

City of Alexandria
**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

**FISCAL YEAR ENDING
JUNE 30, 2022**



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



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Amy Jackson, *Vice-Mayor*
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Sarah Bagley
John Taylor Chapman
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City Clerk and Clerk of Council..... Gloria Sitton
Independent Auditors..... CliftonLarsonAllen, LLP

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CITY OF ALEXANDRIA, VIRGINIA
Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2022

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

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Pension and Other Post Employment Benefit Trust Funds

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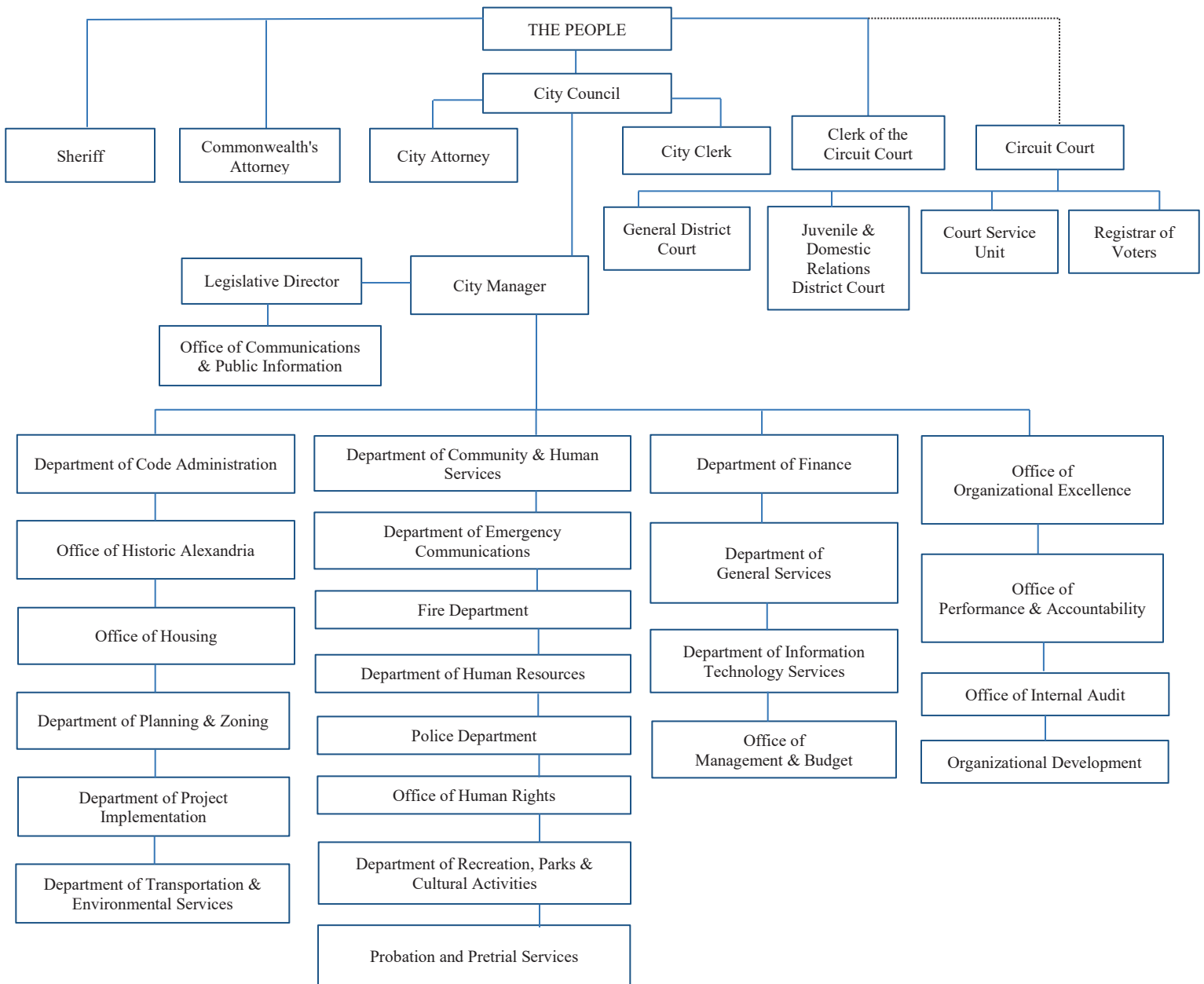
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INTRODUCTORY SECTION

ALEXANDRIA CITY GOVERNMENT ORGANIZATIONAL CHART





November 15, 2022

To the Honorable Mayor and Members of City Council,
the Residents and Businesses of the City of Alexandria:

We are pleased to present the City of Alexandria's (the City) **Annual Comprehensive Financial Report** (ACFR) for the fiscal year ended June 30, 2022. This report is designed to present fairly the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

The Finance Department has prepared this report in accordance with the following standards:

- Generally Accepted Accounting Principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States.
- The Governmental Accounting Standards Board (GASB) Codification, an integration of guidance from governmental accounting and financial reporting statements, interpretations, technical bulletins, implementation guides, and concepts; National Council on Governmental Accounting (NCGA) statements and interpretations; and the American Institute of Certified Public Accountants (AICPA) industry audit guide and other literature.
- Uniform financial reporting standards for counties, cities and towns issued by the Commonwealth of Virginia's Auditor of Public Accounts (APA).

The responsibility for the accuracy, completeness, and fairness of the data presented in the report, including all disclosures, rests with the City.

THE CITY

Alexandria, Virginia, which is located on the west bank of the Potomac River across from Washington, D.C., is an integral part of the Washington metropolitan area, serving as a financial, commercial, and transportation center. Alexandria is also one of America's most historic cities. George Washington and George Mason served as two of the City's first Trustees (the forerunner of the Alexandria City Council).

Alexandria is an independent full-service city with sole local government taxing power within its boundaries. The City is autonomous from any county, town, or other political subdivision of the Commonwealth of Virginia. Alexandria was founded in 1749 and derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia.

The City adopted the Council-Manager form of government in 1922. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council is composed of a Mayor and six Council Members elected at-large for three-year terms. The Mayor is elected on a separate ballot. City Council appoints the City Manager who serves as the City's chief executive officer and is responsible for implementing the policies established by City Council. The City Charter was first granted in 1852.

The City provides a comprehensive range of municipal services including general government, judicial administration, public safety, public works, library, health and welfare, transit, culture and recreation, community development, and education.

FINANCIAL REPORTING ENTITY

This report includes the financial activities of the City of Alexandria government (the primary government), as well as the financial activities of the City's component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Alexandria City Public Schools and the Library System are reported as discretely presented component units. This report does not include the financial activities of the City's Deferred Compensation Plan, Alexandria Redevelopment and Housing Authority, Alexandria Economic Development Partnership, Inc., Alexandria Renew Enterprises (formerly the Alexandria Sanitation Authority), Visit Alexandria, or Sheltered Homes of Alexandria because the City Council is not financially accountable for these entities, and therefore, these entities are not component units.

LOCAL ECONOMY

Alexandria's economy remains healthy as it emerges from the COVID-19 pandemic with strong fundamentals including population and wage growth, and low unemployment. The City's population continues to grow and, per the 2020 Census, totals 159,467, which reflects a growth rate of 13.8 percent over the last decade. The estimated population in 2022 is 163,400, which reflects a 1.3 percent increase from the 2021 estimated population.

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

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

Median family income in Alexandria in 2020 increased from 130,395 to 137,135, an increase of 5.2 percent compared to 2019. These are the most recent years that data is available from the U.S Bureau of Economy. Per capita income has also grown, from \$89,884 to \$93,835. This increase of \$3,951 is a growth of 4.4 percent compared to 2019. Both median family income and per capita income are significantly higher compared to similar jurisdictions in Virginia and the United States.

One measure of the health of the local economy, and the strength of the City's recovery from the COVID-19 pandemic, is economically sensitive City revenues, such as those generated from consumer spending. In FY 2022, the City experienced an overall increase in tax revenue of approximately 5.3 percent. This was led by increases in real property, business license (gross receipts), restaurant meals, and local sales taxes. This growth was offset by decreases in recordation tax revenue following changes in interest rates and the slowing of the housing and refinancing

markets. Growth in business license and restaurant meals taxes reflects the recovery of the local business community, while sales tax growth was driven by online purchases, as well as the impact of inflation on the price of goods. Transient lodging tax revenue has returned to near pre-pandemic levels and leisure travel has been strong as well. Personal property tax revenue increased 8 percent compared to FY 2021. This is largely due to the unusual appreciation of car values. To mitigate the impact that this appreciation would have on vehicle owners paying personal property tax, City Council took action during the FY 2023 budget process to allow for a reduction in the fair market value assumed for tax purposes in FY 2023 (Tax Year 2022).

The real estate tax base, which generates over half of the City's General Fund revenues, continued to show steady, moderate growth. Total locally assessed real property increased in value by 6.3 percent compared to 2021. Residential real property increased by 6.9 percent, and commercial assessments increased by 5.3. The office vacancy rate of 14.6 percent in the second quarter of 2022 is lower than 2nd quarter 2021 (16.2 percent), and compares favorably to the office vacancy rate in Northern Virginia of 20.9 percent and the Washington DC Metro area rate of 19.3 percent. The unemployment rate in the City as of June 2022 was 2.4 percent, which compares favorably to Virginia (2.8 percent) and the United States (3.6 percent).

MAJOR INITIATIVES

Strong fiscal management remains a hallmark of Alexandria's City government and enables the City to respond to the needs of the community, provide fair and competitive pay for all employees and address climate issues related to spot flooding and stormwater management. Alexandria is among a select group of cities in the United States to hold the top AAA/Aaa bond ratings from two of Wall Street's major credit rating agencies (Standard & Poor's and Moody's Investors Service).

FINANCIAL CONDITION

The City government continues to be in very sound financial condition as demonstrated by the financial statements and schedules included in this report. The City has taken a thoughtful and deliberate approach to the use of one-time funds provided by the federal government through both Coronavirus Aid, Relief and Economic Security Act and the American Rescue Plan Act funds. Within the context of a fiscally prudent budget and careful management, the City continued to provide a wide range of services, achieved many of its program goals, and enhanced the quality of life in the City. The City's cash and investment position is strong.

Keeping existing programs funded, the salaries of public employees competitive in a challenging labor market, and addressing the expanding program needs of the community have required careful budgeting. The City Council has adopted six priorities to address the needs of the community and allocate limited resources in a strategic manner. These six priorities will be viewed through the lenses of equity, environmental justice, civility, transparency, respect and service. The six priorities are:

1. *Recover from the COVID-19 Pandemic* – Identify the policies, practices and resources needed to ensure a resilient and equitable recovery for all residents and businesses.
2. *Provide Diverse Housing Opportunities* – Reconsider our zoning model and explore other tools to better facilitate an Alexandria housing economy that provides the necessary range of price points, styles of housing and associated services to meet the needs of a thriving City.
3. *Define Our Community Engagement Approach* – Use both new and traditional outreach methods to ensure that engagement is efficient, effective and accessible to all stakeholders, creating a clear connection between community input and its effects on policy decision, infrastructure needs and financial considerations.
4. *Support Youth and Families* – Explore ways to expand academic social and emotional services and physical support to all youth during out-of-school hours.
5. *Foster Economic Development* – Seek out and consider budgetary land use, regulatory and other economic development tools to foster sustainable and equitable development, diversify revenue and allow greater investment in our infrastructure.
6. *Develop a Compensation Philosophy* – Establish a new compensation philosophy to ensure we are the preferred workplace of choice and that employees feel valued.

The City Council's Approved FY 2023 – 2032 Capital Improvement Program (CIP) totals \$2.73 billion, which represents a \$63.5 million, or 2.4%, increase from the Approved FY 2022 – FY 2031 CIP. Significant project expenses include increased investments in school facilities, maintenance of existing City assets and facilities, and continued substantial support of the regional transit system. Non-City funds including Federal and State funds and private capital contributions contribute \$430.7 million of this total in FY 2023 – FY 2032. The City portion for FY 2023 – FY 2031 is \$2.3 billion. The total approved single year CIP for FY 2023 is \$561.2 million, which is an increase of \$33.3 million compared to FY 2022 in last year's approved CIP.

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

Over the last five years, the City has maintained its fiscal strength as the result of the City Council's adoption of, and subsequent adherence to, the series of financial policies listed on page 12. These policies are aimed at (1) limiting debt and annual debt service requirements and (2) maintaining an appropriate General Fund balance to retain the City's AAA/Aaa bond ratings and to keep the City on firm financial footing. When City Council initially adopted the financial policies in 1987, the City's general obligation debt as a percentage of the real estate tax base was 1.4 percent. Because of the City's use of "pay-as-you-go" financing for many capital projects, the City has maintained superior debt ratios since their implementation in 1987. At the end of FY 2022, the City's debt to tax base ratio was 1.83 percent (excluding self-supported sewer project related debt). The City's financial policies encourage the use of surplus General Fund revenues and resources derived from spending less than the full budget to fund capital projects

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

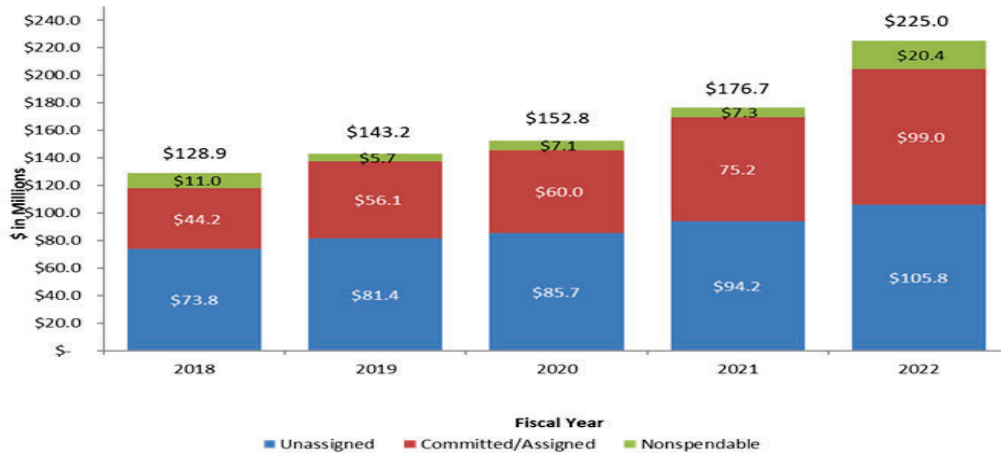
GENERAL GOVERNMENT FUNCTIONS

The following table displays the increases and decreases in assessed values for the last 10 years as appreciation and depreciation of existing properties and new properties. Overall real property assessed value for locally assessed property has increased by over \$11.8 billion since 2013, which is a 34.5 percent increase. This includes a 6.3 percent increase from calendar year 2021 to 2022. Real property taxes, which are based on assessments as of January 1 of each year, are due in two payments. The first half of the real estate tax is due on June 15 and the second half of the tax is due on November 15.

| Year | Residential Assessed Value | Residential % Increase (Decrease) | Commercial ¹ Assessed Value | Commercial % Increase (Decrease) | Total ² Assessed Value | Total % Increase (Decrease) |
|------|----------------------------|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------------------|
| 2013 | 19,384,653 | 3.6% | 14,735,802 | 3.5% | 34,120,455 | 3.5% |
| 2014 | 20,314,910 | 4.8% | 15,020,272 | 1.9% | 35,335,182 | 3.6% |
| 2015 | 21,195,995 | 4.3% | 15,376,112 | 2.4% | 36,572,107 | 3.5% |
| 2016 | 21,713,189 | 2.4% | 15,886,156 | 3.3% | 37,599,345 | 2.8% |
| 2017 | 22,092,997 | 1.7% | 16,284,956 | 2.5% | 38,377,953 | 2.1% |
| 2018 | 22,844,036 | 3.4% | 16,437,017 | 0.9% | 39,281,053 | 2.4% |
| 2019 | 23,310,833 | 2.0% | 17,025,285 | 3.6% | 40,336,118 | 2.7% |
| 2020 | 24,550,610 | 5.3% | 17,501,144 | 2.8% | 42,051,754 | 4.3% |
| 2021 | 26,029,769 | 6.0% | 17,158,601 | -2.0% | 43,188,369 | 2.7% |
| 2022 | 27,282,841 | 6.9% | 18,074,465 | 5.3% | 45,903,305 | 6.3% |

1. Includes apartment buildings.
2. Total assessed value includes only locally assessed property.

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



CAPITAL FINANCING AND DEBT MANAGEMENT

In conjunction with the annual operating budget preparation, the City Manager annually prepares a ten-year Capital Improvement Plan to provide for the financing of improvements to the City's public facilities. The first year of the program constitutes the capital budget for the current fiscal year; the remaining nine years serve as a planning guide. The City accounts for capital improvement expenditures in the Capital Projects Fund and finances the projects from the General Fund (including appropriations of Committed Fund Balance), general obligation debt, the sale of surplus property, and intergovernmental grant revenues. As noted above, the City's Capital Improvement Plan for FY 2023 through FY 2032 totals \$2.73 billion, including \$2.3 billion of City-funded public improvements to the City's schools, public buildings, parks, and transportation systems. In addition, state and federal grants and other non-City sources will provide \$430.7 million in additional planned capital funding for the FY 2023—FY 2032 timeframe.

To continue a strategy of improving and then maintaining the City's creditworthiness, the City Council established the following key target and ceiling ratios as of June 30 of each year:

| | Limit | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Target |
|--|----------------|--------|--------|---------|---------|--------|--------|--------|--------|--------|--------|--------|
| Debt as a Percentage of Assessed Value | 2.5% (ceiling) | 1.46% | 1.50% | 1.46% | 1.37% | 1.43% | 1.49% | 1.44% | 1.75% | 1.61% | 1.83% | N/A |
| Debt Service as a Percentage of General Governmental Expenditures ² | 12% (ceiling) | 6.55% | 6.99% | 7.50% | 7.84% | 7.36% | 7.19% | 6.94% | 6.68% | 6.81% | 6.22% | N/A |
| 10-Year Debt Payout Ratio Spendable Fund Balance as a Percentage of General Fund Revenue | 50%(floor) | - | - | - | - | 70.27% | 69.02% | 70.90% | 74.60% | 76.20% | 58.60% | 65.00% |
| Net Position as a Percentage of General Revenue | 4% (floor) | 0.101 | 10.20% | 11.70% | 12.88% | 15.96% | 16.43% | 18.48% | 19.97% | 22.62% | 26.20% | 5.50% |
| | 4% (floor) | 17.90% | 20.20% | (5.97%) | (2.68%) | 4.78% | 8.97% | 10.49% | 14.37% | 21.12% | 39.02% | 5.50% |

² The establishment of a 10-Year Debt Payout Ratio target of 50% formalizes the City's current practice of structuring debt with level principal payments. The new debt ratio was adopted by City Council on May 4, 2017.

The adopted financial policies include the following:

- The City will increase its reliance on current revenue to finance its capital improvements.
- The City will consider a designation for 'pay-as-you-go' capital a priority when additional General Fund resources become available at the end of a fiscal year.
- The City will not use General Fund equity to finance current operations for periods of longer than two years.
- The City will annually prepare a 10-year Capital Improvement Plan.
- The City will not issue tax or revenue anticipation notes to fund governmental operations.
- The City will not issue bond anticipation notes for a term of longer than two years.

The City's General Obligation Bonds have the top available ratings which were reaffirmed in October 2020 as follows:

Moody's Investors Service
Aaa

Standard & Poor's
AAA

BUDGETARY ACCOUNTING AND INTERNAL CONTROLS

The City Charter requires the City Manager to submit a balanced budget to City Council no later than the first regular meeting in April of each year. The School Board prepares the Schools' budget and transmits it to the City Manager. The City Manager then submits his or her recommendation to City Council for consideration. If Council does not adopt a budget before June 27, the budget submitted by the City Manager for the upcoming fiscal year has

full force and effect as if Council had adopted it. For FY 2022, the City Manager proposed the budget on February 16, 2021, and City Council adopted it on May 5, 2021.

As a management tool, budgetary control is maintained in the General Fund at the character level (i.e., personnel, non-personnel, capital outlays) and by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Management can transfer appropriations at the department appropriation level without approval from City Council. The City follows a similar procedure with the Special Revenue Fund, but the level of control is at the grant or program level. In the Capital Projects Fund, the level of control is at the project level. With the Schools' budget, the level of control is at the total appropriation level.

City management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse. Internal controls are intended to provide reasonable, but not absolute, assurance that these objectives are met. In addition to the examination of controls implemented by members of the Finance Department, the City's Internal Audit staff continually reviews and assesses the soundness and adequacy of the City's financial systems.

REPORT FORMAT

The City's Finance Department has prepared this Annual Comprehensive Financial Report to present all the information necessary to meet the needs of the many persons and groups that have an interest in the City's financial affairs. The objective of this report is to present financial information on a comparative basis with other governmental entities in Virginia and in accordance with established reporting standards. We believe the data is accurate in all material respects and is reported in a manner designed to present fairly the City's financial position and results of operations.

INDEPENDENT AUDIT

Section 5.18 of the City Charter requires an annual audit of the accounting and financial records of the City by independent certified public accountants. This section requires the auditors to examine the funds of the City in accordance with auditing standards generally accepted in the United States of America and the standards set forth in the Government Accountability Office's *Government Auditing Standards*. In addition, the auditors must conduct the compliance examinations required by the U.S. Office of Management and Budget's Uniform Guidance, and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

The Alexandria City Council has selected the firm of CliftonLarsonAllen LLP to perform these audit services. Their completed audit reports are presented in the Financial Section of this report. The remaining reports are presented in an additional Single Audit Section.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Alexandria a Certificate of Achievement for Excellence in Financial Reporting for the City's Annual Comprehensive Financial Report (ACFR) for the forty-seventh year in 2021. The GFOA awards a Certificate to governmental units that exemplify excellence in financial reporting and conform to stringent reporting requirements promulgated by that Association and various authoritative bodies.

To earn a Certificate of Achievement, an ACFR must tell its financial story clearly, thoroughly, and understandably. The report must be efficiently organized, employ certain standardized terminology and formatting conventions, minimize ambiguities and potentials for misleading inference, enhance understanding of current generally accepted accounting theory, and demonstrate a constructive "spirit of full disclosure."

A Certificate is valid for a period of one year only. The City believes our current report continues to conform to the Certificate of Achievement Program requirements and standards. We are submitting it to GFOA to determine its eligibility for another certificate for FY 2022.

REPORTING REQUIREMENTS

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the City has agreed for the benefit of the owners of City general obligation bonds and joint enterprise waste-to-energy-revenue bonds, to provide each nationally recognized municipal securities information repository and to any appropriate state information depositor, if any is hereafter created, certain financial information not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ended June 30, 1996. The City is currently in compliance with the new arrangement to file this information through the Electronic Municipal Market Access (EMMA) website which is the comprehensive source for official statements, continuing disclosure documents, advance refunding documents and real time trade price information on all municipal securities. This ACFR provides the 15c2-12 general bond obligation bond information, which includes the "Debt Statement" found in Note 9 of Notes to the Financial Statements, a "Five Year Summary of General Fund Revenues and Expenditures" found in Table XXII, a summary of debt found in Table XXIII (Summary of Total General Obligation Bonds Debt Service), and "Tax Revenues by Source" found in Table III.

ACKNOWLEDGMENTS

We would like to express our appreciation to everyone in the City government who assisted with and contributed to the preparation of this report. Special recognition is extended to the Accounting Division for their dedicated pursuit of excellence and leadership in financial reporting.

Respectfully submitted,



Kendel Taylor

Director of Finance



Ian Greaves, Ph.D.

Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alexandria
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT





INDEPENDENT AUDITORS' REPORT

Honorable Members of the City Council
City of Alexandria, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Alexandria'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, as of June 30, 2022, 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*, 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 City of Alexandria 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. The financial statements of City of Alexandria Library System were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

Change in Accounting Principle

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

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 City of Alexandria's 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. We did not audit the financial statements of the City of Alexandria Library System, a discretely presented component unit, which represents 2.4 percent of the assets, -1.7 percent of the net position, and 0.1 percent of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Alexandria Library System, is based solely on the report of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Alexandria's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Alexandria's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information other than MD&A as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria's basic financial statements. The combining and individual fund statements and schedules are 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 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 Section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Honorable Members of the City Council
City of Alexandria

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of the City of Alexandria’s 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 City of Alexandria’s 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 City of Alexandria’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Alexandria’s financial performance provides an overview of the City’s financial activities for the fiscal year that ended June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2022

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

The government-wide activities had an unrestricted net position of \$287.4 million (Exhibit I) as of June 30, 2022, an increase of \$135.6 million from the FY 2021 total of \$151.8 million. The City’s general revenues of \$735.1 million in FY 2022 is an increase of \$17.1 million compared the general revenues of \$718.0 million in FY 2021 (Exhibit II).

The General Fund reported current net change in fund balance of \$49.2 million (Exhibit IV), including a \$116.7 million transfer to the capital projects fund and a \$82.3 million transfer to the special revenue fund.

USING THE FINANCIAL SECTION OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report (ACFR) consists of three sections: introductory, financial, and statistical. As the following chart shows, the financial section of this report has four components - *management’s discussion and analysis* (this section), *basic financial statements*, *required supplementary information* and *other supplementary information*.

Required Components of the Financial Report



The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements provide both

long-term and short-term information about the City's overall financial position. The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the City's activities as a whole. These statements include all assets, liabilities, deferred outflows, and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are reflected regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. The City's net position is the difference between (1) assets and deferred outflows of resources, and (2) liabilities and deferred inflows of resources. Net position is displayed in three components: Net investment in capital assets, Restricted, and Unrestricted. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. To assess the overall health of the City, other nonfinancial factors need to be considered such as changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Net Position and the Statement of Activities include the following:

Governmental activities—Most of the City's basic services are reported here: General government, judicial administration, public safety, public works, library services, health and welfare, transit, culture and recreation, community development, and education.

Component units—The City includes two separate legal entities in its report - The City of Alexandria School Board and the Alexandria Library, respectively Schools and Library. Although legally separate, these component units are included because the City is financially accountable for them and provides operating and capital funding to them.

FUND FINANCIAL STATEMENTS

The fund financial statements provide additional information about the City's most significant funds, not the City as a whole. The fund financial statements focus on the individual parts of the City's government.

The City has three kinds of funds:

Governmental funds—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements to explain the relationship (or differences) between them.

Proprietary funds—Services for which the City charges customers or users a fee, are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

The City uses an internal service fund (one kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities. The Equipment Replacement Reserve Fund is the City's only internal service fund. Its primary purpose is to provide for the accumulation of money to replace capital equipment used in City operations.

Fiduciary funds—The City is the trustee or fiduciary for its employees’ pension plans and employee benefit trusts. It is also responsible for other assets (known as custodial funds) that, because of a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Custodial funds are City funds used to provide accountability of client monies, for which the City is custodian. The City excludes pension plans and custodial funds from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position

The following table presents the condensed Statement of Net Position:

Table 1
Summary of Net Position
As of June 30, 2022 and 2021
(in millions)

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

Amounts may not add due to rounding.

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

Statement of Activities

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

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

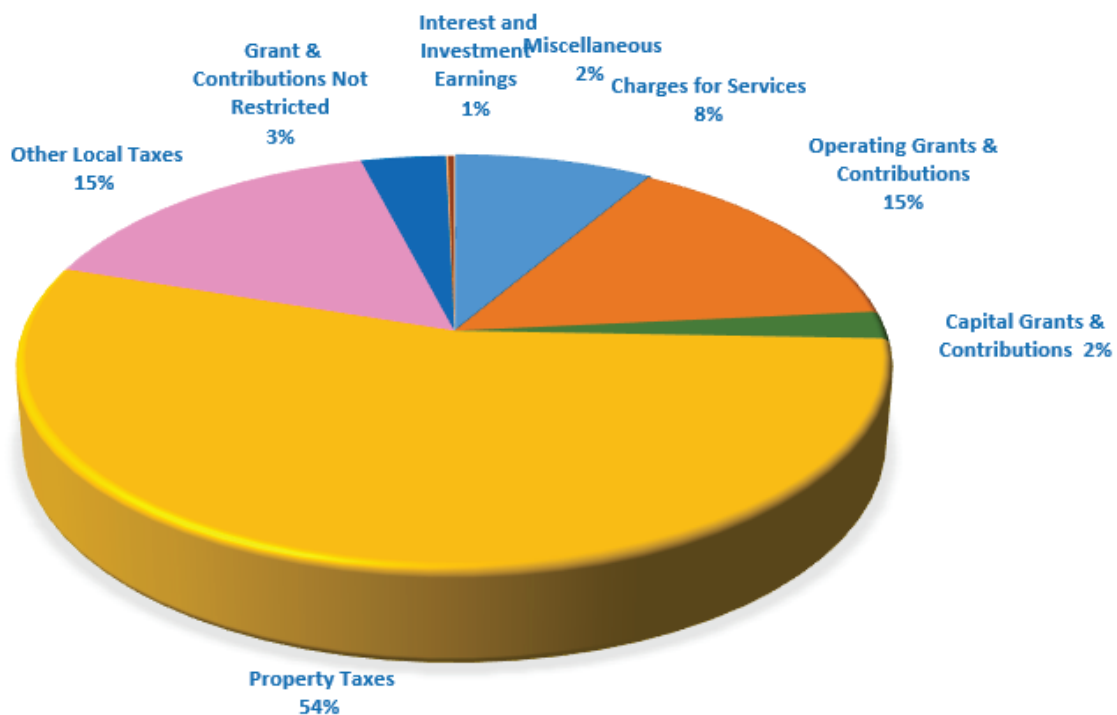
| | Primary Government | | Component | |
|---|--------------------|--------|-----------|----------|
| | Governmental | | | |
| | 2022 | 2021 | 2022 | 2021 |
| REVENUES | | | | |
| Program revenues | | | | |
| Charges for services | \$ 84 | \$ 84 | \$ 2 | \$ - |
| Operating grants and contributions | 148 | 113 | 46 | 33 |
| Capital grant/contributions | 21 | 10 | - | - |
| General revenues | | | | |
| Property taxes | 539 | 524 | - | - |
| Other taxes | 156 | 144 | - | - |
| Other | 37 | 38 | - | - |
| Payment to/from City | 3 | 13 | 311 | 307 |
| Total Revenues | 988 | 926 | 359 | 340 |
| EXPENSES | | | | |
| General Government | 27 | 49 | - | - |
| Judicial Administration | 22 | 21 | - | - |
| Public Safety | 183 | 176 | - | - |
| Public Works | 185 | 84 | - | - |
| Library | 8 | 7 | 7 | 8 |
| Health and Welfare | 114 | 120 | - | - |
| Transit | 55 | 29 | - | - |
| Culture and Recreation | 37 | 31 | - | - |
| Community Development | 45 | 57 | - | - |
| Education | 249 | 293 | 331 | 333 |
| Interest on Long-term Debt | 23 | 27 | - | - |
| Total Expenses | 948 | 894 | 338 | 341 |
| Change in Net Position | 40 | 32 | 21 | - |
| Net Position beginning of Year, restated | 616 | 584 | (225) | (225) |
| Net Position end of Year | \$ 656 | \$ 616 | \$ (204) | \$ (225) |

Amounts may not add due to rounding.

REVENUES

For the fiscal year ending June 30, 2022, revenues for governmental activities totaled \$988.2 million, \$63.3 million higher than FY 2021's total of \$924.9 million (Table 2). This is due to \$35 million increase in operating grants and contributions, as well as stable or increasing sources of property tax and consumer spending-related tax revenues. The increase in operating grants includes the City's share of federal relief funds from the American Rescue Plan Act (ARPA). FY 2022 general revenues increased by \$17.1 million from \$718.0 million in FY 2021 to \$735.1 million in FY 2022, due to an increase of \$14 million in Property tax revenues, including real estate and personal property. As the pandemic restrictions were lifted, Meals and Transient Lodging tax revenues increased significantly, returning to near pre-pandemic levels.

REVENUE FOR GOVERNMENTAL ACTIVITIES

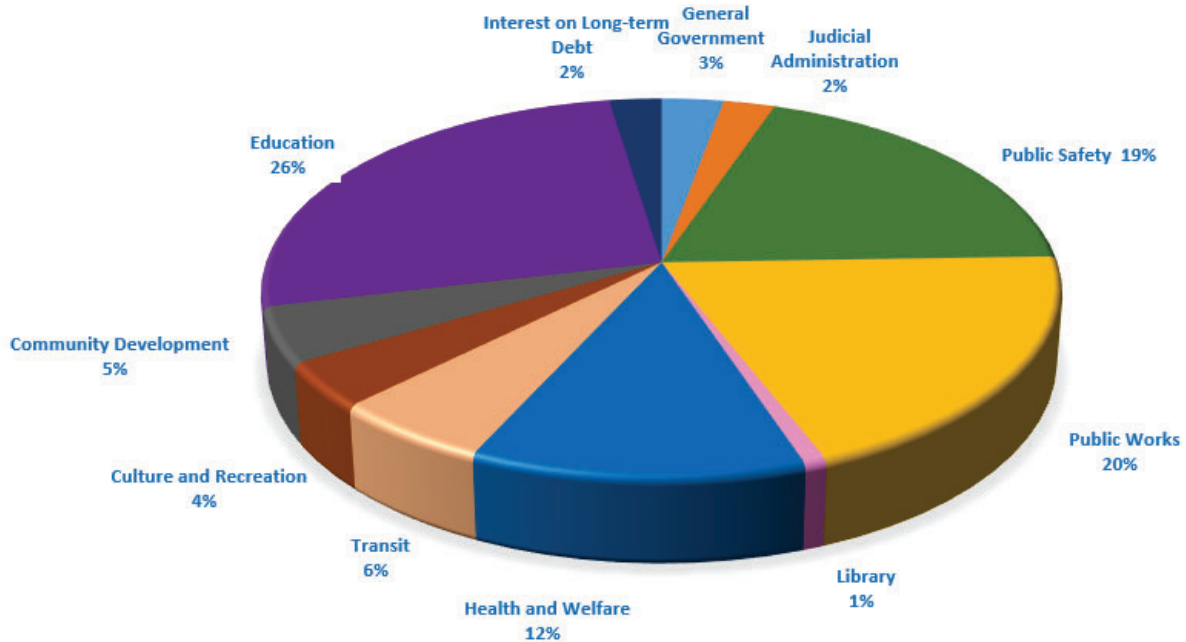


EXPENSES

For the fiscal year ending June 30, 2022, expenses for governmental activities totaled \$948.0 million, an increase of \$54.3 million from FY 2021 (Table 2). Expenditures for general government declined due to vacancy savings. During the pandemic throughout most of FY 2021, the City was in a hiring freeze, which resulted in savings as normal attrition occurred. Expenses in Public Works increased by approximately \$123 million as construction on the new Potomac Yard Metrorail Station neared completion. Transit increased significantly due to a change in payment source. In FY 2021, the City was able to use other regional transit funds to meet its contribution to the Washington Metropolitan Transit Authority, but in FY 2022 the City used budgeted General Funds and NVT A 30

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

EXPENSES FOR GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

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

Except for non-spendable and restricted fund balances (Exhibit III), there are no significant limitations on fund balances that would affect the availability of fund resources for future uses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Amounts may not add due to rounding.

Table 3
General Fund Budget
(in millions)

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

Amounts may not add due to rounding.

Actual General Fund revenues and other financial sources exceeded the amended budget by \$66 million during FY 2022. Including supplemental appropriations, actual General Fund expenditures were less than the amended budget by \$24 million. Due to uncertainty from the pandemic, a hiring freeze was in place in FY 2021, and the resulting turnover and attrition was reflected in vacancy savings across many departments. Non-personnel budgets, particularly in professional services expenditures, reflect considerable savings as the City transitioned from a pandemic, telework environment to more normal operations. The most significant impact on the General Fund was the recognition of \$35.4 million of the City's ARPA funds as Revenue Replacement and used to fund public safety salary and benefits. The resulting surplus in the General Fund has been assigned for projects that will benefit the populations in the community who have been hardest hit by the pandemic.

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

- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2021, but not paid by that date.
- To reappropriate monies to pay for projects budgeted for FY 2021 but not completed before the end of the fiscal year.

- To reappropriate grant, donation and other revenues authorized in FY 2021 or earlier, but not expended or encumbered as of June 30, 2021.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2022.

