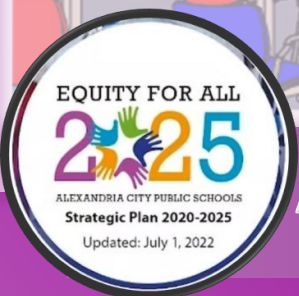




Alexandria City Public Schools

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022



A Component Unit of the City of Alexandria, Virginia

www.acps.k12.va.us

Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

EQUITY FOR ALL 2025
STRATEGIC PLAN 2020-2025

Our Vision: Empowering all students to thrive in a diverse and ever-changing world.

Our Mission: ACPS ensures success by inspiring students and addressing barriers to learning.





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Interim Superintendent
Dr. Melanie Kay-Wyatt

School Board

Chair
Meagan L. Alderton

Vice Chair
Jacinta Greene

Members

Willie F. Bailey, Sr.
Kelly Carmichael Booz
Abdel-Rahman Elnoubi
W. Christopher Harris
Tammy Ignacio
Michelle Rief
Ashley Simpson Baird

December 20, 2022

The Honorable Chair Meagan L. Alderton and
Members of the Alexandria City School Board and
Citizens of the City of Alexandria, Virginia:

We are pleased to submit the *Annual Comprehensive Financial Report* (the Financial Report) of the Alexandria City Public Schools (ACPS or The Board) for the fiscal year ended June 30, 2022. 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, 2022. 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 Financial Report.

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; which was extended to December 15, 2022. 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, 2022, 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, 2022, 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 Financial Report.

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.

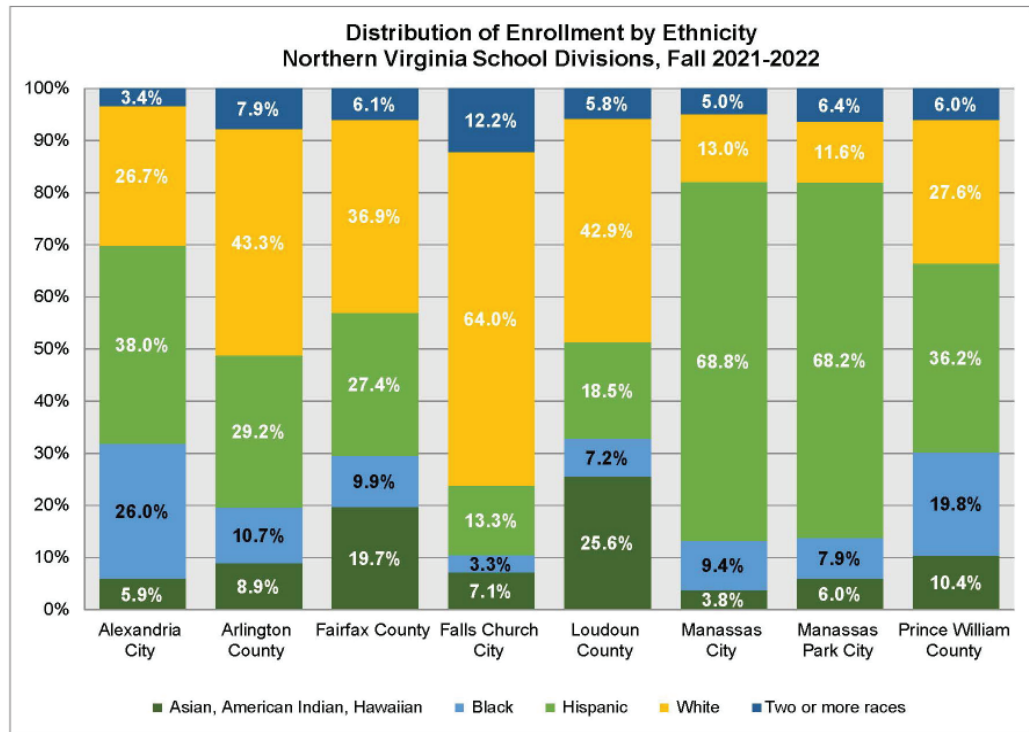
The City is located on the west bank of the Potomac River across from Washington, D.C., and was established in 1749 by an Act of the Virginia General Assembly. The City is autonomous from any county, town or other political subdivision of the Commonwealth of Virginia. It has a total area of 15.48 square miles and an estimated population of approximately 159,400 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 15,479 students in the 2021-2022 school year, with students who come from more than 119 different countries, speak more than 124 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, 2021-2022 Fall Membership

Prior to the 2020-2021 school year, ACPS experienced significant enrollment increases over the prior seven years and expected this growth trend to continue into the coming years. Due to the COVID-19 pandemic and all virtual instruction at the beginning of the 2020-2021 school year, ACPS experienced a decline of 479 students to a total student enrollment of 15,635. Enrollment for the 2022-2023 school year is projected to 15,732 students, an estimated increase of 0.6 percent.

Currently, the school division operates one high school with four campuses (a 9th grade campus - Minnie Howard, a campus for grades 10-12 - King Street, a campus for flexible online learning - Satellite, and a campus for alternative education - Chance for Change Academy), two middle schools (grades 6 – 8), one K – 8 school, one pre-K - 8 school and eleven elementary schools (grades pre-K – 5). ACPS also operates the Northern Virginia Juvenile Detention Center School and the Early Childhood Center.

Most of ACPS school buildings were built between the 1940's and the 1960's. By 2022, four of the 17 ACPS facilities will be older than 75-years. This includes Mount Vernon, Matthew Maury and George Mason elementary schools, and George Washington Middle School. Over the next 20 years, an additional seven schools will reach 75- plus years. This underlines our concern for maintenance and replacement of our aged systems and infrastructure. Construction on the new Douglas MacArthur Elementary School has begun and is expected to be completed by January 2023.

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 August 2022 unemployment rate, population 16 years and over, for the City and the Commonwealth are 2.5 percent and 2.6 percent, respectively, a decrease compared to 3.8 percent for the City and 4.0 percent for the Commonwealth in August 2021. These rates continue to be lower than the average national unemployment rate of 3.7 percent for 2022 and 5.2 percent for 2021, respectively.

Since 2010, real estate assessments, which generate over half of the City's General Fund revenues, have continued to grow. Residential assessments increased by 6.91 percent of value compared to 2021, while commercial assessments increased by 5.34 percent. This marks the 12th 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 99.6 percent of total General Fund 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 revenues 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 81 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 \$12.1 million for FY 2024 to over \$37.8 million by FY 2028. 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

REOPENING SCHOOLS IN 2021-22 FOR IN-PERSON LEARNING

Teaching, Learning and Leadership: Alexandria City Public Schools (ACPS) welcomed students back to five-days a week of in-person learning in 2021-22; students had the option of Virtual Virginia for families who preferred to continue online instruction. Instruction "playbooks" outlined the instructional plan for

school levels and detailed the specific areas of focus and academic needs for students' unfinished learning during the pandemic. Detailed plans for student learning in quarantine were also shared with ACPS staff and families. ACPS continued to ensure that all students were provided with learning devices and were informed about programs offering free internet access at home to support their learning.

Health and Safety: Before entering ACPS vehicles and school buildings, all students and staff were required to complete a daily symptom checklist and wear facial masks. Plans were established for when a case of COVID-19 is reported so that students and staff knew when to isolate and/or quarantine and how instruction will continue. Protocols were implemented in accordance with the Virginia Department of Health (VDH) and Centers for Disease Control and Prevention (CDC) guidelines. ACPS launched a new COVID-19 Dashboard in January 2022 with up-to-date cases and close contacts. The new dashboard provided a more efficient way to monitor contact tracing data.

Within two months of the start of the 2021-22 school year, ACPS launched a voluntary weekly COVID-19 testing program in schools to lower the transmission risk in the community. Families registered online and provided consent for their students to be tested during the school day. Free vaccination clinics were also offered at schools by the Alexandria Health Department (AHD).

Facilities and Operations: As students returned to school, senior leadership and building leaders remained focused on ensuring all ACPS buildings were safe for teaching and learning. School facilities were provided with handwashing and antibacterial gel stations and enhanced cleaning procedures, as well as HEPA air filtration devices. To reduce risk of COVID-19 exposure, signage was placed throughout ACPS facilities and schools refined lunch protocols. The U.S. Department of Agriculture (USDA) waived requirements and allowed for free breakfast and lunch for all students in 2021-22, including those enrolled in Virtual Virginia who could pick up their meals or have them delivered. During school breaks, ACPS also worked to make school meals available to all students for pickup and delivery.

Communications: ACPS community members were provided with updates to CDC guidelines, vaccination information and other health and safety protocols throughout the year through the use of web content, the ACPS Express and Insider newsletters, messages to families and social media. Daily general notification letters informed families about new cases at their schools and facilitated contact tracing by the AHD. ACPS also partnered with the AHD to inform families and staff of the clinics in the city and at schools. The united partnership also engaged families through two virtual town halls, with interpretation services, to discuss health and safety mitigation measures in schools, COVID-19 contact tracing, learning in quarantine, and return to school guidance.

ADVANCING CAPITAL PLANNING AND OPERATIONAL INITIATIVES

Ribbon-cutting at the Newly Renovated Parker-Gray Stadium: After three years of planning and construction, ACPS celebrated the newly renovated Parker-Gray stadium with an official opening of the multi-use stadium in September 2021. The

new stadium featured field lighting for the first time and includes an eight-lane running track, scoreboard, artificial turf, egress safety lighting, a new concessions building and restrooms, ticket booth, and lights for the first time in the school's history. It is an exciting new facility for the Alexandria City High School Titans.

Purchase of 1703 N. Beauregard St. Building: Upon approval of funding by the Alexandria City Council, the purchase of the 1703 N. Beauregard Street property was completed. Acquiring this former commercial building allowed ACPS to adjust its initial plan of constructing a new 600-student school to, instead, converting an existing office building to school uses. This reduced the total project funding by \$39.2 million allocated by the FY 2023-32 CIP budget. In the interim, ACPS will use the property as a swing space for both George Mason Elementary School and Cora Kelly School for Math, Science and Technology, allowing ACPS to move forward with its next two modernization projects without an increase in either project's budget. Once the need for the swing space is fulfilled, the facility will transition into a new 600-student school for either elementary or secondary use.

Addition of Electric Buses to the ACPS Transportation Fleet: In October 2021, ACPS celebrated the purchase of five electric school buses purchased with support from a Dominion Energy program. Later in the school year, ACPS was awarded \$2,325,000 by the Virginia Department of Environmental Equality to acquire 10 additional electric school buses. Each electric school bus prevents 291 tons of pollution and saves school division resources by reducing the use of fossil fuels.

Launch of High School Project: A groundbreaking ceremony in March 2022 kicked off the ACHS Minnie Howard Campus construction project, part of the Connected High-School Network Expansion Project that began in 2019. The new five-story high school facility will accommodate 1,600 students in grades nine through twelve, allowing ACPS to continue providing a high quality education to all students. The Minnie Howard Campus construction project is anticipated to be completed by the 2024-25 school year.

SHARING 2021-22 SCHOOL YEAR ACADEMIC SPOTLIGHTS

ACPS celebrated several accomplishments in the academic arena in 2021-22 that are significant to the school division overall, including:

- The ACHS Class of 2022 had the highest percentage of students on record who earned an Advanced Studies Diploma. For the first time in ACPS, 403 seniors (43% of the class) graduated with an Advanced Studies Diploma.
- In February 2022, the ACHS Department of School Counseling was named a Recognized ASCA Model Program (RAMP) by the American School Counselor Association (ASCA), joining Cora Kelly School for Math, Science and Technology in this distinction. This designation highlights the contributions made by our school counselors and their impact in helping students achieve success in education and planning for their future.
- National recognition for our school leaders included the selection of Samuel W. Tucker Elementary School Principal Rene Paschal as a National Distinguished Principal of the Year by the Virginia Association of Elementary School Principals (VAESP) and the recognition of Cora Kelly School for Math, Science and Technology Assistant Principal Dr. Lauren

Holthaus by VAESP and the National Association of Elementary School Principals as the National Outstanding Assistant Principal of the Year.

Alexandria City High School Class of 2022 Includes the First Graduates of the Governor's Health Sciences Academy: In May 2022, the Governor's Health Sciences Academy (GHSA) at ACHS celebrated its first class of graduates. Designed through a collaborative effort between ACPS and The George Washington University School of Medicine and Health Sciences (GW), GHSA is part of the ACPS Career and Technical Education program. As the first public-private partnership of its kind in Virginia, GHSA has been recognized by the Virginia Department of Education as an example of exemplary business partnerships in education.

The first cohort of students entered GHSA in 2018, giving them the ability to receive up to 18 college credits from GW and start a career pathway that leads to an associate's and/or bachelor's degree and career-related industry certifications. Pathways include nursing, surgical technology, biomedical informatics, sports medicine, emergency medical services and medical laboratory sciences. GHSA offers students hands-on collaborative learning and lab experiences and helps them develop workplace readiness skills with opportunities for internships, mentorships, clinical and cooperative experiences.

The Academy can significantly reduce the time and money needed to graduate from college. Some GHSA Class of 2022 graduates have plans to attend Northern Virginia Community College to complete various programs and bridge opportunities to the GW School of Medicine and Health Sciences. A number of graduates are headed to other four-year colleges and universities, as well as Ivy League universities, with some having been awarded significant scholarship packages. Students who graduate from the Academy also have the option to enter the workforce in an entry-level medical role.

ACPS and Virginia Tech STEM Partnership Launches Elementary School Pilot Program:

The partnership between ACPS and Virginia Tech kicked off a pilot program in 2021-22 to enhance science, technology, engineering and math (STEM) opportunities for ACPS students and create potential pathways to higher education. In December 2022, Virginia Tech Innovation Campus leaders joined ACPS leadership and teachers in distributing micro:bit equipment to all James K. Polk Elementary School fifth-grade students. Students received the pocket-sized computers that provide a tangible way to study the world around them and connect it with new skills in programming.

The partnership aims to inspire young people to get excited about technology and the opportunities it presents for them by creating free, user-friendly educational resources that support teachers in delivering engaging and creative lessons. It is designed to enhance the science curriculum within ACPS schools by:

- Providing support and professional learning to ACPS staff to refine their teaching.

- Enhancing middle school STEM exploration, including alignment of afterschool and summer programs.
- Developing AC-Tech, a project recognized and supported by a Virginia Department of Education High School Innovation Grant to support Engineering, Energy and other academic and technical career pathways.
- Continuing the development of pathways from high school to college for low-income, underrepresented and first-generation students.

As part of the overall partnership, Virginia Tech will provide ACPS students with professional and college-level education through skill development in creative technology professions. They will also provide labs and software programs for students so they can learn in a hands-on environment. Students who may be traditionally underrepresented in the creative technology field will be able to apply the skills they learn from the program to their coursework and have opportunities for micro-scholarships, mentorship and an expanded network of support. The pilot program will be extended to additional ACPS schools in the future.

ADVANCING THE ACPS COMMITMENT TO RACIAL EQUITY

ACPS Awarded a National School Boards Association (NSBA) 2022 Magna Awards Silver Prize for The Identity Project: In March 2022, ACPS received a prestigious national award recognizing The Identity Project, an inclusive, student-centered campaign to rename two schools in the 2020-21 school year—Alexandria City High School (formerly T.C. Williams High School) and Naomi L. Brooks Elementary School (formerly Matthew Maury Elementary School). ACPS was one of five schools in the 5,000-20,000 student-enrollment category to be recognized with a Silver Prize.

NSBA's Magna Awards program recognizes school district innovation and creativity in helping increase student achievement. The 2022 awards program put the focus on equity in education as a means of breaking down barriers to learning. It recognized programs that remove barriers to achievement for vulnerable or underserved students based on race, ethnicity, gender, special needs, geography or socioeconomic status. ACPS launched the Identity Project as a robust student and community engagement process to explore the division's history, present and future and replace the names of two schools that were intrinsically linked to Alexandria's racist past.

ACPS Reports Results of First Equity For All Climate Survey: In November 2021, ACPS reported the results of the first Equity for All Climate Survey, an initiative essential to the ACPS 2025: Equity for All Strategic Plan. Nearly 5,000 stakeholders—including ACPS students in grades 6-12, all PreK-12 families and ACPS staff—completed the survey in June 2021 to share their views on equity climate within the school division. The survey focused on eight main themes: school climate, instruction and learning, teachers and instructional climate, equity, restorative practices, social-emotional environment and supports, family engagement and staff professional environment. Overall stakeholder views of the learning environment in schools were positive and identified critical areas of improvement for continued work and monitoring to remove barriers to learning and ensure schools are welcoming and positive places for all students to thrive.

This first equity climate survey found that the key areas of strength include the following:

- Most students, families and staff have positive perceptions of the learning environment, teachers and school climate overall. 81% of students report that they feel welcome at school, 76% say they are encouraged to participate in learning and 88% agree that teachers provide extra support when needed.
- Families also report positive impressions of the social-emotional environment and support at their school. In particular, 79% of families say that adults at school care about all students, and the majority also agree that staff knows how to connect students with supports and help students with problems other than schoolwork.
- Staff have especially positive perceptions of their relationships with both students and other staff at their school. Nearly all staff agree they have positive relationships with students (98%) and other staff (92%); 70% of staff members agree that technology access is equitable. These high levels of agreement are not common across national data and underscore the efforts of leadership and staff in ACPS in this area.

Survey results indicated opportunities to continue addressing inequities across the division, with areas of continued focus including the use of restorative practices, distributing resources equitably across all schools and ensuring all student, staff and family feedback is heard and valued in decision-making processes. Data from this survey is being used to inform school and department improvement efforts, highlight the areas that are working and serves as a baseline for future survey outcomes each year. The second annual ACPS Equity for All climate survey was conducted in March 2022 and results will be shared in the 2022-23 school year.

FOCUSING ON ACPS STUDENT AND STAFF WELL-BEING

Students Benefit from Daily Social Emotional and Academic Learning and Multi-Tiered System of Supports: As students returned to in-person learning in 2021-22, our schools engaged in social, emotional, and academic learning (SEAL). ACPS SEAL lessons help cultivate skills and environments that advance students' learning and development and focus on five competency areas: social awareness, relationship skills, responsible decision-making, self-management and self-awareness.

Curricular materials are developed centrally and schools may make modifications, additions and deletions in order to support the unique needs of their school communities. Concepts learned during the 30-minute SEAL lessons can be reinforced during instructional time, as appropriate for the school level; secondary school lessons, for example, may focus on relationships and collaboration, while lessons at the elementary school level can help students identify their feelings via an emotion chart or mood meter.

A Multi-Tier System of Supports (MTSS) is in place at all ACPS schools to serve as an early intervention to prevent long-term academic failure and provide the instruction and support to promote the academic and behavioral success of all

students. Targeted and personalized supports are provided in small-group and individualized interventions to students who are identified as needing these. School Student Support Teams (SSTs) are composed of school counselors, school nurses, school psychologists and school social workers who provide supports to students in the areas of academics, college and career, health and wellness and social-emotional and behavioral development.

ACPS Supports Employee Wellness and Shows Appreciation for School Division Staff: In addition to providing staff with four employee wellness days in 2021-22 to allow more time to spend time with family and on their own self-care, the following initiatives were implemented:

- **ACPS Vision Integrity and Passion (VIP) Award Employee Recognition Program:** In October 2021, ACPS launched a program to honor employees who stand out for their dedication and achievement. Awardees throughout the school division are recognized each quarter from internal nominations in administrative and instructional support roles, transportation, nutrition services, security, building engineers, licensed specialists, division-wide and school-based leadership and more. VIP award winners are publicly recognized and receive a certificate and an ACPS gift bag. The ACPS VIP award program received a 2022 Golden Achievement award by the National School Public Relations Association.
- **ACPS Finding Fit Employee Wellness Program:** The Department of Human Resources redesigned this employee wellness program and offered initiatives on a quarterly basis to engage division staff in wellness events and challenges. Staff serving as “wellness champions” shared information and encouraged colleagues in such activities as submitting healthy recipes for an ACPS recipe book and playing Bingo with ideas for physical, mental, spiritual, emotional, social and environmental wellness.
- **Alexandria City Essential Workers Appreciation Week:** ACPS partnered with the City of Alexandria to celebrate local heroes who served as essential workers during the COVID-19 pandemic, with school staff among them. Activities during March 13-20, 2022, culminated in a celebratory event with school division and city leaders at Cora Kelly School for Math, Science and Technology thanking essential workers and highlighting their vital roles in our community.

