	-5.7%
DEFERRED INFLOWS OF RESOURCES	30,247,620	31,830,491	(1,582,871)	-5.2%
NET POSITION				
Net investment in capital assets	14,333,077	10,910,323	3,422,754	31.4%
Restricted	16,447,104	23,223,210	(6,776,106)	-29.2%
Unrestricted	(252,438,346)	(256,823,782)	4,385,436	-1.7%
Total net position	$ (221,658,165)	$ (222,690,249)	$ 1,032,083	-0.5%

- **Current Assets** decreased by $17.0 million or 19.9 percent from fiscal year 2018. The increase was primarily due to decreases in equity in pooled cash balances which were partially offset by increases in due from other governments.

- **Capital Assets, net of depreciation** increased $2.8 million, or 21.9 percent, from the prior year due to the purchase of 18 new buses and vehicles and extensive renovation of the George Washington Middle School cafeteria.

- **Deferred Outflows of Resources** decreased $6.1 million, or 12.8 percent, primarily due to decreases in retirement plan differences in proportionate share of $2.0 million and changes in assumptions of $10.1 million. These decreases were partially offset by an increase in retirement plan deferrals of employer contributions after the measurement date of $5.9 million and OPEB differences in expected vs. actual experience of $0.6 million.

- **Current Liabilities** decreased $8.1 million, or 15.1 percent, primarily due to reductions in payables outstanding for capital projects compared to the prior year.

- **Net Pension Liabilities** decreased $10.7 million, or 4.6 percent during the fiscal year. This decrease was primarily due decreases in retirement plan pension expenses of $4.0 million and decreases in retirement plan deferred outflows of $6.0 million.

- **Deferred Inflows of Resources** decreased $1.6 million in FY 2019, due to reductions in the VRS retirement plans of $1.3 million and $0.3 million for the OPEB trust.

Changes in net position. The following table presents the changes in net position from fiscal year 2018 to 2019:

Changes in Net Position
For the fiscal years ending, June 30,

	Governmental Activities			
	2019	**2018**	**Variance**	**% Change**
Revenues				
Program revenues:				
Charges for services	$ 2,621,376	$ 2,354,108	$ 267,268	11.4%
Operating grants and contributions	21,284,473	21,129,803	154,670	0.7%
General revenues:				
City appropriation	227,228,450	206,863,933	20,364,517	9.8%
State aid	45,601,267	43,719,948	1,881,319	4.3%
Other local funds	512,845	513,406	(561)	-0.1%
Total revenues	**297,248,411**	**274,581,198**	**22,667,213**	8.3%
Expenses				
Instructional:				
General instruction	217,023,617	209,136,380	7,887,237	3.8%
Adult education	1,017,138	947,842	69,296	7.3%
Summer school	1,276,386	1,225,044	51,342	4.2%
Support Services:				
Administration	20,544,620	20,212,751	331,869	1.6%
Attendance and health services	6,472,139	5,981,139	491,000	8.2%
Pupil transportation	10,001,757	11,009,516	(1,007,759)	-9.2%
Plant operations and maintenance	30,141,853	24,752,866	5,388,987	21.8%
Operation of Noninstructional Services:				
Food services	9,738,817	9,515,648	223,169	2.3%
Total expenses	**296,216,327**	**282,781,186**	**13,435,141**	4.8%
Change in net position	1,032,084	$ (8,199,988)	$ 9,232,072	-112.6%
Net Position-beginning balance	(222,690,249)			
Net Position-ending balance	**$ (221,658,165)**			

- The total Net Position deficit decreased $1.0 million, or 0.5 percent, to a deficit of $221.7 million in fiscal year 2019 from a deficit of $222.7million in fiscal year 2018. Total revenues increased $22.7 million or 8.3 percent from fiscal year 2018, while expenses increased $13.4 million or 4.8 percent.

- The total appropriation received from Alexandria City increased $20.4 million to $227.2 million compared to $206.9 million from 2018. The appropriation related to the Capital Projects Fund increased $10.6 million from 2018 and the City's appropriation to the General Fund increased $9.7 million to $223.8 million in 2019, compared to $214.1 million in 2018, an increase of 4.5 percent.

- Increases in state aid were primarily due to higher sales taxes revenues received by the state, Medicaid revenue received and state allocations of lottery revenues.

- The City appropriation and general state aid accounted for 92 cents of every dollar of ACPS' revenue received. The remaining 8 cents of every dollar of revenue is funded with federal and state aid for specific programs, charges for services, and miscellaneous revenues.

- The majority of ACPS's expenses are directly related to the provision of services to students, including classroom instruction, attendance and health, transportation and school nutrition. These services account for 83 cents of every dollar spent. The remainder supports administrative costs (7 cents per dollar), operations and maintenance (10 cents per dollar).

- Total expenses for governmental activities in 2019 increased $13.4 million, or 4.8 percent, to $296.2 million compared to $282.8 million in 2018.

- General Instructional expenses increased $7.9 million from 2018. These costs included approximately 47.2 additional full-time equivalent (FTEs) positions added during FY 2019. The growth in general instructional expenses reflects the continued alignment of our operating budget to dedicate more resources towards classroom instruction and significant enrollment increases.

- Plant and operations expenses increased $5.4 million over 2018. These areas reflected increased costs for security services and repairs and maintenance in our schools.

Notable activities occurring during FY2019 were as follows.

New Health Sciences Academy

In FY2018, ACPS launched a health sciences academy at T.C. Williams High School in partnership with The George Washington University (GW). This is the first public-private partnership of its kind in Virginia. The Academy, which was endorsed as a Governor's Health Sciences Academy by the Commonwealth of Virginia through the Virginia Department of Education, enables our high school students to earn up to 18 college credits from The George Washington University School of Medicine and Health Sciences before they graduate. Following graduation, students can move into entry-level health careers; matriculate into a community college and attain an associate's degree; transfer to the GW School of Medicine and Health Sciences through a guaranteed admissions agreement with college credits toward earning a bachelor's degree; enter a bachelor-completion program at GW in partnership with select community colleges in Virginia and Maryland; or transfer credits to other four-year universities. During FY 2019, 96 students enrolled in this program and the first graduating class in this program will be the Class of 2022.

New Schools Opened

In September 2018, ACPS opened its first new school in 20 years. Ferdinand T. Day Elementary School — a science, technology, engineering and math (STEM) school with a curriculum focused on hands-on learning and exploration — was named after a local civil rights icon and education pioneer. The school, which can accommodate 650 students, is an example of creative collaboration between the City and ACPS to find space to meet the needs of growing enrollment, particularly on the West End. It is the first school in the city to be created by retrofitting office space and is a great example of efforts to create new cost-effective educational spaces to combat growing enrollment. Total construction costs were approx. $37.5 million and are reported in the assets of the City.

ACPS opened the doors of its second new school a week later when the Early Childhood Center (ECC), co-located in the John Adams Elementary School, welcomed more than 300 pre-K students to their first day of school. The Early Childhood Center is the result of years of collaborative planning with the City and ACPS partners such as the Campagna Center, and is an example of the power of collaboration in the delivery of services to our families and commitment to our youngest learners. It includes classroom space for 360 students in the ACPS VPI program, the Campagna Center Head Start program, ACPS Early Childhood Special Education (ECSE) and ACPS Preschoolers Learning Together (PLT). The ECC will also have an outdoor classroom designed for the learning needs of students with disabilities. Through the ECC, ACPS is able to offer encore classes such as music, physical education and library time to our students with disabilities for the first time. Total construction costs were approx. $1.5 million and are reported in the assets of the City.

In January 2019, construction on the new Patrick Henry K-8 School building was completed. This new 136,600 square foot state-of-the-art school was built on the grounds of the old school. It will have the capacity to house students from kindergarten through grade eight, expanding the number of students able to attend the school to 900. Prior to the start of the project, the old school had a capacity of 650 students in grades pre-K through 5. Planning for the construction of the school began almost five years ago as a joint project between the City and ACPS. Total construction was completed in 18 months and cost approx. $40.7 million.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. ACPS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All ACPS funds are reported in the governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year for spending in future years. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

ACPS' fund financial statements provide detail information about the most significant funds, and not ACPS as a whole. Governmental fund reporting focuses on showing how money flows in and out of funds and the balances left at year-end that are available for spending. They are reported using modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of ACPS' operations and the services it provides.

The Board adopts an annual appropriated budget for all governmental funds. For fiscal year 2019, all governmental funds have been designated as major funds. The budgetary comparison schedules for the General, Grants and Special Projects and School Nutrition funds have been provided in the Required Supplementary Information section of this report (Exhibits IX, X and XI respectively).

At the end of FY 2019, ACPS' governmental funds reported combined fund balances of $17.9 million, a decrease of $8.3 million in comparison with fiscal year 2018. Of this combined total fund balance, $1.5 million or 8.6 percent constitutes non-spendable fund balance which reflects inventories and prepaid items that are in a non-liquid form and cannot be spent, $6.8 million or 38.3 percent constitutes restricted fund balance which is restricted for grant programs, capital projects and school nutrition programs and $5.7 million or 32.1 percent constitutes committed fund balance which is designated by the School Board for use in fiscal year 2020, $1.0 million or 5.4 percent constitutes assigned fund balance which is designated for outstanding encumbrances at year-end, and $2.8 million or 15.5 percent constitutes unassigned fund balance which is not constrained at all and can be used for any purpose by the Board. See Note 12 for additional information on our fund balance designations.

The following schedules present a summary of the General Fund by type of revenue and expenditures by function for the period ended June 30, 2019 as compared to June 30, 2018. They also depict the amount and percentage increases and decreases in relation to prior year amounts reported.

General Fund Revenues

The General Fund is the general operating fund of the Board that is used to account for all financial resources, except those required to be accounted in another fund.

Revenues for the General Fund totaled $270.6 million for 2019, which was $11.8 million or 4.6 percent higher than revenues received in 2018. The majority of annual funding received by ACPS is paid by the City, which provided an appropriation of $223.8 million in FY 2019. This represented an increase of $9.8 million or 4.6 percent over the FY 2018 appropriation. The second largest revenue source is from the Commonwealth of Virginia. Income from the Commonwealth increased $1.9 million, or 4.3 percent, to a total of $45.6 million in FY 2019, primarily due to additional state sales taxes and Medicaid revenues.

Tuition and fees increased 34.5 percent due to increased fees collected for school programs and rental of facilities.

Other local revenue remained relatively steady compared to 2018 and is primarily federal grant indirect cost recoveries and rebates received from vendors.

General Fund Revenues by Source

	FY 2019		FY 2018		Increase (Decrease) from FY 2018	
Source	Amount (000)s	Percent of Total	Amount (000)s	Percent of Total	Amount (000)s	Percentage Change
City of Alexandria	$ 223,829	82.7 %	$ 214,061	82.7 %	$ 9,768	4.6 %
State Aid	45,601	16.8	43,720	16.8	1,881	4.3
Federal Aid	131	0.0	127	0.0	4	3.1
Tuition and Fees	487	0.2	362	0.1	125	34.5
Other Local Funds	513	0.2	513	0.2	-	-
Total Revenues	$ 270,561	100.0 %	$ 258,783	100.0 %	$ 11,778	4.6 %

Amounts may not add due to rounding

General Fund Expenditures & Other Financing Sources and Uses

General Fund expenditures totaled $270.6 million for fiscal year 2019, which was an increase of $13.5 million, or 5.2 percent from fiscal year 2018. The following illustration presents the amounts of General Fund expenditures by function and the increase or decrease from the previous year for each function, as well as, the comparison of other financing sources and uses with the prior year.

For fiscal year 2019, the School Board awarded a full step increase to all eligible employees and a 2% bonus was awarded to those employees at the top of the salary scale. Also, approximately 61 FTEs were added to our staffing in FY 2019. These increases in personnel cost, including related increased employee benefits costs, are reflected in all ACPS functions. Other significant changes in operating fund expenditures are summarized below:

General Fund Expenditures by Function and Other Financing (Sources) Uses

Function	FY 2019 Amount (000)s	FY 2019 Percent of Total	FY 2018 Amount (000)s	FY 2018 Percent of Total	Increase (Decrease) From FY 2018 Amount (000)s	Increase (Decrease) From FY 2018 Percent Change
General instruction	$ 207,804	76.8 %	$ 197,613	76.9 %	$ 10,191	5.2 %
Adult education	609	0.2	542	0.2	67	12.4
Summer school	1,122	0.4	1,163	0.5	(41)	(3.5)
Administration	20,023	7.4	18,659	7.2	1,364	7.3
Attendance and health	6,598	2.4	6,039	2.3	559	9.3
Pupil transportation	10,589	3.9	10,177	4.0	412	4.0
Plant operations and maintenance	22,460	8.3	21,534	8.4	926	4.3
Food services	755	0.3	755	0.3	-	-
Debt Service						
Principal	616	0.2	604	0.2	12	2.0
Interest	30	0.0	42	0.0	(12)	(28.6)
Total Expenditures	$ 270,606	100.0 %	$ 257,128	100.0 %	$ 13,478	5.2 %
Other Financing (Sources) Uses						
Transfers In	$ -		$ -		$ -	- %
Transfers Out	1,523		1,432		91	6.4 %
Total Other Financing (Sources) Uses, net	$ 1,523		$ 1,432		$ 91	

Amounts may not add due to rounding

- General instruction costs increased by $10.2 million, or 5.2 percent, due to instruction-based positions added to staffing, driven by continued student enrollment growth and the growing population of students with additional needs.
- Transfers out in Other Financing Uses of $1.5 million from the General Fund reflect ACPS' contribution to the Virginia Preschool Initiative program in the Grants and Special Projects Fund.

Fund Balances

The FY 2019 General Fund Original Budget, as adopted by the School Board, reflected the usage of $5.2 million of fund balance committed to offset the amount of budgeted expenditures and funds transfers that exceeded budgeted revenues. This budgeted usage of fund balance is consistent in the General Fund budget adoption process of prior years. At the close of FY 2019, general fund balance decreased by $1.6 million.

The Grant and Special Projects Fund is used to account for federal, state, and local grants restricted for specified school purposes by the grantor. During FY 2019, total grant funding was relatively flat from FY 2018. At June 30, 2019, the Grants and Special Projects Fund balance consisted of $0.2 million restricted for the purposes specified in the grant awards.

The Capital Projects Fund is used to account for the acquisition, renovation or construction of ACPS facilities. Payments for all capital projects initiated by ACPS, in accordance with the School Board and City Council approved ACPS capital plan, are processed and disbursed by the City. The fund balance of the Capital Projects Fund at June 30, 2019 was $3.4 million. It represents funding dedicated to ACPS by the City for approved capital projects in advance of incurred capital expenditures.

As previously stated, certain school assets and projects may be financed with the City's general obligation bonds and as a result, disbursements for those activities are recorded as part of the primary government. Any capital debt financing activities are reported in the City's financial statements, and are not reflected in ACPS financial statements. According to law, the tenancy in common ends when the associated debt obligation is repaid, at which time the related assets revert to the School Board. No capital assets reverted to ACPS in 2019, due to the end of the tenancy in common.

The School Nutrition Fund is used to account for the preparation and serving of student meals. At the end of 2019, the School Nutrition fund balance reflected $0.2 million in nonspendable fund balance for inventory and prepaid items and $3.3 million in restricted fund balance for school nutrition operations. This fund is self-supported by the revenues earned and does not rely upon the General Fund to support its operations.

Capital Assets

At June 30, 2019, ACPS had $15.6 million invested in land, construction in progress, buildings and building improvements, and furniture and equipment for governmental activities, net of accumulated depreciation (see Note 5 for additional information on capital assets). This amount represents an increase of $2.8 million from last year due to purchases of school buses and modular classrooms.

Major capital project expenditures during fiscal year 2019 that are reflected in the City's capital fund are,

- *New Schools Construction*- During FY2019, approximately $8.8 million was spent on the conversion of the six story office building, purchased in 2017, into the newly named Ferdinand T. Day Elementary School and $17 million was spent finalizing the construction of the new Patrick Henry K-8 School. Both of these schools opened their doors during the 2018-2019 school year.
- *Pre-School Capacity*-$1.0 million was spent retrofitting space at the John Adams Elementary School to accommodate ACPS' new central preschool program.
- *Window Replacement*- $1.1 million was spent replacing windows at Francis C. Hammond Middle School.
- *Roof Replacements*- Roof replacement projects at Cora Kelly Elementary School and Mount Vernon Elementary School cost $2.3 million during FY2019. These projects continued into FY2020
- *School Buses and Vehicles*- Approximately $1.4 million was spent to acquire 18 school buses and vehicles to replace aging equipment and for increased student enrollment and facilities management.
- *Rowing Facility*- Approximately $0.6 million was spent for new floating docks and associated renovations with a completion date in FY20.

Other major capital project expenditures during fiscal year 2019 that are reflected in the ACPS' general fund are,

- *Food Services*- Approximately $2.3 million on renovations and upgrades to school cafeterias at

Ferdinand T. Day Elementary School, George Washington Middle School and Francis C. Hammond Middle School and $0.2 million was spent for appliances across the district to improve school cafeterias.

Under legislation passed by the General Assembly of Virginia, projects under construction and any school assets funded by the City's long-term debt are carried in the City's financial records until the associated debt has been paid in full. When the bonded debt is retired, the assets and any remaining asset value are transferred to ACPS. The table below reflects only those assets that have been transferred to or purchased by ACPS.

Capital Assets
(net of accumulated depreciation)
As of June 30,

	Governmental Activities			
	2019	**2018**	**Increase (Decrease)**	**Percentage Change**
Land	$ 999,381	$ 999,381	$ -	- %
Construction-in-progress	700,655	46,858	653,797	1,395.27
Buildings and building improvements	5,106,065	3,036,717	2,069,348	68.14
Furniture and equipment	8,793,897	8,709,936	83,961	0.96
Totals	**$ 15,599,998**	**$ 12,792,892**	**$ 2,807,106**	**21.9 %**

General Fund Budgetary Highlights

The annual budget is prepared on a basis consistent with accounting principles generally accepted in the United States for the General Fund. All annual unencumbered appropriations lapse at fiscal year-end.

The budget is prepared by fund, organizational unit and account. During the fiscal year, upon receiving the final allocations from the State, transfers and adjustments are made to the budget allocations.

The following schedule presents a summary of the General Fund revenues and expenditures by type compared to the original and final budgets for the period ended June 30, 2019. Revenues in the original and final budgets totaled $270.2 million. Expenditures in the original budget were $273.8 million, while the final budget totaled $275.1 million. The final expenditure budget reflects zero-sum changes made throughout the year, plus the increase associated with the expenditures of funds encumbered at the end of FY 2018.

General Fund
Revenues and Expenditures
Budget to Actual Comparison

	FY 2019 Original Budget	FY 2019 Final Budget	FY 2019 Actual	Variance from Final Budget (Under) / Over
Revenues				
Intergovernmental:				
City of Alexandria	$ 223,829,302	$ 223,829,302	$ 223,829,302	$ -
State aid	45,063,454	45,063,454	45,601,266	537,812
Federal aid	286,713	286,713	130,649	(156,064)
Tuition and fees	391,545	391,545	487,371	95,826
Other local funds	645,802	645,802	512,847	(132,955)
Total Revenues	270,216,816	270,216,816	270,561,435	344,619
Expenditures				
Salaries	173,010,506	171,987,142	169,588,683	(2,398,459)
Benefits	67,713,567	67,413,291	66,049,201	(1,364,090)
Purchased Services	12,164,267	13,693,382	13,953,038	259,656
Other Charges	9,787,277	10,126,762	10,136,090	9,328
Materials and Supplies	8,514,148	9,099,731	8,210,792	(888,939)
Capital Outlay	2,619,687	2,795,947	2,668,628	(127,319)
Total Expenditures	273,809,452	275,116,255	270,606,432	(4,509,823)
Excess (Deficiency) of revenue over (under) expenditures	(3,592,636)	(4,899,439)	(44,997)	4,854,442
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(1,613,613)	(1,613,613)	(1,522,979)	(90,634)
Total Other Financing Sources and Uses	(1,613,613)	(1,613,613)	(1,522,979)	(90,634)
Change in Fund Balance	$ (5,206,249)	$ (6,513,052)	$ (1,567,976)	$ 4,945,076

- Actual General Fund revenues exceeded the final budget by $0.3 million, primarily due to increased sales tax collections and Medicaid program revenues.