CAPITAL ASSETS

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

Table 4
Governmental Activities
Capital Assets
(in millions)

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

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

LONG-TERM DEBT

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

In November 2021, Moody’s Investors Services, Inc. and Standard & Poor’s (S&P) credit rating agencies reaffirmed the City’s triple-A bond ratings. The City received its first Aaa rating from Moody’s in 1986 and the AAA rating from S&P in 1992. Standard and Poor’s cited the City’s “very strong” economy, fiscal management, budgetary flexibility, and liquidity as it again rated the City’s credit as AAA. Moody’s noted the City’s tax base, relatively high per capita income, and sound fiscal policies and management in assigning its Aaa rating.

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to 10 percent of the assessed value of real property within the City. The City's outstanding debt is significantly below, or less than one-tenth of this state law limit—which would equate to \$4.3 billion for the City.

ECONOMIC FACTORS

Alexandria's economy remains healthy as it emerges from the COVID-19 pandemic, with strong fundamentals including population and wage growth and low unemployment. The City's population continues to grow and, per the 2020 Census, totals 159,467, which reflects a growth rate of 13.8 percent over the last decade. The estimated population in 2022 is 163,400, which reflects a 1.3 percent increase from the 2021 estimated population.

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

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

Median family income in Alexandria in 2020 increased from 130,395 to 137,135, an increase of 5.2 percent compared to 2019. These are the most recent years that data is available for the U.S Bureau of Economic Analysis. Per capita income has also grown, from \$89,884 to \$93,835. This increase of \$3,951 is a growth of 4.4 percent compared to 2019. Both median family income and per capita income are significantly higher compared Alexandria than in Virginia and the United States.

One measure of the health of the local economy, and the strength of the City's recovery from the COVID-19 pandemic, is economically sensitive City revenues. In FY 2022, the City experienced an overall increase in tax revenue of approximately 5.3 percent. This was led by increases in real property, business license (gross receipts), restaurant meals, and local sales taxes. This growth was offset by decreases in recordation tax revenue following changes in interest rates and the slowing of the housing and refinancing markets. Growth in business license and restaurant meals taxes reflects the recovery of the local business community, while sales tax growth was driven by online purchases, as well as the impact of inflation on the price of goods. Transient lodging tax revenue has returned to near pre-pandemic levels and leisure travel has been strong in Alexandria. Personal property tax revenue increased 8 percent compared to FY 2021. This is largely due to the unusual appreciation of car values. To mitigate the impact on taxpayers, City Council took action during the FY 2023 budget process to allow for a reduction in the fair market value assumed for tax purposes in FY 2023 (Tax Year 2022).

The real estate tax base, which generates over half of the City's General Fund revenues, continued to show steady, moderate growth. Total locally assessed real property increased in value by 6.3 percent compared to 2021. Residential real property increased by 6.9 percent, and commercial assessments increased by 5.3. The office vacancy rate of 14.6 percent in the second quarter of 2022 is lower than 2nd quarter 2021 (16.2 percent), and compares favorably to the office vacancy rate in Northern Virginia of 20.9 percent and the Washington DC Metro area rate of 19.3 percent.

The unemployment rate in the City as of June 2022 was 2.4 percent, which compares favorably to Virginia (2.8 percent) and the United States (3.6 percent).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, businesses, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Kendel Taylor, Director of Finance, City Hall, P.O. Box 178, Alexandria, VA 22313, kendel.taylor@alexandriava.gov, telephone (703) 746-3900, or visit the City's web site at alexandriava.gov.

BASIC
FINANCIAL STATEMENTS

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

Exhibit I

| | <u>Primary Government</u> <u>Governmental</u> <u>Activities</u> | <u>Component</u> <u>Units</u> |
|---|---|----------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 518,627,200 | \$ 64,193,668 |
| Cash and Investments with Fiscal Agents | 246,211,960 | 4,407,158 |
| Receivables, Net | 360,884,800 | 5,306,397 |
| Lease Receivable | 14,566,093 | - |
| Due From Other Governments | 48,407,283 | 25,715,560 |
| Inventory of Supplies | 6,968,146 | 347,887 |
| Prepaid and Other Assets | 14,536,568 | 2,309,506 |
| Net Pension Asset | 2,004,234 | 13,101,129 |
| Net Right to Use Leased Assets | 32,010,058 | |
| Capital Assets: | | |
| Land and Construction in Progress | 245,553,525 | 999,381 |
| Other Capital Assets, Net | 789,025,185 | 35,741,049 |
| Capital Assets, Net | <u>1,034,578,710</u> | <u>36,740,430</u> |
| Total Assets | <u>2,278,795,052</u> | <u>152,121,735</u> |
| DEFERRED OUTFLOWS | | |
| Pension | 107,911,009 | 77,600,064 |
| OPEB | 10,094,588 | 7,112,006 |
| Deferred related to Refunding Bonds | 18,250,331 | - |
| Total Deferred Outflows of Resources | <u>136,255,928</u> | <u>84,712,070</u> |
| LIABILITIES | | |
| Accounts Payable | 20,198,231 | 31,762,820 |
| Accrued Wages | 17,637,799 | 15,346,864 |
| Accrued Liabilities | 434,996 | - |
| Notes Payable | 189,590 | - |
| Unearned Revenue | 5,057,592 | 4,874,521 |
| Other Liabilities | 28,596,407 | - |
| Deposits | 12,456,567 | - |
| Long-term Liabilities Due Within One Year | 59,497,266 | 5,939,118 |
| Long-term Liabilities Due in More Than One Year | 972,252,389 | 27,576,128 |
| Net Pension Liability | 128,183,130 | 187,799,200 |
| Net OPEB Liability | 27,746,272 | 38,771,444 |
| Total Liabilities | <u>1,272,250,239</u> | <u>312,070,095</u> |
| DEFERRED INFLOWS | | |
| Deferred Tax Revenues | 363,933,686 | - |
| Deferred resources | 14,513,295 | - |
| Pension | 89,396,462 | 116,722,218 |
| OPEB | 19,267,597 | 11,973,400 |
| Total Deferred Inflows of Resources | <u>487,111,040</u> | <u>128,695,618</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 347,985,870 | 33,157,132 |
| Restricted for: | | |
| Affordable Housing | 10,810,585 | - |
| Special Projects | 7,456,562 | - |
| Net Pension Assets | 2,004,234 | 13,101,129 |
| Educational Projects | - | 19,643,713 |
| Unrestricted | 287,432,449 | (269,833,882) |
| Total Net Position | <u>\$ 655,689,700</u> | <u>\$ (203,931,908)</u> |

See Accompanying Notes to Financial Statements

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

Exhibit II

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | |
|--|------------------|-------------------------|-------------------------------------|-----------------------------------|--|--------------------|
| | Expenses | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Primary Government Governmental Activities | Component Units |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 27,195,369 | \$ 3,967,897 | \$ 54,747,773 | \$ 287,764 | \$ 31,808,065 | |
| Judicial Administration | 22,446,316 | 377,187 | 1,245,572 | - | (20,823,557) | |
| Public Safety | 182,543,428 | 16,222,594 | 9,237,179 | - | (157,083,655) | |
| Public Works | 185,216,761 | 49,029,423 | 1,394,624 | 19,712,412 | (115,080,302) | |
| Library | 7,680,826 | - | - | - | (7,680,826) | |
| Health and Welfare | 114,324,339 | 5,008,004 | 45,625,549 | - | (63,690,786) | |
| Transit | 54,571,445 | 2,295,617 | 7,241,193 | - | (45,034,635) | |
| Culture and Recreation | 36,910,777 | 5,207,233 | 2,566,837 | 1,148,003 | (27,988,704) | |
| Community Development | 44,989,516 | 1,851,772 | 25,687,966 | 50,675 | (17,399,103) | |
| Education | 249,165,715 | - | - | - | (249,165,715) | |
| Interest on Long-term Debt | 22,911,817 | - | - | - | (22,911,817) | |
| Total Governmental Activities | 947,956,309 | 83,959,727 | 147,746,693 | 21,198,854 | (695,051,035) | |
| Total Primary Government | 947,956,309 | 83,959,727 | 147,746,693 | 21,198,854 | (695,051,035) | |
| Component Units: | | | | | | |
| Schools | 330,733,278 | 1,481,693 | 46,191,873 | - | - | (283,059,712) |
| Library | 7,881,358 | 251,508 | 195,371 | - | - | (7,434,479) |
| Total Component Units | \$ 338,614,636 | \$ 1,733,201 | \$ 46,387,244 | \$ - | \$ - | \$ (290,494,191) |
| General Revenues | | | | | | |
| Property Taxes: | | | | | | |
| Real Estate | | | | | 480,178,817 | - |
| Personal Property | | | | | 59,296,793 | - |
| Other Local Taxes: | | | | | | |
| Business License | | | | | 38,101,182 | - |
| Local Sales | | | | | 43,873,085 | - |
| Meals | | | | | 28,872,822 | - |
| Transient Lodging | | | | | 10,206,837 | - |
| Utility | | | | | 12,017,966 | - |
| Communications Sales | | | | | 7,709,875 | - |
| Other Local Taxes | | | | | 15,272,051 | - |
| Revenue from Primary Government | | | | | | |
| Payment from City of Alexandria Operating | | | | | 35,909,418 | 256,623,911 |
| Grants & Contributions Not Restricted to Specific Programs | | | | | 1,062,464 | 54,825,648 |
| Interest and Investment Earnings | | | | | 2,597,806 | (557,873) |
| Miscellaneous | | | | | 735,099,116 | 579,791 |
| Total General Revenues | | | | | 40,048,081 | 311,471,477 |
| Change in Net Position | | | | | | |
| Net Position at Beginning of Year | | | | | 615,641,619 | 20,977,286 |
| Net Position at End of Year | | | | | \$ 655,689,700 | (224,909,194) |
| | | | | | \$ | \$ (203,931,908) |

See Accompanying Notes to Financial Statements

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

Exhibit III

| | General | Special Revenue | Capital Projects | Alexandria Transit Company | Total Governmental Funds |
|---|-----------------------|-----------------------|-----------------------|-------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 225,353,924 | \$ 139,164,100 | \$ 139,275,211 | \$ 783,320 | \$ 504,576,555 |
| Cash and Investments with Fiscal Agents | - | - | 246,211,960 | - | 246,211,960 |
| Receivables, Net | 336,202,367 | 19,448,928 | 4,878,873 | 354,632 | 360,884,800 |
| Lease Receivables | 14,566,093 | - | - | - | 14,566,093 |
| Due From Other Governments | 31,668,158 | 8,110,954 | 8,444,264 | 183,907 | 48,407,283 |
| Inventory of Supplies | 5,994,154 | - | - | 973,992 | 6,968,146 |
| Prepaid and Other Assets | 14,446,770 | - | - | 89,798 | 14,536,568 |
| Total Assets | <u>628,231,466</u> | <u>166,723,982</u> | <u>398,810,308</u> | <u>2,385,649</u> | <u>1,196,151,405</u> |
| LIABILITIES | | | | | |
| Accounts Payable | 5,031,741 | 4,046,436 | 10,114,613 | 409,637 | 19,602,427 |
| Due to Other Governments | 291,550 | - | - | - | 291,550 |
| Accrued Wages | 12,160,593 | 4,256,613 | 435,780 | 784,813 | 17,637,799 |
| Current Portion of Notes Payable | - | 189,590 | - | - | 189,590 |
| Other Liabilities | 17,107,060 | 9,154,405 | 1,144,571 | 1,190,371 | 28,596,407 |
| Deposits | 12,456,567 | - | - | - | 12,456,567 |
| Due to Other Funds | - | - | - | - | - |
| Unearned Revenue | 5,057,593 | - | - | - | 5,057,593 |
| Total Liabilities | <u>52,105,104</u> | <u>17,647,044</u> | <u>11,694,964</u> | <u>2,384,821</u> | <u>83,831,933</u> |
| DEFERRED INFLOWS | | | | | |
| Deferred Inflows | 336,475,461 | 24,446,139 | - | - | 360,921,600 |
| Deferred resources | 14,513,295 | - | - | - | 14,513,295 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | <u>403,093,860</u> | <u>42,093,183</u> | <u>11,694,964</u> | <u>2,384,821</u> | <u>459,266,828</u> |
| FUND BALANCES | | | | | |
| Non-Spendable | 20,378,954 | - | - | 1,063,790 | 21,442,744 |
| Restricted | - | 18,267,147 | - | - | 18,267,147 |
| Committed | 13,024,074 | 106,363,652 | 387,115,344 | - | 506,503,070 |
| Assigned | 85,994,340 | - | - | - | 85,994,340 |
| Unassigned | 105,740,238 | - | - | (1,062,962) | 104,677,276 |
| Total Fund Balances | <u>225,137,606</u> | <u>124,630,799</u> | <u>387,115,344</u> | <u>828</u> | <u>736,884,577</u> |
| Total Liabilities and Fund Balances | <u>\$ 628,231,466</u> | <u>\$ 166,723,982</u> | <u>\$ 398,810,308</u> | <u>\$ 2,385,649</u> | |

| | |
|---|--------------------|
| (1) Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5) | 989,380,055 |
| (2) Other long-term assets are not available to pay for current period expenditures; the taxes offset by deferred revenue in the governmental funds. (Note 1) | (3,012,086) |
| (3) Other long-term assets are not available to pay for current period expenditures; deferred outflow related to refunding bonds. (Note 1) | 18,250,331 |
| (4) Deferred inflows of resources related to OPEB & Pensions. (Note 16 & 17) | (108,664,059) |
| (5) Deferred outflows of resources related to OPEB & Pensions. (Note 16 & 17) | 118,005,597 |
| (6) Internal service funds are used by management to charge the costs of equipment replacement to City Departments; and, therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. (Exhibit V) | 21,915,028 |
| (7) Alexandria Transit Company is blended in to the primary government, and therefore, the assets and liabilities are included in governmental activities in the statement of Net Position. (Note 5) | 37,030,018 |
| (8) Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9) | (1,188,114,053) |
| (9) Right to use leased assets used (net of amortization) in governmental activities are not financial resources and therefore are not reported in the funds (Note 5) | 32,010,058 |
| (10) Net Pension Asset recorded for the amount of Plan Fiduciary Net Position in excess of Total Pension Liability, included in the Statement of Net Position (Note 17) | 2,004,234 |
| Total Net Position | <u>655,689,700</u> |

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenues, Expenditures and Changes Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

Exhibit IV

| | General | Special Revenue | Capital Projects | Alexandria Transit Company | Total Governmental Funds |
|---|-----------------------|-----------------------|-----------------------|----------------------------|--------------------------|
| REVENUES | | | | | |
| General Property Taxes | \$ 552,540,913 | \$ 1,520,100 | \$ - | \$ - | \$ 554,061,013 |
| Other Local Taxes | 148,875,492 | 6,884,870 | 293,456 | - | 156,053,818 |
| Permits, Fees, and Licenses | 2,202,262 | 13,578,805 | - | - | 15,781,067 |
| Fines and Forfeitures | 2,694,652 | - | - | - | 2,694,652 |
| Use of Money and Property | 1,115,117 | 1,570,646 | 1,155,499 | - | 3,841,262 |
| Charges for Services | 15,203,509 | 47,974,061 | 291,170 | 2,295,617 | 65,764,357 |
| Intergovernmental Revenue | 56,268,765 | 99,119,065 | 15,920,672 | 7,211,911 | 178,520,413 |
| Interest from Leases | 52,798 | - | - | - | 52,798 |
| Miscellaneous | 2,597,949 | 14,759,296 | 3,290,533 | 29,282 | 20,677,060 |
| Total Revenues | <u>781,551,457</u> | <u>185,406,843</u> | <u>20,951,330</u> | <u>9,536,810</u> | <u>997,446,440</u> |
| EXPENDITURES | | | | | |
| Current Operating: | | | | | |
| General Government | 56,619,999 | 2,719,234 | - | - | 59,339,233 |
| Judicial Administration | 20,440,688 | 1,463,197 | - | - | 21,903,885 |
| Public Safety | 147,184,920 | 9,559,386 | - | - | 156,744,306 |
| Public Works | 27,917,451 | 21,061,214 | - | - | 48,978,665 |
| Library | 7,680,826 | - | - | - | 7,680,826 |
| Health and Welfare | 21,726,647 | 92,105,998 | - | - | 113,832,645 |
| Transit | 18,681,843 | - | - | 30,563,626 | 49,245,469 |
| Culture and Recreation | 26,704,089 | 2,796,652 | - | - | 29,500,741 |
| Community Development | 21,667,205 | 18,816,039 | - | - | 40,483,244 |
| Education | 239,437,296 | - | 9,505,789 | - | 248,943,085 |
| Debt Service: | | | | | |
| Principal | 42,992,958 | 2,553,042 | - | - | 45,546,000 |
| Interest and Other Charges | 19,656,254 | 7,415,708 | - | - | 27,071,962 |
| Capital Outlay | - | - | 236,696,150 | - | 236,696,150 |
| Total Expenditures | <u>650,710,176</u> | <u>158,490,470</u> | <u>246,201,939</u> | <u>30,563,626</u> | <u>1,085,966,211</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 130,841,281 | 26,916,373 | (225,250,609) | (21,026,816) | (88,519,771) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of Debt | - | - | 193,135,000 | - | 193,135,000 |
| Sale of land | - | - | - | - | - |
| Issuance of Refunding Bonds | 11,782,546 | - | - | - | 11,782,546 |
| Bond Premium (Discount) | - | - | 21,418,823 | - | 21,418,823 |
| Other Financing | - | 11,837,719 | - | - | 11,837,719 |
| Payment to Refunded Bonds Escrow Agent | (11,710,136) | - | - | - | (11,710,136) |
| Transfers In | 45,584,494 | 82,309,601 | 116,706,237 | 21,357,846 | 265,958,178 |
| Transfers Out | (127,261,747) | (138,696,431) | - | - | (265,958,178) |
| Total Other Financing Sources and Uses | <u>(81,604,843)</u> | <u>(44,549,111)</u> | <u>331,260,060</u> | <u>21,357,846</u> | <u>226,463,952</u> |
| Total other financing sources (uses) | (81,604,843) | (44,549,111) | 331,260,060 | 21,357,846 | 226,463,952 |
| Net Change in Fund Balance | 49,236,438 | (17,632,738) | 106,009,451 | 331,030 | 137,944,182 |
| Fund Balance at Beginning of Year | 176,644,513 | 142,263,537 | 281,105,893 | (330,202) | 599,683,741 |
| Increase/(Decrease) in Reserve for Inventory | (743,345) | - | - | - | (743,345) |
| Fund Balance at End of Year | <u>\$ 225,137,606</u> | <u>\$ 124,630,799</u> | <u>\$ 387,115,344</u> | <u>\$ 828</u> | <u>736,884,577</u> |

Adjustments for the Statement of Activities:

| | |
|---|----------------------|
| (1) Repayment of bond principal and payment to bond escrow agent are reported as an expenditure and other financing uses in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. (Note 9) | 45,546,000 |
| (2) Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense and donated assets to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded capital expenditures in the current period. (Note 5) | 29,509,011 |
| (3) Governmental funds report pension & OPEB contributions as expenditures, however in the statement of activities the cost of pension & OPEB benefits earned net of employee contributions is reported as pension & OPEB expense. (Note 9) | 17,777,426 |
| (4) Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4) | (13,914,333) |
| (5) Issuance of debt, refunding bonds and premium provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. (Note 9) | (226,336,369) |
| (6) Net effect of implementing GASB 87 | 11,024,197 |
| (7) Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds. (Note 9) | 25,375,516 |
| (8) The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI) | 3,226,810 |
| (9) Change in net pension & OPEB liability. (Note 9) | 10,638,986 |
| Change in net Position | <u>\$ 40,048,081</u> |

See Accompanying Notes to Financial Statements

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

Exhibit V

ASSETS

| | |
|-------------------------------|----------------------|
| Current Assets: | |
| Cash and Cash Equivalents | \$ 14,050,645 |
| Total Current Assets | 14,050,645 |
| Capital Assets: | |
| Land | |
| Buildings and Equipment | 50,881,185 |
| Less Accumulated Depreciation | (42,712,548) |
| Capital Assets, Net | 8,168,637 |
| Total Noncurrent Assets | 8,168,637 |
| Total Assets | \$ 22,219,282 |

LIABILITIES

| | |
|--------------------------|----------------|
| Accounts Payable | 304,254 |
| Total Liabilities | 304,254 |

NET POSITION

| | |
|---|----------------------|
| Net Investment in Capital Assets | 8,168,637 |
| Unrestricted Net Position | 13,746,391 |
| Total Net Position | 21,915,028 |
| Total Liabilities and Net Position | \$ 22,219,282 |

See Accompanying Notes to Financial Statements

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

Exhibit VI

| | |
|--|---------------|
| OPERATING REVENUES | |
| Charges for Services | \$ 3,599,450 |
| Total Operating Revenues | 3,599,450 |
| OPERATING EXPENSES | |
| Materials and Supplies | 360,266 |
| Depreciation | 3,983,898 |
| Total Operating Expenses | 4,344,164 |
| Operating Loss | (744,714) |
| NON-OPERATING REVENUES (EXPENSES) | |
| Loss on disposal of capital asset, net | (12,374) |
| Total Non-Operating Expenses | (12,374) |
| Net Loss Before Transfers and Contributions | (757,088) |
| Change in Net Position | (757,088) |
| Net Position at Beginning of Year | 22,672,116 |
| Net Position at End of Year | \$ 21,915,028 |

See Accompanying Notes to Financial Statements

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

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES

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

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

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

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

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

See Accompanying Notes to Financial Statements

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

Exhibit VIII

| | Employee Benefit Trust Funds | Private- Purpose Trusts | Custodial Funds |
|---------------------------------|---|--|----------------------------|
| ASSETS | | | |
| Cash and Short-term Investments | \$ - | \$ - | \$ 74,536 |
| Investments, at Fair Value: | | | |
| U.S. Government Obligations | | | |
| LGIP/CDARS/Commercial Paper | - | 7,480 | |
| Mutual Funds | 175,920,503 | - | - |
| Stocks | 132,366,002 | - | - |
| Guaranteed Investment Accounts | 37,068,522 | - | - |
| Real Estate | 66,859,743 | - | - |
| Timber | 20,102,860 | - | - |
| Private Equity | 52,139,539 | - | - |
| Other Investments | 235,545,678 | - | - |
| Total Investments | 720,002,847 | 7,480 | - |
| Total Assets | 720,002,847 | 7,480 | 74,536 |
| LIABILITIES | | | |
| Refunds Payable and Other | - | - | 74,536 |
| Total Liabilities | - | - | 74,536 |
| NET POSITION | | | |
| Restricted For | | | |
| Pension Benefits | 615,278,509 | - | - |
| Other Post Employment Benefits | 104,724,339 | - | - |
| Other Purposes | - | 7,480 | - |
| Total Net Position | \$ 720,002,848 | \$ 7,480 | \$ - |

See Accompanying Notes to Financial Statements

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

Exhibit IX

| | Employee Benefit Trust Funds | Private- Purpose Trusts | Custodial Funds |
|---|---|--|----------------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Employer | \$ 31,058,662 | \$ - | \$ - |
| Plan Members | 5,302,767 | - | - |
| Total Contributions | <u>36,361,429</u> | <u>-</u> | <u>-</u> |
| Investment Earnings: | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | (90,031,691) | - | - |
| Interest | (4,132,126) | 504 | 14,276 |
| Investment Expense | (1,781,592) | - | - |
| Net Investment Income | <u>(95,945,409)</u> | <u>504</u> | <u>14,276</u> |
| Total Additions | (59,583,980) | 504 | 14,276 |
| DEDUCTIONS | | | |
| Benefits | 34,592,068 | - | - |
| Refunds of Contributions | 710,135 | - | - |
| Administrative Expenses | 1,419,493 | 500 | - |
| Total Deductions | <u>36,721,696</u> | <u>500</u> | <u>-</u> |
| Change in Net Position | (96,305,676) | 4 | 14,276 |
| Net Position at Beginning of Year | <u>816,308,523</u> | <u>7,476</u> | <u>60,260</u> |
| Net Position at End of Year | <u><u>\$ 720,002,847</u></u> | <u><u>\$ 7,480</u></u> | <u><u>\$ 74,536</u></u> |

See Accompanying Notes to Financial Statements

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

Exhibit X

| | Schools | Library | Total |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 63,368,114 | \$ 825,554 | \$ 64,193,668 |
| Cash and Investments with Fiscal Agents | 706,847 | 3,700,311 | 4,407,158 |
| Receivables | 5,306,397 | - | 5,306,397 |
| Due from Other Governments | 25,700,018 | 15,542 | 25,715,560 |
| Inventory of Supplies | 347,887 | - | 347,887 |
| Net Pension Assets | 13,101,129 | - | 13,101,129 |
| Prepaid and Other Assets | 2,308,732 | 774 | 2,309,506 |
| Capital assets | | | |
| Land | 999,381 | - | 999,381 |
| Construction-in-progress | 504,126 | - | 504,126 |
| Other Capital Assets, Net | 35,236,923 | - | 35,236,923 |
| Capital Assets, Net | 36,740,430 | - | 36,236,304 |
| Total Assets | 147,579,554 | 4,542,181 | 152,121,735 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pensions | 77,600,064 | - | 77,600,064 |
| OPEB | 7,112,006 | - | 7,112,006 |
| Total Deferred Outflows of Resources | 84,712,070 | - | 84,712,070 |
| Total Assets and Deferred Outflows of Resources | 232,291,624 | 4,542,181 | 236,833,805 |
| LIABILITIES | | | |
| Accounts Payable | 31,600,123 | 162,697 | 31,762,820 |
| Accrued Wages | 15,052,422 | 294,442 | 15,346,864 |
| Unearned Revenue | 4,874,521 | - | 4,874,521 |
| Long-term Liabilities Due Within One Year | 5,939,118 | - | 5,939,118 |
| Long-term Liabilities Due in More Than One Year | 27,576,128 | - | 27,576,128 |
| Net Pension Liabilities | 187,799,200 | - | 187,799,200 |
| Net OPEB Liabilities | 38,771,444 | - | 38,771,444 |
| Total Liabilities | 311,612,956 | 457,139 | 312,070,095 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pensions | 116,722,218 | - | 116,722,218 |
| OPEB | 11,973,400 | - | 11,973,400 |
| Total Deferred Inflows of Resources | 128,695,618 | - | 128,695,618 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 33,157,132 | - | 33,157,132 |
| Restricted for grant programs | 7,533,859 | - | 7,533,859 |
| Restricted for health benefits | 12,109,854 | - | 12,109,854 |
| Restricted for net pension assets | 13,101,129 | - | 13,101,129 |
| Unrestricted | (273,918,924) | 4,085,042 | (269,833,882) |
| Total Net Position | (208,016,950) | 4,085,042 | (203,931,908) |
| Total Deferred Inflows of Resources, Liabilities and Net Position | \$ 232,291,624 | \$ 4,542,181 | \$ 236,833,805 |

See Accompanying Notes to Financial Statements

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

Exhibit XI

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|------------------------------|--------------------|-------------------------|---------------------------------------|--|--------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Schools | Library | Totals |
| Schools | \$ 330,733,278 | \$ 1,481,693 | \$ 46,191,873 | \$ (283,059,712) | \$ - | \$(283,059,712) |
| Library | 7,881,358 | 251,508 | 195,371 | - | (7,434,479) | (7,434,479) |
| Total Component Units | <u>338,614,636</u> | <u>1,733,201</u> | <u>46,387,244</u> | <u>(283,059,712)</u> | <u>(7,434,479)</u> | <u>(290,494,191)</u> |

General Revenues:

| | | | |
|--|-------------------------|---------------------|-------------------------|
| Payment From City | 248,943,085 | 7,680,826 | 256,623,911 |
| Grants Not Restricted To Specific Programs | 54,825,648 | - | 54,825,648 |
| Interest and Investment Earnings | - | (557,873) | (557,873) |
| Miscellaneous | 579,791 | - | 579,791 |
| Total General Revenues | <u>304,348,524</u> | <u>7,122,953</u> | <u>311,471,477</u> |
| Change in Net Position | 21,288,812 | (311,526) | 20,977,286 |
| Net Position Beginning of Year, restated | (229,305,762) | 4,396,568 | (224,909,194) |
| Net Position End of Year | <u>\$ (208,016,950)</u> | <u>\$ 4,085,042</u> | <u>\$ (203,931,908)</u> |

See Accompanying Notes to Financial Statements

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

Exhibit XII

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Narrative Profile

The City of Alexandria, located in northern Virginia and bordered by the District of Columbia (Potomac River) and Arlington and Fairfax Counties, was founded in 1749 and incorporated in 1779. With a population of 163,400 and a land area of 15.75 square miles, Alexandria is the seventh largest city in the Commonwealth of Virginia and one of the most densely populated cities in the Commonwealth.

The City is governed under the Council-Manager form of government. Alexandria engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, housing and human service programs, transportation and environmental services (Public Works), planning, community development and recreation, cultural, library, and historic activities.

The financial statements of the City of Alexandria, Virginia, have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and U.S. generally accepted accounting principles (GAAP) as specified by the Governmental Accounting Standards Board (GASB). The City's significant accounting policies are described below.

A. Financial Reporting Entity

The City follows GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended. GASB Statement No. 34 requires the following financial statement components:

Management's Discussion and Analysis – A narrative introduction and analytical overview of the government's financial activities. This analysis is like the analysis that the private sector provides in their annual reports.

Government-wide Financial Statements – These include financial statements prepared using full accrual accounting for all government activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets (such as buildings and infrastructure, including bridges and roads) and long-term liabilities (such as general obligation debt and unfunded pension costs). Accrual accounting also reports all revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net position and the Statement of Activities.

Statement of Net Position – The Statement of Net Position displays the financial position of the primary government (governmental activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. Net Position represents the difference between assets, liabilities, and deferred inflow (outflow) of Resources. The Net Position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Net invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances (net of unspent bond proceeds) of any borrowing used for the acquisition, construction, or improvement of those assets.

Statement of Activities – The Statement of Activities reports revenues and expenses in a format that focuses on the cost of each of the City's functions. The expenses of individual functions are compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements – The fund financial statements display the financial transactions and accounts of the City based on funds. The operation of each fund is an independent accounting entity. The fund financial statements also include reconciliation to the government-wide statements, which briefly explains the differences between the fund and government-wide financial statements.

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have an interest in following the actual financial progress of their governments over the course of the year. The City Council approves revisions to its original budget over the course of the year for a variety of reasons.

As required by GAAP, these financial statements and schedules present the primary government and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. The discretely presented component units are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. Each of the City’s discretely presented component units has a June 30 fiscal year-end.

Component Units:

City of Alexandria School Board

Since FY 1995, the Alexandria City School Board has been an elected body which oversees the operations of the Alexandria City Public Schools (ACPS). ACPS is substantially reliant upon the City because City Council approves ACPS’s total annual budget appropriation, levies taxes, and issues debt for school projects. The legal liability for the general obligation debt issued for school capital assets remains with the City. The City’s primary transaction with ACPS is the City’s annual support, for combined operations and capital equipment which total \$248.9 million in FY 2022. ACPS’ financial statements are available via the ACPS website on the Department of Financial Services page.

The APA establishes financial reporting requirements for all localities in the Commonwealth of Virginia. The APA has determined that all Virginia school boards shall be reported as discretely presented component units of the locality. The APA has also specified additional reporting requirements with respect to school boards. ACPS issues separate audited financial statements.

City of Alexandria Library System

The Alexandria Library (the Library) is a discretely presented component unit of the City of Alexandria. The Library’s financial statements are available for public viewing at the Library’s Administration office at the Beatley Library, 5005 Duke St., Alexandria, VA 22304. City Council approves the Library budget and appoints three citizens and a member of the Alexandria City Council to the Library Board. The seven-member Library Board also includes three members of the non-profit Alexandria Library Company. The City is responsible for issuing debt and acquiring and maintaining all capital items on behalf of the Library. The City only maintains the assets based on agreements reached with the Library Board. The legal liability for the general obligation debt issued on behalf of the Library remains with the City but is based on needs requested by the Library Board. The City’s primary transaction with the Library is the City’s annual operating support, which was \$7.6 million for FY 2022. The Library provides a variety of services to the community that is supplemented with funding by endowments and is not completely government services. The City budget provides most of the funding for all services and programs; many of the endowments supplement the materials budget, and nothing more. The City has no authority in the selection of books and materials the Library carries, or the day to day management of the operations of the Library buildings or staffing. The Library issues separate audited financial statements.

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Alexandria Transit Company

Alexandria Transit Company (ATC), although legally separate in substance, is presented as a blended component unit and part of the City's reporting entity as a governmental fund. As a not-for-profit corporation for which the primary government is the only corporate member, the blending of ATC fell within the scope of GASB Statement No. 80. ATC's governing body is substantively the same as the governing body of the primary government and the City's management has operational responsibility for ATC.

Excluded from Reporting Entity

The City Council is not financially accountable for the Deferred Compensation Plan, Alexandria Economic Development Partnership, Alexandria Redevelopment and Housing Authority, Alexandria Renew Enterprises (formerly the Alexandria Sanitation Authority), Visit Alexandria, or Sheltered Homes of Alexandria, Inc. Accordingly, these entities are excluded from the City of Alexandria's financial statements.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting model focus is on both the City as a whole and the fund financial statements, including the major individual funds of the governmental category, as well as the fiduciary funds (by category) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental. In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a combined basis, and (b) is reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Both government-wide and fund financial statements presentations provide information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. The City generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.). Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants and contributions columns include operating-specific and discretionary (either operating or capital) grants, while the capital grants and contributions column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the City are organized based on funds. The operation of each fund is considered an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with related liabilities, fund balances and net position, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Governmental fund statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City's fiduciary funds are presented in the fund financial statements by type (employee benefit trust, private purpose trust and custodial). Since these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to fund activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The following is a brief description of the specific funds used by the City in FY 2022.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

a. General Fund

The General Fund is a major fund and is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used to finance the operations of the Schools.

b. Special Revenue Fund

A special revenue fund is a major fund and is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. A significant portion of the Special Revenue Fund is used for Health and Welfare programs. The Special Revenue Fund of the City as June 30, 2022 is comprised of the following sub funds:

CARES - This sub fund accounts for the City's funds across multiple departments in support of the COVID-19 pandemic response. The source of funding is the Coronavirus Aid Relief and Economic Security Act adopted in March 2020.

ARPA - This sub fund accounts for the City's funds across multiple departments in support of the COVID-19 pandemic response. The source of funding is the American Rescue Plan Act adopted in March 2021.

Housing – This sub fund accounts for the City's housing programs. The sources of funding are bond proceeds and the payment of note receivables.

Sanitary Sewer – This sub fund accounts for the funding of sanitary sewer maintenance and construction. The fund is funded by sewer connection fees and sewer charges.

Stormwater Utility – This sub fund is funded by a stormwater utility fee which was implemented in 2019. This fee replaces the dedicated real estate property tax in the Stormwater Management fund.

Stormwater Management Fund – This sub fund was established in FY 2011. It is funded by a dedicated real estate property tax rate of 0.5 cents per \$100 of assessed value.

Potomac Yard Special Tax District – This sub fund is funded by certain real estate taxes for the development of the Potomac Yard Metro Rail station.

Northern Virginia Transportation Authority (NVTa) – This sub fund was established in FY 2014. It is funded by various state and local other taxes collected by NVTa.

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Industrial Development Authority (IDA) – This fund accounts for IDA bond issuance fees and expenses.

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

c. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) is a major fund and accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities.

d. Alexandria Transit Company

Alexandria Transit Company (ATC), a major governmental fund, is a blended component unit and part of the City's reporting entity. As a not-for-profit corporation for which the primary government is the only corporate member, the blending of ATC fell within the scope of GASB Statement No. 80. ATC's governing body is the same as for the primary government.

2. Proprietary Funds

Proprietary Funds are used to account for activities that are like those often found in the private sector. The measurement focus is on determination of net income, financial position, and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The City has one proprietary fund, the Internal Service Fund. The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis and is considered a proprietary fund. The City established the Equipment Replacement Reserve Account, the internal service fund, for the purpose of providing for the accumulation of funds to replace capital equipment items used in City operations. This internal service fund derives its funding from periodic equipment rental charges assessed to the user departments in the governmental funds. This funding is then used to replace capital equipment when the need arises. The Internal Service Fund is included in governmental activities for government-wide reporting purposes. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenues or expenses for the fund are allocated to the appropriate functional activity.

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. The fiduciary funds of the City are the John D. Collins Private Purpose Trust Fund, City Supplemental Retirement, Pension for Fire and Police, Retirement Income for Fire and Police, Firefighters and Police Pension, Fire and Police Disability, Other Post-Employment Benefits (OPEB) and the custodial funds for the Human Services Special Welfare Account and the Human Services Dedicated Account. For accounting measurement purposes, the Private Purpose Trust Fund and the Employee Retirement Funds are accounted for in essentially the same manner as proprietary funds. The Private Purpose Trust Fund account for assets of which the principal may not be spent. The Employee Retirement Funds account for the assets of the City's pension plans and the OPEB fund. Custodial Funds use the economic resources measurement focus.