SPOTLIGHTING FAMILY ENGAGEMENT AND COMMUNICATION INITIATIVES ACPS Launched Language Line Direct Response for Families: With more than half of all ACPS families speaking a language other than English at home, ACPS launched the Language Line Direct Response in Fall 2021 so families who speak Spanish, Amharic, Arabic, Farsi and Pashto can contact our schools with a qualified interpreter already on the phone line. Language Line services are helpful during registration and parent conferences and allow all families to access the same information. Direct Response is an expansion of existing ACPS phone interpreting services that staff use to contact families in more than 100 languages.

New Communications on Division-wide Issues via Ask@ACPS: At the start of the 2021-22 school year, ACPS established a new system to make it easier for

stakeholders to submit questions and comments and get a timely response on division-wide issues. Families and community members who want to share their views with ACPS leadership or ask a question can write to ask@acps.k12.va.us. An external relations specialist works with colleagues in specific areas of the school division to provide information to the community.

The ACPS SCR team received eight awards for excellence in school communications conducted during the 2021-22 school year from the National School Public Relations Association (NSPRA). These include:

- Two NSPRA 2022 Golden Achievement Awards for the ACPS 2021-25 Strategic Communications and Community Engagement Plan and for the ACPS Vision, Integrity and Passion (VIP) Awards employee recognition program developed by the Department of Human Resources and promoted by the Office of Communications.
- Five NSPRA 2022 Publications and Digital Media Awards, with two Awards of Excellence for the ACPS 2022 Black History Month social media campaign and the superintendent's "Unapologetic Talk with the Supe" podcast, two Awards of Merit for the ACPS 2020-21 Measuring What Matters annual report and the Alexandria City Essential Workers Appreciation Week video, and an Award of Honorable Mention for a nomination video for the Virginia Association of Elementary School Principals' national distinguished principals awards program.
- Additionally, SCR Chief Julia Burgos was honored by the NSPRA Executive Board as the Mideast region recipient of the 2021-22 Front-Runner award, one of four communicators recognized nationally at the conference as an emerging leader doing outstanding work for their schools, their chapters and for NSPRA.

Financial Information

ACPS ended the fiscal year in sound financial condition. The government-wide financial statements reflect revenues in excess of expenditures by \$21.3 million. General Fund revenues and other financing sources exceed expenditures by approximately \$2.8 million using the modified accrual basis of accounting. The FY 2022 Annual Comprehensive 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, 2022, 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 and legal control is exercised 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. 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 19th 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 our current Financial Report 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 12th 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 Annual Comprehensive 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 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 and the Distinguished Budget Presentation Award from the GFOA for the fiscal year ended June 30, 2022. These awards are valid for a period of one year only and we believe that our budget report continues to conform to the program requirements of both organizations. We will be submitting our fiscal year 2023 budget to ASBO and GFOA to determine the School Board's eligibility for another certificate award.

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,

E-SIGNED by Dr. Melanie Kay-Wyatt
on 2023-01-04 17:11:55 EST

Dr. Melanie Kay-Wyatt
Interim Superintendent

E-SIGNED by Dominic Turner
on 2023-01-03 10:17:05 EST

Dominic B. Turner
Chief Financial Officer

E-SIGNED by Michael Covington
on 2022-12-19 17:19:46 EST

Michael A. Covington
Director, Accounting

School Board

Meagan L. Alderton	Chair
Jacinta Greene	Vice-Chair
Willie F. Bailey, Sr.	Member
Kelly Carmichael Booz	Member
Abdel-Rahman Elnoubi	Member
W. Christopher Harris	Member
Tammy Ignacio	Member
Michelle Rief	Member
Ashley Simpson Baird	Member
Susan Neilson.....	Clerk of the Board

Superintendent’s Leadership Team

Dr. Melanie Kay-Wyatt	Interim Superintendent of Schools
Dominic B. Turner	Chief Financial Officer
Julia A. Burgos	Chief of School & Community Relations
Dr. Marcia Jackson	Chief of Student Services & Equity
Dr. Elizabeth Hoover	Chief Technology Officer
Dr. Wendy Gonzalez	Chief of Teaching, Learning & Leadership
Dr. Clinton Page	Chief of Accountability & Research
Dr. Alicia Hart	Chief of Facilities & Operations
Vacant	Chief of Human Resources
Rene Paschal	Acting Executive Director, Human Resources
Erika Gulick	Executive Director, Facilities
Kurt Huffman	Executive Director, Community Partnership & Engagement
Vacant.....	Executive Director, Student Services
Kathryn Mimberg	Executive Director, Communications
Carmen Sanders	Executive Director, Instructional Support
Dr. Bethany Nickerson	Executive Director, English Learner Services
Dr. Victor Martin	Executive Director, Student Support Teams
Theresa A. Werner	Executive Director, Specialized Instruction
Kennetra Wood	Executive Director, Equity & Alternative Programs
Dr. Pierrette Finney	Executive Director, School Leadership
Dr. Anthony Sims	Executive Director, School Improvement

Introduction-Organizational Chart





**The Certificate of Excellence in Financial Reporting
is presented to**

Alexandria City Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, appearing to read 'Will Sutter'.

William A. Sutter
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Strategic Plan Goal - Systemic Alignment
ACPS will build a culture of continuous improvement and design equitable systems for school and instructional improvement.





CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Members
Alexandria City School Board
Alexandria, Virginia

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise ACPS' basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, ACPS adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Members
Alexandria City School Board

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACPS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ACPS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ACPS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Members
Alexandria City School Board

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, budgetary comparison information and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ACPS' basic financial statements. The other 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. Such 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. The 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and the statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, 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.

Members
Alexandria City School Board

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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

Arlington, Virginia
December 20, 2022

FINANCIAL SECTION

Management's Discussion & Analysis



Strategic Plan Goal - Instructional Excellence
ACPS will ensure that all students have access to and
engagement with high-quality instruction.

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, 2022. 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 \$21.3 million to a deficit of \$208.0 million at June 30, 2022. The total net position is comprised of \$15.4 million net investment in capital assets, \$7.2 million is restricted for grant and special revenue programs; \$12.1 million is restricted for health benefits reserves and \$13.1 million is restricted for net pension assets. The unrestricted net position deficit decreased by \$8.9 million, to a total deficit of \$255.9 million.

On a government-wide basis for governmental activities, the school division's revenues of \$352.0 million exceeded expenses of \$330.7 million by \$21.3 million.

FUND FINANCIAL STATEMENTS

As of the close of the current fiscal year, ACPS' governmental funds reported combined ending fund balances of \$31.9 million, an increase of \$4.5 million in comparison with the prior year. Of this \$31.9 million combined fund balance, \$10.5 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, 2022, the General Fund reported an ending fund balance of \$24.4 million, a increase of \$2.8 million from the prior year. The fiscal year 2022 original budget included an authorized use of fund balance of up to \$5.1 million.

Overview of the Financial Statements

This Financial Section of the Annual Comprehensive 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.

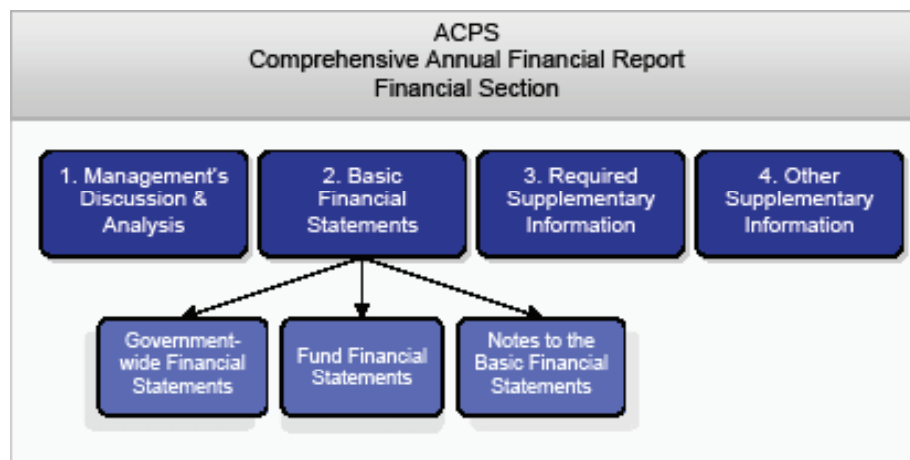
The remaining statements are fund financial statements that focus on the individual funds of ACPS, providing primarily short-term information. Fund statements report operations in more detail than government-wide statements.

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, plant operations 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, 2022 compared to June 30, 2021.

	Governmental Activities		Variance	Percentage Change 2022-2021
	2022	2021		
Summary of Net Position As of June 30,				
ASSETS				
Current assets	\$ 97,737,995	\$ 94,276,552	\$ 3,461,443	3.7%
Net Pension Assets	13,101,129	3,387,963	9,713,166	286.7%
Capital assets, net	36,740,430	16,329,775	20,410,655	125.0%
<i>Total assets</i>	<u>147,579,554</u>	<u>113,994,290</u>	<u>33,585,264</u>	29.5%
DEFERRED OUTFLOWS OF RESOURCES	<u>84,712,070</u>	<u>85,394,131</u>	<u>(682,061)</u>	-0.8%
LIABILITIES				
Current liabilities	57,466,184	54,761,586	2,704,598	4.9%
Long-term liabilities	27,576,128	11,726,463	15,849,665	135.2%
Net OPEB liabilities	38,771,444	42,514,622	(3,743,178)	-8.8%
Net pension liabilities	187,799,200	291,935,783	(104,136,583)	-35.7%
<i>Total liabilities</i>	<u>311,612,956</u>	<u>400,938,454</u>	<u>(89,325,498)</u>	-22.3%
DEFERRED INFLOWS OF RESOURCES	<u>128,695,618</u>	<u>27,755,729</u>	<u>100,939,889</u>	78.4%
NET POSITION				
Net investment in capital assets	15,441,469	16,329,774	(888,305)	-5.4%
Restricted	32,393,843	19,089,642	13,304,201	69.7%
Unrestricted	(255,852,262)	(264,725,179)	8,872,917	-3.4%
<i>Total net position</i>	<u>\$ (208,016,950)</u>	<u>\$ (229,305,762)</u>	<u>\$ 21,288,814</u>	-9.3%

- **Current Assets** increased by \$3.5 million or 3.7 percent from fiscal year 2021. The increase was primarily due to increases from other governments of \$16.0 million offset by decreases in equity in pooled cash balances of \$12.8 million.
- **Net Pension Assets** increased \$9.7 million due to increased investment income applied to the Net Pension Asset.
- **Deferred Outflows of Resources** decreased \$0.7 million overall, or -0.8 per cent, primarily due to decreases of \$1.5 million in retirement plan differences between actual and projected earnings on investments and changes in assumptions. Deferred outflows of resources related to OPEB plans decreased \$0.1 million.
- **Current Liabilities** increased \$2.7 million, or 4.9 per cent, primarily due to increased payables and payroll accruals.
- **Long-term Liabilities** increased \$15.8 million, or 135.2 per cent, due to increases in liabilities for capitalized leases recorded in the implementation of *GASB Statement No. 87 - Leases*.
- **Net OPEB Liabilities** decreased \$3.7 million, or 8.8 per cent, due to changes in assumptions for the VRS Group Life Insurance Program.

- **Net Pension Liabilities** decreased \$104.1 million, or 35.7 per cent, due to decreases of \$126.0 million in the net pension liability for the VRS Teachers Retirement Plan and increases of \$21.9 million for the ACPS Employees Supplemental Plan.

Changes in net position. The following table presents the changes in net position from fiscal year 2021 to 2022:

Changes in Net Position				
For the fiscal years ending, June 30,				
<u>Governmental Activities</u>				
	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 1,481,693	\$ 445,016	\$ 1,036,677	233.0%
Operating grants and contributions	46,191,873	33,199,667	12,992,206	39.1%
General revenues:				
City appropriation	248,943,085	244,947,930	3,995,155	1.6%
State aid	54,825,648	52,812,342	2,013,306	3.8%
Other local funds	579,791	467,282	112,509	24.1%
Total revenues	<u>352,022,090</u>	<u>331,872,237</u>	<u>20,149,853</u>	6.1%
Expenses				
Instructional:				
General instruction	235,527,404	245,950,073	(10,422,669)	-4.2%
Adult education	1,046,435	857,774	188,661	22.0%
Summer school	2,110,064	2,496,880	(386,816)	-15.5%
Support Services:				
Administration	19,516,166	22,754,381	(3,238,215)	-14.2%
Attendance and health services	9,369,797	8,043,855	1,325,942	16.5%
Pupil transportation	12,130,200	8,809,965	3,320,235	37.7%
Plant operations and maintenance	40,244,286	34,791,840	5,452,446	15.7%
Operation of Noninstructional Services:				
Food services	10,788,926	9,770,358	1,018,568	10.4%
Total expenses	<u>330,733,278</u>	<u>333,475,126</u>	<u>(2,741,848)</u>	-0.8%
Change in net position	21,288,812	\$ (1,602,889)	\$ 22,891,701	-1428.2%
Net Position-beginning balance	(229,305,762)			
Net Position-ending balance	<u>\$ (208,016,950)</u>			

- Program revenues consist of charges for services and grants and contributions. Charges for services increased \$1.0 million, or 233.0 per cent, from 2021. All ACPS schools returned to full day instruction, five days per week for the 2021-2022 school year. Cafeteria operations returned to full service. Adult education programs returned to their regular instruction schedule.

Grant and contributions revenue increased \$13.0 million, or 39.1 per cent, from the prior year. This increase is primarily due to continued increased federal funding. Funding for food service programs increased \$1.2 million over FY2021. Funding for the Coronavirus Aid, Relief and Economic Security Act (CARES) and Coronavirus Relief Fund (CRF) and Elementary and Secondary Schools Emergency Relief Fund increased \$7.7 million from the prior year. Other Department of Education based programs (Titles, I, II, III and IV-IDEA) increased \$2.0 million in 2022.

- The total appropriation received from the City of Alexandria increased \$4.0 million to \$248.9 million

compared to \$244.9 million from 2021. The appropriation related to the Capital Projects Fund decreased \$1.4 million from 2021 and the City's appropriation to the General Fund increased \$5.4 million to \$239.4 million in 2022, compared to \$234.0 million in 2021, an increase of 2.3 percent.

- Increases in state aid were primarily due to higher sales taxes revenues received by the state and Medicaid revenue received.
- The City appropriation and general state aid accounted for 86 cents of every dollar of ACPS' total revenue received. The remaining 14 cents of every dollar of revenue is funded with federal and state aid for specific programs, charges for services, and miscellaneous revenues.
- Total expenses for governmental activities in 2022 decreased \$2.7 million, or 0.8 per cent, to \$330.7 million compared to \$333.5 million in 2021.
- General Instructional expenses decreased \$10.4 million from 2021. These costs reflect reductions in the VRS Pension Plans pension expenses of approx. \$20.0 million due to strong investment performance and were partially offset by increased personnel costs due to FY22 School Board approved step increases and 4% bonuses paid during the year. Increased general instructional expenses reflected the continued significant purchases of technology for our students, including computers, tablets, and cloud-based student instruction applications and platforms.
- Plant operations and maintenance costs increased \$5.5 million over 2021, or 15.7 per cent, due to expenses related to improving the HVAC and air filtration systems in our schools and facilities.
- The majority of ACPS 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 82 cents of every dollar spent. The remainder supports administrative costs (6 cents per dollar), operations and maintenance (12 cents per dollar).

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 balances 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 governmental funds. For fiscal year 2022, 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 2022, ACPS' governmental funds reported combined fund balances of \$31.9 million, an increase of \$4.5 million in comparison with fiscal year 2021. Of this combined total fund balance, \$2.5 million or 7.9 percent constitutes non-spendable fund balance which reflects inventories and prepaid items that are in a non-liquid form and cannot be spent, \$6.5 million or 20.3 percent constitutes restricted fund balance for grant programs, capital projects, school nutrition programs and student activity funds and \$9.3 million or 29.2 percent constitutes committed fund balance which is designated by the School Board for use in fiscal year 2023, \$3.1 million or 9.7 percent constitutes assigned fund balance which is designated for outstanding encumbrances at year-end and funds held for student activities, and \$10.5 million or 32.9 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, 2022 as compared to June 30, 2021. 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 \$295.3 million for 2022, which was \$7.8 million or 2.7 percent higher than revenues received in 2021. The majority of annual funding received by ACPS is paid by the City, which provided an appropriation of \$239.4 million in FY 2022. This represented an increase of \$5.4 million or 2.3 percent over the FY 2021 appropriation. The second largest revenue source is from the Commonwealth of Virginia; increased \$2.0 million, or 3.8 percent, to a total of \$54.8 million in FY 2022; which is primarily due to additional state sales taxes.

Tuition and fees increased \$0.3 million due to the return of in-person adult education programs.

Other local revenue is primarily federal grant indirect cost recoveries and rebates received from vendors.

General Fund Revenues by Source						
Source	FY 2022		FY 2021		Increase (Decrease) from FY 2021	
	Amount (000)s	Percent of Total	Amount (000)s	Percent of Total	Amount (000)s	Percentage Change
City of Alexandria	\$ 239,437	81.1 %	\$ 234,037	81.4 %	\$ 5,400	2.3 %
State Aid	54,826	18.5	52,812	18.3	2,014	3.8
Federal Aid	142	0.0	139	0.0	3	2.2
Tuition and Fees	337	0.1	55	0.0	282	512.7
Other Local Funds	580	0.2	467	0.2	113	24.2
Total Revenues	\$ 295,322	100.0 %	\$ 287,510	100.0 %	\$ 7,812	2.7 %

Amounts may not add due to rounding

General Fund Expenditures & Other Financing Sources and Uses

General Fund expenditures totaled \$291.1 million for fiscal year 2022, which was an increase of \$11.7 million, or 4.2 percent from fiscal year 2021. 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 2022, the School Board awarded a full step increase to all eligible employees and a 4% bonus was awarded to all full-time contract employees at year end. Also, only 4.0 FTEs were added to our staffing in FY 2022. 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 2022		FY 2021		Increase (Decrease) From FY 2021	
	Amount (000)s	Percent of Total	Amount (000)s	Percent of Total	Amount (000)s	Percent Change
General instruction	\$ 223,470	76.8 %	\$ 216,005	77.3 %	\$ 7,465	3.5 %
Adult education	591	0.2	485	0.2	106	21.9
Summer school	1,960	0.7	2,444	0.9	(484)	(19.8)
Administration	20,885	7.2	21,119	7.5	(234)	(1.1)
Attendance and health	7,526	2.6	7,280	2.6	246	3.4
Pupil transportation	11,540	4.0	8,281	3.0	3,259	39.4
Plant operations and maintenance	20,912	7.2	22,754	8.1	(1,842)	(8.1)
Food services	721	0.2	399	0.1	322	80.7
Debt Service						
Principal	3,075	1.1	639	0.2	2,436	381.2
Interest	448	0.2	6	0.0	442	7,366.7
Total Expenditures	\$ 291,128	100.0 %	\$ 279,412	100.1 %	\$ 11,716	4.2 %
Other Financing (Sources) Uses						
Transfers In	\$ -		\$ -		-	- %
Transfers Out	1,421		1,523		(102)	(6.7) %
Total Other Financing (Sources) Uses, net	\$ 1,421		\$ 1,523		\$ (102)	

Amounts may not add due to rounding

- General instruction costs increased by \$7.5 million, or 3.5 percent, due to instruction-based positions added to staffing, driven by continued student enrollment growth and the growing population of students with additional needs.
- Other Financing Uses, Transfers Out in the General Fund reflect ACPS' contribution to the Virginia Preschool Initiative program in the Grants and Special Revenue Fund.

Fund Balances

The FY 2022 General Fund Original Budget, as adopted by the School Board, reflected the usage of \$5.1 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 2022, general fund balance increased by \$2.8 million.

The Grant and Special Revenue Fund is used to account for federal, state, and local grants restricted for specified school purposes by the grantor and student activity funds held at each school.

At June 30, 2022, the restricted portion of fund balance for the Grants and Special Revenue Fund was \$1.0 million.

During FY 2022, total grant revenues were \$35.1 million, an increase of \$11.7 million from 2021, or 50.2 percent. This increase was primarily due to the growth in Federal grant programs, particularly, Elementary and Secondary Schools Emergency Relief Fund (ESSER), CARES Act and Coronavirus Relief Funds (CRF) programs, which increased \$7.4 million from the prior year. Tuition and Fees reflect collections from student activities and Adult Education programs. Other grant revenues increased \$0.5 million over the prior year due to restricted purpose donations received from local community partners and companies.

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, 2022 was \$0.6 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 2022, 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 2022, the School Nutrition fund balance reflected \$0.4 million in nonspendable fund balance for inventory and prepaid items and \$5.6 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, 2022, ACPS had \$36.7 million invested in land, construction in progress, buildings and building improvements, right-of-use assets and furniture and equipment for governmental activities, net of accumulated depreciation and amortization (see Note 5 for additional information on capital assets). This amount includes the addition of right-to-use assets totaling \$24.3 million, recorded in the implementation of GASB Statement No. 87-Leases.

