ACPS

Alexandria City Public Schools

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

EQUITY FOR ALL 2025
ALEXANDRIA CITY PUBLIC SCHOOLS
Strategic Plan 2020-2025
Updated: July 1, 2022

A Component Unit of the City of Alexandria, Virginia

www.acps.k12.va.us

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Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Prepared by:

Financial Services Department

Dr. Melanie Kay-Wyatt
Superintendent of Schools

Dominic B. Turner
Chief Financial Officer

Michael A. Covington
Director, Accounting

Farahnaz Afrasiabi
Sr. Accountant

C. Michael Barclay
Sr. Accountant

Henryetta Lang
Administrative Assistant II

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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.

Alexandria City Public Schools

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December 15, 2023

The Honorable Dr. Michelle Rief 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, 2023. 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, 2023. 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, 2023. 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, 2023, 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, 2023, 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

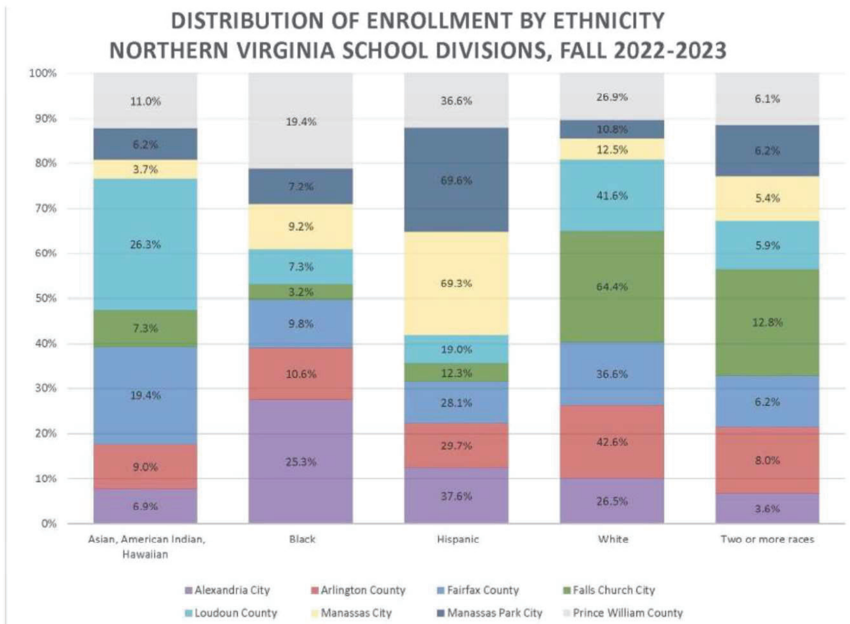
Alexandria City Public Schools is a school division located within and serving the residents of the City of Alexandria.

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 serves a diverse student population, with students who come from more than 119 different countries, speak more than 124 native 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, 2022-2023 Fall Membership

Prior to the 2022-23 school year, ACPS experienced enrollment increases over the prior seven years and expected this growth trend to continue into the coming school years. For the 2022-2023 school year, ACPS experienced an increase of 260 students, a total student enrollment of 15,786, compared to the prior school year. Enrollment for the 2023-24 school year is projected at 15,847 students, an estimated increase of 0.4 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 2023, four of the 18 ACPS facilities will be older than 75 years. This includes Mount Vernon, Naomi L. Brooks and George Mason elementary schools, and George Washington Middle School. Over the next 20 years, an additional seven schools will reach 75 years or more. This underlines our concern for maintenance and replacement of our aged systems and infrastructure. Construction on the new

Douglas MacArthur Elementary School was completed for the 2023-24 school year.

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. Based on the US Census Bureau's 2022 five-year estimate data, the unemployment rate, population 16 years and over, for the City and the Commonwealth are 2.4 percent and 2.8 percent, respectively. These rates continue to be lower than the average national unemployment rate of 3.4 percent.

Since 2010, real property tax, which generate over half of the City's General Fund revenues, have continued to grow. Residential tax revenue increased by 4.5 percent compared to 2022, while commercial multi-family tax revenue increased by 6.8 percent.

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 80 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. Additionally, assumptions related to salary increases, as well as the growth of healthcare and retirement costs, can drive forecast results. The most recent forecast shows that the school division will face funding shortfalls that range from approximately $12.0 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 and Highlights

New Division Superintendent Appointment

The School Board officially announced Dr. Melanie Kay-Wyatt as the new permanent superintendent for ACPS in May 2023. Dr. Kay-Wyatt was selected from a national search process led by a nationally-recognized executive search firm. She led the division as the ACPS interim superintendent starting Sept. 1, 2022, and was appointed to the role of permanent superintendent, effective July 1, 2023, with a four-year contract that extends through June 30,2027. Dr. Kay-Wyatt is the first Black female permanent superintendent of ACPS.

ACPS-George Washington University Partnership for Teacher Recruitment

ACPS launched an innovative partnership with The George Washington University's (GW) Graduate School of Education and Human Development to expand the number of special education instructional assistants and teachers who serve ACPS pre-K-12 students in its 18 schools. Individuals are able to apply at the same time to both the GW master's program and employment within ACPS. While in their first year of the program, graduate students will work as ACPS instructional assistants to develop key instructional strategies, learn best practices and receive targeted professional learning from both ACPS and GW teams. They will then have the opportunity to move into teacher roles for their second year in the program. ACPS has committed to offering $800 in funding to each program participant to aid in tuition costs on an annual basis. An Informational event was held in February 2023 and applications were made available on the ACPS website. The program is one step in ACPS' efforts to ramp up recruiting to fill all positions within the school division with highly qualified candidates.

Successful migration and launch of Finalsite-supported new ACPS Website

The ACPS school division's website, as well as the websites of all ACPS schools, were successfully upgraded and migrated to a Finalsite-supported platform at its soft launch in July 2022. A new look was debuted that features a forward-looking design and easy to navigate structure to improve the communications experience for all stakeholders. With its renewed focus on our students and staff, it reflects and strengthens the school division brand. Aligned with the tenets of the ACPS Equity for All Strategic Plan, the new website provides high-quality automated translations that allow for greater accuracy and more current information online. The redesign also ensures all content is compliant with Americans with Disabilities accessibility guidelines. The official introduction of the new website at the start of the 2022-23 school year offered visually appealing and stylistically aligned materials aimed at enhancing content quality, accessibility and user experience. Its aesthetics and functionality, defined by internal and external advisory group feedback, will be shaped by ACPS stories in multimedia formats highlighting students, staff and programs. As a key component of the 2021-25 ACPS Strategic Communications and Community Engagement Plan, the user-friendly website redesign supports intuitive navigation and access to accurate, relevant and timely communications and engagement from each school to families, students and staff to foster stronger relationships.

Rollout of mass communications platform ParentSquare across ACPS division
In 2022-23, ACPS launched a new mass communications platform to encourage a stronger school to home connection. ParentSquare, a unified app for school communications, allows families to receive announcements from the division and their schools and teachers in one place, with the added ability to engage in two-way communication in the preferred language through text messages, conference scheduling and sign-ups. Resources such as language specific instructional videos and onsite training sessions have been facilitated by staff and made available to families and school personnel to promote the use of ParentSquare's many helpful features which streamline communications and help empower everyone within the school community to stay connected and informed.

Advancing Capital Planning and Operational Initiatives
Completed construction of new Douglas MacArthur Elementary School- As ACPS' modernization program moves forward, the Douglas MacArthur Elementary School project was completed on time and a ribbon cutting ceremony was held on Aug. 18, 2023. This $75 million project was funded through the adopted Capital Improvement Program budget in Fiscal Years 2021 and 2022. With these funds received from the City of Alexandria, this new building offers a modern and innovative space where students can learn and grow and staff can teach and thrive. Built on the site of the original building, which first opened in 1943, the new facility features dedicated space for classrooms, art and music rooms, physical education and a multipurpose room. The design also includes turf fields and play areas. This three-story structure is energy efficient and its Forest Design concept provides more natural light to classrooms which is critical for providing welcoming learning environments for students. There are handicap-accessible restrooms throughout the building, closer to classrooms, while allowing for student privacy. The new Douglas MacArthur Elementary School was developed with the foresight to accommodate area growth and has classroom space for up to 825 students in grades PreK-5. This state-of-the-art facility opened for daily use by students and staff on Aug. 21, 2023, for the first day of school year 2023-24.

Ongoing work on The High School Project
The topping-out ceremony in the construction of Alexandria City High School's (ACHS) new Minnie Howard campus served as a major milestone. On April 26, 2023 the final beam was signed by school and community leaders and a crane positioned the beam in the top corner of the building. The new Minnie Howard campus is part of The High School Project and the ACPS Office of Capital Programs, Planning and Design has been instrumental in moving it forward. Gilbane Building Company, leading Minnie Howard redevelopment project construction efforts, calls the structure a 21st-century state-of-the-art net-zero building. This project is designed to address the challenges of growing student enrollment while meeting future business needs of the D.C. metro region. Minnie Howard Campus construction initially got underway in April of 2022 and is a key component of ACPS' modernization plans that aim to expand capacity and upgrade facilities. The new building is scheduled to be opened for the 2024-25 school year.

Academic Highlights for School Year 2022-23

➢ Number of Graduates and Scholarships Awarded - ACHS awarded diplomas to 946 students at its June 3, 2023, commencement ceremony and summer graduation event. More than 600 graduates reported applying to a college or university and 16 graduates planned to serve in the U.S. military. The Scholarship Fund of Alexandria awarded scholarships to 208 students totaling $627,000, many of which are renewable throughout four years of study. Ten students received an Akerson Scholarship of $10,000 per year, renewable for four years. Four students won a Project Discovery Scholarship, each receiving $5,000. Twenty Titan athletes signed letters of intent to compete in collegiate athletics in 10 sports. There were 419 seniors (43% of the class) who graduated with an Advanced Studies Diploma.

➢ Preliminary Standards of Learning Results - Virginia Department of Education (VDOE) reported increases in division performance in 2022-23 annual Standards of Learning (SOL) student pass rates in the areas of Mathematics, Science, Writing and History/Social Sciences and a consistent pass rate in Reading, when compared to the previous school year.

➢ Highlights of the federally adjusted school, division and state pass rates by grade, content area and student group indicate:

- Results by student groups showed performance increased across all accountability student groups in Mathematics and across most student groups in Science when compared to the previous year, narrowing historic gaps in achievement.
- In Reading, Writing, and History/Social Sciences, the pass rates for most student groups were within two percentage points of the previous school year, with few exceptions.
- Tremendous gains were seen at the school level, with four schools increasing Mathematics pass rates by 10 percentage points or more and five schools increasing Science pass rates by 14 percentage points or more compared to the previous year.
- ACPS division wide, federally adjusted SOL pass rates reported by VDOE for the 2022-23 school year:

    - Mathematics: 53%; +4 percentage points
    - Reading: 60%; -1 percentage point
    - Science: 52%; +3 percentage points
    - Writing: 65%; +3 percentage points
    - History/Social Sciences: 56%; +2 percentage points

➢ SEAL Supports for Students - During the 2022-23 school year, ACPS provided 30-minutes of social, emotional and academic learning (SEAL) each day. This learning support helps students with relationship-building skills, responsible decision- making, self-awareness, self-management and social awareness. SEAL became instrumental in assisting students to adjust to school life during the pandemic and its benefits continue.

- Cora Kelly School for Math, Science and Technology (Cora Kelly) was among several schools nationwide to be featured in a series of articles in USA Today that took a closer look at what an American school day looks like post-COVID, and addressed learning loss and attendance concerns. This USA Today series also included how Cora Kelly third graders were tested during their first, in-person school year after the pandemic. It featured lessons learned as its young students navigated from in-person to hybrid, to virtual learning and back.

Spotlighting Family Engagement and Communication Highlights

➢ Grand opening of FACE Center - A ribbon-cutting for the new Family and Community Engagement (FACE) Center for ACPS was held on Nov. 29, 2022. Located on the sixth floor of Ferdinand T. Day Elementary School, the FACE Center aims to engage ACPS' families in opportunities designed to support their children's academic and social-emotional development in a healthy and respectful manner which, in turn, serves to increase two-way communication and cultural understanding. The center assists by providing language specific and bilingual family liaisons to serve our Amharic, Arabic, Dari and Spanish speaking families. The FACE Center serves as the home base for ACPS family liaisons as they help build authentic relationships as the foundation of the division's work with families and the community. At the FACE Center, needed resources are also provided to all ACPS families, along with workshops and other activities that support educational achievement and overall quality of life.

➢ National awards for outstanding work in school communications - ACPS Department of School & Community Relations (SCR) received 15 national awards from the National School Public Relations Association (NSPRA) for its outstanding work in sharing stories from our schools while strengthening our division's communications and engagement with students, staff and families. The SCR team received three NSPRA 2023 Golden Achievement Awards and 12 NSPRA 2023 Publications and Digital Media Awards.

Financial Information

ACPS ended the fiscal year in sound financial condition. The government-wide financial statements reflect revenues in excess of expenditures by $20.4 million. General Fund expenditures and other financing uses exceed revenues by approximately $3.4 million using the modified accrual basis of accounting. The FY 2023 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, 2023, 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, 2022. 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 20th 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, 2022. This was the 13th 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, 2023. 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 2024 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 Melanie Kay-Wyatt
on 2024-01-02 19:11:50 GMT

Dr. Melanie Kay-Wyatt
Superintendent

E-SIGNED by Dominic Turner
on 2023-12-29 17:14:14 GMT

Dominic B. Turner
Chief Financial Officer

E-SIGNED by Michael Covington
on 2023-12-29 21:04:07 GMT

Michael A. Covington
Director, Accounting

School Board

Michelle Rief .... Chair
Kelly Carmichael Booz .... Vice-Chair
Meagan Alderton .... Member
Jacinta Greene .... Member
Vacant.......... Member
Tammy Ignacio .... Member
Ashley Simpson Baird .... Member
Abdel-Rahman Elnoubi.......... Member
W. Christopher Harris .... Member

Susan Neilson.......... Clerk of the Board

Superintendent's Leadership Team

Dr. Melanie Kay-Wyatt .... 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. Pierrette Finney .... Chief of Teaching, Learning & Leadership
Dr. Clinton Page .... Chief of Accountability & Research
Dr. Alicia Hart .... Chief Operating Officer
Dr. Grace Taylor.......... Chief of Staff
Kamika Valmond .... Executive Director, Human Resources
Erika Gulick .... Executive Director, Facilities
Taneika Taylor Tukan .... Executive Director, Community Partnership & Engagement
Michael Diggins .... 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
Amy Creed .... Acting Executive Director, Specialized Instruction
Kennetra Wood .... Executive Director, Equity & Alternative Programs
Rene Paschal.......... Acting Executive Director, School Leadership
Dr. Anthony Sims .... Executive Director, School Improvement


Alexandria City School Board
Clerk of the Board Susan Neilson
Dr. Melanie Kay-Wyatt Superintendent
Chief Executive Officer and Educational Leader of the School Division
Compliance and Implementation of School Board Policy, School Laws and Regulations
School Board and School Personnel Communications
Accountability & Research Chief of Accountability & Research Dr. Clinton Page
Strategic Planning
Program Evaluation & Research
Data Analysis & Reporting
Division Test Administrations
Continuous Improvement
Division Survey Support
School & Community Relations Chief of School & Community Relations Julia A. Burgos
Strategic Communications
Community Partnerships
Family and Community Engagement
Grants Development
Volunteer Services
Video Production, Website and Audio-Visual Services
Community Outreach
Out of School Time Programming
Facilities and Operations Chief Operating Officer Dr. Alicia Hart
Capital Programs, Planning and Design
Safety and Security Services
Pupil Transportation and Fleet Management
School Nutrition Services
Students and Schools
Pre-K-5 Principals
Pre-K-8 Principals
Middle School Principals
High School Principal
Alternative Programs
Financial Services Chief Financial Officer Dominic B. Turner
Accounting Services
Budget and Financial Planning
Financial Systems and Reporting
Fiscal Procedures and Compliance
Grants Management
Payroll Services
Procurement and General Services
Student Services & Equity Chief of Student Services & Equity Dr. Marcia Jackson
Alternative Education Programs
Equity
Social Emotional Academic Learning
Student Support Team (Counseling, Health Services, Psychology, Social Worker Services)
Substance Abuse Prevention and Intervention
Student Hearings
Title IX Compliance
Teaching, Learning, & Leadership Chief Academic Officer Dr. Pierrette Finney
Data Analysis, Interpretation, and Resources
Elementary, Secondary. and Specialized Instruction
College and Career Readiness
English Learners
Humanities
Literacy
Science, Technology, Engineering, and Mathematics (STEM)
Online Learning
Talent Development
Tile I and School Improvement
School Leadership
Human Resources Chief of Human Resources
Compensation and Benefits
Employee Relations
Employment Services and Recruitment
HR Compliance
Licensure
Onboarding
Succession Planning
Technology Services Chief Technology Officer Dr. Elizabeth Hoover
Education and Business Applications
Freedom of Information Act Officer
Infrastructure and Support Services
Instructional Technology
Record Requests

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

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, 2022.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

John W. Hutchison
President

Siobhán McMahon, CAE
Chief Operations Officer/
Interim 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, 2022

Christopher P. Morrill

Executive Director/CEO

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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.