Fiduciary net position of the Pension and OPEB Plans, and the change in fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The custodial funds held by the City as of the end of FY 2022 comprise the following:

Human Services Special Welfare Account – This fund accounts for the current payments of supplemental security income for foster children.

Human Services Dedicated Account – This fund accounts for back payments of supplemental security income for foster children.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The Government-wide Statement of Net Position and Statement of Activities, all proprietary funds, private purpose trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the Statement of Net Position or on the Statement of Fiduciary Net Position. These operating statements present increases (e.g., revenues or additions) and decreases (e.g., expenses or deductions) in total net position.

The Government-wide Statement of Net Position and Statement of Activities as well as the financial statements of the Proprietary Funds and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General, Special Revenue, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within 45 days after the fiscal year-end. Levies made prior to the fiscal year end, but which are not available, are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants revenues are measurable and available as revenue when reimbursements for related eligible expenditures are collected within a year of the date the expenditure was incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting

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

Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments to reserve an applicable portion of an appropriation, is used as an extension of formal budgetary control in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are classified as committed or assigned in the General Fund, or as restricted fund balance in the non-General Funds. These encumbrances are subject to re-appropriation by Council ordinance in the succeeding fiscal year.

E. Equity in Pooled Cash and Investments

Cash resources of the individual funds, including imprest cash of \$18,735 and excluding cash held with fiscal agents in the General Fund, Special Revenue Fund, Capital Projects Fund, Proprietary Funds, Fiduciary Funds, and discretely presented component units (Schools and Library), are combined to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of the State Treasurer's Local Government Investment Pool (LGIP) and are recorded at fair value. Income from pooled investments is allocated only when contractually or legally required. All investment earnings not legally or contractually required to be credited to individual accounts or funds are credited to the General Fund.

The Library maintains separate cash and investment accounts consisting of cash and obligations of the federal government and corporate bonds and stocks recorded at fair value. All cash and investments held with fiscal agents for the primary government and its discretely presented component units are recorded at fair value.

For purposes of the statement of cash flows, the Proprietary Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The fair value of investments is based on quoted market prices. All investments in external investment pools are reported at fair value.

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Allowance for Uncollectible Accounts

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

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

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

G. Inventory of Supplies

Primary Government

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

Component Units

Inventory for the Schools is comprised of food and commodities on hand pertaining to the Child Nutrition Cluster of programs. Inventories of consumable supplies are recorded at cost using the weighted average method. Inventories received from the U.S. Department of Agriculture are recorded at fair value when received and the amounts consumed are recorded as revenue. The amounts of unused food commodities are reported as inventory.

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Other Assets

Other assets in the government-wide statements also include taxes receivable discussed in Note 4 and deferred interest, which represents the excess of the reacquisition price over the net carrying amount of the refunded bonds discussed in Note 9. The total adjustment to these assets was comprised of the following:

| | | |
|---|----|--------------------------|
| Taxes receivable | \$ | 3,012,086 |
| Deferred outflow related to Refunding Bonds | | <u>18,250,331</u> |
| Total Adjustment | | <u>\$ 21,262,417</u> |

I. Leases

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset; and a lessor is required to recognize a lease receivable and a deferred inflow of resources. If the present value of the payments or receipts is greater than or equal to \$5,000, the contract is classified as a lease for accounting purposes.

J. Capital Assets

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds, and as assets in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 per unit are met. Amortization for right-to-use assets is based on the term of the lease agreement. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

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

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

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

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets received in a concession arrangement are valued at their acquisition value. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City uses the proceeds from the sale of historical treasures or works of art to acquire other items for the collection. Right-to-use assets are valued based on the present value of the lease agreement.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

The City accrues compensated absences (annual and sick leave benefits) when vested. The current portions of the governmental funds matured compensated absences liabilities are recorded as other liabilities in the General and Special Revenue Funds. The current and noncurrent portions are recorded in the government-wide financial statements. This includes the discretely presented component unit Library, since the City funds all Library personnel costs.

The component unit Schools accrues matured compensated absences (annual, personal, and sick leave benefits) when vested. The current and noncurrent portions of compensated absences are recorded in the Schools component unit government-wide financial statements.

Alexandria Transit Company accrues annual and sick leave benefits in the period in which they are earned.

L. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

M. Fund Balance

The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balances are available unless prohibited by legal constraints or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available; the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

Fund Balances are reported according to the following categories:

Non-spendable Fund Balance—amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact; for example, notes receivable, inventory of supplies, prepaid amounts, and assets-held-for-sale.

Restricted Fund Balance—amounts constrained by external parties, constitutional provision, or enabling legislation. Effectively, restrictions may only be changed or lifted with the consent of the resource provider.

Committed Fund Balance—The City's highest level of decision-making authority is the City Council. The formal action required to establish, modify, or rescind a fund balance commitment is an ordinance of the City Council.

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

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

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Detail

General Fund

| | |
|-------------------------------------|-----------------------|
| Nonspendable | |
| Inventories | \$ 5,994,154 |
| Prepays | 13,984,800 |
| Long Term Notes | 400,000 |
| Total | 20,378,954 |
| | |
| Committed | |
| Encumbrances | 6,524,074 |
| Self-Insurance | 6,500,000 |
| Total | 13,024,074 |
| | |
| Assigned | |
| Subsequent Capital Program | 20,000,000 |
| Subsequent Operating Budgets | 8,120,000 |
| UHC Self-Funding | 2,000,000 |
| Transit Savings | 5,000,000 |
| Carryover and Incomplete Projects | 7,432,389 |
| Natural Disaster/Emergencies | 3,000,000 |
| Landmark Redevelopment soil | 3,000,000 |
| Contingency | 3,000,000 |
| Accrued Leave Payout | 1,000,000 |
| Economic Development Incentives | 1,000,000 |
| Revenue Replacement-funded Projects | 35,441,951 |
| Total | 85,994,340 |
| | |
| Unassigned | 105,740,238 |
| Total Fund Balance | \$ 225,137,606 |

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances – These funds (\$6.5 million) have been committed for purchase orders and/or contracts to acquire goods and services not yet received. The major purposes for these funds are professional services (\$2.2 million), temporary services (\$0.9 million), equipment maintenance (\$0.7 million), operating supplies and maintenance (\$0.6 million), and various community services totaling \$2.1 million.

Self-Insurance—These funds (\$6.5 million) have been committed for reserves for the City’s self-insurance program.

UHC Self-Funding – These funds (\$2.0 million) are assigned from health premium cost savings due to vacancies to increase the balance available for the City’s self-funded healthcare plan.

Subsequent Fiscal Years’ Capital Program—These funds (\$20.0 million) have been assigned to fund a portion of the capital improvement program for CIP projects in FY 2023 and beyond.

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

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

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

Natural Disaster/Emergencies/ Emergency Response - These funds (\$3.0 million) have been assigned to cover damages and operational costs associated with responding to extraordinary emergencies.

Landmark Redevelopment Soil Removal Contingency – These funds (\$3.0 million) have been assigned to provide additional resources to address the removal of contaminated soil that may be discovered at the Landmark Mall site, above the amount currently budgeted by the developer.

Accrued Leave Payout - These funds (\$1.0 million) are assigned to address leave payouts that are required for employees that are separated from the city either voluntarily or involuntarily.

Economic Development Incentives - These funds (\$1.0 million) are assigned to provide funds to incentivize business to locate or expand in the City.

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

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue

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

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

Stormwater Utility - These funds (\$0.6 million) are committed for stormwater capital projects. The funds originate from a stormwater utility fee which was implemented in 2019. This fee replaces the dedicated real estate property tax in the Stormwater Management fund.

Potomac Yard - These funds (\$31.8 million) are committed for the development of the Potomac Yard Metrorail Station. The funds originate from certain real estate property taxes.

Northern Virginia Transportation Authority (NVTA) - These funds (\$5.7 million) are committed for transportation improvements in the City. The funds originate from various state and other local taxes collected by the NVTA.

Other Programs - These funds (\$33.8 million) are committed per the terms of various grants and donations received by the City. The programs funded were:

| <u>Program</u> | <u>Amount</u> |
|---|-----------------|
| Building Permit Operations | \$ 22.5 million |
| Community Development Projects | \$ 7.3 million |
| Seized Assets & Other Public Safety | \$ 1.7 million |
| Residential Refuse Services | \$ 1.4 million |
| Recreation and Cultural Events & Services | \$ 0.6 million |
| Court Services | \$ 0.3 million |

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects

| Committed | |
|---------------------------|------------------------------|
| Notes Receivable | \$ 327,189,284 |
| Encumbrances | <u>59,926,060</u> |
| Total Fund Balance | <u>\$ 387,115,344</u> |

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

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

O. Short Term Liabilities

Short Term Liabilities include unclaimed funds. The City did not have any short term debt during FY 2022.

P. Deferred Outflows

A deferred outflow of resources represents a consumption of net assets by the government that is applicable to a future period and so will not be recognized as an outflow of resources until the future period. The City recognizes deferred outflows for contributions made subsequent to the measurement date related to pensions and OPEB, difference between expected and actual experience, changes in assumptions, and net difference between projects and actual earnings on pension plans investments. On June 30, 2022, the City had deferred outflows of resources related to pensions and OPEB of \$118.0 million.

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

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Deferred Inflows

A deferred inflow of resources represents an acquisition of net assets by the government that is applicable to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. GASB 87 was implemented in FY 2022 and Inflows now include deferred resources. .On June 30, 2022, the City had the following deferred inflows of resources.

| DEFERRED INFLOWS | |
|--|--------------------|
| Deferred Tax Revenues | 363,933,686 |
| Deferred resources | 14,513,295 |
| Pension | 89,396,462 |
| OPEB | 19,267,597 |
| Total Deferred Inflows of Resources | <u>487,111,040</u> |

NOTE 2. LEGAL COMPLIANCE – BUDGETS

After a public hearing and several work sessions, the City Council adopts an annual budget no later than June 27 for the succeeding fiscal year to commence July 1. Transfers of appropriations among departments or projects are made throughout the fiscal year by the City Council. The City Council may also approve supplemental appropriations. In FY 2022, the Council approved a re-appropriation of prior fiscal year encumbrances, as well as several other supplemental appropriations. The City Manager has authority to transfer appropriations within each department. In FY 2022, several intradepartmental transfers were made.

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

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS

The City maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on the funds' average monthly balances. A "zero balance account" mechanism provides for daily sweeps of deposits made to City checking accounts, resulting in an instantaneous transfer to the investment account. Thus, the majority of funds in the City's general account are invested at all times. Exceptions to this are funds in the Library System's checking account, the School Student Activity Fund account, and some bank accounts administered by the Human Services Department. The City's pooled portfolio also excludes pension plans.

A. Deposits

Primary Government

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

Component Units

At June 30, 2022, the carrying value of deposits for the Schools was (\$1,450,136) and the bank balance was \$0. The difference between the carrying value of the School's deposits and the bank balance are the checks outstanding. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act as defined above.

At June 30, 2022, the carrying value of deposits and bank balance for the Library was \$376,192. The entire balance is covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act as defined above.

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

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

State Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the Virginia Investment Pool (VIP). The City's current investment policy limits investments to obligations of the United States and agencies thereof, commercial paper, LGIP and repurchase agreements fully collateralized in obligations of the United States and agencies thereof.

During fiscal year 2021 most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in Certificate of Deposit Account Registry Service (CDARS), where deposits are eligible for FDIC insurance, as well as commercial paper, U.S. Agencies, and the Virginia Investment Pool.

During the year, the City and its discretely presented component units maintained eight pension plans. The plan provisions allow the assets of the pension plans to be invested by the pension carriers in accordance with provisions of the Code of the Commonwealth of Virginia. The Plans' investments are exposed to various risks such as interest rate, market and credit risks. Such risks, and the resulting investment security values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such change could materially affect the amounts reported in the Statement of Fiduciary Net Position.

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

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

Credit Risk – State Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, and Virginia Local Government Investment Pool. The City's current investment policy limits investments to obligations of the United States and agencies thereof, commercial paper, and repurchase agreements fully collateralized in the Obligations of the United States and agencies thereof, the State Treasurer's LGIP and VIP. During the fiscal year, the City held its investments in LGIP and VIP, and investments of US agencies. The investments for five of the City's six pension plans are handled by Prudential, a company with an A (Excellent) rating, one of the top three, by A.M. Best rating agency. The investment for the defined contribution plan is directed by employees and is invested in mutual funds and guaranteed investment accounts. The City has directed Prudential to invest funds for the other four defined benefit pension plans in guaranteed investment accounts, mutual funds and stocks. The Commonwealth of Virginia manages the investments of the Virginia Retirement System (VRS). Prudential also handles investments for OPEB (Other Post-Employment Benefits) trust fund for the City.

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

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Custodial Risk – Custodial risk is the risk that in the event of the failure of the counter-party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently all City investments are held in LGIP, VIP, commercial paper, investments of U.S. agencies, and CDARS. If the City has to invest in a local bank, the City will require a designated portfolio manager. At the time funds are invested, collateral for repurchase agreements will be held in the City’s name by a custodial agent for the term of the agreement, and investments in obligations of the United States or its agencies will be held by the Federal Reserve in a custodial account.

As of June 30, 2022, the City had the following cash, investments and maturities:

Primary Government

| INVESTMENT TYPE | Investment Maturities | | | |
|---|-----------------------|----------------|---------------|----------------|
| | Fair Value | 1-12 Months | 13-24 Months | 25-60 Months |
| Fixed Certificate of Deposit | \$ 8,475,218 | \$ 8,475,218 | \$ - | \$ - |
| Federal Farm Credit Bank (FFCB) | 12,782,530 | - | 12,782,529.97 | - |
| Federal Home Loan Bank (FHLB) | 41,353,221 | - | 24,744,979.02 | 16,608,242 |
| Local Government Investment Pool | 459,104,332 | 459,104,332 | - | - |
| Subtotal | 521,715,300 | 467,579,549 | 37,527,509 | 16,608,242 |
| OPEB Trust Investments * | 104,724,339 | - | - | 104,724,339 |
| Pension Plan Investments (Exhibit VIII) * | 615,278,509 | - | - | 615,278,509 |
| Total | \$ 1,241,718,148 | \$ 467,579,549 | \$ 37,527,509 | \$ 736,611,090 |

*Details of investment types for OPEB and Pensions are listed in Note 17, Exhibit XII

Reconciliation to Total Cash and Investments:

Add:

| | |
|--------------------------------|-----------------------|
| Cash on Hand and in Banks | \$ (1,044,645) |
| Cash with Fiscal Agents | 246,211,960 |
| Total Deposits and Investments | <u>\$ 245,167,315</u> |

Rated by S&P

Investments in any one issuer that represents five percent or more of the total of City of Alexandria's investments are as follows:

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

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

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Component Unit
Schools

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

Component Unit
Library

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

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

| | <u>Governmental Activities</u> | <u>Fiduciary Activities</u> | <u>Total</u> |
|--|------------------------------------|---------------------------------|-------------------------|
| Primary Government including DASH | | | |
| Cash on Hand and In Banks | \$ (1,044,645) | \$ - | \$ (1,044,645) |
| Cash and Investments | 521,534,275 | 7,480 | 521,541,755 |
| Cash and Investments with Fiscal Agents | 246,211,960 | 720,002,847 | 966,214,807 |
| Total | \$ 766,701,590 | \$ 720,010,327 | \$ 1,486,711,917 |
| Component Unit Schools | | | |
| Cash on Hand and In Banks | \$ (1,460,136) | \$ - | \$ (1,460,136) |
| Cash and Investments Controlled by City | 64,828,251 | - | 64,828,251 |
| Cash and Investments with Fiscal Agents | - | - | - |
| Total | \$ 63,368,115 | \$ - | \$ 63,368,115 |
| Component Unit Library | | | |
| Cash and Investments Controlled by City | \$ 825,554 | \$ - | \$ 825,554 |
| Cash and Investments with Fiscal Agents | 3,700,311 | - | 3,700,311 |
| Total | 4,525,865 | - | 4,525,865 |
| Grand Total | \$ 834,595,570 | \$ 720,010,327 | \$ 1,554,605,897 |

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

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

The list below summarizes investments managed by the City of Alexandria in accordance with the fair value hierarchy established by the generally accepted accounting principles. Fair value is a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The inputs are categorized at three levels based on the degree of certainty around the asset's underlying value.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborate by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

During fiscal year 2022, zero investments were classified in Level 1 and Level 3 of the fair value hierarchy. Investments worth \$61.4 million were classified in Level 2. Fixed government securities worth \$60.9 million and fixed certificates of deposit worth \$9.5 million were classified in Level 2. The fixed government securities and the fixed securities of deposit were valued using a matrix pricing technique. Matrix pricing is used based on the securities' relationship to benchmark quoted prices.

Virginia Local Government Investment Pool, worth \$511.6 million were excluded from the fair value hierarchy since they are an external investment pool and have the option to report their investments at NAV or amortized cost. They have chosen to report at amortized cost.

| Investments by fair value level | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|--------------------------|-----------------------|-----------------------|-----------------------|
| Debt Securities | | | | |
| Fixed Government Securities | \$ 60,933,018 | \$ - | \$ 60,933,018 | \$ - |
| Fixed Certificates of Deposit | 9,539,363 | - | 9,539,363 | - |
| Total Debt Securities | <u>\$ 70,472,381</u> | <u>\$ -</u> | <u>\$ 70,472,381</u> | <u>\$ -</u> |
| Total Investments by Fair Asset Value | <u>\$ 70,472,381</u> | <u>\$ -</u> | <u>\$ 70,472,381</u> | |
| Investments measured at the net asset value (NAV) | | | | |
| Virginia Investment Pool - Liquidity | 5,172,832 | | | |
| | <u>\$ 5,172,832</u> | | | |
| Total Investments by Fair Value and NAV | <u>\$ 75,645,213</u> | | | |
| Investments Reported by Amortized Cost | | | | |
| Virginia Local Govt. Investment Pool | \$ 511,576,460 | | | |
| | <u>\$ 511,576,460</u> | | | |
| Total Investments | <u>\$ 587,221,673</u> | | | |

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

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

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

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

Taxes receivable represents the current and past four years of uncollected tax levies for personal property taxes, and the current and past 19 years for uncollected tax levies on real property. The allowance for estimated uncollectible taxes receivable is 7.2% percent of the total taxes receivable at June 30, 2022, and is based on historical collection rates. Almost all of the real property tax receivables as of June 30, 2022, represent the second-half payment due for real estate taxes on November 15, 2022. The majority of personal property taxes represent tax year 2022 due October 5, 2022.

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

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

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

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also include unearned revenue related to resources that have been received but not yet earned. At the end of FY 2022, unearned revenue in the governmental funds consisted of the following:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---|-----------------------|---------------------|-----------------------|
| Property taxes, net of related allowances | \$ 336,475,461 | \$ 9,607,068 | \$ 346,082,529 |
| Grant proceeds received prior to completion of eligibility requirements | 14,839,071 | - | 14,839,071 |
| | <u>\$ 351,314,532</u> | <u>\$ 9,607,068</u> | <u>\$ 360,921,600</u> |

Deferred Inflows

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Comment</u> |
|--------------------------------------|-----------------------|-----------------------------|---|
| Total Deferred Taxes | | | |
| Grants Received Prior to Eligibility | \$ 336,475,461 | \$ 9,607,068 | |
| | | 14,839,071 | Eligible grants with timing differences |
| Total Deferred Inflows, Receivables | <u>\$ 336,475,461</u> | <u>\$ 24,446,139</u> | |

Component Units

Receivables at June 30, 2022, consist of following:

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

All the component unit receivables are considered to be collectible.

All deferred revenue in the component units is unearned.

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

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

A. Property Taxes

The City levies real estate taxes on all real property on a calendar year basis, at a rate enacted by the City Council on the assessed value of property (except public utility property) as determined by the Real Estate Assessor of the City. The Commonwealth assesses public utility property. Neither the City nor the Commonwealth imposes a limitation on the tax rate. All property is assessed at 100 percent of fair market value and reassessed each year as of January 1. The Real Estate Assessor, by authority of City ordinance, prorates billings for incomplete property as of January 1, but completed during the year.

Real estate taxes are billed in equal semi-annual installments due June 15 and November 15. The taxes receivable balance at June 30, 2022, includes amounts not yet received from the January 1, 2022 levy (due June 15 and November 15, 2022), less an allowance for uncollectible amounts. The installment due on November 15, 2022 is included as unavailable revenue since these taxes are restricted for use until FY 2023. Liens are placed on the property on the date real estate taxes become delinquent and must be satisfied prior to the sale or transfer of the property. In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The tax rate was \$1.11 per \$100 of assessed value during calendar year 2021 and 2022.

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair value of the property as of January 1 of each year. For a vehicle, the tax may be prorated for the length of time the vehicle has status in the City. Personal property taxes for the calendar year are due on October 5th. The taxes receivable balance at June 30, 2022, includes amounts not yet billed or received from the January 1, 2022 levy (due October 5, 2022). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2023. The tax rate for motor vehicles was \$5.33 per \$100 of assessed value during calendar years 2021 and 2022. The tax rate for motor vehicles remained the same in calendar year 2022 (\$5.33). On May 4, 2022, City Council adopted an ordinance to set the real and personal property tax rates for Calendar Year 2022. The FY 2023 Approved Budget was also adopted on May 4, 2022 and included personal property tax relief for all vehicles by providing an assessment ratio of 78.8% on the assessed value of vehicles. The discount provided a reduction of a vehicle's actual market value by 21.2% for Tax Year 2022 to reflect unprecedented value appreciation due to the pandemic. In total this initiative reduced estimated personal property tax revenue by \$18 million in FY 2023. Tax rates during calendar years 2021 and 2022 were \$4.75 for tangible personal property and \$4.50 for machinery and tools per \$100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance.

Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the Commonwealth, approximately 32 percent of total personal property tax levy in calendar year 2022. The threshold for vehicles that receive a 100% state car tax subsidy is also increased, shifting this subsidy on vehicles valued from \$1,000 and less to vehicles valued \$5,000 and less. This action is estimated to eliminate the local tax burden on more than 30,000 cars for tax year 2022.

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

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

B. Notes Receivable

The gross amount of notes receivable is primarily for the City's housing programs and consisted of the following at June 30, 2022:

Governmental Activities

| | |
|--|---------------------|
| General Fund | \$ 709,000 |
| Special Revenue Fund | 95,197,386 |
| Capital Projects Fund | 1,475,000 |
| Less Allowance for Uncollectible Accounts | <u>(94,483,064)</u> |
| Net Notes Receivable | <u>2,898,321</u> |
| Amounts due within one year | <u>50,000</u> |
| Amounts due in more than one year | <u>\$ 2,848,321</u> |

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

Exhibit XII
(Continued)

NOTE 5. CAPITAL AND RIGHT TO USE ASSETS

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

Governmental Activities

Primary Government

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

The City acquires and maintains all capital assets for the Library. Accordingly, the Library's capital assets are included in the governmental activity's total.

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

Exhibit XII
(Continued)

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

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

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

Depreciation and amortization was charged to governmental functions as follows:

| | | |
|---------------------------------------|-----------|--------------------------|
| General Government | \$ | 2,717,051 |
| Judicial Administration | | 542,432 |
| Public Safety | | 4,522,523 |
| Public Works | | 7,854,804 |
| Depreciation of Infrastructure Assets | | 10,497,111 |
| Health and Welfare | | 491,694 |
| Transit | | 5,387,218 |
| Culture and Recreation | | 2,661,228 |
| Education | | 10,834,310 |
| Community Development | | 235,632 |
| Total | \$ | <u>45,744,003</u> |

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

Primary Government

| | | |
|--------------------------------|-----------|--------------------------|
| City Capital Outlay | \$ | 119,132,145 |
| Donated Assets | | 4,722,149 |
| Depreciation Expense | | (45,744,003) |
| Capital Outlay not capitalized | | (48,601,280) |
| Total Adjustment | \$ | <u>29,509,011</u> |

Donated assets are comprised of infrastructure assets donated by developers.

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

Exhibit XII
(Continued)

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

Right to Use Activities

| | <u>Balance</u> <u>July 1, 2021</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2022</u> |
|---------------------------------------|---------------------------------------|-------------------|------------------|--|
| Right to Use Assets | | | | |
| Buildings | \$ 30,400,757 | \$ 6,139,439 | \$ - | \$ 36,540,196 |
| Equipment | 381,885 | 73,301 | - | 455,186 |
| Land | 761,213 | - | - | 761,213 |
| Infrastructure | 346,191 | - | - | 346,191 |
| Total Assets | <u>31,890,046</u> | <u>6,212,740</u> | <u>-</u> | <u>38,102,786</u> |
| Less Accumulated Amortization | | | | |
| Buildings | - | 5,820,827 | - | 5,820,827 |
| Equipment | - | 101,089 | - | 101,089 |
| Land | - | 149,028 | - | 149,028 |
| Infrastructure | - | 21,784 | - | 21,784 |
| Total Accumulated Amortization | <u>-</u> | <u>6,092,728</u> | <u>-</u> | <u>6,092,728</u> |
| Total Right to Use Assets, Net | <u>\$ 31,890,046</u> | <u>\$ 120,012</u> | <u>\$ -</u> | <u>\$ 32,010,058</u> |

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

Net Position Investment in Capital Assets is computed as follows:

| | | |
|--|---------------|-----------------------|
| General Capital Assets, Net | | \$ 1,034,578,710 |
| Outstanding bonds (including premium) | (950,447,653) | |
| Unspent bond proceeds at SNAP | 246,211,960 | |
| Deferred outflow related to Bond Refunding | 18,250,331 | |
| Net Outstanding Debt | | (685,985,362) |
| Net Right to Use Assets | | 32,010,058 |
| Lease Liability | | (32,617,536) |
| Investment in Capital Assets Net of Debt | | <u>\$ 347,985,870</u> |

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

Exhibit XII
(Continued)

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

Component Unit - Schools

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

| | Balance June 30, 2021 | Increases | Decreases | Balance June 30, 2022 |
|---|----------------------------------|----------------------|------------------|----------------------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land and Land Improvements | \$ 999,381 | \$ - | \$ - | \$ 999,381 |
| Construction-in progress | - | 504,126 | - | 504,126 |
| Total Capital Assets Not Being Depreciated | 999,381 | 504,126 | - | 1,503,507 |
| Depreciable Capital Assets | | | | |
| Buildings | 46,026,190 | 61,820 | - | 46,088,010 |
| Furniture and Other Equipment | 26,567,165 | 1,067,674 | 3,084,226 | 24,550,613 |
| Right-of-Use assets | - | 24,373,884 | - | 24,373,884 |
| Total Depreciable Capital Assets | 72,593,355 | 25,503,378 | 3,084,226 | 95,012,507 |
| Less Accumulated Depreciation For | | | | |
| Buildings and building improvements | 38,999,632 | 473,121 | - | 39,472,753 |
| Furniture and Other Equipment | 18,263,329 | 1,573,950 | 3,084,226 | 16,753,053 |
| Right-of-Use assets | - | 3,549,778 | - | 3,549,778 |
| Depreciable Capital Assets, Net | 57,262,961 | 5,596,849 | 3,084,226 | 59,775,584 |
| Total Other Capital Assets, Net | 15,330,394 | 19,906,529 | - | 35,236,923 |
| Totals | \$ 16,329,775 | \$ 20,410,655 | \$ - | \$ 36,740,430 |

In FY 2002, the Virginia Assembly passed a general law to respond to GASB Statement No. 34 that establishes the local option of creating, for financial reporting purposes, a tenancy in common with the local schools when a city or county issues bonds for acquisition, construction, or improvement of public school property. The sole purpose of the law is to allow cities and counties the ability to record school assets and related debt liabilities together. As a result, certain assets purchased with the City's general obligation bonds are now recorded as part of the primary government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the Alexandria schools when the bonds are repaid. Nothing in the law alters the authority or responsibility of the local schools or control of the assets. All depreciation was charged to education.

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

Exhibit XII
(Continued)

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

Primary Government

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

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

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

Component Units

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

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

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT

The City is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and account for any claims settlement in the General Fund. Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective. The City is covered by property/casualty insurance policies on real and personal property and the following liability insurance policies as of June 30, 2022: public entity and public officials' excess liability, medical malpractice liability, voting booths, special events, vacant buildings, volunteer liability, cyber liability and commercial crime. In addition, the City maintains excess workers' compensation insurance. There were no material reductions in insurance coverage from coverage in the prior fiscal year, nor did settlements exceed coverage for any of the past four fiscal years.

The City is self-insured for workers' compensation claims up to \$1.5 million, and for public officers, public entity, physical damage to vehicles, and vehicle general liability under \$2.0 million and over \$10.0 million.

Self-Insurance

The non-current portion of unpaid workers' compensation claims amounted to approximately \$19.1 million as of June 30, 2022 and is reflected in the government-wide statements. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. In FY 2009, the City became self-insured for one of the two health insurance plans offered to employees. On June 30, 2022, the current portion of employees' health insurance was \$1.7 million which represents an estimate of health insurance claims that have been incurred but not reported and are reported in accrued liabilities. The amount of expenditures did not exceed funds that are available to pay the claims covering a period of four years. Therefore, a long-term liability has not been recorded as of June 30, 2022. Liabilities are reported when it is probable that losses have occurred, and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims, and the City records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims. Changes in the estimated claims payable for workers' compensation and health insurance during the fiscal years ended June 30, 2022 and 2021 were as follows:

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

The Health Insurance liability is included in other liabilities.

Insurance Commitment

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

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

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT (Continued)

Risk Pools

On March 15, 1986, the City joined the Commonwealth of Virginia's Law Enforcement Liability plan, called VA Risk, on behalf of the Office of the Sheriff. The Division of Risk Management of the Commonwealth's Department of General Services operates VA Risk. The division was created in accordance with Sec. 2.1-526.8:1 of the Code of Virginia, which says that the State shall have the right and duty to defend any suit seeking damages or compensation against the City's officials and employees on account of wrongful acts, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make the investigation and settlement of any claims or suit as deemed expedient. The limits of VA Risk coverage are \$1.0 million per claim. The City retains the risk for all claims in excess of \$1.0 million. Claims have not exceeded coverage in the last four years.

On October 1, 1987, the Alexandria Transit Company joined the Virginia Transit Liability Pool. Commercial companies service the Virginia Transit Liability Pool.

The coverage and limits of the pool's liability to the City are as follows:

| | |
|------------------------------------|---------------------|
| Commercial General Liability | \$20 million |
| Automobile Liability | \$20 million |
| Uninsured Motorist..... | \$50,000 |
| Automobile Physical Damage | (Actual Cash Value) |

Under the provisions of the Virginia Workers' Compensation Act, the Alexandria Transit Company has secured the payment of Virginia compensation benefits and employers' liability coverage with the Virginia Municipal Group Self-Insurance Association (VMGSIA). VMGSIA is a public entity risk pool providing a comprehensive workers' compensation insurance program to Virginia municipalities and other local government entities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control and claims administration. The Alexandria Transit Company pays an annual premium to VMGSIA for workers' compensation coverage. VMGSIA is self-sustaining through member premiums and will reinsure for claims in excess of \$5.0 million. Each member's premium is determined through an actuarial analysis based upon the individual member's experience and number of employees. In FY 2022, the Alexandria Transit Company paid an annual premium of \$0.2 million for participation in this pool.

Line of Duty Act (LODA) Pension, OPEB, Health, and Disability/Life Insurance Benefits

The City provides pension, health, and disability/life insurance benefits to the beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the Code of Virginia.

In accordance with State Code, LODA retirees elect a plan administered through the Virginia Department of Human Resources (DHRM). The City pays the DHRM the premiums for covered retirees, spouses, and widows. In FY 2021, the City contributed to the OPEB trust fund for Line of Duty Act benefits. In fiscal year 2022, an actuarial valuation was issued for Line of Duty Act benefits (see Note 16 OPEB). According to the December 31, 2021 actuarial valuation, 721 active employees were eligible for Line of Duty Act pension/health benefits. As of June 30, 2022, 89 beneficiaries were receiving Line of Duty Act health benefits. During FY 2022, Line of Duty Act premium payments for the recipients amounted to \$1.5 million.

In FY22, the average number of employees that were eligible for LODA disability/life insurance was 458, with premium payments of \$53,000.

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

Exhibit XII
(Continued)

NOTE 6. RISK MANAGEMENT (Continued)

Component Units

The School Board carries commercial insurance for all risks of loss including property, theft, auto liability, physical damage, and general liability insurance through the Virginia Municipal League. Settled claims resulting from these risks have not exceeded commercial reinsurance coverage for the past three years. There were no material reductions in insurance coverage from coverage in the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years. The School Board also carries catastrophic medical insurance for Virginia High School League Student participants.

The Library carries commercial insurance with the Virginia Municipal League for all risks of loss including property insurance, theft, auto liability, physical damage, and general liability insurances. There were no material reductions in insurance coverage from coverage in the prior fiscal year, nor did settlements exceed coverage for any of the past four fiscal years.

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

Exhibit XII
(Continued)

NOTE 7. LEASES

Leases Payable

Buildings

On or before June 30, 2022, the City entered into leases from 15 - 180 months as lessee for the use of various buildings. Initial lease liability was recorded in the amount of \$36,540,196. As of 06/30/2022, the value of the lease liability is \$31,304,577. The City is required to make monthly fixed payments ranging from \$1,435 to \$149,410. The leases have interest rates ranging from .237% to 2.038%. The buildings estimated useful life was up to 360 months as of the contract commencement. The value of the right to use assets as of 06/30/2022 of \$36,540,196 with accumulated amortization of \$5,820,827 is included with buildings on the Lease Class activities table found below.

Equipment

On or before June 30, 2022, the City entered into leases from 14 - 68 months as lessee for the use of office equipment. An initial lease liability was recorded in the amount of \$381,885. As of 06/30/2022, the value of the lease liability is \$369,819. The City is required to make monthly fixed payments ranging from \$250 to \$1,498. The leases have interest rates ranging from .237% to 2.54%. The equipment estimated useful life was up to 60 months as of the contract commencement. The value of the right to use assets as of 06/30/2022 of \$455,186 with accumulated amortization of \$101,088 is included with equipment on the Lease Class activities table found below.

Land

Before June 30, 2022, the City entered into leases from 51 - 90 months as lessee for the use of land. An initial lease liability was recorded in the amount of \$761,213. As of 06/30/2022, the value of the lease liability is \$614,339. The City is required to make monthly fixed payments ranging from \$3,447 to \$9,290. The leases have interest rates ranging from .814% to 1.372%. The land estimated useful life was up to 90 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$761,213 with accumulated amortization of \$149,028 is included with land on the Lease Class activities table found below.

Infrastructure

Before June 30, 2022, the City entered into a 190-month lease as lessee for the use of the N. Hampton & King Site. An initial lease liability was recorded in the amount of \$346,191. As of 06/30/2022, the value of the lease liability is \$328,800. The City is required to make annual fixed payments of \$23,386. The lease has an interest rate of 1.9420%. The estimated useful life of the infrastructure site was 190 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$346,191 with accumulated amortization of \$21,784 is included with infrastructure on the Lease Class activities table found below. City of Alexandria has 2 extension option(s), each for 60 months.

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

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

Amount of Lease Assets by Major Classes of Underlying Asset

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

Principal and Interest Requirements to Maturity

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

Leases Receivable

Buildings

On or before June 30, 2022, the City entered into leases ranging from 20 to 180-month leases as Lessor for the use of various buildings. An initial lease receivable was recorded in the amount of \$6,997,977. As of June 30, 2022, the value of the lease receivable is \$6,771,311. The lessees are required to make monthly fixed payments ranging from \$1,288 to \$28,098. The leases have an interest rate ranging from .237% to of 2.89%. The Buildings estimated useful life was up to 180 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$6,711,457, and City of Alexandria recognized lease revenue of \$286,519 during the fiscal year.

Land

On or before June 30, 2022, the City entered into leases ranging from 62 to 768-month leases as Lessor for the use of various parcels of land. An initial lease receivable was recorded in the amount of \$7,011,808. As of June 30, 2022, the value of the lease receivable is \$6,681,807. The lessees are required to make monthly fixed payments ranging from \$300 to \$20,081. The leases have an interest rate ranging from .98% to of 2.449%. The Land estimated useful life was up to 768 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$6,700,263, and City of Alexandria recognized lease revenue of \$611,545 during the fiscal year.