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				
	2022	2021	Increase (Decrease)	Percentage Change
Land	\$ 999,381	\$ 999,381	\$ -	- %
Construction-in-progress	504,126	-	504,126	-
Buildings and building improvements	6,615,257	7,026,558	(411,301)	(5.85)
Furniture and equipment	7,797,560	8,303,836	(506,276)	(6.10)
Right-to-use assets	20,824,106	24,373,884	(3,549,778)	(14.56)
Totals	\$ 36,740,430	\$ 40,703,659	\$ (3,963,229)	(9.7) %

Major capital project expenditures during fiscal year 2022 that are reflected in the City’s capital fund are:

- Douglas MacArthur Elementary School Modernization –Construction costs on the new school is expected continued in FY 2022 in the amount of \$18.4 million.
- New Elementary School- Purchase of 1703 N. Beauregard Street with the intention of repurposing the building into a new school in the amount of \$17.7 million.
- Renovations and Repairs of Aging Schools- \$11.5 million for various renovations/repairs to various aging schools.
- New High School– Planning costs on the new school in the amount of \$7.6 million.
- Heating, Ventilation, and Air Conditioning (HVAC)- HVAC systems repaired/serviced at George Washington for \$1.2 million.
- District-Wide Capacity-Planning costs for capacity issues across the district for \$0.8 million.
- School Buses and Vehicles- New school buses and vehicles were purchased for \$0.3 million to replace aging equipment.
- Curriculum Materials- The purchase of new textbooks for \$0.3 million.

Other major capital project expenditures during fiscal year 2022 that are reflected in the ACPS’ governmental funds are:

- School Nutrition Services- Renovations and upgrades to school cafeterias at Francis Hammond Middle School, Lyles Crouch Elementary School, Mount Vernon Community School, Naomi Brooks Elementary School and William Ramsay Elementary School for \$0.6 million.

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.

Financial-Management's Discussion & Analysis

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, 2022. Revenues in the original and final budgets totaled \$292.2 million. Expenditures in the original budget were \$296.7 million, while the final budget totaled \$298.4 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 2021.

General Fund Revenues and Expenditures Budget to Actual Comparison				
FY 2022				
	Original Budget	Final Budget	Actual	Variance from Final Budget (Under) / Over
Revenues				
Intergovernmental:				
City of Alexandria	\$ 239,437,296	\$ 239,437,296	\$ 239,437,296	\$ -
State aid	51,843,099	51,843,099	54,825,648	2,982,549
Federal aid	130,135	130,135	142,496	12,361
Tuition and fees	205,028	205,028	336,725	131,697
Other local funds	607,177	607,177	579,790	(27,387)
Total Revenues	292,222,735	292,222,735	295,321,955	3,099,220
Expenditures				
Salaries	184,738,851	182,224,318	185,571,139	3,346,821
Benefits	75,440,909	75,344,668	71,072,579	(4,272,089)
Purchased Services	14,935,258	18,389,220	15,862,269	(2,526,951)
Other Charges	11,226,988	10,881,796	9,341,212	(1,540,584)
Materials and Supplies	8,515,690	9,594,644	7,640,673	(1,953,971)
Capital Outlay	1,887,927	1,998,520	1,640,212	(358,308)
Total Expenditures	296,745,623	298,433,166	291,128,085	(7,305,082)
Excess (Deficiency) of revenue over (under) expenditures	(4,522,888)	(6,210,431)	4,193,870	10,404,302
Other Financing Sources (Uses)				
Transfers In	1,200,000	1,200,000	-	(1,200,000)
Transfers Out	(1,791,567)	(1,791,567)	(1,420,738)	370,829
Total Other Financing Sources and Uses	(591,567)	(591,567)	(1,420,738)	(829,171)
Change in Fund Balance	\$ (5,114,455)	\$ (6,801,998)	\$ 2,773,132	\$ 9,575,131

- Actual General Fund revenues were higher than the final budget by \$3.1 million, primarily due to higher than estimated sales tax collections and additional state funding as a result of the COVID-19 pandemic.
- Expenditures were \$7.3 million or 2.4 percent below the final budget primarily due to lower costs on employee benefit programs.

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 \$2.0 million, that were carried over into FY 2023.

Fiduciary Funds

ACPS is the trustee for its employees' pension plan and other post-employment benefit trust. 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 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 2023 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 2022, enrollment decreased to 15,479 students. From FY 2019 through FY 2022, the elementary school enrollment decreased by approx. 7.2 percent, from 8,498 to 7,832 students. Middle school has decreased by 0.5 percent, from 3,280 to 3,264 students, and high school has increased by 10.6 percent, from 3,959 to 4,378 students; a total decrease of 258 students since 2019.

Projected enrollment for the 2022-23 school year reflects growth of 0.8 percent (about 118 students) compared to the prior school year. Over the next five years through FY 2027, enrollment growth is projected to increase to approximately 17,069 students, or a total growth of 5.7 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.

The capital improvement program moves the division towards improving its facilities through a comprehensive modernization approach. The approach considers additional capacity, renovation of existing buildings, swing space, and transportation. 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 119 different countries and speak 124 native languages. The enrollment in the English Learner (EL) program represents 35.7 percent of total student population for FY 2022 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 FY2012 was 56.4 percent and this has decreased in FY 2022 to 54.0 percent, which is one of the highest percentage of the Northern Virginia school divisions. This is significantly different than the general Alexandria City population, which has only 8.2 percent of the population living under the poverty line based on the U.S. Census Bureau, 2019 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.

The initial plans for the FY 2023 budget began with the Alexandria City Manager proposing to fully fund the ACPS School Board City Appropriation request of \$248.7 million. The City of Alexandria City Council approved this appropriation request. This reflects an increase of 3.9 percent compared to the FY 2022 final budget.

In June 2022, the School Board adopted a balanced budget for fiscal year 2023 that reflected General Fund resources of \$320.6 million, which includes the approved use of \$9.3 million of available unrestricted fund balance.

The total expenditures of \$316.2 million in the FY 2023 final General Fund budget is an increase of 6.6 percent compared to the FY 2022 final budget. Total positions funded through combined funds show a net increase of 15.8 FTE or 0.6 percent, for a total of 2,661.15 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://www.acps.k12.va.us/departments/financial-services>.

FINANCIAL SECTION

Basic Financial Statements



Strategic Plan Goal - Student Accessibility and Support
ACPS will ensure students have equitable access to and engagement with programs and supports that reduce barriers to learning.

Alexandria City Public Schools, Virginia
Statement of Net Position
 June 30, 2022

	Governmental Activities
Assets	
Equity in pooled cash and investments	\$ 63,368,114
Cash and cash equivalents	706,847
Due from other governments	30,780,362
Other receivables	226,053
Prepaid items and other assets	2,308,732
Inventories	347,887
Net pension assets	13,101,129
Capital assets:	
Land	999,381
Construction-in-progress	504,126
Other capital assets, net	35,236,923
Total assets	147,579,554
Deferred Outflows of Resources	
OPEB	7,112,006
Pensions	77,600,064
Total deferred outflows of resources	84,712,070
Total assets and deferred outflows of resources	\$ 232,291,624
Liabilities	
Accrued personnel services	\$ 31,600,123
Accounts payable	15,052,422
Unearned revenue	4,874,521
Long-term liabilities:	
Due within one year	5,939,118
Due in more than one year	27,576,128
Net OPEB liabilities	38,771,444
Net pension liabilities	187,799,200
Total liabilities	311,612,956
Deferred Inflows of Resources	
OPEB	11,973,400
Pensions	116,722,218
Total deferred inflows of resources	128,695,618
Net Position	
Net investment in capital assets	15,441,469
Restricted for grant and special revenue programs	7,182,860
Restricted for health benefits	12,109,854
Restricted for net pension assets	13,101,129
Unrestricted	(255,852,262)
Total net position	(208,016,950)
Total liabilities, deferred inflows of resources and net position	\$ 232,291,624

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Financial Section-Basic Financial Statements

Exhibit II

Alexandria City Public Schools, Virginia
Statement of Activities
For the Year Ended June 30, 2022

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instructional:				
General instruction	\$ 235,527,404	\$ 343,925	\$ 34,821,086	\$ (200,362,393)
Adult education	1,046,435	90,361	-	(956,074)
Summer school	2,110,064	127,001	-	(1,983,063)
Support Services:				
Administration	19,516,166	-	-	(19,516,166)
Attendance and health services	9,369,797	-	-	(9,369,797)
Pupil transportation	12,130,200	-	-	(12,130,200)
Plant operations and maintenance	40,244,286	151,442	-	(40,092,844)
Operation of Non-instructional Services:				
Food services	10,788,926	768,964	11,370,787	1,350,825
<i>Total governmental activities</i>	<u>\$ 330,733,278</u>	<u>\$ 1,481,693</u>	<u>\$ 46,191,873</u>	<u>(283,059,712)</u>
General revenues:				
Unrestricted intergovernmental revenue				
City of Alexandria				248,943,085
Commonwealth of Virginia				54,825,648
Other				579,791
<i>Total general revenues</i>				<u>304,348,524</u>
				Change in net position 21,288,812
				<u>Net position - July 1, 2021 (229,305,762)</u>
				<u>Net position - June 30, 2022 \$ (208,016,950)</u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia

Financial Section-Basic Financial Statements

Exhibit III

Alexandria City Public Schools, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Grants & Special Revenue</u>	<u>School Nutrition</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and investments	\$ 46,367,580	\$ -	\$ -	\$ -	\$ 46,367,580
Cash and cash equivalents	-	-	706,847	-	706,847
Due from other governments	2,801,070	5,047,409	22,445,823	486,060	30,780,362
Due from other funds	18,494,304	2,348,165	-	6,120,268	26,962,737
Other receivables	-	-	134,590	986	135,576
Prepaid items and other assets	2,272,159	-	33,462	3,111	2,308,732
Inventories	-	-	-	347,887	347,887
Total assets	<u>\$ 69,935,113</u>	<u>\$ 7,395,574</u>	<u>\$ 23,320,722</u>	<u>\$ 6,958,312</u>	<u>\$ 107,609,721</u>
Liabilities					
Accrued personnel services	\$ 32,093,319	\$ -	\$ 1,131,471	\$ 552,854	\$ 33,777,644
Accounts payable and accrued liabilities	4,979,165	6,751,551	2,356,535	113,831	14,201,082
Unearned revenue	4,499	-	379,382	360,822	744,703
Due to other funds	8,468,433	-	18,494,304	-	26,962,737
Total liabilities	<u>45,545,416</u>	<u>6,751,551</u>	<u>22,361,692</u>	<u>1,027,507</u>	<u>75,686,166</u>
Fund Balances					
Nonspendable	2,177,255	-	-	350,998	2,528,253
Restricted	-	644,023	959,030	5,579,807	7,182,860
Committed	9,319,437	-	-	-	9,319,437
Assigned	2,379,572	-	-	-	2,379,572
Unassigned	10,513,433	-	-	-	10,513,433
Total fund balances	<u>24,389,697</u>	<u>644,023</u>	<u>959,030</u>	<u>5,930,805</u>	<u>31,923,555</u>
Total liabilities and fund balances	<u>\$ 69,935,113</u>	<u>\$ 7,395,574</u>	<u>\$ 23,320,722</u>	<u>\$ 6,958,312</u>	<u>\$ 107,609,721</u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2022*

Total fund balances-governmental funds		\$ 31,923,555
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	\$ 1,503,507	
Depreciable assets	95,012,507	
Less: Accumulated depreciation	<u>(59,775,584)</u>	36,740,430
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		13,101,129
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 employer contributions and proportionate share	959,744	
Difference between expected/actual experience	53,031	
Difference due to changes in assumptions	50,096,993	
Employer retirement contributions after measurement date	<u>26,490,296</u>	77,600,064
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	1,101,752	
Difference between projected and actual investment earnings	1,190,427	
Difference between employer contributions and proportionate share	426,150	
Difference due to changes in assumptions	1,381,120	
Employer retirement contributions after measurement date	<u>3,012,557</u>	7,112,006
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	(9,183,852)	
Compensated absences, Current Increase	(178,301)	
Right-to-Use leases- Building, Current Increase	(20,531,067)	
Right-to-Use leases- Equipment, Current Increase	(767,893)	
Workers' compensation claims	<u>(676,613)</u>	(31,337,726)
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.		
		12,109,854
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	(13,537,267)	
Difference due to changes in assumptions	(114,751)	
Difference between employer contributions and proportionate share	(2,385,978)	
Difference between projected and actual investment earnings	<u>(100,684,222)</u>	(116,722,218)
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	(6,667,398)	
Difference between projected and actual investment earnings	(2,305,625)	
Difference between employer contributions and proportionate share	(625,885)	
Difference due to changes in assumptions	<u>(2,374,492)</u>	(11,973,400)
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)		
		(187,799,200)
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)		
		<u>(38,771,444)</u>
Total net position - governmental activities		<u>\$ (208,016,950)</u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Capital Projects	Grants & Special Revenue	School Nutrition	Total Governmental Funds
Revenues					
Intergovernmental:					
City of Alexandria	\$ 239,437,296	\$ 9,505,789	\$ -	\$ -	\$ 248,943,085
State aid	54,825,648	-	4,761,497	251,011	59,838,156
Federal aid	142,496	-	29,010,449	11,119,776	40,272,721
Tuition and fees	336,725	-	376,005	-	712,730
Food sales	-	-	-	718,534	718,534
Other	579,790	-	906,645	50,429	1,536,864
Total revenues	295,321,955	9,505,789	35,054,596	12,139,750	352,022,090
Expenditures					
Current:					
General instruction	223,470,395	-	25,429,761	-	248,900,156
Adult education	590,621	-	455,814	-	1,046,435
Summer school and kindergarten prep	1,960,038	-	133,968	16,058	2,110,064
Administration	20,884,882	-	2,912,250	-	23,797,132
Attendance and health services	7,526,144	-	2,305,965	-	9,832,109
Pupil transportation	11,540,043	-	3,589	-	11,543,632
Plant operations and maintenance	20,912,427	-	5,088,516	-	26,000,943
Food services	720,589	-	169,871	10,567,969	11,458,429
Capital improvement services	-	9,338,108	-	-	9,338,108
Debt Service					
Principal	3,074,924	-	-	-	3,074,924
Interest	448,022	-	-	-	448,022
Total expenditures	291,128,085	9,338,108	36,499,734	10,584,027	347,549,954
Excess (deficiency) of revenues over (under) expenditures	4,193,870	167,681	(1,445,138)	1,555,723	4,472,136
Other Financing Sources (Uses)					
Transfers In	-	-	1,420,738	-	1,420,738
Transfers Out	(1,420,738)	-	-	-	(1,420,738)
Total other financing sources (uses)	(1,420,738)	-	1,420,738	-	-
Net change in fund balances	2,773,132	167,681	(24,400)	1,555,723	4,472,136
<i>Fund Balances-July 1, 2021</i>	<i>21,616,565</i>	<i>476,342</i>	<i>983,430</i>	<i>4,375,082</i>	<i>27,451,419</i>
<i>Fund Balances-June 30, 2022</i>	<i>\$ 24,389,697</i>	<i>\$ 644,023</i>	<i>\$ 959,030</i>	<i>\$ 5,930,805</i>	<i>\$ 31,923,555</i>

See accompanying notes to the basic financial statements.

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, 2022*

Net change in fund balances - total governmental funds \$ 4,472,136

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 deferred employer contributions of the ACPS retirement plans. (Note 7)

Virginia Retirement System-Teacher Employers	\$ 25,424,143	
Virginia Retirement System-Political Subdivisions	2,140,547	
Employees' Supplemental Retirement System	<u>(13,239,836)</u>	14,324,854

OPEB expense reported in the Statement of Activities was adjusted to reflect the differences between OPEB expenses and deferred employer contributions of the OPEB plan. (Note 8) 1,646,123

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) (3,963,229)

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 Decrease	330,238	
Compensated absences, Current Decrease	193,024	
Right-to-Use Leases- Buildings, LT Increase	2,788,880	
Right-to-Use Leases- Equipments, LT Increase	286,044	
Workers' compensation	<u>67,809</u>	3,665,995

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. 1,142,933

Change in net position - governmental activities \$ 21,288,812

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Statement of Net Position
Proprietary Funds - Internal Service Fund
June 30, 2022

	Health Benefits Fund
Assets	
Equity in pooled cash and investments	\$ 17,000,534
Other receivables	<u>90,478</u>
Total assets, current	<u>17,091,012</u>
Liabilities	
Accounts payable	851,340
Unearned revenue	2,640,691
Incurred but not reported claims	<u>1,489,127</u>
Total liabilities, current	<u>4,981,158</u>
Net Position	
Restricted, health benefits programs	<u>12,109,854</u>
Total net position	<u><u>\$ 12,109,854</u></u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Financial Section-Basic Financial Statements

Exhibit VI

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds - Internal Service Fund
For the Year Ended June 30, 2022

	Health Benefits Fund
Operating Revenues	
Charges for services	\$ 34,566,300
Total operating revenues	34,566,300
Operating Expenses	
Claims and benefits paid	22,364,110
Premiums	9,902,684
Administrative costs	1,156,573
Total operating expenses	33,423,367
Change in net position	1,142,933
Net Position- July 1, 2021	10,966,921
Net Position- June 30, 2022	\$ 12,109,854

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Statement of Cash Flows
Proprietary Funds - Internal Service Fund
For the Year Ended June 30, 2022

	Health Benefits Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 34,536,489
Payments to providers for services	32,959,566
Net cash provided from operating activities	\$ 1,576,923
Net change in equity in pooled cash and investments	\$ 1,576,923
Equity in pooled cash and investments, beginning of year	15,423,611
Equity in pooled cash and investments, end of year	\$ 17,000,534
Reconciliation of Operating Loss to Net Cash Provided from Operating Activities	
Operating Income	\$ 1,142,933
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in assets and liabilities:	
Increase in other receivables	(3,128)
Increase in accounts payable	76,149
Decrease in unearned revenue	(26,683)
Increase in incurred but not reported claims	387,652
Total adjustments	433,990
Net cash provided from operating activities	\$ 1,576,923

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022



	Pension and Other Employee Benefit Trust Funds
Assets	
Investments, at fair value:	
Cash Equivalents	\$ 808,586
Bonds	90,525,825
Mutual funds	30,050,381
Real estate	17,767,057
Global asset allocation	13,467,680
<i>Total investments</i>	152,619,529
Contributions Receivable	340,279
<i>Total assets</i>	\$ 152,959,808
Net Position	
Restricted for pension	\$ 126,448,789
Restricted for other postemployment benefits	26,511,019
<i>Total net position held in trust</i>	\$ 152,959,808

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employer contributions	\$ 1,738,611
Employee contributions	2,885,035
Total Contributions	4,623,646
Investment Income (Loss):	
Investment losses	(10,083,847)
Net depreciation in fair value of investments	(2,716,827)
Investment expenses	(43,774)
Net investment loss	(12,844,448)
Total additions	(8,220,802)
Deductions	
Benefit payments	8,289,710
Administrative expenses	314,623
Total deductions	8,604,333
Change in net position	(16,825,135)
Net position - July 1, 2021	169,784,943
Net position - June 30, 2022	\$ 152,959,808

See accompanying notes to the basic financial statements.

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, deferred outflows, long-term liabilities, and deferred inflows.

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 economic resources measurement focus and 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 three broad categories: instructional, support services and operation of non-instructional 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 2022. Fiduciary funds include the pension and other employee benefit trust 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 Revenue 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 and student activity funds held at each school.
- **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.

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.

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 Revenue, 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 and Cash Equivalents in the Grants and Special Revenue Fund represents the student activity fund cash balances in separate bank accounts maintained by the individual schools.

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 and are not eliminated in the preparation of the government-wide Statement of Activities. 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.

The composition of interfund receivables and payables balances as of June 30, 2022 were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 18,494,304	\$ 8,468,433
Capital Projects Fund	2,348,165	-
Grants & Special Revenue Fund	-	18,494,304
School Nutrition Fund	6,120,268	-
Total	<u>\$ 26,962,737</u>	<u>\$ 26,962,737</u>

Interfund transfers and other financing amounts for the year ended June 30, 2022 were as follows:

Other Financing	General Fund	Grants & Special Projects
Uses - Interfund	\$ (1,420,738)	\$ -
Sources - Interfund	-	1,420,738
Total	<u>\$ (1,420,738)</u>	<u>\$ 1,420,738</u>

Transfers were made from the General Fund to Grants and Special Revenue 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 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.