- Expenditures were $4.5 million or 1.6 percent below the final budget.
  - Actual combined salaries and benefits expenditures totaled $235.6 million, which is $3.8 million or 1.6 percent less than the final budget. This savings is associated with instructional and support staff position vacancies and salaries lapse.
  - Actual materials and supplies were less than the final budget by $0.9 million or 9.8 percent due to lower than planned expenditures for instructional supplies and textbooks.

The budget variances above do not include the value of any outstanding encumbrances that remained open at year end. There were outstanding encumbrances for the general fund totaling $1.0 million, that were carried over into FY 2020.

Fiduciary Funds

ACPS is the trustee for its employees' pension plan and other post-employment benefit trust. It is also responsible for an agency fund which covers the student activity fund (SAF) program. All of the fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from ACPS' government-wide statements because ACPS cannot use these assets to finance its operations. The financial statements for the plan are prepared on the accrual basis of accounting. The student activity monies are also accounted for in this fund type as an agency fund. The School Activity Account Fund is presented in Exhibits VII and XVI of this report.

The basic Fiduciary Fund financial statements are presented in Exhibits VII and VIII, and the combining statements for the Fiduciary Fund are presented in Exhibits XIV and XV of this report.

Economic Factors and 2020 Fiscal Year Budget

The School division considers many factors when developing the next year's budget. Primary factors include projected student enrollment growth compared to the student teacher ratios in each classroom and the number of new staff needed to meet those program goals, employee benefit increases, facilities costs, and other factors. ACPS continues to experience significant increases in student enrollment.

For FY 2019, enrollment increased to 15,795 students. From FY 2015 through FY 2019, the elementary school enrollment increased by approx. 6.6 percent, from 7,934 to 8,498 students. Middle school has increased by 15.9 percent, from 2,759 to 3,280 students and high school has increased by 12.3 percent, from 3,474 to 3,959 students; a total growth of 1,570 students.

Projected enrollment for the 2019-20 school year includes a 1.6 percent growth (about 255 students) compared to the 2017-2018 school year and over the next ten years through FY 2029, enrollment growth is projected to increase to approximately 18,327 students, or a total growth of 16.0 percent compared to our current level. ACPS has maintained smaller class sizes for an enhanced learning environment for students. Class size caps — 22 for kindergarten, 24 for grades 1 and 2, and 26 for grades 3 to 5 in elementary schools, remain competitive with other school divisions in Northern Virginia.

Even with the opening of 3 new schools during FY2019, identifying division-wide capacity solutions remain under consideration, with particular focus on secondary school capacity. Achieving the capacity to serve our growing population of students remains a challenge that provides significant spending pressure on our capital projects budget.

ACPS' growing student population continues to reflect very diverse demographics and special needs. Our students represent 118 different countries and speak 120 native languages. The enrollment in the English Learner (EL) program represents 30.7 percent of total student population for FY 2019 and is one of the highest percentages of students receiving EL services in the Northern Virginia school divisions. The proportion of our students participating in the free and reduced-price meal program in FY 2011 was 53.2 percent and this has increased in FY 2019 to 58.8 percent, which is the highest percentage of the Northern Virginia school divisions. This is significantly different than the general Alexandria City population, which has only 11.5 percent of the population living under the poverty line based on the U.S. Census Bureau, 2017 data.

All of these factors contribute towards increased costs to educate our students and provide significant challenges towards balancing our budget.

Despite these very difficult economic times and the financial challenges associated with continued increased student enrollment and more diverse student needs to address, ACPS will continue to put its limited resources where it matters the most: To improve student learning for each and every child in the school division. Through resource realignment, ACPS will maintain small class sizes, dedicate more money to instruction, add more teachers for core classes, physical education, ELL and special education programs, and continue to fund school exemplary programs and teacher professional development.

In June 2019, the School Board adopted a balanced budget for fiscal year 2020 that reflected General Fund resources of $284.8 million, which includes the approved use of $5.0 million of available unrestricted fund balance.

The total expenditures of $284.8 million in the FY 2020 final General Fund budget is an increase of 4.0 percent compared to the FY 2019 final budget. The appropriation to ACPS from the City of Alexandria is $231.7 million an increase of 3.5 percent compared to the FY 2019 final budget. Total positions funded through combined funds show a net increase of 22.02 FTE or 0.9 percent, for a total of 2,607.06 FTEs.

Contacting the Alexandria City Public Schools Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of ACPS' finances and to show ACPS' accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Financial Services Department at Alexandria City Public Schools, 1340 Braddock Place, Alexandria, Virginia 22314, telephone 703-619-8040 or visit the school's web site at https://va01918616.schoolwires.net/Page/344.

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FINANCIAL SECTION

Basic Financial Statements

ACPS' goal #3
An Exemplary Staff: ACPS will recruit, develop, support, and retain a staff that meets the needs of every student.

Exhibit I

Alexandria City Public Schools, Virginia
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Equity in pooled cash and investments	$ 52,024,889
Due from other governments	14,735,868
Other receivables	200,606
Prepaid items and other assets	1,456,016
Inventories	182,423
Net pension assets	5,050,065
Capital assets:	
Land	999,381
Construction-in-progress	700,655
Other capital assets, net	13,899,962
Total assets	**89,249,865**
Deferred Outflows of Resources	
OPEB	4,144,189
Pensions	37,573,061
Total deferred outflows of resources	**41,717,250**
Total assets and deferred outflows of resources	**$ 130,967,115**
Liabilities	
Accrued personnel services	$ 29,671,834
Accounts payable	10,652,652
Unearned revenue	2,693,004
Long-term liabilities:	
Due within one year	2,517,800
Due in more than one year	9,925,564
Net OPEB liabilities	47,876,319
Net pension liabilities	219,040,487
Total liabilities	**322,377,660**
Deferred Inflows of Resources	
OPEB	3,516,530
Pensions	26,731,090
Total deferred inflows of resources	**30,247,620**
Net Postion	
Net investment in capital assets	14,333,077
Restricted for grant and special revenue programs	7,033,882
Restricted for health benefits	4,363,157
Restricted for net pension assets	5,050,065
Unrestricted	(252,438,346)
Total net postion	**(221,658,165)**
Total liabilities, deferred inflows of resources and net position	**$ 130,967,115**

See accompanying notes to the basic financial statements.

Exhibit II

Alexandria City Public Schools, Virginia
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Instructional:				
General instruction	$ 217,023,617	$ 114,021	$ 13,831,210	$ (203,078,386)
Adult education	1,017,138	88,907	-	(928,231)
Summer school	1,276,386	135,112	-	(1,141,274)
Support Services:				
Administration	20,544,620	-	-	(20,544,620)
Attendance and health services	6,472,139	-	-	(6,472,139)
Pupil transportation	10,001,757	-	-	(10,001,757)
Plant operations and maintenance	30,141,853	245,561	-	(29,896,292)
Operation of Non-instructional Services:				
Food services	9,738,817	2,037,775	7,453,263	(247,779)
Total governmental activities	$ 296,216,327	$ 2,621,376	$ 21,284,473	(272,310,478)
	General revenues:			
	Unrestricted intergovernmental revenue			
	City of Alexandria			227,228,450
	Commonwealth of Virginia			45,601,267
	Other			512,845
	Total general revenues			273,342,562
	Change in net position			1,032,084
	Net position-July 1, 2018			(222,690,249)
	Net position-June 30, 2019			$ (221,658,165)

See accompanying notes to the basic financial statements.

Exhibit III

Alexandria City Public Schools, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Projects	Grants & Special Projects	School Nutrition	Total Governmental Funds
Assets					
Equity in pooled cash and investments	$ 43,132,951	$ -	$ -	$ -	$ 43,132,951
Due from other governments	1,365,792	8,414,248	4,454,486	501,342	14,735,868
Due from other funds	4,345,361	-	-	3,493,170	7,838,531
Other receivables	-	-	67,180	44,964	112,144
Prepaid items and other assets	1,356,863	-	95,007	4,146	1,456,016
Inventories	-	-	-	182,423	182,423
Total assets	$ 50,200,967	$ 8,414,248	$ 4,616,673	$ 4,226,045	$ 67,457,933
Liabilities					
Accrued personnel services	$ 29,522,961	$ -	$ 916,497	$ 483,924	$ 30,923,382
Accounts payable and accrued liabilities	4,251,110	3,935,402	146,199	178,735	8,511,446
Unearned revenue	-	-	107,996	108,970	216,966
Rent abatement credit	2,110,667	-	-	-	2,110,667
Due to other funds	3,493,170	1,106,436	3,238,925	-	7,838,531
Total liabilities	39,377,908	5,041,838	4,409,617	771,629	49,600,992
Fund Balances					
Nonspendable	1,356,863	-	-	186,569	1,543,432
Restricted	-	3,372,410	207,056	3,267,847	6,847,313
Committed	5,724,223	-	-	-	5,724,223
Assigned	965,328	-	-	-	965,328
Unassigned	2,776,645	-	-	-	2,776,645
Total fund balances	10,823,059	3,372,410	207,056	3,454,416	17,856,941
Total liabilities and fund balances	$ 50,200,967	$ 8,414,248	$ 4,616,673	$ 4,226,045	$ 67,457,933

See accompanying notes to the basic financial statements.

Exhibit III-1

Alexandria City Public Schools, Virginia
Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2019

Total fund balances-governmental funds		$ 17,856,941
Amounts reported for governmental activities in the statement of net position are different from amounts reported for governmental funds because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)		
Non-depreciable assets	$ 1,700,036	
Depreciable assets	67,303,424	
Less: Accumulated depreciation	(53,403,462)	15,599,998
Net Pension Assets recorded for the amount of Plan Fiduciary Net Position in excess of Total Pension Liability, included in the Statement of Net Position. (Note 7)		
Virginia Retirement System- Political Subdivision		5,050,065
Deferred Outflows of Resources affecting total pension liabilities and retirement plan fiduciary net position, that are reported in the Statement of Net Position. (Note 7)		
Difference between projected and actual investment earnings		
Difference between employer contributions and proportionate share	4,238,000	
Difference between expected/actual experience	360,863	
Difference due to changes in assumptions	2,577,000	
Employer retirement contributions after measurement date	30,397,198	37,573,061
Deferred Outflows of Resources affecting total OPEB liabilities and OPEB plan fiduciary net position, that are reported in the Statement of Net Position. (Note 8)		
Difference between expected/actual experience	621,000	
Difference between projected and actual investment earnings	124,184	
Difference between employer contributions and proportionate share	299,000	
Difference due to changes in assumptions	336,332	
Employer retirement contributions after measurement date	2,763,673	4,144,189
Liabilities applicable to the ACPS' governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term obligations are not recorded in the governmental funds, but are reported in the Statement of Net Position. (Notes 6 & 9)		
Compensated absences, LT	(7,104,027)	
Compensated absences, Current Increase	(401,951)	
Capital leases	(1,266,922)	
Workers' compensation claims	(308,250)	(9,081,150)
Internal service funds are used by management to track and record the costs of the health insurance programs offered to employees and retirees. The net revenue of the internal service fund is reported with governmental activities in the Statement of Net Position.		4,363,157
Deferred Inflows of Resources affecting total pension liabilities and retirement plan fiduciary net position, that are reported in the Statement of Net Position. (Note 7)		
Difference between expected/actual experience	(18,667,203)	
Difference due to changes in assumptions	(219,203)	
Difference between employer contributions and proportionate share	(2,416,000)	
Difference between projected and actual investment earnings	(5,428,684)	(26,731,090)
Deferred Inflows of Resources affecting total OPEB liabilities and OPEB plan fiduciary net position, that are reported in the Statement of Net Position. (Note 8)		
Difference between expected/actual experience	(1,956,530)	
Difference between projected and actual investment earnings	(431,000)	
Difference between employer contributions and proportionate share	(395,000)	
Difference due to changes in assumptions	(734,000)	(3,516,530)
Net Pension Liabilities recorded for the amount of Total Pension Liabilities that exceed the Plan Fiduciary Net Position included in the Statement of Net Position. (Note 7)		(219,040,487)
Net OPEB Liabilities recorded for the amount of Total OPEB Liabilities that exceed the OPEB Plan Fiduciary Net Position included in the Statement of Net Position. (Note 8)		(47,876,319)
Total net position - governmental activities		**$ (221,658,165)**

See accompanying notes to the basic financial statements.

Exhibit IV

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Capital Projects	Grants & Special Projects	School Nutrition	Total Governmental Funds
Revenues					
Intergovernmental:					
City of Alexandria	$ 223,829,302	$ 3,399,148	$ -	$ -	$ 227,228,450
State aid	45,601,266	-	3,894,613	208,050	49,703,929
Federal aid	130,649	-	9,406,804	7,245,213	16,782,666
Tuition and fees	487,371	-	126,135	-	613,506
Food sales	-	-	-	1,905,369	1,905,369
Other	512,847	-	369,239	132,406	1,014,492
Total revenues	270,561,435	3,399,148	13,796,791	9,491,038	297,248,412
Expenditures					
Current:					
General instruction	207,803,784	-	13,664,818	-	221,468,602
Adult education	609,391	-	407,747	-	1,017,138
Summer school and kindergarten prep	1,122,500	-	79,997	73,889	1,276,386
Administration	20,023,508	-	1,084,295	-	21,107,803
Attendance and health services	6,597,870	-	16,595	-	6,614,465
Pupil transportation	10,588,802	-	6,914	-	10,595,716
Plant operations and maintenance	22,459,666	-	27,538	-	22,487,204
Food services	754,837	-	46,883	11,315,959	12,117,679
Capital improvement services	-	8,192,682	-	-	8,192,682
Debt Service					
Principal	615,648	-	-	-	615,648
Interest	30,426	-		-	30,426
Total expenditures	270,606,432	8,192,682	15,334,787	11,389,848	305,523,749
Excess (deficiency) of revenues over (under) expenditures	(44,997)	(4,793,534)	(1,537,996)	(1,898,810)	(8,275,337)
Other Financing Sources (Uses)					
Transfers In	-	-	1,522,979	-	1,522,979
Transfers Out	(1,522,979)	-	-	-	(1,522,979)
Total other financing sources (uses)	(1,522,979)	-	1,522,979	-	-
Net change in fund balances	(1,567,976)	(4,793,534)	(15,017)	(1,898,810)	(8,275,337)
Fund Balances-July 1, 2018	12,391,035	8,165,944	222,073	5,353,226	26,132,278
Fund Balances-June 30, 2019	$ 10,823,059	$ 3,372,410	$ 207,056	$ 3,454,416	$ 17,856,941

See accompanying notes to the basic financial statements.

Exhibit IV-1

Alexandria City Public Schools, Virginia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds			$ (8,275,337)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Pension expense reported in the Statement of Activities was adjusted to reflect the differences between pension expenses and employer contributions and the actuarial assumptions and actual vs expected performance of the ACPS retirement plans. (Note 7)			
	Virginia Retirement System-Teacher Employers	$ 10,245,299	
	Virginia Retirement System-Political Subdivisions	787,674	
	Employees' Supplemental Retirement System	(5,541,972)	5,491,001
OPEB expense reported in the Statement of Activities was adjusted to reflect the differences between OPEB expenses and employer contributions and changes in actuarial assumptions and actual vs expected performance of the OPEB plan. (Note 8)			1,405,957
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which new capital outlays exceeded depreciation in the current period. (Note 5)			2,807,106
In the Statement of Activities, sick pay, vacation pay, workers' compensation, and other postemployment benefits are measured by the amount accrued during the year. In governmental funds, expenditures for these items are measured by the amount actually paid. (Notes 6 & 9)			
	Compensated absences. LT Increase	(580,242)	
	Compensated absences, Current Decrease	65,599	
	Capital Leases	615,648	
	Workers' compensation	20,185	121,190
The Internal Service Fund is used by management to track and record the costs of the health insurance programs offered to employees and retirees. The net revenue of the internal service fund is reported with governmental activities.			(517,833)
Change in net position - governmental activities			**$ 1,032,084**

See accompanying notes to the basic financial statements.

Exhibit V

Alexandria City Public Schools, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2019

	Health Benefits Fund
Assets	
Equity in pooled cash and investments	$ 8,891,937
Other receivables	88,463
Total assets, current	8,980,400
Liabilities	
Accounts payable	854,717
Unearned revenue	2,476,037
Incurred but not reported claims	1,286,489
Total liabilities, current	4,617,243
Net Position	
Restricted, health benefits programs	4,363,157
Total net position	$ 4,363,157

See accompanying notes to the basic financial statements.

Exhibit VI

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Health Benefits Fund
Operating Revenues	
Charges for services	$ 32,147,885
Total operating revenues	32,147,885
Operating Expenses	
Claims and benefits paid	22,600,132
Premiums	9,062,813
Administrative costs	1,002,773
Total operating expenses	32,665,718
Change in net position	(517,833)
Net Position- July 1, 2018	4,880,990
Net Position- June 30, 2019	$ 4,363,157

See accompanying notes to the basic financial statements.

Exhibit VI-1

Alexandria City Public Schools, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Health Benefits Fund
Cash Flows from Operating Activities	
Receipts from customers	$ 32,467,817
Payments to providers for services	31,972,147
Net cash provided from operating activities	$ 495,670
Net change in equity in pooled cash and investments	$ 495,670
Equity in pooled cash and investments, beginning of year	8,396,267
Equity in pooled cash and investments, end of year	$ 8,891,937
Reconciliation of Operating Loss to Net Cash Provided from Operating Activities	
Operating loss	$ (517,833)
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in assets and liabilities:	
Decrease in other receivables	(7,578)
Increase in accounts payable	603,630
Increase in unearned revenue	327,510
Increase in incurred but not reported claims	89,941
Total adjustments	1,013,503
Net cash provided from operating activities	$ 495,670

See accompanying notes to the basic financial statements.

Exhibit VII

Alexandria City Public Schools, Virginia

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Pension and Other Employee Benefit Trust Funds	Agency Fund-Student Activity
Assets		
Cash held on behalf of student activity fund	$ -	$ 542,254
Investments, at fair value:		
Cash Equivalents	120,145	-
Bonds	60,510,422	-
Mutual funds	48,095,518	-
Real estate	20,881,064	-
Global asset allocation	19,562,005	-
Total investments	149,169,154	-
Contributions Receivable	207,287	-
Total assets	**149,376,441**	**$ 542,254**
Liabilities		
Due to student groups	-	542,254
Total liabilities	**-**	**$ 542,254**
Net Position		
Restricted for pension and other postemployment benefits	149,376,441	
Total net position held in trust	**$ 149,376,441**	

See accompanying notes to the basic financial statements.

Exhibit VIII

Alexandria City Public Schools, Virginia
Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2019

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employer contributions	$ 2,605,627
Employee contributions	2,559,177
Total Contributions	5,164,804
Investment Income:	
Investment earnings	7,209,877
Net appreciation in fair value of investments	915,334
Investment expense	(40,506)
Net investment income	8,084,705
Total additions	13,249,509
Deductions	
Benefit payments	7,865,671
Administrative expenses	335,408
Total deductions	8,201,079
Change in net position	5,048,430
Net position - July 1, 2018	144,328,011
Net position - June 30, 2019	$ 149,376,441

NOTE 1. Summary of Significant Accounting Policies

a) Reporting Entity

The School Board of the City of Alexandria is a separately-elected governing body operating under the Constitution of Virginia and the Code of Virginia. Since FY 1995, the members of the School Board (Board) have been elected by the citizens of the City of Alexandria (City) to serve three-year terms. The Board determines educational policies and appoints a superintendent of schools to implement the Board's policies. The superintendent is also responsible to the Board for administering the operations of the school system, supervising personnel and advising the Board on all educational matters for the welfare of the students. The mission of Alexandria City Public Schools (ACPS) is to deliver high-quality instruction to a highly-diverse student population so that all students achieve at their highest potential.

The City Council (Council) annually approves the Board's total annual General Fund 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. Funds also are received from state and federal sources for general school aid and specific grant purposes, respectively. The Council is prohibited from exercising any control over specific appropriations within the operating budget of the Board. ACPS is considered to be a discretely presented component unit of the City because ACPS is fiscally dependent on the City and its operations are funded primarily by payments from the City's general fund. The Board has the discretionary authority to expend the amount appropriated to it by the Council.

Basis of Financial Statement Presentation and Fund Accounting

The financial statements of ACPS have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing local governmental accounting and financial reporting principles. The reporting model was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis (MD&A) The purpose of the MD&A is to provide an analysis of ACPS' overall financial strength and operating results. It also includes a description of currently known facts, decisions, or conditions expected to have a significant effect on the future financial position of the school division.

Government-wide financial statements These include financial statements prepared using full accrual accounting for all of the government's activities. Under the accrual basis, all revenues and costs of providing services are reported, not just those received or paid in the current year or soon thereafter. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities.