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Members of the Board
Alexandria City Public Schools
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 the Alexandria City Public Schools, a component unit of the City of Alexandria, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Alexandria City Public Schools's 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 the Alexandria City Public Schools, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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* and the *Specifications for Audits of Authorities, Boards and Commissions* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia, 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 the Alexandria City Public Schools 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.

Members of the Board
Alexandria City Public Schools

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2022, the School System adopted new accounting guidance for Subscription-Based Information Technology Arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires subscribers to recognize a right-to-use SBITA asset and corresponding SBITA liability for all SBITA's with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

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 the Alexandria City Public Schools' 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, *Government Auditing Standards,* and the Specifications 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, *Government Auditing Standards*, and the Specifications 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 Alexandria City Public Schools' internal control. Accordingly, no such opinion is expressed.

Members of the Board
Alexandria City Public Schools

- 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 Alexandria City Public Schools' 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.

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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alexandria City Public Schools' basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are 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 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.

Members of the Board
Alexandria City Public Schools

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 15, 2023, on our consideration of the Alexandria City Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alexandria City Public Schools' 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 the Alexandria City Public Schools' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
December 15, 2023

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 $20.5 million to a deficit of $187.5 million at June 30, 2023. The total net position is comprised of $19.1 million net investment in capital assets, $7.5 million is restricted for grant and special revenue programs; $12.7 million is restricted for health benefits reserves and $11.0 million is restricted for net pension assets. The unrestricted net position deficit decreased by $18.1 million, to a total deficit of $237.8 million.

On a government-wide basis for governmental activities, the school division's revenues of $369.1 million exceeded expenses of $348.6 million by $20.5 million.

FUND FINANCIAL STATEMENTS

As of the close of the current fiscal year, ACPS' governmental funds reported combined ending fund balances of $28.8 million, an decrease of $3.2 million in comparison with the prior year. Of this $28.8 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, 2023, the General Fund reported an ending fund balance of $21.0 million, a decrease of $3.4 million from the prior year. The fiscal year 2023 original budget included an authorized use of fund balance of up to $9.3 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.

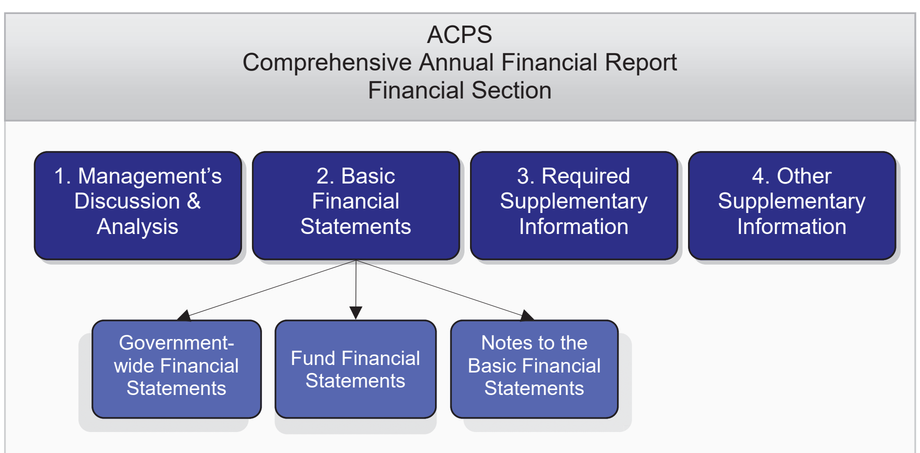
The remaining statements are fund financial statements that focus on the individual funds of ACPS, providing primarily short-term information. Fund statements report operations in more detail than government-wide statements.

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, 2023 compared to June 30, 2022.

Summary of Net Position
As of June 30,

	Governmental Activities			Percentage Change
	2023	2022	Variance	2023-2022
ASSETS				
Current assets	$ 91,524,916	$ 97,737,995	$ (6,213,079)	-6.4%
Net Pension Assets	10,978,540	13,101,129	(2,122,589)	-16.2%
Capital assets, net	39,527,846	36,740,430	2,787,416	7.6%
Total assets	142,031,302	147,579,554	(5,548,252)	-3.8%
DEFERRED OUTFLOWS OF RESOURCES	75,832,680	84,712,070	(8,879,390)	-10.5%
LIABILITIES				
Current liabilities	54,057,364	57,466,184	(3,408,820)	-5.9%
Long-term liabilities	25,546,984	27,576,128	(2,029,144)	-7.4%
Net OPEB liabilities	37,861,213	38,771,444	(910,231)	-2.3%
Net pension liabilities	222,304,241	187,799,200	34,505,041	18.4%
Total liabilities	339,769,802	311,612,956	28,156,846	9.0%
DEFERRED INFLOWS OF RESOURCES	65,572,080	128,695,618	(63,123,538)	-96.3%
NET POSITION				
Net investment in capital assets	19,145,909	15,441,469	3,704,440	24.0%
Restricted	31,242,461	32,393,843	(1,151,382)	-3.6%
Unrestricted	(237,866,270)	(255,852,262)	17,985,992	-7.0%
Total net position	$ (187,477,900)	$ (208,016,950)	$ 20,539,051	-9.9%

- **Current Assets** decreased by $6.2 million or 6.4 percent from fiscal year 2022. The decrease was primarily due to decreases in amounts due from other governments of $7.0 million.

- **Net Pension Assets** decreased $2.1 million due to lower investment income applied to the Net Pension Asset.

- **Deferred Outflows of Resources** decreased $8.9 million overall, or 10.5 per cent, primarily due to net decreases of $8.2 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 $0.8 million.

- **Current Liabilities** decreased $3.4 million, or 5.9 per cent, primarily due to reductions in vendor payables.

- **Long-term Liabilities** decreased $2.0 million, or 7.4 per cent, due to reductions in liabilities for right-to-use leases from applied payments. These liabilities primarily consist of compensated absences of $9.9 million and right-to-use asset liabilities of $15.1 million. Liabilities from right-to-use assets increased $2.5 million during 2023 from newly executed lease agreements and subscription-based information technology arrangements established with GASB Statement No. 96. Payments against these right-to-use liabilities were made totaling $4.8 million. See Notes 5, 6 and 9 for more information.

- **Net Pension Liabilities** increased $34.5 million, or 18.4 per cent, due to increases of $28.4 million in the net pension liability for the VRS Teachers Retirement Plan and increases of $6.1 million for the ACPS Employees Supplemental Plan.
- **Deferred Inflows of Resources** decreased $63.1 million, or 96.3 per cent, due to net decreases of $61.0 million in retirement plan differences between actual and projected earnings on investments and changes in assumptions. The deferred inflows for OPEB plans decreased $2.2 million due to differences between actual and projected earnings on OPEB investments.

Changes in net position. The following table presents the changes in net position from fiscal year 2022 to 2023:

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

	Governmental Activities			
	2023	**2022**	**Variance**	**% Change**
Revenues				
Program revenues:				
Charges for services	$ 3,003,318	$ 1,481,693	$ 1,521,625	102.7%
Operating grants and contributions	47,061,987	46,191,873	870,114	1.9%
General revenues:				
City appropriation	260,074,590	248,943,085	11,131,505	4.5%
State aid	61,974,827	54,825,648	7,149,179	13.0%
Other local funds	786,978	579,791	207,187	35.7%
Contributions to City Capital Programs	(3,774,100)	-	(3,774,100)	
Total revenues	**369,127,600**	**352,022,090**	**17,105,510**	4.9%
Expenses				
Instructional:				
General instruction	247,956,541	235,527,404	12,429,137	5.3%
Adult education	1,219,274	1,046,435	172,839	16.5%
Summer school	1,803,248	2,110,064	(306,816)	-14.5%
Support Services:				
Administration	20,637,199	19,516,166	1,121,033	5.7%
Attendance and health services	8,957,153	9,369,797	(412,644)	-4.4%
Pupil transportation	12,925,248	12,130,200	795,048	6.6%
Plant operations and maintenance	43,707,188	40,244,286	3,462,902	8.6%
Operation of Noninstructional Services:				
Food services	11,382,699	10,788,926	593,773	5.5%
Total expenses	**348,588,550**	**330,733,278**	**17,855,272**	5.4%
Change in net position	20,539,050	$ 21,288,812	$ (749,762)	-3.5%
Net Position-beginning balance	(208,016,950)			
Net Position-ending balance	**$ (187,477,900)**			

- Program revenues consist of charges for services and grants and contributions. Charges for services increased $1.5 million, or 102.7 per cent, from 2022. All ACPS schools operated on full day instruction, five days per week for the 2022-2023 school year. School cafeterias operated at full service and revenues increased $1.0 million over FY2022. Adult education programs maintained a regular instruction schedule.

  Grant and contributions revenue increased $0.8 million, or 1.9 per cent, from the prior year. This increase is primarily due to continued Elementary and Secondary Schools Emergency Relief Fund (ESSER) federal funding.

- The total appropriation received from the City of Alexandria increased $11.1 million to $260.1 million compared to $248.9 million from 2022. The appropriation related to the Capital Projects Fund increased $1.8 million from 2022 and the City's appropriation to the General Fund increased $9.3 million to $248.7 million in 2023, compared to $239.4 million in 2022, an increase of 3.9 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 87 cents of every dollar of ACPS' total revenue received. The remaining 13 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 2023 increased $17.9 million, or 5.4 per cent, to $348.6 million, compared to $330.7 million in 2022. Overall personnel costs increased during FY23 due to School Board approved step increases and 4% bonuses paid during the year.

- General Instructional expenses increased $12.4 million from 2022. These costs reflect increased personnel costs and continued purchases of cloud-based student instruction applications and platforms and technology for our students.

- Plant operations and maintenance costs increased $3.5 million over 2022, or 8.6 per cent, due to expenses related to improving the HVAC and air filtration systems in our schools and facilities.

- The majority of ACPS's expenses are directly related to the provision of services to students, including classroom instruction, attendance and health, transportation and school nutrition. These services account for 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 2023, 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 2023, ACPS' governmental funds reported combined fund balances of $28.8 million, a increase of $3.2 million in comparison with fiscal year 2022. Of this combined total fund balance, $2.3 million or 7.8 percent constitutes non-spendable fund balance which reflects inventories and prepaid items that are in a non-liquid form and cannot be spent, $7.4 million or 25.8 percent constitutes restricted fund balance for grant programs, capital projects, school nutrition programs and student activity funds and $6.9 million or 23.8 percent constitutes committed fund balance which is designated by the School Board for use in fiscal year 2024, $0.9 million or 3.0 percent constitutes assigned fund balance which is designated for outstanding encumbrances at year-end, and $11.4 million or 39.5 percent constitutes unassigned fund balance which is not constrained at all and can be used for any purpose by the Board. See Note 12 for additional information on our fund balance designations.

The following schedules present a summary of the General Fund by type of revenue and expenditures by function for the period ended June 30, 2023 as compared to June 30, 2022. 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 $311.8 million for 2023, which was $16.5 million or 5.6 percent higher than revenues received in 2022. The majority of annual funding received by ACPS is paid by the City, which provided an appropriation of $248.7 million in FY 2023. This represented an increase of $9.3 million or 3.9 percent over the FY 2022 appropriation. The second largest revenue source is from the Commonwealth of Virginia; increased $7.1 million, or 13.0 percent, to a total of $62.0 million in FY 2023; which is primarily due to additional state sales taxes.

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

General Fund Revenues by Source						
	FY 2023		FY 2022		Increase (Decrease) from FY 2022	
Source	Amount (000)s	Percent of Total	Amount (000)s	Percent of Total	Amount (000)s	Percentage Change
City of Alexandria	$ 248,737	79.8 %	$ 239,437	81.1 %	$ 9,300	3.9 %
State Aid	61,974	19.8	54,826	18.5	7,148	13.0
Federal Aid	147	0.0	142	0.0	5	3.5
Tuition and Fees	203	0.1	337	0.1	(134)	(39.8)
Other Local Funds	788	0.3	580	0.2	208	35.9
Total Revenues	$ 311,849	100.0 %	$ 295,322	100.0 %	$ 16,527	5.6 %

Amounts may not add due to rounding

General Fund Expenditures & Other Financing Sources and Uses

General Fund expenditures totaled $311.1 million for fiscal year 2023, which was an increase of $19.9 million, or 6.8 percent from fiscal year 2022. 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 2023, the School Board awarded a full step increase to all eligible employees and a 4.5% retention bonus was awarded to all full-time contract employees at year end. Planned staffing increase of 15.8 FTE was reflected in our personnel count for fiscal year 2023. 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)						
	FY 2023		FY 2022		Increase (Decrease) From FY 2022	
Function	Amount (000)s	Percent of Total	Amount (000)s	Percent of Total	Amount (000)s	Percent Change
General instruction	$ 234,096	75.3 %	$ 223,470	76.8 %	$ 10,626	4.8 %
Adult education	766	0.2	591	0.2	175	29.6
Summer school	1,501	0.5	1,960	0.7	(459)	(23.4)
Administration	21,140	6.8	20,885	7.2	255	1.2
Attendance and health	7,980	2.6	7,526	2.6	454	6.0
Pupil transportation	12,023	3.9	11,540	4.0	483	4.2
Plant operations and maintenance	27,425	8.8	20,912	7.2	6,513	31.1
Food services	810	0.3	721	0.2	89	12.3
Capital improvement services	1,273	0.4	-	-	1,273	-
Debt Service						
Principal	3,659	1.2	3,075	1.0	584	19.0
Interest	389	0.1	448	0.1	(59)	(13.2)
Total Expenditures	$ 311,062	100.0 %	$ 291,128	99.9 %	$ 19,934	6.8 %
Other Financing Sources (Uses)						
Transfers Out	$ (1,679)		$ (1,421)		(258)	18.2 %
Proceeds - Capital Lease / SBITA	1,273		-		1,273	-
Contribution to City Capital Programs	(3,774)		-		(3,774)	-
Total Other Financing Sources (Uses), net	$ (4,180)		$ (1,421)		$ (2,759)	

Amounts may not add due to rounding

- General instruction costs increased by $10.6 million, or 4.8 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 of $1.8 million to the Virginia Preschool Initiative program in the Grants and Special Revenue Fund, a funds transfer to the City of $3.7 million for capital projects and proceeds related to capitalized right-to-use leases and subscription agreements.

Fund Balances

The FY 2023 General Fund Original Budget, as adopted by the School Board, reflected the planned usage of $9.3 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 2023, General Fund balance decreased by $3.4 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, 2023, the restricted portion of fund balance for the Grants and Special Revenue Fund was $0.9 million.

During FY 2023, total grant revenues were $38.1 million, an increase of $4.0 million from 2022, or 11.4 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 $1.0 million from the prior year. Tuition and Fees increased $0.4 million 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 $0.7 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 2023, 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. During fiscal year 2023, school nutrition operations returned to normal after two years of Federal government waivers that allowed all students to eat for free. As a result, meal participation decreased slightly and revenues from National School Lunch and Breakfast Programs decreased compared to the prior year. The cost of food products served increased this fiscal year due to higher market prices of food goods purchased. At the end of 2023, the School Nutrition fund balance increased $0.4 million. The School Nutrition fund balance reflected $0.3 million in nonspendable fund balance for inventory and prepaid items and $6.0 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 and Right-to-use Assets

At June 30, 2023, ACPS had $39.5 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 Notes 5 and 6 for additional information on capital assets and Right-to-use assets). This amount includes the addition of Right-to-use subscription assets totaling $2.3 million, recorded in the implementation of GASB Statement No. 96-Subscription Based Information Technology Arrangements.

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			
	2023	**2022**	**Increase (Decrease)**	**Percentage Change**
Land	$ 999,381	$ 999,381	$ -	- %
Construction-in-progress	-	504,126	(504,126)	100.00
Buildings and building improvements	10,673,717	6,615,257	4,058,460	61.35
Furniture and equipment	8,543,192	7,797,560	745,632	9.56
Right-to-use assets	17,623,219	20,824,106	(3,200,887)	(15.37)
Right-to-use subscription assets	1,688,337	-	1,688,337	100.00
Totals	**$ 39,527,846**	**$ 36,740,430**	**$ 2,787,416**	**7.6 %**

Major capital project expenditures during fiscal year 2023 that are reflected in the City's capital fund are:

- Douglas MacArthur Elementary School Modernization –Construction costs of $37.6 million were spent in FY 2023 on the new school project. The new Douglas MacArthur school opened in August 2023. It is 154,221 square feet and has three stories, with capacity for 840 students.
- New High School– Construction and planning costs on the new high school project in the amount of $78.8 million.
- Renovations and Repairs of Aging Schools- $11.2 million for various renovations/repairs to various aging schools.
- Heating, Ventilation, and Air Conditioning (HVAC)- HVAC systems repaired/serviced at various schools for $4.6 million.
- Curriculum Materials- The purchase of new textbooks and digital curriculum applications for students totaling $1.4 million.
- School Buses and Vehicles- New school buses and vehicles were purchased for $1.4 million to replace aging equipment.
- School Security Services-$1.4 million for school security services across.
- District-Wide Capacity-Planning costs for capacity issues across the district for $1.3 million.
- Curriculum Materials- The purchase of new textbooks for $1.4 million.