Right-to-use assets (lease assets) are capitalized based upon the initial measurement of the corresponding lease liability, in accordance with GASB 87 – Leases. These lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. The amortization of these lease assets is included in the depreciation expense reported in the Statement of Activities, Exhibit II.

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

<u>Description</u>	<u>Estimated Life</u>
Buildings	40 years
Building improvements	10 years
Furniture and equipment	5-10 years
Right-to-use assets	Life of lease

k) Deferred Outflows

A deferred outflow of resources represents a consumption of net assets that applies to future periods, and so, will not be recognized as an outflow of the resources (expenditure) until the future period. At June 30, 2022, ACPS had \$84.7 million of deferred outflows of resources, approximately \$77.6 million pertain to retirement plans and \$7.1 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 assets that applies to future periods 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, 2022, ACPS had \$128.7 million of deferred inflows of resources, approximately \$116.7 million pertain to retirement plans and \$12.0 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, 2022, and have not received payment for their accrued compensatory leave as of June 30, 2022.

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 terminated 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 Fund Balance - 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 (the Plans) and the additions to/deductions from the Plans' net fiduciary position have been determined on the same basis as they were reported by 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.

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 for teachers and political subdivisions, 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, 2022 include salaries earned prior to year-end but not distributed until the months of July and August 2022.

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.

v) Governmental Accounting Standards Board (GASB) Pronouncements

During the fiscal year ended June 30, 2022, ACPS adopted the following new accounting standard issued by the Governmental Accounting Standards Board (GASB):

Statement No. 87, Leases

The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

This Statement increases the usefulness of governments' financial statements by requiring recognition

of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

See Notes 5 and 6 for additional information.

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, 2022, the carrying value of ACPS' deposits held by the City was \$1.5 million in overdraft, of which the City will guarantee payment. ACPS's balances for student activity funds was \$0.7 million and the carrying amount of deposits held by area financial institutions was \$0.7 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 student activity 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 2022, 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 where 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, 2022, 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	\$ 26,511,019	\$ -	\$ -	\$ 26,511,019
Pension Plan Investments	126,108,510	-	-	126,108,510
Total Trust and Pension Plan Investments	152,619,529	-	-	152,619,529
Total Investments	\$ 152,619,529	\$ -	\$ -	\$ 152,619,529

All pension plan investments are considered unallocated insurance contracts and are valued at fair value. Funds that have been allocated to insurance contracts 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, 2022.

ACPS Equity in City Pooled Investments	\$ 64,828,250
Excess of outstanding checks over bank balance	<u>(1,460,136)</u>
Net Equity in City Pooled Investments	63,368,114
Cash and equivalents	<u>706,847</u>
Total cash and investments for governmental activities	64,074,961
Investments held in trust for retirement benefits	<u>152,619,529</u>
Total	<u>\$ 216,694,490</u>

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 of Virginia*, 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 of Virginia*. 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, 2022, is summarized below:

Investment Type	Net Asset Value (NAV)
Cash & Equivalents	\$ 808,586
Bonds	13,684,988
Mutual Funds	6,969,747
Real Estate	1,800,098
Global Asset Funds	3,247,600
Total Investments	\$ 26,511,019

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 2 cash equivalent balances consist of certificates of deposits and money market funds and are reported at amortized cost, which approximates fair value. 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 equity asset and fixed income asset classes in Level 2 were valued using model-driven valuations in which all significant inputs are observable. The real estate investments in Level 3 are valued using proprietary valuation methods.

The following is a summary of the net asset value and fair value hierarchy of investments as of June 30, 2022.

Investments by Value Category	6/30/2022	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments by Fair Value Hierarchy Level				
Cash equivalent balances	\$ 115,156	\$ -	\$ 115,156	\$ -
Employees' Supplemental Retirement Plan				
<i>Equity Asset Class</i>				
Principal Global Investors	28,685,457	-	28,685,457	-
Causeway/Barrow Hanley	2,633,561	-	2,633,561	-
Origin Asset Mgmt	1,981,696		1,981,696	
<i>Fixed Income Asset Class</i>				
Insight/Polen/post	5,993,937	-	5,993,937	-
Principal Global Investors	70,846,900	-	70,846,900	-
<i>Real Estate</i>				
Principal Real Estate Investments	15,966,959	-	-	15,966,959
Total Supplemental Retirement Investments	126,108,510	-	110,141,551	15,966,959
Total investments by fair value hierarchy level	126,223,665	\$ -	\$ 110,256,706	\$ 15,966,959
Investments measured at the net asset value (NAV)				
Investment in Internal Investment Pool Controlled by the City	63,368,114			
VACO/VML Pooled OPEB Trust Fund (Portfolio I)	26,511,019			
Total investments measured at net asset value (NAV)	89,879,133			
Total investments	\$ 216,102,798			

Financial Section-Notes to the Basic Financial Statements

At the end of FY 2022, for investments controlled by the City Treasurer, \$511.6 million were measured at net asset value (NAV).

NOTE 3. Prepaid Items

As of June 30, 2022, prepaid items totaled \$2.3 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, 2022 were:

A. Federal Government		
National School Meal Program	\$	486,060
JROTC		11,970
Adult Literacy Services		44,576
Career and Technical Education -- Basic Grants to States		310,714
Title I Grants to Local Educational Agencies		3,129,906
Title I Part D - Neglected or Delinquent		18,091
Improving Teacher Quality State Grants		371,268
English Language Acquisition State Grants		462,398
Special Education-Preschool Grants		35,009
Special Education-Grants to States		2,063,717
Education for Homeless Children and Youth		20,349
21st Century Community Centers		173,951
Child Care Development Fund		37,158
Safe Routes to School		24,484
Student Support and Academic Enrichment Grants		486,605
CARES ESSER I		407,447
GEERS Fund		67,550
CRRSA ESSER II		6,666,150
ARP ESSER III		5,712,742
ARP ESSER III-Special Education-Grants to States		136,704
COPS Justice		426,043
FEMA COVID-19		1,203,173
		<hr/>
	Total due from the Federal Government	22,296,065
B. Commonwealth of Virginia		
Technology VPSA		492,000
Juvenile Detention		586,180
VA Medicaid Assistance		983,472
State Sales Tax accrual		1,313,628
CTE-Career Pathway		17,336
Jobs for Virginia Graduates		11,337
		<hr/>
	Total due from the Commonwealth of Virginia	3,403,953
C. City of Alexandria		
Capital Projects		5,047,409
Adult Detention		32,935
		<hr/>
	Total due from the City of Alexandria	5,080,344
		<hr/>
	Total due from other governments	\$ 30,780,362
		<hr/> <hr/>

NOTE 5. Capital and Right-to-Use Assets

The following is a summary of the changes in capital and right-to-use assets for the year ended June 30, 2022.

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
Capital assets not depreciated				
Land	\$ 999,381	\$ -	\$ -	\$ 999,381
Construction-in-progress	-	504,126	-	504,126
Total capital assets not depreciated	<u>999,381</u>	<u>504,126</u>	<u>-</u>	<u>1,503,507</u>
Other capital and right-to-use assets:				
Buildings and building improvements	46,026,190	61,820	-	46,088,010
Furniture and equipment	26,567,165	1,067,674	3,084,226	24,550,613
Right-to-Use assets	24,373,884	-	-	24,373,884
Total other capital and right-to-use assets	<u>96,967,239</u>	<u>1,129,494</u>	<u>3,084,226</u>	<u>95,012,507</u>
Less accumulated depreciation and amortization for:				
Buildings and building improvements	38,999,632	473,121	-	39,472,753
Furniture and other equipment	18,263,329	1,573,950	3,084,226	16,753,053
Right-to-Use assets	-	3,549,778	-	3,549,778
Total accumulated depreciation and amortization	<u>57,262,961</u>	<u>5,596,849</u>	<u>3,084,226</u>	<u>59,775,584</u>
Total other capital and right-to-use assets, net	<u>39,704,278</u>	<u>(4,467,355)</u>	<u>-</u>	<u>35,236,923</u>
Total Capital and Right-to-Use Assets, net	<u>\$ 40,703,659</u>	<u>\$ (3,963,229)</u>	<u>\$ -</u>	<u>\$ 36,740,430</u>

Depreciation and amortization expenses were charged to governmental functions as follows:

General instruction	\$ 116,892
Pupil transportation	1,070,279
Administration	562,646
Plant operations and maintenance	3,661,862
Food services	<u>185,170</u>
Total depreciation and amortization expenses by governmental activities	<u>\$ 5,596,849</u>

In the implementation of GASB Statement No. 87 – Leases, building and equipment leases were capitalized as Right-to-Use assets totaling \$24.3 million. These assets are being amortized over the remaining life of the related leases, which range from 2 to 8 years. See Note 6 – Lease Obligations for additional information.

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, 2022, the City holds approximately \$469.9 million in gross assets used by ACPS. No capital assets reverted to ACPS in 2022.

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:

Financial Section-Notes to the Basic Financial Statements

Capital outlay	\$ 9,338,108
Other assets	<u>1,037,539</u>
Total capital outlay	10,375,647
Capital outlay not capitalizable	<u>(8,742,027)</u>
Total capitalized assets, net	1,633,620
Depreciation expense	<u>(5,596,849)</u>
Total adjustments	<u><u>\$ (3,963,229)</u></u>

NOTE 6. Lease Obligations

ACPS leases office equipment and office space for various terms under long-term, non-cancelable lease agreements. These leases expire at various dates through 2029 and include renewal options ranging from one to five years.

Right-to-Use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Equipment</u>	<u>Building</u>	<u>Total</u>
Right-to-Use asset value	\$ 1,053,937	\$ 23,319,947	\$ 24,373,884
Less: accumulated amortization	<u>(293,413)</u>	<u>(3,256,365)</u>	<u>(3,549,778)</u>
Totals, net	<u><u>\$ 760,524</u></u>	<u><u>\$ 20,063,582</u></u>	<u><u>\$ 20,824,106</u></u>

Scheduled future minimum lease payments under the lease agreements are as follows:

Fiscal Year	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023	\$ 386,750	\$ 3,196,547	\$ 3,583,297
2024	325,357	3,033,707	3,359,064
2025	267,161	2,938,104	3,205,265
2026	210,967	2,885,007	3,095,975
2027	153,442	3,027,672	3,181,114
2028-2029	<u>122,895</u>	<u>6,217,923</u>	<u>6,340,817</u>
Total	<u><u>\$ 1,466,572</u></u>	<u><u>\$ 21,298,960</u></u>	<u><u>\$ 22,765,532</u></u>

Current year amortization expense for Right-to-use assets is included in the depreciation and amortization expenses 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
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The Retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at Retirement using a formula.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested before January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election</p> <p>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p><i>Political Subdivision Plan Only:</i> Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: School division employees and Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</p> <p>*Non-Eligible Members 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.</p>

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

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

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

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

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

VRS Political Subdivision Retirement Plan

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

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

Contributions

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

ACPS' contractually required contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS were \$0.4 million for each of the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability

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

valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions- General Employees

The total pension liability for General Employees in the Political Subdivision’s Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

Largest 10-Non-LEOS Duty:

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

All Others (non-10 Largest) – Non-LEOS Duty:

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate.

For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021, on participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

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

Long-Term Expected Rate of Return

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

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

(1) The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing median return of 7.11%, including expected inflation of 2.5%.

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

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

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

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

For the year ended June 30, 2022, ACPS recognized pension expense credit of (\$2,065,051). As of June 30, 2022, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 6,373,656
Employer contributions subsequent to the measurement date	75,496	-
Change in assumptions	903,420	-
Differences between expected and actual experience	-	1,146,756
Total	<u>\$ 978,916</u>	<u>\$ 7,520,412</u>

The \$0.1 million reported as deferred outflows of resources related to pensions resulting from ACPS's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (1,713,352)
2024	(1,471,622)
2025	(1,483,772)
2026	(1,948,246)
	<u>\$ (6,616,992)</u>

Payables to the Pension Plan

At June 30, 2022, ACPS reported payables to the VRS Political Subdivision Retirement Plan of \$50,000. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report).

A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VRS Teachers Retirement Plan

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

Contributions

The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS was \$34.4 million and \$33.5 million for each of the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teachers Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and classified as a non-employer contribution.

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

At June 30, 2022, ACPS reported a liability of \$142.3 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. ACPS' proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 1.83262% as compared to 1.84340% at June 30, 2020.

For the year ended June 30, 2022, ACPS recognized pension expense of \$2.4 million. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

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

The deferred outflows of resources of \$26.4 million related to pensions, resulting from the school division’s contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95 percent
Investment rate of return	6.75 Percent, net of pension plan investment expense, including inflation
Mortality rates:	
- Pre-Retirement	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	<u>45,617,878</u>
Employers' Net Position Liability	<u>\$ 7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>85.46%</u>

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

Long – Term Expected Rate of Return

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

Financial Section-Notes to the Basic Financial Statements

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

(1) The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by ACPS for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the School Division’s Proportionate share of the Net Pension Liability to Changes in the Discount Rate

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

	(-1%) Decrease 5.75%	Current Discount Rate 6.75%	(+1%) Increase 7.75%
ACPS' proportionate share of VRS Teacher Plan Net Pension Liability	\$ 274,569,682	\$ 142,268,075	\$ 33,432,333

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual *Comprehensive Financial Report* (Annual Report).

A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

At June 30, 2022, ACPS reported payables to the VRS Teacher Retirement Plan of \$3.7 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

B. Employees' Supplemental Retirement Plan

Plan Description

The Employees' Supplemental Retirement Plan (the Plan) is a single-employer defined benefit plan sponsored by ACPS. The Plan is governed by the Alexandria School Board (Board) which has the authority to make all investment and policy decisions impacting the Plan's existence, investments, benefits, and administration. The Board has established an Investment Advisory Board (Advisory Board) to monitor and manage the Plan. The Advisory Board consist of five members: 1) the Plan Administrator/ ACPS Chief Human Resource Officer; 2) the Plan Investment Officer/ ACPS Chief Financial Officer; 3) one teacher member selected from among active employee participants; 4) one retired member actively earning benefits from the plan; and 5) one certified investment management professional. The Board has contracted with the Principal Financial Group to manage certain plan assets and administer the retirement benefits to the plan participants.

The purpose of the Plan is to provide supplemental retirement benefits to employees of Alexandria City Public Schools. Statutory authority for the establishment of this Plan is provided by the *Code of Virginia* §51.1-800 through §51.1-803.

All full-time employees are eligible to participate in the Plan as of July 1, 1961, if classified as a twelve month employee. Ten-month employees were eligible to participate in the Plan as of July 1, 1971. The Plan's fiscal year end is August 31. The net pension liability reported for period ending August 31, 2021 was measured as of August 31, 2021, using the total pension liability that was determined by an actuarial valuation as August 31, 2021.

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. The Plan does not issue a separate, publicly-available financial report.

Measurement Date

A measurement date of August 31, 2021 has been used for GASB 67 reporting and for the Fiscal Year ending June 30, 2022 for GASB 68 reporting.

Benefits provided

The Plan provides disability and death benefits. Benefits at retirement are based upon years of service and the average earnable compensation of an eligible employee during any three years that provide the highest average earnable compensation and are adjusted for inflation after retirement. Benefits at early retirement are reduced by an early retirement factor. Employees are considered vested on or after completing five years of service, or on or after attaining age 60. Employees who retire at or after age 65 or after age 50 with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 0.40 percent of effective compensation multiplied by credited future service on and after September 1, 1984, and 1.625 percent of effective compensation not to exceed \$100 plus 0.25 percent of the amount by which effective compensation exceeds \$100 multiplied

by credited past service before September 1, 1984, and 1.625 percent of past service compensation in excess of \$100 plus 0.25 percent of past service compensation in excess of \$100 times credited past service. There have been no changes in plan provisions during the measurement period.

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The funding policy of the Plan provides for monthly contributions at actuarially-determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.50% of covered payroll. During FY 2022, only ACPS employees contributed to the Plan. These contributions totaled \$2.9 million for the fiscal year ended June 30, 2022. Administrative costs of the Plan are paid from the Plan's assets.

Investment policy

The objective of the Plan is to maintain actuarial soundness so that funds will be available to meet contractual benefit obligations. The investment policy may be amended by the Board at any time. Principal Financial Advisors, Inc., a registered investment advisor and wholly-owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation strategy for the Plan. The following was the Plan's adopted asset allocation policy as of August 31, 2021.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Expected Geometric Return
U.S Equity - Large Cap	17.16%	7.70%	6.20%
U.S Equity - Mid Cap	2.18%	8.00%	6.20%
U.S Equity - Small Cap	2.21%	8.55%	6.20%
Non-US Equity	8.96%	8.00%	6.20%
REITs	0.00%	7.30%	5.65%
Real Estate (direct property)	10.72%	5.35%	5.00%
TIPS	0.00%	2.35%	2.15%
Core Bond	54.32%	2.55%	2.55%
High Yield	4.44%	4.65%	4.20%
Total	100.00%		
Exp LTROA (arithmetic mean)	4.65%		
Portfolio Standard Deviation	6.95%		
40th percentile	3.93%		
45th percentile	4.18%		
Expected Compound Return	4.42%		
55th percentile	4.66%		
60th percentile	4.91%		
Portfolio Investment Mix:	Equity 31% / Fixed Income 59% / Other 11%		

Concentrations

As of the measurement date, the plan had investments (other than US Government and US Government guaranteed obligations) in only Principal Financial Group, totaling \$142.1 million, that represented 5 percent or more of the Plan's fiduciary net position.

Annual Money-Weighted Rate of Return

For the Plan year ended August 31, 2021, the annual money-weighted rate of return on plan investments for the measurement period is 10.44%. The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

Long-Term Expected Rate of Return

For the plan year ended August 31, 2021, the expected long-term rate of return assumption as of the end of period is 4.50%. The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2021. The capital market assumptions were developed focusing on forward-looking market indicators and valuation models, as well as utilizing the analysis of historical data and trends, the outlook and forecasts from credible economic studies, and investment expert opinions.

Actuarial Assumptions

The actuarial assumptions used in the August 31, 2021 valuation were based upon the results of an actuarial assumption review for the five-year period of September 1, 2007 to August 31, 2012.

During the plan year ended August 31, 2021, the following changes in assumptions were implemented.

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

Financial Section-Notes to the Basic Financial Statements

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,433
Retirees and beneficiaries currently receiving benefits	1,287
Inactive or disabled plan members entitled to but not receiving benefits	<u>1,858</u>
Total	<u><u>5,578</u></u>
Normal retirement age	65 years
Benefits age	50 yrs (+30 yrs of service)
Benefits vesting years	5 years
Disability and death benefits	Yes

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Long-term rate of return	4.50%
Discount rate	4.50%
Projected salary increase attributed to:	
Inflation	2.25%
Seniority /merit	4.88 - 7.18%
Retirement increases	-
Actuarial cost method	Entry Age Normal actuarial cost method
Open/closed	Open
Remaining amortization period	18 years
Asset valuation method	Contract Basis
Mortality - Pre-retirement	PubG-2010 General base table with MP-2021 Mortality Improvement Scale
Mortality - Post-retirement	PubG-2010 General base table with MP-2021 Mortality Improvement Scale

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

Employee contribution percentage	1.50%
Employer contribution percentage	0.00%
Employee contribution, during the measurement period	\$ 2,753,087
Employer contribution	-
Total amount contributed	<u><u>\$ 2,753,087</u></u>
Covered payroll (Annual member compensation)	\$ 169,314,176
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 4.5%. The discount rate is a single rate that incorporates the long-term rate of return assumption. The long-term rate of return assumption was applied to the projected benefit payments from 2021 to 2116. Benefit payments after 2116 are projected to be \$0.00.

Net Pension Liability

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

Changes in Net Pension Liability

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

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

The following presents the net pension liability of the Employees' Supplemental Retirement Plan using the discount rate of 4.50%, as well as what the pension net pension liability would be if it was calculated using a discount rate that is one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current rate.