Fund financial statements GASB Statement No. 34 requires governmental entities to present financial statements with information about funds with a focus on ACPS major funds.

Budgetary comparison schedule The budgetary comparison schedule requires the presentation of both the original budget and final budget and comparison to the actual results.

b) Basis of Presentation

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities report information on all the activities of ACPS, except for fiduciary funds. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The fund statements are presented on a current financial resources measurement focus and use the modified accrual basis of accounting, except the proprietary and fiduciary fund statements which use the accrual basis. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program within ACPS' governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore are clearly identifiable to a particular function. Revenues which are not classified as program revenues are presented as general revenues of ACPS. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of ACPS.

Program revenues are financed by those who use the services of the program or from grants and contributions from parties outside ACPS which are restricted for use in the specific program. These revenues reduce the cost of the functions to be financed from ACPS' general revenues. Charges for services include general and adult education tuition, cafeteria sales, lease of facilities and summer school tuition. Program-specific operating grants and contribution revenues include the National School Lunch program and other federal grants and reimbursements.

Expenses are grouped in four broad categories: instructional, support services, operation of non-instructional services and capital improvement services. Some functions classified under support services include expenses that are, in essence, indirect expenses of instructional functions. However, ACPS does not allocate those indirect expenses to the instructional programs. Depreciation expense is specifically identified by function and is included in the direct expense of each applicable function.

The government-wide financial statements report information on all the activities of ACPS. The effect of interfund activity has been removed from these statements.

Fund Financial Statements Fund financial statements report detailed information about ACPS. Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements, while the internal service fund is presented in separate columns as well. The focus of governmental fund financial statements is on reporting major funds rather than on reporting funds by type. Each major fund is presented in a separate column. All governmental funds have been designated as major funds for 2019. Fiduciary funds include the pension and other employee benefit trust funds and agency funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current resources measurement focus. The financial statements for governmental funds consist of a balance sheet, which generally includes only current assets, current liabilities, and deferred outflows and inflows, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The proprietary fund, distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. Revenues and expenditures not meeting these criteria are reported as non-operating revenues and expenses.

ACPS uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain ACPS functions and activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds Governmental funds are those through which most governmental functions of the Board are financed. The acquisition, use and balances of ACPS' expendable financial resources and the related liabilities are accounted for through governmental funds. ACPS' main operating fund is reported as a major fund. Major funds are determined based on the ratio of each fund compared to the fund category total or by management discussion. The following are ACPS' major governmental funds:

- ***General Fund*** – the General Fund is the primary operating fund of ACPS. It is used to account for all financial resources, except those required to be accounted for in another fund.

- ***Capital Projects Fund*** – the Capital Projects Fund is used to account for financial resources used in the acquisition, construction or renovation of ACPS facilities.

- ***Grants and Special Projects Fund***- is a special revenue fund used to account for Federal, State, non-profit, and private industry grants that are restricted to expenditures for specific purposes.

- ***School Nutrition Fund*** is a special revenue fund which accounts for the activities of the cafeterias operating in each school. Revenues include federal and state funds, donated commodities, charges for services, and other sales.

Proprietary funds – Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations.

- ***Health Benefits Fund***- is an internal service fund. This fund was created to better manage health care expenses within ACPS. The primary source of revenue for this fund are employer contributions paid by other funds and employee contributions deducted from employee pay on a semi-monthly basis.

Fiduciary funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Board's programs. The following are ACPS fiduciary funds.

- ***Pension and Other Employee Benefit Trust Funds*** – Pension and other employee benefit trust funds are fiduciary funds used to account for assets held in a trustee capacity for the members and beneficiaries of the Employees' Supplemental Retirement Plan and for the School Other Post-employment Benefits (OPEB) Trust Fund.

- ***Agency Fund*** – the Student Activity Fund accounts for student activity monies held by the school principals at each school.

c) Budgetary Comparison Schedule

ACPS is required to present certain required supplementary information (RSI) within its basic financial statements. Demonstrating compliance with the legally-adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the school's annual operating budget and have a keen interest in following the actual financial progress over the course of the year. The budgetary information presents the original budget, the final budget and actual results.

d) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds are reported using the accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are both "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Federal and State reimbursement-type grants revenues are considered to be measurable and available as revenue when reimbursements for related eligible expenditures are collected within a year of the date the expenditure was incurred. ACPS considers all non-reimbursement type revenues available if they are collectible within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and workers' compensation. Liabilities for compensated absences and workers compensation are recognized as fund liabilities and expenditures when amounts are due and payable.

State aid is recorded at the time of receipt or earlier, if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met.

Under the accrual basis of accounting, revenues are recognized when earned. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Grant proceeds received before the eligibility requirements are met are recorded as deferred inflows of resources. Revenue from the United States Department of Agriculture in the form of commodities is considered earned when the commodities are used. The value of unused commodities is reported as unearned revenue.

The pension and OPEB trust funds are accounted for on a flow of economic resources measurement focus. With this focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member and employer contributions are recognized in the period when due and ACPS has made a formal commitment to fund employees' contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Agency funds are custodial in nature and do not involve measurement of results of operations.

e) Encumbrance Accounting

Encumbrance accounting, which is the recording of purchase orders, contracts and other monetary commitments in order to reserve applicable portions of an appropriation, is used as an extension of formal budgetary control.

Encumbrances outstanding at year-end are classified as assigned in the General Fund or as assigned or restricted fund balance in the non-General Funds. Annual appropriations that are not spent or encumbered, lapse at year-end.

f) Cash and Investments

ACPS cash balances in all governmental and proprietary funds are held by the City and are invested to the extent available by the City Treasurer. These balances are invested in repurchase agreements and obligations of the federal government and are recorded at fair value. The fair value of investments is based on quoted market prices. These balances are reflected as Equity in Pooled Cash and Investments in the financial statements. The portions of ACPS cash balances attributable to the Grants and Special Projects, School Nutrition and Health Benefits funds are reflected in those funds as Due from/to other funds, while the General fund reflects an offsetting amount as Due to/from other funds. See section h) Interfund Transactions for additional information. The pension and OPEB investments reflected in the Fiduciary Funds are discussed in Note 2. The cash in the Agency Fund represents the student activity fund cash balances in the separate bank accounts maintained by the individual schools. Since these funds are accounted for on the cash basis of accounting, accrued interest on certificate of deposits with a term of maturity longer than 1 year is not reflected in the cash balance.

g) Due from Other Governments

The amount due from other governments consists primarily of receivables from state entitlements and federal and state reimbursement of grants expenditures.

h) Interfund Transactions and Other Financing

Cash for governmental and proprietary funds is held, as pooled cash, by the City, and reflected in the General Fund's Due from the City balance. Governmental and proprietary funds reflect their equity interest in the pooled cash held by the City as due to or due from the General Fund. These amounts are eliminated in the government-wide Statement of Net Position. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary funds.

The composition of interfund receivables and payables balances as of June 30, 2019 were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 4,345,361	$ 3,493,170
Capital Projects Fund	-	1,106,436
Grants & Special Projects Fund	-	3,238,925
School Nutrition Fund	3,493,170	-
Total	$ 7,838,531	$ 7,838,531

Interfund transfers and other financing amounts for the year ended June 30, 2019 were as follows:

Fund	Other Financing Uses Transfers To Other Funds	Other Financing Sources Transfers From Other Funds
General Fund	$ 1,522,979	$ -
Grants & Special Projects Fund	-	1,522,979
Total	$ 1,522,979	$ 1,522,979

Transfers were made to move resources from the General Fund to Grants and Special Projects Funds for costs incurred in the Virginia Pre-school Initiative program.

i) Inventories and Prepaid Items

Inventories consist of various consumable supplies and commodities maintained by the Food and Nutrition Services office. The School Nutrition Fund values and carries its inventory on a cost basis using the weighted-average method. The purchase method of accounting is used in the governmental funds. Reported inventories in the governmental funds are equally offset by a nonspendable fund balance designation which indicates the inventories do not constitute “available spendable resources”. Food commodities received from the United States Department of Agriculture (USDA) are stated at fair market value and the amount consumed is recognized as revenue. The amount of unused food commodities is reported as inventory and unearned revenue.

Prepaid Items reflect certain payments to vendors for costs applicable to future accounting periods. These transactions are recorded as prepaid items in both the government-wide and governmental fund financial statements using the consumption method. Prepaid items in the governmental funds are classified as nonspendable in the fund balance. Refer to Note 3 for additional information on prepaid items.

j) Capital Assets

Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the ACPS capitalization threshold is met.

Capital assets are defined by ACPS as assets with an initial, individual cost of more than $5,000. Major additions, including those that significantly prolong a capital asset’s economic life or expand its usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenses and are not capitalized. Depreciation expense for capital assets is identified with a specific function and is included as a direct expense on the statement of activities.

All capital assets are capitalized at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value at the date of donation. ACPS does not own any infrastructure. Upon sale or retirement of equipment, the cost and related accumulated depreciation, if applicable, are eliminated from their respective accounts and any resulting gain or loss is included in the results of operations.

All reported capital assets other than land and construction in progress are depreciated. Building improvements are depreciated over the shorter of ten years or the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40 years
Building improvements	10 years
Furniture and equipment	5-10 years

k) Deferred Outflows

A deferred outflow of resources represents a consumption of net position that applies to a future period, and so, will not be recognized as an outflow of the resources (expenditure) until the future period. At June 30, 2019, ACPS had $41.7 million of deferred outflows of resources, approximately $37.6 million pertain to retirement plans and $4.1 million for OPEB plans. These deferrals were caused by employer retirement contributions made after the plan measurement dates, differences between expected/actual investment earnings, actual employer contributions, changes in assumptions, and proportionate share and expected/actual experience.

l) Deferred Inflows

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. At June 30, 2019, ACPS had $30.2 million of deferred inflows of resources, approximately $26.7 million pertain to retirement plans and $3.5 million for OPEB plan. These deferrals were caused by differences between projected and actual proportionate share of contributions, projected and actual investment earnings, changes in assumptions, and expected versus actual experience.

m) Compensated Absences

ACPS accrues compensated absences when vested. All annual and vested sick leave benefits are accrued as a liability when earned by the employees and are reported in the government-wide financial statements. The only portion of the accrued compensated absences liability that is reported in the governmental funds is that which pertains to those employees who retired or resigned on or before June 30, 2019, and have not received payment for their accrued compensatory leave as of June 30, 2019.

Annual Leave: Eligible ACPS employees are granted annual leave in varying amounts, based on length of service. Upon retirement, resignation, termination, or death, employees may be compensated for accrued leave at their current per diem rate of pay up to a maximum of 45 annual leave days. Annual leave is accrued as it is earned or advanced.

Sick Leave: Sick leave eligibility and accumulation is specified in the employee handbooks. Upon retirement, resignation, or death, employees receive a lump-sum payment based on daily rates approved by the Board. ACPS does not compensate terminating employees for unused sick leave unless they have completed three consecutive years of employment. Sick leave is accrued for the amount earned and vested.

Personal Leave: Full-time employees are granted four personal leave days per year and may accumulate up to eight days per year. Unused personal leave accumulated in excess of the eight days may be carried forward at the end of the year as accumulated sick leave or annual leave, depending upon the employee group. Personal leave is credited to each employee at the beginning of each contract year.

n) Net Position

Net position represent the difference between assets and deferred inflows combined and liabilities and deferred outflows combined on the government-wide statements. In the government-wide fund financial statements, ACPS' net position fall into three categories: net investment in capital assets, restricted and unrestricted. The first category represents the portion of net position related to capital assets, net of accumulated depreciation and any related debt or capital lease obligations. The restricted category represents the position with constraints placed upon their use. The constraints are either: (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law or through constitutional provisions or enabling legislation.

The unrestricted category represents the remaining amount of net position that may be used to meet ACPS' ongoing programs. In the fiduciary fund financial statements, ACPS' net position is categorized as held in trust for pension benefits, which represent the amount of assets accumulated for the payment of benefits to the beneficiaries of the ACPS Supplemental Retirement Plan. When both restricted and unrestricted net position is available for an expense, ACPS applies restricted resources first.

o) Fund Balance

Fund balance is categorized within one of the five classifications listed below based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of resources in the governmental funds. ACPS classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Criteria include items that are not expected to be converted into cash, for example inventories or prepaid items.

Spendable Fund Balance
Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the division through formal action by the School Board, the highest level of decision making authority. Committed balances are classified as such as a result of the School Board taking formal action and adopting a resolution which can only be modified or rescinded by a subsequent formal action.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Chief Financial Officer and Director of Accounting are authorized by the School Board to assign Fund Balance amounts for specific purposes.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

ACPS uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements. Additionally, ACPS would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Board approved a resolution to delegate the authority to assign fund balance to the Chief Financial Officer and Director of Accounting.

ACPS does not have a formal minimum fund balance policy, since the division is fiscally dependent upon the City and the City maintains an adequate fund balance.

For further details of the various fund balance classifications, refer to Note 12.

p) Use of Estimates

The preparation of the accompanying financial statements required management to make estimates and assumptions about certain amounts included in the financial statements. Actual results will invariably differ from these estimates.

q) Pension and Other Post-Employment Benefits Trust Funds

A trust fund is used to account for assets held in a trustee capacity. The pension trust fund is used to account for the Supplemental Retirement System of Alexandria City Public Schools, a single-employer defined benefit pension plan. The Other Post-employment Benefit Trust Fund accounts for accumulating and investing for post-employment health benefit subsidies.

r) Pensions

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 Retirement Plan and the Political Subdivision Retirement Plan and the additions to/deductions from the Plans' net fiduciary position have been determined on the same basis as they were reported by 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.

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 Employees' Supplemental Retirement Plan and the additions to/deductions from the Employees' Supplemental Retirement Plan's net fiduciary position have been determined on the same basis. 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.

s) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and OPEB expense, information about the fiduciary net position of the Other Post-Employment Benefit Trust Fund and the additions to/deductions from the OPEB net fiduciary position have been determined by on the same basis as they were reported by the VML/VACo Pooled OPEB Trust. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Employee Health Insurance Credit Program OPEB, Virginia Retirement System (VRS) Group Life Insurance Program for Teachers and the Virginia Retirement System (VRS) Group Life Insurance Program for Locality Employees and the additions to/deductions from the OPEB net fiduciary position have been determined by on the same basis as they were reported by the VRS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

t) Accrued Personnel Services

At the discretion of ACPS, teachers' payroll is expended over the 10 or 11 month school year contract. Consequently, accrued personnel services at June 30, 2019 include salaries earned prior to year-end but not distributed until the months of July and August 2019.

u) Income Tax

ACPS, as a component unit of the City of Alexandria, is exempt from all income taxes imposed by any governing body, and, accordingly, no provision for income taxes is recorded.

NOTE 2. Deposits and Investments

ACPS cash balances from all funds are combined and invested to the extent available by the City Treasurer. ACPS maintains a controlled disbursement account by which funds are automatically transferred from the City's pooled account to pay ACPS checks drawn on the ACPS account. Since ACPS' cash and investments are maintained and controlled by the City, ACPS' equity in pooled cash held in the City treasury is presented in the financial statements as due from the City of Alexandria.

A. Deposits

As of June 30, 2019, the carrying value of ACPS' deposits held by the City was $2.2 million in overdraft, of which the City will guarantee payment. ACPS's balances for student activity agency funds was $0.54 million and the carrying amount of deposits held by area financial institutions was $0.54 million. The entire bank balance for each of these accounts 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 institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. Funds deposited in accordance with the requirements of the Act are considered fully secured. The City maintains all ACPS funds except for those of the agency fund, which are maintained by school principals, and the pension trust fund, which is maintained by the pension administrator.

B. Investments

The City Treasurer's investment policies apply to the ACPS investments controlled by the City. The Treasurer's investment policy addresses custodial risk, interest rate risk, and credit risk, in which instruments are to be diversified and maturities timed according to anticipated needs in order to minimize any exposure. There is no foreign currency risk since the City's investment policy limits investments to obligations of the United States and agencies thereof, commercial paper, banker's acceptances and repurchase agreements fully collateralized in obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service), ICS (Insured Cash Sweeps) and NOW accounts (Negotiable Order of Withdrawal).

During fiscal year 2019, most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in CDARS, ICS and NOW accounts were deposits are eligible for FDIC insurance. The LGIP is rated 'AAAm' by Standard & Poor's Rating Services. This rating is the highest principal stability fund rating assigned by Standard & Poor.

The City and its discretely presented components 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 US 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 US and agencies thereof, commercial paper and repurchase agreements fully collateralized in the Obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service, a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to $50 million), Insured Cash Sweeps (ICS) and NOW accounts (Negotiable Order of Withdrawal, an interest bearing bank account with which the customer is permitted to write drafts against money held on deposit). During the fiscal year, the City held its investments in LGIP, CDARS, ICS and NOW accounts, commercial paper, and investments of US agencies and VA municipalities.

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

ACPS participates in three pension plans, see Note 7. Two of these plans are part of the Virginia Retirement System (VRS) and are managed by the Commonwealth of Virginia. The Board has directed the Principal Financial Group, a company with an A+ (Superior) rating, the second highest, by A.M. Best rating agency, to invest funds for the School Supplemental Retirement defined benefit pension plan. Assets of the pension plans are invested by the pension carriers in accordance with the provisions of the Code of the Commonwealth of Virginia. The Board requires the pension carrier to invest the funds in a manner that fully guarantees the principal amount of the plan's assets.

At June 30, 2019, the trust and pension plan investment balances for ACPS were as follows:

INVESTMENT MATURITIES (in months)

	Fair Value	Less than 1 year	13-24 months	Longer than 60 months
OPEB Trust Investments	$ 21,078,039	$ -	$ -	$ 21,078,039
Pension Plan Investments	128,091,115	-	-	128,091,115
Total Trust and Pension Plan Investments	149,169,154	-	-	149,169,154
Total Investments	$ 149,169,154	$ -	$ -	$ 149,169,154

The pension plan investments consist of unallocated insurance contracts which are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less refunds used to purchase annuities or pay administrative expenses. Funds under the contract that have been allocated and applied to purchase annuities are excluded from the pension plan's assets.

The following is a reconciliation of total deposits and investments to the government-wide financial statements and statement of fiduciary net position at June 30, 2019.

Investments (controlled by the City)	$ 54,208,994
Excess of outstanding checks over bank balance	(2,184,105)
Net Investment balances for governmental activities	52,024,889
Investments held in trust for retirement benefits	149,169,154
Net governmental and fiduciary investments	201,194,043
Cash held on behalf of student activity funds	542,254
Total	$ 201,736,297

C. ACPS OPEB Trust Fund

Deposit and Investment Policies

The authority to establish the trust fund is set forth in Section 15.2-1244 of the Code, which provides for the purchase of investments that meet the standard of judgment and care set forth in Section 51.1-803 of the Code. ACPS, in accordance with this election, has joined the Virginia Pooled OPEB Trust Fund.

Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for ACPS.

ACPS invests the OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Pooled Trust is a pooled investment vehicle for participating local governments, school districts, and authorities in the State to accumulate and invest assets to fund other post-employment benefits. Investment decisions are made by the Board of Trustees (Trustees) of the Pooled Trust.

The ACPS OPEB Trust Fund's investment as of June 30, 2019, is summarized below:

Investment Type	Fair Value
Cash & Equivalents	$ 120,145
Bonds	5,111,424
Mutual Funds	9,847,660
Real Estate	1,918,102
Global Asset Funds	4,080,708
Total Investments	$ 21,078,039

D. ACPS Investments Measured at Fair Value

ACPS categorizes its fair value measurements within the fair value hierarchy established by 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 fair value of the assets. Level 1 inputs are valued using prices quoted in active markets for identical assets. Level 2 inputs are observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; or other inputs that are observable or can be corroborate by observable market data. Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of ACPS as of June 30, 2019.