Other major capital project expenditures during fiscal year 2023 that are reflected in the ACPS' governmental funds are:

- Heating, Ventilation, and Air Conditioning (HVAC)- HVAC systems repaired/serviced at various schools for $4.1 million.
- School Buses and Vehicles- New school buses and vehicles were purchased for $0.2 million to replace aging equipment.
- School Nutrition Services- Renovations and upgrades to school cafeterias at Lyles Crouch Elementary School and William Ramsay Elementary School for $0.1 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.

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, 2023. Revenues in the original and final budgets totaled $311.3 million. Expenditures in the original budget were $316.2 million, while the final budget totaled $318.0 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 2022.

General Fund
Revenues and Expenditures
Budget to Actual Comparison

	FY 2023			
	Original Budget	**Final Budget**	**Actual**	Variance from Final Budget (Under) / Over
Revenues				
Intergovernmental:				
City of Alexandria	$ 248,737,300	$ 248,737,300	$ 248,737,300	$ -
State aid	61,417,000	61,417,000	61,973,504	556,504
Federal aid	140,000	140,000	147,326	7,326
Tuition and fees	398,000	398,000	202,975	(195,025)
Other local funds	615,000	615,000	788,301	173,301
Total Revenues	311,307,300	311,307,300	311,849,406	542,106
Expenditures				
Salaries	195,599,557	193,984,087	195,453,185	1,469,099
Benefits	80,714,551	80,434,767	72,597,779	(7,836,988)
Purchased Services	16,900,615	18,772,038	19,168,863	396,824
Other Charges	11,168,313	11,477,107	12,776,068	1,298,961
Materials and Supplies	10,298,661	11,142,978	7,992,394	(3,150,584)
Capital Outlay	1,507,640	2,140,718	3,073,781	933,062
Total Expenditures	316,189,337	317,951,696	311,062,071	(6,889,625)
Excess (Deficiency) of revenue over (under) expenditures	(4,882,037)	(6,644,396)	787,335	7,431,731
Other Financing Sources (Uses)				
Transfers Out	(1,863,300)	(1,863,300)	(1,678,525)	(184,775)
Proceeds - Capital Lease / SBITA	1,200,000	1,200,000	1,273,098	73,098
Contribution to City Capital Programs	(3,774,100)	(3,774,100)	(3,774,100)	-
Total Other Financing Sources and Uses	(4,437,400)	(4,437,400)	(4,179,527)	(111,677)
Change in Fund Balance	$ (9,319,437)	$ (11,081,796)	$ (3,392,192)	$ 7,320,054

- Actual General Fund revenues were higher than the final budget by $0.5 million, primarily due to higher than estimated sales tax collections.

- Expenditures were $6.9 million or 2.2 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 $0.9 million, that were carried over into FY 2024.

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 2024 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 2023, enrollment increased to 15,786 students. From FY 2020 through FY 2023, the elementary school enrollment decreased by approx. 5.9 percent, from 8,497 to 7,998 students. Middle school has decreased by 8.2 percent, from 3,449 to 3,165 students, and high school has increased by 9.8 percent, from 4,118 to 4,521 students; a total decrease of 332 students since 2020.

Projected enrollment for the 2023-24 school year reflects growth of 0.1 percent (about 61 students) compared to the prior school year. Over the next five years through FY 2028, enrollment growth is projected to increase to approximately 16,181 students, or a total growth of 2.5 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 signifi cant spending pressure on our capital projects budget.

ACPS' growing student population continues to refl ect very diverse demographics and special needs. Our students represent approximately 120 different countries and speak 119 native languages. The enrollment in the English Learner (EL) program represents 36.2 percent of total student population for FY 2023 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 FY2023 was 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 9.7 percent of the population living under the poverty line based on the U.S. Census Bureau, 2021 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 2024 budget began with the Alexandria City Manager proposing to fund the ACPS School Board City Appropriation request of $258.7 million. The City of Alexandria City Council approved this appropriation request.This reflects an increase of 3.9 percent compared to the FY 2023 final budget.

In June 2023, the School Board adopted a balanced budget for fiscal year 2024 that reflected General Fund resources of 323.5 million, which includes the approved use of $8.7 million of available unrestricted fund balance.

The total expenditures of $329.4 million and other uses of funds (net) of $2.8 million in the FY 2024 final General Fund budget is an increase of 3.6 percent compared to the prior fiscal year. Total positions funded through combined funds show a net increase of 47.5 FTEs or 1.7 percent, for a total of 2,708.65 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.

Exhibit I

Alexandria City Public Schools, Virginia
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in pooled cash and investments	$ 64,496,815
Cash and cash equivalents	686,540
Due from other governments	23,659,766
Other receivables	350,412
Prepaid items and other assets	2,007,866
Inventories	323,517
Net pension assets	10,978,540
Capital assets:	
Land	999,381
Other capital assets, net	38,528,465
Total assets	**142,031,302**
Deferred Outflows of Resources	
OPEB	6,348,543
Pensions	69,484,137
Total deferred outflows of resources	**75,832,680**
Total assets and deferred outflows of resources	**$ 217,863,982**
Liabilities	
Accrued personnel services	$ 32,551,468
Accounts payable	10,736,041
Unearned revenue	4,608,057
Long-term liabilities:	
Due within one year	6,161,798
Due in more than one year	25,546,984
Net OPEB liabilities	37,861,213
Net pension liabilities	222,304,241
Total liabilities	**339,769,802**
Deferred Inflows of Resources	
OPEB	9,825,026
Pensions	55,747,054
Total deferred inflows of resources	**65,572,080**
Net Position	
Net investment in capital assets	19,145,909
Restricted for grant and special revenue programs	7,544,517
Restricted for health benefits	12,719,404
Restricted for net pension assets	10,978,540
Unrestricted	(237,866,270)
Total net position	**(187,477,900)**
Total liabilities, deferred inflows of resources and net position	**$ 217,863,982**

See accompanying notes to the basic financial statements.

Exhibit II

Alexandria City Public Schools, Virginia
Statement of Activities
For the Year Ended June 30, 2023

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Instructional:				
General instruction	$ 247,956,541	$ 806,159	$ 37,402,429	$ (209,747,953)
Adult education	1,219,274	66,135	-	(1,153,139)
Summer school	1,803,248	78,961	-	(1,724,287)
Support Services:				
Administration	20,637,199	-	-	(20,637,199)
Attendance and health services	8,957,153	-	-	(8,957,153)
Pupil transportation	12,925,248	-	-	(12,925,248)
Plant operations and maintenance	43,707,188	90,016	-	(43,617,172)
Operation of Non-instructional Services:				
Food services	11,382,699	1,962,047	9,659,558	238,906
Total governmental activities	$ 348,588,550	$ 3,003,318	$ 47,061,987	(298,523,245)
	General revenues and other financing uses:			
	Unrestricted intergovernmental revenue			
	City of Alexandria			260,074,590
	Commonwealth of Virginia			61,974,827
	Other general revenue			786,978
	Contribution to City Capital Programs			(3,774,100)
	Total general revenues and other financing uses, net			319,062,295
	Change in net position			20,539,050
	Net position - July 1, 2022			(208,016,950)
	Net position - June 30, 2023			$ (187,477,900)

See accompanying notes to the basic financial statements.

Exhibit III

Alexandria City Public Schools, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	General	Capital Projects	Grants & Special Revenue	School Nutrition	Total Governmental Funds
Assets					
Equity in pooled cash and investments	$ 47,072,892	$ -	$ -	$ -	$ 47,072,892
Cash and cash equivalents	46,702	-	639,838	-	686,540
Due from other governments	1,885,440	1,963,018	19,268,644	542,664	23,659,766
Due from other funds	15,738,685	-	-	6,667,544	22,406,229
Other receivables	-	-	254,793	240	255,033
Prepaid items and other assets	1,919,049	-	80,946	7,871	2,007,866
Inventories	-	-	-	323,517	323,517
Total assets	$ 66,662,768	$ 1,963,018	$ 20,244,221	$ 7,541,836	$ 96,411,843
Liabilities					
Accrued personnel services	$ 32,855,817	$ -	$ 1,162,198	$ 577,468	$ 34,595,483
Accounts payable and accrued liabilities	6,137,403	1,299,102	2,206,158	495,906	10,138,569
Unearned revenue	4,499	-	253,066	140,587	398,152
Due to other funds	6,667,544	-	15,738,685	-	22,406,229
Total liabilities	45,665,263	1,299,102	19,360,107	1,213,961	67,538,433
Fund Balances					
Nonspendable	1,919,049	-	-	331,388	2,250,437
Restricted	-	663,916	884,114	5,996,487	7,544,517
Committed	8,722,578	-	-	-	8,722,578
Assigned	883,600	-	-	-	883,600
Unassigned	9,472,278	-	-	-	9,472,278
Total fund balances	20,997,505	663,916	884,114	6,327,875	28,873,410
Total liabilities and fund balances	$ 66,662,768	$ 1,963,018	$ 20,244,221	$ 7,541,836	$ 96,411,843

See accompanying notes to the basic financial statements.

Exhibit III-1

Alexandria City Public Schools, Virginia
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances-governmental funds		$ 28,873,410
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	$ 999,381	
Depreciable assets	100,531,832	
Less: Accumulated depreciation	(62,003,367)	39,527,846
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		10,978,540
Deferred Outflows of Resources affecting total pension liabilities and retirement plan fiduciary net position, that are reported in the Statement of Net Position. (Note 7)		
Difference between projected and actual investment earnings	10,557,072	
Difference between employer contributions and proportionate share	570,207	
Difference between expected/actual experience	10,566	
Difference due to changes in assumptions	30,850,267	
Employer retirement contributions after measurement date	27,496,025	69,484,137
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	780,567	
Difference between projected and actual investment earnings	859,013	
Difference between employer contributions and proportionate share	294,944	
Difference due to changes in assumptions	1,220,054	
Employer retirement contributions after measurement date	3,193,965	6,348,543
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	(9,859,375)	
Compensated absences, Current Increase	(158,536)	
Accrued interest payable, Subscription Liability	(7,480)	
Right-to-use leases- Building, Current Increase	(17,949,175)	
Right-to-use leases- Equipment, Current Increase	(476,221)	
Right-to-use subscriptions- Current Increase	(657,439)	
Workers' compensation claims	(564,020)	(29,672,246)
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.		12,719,404
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	(13,086,008)	
Difference due to changes in assumptions	(13,403,092)	
Difference between employer contributions and proportionate share	(5,263,951)	
Difference between projected and actual investment earnings	(23,994,003)	(55,747,054)
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	(6,293,594)	
Difference between projected and actual investment earnings	(638,695)	
Difference between employer contributions and proportionate share	(1,061,856)	
Difference due to changes in assumptions	(1,830,881)	(9,825,026)
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)		(222,304,241)
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)		(37,861,213)
Total net position - governmental activities		**$ (187,477,900)**

See accompanying notes to the basic financial statements.

Exhibit IV

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Capital Projects	Grants & Special Revenue	School Nutrition	Total Governmental Funds
Revenues					
Intergovernmental:					
City of Alexandria	$ 248,737,300	$ 11,337,291	$ -	$ -	$ 260,074,591
State aid	61,973,504	-	5,071,602	195,050	67,240,156
Federal aid	147,326	-	31,268,684	9,464,507	40,880,517
Tuition and fees	202,975	-	838,296	-	1,041,271
Food sales	-	-	-	1,739,713	1,739,713
Other	788,301	-	914,818	222,334	1,925,453
Total revenues	311,849,406	11,337,291	38,093,400	11,621,604	372,901,701
Expenditures					
Current:					
General instruction	234,096,211	-	28,420,536	-	262,516,747
Adult education	766,249	-	453,025	-	1,219,274
Summer school and kindergarten prep	1,501,434	-	215,660	86,154	1,803,248
Administration	21,139,833	-	2,894,279	-	24,034,112
Attendance and health services	7,979,591	-	1,482,553	-	9,462,144
Pupil transportation	12,022,908	-	1,538,077	-	13,560,985
Plant operations and maintenance	27,424,558	-	4,631,608	-	32,056,166
Food services	809,515	-	122,163	11,100,045	12,031,723
Capital improvement services	1,273,098	11,444,974	116,905	75,977	12,910,954
Debt Service					
Principal	3,659,450	1,086,156	88,906	38,335	4,872,847
Interest	389,224	34	34	-	389,292
Total expenditures	311,062,071	12,531,164	39,963,746	11,300,511	374,857,492
Excess (deficiency) of revenues over (under) expenditures	787,335	(1,193,873)	(1,870,346)	321,093	(1,955,791)
Other Financing Sources (Uses)					
Transfers In	-	-	1,678,525	-	1,678,525
Transfers Out	(1,678,525)	-	-	-	(1,678,525)
Proceeds - Capital Lease / SBITA	1,273,098	1,213,766	116,905	75,977	2,679,746
Contribution to City Capital Programs	(3,774,100)	-	-	-	(3,774,100)
Total other financing sources (uses)	(4,179,527)	1,213,766	1,795,430	75,977	(1,094,354)
Net change in fund balances	(3,392,192)	19,893	(74,916)	397,070	(3,050,145)
Fund Balances-July 1, 2022	24,389,697	644,023	959,030	5,930,805	31,923,555
Fund Balances-June 30, 2023	$ 20,997,505	$ 663,916	$ 884,114	$ 6,327,875	$ 28,873,410

See accompanying notes to the basic financial statements.

Exhibit IV-1

Alexandria City Public Schools, Virginia
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds		$ (3,050,145)
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	$ 28,187,998	
Virginia Retirement System-Political Subdivisions	1,948,873	
Employees' Supplemental Retirement System	(13,905,264)	16,231,607
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)		2,295,142
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)		790,949
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	(675,523)	
Compensated absences, Current Decrease	19,763	
Accrued interest payable, Subscription liability	(7,480)	
Right-to-use Leases- Buildings, LT Increase	2,581,892	
Right-to-Use Leases- Equipments, LT Increase	291,672	
Right-to-Use Subscriptions, LT Increase	1,339,030	
Workers' compensation	112,593	3,661,947
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.		609,550
Change in net position - governmental activities		**$ 20,539,050**

See accompanying notes to the basic financial statements.

Exhibit V

Alexandria City Public Schools, Virginia
Statement of Net Position
Proprietary Funds - Internal Service Fund
June 30, 2023

	Health Benefits Fund
Assets	
Equity in pooled cash and investments	$ 17,423,923
Other receivables	95,379
Total assets, current	17,519,302
Liabilities	
Accounts payable	589,993
Unearned revenue	2,635,822
Incurred but not reported claims	1,574,083
Total liabilities, current	4,799,898
Net Position	
Restricted, health benefits programs	12,719,404
Total net position	$ 12,719,404

See accompanying notes to the basic financial statements.

Exhibit VI

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds - Intenal Service Fund
For the Year Ended June 30, 2023

	Health Benefits Fund
Operating Revenues	
Charges for services	$ 34,737,140
Total operating revenues	34,737,140
Operating Expenses	
Claims and benefits paid	22,814,996
Premiums	10,121,983
Administrative costs	1,190,611
Total operating expenses	34,127,590
Change in net position	609,550
Net Position- July 1, 2022	12,109,854
Net Position- June 30, 2023	$ 12,719,404

See accompanying notes to the basic financial statements.

Exhibit VI-1

Alexandria City Public Schools, Virginia
Statement of Cash Flows
Proprietary Funds - Internal Service Fund
For the Year Ended June 30, 2023

	Health Benefits Fund
Cash Flows from Operating Activities	
Receipts from customers	$ 34,727,369
Payments to providers for services	34,303,980
Net cash provided from operating activities	$ 423,389
Net change in equity in pooled cash and investments	$ 423,389
Equity in pooled cash and investments, beginning of year	17,000,534
Equity in pooled cash and investments, end of year	$ 17,423,923
Reconciliation of Operating Loss to Net Cash Provided from Operating Activities	
Operating Income	$ 609,550
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in assets and liabilities:	
Increase in other receivables	(4,901)
Decrease in accounts payable	(261,346)
Decrease in unearned revenue	(4,870)
Increase in incurred but not reported claims	84,956
Total adjustments	(186,161)
Net cash provided from operating activities	$ 423,389

See accompanying notes to the basic financial statements.

Exhibit VII

Alexandria City Public Schools, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Pension and Other Employee Benefit Trust Funds
Assets	
Investments, at fair value:	
Cash Equivalents	$ 840,946
Bonds	89,512,758
Mutual funds	33,721,166
Real estate	16,960,868
Global asset allocation	14,205,930
Total investments	155,241,668
Contributions Receivable	358,356
Total assets	**$ 155,600,024**
Net Position	
Restricted for pension	$ 127,093,371
Restricted for other postemployment benefits	28,506,653
Total net position held in trust	**$ 155,600,024**

See accompanying notes to the basic financial statements.