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

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

The Employees' Supplemental Retirement Plan pension expense for the fiscal year ended June 30, 2022 is \$13.2 million. For the year ended June 30, 2022, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

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

Financial Section-Notes to the Basic Financial Statements

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

Payables to the Pension Plan

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

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

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

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

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

Summary of Net Pension Liabilities/Asset and Deferred Inflows and Outflows of Resources
As of June 30, 2022

	VRS - Teachers Plan				VRS -Political Subdivision Plan				Employees Supplemental Plan				Total Pension Plans				
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Net Pension Liability	Pension Expense
Net Pension Liability																	
Net Pension Asset																	
Net difference between projected and actual earnings on pension plan investments																	
Changes in proportion and differences between employer contributions and proportionate share of contributions																	
Differences between expected and actual experience																	
Changes in assumptions																	
Employer contributions subsequent to the measurement date																	
Pension Expense																	
Totals	\$ 52,299,539	\$ 104,157,046	\$ 142,268,075	\$ 990,657	\$ 978,916	\$ 7,520,412	\$ 13,101,129	\$ (2,065,051)	\$ 24,321,610	\$ 5,044,760	\$ 45,531,125	\$ 13,239,836	\$ 77,600,064	\$ 116,722,218	\$ 13,101,129	\$ 187,799,200	\$ 12,165,442

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 \$2,225.81 monthly, based on the medical plan under which the retiree is covered. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the program on average than those of active employees. The subsidies in this program are accounted for in the ACPS OPEB Trust Fund. In FY 2022, ACPS contributed up to \$265.00 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 15 years of service will be credited toward the contribution made by ACPS. This Board contribution will not exceed the premium for the coverage tier elected. The retiree and dependents pay the remainder of the premium, if any.

Actuarial Assumptions

The key actuarial assumptions used in the January 1, 2022 valuation are reflected in the chart below.

Membership and Key Actuarial Assumptions	
Active plan members	2,485
Inactive/Deferred Vested	0
Retirees and spouses	<u>653</u>
Total	3,138
Covered Payroll	\$181,346,548
Long-term Expected Rate of Return	7.0 percent
Salary increases, including Inflation	3.0 percent
Ultimate Rate of Medical Inflation	4.55 percent
Discount Rate	7.0 percent
Healthcare Cost Trend Rates	UHC POS: 6% in 2022, 10% in 2023 and 2024 then grading to 4.55% in 2041 Kaiser Pre-Medicare: 5% in 2022, 6% in 2021 then grading to 4.55% in 2041 Medicare: 3% in 2022, 6% in 2023 and 2024 then grading to 4.55% in 2041
Mortality rates:	
- Pre-Retirement	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males, no adjustment for females
- Post-Retirement	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; 100% of rates set forward 1 year for males; 105% of rates for females
- Post-Disablement	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
-Beneficiaries and Survivors	Pub-2010 Amount Weighted Teachers Healthy Contingent Annuitant Rates projected generationally
-Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. These mortality rates are the same as those used for Teachers in the June 30, 2021 actuarial valuation for the Virginia Retirement System.

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

Financial Section-Notes to the Basic Financial Statements

investment objective of the Pooled Trust is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Portfolio will be structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. There were no significant changes in investment policy during fiscal year 2022.

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

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

Target Allocation for OPEB Pooled Investments

As of June 30, 2022

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

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

Discount Rate

The discount rate as of June 30, 2022 is 7.00%, which is the estimated long-term rate of return on Pooled Trust investments. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current Plan members.

Measurement Date

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

Concentrations

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

Money-weighted Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -9.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Schedule of Investment Returns

	Last 10 Fiscal Years ⁽¹⁾					
	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return						
Net of Investment Expense	-9.27%	30.07%	3.01%	4.67%	9.52%	13.04%

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

Net OPEB Liability

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

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

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability 85.0%

Financial Section-Notes to the Basic Financial Statements

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

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

	(-1%) Decrease 6.0%	Discount Rate 7.0%	(+1%) Increase 8.0%
Total OPEB Liability	\$ 34,784,653	\$ 31,184,287	\$ 28,193,143
Plan Fiduciary Net Position	26,511,019	26,511,019	26,511,019
Net OPEB Liability	<u>\$ 8,273,634</u>	<u>\$ 4,673,268</u>	<u>\$ 1,682,124</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	76.2%	85.0%	94.0%

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

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

	Trend Minus (-) 1%	Trend Baseline	Trend Plus (+) 1%
Total OPEB Liability	\$ 30,063,490	\$ 31,184,287	\$ 32,493,365
Plan Fiduciary Net Position	26,511,019	26,511,019	26,511,019
Net OPEB Liability	<u>\$ 3,552,471</u>	<u>\$ 4,673,268</u>	<u>\$ 5,982,346</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	88.2%	85.0%	81.6%

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

For the year ended June 30, 2022, the OPEB expense is \$416,028. At June 30, 2022, the deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

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

Contributions

Contribution requirements of ACPS are established and may be amended by the School Board. The required contributions were actuarially-determined and are based upon projected pay-as-you go financing requirements with additional amount to prefund benefits. The costs of administering the plan are paid for by the OPEB Trust Fund through the use of investment income and employer contributions. For the period ending June 30, 2022, ACPS contributed \$1.7 million for current costs.

The funding policy of ACPS is to contribute the difference between the actuarially determined contribution and the expected explicit subsidy payment to the Trust Fund. Benefit payments, including the implicit subsidy, are paid outside the Trust over the next few years. It is anticipated that once the Plan becomes 100% funded, ACPS will switch to paying benefit payments from the Trust. The assets were then projected forward reflecting known contributions through June 30, 2022, and then assuming the funding policy is followed going forward. Using the long-term expected rate of return of 7.0%, the assets are projected to always be greater than the expected benefit payments in any given year.

The following is a summary of fiduciary net position of the Trust as of June 30, 2022:

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

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

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

The ACPS OPEB Trust does not issue a stand-alone financial report and is not included in the report of another entity.

Additional disclosures on changes in schools OPEB liability, related ratios, and employer contributions can be found in the RSI following the notes to the Financial Statements.

B. VRS Employee Health Insurance Credit Program OPEB - Teachers

Summary of Significant Accounting Policies

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

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

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

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$2.0 million for each of the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the school division reported a liability of \$23.8 million for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was 1.86936% as compared to 1.85656% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$ 1.9 million. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 415,836
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	313,916
Changes in assumptions	644,175	95,772
Changes in proportionate share	235,686	282,527
Employer contributions subsequent to the measurement date	<u>2,047,680</u>	<u>-</u>
Total	<u>\$ 2,927,541</u>	<u>\$ 1,108,051</u>

An amount of \$2.0 million reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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

Year Ending June 30,	Amount
2023	\$ (52,315)
2024	(55,879)
2025	(52,796)
2026	(51,832)
2027	9,580
Thereafter	(24,948)
Total	<u>\$ (228,190)</u>

Actuarial Assumptions

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,477,874
Plan Fiduciary Net Position	<u>194,305</u>
Teacher Employee net HIC OPEB Liability	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	<u>13.15%</u>

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

Long-Term Expected Rate of Return

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

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

⁽¹⁾ The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns that ultimately provide a medium return of 6.94% including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at 40 percentile of expected long-term results of the VRS fund asset allocation at that time, providing a media nreturn of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	<u>(-1%) Decrease</u> <u>5.75%</u>	<u>Discount Rate</u> <u>6.75%</u>	<u>(+1%) Increase</u> <u>7.75%</u>
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	<u>\$ 21,294,898</u>	<u>\$ 23,830,232</u>	<u>\$ 26,826,236</u>

Teacher Employee HIC OPEB Fiduciary Net Position

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

Payables to the Teacher Employee Health Insurance Credit Program OPEB Plan

At June 30, 2022, 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 Employee Health Insurance Credit Program OPEB-Political Subdivision

Summary of Significant Account Policies

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

General Information about the VRS Employee Health Insurance Credit Program OPEB-Political Subdivision

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. 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 health insurance credit 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.

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	
Eligible Employees	The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: <ul style="list-style-type: none"> • Full-time permanent salaried employees of the political subdivision who are covered under the VRS plan.
Benefit Amounts	The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: <ul style="list-style-type: none"> • At Retirement – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
Health Insurance Credit Program Notes:	<ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on the long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2020, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Active members	<u>243</u>
Inactive members:	
Vested inactive members	2
Inactive members or their beneficiaries currently receiving benefits	<u>99</u>
Total inactive members	<u>101</u>
Total covered employees	<u><u>344</u></u>

Contributions

The contribution requirement for active employees is governed by § 51.1-1402(E) 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. The contractually required employer contribution rate for the year ended June 30, 2022, was 0.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 to the Political Subdivision Health Insurance Credit Program were \$0.1 million and \$49,109 for the years ended June 30, 2022, and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020.

Net HIC OPEB Liability

The Health Insurance Credit OPEB liability was measured as of June 30, 2021. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation – Salary increases- General employees	3.5% - 5.35%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

Mortality rates – Largest 10 Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

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

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

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

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Changes in Net OPEB Liability		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2020	\$ 598,618	\$ -	\$ 598,618
Changes for the year:			
Service cost	7,976	-	7,976
Interest	40,407	-	40,407
Change in benefit terms	-	-	-
Changes of assumptions	15,483	-	15,483
Differences between expected and actual experience	-	-	-
Contributions - employer	-	49,108	(49,108)
Contributions - member	-	-	-
Net investment income	-	5,606	(5,606)
Benefit payments	-	-	-
Administrative expense	-	(214)	214
Other changes	-	-	-
Net changes	<u>63,866</u>	<u>54,500</u>	<u>9,366</u>
Balances as of June 30, 2021	<u>\$ 662,484</u>	<u>\$ 54,500</u>	<u>\$ 607,984</u>

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

8.2%

Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the Political Subdivision Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Political Subdivision's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Trend Minus (-) 1%	Trend Baseline	Trend Plus (+) 1%
Net OPEB Liability	\$ 672,155	\$ 607,984	\$ 552,898

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2022, the recognized Health Insurance Credit Program OPEB expense is \$49,436. At June 30, 2022, the reported deferred outflows of resources and deferred inflows of resources related to the Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Political HIC OPEB plan investments	\$ -	\$ 3,165
Changes in assumptions	12,203	-
Employer contributions subsequent to the measurement date	3,271	-
Total	<u>\$ 15,474</u>	<u>\$ 3,165</u>

The \$0.1 million reported as deferred outflows of resources related to the HIC OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

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

Year Ending June 30,	Amount
2023	\$ 2,489
2024	2,489
2025	2,489
2026	1,571
Total	<u>\$ 9,038</u>

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A Copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Political Subdivision Health Insurance Credit Program OPEB Plan

At June 30, 2022, ACPS reported payables to the Political Subdivision Health Insurance Credit Program of \$4,800. 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.

D. 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 OPEB plans, for public employer groups in the Commonwealth of Virginia. Within the Group Life insurance Program, ACPS employees are divided into two groups; Teachers (includes administrators and teachers) and Locality Employees (includes non-exempt support staff).

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
<p>Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.</p>

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the Group Life Insurance Program from the entity for the Teachers group were \$2.3 million for year ended June 30, 2022 and \$2.2 million for year ended June 30, 2021, respectively. Total contributions for the Locality group were \$0.1 million for both years ended June 30, 2022 and June 30, 2021, 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, 2022, ACPS reported liabilities of \$9.2 million and \$0.4 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, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, for the Teachers group, the ACPS employer’s proportion was 0.79247% as compared 0.79551% at June 30, 2020, and for the Locality group, the employer’s proportion was 0.03723% at June 30, 2021 as compared 0.03692% at June 30, 2022.

For the year ended June 30, 2022, ACPS recognized GLI OPEB expense of \$0.4 million for the Teachers group and \$938 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, 2022, 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	\$ 1,052,315	\$ 70,301	\$ 49,437	\$ 103,457	\$ 1,101,752	\$ 173,758
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,202,168	-	3,303	-	2,205,471
Changes in assumptions	508,655	1,262,382	23,896	59,306	532,551	1,321,688
Changes in proportion	186,648	280,695	3,816	62,663	190,464	343,358
Employer contributions subsequent to the measurement date	917,084	-	44,522	-	961,606	-
Total	\$ 2,664,702	\$ 3,815,546	\$ 121,671	\$ 228,729	\$ 2,786,373	\$ 4,044,275

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, 2023. 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
2023	\$ (465,310)	\$ (38,173)	\$ (503,483)
2024	(385,656)	(33,363)	(419,019)
2025	(370,671)	(31,421)	(402,092)
2026	(703,957)	(41,461)	(745,418)
2027	(142,334)	(7,162)	(149,496)
Thereafter	-	-	-
Total	\$ (2,067,928)	\$ (151,580)	\$ (2,219,508)

Actuarial Assumptions

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

Mortality rates –Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, 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	\$3,577,346
Plan Fiduciary Net Position	<u>2,413,074</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	<u>67.45%</u>

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

Long-Term Expected Rate of Return

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

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

(1) The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to

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continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	(-1%) Decrease 5.75%	Discount Rate 6.75%	(+1%) Increase 7.75%
School division's proportionate share of the VRS Group Life Net OPEB Liability - Teachers Group	\$ 13,480,253	\$ 9,226,501	\$ 5,791,404
School division's proportionate share of the VRS Group Life Net OPEB Liability - Locality Employee Group	\$ 633,299	\$ 433,459	\$ 272,079
Total VRS Group Life Net OPEB Liability	\$ 14,113,552	\$ 9,659,960	\$ 6,063,483

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2022, ACPS reported payables to the VRS Group Life Insurance OPEB Plan of \$0.2 million for the Teachers group and \$10,000 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, 2022.

Summary of OPEB Related Net OPEB Liabilities and Deferred Outflows and Inflows of Resources
As of June 30, 2022

	ACPS OPEB Trust				VRS HIC OPEB Program				GLI OPEB Program				Total OPEB Programs			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	\$ -	\$ -	\$ 4,673,268	\$ -	\$ -	\$ 24,438,216	\$ -	\$ -	\$ -	\$ -	\$ 9,659,960	\$ -	\$ -	\$ 38,771,444	\$ -	
Net difference between projected and actual earnings on OPEB plan investments	1,190,427	-	-	-	419,001	-	-	2,205,471	-	-	-	-	1,190,427	2,024,472	-	
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	282,527	-	-	343,358	-	-	-	-	428,150	625,885	-	
Differences between expected and actual experience	-	5,860,877	-	-	313,916	-	-	173,788	-	-	-	-	1,101,752	6,348,551	-	
Changes in assumptions	192,191	957,032	-	-	95,772	-	-	1,321,688	-	-	-	-	1,381,120	2,374,492	-	
Employer contributions subsequent to the measurement date	-	-	-	-	-	-	-	961,606	-	-	-	-	3,012,557	-	-	
OPEB Expense	-	-	-	416,028	-	-	-	2,036,173	-	-	-	388,155	-	-	-	2,820,356
Total	\$ 1,382,618	\$ 6,817,909	\$ 4,673,268	\$ 416,028	\$ 2,943,015	\$ 24,438,216	\$ 24,438,216	\$ 2,036,173	\$ 2,786,373	\$ 4,044,275	\$ 9,659,960	\$ 388,155	\$ 7,112,006	\$ 11,973,400	\$ 38,771,444	\$ 2,820,356

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, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due Within One Year		Long-term Payable
					Total	Portion in Governmental Funds	
Compensated Absences	\$ 10,500,725	\$ 15,398,396	\$ (15,938,212)	\$ 9,960,909	\$ 777,057	\$ 598,757	\$ 9,183,852
Workers' Compensation Claims	2,481,407	1,378,518	(1,604,548)	2,255,377	1,578,764	1,578,764	676,613
Right-to-Use Lease Liability	24,373,884	-	(3,074,924)	21,298,960	3,583,297	-	17,715,663
Rent Abatement Accrual	1,680,195	-	(1,680,195)	-	-	-	-
Net Pension Liability	291,935,783	84,405,930	(188,542,513)	187,799,200	-	-	187,799,200
Net OPEB Liability	42,514,622	13,136,141	(16,879,319)	38,771,444	-	-	38,771,444
Total	\$ 373,486,616	\$ 114,318,985	\$ (227,719,711)	\$ 260,085,890	\$ 5,939,118	\$ 2,177,521	\$ 254,146,772

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 \$0.60 million for amounts due to terminated or retired employees as of June 30, 2022. 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. The adjustment from modified accrual to full accrual is composed of the items in the table below.

Compensated Absences, long-term decrease	\$ (330,238)
Compensated Absences, current decrease	(193,024) *
Workers' Compensation	(67,809)
Right-to-Use Lease Liability	(3,074,924)
Total	\$ (3,665,995)

* does not include portion reported in the Governmental Funds

The General Fund is used to liquidate the long-term liabilities for compensated absences, right-to-use leases, and workers compensation.

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, 2022 and 2021 were as follows:

	IBNR Accrual (Health Benefits Fund)	Workers Compensation (General Fund)
Liability Balances, July 1, 2020	\$ 1,021,330	\$ 1,499,020
Claims and changes in estimates	20,174,095	1,881,648
Claims payments	<u>(20,093,950)</u>	<u>(899,261)</u>
Liability Balances, June 30, 2021	1,101,475	2,481,407
Claims and changes in estimates	22,751,762	1,378,518
Claims payments	<u>(22,364,110)</u>	<u>(1,604,548)</u>
Liability Balances, June 30, 2022	<u>\$ 1,489,127</u>	<u>\$ 2,255,377</u>
Due Within One Year	<u>\$ 1,489,127</u>	<u>\$ 1,578,764</u>

NOTE 11. Commitments and Contingencies

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, 2022, were classified as follows:

Governmental Fund Balances

	<u>General</u>	<u>Capital Projects</u>	<u>Grants and Special Revenue</u>	<u>School Nutrition</u>
FUND BALANCES:				
Nonspendable:				
Prepaid Items	\$ 2,177,255	\$ -	\$ -	\$ 3,111
Inventories	-	-	-	347,887
Total Nonspendable	2,177,255	-	-	350,998
Spendable				
Restricted for:				
Capital Projects	-	644,023	-	-
Grant Funded Programs	-	-	959,030	-
School Nutrition Program	-	-	-	5,579,807
Total Restricted	-	644,023	959,030	5,579,807
Committed for:				
Subsequent Year Fund Balance	9,319,437	-	-	-
Total Committed	9,319,437	-	-	-
Assigned for:				
School/Department Programs	2,379,572	-	-	-
Total Assigned	2,379,572	-	-	-
Unassigned:				
Unassigned	10,513,433	-	-	-
Total Unassigned	10,513,433	-	-	-
Total Spendable	22,212,442	644,023	959,030	5,579,807
TOTAL FUND BALANCES	\$ 24,389,697	\$ 644,023	\$ 959,030	\$ 5,930,805

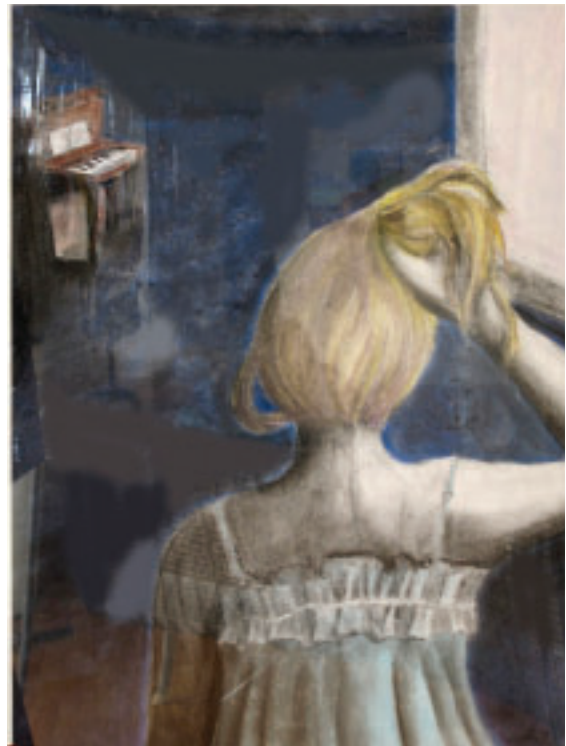


REQUIRED SUPPLEMENTARY INFORMATION

(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

Strategic Plan Goal - Strategic Resource Allocation
ACPS will strategically provide differentiated resources and supports to schools and departments.