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

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

Infrastructure

Before June 30, 2022, the City entered into leases ranging from 170 to 232-month leases as Lessor for the use of various infrastructure sites in Alexandria. An initial lease receivable was recorded in the amount of \$1,174,742. As of June 30, 2022, the value of the lease receivable is \$1,112,975. The lessees are required to make monthly fixed payments ranging from \$2,744 to \$3,529. The leases have an interest rate ranging from 1.803% to of 2.15%. The infrastructure sites have an estimated useful life was up to 232 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$1,101,575, and City of Alexandria recognized lease revenue of \$73,167 during the fiscal year.

Principal and Interest Expected to Maturity

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

Primary Government – Governmental Activities

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

All liabilities – both current and long-term – are reported in the Statement of Net Position. The adjustment from modified accrual to full accrual as it relates to leases is as follows:

Balances at June 30, 2022:

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

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

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Washington Metropolitan Area Transit Authority

The City's commitments to WMATA are comprised of agreements to make capital contributions for construction of the rail transit system, contributions for replacement and improvement of rail and bus equipment, and payments of operating subsidies for both the rail and bus systems.

The City and other participating jurisdictions have entered into a series of capital contributions agreements with WMATA to fund the local share of the cost of the regional Metrorail transit system. The City's commitments are summarized as follows:

1. Capital contributions - Bus and Rail Replacement

In June 2021, a new six-year Capital Funding Agreement was signed by all members of the WMATA Compact after a series of one-year extensions of the 2010 six-year agreement. That funding agreement did not assume an increase of \$150 million per year of new federal funds past FY 2022 but did assume approximately \$50 million each from the Commonwealth of Virginia, the State of Maryland and the District of Columbia. The new agreement totaled \$13.6 billion over the six-year period, and \$2.1 billion was projected to be funded by the federal government. The participating jurisdictions' financial obligations, per the Regional Capital Funding Agreement, are subject to individual jurisdictional annual appropriation consideration. The dollar amount of the FY 2023 agreement is \$13 million, compared to the FY 2022 contribution for Alexandria, which was \$12.7 million.

2. Operating subsidies - Bus and Rail Systems

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

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

B. Northern Virginia Transportation District Bonds

In November 1999, the City signed an agreement with the Commonwealth Transportation Board to provide \$256,070 annually, subject to appropriation, to finance certain Northern Virginia Transportation District Bond projects benefiting the City and other jurisdictions in Northern Virginia. The FY 2022 payment of \$256,070 was made from the proceeds from the telecommunications taxes received by the City's General Fund.

C. Waste-To-Energy Facility

The City has a waste disposal commitment to the Waste-to-Energy Facility (the "Facility"), which is owned and operated by a private corporation (the "Corporation"). The commitment, which is joint with Arlington County, Virginia (the "County"), is based on a combined volume of solid waste the City and the County expect to collect. The Facility charges the City and the County fees on each ton based on a waste disposal agreement and contracts separately with private haulers for additional waste. It is expected that the City and the County will be able to continue to meet their minimum requirement for annual tonnage of 46,000 to 66,000 tons per year. The City and the County can adjust the tonnage thresholds annually if it appears the annual tonnage is approaching a minimum or maximum threshold.

The construction of the Facility was originally financed with revenue bonds issued by the Alexandria Industrial Development Authority in 1984. The Arlington Solid Waste Authority, together with the Alexandria

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

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

Sanitation Authority (the "Authorities") and the Corporation, refinanced these bonds in July 1998 to achieve debt service savings. Additionally, the Authorities issued new bonds in November 1998 to finance the retrofit of the Facility to meet Clear Air Act requirements. This retrofit was completed by November 9, 2000 in advance of the EPA deadline of December 19, 2000. The retrofit assets continue to be owned by the Authorities. Upon the maturity of the bond in January 2008, the ownership of the plant (but not the land it sits on, which is jointly owned by Alexandria and Arlington) passed to the Corporation.

Acceptance testing on each unit was completed in November 2000, and the Lease agreement between the Authorities and the Corporation took effect in January 2001. The lease and the promissory note were removed from the City records and are now considered a part of the plant.

By December 2012, all of the related revenue bond debt service had been paid in full. A new Facilities Monitoring Group ("FMG") was established, and a new trust fund was set up to fund FMG'S activities. It is funded entirely by contributions from the County (60%) and the City (40%). The FMG budget for FY 2022 was \$118,000 and according to the interjurisdictional agreement the City's contribution was \$47,200. Operating costs of the Facility are paid for primarily through tipping fees. The City paid \$1,006,539 in tipping fees in FY 2022 and is anticipating a similar cost in FY 2023.

D. Federal and State Sanitary and Stormwater Requirements

The City is facing increased state and federal regulatory mandates associated with sanitary sewer and stormwater management requirements to protect and enhance the water quality in our local streams, the Potomac River, and the Chesapeake Bay. For Alexandria, this means approximately \$400 to \$600 million in investments to its combined sewer system over the next 6 years, as well as investing between \$65 million to \$100 million to for the implementation and maintenance of stormwater infrastructure over the next decade.

Because of state and federal regulations mandating the improvement of Chesapeake Bay water quality for the six states and the District of Columbia that comprise the Bay's watershed, municipalities must make significant capital investments in stormwater management infrastructure. Virginia municipalities in the Bay watershed that are regulated by a municipal separate storm sewer system (MS4) permit that for urban stormwater discharges must achieve increasing pollution reduction goals enforced through three 5-year MS4 permit cycles. Accordingly, the City was required to achieve 5 percent of the pollution reduction targets during the 2013 – 2018 permit, with an additional 35% (40% total) required by the end of the current 2018-2023 MS4 permit, and the remaining 60% (100% total) on or before the end of the 2023 – 2028 MS4 permit as part of the Stormwater Management Program. The estimated cost of Stormwater Management Program infrastructure improvements over this period is between \$50 million and \$75 million. Additionally, the region and the City have experienced unprecedented intense rainfall events that are occurring more frequently and creating urban and flash flooding that threatens homes and businesses, causing damages to structures and endangering lives. Effective January 1, 2018, the City Council adopted a Stormwater Utility Fee as a dedicated funding source to perform operations and maintenance of existing and new stormwater management infrastructure, and to provide cash capital and funding of debt service to implement new stormwater management infrastructure improvements to meet the state and federal mandates in the MS4 permit and to mitigate the occurrence and impacts of flooding from more frequent and intense storm events. Collection of this fee began in Calendar Year 2018, with the typical single-family home billed approximately \$140 per year.

The City also maintains the wastewater collection system serving residents and businesses that comprises of approximately 240 miles of sewers. Alexandria Renew Enterprises, an independent governmental authority, provides wastewater treatment services to most of the City and to a portion of southern Fairfax County. The current Alexandria Renew Enterprises treatment facility has a treatment capacity of 54 million gallons per day ("MGD"), of which 60 percent is allocated to Fairfax County and 40 percent to the City. Based on City new development build-out projections, the City's allocated capacity is projected to be approaching full utilization by about 2040. Based on these projections, an additional 4 MGD capacity will be needed beyond 2040. In order to provide this additional capacity

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

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

for the City, alternatives need to be evaluated that may include purchasing a portion of Fairfax County's capacity at the plant and/or implementing plant systems upgrades.

In addition to federal mandates concerning the Chesapeake Bay, the 2017 Virginia General Assembly (CSO) Combined Sewer Outflow Law (CSO Law) required the City to accelerate its efforts to address combined sewer discharges from all four outfalls in the City. A CSO system in Old Town currently comprises approximately 540 acres of the approximate 10,000 acres of land in the City. The CSO Law mandated construction for each outfall be completed no later than July 1, 2025. On April 14, 2018, City Council adopted a new Long Term Control Plan Update ("LTCPU") also known as the RiverRenew program. The LTCPU was developed as a partnership between the City and Alexandria Renew Enterprises, which allowed for the leveraging of both the City's and Alexandria Renew Enterprises' experience and abilities. City Council also authorized transfer of Combined Sewer Outfalls to Alexandria Renew Enterprises. Accordingly, the Outfall Transfer Agreement was executed and combined sewer outfalls were transferred to Alexandria Renew Enterprises effective July 1, 2018.

The RiverRenew program led by Alexandria Renew Enterprises is anticipated to cost \$615 million with the goal of reducing overflows from the Combined Sewer System from an average of about 70 events to less than 4 per year. The outfall transfer allows Alexandria Renew Enterprises to own all of the combined sewer outfalls and then finance and contract to own the proposed River Renew project, consisting of a unified tunnel and dual use wet weather treatment infrastructure. Alexandria Renew Enterprises is debt financing this CSO project and will increase its user rates to repay bonds issued for the CSO project. The City continues to coordinate with Alexandria Renew Enterprises on wet weather flow management mitigation initiatives, such as the City's infiltration and inflow program, and RiverRenew program.

E. Potomac Yard Metrorail Station

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

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

The National Landing site was also selected in part due to Virginia Polytechnic Institute and State University's (Virginia Tech) commitment to build a \$1 billion, 1-million square foot, technology-focused Innovation Campus in Alexandria. The campus' first building is scheduled open by 2024 and is scheduled to have a classroom presence of approximately 3,000 students by 2028. Virginia Tech's Innovation Campus, and a greater surrounding Innovation District immediately adjacent to the north Metro station entrance, was officially added to the North Potomac Yard Small Area Plan on June 20, 2020. In 2020, the projected total project cost increased to \$370 million, following approval by City Council to amend the funding agreement with WMATA to incorporate the \$50 million in funds granted in the Amazon HQ2 bid.

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

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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

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

F. Landmark Mall Redevelopment

In December 2020, the City, Inova Health Care Services (Inova) and a joint venture that includes Foulger-Pratt, Howard Hughes Corporation and Seritage (FP Joint Venture, now Landmark Land Holdings, LLC, Developer) announced a partnership to redevelop the 51-acre Landmark Mall site into a mixed-use town-center type development with new regional Level II Trauma Center Hospital, Cancer Center and at least one medical office building. In total, the plan will encompass 5.6 million (FAR) square feet of new development. For the City, the Landmark total redevelopment, including the impact of moving Inova from its current site, is expected to generate \$1.040 billion in tax revenue over a 30-year period and create a town center for the West End of the City.

The proposed development is expected to transform the unoccupied, enclosed mall site into a mixed-use, walkable urban village. Inova, the leading nonprofit health care provider in Northern Virginia, is expected to invest an estimated \$1 billion to create a new medical campus, anchored by the relocation and expansion of its Alexandria Hospital and more than 2,000 health care workers. Development plans on the balance of the site include residential, retail, commercial, and entertainment offerings integrated into a cohesive neighborhood with a central plaza, a network of parks and public spaces, and a transit hub serving bus rapid transit (BRT), DASH, and Metrobus. Affordable and workforce housing is expected to be enhanced through Developer contributions and co-location with community facilities such as a new Alexandria Fire-EMS station to replace the outdated nearby Station 208.

Excluding the cost of financing, the transaction involves \$140 million in direct public participation comprising (1) an \$86 million investment in infrastructure improvements at and adjacent to the site (plus capitalized interest) to be funded through a plan of synthetic tax increment financing backstopped by special assessments imposed on the property within a Community Development Authority district, and (2) a \$54 million purchase of land and parking space rights for the hospital site by the IDA, which will then lease the land and associated parking easements to Inova.

G. Litigation

The City is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. It is the opinion of City management and the City Attorney that any loss not covered by insurance reserves or fund balance commitments that may ultimately be incurred as a result of the suits and claims will not be material and thus will not have a substantial financial impact.

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT

General Obligation Bonds - The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The City currently has no outstanding arbitrage obligation. General obligation bonds outstanding as of June 30, 2022, are comprised of the following individual issues:

| | | | |
|-----|---|----|-------------|
| 1. | \$50 million General Obligation Capital Improvement Bonds of 2022, installments of \$3.3 through 2037, bearing interest rate of 2.82 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2029. | \$ | 50,000,000 |
| 2. | \$143.1 million General Obligation Capital Improvement Bonds of 2021, installments ranging from \$3 million to \$7.9 million through 2041, bearing interest rates ranging from 1.75 percent to 5.0 percent payable semiannually on June 15 and December 15, and maturing on December 15, 2041. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after December 15, 2031. | | 143,135,000 |
| 3. | \$11.7 million General Obligation Refunding Bond of 2021(Federally Taxable), installments ranging from \$0.09 million to \$1.95 million through 2034, bearing interest rates ranging from 1.7 to 2.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2022. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after June 15, 2031. | | 11,695,000 |
| 4. | \$49.8 million General Obligation Refunding Bond of 2020, installments ranging from \$0.39 million to \$9.99 million through 2033, bearing interest rates ranging from 0.45 to 1.95 percent payable semiannually on June 15 and December 15 and maturing on June 15, 2033. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after June 15, 2030. | | 49,800,000 |
| 5. | \$204.0 million General Obligation Capital Improvement Bonds of 2019, installments ranging from \$0.5 million to \$46.2 million through 2050, bearing interest rates ranging from 2.1 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2050. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2030. | | 203,580,000 |
| 6. | \$40.9 million General Obligation Capital Improvement Bonds of 2018, installments ranging from \$0.75 million to \$2.15 million through 2038, bearing interest rates ranging from 2.9 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2038. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2028. | | 36,525,000 |
| 7. | \$34.9 million General Obligation Refunding Bond of 2017, installments ranging from \$3.0 million to \$4.0 million through 2030, bearing interest rate 5.0 percent payable semiannually on January 1 and July 1, and maturing on July 1, 2030. The Bonds are not subject to optional redemption prior to their maturities. | | 31,955,000 |
| 8. | \$102.2 million General Obligation Refunding Bond of 2017, installments ranging from \$0.5 million to \$11.7 million through 2032, bearing interest rates ranging from 3.0 percent to 5.0 percent payable semiannually on January 1 and July 1, and maturing on July 1, 2032. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 1, 2027. | | 91,440,000 |
| 9. | \$4.4 million General Obligation Capital Improvement Bonds of 2017 (taxable), installments ranging from \$0.21 million to \$0.22 million through 2037, bearing interest rates ranging from 2.4 percent to 3.4 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2027. | | 3,500,000 |
| 10. | \$94.7 million General Obligation Capital Improvement Bonds of 2017 (tax exempt), installments ranging from \$2.0 million to \$5.0 million through 2037, bearing interest rates ranging from 2.0 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2027. | | 79,700,000 |
| 11. | \$34.2 million General Obligation Refunding Bond of 2016 (tax exempt), installments ranging from \$0.4 million to \$4.1 million through 2031, bearing interest rate 1.9 percent payable semiannually on January 15 and July 15 and maturing on July 15, 2031. The City irrevocably exercises its option to redeem all the refunded bonds on the redemption date. | | 32,261,000 |

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

| | | |
|-----|--|----------------|
| 12. | \$73.7 million General Obligation Capital Improvement Bonds of 2016 (tax exempt), installments ranging from \$1.4 million to \$4.0 million through 2036, bearing interest rates ranging from 2.0 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2036. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2026. | 59,925,000 |
| 13. | \$10.6 million General Obligation Refunding Bonds (taxable) of 2015, installments ranging from \$1.0 million to \$1.1 million through 2028, bearing interest rates ranging from 0.9 percent to 3.5 percent payable semiannually on January 15 and July 15 and maturing on July 15, 2028. The Bonds will not be subject to optional redemption prior to maturity. | 4,420,000 |
| 14. | \$23.2 million General Obligation Capital Improvement (tax-exempt) Bonds of 2015, installments ranging from \$1.1 million to \$1.2 million through 2035, bearing interest rates ranging from 3.0 percent to 5.0 percent payable semiannually on January 15 and July 15. The Bonds are subject to optional redemption in whole or in part at the discretion of the City on or after July 15, 2025. | 16,225,000 |
| 15. | \$34.0 million General Obligation (tax-exempt) Refunding Bonds of 2015, installments ranging from \$0.4 million to \$6.2 million through 2028, bearing interest at 1.9 percent. The Bonds are subject to optional redemption in whole or in part at any time by the City, upon thirty days prior written notice, at a redemption price equal to 100% of the outstanding principal amount of the Bond redeemed plus accrued interest to the redemption date, plus the Fixed Rate Prepayment Charge. This is a direct bank loan. | 27,940,000 |
| 16. | \$36.0 million General Obligation Improvement (tax-exempt) Bonds of 2014 installments averaging \$1.8 million through 2035, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before January 15, 2025, are not subject to redemption prior to maturity. The Bonds maturing on or after January 15, 2026, may be redeemed before their maturities on or after January 15, 2025, at the option of the City, in whole or in part, in installments of \$5,000 at any time or from time to time at par plus the interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption. | 7,200,000 |
| 17. | \$63.8 million General Obligation (tax-exempt) Refunding Bonds of 2013, installments averaging \$3.3 million through 2023, bearing interest at 5.0 percent. The Bonds maturing on or before June 15, 2023, are not subject to redemption prior to maturity. | 3,305,000 |
| | Total | \$ 852,606,000 |

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The outstanding bonds listed below have been issued. The maturity dates are noted in fiscal year format.

1. General Obligation Capital Improvement Bonds of 2022A (Loan)

| | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>January 15,</u> |
|----|-------------------|-------------|--|
| \$ | 3,380,000 | 2.82% | 2023 |
| | 3,330,000 | 2.82% | 2024 |
| | 3,330,000 | 2.82% | 2025 |
| | 3,330,000 | 2.82% | 2026 |
| | 3,330,000 | 2.82% | 2027 |
| | 3,330,000 | 2.82% | 2028 |
| | 3,330,000 | 2.82% | 2029 |
| | 3,330,000 | 2.82% | 2030 |
| | 3,330,000 | 2.82% | 2031 |
| | 3,330,000 | 2.82% | 2032 |
| | 3,330,000 | 2.82% | 2033 |
| | 3,330,000 | 2.82% | 2034 |
| | 3,330,000 | 2.82% | 2035 |
| | 3,330,000 | 2.82% | 2036 |
| | 3,330,000 | 2.82% | 2037 |
| | <u>50,000,000</u> | | |

2. General Obligation Capital Improvement Bonds of 2021A

| <u>CUSIP</u> | | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>December 15,</u> |
|--------------|----|--------------------|-------------|---|
| 015303AP5 | \$ | 3,000,000 | 5.00% | 2022 |
| 015303AQ3 | | 5,000,000 | 5.00% | 2023 |
| 015303AR1 | | 7,945,000 | 5.00% | 2024 |
| 015303AS9 | | 7,945,000 | 5.00% | 2025 |
| 015303AT7 | | 7,945,000 | 5.00% | 2026 |
| 015303AU4 | | 7,945,000 | 5.00% | 2027 |
| 015303AV2 | | 7,945,000 | 5.00% | 2028 |
| 015303AW0 | | 7,945,000 | 5.00% | 2029 |
| 015303AX8 | | 7,945,000 | 5.00% | 2030 |
| 015303AY6 | | 7,945,000 | 5.00% | 2031 |
| 015303AZ3 | | 7,160,000 | 4.00% | 2032 |
| 015303BA7 | | 7,160,000 | 4.00% | 2033 |
| 015303BB5 | | 7,160,000 | 1.75% | 2034 |
| 015303BC3 | | 7,160,000 | 1.75% | 2035 |
| 015303BD1 | | 7,160,000 | 1.88% | 2036 |
| 015303BE9 | | 7,160,000 | 1.88% | 2037 |
| 015303BF6 | | 7,160,000 | 2.00% | 2038 |
| 015303BG4 | | 7,155,000 | 2.00% | 2039 |
| 015303BH2 | | 7,150,000 | 2.00% | 2040 |
| 015303BJ8 | | 7,150,000 | 2.00% | 2041 |
| | | <u>143,135,000</u> | | |

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

3. General Obligation Refunding Bonds of 2021B

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
|--------------|----------------------|-------------|---|
| 015303BN9 | \$ 90,000 | 2.00% | 2025 |
| 015303BP4 | 1,945,000 | 2.00% | 2026 |
| 015303BQ2 | 95,000 | 2.00% | 2027 |
| 015303BR0 | 95,000 | 2.00% | 2028 |
| 015303BS8 | 100,000 | 2.00% | 2029 |
| 015303BT6 | 1,915,000 | 1.70% | 2030 |
| 015303BU3 | 1,895,000 | 1.75% | 2031 |
| 015303BV1 | 1,875,000 | 1.85% | 2032 |
| 015303BW9 | 1,855,000 | 1.95% | 2033 |
| 015303BX7 | 1,830,000 | 2.05% | 2034 |
| | <u>\$ 11,695,000</u> | | |

4. General Obligation Refunding Bonds of 2020

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
|--------------|----------------------|-------------|---|
| 0153027AA8 | \$ 9,340,000 | 0.45% | 2023 |
| 0153027AB6 | 9,990,000 | 0.70% | 2024 |
| 0153027AC4 | 3,085,000 | 0.80% | 2025 |
| 0153027AD2 | 390,000 | 1.00% | 2026 |
| 0153027AE0 | 395,000 | 1.15% | 2027 |
| 0153027AF7 | 2,195,000 | 1.35% | 2028 |
| 0153027AG5 | 6,135,000 | 1.40% | 2029 |
| 0153027AH3 | 6,030,000 | 1.50% | 2030 |
| 0153027AJ9 | 4,130,000 | 1.70% | 2031 |
| 0153027AK6 | 4,080,000 | 1.80% | 2032 |
| 0153027AL4 | 4,030,000 | 1.95% | 2033 |
| | <u>\$ 49,800,000</u> | | |

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

5. General Obligation Capital Improvement Bonds of 2019A

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
|--------------|-----------------------|-------------|---|
| 0153027C0 | \$ 1,120,000 | 5.00% | 2022 |
| 0153027D8 | 1,120,000 | 5.00% | 2023 |
| 0153027E6 | 1,120,000 | 5.00% | 2024 |
| 0153027F3 | 1,120,000 | 5.00% | 2025 |
| 0153027G1 | 1,120,000 | 5.00% | 2026 |
| 0153027H9 | 3,450,000 | 5.00% | 2027 |
| 0153027J5 | 3,730,000 | 5.00% | 2028 |
| 0153027K2 | 4,010,000 | 5.00% | 2029 |
| 0153027L0 | 4,285,000 | 5.00% | 2030 |
| 0153027M8 | 4,580,000 | 5.00% | 2031 |
| 0153027N6 | 4,895,000 | 5.00% | 2032 |
| 0153027P1 | 5,205,000 | 4.00% | 2033 |
| 0153027Q9 | 6,650,000 | 2.13% | 2034 |
| 0153027R7 | 7,610,000 | 3.00% | 2035 |
| 0153027S5 | 8,570,000 | 2.25% | 2036 |
| 0153027T3 | 9,365,000 | 3.00% | 2037 |
| 0153027U0 | 9,615,000 | 3.00% | 2038 |
| 0153027V8 | 9,855,000 | 2.63% | 2039 |
| 0153027W6 | 10,090,000 | 2.63% | 2040 |
| 0153027X4 | 9,235,000 | 3.00% | 2041 |
| 0153027Y2 | 9,515,000 | 3.00% | 2042 |
| 0153027Z9 | 9,805,000 | 3.00% | 2043 |
| 0153028C9 | 31,235,000 | 3.00% | 2044-2046 |
| 0153028G0 | 46,280,000 | 3.00% | 2047-2050 |
| | <u>\$ 203,580,000</u> | | |

6. General Obligation Capital Improvement Bonds of 2018C

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
|--------------|----------------------|-------------|---|
| 0153026J6 | \$ 2,150,000 | 5.00% | 2022 |
| 0153026K3 | 2,150,000 | 5.00% | 2023 |
| 0153026L1 | 2,150,000 | 5.00% | 2024 |
| 0153026M9 | 2,150,000 | 5.00% | 2025 |
| 0153026N7 | 2,150,000 | 5.00% | 2026 |
| 0153026P2 | 2,150,000 | 5.00% | 2027 |
| 0153026Q0 | 2,150,000 | 5.00% | 2028 |
| 0153026R8 | 2,150,000 | 5.00% | 2029 |
| 0153026S6 | 2,150,000 | 2.90% | 2030 |
| 0153026T4 | 2,150,000 | 3.00% | 2031 |
| 0153026U1 | 2,150,000 | 3.10% | 2032 |
| 0153026V9 | 2,150,000 | 3.15% | 2033 |
| 0153026W7 | 2,145,000 | 3.20% | 2034 |
| 0153026X5 | 2,145,000 | 3.25% | 2035 |
| 0153026Y3 | 2,145,000 | 3.30% | 2036 |
| 0153026Z0 | 2,145,000 | 3.35% | 2037 |
| 0153027A4 | 2,145,000 | 3.40% | 2038 |
| | <u>\$ 36,525,000</u> | | |

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

7. General Obligation Refunding Bond of 2017D

| CUSIP | Issue | Rate | <u>Maturity Date</u> July 1, |
|--------------|----------------------|-------------|---|
| 0153025W8 | 2,995,000 | 5.00% | 2022 |
| 0153025X6 | 3,035,000 | 5.00% | 2023 |
| 0153025Y4 | 3,075,000 | 5.00% | 2024 |
| 0153025Z1 | 3,110,000 | 5.00% | 2025 |
| 0153026A5 | 3,850,000 | 5.00% | 2026 |
| 0153026B3 | 3,900,000 | 5.00% | 2027 |
| 0153026C1 | 3,945,000 | 5.00% | 2028 |
| 0153026D9 | 3,995,000 | 5.00% | 2029 |
| 0153026E7 | 4,050,000 | 5.00% | 2030 |
| | \$ 31,955,000 | | |

8. General Obligation Refunding Bond of 2017C

| CUSIP | Issue | Rate | <u>Maturity Date</u> July 1, |
|--------------|----------------------|-------------|---|
| 0153025F5 | 8,985,000 | 5.00% | 2022 |
| 0153025G3 | 2,000,000 | 3.00% | 2022 |
| 0153025H1 | 10,595,000 | 5.00% | 2023 |
| 0153025J7 | 10,645,000 | 5.00% | 2024 |
| 0153025K4 | 11,450,000 | 5.00% | 2025 |
| 0153025L2 | 11,555,000 | 5.00% | 2026 |
| 0153025M0 | 11,665,000 | 5.00% | 2027 |
| 0153025N8 | 7,695,000 | 5.00% | 2028 |
| 0153025P3 | 7,670,000 | 3.00% | 2029 |
| 0153025Q1 | 3,085,000 | 4.00% | 2030 |
| 0153025R9 | 3,060,000 | 4.00% | 2031 |
| 0153025S7 | 3,035,000 | 4.00% | 2032 |
| | \$ 91,440,000 | | |

9. General Obligation Bonds (taxable) of 2017B

| CUSIP | Issue | Rate | <u>July 15,</u> |
|--------------|---------------------|-------------|------------------------|
| 0153024H2 | 220,000 | 3.00% | 2022 |
| 0153024J8 | 220,000 | 3.00% | 2023 |
| 0153024K5 | 220,000 | 3.00% | 2024 |
| 0153024L3 | 220,000 | 2.65% | 2025 |
| 0153024M1 | 220,000 | 2.75% | 2026 |
| 0153024N9 | 220,000 | 2.85% | 2027 |
| 0153024P4 | 220,000 | 3.00% | 2028 |
| 0153024Q2 | 220,000 | 3.10% | 2029 |
| 0153024R0 | 220,000 | 3.20% | 2030 |
| 0153024S8 | 220,000 | 3.25% | 2031 |
| 0153024T6 | 220,000 | 3.30% | 2032 |
| 0153024U3 | 220,000 | 3.30% | 2033 |
| 0153024V1 | 215,000 | 3.30% | 2034 |
| 0153024W9 | 215,000 | 3.35% | 2035 |
| 0153024X7 | 215,000 | 3.35% | 2036 |
| 0153024Y5 | 215,000 | 3.40% | 2037 |
| | \$ 3,500,000 | | |

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

10. General Obligation Capital Improvement Bonds of 2017A

| CUSIP | Issue | Rate | <u>Maturity Date</u> July 15, |
|--------------|----------------------|-------------|--|
| 0153023M2 | 4,985,000 | 5.00% | 2022 |
| 0153023N0 | 4,985,000 | 5.00% | 2023 |
| 0153023P5 | 4,985,000 | 5.00% | 2024 |
| 0153023Q3 | 4,985,000 | 5.00% | 2025 |
| 0153023R1 | 4,980,000 | 5.00% | 2026 |
| 0153023S9 | 4,980,000 | 5.00% | 2027 |
| 0153023T7 | 4,980,000 | 5.00% | 2028 |
| 0153023U4 | 4,980,000 | 2.00% | 2029 |
| 0153023V2 | 4,980,000 | 3.00% | 2030 |
| 0153023W0 | 4,980,000 | 5.00% | 2031 |
| 0153023X8 | 4,980,000 | 3.00% | 2032 |
| 0153023Y6 | 4,980,000 | 3.00% | 2033 |
| 0153023Z3 | 4,980,000 | 3.00% | 2034 |
| 0153024A7 | 4,980,000 | 3.25% | 2035 |
| 0153024B5 | 4,980,000 | 3.25% | 2036 |
| 0153024C3 | 4,980,000 | 3.25% | 2037 |
| | <u>\$ 79,700,000</u> | | |

11. General Obligation Refunding Bond of 2016B

| Issue | Rate | <u>Maturity Date</u> July 15, |
|----------------------|-------------|--|
| 404,000 | 1.91% | 2022 |
| 412,000 | 1.91% | 2023 |
| 4,154,000 | 1.91% | 2024 |
| 4,111,000 | 1.91% | 2025 |
| 4,052,000 | 1.91% | 2026 |
| 3,979,000 | 1.91% | 2027 |
| 3,904,000 | 1.91% | 2028 |
| 3,827,000 | 1.91% | 2029 |
| 3,749,000 | 1.91% | 2030 |
| 3,669,000 | 1.91% | 2031 |
| <u>\$ 32,261,000</u> | | |

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

12. General Obligation Bonds of 2016A

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
|--------------|----------------------|-------------|---|
| 0153022S0 | 3,995,000 | 5.00% | 2022 |
| 0153022T8 | 3,995,000 | 5.00% | 2023 |
| 0153022U5 | 3,995,000 | 5.00% | 2024 |
| 0153022V3 | 3,995,000 | 5.00% | 2025 |
| 0153022W1 | 3,995,000 | 5.00% | 2026 |
| 0153022X9 | 3,995,000 | 5.00% | 2027 |
| 0153022Y7 | 3,995,000 | 5.00% | 2028 |
| 0153022Z4 | 3,995,000 | 2.00% | 2029 |
| 0153023A8 | 3,995,000 | 2.13% | 2030 |
| 0153023B6 | 3,995,000 | 2.63% | 2031 |
| 0153023C4 | 3,995,000 | 2.75% | 2032 |
| 0153023D2 | 3,995,000 | 2.88% | 2033 |
| 0153023E0 | 3,995,000 | 3.00% | 2034 |
| 0153023F7 | 3,995,000 | 3.00% | 2035 |
| 0153023G5 | 3,995,000 | 3.00% | 2036 |
| | <u>\$ 59,925,000</u> | | |

13. General Obligation Bonds (taxable) of 2015C

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
|--------------|---------------------|-------------|---|
| 0153022E1 | 1,040,000 | 2.45% | 2022 |
| 0153022F8 | 1,010,000 | 2.75% | 2023 |
| 0153022G6 | 980,000 | 2.85% | 2024 |
| 0153022H4 | 950,000 | 3.00% | 2025 |
| 0153022J0 | 155,000 | 3.15% | 2026 |
| 0153022K7 | 145,000 | 3.35% | 2027 |
| 0153022L5 | 140,000 | 3.50% | 2028 |
| 0153022K8 | <u>\$ 4,420,000</u> | | |

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

14. General Obligation Capital Improvement Bonds of 2015B

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
|--------------|----------------------|-------------|---|
| 015302Y22 | 1,165,000 | 5.00% | 2022 |
| 015302Y30 | 1,165,000 | 5.00% | 2023 |
| 015302Y48 | 1,165,000 | 5.00% | 2024 |
| 015302Y55 | 1,165,000 | 5.00% | 2025 |
| 015302Y63 | 1,165,000 | 5.00% | 2026 |
| 015302Y71 | 1,165,000 | 5.00% | 2027 |
| 015302Y89 | 1,165,000 | 3.00% | 2028 |
| 015302Y97 | 1,165,000 | 3.00% | 2029 |
| 015302Z21 | 1,165,000 | 3.00% | 2030 |
| 015302Z39 | 1,165,000 | 3.00% | 2031 |
| 015302Z47 | 1,165,000 | 3.13% | 2032 |
| 015302Z54 | 1,165,000 | 3.13% | 2033 |
| 015302Z62 | 1,165,000 | 3.25% | 2034 |
| 015302Z70 | 1,080,000 | 3.25% | 2035 |
| | <u>\$ 16,225,000</u> | | |

15. General Obligation Refunding Bond of 2015A Direct Bank Loan

| <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>July 15,</u> |
|----------------------|-------------|---|
| 3,430,000 | 1.86% | 2022 |
| 3,365,000 | 1.86% | 2023 |
| 6,240,000 | 1.86% | 2024 |
| 6,100,000 | 1.86% | 2025 |
| 3,015,000 | 1.86% | 2026 |
| 2,935,000 | 1.86% | 2027 |
| 2,855,000 | 1.86% | 2028 |
| <u>\$ 27,940,000</u> | | |

16. General Obligation Capital Improvement Bonds of 2014B

| <u>CUSIP</u> | <u>Issue</u> | <u>Rate</u> | <u>Maturity Date</u> <u>January 15,</u> |
|--------------|---------------------|-------------|--|
| 015302V74 | 1,800,000 | 5.00% | 2023 |
| 015302V82 | 1,800,000 | 5.00% | 2024 |
| 015302V90 | 1,800,000 | 5.00% | 2025 |
| 015302W24 | 1,800,000 | 3.00% | 2026 |
| | <u>\$ 7,200,000</u> | | |

17. General Obligation Capital Improvement Bonds of 2013

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

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

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

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

The General Fund meets debt service requirements for general obligation bonds. The City retains the liability for the portion of general obligation bonds issued to fund capital projects of the Schols.

Legal Debt Margin - The City has no overlapping debt with other jurisdictions. As of June 30, 2022, the City had a legal debt limit of \$4.67 billion and a debt margin of \$3.8 billion:

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

Unissued Bonds - Bond authorizations expire three years from the effective date of the respective bond ordinances. Authorization of bonds, bonds issued and expired during the fiscal year ended June 30, 2022, are summarized below:

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

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

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

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

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

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

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

Primary Government – Governmental Activities

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

All liabilities – both current and long-term – are reported in the Statement of Net Position. The adjustment from modified accrual to full accrual is as follows:

Balances at June 30, 2022:

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

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Reconciliation to statement of Net Position and Statement of Activities

Reconciliation to Statement of Activities

Under the modified accrual basis of accounting used in the fund financial statements for the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. This adjustment from modified accrual to full accrual is composed of the following items:

| | | |
|---------------------------|----|-------------------|
| Compensated absences | \$ | 755,621 |
| Workers compensation | | (845,204) |
| Discount and interest | | 26,177,286 |
| Accrued interest on bonds | | (659,389) |
| Net Adjustment | \$ | <u>25,428,314</u> |

The adjustment from modified accrual basis to full accrual for pension and OPEB is comprised of pension expense net of pension contributions and OPEB expense net of OPEB contributions.

Pension and OPEB Reconciliation

| | | |
|---------------------------------|----|---------------------|
| Pension expense, Note 17 | \$ | 32,254,732 |
| Contributions, measurement date | | |
| City Single Agency & VRS FY22 | | <u>(38,283,775)</u> |
| Net Pension Expense | | (6,029,043) |
| OPEB Expense, Note 16 | | 1,921,987 |
| Contributions, measurement date | | |
| City OPEB FY22 | | <u>(13,670,370)</u> |
| Net OPEB Adjustment | | <u>(11,748,383)</u> |
| Adjustment to Exhibit IV | \$ | <u>(17,777,426)</u> |

Reconciliation to Net position:

Deferred Inflows

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

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Component Unit – Schools

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

Refunding Bonds

Prior-year Defeasance of Debt

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

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

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

Primary Government

This balance represents timing differences related to accounts receivable.

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

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

Primary government transfer activities include:

Transfers from the General Fund to the Special Revenue Fund represent City funds required to match grant programs resources and taxes collected for affordable housing projects and to fund transportation agreements. In addition, the City transferred \$8.8 million in capital assets to Alexandria Transit in FY 2022.