		Fair Value Measurement Using	
Investments by Fair Value Level	**6/30/2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Employees' Supplemental Retirement Plan			
Equity Asset Class			
Principal Global Investors	$ 41,349,730	$ -	$ 41,349,730
Causeway/Barrow Hanley	12,379,425	-	12,379,425
Balanced Asset Allocation			
Diversified Real Asset SA-13	6,446,201	-	6,446,201
Fixed Income Asset Class			
JP Morgan/Neuberger Berman	2,941,475	-	2,941,475
Mellon Capital Mgmt	21,458,733	-	21,458,733
Principal Global Investors	30,998,789	-	30,998,789
Principal Real Estate Investments	12,516,761	-	12,516,761
Total Supplemental Retirement Investments	128,091,115	-	128,091,115
Total investments by fair value level	**128,091,115**	**$ -**	**$ 128,091,115**
Investments measured at the net asset value (NAV)			
Investment in Internal Investment Pool Controlled by the City	54,208,994		
VACO/VML Pooled OPEB Trust Fund (Portfolio I)	21,078,039		
Total investments measured at net asset value (NAV)	**75,287,033**		
Total investments measured at fair value	**$ 203,378,148**		

At the end of FY 2019, for investments controlled by the City Treasurer, there were $0.1 million classified in Level 1 of the fair value hierarchy, valued using prices quoted in active markets, and $6.6 million classified in Level 2 of the fair value hierarchy, valued using a matrix pricing technique. The Level 2 investments included fixed government securities worth $0.5 million and fixed certificates of deposit worth $6.1 million. The City also held $47.9 million in the Virginia Investment Pool measured at net asset value (NAV).

NOTE 3. Prepaid Items

As of June 30, 2019, prepaid items totaled $1.4 million and represent payments to vendors applicable to future accounting periods.

NOTE 4. Due from Other Governments

Amounts due from other governments at June 30, 2019 were:

A. Federal Government	
National School Meal Program	$ 459,792
JROTC	10,973
Technology VPSA	492,000
Adult Literacy Services	49,610
Career and Technical Education -- Basic Grants to States	219,650
Title I Grants to Local Educational Agencies	1,483,273
Improving Teacher Quality State Grants	315,000
English Language Acquisition State Grants	237,652
Special Education-Preschool Grants	60,281
Special Education-Grants to States	1,385,135
Education for Homeless Children and Youth	4,538
21st Century Community Centers	29,507
Child Care Development Fund	38,551
Safe Routes to School	16,943
Student Support and Academic Enrichment Grants	19,510
Total due from the Federal Government	4,822,415
B. Commonwealth of Virginia	
Juvenile Detention	547,205
VA Medicaid Assistance	68,046
State Sales Tax accrual	794,774
Total due from the Commonwealth of Virginia	1,410,025
C. City of Alexandria	
Capital Projects	8,414,248
Miscellaneous	89,180
Total due from the City of Alexandria	8,503,428
Total due from other governments	$ 14,735,868

NOTE 5. Capital Assets

The following is a summary of the changes in capital assets for the year ended June 30, 2019.

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not depreciated				
Land	$ 999,381	$ -	$ -	$ 999,381
Construction-in-progress	46,858	700,655	46,858	700,655
Total capital assets not depreciated	1,046,239	700,655	46,858	1,700,036
Other capital assets:				
Buildings and building improvements	40,602,392	2,536,485	-	43,138,877
Furniture and equipment	22,833,636	2,075,890	744,979	24,164,547
Total other capital assets	63,436,028	4,612,375	744,979	67,303,424
Less accumulated depreciation for:				
Buildings and building improvements	37,565,675	467,137	-	38,032,812
Furniture and other equipment	14,123,700	1,991,929	744,979	15,370,650
Total accumulated depreciation	51,689,375	2,459,066	744,979	53,403,462
Total other capital assets, net	11,746,653	2,153,309	-	13,899,962
Total Capital Assets, net	$ 12,792,892	$ 2,853,964	$ 46,858	$ 15,599,998

* Depreciation expense was charged to governmental functions as follows:

General instruction	$ 872,760
Pupil transportation	117,460
Administration	894,665
Plant operations and maintenance	454,298
Food services	119,883
Total governmental activities depreciation expense	$ 2,459,066

In response to GASB Statement No. 34, the Virginia General Assembly passed a law that establishes local option of creating, for financial reporting purposes, a tenancy in common between the city and the local school board when a city issues bonds for financing school construction. The sole purpose of the law is to allow cities and counties the ability to match the recording of school assets and related liabilities. As a result, certain school assets financed with the City's general obligation bonds are recorded as part of the primary government rather than as part of ACPS. According to the law, the tenancy in common ends when the associated general obligation bonds are repaid; at which time, the assets will revert to the ACPS. Capital debt financing activities are only reported in the City's financial statements. As of June 30, 2019, the City holds approximately $381.4 million in gross assets used by ACPS. No capital assets reverted to ACPS in 2019.

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capitalized assets is allocated over their useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Capital outlay	$ 8,192,682
Other assets	2,666,831
Total capital outlay	10,859,513
Capital outlay not capitalizable	(5,593,341)
Total capitalized assets, net	5,266,172
Depreciation expense	(2,459,066)
Total adjustments	$ 2,807,106

NOTE 6. Lease Obligations

Operating Leases

ACPS leases office equipment and office space under various long-term leases expiring at various dates. Certain leases contain provisions for possible future increased rentals based on changes in the Consumer Price Index. Total costs for such leases were $3.0 million for the year ended June 30, 2019.

During September 2013, ACPS signed a 15 year lease agreement to relocate the central office and various other ACPS departments. The original lease began June 1, 2014 and was amended to begin April 21, 2014. This lease includes a 16.8 month rent abatement period. The period of rent abatement is from April 21, 2014 to September 15, 2015 and the value of the abatement was approximately $2.91 million. The rent abatement will be amortized over the life of the lease. Total future minimum payments for this lease are included in the schedule of minimum lease payments below.

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

Fiscal Year	Real Estate	Equipment
2020	$ 2,944,354	$ 15,822
2021	2,974,678	15,822
2022	3,056,481	15,822
2023	3,140,535	15,822
2024	3,066,882	-
Thereafter	15,631,020	-
Total	$ 30,813,950	$ 63,288

Capital Leases

In May 2016, ACPS entered into a capital lease agreement for district-wide copier printers and scanners with a lease commencement date of July 01, 2016. The lease term is for 5 years and provides for lease payments totalling $3.2 million over the life of the lease. The annual lease payments are reflected in the below table.

Fiscal Year	**Payments**
FY 2020	$ 646,074
FY 2021	646,074
Total Payments	1,292,148
Portion representing interest	(25,227)
Total Principal Amount	$ 1,266,921

The assets acquired through capital leases are as follows:

Asset:		
Equipment	$	3,084,226
Less accumulated depreciation		(1,850,536)
	$	1,233,690

Current year depreciation expense for the assets acquired through capital lease is included in the depreciation expense disclosed in Note 5.

NOTE 7. Retirement Plans

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.

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
About Plan 1 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.	**About Plan 2** 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.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • 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.
Eligible Members 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. **Hybrid Opt-In Election** 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. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. *Political Subdivision Plan Only:* 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.	**Eligible Members** 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. **Hybrid Opt-In Election** 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. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. *Political Subdivision Plan Only:* 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.	**Eligible Members** 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* 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 ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees. 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.

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

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
		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 contributions to the defined contribution component of the plan, based on service. • 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. Distribution is not required by law until age 70 ½.
Calculating the Benefit The Basic Benefit is calculated based on formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** Defined Benefit Component: See definition under Plan 1 Defined Contribution Component: 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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **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%.	**Service Retirement Multiplier** **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**.** **Political Subdivisions hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **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. **Political Subdivision hazardous duty employees**: Not applicable. **Defined Contribution Component:** Not applicable.

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
Normal Retirement Age **VRS:** Age 65. **Political Subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political Subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** **Defined Benefit Component:** Same as Plan 2. **Political Subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. **Political subdivisions hazardous duty employees**: Age 60 with at last five years of creditable service or age 50 with at least 25 years of creditable service.	**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. **Political subdivisions hazardous duty employees**: Same as Plan 1.	**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. **Political subdivisions hazardous duty employees**: Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. **Political subdivisions hazardous duty employees**: 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees**: Same as Plan 1	**Earliest Unreduced Retirement Eligibility VRS:** **Defined Benefit Component:** Any Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) or creditable service. **Political subdivisions hazardous duty employees**: Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of Living Adjustment (COLA) in Retirement 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%. **Eligibility:** 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. For members who retire with a reduced	**Cost-of Living Adjustment (COLA) in Retirement** 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%. **Eligibility:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
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.		
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: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act of the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. 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.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.
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.	**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.	**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.

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
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.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service **Defined Contribution Component**: Not applicable.

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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Active Members	**257**
Inactive members:	
Vested inactive members	30
Non-vested Inactive Members	67
LTD	-
Inactive members active elsewhere in VRS	48
Total Inactive Members	**145**
Inactive members or their beneficiaries currently receiving benefits	**203**
Total Covered Employees	**605**

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, 2019 was 2.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 $0.5 million and $0.6 million for each of the years ended June 30, 2019 and June 30, 2018, respectively.

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 political subdivisions, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	7.0 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	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 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 Mortality Table Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.
All Others (non 10 Largest) Non-LEOS:	15% of deaths are assumed to be service related
- Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 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 Mortality Table Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

* 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10-Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement at older ages
- Decrease in rates of disability retirement
- Adjusted withdrawal rates to better fit experience

All Others (Non 10 Largest)-Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement at older ages
- Decrease in rates of disability retirement
- Adjusted withdrawal rates to better fit experience

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		(1) Expected arithmetic nominal return	7.30%

(1) The above allocation provides a one-year return of 7.30%. 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 6.83 %, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 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)

	Increase(Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balances at June 30, 2017	$ 42,148,704	$ 46,749,681	$ (4,600,977)
Changes for the year:			
Service Cost	747,214		747,214
Interest	2,862,468		2,862,468
Differences between expected and actual experience	(139,735)		(139,735)
Changes in assumptions	-		-
Contributions - employer	-	158,036	(158,036)
Contributions - employee	-	384,967	(384,967)
Net investment income	-	3,409,511	(3,409,511)
Benefit payments, including refunds of employee contributions	(2,512,594)	(2,512,594)	-
Administrative expenses	-	(30,490)	30,490
Other changes	-	(2,989)	2,989
Net changes	957,353	1,406,441	(449,088)
Balances at June 30, 2018	$ 43,106,057	$ 48,156,122	$ (5,050,065)

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 7%, as well as, what ACPS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

	(-1%) Decrease 6.00%	**Current Discount Rate** 7.00%	**(+1%) Increase** 8.00%
Net Pension Liability (Asset)	$ (205,251)	$ (5,050,065)	$ (9,145,433)

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

For the year ended June 30, 2019, ACPS recognized negative pension expense of ($0.6 million). As of June 30, 2019, 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	$ -	$ 367,730
Employer contributions subsequent to the measurement date	187,489	
Change in assumptions		78,009
Differences between expected and actual experience	22,928	206,203
Total	$ 210,417	$ 651,942

The $0.2 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, 2020. 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
2020	$ (25,983)
2021	(77,136)
2022	(484,467)
2023	(41,428)
2024	-
Thereafter	-
	$ (629,014)

Payables to the Pension Plan

At June 30, 2019, 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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/pdf/Publications/2018-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, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 $32.1 million and $31.4 million for the years ended June 30, 2019 and June 30, 2018, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2019, ACPS reported a liability of $215.9 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 1.83585% as compared to 1.84758% at June 30, 2017.

For the year ended June 30, 2019, ACPS recognized pension expense of $13.8 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, 2019, 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	$ -	$ 4,578,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,238,000	2,416,000
Changes in assumptions	2,577,000	-
Differences between expected and actual experience	-	18,461,000
Employer contributions subsequent to the measurement date	24,534,748	-
Total	$ 31,349,748	$ 25,455,000

The deferred outflows of resources of $24.5 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, 2020. 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
2020	$ (1,601,000)
2021	(3,593,000)
2022	(9,408,000)
2023	(3,098,000)
2024	(940,000)
Thereafter	-
	$ (18,640,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30,2017, 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, 2018.

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95 percent
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*
Mortality rates:	
- 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.

* 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016.

Changes to the actuarial assumptions as a result of the experience study are as follows:

- Updated mortality table
- Lowered rates of retirement at older ages
- Adjusted rates of withdrawals for 0 through 9 years of service
- Adjusted rates of disability to better match experience

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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	$ 46,679,555
Plan Fiduciary Net Position	34,919,563
Employers' Net Position Liability	$ 11,759,992
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%

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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		[1] Expected arithmetic nominal return	7.30%

(1) The above allocation provides a one-year return of 7.30%. 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 6.83 %, including expected inflation of 2.50%.

Discount Rate
The discount rate used to measure the total pension liability was 7.00%. 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, 2018, 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. From July 1, 2018 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	(-1%) Decrease 6.00%	Current Discount Rate 7.00%	(+1%) Increase 8.00%
ACPS' proportionate share of VRS Teacher Plan Net Pension Liability	$ 329,786,000	$ 215,896,000	$ 121,626,000

Pension Plan Fiduciary Net Position
Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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, 2019, ACPS reported payables to the VRS Teacher Retirement Plan of $3.4 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.

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, 2018 was measured as of August 31,2018, using the total pension liability that was determined by an actuarial valuation as August 31, 2018.

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, 2018 has been used 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 Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.50% of covered payroll. During FY 2019, only ACPS employees contributed to the Plan. These contributions totaled $2.6 million for the fiscal year ended June 30, 2019. 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, 2018.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Expected Geometric Return
U.S Equity - Large Cap	26.60%	7.70%	6.35%
U.S Equity - Mid Cap	2.95%	7.95%	6.35%
U.S Equity - Small Cap	3.02%	8.50%	6.35%
Non-US Equity	12.34%	7.95%	6.35%
REITs	1.01%	7.60%	5.95%
Real Estate (direct property)	10.31%	5.55%	5.25%
TIPS	1.52%	3.50%	3.35%
Core Bond	37.27%	4.00%	3.90%
High Yield	4.98%	6.45%	6.00%
Total	100.00%		
Exp LTROA (arithmetic mean)	6.03%		
Portfolio Standard Deviation	8.55%		
40th percentile	5.10%		
45th percentile	5.40%		
Expected Compound Return	**5.69%**		
55th percentile	5.99%		
60th percentile	6.29%		
Portfolio Investment Mix:	Equity 45%/Fixed Income 44%/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 $127.2 million, that represented 5 percent or more of the Plan's fiduciary net position.

Annual Money-Weighted Rate of Return

For the Plan year ended August 31, 2018, the annual money-weighted rate of return on plan investments for the measurement period is 6.85%. 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, 2018, the expected long-term rate of return assumption as of the end of period is 6.00%. 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) 2018. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2018 is 20-30 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

Actuarial Assumptions
The actuarial assumptions used in the August 31, 2018 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, 2017, there were no changes in assumptions having a material effect on the Supplemental plan.

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,208
Retirees and beneficiaries currently receiving benefits	1,261
Inactive or disabled plan members entitled to but not receiving benefits	1,363
Total	4,832
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	6.00%
Discount rate	6.00%
Projected salary increase attributed to:	
Inflation	2.00%
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	RP 2006 Total base table with a 10 year Mortality Improvement Scale
Mortality - Post-reretirement	RP 2006 Total base table with a 10 year Mortality Improvement Scale

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

Employee contribution percentage	1.50%
Employer contribution percentage	0.00%
Employee contribution, during the measurement period	$ 2,559,177
Employer contribution	-
Total amount contributed	$ 2,559,177
Covered payroll (Annual member compensation)	$ 149,826,081
Legally-required reserves	None
Long-term contribution contracts	None

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 6.0%. 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 2018 to 2114. Benefit payments after 2114 are projected to be $0.00.

Net Pension Liability
The net pension liability reported for ACPS fiscal year end of June 30, 2019 was measured as of August 31, 2018, using the total pension liability that was determined by an actuarial valuation as of August 31, 2018.

Changes in Net Pension Liability

	Increase(Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at August 31, 2017	$ 125,350,578	$ 122,858,658	$ 2,491,920
Changes for the year			
Service Cost	3,675,300	-	3,675,300
Interest	7,547,568	-	7,547,568
Differences between expected and actual experience	26,190	-	26,190
Change in assumptions	(193,103)		
Contributions - employer	-	-	-
Contributions - employee	-	2,465,342	(2,465,342)
Net investment income	-	8,273,362	(8,273,362)
Benefit payments, including refunds of employe contributions	(6,056,406)	(6,056,406)	-
Administrative expenses	-	(335,316)	335,316
Net changes	4,999,549	4,346,982	652,567
Balances at August 31, 2018	$ 130,350,127	$ 127,205,640	$ 3,144,487

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 6.0%, 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 (5.00%) or one percentage point higher (7.00%) than the current rate.

	(-1%) Decrease 5.00%	**Current Discount Rate** 6.00%	**(+1%) Increase** 7.00%
Net Pension Liability (Asset)	$ 21,275,743	$ 3,144,487	$ (11,716,535)

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, 2019 is $5.5 million. For the year ended June 30, 2019, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 482,954
Changes in assumptions	5,674,961	141,194
Differences between expected and actual experience	337,935	-
Total	$ 6,012,896	$ 624,148

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

Year Ending June 30,	Amount
2020	$ 5,004,639
2021	1,378,492
2022	(789,327)
2023	(205,056)
2024	-
Thereafter	-
Total	$ 5,388,748

Payables to the Pension Plan

At June 30, 2019, ACPS reported payables to the Employees' Supplemental Retirement Plan of $0.2 million.

The following is a summary of fiduciary net position of the Plan as of June 30, 2019.

Summary of Fiduciary Net Position
Employees' Supplementary Retirement Plan
As of June 30, 2019

ASSETS	
Bonds	$ 55,398,998
Mutual Funds	38,247,858
Other Investments	34,444,259
Contribution Receivable	207,287
Total assets	128,298,402
LIABILITIES	
Accounts Payable	-
Total liabilities	-
NET POSITION	
Held in trust for pension benefits	$ 128,298,402

The following is a summary of changes in fiduciary net position of the Plan for the year ended June 30, 2019.

Summary of Changes in Fiduciary Net Position
Employees' Supplementary Retirement Plan
For the Year Ended June 30, 2019

ADDITIONS	
Contributions	$ 2,559,177
Investment Income, net	7,162,752
Total Additions	9,721,929
DEDUCTIONS	
Benefit payments	6,191,109
Administrative expenses	314,044
Total Deductions	6,505,153
Change in net position	3,216,776
NET POSITION, beginning of year	125,081,626
NET POSITION, end of year	$ 128,298,402

Summary of Net Pension Liabilities/Asset and Deferred Inflows and Outflows of Resources
As of June 30, 2019

	VRS - Teachers Plan			VRS -Political Subdivision Plan			Employees Supplemental Plan			Total Pension Plans			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Net Pension Liability
Net Pension Liability	$ -	$ -	$ 215,896,000	$ -	$ -	$ -	$ -	$ -	$ 3,144,487	$ -	$ -	$ -	$ 219,040,487
Net Pension Asset	-	-	-	-	-	5,050,065	-	-	-	-	-	5,050,065	-
Net difference between projected and actual earnings on pension plan investments	-	4,578,000	-	-	367,730	-	-	482,954	-	-	5,428,684	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,238,000	2,416,000	-	-	-	-	-	-	-	4,238,000	2,416,000	-	-
Differences between expected and actual experience	-	18,461,000	-	22,928	206,203	-	337,935	-	-	360,863	18,667,203	-	-
Changes in assumptions	2,577,000	-	-	-	78,009	-	-	141,194	-	2,577,000	219,203	-	-
Employer contributions subsequent to the measurement date	24,534,748	-	-	187,489	-	-	5,674,961	-	-	30,397,198	-	-	-
Totals	$ 31,349,748	$ 25,455,000	$ 215,896,000	$ 210,417	$ 651,942	$ 5,050,065	$ 6,012,896	$ 624,148	$ 3,144,487	$ 37,573,061	$ 26,731,090	$ 5,050,065	$ 219,040,487

NOTE 8. Other Post Employment Benefits (OPEB)

A. ACPS OPEB Trust Fund

Plan Description and Plan Administration

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 $0.00 to $1,786.44, 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 2019, ACPS contributed up to $265.00 for each participant.

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 20 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, 2018 valuation are reflected in the chart below.

Membership and Key Actuarial Assumptions	
Active plan members	2,403
Inactive/Deferred Vested	0
Retirees and spouses	615
Total	3,018
Covered Payroll	$160,188,472
Long-term Expected Rate of Return	7.0 percent
Salary increases, including Inflation	3.0 percent
Ultimate Rate of Medical Inflation	4.5 percent
Discount Rate	7.0 percent
Healthcare Cost Trend Rates	UHC POS: 8% in 2018 then grading from 9% to 4.5% over 14 years; UHC MA-PD: 0% in 2018 then grading from 12% to 4.5% over 14 years; Kaiser: 1.25% in 2018 then grading from 7% to 4.5% over 14 years; Kaiser Medicare Plus: : 1.25% in 2018 then grading from 10% to 4.5% over 14 years
Mortality rates:	
- Pre-Retirement	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at 80 and older with Scale BB to 2020.
- Post-Retirement	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at age 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 74 and 2% increase compounded from ages 75 to 90.
- Post-Disablement	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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 7.50%. There were no significant changes in investment policy during fiscal year 2019.