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Budget		Actual	Variance from Final Budget Over/(Under)
	Original	Final		
Revenues				
Intergovernmental:				
City of Alexandria	\$ 239,437,296	\$ 239,437,296	\$ 239,437,296	\$ -
State aid	51,843,099	51,843,099	54,825,648	2,982,549
Federal aid	130,135	130,135	142,496	12,361
Tuition and fees	205,028	205,028	336,725	131,697
Other local funds	607,177	607,177	579,790	(27,387)
Total Revenues	<u>292,222,735</u>	<u>292,222,735</u>	<u>295,321,955</u>	<u>3,099,220</u>
Expenditures				
General instruction	226,566,403	226,330,329	223,470,395	(2,859,934)
Adult education	717,403	706,403	590,621	(115,782)
Summer school and kindergarten prep	1,277,649	1,149,646	1,960,038	810,392
Administration	19,583,263	20,707,243	20,884,882	177,639
Attendance and health services	7,653,960	7,592,906	7,526,144	(66,762)
Pupil transportation	10,909,260	11,055,985	11,540,043	484,058
Plants operations and maintenance	25,634,945	26,479,205	20,912,427	(5,566,778)
Food services	879,794	888,504	720,589	(167,915)
Capital Improvement svices	-	-	-	-
Debt Service:				
Principal	3,074,924	3,074,924	3,074,924	-
Interest	448,022	448,022	448,022	-
Total Expenditures	<u>296,745,623</u>	<u>298,433,167</u>	<u>291,128,085</u>	<u>(7,305,082)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,522,888)</u>	<u>(6,210,432)</u>	<u>4,193,870</u>	<u>10,404,302</u>
Other Financing Sources (Uses)				
Transfers In	1,200,000	1,200,000	-	(1,200,000)
Transfers Out	(1,791,567)	(1,791,567)	(1,420,738)	370,829
Total Other Financing Sources and (Uses), net	<u>(591,567)</u>	<u>(591,567)</u>	<u>(1,420,738)</u>	<u>(829,171)</u>
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	<u>\$ (5,114,455)</u>	<u>\$ (6,801,999)</u>	<u>2,773,132</u>	<u>\$ 9,575,131</u>
Fund Balance - July 1, 2021			<u>21,616,565</u>	
Fund Balance - June 30, 2022			<u>\$ 24,389,697</u>	

See accompanying note to the budgetary comparison schedule.

Alexandria City Public Schools, Virginia
Financial-Required Supplementary Information

Exhibit X

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
Grants and Special Revenue Fund
For the Year Ended June 30, 2022

	Budget		Actual	Variance from
	Original	Final		Over
				(Under)
Revenues				
Intergovernmental:				
City of Alexandria	\$ -	\$ -	\$ -	\$ -
State aid	4,028,300	5,102,043	4,761,497	(340,546)
Federal aid	61,380,982	72,809,240	29,010,449	(43,798,791)
Fees	-	-	376,005	376,005
Other local revenue	250,132	1,022,320	906,645	(115,675)
Total Revenues	<u>65,659,414</u>	<u>78,933,603</u>	<u>35,054,596</u>	<u>(43,879,007)</u>
Expenditures				
Current:				
General instruction	16,129,281	53,196,792	25,429,761	(27,767,031)
Adult education	341,642	578,153	455,814	(122,339)
Summer school and Kindergarten prep	150,594	1,127,941	133,968	(993,973)
Administration	50,724,173	8,558,445	2,912,250	(5,646,195)
Plants operations and maintenance	17,102	12,295,171	5,088,516	(7,206,655)
Attendance and health services	41,000	4,542,179	2,305,965	(2,236,214)
Pupil transportation	13,093	479,296	3,589	(475,707)
Food services	34,097	257,413	169,871	(87,542)
Total Expenditures	<u>67,450,981</u>	<u>81,035,390</u>	<u>36,499,734</u>	<u>44,535,656</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,791,567)</u>	<u>(2,101,787)</u>	<u>(1,445,138)</u>	<u>656,649</u>
Other Financing Sources (Uses)				
Transfers In	1,791,567	1,791,567	1,420,738	(370,829)
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses, net	<u>1,791,567</u>	<u>1,791,567</u>	<u>1,420,738</u>	<u>(370,829)</u>
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (310,220)</u>	<u>(24,400)</u>	<u>\$ 285,820</u>
Fund Balance-July 1, 2021			<u>983,430</u>	
Fund Balance-June 30, 2022			<u>\$ 959,030</u>	

See accompanying note to the budgetary comparison schedule.

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
School Nutrition Fund
For the Year Ended June 30, 2022

	Budget		Actual	Variance from Final Budget Over/(Under)
	Original	Final		
Revenues				
Intergovernmental:				
City of Alexandria	\$ -	\$ -	\$ -	\$ -
State aid	180,269	180,269	251,011	70,742
Federal aid	8,599,994	8,599,994	11,119,776	2,519,782
Food Sales	2,274,228	2,274,228	718,534	(1,555,694)
Other local revenue	139,676	139,676	50,429	(89,247)
Total Revenues	<u>11,194,167</u>	<u>11,194,167</u>	<u>12,139,750</u>	<u>945,583</u>
Expenditures				
Summer school and kindergarten prep	-	-	16,058	16,058
Food services	11,194,167	11,374,970	10,567,969	(807,001)
Total Expenditures	<u>11,194,167</u>	<u>11,374,970</u>	<u>10,584,027</u>	<u>790,943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (180,803)</u>	1,555,723	<u>\$ 1,736,526</u>
Fund Balance- July 1, 2021			<u>4,375,082</u>	
Fund Balance- June 30, 2022			<u>\$ 5,930,805</u>	

See accompanying note to the budgetary comparison schedule.

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2022

<i>Schedule of Employer Contributions - Pension Plans</i> <i>Last 10 Fiscal Years ⁽¹⁾</i>

Fiscal Year	Actuarially/ Contractually Required Contribution	Contributions in Relation to Actuarially/ Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Contributions as a % of Covered Payroll	% of Actual Contributions Contributed
Employees' Supplemental Retirement Plan ⁽³⁾						
2021	\$ 12,119,071	-	\$ 12,119,071	\$ 169,314,176	0.00%	0.00%
2020	8,185,137	-	8,185,137	164,529,061	0.00%	0.00%
2019	5,332,912	-	5,332,912	157,938,950	0.00%	0.00%
2018	4,619,357	-	4,619,357	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						
2022	100,792	105,347	(4,555)	8,329,909	1.26%	104.52%
2021	94,034	97,153	(3,119)	7,771,386	1.25%	103.32%
2020	92,765	106,892	(14,128)	7,666,503	1.39%	115.23%
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						
2022	28,104,373	27,120,971	983,402	169,099,717	16.04%	96.50%
2021	27,294,629	26,340,786	953,843	164,227,612	16.04%	96.51%
2020	25,738,806	24,871,601	867,206	164,150,550	15.15%	96.63%
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%

⁽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.

Alexandria City Public Schools, Virginia
 Required Supplementary Information
 Other Employee Benefit Trust Funds
 For the Fiscal year Ended June 30, 2022

Schedule of Employer Contributions - OPEB
 Last 10 Fiscal Years ⁽¹⁾

Fiscal Year	Actuarially/ Contractually Required Contribution	Contributions in Relation to			Contributions as a % of		% of Actual Contributions Contributed
		Actuarially/ Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Covered Payroll		
ACPS Other Employee Benefit Trust Fund							
2022	\$ 1,048,305	\$ 1,928,807	\$ (880,502)	\$ 181,346,548	1.06%	183.99%	
2021	1,441,169	2,739,107	(1,297,938)	174,733,455	1.57%	190.06%	
2020	1,581,975	1,685,214	(103,239)	169,644,131	0.99%	106.53%	
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 Program-Teachers							
2022	2,047,680	2,047,680	-	169,229,734	1.21%	100.00%	
2021	1,986,737	1,986,737	-	164,193,112	1.21%	100.00%	
2020	1,966,591	1,965,998	594	163,882,612	1.20%	99.97%	
2019	1,889,030	1,889,030	-	157,419,158	1.20%	100.00%	
2018	1,843,517	1,843,517	-	149,879,392	1.23%	100.00%	
2017	1,810,172	1,633,570	176,602	147,168,488	1.11%	90.24%	
2016	1,666,819	1,497,312	169,507	141,255,832	1.06%	89.83%	
2015	1,580,459	1,419,733	160,726	133,937,166	1.06%	89.83%	
2014	1,515,072	1,437,376	77,696	129,493,343	1.11%	94.87%	
2013	1,512,072	1,434,529	77,543	129,236,890	1.11%	94.87%	
VRS Healthcare Credit Insurance OPEB Program-Political Subdivisions							
2022	52,378	52,378	-	8,314,047	0.63%	100.00%	
2021	49,109	49,109	-	7,795,016	0.63%	100.00%	
VRS Group Life Insurance OPEB Program - Teachers							
2022	917,084	917,084	-	169,830,304	0.54%	100.00%	
2021	883,521	883,521	-	163,614,923	0.54%	100.00%	
2020	851,332	857,633	(6,302)	163,717,636	0.52%	100.74%	
2019	823,937	823,937	-	158,449,359	0.52%	100.00%	
2018	784,180	784,180	-	150,802,833	0.52%	100.00%	
2017	777,826	777,826	-	149,581,852	0.52%	100.00%	
2016	757,857	686,361	71,496	142,991,816	0.48%	90.57%	
2015	720,567	652,589	67,978	135,956,087	0.48%	90.57%	
2014	701,748	635,545	66,203	132,405,189	0.48%	90.57%	
2013	697,375	631,585	65,790	131,580,201	0.48%	90.57%	
VRS Group Life Insurance OPEB Program - State/Locality Employees							
2022	44,522	44,522	-	8,244,905	0.54%	100.00%	
2021	41,514	41,514	-	7,687,739	0.54%	100.00%	
2020	39,515	40,025	(510)	7,598,955	0.53%	101.29%	
2019	41,112	41,112	-	7,906,098	0.52%	100.00%	
2018	42,347	42,347	-	8,143,594	0.52%	100.00%	

Financial-Required Supplementary Information

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, 2022

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

Employees' Supplementary Retirement Plan

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service costs	\$ 4,905,857	\$ 3,930,063	\$ 3,759,230	\$ 3,675,300	\$ 3,102,017	\$ 2,603,388	\$ 2,573,225	\$ 2,462,314
Interest	8,666,457	8,155,001	7,846,392	7,547,568	7,394,011	6,578,948	6,378,985	6,243,019
Differences between expected and actual experience	(380,027)	68,199	106,300	26,190	85,946	998,161	140,424	(475,091)
Benefit payments	(6,368,090)	(6,302,704)	(6,191,280)	(6,056,406)	(6,210,504)	(6,157,529)	(5,918,926)	(5,712,337)
Change in assumptions	24,746,787	14,870,418	(524,581)	(193,103)	7,007,931	8,012,677	-	-
Net Changes in Total Pension Liability	31,570,984	20,720,977	4,996,061	4,999,549	11,379,401	12,035,645	3,173,708	2,517,905
Total Pension Liability, beginning	156,067,165	135,346,188	130,350,127	125,350,578	113,971,177	101,935,532	98,761,824	96,243,919
Total Pension Liability, ending	\$ 187,638,149	\$ 156,067,165	\$ 135,346,188	\$ 130,350,127	\$ 125,350,578	\$ 113,971,177	\$ 101,935,532	\$ 98,761,824
Fiduciary Net Position								
Contributions- Employee	\$ 2,736,256	\$ 2,692,796	\$ 2,583,399	\$ 2,465,342	\$ 2,429,572	\$ 2,508,919	\$ 2,032,505	\$ 2,171,044
Contributions- Employer	-	-	-	-	-	-	-	-
Net investment income	13,587,071	8,415,730	4,462,234	8,273,362	10,194,794	6,481,332	(840,277)	13,644,193
Benefit payments	(6,368,090)	(6,302,704)	(6,191,280)	(6,056,406)	(6,210,504)	(6,157,529)	(5,918,926)	(5,712,337)
Administrative expenses	(242,705)	(235,488)	(235,835)	(335,316)	(40,660)	(85,748)	(124,855)	(111,595)
Net Changes in Fiduciary Net Position	9,712,532	4,570,334	618,518	4,346,982	6,373,202	2,746,974	(4,851,553)	9,991,305
Fiduciary Net Position, beginning	132,394,492	127,824,158	127,205,640	122,858,658	116,485,456	113,738,482	118,590,035	108,598,730
Fiduciary Net Position, ending	\$ 142,107,024	\$ 132,394,492	\$ 127,824,158	\$ 127,205,640	\$ 122,858,658	\$ 116,485,456	\$ 113,738,482	\$ 118,590,035
Net Pension Liability (Asset), as of August 31,	\$ 45,531,125	\$ 23,672,673	\$ 7,522,030	\$ 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	75.73%	84.83%	94.44%	97.59%	98.01%	102.21%	111.58%	120.08%
Covered Payroll	\$ 169,314,176	\$ 164,529,061	\$ 157,938,950	\$ 149,826,081	\$ 145,803,885	\$ 140,366,382	\$ 130,993,574	\$ 123,779,616
Net Pension Liability as a percentage of Covered Payroll	26.89%	14.39%	4.76%	2.10%	1.71%	-1.79%	-9.01%	-16.02%

Money-Weighted Rate of Return
 Last 10 Fiscal Years ⁽¹⁾

	2021	2020	2019	2018	2017	2016	2015	2014 ⁽²⁾
Employees' Supplementary Retirement Plan	10.44%	6.69%	3.57%	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

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2022

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

VRS - Political Subdivision Retirement Plan (Non-Professional)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service costs	\$ 695,580	\$ 698,590	\$ 718,880	\$ 747,214	\$ 761,926	\$ 754,823	\$ 758,027	\$ 796,338
Interest	2,929,383	2,908,527	2,927,788	2,862,468	2,818,335	2,716,423	2,731,791	2,642,578
Differences between expected and actual experience	(1,566,069)	(803,167)	(1,046,591)	(139,735)	(332,554)	260,117	(1,408,359)	-
Changes in assumptions	1,471,608	-	1,119,429	-	(229,485)	-	-	-
Benefit payments	(2,461,866)	(2,286,622)	(2,413,284)	(2,512,594)	(2,262,896)	(2,244,877)	(2,271,322)	(1,965,795)
Refund of Contributions	(177,633)	(63,845)	(147,752)	-	-	(43,180)	(42,623)	(49,162)
Net Changes in Total Pension Liability	891,003	453,483	1,158,470	957,353	755,326	1,443,306	(232,486)	1,423,959
Total Pension Liability, beginning	44,718,010	44,264,527	43,106,057	42,148,704	41,393,378	39,950,072	40,182,558	38,758,599
Total Pension Liability, ending	\$ 45,609,013	\$ 44,718,010	\$ 44,264,527	\$ 43,106,057	\$ 42,148,704	\$ 41,393,378	\$ 39,950,072	\$ 40,182,558
Fiduciary Net Position								
Contributions- Employer	\$ 58	\$ 68,525	\$ 71,642	\$ 158,036	\$ 161,966	\$ 436,893	\$ 428,560	\$ 410,609
Contributions- Employee	365,306	365,985	368,198	384,967	390,792	388,435	393,832	379,449
Net investment income	12,910,551	927,946	3,127,139	3,409,511	5,185,761	735,046	1,959,825	6,037,662
Benefit payments	(2,639,499)	(2,286,622)	(2,413,284)	(2,512,594)	(2,262,896)	(2,244,877)	(2,271,322)	(1,965,795)
Refunds of Contributions	-	(63,845)	(147,752)	-	-	(43,180)	(42,623)	(49,162)
Administrative expenses	(33,452)	(32,633)	(32,402)	(30,490)	(31,000)	(27,814)	(27,928)	(33,280)
Other	1,205	(1,085)	(1,961)	(2,989)	(4,572)	(318)	(411)	319
Net Changes in Fiduciary Net Position	10,604,169	(1,021,729)	971,580	1,406,441	3,440,051	(755,815)	439,933	4,779,802
Fiduciary Net Position, beginning	48,105,973	49,127,702	48,156,122	46,749,681	43,309,630	44,065,445	43,625,512	38,845,710
Fiduciary Net Position, ending	\$ 58,710,142	\$ 48,105,973	\$ 49,127,702	\$ 48,156,122	\$ 46,749,681	\$ 43,309,630	\$ 44,065,445	\$ 43,625,512
Net Pension Liability (Asset), as of June 30,	\$ (13,101,129)	\$ (3,387,963)	\$ (4,863,175)	\$ (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	128.72%	107.58%	110.99%	111.72%	110.92%	104.63%	110.30%	108.57%
Covered Payroll	\$ 7,771,386	\$ 7,666,503	\$ 7,942,569	\$ 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	-168.58%	-44.19%	-61.23%	-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

Financial-Required Supplementary Information

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, 2022

Schedule of Employer's Share of Net Pension Liability
 Last 10 Fiscal Years ⁽¹⁾

VRS Teacher Retirement Plan

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	1.833%	1.843%	1.852%	1.836%	1.848%	1.853%	1.802%	1.771%
Employer's Proportionate Share of the Net Pension Liability	\$ 142,268,075	\$ 268,263,110	\$ 243,795,579	\$ 215,896,000	\$ 227,215,000	\$ 259,630,000	\$ 226,749,000	\$ 213,986,000
Employer's Covered Payroll ⁽²⁾	\$ 164,227,612	\$ 164,150,550	\$ 157,315,417	\$ 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	86.63%	163.43%	154.97%	143.95%	154.76%	183.67%	169.84%	165.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

⁽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

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2022

Schedule of Changes in Net OPEB Liability
Last 10 Fiscal Years ⁽¹⁾

Other Employee Benefits Trust Fund

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service costs	\$ 1,100,364	\$ 1,060,180	\$ 1,208,445	\$ 1,177,364	\$ 1,119,634	\$ 1,065,890
Interest	2,206,203	2,149,474	2,243,462	2,197,977	2,159,080	2,022,196
Change of benefit terms	-	-	(1,188,091)	-	-	-
Differences between expected and actual experience	(3,259,578)	-	(3,063,897)	-	(2,071,966)	-
Changes in assumptions	(413,248)	-	(884,552)	-	432,426	-
Benefit payments	(882,270)	(881,633)	(938,930)	(1,551,418)	(902,946)	(1,492,636)
Net Changes in Total OPEB Liability	(1,248,529)	2,328,021	(2,623,563)	1,823,923	736,228	1,595,450
Total OPEB Liability, beginning	32,432,816	30,104,795	32,728,358	30,904,435	30,168,207	28,572,757
Total OPEB Liability, ending	\$ 31,184,287	\$ 32,432,816	\$ 30,104,795	\$ 32,728,358	\$ 30,904,435	\$ 30,168,207
Fiduciary Net Position						
Contributions- Employer	\$ 1,928,807	\$ 881,633	\$ 938,930	\$ 2,482,483	\$ 1,792,946	\$ 2,269,646
Contributions- Employee	-	-	-	-	-	-
Net investment income	(2,703,072)	6,522,171	644,350	921,954	1,605,675	1,831,086
Benefit payments	(882,270)	(881,633)	(938,930)	(1,551,418)	(902,946)	(1,492,636)
Administrative expenses	(28,644)	(24,438)	(23,924)	(21,365)	(19,245)	(17,371)
Net Changes in Total OPEB Liability	(1,685,179)	6,497,733	620,426	1,831,654	2,476,430	2,590,725
Fiduciary Net Position, beginning	28,196,198	21,698,465	21,078,039	19,246,385	16,769,955	14,179,230
Fiduciary Net Position, ending	\$ 26,511,019	\$ 28,196,198	\$ 21,698,465	\$ 21,078,039	\$ 19,246,385	\$ 16,769,955
Net OPEB Liability as of June 30,	\$ 4,673,268	\$ 4,236,618	\$ 8,406,330	\$ 11,650,319	\$ 11,658,050	\$ 13,398,252
Fiduciary Net Position as a percentage of Total OPEB Liability	85.01%	86.94%	72.08%	64.40%	62.28%	55.59%
Covered Payroll	\$ 181,346,548	\$ 174,733,455	\$ 169,644,131	\$ 164,994,126	\$ 160,188,472	\$ 150,313,298
Net OPEB Liability as a percentage of Covered Payroll	2.58%	2.42%	4.96%	7.06%	7.28%	8.91%

Money-Weighted Rate of Return
Last 10 Fiscal Years ⁽¹⁾

	2022	2021	2020	2019	2018	2017
Other Employee Benefit Trust Fund	-9.27%	30.07%	3.01%	4.67%	9.52%	13.04%

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

Financial-Required Supplementary Information

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, 2022

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

	2021	2020	2019	2018	2017
VRS Healthcare Credit Insurance Program-Teachers					
Employer's Proportion of the Net HCI OPEB Liability	1.85656%	1.86936%	1.87679%	1.85325%	1.86478%
Employer's Proportionate Share of the Net HCI OPEB Liability	\$ 23,830,232	\$ 24,386,110	\$ 24,569,006	\$ 23,530,000	\$ 23,657,000
Employer's Covered Payroll	\$ 164,193,112	\$ 163,882,612	\$ 157,419,158	\$ 149,879,391	\$ 147,168,488
Employer's Proportionate Share of the Net HCI OPEB Liability as a Percentage of its Covered Payroll	14.51%	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HCI OPEB Liability	13.15%	9.95%	8.97%	8.08%	7.04%
VRS Healthcare Credit Insurance Program-Political Subdivisions					
Employer's Proportion of the Net HCI OPEB Liability	1.24615%				
Employer's Proportionate Share of the Net HCI OPEB Liability	\$ 607,984				
Employer's Covered Payroll	\$ 7,795,016				
Employer's Proportionate Share of the Net HCI OPEB Liability as a Percentage of its Covered Payroll	7.80%				
Plan Fiduciary Net Position as a Percentage of the Total HCI OPEB Liability	3.27%				
VRS Group Life Insurance Program - Teachers					
Employer's Proportion of the Net GLI OPEB Liability	0.79247%	0.79551%	0.80828%	0.79308%	0.81094%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 9,226,501	\$ 13,275,760	\$ 13,152,867	\$ 12,045,000	\$ 12,203,000
Employer's Covered Payroll	\$ 163,614,923	\$ 163,717,636	\$ 158,449,359	\$ 150,802,833	\$ 149,975,848
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.64%	8.11%	8.30%	7.99%	8.14%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%
VRS Group Life Insurance Program - State/Locality Employees					
Employer's Proportion of the Net GLI OPEB Liability	0.03723%	0.03692%	0.04033%	0.04283%	0.04392%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 433,459	\$ 616,134	\$ 656,276	\$ 651,000	\$ 661,000
Employer's Covered Payroll	\$ 7,687,739	\$ 7,598,955	\$ 7,906,098	\$ 8,143,594	\$ 8,138,526
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.64%	8.11%	8.30%	7.99%	8.12%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

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 and Special Revenue Funds is at the departmental level.