Special Revenue funds are transferred to other funds for capital and equipment purchases as determined by the terms of the grant agreements.

Transfers from the General Fund to the Capital Projects fund represent the City's budgeted pay-as-you go funding of capital projects.

Transfers from Special Revenue funds to Capital Projects represent grants received for capital related expenditures.

Transactions with the component units represent budgeted subsidies for the school operations and capital projects and library operations.

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

Exhibit XII
(Continued)

NOTE 11. GRANTS

The City receives financial assistance from numerous federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed disbursements resulting from such audits could become a liability of the City. In the opinion of City management, no material refunds will be required as a result of unallowed disbursements (if any), by the grantor agencies.

NOTE 12. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the City and its component units totaled \$278.0 million in FY 2022. Sources of these revenues were as follows:

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

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

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERNMENTS

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

| | |
|--|---------------|
| PRIMARY GOVERNMENT | |
| State | |
| General Fund | \$ 31,668,158 |
| Special Revenue Fund | 5,816,376 |
| Capital Projects Fund | 8,444,264 |
| Alexandria Transit | 183,907 |
| Total State | 46,112,705 |
| Federal | |
| Special Revenue Fund | 2,294,578 |
| Total Federal | 2,294,578 |
| Total Primary Government | 48,407,283 |
| COMPONENT UNITS | |
| State | |
| Schools | 3,403,953 |
| Library | 15,542 |
| Total State | 3,419,495 |
| Federal | |
| Schools | 22,296,065 |
| Total Federal | 22,296,065 |
| Total Component Units | 25,715,560 |
| Total Primary Government & Component Units | \$ 74,122,843 |

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

Exhibit XII
(Continued)

NOTE 14. JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain: (1) an ongoing financial interest or (2) an ongoing financial responsibility.

A. Northern Virginia Criminal Justice Academy

The City participates in a joint venture with the Counties of Arlington and Loudoun and the Cities of Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued \$6.6 million in Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The City and the Counties of Arlington and Loudoun have entered into a lease with the Industrial Development Authority of Loudoun County. The City maintains an equity interest only in the land and building of the Academy, which is reflected in the City's Statement of Net Position. The City does not maintain an equity interest in the Academy's operations. This lease was paid in full in FY 2007. New debt of \$18.7 million was issued in FY 2007. The City does not have an equity interest associated with this debt. In addition, the City pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2022, the City paid \$0.7 million for operating costs.

Financial statements for the Academy may be obtained at Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia 22011-2600.

B. Northern Virginia Juvenile Detention Home

The City participates in a joint venture with Arlington County and the City of Falls Church to operate a regional juvenile detention home. In July 1993, the City agreed to fund 55.3 percent of the construction costs of a new facility. The final construction payments were made in FY 1995. In addition, the City pays part of the Northern Virginia Juvenile Detention Home's operating costs based on the number of beds utilized by Alexandria residents. These payments totaled \$1.4 million in FY 2022.

The City does not maintain an equity interest in the detention home. Complete separate financial statements for this operation may be obtained from Northern Virginia Juvenile Detention Home, 200 South Whiting Street, Alexandria, Virginia 22304.

C. Washington Metropolitan Area Transit Authority

As discussed in Note 8, the City participates in a joint venture with other local jurisdictions to share in the cost of a regional transportation system. The City does not maintain an equity interest in WMATA. Complete financial statements of WMATA may be obtained from WMATA, 600 5th Street, N.W., Washington, DC 20001.

D. Virginia Railway Express (VRE)

In July 2014, the City entered an amended agreement with the Northern Virginia Transportation Commission (NVTC), the Potomac and Rappahannock Transportation Commission (PRTC), and several jurisdictions in Northern Virginia to provide commuter rail services. The commuter rail service is known as Virginia Railway Express (VRE). In fiscal year 2022, the City made payments of \$0.04 million to VRE.

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

Exhibit XII
(Continued)

NOTE 15. RELATED PARTY TRANSACTIONS

Related parties include, but are not limited to, members of the governing board, administrative boards or commissions, administrative officials and their immediate families, component units and joint ventures, and affiliated or related organizations that are not included as part of the financial reporting entity, and transactions with related parties are defined.

A. Alexandria Housing Development Corporation (AHDC)

AHDC is an affordable housing provider.

The Station at Potomac Yard

The City established a related party agreement for The Station at Potomac Yard Apartments project in 2008. This project was developed via a joint venture with a local non-profit housing group, AHDC, and Pulte Homebuilders. None of these related entities are active and plans are to dissolve the limited liability corporation (LLC) that was formed for the project. Due to warranty/liability issues, the LLC was required to be maintained for several years after construction was completed in 2009 and is operational and occupied.

The Bloom (Carpenter Shelter Project)

In December 2016 City Council approved a loan in the amount of \$7.1 million for AHDC's Bloom project. In June 2018, the project was awarded LIHTC credits by VHDA. On September 11, 2018 City Council approved additional loan funds in the amount of \$1.7 million for the project. The project is scheduled to be completed in November 2020 and is operational and occupied.

B. Arlington Housing Corporation, Inc (AHC)

AHC is an affordable housing provider.

East Reed LLC (ERLLC)

In February 2013, the City of Alexandria created a special purpose entity, ERLLC, to enter into a public-private partnership arrangement with nonprofit housing developer, AHC, to develop 78 units of affordable housing. The project was completed in 2014 and is operational and occupied.

St. James Plaza

On January 24, 2015, City Council approved a loan in the amount of \$5.7 million for the AHC St James Plaza project. In June 2015, the project was awarded LIHTC credits by VHDA. The project was completed in 2018 and is operational and occupied.

Church of Resurrection

On January 20, 2018, the City Council approved a loan in the amount of \$9.0 million for the AHC Church of the Resurrection project. In June 2018, the project was awarded LIHTC credits by VHDA. On April 23, 2019 City Council approved an additional \$0.9 million. The City has distributed \$0.4 million in predevelopment funds previously and closed on the full loan in FY 2019 with all funds now disbursed. The project was completed in Spring 2021 and is operational and occupied.

C. Alexandria Redevelopment and Housing Authority (ARHA)

ARHA is a public agency established under the Housing Authority Law, Chapter 1 Title 36 of the Code of Virginia of 1938. The agency develops a variety of housing projects around the City.

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

Exhibit XII
(Continued)

NOTE 15. RELATED PARTY TRANSACTIONS (Continued)

Ramsey Homes

On May 22, 2018 the City Council approved a loan in the amount of \$3.6 million for ARHA's Ramsey Homes project. In June 2017, the project was awarded LIHTC credits by VHDA. On October 22, 2019 the City Council approved additional loan funds in the amount of \$1.4 million for ARHA's Ramsey Home project. The project was completed in the Spring of 2021 and is operational and occupied.

D. Wesley Housing Development Corporation (Wesley)

Wesley is an affordable housing provider.

The Waypoint

On November 17, 2018, the City Council approved a loan in the amount of \$7.65 million for the Wesley Waypoint project. In June 2019, the project was awarded LIHTC credits by VHDA. The City has distributed \$0.4 million in predevelopment funds previously and closed on the full loan in FY 2021 with all funds now disbursed. The project is schedule to be completed in Spring/Summer 2022.

E. Alexandria Economic Development Partnership (AEDP)

699 Prince Street

As proposed, the six-story building at 699 Prince St. will be converted into a 134-room hotel with 30,000 square feet of restaurant, meeting and retail space. Construction is scheduled to begin this summer, with completion expected in late 2023.

The creation of the project ordinance allows the 699 Prince Street catalyst project to participate in the State's Tourism Development Finance Program. The proposed project must qualify to generate Virginia and City of Alexandria sales and use tax, such as lodging, dining, meeting space rental and catering, and limited, project-specific retail, to invest in the City within a designated Tourism Zone.

For the City, the 699 Prince Street redevelopment is estimated to generate \$42.9 million incremental tax revenue over a 20-year period. After deducting the 1% sales and use tax rebate of almost \$2.3 million, and \$3 million for estimated city services, the net gain for the City is \$37.6 million over a 20 year period.

F. Landmark Community Development Authority (CDA)

At its July 6, 2021, meeting, the Alexandria City Council unanimously approved the redevelopment agreements for the site of the former Landmark Mall, which will result in up to approximately four million square feet of new development. The project will be anchored by the relocation and expansion of Inova's new state-of-the-art Alexandria Hospital bringing more than 2,000 health care workers to the medical campus. This transformational project (led by developer Foulger-Pratt) was recently named by the Washington Business Journal as the 2020 Real Estate Deal of the Year.

To facilitate the redevelopment of the Landmark site, the transaction includes investment of (a) \$54 million in public bond funds to acquire land to lease to Inova for the proposed hospital and related medical facilities, and (b) \$86 million in public bond funds for Landmark site preparation and infrastructure costs. By investing public funds (which has been contemplated as far back as 2004), the City would accelerate the revitalization of Alexandria's West End.

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

Exhibit XII
(Continued)

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

PRIMARY GOVERNMENT

In 1989 City Council voted to establish three classes of post-employment health care benefits to supplement the increasing health care costs for City retirees. The three classes are as follows: (a) Full Time City employees who are eligible to retire under the Virginia Retirement System and City Supplemental Retirement Plan; (b) Fire and Police employees who are eligible to retire under the current defined benefit pension plan; and (c) Fire and police employees who retired and were eligible for normal retirement with 20 years of service under the old defined contribution retirement income plan and the retirees under the old defined benefit pension. In addition, spouses of deceased retirees are also eligible to receive benefits under this provision.

Full-time employees who retire under a primary City-sponsored retirement plan may continue to participate in a City-sponsored health insurance plan as a retiree. The City also offers a reimbursement program that is based on the actual cost of the retiree's monthly health care premium up to a maximum amount determined by the City Council. Eligibility is contingent upon the retiree providing proof of participation and payment to a health insurance plan. In FY22, 375 retirees participated in the reimbursement program. The maximum monthly amount an eligible retiree or a surviving spouse may receive is \$260. The City Council has authority to establish or amend the provisions. In FY22, the City contributed on a "pay-as-you-go" basis at the rate of up to \$260 per month for each retiree, for a total annual contribution of \$6.4 million. Employees hired after June 30, 2008 have their retirees' health benefits prorated based on the length of service.

In addition to the healthcare benefits, the City pays for basic life insurance to regular full-time employees hired prior to July 1, 2009, at no cost to the employee. At retirement, full-time regular employees hired before July 1, 2009, are eligible for basic life insurance at two times their salary as of the last January 1st rounded up to the nearest \$1,000, with applicable reductions after age 65. On January 1, following the 65th birthday, the basic life insurance amount is reduced by 25 percent and then by 10 percent each year until the 70th birthday. The ultimate insurance amount is 25 percent of the salary.

The City follows the guidance in Statements No. 74 and 75 of the Governmental Accounting Standards Board (GASB), Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions.

The City does not issue a stand-alone financial report for the OPEB Trust Fund. The financial statements and required supplementary information are included in the City's Annual Comprehensive Financial Report.

Plan Administration

The City's OPEB Plan, which includes the Line of Duty Act benefits (LODA), is one plan and is overseen by the OPEB Plan Board. The board must be comprised of at least three members including the Chief Financial Officer, the City Finance Director, and at least one other member who is an employee or citizen of the City with "proven integrity, business ability, and demonstrated experience in cash management and in investments." The citizen/employee is nominated by the City Manager and approved by City Council. The City OPEB Board adopts a realistic actuarial rate of return for the Plan and recommends the level of contributions needed to keep the Plan financially sound. City Council approves the contribution level.

Method Used to Value Investments

Investments are valued at fair value. The City does not have any OPEB investments, other than U.S. Government and U.S. Government guaranteed obligations, in any one organization that represents five percent or more of the net assets held in trust for OPEB investments.

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

Exhibit XII
(Continued)

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

Investment Policy

The City OPEB Plan has two components: cash payments for Medical Insurance and Life Insurance. The objective of the Medical Insurance and Life Insurance components is to preserve actuarial soundness in order to meet contractual benefit obligations. In striving to attain these objectives, the Plan will be managed in a manner consistent with three fiduciary standards. First, all transactions shall be made in the sole interest of the participants and their beneficiaries. Second, that all investments shall be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in an expert-like capacity and familiar with such matters would use. Third, that all entities dealing with the plan are required to disclose conflicts of interest, as soon as they become apparent. The following was the City's asset allocation as of June 30, 2022.

Target Allocations

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

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -13.90% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The long-term expected rate of return on OPEB plan investments was determined using the last twenty years of return for the index, as of the fiscal year end, for each asset class in which funds were invested, taking the arithmetic mean and adjusting it for inflation of 2.70 percent. The long term expected rates of return for each major asset class as of June 30, 2022, are summarized in the following table.

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

Exhibit XII
(Continued)

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

| Asset Class | Long Term Expected Rate of Return |
|--|--|
| Diversified Assets | 0.3% |
| Equity | 4.4% |
| Real Assets | 0.8% |
| Fixed Income | 0.7% |
| | |
| Return | 6.1% |
| Inflation | 2.7% |
| Return w/ Inflation | 8.8% |
| Risk Adjustment | (1.5%) |
| Total Expected Arithmetic Nominal Return | 7.3% |

Discount Rate

The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current Plan members. The actuarial liability, normal cost, and expected benefit payments were projected for the remaining lifetimes of the closed group population as of December 31, 2021. An expected contribution rate is calculated each year based on the current funding policy. The long-term expected rate of return used for funding purposes in the December 31, 2021 actuarial reports was 6.75 percent.

Membership

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

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

Contributions

The City established a Single Employer Other Post-Employment Benefit Trust Plan (OPEB) and funds the obligation through this Trust Fund using a phased in approach. There are no legal or contractual requirements for contributing to the OPEB Trust Fund. Line of Duty Act (LODA) is part of the OPEB Trust Fund. OPEB Trust Fund contributions are comprised of contributions to the Trust Fund and Pay-Go Contributions.

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

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

Exhibit XII
(Continued)

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

Annual OPEB Costs and Net OPEB Liability

The City is responsible for funding benefits required under the Virginia Line of Duty Act (LODA). LODA retirees must elect a plan administered through the Virginia Department of Human Resources (DHRM). The City pays DHRM the premiums for covered retirees, spouses, and widows. The OPEB Trust Fund is comprised of regular OPEB benefits and LODA benefits. Separate actuarial reports are generated for each plan.

The City's GASB requirements fall under GASB 74 and 75 and the entire OPEB liability has been recorded on the balance sheet. Under the current method of actuarial funding, the City contributes the entire Actuarially Determined Contribution (ADC). The ADC decreased from \$3.6 million as of June 30, 2021 to \$2.4 million as of June 30, 2022.

The Statement of Fiduciary Net Position for the City's OPEB plan is included as Exhibit VIII and in note 17.

Actuarial valuations of the plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations. The actuarial assumptions for the Fire and Police Members are the assumptions that were adopted by the City of Alexandria Firefighters and Police Officers Pension Plan Board based upon the results of an actuarial experience study covering the period July 1, 2013 through June 30, 2017. The actuarial assumptions for the City Members are similar to the assumptions that were adopted by the City of Alexandria Supplemental Retirement Plan Board based upon the results of an actuarial experience study covering the period July 1, 2010 through June 30, 2015. The City is now offering a high deductible health plan option for both UHC and Kaiser, but very few retirees are participating. Changes made can be referenced in the Required Supplemental Information.

In the actuarial valuations, the same mortality rates are used for both OPEB and LODA. Mortality rates for Fire and Police were based on the SOA RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected fully generationally with scale MP-2017. The mortality rates for City employees were based on the RP-2000 Combined Mortality Table sex distinct for base rates. For mortality improvement, rates were projected generationally from the base year using a modified version of the MP-2015 projection scale. Disability mortality rates for Fire and Police were based on SOA RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected fully generationally with scale MP-2017. The disability mortality rates for City Employees were based on 70 percent of PBGC Disabled Mortality Table 5a for males, and 90 percent PBGC Disabled Mortality Table 6a for females.

For the December 31, 2021 actuarial valuations, the following assumptions apply to both OPEB and LODA valuation reports. The investment rate used was 6.75 percent. The entry-age actuarial cost method was used. For OPEB an annual medical cost trend rate of 6.60 percent for 2022 grading down to 3.12 percent over 18 years was used. For LODA non-Medicare an annual medical cost trend rate of 6.63 percent for 2022 grading down to 4.75 percent over 8 years was used, and a rate of 5.06% for 2022 grading down to 4.75 percent over 2 years for Medicare was used. Salary scale ranges were from 3.25 percent to 725 percent for Fire and Police and 3.25 percent to 5.10 percent for City employees depending on service with 3.25 percent attributable to inflation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. Asset valuation method used was market value and the remaining amortization period as of December 31, 2021 was 16 years.

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

Exhibit XII
(Continued)

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

Total OPEB Liability

The City of Alexandria's total OPEB liability of \$27,746,272 was measured as of June 30, 2022 and was determined by an actuarial valuation as of December 31, 2020, projected to June 30, 2022. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2022 and the Total OPEB Liability as of the valuation date, December 31, 2020, updated to June 30, 2022. There were no significant events between the valuation date and the measurement date.

Change in Net OPEB Liability for City of Alexandria

| | Total OPEB Liability (a) | Increase (Decrease) Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
|---|---|--|---|
| Balances as of 6/30/2021 | \$ 139,572,858 | \$ 115,189,374 | \$ 24,383,484 |
| Changes for the year: | | | |
| Service cost | 2,928,023 | - | 2,928,023 |
| Interest | 9,598,323 | - | 9,598,323 |
| Changes in benefit terms | - | - | - |
| Changes in assumptions | (3,579,597) | - | (3,579,597) |
| Difference between expected and actual experience | (8,128,626) | - | (8,128,626) |
| Contributions-employer | - | 13,670,370 | (13,670,370) |
| Contributions-member | - | - | - |
| Net Investment Income | - | (16,173,784) | 16,173,784 |
| Benefit payments | (7,920,370) | (7,920,370) | - |
| Administrative Expense | - | (41,251) | 41,251 |
| Net Changes | <u>(7,102,247)</u> | <u>(10,465,035)</u> | <u>3,362,788</u> |
| Balances at 6/30/2022 | <u>\$ 132,470,611</u> | <u>\$ 104,724,339</u> | <u>\$ 27,746,272</u> |

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

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

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 40,739 | \$ 7,249,680 |
| Changes of assumptions | 3,341,655 | 12,017,917 |
| Net difference between projected and actual earnings on OPEB plan investments | 6,712,194 | - |
| Total | <u>\$ 10,094,588</u> | <u>\$ 19,267,597</u> |

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

Exhibit XII
(Continued)

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

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

| Year ended December 31: | |
|--------------------------------|------------|
| | 2023 |
| | 2024 |
| | 2025 |
| | 2026 |
| | 2027 |
| | Thereafter |
| Total Future Deferrals | |

| | | |
|--|-----------|--------------------|
| | \$ | (2,398,586) |
| | | (3,349,670) |
| | | (4,261,972) |
| | | 2,788,587 |
| | | (1,951,368) |
| | | - |
| | <u>\$</u> | <u>(9,173,009)</u> |

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

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

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

The following presents the Net OPEB Liability of the City of Alexandria, calculated using the current discount rate, as well as what the Fund's Net OPEB Liability would be if it were calculated using a discount rate that is 1.0 percent lower or higher than the current rate.

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

The following presents the Net OPEB Liability of the City of Alexandria, calculated using the current healthcare trend, as well as what the Fund's Net OPEB Liability would be if it were calculated using a healthcare trend 1.0 percent lower or higher than the current rate.

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

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

Exhibit XII
(Continued)

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

OPEB Trust

The table below summarizes investments managed by the City of Alexandria in accordance with the fair value hierarchy established by generally accepted accounting principles. Fair value is defined as the quoted market value on the last trading day of the period. The hierarchy is based on the valuation inputs used to measure the fair value of assets.

Level 1 – Quoted prices in active markets for identical assets or liabilities. During fiscal year 2022, \$8.2 million worth of investments were evaluated and classified in Level 1 of the fair value hierarchy.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active or inputs that are observable market data. Level 2 assets include The City’s mutual funds and money market funds. The City’s mutual funds and money market funds have both equity and fixed income securities as the underlying. While the pricing of the funds is only observable daily, the underlying inputs are continuously observable. The underlying equities are observable through quoting services, while the underlying fixed income instruments pricing is determined through both observable market quotes and market pricing determined using matrix valuation using similar securities. During fiscal year 2022, \$58.4 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

OPEB TRUST
As of June 30, 2022

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

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

Exhibit XII
(Continued)

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

\$38.1 million worth of investments were evaluated at Net Asset Value (NAV). The following table presents the NAV investment disclosures for the OPEB Trust Fund.

| | Capital Commitment | Capital Called | Remaining Uncalled Commitment | Current NAV | Withdrawal Frequency |
|------------------------------|--------------------|----------------|----------------------------------|--------------|-----------------------|
| Commingled Collective Trusts | N/A | N/A | N/A | \$19,408,508 | Monthly to Quarterly |
| Private Equity | \$8,600,000 | \$6,550,752 | \$2,049,248 | \$5,942,361 | Closed End Strategies |
| Real Estate Funds | \$2,900,000 | \$2,900,000 | \$0 | \$5,041,120 | Quarterly |
| Timber & Farmland | \$3,450,000 | \$3,450,000 | \$0 | \$3,720,736 | Quarterly |
| Timber Funds | \$1,500,000 | \$1,406,000 | \$94,000 | \$1,634,597 | Closed End Strategies |
| Farmland | \$1,700,000 | \$1,700,000 | \$0 | \$2,350,777 | Quarterly |
| | \$18,150,000 | \$16,006,752 | \$2,143,248 | \$38,098,099 | |

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

Exhibit XII
(Continued)

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

COMPONENT UNIT – ALEXANDRIA CITY PUBLIC SCHOOLS (ACPS)

A. ACPS OPEB Trust Fund

Plan Description

The School Board administers a single-employer defined benefits healthcare plan. It provides medical insurance benefits to eligible retired school employees and beneficiaries. In May 2009, the School Board authorized the establishment of a trust for the purpose of accumulating and investing assets to fund Other Post Employment Benefits.

ACPS invests the OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Association of Counties and the Virginia Municipal League (VACo/VML). The Pooled Trust is an investment pooling vehicle created to allow participating local governments, school divisions, and authorities in the State to accumulate and invest assets to fund other post-employment benefits. Funds of participating jurisdictions are pooled and invested in the name of the Pooled Trust. ACPS' respective shares in the Pooled Trust are reported in the OPEB Trust Fund's financial statements. The Pooled Trust is governed by a Board of Trustees (Trustees), composed of nine (9) elected members. Trustees are elected by participants in the Pooled Trust, whose votes are weighted according to each Participating Employer's share of total Trust Fund assets. Investment decisions are made by the Trustees of the Pooled Trust. The Trustees are responsible for managing Pooled Trust assets through the appointment and oversight of investment managers and with the guidance of an investment advisor.

Eligibility

Participants in the ACPS Plan must meet the eligibility requirements based on service earned with ACPS and prior service earned from other Virginia agencies to be eligible to receive benefits upon retirement. Participants who do not retire directly from active service are not eligible for the benefits. In addition, participants must meet one of the following criteria:

VRS Tier 1:

- Attained the age of 50 with at least 30 years of service for unreduced pension retirement benefits.
- Attained the age of 50 with at least 10 years of service for reduced pension retirement benefits.
- Attained the age of 65 with at least 5 years of service.

VRS Tier 2:

- Age plus service equals 90 for unreduced pension retirement benefits.
- Age 60 with at least 5 years of service for reduced pension retirement benefits.
- Social Security Normal Retirement Age with at least five years of service.

Benefits

Program participants may continue medical coverage by paying the appropriate subsidized premium which range from \$0 to \$2,225.81 monthly, based on the medical plan under which the retiree is covered. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the program on average than those of active employees. The subsidies in this program are accounted for in the ACPS OPEB Trust Fund. In FY 2022, ACPS contributed up to \$265 for each participant.

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

Exhibit XII
(Continued)

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

For employees hired July 1, 2008 or earlier: ACPS contributes \$265 per month for retiree medical coverage. This Board contribution will not exceed the premium for the coverage tier elected. The retiree and dependents pay the remainder of the premium, if any.

For employees hired after July 1, 2008: The retiree must complete five years of vesting service with ACPS to receive a Board contribution. ACPS contributes a pro-rated amount of \$265 per month equal to 5% per year of service with ACPS (including the five vesting years) and other VRS employers for retiree medical coverage. A maximum of 15 years of service will be credited toward the contribution made by ACPS. This Board contribution will not exceed the premium for the coverage tier elected. The retiree and dependents pay the remainder of the premium, if any.

Actuarial Assumptions

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

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

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

Exhibit XII
(Continued)

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

Investment Policy

The Pooled Trust Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Trustees will establish and maintain investment policies and objectives. Within this framework, the Trustees will monitor and evaluate the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Trustees are responsible for making changes to achieve this. The investment objective of the Pooled Trust is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Portfolio will be structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. There were no significant changes in investment policy during fiscal year 2022.

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

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

Target Allocation for OPEB Pooled Investments
As of June 30, 2022

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

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

Discount Rate

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

Measurement Date

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

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

Exhibit XII
(Continued)

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

Concentrations

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

Money-Weighted Rate of Return

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

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

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

Net OPEB Liability

The net OPEB liability at the beginning of the current measurement year is measured as of a valuation date of December 31, 2020 and rolled forward to June 30, 2022. The net OPEB liability at the end of the measurement year, June 30, 2022, is measured as of a valuation date of December 31, 2020 and projected to June 30, 2022. In future years, valuations will be completed every other year, assuming there are no significant events between the years. Each valuation will be rolled forward to provide two years of OPEB liability.

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

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

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

Exhibit XII
(Continued)

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

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

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

| | (-1%) Decrease 6.0% | Discount Rate 7.0% | (+1%) Increase 8.0% |
|-----------------------------|------------------------|-----------------------|------------------------|
| Total OPEB Liability | \$ 34,784,653 | \$ 31,184,287 | \$ 28,193,143 |
| Plan Fiduciary Net Position | 26,511,019 | 26,511,019 | 26,511,019 |
| Net OPEB Liability | \$ 8,273,634 | \$ 4,673,268 | \$ 1,682,124 |

Plan Fiduciary Net Position as a

| | | | |
|--|-------|-------|-------|
| Percentage of the Total OPEB Liability | 76.2% | 85.0% | 94.0% |
|--|-------|-------|-------|

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

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

| | Trend Minus (-) 1% | Trend Baseline | Trend Plus (+) 1% |
|-----------------------------|-----------------------|----------------|----------------------|
| Total OPEB Liability | \$ 30,063,490 | \$ 31,184,287 | \$ 32,493,365 |
| Plan Fiduciary Net Position | 26,511,019 | 26,511,019 | 26,511,019 |
| Net OPEB Liability | \$ 3,552,471 | \$ 4,673,268 | \$ 5,982,346 |

Plan Fiduciary Net Position as a

| | | | |
|--|-------|-------|-------|
| Percentage of the Total OPEB Liability | 88.2% | 85.0% | 81.6% |
|--|-------|-------|-------|

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

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

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

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

Exhibit XII
(Continued)

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

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

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

Contributions

Contribution requirements of ACPS are established and may be amended by the School Board. The required contributions were actuarially-determined and are based upon projected pay-as-you go financing requirements with additional amount to prefund benefits. The costs of administering the plan are paid for by the OPEB Trust Fund through the use of investment income and employer contributions. For the period ending June 30, 2022, ACPS contributed \$1.7 million for current costs and an additional \$1.0 million to prefund benefits.

The funding policy of ACPS is to contribute the difference between the actuarially determined contribution and the expected explicit subsidy payment to the Trust Fund. Benefit payments, including the implicit subsidy, are paid outside the Trust over the next 8 years. It is anticipated that once the Plan becomes 100% funded, ACPS will switch to paying benefit payments from the Trust. The assets were then projected forward reflecting known contributions through June 30, 2022, and then assuming the funding policy is followed going forward. Using the long-term expected rate of return of 7.0%, the assets are projected to always be greater than the expected benefit payments in any given year.

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

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

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

Exhibit XII
(Continued)

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

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

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

The ACPS OPEB Trust does not issue a stand-alone financial report and is not included in the report of another entity. Additional disclosures on changes in schools OPEB liability, related ratios, and employer contributions can be found in the RSI following the notes to the Financial Statements.

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

Exhibit XII
(Continued)

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

B. VRS Employee Health Insurance Credit Program OPEB – Teachers

Summary of Significant Accounting Policies

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

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements
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Exhibit XII
(Continued)

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

- Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Contributions

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

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

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

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

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

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

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

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Notes to Financial Statements
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Exhibit XII
(Continued)

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

reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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

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

Actuarial Assumptions

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

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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Exhibit XII
(Continued)

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

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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Exhibit XII
(Continued)

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

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

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

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

Discount Rate

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

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Exhibit XII
(Continued)

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

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

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

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

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program’s Fiduciary Net Position is available in the separately issued VRS 2021 Comprehensive Annual Financial Report (annual financial report). A copy of the 2020 VRS annual financial report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Teacher Employee Health Insurance Credit Program OPEB Plan

At June 30, 2021, ACPS reported payables to the Teacher Employee Health Insurance Credit Program OPEB Plan of \$0.2 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

C. VRS Group Life Insurance Program

Summary of Significant Accounting Policies

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §1.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to deductions from the VRS Political Subdivision Health Insurance Credit Program’s fiduciary net position have been determined on the same basis as then were reported by VRS. For the purpose, benefit payments are recognized when due and payable accordance with the benefit terms. Investments are reported at fair value.

General Information about the Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This

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Exhibit XII
(Continued)

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

plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Within the Group Life insurance Program, ACPS employees are divided into two groups; Teachers (includes administrators and teachers) and Locality Employees (includes non-exempt support staff).

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

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

| GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS |
|--|
| <p>Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p> |
| <p>Benefit Amounts The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option |
| <p>Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p> |
| <p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.</p> |

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Exhibit XII
(Continued)

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

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% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the Group Life Insurance Program from the entity for the Teachers group were \$2.2 million for both years ended June 30, 2021 and June 30, 2020 respectively. Total contributions for the Locality group were \$0.1 million for both years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2022, ACPS reported liabilities of \$ 9.2 million and \$0.4 million for its proportionate share of the Net GLI OPEB Liability, for the Teachers and Locality groups, respectively. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, for the Teachers group, the ACPS employer's proportion was 0.79247% as compared 0.79551% at June 30, 2020, and for the Locality group, the employer's proportion was 0.03723% at June 30, 2021 as compared 0.03692% at June 30, 2022.

For the year ended June 30, 2022, ACPS recognized GLI OPEB expense of \$0.4 million for the Teachers group and \$938 for the Locality group. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

| | Teachers Group | | Locality Group | | Total GLI OPEB Program | |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,052,315 | \$ 70,301 | \$ 49,437 | \$ 103,457 | \$ 1,101,752 | \$ 173,758 |
| Net difference between projected and actual earnings on GLI OPEB program investments | - | 2,202,168 | - | 3,303 | - | 2,205,471 |
| Changes in assumptions | 508,655 | 1,262,382 | 23,896 | 59,306 | 532,551 | 1,321,688 |
| Changes in proportion | 186,648 | 280,695 | 3,816 | 62,663 | 190,464 | 343,358 |
| Employer contributions subsequent to the measurement date | 917,084 | - | 44,522 | - | 961,606 | - |
| Total | \$ 2,664,702 | \$ 3,815,546 | \$ 121,671 | \$ 228,729 | \$ 2,786,373 | \$ 4,044,275 |

An amount of \$0.9 million reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources

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Exhibit XII
(Continued)

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

and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| <u>Year Ending June 30,</u> | <u>GLI - Teachers Amount</u> | <u>GLI - Locality Employees Amount</u> | <u>GLI - Total Amount</u> |
|---------------------------------|----------------------------------|--|-------------------------------|
| 2023 | \$ (465,310) | \$ (38,173) | \$ (503,483) |
| 2024 | (385,656) | (33,363) | (419,019) |
| 2025 | (370,671) | (31,421) | (402,092) |
| 2026 | (703,957) | (41,461) | (745,418) |
| 2027 | (142,334) | (7,162) | (149,496) |
| Thereafter | - | - | - |
| Total | <u>\$ (2,067,928)</u> | <u>\$ (151,580)</u> | <u>\$ (2,219,508)</u> |

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

| | |
|--|--|
| Mortality Rates (Pre-retirement, postretirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
|--|--|

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Notes to Financial Statements
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Exhibit XII
(Continued)

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

| | |
|------------------|---|
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

Mortality rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

| | |
|--|--|
| Mortality Rates (Pre-retirement, postretirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service year |
| Disability Rates | Lowered Disability Rates |
| Salary Scale | No change |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

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Exhibit XII
(Continued)

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

| | VRS Group Life Insurance OPEB Program |
|--|--|
| Total GLI OPEB Liability | \$3,523,937 |
| Plan Fiduciary Net Position | 1,855,102 |
| Employers' Net GLI OPEB Liability (Asset) | \$1,668,835 |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 52.64% |

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

Long-Term Expected Rate of Return

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

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

⁽¹⁾ The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a

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

Exhibit XII
(Continued)

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

range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

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

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (annual financial report). A copy of the 2020 VRS annual financial report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2020, ACPS reported payables to the VRS Group Life Insurance OPEB Plan of \$0.2 million for the Teachers group and \$9,000 for the Locality group. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

On the following page is a summary of deferred outflows and inflows of resources and net OPEB liabilities for the various OPEB programs as June 30, 2021.

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

Exhibit XII
(Continued)

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

| | ACFS OPEB Trust | | | VRS HIC OPEB Program | | | GLI OPEB Program | | | Total OPEB Programs | | | |
|---|--------------------------------|-------------------------------|---------------------|--------------------------------|-------------------------------|----------------------|--------------------------------|-------------------------------|---------------------|--------------------------------|-------------------------------|----------------------|---------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Net OPEB Liability | OPEB Expense |
| Net OPEB Liability | \$ - | \$ - | \$ 4,673,268 | \$ - | \$ - | \$ 24,438,216 | \$ - | \$ - | \$ 9,659,960 | \$ - | \$ - | \$ 38,771,444 | - |
| Net difference between projected and actual earnings on OPEB plan investments | 1,190,427 | - | - | 419,001 | - | - | 2,205,471 | - | - | - | 1,190,427 | - | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | - | - | 282,527 | - | - | 343,358 | - | - | - | 426,150 | - | - |
| Differences between expected and actual experience | - | 5,860,877 | - | 313,916 | 173,758 | - | 1,101,752 | 1,101,752 | - | 1,101,752 | 1,101,752 | - | - |
| Changes in assumptions | 192,191 | 957,052 | - | 65,772 | 1,321,688 | - | 532,251 | 1,381,120 | - | 1,381,120 | 2,100,658 | - | - |
| Employer contributions subsequent to the measurement date | - | - | - | - | - | - | - | - | - | - | - | - | - |
| OPEB Expense | - | 416,028 | - | 2,036,173 | - | - | - | - | - | - | 368,155 | - | 2,820,356 |
| Total | \$ 1,382,618 | \$ 6,817,909 | \$ 4,673,268 | \$ 2,992,122 | \$ 1,111,216 | \$ 24,438,216 | \$ 1,824,767 | \$ 4,044,275 | \$ 9,659,960 | \$ 6,199,507 | \$ 11,973,400 | \$ 38,771,444 | \$ 2,820,356 |

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

PRIMARY GOVERNMENT

During FY 2022, the City participated in six public employee retirement systems (PERS). One system is handled by the Virginia Retirement System (VRS), an agent multi-employer public retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia, and is, therefore, not reflected as a City pension trust fund. Four are single-employer defined benefit systems where a stated methodology for determining benefits is provided. The four systems are the City Supplemental, Pension Plan for Fire and Police, Firefighters and Police Officers Pension Plan-defined benefit component, and Firefighters and Police Officers Pension Plan-disability component. The last system is a defined contribution plan (Firefighters and Police Officers Pension Plan-defined contribution component), where contribution requirements are not actuarially determined. All of these systems are included as part of the City's reporting entity and as such are reflected as Pension Trust Funds.

Plan Administration

The City Supplemental Plan is overseen by the Supplemental Retirement Board. The board consists of eight members. Four of the members are nominated by the City Manager, while the other remaining four are nominated by the board. There are four alternates nominated by the board and one alternate nominated by the City Manager. The Firefighters and Police Officers Pension Board manages the Firefighters and Police Officers Defined Contribution Plan, Defined Benefit Plan, Disability Plan, as well as the Pension for Fire and Police Plan. The board consists of eight members. Four members are nominated by the City Manager and four members are nominated by the Voting Participants. In addition, there are two alternate members nominated by the Voting Participants and one alternate nominated by the City Manager. City Council approves the nominations to all boards.