Exhibit VIII

Alexandria City Public Schools, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employer contributions	$ 1,771,828
Employee contributions	3,057,246
Total Contributions	4,829,074
Investment Income:	
Investment earnings	4,492,173
Net appreciation in fair value of investments	2,009,358
Investment expenses	(40,590)
Net investment income	6,460,941
Total additions	11,290,015
Deductions	
Benefit payments	8,342,354
Administrative expenses	307,445
Total deductions	8,649,799
Change in net position	2,640,216
Net position - July 1, 2022	152,959,808
Net position - June 30, 2023	$ 155,600,024

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, as Alexandria City Public Schools (ACPS). 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 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 2023. 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 the current financial 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 unearned revenue. Revenue from the United States Department of Agriculture in the form of commodities is recognized as earned when the commodities are received.

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 General and Grants and Special Revenue Funds represents tuition based and student activity fund cash balances in separate bank accounts maintained by individual schools and departments.

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, 2023 were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 15,738,685	$ 6,667,544
Grants & Special Revenue Fund	-	15,738,685
School Nutrition Fund	6,667,544	-
Total	$ 22,406,229	$ 22,406,229

Interfund transfers and other financing amounts for the year ended June 30, 2023 were as follows:

Other Financing	General Fund	Capital Projects Fund	Grants & Special Revenue Fund
Uses - Interfund	$ (1,678,525)	$ -	$ -
Sources - Interfund	-	-	1,678,525
Proceeds - Capital Lease/SBITA	1,273,098	1,213,766	192,882
Contribution to City Capital Programs	(3,774,100)	-	-
Total	$ (4,179,527)	$ 1,213,766	$ 1,871,407

Interfund 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 expense. The amount of unused food commodities is reported as inventory.

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 lease and subscription assets are capitalized based upon the initial measurement of the corresponding lease or subscription liability. These Right-to-use assets are amortized over the shorter of the lease or subscription contract term or the useful life of the underlying asset. The amortization of these Right-to-use assets is included in the depreciation expense reported in the Statement of Activities, Exhibit II.

Depreciation and amortization are computed using the straight-line method over the following useful lives:

Description	Estimated Life
Buildings	40 years
Building improvements	10 years
Furniture and equipment	5 - 10 years
Right-to-use lease assets	2 - 6 years
Right-to-use subscriptions	2 - 8 years

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, 2023, ACPS had $75.8 million of deferred outflows of resources, approximately $69.5 million pertain to retirement plans and $6.3 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, 2023, ACPS had $65.6 million of deferred inflows of resources, approximately $55.7 million pertain to retirement plans and $9.8 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, 2023, and have not received payment for their accrued compensatory leave as of June 30, 2023.

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 outflows combined and liabilities and deferred inflows 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 amortization and any related debt or lease and subscription liabilities. 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 and OPEB Trust. 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, 2023 include salaries earned prior to year-end but not distributed until the months of July and August 2023.

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, 2023, ACPS adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA)

The objective of this Statement is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term and amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods.

The implementation of this statement resulted in ACPS reporting a SBITA asset and SBITA liability as disclosed in Note 5 and Note 9.

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, 2023, the carrying value of ACPS' deposits held by the City was $1.8 million in overdraft, of which the City will guarantee payment. ACPS's balances for student activity funds was $.64 million and the carrying amount of deposits held by area financial institutions was $0.04 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 2023, most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in CDARS, ICS and NOW accounts were deposits are eligible for FDIC insurance. The LGIP is rated 'AAAm' by Standard & Poor's Rating Services. This rating is the highest principal stability fund rating assigned by Standard & Poor.

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

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

- **Credit Risk** – State Statutes authorize the City to invest in obligations of the US or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and Virginia Local Government Investment Pool. The City's current investment policy limits investments to obligations of the US and agencies thereof, commercial paper and repurchase agreements fully collateralized in the Obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service, a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to $50 million), Insured Cash Sweeps (ICS) and NOW accounts (Negotiable Order of Withdrawal, an interest bearing bank account with which the customer is permitted to write drafts against money held on deposit). During the fiscal year, the City held its investments in LGIP, CDARS, ICS and NOW accounts, commercial paper, and investments of US agencies and VA municipalities.

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

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

At June 30, 2023, 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	$ 28,506,653	$ -	$ -	$ 28,506,653
Pension Plan Investments	126,735,015	-	-	126,735,015
Total Trust and Pension Plan Investments	155,241,668	-	-	155,241,668
Total Investments	$ 155,241,668	$ -	$ -	$ 155,241,668

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, 2023.

ACPS Equity in City Pooled Investments	$ 66,274,950
Excess of outstanding checks over bank balance	(1,778,135)
Net Equity in City Pooled Investments	64,496,815
Cash and equivalents	686,540
Total cash and investments for governmental activities	65,183,355
Investments held in trust for retirement benefits	155,241,668
Total	$ 220,425,023

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, 2023, is summarized below:

Investment Type	Net Asset Value (NAV)
Cash & Equivalents	$ 840,946
Bonds	13,956,857
Mutual Funds	7,907,746
Real Estate	2,337,546
Global Asset Funds	3,463,558
Total Investments	$ 28,506,653

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, 2023.

Investments by Value Category	6/30/2023	for Identical Assets (Level 1)	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				
Equity Asset Class				
Principal Global Investors	31,935,824	-	31,935,824	-
Causeway/Barrow Hanley	2,887,250	-	2,887,250	-
Origin Asset Mgmt	1,732,718		1,732,718	
Fixed Income Asset Class				
Insight/Polen/post	6,050,920	-	6,050,920	-
Principal Global Investors	69,504,982	-	69,504,982	-
Real Estate				
Principal Real Estate Investments	14,623,322	-	-	14,623,322
Total Supplemental Retirement Investments	126,735,015	-	112,111,693	14,623,322
Total investments by fair value hierarchy level	**126,850,171**	**$ -**	**$ 112,226,848**	**$ 14,623,322**
Investments measured at the net asset value (NAV)				
Investment in Internal Investment Pool Controlled by the City	64,496,815			
VACO/VML Pooled OPEB Trust Fund (Portfolio I)	28,506,653			
Total investments measured at net asset value (NAV)	**93,003,468**			
Total investments	**$ 219,853,639**			

At the end of FY 2023, for investments controlled by the City Treasurer, $535.8 million were measured at net asset value (NAV).

NOTE 3. Prepaid Items

As of June 30, 2023, prepaid items totaled $2.0 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, 2023 were:

A. Federal Government	
National School Meal Program	$ 541,342
JROTC	12,534
Career and Technical Education -- Basic Grants to States	190,918
Title I Grants to Local Educational Agencies	2,348,254
Improving Teacher Quality State Grants	330,083
English Language Acquisition State Grants	488,427
Special Education-Preschool Grants	26,989
Special Education-Grants to States	952,660
Education for Homeless Children and Youth	13,796
21st Century Community Centers	522,068
Student Support and Academic Enrichment Grants	232,189
Coronavirus State and Local Fiscal Recovery Funds	3,155,225
CRRSA ESSER II	4,133,014
ARP ESSER III	3,478,573
ARP ESSER III-Special Education-Grants to States	507,577
COPS Justice	500,000
NIH Research Support AIM AHEA	145,729
FEMA COVID-19	1,344,631
Total due from the Federal Government	18,924,009
B. Commonwealth of Virginia	
Technology VPSA	492,000
Juvenile Detention	500,962
VA Medicaid Assistance	96,647
State Sales Tax accrual	1,284,260
School Meals Expansion -BF and Lunch	1,323
Virginia Clean School Bus Program	362,926
Total due from the Commonwealth of Virginia	2,738,118
C. City of Alexandria	
Capital Projects	1,963,018
Adult Detention	34,621
Total due from the City of Alexandria	1,997,639
Total due from other governments	$ 23,659,766

NOTE 5. Capital Assets

The following is a summary of the changes in capital and right-to-use assets for the year ended June 30, 2023.

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not depreciated				
Land	$ 999,381	$ -	$ -	$ 999,381
Construction-in-progress	504,126	-	504,126	-
Total capital assets not depreciated	1,503,507	-	504,126	999,381
Other capital and right-to-use assets:				
Buildings and building improvements	46,088,010	4,763,096	3,544,696	47,306,410
Furniture and equipment	24,550,613	2,392,325	762,222	26,180,716
Right-to-use lease assets	24,373,884	351,299	-	24,725,183
Right-to-use subcription assets	1,996,468	331,978	8,923	2,319,523
Total other capital and right-to-use assets	97,008,975	7,838,698	4,315,841	100,531,832
Less accumulated depreciation and amortization for:				
Buildings and building improvements	39,472,753	704,636	3,544,696	36,632,693
Furniture and other equipment	16,753,053	1,646,693	762,222	17,637,524
Right-to-use lease assets	3,549,778	3,552,186	-	7,101,964
Right-to-use subcription assets	-	640,109	8,923	631,186
Total accumulated depreciation and amortization	59,775,584	6,543,624	4,315,841	62,003,367
Total other capital and right-to-use assets, net	37,233,391	1,295,074	-	38,528,465
Total Capital and Right-to-Use Assets, net	$ 38,736,898	$ 1,295,074	$ 504,126	$ 39,527,846

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

During FY 2023, SBITAs were capitalized as Right-to-use subscriptions, totaling $2.3 million. These SBITAs consist of web-based, digital software licensed content in support of our classroom curriculum. These licenses are being amortized over the life of the license contract, which range from two to eight years. The corresponding subscription liability for these subscription contracts has been recorded. See Note 9 for additional information.

Also, effective May 2023, ACPS extended the contract for leased warehouse space to expire in April 2025. As a result, an increase to Right-to-use lease assets was recorded for approx. $0.4 million and is being amortized over the remaining life of this contract. A corresponding lease liability has been recorded and is further discussed in Note 9.

General instruction	$ 239,871
Pupil transportation	1,167,263
Administration	1,025,656
Plant operations and maintenance	3,863,673
Food services	247,161
Total depreciation and amortization expenses by governmental activities	$ 6,543,624

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, 2023, the City holds approximately $595.3 million in gross assets used by ACPS. No capital assets reverted to ACPS in 2023.

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

Capital outlay	$ 11,423,210
Other assets	5,402,058
Total capital outlay	16,825,268
Capital outlay not capitalizable	(9,490,696)
Total capitalized assets, net	7,334,572
Depreciation expense	(6,543,624)
Total adjustments	$ 790,948

NOTE 6. Lease Liabilities

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.

	Equipment	Building	Total
Right-to-use lease asset value	$ 1,405,236	$ 23,319,947	$ 24,725,183
Less: accumulated amortization	(586,826)	(6,515,138)	(7,101,964)
Totals, net	$ 818,410	$ 16,804,809	$ 17,623,219

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

Fiscal Year	Interest	Principal	Total
2024	$ 330,124	$ 3,206,440	$ 3,536,564
2025	268,507	3,088,354	3,356,861
2026	210,967	2,885,007	3,095,975
2027	153,442	3,027,672	3,181,114
2028	93,086	3,175,505	3,268,591
2029	29,806	3,042,417	3,072,223
Total	$ 1,085,932	$ 18,425,395	$ 19,511,327

Current year amortization expense for Right-to-use lease 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
About Plan 1 Plan 1 is a defined benefit plan. The Retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at Retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested before January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is 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. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. *Political Subdivision Plan Only:* Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: School division employees and Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the Hybrid retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

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

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
		employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years a member is 50% vested and may withdraw 50% of employer contributions • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount, if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** <u>Defined Benefit Component:</u> See definition under Plan 1 <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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The Retirement multiplier for non-hazardous duty members is 1.70%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	**Service Retirement Multiplier** **<u>Defined Benefit Component:</u>** **VRS:** the retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **<u>Defined Contribution Component:</u>** Not applicable.

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

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
following unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act of the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of school divisions and political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service **Defined Contribution Component**: Not applicable.

VRS Political Subdivision Retirement Plan

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

Employees Covered by Benefit Terms

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

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

Contributions

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

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

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

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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

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

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

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

Largest 10-Non-LEOS Duty:

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

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

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

Discount Rate

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

For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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

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

(1) The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing median return of 7.11%, including expected inflation of 2.5%.

Changes in Net Pension Liability (Asset)

	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2021	$ 45,609,013	$ 58,710,142	$ (13,101,129)
Changes for the year:			
Service Cost	668,355	-	668,355
Interest	3,046,189	-	3,046,189
Differences between expected and actual experience	(1,279,300)	-	(1,279,300)
Changes in assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	385,286	(385,286)
Net investment income	-	(37,009)	37,009
Benefit payments, including refunds of employee contributions	(2,297,273)	(2,297,273)	-
Administrative expenses	-	(36,921)	36,921
Other changes	-	1,299	(1,299)
Net changes	137,971	(1,984,618)	2,122,589
Balances at June 30, 2022	$ 45,746,984	$ 56,725,524	$ (10,978,540)

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)	$ (5,666,340)	$ (10,978,540)	$ (15,366,123)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended June 30, 2023, ACPS recognized pension expense credit of ($1,871,619). As of June 30, 2023, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 1,734,754
Employer contributions subsequent to the measurement date	77,254	-
Change in assumptions	335,232	-
Differences between expected and actual experience	-	1,147,767
Total	$ 412,486	$ 2,882,521

The $0.1 million reported as deferred outflows of resources related to pensions resulting from ACPS's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	$ (1,173,062)
2025	(999,666)
2026	(1,161,404)
2027	786,844
	$ (2,547,288)

Payables to the Pension Plan
At June 30, 2023, ACPS reported payables to the VRS Political Subdivision Retirement Plan of $50,000. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

Pension Plan Data
Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report).

A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VRS Teachers Retirement Plan

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

Contributions
The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS was $35.7 million and $34.4 million for each of the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $442.4 million to the VRS Teachers Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, ACPS reported a liability of $170.7 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. ACPS' proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 1.79324% as compared to 1.83262% at June 30, 2021.

For the year ended June 30, 2023, ACPS recognized pension expense of $7.4 million. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 22,259,249
Changes in proportion and differences between employer contributions and proportionate share of contributions	570,207	5,263,951
Changes in assumptions	16,096,135	-
Differences between expected and actual experience	-	11,772,314
Employer contributions subsequent to the measurement date	27,418,771	-
Total	$ 44,085,113	$ 39,295,514

The deferred outflows of resources of $27.4 million related to pensions, resulting from the school division's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	$ (6,866,472)
2025	(8,948,588)
2026	(16,021,100)
2027	9,206,988
	-
	$ (22,629,172)

Actuarial Assumptions

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 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 Plan net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Position Liability	$ 9,520,598
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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

Long – Term Expected Rate of Return

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

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

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

Discount Rate

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

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

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

	(-1%) Decrease 5.75%	Current Discount Rate 6.75%	(+1%) Increase 7.75%
ACPS' proportionate share of VRS Teacher Plan Net Pension Liability	$ 304,931,819	$ 170,727,183	$ 61,455,098

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual *Comprehensive Financial Report* (Annual Report).

A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2022-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

At June 30, 2023, ACPS reported payables to the VRS Teacher Retirement Plan of $3.8 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

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, 2022 was measured as of August 31,2022, using the total pension liability that was determined by an actuarial valuation as August 31, 2022.

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

Measurement Date

A measurement date of August 31, 2022 has been used for GASB 67 reporting and for the Fiscal Year ending June 30, 2023 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 2023, only ACPS employees contributed to the Plan. These contributions totaled $3.1 million for the fiscal year ended June 30, 2023. Administrative costs of the Plan are paid from the Plan's assets.

Investment policy
The objective of the Plan is to maintain actuarial soundness so that funds will be available to meet contractual benefit obligations. The investment policy may be amended by the Board at any time. Principal Financial Advisors, Inc., a registered investment advisor and wholly-owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation strategy for the Plan. The following was the Plan's adopted asset allocation policy as of August 31, 2022.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Expected Geometric Return
U.S Equity - Large Cap	16.08%	7.70%	6.20%
U.S Equity - Mid Cap	1.99%	8.00%	6.20%
U.S Equity - Small Cap	1.97%	8.55%	6.20%
Non-US Equity	8.41%	8.00%	6.20%
REITs	0.00%	7.30%	5.65%
Real Estate (direct property)	12.46%	5.35%	5.00%
TIPS	0.00%	3.75%	3.60%
Core Bond	54.25%	4.20%	4.05%
High Yield	4.83%	6.10%	5.65%
Total	100.00%		
Exp LTROA (arithmetic mean)	5.48%		
Portfolio Standard Deviation	6.67%		
40th percentile	4.80%		
45th percentile	5.04%		
Expected Compound Return	**5.27%**		
55th percentile	5.50%		
60th percentile	5.74%		
Portfolio Investment Mix:	Equity 28% / Fixed Income 59% / Other 12%		

Concentrations
As of the measurement date, the plan had investments (other than US Government and US Government guaranteed obligations) in only Principal Financial Group, totaling $126.7 million, that represented 5 percent or more of the Plan's fiduciary net position.