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

For the VRS Political Subdivision Retirement Plan and VRS Teachers Retirement Plan,

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

Financial-Required Supplementary Information

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

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

For the Employees' Supplemental Retirement Plan,

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 actuarial assumptions were changed,

Mortality Base Table	No change
Mortality Improvement Scale	The mortality improvement scale has been changed to MP2021
Discount rate	The discount rate has decreased from 5.50% to 4.50%
The long-term rate of return for the current year	The long-term rate of return for the current year has decreased from 5.50% to 4.50%

D. ACPS OPEB Trust Fund

For the ACPS OPEB Trust Fund,

The OPEB Trust Fund had multiple changes. The claim costs to reflect current experience. The trends were adjusted to reflect current marketplace conditions and current underlying inflation rate. The retirement, termination, disability, and mortality assumptions were updated based on the most recent VRS experience study.

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

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

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

For the VRS Group Life Insurance-Locality Program 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.

Financial-Required Supplementary Information

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

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



OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

The Other Supplementary Information subsections include the following:

- Combining statements for the pension and other employee benefit trust funds



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Strategic Plan Goal - Family and Community Engagement
ACPS will ensure that all families and community members feel
welcomed, respected and valued.

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.

Exhibit XIV

Alexandria City Public Schools, Virginia
Combining Statement of Fiduciary Net Position
Pension and Other Post-Employment Benefit Trust Funds
June 30, 2022

	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	\$ -	\$ 808,586	\$ 808,586
Bonds	76,840,837	13,684,988	90,525,825
Mutual funds	23,080,634	6,969,747	30,050,381
Real estate	15,966,959	1,800,098	17,767,057
Global asset allocation	10,220,080	3,247,600	13,467,680
Total investments	126,108,510	26,511,019	152,619,529
Contributions Receivable	340,279	-	340,279
<i>Total assets</i>	\$ 126,448,789	\$ 26,511,019	\$ 152,959,808
Net Position			
Restricted for pension and other employee benefits	126,448,789	26,511,019	152,959,808
<i>Total net position held in trust</i>	\$ 126,448,789	\$ 26,511,019	\$ 152,959,808

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, 2022

	Employees' Supplementary Retirement Plan	ACPS Other Post Employment Benefits Trust	Total Pension and Other Employee Benefit Trust Funds
Additions			
Contributions			
Employer contributions	\$ -	\$ 1,738,611	\$ 1,738,611
Employee contributions	2,885,035	-	2,885,035
Total Contributions	2,885,035	1,738,611	\$ 4,623,646
Investment Income			
Investment Earnings	(10,097,602)	13,755	(10,083,847)
Net appreciation in fair value of investments	-	(2,716,827)	(2,716,827)
Investment Expense	(43,774)	-	(43,774)
Net Investment Income/Loss	(10,141,376)	(2,703,072)	(12,844,448)
Total additions	(7,256,341)	(964,461)	(8,220,802)
Deductions			
Benefit payments	6,551,099	1,738,611	8,289,710
Administrative expenses	285,979	28,644	314,623
Total deductions	6,837,078	1,767,255	8,604,333
Change in net position	(14,093,419)	(2,731,716)	(16,825,135)
Net position - July 1, 2021	140,542,208	29,242,735	169,784,943
Net position - June 30, 2022	\$ 126,448,789	\$ 26,511,019	\$ 152,959,808

STATISTICAL SECTION

This part of the Alexandria City Public Schools Annual Comprehensive 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

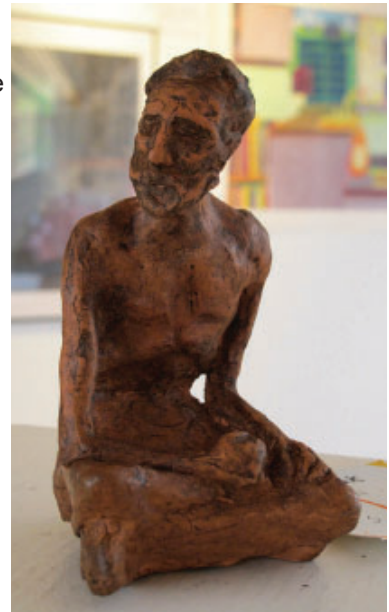
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School System's financial activities take place.

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 Annual Comprehensive Financial Report for the relevant year.



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia



Table 1

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

Governmental Activities:

	<u>Net investment in capital assets ⁽¹⁾</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total net position</u>
2022	\$ 15,441,469	\$ (255,852,262)	\$ 32,393,843	\$ (208,016,950) ⁽⁵⁾
2021	16,329,775	(264,725,179)	19,089,642	(229,305,762)
2020	16,114,529	(259,291,922)	15,474,520	(227,702,873) ⁽⁴⁾
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)
2017	9,511,917	(208,829,186)	35,744,269	(163,573,000) ⁽³⁾
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)
2014	9,666,296	(215,168,814)	17,449,685	(188,052,833) ⁽²⁾
2013	10,101,429	17,173,118	3,091,635	30,366,182

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.

⁴⁾ ACPS implemented Governmental Accounting Standards Board Statement No.84, Accounting and Financial Reporting for Fiduciary activities in fiscal year 2021 and as result, unrestricted and total net position for fiscal year 2020 was restated.

⁵⁾ ACPS implemented Governmental Accounting Standards Board Statement No.87, Leases in fiscal year 2022.

Source: Alexandria City Public Schools Annual Comprehensive Financial Report

Table 2

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
General instruction	\$ 180,228,637	\$ 173,706,777	\$ 178,975,925	\$ 185,579,090	\$ 210,178,242	\$ 209,136,380	\$ 217,023,617	\$ 234,272,086	\$ 245,950,073	\$ 235,527,404
Adult education	889,144	900,966	957,153	1,021,582	932,395	947,842	1,017,138	974,024	857,774	1,046,435
Summer school	594,626	668,925	792,906	1,121,039	902,146	1,225,044	1,276,386	1,308,415	2,496,880	2,110,064
Administration	16,617,218	16,686,774	16,485,282	17,873,172	20,253,269	20,212,751	20,544,620	23,327,072	22,754,381	19,516,166
Attendance and health services	4,928,558	5,733,737	5,704,138	5,560,676	6,934,086	5,981,139	6,472,139	7,169,663	8,043,855	9,369,797
Facilities	-	-	-	-	-	-	-	-	19,288	-
Pupil transportation	9,144,732	8,101,913	9,344,396	10,646,893	10,697,335	11,009,516	10,001,757	8,730,888	8,809,965	12,130,200
Plant operations and maintenance	16,936,841	16,194,488	18,475,458	19,391,281	25,659,872	24,752,866	30,141,853	34,285,464	34,772,552	40,244,286
Food services	6,919,510	6,507,249	7,619,108	8,309,824	9,469,364	9,515,648	9,738,817	9,880,857	9,770,358	10,788,926
Capital Improvement Services	3,205,123	3,098,165	4,166,558	2,194,108	-	-	-	-	-	-
Total governmental expenses	239,464,389	231,598,994	242,520,924	251,697,665	285,026,709	282,781,186	296,216,327	319,948,469	333,475,126	330,733,278
Program revenues										
Charges for services										
Instruction	335,299	292,105	217,277	237,841	247,941	256,208	338,040	192,421	309,608	561,287
Plant operations and maintenance	328,755	135,101	119,190	187,600	198,047	166,017	245,561	182,575	43,553	151,442
Food services	1,766,299	1,706,521	1,617,692	1,768,238	1,850,100	1,931,883	2,037,775	1,635,574	91,855	768,964
Operating grants and contributions	19,240,425	16,199,266	17,152,274	18,398,056	20,667,915	21,129,803	21,284,473	21,815,170	33,199,667	46,191,873
Total program revenues	21,670,778	18,332,993	19,106,433	20,591,735	22,964,003	23,483,911	23,905,849	23,825,740	33,644,683	47,673,566
Net (expenses)	(217,793,611)	(213,266,001)	(223,414,491)	(231,105,930)	(262,062,706)	(259,297,275)	(272,310,478)	(296,122,729)	(299,830,443)	(283,059,712)
General revenues										
Intergovernmental:										
City of Alexandria	178,449,148	185,841,404	185,939,138	196,303,878	202,798,138	225,318,806	206,863,933	241,198,310	244,947,930	248,943,085
State aid	27,984,171	31,627,807	34,039,898	35,999,443	38,776,618	40,375,579	43,719,948	47,555,041	52,812,342	54,825,648
Grants not restricted to specific program	-	-	-	-	-	-	-	-	-	-
Other local funds	2,222,167	1,139,350	1,651,826	686,690	331,334	472,474	513,406	602,456	467,282	579,791
Total general revenues	208,655,486	218,608,561	221,630,862	232,990,011	241,906,090	266,166,859	251,097,287	289,355,807	298,227,554	304,348,524
Change in net position	\$ (9,138,125)	\$ 5,342,560	\$ (1,783,629)	\$ 1,884,081	\$ (20,156,616)	\$ 6,869,584	\$ (21,213,191)	\$ (6,766,922)	\$ (1,602,889)	\$ 21,288,812

Source: Alexandria City Public Schools Annual Comprehensive Financial Report

Table 3

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non Spendable:	\$ 910	\$ 882	\$ 879	\$ 1,150	\$ 1,232	\$ 1,246	\$ 1,357	\$ 1,538	\$ 2,033	\$ 2,177
Spendable:										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	6,670	4,566	3,260	6,997	5,033	5,206	5,724	5,099	5,114	9,319
Assigned	952	1,928	1,309	2,586	1,231	1,758	965	1,500	1,996	2,380
Unassigned	4,566	3,651	6,997	4,192	4,672	4,181	2,777	7,098	12,473	10,513
Total Spendable	12,188	10,145	11,566	13,775	10,936	11,145	9,466	13,697	19,583	22,212
Total general fund	\$ 13,098	\$ 11,027	\$ 12,445	\$ 14,925	\$ 12,168	\$ 12,391	\$ 10,823	\$ 15,235	\$ 21,616	\$ 24,389
All Other Governmental Funds										
Non Spendable:	\$ 199	\$ 177	\$ 203	\$ 335	\$ 518	\$ 281	\$ 187	\$ 244	\$ 284	\$ 351
Spendable:										
Restricted										
Capital Projects	3,337	567	892	2,685	20,450	8,166	3,372	518	476	644
Special Revenue	5,796	6,504	5,805	5,072	4,948	5,294	3,475	2,848	4,258	6,539
Total Spendable	9,133	7,071	6,697	7,757	25,398	13,460	6,847	4,088	5,551	7,183
Total all other governmental funds	\$ 9,332	\$ 7,248	\$ 6,900	\$ 8,092	\$ 25,916	\$ 13,741	\$ 7,034	\$ 4,332	\$ 5,835	\$ 7,534

Source: Alexandria City Public Schools Annual Comprehensive Financial Report

(1) ACPS implemented Governmental Accounting Standards Board Statement No. 84, Accounting and Financial Reporting for Fiduciary Activities in fiscal year 2021 and as a result, Assigned Fund Balance for Special Revenue for FY 2020 was restated.

Table 4

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Intergovernmental:										
City of Alexandria	\$ 185,841,404	\$ 185,939,138	\$ 196,303,878	\$ 202,798,138	\$ 225,318,806	\$ 206,863,993	\$ 227,228,450	\$ 241,198,310	\$ 244,947,930	\$ 248,943,085
State aid	35,765,060	37,164,240	39,386,758	42,559,291	44,328,919	47,790,226	49,703,929	51,389,373	57,331,565	59,838,156
Federal aid	15,103,172	13,074,924	13,002,053	13,317,447	15,879,993	16,292,323	16,782,666	17,635,923	28,231,637	40,272,721
Tuition and fees	664,054	578,266	431,166	425,442	445,988	422,225	613,506	374,995	353,161	712,730
Food sales	1,756,982	1,652,483	1,572,260	1,691,104	1,740,488	1,806,790	1,905,369	1,488,863	24,674	718,584
Gift and donations	-	-	-	-	-	-	-	-	-	-
Other local funds	1,148,667	1,554,803	1,400,329	1,708,405	1,416,668	1,405,702	1,014,492	1,094,084	983,271	1,536,864
Total Revenues	240,279,339	239,963,854	252,096,444	262,497,827	289,130,862	274,581,199	297,248,412	313,181,548	331,872,238	352,022,090
Expenditures										
General instruction	179,159,223	182,232,872	186,340,827	193,859,108	203,302,790	211,217,735	221,468,602	226,526,629	236,876,704	248,900,156
Adult education	889,144	900,966	957,153	1,021,582	932,395	947,842	1,017,138	974,024	857,774	1,046,435
Summer school	594,626	668,925	792,906	1,121,039	902,146	1,225,044	1,276,386	1,308,415	2,496,880	2,110,064
Administration	16,601,020	18,093,707	18,499,001	18,438,727	18,833,011	19,839,164	21,107,803	20,872,503	21,904,551	23,797,132
Attendance and health services	4,928,558	6,002,891	5,939,303	5,822,721	5,920,638	6,041,799	6,614,465	6,916,775	7,754,707	9,832,109
Pupil transportation	9,441,875	9,549,575	10,051,282	9,960,908	9,921,128	10,192,358	10,595,716	9,994,851	8,543,143	11,543,632
Operation of plants and maintenance	16,593,733	16,689,275	18,811,209	19,350,957	23,520,713	21,535,502	22,487,204	22,560,303	24,316,595	26,000,943
Food services	7,008,020	6,902,514	7,792,603	8,339,044	9,097,687	9,800,831	12,117,679	10,010,733	9,639,273	11,458,429
Capital improvement services	3,205,123	3,098,165	4,166,558	2,194,108	6,617,611	5,086,475	8,192,682	12,383,016	10,952,500	9,338,108
Debt Service:										
Principal	1,013,289	-	-	-	597,586	604,070	615,648	627,448	639,474	3,074,924
Interest	32,221	-	-	-	48,488	42,004	30,426	18,628	6,600	448,022
Total Expenditures	239,466,832	244,118,890	253,350,842	260,108,194	279,694,193	286,532,824	305,523,749	312,193,323	323,988,201	347,549,954
Excess (deficiency) of revenues over expenditures	812,507	(4,155,036)	(1,254,398)	2,389,633	9,436,669	(11,951,625)	(8,275,337)	988,225	7,884,037	4,472,136
Other financing sources (uses)										
Transfers in	-	-	1,195,221	1,079,387	4,874,636	7,422,877	1,431,902	1,555,604	1,716,473	1,420,738
Transfers out	-	-	(1,195,221)	(1,079,387)	(2,550,004)	(1,792,484)	(1,431,902)	(1,555,604)	(1,716,473)	(1,420,738)
Total Other Financing Sources (uses)	-	-	-	-	2,324,632	5,630,393	-	-	-	-
Total Net Change in Fund Balances	\$ 812,507	\$ (4,155,036)	\$ (1,254,398)	\$ 2,389,633	\$ 11,761,301	\$ (6,321,232)	\$ (8,275,337)	\$ 988,225	\$ 7,884,037	\$ 4,472,136
Ratio of debt service expenditures to noncapitalized expenditures	0.44%	0.00%	0.00%	0.00%	0.24%	0.23%	0.21%	0.21%	0.20%	1.03%

Source: Alexandria City Public Schools Annual Comprehensive Financial Report

Table 5

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PERSONNEL SERVICES										
Personnel services	\$ 138,857,082	\$ 142,806,798	\$ 145,193,704	\$ 153,495,475	\$ 159,825,215	\$ 162,575,674	\$ 169,588,683	\$ 173,523,381	\$ 174,991,957	\$ 185,571,139
Benefits	47,639,880	49,626,807	53,900,044	52,480,610	56,312,031	62,906,749	66,049,201	67,480,510	71,835,743	71,072,579
Total Personnel Services	186,496,962	192,433,605	199,093,748	205,976,085	216,137,246	225,482,423	235,637,884	241,003,891	246,827,700	256,643,718
NON-PERSONNEL SERVICES										
Professional services	2,981,527	3,207,115	2,596,283	2,569,775	3,169,621	3,097,016	2,657,104	2,552,699	2,444,806	3,013,101
Temporary help service fees	1,744,523	1,507,817	1,556,284	1,721,543	1,625,152	1,257,808	1,809,012	1,734,105	2,098,734	1,821,420
Maintenance services and contracts	4,255,492	4,081,610	4,781,510	5,542,122	6,089,271	5,983,454	7,161,193	7,598,114	8,385,432	8,590,452
Transportation	1,411,008	1,451,944	1,587,439	1,452,706	1,458,626	1,419,843	1,819,079	1,555,850	159,835	2,261,809
Printing and binding	146,569	194,802	187,794	206,436	192,158	205,159	172,159	201,125	446,418	88,219
Purchase of services from other gov. entities	376,375	308,360	306,315	198,449	124,437	144,034	294,201	153,309	57,182	22,715
Other purchased services	32,559	32,167	52,622	34,684	32,898	-	40,290	65,615,000	43,616	64,552
Internal services	(777)	6,443	3,499	1,008	14,045	(2,531)	16,546	(3,616)	(3,902)	2,749
Utilities	2,753,748	2,637,463	2,857,652	2,835,800	3,130,632	3,382,399	3,592,287	3,284,241	2,788,504	3,952,311
Communications	834,353	807,257	920,515	800,220	784,027	868,402	941,975	994,718	1,048,369	958,415
Insurance	292,202	312,349	279,658	269,764	279,641	284,513	302,993	333,598	351,935	388,158
Leases and rentals	3,269,711	2,501,502	4,379,671	3,617,247	5,849,176	3,939,458	4,026,778	4,833,136	4,413,049	156,660
Travel	479,205	530,679	531,201	611,550	596,875	661,984	843,376	488,525	45,009	426,268
Awards and grants	415,473	537,833	627,760	484,473	98,315	102,802	88,696	21,826	32,470	37,322
Miscellaneous	206,269	244,376	242,609	290,835	256,288	302,211	323,440	297,053	340,146	344,408
Educational and recreational supplies	2,239,990	1,892,870	1,929,657	2,163,693	1,981,943	2,375,946	2,381,581	1,908,146	2,923,723	2,078,988
Textbooks	647,396	2,694,179	1,219,696	641,291	818,646	1,004,831	1,785,815	469,577	240,525	639,943
Food supplies and food service supplies	440,840	411,875	421,654	442,635	471,180	339,932	348,807	261,000	14,791	303,850
Technology	2,126,434	1,599,853	1,700,148	1,848,303	2,021,405	2,172,604	2,086,766	2,338,549	2,723,344	2,655,239
Medical and laboratory supplies	21,623	21,161	23,756	23,756	26,389	27,274	27,055	30,684	25,825	30,190
Repair and maintenance supplies	212,785	260,433	382,833	298,222	300,182	331,301	297,736	450,781	298,397	382,659
Laundry, housekeeping and janitorial supplies	452,425	427,118	425,525	437,919	466,466	441,183	365,298	335,518	536,653	603,571
Vehicle and power equipment fuel	543,069	560,756	473,636	320,157	327,167	414,348	428,768	289,786	110,835	479,373
Vehicle and power equipment supplies	258,569	242,774	319,096	289,289	313,733	330,320	327,478	301,887	136,592	246,413
Other operating supplies	364,630	291,445	337,441	355,572	323,750	73,697	161,487	140,164	267,885	220,446
Capital outlay	1,282,458	2,788,917	2,699,793	3,273,788	5,338,941	1,831,994	2,021,554	2,043,133	2,008,741	1,192,190
Debt Service:										
Principal	1,013,289	-	-	-	597,586	604,070	616,648	627,448	639,474	3,074,924
Interest	32,221	-	-	-	48,488	42,004	30,426	18,626	6,600	448,022
Total Non-personnel Services	28,833,966	29,543,098	30,805,409	30,731,267	36,735,038	31,646,066	34,968,548	33,305,597	32,584,988	34,484,367
GRAND TOTAL	\$ 215,330,928	\$ 221,976,703	\$ 229,899,157	\$ 236,707,352	\$ 252,872,284	\$ 257,128,489	\$ 270,606,432	\$ 274,309,488	\$ 279,412,688	\$ 291,128,085