Method Used to Value Investments

Investments are valued at fair value.

Investment Policy

The Firefighters and Police Officers Pension Board investment policy objectives for Defined Benefit and Disability components and the Supplemental Retirement Board investment policy objectives for the Supplemental Retirement Plan are to preserve the actuarial soundness of each plan in order to meet contractual benefit obligations and to maximize investment return given an acceptable level of risk. The objective of the Defined Contribution component is to help beneficiaries save for retirement by enabling them to construct portfolios that will achieve an acceptable level of return while minimizing risk through diversification. The assets for the Pension Plan for the Firefighters and Police Officers are part of a group annuity contract with Empower. Empower invests the money according to their guidelines. The following is the asset allocation policy as of June 30, 2022.

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Target Allocations

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

| <u>Asset Class</u> | <u>Supplemental Retirement Plan</u> | <u>Firefighters & Police Officers Pension Plan</u> | <u>Pension Plan for Firefighters & Police Officers</u> |
|---------------------------|-------------------------------------|--|--|
| Large Cap Growth | 5% | 5% | 0% |
| Large Cap Value | 10% | 15% | 0% |
| Mid Cap Core | 10% | 15% | 0% |
| Private Equity | 5% | 5% | 0% |
| Small Cap Core | 5% | 5% | 0% |
| International Dev. | 10% | 10% | 0% |
| Emerging Markets | 10% | 10% | 0% |
| Domestic Fixed Income | 7.5% | 7.5% | 0% |
| Global Fixed Income | 10% | 5% | 0% |
| Tactical Asset Allocation | 5% | 0% | 0% |
| Timber | 5% | 5% | 0% |
| Real Estate | 8% | 10% | 0% |
| Farmland | 2% | 0% | 0% |
| Cash/ Other Fixed | 7.5% | 7.5% | 0% |
| Guaranteed Deposit | 0% | 0% | 100% |
| Total | <u>100%</u> | <u>100%</u> | <u>100%</u> |

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

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

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

Money-Weighted Rate of Return

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

**Money-weighted Rate of Return for Firefighters & Police Officers Pension Plan also applies to Firefighters and Police Officers Disability Pension Plan.

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

| Virginia Retirement System Long-Term Expected Rate of Return | | | |
|--|--------------------------|---|---|
| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Arithmetic Long-Term Expected Rate of Return</u> | <u>Weighted Average Long-Term Expected Rate of Return</u> |
| Public Equity | 34.00% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| MAPS-Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| PIP-Private Investment Partnership | 3.0% | 6.84% | 0.21% |
| Total | 100.00% | | 4.89% |
| Inflation | | | 2.50% |
| Expected arithmetic nominal return | | | 7.39% |

VRS Long-Term Expected Rate of Return

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

VRS Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Fiduciary Net Position

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

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Changes in Fiduciary Net Position

| | Employee Retirement Plans | | | | Post Retirement Benefit Trust | |
|--|---|-----------------------------|--------------------------------|---------------------------|-------------------------------|--------------------------------|
| | Firefighters and Police Officers Pension Plan | | | | | |
| | City Supplemental Retirement | Pension for Fire and Police | Defined Contribution Component | Defined Benefit Component | Disability Component | Other Post Employment Benefits |
| Contributions: | | | | | | |
| Employer | \$ 7,208,914 | \$ 1,700,000 | \$ - | \$ 15,464,667 | \$ 935,081 | \$ 5,750,000 |
| Plan Members | 1,845,825 | - | - | 3,250,033 | 206,909 | - |
| Total Contributions | \$ 9,054,739 | \$ 1,700,000 | \$ - | \$ 18,714,700 | \$ 1,141,990 | \$ 5,750,000 |
| Investment Income: | | | | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | \$ (24,024,908) | \$ - | \$ (1,569,314) | \$ (41,585,682) | \$ (5,369,061) | \$ (17,482,726) |
| Interest | 2,402,082 | 498,086 | 241,568 | (7,258,980) | (1,496,924) | 1,482,042 |
| Investment Expense | (470,979) | - | - | (1,038,061) | (99,452) | (173,100) |
| Net Investment Income | \$ (22,093,805) | \$ 498,086 | \$ (1,327,746) | \$ (49,882,723) | \$ (6,965,437) | \$ (16,173,784) |
| Total Additions | \$ (13,039,066) | \$ 2,198,086 | \$ (1,327,746) | \$ (31,168,023) | \$ (5,823,447) | \$ (10,423,784) |
| DEDUCTIONS | | | | | | |
| Benefits | \$ 9,757,951 | \$ 2,394,031 | \$ 754,591 | \$ 18,681,916 | \$ 3,003,579 | \$ - |
| Refunds of Contributions | 363,903 | - | - | 346,232 | - | - |
| Administrative Expenses | 945,741 | 24,170 | 5,549 | 330,130 | 72,652 | 41,251 |
| Total Deductions | \$ 11,067,595 | \$ 2,418,201 | \$ 760,140 | \$ 19,358,278 | \$ 3,076,231 | \$ 41,251 |
| Net Increase (Decrease) | \$ (24,106,661) | \$ (220,115) | \$ (2,087,886) | \$ (50,526,501) | \$ (8,899,678) | \$ (10,465,035) |
| Assets Transfer in (Out) | | | | | | |
| Net Position at Beginning of Year | 198,818,022 | 17,845,101 | 14,927,706 | 427,557,405 | 41,970,915 | 115,189,374 |
| Net Position at End of Year | \$ 174,711,361 | \$ 17,624,986 | \$ 12,839,820 | \$ 377,031,104 | \$ 33,071,237 | \$ 104,724,339 |
| | | | | | | \$ 816,308,523 |
| | | | | | | \$ 720,002,847 |

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial valuations for all defined benefit plans are performed annually with the exception of Virginia Retirement System (VRS), which is performed biennially; however, an actuarial update is performed in the interim year for informational purposes. The employer contribution rate based on the June 30, 2021 actuarial valuation is 11 percent of payroll. Contribution rates for VRS employers are established every two years, so this rate applies to fiscal years ending 2023 and 2024. The Deputy Sheriffs adopted enhanced hazardous duty benefits as of January 1, 2020 which increased the contribution from 8.93 percent to 9.92 percent.

Beginning January 1, 2014, employees newly covered under VRS were enrolled in the new VRS Hybrid Retirement Plan (Hybrid Plan). The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members of VRS could opt into the new Hybrid Plan. The employees under the new plan have a mandatory contribution to the Defined Contribution Plan of 1.00 percent which is matched by the City. A voluntary employee contribution of up to an additional 4.00 percent is allowed with the City matching up to 1.00 percent on the first 1.00 percent of voluntary contributions plus 0.25 percent for each additional 0.50 percent. The employer contribution includes the contribution to the Defined Contribution Plan for Hybrid members.

As of June 30, 2022, the City of Alexandria had 810 employees enrolled in the Hybrid Defined Contribution Plan. The FY 2022 City contribution was \$1.3 million.

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

Financial statements and required supplementary information are presented in the VRS comprehensive annual financial report, which can be obtained at www.varetire.org.

Historically the City has assumed the responsibility of paying 2.00 percent of the employee share of contributions for the City Supplemental Retirement Plan. General schedule employees commencing participation in this Plan after July 1, 2009, will make the 2.00 percent employee contribution. The City will continue to make the 2.00 percent contribution for general schedule employees who were participants prior to July 1, 2009. Historically the City has also made the 2.00 percent contribution for its deputy sheriffs, medics, and fire marshals. Beginning on January 1, 2020, deputy sheriffs began making a 1.50 percent employee contribution. The City will continue to make the 2.00 percent contribution for medics and fire marshals. Any employee contributions paid by the City will be characterized as employer contributions. The City paid an employer contribution of 5.73 percent for General Schedule employees, 7.73% for Deputy Sheriff's and 9.01 % for Medics and Fire Marshals during FY 2022.

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

The actuarial assumptions for the Firefighters and Police Officers Basic and Disability Plans are based on an actuarial experience study based on experience of the Plans from July 1, 2013 to June 30, 2017. The actuarial assumptions for the Pension Plan for Firefighters and Police Officers, have not been changed since the prior actuarial valuation. The actuarial assumptions reflect the actuary's understanding of the likely future experience of the Plan. The Supplemental Plan had no changes in assumptions since the prior actuarial valuation with the exception of the assumed rate of return which was lowered from 7.00% to 6.75% The lump sum conversion rate is scheduled to change annually.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For each of the City's four Plans, the funding policy is to contribute at least the Actuarially Determined Contribution annually. This contribution is equal to the amortization of the unfunded liability plus normal costs. The amortization of the unfunded liability is calculated as a level-dollar closed period for the Pension Plan for Firefighters and Police Officers. The amortization of the unfunded liability for the Supplemental Plan is calculated as an initial level-dollar closed period. Effective July 1, 2015, the Supplemental Plan began incorporating layers where future gains and losses and assumption changes are amortized over separate 10-year periods. The Firefighters and Police Officers Basic Plan and Disability Plan are calculated as a level percentage. A payment of 16.75 percent of payroll is made towards the remaining unamortized unfunded actuarial liability from July 1, 2010. Effective July 1, 2015, the Firefighters and Police Basic and Disability Plans began incorporating layers where future gains and losses and assumption changes are amortized over separate 15-year periods.

The remaining amortization periods as well as other major provisions of all the defined pension plans are listed in the disclosure in the following tables.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

PLAN DESCRIPTION

| | (1) | (2) | (3) | (4) | (5) | (6) |
|---|------------------------|------------------------------------|-----------------------------------|---|---------------------------------------|----------------------------------|
| | VRS City | City Supplemental Retirement | Pension for Fire and Police | Retirement Income for Fire and Police | Firefighters and Police Pension | Fire and Police Disability |
| Administrator | State of Virginia | Empower | Empower | MissionSquare | Empower | Empower |
| Employees Covered | General body | General body Sheriff/ERT | Public Safety | Public Safety | Public Safety | Public Safety |
| Authority for Plan Provisions and Contributions | State Statute | City Ordinance | City Ordinance | City Ordinance | City Ordinance | City Ordinance |
| Plan Type | Agent Multi-Employer | Single-Employer | Single-Employer | Single-Employer | Single-Employer | Single-Employer |
| DB/DC | Defined Benefit Hybrid | Defined Benefit | Defined Benefit | Defined Contribution | Defined Benefit | Defined Benefit |
| Stand Alone Financial Report | Yes | No | No | No | No | No |
| Actuarial Valuation Date | 6/30/2021 | 7/1/2021 | 7/1/2021 | N/A | 7/1/2021 | 7/1/2021 |
| Measurement Date | 6/30/2021 | 6/30/2022 | 6/30/2022 | 6/30/2022 | 6/30/2022 | 6/30/2022 |

MEMBERSHIP AND PLAN PROVISIONS

| | | | | | | |
|-----------------------------------|---------------------|---------------------------------|---------------------|--------------|-----------------------|-------------------|
| Active Participants | 2041 | 1920 | 0 | 41 | 525 | 525 |
| Retirees & Beneficiaries | 1337 | 575 | 81 | 0 | 349 | 97 |
| Terminated Vested & Non-vested | 945 | 739 | 0 | 22 | 101 | N/A |
| Normal Retirement Benefits | | | | | | |
| Age | 65* 50 (30Yrs) | 65 50 (30Yrs)/ 50(25 Yrs) | 60 50 (20Yrs) | 60 | 55 Any Age (25Yrs) | 55 |
| Benefits Vested** | 5 | 5 | 10 | 5 | 5 | 5 |
| Disability & Death Benefits | Disability Death | Disability Death | Disability Death | N/A Death | Disability Death | Disability N/A |

* Tier 1 members. Tier 2 and Hybrid members' normal retirement benefit age is their Social Security Retirement age or rule of 90 when age plus service equals 90. Deputy Sheriffs VRS normal retirement age is 60 or age 50 with 25 years of service.

** VRS Hybrid Plan members are vested in the Defined Contributions Plan after four years.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

| As of: | 6/30/2021 | 7/01/2021 | 7/01/2021 | N/A | 7/01/2021 | 7/01/2021 |
|--|----------------------------------|---|--|--|--|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | <u>VRS City</u> | <u>City Supplemental Retirement</u> | <u>Pension For Fire and Police</u> | <u>Retirement Income for Fire and Police</u> | <u>Firefighters and Police Pension</u> | <u>Fire and Police Disability</u> |
| SIGNIFICANT ACTUARIAL ASSUMPTIONS | | | | | | |
| Investment Earnings | 6.75% | 6.75% | 3.5% | N/A | 6.75% | 6.75% |
| Projected Salary Increases | | | | | | |
| Attributable to: | | | | | | |
| Inflation | 2.5%* | 3.25% | N/A | N/A | 3.25% | 3.25% |
| Seniority/Merit | 3.50% -5.35%** | 3.25%-5.10% | N/A | N/A | 3.25%-7.25% | 3.25%-7.25% |
| Projected Postretirement Increases | 2.5%*, 2.25% [†] | None | 2.5% | N/A | 2.5% | 2.5% |
| Actuarial Cost Method | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost | N/A | Entry Age Normal Cost | Entry Age Normal Cost |
| Amortization Method Open/Closed/Layered | Level Percentage Closed | Level dollar Layered | Level dollar Closed | N/A | Level Percentage Layered | Level Percentage Layered |
| Remaining Amortization Period | 14-23 | 2(10 year layer) | 4 | N/A | 8(15 year layer) | 8(15 year layer) |
| Asset Valuation Method | 5-year Smoothed Fair Value | 4-year Smoothed Fair Value | Fair Value | N/A | 4-year Smoothed Fair Value | 4-year Smoothed Fair Value |
| Funded Status | | | | | | |
| Actuarial Value of Assets | \$ 561,191,401 | \$ 175,426,421 | \$ 17,845,101 | N/A | \$ 375,174,441 | \$ 39,872,594 |
| Actuarial Accrued Liability | 671,819,770 | 181,029,659 | 18,821,317 | N/A | 425,739,646 | 31,931,248 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 110,628,369 | \$ 5,603,238 | \$ 976,216 | N/A | \$ 50,565,205 | \$ (7,941,346) |
| Funded Ratio | 83.53% | 96.9% | 94.8% | N/A | 88.1% | 124.9% |
| Annual Covered Payroll | \$ 144,874,214 | \$ 154,127,839 | N/A | N/A | \$ 44,226,890 | \$ 44,226,890 |
| UAAL as Percentage of Covered Payroll | 76.36% | 3.6% | N/A | N/A | 114.3% | -18.0% |

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

* Plan 1, [†] Plan 2 and Hybrid

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

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

All employees make a 5% contribution to VRS.

COVERED PAYROLL

| | | | | | | |
|----------------------------------|----------|----------|--------|--------|---------|---------|
| Dollar Amount (in millions) | \$ 144.9 | \$ 154.1 | \$ N/A | \$ N/A | \$ 44.2 | \$ 44.2 |
| Legally Required Reserves | N/A | N/A | N/A | N/A | N/A | N/A |
| Long Term Contribution Contracts | N/A | N/A | N/A | N/A | N/A | N/A |

INVESTMENT CONCENTRATIONS

The City of Alexandria does not have pension investments (other than U. S. Government and U.S. Government guaranteed obligations) in any one organization that represents five percent or more of net assets held in trust for pension investments.

| | | | | | | |
|-------------------------------------|---|-----|------|------|-----|-----|
| Empower General Account (Long Term) | * | 8% | 100% | - | 2% | 1% |
| Empower and Comerica Mutual Funds | * | 56% | - | 100% | 57% | 75% |
| Stocks | * | 15% | - | - | 19% | 20% |
| Real Estate | * | 8% | - | - | 12% | 0% |
| Timber | * | 4% | - | - | 3% | 0% |
| Private Equity | * | 8% | - | - | 8% | 3% |
| Other | * | 2% | - | - | 0% | 0% |

* Investment information not available on an individual jurisdiction basis.

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

The tables below summarize investments managed by the City of Alexandria in accordance with the fair value hierarchy established by generally accepted accounting principles. Fair value is defined as the quoted market

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

value on the last trading day of the period. The hierarchy is based on the valuation inputs used to measure the fair value of assets.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active or inputs that are observable market data. Level 2 assets include Alexandria’s mutual funds and money market funds. Alexandria’s mutual funds and money market funds have both equity and fixed income securities are continuously observable. The underlying equities are observable through quoting services, while the underlying fixed income instruments pricing is determined through both observable market quotes and market pricing determined through the use of matrix valuation using similar securities

Level 3 – Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. Alexandria’s private equity secondaries are priced using private non-observable data.

Firefighters and Police Officers Defined Benefit and Disability Pension Plans
As of June 30, 2022

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Pension for Fire and Police
As of June 30, 2022

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

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

Retirement Income for Firefighters and Police
As of June 30, 2022

| <u>Portfolio</u> | Level 1 | Level 2 | Level 3 |
|---------------------------------------|-------------|----------------------|-------------|
| <u>Equity Securities</u> | | | |
| Common Stock & ETFs | \$ - | \$ - | \$ - |
| Mutual Funds | - | 12,839,820 | - |
| Total Equity Securities | - | 12,839,820 | - |
| Total Investments by Fair Asset Value | <u>\$ -</u> | <u>\$ 12,839,820</u> | <u>\$ -</u> |

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Retirement Plan
As of June 30, 2022

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

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

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

Net Pension Liabilities and Pension Expense

For the year ended June 30, 2022, the City recognized pension expense of \$32,254,732 for the City's Firefighters & Police Officers Pension Plan, Firefighters & Police Officers Disability Pension Plan, Supplemental Retirement Plan, Pension Plan for Firefighters & Police Officers, and the VRS Pension Plan.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

| Supplemental Retirement Plan | Total Pension Liability (a) | Increase (Decrease) | |
|---|-----------------------------------|---------------------------------------|---|
| | | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (a)-(b) |
| Balances as of 6/30/2021 | \$ 174,957,995 | \$ 198,818,022 | \$ (23,860,027) |
| Changes for the year: | | | |
| Service cost | 4,668,118 | - | 4,668,118 |
| Interest | 12,198,565 | - | 12,198,565 |
| Changes in benefit terms | - | - | 0 |
| Changes in assumptions | 5,421,196 | - | 5,421,196 |
| Difference between expected and actual experience | 650,468 | - | 650,468 |
| Contributions-employer | - | 7,208,914 | (7,208,914) |
| Contributions-employee | - | 1,845,825 | (1,845,825) |
| Net Investment Income | - | (22,093,805) | 22,093,805 |
| Benefit payments, including refunds | (10,121,854) | (10,121,854) | - |
| Administrative Expense | - | (945,741) | 945,741 |
| Net Changes | <u>12,816,493</u> | <u>(24,106,661)</u> | <u>36,923,154</u> |
| Balances at 6/30/2022 | <u>\$ 187,774,488</u> | <u>\$ 174,711,361</u> | <u>\$ 13,063,127</u> |

| Pension Plan for Firefighters & Police Officers | Total Pension Liability (a) | Increase (Decrease) | |
|--|-----------------------------------|---------------------------------------|---|
| | | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (a)-(b) |
| Balances as of 6/30/2021 | \$ 18,629,611 | \$ 17,845,101 | \$ 784,510 |
| Changes for the year: | | | |
| Service Cost | - | - | - |
| Interest | 617,211 | - | 617,211 |
| Changes in benefit terms | - | - | - |
| Changes in assumptions | - | - | - |
| Difference between expected and actual experience | 191,706 | - | 191,706 |
| Contributions-employer | - | 1,700,000 | (1,700,000) |
| Contributions-employee | - | - | - |
| Net Investment Income | - | 498,086 | (498,086) |
| Benefit payments, including refunds | (2,394,031) | (2,394,031) | - |
| Administrative Expense | - | (24,170) | 24,170 |
| Net Changes | <u>(1,585,114)</u> | <u>(220,115)</u> | <u>(1,364,999)</u> |
| Balances at 6/30/2022 | <u>\$ 17,044,497</u> | <u>\$ 17,624,986</u> | <u>\$ (580,489)</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The components of the Net Pension Liability of the City of Alexandria Defined Benefit Plans as of June 30, 2022 are as follows:

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

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

| Sensitivity of Net Pension Liability to Changes in the Discount Rate | Firefighters & Police Officers Pension Plan | | |
|--|--|-----------------------------------|------------------------|
| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
| Total Pension Liability | \$ 509,259,078 | \$ 445,362,309 | \$ 393,049,860 |
| Plan Fiduciary Net Position | 377,031,104 | 377,031,104 | 377,031,104 |
| Net Pension Liability/(Asset) 6/30/2022 | <u>\$ 132,227,974</u> | <u>\$ 68,331,205</u> | <u>\$ 16,018,756</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 74.0% | 84.7% | 95.9% |
| Sensitivity of Net Pension Liability to Changes in the Discount Rate | Firefighters & Police Officers Disability Pension Plan | | |
| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
| Total Pension Liability | \$ 34,558,055 | \$ 31,647,492 | \$ 29,168,469 |
| Plan Fiduciary Net Position | 33,071,237 | 33,071,237 | 33,071,237 |
| Net Pension Liability/(Asset) 6/30/2022 | <u>\$ 1,486,818</u> | <u>\$ (1,423,745)</u> | <u>\$ (3,902,768)</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 95.7% | 104.5% | 113.4% |
| Sensitivity of Net Pension Liability to Changes in the Discount Rate | Supplemental Retirement Plan | | |
| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
| Total Pension Liability | \$ 205,694,257 | \$ 187,774,488 | \$ 172,379,356 |
| Plan Fiduciary Net Position | 174,711,361 | 174,711,361 | 174,711,361 |
| Net Pension Liability/(Asset) 6/30/2022 | <u>\$ 30,982,896</u> | <u>\$ 13,063,127</u> | <u>\$ (2,332,005)</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 84.9% | 93.0% | 101.4% |
| Sensitivity of Net Pension Liability to Changes in the Discount Rate | Pension Plan for Firefighters & Police Officers | | |
| | 1% Decrease 2.50% | Current Discount Rate 3.50% | 1% Increase 4.50% |
| Total Pension Liability | \$ 18,013,062 | \$ 17,044,497 | \$ 16,172,457 |
| Plan Fiduciary Net Position | 17,624,986 | 17,624,986 | 17,624,986 |
| Net Pension Liability/(Asset) 6/30/2022 | <u>\$ 388,076</u> | <u>\$ (580,489)</u> | <u>\$ (1,452,529)</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 97.8% | 103.4% | 109.0% |
| Sensitivity of Net Pension Liability to Changes in the Discount Rate | Virginia Retirement System (VRS) | | |
| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
| Net Pension Liability/(Asset) 6/30/2022 | <u>\$ 140,411,679</u> | <u>\$ 46,665,973</u> | <u>\$ (30,679,770)</u> |

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

\$12,975,113 reported as deferred outflows of resources related to pensions resulting from City contributions to VRS subsequent to the measurement date of June 30, 2021 will be recognized in pension expense in the year ended June 30, 2022. At June 30, 2021, the City of Alexandria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Firefighters & Police Officers Pension Plan | | Firefighters & Police Officers Disability Pension Plan | | Supplemental Retirement Plan | | Pension Plan for Firefighters & Police Officers | | VRS | | TOTAL |
|--|---|-------------------------------|--|-------------------------------|--------------------------------|-------------------------------|---|-------------------------------|--------------------------------|-------------------------------|----------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | |
| Differences between expected and actual experience | \$ 1,378,795 | \$ 6,882,520 | \$ 508,958 | \$ 6,290,758 | \$ 3,769,665 | \$ - | \$ - | \$ - | \$ 2,751,211 | \$ 615,460 | \$ (5,380,109) |
| Changes in assumptions | 17,134,866 | - | 1,537,652 | 2,452,179 | 4,336,957 | - | - | - | 25,050,451 | - | 45,607,747 |
| Net difference between projected and actual earnings on pension plan investments | 21,925,304 | - | 6,190,820 | - | 10,040,166 | - | 311,051 | - | - | 73,155,545 | (34,688,204) |
| Employer contributions subsequent to the measurement date | - | - | - | - | - | - | - | - | 12,975,113 | - | 12,975,113 |
| Total | \$ 40,438,965 | \$ 6,882,520 | \$ 8,237,430 | \$ 8,742,937 | \$ 18,146,788 | \$ - | \$ 311,051 | \$ - | \$ 40,776,775 | \$ 73,771,005 | \$ 107,911,009 |
| Total deferred outflows | \$ 107,911,009 | | | | | | | | | | |
| Total deferred inflows | \$ 89,396,462 | | | | | | | | | | |
| Year ended June 30: | | | | | | | | | | | |
| 2023 | \$ 6,573,010 | \$ 61,469 | \$ 4,142,532 | \$ 160,207 | \$ 9,393,650 | | | | | | |
| 2024 | 6,948,329 | 93,124 | 3,979,007 | 95,895 | (8,486,541) | | | | | | |
| 2025 | 900,139 | 132,234 | 1,622,557 | 32,141 | (11,623,578) | | | | | | |
| 2026 | 17,117,517 | 1,207,570 | 8,402,692 | 22,808 | (22,277,761) | | | | | | |
| 2027 | 868,641 | (759,798) | - | - | - | | | | | | |
| Thereafter | 1,148,809 | (1,240,106) | - | - | - | | | | | | |
| Total Future Deferrals | \$ 33,556,445 | \$ (505,507) | \$ 18,146,788 | \$ 311,051 | \$ (32,994,230) | | | | | | |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

DESCRIPTION OF BENEFITS:

VRS—City—Regular, full time City employees who are not covered employees under the Firefighters & Police Officers Pension Plan are members of VRS. Participation is mandatory. This plan is administered by the Virginia Retirement System. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Employees with credit for services rendered prior to July 1, 2010 are covered under Plan 1, while members hired or rehired on or after July 1, 2010 are covered under Plan 2. Plan 1 members who did not have 5 years of service as of December 31, 2012, became Plan 2 members. Members hired after January 1, 2014 who are new participants to VRS are covered under the Hybrid Plan. Employees are eligible for an unreduced retirement at age 65 with 5 years of service and at age 50 with 30 years of service under Plan 1, and at Social Security normal retirement age with at least five years of service or when age and service are equal to 90 under Plan 2 and the Hybrid Plan. Beginning January 1, 2020, deputy sheriffs are covered by the VRS enhanced hazardous duty coverage with no supplement. Deputy sheriffs are eligible for an unreduced retirement at age 60 with 5 years of service and at age 50 with 25 years of service under enhanced hazardous duty coverage with no supplement plan. An optional reduced retirement benefit is available to deputy sheriffs as early as age 50 with five years of service under enhanced hazardous duty coverage with no supplement plan. The retirees are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.70 percent of their average final salary (AFS) for each year of credited service under Plan 1 and the enhanced hazardous duty coverage with no supplement plan; 1.65 percent of AFS for Plan 2; 1.00 percent for the Hybrid Plan. AFS under Plan 1 is 36 highest consecutive months while it is 60 highest consecutive months under Plan 2 and for Plan 1 active non-vested members. In addition, retirees qualify for annual cost-of-living (COLA) increases on July 1 of the second calendar year after retirement. These benefit provisions and all other requirements are established and may be amended by State statutes.

City Supplemental Retirement Plan—Regular, full time City employees including Deputy Sheriffs, Medics and Fire Marshals and regular, part-time City employees who are scheduled to work at least 50 percent time and who are not covered under the Firefighters & Police Officers Pension Plan are participants in the Supplemental Retirement Plan. This plan is administered by the City of Alexandria. State employees working at the Alexandria Health Department are also covered under the Plan. Full time employees receive Credited Service for each month the City and/or employee makes a contribution. Part-time employees accrue Credited Service on a pro-rata basis determined by scheduled work hours. Regular City employees who retire at or after age 65 or after age 50 with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to the sum of (1) and (2), increased by 50 percent, plus (3):

- (1) 1.625 percent of the participant's past service compensation up to \$100, plus 0.25 percent of the participant's past service compensation in excess of \$100, multiplied by number of years of credited service earned after July 31, 1960, but prior to August 1, 1970.
- (2) 1.625 percent of the participant's average earnings up to \$100, plus 0.25 percent of the participant's average earnings in excess of \$100, multiplied by the number of years of credited service earned after July 31, 1970, but prior to January 1, 1988.
- (3) 0.80 percent of average earnings multiplied by credited service earned after December 31, 1987.

The Deputy Sheriffs, Medics and Fire Marshals can retire unreduced with at least 25 years of services in those positions and at least age 50. The annual benefit is the sum of:

- (1) 0.6 percent of the participant's average earnings times credited service for years 1-5 in these positions
- (2) 0.9 percent of the participant's average earnings times credited service for years 6-15 in these positions
- (3) 1.0 percent of the participant's average earning times credited service for years 16 and greater in these positions.

Benefit provisions are established and may be amended via resolution by City Council.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Plan for Fire Fighters and Police Officers (closed plan)—Employees who retired on or after age 60 are entitled to an annual retirement defined benefit, payable monthly for life, in an amount equal to 2.5 percent of final average earnings multiplied by years of credited service, up to a maximum of 30 years. The plan also provided early retirement on or after age 50 with 20 years of credited service or on or after age 56 with 10 years of credited service. This plan further provided early retirement on or after age 50 with 10 years of service with an actuarially reduced benefit. Benefit provisions are established and may be amended via resolution by City Council. This plan was closed to new participants in 1979.

Retirement Income Plan for Fire & Police- defined contribution (closed plan)—The employees are entitled to contributions made on their behalf after 100 percent vesting. Benefit provisions are established and may be amended via resolution by City Council. This plan was closed to new members in FY 2004 and converted to a defined benefit plan. Employees in the plan at date of conversion could leave their contributions in the defined contribution component or purchase prior service under the new defined benefit plan with the assets associated with their contributions.

Firefighters and Police Officers Pension Plan—defined benefit component—Full-time sworn Firefighters and Police Officers are covered employees in the Firefighters and Police Officers Pension Plan. Recruits are also covered by the Plan. This plan is administered by the City of Alexandria. Full time employees receive one month of credit for each full month covered by the Plan. Special rules apply for service prior to January 1, 2004. The Plan provisions were approved by City Council in FY 2004 and provide retirement benefits for covered employees who retire at age 55 with 5 years of service or any age with 25 years of service. The Plan also allows for early retirement at age 50 with 20 years of service with reduced benefits. Employees hired before October 2013 are entitled to 2.5 percent of the participant's average monthly compensation (AMC), multiplied by the years of credited service up to 20 years; plus 3.2 percent of the participant's AMC, multiplied by years of credited service in excess of 20 years. The maximum benefit is 82.0 percent of the AMC. Employees hired after October 22, 2013 are entitled to 2.5 percent of the participant's average monthly compensation, multiplied by years of credited service. There is no limitation service or maximum benefit for employees hired after October 2013. AMC is the 48 highest consecutive months.

Firefighters and Police Officers Pension Plan—disability component—The plan provisions provide disability benefits for Firefighters and Police Officers. The benefits for service-connected total and permanent disability are 70 percent of final average earnings, 66 2/3 percent for service-connected partial disability, and 2.5 percent multiplied by years of credited service, up to 50 percent for non-service connected partial or total and permanent disability. Employees hired after October 23, 2013 are not eligible for the non-service connected disability. Benefits provisions are established and may be amended via resolution by City Council. Effective January 1, 2004, this plan was merged with the Firefighters and Police Officers Pension Plan. Separate actuarial calculations have been performed for the defined benefit and disability components.

Deferred Retirement Option Program (DROP)—This program is available for members of the Firefighters and Police Officers Pension Plan who were hired prior to October 23, 2013. Members who have completed at least 30 years of credited service are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. No interest is applied for members whose DROP effective date is after October 31, 2013. The monthly benefit is calculated using service and average monthly compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

COMPONENT UNIT – ALEXANDRIA CITY PUBLIC SCHOOLS (ACPS)

ACPS participates in three public employee retirement systems (PERS). Two of these systems, a cost-sharing multiple-employer plan (professional) and an agent multiple-employer plan (non-professional), are administered by the Virginia Retirement System (VRS) and are, therefore, not reflected as ACPS pension trust funds. The third plan, Employees' Supplemental Retirement Plan (Supplemental Plan), is a single-employer defined benefit plan, where a stated methodology for determining pension benefits is provided. This plan is part of ACPS' reporting entity and, as such, is reflected as a Pension Trust Fund.

The actuarial valuation for the Supplemental Plan is performed annually. The actuarial valuation for VRS is performed biennially; however, an actuarial update is performed in the interim year.

In the Supplemental Plan, no changes occurred in the actuarial valuation assumptions, plan benefits, actuarial cost method or procedures affecting the comparability of costs.

A. VIRGINIA RETIREMENT SYSTEM

Plan Description

All full-time salaried permanent (professional) employees of Alexandria City Public Schools (ACPS) are automatically covered by the VRS Teacher Retirement Plan upon employment. All full-time salaried permanent employees (non-professional) of ACPS are automatically covered by the VRS Political Subdivision Retirement Plan. These plans are administered by the Virginia Retirement System (The System or VRS) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan and VRS Political Subdivision Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the following table.

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

| VRS Plan 1 | VRS Plan 2 | VRS Hybrid Retirement Plan |
|---|--|---|
| <p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The Retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p> | <p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at Retirement using a formula.</p> | <p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. |
| <p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election</p> <p>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p> | <p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p><i>Political Subdivision Plan Only:</i></p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p> | <p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: School division employees and Political subdivision employees*</p> <p>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</p> <p>*Non-Eligible Members</p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <p>Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees.</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the Hybrid retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p> |
| <p>Retirement Contributions</p> <p>Employees contribute 5% of their compensation each month to their member</p> | <p>Retirement Contributions</p> <p>Same as Plan 1.</p> | <p>Retirement Contributions</p> <p>A member's retirement benefit is funded through mandatory and voluntary</p> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

| | | |
|---|---|---|
| | | <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years a member is 50% vested and may withdraw 50% of employer contributions • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p> |
| <p>Calculating the Benefit</p> <p>The Basic Benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction is applied to this amount, if the member is retiring with a reduced benefit.</p> <p>In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p> | <p>Calculating the Benefit</p> <p>See definition under Plan 1.</p> | <p>Calculating the Benefit</p> <p><u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p> |
| <p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p> | <p>Average Final Compensation</p> <p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p> | <p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p> |
| <p>Service Retirement Multiplier</p> <p>VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The Retirement multiplier for non-hazardous duty members is 1.70%.</p> | <p>Service Retirement Multiplier</p> <p>VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> | <p>Service Retirement Multiplier</p> <p><u>Defined Benefit Component:</u> VRS: the retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> |
| <p>Normal Retirement Age</p> <p>VRS: Age 65.</p> | <p>Normal Retirement Age</p> <p>VRS: Normal Social Security retirement age.</p> | <p>Normal Retirement Age</p> <p>VRS: <u>Defined Benefit Component:</u> Same as Plan 2.</p> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

| | | |
|--|--|---|
| | | <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> | <p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> | <p>Earliest Unreduced Retirement Eligibility VRS: <u>Defined Benefit Component:</u> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) if creditable service or age 50 with at least 10 years of creditable service.</p> | <p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> | <p>Earliest Unreduced Retirement Eligibility VRS: <u>Defined Benefit Component:</u> Age 60 with at least five years (60 months) of creditable service.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p>Cost-of Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility:</p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> | <p>Cost-of Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p>Eligibility:</p> <p>Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p> | <p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution component:</u> Not applicable.</p> <p>Eligibility:</p> <p>Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

| | | |
|---|---|---|
| <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act of the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. | | |
| <p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> | <p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> | <p>Disability Coverage Employees of school divisions and political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p> |
| <p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p> | <p>Purchase of Prior Service Same as Plan 1.</p> | <p>Purchase of Prior Service Defined Benefit component: Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service <p>Defined Contribution Component: Not applicable.</p> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

ACPS VRS Political Subdivision Retirement Plan

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

Employees Covered by Benefit Terms

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

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

Contributions

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For ACPS, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions- General Employees

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Largest 10-Non-LEOS Duty:

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

Long-Term Expected Rate of Return

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Arithmetic Long-Term Expected Rate of Return</u> | <u>Weighted Average Long-Term Expected Rate of Return</u> |
|------------------------------------|--------------------------|---|---|
| Public Equity | 34.00% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| MAPS-Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| PIP-Private Investment Partnership | 3.0% | 6.84% | 0.21% |
| Total | <u>100.00%</u> | | <u>4.89%</u> |
| Inflation | | | <u>2.50%</u> |
| Expected arithmetic nominal return | | | <u>7.39%</u> |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Discount Rate

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

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

Changes in Net Pension Liability (Asset)

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

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

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Payables to the Pension Plan

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

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2021 *Comprehensive Annual Financial Report* (Annual Financial Report). A copy of the 2021 VRS Annual Financial Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/Publications/2020-annual-report.pdf>, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VRS Teachers Retirement Plan

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

Contributions

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Net Pension Liability

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

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

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

Long – Term Expected Rate of Return

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

(1) The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

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

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

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

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

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 *Comprehensive Annual Financial Report* (Annual Financial Report). A copy of the 2021 VRS Annual Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA23218-2500.