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, 2019

Investment Type	Allocation	Expected Long-Term Rates of Return (real)
Large Cap Equity (Domestic)	26.00%	7.20%
Small Cap Equity (Domestic)	10.00%	8.41%
International Equity (Developed)	13.00%	8.14%
Emerging Markets Equity	5.00%	9.39%
Private Equity	5.00%	10.40%
Long/Short Equity	6.00%	5.64%
Core Bonds Fixed Income	7.00%	2.62%
Core Plus Fixed Income	14.00%	2.89%
Liquid Absolute Return Fixed Income	4.00%	3.75%
Real Estate Real Assets	7.00%	6.79%
Commodities Real Assets	3.00%	0.00%
Total	100.00%	7.87%

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, 2019 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, 2019.

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, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.67 percent. 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]

	2019	2018	2017
Annual Money-Weighted Rate of Return Net of Investment Expense	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, 2018 and rolled forward to June 30, 2019. The net OPEB liability at the end of the measurement year, June 30, 2019, is measured as of a valuation date of January 1, 2018 and projected to June 30, 2019. 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)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2018	$ 30,904,435	$ 19,246,385	$ 11,658,050
Changes for the year:			
Service cost	1,177,364	-	1,177,364
Interest	2,197,977	-	2,197,977
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	2,482,483	(2,482,483)
Contributions - member	-	-	-
Net investment income	-	921,954	(921,954)
Benefit payments	(1,551,418)	(1,551,418)	-
Administrative expense	-	(21,365)	21,365
Net changes	1,823,923	1,831,654	(7,731)
Balances as of June 30, 2019	$ 32,728,358	$ 21,078,039	$ 11,650,319

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	64.40%

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

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

	(-1%) Decrease 6.0%	Discount Rate 7.0%	(+1%) Increase 8.0%
Total OPEB Liability	$ 36,744,073	$ 32,728,358	$ 29,433,487
Plan Fiduciary Net Position	21,078,039	21,078,039	21,078,039
Net OPEB Liability	$ 15,666,034	$ 11,650,319	$ 8,355,448
Plan Fiduciary Net Postion as a Percentage of the Total OPEB Liability	57.4%	64.4%	71.6%

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

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

	Trend Minus (-) 1%	Trend Baseline	Trend Plus (+) 1%
Total OPEB Liability	$ 31,070,957	$ 32,728,358	$ 34,736,466
Plan Fiduciary Net Position	21,078,039	21,078,039	21,078,039
Net OPEB Liability	$ 9,992,918	$ 11,650,319	$ 13,658,427
Plan Fiduciary Net Postion as a Percentage of the Total OPEB Liability	67.8%	64.4%	60.7%

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

For the year ended June 30, 2019 the OPEB expense is $1,846,943. At June 30, 2019, the 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	$ -	$ 1,611,530
Change in assummptions	336,332	-
Net difference between projected and actual earnings on OPEB plan investments	124,184	-
Total	$ 460,516	$ 1,611,530

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

Year Ending June 30,	Amount
2020	$ (171,215)
2021	(171,215)
2022	(171,217)
2023	(90,853)
2024	(182,171)
Thereafter	(364,343)
Total	$ (1,151,014)

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, 2019, ACPS contributed $1.7 million for current costs and an additional $0.9 million to prefund benefits.

The current funding policy of ACPS is to contribute the pay-as-you-go benefit payments to the Trust Fund while contributing the actuarially determined contribution minus the pay-as-you-go benefit payments to the Pooled Trust. ACPS expects to contribute pay-as-you-go benefit payments to the Trust over the next 20 years. The assets were then projected forward reflecting known contributions through June 30, 2019, and then assuming the funding policy is followed going forward. Using the long-term expected rate of return of 7.00%, the assets are projected to always be greater than the expected benefit payments in any year.

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.

B. VRS Employee Health Insurance Credit Program OPEB - Teachers

Summary of Significant Accounting Policies

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

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

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
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: • 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: • **<u>At Retirement</u>** – 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. • **<u>Disability Retirement</u>** – 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: – $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 the employee been active until age 60, whichever is lower.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

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, 2019 was 1.20% 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, 2017. 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 $1.9 million and $1.8 million for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the school division reported a liability of $23.5 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, 2018 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 as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 1.85325% as compared to 1.86478% at June 30, 2017.

For the year ended June 30, 2019, 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, 2019, 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	$ -	$ 117,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	18,000
Changes in assumptions	-	205,000
Changes in proportionate share	115,000	128,000
Employer contributions subsequent to the measurement date	1,891,230	-
Total	$ 2,006,230	$ 468,000

An amount of $1.9 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 reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2020. 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
2020	$ (61,000)
2021	(61,000)
2022	(61,000)
2023	(51,000)
2024	(54,000)
Thereafter	(65,000)
Total	$ (353,000)

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, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation –	
Teacher Employees	3.5 percent – 5.95 percent
Investment rate of return	7.0 percent, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated 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

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, 2018, 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	$ 1,381,313
Plan Fiduciary Net Position	111,639
Teacher Employee net HIC OPEB Liability	$ 1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		[1] Expected arithmetic nominal return	7.30%

[1]The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, 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, 2018 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.

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	(-1%) Decrease 6.00%	Discount Rate 7.00%	(+1%) Increase 8.00%
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 26,281,000	$ 23,530,000	$ 21,190,000

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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, 2019, 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 Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance Program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Group Life Insurance Program
Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board 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.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • **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: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,279 effective July 1, 2018.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted 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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 $2.1 million for the year ended June 30, 2019 and $2.0 million for year June 30, 2018. Total contributions for the Locality group were $0.1 million for both years ended June 30, 2019 and June 30, 2018, 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, 2019, ACPS reported liabilities of $ 12.0 million and $0.7 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, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, for the Teachers group, the ACPS employer's proportion was 0.79308% as compared 0.81094 % at June 30, 2017, and for the Locality group, the employer's proportion was 0.04283% at June 30, 2018 as compared 0.04392% at June 30, 2017.

For the year ended June 30, 2019, ACPS recognized GLI OPEB expense of $78,000, for the Teachers group and $3,000 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, 2019, 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	$ 589,000	$ 216,000	$ 32,000	$ 12,000	$ 621,000	$ 228,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	392,000	-	21,000	-	413,000
Changes in assumptions	-	502,000	-	27,000	-	529,000
Changes in proportion	184,000	252,000	-	15,000	184,000	267,000
Employer contributions subsequent to the measurement date	831,706	-	40,737	-	872,443	-
Total	$ 1,604,706	$ 1,362,000	$ 72,737	$ 75,000	$ 1,677,443	$ 1,437,000

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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	GLI - Teachers Amount	GLI - Locality Employees Amount	GLI - Total Amount
2020	$ (184,000)	$ (13,000)	$ (197,000)
2021	(184,000)	(13,000)	(197,000)
2022	(184,000)	(13,000)	(197,000)
2023	(72,000)	(7,000)	(79,000)
2024	10,000	(1,000)	9,000
Thereafter	25,000	4,000	29,000
Total	$ (589,000)	$ (43,000)	$ (632,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation –	
Teacher	3.5 percent – 5.95 percent
General state/locality employees	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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 80 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Health 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, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated 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

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated 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

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 June 30, 2018, 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	$3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	$1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		[1] Expected arithmetic nominal return	7.30%

[1]The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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. From July 1, 2018 on, employers are assumed 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	(-1%) Decrease 6.00%	**Discount Rate 7.00%**	**(+1%) Increase 8.00%**
School division's proportionate share of the VRS Group Life Net OPEB Liability - Teachers Group	$ 15,741,000	$ 12,045,000	$ 9,044,000
School division's proportionate share of the VRS Group Life Net OPEB Liability - Locality Employee Group	$ 850,000	$ 651,000	$ 488,000

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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, 2019, 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, 2019.

Summary of OPEB Related Net OPEB Liabilities and Deferred Outflows and Inflows of Resources

As of June 30, 2019

	ACPS OPEB Trust			VRS HIC OPEB Program			GLI OPEB Program			Total OPEB Programs		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability
Net OPEB Liability	$ -	$ -	$ 11,650,319	$ -	$ -	$ 23,530,000	$ -	$ -	$ 12,696,000	$ -	$ -	$ 47,876,319
Net difference between projected and actual earnings on OPEB plan investments	124,184	-	-	-	18,000	-	-	413,000	-	124,184	431,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	115,000	128,000	-	184,000	267,000	-	299,000	395,000	-
Differences between expected and actual experience	-	1,611,530	-	-	117,000	-	621,000	228,000	-	621,000	1,956,530	-
Changes in assumptions	336,332	-	-	-	205,000	-	-	529,000	-	336,332	734,000	-
Employer contributions subsequent to the measurement date	-	-	-	1,891,230	-	-	872,443	-	-	2,763,673	-	-
Total	$ 460,516	$ 1,611,530	$ 11,650,319	$ 2,006,230	$ 468,000	$ 23,530,000	$ 1,677,443	$ 1,437,000	$ 12,696,000	$ 4,144,189	$ 3,516,530	$ 47,876,319

NOTE 9. Long-term Liabilities

The change in long-term liabilities within the government-wide financial statements during the year consists of the following:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due Within One Year	Long-term Payable
Compensated absences	$ 7,476,604	$ 15,725,727	$ (15,164,059)	$ 8,038,272	$ 934,245	$ 7,104,027
Workers' Compensation Claims	1,094,787	703,493	(770,777)	1,027,503	719,253	308,250
Capital Leases	1,882,570	-	(615,648)	1,266,922	646,074	620,848
Rent Abatement Accrual	2,340,863	-	(230,196)	2,110,667	218,228	1,892,439
Net Pension Liablitiy	229,706,920	59,068,374	(69,734,807)	219,040,487	-	219,040,487
Net OPEB Liability	48,179,050	7,110,752	(7,413,483)	47,876,319	-	47,876,319
Total	$ 290,680,794	$ 82,608,346	$ (93,928,970)	$ 279,360,170	$ 2,517,800	$ 276,842,370

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. For compensated absences, the General Fund reflects a liability of $0.54 million for amounts due to terminated or retired employees as of June 30, 2019. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. See Note 6 for an explanation of the Rent Abatement Accrual. The adjustment from modified accrual to full accrual is composed of the items in the table below.

Compensated Absences, long-term Increase	$ 580,242
Compensated Absences, current decrease	(65,599)
Workers' Compensation	(20,185)
Capital Lease	1,266,922
Total	$ 1,761,380

The General Fund is used to liquidate the long-term liabilities for compensated absences, capital leases, and workers compensation. The General Fund and Health Benefits Fund were used to liquidate the long-term liability for the net of OPEB obligation.

NOTE 10. Risk Management

ACPS 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 ACPS to retain risks of losses in those areas where it believes it is more economical to manage risks internally and account for any claims settlement in the General Fund.

ACPS carries commercial insurance on all other 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. ACPS also carries catastrophic medical insurance for Virginia High School League Student participants.

Self-Insurance

ACPS is self-insured for workers' compensation. Claims are processed by a third-party administrator under contract with ACPS per statutory requirements of the Virginia Workers' Compensation Act. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. There were no material reductions in insurance coverage from the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years.

In July 2013, ACPS established a Health Benefits Fund to better manage health care expenses within ACPS. ACPS offers several health insurance programs to employees and retirees. Medical insurance is offered through Kaiser Permanente and an ACPS self-insured plan, administered by United Healthcare. Dental and vision care are also offered to employees and retirees.

This fund was established by transferring all healthcare insurance account balances from the General Fund into the Health Benefits Fund, including the liability for estimated healthcare claims that have been incurred but not reported (IBNR). The amount of expenditures did not exceed funds that are available to pay the claims.

Liabilities for workers compensation and self-insured health programs 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 historical claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. ACPS uses independent contractors to process workers compensation and health claims and records a provision and liability in the government-wide statements and General Fund (current portion only) which includes an estimate of incurred but not reported claims.

Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective.

Changes in the estimated claims payable for worker's compensation and self-insured health programs during the fiscal years ended June 30, 2019 and 2018 were as follows:

	IBNR Accrual (Health Benefits Fund)	Workers Compensation (General Fund)
Liability Balances, July 1, 2017	$ 1,169,331	$ 851,548
Claims and changes in estimates	19,548,665	1,047,372
Claims payments	(19,521,448)	(804,134)
Liability Balances, June 30, 2018	1,196,548	1,094,786
Claims and changes in estimates	22,690,072	703,493
Claims payments	(22,600,131)	(770,776)
Liability Balances, June 30, 2019	$ 1,286,489	$ 1,027,503
Due Within One Year	$ 1,286,489	$ 719,253

NOTE 11. Contingent Liabilities

ACPS receives financial assistance from numerous federal, state and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements. Certain expenditures of these funds are subject to audit by the grantors. ACPS is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of management, no material refunds (if any) will be required as a result of expenditures disallowed by the grantor agencies.

NOTE 12. Fund Balance Disclosure

The constraints placed upon fund balance for the governmental funds are presented below:
ACPS' governmental fund balances, as of June 30, 2019, were classified as follows:

Governmental Fund Balances

	General	Capital Projects	Grants and Special Projects	School Nutrition
FUND BALANCES:				
Nonspendable:				
Prepaid Items	$ 1,356,863	$ -	$ -	$ 4,146
Inventories	-	-	-	182,423
Total Nonspendable	**1,356,863**	**-**	**-**	**186,569**
Spendable				
Restricted for:				
Capital Projects	-	3,372,410	-	-
Grant Funded Programs	-	-	207,056	-
School Nutrition Program	-	-	-	3,267,847
Total Restricted	-	3,372,410	207,056	3,267,847
Committed for:				
Subsequent Year Fund Balance	5,724,223	-	-	-
Total Committed	5,724,223	-	-	-
Assigned for:				
School/Department Programs	965,328	-	-	-
Total Assigned	965,328	-	-	-
Unassigned:				
Unassigned	2,776,645	-	-	-
Total Unassigned	2,776,645	-	-	-
Total Spendable	**9,466,196**	**3,372,410**	**207,056**	**3,267,847**
TOTAL FUND BALANCES	**$ 10,823,059**	**$ 3,372,410**	**$ 207,056**	**$ 3,454,416**

Alexandria City Public Schools

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REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

The Required Supplementary Information subsection includes:

- Budgetary comparison schedule for the General Fund
- Budgetary comparison schedule for the Grants and Special Projects Fund
- Budgetary comparison schedule for the School Nutrition Fund
- Schedule of employer contributions for the pension and other employee benefit trust funds
- Schedule of changes in net pension and OPEB liabilities for the Pension and OPEB trust funds

Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS' goal #4
Facilities and the Learning Environment: ACPS will provide optimal and equitable learning environments.

Exhibit IX

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Budget Original	Budget Final	Actual	Variance from Final Budget Positive/(Negative)
Revenues				
Intergovernmental:				
City of Alexandria	223,829,302	223,829,302	223,829,302	$ -
State aid	45,063,454	45,063,454	45,601,266	537,812
Federal aid	286,713	286,713	130,649	(156,064)
Tuition and fees	391,545	391,545	487,371	95,826
Other local funds	645,802	645,802	512,847	(132,955)
Total Revenues	270,216,816	270,216,816	270,561,435	344,619
Expenditures				
General instruction	210,316,348	210,994,493	207,803,784	3,190,709
Adult education	654,432	654,432	609,391	45,041
Summer school and kindergarten prep	1,109,887	1,117,261	1,122,500	(5,239)
Administration	20,446,491	20,870,808	20,023,508	847,300
Attendance and health services	6,816,123	6,713,774	6,597,870	115,904
Pupil transportation	10,481,061	10,496,229	10,588,802	(92,573)
Plants operations and maintenance	22,485,504	22,733,965	22,459,666	274,299
Food services	853,532	889,219	754,837	134,382
Debt Service:				
Principal	615,648	615,648	615,648	-
Interest	30,426	30,426	30,426	-
Total Expenditures	273,809,452	275,116,255	270,606,432	4,509,823
Excess (deficiency) of revenue over (under) expenditures	(3,592,636)	(4,899,439)	(44,997)	4,854,442
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(1,613,613)	(1,613,613)	(1,522,979)	90,634
Total Other Financing Sources and (Uses), net	(1,613,613)	(1,613,613)	(1,522,979)	90,634
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	$ (5,206,249)	$ (6,513,052)	(1,567,976)	$ 4,945,076
Fund Balance-July 1, 2018			12,391,035	
Fund Balances-June 30, 2019			$ 10,823,059	

See accompanying note to the budgetary comparison schedule.

Exhibit X

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
Grants and Special Projects Fund
For the Year Ended June 30, 2019

	Budget			Variance from final budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental:				
City of Alexandria	$ -	$ -	$ -	$ -
State aid	3,324,444	3,956,445	3,894,613	(61,832)
Federal aid	9,744,475	11,593,286	9,406,803	(2,186,483)
Fees	-	70,248	126,135	55,887
Other local revenue	497,461	774,732	369,240	(405,492)
Total Revenues	13,566,380	16,394,711	13,796,791	(2,597,920)
Expenditures				
Current:				
General instruction	13,983,614	16,137,803	13,664,818	2,472,985
Adult education	388,176	409,562	407,747	1,815
Summer school and Kindergarten prep	11,303	36,676	79,997	
Administration	784,640	1,505,690	1,084,295	421,395
Plants operations and maintenance	-	28,694	27,538	1,156
Attendance and health services	800	22,053	16,595	5,458
Pupil transportation	6,460	10,419	6,914	3,505
Food services	5,000	85,987	46,883	39,104
Total Expenditures	15,179,993	18,236,884	15,334,787	2,902,097
Excess (deficiency) of revenue over (under) expenditures	(1,613,613)	(1,842,173)	(1,537,996)	304,177
Other Financing Sources (Uses)				
Transfers In	-	-	1,522,979	1,522,979
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses, net	-	-	1,522,979	1,522,979
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	$ (1,613,613)	$ (1,842,173)	(15,017)	$ 1,827,156
Fund Balance-July 1, 2018			222,073	
Fund Balances-June 30, 2019			$ 207,056	

See accompanying note to the budgetary comparison schedule.

Exhibit XI

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
School Nutrition Fund
For the Year Ended June 30, 2019

	Budget			Variance from Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues				
Intergovernmental:				
City of Alexandria	$ -	$ -	$ -	$ -
State aid	161,047	161,047	208,050	47,003
Federal aid	8,160,705	8,160,705	7,245,213	(915,492)
Food Sales	1,780,041	1,780,041	1,905,369	125,328
Other local revenue	125,000	125,000	132,406	7,406
Total Revenues	10,226,793	10,226,793	9,491,038	(735,755)
Expenditures				
Summer school and kindergarten prep	-	-	73,889	(73,889)
Food services	10,681,143	12,908,387	11,315,959	1,592,428
Total Expenditures	10,681,143	12,908,387	11,389,848	1,518,539
Excess (deficiency) of revenues over (under) expenditures	$ (454,350)	$ (2,681,594)	(1,898,810)	$ 782,784
Fund Balance-July 1, 2018			5,353,226	
Fund Balances-June 30, 2019			$ 3,454,416	

See accompanying note to the budgetary comparison schedule.