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
John Adams Elementary School	\$59	\$63	\$43	\$115	\$106	\$0	\$100	\$99	\$125	\$705	\$1,415
Charles Barrett Elementary School	-	-	38	289	51	319	219	13	19	64	1,012
Patrick Henry Elementary School	194	5	-	-	-	7	824	368	15	-	1,413
Jefferson-Houston School	-	-	771	-	16	1	122	209	(145)	-	974
Cora Kelly School for Math, Science and Technology	296	6	-	-	2	-	13	720	355	187	1,579
Lyles-Crouch Traditional Academy	3	-	-	46	6	8	39	-	273	363	738
Douglas MacArthur Elementary School	-	-	-	-	-	-	19	-	3,412	202	3,633
George Mason Elementary School	-	-	-	228	92	35	20	122	162	-	659
Naomi L. Brooks Elementary School	-	-	-	-	11	-	267	53	7	574	912
Mount Vernon Community School	-	3	17	160	92	59	122	360	126	534	1,473
James K. Polk Elementary School	-	-	-	-	38	605	345	56	6	229	1,279
William Ramsay Elementary School	-	-	-	-	-	-	67	95	166	115	443
Francis C. Hammond Middle School	161	103	-	179	31	200	52	40	167	615	1,548
George Washington Middle School	-	-	290	-	50	306	480	643	1,115	918	3,802
Alexandria City High School	-	-	21	148	80	974	443	1,290	874	1,116	4,946
Rowing Facility	43	97	20	105	-	121	592	28	26	27	1,059
Samuel W. Tucker Elementary School	-	-	-	-	14	-	50	-	109	82	255
Ferdinand T Day	-	-	-	-	-	-	46	105	323	399	873
System Wide	2,449	2,821	2,966	924	2,944	2,452	4,373	8,182	3,818	3,208	34,137
GRAND TOTAL	\$3,205	\$3,098	\$4,166	\$2,194	\$3,533	\$5,087	\$8,193	\$12,383	\$10,953	\$9,338	\$62,150

Source: Alexandria City Public Schools Financial Services Department

Table 7

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

Fiscal Year	Principal	Interest	Total Capital Lease Payments ⁽¹⁾	General Fund Expenditures ⁽²⁾	Ratio
2022	\$ 3,074,924	\$ 448,022	\$ 3,522,946	\$ 291,128,085	1.21%
2021	639,474	6,600	646,074	279,412,688	0.23%
2020	627,448	18,626	646,074	274,309,488	0.24%
2019	615,648	30,426	646,074	270,606,432	0.24%
2018	604,070	42,004	646,074	257,128,489	0.25%
2017	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%

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

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

Source: Alexandria City Public Schools Annual Comprehensive Financial Reports

Table 8

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

<u>Fiscal Year</u>	<u>Governmental Funds Expenditures ⁽¹⁾</u>	<u>Actual Enrollment ⁽²⁾</u>	<u>Cost Per Pupil ⁽⁴⁾</u>	<u>Average Daily Attendance [ADA] ⁽³⁾</u>	<u>Average Daily Membership [ADM] ⁽³⁾</u>
2022	\$ 338,211,846	16,144	\$ 19,803	14,126	15,166
2021	313,035,701	15,635	18,241	14,065	15,052
2020	299,810,307	16,117	18,190	15,147	15,623
2019	297,331,067	15,795	17,740	14,788	15,303
2018	281,446,349	15,540	17,193	14,431	14,997
2017	276,160,808	15,105	17,216	14,056	14,816
2016	257,914,086	14,729	16,896	13,853	14,610
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

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 Annual Comprehensive 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⁾
2022	\$ 14,894,033	\$ 91,151	9,099	2.4%	1,571	163,400	5,729	2,111
2021	14,665,740	90,922	8,385	4.3%	1,581	161,300	4,853	1,770
2020	14,127,927	88,743	9,094	8.3%	1,697	159,200	5,117	2,045
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	83,395	8,965	2.8%	1,803	152,200	4,789	1,929
2016	11,789,823	78,651	8,664	2.9%	1,672	149,900	4,381	1,744
2015	12,071,851	81,760	8,582	3.5%	1,634	147,650	4,202	1,605
2014	12,115,212	84,133	8,100	4.6%	1,621	144,000	3,642	1,488
2013	11,760,450	82,820	7,370	4.7%	1,641	142,000	3,406	1,671

- Source:
- ⁽¹⁾ School Nutrition Services
 - ⁽²⁾ The City of Alexandria- The Bureau of Labor Statistics has revised these numbers
 - ⁽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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Elementary										
Pre-K & Kindergarten	1,792	1,703	1,735	1,795	1,777	1,805	1,845	1,759	1,539	1,624
Grades 1 - 3	3,666	3,898	4,013	4,144	4,109	4,134	4,151	4,191	4,008	3,835
Grades 4 - 6	2,915	3,022	3,134	3,259	3,540	3,687	3,710	3,701	3,606	3,476
Total Elementary	8,373	8,623	8,882	9,198	9,426	9,626	9,706	9,651	9,153	8,935
Secondary										
Grades 7 - 8	1,540	1,656	1,811	1,878	1,876	1,918	2,072	2,293	2,284	2,161
9th Grade	813	892	1,028	975	1,077	1,217	1,156	1,269	1,136	1,342
10th Grade	847	846	917	1,069	1,022	991	1,029	973	1,127	937
11th Grade	789	832	795	814	883	886	883	919	906	1,030
12th Grade	673	714	734	736	772	855	891	957	982	1,069
Total Secondary	4,662	4,940	5,285	5,472	5,630	5,867	6,031	6,411	6,435	6,539
Special Placements										
District-wide	69	79	57	59	49	47	58	55	47	52
Grand Total	13,104	13,642	14,224	14,729	15,105	15,540	15,795	16,117	15,635	15,526

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

	2013	2014 ⁽¹⁾	2015	2016	2017	2018	2019	2020 ⁽²⁾	2021 ⁽³⁾	2022	10-year Average
DAYS MEALS SERVED											
No. of days, Traditional calendar schools	182	175	180	177	181	181	181	120	66	169	161
Additional days, Modified calendar schools	22	21	21	19	19	20	21	21	0	10	17
Total school days	204	196	201	196	200	201	202	141	66	179	179
NUMBER OF PUPIL LUNCHES SERVED:											
Paid lunches	316,368	277,992	271,798	287,176	287,051	292,726	313,755	239,425	-	-	228,629
Reduced price lunches	201,473	202,174	215,702	207,005	193,515	198,011	200,190	130,141	-	-	154,821
Free lunches	932,328	956,096	1,051,000	1,082,959	1,124,532	1,099,122	1,121,217	988,143	1,029,248	1,648,554	1,103,320
Total Pupil Lunches	1,450,169	1,436,262	1,538,500	1,577,140	1,605,098	1,589,859	1,635,162	1,357,709	1,029,248	1,648,554	1,486,769
NUMBER OF PUPIL BREAKFASTS SERVED:											
Paid breakfasts	61,791	76,700	87,558	73,799	125,705	108,747	132,652	108,870	-	-	77,582
Reduced price breakfasts	85,305	95,741	94,799	89,078	114,929	104,337	111,966	74,887	-	-	77,104
Free breakfasts	397,465	428,969	452,947	458,130	657,637	627,109	618,461	674,523	986,414	835,785	613,744
Total Pupil Breakfasts	544,561	601,410	635,304	621,007	898,271	840,193	863,079	858,280	986,414	835,785	768,431

(1) 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.

(2) School buildings closed for the remainder of the school year on March 13th due to Covid 19. ACPS provided free meals at five locations for the remainder of the school year.

(3) Beginning July 1, 2020, ACPS provided free meals at 8 curbside pickup locations while school buildings were closed due to Covid-19. School buildings re-opened March 2, 2021.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	10-year Total	10-year Average
Revenues												
Federal aid	\$ 4,995,585	\$ 5,196,567	\$ 5,863,269	\$ 6,251,009	\$ 6,858,274	\$ 7,076,588	\$ 7,245,213	\$ 7,005,967	\$ 9,899,585	\$ 11,119,776	\$ 71,511,833	\$ 7,151,183
State aid	119,895	126,034	121,568	131,371	169,466	180,394	208,050	211,478	123,014	251,011	1,642,281	164,228
Local	1,766,299	1,706,521	1,617,693	1,768,239	1,850,100	1,931,883	2,037,775	1,635,574	91,855	768,963	15,174,902	1,517,490
Total Revenue	6,881,779	7,029,122	7,602,530	8,150,619	8,877,840	9,188,865	9,491,038	8,853,019	10,114,454	12,139,750	88,329,016	8,832,902
Expenditures												
Salaries	2,152,742	2,195,771	2,261,433	2,582,048	2,758,435	2,804,003	3,057,166	3,144,920	3,104,437	3,695,094	27,756,049	2,775,605
Benefits	892,643	896,539	1,004,572	1,001,727	1,040,367	1,279,584	1,406,650	1,432,823	1,436,074	1,565,686	11,956,665	1,195,667
Purchased services	39,071	61,592	41,016	57,408	61,973	86,941	74,817	82,731	116,311	149,326	771,186	77,119
Internal services	4,590	4,489	2,304	1,747	2,901	3,341	4,910	6,659	-	995	31,937	3,194
Other charges	16,521	9,482	11,461	12,469	24,783	18,648	29,424	24,712	12,076	14,852	174,428	17,443
Food supplies	3,244,483	3,214,658	3,497,335	3,854,325	4,031,456	4,020,137	4,008,063	3,819,850	3,318,220	4,460,469	37,468,996	3,746,900
Capital outlay	197,917	10,147	281,269	133,892	343,541	787,369	2,808,818	885,636	662,357	697,605	6,808,551	680,855
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	6,547,967	6,392,678	7,099,390	7,643,615	8,263,456	9,000,023	11,389,848	9,397,333	8,649,475	10,584,027	84,967,812	8,496,781
Revenues over (under) Expenditures	\$ 333,812	\$ 636,444	\$ 503,140	\$ 507,004	\$ 614,384	\$ 188,842	\$ (1,898,810)	\$ (544,314)	\$ 1,464,979	\$ 1,555,723	\$ 3,361,204	\$ 336,121

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 Year	Student Breakfast	Student Lunch			Adult ⁽¹⁾ Lunch
		Elementary	Middle	High	
2022	1.75	2.85	3.05	3.05	3.80
2021	1.75	2.85	3.05	3.05	3.80
2020	1.75	2.85	3.05	3.05	3.80
2019	1.75	2.85	3.05	3.05	3.80
2018	1.75	2.85	3.05	3.05	3.80
2017	1.75	2.65	2.85	2.85	3.60
2016	1.75	2.65	2.85	2.85	3.60
2015	1.75	2.45	2.65	2.65	3.40
2014	1.75	2.45	2.65	2.65	3.30
2013	1.50	2.35	2.60	2.60	3.25

(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**

Client	Current Year			Nine years Ago		
	Sales	Rank	Percentage of Sales	Sales	Rank	Percentage of Sales
Students	\$ 46,372	1	6.5%	\$ 843,389	1	48.0%
A La Carte	277,907	2	38.7%	559,783	2	31.9%
Catering/Other	371,052	3	51.6%	173,958	3	9.9%
Summer School Feeding Program	-	4	0.0%	119,099	4	6.8%
Adult	23,203	5	3.2%	60,281	5	3.4%
Vending	-	6	0.0%	472	6	0.0%
Total	<u>\$ 718,534</u>		<u>100.0%</u>	<u>\$ 1,756,982</u>		<u>100.0%</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction	1,768.0	1,746.4	1,775.0	1,882.3	1,936.0	1,959.6	2,017.2	2,033.5	2,069.3	2,066.9
Adult Education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administration	69.0	75.0	84.5	95.6	96.0	95.0	97.5	101.5	106.0	107.0
Attendance and Health	34.3	54.9	60.0	58.3	68.9	68.9	69.9	70.1	69.9	74.9
Transportation	137.0	141.5	148.5	152.0	154.0	154.0	157.0	162.0	153.0	154.0
Plant Operations & Maintenance	90.5	108.5	102.5	107.5	109.5	109.5	110.5	106.6	103.6	104.6
School Food Services	92.0	103.1	93.6	126.0	127.0	127.0	129.0	129.4	143.0	138.0
Total FTEs	2,194.8	2,233.5	2,268.0	2,425.6	2,495.4	2,517.9	2,585.1	2,607.2	2,648.9	2,649.5

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Instructional Facilities</u>										
Pre-Kindergarden	-	-	-	-	-	-	1 ⁽¹⁾	1	1	1
Elementary Schools	12	12	12	12	12	12	12	12	12	12
Pre-Kindergarden to Eighth Grade Schools (K-8)	1	1	1	1	1	1	2	2	2	2
Middle Schools	5 ⁽²⁾	5 ⁽²⁾	2 ⁽²⁾	2	2	2	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1
Alternative Education	2	2	2	2	2	2	2	2	2	2
<u>Plant Operations and Maintenance</u>										
Vehicles	52	53	59	57	56	58	63	81	75	76
<u>Pupil Transportation</u>										
Buses	101	107	107	99	113	118	119	122	118	122

⁽¹⁾ In fiscal year 2019, ACPS started a new district wide pre-kindergarden program that is organized and managed as a separate school at an existing elementary school location led by a principal and supported by an assistant principal.

⁽²⁾ From fiscal years 2013 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, 2022**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	309	19.34%
Master's Degree	934	58.44%
Master's + 30	<u>355</u>	<u>22.22%</u>
Total	<u><u>1,598</u></u>	<u><u>100.0%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	350	21.90%
6 - 10	360	22.53%
11 and over	<u>888</u>	<u>55.57%</u>
Total	<u><u>1,598</u></u>	<u><u>100.0%</u></u>

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⁾
2022	\$ 51,833	\$ 81,860	\$ 115,980	2.5%
2021	50,569	78,558	113,151	3.4% ⁽⁴⁾
2020	48,894	78,461	109,403	0.0%
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%

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

CITY OF ALEXANDRIA, VIRGINIA

Principal Employers

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

Current Year	Employees ⁽¹⁾	Percentage of Total City Employment ⁽²⁾	Nine Years Ago	Employees ⁽¹⁾	Percentage of Total City Employment ⁽²⁾
LARGEST PUBLIC EMPLOYERS					
LARGEST PUBLIC EMPLOYERS			LARGEST PUBLIC EMPLOYERS		
U.S. Department of Defense - Mark Center	8,000	9.50%	U.S. Department of Commerce	1,000 & over	3.41%
U.S. Department of Commerce (includes Patent and Trademark O	5,000	5.94%	U.S. Department of Defense	1,000 & over	3.41%
Alexandria City Public Schools	2,500	2.97%	Washington Metropolitan Area Transit Authority	1,000 & over	3.41%
City of Alexandria	2,500	2.97%	City of Alexandria	2,551	2.90%
Washington Metropolitan Area Transit Authority	1,200	1.43%	Alexandria City Public Schools	2,230	2.54%
U.S. Dept of Agriculture	800	0.95%	Northern Virginia Community College	500-999	0.85%
Commonwealth of VA-Nothorn VA Community College	600	0.71%	U.S. Department of Agriculture	500-999	0.85%
		24.47%			17.37%
LARGEST PRIVATE EMPLOYERS					
LARGEST PRIVATE EMPLOYERS			LARGEST PRIVATE EMPLOYERS		
Inova Alexandria Hospital	1,700	2.02%	The Alexandria Hospital	1,000 & over	3.41%
Institute for Defense Analysis	650	0.77%	Institute for Defense Analysis	1,000 & over	3.41%
System Plan & Analysis Inc	550	0.65%	ABM Janitorial Services M Inc	1,000 & over	3.41%
Cuisine Solutions Inc	500	0.59%	CAN Corporation	1,000 & over	3.41%
Kearney & Company, P.C.	450	0.53%	Grant Thornton LLP	500-1000	0.85%
Woodbine Rehabilitation & Healthcare Center	425	0.50%	Oblon Spivak McClelland PC	250-499	0.43%
Diversified ProtectionCoprpraiton	400	0.48%	Catholic Diocese of Arlington	250-499	0.43%
		5.54%			15.35%

SOURCE: Virginia Employment Commission and Alexandria Economic Development Partnership Quarterly Census of Employment and Wages, Q2 2002

(1) Employment numbers are estimate only

(2) Percentages are based on the midpoint of the employment range.

Table 20
CITY OF ALEXANDRIA, VIRGINIA
Ratio of Net General Debt⁽¹⁾ to Assessed Value
and Net Debt Per Capita
Last Ten Fiscal Years

Year	Population ⁽³⁾	Taxable Assessed Value (\$000) ⁽²⁾			Outstanding Debt ⁽¹⁾	Outstanding Debt As Percentage of Assessed Total Property		Personal Income (\$100)	Debt Per Capita	Debt Per Capita As A Percentage of Per Capita Income ⁽⁴⁾
		Real Property	Property	Total		Real Property	Property			
2022	163,400	\$ 46,560,058	\$ 1,664,074	\$ 48,224,132	\$ 802,606,000	1.72	1.66	\$ 14,894,033	\$ 4,912	5.58
2021	161,300	43,826,796	1,506,234	45,333,030	704,117,000	1.61	1.55	14,665,740	4,365	4.86
2020	159,200	42,679,237	1,596,166	44,275,403	747,911,000	1.75	1.69	14,127,927	4,698	5.34
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

(1) Net General Debt and Outstanding Debt includes general obligation bonds, premium and term notes, which are reported in the financials of the City of Alexandria.

(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

Calendar Year	Real Property (\$000)			Personal Property (\$000)				Total Assessment
	Residential	Commercial	Total	Tax rate per \$100	Motor Vehicle and Tangibles Assessment	Tax rate per \$100	Machine and Tools Assessment	
2022	\$ 27,828,841	\$ 18,074,465	\$ 45,903,309	1.110	\$ 1,775,759	4.75	\$ 15,755	\$ 1,791,514
2021	26,029,769	17,158,601	43,188,369	1.110	1,652,958	4.75	11,115	1,664,073
2020	24,550,610	17,501,144	42,051,754	1.130	1,491,271	5.33	14,963	1,506,234
2019	23,310,833	17,025,285	40,336,118	1.130	1,581,904	5.00	14,262	1,596,166
2018	22,844,035	16,437,017	39,281,052	1.130	1,555,607	5.00	9,727	1,565,334
2017	22,092,997	16,284,957	38,377,954	1.130	1,517,743	5.00	6,123	1,523,866
2016	21,713,189	15,886,156	37,599,345	1.073	1,492,140	5.00	11,199	1,503,339
2015	21,195,556	15,376,112	36,571,668	1.050	1,426,427	5.00	10,776	1,437,203
2014	20,314,909	15,020,272	35,335,181	1.043	1,397,502	5.00	11,281	1,408,783
2013	19,384,651	14,706,140	34,090,791	0.998	1,417,679	4.75	11,506	1,429,185

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. Assessed values shown are the original assessment and do not reflect any levy adjustments.

Source: City of Alexandria Annual Comprehensive Financial Report



CliftonLarsonAllen LLP
CLAconnect.com

**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**

Board of Education and Management
City of Alexandria Public Schools
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 the governmental activities, each major fund, and the aggregate remaining fund information of City of Alexandria Public Schools (ACPS), a component unit of the City of Alexandria, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the ACPS' basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACPS' internal control over financial reporting (internal control) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Board of Education and Management
City of Alexandria Public Schools

Report on 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 financial statements. 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



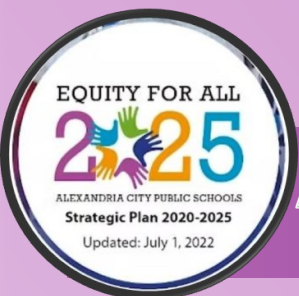
CliftonLarsonAllen LLP

Arlington, Virginia
December 20, 2022



Alexandria City Public Schools

Financial Services Department
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A Component Unit of the City of Alexandria, Virginia
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