Payables to the Pension Plan

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. EMPLOYEES' SUPPLEMENTAL RETIREMENT PLAN

Plan Description

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

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

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

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

Measurement Date

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

Benefits Provided

The Plan provides disability and death benefits. Benefits at retirement are based upon years of service and the average earnable compensation of an eligible employee during any three years that provide the highest average earnable compensation and are adjusted for inflation after retirement. Benefits at early retirement are reduced by an early retirement factor. Employees are considered vested on or after completing five years of service, or on or after attaining age 60. Employees who retire at or after age 65 or after age 50 with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 0.40 percent of effective compensation multiplied by credited future service on and after September 1, 1984, and 1.625 percent of effective compensation not to exceed \$100 plus 0.25 percent of the amount by which effective compensation exceeds \$100 multiplied by credited past service before September 1, 1984, and 1.625 percent of past service compensation in excess of \$100 plus 0.25 percent of past service compensation in excess of \$100 times credited past service. There have been no changes in plan provisions during the measurement period.

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The funding policy of the Plan provides for monthly contributions at actuarially- determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.50% of covered payroll. During FY 2022, only ACPS employees contributed to the Plan. These contributions totaled \$2.9 million for the fiscal year ended June 30, 2022. Administrative costs of the Plan are paid from the Plan's assets.

Investment Policy

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

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

Concentrations

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Money-Weighted Rate of Return

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

Long-Term Expected Rate of Return

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

Actuarial Assumptions

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

| | |
|--|-------|
| Active plan members | 2,433 |
| Retirees and beneficiaries currently receiving benefits | 1,287 |
| Inactive or disabled plan members entitled to but not receiving benefits | 1,858 |
| Total | 5,578 |

| | |
|-------------------------------|-----------------------------|
| Normal retirement age | 65 years |
| Benefits age | 50 yrs (+30 yrs of service) |
| Benefits vesting years | 5 years |
| Disability and death benefits | Yes |

SIGNIFICANT ACTUARIAL ASSUMPTIONS

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

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

| | |
|--|----------------|
| Employee contribution percentage | 1.50% |
| Employer contribution percentage | 0.00% |
| Employee contribution, during the measurement period | \$ 2,753,087 |
| Employer contribution | - |
| Total amount contributed | \$ 2,753,087 |
| Covered payroll (Annual member compensation) | \$ 169,314,176 |
| Legally-required reserves | None |
| Long-term contribution contracts | None |

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Projected Cash Flows

Projected cash flows are based upon the underlying assumptions used in the development of the accounting liabilities.

Discount Rate

The discount rate used to determine the end of period Total Pension Liability is 4.5%. The discount rate is a single rate that incorporates the long-term rate of return assumption. The long-term rate of return assumption was applied to the projected benefit payments from 2021 to 2116. Benefit payments after 2116 are projected to be \$0.00.

Net Pension Liability

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Payables to the Pension Plan

At June 30, 2022, ACPS reported payables to the Employees' Supplemental Retirement Plan of \$0.3 million. The following is a summary of fiduciary net position of the Plan as of June 30, 2022.

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

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

CITY OF ALEXANDRIA, VIRGINIA
Notes to Financial Statements

Exhibit XII

(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

| | YRS - Teachers Plan | | | YRS - Political Subdivision Plan | | | Employees Supplemental Plan | | | Total Pension Plans | | | | |
|---|--------------------------------|-------------------------------|-----------------------|----------------------------------|-------------------------------|----------------------|--------------------------------|-------------------------------|-----------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Pension Asset | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Pension Asset | Net Pension Liability | Pension Expense |
| Net Pension Liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Pension Asset | - | - | \$ 142,268,075 | - | - | 13,101,129 | - | - | \$ 48,531,125 | - | - | 13,101,129 | \$ 187,799,200 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 89,653,534 | - | 6,373,656 | - | - | 4,657,032 | - | - | - | - | - | - | - |
| Differences between expected and actual experience | 959,744 | 2,385,978 | - | - | - | - | - | - | - | - | - | - | - | - |
| Changes in assumptions | - | 12,117,534 | - | 1,146,756 | - | - | 272,977 | - | - | - | - | - | - | - |
| Employer contributions subsequent to the measurement date | 24,924,095 | - | - | 903,420 | - | - | 114,751 | - | - | - | - | - | - | - |
| Pension Expense | 26,414,800 | - | - | 75,496 | - | - | - | - | - | - | - | - | - | 12,165,442 |
| Totals | \$ 52,299,539 | \$ 104,157,046 | \$ 142,268,075 | \$ 978,916 | \$ 7,520,412 | \$ 13,101,129 | \$ 48,531,125 | \$ 5,044,760 | \$ 48,531,125 | \$ 116,222,218 | \$ 13,101,129 | \$ 187,799,200 | \$ 12,165,442 | \$ - |

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

Exhibit XII
(Continued)

NOTE 18. TAX ABATEMENTS

A tax abatement is a reduction in tax revenues or exemption from tax expense that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action that after the agreement has been entered into, it contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City entered into a 15-year agreement with the General Services Administration (GSA) on behalf of an independent federal government agency for the purchase of real property and construction of a building for lease (known as the Eisenhower Avenue Science Redevelopment District). The agreement involves a real property tax exemption that partially exempts real estate taxes due during the 15-year period of leasing the building to tenants. The state law under which the abatement was enacted is the Code of Virginia detailed within 58.1-3221 which states that, the governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement provided certain criteria is met including substantial rehabilitation, renovation, or replacement for commercial or industrial use.

The effective date of the start of the abatement was January 1, 2018. The annual percent of real estate taxes that will be exempt on the improvements during the 15 years of the initial transaction are summarized in the table below. Calendar Year 2022 is the fifth year of the abatement.

| Year | Percent | Year | Percent |
|-------------|----------------|-------------|----------------|
| 1 | 100% | 9 | 90% |
| 2 | 100% | 10 | 80% |
| 3 | 100% | 11 | 70% |
| 4 | 100% | 12 | 60% |
| 5 | 100% | 13 | 50% |
| 6 | 100% | 14 | 40% |
| 7 | 100% | 15 | 30% |
| 8 | 100% | 16 & Beyond | 0% |

The real property assessments for all land and buildings within the District shall be determined by the Real Estate Assessor and shall be established at 100 percent of fair market value using the same principles, procedures, and methodology established for other like kind taxable real property in the City. The owner of land and improvements within the District maintains the same rights and limitations of appeal of the City’s annual real estate assessment as that applicable to other taxable real estate in the City. The annual assessed value of the land component in the District, reflecting any increases or decreases in assessed value of said land component, shall remain fully taxable. The annual assessed value of the land component shall also reflect that of a finished developed lot.

The agency’s presence in the City is projected to generate (in today’s dollars) \$73.0 million over a 15-year period and up to \$95.0 million over a 20-year period if the agency lease is extended. After setting aside a \$28.0 million value of the proposed tax abatement over the 15 years, the net tax gain to the City’s General Fund is projected to be \$45.0 million over a 15-year period and \$68.0 million over a 20-year period. An economic analysis indicated that the agency will generate 90,000 hotel room stays per year, 30,000 above the original study estimate (worth between \$10.0 million and \$14.0 million to these tax generation estimates).

In FY 2022, the eligibility requirements for the District were met and \$2.6 million in real estate taxes were abated.

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

Exhibit XII
(Continued)

Note 18. TAX ABATEMENTS (Continued)

2022 Real Estate Tax Relief Program for Elderly and Disabled Persons

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

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

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

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

For veterans:

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

For surviving spouses of disabled veterans:

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

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

Exhibit XII
(Continued)

Note 18. TAX ABATEMENTS (Continued)

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

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

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

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

Exhibit XII
(Continued)

NOTE 19. NEW ACCOUNTING STANDARDS

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

Statement No. 87, “Leases.” The objective of GASB 87 statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement were effective for financial statements starting with the fiscal year that ends June 30, 2022.

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REQUIRED
SUPPLEMENTARY
INFORMATION

(Unaudited)

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

No.45 and No. 75 the following information is a required part of the basic financial statements.

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2022

EXHIBIT XIII

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

(See Accompanying Independent Auditors' Report and Notes to Schedules)

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

EXHIBIT XIV

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

(See Accompanying Independent Auditor's Report and Notes to Schedules)

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
Alexandria Transit Company
For the Fiscal Year Ended June 30, 2022

EXHIBIT XV

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

(See Accompanying Independent Auditors' Report and Notes to Schedules)

CITY OF ALEXANDRIA, VIRGINIA
Notes to Budgetary Comparison Schedules
For the Fiscal Year Ended June 30, 2022

EXHIBIT XVI

(1) SUMMARY OF SIGNIFICANT BUDGET POLICIES

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. On April 29, 2021, the City Council approved the original adopted budget and approved multiple budget amendments reflected in the required supplementary information.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the required supplementary information for all funds with annual budgets, compare the revenues and expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules for the General and Special Revenue Funds present actual expenditures in accordance with U.S. generally accepted accounting principles on a basis consistent with the legally adopted budgets, as amended. See Table XIII for the schedule of departments' expenditure detail by function. A reconciliation of the perspective difference for reporting Expenditures and Other Financing Uses in the General Fund relates to how transfers to component units are recorded in each statement and includes the following:

General Fund

| Budget Statement Title | Budgetary Statement Amount | Adjustment for Transfer to Component Unit (Note 10) | Exhibit IV | Exhibit IV Title |
|--|----------------------------|---|----------------------|--|
| Other Educational Activities | \$ 15,785 | \$ 239,421,511 | \$ 239,437,296 | Education |
| Library Transfer | - | 7,680,826 | 7,680,826 | Library |
| Other Expenditures (not listed separately) | 415,329,062 | - | 415,329,062 | Other Expenditures (not listed separately) |
| Total Expenditures | 415,344,847 | 247,102,337 | 662,447,184 | Total Expenditures |
| Transfers Out – Component Units | 247,118,122 | (247,118,122) | - | None |
| Operating Transfers Out | 127,261,747 | - | 127,261,747 | Operating Transfers Out |
| Other Financing | (45,656,904) | - | (45,656,904) | Other Expenditures (not listed separately) |
| Total Financing (Sources) Uses | \$ 328,722,965 | \$ (247,118,122) | \$ 81,604,843 | Total Financing Uses |

Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

**CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension Schedule of Employer Contributions
For Fiscal Year Ended June 30, 2022**

Exhibit XVII

PENSION SCHEDULE OF EMPLOYER CONTRIBUTIONS

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Supplemental Plan | | | | | | | | | | |
| Actuarial Determined Contribution | \$ 8,009,761 | \$ 8,363,413 | \$ 8,866,569 | \$ 10,743,083 | \$ 9,509,690 | \$ 9,378,597 | \$ 9,193,893 | \$ 7,548,253 | \$ 8,462,725 | \$ 7,441,425 |
| Actual Contribution Amounts | 7,208,914 | 9,388,833 | 8,627,444 | 8,622,481 | 8,148,716 | 8,006,825 | 7,586,006 | 7,173,760 | 9,705,496 | 9,373,813 |
| Contribution Deficiency (Excess) | 800,847 | (1,025,420) | 239,125 | 2,120,602 | 1,360,974 | 1,371,772 | 1,607,887 | 374,493 | (1,242,771) | (1,932,388) |
| Percentage of ADC Contributed | 90.00% | 112.26% | 97.30% | 80.26% | 85.69% | 85.37% | 82.51% | 95.04% | 114.69% | 125.97% |
| Covered Payroll | 154,127,839 | 155,989,640 | 151,867,063 | 147,362,907 | 142,843,740 | 139,044,952 | 139,914,668 | 136,374,392 | 127,784,140 | 129,419,066 |
| Contribution as a Percentage of Covered Payroll | 4.68% | 6.02% | 5.68% | 5.85% | 5.70% | 5.76% | 5.42% | 5.26% | 7.60% | 7.24% |
| Pension Plan for Fire and Police* | | | | | | | | | | |
| Actuarial Determined Contribution | 290,776 | 548,040 | 563,948 | 652,038 | 868,570 | 908,621 | 1,057,539 | 1,158,624 | 1,211,013 | 1,332,955 |
| Actual Contribution Amounts | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,713,744 | 1,723,744 | 1,728,313 | 1,700,000 | 1,700,000 |
| Contribution Deficiency (Excess) | (1,409,224) | (1,151,960) | (1,136,052) | (1,047,962) | (831,430) | (805,123) | (666,205) | (569,689) | (488,987) | (367,045) |
| Percentage of ADC Contributed | 584.64% | 310.20% | 301.45% | 260.72% | 195.72% | 188.61% | 163.00% | 149.17% | 140.38% | 127.54% |
| Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Contribution as a Percentage of Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Firefighters and Police Pension | | | | | | | | | | |
| Actuarial Determined Contribution | 15,463,758 | 15,772,143 | 15,117,075 | 14,018,911 | 13,620,056 | 9,903,407 | 9,384,623 | 9,273,326 | 10,471,367 | 10,291,033 |
| Actual Contribution Amounts | 15,464,667 | 14,784,520 | 14,681,733 | 11,099,665 | 10,436,128 | 11,232,823 | 11,119,553 | 9,933,001 | 10,398,552 | 8,634,820 |
| Contribution Deficiency (Excess) | (909) | 987,623 | 435,342 | 2,919,246 | 3,183,928 | (1,329,416) | (1,734,930) | (659,675) | 72,815 | 1,656,213 |
| Percentage of ADC Contributed | 100.01% | 93.74% | 97.12% | 79.18% | 76.62% | 113.42% | 118.49% | 107.11% | 99.30% | 83.91% |
| Covered Payroll | 44,226,890 | 45,242,944 | 42,665,383 | 40,168,637 | 39,649,421 | 36,973,064 | 35,671,448 | 33,810,854 | 34,424,794 | 33,013,511 |
| Contribution as a Percentage of Covered Payroll | 34.97% | 32.68% | 34.41% | 27.63% | 26.32% | 30.38% | 31.17% | 29.38% | 30.21% | 26.16% |
| Firefighters and Police Disability | | | | | | | | | | |
| Actuarial Determined Contribution | 446,429 | 569,453 | 719,937 | 1,014,585 | 1,834,550 | 4,449,438 | 4,638,338 | 4,618,019 | 4,431,587 | 2,371,116 |
| Actual Contribution Amounts | 935,081 | 1,476,099 | 2,145,826 | 5,077,662 | 6,219,316 | 5,667,369 | 4,734,529 | 2,448,696 | 2,039,849 | 1,692,368 |
| Contribution Deficiency (Excess) | (488,652) | (906,646) | (1,425,889) | (4,063,077) | (4,384,766) | (1,217,931) | (96,191) | 2,169,323 | 2,391,738 | 678,748 |
| Percentage of ADC Contributed | 209.46% | 259.21% | 298.06% | 500.47% | 339.01% | 127.37% | 102.07% | 53.02% | 46.03% | 71.37% |
| Covered Payroll | 44,226,890 | 45,242,944 | 42,665,383 | 40,168,637 | 39,649,421 | 36,973,064 | 35,671,448 | 33,810,854 | 34,424,794 | 33,013,511 |
| Contribution as a Percentage of Covered Payroll | 2.11% | 3.26% | 5.03% | 12.64% | 15.69% | 15.33% | 13.27% | 7.24% | 5.93% | 5.13% |
| ERS | | | | | | | | | | |
| Actuarial Determined Contribution | 12,975,113 | 13,010,172 | 10,506,432 | 9,890,834 | 9,983,362 | 9,974,720 | 12,285,419 | 14,070,398 | 12,629,447 | 12,542,600 |
| Actual Contribution Amounts | 12,975,113 | 13,010,172 | 10,506,432 | 9,890,834 | 9,983,362 | 9,974,720 | 12,285,419 | 14,070,398 | 12,629,447 | 12,542,600 |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | - | - |
| Percentage of ADC Contributed | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Covered Payroll | \$ 144,874,214 | \$ 141,098,814 | \$ 134,463,348 | \$ 131,605,713 | \$ 126,449,341 | \$ 125,437,843 | \$ 125,890,250 | \$ 123,842,881 | \$ 123,842,881 | \$ 117,489,335 |
| Contribution as a Percentage of Covered Payroll | 8.96% | 9.22% | 7.81% | 7.52% | 7.90% | 7.95% | 9.76% | 11.18% | 10.20% | 10.68% |

Actuarially determined contributions and covered-employee payrolls are calculated as of June 30, one year prior to the fiscal year in which contributions are reported.

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

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

Exhibit XVII
(Continued)

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Firefighters & Police Officers Pension Plan | | | | | | | | | |
| Total Pension Liability | | | | | | | | | |
| Service Cost | \$ 9,878,313 | \$ 9,483,217 | \$ 9,168,309 | \$ 9,620,841 | \$ 8,390,462 | \$ 6,180,741 | \$ 5,671,076 | \$ 5,526,902 | \$ 5,749,258 |
| Interest | 28,772,498 | 27,927,795 | 26,764,399 | 25,379,639 | 24,192,874 | 23,064,895 | 21,948,491 | 20,769,869 | 19,761,542 |
| Changes in benefit terms | - | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | (5,537,423) | (1,961,199) | 2,036,689 | (1,715,696) | 752,396 | (546,278) | 1,386,820 | (978,630) | - |
| Changes in assumptions | 13,579,116 | - | - | - | 19,234,689 | - | - | - | - |
| Benefit payments, including refunds | (19,028,148) | (18,090,708) | (17,256,343) | (16,363,487) | (13,965,535) | (12,763,693) | (12,633,775) | (11,610,344) | (10,147,030) |
| Net Change in Total Pension Liability | 27,664,356 | 17,359,105 | 20,713,054 | 16,921,297 | 38,604,886 | 15,935,665 | 16,372,612 | 13,707,797 | 15,363,770 |
| Total Pension Liability - Beginning of Year | 417,697,953 | 400,338,848 | 379,625,794 | 362,704,497 | 324,099,611 | 308,165,946 | 291,791,334 | 278,083,537 | 262,719,767 |
| Total Pension Liability - End of Year | 445,362,309 | 417,697,953 | 400,338,848 | 379,625,794 | 362,704,497 | 324,099,611 | 308,163,946 | 291,791,334 | 278,083,537 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | 15,464,667 | 14,784,520 | 14,681,733 | 11,099,665 | 10,436,128 | 11,232,823 | 11,119,553 | 9,933,001 | 10,398,552 |
| Contributions - employee | 3,250,033 | 3,240,297 | 3,806,982 | 4,221,569 | 2,745,051 | 2,914,101 | 2,598,821 | 2,381,830 | 2,392,226 |
| Net investment income | (49,882,723) | 102,620,858 | 6,335,095 | 22,614,416 | 24,196,919 | 32,888,556 | 3,513,529 | 6,726,117 | 33,401,003 |
| Benefit payments, including refunds | (19,028,148) | (18,090,708) | (17,256,343) | (16,363,487) | (13,965,535) | (12,763,693) | (12,633,775) | (11,610,344) | (10,147,030) |
| Administration Expenses | (330,130) | (325,054) | (391,550) | (368,635) | (381,934) | (198,337) | (206,917) | (278,201) | (379,242) |
| Net Change in Plan Fiduciary Net Position | (50,526,301) | 102,229,913 | 7,175,917 | 21,203,528 | 23,030,629 | 34,073,450 | 4,391,211 | 7,152,403 | 35,665,509 |
| Plan Fiduciary Net Position - Beginning of Year | 427,557,405 | 325,327,492 | 318,151,575 | 296,948,047 | 273,917,418 | 239,843,968 | 235,452,757 | 228,300,354 | 192,634,845 |
| Plan Fiduciary Net Position - End of Year | 377,031,104 | 427,557,405 | 325,327,492 | 318,151,575 | 296,948,047 | 273,917,418 | 239,843,968 | 235,452,757 | 228,300,354 |
| Net Pension Liability - End of Year | \$ 68,331,205 | \$ (9,859,452) | \$ 75,011,356 | \$ 61,474,219 | \$ 65,756,450 | \$ 50,182,193 | \$ 68,319,978 | \$ 56,338,577 | \$ 49,783,183 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 84.7% | 102.4% | 81.3% | 83.8% | 81.9% | 84.5% | 77.8% | 80.7% | 82.1% |
| Covered Payroll | \$ 44,226,890 | \$ 45,242,944 | \$ 42,665,383 | \$ 40,168,637 | \$ 39,649,421 | \$ 36,973,064 | \$ 35,671,448 | \$ 33,810,854 | \$ 34,424,794 |
| Net Pension Liability as a percentage of Covered Payroll | 154.5% | -21.8% | 175.8% | 153.0% | 165.8% | 135.7% | 191.5% | 166.6% | 144.6% |

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

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

Exhibit XVII
(Continued)

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|-----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Total Pension Liability | | | | | | | | | |
| Service Cost | \$ 622,182 | \$ 609,396 | \$ 581,315 | \$ 544,069 | \$ 543,661 | \$ 2,885,911 | \$ 2,679,963 | \$ 2,620,753 | \$ 2,699,276 |
| Interest | 2,097,641 | 2,189,249 | 2,220,796 | 2,176,646 | 2,512,564 | 2,873,585 | 2,845,545 | 2,872,200 | 2,638,659 |
| Changes in benefit terms | - | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | (700,776) | (401,271) | 637,187 | (1,364,824) | (5,049,132) | (2,851,393) | (3,385,398) | 409,917 | - |
| Changes in assumptions | 666,836 | - | - | (3,853,427) | 1,707,637 | - | - | - | - |
| Benefit payments, including refunds | (3,003,579) | (2,948,216) | (2,813,258) | (2,717,231) | (2,559,855) | (2,488,687) | (2,470,684) | (2,571,831) | (2,539,650) |
| Net Change in Total Pension Liability | (317,696) | (550,842) | 626,040 | (5,214,767) | (2,845,125) | 421,416 | (330,574) | 3,331,039 | 2,798,285 |
| Total Pension Liability - Beginning of Year | 31,965,188 | 32,516,030 | 31,889,990 | 37,104,757 | 39,949,882 | 39,528,466 | 39,859,040 | 36,528,001 | 33,729,716 |
| Total Pension Liability - End of Year | 31,647,492 | 31,965,188 | 32,516,030 | 31,889,990 | 37,104,757 | 39,949,882 | 39,528,466 | 39,859,040 | 36,528,001 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | 935,081 | 1,476,099 | 2,145,826 | 5,077,662 | 6,219,316 | 5,667,369 | 4,734,529 | 2,448,696 | 2,039,849 |
| Contributions - employee | 206,909 | 216,110 | 232,849 | 218,502 | 225,640 | 248,035 | 243,351 | 246,551 | 259,585 |
| Net investment income | (6,965,437) | 6,332,970 | 855,187 | 2,663,504 | 2,128,875 | 2,784,003 | 263,792 | 452,996 | 2,327,679 |
| Benefit payments, including refunds | (3,003,579) | (2,948,216) | (2,813,258) | (2,717,231) | (2,559,855) | (2,488,687) | (2,470,684) | (2,571,831) | (2,539,650) |
| Administration Expenses | (72,652) | (29,375) | (4,876) | (4,896) | (2,467) | (15,277) | (77) | (15,876) | (86,762) |
| Net Change in Plan Fiduciary Net Position | (8,899,678) | 5,047,588 | 415,728 | 5,237,541 | 6,011,509 | 6,195,443 | 2,770,911 | 560,536 | 2,000,701 |
| Plan Fiduciary Net Position - Beginning of Year | 41,970,915 | 36,923,327 | 36,507,599 | 31,270,058 | 25,258,549 | 19,063,106 | 16,292,195 | 15,731,659 | 13,730,958 |
| Plan Fiduciary Net Position - End of Year | 33,071,237 | 41,970,915 | 36,923,327 | 36,507,599 | 31,270,058 | 25,258,549 | 19,063,106 | 16,292,195 | 15,731,659 |
| Net Pension Liability - End of Year | \$ (1,423,745) | \$ (10,005,727) | \$ (4,407,297) | \$ (4,617,609) | \$ 5,834,699 | \$ 14,691,333 | \$ 20,465,360 | \$ 23,566,845 | \$ 20,796,342 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 104.5% | 131.3% | 113.6% | 114.5% | 84.3% | 63.2% | 48.2% | 40.9% | 43.1% |
| Covered Payroll | \$ 44,226,890 | \$ 45,242,944 | \$ 42,665,383 | \$ 40,168,637 | \$ 39,649,421 | \$ 36,973,064 | \$ 35,671,448 | \$ 33,810,854 | \$ 34,424,794 |
| Net Pension Liability as a percentage of Covered Payroll | -3.2% | -22.1% | -10.3% | -11.5% | 14.7% | 39.7% | 57.4% | 69.7% | 60.4% |

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

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

Exhibit XVII
(Continued)

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

Pension Plan for Firefighters & Police Officers

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Pension Liability | | | | | | | | | |
| Service Cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 617,211 | 674,734 | 1,006,234 | 1,081,231 | 1,204,224 | 1,399,445 | 1,534,443 | 1,664,966 | 1,778,386 |
| Changes in benefit terms | - | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | 191,706 | (774,025) | 332,248 | (643,998) | (860,707) | (584,816) | (425,528) | (95,467) | - |
| Changes in assumptions | - | 1,660,222 | - | - | 1,282,305 | - | - | - | - |
| Benefit payments, including refunds | (2,394,031) | (2,623,916) | (2,841,992) | (2,983,088) | (3,056,201) | (3,298,973) | (3,506,496) | (3,715,881) | (3,773,545) |
| Net Change in Total Pension Liability | (1,585,114) | (1,062,985) | (1,503,510) | (2,545,855) | (1,430,379) | (2,484,344) | (2,397,581) | (2,146,382) | (1,995,159) |
| Total Pension Liability - Beginning of Year | 18,629,611 | 19,692,596 | 21,196,106 | 23,741,961 | 25,172,340 | 27,656,684 | 30,054,265 | 32,200,647 | 34,195,806 |
| Total Pension Liability - End of Year | 17,044,497 | 18,629,611 | 19,692,596 | 21,196,106 | 23,741,961 | 25,172,340 | 27,656,684 | 30,054,265 | 32,200,647 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,713,744 | 1,723,744 | 1,728,313 | 1,700,000 |
| Contributions - employee | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net investment income | 498,086 | 574,501 | 592,045 | 619,900 | 706,055 | 821,797 | 893,641 | 920,708 | 1,041,529 |
| Benefit payments, including refunds | (2,394,031) | (2,623,916) | (2,841,992) | (2,983,088) | (3,056,201) | (3,298,973) | (3,506,496) | (3,715,881) | (3,773,545) |
| Administration Expenses | (24,170) | (22,725) | (25,633) | (13,678) | (21,933) | (23,566) | (27,971) | (18,583) | (10,830) |
| Net Change in Plan Fiduciary Net Position | (220,115) | (372,140) | (575,580) | (676,866) | (672,079) | (786,998) | (917,082) | (1,085,443) | (1,042,846) |
| Plan Fiduciary Net Position - Beginning of Year | 17,845,101 | 18,217,241 | 18,792,821 | 19,469,687 | 20,141,766 | 20,928,764 | 21,845,846 | 22,931,289 | 23,974,135 |
| Plan Fiduciary Net Position - End of Year | 17,624,986 | 17,845,101 | 18,217,241 | 18,792,821 | 19,469,687 | 20,141,766 | 20,928,764 | 21,845,846 | 22,931,289 |
| Net Pension Liability - End of Year | \$ (580,489) | \$ 784,510 | \$ 1,475,355 | \$ 2,403,285 | \$ 4,272,274 | \$ 5,030,574 | \$ 6,727,920 | \$ 8,208,419 | \$ 9,269,358 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 103.4% | 95.8% | 92.5% | 88.7% | 82.0% | 80.0% | 75.7% | 72.7% | 71.2% |
| Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Pension Liability as a percentage of Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

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

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

Exhibit XVII
(Continued)

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Supplemental Retirement Plan | | | | | | | | | |
| Total Pension Liability | | | | | | | | | |
| Service Cost | \$ 4,668,118 | \$ 4,484,408 | \$ 4,456,529 | \$ 4,300,104 | \$ 4,561,409 | \$ 4,429,736 | \$ 4,353,655 | \$ 4,512,088 | \$ 4,812,530 |
| Interest | 12,198,565 | 11,749,210 | 11,257,622 | 10,855,794 | 11,093,766 | 11,710,854 | 11,626,797 | 10,773,145 | 10,210,998 |
| Changes in benefit terms | - | - | (221,996) | (10,649,964) | (7,321,279) | - | - | - | - |
| Difference between expected and actual experience | 650,468 | 706,796 | 211,707 | 8,221,593 | 5,495,455 | 1,431,699 | 4,866,212 | 2,957,767 | - |
| Changes in assumptions | 5,421,196 | - | - | - | 3,537,513 | - | 10,625,401 | - | - |
| Benefit payments, including refunds | (10,121,854) | (9,119,904) | (9,722,181) | (9,406,431) | (23,092,292) | (19,026,570) | (13,723,857) | (14,043,843) | (11,276,834) |
| Net Change in Total Pension Liability | 12,816,493 | 7,820,510 | 5,981,681 | 3,321,096 | (5,725,428) | (1,454,281) | 17,748,208 | 4,199,157 | 3,746,694 |
| Total Pension Liability - Beginning of Year | 174,957,995 | 167,137,485 | 161,155,804 | 157,834,708 | 163,560,136 | 165,014,417 | 147,266,209 | 143,067,052 | 139,320,358 |
| Total Pension Liability - End of Year | 187,774,488 | 174,957,995 | 167,137,485 | 161,155,804 | 157,834,708 | 163,560,136 | 165,014,417 | 147,266,209 | 143,067,052 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | 7,208,914 | 9,388,833 | 8,627,444 | 8,622,481 | 8,148,716 | 8,006,825 | 7,586,006 | 7,173,760 | 9,705,496 |
| Contributions - employee | 1,845,825 | 1,769,665 | 1,640,659 | 1,352,861 | 1,140,415 | 1,070,814 | 892,335 | 756,101 | 605,369 |
| Net investment income | (22,093,805) | 45,314,976 | 5,577,321 | 8,889,658 | 13,822,092 | 18,031,871 | 895,078 | 5,922,932 | 20,744,991 |
| Benefit payments, including refunds | (10,121,854) | (9,119,904) | (9,722,181) | (9,406,431) | (23,092,292) | (19,026,570) | (13,723,857) | (14,043,843) | (11,276,834) |
| Administration Expenses | (945,741) | (978,590) | (994,031) | (1,062,762) | (1,009,780) | (665,349) | (895,060) | (896,419) | (997,375) |
| Net Change in Plan Fiduciary Net Position | (24,106,661) | 46,374,980 | 5,129,212 | 8,395,807 | (990,849) | 7,417,591 | (5,245,498) | (1,087,469) | 18,781,647 |
| Plan Fiduciary Net Position - Beginning of Year | 198,818,022 | 152,443,042 | 147,313,830 | 138,918,023 | 139,908,872 | 132,491,281 | 137,736,779 | 138,824,248 | 120,042,601 |
| Plan Fiduciary Net Position - End of Year | 174,711,361 | 198,818,022 | 152,443,042 | 147,313,830 | 138,918,023 | 139,908,872 | 132,491,281 | 137,736,779 | 138,824,248 |
| Net Pension Liability - End of Year | \$ 13,063,127 | \$ (23,860,027) | \$ 14,694,443 | \$ 13,841,974 | \$ 18,916,685 | \$ 23,651,264 | \$ 32,523,136 | \$ 9,529,430 | \$ 4,242,804 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 93.0% | 113.6% | 91.2% | 91.4% | 88.0% | 85.5% | 80.3% | 93.5% | 97.0% |
| Covered Payroll | \$ 154,127,839 | \$ 155,989,640 | \$ 151,867,063 | \$ 147,362,907 | \$ 142,843,740 | \$ 139,044,952 | \$ 139,914,668 | \$ 136,374,392 | \$ 127,784,140 |
| Net Pension Liability as a percentage of Covered Payroll | 8.5% | -15.3% | 9.7% | 9.4% | 13.2% | 17.0% | 23.2% | 7.0% | 3.3% |

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

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

Exhibit XVII
(Continued)

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

| VRS | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Pension Liability | | | | | | | | |
| Service Cost | \$ 13,295,007 | \$ 12,301,089 | \$ 11,614,379 | \$ 11,545,603 | \$ 11,562,356 | \$ 11,832,548 | \$ 12,256,191 | \$ 12,232,148 |
| Interest | 43,694,605 | 42,394,263 | 40,744,225 | 39,243,929 | 38,089,007 | 36,704,090 | 35,571,142 | 33,905,011 |
| Changes in benefit terms | 5,911,527 | - | - | - | - | - | 55,097 | - |
| Difference between expected and actual experience | 1,640,227 | (1,331,112) | 7,417,578 | 1,192,221 | (3,765,626) | (2,371,962) | (7,166,675) | - |
| Changes in assumptions | 29,186,885 | - | 18,439,222 | - | (539,132) | - | - | - |
| Benefit payments, including refunds | (34,836,101) | (33,363,733) | (31,061,479) | (30,036,440) | (27,658,980) | (25,101,326) | (23,960,243) | (20,710,314) |
| Net Change in Total Pension Liability | 58,896,150 | 20,000,507 | 47,153,925 | 21,945,313 | 17,687,625 | 21,063,350 | 16,755,512 | 25,426,845 |
| Total Pension Liability - Beginning of Year | 664,745,527 | 644,745,020 | 597,591,095 | 575,645,782 | 557,958,157 | 536,894,807 | 520,139,295 | 494,712,450 |
| Total Pension Liability - End of Year | 723,641,677 | 664,745,527 | 644,745,020 | 597,591,095 | 575,645,782 | 557,958,157 | 536,894,807 | 520,139,295 |
| Plan Fiduciary Net Position | | | | | | | | |
| Contributions - employer | 13,010,172 | 10,506,432 | 9,883,188 | 9,995,019 | 9,969,716 | 12,331,063 | 12,232,407 | 12,630,540 |
| Contributions - employee | 6,746,952 | 6,894,324 | 6,610,813 | 6,457,201 | 6,513,944 | 6,452,307 | 6,272,097 | 6,443,111 |
| Net investment income | 147,643,324 | 10,450,641 | 34,895,658 | 37,221,708 | 55,894,128 | 7,969,523 | 20,375,167 | 61,114,498 |
| Benefit payments, including refunds | (34,836,101) | (33,363,733) | (31,061,479) | (30,036,440) | (27,658,980) | (25,101,326) | (23,960,243) | (20,710,314) |
| Other | (85,469) | (15,985) | (24,191) | (32,938) | (49,590) | (3,392) | (4,303) | 3,221 |
| Administration Expenses | (371,929) | (361,356) | (352,518) | (325,786) | (326,971) | (286,988) | (280,179) | (327,787) |
| Net Change in Plan Fiduciary Net Position | 132,106,949 | (5,889,677) | 19,951,471 | 23,278,764 | 44,342,247 | 1,361,187 | 14,634,946 | 59,153,269 |
| Plan Fiduciary Net Position - Beginning of Year | 544,745,930 | 550,635,607 | 530,684,136 | 507,405,372 | 463,063,125 | 461,701,938 | 447,066,992 | 387,913,723 |
| Plan Fiduciary Net Position - End of Year | 676,852,879 | 544,745,930 | 550,635,607 | 530,684,136 | 507,405,372 | 463,063,125 | 461,701,938 | 447,066,992 |
| Net Pension Liability - End of Year | \$ 46,788,798 | \$ 119,999,597 | \$ 94,109,413 | \$ 66,906,959 | \$ 68,240,410 | \$ 94,895,032 | \$ 75,192,869 | \$ 73,072,303 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 93.5% | 81.9% | 85.4% | 88.8% | 88.1% | 83.0% | 86.0% | 86.0% |
| Covered Payroll | \$ 144,874,214 | \$ 141,098,814 | \$ 134,462,348 | \$ 131,605,713 | \$ 126,449,341 | \$ 125,437,843 | \$ 125,890,250 | \$ 125,890,250 |
| Net Pension Liability as a percentage of Covered Payroll | 32.3% | 85.0% | 70.0% | 50.8% | 54.0% | 75.7% | 59.7% | 58.0% |

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

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

Exhibit XVII
(Continued)

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

Money-Weighted Rate of Return
Last Ten Fiscal Years

| | <u>Firefighters & Police Officers Pension Plan**</u> | <u>Supplemental Retirement Plan</u> | <u>Pension Plan for Firefighters & Police Officers</u> |
|------|--|-------------------------------------|--|
| 2014 | 17.48% | 17.60% | 4.42% |
| 2015 | 3.03% | 4.73% | 4.11% |
| 2016 | 1.14% | 0.37% | 5.31% |
| 2017 | 13.71% | 14.39% | 5.13% |
| 2018 | 8.66% | 10.31% | 4.87% |
| 2019 | 7.87% | 6.55% | 4.60% |
| 2020 | 1.80% | 3.59% | 4.30% |
| 2021 | 29.93% | 29.61% | 4.03% |
| 2022 | -11.95% | -10.88% | 3.80% |

**Money-weighted Rate of Return for Firefighters & Police Officers Pension Plan also applies to Firefighters and Police Officers Disability Pension Plan
Future years will be added as they become available.