Exhibit XII

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2019

Schedule of Employer Contributions
Last 10 Fiscal Years [(1)]

Fiscal Year	Actuarially/ Contractually Required Contribution	Contributions in Relation to Actuarially/ Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll [(2)]	Contributions as a % of Covered Employee Payroll	% of Actual Contributions Contributed
Employees' Supplemental Retirement Plan [(3)]						
2018	$ 4,025,818	$ -	$ 4,025,818	$149,826,081	0.00%	0.00%
2017	4,224,325	-	4,224,325	145,803,885	0.00%	0.00%
2016	3,056,634	-	3,056,634	140,366,382	0.00%	0.00%
2015	1,388,123	-	1,388,123	130,993,574	0.00%	0.00%
2014	350,409	-	350,409	123,779,616	0.00%	0.00%
VRS Political Subdivision Retirement Plan						
2019	178,708	187,489	(8,781)	7,942,569	2.36%	104.91%
2018	183,117	194,187	(11,070)	8,138,526	2.39%	106.05%
2017	180,262	186,598	(6,336)	8,011,663	2.33%	103.51%
2016	440,195	479,241	(39,046)	7,804,877	6.14%	108.87%
2015	425,527	428,373	(2,846)	7,544,808	5.68%	100.67%
2014	408,745	416,920	(8,175)	7,527,538	5.54%	102.00%
VRS Teacher Retirement Plan						
2019	24,667,057	24,534,748	132,309	157,315,417	15.60%	99.46%
2018	24,476,058	24,230,449	245,610	149,975,848	16.16%	99.00%
2017	21,522,886	22,156,329	(633,443)	146,813,686	15.09%	102.94%
2016	19,874,324	21,900,603	(2,026,280)	141,353,655	15.49%	110.20%
2015	18,771,021	18,953,112	(182,091)	133,506,551	14.20%	100.97%
2014	15,038,409	14,820,359	218,050	128,974,348	11.49%	98.55%
ACPS Other Employee Benefit Trust Fund						
2019	2,241,662	2,482,483	(240,821)	164,994,126	1.50%	110.74%
2018	2,117,943	1,792,946	324,997	160,188,472	1.12%	84.66%
2017	2,248,971	2,269,646	(20,675)	150,313,298	1.51%	100.92%
2016	2,212,844	2,212,844	-	150,313,298	1.47%	100.00%
VRS Healthcare Credit Insurance OPEB Progam						
2018	1,889,030	1,889,030	-	157,419,158	1.20%	100.00%
2017	1,633,570	1,633,570	-	147,168,488	1.11%	100.00%
2016	1,497,312	1,497,312	-	141,255,832	1.06%	100.00%
2015	1,419,734	1,419,734	-	133,937,166	1.06%	100.00%
2014	1,437,376	1,437,376	-	129,493,343	1.11%	100.00%
2013	1,434,529	1,434,529	-	129,236,890	1.11%	100.00%
VRS Group Life Insurance OPEB Program - Teachers						
2018	823,937	823,937	-	158,449,359	0.52%	100.00%
2017	777,826	777,826	-	149,581,852	0.52%	100.00%
2016	686,361	686,361	-	142,991,816	0.48%	100.00%
2015	652,589	652,589	-	135,956,087	0.48%	100.00%
2014	635,545	635,545	-	132,405,189	0.48%	100.00%
2013	631,585	631,585	-	131,580,201	0.48%	100.00%
VRS Group Life Insurance OPEB Program - State/Locality Employees						
2018	41,112	41,112	-	7,906,098	0.52%	100.00%
2017	42,125	42,125	-	8,100,977	0.52%	100.00%
2016	37,750	37,750	-	7,864,669	0.48%	100.00%
2015	36,294	36,294	-	7,561,345	0.48%	100.00%
2014	37,055	37,055	-	7,719,774	0.48%	100.00%
2013	38,756	38,756	-	8,074,245	0.48%	100.00%

[(1)] Information is only available for the fiscal years shown. Future years will be added to the schedule.

[(2)] Covered payroll amount for 2015 was restated from prior year and calculated as defined by Governmental Accounting Standards Board Statement No. 82 - Pension Issues

[(3)] The required contribution shown for the Employees' Supplemental Plan was actuarially determined.

Exhibit XIII-1

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2019

Schedule of Changes in Net Pension Liability
Last 10 Fiscal Years [1]

Employees' Supplementary Retirement Plan

	2018	2017	2016	2015	2014
Total Pension Liability					
Service costs	$ 3,675,300	$ 3,102,017	$ 2,603,388	$ 2,573,225	$ 2,462,314
Interest	7,547,568	7,394,011	6,578,948	6,378,985	6,243,019
Differences between expected and actual experience	26,190	85,946	998,161	140,424	(475,091)
Benefit payments	(6,056,406)	(6,210,504)	(6,157,529)	(5,918,926)	(5,712,337)
Change in assumptions	(193,103)	7,007,931	8,012,677	-	-
Net Changes in Total Pension Liability	4,999,549	11,379,401	12,035,645	3,173,708	2,517,905
Total Pension Liability, beginning	125,350,578	113,971,177	101,935,532	98,761,824	96,243,919
Total Pension Liability, ending	$ 130,350,127	$ 125,350,578	$ 113,971,177	$ 101,935,532	$ 98,761,824
Fiduciary Net Position					
Contributions- Employee	$ 2,465,342	$ 2,429,572	$ 2,508,919	$ 2,032,505	$ 2,171,044
Contributions- Employer	-	-	-	-	-
Net investment income	8,273,362	10,194,794	6,481,332	(840,277)	13,644,193
Benefit payments	(6,056,406)	(6,210,504)	(6,157,529)	(5,918,926)	(5,712,337)
Administrative expenses	(335,316)	(40,660)	(85,748)	(124,855)	(111,595)
Net Changes in Fiduciary Net Position	4,346,982	6,373,202	2,746,974	(4,851,553)	9,991,305
Fiduciary Net Position, beginning	122,858,658	116,485,456	113,738,482	118,590,035	108,598,730
Fiduciary Net Position, ending	$ 127,205,640	$ 122,858,658	$ 116,485,456	$ 113,738,482	$ 118,590,035
Net Pension Liability (Asset), as of August 31,	$ 3,144,487	$ 2,491,920	$ (2,514,279)	$ (11,802,950)	$ (19,828,211)
Fiduciary Net Position as a percentage of Total Pension Liability	97.59%	98.01%	102.21%	111.58%	120.08%
Covered Payroll	$ 149,826,081	$ 145,803,885	$ 140,366,382	$ 130,993,574	$ 123,779,616
Net Pension Liability as a percentage of Covered Payroll	2.10%	1.71%	-1.79%	-9.01%	-16.02%

Money-Weighted Rate of Return
Last 10 Fiscal Years [1]

	2018	2017	2016	2015	2014 [2]
Employees' Supplementary Retirement Plan	6.85%	8.91%	5.80%	-0.72%	12.79%

[1] Information is only available for the fiscal years shown. Future years will be added to the schedule.

[2] Covered payroll amount for 2014 was restated and calculated as defined by Governmental Accounting Standards Board Statement No. 82 - Pension Issues

Exhibit XIII-2

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2019

Schedule of Changes in Net Pension Liability (Asset)
Last 10 Fiscal Years [(1)]

VRS - Political Subdivision Retirement Plan (Non-Professional)

	2018	2017	2016	2015	2014
Total Pension Liability					
Service costs	$ 747,214	$ 761,926	$ 754,823	$ 758,027	$ 796,338
Interest	2,862,468	2,818,335	2,716,423	2,731,791	2,642,578
Differences between expected and actual experience	(139,735)	(332,554)	260,117	(1,408,359)	-
Changes in assumptions	-	(229,485)	-	-	-
Benefit payments	(2,512,594)	(2,262,896)	(2,244,877)	(2,271,322)	(1,965,795)
Refund of Contributions	-	-	(43,180)	(42,623)	(49,162)
Net Changes in Total Pension Liability	957,353	755,326	1,443,306	(232,486)	1,423,959
Total Pension Liability, beginning	42,148,704	41,393,378	39,950,072	40,182,558	38,758,599
Total Pension Liability, ending	$ 43,106,057	$ 42,148,704	$ 41,393,378	$ 39,950,072	$ 40,182,558
Fiduciary Net Position					
Contributions- Employer	$ 158,036	$ 161,966	$ 436,893	$ 428,560	$ 410,609
Contributions- Employee	384,967	390,792	388,435	393,832	379,449
Net investment income	3,409,511	5,185,761	735,046	1,959,825	6,037,662
Benefit payments	(2,512,594)	(2,262,896)	(2,244,877)	(2,271,322)	(1,965,795)
Refunds of Contributions	-	-	(43,180)	(42,623)	(49,162)
Administrative expenses	(30,490)	(31,000)	(27,814)	(27,928)	(33,280)
Other	(2,989)	(4,572)	(318)	(411)	319
Net Changes in Fiduciary Net Position	1,406,441	3,440,051	(755,815)	439,933	4,779,802
Fiduciary Net Position, beginning	46,749,681	43,309,630	44,065,445	43,625,512	38,845,710
Fiduciary Net Position, ending	$ 48,156,122	$ 46,749,681	$ 43,309,630	$ 44,065,445	$ 43,625,512
Net Pension Liability (Asset), as of June 30,	$ (5,050,065)	$ (4,600,977)	$ (1,916,252)	$ (4,115,373)	$ (3,442,954)
Fiduciary Net Position as a percentage of Total Pension Liability	111.72%	110.92%	104.63%	110.30%	108.57%
Covered Payroll	$ 8,138,526	$ 8,011,663	$ 7,804,877	$ 7,544,808	$ 7,527,538
Net Pension Liability (Asset) as a percentage of Covered Payroll	-62.05%	-57.43%	-24.55%	-54.55%	-45.74%

[(1)] Information is only available for the fiscal years shown. Future years will be added to the schedule.

[(2)] Covered payroll amount for 2014 was restated from prior year and calculated as defined by Governmental Accounting Standards Board Statement No. 82 - Pension Issues

Exhibit XIII-3

Alexandria City Public Schools, Virginia

Required Supplementary Information

Pension and Other Employee Benefit Trust Funds

For the Fiscal year Ended June 30, 2019

Schedule of Employer's Share of Net Pension Liability

Last 10 Fiscal Years [1]

VRS Teacher Retirement Plan

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	1.836%	1.848%	1.853%	1.802%	1.771%
Employer's Proportionate Share of the Net Pension Liability	$ 215,896,000	$ 227,215,000	$ 259,630,000	$ 226,749,000	$213,986,000
Employer's Covered Payroll [2]	$ 149,975,848	$ 146,813,686	$ 141,353,655	$ 133,506,551	$128,974,348
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.95%	154.76%	183.67%	169.84%	165.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

[1] Information is only avaiable for the fiscal years shown. Future years will be added to the schedule.

[2] Covered payroll amount for 2015 was restated from prior year and calculated as defined by Governmental Accounting Standards Board Statement No. 82 - Pension Issues

Exhibit XIII-4

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2019

Schedule of Changes in Net OPEB Liability
Last 10 Fiscal Years [1]

Other Employee Benefits Trust Fund

Total OPEB Liability	**2019**	**2018**	**2017**
Service costs	$ 1,177,364	$ 1,119,634	$ 1,065,890
Interest	2,197,977	2,159,080	2,022,196
Differences between expected and actual experience	-	(2,071,966)	-
Changes in asummptions	-	432,426	-
Benefit payments	(1,551,418)	(902,946)	(1,492,636)
Net Changes in Total OPEB Liability	1,823,923	736,228	1,595,450
Total OPEB Liability, beginning	30,904,435	30,168,207	28,572,757
Total OPEB Liability, ending	$ 32,728,358	$ 30,904,435	$ 30,168,207
Fiduciary Net Position			
Contributions- Employer	$ 2,482,483	$ 1,792,946	$ 2,269,646
Contributions- Employee	-	-	-
Net investment income	921,954	1,605,675	1,831,086
Benefit payments	(1,551,418)	(902,946)	(1,492,636)
Administrative expenses	(21,365)	(19,245)	(17,371)
Net Changes in Total OPEB Liability	1,831,654	2,476,430	2,590,725
Fiduciary Net Position, beginning	19,246,385	16,769,955	14,179,230
Fiduciary Net Position, ending	$ 21,078,039	$ 19,246,385	$ 16,769,955
Net OPEB Liability as of June 30,	$ 11,650,319	$ 11,658,050	$ 13,398,252
Fiduciary Net Position as a percentage of Total OPEB Liability	64.40%	62.28%	55.59%
Covered Payroll	$ 164,994,126	$ 160,188,472	$ 150,313,298
Net OPEB Liability as a percentage of Covered Payroll	7.06%	7.28%	8.91%

Money-Weighted Rate of Return
Last 10 Fiscal Years [1]

	2019	**2018**	**2017**
Other Employee Benefit Trust Fund	4.67%	9.52%	13.04%

[1] Information is only available for the fiscal years shown. Future years will be added to the schedule.

Exhibit XIII-5

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2019

Schedule of Employer's Share of Net OPEB Liabilities for Healthcare Credit Insurance and Group Life Insurance
Last 10 Fiscal Years [1]

	2018	2017
VRS Healthcare Credit Insurance Program		
Employer's Proportion of the Net HCI OPEB Liability	1.85325%	1.86478%
Employer's Proportionate Share of the Net HCI OPEB Liability	$ 23,530,000	$ 23,657,000
Employer's Covered Payroll	$ 157,419,158	$ 147,168,488
Employer's Proportionate Share of the Net HCI OPEB Liability as a Percentage of its Covered Payroll	14.95%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HCI OPEB Liability	8.08%	7.04%
VRS Group Life Insurance Program - Teachers		
Employer's Proportion of the Net GLI OPEB Liability	0.79308%	0.81094%
Employer's Proportionate Share of the Net GLI OPEB Liability	$ 12,045,000	$ 12,203,000
Employer's Covered Payroll	$ 158,449,359	$ 149,975,848
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	7.60%	8.14%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%
VRS Group Life Insurance Program - State/Locality Employees		
Employer's Proportion of the Net GLI OPEB Liability	0.42830%	0.04392%
Employer's Proportionate Share of the Net GLI OPEB Liability	$ 651,000	$ 661,000
Employer's Covered Payroll	$ 7,906,098	$ 8,138,526
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.23%	8.12%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

[1] This schedule is intended to show information for 10 years. Since 2018 is the second year for this presentation, only two years of data available. Additional years will be displayed as they become available.

A. Budgetary information

The following presents the procedures by the School Board in establishing the budgetary data reflected in the financial statements and other budget information:

The Superintendent is required by Section 22.1-92 of the Code of Virginia to prepare, with the approval of the Board, and submit to the City Council a General Fund budget request of the amount needed during the next fiscal year. The Board holds at least two public hearings before it gives final approval for the requested budget. The City Council is also required by City Charter to hold a public hearing on the General Fund budget at which time all interested persons are given an opportunity to comment. The legal level of budgetary control for the General Fund is at the department level (i.e., Office of the Superintendent, Adult Education, Pupil Transportation, Board of Education Office, and the individual schools).

Formal budgetary integration, including encumbrance accounting, is employed as a management control device during the year for governmental funds. The budget is presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule presents GAAP expenditures. Management is authorized to transfer funds within major categories of expenditure (i.e., administration, instruction, salaries, benefits, etc.) up to $25,000. Transfers in excess of $25,000 require the approval of the superintendent; however, revisions that alter the total expenditures of the General Fund must be approved by the School Board. The legally-adopted budget cannot be exceeded.

B. Pension and Other Employee Benefits

Multiple year trend information for the Employees' Supplemental Retirement Plan, the VRS Teacher Retirement Plan, the VRS Political Subdivision Retirement Plan, as well as Other Post-Employment Benefit (OPEB) Trust Fund is presented as required supplementary information. This information is intended to help users assess the funding status on a going concern basis, and the progress made in accumulating assets to pay benefits when due.

For the Employees' Supplemental Retirement Plan, the VRS Teacher Retirement Plan and the VRS Political Subdivision Retirement Plan and the OPEB Trust Fund, the schedule of employer contributions provides a comparison of the actuarially/contractually required contributions with actual contributions. Actuarially/contractually required contributions are also shown as a percentage of covered payroll, as well as a percentage of actual contributions made. Covered payroll, as defined in GASB 82, is the total pensionable payroll of employees that are provided with pensions through the pension plan.

Information pertaining to the Employees' Supplemental Retirement Plan, VRS Teacher and Political Subdivision Plans and the OPEB Trust Fund can be found in notes 7 and 8, respectively, in the notes to the basic financial statements.

C. Retirement Plan Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

There have been no actuarially material changes to the Employees' Supplemental Retirement Plan benefit provisions for fiscal year 2019.

D. Retirement Plan Changes of Assumptions

For the VRS Political Subdivision Retirement Plan and VRS Teachers Retirement Plan, the following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016.

Mortality Rates (Pre-retirement, post-retirement heathy, 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	Lowered rates
Salary Scale	No change

For the Employees' Supplemental Retirement Plan, we changed the following assumptions:

- The mortality table has been updated to reflect historical U.S. mortality data to 2016.

E. VRS Healthcare Credit Insurance and Group Life Insurance OPEB Programs

For the VRS Healthcare Credit Insurance and Group Life Insurance Programs the following changes were made.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated 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

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

The Other Supplementary Information subsections include the following:

- Combining statements for the pension and other employee benefit trust funds
- Statement of changes in assets and liabilities for the student activity fund

Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS' goal #5
Health and Wellness: ACPS will promote efforts to enable students to be healthy and ready to learn.

FIDUCIARY FUNDS

Pension and Other Employee Benefits Trust Funds are used to account for assets held by Alexandria City Public Schools (ACPS) in a trustee capacity under terms of a formal trust agreement.

- Employees' Supplemental Retirement Plan is a single-employer defined benefit plan for eligible full-time employees. It accounts for assets held in trust by Principal Financial Group for ACPS.

- ACPS Other Post-Employment Benefits Trust (OPEB) accounts for accumulating and investing assets for ACPS' post-employment health benefit subsidies for eligible retirees and their surviving spouses.

The Student Activity Fund is used to account for funds held by a school in a trustee capacity or as an agent for students, club organizations, teachers and the general administration of the school.

Exhibit XIV

Alexandria City Public Schools, Virginia

Combining Statement of Fiduciary Net Position

Pension and Other Post-Employment Benefit Trust Funds

June 30, 2019

	Employees' Supplementary Retirement Plan	ACPS Other Post-Employment Benefit Trust	Total Pension and Other Employee Benefit Trust Funds
Assets			
Investments, at fair value			
Cash Equivalents	$ -	$ 120,145	$ 120,145
Bonds	55,398,998	5,111,424	60,510,422
Mutual funds	38,247,858	9,847,660	48,095,518
Real estate	18,962,962	1,918,102	20,881,064
Global asset allocation	15,481,297	4,080,708	19,562,005
Total investments	128,091,115	21,078,039	149,169,154
Contributions Receivable	207,287	-	207,287
Total assets	128,298,402	21,078,039	149,376,441
Liabilities			
Accounts Payable	-	-	-
Total liabilities	-	-	-
Net Position			
Restricted for pension and other employee benefits	128,298,402	21,078,039	149,376,441
Total net position held in trust	$ 128,298,402	$ 21,078,039	$ 149,376,441

Exhibit XV

Alexandria City Public Schools, Virginia
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2019

	Employees' Supplementary Retirement Plan	ACPS Other Post Employment Benefits Trust	Total Pension and Other Employee Benefit Trust Funds
Additions			
Contributions			
Employer contributions	$ -	$ 2,605,627	$ 2,605,627
Employee contributions	2,559,177	-	2,559,177
Total Contributions	2,559,177	2,605,627	$ 5,164,804
Investment Income			
Investment Earnings	7,203,258	6,619	7,209,877
Net appreciation in fair value of investments	-	915,334	915,334
Investment Expense	(40,506)	-	(40,506)
Net Investment Income	7,162,752	921,953	8,084,705
Total additions	9,721,929	3,527,580	13,249,509
Deductions			
Benefit payments	6,191,109	1,674,562	7,865,671
Administrative expenses	314,044	21,364	335,408
Total deductions	6,505,153	1,695,926	8,201,079
Change in net position	3,216,776	1,831,654	5,048,430
Net position - July 1, 2018	125,081,626	19,246,385	144,328,011
Net position - June 30, 2019	$ 128,298,402	$ 21,078,039	$ 149,376,441

Exhibit XVI

Alexandria City Public Schools, Virginia

Statement of Changes in Assets and Liabilities

Student Activity Fund

For the Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Assets				
Cash held on behalf of student activity fund	$ 508,778	1,179,011	1,145,535	$ 542,254
Total assets	$ 508,778	1,179,011	1,145,535	$ 542,254
Liabilities				
Due to student groups	$ 508,778	1,179,011	1,145,535	$ 542,254
Total liabilities	$ 508,778	1,179,011	1,145,535	$ 542,254

ACPS

Alexandria City Public Schools

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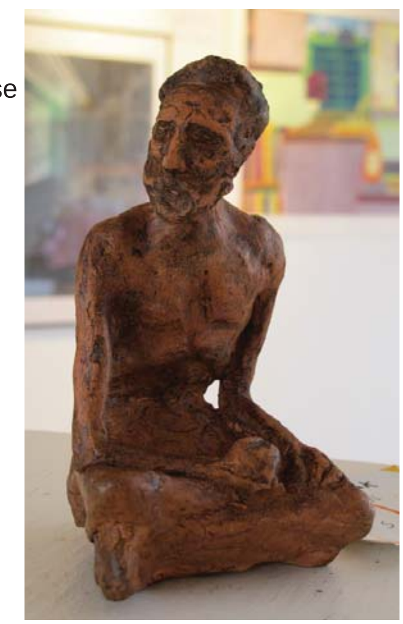
STATISTICAL SECTION

This part of the Alexandria City Public Schools Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and require supplementary information says about the School System's overall financial health.