Annual Money-Weighted Rate of Return
For the Plan year ended August 31, 2022, the annual money-weighted rate of return on plan investments for the measurement period is -8.16%. The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

Long-Term Expected Rate of Return
For the plan year ended August 31, 2022, the expected long-term rate of return assumption as of the end of period is 5.25%. The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2022. 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, 2022 valuation were based upon the results of an actuarial assumption review for the five-year period of September 1, 2007 to August 31, 2012.

During the plan year ended August 31, 2022, the following changes in assumptions were implemented.

- The discount rate has decreased from 4.50% to 5.25%.
- The long-term rate of return for the current year has increased from 4.50% to 5.25%.
- The inflation rate has increased from 2.25% to 2.40%.
- The comp limit has increased from 2.25% to 2.40%.
- The wage base increase has increased from 3.25% to 3.50%.

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,226
Retirees and beneficiaries currently receiving benefits	1,284
Inactive or disabled plan members entitled to but not receiving benefits	2,316
Total	5,826
Normal retirement age	65 years
Benefits age	50 yrs (+30 yrs of service)
Benefits vesting years	5 years
Disability and death benefits	Yes

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Long-term rate of return	5.25%
Discount rate	5.25%
Projected salary increase attributed to:	
Inflation	2.40%
Seniority /merit	4.88 - 7.18%
Retirement increases	-
Actuarial cost method	Entry Age Normal actuarial cost method
Open/closed	Open
Remaining amortization period	18 years
Asset valuation method	Contract Basis
Mortality - Pre-retirement	PubG-2010 General base table with MP-2021 Mortality Improvement Scale
Mortality - Post-retirement	PubG-2010 General base table with MP-2021 Mortality Improvement Scale

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

Employee contribution percentage	1.50%
Employer contribution percentage	0.00%
Employee contribution, during the measurement period	$ 2,901,934
Employer contribution	-
Total amount contributed	$ 2,901,934
Covered payroll (Annual member compensation)	$ 173,250,599
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 5.25%. The discount rate is a single rate that incorporates the long-term rate of return assumption. The long-term rate of return assumption was applied to the projected benefit payments from 2022 to 2117. Benefit payments after 2117 are projected to be $0.00.

Net Pension Liability

The net pension liability reported for ACPS fiscal year end of June 30, 2023 was measured as of August 31, 2022, using the total pension liability that was determined by an actuarial valuation as of August 31, 2022.

Changes in Net Pension Liability

	Increase(Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at August 31, 2021	$ 187,638,149	$ 142,107,024	$ 45,531,125
Changes for the year			
Service Cost	6,622,862	-	6,622,862
Interest	8,581,713	-	8,581,713
Differences between expected and actual experience	1,939,951	-	1,939,951
Change in assumptions	(19,846,886)	-	(19,846,886)
Contributions - employer	-	-	-
Contributions - employee	-	2,899,057	(2,899,057)
Net investment income	-	(11,405,095)	11,405,095
Benefit payments, including refunds of employe contributions	(6,628,409)	(6,628,409)	-
Administrative expenses	-	(242,255)	242,255
Net changes	(9,330,769)	(15,376,702)	6,045,933
Balances at August 31, 2022	$ 178,307,380	$ 126,730,322	$ 51,577,058
Plan Fiduciary Net Position as a percentage of Total Pension Liability			71.07%

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

The following presents the net pension liability of the Employees' Supplemental Retirement Plan using the discount rate of 5.25%, as well as what the pension net pension liability would be if it was calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current rate.

	(-1%) Decrease 4.25%	**Current Discount Rate** 5.25%	**(+1%) Increase** 6.25%
Net Pension Liability	$ 78,822,464	$ 51,577,058	$ 59,509,320

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

The Employees' Supplemental Retirement Plan pension expense for the fiscal year ended June 30, 2023 is $13.9 million. For the year ended June 30, 2023, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	$ 10,557,072	$ -
Changes in assumptions	14,418,900	13,403,092
Differences between expected and actual experience	10,566	165,927
Total	$ 24,986,538	$ 13,569,019

Only employee contributions are made to the Supplemental Retirement Plan. As such, no deferred outflows are recorded for contributions made after the Plan measurement date.

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

Year Ending June 30,	Amount
2024	$ 6,050,504
2025	39,528
2026	1,788,451
2027	3,539,036
Total	$ 11,417,519

Payables to the Pension Plan
At June 30, 2023, ACPS reported payables to the Employees' Supplemental Retirement Plan of $0.4 million.

The following is a summary of fiduciary net position of the Plan as of June 30, 2023.

Summary of Fiduciary Net Position
Employees' Supplementary Retirement Plan
As of June 30, 2023

ASSETS	
Bonds	$ 75,555,901
Mutual Funds	25,813,420
Other Investments	25,365,694
Contribution Receivable	358,356
Total assets	127,093,371
NET POSITION	
Held in trust for pension benefits	$ 127,093,371

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

Summary of Changes in Fiduciary Net Position
Employees' Supplementary Retirement Plan
For the Year Ended June 30, 2023

ADDITIONS	
Contributions	$ 3,057,246
Investment Earnings net	4,440,406
Total Additions	7,497,652
DEDUCTIONS	
Benefit payments	6,570,526
Administrative expenses	282,544
Total Deductions	6,853,070
Change in net position	644,582
NET POSITION, beginning of year	126,448,789
NET POSITION, end of year	$ 127,093,371

Summary of Net Pension Liabilities/Asset and Deferred Inflows and Outflows of Resources
As of June 30, 2023

	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	$ -	$ -	$ 170,727,183	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 51,577,058	$ -	$ -	$ -	$ -	$ 222,304,241	$ -
Net Pension Asset	-	-	-	-	-	-	10,978,540	-	-	-	-	-	-	-	10,978,540	-	-
Net difference between projected and actual earnings on pension plan investments	-	22,259,249	-	-	-	1,734,753	-	-	10,557,072	-	-	-	10,557,072	23,994,002	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	570,208	5,263,951	-	-	-	-	-	-	-	-	-	-	570,208	5,263,951	-	-	-
Differences between expected and actual experience	-	11,772,314	-	-	-	1,147,767	-	-	10,566	165,927	-	-	10,566	13,086,008	-	-	-
Changes in assumptions	16,096,134	-	-	-	335,232	-	-	-	14,418,900	13,403,092	-	-	30,850,265	13,403,092	-	-	-
Employer contributions subsequent to the measurement date	27,418,771	-	-	-	77,254	-	-	-	-	-	-	-	27,496,025	-	-	-	-
Pension Expense	-	-	-	7,388,638	-	-	-	(1,871,619)	-	-	-	13,905,264	-	-	-	-	19,422,283
Totals	$ 44,085,113	$ 39,295,514	$ 170,727,183	$ 7,388,638	$ 412,486	$ 2,882,520	$ 10,978,540	$ (1,871,619)	$ 24,986,538	$ 13,569,019	$ 51,577,058	$ 13,905,264	$ 69,484,136	$ 55,747,053	$ 10,978,540	$ 222,304,241	$ 19,422,283

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 2023, 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, 2023 valuation are reflected in the chart below.

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

Investment Policy

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

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

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

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

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

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

Discount Rate

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

Measurement Date

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

Concentrations

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

Money-weighted Rate of Return

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

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

Schedule of Investment Returns

Last 10 Fiscal Years[1]

	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return Net of Investment Expense	7.62%	-9.27%	30.07%	3.01%	4.67%	9.52%	13.04%

Net OPEB Liability

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

Changes in Net OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

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

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

Contributions

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

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

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

Summary of Fiduciary Net Position
ACPS OPEB Trust Fund
As of June 30, 2023

ASSETS	
Cash Equivalents	$ 840,946
Bonds	13,956,857
Mutual Funds	7,907,746
Other Investments	5,801,104
Total assets	28,506,653
NET POSITION	
Held in trust for pension benefits	$ 28,506,653

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

Summary of Changes in Fiduciary Net Position
ACPS OPEB Trust Fund
For the Year Ended June 30, 2023

ADDITIONS	
Contributions	$ 1,771,828
Investment Earnings, net	2,020,535
Total Additions	3,792,363
DEDUCTIONS	
Benefit payments	1,771,828
Administrative expenses	24,901
Total Deductions	1,796,729
Change in net position	1,995,634
NET POSITION, beginning of year	26,511,019
NET POSITION, end of year	$ 28,506,653

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

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

B. VRS Employee Health Insurance Credit Program OPEB - Teachers

Summary of Significant Accounting Policies

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

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

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **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: – $4.00 per month, multiplied by twice the amount of service credit, or – $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Contributions

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

Program were $2.1 million for the year ended June 30, 2023 and 2.0 million for the year ended June 30, 2022, respectively.

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

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

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

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

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

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

An amount of $2.1 million reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions 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, 2024.
Other amounts reported as deferred outflows of resources and deferred inflows of resources related

to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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

Actuarial Assumptions

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

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

Mortality rates – Teachers

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

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

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi -Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		[(1)] Expected arithmetic nominal return	7.83%

[(1)] The above allocation provides a one-year return of 7.39%. 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 6.72% which is roughly at 40 percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

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

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

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

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

Teacher Employee HIC OPEB Fiduciary Net Position

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

Payables to the Teacher Employee Health Insurance Credit Program OPEB Plan

At June 30, 2023, ACPS reported payables to the Teacher Employee Health Insurance Credit Program OPEB Plan of $.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 SUBDIVISON 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: • 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: • **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: • 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, 2022, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Count
Active members	235
Inactive members:	
Vested inactive members	4
Disabled inactive members	7
Inactive members active elsewhere in the VRS system	48
Inactive members or their beneficiaries currently receiving benefits	49
Total inactive members	108
Total covered employees	343

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, 2023, was 0.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 each for the years ended June 30, 2023, and June 30, 2022, respectively.

Net HIC OPEB Liability

The Health Insurance Credit OPEB liability was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

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

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

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

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi -Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		[1] Expected arithmetic nominal return	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total 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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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, 2021	$ 662,484	$ 54,500	$ 607,984
Changes for the year:			
Service cost	6,865	-	6,865
Interest	44,360	-	44,360
Change in benefit terms	-	-	-
Changes of assumptions	46,598	-	46,598
Differences between expected and actual experience	(57,882)	-	(57,882.00)
Contributions - employer	-	52,264	(52,264)
Contributions - member	-	-	-
Net investment income	-	(728)	728
Benefit payments	(24,322)	(24,322.00)	-
Administrative expense	-	(136)	136
Other changes	-	-	-
Net changes	15,619	27,078	(11,459)
Balances as of June 30, 2022	$ 678,103	$ 81,578	$ 596,525

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability 12.0%

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:

	(-1%) Decrease 5.75%	Discount Rate 6.75%	(+1%) Increase 7.75%
Net HIC OPEB Liability	$ 660,022	$ 596,525	$ 542,008

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, 2023, the recognized Health Insurance Credit Program OPEB expense is $47,917. At June 30, 2023, 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	$ 1,902	$ 45,645
Changes in assumptions	45,669	-
Employer contributions subsequent to the measurement date	57,388	-
Total	$ 104,959	$ 45,645

The $.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, 2024. 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:

Year Ending June 30,	Amount
2024	$ 1,173
2025	1,173
2026	255
2027	(675)
Total	$ 1,926

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A Copy of the 2022 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2022-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, 2023, ACPS reported payables to the Political Subdivision Health Insurance Credit Program of $5,300. 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 OBEB plans, for public employer groups in the Commonwealth of Virginia. Within the Group Life insurance Program, ACPS employees are divided into two groups; Teachers (includes administrators and teachers) and Locality Employees (includes non-exempt support staff).

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the Group Life Insurance Program from the entity for the Teachers group were \$2.4 million for year ended June 30, 2023 and \$2.3 million for year ended June 30, 2022, respectively. Total contributions for the Locality group were \$0.1 million for both years ended June 30, 2023 and June 30, 2022, respectively.

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

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

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

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

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

	Teachers Group		Locality Group		Total GLI OPEB Program	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 744,430	$ 377,140	$ 36,137	$ 18,308	$ 780,567	$ 395,448
Net difference between projected and actual earnings on GLI OPEB program investments	-	587,416	-	28,515	-	615,931
Changes in assumptions	350,637	915,682	17,021	44,451	367,658	960,133
Changes in proportion	107,254	334,564	10,937	45,359	118,191	379,923
Employer contributions subsequent to the measurement date	955,251	-	46,357	-	1,001,608	-
Total	$ 2,157,572	$ 2,214,802	$ 110,452	$ 136,633	$ 2,268,024	$ 2,351,435

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

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

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation – Teacher employees Locality-General employees	 3.5% - 5.95% 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, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study 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 – Non-Largest Ten Locality Employers – General Employees

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions 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, 2022, 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	$3,672,085
Plan Fiduciary Net Position	2,467,989
Employers' Net GLI OPEB Liability (Asset)	$1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PI-Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		(1) Expected arithmetic nominal return	7.83%

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

Discount Rate

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

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

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

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

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2022-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2023, ACPS reported payables to the VRS Group Life Insurance OPEB Plan of $.2 million for the Teachers group and $11,000 for the Locality group. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

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

Combining Schedule of VRS HIC OPEB Plans Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and Pension Expense

As of June 30, 2023

	VRS HIC OPEB Program											
	Teachers Group				Political Subdivision Group				Total VRS HIC OPEB Program			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	$ -	$ -	$ 22,679,437	$ -	$ -	$ -	$ 596,525	$ -	$ -	$ -	$ 23,275,962	$ -
Differences between expected and actual experience	-	924,450	-	-	1,902	45,645	-	-	1,902	970,095	-	-
Net difference between projected and actual earnings on HIC OPEB program investments	-	22,764	-	-	45,669	-	-	-	45,669	22,764	-	-
Changes in assumptions	662,582	57,916	-	-	-	-	-	-	662,582	57,916	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	174,851	681,933	-	-	-	-	-	-	174,851	681,933	-	-
Employer contributions subsequent to the measurement date	2,134,968	-	-	-	57,388	-	-	-	2,192,356	-	-	-
OPEB Expense	-	-	-	1,736,450	-	-	-	47,917	-	-	-	1,784,367
Totals	$ 2,972,401	$ 1,687,063	$ 22,679,437	$ 1,736,450	$ 104,959	$ 45,645	$ 596,525	$ 47,917	$ 3,077,360	$ 1,732,708	$ 23,275,962	$ 1,784,367

Combining Schedule of VRS GLI OPEB Plans Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and Pension Expense

As of June 30, 2023

	VRS GLI OPEB Program											
	Teachers Group				Political Subdivision Group				Total VRS HIC OPEB Program			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	$ -	$ -	$ 9,400,862	$ -	$ -	$ -	$ 456,353	$ -	$ -	$ -	$ 9,857,215	$ -
Differences between expected and actual experience	744,430	377,140	-	-	36,137	18,308	-	-	780,567	395,448	-	-
Net difference between projected and actual earnings on GLI OPEB program investments	-	587,416	-	-	-	28,515	-	-	-	615,931	-	-
Changes in assumptions	350,637	915,682	-	-	17,021	44,451	-	-	367,658	960,133	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,254	334,564	-	-	10,937	45,359	-	-	118,191	379,923	-	-
Employer contributions subsequent to the measurement date	955,251	-	-	-	46,357	-	-	-	1,001,608	-	-	-
OPEB Expense	-	-	-	273,642	-	-	-	(91)	-	-	-	273,551
Totals	$ 2,157,572	$ 2,214,802	$ 9,400,862	$ 273,642	$ 110,452	$ 136,633	$ 456,353	$ (91)	$ 2,268,024	$ 2,351,435	$ 9,857,215	$ 273,551

Summary of OPEB Related Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and Pension Expense

As of June 30, 2023

	ACPS OPEB Trust				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	$ -	$ -	$ 4,728,038	$ -	$ -	$ -	$ 23,275,962	$ -	$ -	$ -	$ 9,857,215	$ -	$ -	$ -	$ 37,861,215	
Differences between expected and actual experience	-	4,928,051	-	-	-	924,450	-	-	780,567	395,448	-	-	780,567	6,247,949	-	-
Net difference between projected and actual earnings on OPEB plan investments	859,013	-	-	-	1,902	68,409	-	-	-	615,931	-	-	860,915	684,340	-	-
Changes in assumptions	144,144	812,832	-	-	708,251	57,916	-	-	367,658	960,133	-	-	1,220,053	1,830,881	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	174,851	681,933	-	-	118,191	379,923	-	-	293,042	1,061,856	-	-
Employer contributions subsequent to the measurement date	-	-	-	-	2,192,356	-	-	-	1,001,608	-	-	-	3,193,964	-	-	-
OPEB Expense				492,195				1,784,367	-			273,551	-	-	-	2,550,113
Totals	$ 1,003,157	$ 5,740,883	$ 4,728,038	$ 492,195	$ 3,077,360	$1,732,708	$23,275,962	$1,784,367	$ 2,268,024	$ 2,351,435	$ 9,857,215	$ 273,551	$ 6,348,541	$ 9,825,026	$ 37,861,215	$ 2,550,113

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, 2022	Additions	Reductions	Balance June 30, 2023	Amount Due Within One Year: Total	Amount Due Within One Year: Portion in Governmental Funds	Long-term Payable
Compensated Absences, net	$ 9,960,909	$ 784,974	$ -	$ 10,745,883	$ 886,508	$ 727,971	$ 9,859,375
Workers' Compensation Claims	2,255,377	330,085	(705,397)	1,880,065	1,316,045	1,316,045	564,020
Right-to-Use Lease Liability	21,298,960	351,299	(3,224,864)	18,425,395	3,536,563	-	14,888,832
Right-to-Use Subscription Liability	1,996,469	308,953	(1,647,982)	657,439	422,682	-	234,757
Net Pension Liablitiy	187,799,200	157,003,902	(122,498,861)	222,304,241	-	-	222,304,241
Net OPEB Liability	38,771,444	12,575,214	(13,485,445)	37,861,213	-	-	37,861,213
Total	$ 262,082,359	$ 171,354,426	$ (141,562,549)	$ 291,874,236	$ 6,161,798	$ 2,044,015	$ 285,712,438

For the compensated absences, the overall increase in the liability balance is presented as the net change in the liability activity for this fiscal year. Under the modified accrual basis of accounting used in the fund financial statements for the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses 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 increase	$ 675,523
Compensated Absences, current decrease	(19,763) *
Accrued Interest Payable- Subscription Liability	7,480
Workers' Compensation	(112,593)
Right-to-Use Lease Liability	(2,873,564)
Right-to-Use Subscription Liability	(1,339,030)
Total	$ (3,661,947)

*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 liabilities, and workers compensation.