Financial Trends
These schedules contain trend information to help the reader comprehend how the School System's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the School System's most significant local revenue source, food service sales.

Debt Capacity
This schedule presents information to help the reader assess the affordability of the School System's current level of outstanding capital lease debt.



Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School System's financial activities take place.

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the School System's financial report relates to the services the School System provides and the activities it performs.

Source:
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

ACPS' goal #6
Effective and Efficient Operations: ACPS will be efficient, effective, and transparent in its business operations.

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Table 1

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Net Position
Last ten fiscal years

Governmental Activities:

	Net investment in capital assets (1)	Unrestricted	Restricted	Total net postion	
2019	$ 14,333,077	$ (252,438,346)	$ 16,447,104	$ (221,658,165)	
2018	10,910,323	(256,823,782)	23,223,210	(222,690,249)	(3)
2017	9,511,917	(208,829,186)	35,744,269	(163,573,000)	
2016	8,814,080	(212,170,622)	35,679,389	(167,677,153)	
2015	9,862,313	(233,320,103)	44,980,477	(178,477,313)	(2)
2014	9,666,296	(215,168,814)	17,449,685	(188,052,833)	
2013	10,101,429	17,173,118	3,091,635	30,366,182	
2012	9,848,454	17,140,693	2,562,085	29,551,232	
2011	8,184,654	15,391,860	3,763,533	27,340,047	
2010	7,085,154	13,145,935	-	20,231,089	

1) Amounts shown are net of any related debt.

2) ACPS implemented Governmental Accounting Standards Board Statement No.68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date in fiscal year 2015 and as result, unrestricted and total net position for fiscal year 2014 was restated.

3) ACPS implemented Governmental Accounting Standards Board Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension in fiscal year 2018 and as result, unrestricted and total net position for fiscal year 2017 was restated.

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 2

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Changes in Net Position
Last ten fiscal years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
General instruction	$ 157,543,359	$ 162,112,276	$ 172,528,593	$ 180,228,637	$ 173,706,777	$ 178,975,925	$ 185,579,090	$ 210,178,242	$ 209,136,380	$ 217,023,617
Adult education	1,378,268	1,406,505	1,263,518	889,144	900,966	957,153	1,021,582	932,395	947,842	1,017,138
Summer school	1,936,304	1,488,236	1,086,494	594,626	668,925	792,906	1,121,039	902,146	1,225,044	1,276,386
Administration	14,685,291	12,715,266	17,331,705	16,617,218	16,686,774	16,485,282	17,873,172	20,253,269	20,212,751	20,544,620
Attendance and health services	4,888,721	4,683,823	4,587,196	4,928,558	5,733,737	5,704,138	5,560,676	6,934,086	5,981,139	6,472,139
Pupil transportation	8,285,171	8,201,645	8,225,165	9,144,732	8,101,913	9,344,396	10,646,893	10,697,335	11,009,516	10,001,757
Plant operations and maintenance	14,048,738	16,076,092	16,667,322	16,936,841	16,194,488	18,475,458	19,391,281	25,659,872	24,752,866	30,141,853
Food services	5,784,936	6,156,504	6,407,033	6,919,510	6,507,249	7,619,108	8,309,824	9,469,364	9,515,648	9,738,817
Capital Improvement Services	2,143,870	2,712,093	3,219,204	3,205,123	3,098,165	4,166,558	2,194,108	-	-	-
Total governmental expenses	210,694,658	215,552,440	231,316,230	239,464,389	231,598,994	242,520,924	251,697,665	285,026,709	282,781,186	296,216,327
Program revenues										
Charges for services										
Instruction	580,627	367,919	305,139	335,299	292,105	217,277	237,841	247,941	256,208	338,040
Plant operations and maintenance	306,428	299,672	329,484	328,755	135,101	119,190	187,600	198,047	166,017	245,561
Food services	1,863,922	1,901,699	1,893,970	1,766,299	1,706,521	1,617,692	1,768,238	1,850,100	1,931,883	2,037,775
Operating grants and contributions	17,342,988	21,376,623	22,343,336	19,240,425	16,199,266	17,152,274	18,398,056	20,667,915	21,129,803	21,284,473
Total program revenues	20,093,965	23,945,913	24,871,929	21,670,778	18,332,993	19,106,433	20,591,735	22,964,003	23,483,911	23,905,849
Net (expenses)	(190,600,693)	(191,606,527)	(206,444,301)	(217,793,611)	(213,266,001)	(223,414,491)	(231,105,930)	(262,062,706)	(259,297,275)	(272,310,478)
General revenues										
Intergovernmental:										
City of Alexandria	166,506,350	170,134,763	178,449,148	185,841,404	185,939,138	196,303,878	202,798,138	225,318,806	206,863,933	227,228,450
State aid	26,511,976	25,786,037	27,984,171	31,627,807	34,039,898	35,999,443	38,776,618	40,375,579	43,719,948	45,601,267
Grants not restricted to specific program	8,323	1,043,535	-	-	-	-	-	-	-	-
Other local funds	1,798,288	1,751,150	2,222,167	1,139,350	1,651,826	686,690	331,334	472,474	513,406	512,845
Total general revenues	194,824,937	198,715,485	208,655,486	218,608,561	221,630,862	232,990,011	241,906,090	266,166,859	251,097,287	273,342,562
Change in net position	**$ 4,224,244**	**$ 7,108,958**	**$ 2,211,185**	**$ 814,950**	**$ 8,364,861**	**$ 9,575,520**	**$ 10,800,160**	**$ 4,104,153**	**$ (8,199,988)**	**$ 1,032,084**

Source: Alexandria City Public Schools Comprehensive Annual Financial Report
Amounts prior to FY2012 have been changed to provide a consistent comparison to FY2012 and fiscal years afterward.

Table 3

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Fund Balances-Governmental Funds
Last ten fiscal years
(In thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Non Spendable:	$ 628	$ 866	$ 959	$ 910	$ 882	$ 879	$ 1,150	$ 1,232	$ 1,246	$ 1,357
Spendable:										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	3,900	-	6,670	4,566	3,260	6,997	5,033	5,206	5,724
Assigned	7,892	8,333	8,545	952	1,928	1,309	2,586	1,231	1,758	965
Unassigned	5,925	2,879	6,669	4,566	3,651	6,997	4,192	4,672	4,181	2,777
Total Spendable	13,817	15,112	15,214	12,188	10,145	11,566	13,775	10,936	11,145	9,466
Total general fund	**$ 14,445**	**$ 15,978**	**$ 16,173**	**$ 13,098**	**$ 11,027**	**$ 12,445**	**$ 14,925**	**$ 12,168**	**$ 12,391**	**$ 10,823**
All Other Governmental Funds										
Non Spendable:										
Special Revenue Fund	$ 128	$ 144	$ 133	$ 199	$ 177	$ 203	$ 335	$ 518	$ 281	$ 187
Spendable:										
Restricted										
Capital Projects	503	39	312	3,337	567	892	2,685	20,450	8,166	3,372
Special Revenue Fund	3,801	4,656	4,999	5,796	6,504	5,805	5,072	4,948	5,294	3,475
Total Spendable	4,303	4,695	5,311	9,133	7,071	6,697	7,757	25,398	13,460	6,847
Total all other governmental funds	**$ 4,431**	**$ 4,840**	**$ 5,444**	**$ 9,332**	**$ 7,248**	**$ 6,900**	**$ 8,092**	**$ 25,916**	**$ 13,741**	**$ 7,034**

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 4

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Changes in Fund Balances-Governmental Funds
Last ten fiscal years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Intergovernmental:										
City of Alexandria	$ 166,506,350	$ 170,134,763	$ 178,449,148	$ 185,841,404	$ 185,939,138	$ 196,303,878	$ 202,798,138	$ 225,318,806	$ 206,863,933	$ 227,228,450
State aid	29,186,616	28,473,281	31,497,154	35,765,060	37,164,240	39,386,758	42,559,291	44,328,919	47,790,226	49,703,929
Federal aid	14,668,348	19,732,840	18,830,353	15,103,172	13,074,924	13,002,053	13,317,447	15,879,993	16,292,323	16,782,666
Tuition and fees	887,054	667,591	634,623	664,054	578,266	431,166	425,442	445,988	422,225	613,506
Food sales	1,673,573	1,693,935	1,701,929	1,756,982	1,652,483	1,572,260	1,691,104	1,740,488	1,806,790	1,905,369
Gift and donations	8,323	-	-	-	-	-	-	-	-	-
Other local funds	1,988,638	1,958,989	2,414,208	1,148,667	1,554,803	1,400,329	1,706,405	1,416,668	1,405,702	1,014,492
Total Revenues	214,918,902	222,661,399	233,527,415	240,279,339	239,963,854	252,096,444	262,497,827	289,130,862	274,581,199	297,248,412
Expenditures										
General instruction	157,627,102	163,499,284	173,129,524	179,159,223	182,232,872	186,340,827	193,859,108	203,302,790	211,217,735	221,468,602
Adult education	1,378,268	1,406,505	1,263,517	889,144	900,966	957,153	1,021,582	932,395	947,842	1,017,138
Summer school	1,936,304	1,488,236	1,086,494	594,626	668,925	792,906	1,121,039	902,146	1,225,044	1,276,386
Administration	16,192,110	15,625,053	16,560,782	16,601,020	18,093,707	18,499,001	18,438,727	18,833,011	19,839,164	21,107,803
Attendance and health services	4,888,721	4,683,823	4,587,196	4,928,558	6,002,891	5,939,303	5,822,721	5,920,638	6,041,799	6,614,465
Pupil transportation	7,912,014	8,251,496	9,062,813	9,441,875	9,549,575	10,051,282	9,960,908	9,921,128	10,192,358	10,595,716
Operation of plants and maintenance	13,889,873	15,823,826	16,337,333	16,593,733	16,669,275	18,811,209	19,350,957	23,520,713	21,535,502	22,487,204
Food services	5,706,699	6,081,273	6,421,638	7,008,020	6,902,514	7,792,603	8,339,044	9,097,687	9,800,831	12,117,679
Capital improvement services	2,143,870	2,712,092	3,219,204	3,205,123	3,098,165	4,166,558	2,194,108	6,617,611	5,086,475	8,192,682
Debt Service:										
Principal	1,132,990	1,132,990	1,045,511	1,013,289	-	-	-	597,586	604,070	615,648
Interest	15,638	15,638	13,426	32,221	-	-	-	48,488	42,004	30,426
Total Expenditures	212,823,589	220,720,216	232,727,438	239,466,832	244,118,890	253,350,842	260,108,194	279,694,193	286,532,824	305,523,749
Excess (deficiency) of revenues over expenditures	2,095,313	1,941,183	799,977	812,507	(4,155,036)	(1,254,398)	2,389,633	9,436,669	(11,951,625)	(8,275,337)
Other financing sources (uses)										
Transfers in	-	-	-	-	1,195,221	1,079,387	4,874,636	7,422,877	1,431,902	1,522,979
Transfers out	-	-	-	-	(1,195,221)	(1,079,387)	(2,550,004)	(1,792,484)	(1,431,902)	(1,522,979)
Total Other Financing Sources (uses)	-	-	-	-	-	-	2,324,632	5,630,393	-	-
Total Net Change in Fund Balances	**$ 2,095,313**	**$ 1,941,183**	**$ 799,977**	**$ 812,507**	**$ (4,155,036)**	**$ (1,254,398)**	**$ 4,714,265**	**$ 15,067,062**	**$ (11,951,625)**	**$ (8,275,337)**
Ratio of debt service expenditures to noncapitalized expenditures	0.55%	0.53%	0.46%	0.45%	0.00%	0.00%	0.00%	0.24%	0.23%	0.21%

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Amounts prior to FY2012 have been changed to provide a consistent comparison to FY2012 and fiscal years afterward.

Table 5

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
General Fund Expenditures By Detail Object
Last ten fiscal years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PERSONNEL SERVICES										
Personnel services	$ 122,642,742	$ 124,375,779	$ 132,703,464	$ 138,857,082	$ 142,806,798	$ 145,193,704	$ 153,495,475	$ 159,825,215	$ 162,575,674	$ 169,588,683
Benefits	44,120,346	41,338,213	43,841,559	47,639,880	49,626,807	53,900,044	52,480,610	56,312,031	62,906,749	66,049,201
Total Personnel Services	166,763,088	165,713,992	176,545,023	186,496,962	192,433,605	199,093,748	205,976,085	216,137,246	225,482,423	235,637,884
NON-PERSONNEL SERVICES										
Professional services	3,148,080	4,273,545	3,544,539	2,981,527	3,207,115	2,596,283	2,569,775	3,169,621	3,097,016	2,657,104
Temporary help service fees	1,055,076	1,623,562	1,635,059	1,744,523	1,507,817	1,556,284	1,721,543	1,625,152	1,257,808	1,809,012
Maintenance services and contracts	3,587,639	3,800,347	4,300,112	4,255,492	4,081,610	4,781,510	5,542,122	6,089,271	5,983,454	7,161,193
Transportation	1,007,425	1,179,986	1,349,859	1,411,008	1,451,944	1,587,439	1,452,706	1,456,626	1,419,843	1,819,079
Printing and binding	163,385	197,130	199,400	146,569	194,802	187,794	206,436	192,158	205,159	172,159
Purchase of services from other govt. entities	712,917	509,934	399,802	376,375	308,360	306,315	198,449	124,437	144,034	294,201
Other purchased services	57,033	53,357	50,006	32,559	32,167	52,622	34,684	32,898	-	40,290
Internal services	101,263	89,599	12,373	(777)	6,443	3,499	1,008	14,045	(2,531)	16,546
Utilities	1,691,991	2,293,175	2,814,813	2,753,748	2,637,463	2,857,652	2,835,800	3,130,632	3,392,399	3,592,287
Communications	739,419	820,685	804,807	834,353	807,257	920,515	800,220	784,027	868,402	941,975
Insurance	387,114	339,081	300,733	292,202	312,349	279,658	269,764	279,641	284,513	302,993
Leases and rentals	3,239,017	3,956,231	2,381,312	3,269,711	2,501,502	4,379,671	3,617,247	5,849,176	3,939,458	4,026,778
Travel	419,366	561,331	477,103	479,205	530,679	531,201	611,580	596,875	661,994	843,376
Awards and grants	-	1,180.000	54,200	415,473	537,833	627,760	484,473	98,315	102,802	88,696
Miscellaneous	213,616	232,722	210,466	206,269	244,376	242,609	290,835	256,288	302,211	323,440
Educational and recreational supplies	1,662,459	1,899,576	1,940,712	2,239,990	1,892,870	1,929,657	2,163,693	1,981,943	2,375,946	2,381,581
Textbooks	1,097,526	1,114,354	1,342,578	647,396	2,694,179	1,219,696	641,291	818,646	1,004,831	1,785,815
Food supplies and food service supplies	57,954	61,244	353,446	440,840	411,875	421,654	442,635	471,180	339,932	348,807
Technology	856,002	999,503	1,693,719	2,126,434	1,599,853	1,700,148	1,848,303	2,021,405	2,172,604	2,086,766
Medical and laboratory supplies	14,937	78,528	19,756	21,623	21,161	25,118	23,756	26,389	27,274	27,055
Repair and maintenance supplies	-	-	296,935	212,785	260,433	382,833	298,222	300,182	331,301	297,736
Laundry, housekeeping and janitorial supplies	415,701	410,780	429,144	452,425	427,118	425,525	437,919	466,466	441,183	365,298
Vehicle and power equipment fuel	404,963	378,342	744,831	543,069	580,756	473,636	320,157	327,167	414,348	428,768
Vehicle and power equipment supplies	328,938	478,374	199,905	258,569	242,774	319,096	289,289	313,733	330,320	327,478
Other operating supplies	493,185	504,846	631,732	364,630	291,445	337,441	355,572	323,750	73,697	161,487
Capital outlay	1,277,394	1,017,562	1,139,234	1,282,458	2,758,917	2,659,793	3,273,788	5,338,941	1,831,994	2,021,554
Debt Service:										
Principal	1,132,990	1,132,990	1,045,511	1,013,289	-	-	-	597,586	604,070	616,648
Interest	15,638	15,638	13,426	32,221	-	-	-	48,488	42,004	30,426
Total Non-personnel Services	24,281,028	28,023,603	28,385,513	28,833,966	29,543,098	30,805,409	30,731,267	36,735,038	31,646,066	34,968,548
GRAND TOTAL	**$ 191,044,116**	**$ 193,737,595**	**$ 204,930,536**	**$ 215,330,928**	**$ 221,976,703**	**$ 229,899,157**	**$ 236,707,352**	**$ 252,872,284**	**$ 257,128,489**	**$ 270,606,432**

Source: Alexandria City Public Schools Financial Services Department

Table 6

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Capital Projects Fund Expenditures
Last ten fiscal years
(in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
John Adams Elementary School	$ -	$ -	$ 6	$ 59	$ 63	$ 43	$ 115	$ 106	$ -	$ 100	$ 492
Charles Barrett Elementary School	-	84	-	-	-	38	289	51	319	219	1,000
Patrick Henry Elementary School	-	-	348	194	5	-	-	-	7	824	1,378
Jefferson-Houston School	-	-	14	-	-	771	-	16	1	122	924
Cora Kelly School for Math, Science and Technology	-	-	-	296	6	-	-	2	-	13	317
Lyles-Crouch Traditional Academy	-	-	49	3	-	-	46	6	8	39	151
Douglas MacArthur Elementary School	-	64	-	-	-	-	-	-	-	19	83
George Mason Elementary School	47	365	-	-	-	-	228	92	35	20	787
Matthew Maury Elementary School	-	-	33	-	-	-	-	11	-	267	311
Mount Vernon Community School	-	-	-	-	3	17	160	92	59	122	453
James K. Polk Elementary School	-	13	-	-	-	-	-	38	605	345	1,001
William Ramsay Elementary School	-	-	211	-	-	-	-	-	-	67	278
Francis C. Hammond Middle School	109	241	205	161	103		179	31	200	52	1,281
George Washington Middle School	7	183	-	-	-	290	-	50	306	480	1,316
T.C. Williams High School	-	3	37	-	-	21	148	80	974	443	1,706
T.C. Williams High School (Minnie Howard Campus)	-	28	-	-	-	-	-	-	-	-	28
Rowing Facility	-	-	-	43	97	20	105	-	121	592	978
Samuel W. Tucker Elementary School	-	-	-	-	-	-	-	14	-	50	64
Ferdinand T Day	-	-	-	-	-	-	-	-	-	46	46
System Wide	1,981	1,731	2,316	2,449	2,821	2,966	924	2,944	2,452	4,373	24,957
GRAND TOTAL	**$ 2,144**	**$ 2,712**	**$ 3,219**	**$ 3,205**	**$ 3,098**	**$ 4,166**	**$ 2,194**	**$ 3,533**	**$ 5,087**	**$ 8,193**	**$ 37,551**

Source: Alexandria City Public Schools Financial Services Department

Table 7

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Ratios of Capital Lease Payments to Total General Expenditures (1)
Last ten fiscal years

Fiscal Year	Principal	Interest	Total Capital Lease Payments	General Fund Expenditures (2)	Ratio
2019	$ 615,648	$ 30,426	646,074	270,606,432	0.24%
2018	604,070.000	42,004	646,074	257,128,489	0.25%
2017 (3)	597,586	48,488	646,074	249,731,742	0.26%
2016	-	-	-	236,707,352	0.00%
2015	-	-	-	229,899,158	0.00%
2014	-	-	-	221,976,703	0.00%
2013	1,013,289	32,221	1,045,510	215,330,928	0.49%
2012	1,045,511	13,426	1,058,937	204,930,536	0.52%
2011	1,132,990	15,638	1,148,628	193,737,595	0.59%
2010	1,132,990	15,638	1,148,628	191,044,116	0.60%

(1) See Note 6- Lease Obligations in the notes to the financial statements for additional information on ACPS capital lease obligations

(2) See Table 5 for General Fund expenditure details and totals for years indicated.

(3) ACPS entered into capital lease agreement in FY2017.