Subscription-Based Information Technology Arrangements

The Entity has entered into subscription based-information technology arrangements (SBITAs) for web-based, digital software licensed content. The SBITA arrangements expire at various dates through 2030, including anticipated renewal options. See Note 5 for information on Right-to-use Subscription Assets and current year amortization expenses.

Right-to-Use Subscription Liabilities were recorded based upon the contractual payments required under the terms of the subscriptions. As of June 30, 2023, Right-to-Use Subscription Liabilities were approx. $0.7 million.

Scheduled future subscription payments under the SBITA agreements are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 417,099	$ 9,027	$ 426,127
2025	187,217	2,814	190,031
2026	13,281	-	13,281
2027	13,281	-	13,281
2028	13,281	-	13,281
2029 - 2030	13,281	-	13,281

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, 2023 and 2022 were as follows:

	IBNR Accrual (Health Benefits Fund)	Workers Compensation (General Fund)
Liability Balances, July 1, 2021	$ 1,101,475	$ 2,481,407
Claims and changes in estimates	22,751,762	1,378,518
Claims payments	(22,364,110)	(1,604,548)
Liability Balances, June 30, 2022	1,489,127	2,255,377
Claims and changes in estimates	22,899,951	330,085
Claims payments	(22,814,995)	(705,397)
Liability Balances, June 30, 2023	$ 1,574,083	$ 1,880,065
Due Within One Year	$ 1,574,083	$ 1,316,045

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, as of June 30, 2023, are presented below:

Governmental Fund Balances

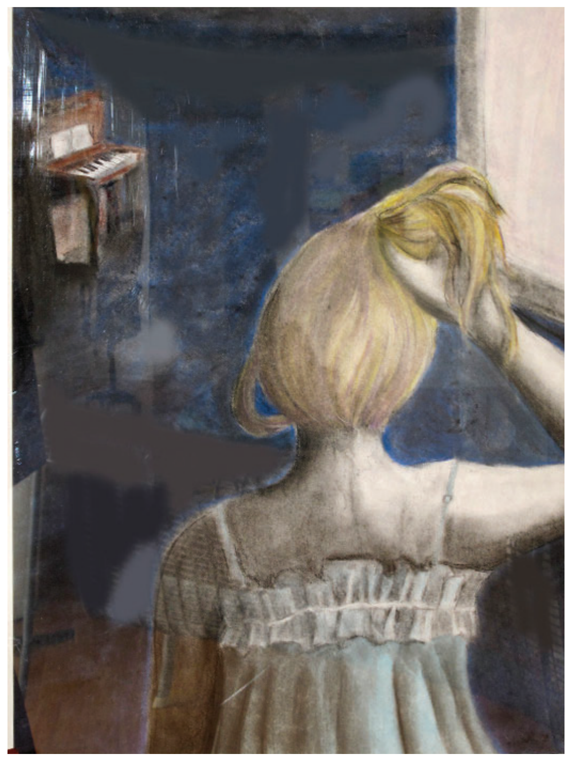
	General	Capital Projects	Grants and Special Revenue	School Nutrition
FUND BALANCES:				
Nonspendable:				
Prepaid Items	$ 1,919,049	$ -	$ -	$ 7,871
Inventories	-	-	-	323,517
Total Nonspendable	**1,919,049**	**-**	**-**	**331,388**
Spendable				
Restricted for:				
Capital Projects	-	663,916	-	-
Grant Funded Programs	-	-	884,114	-
School Nutrition Program	-	-	-	5,996,487
Total Restricted	-	663,916	884,114	5,996,487
Committed for:				
Subsequent Year Fund Balance	8,722,578	-	-	-
Total Committed	8,722,578	-	-	-
Assigned for:				
School/Department Programs	883,600	-	-	-
Total Assigned	883,600	-	-	-
Unassigned:				
Unassigned	9,472,278	-	-	-
Total Unassigned	9,472,278	-	-	-
Total Spendable	**19,078,456**	**663,916**	**884,114**	**5,996,487**
TOTAL FUND BALANCES	**$ 20,997,505**	**$ 663,916**	**$ 884,114**	**$ 6,327,875**

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.

Exhibit IX

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budget			Variance from Final Budget
	Original	Final	Actual	Over/(Under)
Revenues				
Intergovernmental:				
City of Alexandria	$ 248,737,300	$ 248,737,300	$ 248,737,300	$ -
State aid	61,417,000	61,417,000	61,973,504	556,504
Federal aid	140,000	140,000	147,326	7,326
Tuition and fees	398,000	398,000	202,975	(195,025)
Other local funds	615,000	615,000	788,301	173,301
Total Revenues	311,307,300	311,307,300	311,849,406	542,106
Expenditures				
General instruction	239,986,717	241,209,774	234,096,211	(7,113,563)
Adult education	736,806	737,006	766,249	29,243
Summer school and kindergarten prep	1,269,724	1,148,732	1,501,434	352,702
Administration	24,670,674	24,862,894	21,139,833	(3,723,061)
Attendance and health services	8,169,304	8,226,659	7,979,591	(247,068)
Pupil transportation	11,848,812	11,999,443	12,022,908	23,465
Plants operations and maintenance	25,024,088	25,256,545	27,424,558	2,168,013
Food services	899,915	927,346	809,515	(117,831)
Capital improvement services	-	-	1,273,098	1,273,098
Debt Service:				
Principal	3,196,547	3,196,547	3,659,450	462,903
Interest	386,750	386,750	389,224	2,474
Total Expenditures	316,189,337	317,951,696	311,062,071	(6,889,625)
Excess (deficiency) of revenue over (under) expenditures	(4,882,037)	(6,644,396)	787,335	7,431,731
Other Financing Sources (Uses)				
Transfers Out	(1,863,300)	(1,863,300)	(1,678,525)	(184,775)
Proceeds - Capital Lease / SBITA	1,200,000	1,200,000	1,273,098	73,098
Contribution to City Capital Programs	(3,774,100)	(3,774,100)	(3,774,100)	-
Total Other Financing Sources and (Uses), net	(4,437,400)	(4,437,400)	(4,179,527)	(111,677)
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	$ (9,319,437)	$ (11,081,796)	(3,392,192)	$ 7,320,054
Fund Balance - July 1, 2022			24,389,697	
Fund Balance - June 30, 2023			$ 20,997,505	

See accompanying note to the budgetary comparison schedule.

Exhibit X

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
Grants and Special Revenue Fund
For the Year Ended June 30, 2023

	Budget			Variance from final budget Over
	Original	Final	Actual	(Under)
Revenues				
Intergovernmental:				
City of Alexandria	$ -	$ -	$ -	$ -
State aid	4,416,633	7,472,072	5,071,602	(2,400,470)
Federal aid	11,125,747	65,355,585	31,268,684	(34,086,901)
Fees	-	43,755	838,296	794,541
Other local revenue	204,984	725,341	914,818	189,477
Total Revenues	15,747,364	73,596,753	38,093,400	(35,503,353)
Expenditures				
Current:				
General instruction	16,923,676	44,067,077	28,420,536	(15,646,541)
Adult education	468,867	565,317	453,025	(112,292)
Summer school and Kindergarten prep	-	477,010	215,660	(261,350)
Administration	64,285	6,865,064	2,894,279	(3,970,785)
Plants operations and maintenance	15,930	7,713,409	1,482,553	(6,230,856)
Attendance and health services	3,500	2,379,412	1,538,077	(841,335)
Pupil transportation	10,000	3,820,164	4,631,608	811,444
Food services	38,966	167,614	122,163	(45,451)
Capital improvement services	-	-	116,905	116,905
Debt Service				
Principal	88,906	88,906	88,906	-
Interest	34	34	34	-
Total Expenditures	17,614,164	66,144,007	39,963,746	26,180,261
Excess (deficiency) of revenue over (under) expenditures	(1,866,800)	7,452,746	(1,870,346)	(9,323,092)
Other Financing Sources				
Proceeds - Capital asset subscriptions	-	-	116,905	116,905
Transfers In	1,863,300	1,863,300	1,678,525	(184,775)
Total Other Financing Sources	1,863,300	1,863,300	1,795,430	(67,870)
Excess (deficiency) of revenue over (under) expenditures and other financing sources	$ (3,500)	$ 9,316,046	(74,916)	$ (9,390,962)
Fund Balance-July 1, 2022			959,030	
Fund Balance-June 30, 2023			$ 884,114	

See accompanying note to the budgetary comparison schedule.

Exhibit XI

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
School Nutrition Fund
For the Year Ended June 30, 2023

	Budget			Variance from Final Budget
	Original	Final	Actual	Over/(Under)
Revenues				
Intergovernmental:				
City of Alexandria	$ -	$ -	$ -	$ -
State aid	211,648	211,648	195,050	(16,598)
Federal aid	9,523,250	10,132,974	9,464,507	(668,467)
Food Sales	2,127,588	2,127,588	1,739,713	(387,875)
Other local revenue	175,000	175,000	222,334	47,334
Total Revenues	12,037,486	12,647,210	11,621,604	(1,025,606)
Expenditures				
Summer school and kindergarten prep	-	-	86,154	86,154
Food services	12,037,486	12,817,973	11,100,045	(1,717,928)
Capital improvement services	-	-	75,977	75,977
Debt Service				
Principal	-	-	38,335	-
Interest	-	-	-	38,335
Total Expenditures	12,037,486	12,817,973	11,300,511	1,517,462
Excess (deficiency) of revenues over (under) expenditures	-	(170,763)	321,093	491,856
Other Financing Sources				
Proceeds - Capital assets subscriptions	-	-	75,977	75,977
Total Other Financing Sources	-	-	75,977	75,977
Excess (deficiency) of revenue over (under) expenditures and other financing sources	$ -	$ (170,763)	397,070	$ 567,833
Fund Balance- July 1, 2022			5,930,805	
Fund Balance- June 30, 2023			$ 6,327,875	

See accompanying note to the budgetary comparison schedule.

Exhibit XII-1

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2023

Schedule of Employer Contributions - Pension Plans
Last 10 Fiscal Years [1]

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]						
2022	$ 12,060,241	-	$ 12,060,241	$ 176,147,589	0.00%	0.00%
2021	12,119,071	-	12,119,071	169,099,717	0.00%	0.00%
2020	8,185,137	-	8,185,137	164,227,612	0.00%	0.00%
2019	5,332,912	-	5,332,912	164,150,550	0.00%	0.00%
2018	4,619,357	-	4,619,357	157,315,417	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						
2023	103,457	112,927	(9,470)	8,550,150	1.32%	109.15%
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	93,297	93,297	-	7,942,569	1.17%	100.00%
2018	95,406	95,406	-	8,138,526	1.17%	100.00%
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						
2023	29,326,932	29,326,932	-	176,147,589	16.65%	100.00%
2022	28,129,418	28,129,418	-	169,099,717	16.63%	100.00%
2021	27,290,500	27,290,500	-	164,227,612	16.62%	100.00%
2020	25,738,806	25,738,806	-	164,150,550	15.68%	100.00%
2019	24,683,324	24,683,324	-	157,315,417	15.69%	100.00%
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.

Exhibit XII-2

Alexandria City Public Schools, Virginia
Required Supplementary Information
Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2023

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

Fiscal Year	Actuarially/ Contractually Required Contribution	Contributions in Relation to Actuarially/ Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	% of Actual Contributions Contributed
ACPS Other Employee Benefit Trust Fund						
2023	$ 1,366,990	$ 1,771,828	$ (404,838)	$ 186,786,944	0.95%	129.62%
2022	1,048,305	1,738,611	(690,306)	181,346,548	0.96%	165.85%
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						
2023	2,134,968	2,134,968	-	176,135,540	1.21%	100.00%
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%
VRS Healthcare Credit Insurance OPEB Program-Political Subdivisions						
2023	57,388	57,388	-	8,550,150	0.67%	100.00%
2022	52,378	52,378	-	8,314,047	0.63%	100.00%
2021	49,109	49,109	-	7,795,016	0.63%	100.00%

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

Exhibit XII-2
Continued

Alexandria City Public Schools, Virginia
Required Supplementary Information
Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2023

Schedule of Employer Contributions - OPEB
Last 10 Fiscal Years

Fiscal Year	Actuarially/ Contractually Required Contribution	Contributions in Relation to Actuarially/ Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	% of Actual Contributions Contributed
VRS Group Life Insurance OPEB Program - Teachers						
2023	$ 955,251	$ 955,251	$ -	$ 176,606,115	0.54%	100.00%
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%
VRS Group Life Insurance OPEB Program - State/Locality Employees						
2023	46,357	46,357	-	8,575,719	0.54%	100.00%
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%
2017	42,125	42,125	-	8,100,977	0.52%	100.00%
2016	41,683	37,750	3,933	7,864,669	0.48%	90.57%
2015	40,075	36,294	3,781	7,561,345	0.48%	90.57%
2014	40,915	37,055	3,860	7,719,774	0.48%	90.57%

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, 2023

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

Employees' Supplementary Retirement Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service costs	$ 6,622,862	$ 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	8,581,713	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	1,939,951	(380,027)	68,199	106,300	26,190	85,946	998,161	140,424	(475,091)
Benefit payments	(6,628,409)	(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	(19,846,886)	24,746,787	14,870,418	(524,581)	(193,103)	7,007,931	8,012,677	-	-
Net Changes in Total Pension Liability	(9,330,769)	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	187,638,149	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	$ 178,307,380	$ 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	$ 2,899,057	$ 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	(11,405,095)	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	(6,628,409)	(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	(242,255)	(242,705)	(235,488)	(235,835)	(335,316)	(40,660)	(85,748)	(124,855)	(111,595)
Net Changes in Fiduciary Net Position	(15,376,702)	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	142,107,024	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	$ 126,730,322	$ 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,	$ 51,577,058	$ 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	71.07%	75.73%	84.83%	94.44%	97.59%	98.01%	102.21%	111.58%	120.08%
Covered Payroll	$ 173,250,599	$ 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	29.77%	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014 (2)
Employees' Supplementary Retirement Plan	-8.16%	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

Exhibit XIII-2

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2023

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

VRS - Political Subdivision Retirement Plan (Non-Professional)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service costs	$ 668,355	$ 695,580	$ 698,590	$ 718,880	$ 747,214	$ 761,926	$ 754,823	$ 758,027	$ 796,338
Interest	3,046,189	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	(1,279,300)	(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	(2,297,273)	(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	137,971	891,003	453,483	1,158,470	957,353	755,326	1,443,306	(232,486)	1,423,959
Total Pension Liability, beginning	45,609,013	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	$ 45,746,984	$ 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	385,286	365,306	365,985	368,198	384,967	390,792	388,435	393,832	379,449
Net investment income	(37,009)	12,910,551	927,946	3,127,139	3,409,511	5,185,761	735,046	1,959,825	6,037,662
Benefit payments	(2,297,273)	(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	(36,921)	(33,452)	(32,633)	(32,402)	(30,490)	(31,000)	(27,814)	(27,928)	(33,280)
Other	1,299	1,205	(1,085)	(1,961)	(2,989)	(4,572)	(318)	(411)	319
Net Changes in Fiduciary Net Position	(1,984,618)	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	58,710,142	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	$ 56,725,524	$ 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,	$ (10,978,540)	$ (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	124.00%	128.72%	107.58%	110.99%	111.72%	110.92%	104.63%	110.30%	108.57%
Covered Payroll	$ 8,565,437	$ 8,314,047	$ 7,795,016	$ 7,710,494	$ 7,884,781	$ 8,011,663	$ 7,804,877	$ 7,544,808	$ 7,527,538
Net Pension Liability (Asset) as a percentage of Covered Payroll	-128.17%	-157.58%	-43.46%	-63.07%	-64.05%	-57.43%	-24.55%	-54.55%	-45.74%