Source: Alexandria City Public Schools Comprehensive Annual Financial Reports

Table 8

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Cost Per Pupil
Last ten fiscal years

Fiscal Year	Governmental Funds Expenditures [1]	Actual Enrollment [2]	Cost Per Pupil [4]	Average Daily Attendance [ADA] [3]	Average Daily Membership [ADM] [3]
2019	$ 297,331,067	15,795	17,740	14,788	15,303
2018	281,446,349	15,540	17,193	14,431	14,997
2016	257,914,086	14,729	16,896	13,853	14,610
2000	121,064,605	11,017	10,989	10,414	10,926
2015	249,184,284	14,224	16,731	13,280	13,963
2014	241,020,725	13,623	16,977	12,679	13,279
2013	236,261,709	13,114	17,211	12,271	12,913
2012	229,508,234	12,395	17,626	11,496	12,062
2011	218,008,124	11,999	17,343	11,090	11,677
2010	210,679,719	11,623	17,247	10,936	11,482

Note: The formula for calculating the cost per pupil considers general operating funds and federal entitlement grants that support students in grades kindergarten (KG)-12 divided by KG-12 enrollment. Exclusions include preschool costs, adult education, and the school nutrition program which is a self-sufficient, special revenue fund.

Source: [1] Alexandria City Public Schools Comprehensive Annual Financial Report, not including expenditures for Capital Projects Fund.
[2] Alexandria City Public Schools Budget Office
[3] Alexandria City Public Schools Technology Services Office
[4] Alexandria City Public Schools Budget Office, Average All Students

Table 9

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
DEMOGRAPHIC STATISTICS
Last ten fiscal years

Fiscal Year	Personal Income ($000) (6)	Per Capita Personal Income (6)	Number Receiving Free or Reduced Price Meals (1)	Unemployment Rate (2)	Number Receiving Special Education (3)	Population (2)	Number in English as a Second Language (4)	Number in Gifted and Talented (5)
2019	$ 13,455,505	$ 85,813	9,282	2.2%	1,762	156,800	5,045	2,325
2018	12,958,210	83,872	9,106	2.4%	1,731	154,500	4,791	2,185
2017	12,692,748	84,079	8,965	2.6%	1,803	152,200	4,789	1,929
2016	11,789,823	83,167	8,664	2.9%	1,672	153,511	4,381	1,744
2015	12,071,851	82,683	8,582	3.5%	1,634	150,575	4,202	1,605
2014	12,115,212	77,142	8,100	4.6%	1,621	148,892	3,642	1,488
2013	11,760,450	81,078	7,370	4.7%	1,641	146,294	3,406	1,671
2012	10,758,922	80,952	6,916	4.6%	1,686	144,301	3,005	1,269
2011	10,627,334	78,383	6,665	4.8%	1,701	141,287	2,698	1,383
2010	10,441,443	76,362	6,264	4.7%	1,906	150,006	3,430	1,293

Note: Population count is an estimate for calendar year 2010.

Source:
(1) School Nutrition Services
(2) The City of Alexandria
(3) Office of Student Services
(4) Office of English Language Learners
(5) Office of Curriculum and Instruction
(6) Bureau of Economic Analysis (BEA), as revised, data is only shown for the fiscal years available.

Table 10

ALEXANDRIA CITY PUBLIC SCHOOLS
TOTAL STUDENT MEMBERSHIP BY GRADE
Last ten fiscal years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Elementary										
Pre-K & Kindergarten	1,352	1,484	1,643	1,792	1,703	1,735	1,795	1,777	1,805	1,845
Grades 1 - 3	3,276	3,342	3,454	3,666	3,898	4,013	4,144	4,109	4,134	4,151
Grades 4 - 6	2,455	2,606	2,782	2,915	3,022	3,134	3,259	3,540	3,687	3,710
Total Elementary	7,083	7,432	7,879	8,373	8,623	8,882	9,198	9,426	9,626	9,706
Secondary										
Grades 7 - 8	1,478	1,484	1,492	1,540	1,656	1,811	1,878	1,876	1,918	2,072
9th Grade	741	758	784	813	892	1,028	975	1,077	1,217	1,156
10th Grade	813	769	803	847	846	917	1,069	1,022	991	1,029
11th Grade	766	776	713	789	832	795	814	883	886	883
12th Grade	616	715	655	673	714	734	736	772	855	891
Total Secondary	4,414	4,502	4,447	4,662	4,940	5,285	5,472	5,630	5,867	6,031
Special Placements										
District-wide	126	65	69	79	60	57	59	49	47	58
Grand Total	**11,623**	**11,999**	**12,395**	**13,114**	**13,623**	**14,224**	**14,729**	**15,105**	**15,540**	**15,795**

Note: This table is based on the September 30 student membership.

Source: Alexandria City Public Schools Budget Office

Table 11

ALEXANDRIA CITY PUBLIC SCHOOLS
SCHOOL NUTRITION SERVICES MEALS SERVED
Last ten fiscal years

	2010 [(1)]	2011	2012	2013	2014 [(2)]	2015	2016	2017	2018	2019	10-year Average
DAYS MEALS SERVED											
No. of days, Traditional calendar schools	173	183	182	182	175	180	177	181	181	181	180
Additional days, Modified calendar schools	20	22	22	22	21	21	19	19	20	21	21
Total school days	193	205	204	204	196	201	196	200	201	202	200
NUMBER OF PUPIL LUNCHES SERVED:											
Paid lunches	358,600	379,712	360,061	316,368	277,992	271,798	287,176	287,051	292,726	313,755	314,524
Reduced price lunches	200,052	199,665	222,870	201,473	202,174	215,702	207,005	193,515	198,011	200,190	204,066
Free lunches	712,383	830,026	876,088	932,328	956,096	1,051,000	1,082,959	1,124,532	1,099,122	1,121,217	978,575
Total Pupil Lunches	1,271,035	1,409,403	1,459,019	1,450,169	1,436,262	1,538,500	1,577,140	1,605,098	1,589,859	1,635,162	1,497,164
NUMBER OF PUPIL BREAKFASTS SERVED:											
Paid breakfasts	58,438	51,448	46,660	61,791	76,700	87,558	73,799	125,705	108,747	132,652	82,350
Reduced price breakfasts	80,846	89,922	75,621	85,305	95,741	94,799	89,078	114,929	104,337	111,966	94,254
Free breakfasts	296,015	329,858	321,589	397,465	428,969	452,947	458,130	657,637	627,109	618,461	458,818
Total Pupil Breakfasts	435,299	471,228	443,870	544,561	601,410	635,304	621,007	898,271	840,193	863,079	635,423

(1) Due to the February 2010 snowstorm, ACPS was closed for 10 days. To compensate for the instruction days lost, the school day was lengthened for the remainder of the school year.

(2) Due to snowstorms in January and February 2014, ACPS was closed for 10 days. To compensate for the lost instruction days, the school day was lengthened for the remainder of the school year.

Source: Alexandria City Public Schools School Nutrition Services

Table 12

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
SCHOOL NUTRITION SERVICES REVENUES AND EXPENDITURES
Last ten fiscal years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10-year Total	10-year Average
Revenues												
Federal aid	$ 3,780,951	$ 4,211,055	$ 4,512,869	$ 4,995,585	$ 5,196,567	$ 5,863,269	$ 6,251,009	$ 6,858,274	$ 7,076,588	$ 7,245,213	$ 55,991,379	$ 5,599,138
State aid	62,872	62,817	107,671	119,895	126,034	121,568	131,371	169,466	180,394	208,050	1,290,138	129,014
Local	1,863,922	1,901,624	1,893,969	1,766,299	1,706,521	1,617,693	1,768,239	1,850,100	1,931,883	2,037,775	18,338,025	1,833,802
Total Revenue	5,707,745	6,175,496	6,514,509	6,881,779	7,029,122	7,602,530	8,150,619	8,877,840	9,188,865	9,491,038	75,619,542	7,561,954
Expenditures												
Salaries	1,888,260	1,946,823	2,049,420	2,152,742	2,195,771	2,261,433	2,582,048	2,758,435	2,804,003	3,057,166	23,696,102	2,369,610
Benefits	800,823	732,585	808,633	892,643	896,539	1,004,572	1,001,727	1,040,367	1,279,584	1,406,650	9,864,123	986,412
Purchased services	212,813	364,693	58,396	39,071	61,592	41,016	57,408	61,973	86,941	74,817	1,058,720	105,872
Internal services	4,558	5,192	8,451	4,590	4,489	2,304	1,747	2,901	3,341	4,910	42,484	4,248
Other charges	17,024	17,305	18,348	16,521	9,482	11,461	12,469	24,783	18,648	29,424	175,465	17,546
Food supplies	2,440,852	2,566,743	2,911,883	3,244,483	3,214,658	3,497,335	3,854,325	4,031,456	4,020,137	4,008,063	33,789,935	3,378,993
Capital outlay	52,221	156,031	137,282	197,917	10,147	281,269	133,892	343,541	787,369	2,808,818	4,908,486	490,849
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	5,416,551	5,789,373	5,992,413	6,547,967	6,392,678	7,099,390	7,643,615	8,263,456	9,000,023	11,389,848	73,535,315	7,353,531
Revenues over (under) Expenditures	$ 291,194	$ 386,122	$ 522,096	$ 333,812	$ 636,444	$ 503,140	$ 507,004	$ 614,384	$ 188,842	$ (1,898,810)	$ 2,084,227	$ 208,423

Source: Alexandria City Public Schools, Financial Services Department Accounting Office

Table 13

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
School Nutrition Services Sales Price
Last ten fiscal years

Fiscal	Student	Student Lunch			Adult	
Year	Breakfast	Elementary	Middle	High	Breakfast	Lunch
2019	1.75	2.85	3.05	3.05	N/A(1)	3.80
2018	1.75	2.85	3.05	3.05	N/A(1)	3.80
2017	1.75	2.65	2.85	2.85	N/A(1)	3.60
2016	1.75	2.65	2.85	2.85	N/A(1)	3.60
2015	1.75	2.45	2.65	2.65	N/A(1)	3.40
2014	1.75	2.45	2.65	2.65	N/A(1)	3.30
2013	1.50	2.35	2.60	2.60	N/A(1)	3.25
2012	1.25	2.25	2.50	2.50	1.55	3.25
2011	1.25	2.25	2.50	2.50	1.55	3.10
2010	1.15	2.15	2.45	2.45	1.55	3.10

(1) Starting with FY 2013, Alexandria School Board approved a la carte menu items for adult breakfast.

Source: Alexandria City Public Schools School Nutrition Services

Table 14

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
School Nutrition Services Principal Clients
Current year and nine years ago

	Current Year			Nine years Ago		
Client	**Sales**	**Rank**	**Percentage of Sales**	**Sales**	**Rank**	**Percentage of Sales**
Students	$ 1,004,770	1	49.2%	$ 882,740	1	47.5%
A La Carte	508,127	2	26.7%	622,602	2	33.5%
Catering/Other	294,007	3	15.4%	182,989	3	9.9%
Summer School Feeding Program	63,882	4	3.4%	89,043	4	4.8%
Adult	34,584	5	1.8%	70,798	5	3.8%
Vending	-	6	0.0%	8,390	6	0.5%
Total	$ 1,905,369		100.0%	$ 1,856,562		100.0%

Source: Alexandria City Public Schools School Nutrition Services

Table 15

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Full-time Equivalent By Function-All Funds
Last ten fiscal years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction	1,663.2	1,761.4	1,770.6	1,768.0	1,746.4	1,775.0	1,882.3	1,936.0	1,959.6	2,017.2
Adult Education	10.0	10.0	9.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administration	63.0	65.6	69.6	69.0	75.0	84.5	95.6	96.0	95.0	97.5
Attendance and Health	37.4	34.4	34.4	34.3	54.9	60.0	58.3	68.9	68.9	69.9
Transportation	135.0	134.0	134.0	137.0	141.5	148.5	152.0	154.0	154.0	157.0
Plant Operations & Maintenance	111.2	95.8	90.2	90.5	108.5	102.5	107.5	109.5	109.5	110.5
School Food Services	78.6	79.6	87.0	92.0	103.1	93.6	126.0	127.0	127.0	129.0
Total FTEs	**2,098.5**	**2,180.9**	**2,194.9**	**2,194.8**	**2,233.5**	**2,268.0**	**2,425.6**	**2,495.4**	**2,518.0**	**2,585.2**

Source: Alexandria School Board's Final Budget and Human Resources Data

Table 16

ALEXANDRIA CITY PUBLIC SCHOOLS
Capital Assets Information by Function
Last ten fiscal years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instructional Facilities										
Pre-Kindergarden	-	-	-	-	-	-	-	-	-	1 (1)
Elementary Schools	13	13	12	12	12	12	12	12	12	12
Pre-Kindergarden to Eighth Grade Schools (K-8)	-	-	1	1	1	1	1	1	1	2
Middle Schools	5 (2)	5 (2)	5 (2)	5 (2)	5 (2)	2 (2)	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1
Alternative Education	1	1	1	2	2	2	2	2	2	2
Plant Operations and Maintenance										
Vehicles	44	45	45	52	53	59	57	56	58	63
Pupil Transportation										
Buses	98	100	101	101	107	107	99	113	118	119

(1) Starting in fiscal year 2019, ACPS started a new district wide pre-kindergarden program that is organized and managed as a separate school at an exisiting ementary school location led by a principal and supported by an assitant/associate principal.

(2) From fiscal years 2010 to 2014, the student population at the two middle school locations were divided into five groups. Each group was organized and managed as a separate middle school, led by a principal. In 2015, the student groups were reduced to two, based upon the school location. Each separate middle school location is led by a principal and supported by two or more assistant/associate principals.

Source: Alexandria City Public Schools Accounting and Finance Office

Table 17

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
TEACHERS' EDUCATION AND EXPERIENCE
June 30, 2019

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	301	19.7%
Master's Degree	925	60.3%
Master's + 30	307	20.0%
Total	1,533	100.0%

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	355	23.2%
6 - 10	350	22.8%
11 and over	828	54.0%
Total	1,533	100.0%

Source: The Alexandria City Public Schools Human Resources Office

Table 18

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
TEACHERS' BASE SALARIES
(Annual School Year Salary)
Last ten fiscal years

Fiscal Year	Minimum Salary (1)	Mean Salary	Maximum Salary (2)	Percentage Change (3)
2019	$ 48,894	$ 78,461	$ 109,403	2.0%
2018	47,242	77,005	107,259	0.0%
2017	47,242	76,096	107,259	0.0%
2016	47,242	74,431	107,259	0.0%
2015	47,242	73,612	107,259	0.0%
2014	47,242	73,705	107,259	1.0%
2013	46,773	72,704	106,197	7.2%
2012	43,633	71,239	99,064	6.5% (4)
2011	42,671	69,845	93,007	0.0%
2010	42,671	69,305	93,007	0.0%

NOTES:

1) The minimum salary represents the minimum amount an ACPS teacher with a Bachelor's degree may earn for regular classroom instruction during the school year, according to the professional salary schedule for teachers and paraprofessionals.

2) The maximum salary represents the maximum amount an ACPS teacher with a Masters degree and 30 years of service may earn for regular classroom instruction during the school year, according to the professional salary schedule for teachers and paraprofessionals, dependent on educational attainment and years of service.

3) The percentage change is the official increase, in maximum salary, as approved by the School Board.

4) One-time bonus payments were given in lieu of salary increases.

Source: The Alexandria City Public Schools Human Resources Office and Budget Office

Table 19

Principal Employers
Current Year (as of July 1, 2019 and Nine Years Ago)

Current Year	Employees[(1)(2)]	Nine Years Ago	Employees[(1)]
LARGEST PUBLIC EMPLOYERS		*LARGEST PUBLIC EMPLOYERS*	
U.S. Department of Commerce	1,000 and over	U.S. Patent Trademark Office	2,000-10,000
U.S. Department of Defense	1,000 and over	U.S. Department of Defense	2,000-10,000
Alexandria Public Schools	1,000 and over	City of Alexandria	2,328
City of Alexandria	1,000 and over	Alexandria Public Schools	2,098
WMATA	500-999	WMATA	500-2,000
U.S. Department of Agriculture	500-999	Northern Virginia Community College	500-2,000
Northern Virginia Community College	500-999	U.S. Army	500-2,000
LARGEST PRIVATE EMPLOYERS		*LARGEST PRIVATE EMPLOYERS*	
Inova Health System	1,000 and over	INOVA Alexandria Hospital	500-2,000
Institute For Defense Analysis	500-999	American Building Maintenance Co	500-2,000
Grant Thornton LLP	500-999	Institute of Denfense Analysis	500-2,000
Cuisine Solutions Inc.	500-999	Center for Naval Analysis	500-2,000
Kearney & Companay PC	500-999	Gail Services Corporation	500-2,000
Wegman Store #07	500-999	Grant Thornton LLP	200-500
		Oblon Spivak McClelland	200-500

SOURCE: Virginia Employment Commission (VEC)

(1) Employment ranges are given to maintain confidentiality.

(2) Reflect new 2019 reporting standards issued by VEC.

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

Table 20

		Taxable Assessed Value ($000) (2)				Outstanding Debt As Percentage of Assessed				
Year	Population(3)	Real Property	Personal Property	Total	Outstanding Debt	Real Property	Total Property	Personal Income ($100)	Debt Per Capita	Debt Per Capita As A Percentage of Per Capita Income(4)
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
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
2017	152,200	38,987,294	1,503,339	40,490,633	557,233,000	1.43	1.38	12,692,748	3,661	4.35
2016	149,900	38,195,319	1,437,203	39,632,522	522,710,000	1.37	1.32	11,789,823	3,487	4.19
2015	147,650	37,146,860	1,397,502	38,544,362	540,495,000	1.46	1.40	12,071,851	3,661	4.45
2014	144,000	35,895,603	1,417,679	37,313,282	539,780,000	1.50	1.45	12,115,212	3,748	4.66
2013	142,000	34,725,071	1,343,202	36,068,273	508,700,000	1.46	1.41	11,760,450	3,582	4.63
2012	140,800	33,782,698	1,309,164	35,091,862	459,060,000	1.36	1.31	10,758,922	3,260	3.98
2011	140,100	32,631,952	1,226,896	33,858,848	415,720,000	1.27	1.23	10,627,334	2,967	3.79
2010	139,993	31,819,266	1,170,972	32,990,238	364,485,000	1.15	1.10	10,441,443	2,604	3.41

(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.

Table 21

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

	Real Property ($000)				Personal Property ($000)				
Calendar Year	Residential	Commercial	Total	Tax rate per $100	Motor Vehicle and Tangibles Assessment	Tax rate per $100	Machine and Tools Assessment	Tax rate per $100	Total Assessment
2019	$ 23,310,833	$ 17,025,285	$ 40,336,118	1.130	$ 1,581,904	5.33	$ 14,262	4.50	$ 1,596,166
2018	22,844,035	16,437,017	39,281,052	1.130	1,555,607	5.00	9,727	4.50	1,565,334
2017	22,092,997	16,284,957	38,377,954	1.130	1,514,742	5.00	6,123	4.50	1,520,865
2016	21,713,189	15,886,156	37,599,345	1.073	1,492,140	5.00	11,199	4.50	1,503,339
2015	21,195,556	15,376,112	36,571,668	1.050	1,426,427	5.00	10,776	4.50	1,437,203
2014	20,314,909	15,020,272	35,335,181	1.043	1,397,502	5.00	11,281	4.50	1,408,783
2013	19,384,651	14,706,140	34,090,791	1.038	1,417,679	4.75	11,506	4.50	1,429,185
2012	18,715,708	14,238,580	32,954,288	0.998	1,343,202	4.75	12,631	4.50	1,355,833
2011	18,430,731	13,356,473	31,787,204	0.998	1,309,164	4.75	10,665	4.50	1,319,829
2010	18,203,923	12,731,952	30,935,875	0.978	1,226,896	4.75	14,336	4.50	1,241,232

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 value.

Source: City of Alexandria Comprehensive Annual Financial Report

Alexandria City Public Schools, Virginia

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Members of the Alexandria City School Board
Alexandria, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria City Public Schools (ACPS), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Alexandria Public Schools' basic financial statements, and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Alexandria Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACPS' internal control. Accordingly, we do not express an opinion on the effectiveness of ACPS' internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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City of Alexandria Public Schools
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACPS’ financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of ACPS’ internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ACPS’ internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 22, 2019

Alexandria City Public Schools

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Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Financial Services Department
1340 Braddock Place
Alexandria, VA 22314
www.acps.k12.va.us