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

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

Exhibit XIII-3

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2023

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

VRS Teacher Retirement Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	1.793240%	1.832620%	1.843400%	1.852470%	1.835850%	1.847580%	1.852630%	1.801550%	1.770720%
Employer's Proportionate Share of the Net Pension Liability	$ 170,727,183	$ 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)	$ 176,455,669	$ 169,250,408	$ 164,202,770	$ 163,895,917	$ 157,419,158	$ 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	96.75%	84.06%	163.37%	148.75%	137.15%	154.76%	183.67%	169.84%	165.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

Exhibit XIII-4

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2023

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

Other Employee Benefits Trust Fund

	2023	2022	2021	2020	2019	2018	2018	2017
Total OPEB Liability								
Service costs	$ 988,491	$ 1,100,364	$ 1,060,180	$ 1,208,445	$ 1,177,364	$ 1,119,634	$ 1,119,634	$ 1,065,890
Interest	2,196,903	2,206,203	2,149,474	2,243,462	2,197,977	2,159,080	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)	(2,071,966)	-
Changes in asummptions	-	(413,248)	-	(884,552)	-	432,426	432,426	-
Benefit payments	(1,134,990)	(882,270)	(881,633)	(938,930)	(1,551,418)	(902,946)	(902,946)	(1,492,636)
Net Changes in Total OPEB Liability	2,050,404	(1,248,529)	2,328,021	(2,623,563)	1,823,923	736,228	736,228	1,595,450
Total OPEB Liability, beginning	31,184,287	32,432,816	30,104,795	32,728,358	30,904,435	30,168,207	30,168,207	28,572,757
Total OPEB Liability, ending	$ 33,234,691	$ 31,184,287	$ 32,432,816	$ 30,104,795	$ 32,728,358	$ 30,904,435	$ 30,904,435	$ 30,168,207
Fiduciary Net Position								
Contributions- Employer	$ 1,134,990	$ 1,928,807	$ 881,633	$ 938,930	$ 2,482,483	$ 1,792,946	$ 1,792,946	$ 2,269,646
Contributions- Employee	-	-	-	-	-	-	-	-
Net investment income	2,020,535	(2,703,072)	6,522,171	644,350	921,954	1,605,675	1,605,675	1,831,086
Benefit payments	(1,134,990)	(882,270)	(881,633)	(938,930)	(1,551,418)	(902,946)	(902,946)	(1,492,636)
Administrative expenses	(24,901)	(28,644)	(24,438)	(23,924)	(21,365)	(19,245)	(19,245)	(17,371)
Net Changes in Total OPEB Liability	1,995,634	(1,685,179)	6,497,733	620,426	1,831,654	2,476,430	2,476,430	2,590,725
Fiduciary Net Position, beginning	26,511,019	28,196,198	21,698,465	21,078,039	19,246,385	16,769,955	16,769,955	14,179,230
Fiduciary Net Position, ending	$ 28,506,653	$ 26,511,019	$ 28,196,198	$ 21,698,465	$ 21,078,039	$ 19,246,385	$ 19,246,385	$ 16,769,955
Net OPEB Liability as of June 30,	$ 4,728,038	$ 4,673,268	$ 4,236,618	$ 8,406,330	$ 11,650,319	$ 11,658,050	$ 11,658,050	$ 13,398,252
Fiduciary Net Position as a percentage of Total OPEB Liability	85.77%	85.01%	86.94%	72.08%	64.40%	62.28%	62.28%	55.59%
Covered Payroll	$186,786,944	$181,346,548	$174,733,455	$169,644,131	$164,994,126	$160,188,472	$160,188,472	$ 150,313,298
Net OPEB Liability as a percentage of Covered Payroll	2.53%	2.58%	2.42%	4.96%	7.06%	7.28%	7.28%	8.91%

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

	2023	2022	2021	2020	2019	2018	2017
Other Employee Benefit Trust Fund	7.62%	-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.

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, 2023

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

	2022	2021	2020	2019	2018	2017
VRS Healthcare Credit Insurance Program-Teachers						
Employer's Proportion of the Net HCI OPEB Liability	1.81574%	1.85656%	1.86936%	1.87679%	1.85325%	1.86478%
Employer's Proportionate Share of the Net HCI OPEB Liability	$ 22,679,437	$ 23,830,232	$ 24,386,110	$ 24,569,006	$ 23,530,000	$ 23,657,000
Employer's Covered Payroll	$ 169,229,734	$ 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	13.40%	14.51%	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HCI OPEB Liability	15.08%	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	1.10198%	1.24615%				
Employer's Proportionate Share of the Net HCI OPEB Liability	$ 596,525	$ 607,984				
Employer's Covered Payroll	$ 8,314,047	$ 7,795,016				
Employer's Proportionate Share of the Net HCI OPEB Liability as a Percentage of its Covered Payroll	7.17%	7.80%				
Plan Fiduciary Net Position as a Percentage of the Total HCI OPEB Liability	39.63%	40.52%				
VRS Group Life Insurance Program - Teachers						
Employer's Proportion of the Net GLI OPEB Liability	0.78074%	0.79247%	0.79551%	0.80828%	0.79308%	0.81094%
Employer's Proportionate Share of the Net GLI OPEB Liability	$ 9,400,862	$ 9,226,501	$ 13,275,760	$ 13,152,867	$ 12,045,000	$ 12,203,000
Employer's Covered Payroll	$ 169,830,304	$ 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	5.53%	5.64%	8.11%	8.30%	7.99%	8.14%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	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	0.03790%	0.03723%	0.03692%	0.04033%	0.04283%	0.04392%
Employer's Proportionate Share of the Net GLI OPEB Liability	$ 456,353	$ 433,459	$ 616,134	$ 656,276	$ 651,000	$ 661,000
Employer's Covered Payroll	$ 8,244,905	$ 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	5.53%	5.64%	8.11%	8.30%	7.99%	8.12%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

(1) This schedule is intended to show information for 10 years. Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years available. Additional years will be displayed as they become available.

A. Budgetary information

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

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

Changes of assumptions: The actuarial assumptions used in the June 30, 2021, 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 heathy, 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.

Discount rate	The discount rate has increased from 4.50% to 5.25%
The long-term rate of return for the current year	The long-term rate of return for the current year has increased from 4.50% to 5.25%
Inflation rate	The inflation rate has increased from 2.25% to 2.40%
Comp limit	The comp limit has increased from 2.25% to 2.40%
Wage base increase rate	The wage base increase limit has increased from 3.25% to 3.50%

D. ACPS OPEB Trust Fund

For the ACPS OPEB Trust Fund,

During the year, there were no experience gains or losses, benefit changes, or assumption changes.

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

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.

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

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

Alexandria City Public Schools

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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, 2023

	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	$ -	$ 840,946	$ 840,946
Bonds	75,555,901	13,956,857	89,512,758
Mutual funds	25,813,420	7,907,746	33,721,166
Real estate	14,623,322	2,337,546	16,960,868
Global asset allocation	10,742,372	3,463,558	14,205,930
Total investments	126,735,015	28,506,653	155,241,668
Contributions Receivable	358,356	-	358,356
Total assets	$ 127,093,371	$ 28,506,653	$ 155,600,024
Net Position			
Restricted for pension and other employee benefits	127,093,371	28,506,653	155,600,024
Total net position held in trust	$ 127,093,371	$ 28,506,653	$ 155,600,024

Exhibit XV

Alexandria City Public Schools, Virginia
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2023

	Employees' Supplementary Retirement Plan	ACPS Other Post Employment Benefits Trust	Total Pension and Other Employee Benefit Trust Funds
Additions			
Contributions			
Employer contributions	$ -	$ 1,771,828	$ 1,771,828
Employee contributions	3,057,246	-	3,057,246
Total Contributions	3,057,246	1,771,828	$ 4,829,074
Investment Income			
Investment Earnings	4,480,996	11,177	4,492,173
Net appreciation in fair value of investments	-	2,009,358	2,009,358
Investment Expense	(40,590)	-	(40,590)
Net Investment Income/Loss	4,440,406	2,020,535	6,460,941
Total additions	7,497,652	3,792,363	11,290,015
Deductions			
Benefit payments	6,570,526	1,771,828	8,342,354
Administrative expenses	282,544	24,901	307,445
Total deductions	6,853,070	1,796,729	8,649,799
Change in net position	644,582	1,995,634	2,640,216
Net position - July 1, 2022	126,448,789	26,511,019	152,959,808
Net position - June 30, 2023	$ 127,093,371	$ 28,506,653	$ 155,600,024

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 lease and subscription 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

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Table 1

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

Governmental Activities:

	Net investment in capital assets [1]	Unrestricted	Restricted	Total net position	
2023	$ 19,145,909	$ (237,866,270)	$ 31,242,461	$ (187,477,900)	(6)
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)

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.

6) ACPS implemented Governmental Accounting Standards Board Statement No.96, Subscription-Based Information Technology Arrangements in fiscal year 2023.

Table 2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
General instruction	$ 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	$ 247,956,541
Adult education	900,966	957,153	1,021,582	932,395	947,842	1,017,138	974,024	857,774	1,046,435	1,219,274
Summer school	668,925	792,906	1,121,039	902,146	1,225,044	1,276,386	1,308,415	2,496,880	2,110,064	1,803,248
Administration	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	20,637,199
Attendance and health services	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	8,957,153
Facilities	-	-	-	-	-	-	-	19,288	-	-
Pupil transportation	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	12,925,248
Plant operations and maintenance	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	43,707,188
Food services	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	11,382,699
Capital Improvement Services	3,098,165	4,166,558	2,194,108	-	-	-	-	-	-	-
Total governmental expenses	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	348,588,550
Program revenues										
Charges for services										
Instruction	292,105	217,277	237,841	247,941	256,208	338,040	192,421	309,608	561,287	951,255
Plant operations and maintenance	135,101	119,190	187,600	198,047	166,017	245,561	182,575	43,553	151,442	90,016
Food services	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	1,962,047
Operating grants and contributions	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	47,061,987
Total program revenues	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	50,065,305
Net (expenses)	(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)	(298,523,245)
General revenues										
Intergovernmental:										
City of Alexandria	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	260,074,590
State aid	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	61,974,827
Grants not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Other local funds	1,139,350	1,651,826	686,690	331,334	472,474	513,406	602,456	467,282	579,791	786,978
Contribution to City Capital Programs	-	-	-	-	-	-	-	-	-	(3,774,100)
Total general revenues	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	319,062,295
Change in net position	**$ 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**	**$ 20,539,050**

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non Spendable:	$ 882	$ 879	$ 1,150	$ 1,232	$ 1,246	$ 1,357	$ 1,538	$ 2,033	$ 2,177	$ 1,919
Spendable:										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	4,566	3,260	6,997	5,033	5,206	5,724	5,099	5,114	9,319	8,723
Assigned	1,928	1,309	2,586	1,231	1,758	965	1,500	1,996	2,380	884
Unassigned	3,651	6,997	4,192	4,672	4,181	2,777	7,098	12,473	10,513	9,472
Total Spendable	10,145	11,566	13,775	10,936	11,145	9,466	13,697	19,583	22,212	19,079
Total general fund	**$ 11,027**	**$ 12,445**	**$ 14,925**	**$ 12,168**	**$ 12,391**	**$ 10,823**	**$ 15,235**	**$ 21,616**	**$ 24,389**	**$ 20,998**
All Other Governmental Funds										
Non Spendable:										
Special Revenue	$ 177	$ 203	$ 335	$ 518	$ 281	$ 187	$ 244	$ 284	$ 351	$ 331
Spendable:										
Restricted										
Capital Projects	567	892	2,685	20,450	8,166	3,372	518	476	644	664
Special Revenue	6,504	5,805	5,072	4,948	5,294	3,475	2,848	4,258	6,539	6,880
Total Spendable	7,071	6,697	7,757	25,398	13,460	6,847	4,088	5,551	7,183	7,544
Total all other governmental funds	**$ 7,248**	**$ 6,900**	**$ 8,092**	**$ 25,916**	**$ 13,741**	**$ 7,034**	**$ 4,332**	**$ 5,835**	**$ 7,534**	**$ 7,875**

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Intergovernmental:										
City of Alexandria	$ 185,939,138	$ 196,303,878	$ 202,798,138	$ 225,318,806	$ 206,863,933	$ 227,228,450	$ 241,198,310	$ 244,947,930	$ 248,943,085	$ 260,074,591
State aid	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	67,240,156
Federal aid	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	40,880,517
Tuition and fees	578,266	431,166	425,442	445,988	422,225	613,506	374,995	353,161	712,730	1,041,271
Food sales	1,652,483	1,572,260	1,691,104	1,740,488	1,806,790	1,905,369	1,488,863	24,674	718,534	1,739,713
Gift and donations	-	-	-	-	-	-	-	-	-	-
Other local funds	1,554,803	1,400,329	1,706,405	1,416,668	1,405,702	1,014,492	1,094,084	983,271	1,536,864	1,925,453
Total Revenues	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	372,901,701
Expenditures										
General instruction	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	262,516,747
Adult education	900,966	957,153	1,021,582	932,395	947,842	1,017,138	974,024	857,774	1,046,435	1,219,274
Summer school	668,925	792,906	1,121,039	902,146	1,225,044	1,276,386	1,308,415	2,496,880	2,110,064	1,803,248
Administration	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	24,034,112
Attendance and health services	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	9,462,144
Pupil transportation	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	13,560,985
Operation of plants and maintenance	16,669,275	18,811,209	19,350,957	23,520,713	21,535,502	22,487,204	22,560,303	24,316,595	26,000,943	32,056,166
Food services	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	12,031,723
Capital improvement services	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	12,910,954
Debt Service:										
Principal	-	-	-	597,586	604,070	615,648	627,448	639,474	3,074,924	4,872,847
Interest	-	-	-	48,488	42,004	30,426	18,626	6,600	448,022	389,292
Total Expenditures	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	374,857,492
Excess (deficiency) of revenues over expenditures	(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	(1,955,791)
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	1,678,525
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)	(1,678,525)
Proceeds-Capital Lease / SBITA	-	-	-	-	-	-	-	-	-	2,679,746
Contribution to City Capital Programs	-	-	-	-	-	-	-	-	-	(3,774,100)
Total Other Financing Sources (uses)	-	-	-	2,324,632	7,422,877	1,431,902	1,555,604	1,716,473	1,420,738	(1,094,354)
Total Net Change in Fund Balances	**$ (4,155,036)**	**$ (1,254,398)**	**$ 2,389,633**	**$ 11,761,301**	**$ (4,528,748)**	**$ (6,843,435)**	**$ 2,543,829**	**$ 9,600,510**	**$ 5,892,874**	**$ (3,050,145)**
Ratio of debt service expenditures to noncapitalized expenditures	0.00%	0.00%	0.00%	0.24%	0.23%	0.21%	0.21%	0.20%	1.04%	1.44%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PERSONNEL SERVICES										
Personnel services	$ 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	$ 195,453,185
Benefits	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	72,563,035
Total Personnel Services	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	268,016,220
NON-PERSONNEL SERVICES										
Professional services	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	3,723,199
Temporary help service fees	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	2,264,096
Maintenance services and contracts	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	10,742,030
Transportation	1,451,944	1,587,439	1,452,706	1,456,626	1,419,843	1,819,079	1,555,850	159,835	2,261,809	2,220,055
Printing and binding	194,802	187,794	206,436	192,158	205,159	172,159	201,125	446,418	88,219	107,871
Purchase of services from other govt. entities	308,360	306,315	198,449	124,437	144,034	294,201	153,309	57,182	22,715	-
Other purchased services	32,167	52,622	34,684	32,898	-	40,290	65,615.000	43,616	64,552	111,611
Internal services	6,443	3,499	1,008	14,045	(2,531)	16,546	(3,616)	(3,902)	2,749	14,334
Utilities	2,637,463	2,857,652	2,835,800	3,130,632	3,392,399	3,592,287	3,284,241	2,788,504	3,952,311	4,363,337
Communications	807,257	920,515	800,220	784,027	868,402	941,975	994,718	1,048,369	958,415	981,830
Insurance	312,349	279,658	269,764	279,641	284,513	302,993	333,598	351,935	388,158	541,725
Leases and rentals	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	2,036,413
Travel	530,679	531,201	611,580	596,875	661,994	843,376	488,525	45,009	426,268	727,240
Awards and grants	537,833	627,760	484,473	98,315	102,802	88,696	21,826	32,470	37,322	114,839
Miscellaneous	244,376	242,609	290,835	256,288	302,211	323,440	297,053	340,146	344,408	336,901
Educational and recreational supplies	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	2,240,621
Textbooks	2,694,179	1,219,696	641,291	818,646	1,004,831	1,785,815	469,577	240,525	639,943	251,214
Food supplies and food service supplies	411,875	421,654	442,635	471,180	339,932	348,807	261,000	14,791	303,850	420,459
Technology	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	2,837,758
Medical and laboratory supplies	21,161	25,118	23,756	26,389	27,274	27,055	30,684	25,825	30,190	35,014
Repair and maintenance supplies	260,433	382,833	298,222	300,182	331,301	297,736	450,781	298,397	382,659	559,881
Laundry, housekeeping and janitorial supplies	427,118	425,525	437,919	466,466	441,183	365,298	335,518	536,653	603,571	397,991
Vehicle and power equipment fuel	580,756	473,636	320,157	327,167	414,348	428,768	269,786	110,835	479,373	458,018
Vehicle and power equipment supplies	242,774	319,096	289,289	313,733	330,320	327,478	301,887	136,592	246,413	338,729
Other operating supplies	291,445	337,441	355,572	323,750	73,697	161,487	140,164	267,885	220,446	452,721
Other uses of funds									-	34,732
Capital outlay	2,758,917	2,659,793	3,273,788	5,338,941	1,831,994	2,021,554	2,043,133	2,008,741	1,192,190	2,684,558
Debt Service:										
Principal	-	-	-	597,586	604,070	616,648	627,448	639,474	3,074,924	3,659,450
Interest	-	-	-	48,488	42,004	30,426	18,626	6,600	448,022	389,224
Total Non-personnel Services	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	43,045,851
GRAND TOTAL	**$ 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**	**$ 311,062,071**

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
John Adams Elementary School	$ 63	$ 43	$ 115	$ 106	$ -	$ 100	$ 99	$ 125	$ 705	$ 211	$ 1,567
Charles Barrett Elementary School	-	38	289	51	319	219	13	19	64	49	1,061
Patrick Henry Elementary School	5	-	-	-	7	824	368	15	-	-	1,219
Jefferson-Houston School	-	771	-	16	1	122	209	(145)	-	-	974
Cora Kelly School for Math, Science and Technology	6	-	-	2	-	13	720	355	187	43	1,326
Lyles-Crouch Traditional Academy	-	-	46	6	8	39	-	273	363	71	806
Douglas MacArthur Elementary School	-	-	-	-	-	19	-	3,412	202	256	3,889
George Mason Elementary School	-	-	228	92	35	20	122	162	-	-	659
Naomi L. Brooks Elementary School	-	-	-	11	-	267	53	7	574	669	1,581
Mount Vernon Community School	3	17	160	92	59	122	360	126	534	476	1,949
James K. Polk Elementary School	-	-	-	38	605	345	56	6	229	142	1,421
William Ramsay Elementary School	-	-	-	-	-	67	95	166	115	117	560
Francis C. Hammond Middle School	103		179	31	200	52	40	167	615	452	1,839
George Washington Middle School	-	290	-	50	306	480	643	1,115	918	761	4,563
Alexandria City High School	-	21	148	80	974	443	1,290	874	1,116	819	5,765
Rowing Facility	97	20	105	-	121	592	28	26	27	1	1,017
Samuel W. Tucker Elementary School	-	-	-	14	-	50	-	109	82	46	301
Ferdinand T Day	-	-	-	-	-	46	105	323	399	96	969
System Wide	2,821	2,966	924	2,944	2,452	4,373	8,182	3,818	3,208	7,108	38,796
GRAND TOTAL	**$ 3,098**	**$ 4,166**	**$ 2,194**	**$ 3,533**	**$ 5,087**	**$ 8,193**	**$ 12,383**	**$ 10,953**	**$ 9,338**	**$ 11,317**	**$ 70,262**

Source: Alexandria City Public Schools Financial Services Department

Table 7

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

Fiscal Year	Principal	Interest	Total Lease Payments (1)	Total Lease Payments as % of General Expend.	Total Lease Liabilities at June 30,	Total Lease Liab. as % of General Expend.	General Fund Expenditures (2)
2023	$ 3,224,864	$ 387,869	$ 3,612,733	1.16%	$ 18,425,395	5.92%	$ 311,062,071
2022 (3)	3,074,924	448,022	3,522,946	1.21%	21,298,960	7.32%	291,128,085
2021	639,474	6,600	646,074	0.23%	-	0.00%	279,412,688
2020	627,448	18,626	646,074	0.24%	639,474	0.23%	274,309,488
2019	615,648	30,426	646,074	0.24%	1,266,922	0.47%	270,606,432
2018	604,070	42,004	646,074	0.25%	1,882,570	0.73%	257,128,489
2017	597,586	48,488	646,074	0.26%	2,486,640	1.00%	249,731,742
2016	-	-	-	0.00%	-	0.00%	236,707,352
2015	-	-	-	0.00%	-	0.00%	229,899,158
2014	-	-	-	0.00%	-	0.00%	221,976,703

(1) See Notes 6- Lease Obligations and 9- Long-term Liabilities in the notes to the financial statements for additional information on ACPS lease assets and liabilities

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

(3) ACPS implemented Governmental Accounting Standards Board Statement No. 87 - Leases, effective July 1, 2021.

Source: Alexandria City Public Schools Annual Comprehensive Financial Reports

Table 8

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

Fiscal Year	Governmental Funds Expenditures [1]	Actual Enrollment [2]	Cost Per Pupil [4]	Average Daily Attendance [ADA] [3]	Average Daily Membership [ADM] [3]
2023	$ 362,441,332	15,786	$ 20,719	14,643	15,560
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

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]
2023	$ 15,473,266	$ 93,381	8,589	2.2%	1,715	165,700	5,986	2,093
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	4.6%	1,581	161,300	4,853	1,770
2020	14,127,927	88,743	9,094	9.9%	1,697	159,200	5,117	2,045
2019	13,455,505	85,813	9,282	2.1%	1,762	156,800	5,045	2,325
2018	12,958,210	83,872	9,106	2.3%	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	2.7%	1,672	149,900	4,381	1,744
2015	12,071,851	81,760	8,582	3.2%	1,634	147,650	4,202	1,605
2014	12,115,212	84,133	8,100	3.8%	1,621	144,000	3,642	1,488

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary										
Pre-K & Kindergarten	1,703	1,735	1,795	1,777	1,805	1,845	1,759	1,539	1,624	1,636
Grades 1 - 3	3,898	4,013	4,144	4,109	4,134	4,151	4,191	4,008	3,835	3,932
Grades 4 - 6	3,022	3,134	3,259	3,540	3,687	3,710	3,701	3,606	3,476	3,526
Total Elementary	8,623	8,882	9,198	9,426	9,626	9,706	9,651	9,153	8,935	9,094
Secondary										
Grades 7 - 8	1,656	1,811	1,878	1,876	1,918	2,072	2,293	2,284	2,161	2,132
9th Grade	892	1,028	975	1,077	1,217	1,156	1,269	1,136	1,342	1,226
10th Grade	846	917	1,069	1,022	991	1,029	973	1,127	937	1,285
11th Grade	832	795	814	883	886	883	919	906	1,030	883
12th Grade	714	734	736	772	855	891	957	982	1,069	1,112
Total Secondary	4,940	5,285	5,472	5,630	5,867	6,031	6,411	6,435	6,539	6,638
Special Placements										
District-wide	79	57	59	49	47	58	55	47	52	54
Grand Total	**13,104**	**13,642**	**14,224**	**14,729**	**15,105**	**15,540**	**15,795**	**16,117**	**15,635**	**15,786**

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

	2014 (1)	2015	2016	2017	2018	2019	2020 (2)	2021 (3)	2022	2023	10-year Average
DAYS MEALS SERVED											
No. of days, Traditional calendar schools	175	180	177	181	181	181	120	66	169	178	161
Additional days, Modified calendar schools	21	21	19	19	20	21	21	0	10	19	17
Total school days	196	201	196	200	201	202	141	66	179	197	178
NUMBER OF PUPIL LUNCHES SERVED:											
Paid lunches	277,992	271,798	287,176	287,051	292,726	313,755	239,425	-	-	327,479	229,740
Reduced price lunches	202,174	215,702	207,005	193,515	198,011	200,190	130,141	-	-	61,394	140,813
Free lunches	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	1,233,443	1,133,431
Total Pupil Lunches	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	1,622,316	1,503,984
NUMBER OF PUPIL BREAKFASTS SERVED:											
Paid breakfasts	76,700	87,558	73,799	125,705	108,747	132,652	108,870	-	-	31,974	74,601
Reduced price breakfasts	95,741	94,799	89,078	114,929	104,337	111,966	74,887	-	-	16,858	70,260
Free breakfasts	428,969	452,947	458,130	657,637	627,109	618,461	674,523	986,414	835,785	732,200	647,218
Total Pupil Breakfasts	601,410	635,304	621,007	898,271	840,193	863,079	858,280	986,414	835,785	781,032	792,079

(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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	10-year Total	10-year Average
Revenues												
Federal aid	$ 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	$ 9,464,507	$ 75,980,755	$ 7,598,075
State aid	126,034	121,568	131,371	169,466	180,394	208,050	211,478	123,014	251,011	195,050	1,717,436	171,744
Local	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	1,962,047	15,370,650	1,537,065
Total Revenue	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	11,621,604	93,068,841	9,306,885
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	3,811,409	27,872,364	2,787,236
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	1,641,635	12,032,614	1,203,261
Purchased services	39,071	61,592	41,016	57,408	61,973	86,941	74,817	82,731	116,311	141,264	763,124	76,312
Internal services	4,590	4,489	2,304	1,747	2,901	3,341	4,910	6,659	-	2,797	33,739	3,374
Other charges	16,521	9,482	11,461	12,469	24,783	18,648	29,424	24,712	12,076	27,952	187,528	18,753
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	5,420,783	38,429,310	3,842,931
Capital outlay	197,917	10,147	281,269	133,892	343,541	787,369	2,808,818	885,636	662,357	254,671	6,365,617	636,562
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	11,300,511	85,684,296	8,568,430
Revenues over (under) Expenditures	$ 481,155	$ 1,209,852	$ 1,051,229	$ 1,234,225	$ 925,409	$ 491,015	$ (2,536,829)	$ 717,121	$ 3,490,275	$ 321,093	$ 7,384,545	$ 738,455

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 Elementary	Student Lunch Middle	Student Lunch High	Adult [(1)] Lunch
2023	2.00	3.05	3.25	3.25	4.00
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

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

Source: Alexandria City Public Schools School Nutrition Services

Table 14

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

	Current Year			**Nine years Ago**		
Client	**Sales**	**Rank**	**Percentage of Sales**	**Sales**	**Rank**	**Percentage of Sales**
Students	$ 805,234	1	46.2%	$ 739,583	1	43.7%
A La Carte	424,310	2	24.4%	533,572	2	31.5%
Catering/Other	483,030	3	27.8%	253,172	3	15.0%
Summer School Feeding Program	-	4	0.0%	114,046	4	6.7%
Adult	27,138	5	1.6%	50,391	5	3.0%
Vending	-	6	0.0%	573	6	0.0%
Total	$ 1,739,712		100.0%	$ 1,691,337		100.0%

Source: Alexandria City Public Schools School Nutrition Services

Table 15

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction	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	2,078.6
Adult Education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administration	75.0	84.5	95.6	96.0	95.0	97.5	101.5	106.0	107.0	102.0
Attendance and Health	54.9	60.0	58.3	68.9	68.9	69.9	70.1	69.9	74.9	71.9
Transportation	141.5	148.5	152.0	154.0	154.0	157.0	162.0	153.0	154.0	160.0
Plant Operations & Maintenance	108.5	102.5	107.5	109.5	109.5	110.5	106.6	103.6	104.6	105.6
School Food Services	103.1	93.6	126.0	127.0	127.0	129.0	129.4	143.0	138.0	139.0
Total FTEs	**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**	**2,661.2**

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

Table 16

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instructional Facilities										
Pre-Kindergarden	-	-	-	-	-	1 (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	2	2	2	2	2
Middle Schools	5 (2)	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
Plant Operations and Maintenance										
Vehicles	53	59	57	56	58	63	81	75	76	83
Pupil Transportation										
Buses	101	107	107	99	113	118	119	122	118	117

(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 exisiting elementary school location led by a principal and supported by an assistant principal.

(2) In fiscal year 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, 2023

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	304	19.26%
Master's Degree	917	58.12%
Master's + 30	357	22.62%
Total	1,578	100.0%

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	361	22.88%
6 - 10	357	22.62%
11 and over	860	54.50%
Total	1,578	100.0%

Source: The Alexandria City Public Schools Human Resources Office

Table 18

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

Fiscal Year	Minimum Salary (1)	Mean Salary	Maximum Salary (2)	Percentage Change (3)
2023	$ 55,255	$ 84,174	$ 119,291	2.9% (5)
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	0.0%

NOTES:

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

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

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

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

5 One-time bonus payments approved by the School Board.

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, 2023) 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		
U.S. Department of Defense - Mark Center	8,000	9.86%	U.S. Department of Commerce	1,000 & over	3.41%
U.S. Department of Commerce (includes Patent and Trademark O	5,500	6.78%	U.S. Department of Defense	1,000 & over	3.41%
City of Alexandria	2,700	3.33%	Washington Metropolitan Area Transit Authority	1,000 & over	3.41%
Alexandria City Public Schools	2,500	3.08%	City of Alexandria	2,538	2.88%
Washington Metropolitan Area Transit Authority	1,200	1.48%	Alexandria City Public Schools	2,285	2.59%
U.S. Dept of Agriculture	800	0.99%	Northern Virginia Community College	500-999	0.85%
U.S. General Services Administration	600	0.74%	U.S. Department of Agriculture	500-999	0.85%
		26.26%			17.40%
LARGEST PRIVATE EMPLOYERS			LARGEST PRIVATE EMPLOYERS		
Inova Alexandria Hospital	1,700	2.10%	Inova Alexandria Hospital	500-999	3.41%
Institute for Defense Analysis	750	0.92%	Institute for Defense Analysis	500-999	0.85%
System Plan & Analysis Inc	700	0.86%	ABM Janitorial Srvices M Inc	500-999	0.85%
Goodwin House	700	0.86%	CAN Corporation	500-999	0.85%
Kearney & Company, P.C.	600	0.74%	Grant Thornton LLP	500-999	0.85%
CRS Facility Services	400	0.49%	Oblon Spivak McClelland PC	250-499	0.43%
United Parcel Service	350	0.43%	Catholic Diocese of Arlington	250-499	0.43%
		6.41%			7.67%

SOURCE: Virginia Employment Commission and Alexandria Economic Development Partnership
Quarterly Census of Employment and Wages, Q2 2023

(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) Real Property	Taxable Assessed Value ($000) (2) Personal Property	Taxable Assessed Value ($000) (2) Total	Outstanding Debt (1)	Outstanding Debt As Percentage of Assessed Real Property	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)
2023	165,700	$ 48,332,631	$ 1,791,514	$ 50,124,145	$ 946,057,000	1.96	1.89	$ 15,473,266	$ 5,709	6.49
2022	163,400	46,560,058	1,664,074	48,224,132	852,606,000	1.83	1.77	14,894,033	5,218	5.93
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

(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

	Real Property ($000)				Personal Property ($000)				
Calendar Year	Residential	Commercial	Total	Tax rate per $100	Motor Vehicle and Tangibles Assessment	Tax rate per $100	Machine and Tools Assessment	Tax rate per $100	Total Assessment
2022	29,224,848	18,430,001	47,654,849	1.110	1,903,199	5.33	15,755	4.50	1,918,954
2021	27,828,841	18,074,465	45,903,306	1.110	1,775,759	5.33	11,115	4.50	1,786,874
2020	26,029,769	17,158,601	43,188,369	1.110	1,652,958	5.33	14,963	4.50	1,667,921
2019	24,550,610	17,501,144	42,051,754	1.130	1,491,271	5.33	14,262	4.50	1,505,533
2018	23,310,833	17,025,285	40,336,118	1.130	1,581,904	5.00	9,727	4.50	1,591,631
2017	22,844,035	16,437,017	39,281,052	1.130	1,555,607	5.00	6,123	4.50	1,561,730
2016	22,092,997	16,284,957	38,377,954	1.130	1,517,743	5.00	11,199	4.50	1,528,942
2015	21,713,189	15,886,156	37,599,345	1.073	1,492,140	5.00	10,776	4.50	1,502,916
2014	21,195,556	15,376,112	36,571,668	1.050	1,426,427	5.00	11,281	4.50	1,437,708
2013	20,314,909	15,020,272	35,335,181	1.043	1,397,502	5.00	11,506	4.50	1,409,008

Note: Property is assessed each year as of January 1. Property is assessed at actual value; therefore assessed values are equal to actual values.

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*

Members of the Board
Alexandria City 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 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, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Alexandria City Public Schools's basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alexandria City Public Schools' 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 Alexandria City Public Schools's internal control. Accordingly, we do not express an opinion on the effectiveness of Alexandria City Public Schools 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.

Members of the Board
Alexandria City Public Schools

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexandria City Public Schools's 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

CliftonLarsonAllen LLP

Arlington, Virginia
December 15, 2023

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ACPS
Alexandria City Public Schools

Financial Services Department
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Alexandria, VA 22314

EQUITY FOR ALL 2025
ALEXANDRIA CITY PUBLIC SCHOOLS
Strategic Plan 2020-2025
Updated: July 1, 2022

A Component Unit of the City of Alexandria, Virginia
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