Notes to the Required Supplementary Information for the City of Alexandria Pension Plans for the Year Ended June 30, 2022

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

The plan's assumed rate of return was lowered from 7.00% to 6.75%.

Supplemental Retirement Plan

The plan's assumed rate of return was lowered from 7.00 % to 6.75%

Pension Plan for Firefighters and Police Officers

There were no changes in the assumptions for the Pension Plan for the Firefighters and Police Officers since the prior actuarial valuation.

Virginia Retirement System (VRS) Pension Plan

There were no changes to the Virginia Retirement System (VRS) Plan since the prior actuarial valuation.

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

Exhibit XVII
(Continued)

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>Total OPEB Liability</u> | | | | | | |
| Service Cost | \$ 2,928,023 | \$ 2,889,520 | \$ 3,239,204 | \$ 4,701,991 | \$ 4,814,967 | \$ 3,803,579 |
| Interest | 9,598,323 | 9,337,427 | 9,595,477 | 9,905,114 | 9,470,934 | 8,232,053 |
| Changes in benefit terms | - | - | - | - | 4,587,884 | - |
| Difference between expected and actual experience | (8,128,626) | (721,530) | (4,162,077) | (5,113,882) | 244,419 | - |
| Changes in assumptions | (3,579,597) | (158,892) | (10,276,267) | 7,485,481 | 5,078,954 | - |
| Benefit payments, including refunds | (7,920,370) | (7,365,734) | (6,624,477) | (5,732,739) | (6,305,642) | (6,298,159) |
| Net Change in Total Pension Liability | (7,102,247) | 3,980,791 | (8,228,140) | 11,245,965 | 17,891,516 | 5,737,473 |
| Total OPEB Liability - Beginning of Year | 139,572,858 | 135,592,067 | 143,820,207 | 132,574,242 | 114,682,726 | 108,945,253 |
| Total OPEB Liability - End of Year | 132,470,611 | 139,572,858 | 135,592,067 | 143,820,207 | 132,574,242 | 114,682,726 |
| <u>Plan Fiduciary Net Position</u> | | | | | | |
| Contributions - employer | 13,670,370 | 8,504,564 | 10,324,477 | 11,932,739 | 12,205,642 | 16,398,159 |
| Net investment income | (16,173,784) | 29,200,847 | 2,827,980 | 4,953,783 | 4,427,840 | 6,357,091 |
| Benefit payments, including refunds | (7,920,370) | (7,365,734) | (6,624,477) | (5,732,739) | (6,305,642) | (6,298,159) |
| Administration Expenses | (41,251) | (37,973) | (30,149) | (53,715) | (45,886) | (16) |
| Net Change in Plan Fiduciary Net Position | (10,465,035) | 30,301,704 | 6,497,831 | 11,100,068 | 10,281,954 | 16,457,075 |
| Plan Fiduciary Net Position - Beginning of Year | 115,189,374 | 84,887,670 | 78,389,839 | 67,289,771 | 57,007,817 | 40,550,742 |
| Plan Fiduciary Net Position - End of Year | 104,724,339 | 115,189,374 | 84,887,670 | 78,389,839 | 67,289,771 | 57,007,817 |
| Net OPEB Liability - End of Year | \$ 27,746,272 | \$ 24,383,484 | \$ 50,704,397 | \$ 65,430,368 | \$ 65,284,471 | \$ 57,674,909 |
| Plan Fiduciary Net Position as a percentage of Total OPEB Liability | 79.1% | 82.5% | 62.6% | 54.5% | 50.8% | 49.7% |
| Covered Payroll | \$ 191,142,870 | \$ 185,548,765 | \$ 188,014,495 | \$ 175,843,626 | \$ 169,455,099 | \$ 167,129,788 |
| Net OPEB Liability as a percentage of Covered Payroll | 14.5% | 13.1% | 27.0% | 37.2% | 38.5% | 34.5% |

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

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

Exhibit XVII
(Continued)

Schedule of OPEB Contributions

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Actuarially Determined Contributions (ADC) | \$ 2,428,087 | \$ 3,550,219 | \$ 7,346,160 | \$ 8,513,816 | \$ 9,404,961 | \$ 12,898,197 |
| Contributions related to the ADC | <u>13,670,370</u> | <u>8,504,564</u> | <u>10,324,477</u> | <u>11,932,739</u> | <u>12,205,642</u> | <u>16,398,159</u> |
| Contribution Excess relative to ADC | <u>\$ (11,242,283)</u> | <u>\$ (4,954,345)</u> | <u>\$ (2,978,317)</u> | <u>\$ (3,418,923)</u> | <u>\$ (2,800,681)</u> | <u>\$ (3,499,962)</u> |
| Covered Payroll | \$ 191,142,870 | \$ 185,548,765 | \$ 188,014,495 | \$ 175,843,626 | \$ 169,455,099 | \$ 167,129,788 |
| Contributions as a percentage of Covered Payroll | 7.15% | 4.58% | 5.49% | 6.79% | 7.20% | 9.81% |

Future years will be added to the schedule as they become available.

Notes to the Required Supplementary Information for the City of Alexandria Other Post-Employment Benefits Trust Fund for the Year Ended June 30, 2022

| | |
|----------------|--|
| Valuation Date | 12/31/2021 |
| Timing | Actuarially determined contribution rates are calculated based on the actuarial valuations during the fiscal year. |

Key Methods and Assumptions Used to Determine Contribution Rates

| | |
|-----------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Asset valuation method | Fair Value |
| Amortization method | 16-year level dollar closed as of 12/31/2021 |
| Discount rate | 6.75 percent for Regular OPEB and for Line of Duty OPEB |
| Healthcare Cost Trend Rates | |
| Regular OPEB | Medical: 6.6 percent for 2022 grading down to 3.12 percent over 18 years Expenses: 5 percent per year |
| Line of Duty | Non Medicare: 6.63 percent for 2022 grading down to 4.75 percent over 8 years Medicare: 5.06 percent for 2022 grading down to 4.75 percent over 2 years |
| Ultimate Salary Increase | 3.25 percent |

OPEB Money-Weighted Rate of Return

Last Ten Fiscal Years

| | |
|------|---------|
| 2017 | 14.96% |
| 2018 | 7.39% |
| 2019 | 7.29% |
| 2020 | 3.41% |
| 2021 | 34.50% |
| 2022 | -13.90% |

Future years will be added as they become available.



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OTHER SUPPLEMENTARY
INFORMATION

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Custodial Funds

Custodial funds are used to provide accountability of client monies for which the City is custodian.

Human Services Special Welfare Account – This fund accounts for the current payments of supplemental security income for foster children.

Human Services Dedicated Account – This fund accounts for back payments of supplemental security income for foster children.

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Fiduciary Net Position – Custodial Funds
June 30, 2022

| | Human Services Special Welfare Account | Human Services Dedicated Account | Total Custodial Funds |
|--|--|--|--------------------------|
| ASSETS | | | |
| Cash & Investments w/Fiscal Agents | \$ 46,883 | \$ 27,653 | \$ 74,536 |
| Accounts Receivable | - | - | - |
| Total Assets | <u>46,883</u> | <u>27,653</u> | <u>74,536</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total Deferred outflows of resources | - | - | - |
| LIABILITIES | | | |
| Total Accounts Payable and Accrued Liabilities | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Total Deferred Inflows of Resources | - | - | - |
| NET POSITION | | | |
| Net Position | <u>\$ 46,883</u> | <u>\$ 27,653</u> | <u>\$ 74,536</u> |

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds
For the Fiscal Year Ended June 30, 2022

| | Human Services Special Welfare Account | Human Services Dedicated Account | Total Custodial Funds |
|--|--|--|--------------------------|
| ADDITIONS | | | |
| Contributions | \$ 14,269 | \$ - | \$ 14,269 |
| Interest | 4 | 3 | 7 |
| Total Additions | <u>14,273</u> | <u>3</u> | <u>14,276</u> |
| DEDUCTIONS | | | |
| Total Deductions | <u>-</u> | <u>-</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION | 14,273 | 3 | 14,276 |
| Net position at Beginning of Year | <u>32,610</u> | <u>27,650</u> | <u>60,260</u> |
| Net Position at End of Year | <u>\$ 46,883</u> | <u>\$ 27,653</u> | <u>\$ 74,536</u> |



Special Revenue Funds

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

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

Stormwater Utility – This sub fund is funded by a stormwater utility fee which was implemented in 2018. This fee replaces the dedicated real estate property tax in the Stormwater Management fund.

Stormwater Management Fund – This sub fund was established in FY 2011. It is funded by a dedicated real estate property tax rate of 0.5 cents per \$100 of assessed value.

Potomac Yard Special Tax District – This sub fund accounts for funding for improvements in Potomac Yards, including the development of a metro rail station.

Northern Virginia Transportation Authority (NVTA) – This sub fund was established in FY 2014. It is funded by various state and local other taxes.

Coronavirus Aid, Relief, and Economic Security Act (CARES) – This sub fund accounts for the City’s funds across multiple departments in support of the COVID-19 pandemic response. The source of funding is the CARES Act adopted in March 2020.

American Rescue Plan Act (ARPA) – This sub fund builds upon previously enacted COVID-19 aid measures. The source of funding is the American Rescue Plan Act adopted in March 2021.

Industrial Development Authority (IDA) – This fund accounts for IDA bond issuance fees and expenses.

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

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

| | Housing | Sanitary Sewer | Storm water Utility | Potomac Yard | NVTA | ARPA | IDA | Other Special Revenue | Total Combined Special Revenue |
|-------------------------------------|---------------|----------------|---------------------|---------------|--------------|---------------|------------|-----------------------|--------------------------------|
| ASSETS | | | | | | | | | |
| Cash and Cash Equivalents | \$ 10,826,245 | \$ 34,991,513 | \$ 778,122 | \$ 2,633,612 | \$ 4,413,311 | \$ 15,042,517 | \$ 684,093 | \$ 46,091,787 | \$ 139,164,100 |
| Receivables, Net | - | - | 8,833,666 | 6,548,948 | 1,277,937 | - | - | 2,788,377 | 19,448,928 |
| Due From Other Governments | - | - | - | - | - | - | - | 8,110,954 | 8,110,954 |
| Total Assets | 10,826,245 | 34,991,513 | 9,611,788 | 32,885,460 | 5,691,248 | 15,042,517 | 684,093 | 56,991,118 | 166,723,982 |
| LIABILITIES | | | | | | | | | |
| Accounts Payable | 15,660 | 264,376 | 11,815 | - | - | 152,944 | 798,520 | 2,803,121 | 4,046,436 |
| Accrued Wages | - | 171,038 | 213,742 | - | - | 50,236 | - | 3,821,597 | 4,256,613 |
| Notes Payable | - | - | - | 189,590 | - | - | - | - | 189,590 |
| Other Liabilities | - | - | - | - | - | - | - | 9,154,405 | 9,154,405 |
| Total Liabilities | 15,660 | 435,414 | 225,557 | 189,590 | - | 203,180 | 798,520 | 15,779,123 | 17,647,044 |
| Deferred Inflows | - | - | 8,763,045 | 844,023 | - | 14,839,071 | - | - | 24,446,139 |
| FUND BALANCES | | | | | | | | | |
| Restricted | 10,810,585 | - | - | - | - | 266 | - | 7,456,296 | 18,267,147 |
| Committed | - | 34,556,099 | 623,186 | 31,851,847 | 5,691,248 | - | (114,427) | 33,755,699 | 106,363,652 |
| Total Fund Balances | 10,810,585 | 34,556,099 | 623,186 | 31,851,847 | 5,691,248 | 266 | (114,427) | 41,211,995 | 124,630,799 |
| Total Liabilities and Fund Balances | \$ 10,826,245 | \$ 34,991,513 | \$ 9,611,788 | \$ 32,885,460 | \$ 5,691,248 | \$ 15,042,517 | \$ 684,093 | \$ 56,991,118 | \$ 166,723,982 |

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

| | Housing | Sanitary Sewer | Storm Water Utility | Storm Sewer | Potomac Yard | NVTA | Cares | ARPA | IDA | Other Special Revenue | Total Combined Special Revenue |
|--|-------------------|---------------------|---------------------|--------------------|--------------------|--------------------|-----------------|---------------------|------------------|-----------------------|--------------------------------|
| REVENUES | | | | | | | | | | | |
| General Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ 1,520,100 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,520,100 |
| Other Local Taxes | - | - | - | - | - | 6,779,589 | - | - | - | 105,281 | 6,884,870 |
| Permits, Fees, and Licenses | - | - | - | - | - | 1,513,210 | - | - | - | 12,065,595 | 13,578,805 |
| Use of Money and Property | 325 | - | - | - | - | 1,140 | - | - | - | 1,569,181 | 1,570,646 |
| Charges for Services | - | 16,813,182 | 15,872,712 | - | - | - | - | 43,969,762 | - | 15,288,167 | 47,974,061 |
| Intergovernmental Revenue | - | - | - | - | - | - | (30,000) | - | - | 54,830,979 | 99,119,065 |
| Miscellaneous | 8,933,769 | - | - | - | - | 348,324 | - | - | - | 5,825,527 | 14,759,296 |
| Total Revenues | 8,934,094 | 16,813,182 | 15,872,712 | - | 1,520,100 | 8,642,263 | (30,000) | 43,969,762 | - | 89,684,730 | 185,405,843 |
| EXPENDITURES | | | | | | | | | | | |
| Current Operating | | | | | | | | | | | |
| General Government | - | - | - | - | - | - | (30,000) | 706,421 | - | 2,042,813 | 2,719,234 |
| Judicial Administration | - | - | - | - | - | - | - | 23,302 | - | 1,439,895 | 1,463,197 |
| Public Safety | - | 119,489 | - | - | - | - | - | 42,050 | - | 9,397,847 | 9,559,386 |
| Public Works | - | 5,517,661 | 4,291,112 | - | - | 1,581,999 | - | - | - | 9,670,442 | 21,061,214 |
| Health and Welfare | - | - | - | - | - | - | - | 6,715,933 | - | 83,390,045 | 92,105,998 |
| Culture and Recreation | - | - | - | - | - | - | - | 329,392 | - | 2,466,860 | 2,796,652 |
| Community Development | 4,427,503 | - | - | - | - | - | - | 710,027 | - | 13,678,509 | 18,816,039 |
| Principal | - | 1,981,139 | 571,903 | - | - | - | - | - | - | - | 2,553,042 |
| Interest and Other Charges | - | 488,139 | 783,919 | - | 614,560 | - | - | - | - | - | 1,886,618 |
| Total Expenditures | 4,427,503 | 8,106,428 | 5,646,934 | - | 6,145,650 | 1,581,999 | (30,000) | 8,527,545 | - | 124,086,411 | 158,490,470 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,506,591 | 8,706,754 | 10,225,778 | - | (4,623,550) | 7,060,264 | - | 35,442,217 | - | (34,401,681) | 26,915,373 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Other Financing (Bond Usage) | | | | | | | | | | | |
| Transfers In | 4,588,522 | - | 1,761,197 | - | 11,837,719 | 19,448,774 | - | - | - | 43,702,657 | 118,377,119 |
| Transfers Out | (3,998,000) | (33,691,745) | (18,310,101) | (1,761,197) | (12,808,451) | (25,452,719) | - | (35,441,951) | - | (1,997,085) | (82,309,601) |
| Total Other Financing Sources and Uses | 5,090,522 | (33,691,745) | (16,548,904) | (1,761,197) | 6,000,337 | (6,003,945) | - | (35,441,951) | - | 41,705,572 | (1,997,085) |
| Net Change in Fund Balance | 5,099,113 | (24,984,991) | (6,323,126) | (1,761,197) | 1,976,987 | 1,056,319 | - | 286 | - | 7,303,891 | (17,652,738) |
| Fund Balance at Beginning of Year | 5,711,472 | 59,541,090 | 6,946,312 | 1,761,198 | 29,874,860 | 4,634,929 | (1) | - | (114,427) | 33,908,104 | 142,263,537 |
| Fund Balance at End of Year | 10,810,585 | 34,556,099 | 623,186 | 1 | 31,851,847 | 5,691,248 | (1) | 286 | (114,427) | 41,211,995 | 124,630,799 |



Trust Funds

City Supplemental Retirement – Single employer defined benefit plan under the authority of the City of Alexandria (the City). The plan covers regular, full time City employees including deputy sheriffs, medics, and fire marshals and regular, part-time City employees who are scheduled to work at least 50 percent time and who are not covered under the Firefighters & Police Officers Pension Plan.

Pension Plan for Fire Fighters and Police Officers - Single employer defined benefit plan under the authority of the City. The plan covers public safety employees who met specific criteria (see Note 17). This plan was closed to new participants in 1979.

Retirement Income Plan for Fire & Police - Single employer defined contribution plan under the authority of the City. The plan covers public safety employees with contributions made after 100 percent vesting. This plan was closed to new members in fiscal year 2004 and converted to a defined benefit plan.

Firefighters and Police Officers Pension Plan (defined benefit component) - Single employer defined benefit plan under the authority of the City. The plan covers full-time sworn firefighters and police officers. Recruits are also covered by the Plan.

Firefighters and Police Officers Pension Plan (disability component) - Single employer defined benefit plan under the authority of the City. The plan provisions provide disability benefits for firefighters and police officers.

Other Post-Employment Benefits (OPEB) – The plan includes three classes of City retirees as follows: (a) full-time City employees who are eligible to retire under the Virginia Retirement System and City Supplemental Retirement Plan; (b) fire and police employees who are eligible to retire under the current defined benefit pension plan; and (c) fire and police employees who retired and were eligible for normal retirement with 20 years of service under the old defined contribution retirement income plan and the retirees under the old defined benefit pension

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Fiduciary Net Position – Trust Funds
June 30, 2022

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

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Fiduciary Net Position – Trust Funds
For the Year Ended June 30, 2022

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



STATISTICAL SECTION

The statistical section includes detailed information to assist in understanding how the financial statements relate to the City’s overall financial well-being and includes the following categories:

Financial trends: These tables assist users in understanding how the City’s financial position has changed over time and include the following tables:

Table I—Schedule of Changes in Net Position

Table II—Changes in Fund Balances Governmental Funds

Table VII—Net Position

Table VIII—Fund Balances Governmental Funds

Table XXII—Five-Year Summary of General Fund Revenues and Expenditure

Revenue Capacity: These tables assist in understanding and assessing the City’s own source revenues and include the following tables:

Table III—Tax Revenues by Source

Tables IV and V—Tax Levies and Collections

Table VI—Real and Personal Property Tax Assessments and Rates

Table IX—2021 Tax Rates for Major Revenue Sources

Table XV and XVI—Principal Taxpayers

Debt Capacity: These tables present information to assist in assessing the affordability of the City’s current levels of debt and the City’s ability to issue additional debt in the future and include:

Table X—Legal Debt Margin Information

Table XI—Ratio of Net General Debt to Assessed Value and Net Debt Per Capita

Table XII—Overlapping Debt and Debt History

Table XIII—Ratio of Annual Debt Service Expenditures for Net General Debt to Total General Expenditures

Table XXIII—Summary of Total General Obligation Bonds Debt Service

Demographic and Economic Information: These tables include demographic and economic information to assist in understanding the external factors that affect the City’s financial activities and include:

Table XIV—Population and Per Capita Income

Table XVII—Alexandria City Schools Demographic Statistics

Table XVIII—Government Employees by Function

Table XIX—Principal Employers

Table XXI—Miscellaneous Statistical Data

Operating information: This table includes service and capital data to assist in understanding how financial information relates to the programs and activities the City performs and includes:

Table XX—Operating and Capital Indicators

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

TABLE I

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General Government | \$ 75.3 | \$ 71.3 | \$ 73.8 | \$ 66.3 | \$ 91.6 | \$ 47.4 | \$ 52.3 | \$ 95.1 | \$ 49.0 | \$ 27.2 |
| Judicial Administration | 20.8 | 20.6 | 20.1 | 19.9 | 20.6 | 20.5 | 21.7 | 21.7 | 21.2 | 22.4 |
| Public Safety | 131.6 | 141.1 | 138.6 | 149.4 | 152.2 | 157.3 | 160.8 | 163.4 | 175.7 | 171.5 |
| Public Works | 52.9 | 68.0 | 63.9 | 70.5 | 78.9 | 73.3 | 75.2 | 76.5 | 84.0 | 185.2 |
| Library | 6.4 | 6.6 | 6.5 | 6.7 | 6.9 | 6.9 | 7.0 | 7.1 | 7.4 | 7.7 |
| Health and Welfare | 92.4 | 93.8 | 93.3 | 94.9 | 96.9 | 97.6 | 100.2 | 107.7 | 119.6 | 114.3 |
| Transit | 17.8 | 10.7 | 17.8 | 21.9 | 32.8 | 39.0 | 44.1 | 42.9 | 28.7 | 54.6 |
| Culture and Recreation | 28.9 | 29.8 | 30.2 | 32.6 | 33.4 | 33.0 | 34.3 | 32.7 | 30.6 | 36.9 |
| Community Development | 40.2 | 45.7 | 35.3 | 33.3 | 37.1 | 35.4 | 44.0 | 58.3 | 57.5 | 45.0 |
| Education | 194.6 | 189.1 | 197.4 | 211.2 | 210.7 | 217.4 | 241.9 | 263.2 | 292.5 | 260.2 |
| Interest on Long-term Debt | 22.5 | 23.8 | 21.8 | 21.3 | 20.7 | 19.4 | 24.3 | 23.5 | 27.5 | 22.9 |
| Total Governmental Activities | \$ 683.4 | \$ 700.5 | \$ 698.7 | \$ 728.0 | \$ 781.9 | \$ 747.2 | \$ 805.8 | \$ 892.2 | \$ 893.7 | \$ 948. |
| Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 3.6 | \$ 2.2 | \$ 2.9 | \$ 2.0 | \$ 3.6 | \$ 3.7 | \$ 3.9 | \$ 5.6 | \$ 6.1 | \$ 4.0 |
| Judicial Administration | 1.6 | 1.3 | 1.2 | 1.2 | 1.3 | 1.4 | 1.0 | 0.8 | 1.0 | 0.4 |
| Public Safety | 17.0 | 17.7 | 16.9 | 14.1 | 10.5 | 3.6 | 14.5 | 17.3 | 7.3 | 16.2 |
| Public Works | 27.8 | 23.7 | 22.1 | 33.0 | 32.0 | 38.9 | 30.4 | 59.8 | 53.2 | 49.0 |
| Library | - | - | - | - | - | - | - | - | - | - |
| Health and Welfare | 6.2 | 6.4 | 5.9 | 5.3 | 5.5 | 10.4 | 0.2 | 6.1 | 6.2 | 5.0 |
| Transit | - | - | - | - | 4.3 | 4.2 | 6.1 | - | 3.6 | 2.3 |
| Culture and Recreation | 3.7 | 3.9 | 4.7 | 4.8 | 5.0 | 7.0 | 11.9 | 5.1 | 2.7 | 5.2 |
| Community Development | 4.2 | 6.6 | 5.0 | 1.5 | 0.8 | 8.4 | 2.6 | 0.9 | 4.4 | 1.9 |
| Education | - | - | - | - | - | - | - | - | - | - |
| Operating Grants and Contributions | 75.0 | 78.8 | 68.8 | 46.8 | 66.3 | 52.2 | 51.5 | 60.2 | 112.6 | 147.7 |
| Capital Grants and Contributions | 18.5 | 15.1 | 11.5 | 6.5 | 19.1 | 7.1 | 7.0 | 6.8 | 9.7 | 21.2 |
| Total Governmental Activities | \$ 157.60 | \$ 155.70 | \$ 139.00 | \$ 115.20 | \$ 148.40 | \$ 136.90 | \$ 129.10 | \$ 162.6 | \$ 206.9 | \$ 252.9 |

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

TABLE I (continued)

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

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

TABLE II

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Revenues | | | | | | | | | | |
| General Property Taxes | \$ 385.2 | \$ 407.8 | \$ 422.2 | \$ 439.7 | \$ 473.0 | \$ 492.3 | \$ 505.7 | \$ 518.5 | \$ 536.3 | \$ 554.1 |
| Other Local Taxes | 125.3 | 121.1 | 134.1 | 135.9 | 138.8 | 140.9 | 145.3 | 133.4 | 143.5 | 156.1 |
| Permits, Fees, and Licenses | 10.6 | 17.8 | 10.9 | 8.1 | 9.5 | 10.5 | 12.8 | 15.0 | 18.6 | 15.8 |
| Fines and Forfeitures | 5.1 | 5.2 | 4.9 | 5.0 | 5.0 | 5.0 | 4.3 | 4.1 | 3.1 | 2.7 |
| Use of Money and Property | 4.2 | 5.2 | 5.1 | 6.1 | 7.7 | 13.8 | 16.7 | 14.0 | 5.2 | 3.8 |
| Charges for Services | 34.6 | 32.9 | 32.1 | 37.5 | 43.7 | 56.4 | 59.6 | 70.1 | 60.7 | 65.8 |
| Intergovernmental Revenue | 125.9 | 126.5 | 111.9 | 108.1 | 117.0 | 108.8 | 114.7 | 124.6 | 147.6 | 178.5 |
| Miscellaneous and Non Revenue Receipts | - | - | - | 10.6 | 16.5 | 14.5 | 21.8 | 31.3 | 9.7 | 20.7 |
| Total Governmental Revenues | 701.1 | 726.4 | 730.0 | 751.0 | 811.2 | 842.2 | 880.9 | 911.0 | 924.6 | 997.4 |
| Expenditures | | | | | | | | | | |
| General Government | 45.2 | 45.2 | 45.7 | 46.6 | 50.8 | 52.6 | 50.1 | 50.2 | 58.0 | 59.3 |
| Judicial Administration | 20.3 | 20.1 | 19.7 | 19.4 | 20.1 | 19.9 | 21.1 | 21.4 | 21.0 | 21.9 |
| Public Safety | 131.0 | 134.8 | 134.9 | 142.7 | 146.7 | 150.0 | 156.7 | 158.0 | 153.4 | 156.7 |
| Public Works | 40.3 | 49.6 | 41.8 | 44.2 | 43.4 | 46.0 | 46.7 | 49.3 | 46.8 | 49.0 |
| Library | 6.4 | 6.6 | 6.5 | 6.7 | 6.9 | 6.9 | 7.0 | 7.1 | 7.4 | 7.7 |
| Health and Welfare | 91.8 | 93.1 | 92.9 | 94.4 | 96.5 | 97.1 | 99.7 | 111.1 | 119.1 | 113.8 |
| Transit and Transfer | 17.8 | 10.7 | 17.8 | 21.9 | 28.4 | 35.7 | 40.2 | 42.9 | 28.7 | 49.2 |
| Culture and Recreation | 24.6 | 25.3 | 24.7 | 25.5 | 26.3 | 27.0 | 27.5 | 28.3 | 26.0 | 29.5 |
| Community Development | 35.8 | 41.4 | 29.4 | 31.4 | 34.8 | 34.1 | 42.0 | 47.2 | 44.8 | 40.5 |
| Education | 185.8 | 185.9 | 196.3 | 202.8 | 225.3 | 206.9 | 227.2 | 241.2 | 244.9 | 248.9 |
| Capital Outlay* | 70.9 | 91.1 | 99.5 | 62.9 | 81.4 | 101.2 | 157.8 | 135.5 | 176.5 | 236.7 |
| Debt Service - Principal | 27.5 | 33.5 | 38.6 | 41.6 | 43.3 | 44.4 | 46.0 | 46.1 | 47.5 | 45.5 |
| - Interest | 22.4 | 23.8 | 22.6 | 21.8 | 21.5 | 21.8 | 24.6 | 23.5 | 27.2 | 27.1 |
| Total Governmental Expenditures | 719.8 | 761.1 | 770.4 | 761.9 | 825.4 | 843.6 | 946.6 | 961.8 | 1,001.5 | 1,086.0 |
| Excess of Revenues over (under) expenditures | (18.7) | (34.7) | (40.4) | (10.9) | (14.2) | (1.4) | (65.7) | (50.8) | (76.9) | (88.6) |
| Other Financing Sources/(Uses) | | | | | | | | | | |
| Issuance of Debt | 74.8 | 88.1 | 70.7 | 39.1 | 25.4 | 84.4 | 109.7 | 204.1 | 49.9 | 193.1 |
| Sale of Land | 0.6 | - | 1.2 | 5.3 | - | 4.4 | - | - | - | - |
| Other Financing | - | - | - | - | - | - | 0.3 | - | - | - |
| Transfers in | 61.7 | 82.8 | 77.8 | 85.9 | 91.2 | 108.8 | 139.2 | 135.5 | 154.5 | 266.0 |
| Transfers out | (65.2) | (82.8) | (81.2) | (86.6) | (90.4) | (109.4) | (139.0) | (137.0) | (153.8) | (266.0) |
| Capital Contribution | - | - | - | - | - | 4.3 | 0.1 | - | - | - |
| Total | 71.9 | 88.1 | 68.5 | 43.7 | 26.2 | 92.5 | 110.2 | 202.6 | 50.6 | 193.1 |
| Net change in Fund Balance | \$ 53.2 | \$ 53.4 | \$ 28.1 | \$ 32.8 | \$ 12.0 | \$ 91.1 | \$ 44.5 | \$ 151.7 | \$ 26.3 | \$ 104.6 |
| Debt Service as percentage of noncapital expenditures | 8.65% | 8.77% | 8.82% | 8.73% | 9.21% | 8.61% | 8.62% | 9.06% | 8.19% | 8.55% |

** Amounts may not add due to rounding
* Capital Outlay was recalculated in 2022 and back to 2013.

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

TABLE III

| | Fiscal Year | | | | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General Property Taxes | | | | | | | | | | |
| Real Estate | \$ 343,336,713 | \$ 362,339,024 | \$ 375,629,898 | \$ 391,339,844 | \$ 422,362,653 | \$ 440,427,264 | \$ 452,762,144 | \$ 459,756,284 | \$ 480,092,075 | \$ 493,495,160 |
| Personal | 39,694,273 | 43,799,341 | 44,495,560 | 45,556,820 | 47,476,491 | 49,240,775 | 50,007,122 | 54,534,521 | 52,984,935 | 57,207,803 |
| Penalties and Interest | 2,140,497 | 1,685,517 | 2,065,762 | 2,757,775 | 3,083,530 | 2,622,511 | 2,923,419 | 2,972,751 | 3,183,207 | 3,358,050 |
| Local Sales | 25,549,709 | 27,619,132 | 29,907,322 | 31,174,524 | 32,360,983 | 31,965,152 | 33,843,610 | 35,179,797 | 44,299,858 | 43,873,085 |
| Utility | 10,650,297 | 11,460,413 | 12,364,106 | 12,579,583 | 12,286,676 | 12,069,408 | 11,264,818 | 12,077,396 | 11,534,144 | 12,017,966 |
| Business License | 32,571,953 | 30,237,576 | 33,474,138 | 32,134,946 | 33,751,755 | 33,846,543 | 36,883,865 | 35,154,223 | 37,042,157 | 38,101,182 |
| Motor Vehicle License | 3,501,907 | 3,557,565 | 3,483,135 | 3,602,980 | 3,661,152 | 3,675,482 | 3,558,915 | 163,361 | 25,676 | 8,212 |
| Bank Franchise | 2,641,475 | 3,035,635 | 3,077,715 | 3,408,128 | 3,391,507 | 3,828,225 | 3,932,554 | 3,445,787 | 3,603,341 | 3,182,904 |
| Tobacco | 2,567,249 | 2,927,125 | 3,020,469 | 2,907,915 | 3,021,243 | 2,777,656 | 2,513,138 | 2,321,508 | 2,137,890 | 2,149,715 |
| Recordation | 5,847,889 | 5,468,147 | 6,481,339 | 6,458,302 | 6,185,633 | 9,036,488 | 5,913,217 | 7,144,558 | 9,016,670 | 8,425,865 |
| Transient Lodging | 11,774,914 | 11,568,709 | 12,371,555 | 12,755,322 | 13,542,901 | 13,936,579 | 12,912,839 | 8,663,346 | 4,762,880 | 10,206,837 |
| Restaurant Food | 17,325,897 | 17,404,589 | 17,635,886 | 18,655,330 | 18,878,758 | 18,283,682 | 23,999,949 | 19,765,936 | 21,934,868 | 28,872,822 |
| Telecommunication | 741,542 | 821,426 | 530,408 | 988,865 | 772,110 | 837,655 | 748,488 | 694,026 | 913,013 | 1,040,571 |
| Admissions | 1,086,841 | 948,968 | 902,556 | 759,368 | 709,640 | 688,505 | 574,440 | 443,640 | 104,221 | 254,968 |
| Communications Sales Tax | 11,060,107 | 10,871,785 | 10,776,792 | 10,457,755 | 10,200,706 | 9,881,812 | 9,167,402 | 8,217,077 | 8,106,878 | 7,709,875 |
| Other | 27,743 | 1,418,920 | 44,078 | 36,409 | 48,777 | 59,700 | 35,860 | 139,218 | 65,486 | 209,815 |
| Total | \$ 510,519,006 | \$ 535,163,872 | \$ 556,260,719 | \$ 575,573,866 | \$ 611,734,515 | \$ 633,177,437 | \$ 651,041,780 | \$ 650,673,428 | \$ 679,807,297 | \$ 710,114,831 |

**CITY OF ALEXANDRIA, VIRGINIA
Real and Personal Property Tax Levies and Collections
Last Ten Calendar Years**

Table IV

| Calendar Year Ended December 31 | Real Property (Amounts in thousands) | | | | Total Collections to date | |
|------------------------------------|---|-----------------------|---------------------------------------|---------|---------------------------|-----------------------|
| | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Amount | Percentage of Levy | |
| | Amount | Percentage of Levy | | | Amount | Percentage of Levy |
| 2012 | 322,747 | 99.7% | 864 | 323,611 | 99.9% | |
| 2013 | 347,849 | 99.7% | 821 | 348,670 | 99.9% | |
| 2014 | 361,334 | 99.7% | 879 | 362,212 | 99.9% | |
| 2015 | 374,208 | 99.6% | 699 | 374,907 | 99.8% | |
| 2016 | 394,696 | 99.7% | 4,491 | 399,186 | 100.8% | |
| 2017 | 424,908 | 99.7% | 4,182 | 429,090 | 100.7% | |
| 2018 | 434,793 | 99.7% | 48 | 434,840 | 99.7% | |
| 2019 | 445,474 | 99.7% | 938 | 446,413 | 100.0% | |
| 2020 | 465,972 | 99.7% | 744 | 466,715 | 99.9% | |
| 2021 | 469,384 | 99.8% | 1,062 | 470,466 | 100.0% | |

* Levy adjusted for changes since original levy
Source: City of Alexandria Department of Finance

Table V

| Calendar Year Ended December 31 | Personal Property (Amounts in thousands) | | | | Total Collections to date | |
|------------------------------------|---|--------|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | Collected within the Calendar Year | | Percentage of Levy | Collections in Subsequent Years | Percentage of Levy | |
| | Commonwealth Reimbursement | Amount | | | Amount | Percentage of Levy |
| 2012 | 63,337 | 59,802 | 94.4% | 2,689 | 62,491 | 98.7% |
| 2013 | 67,192 | 65,664 | 97.7% | 627 | 66,291 | 98.7% |
| 2014 | 68,075 | 63,579 | 93.4% | 2,919 | 66,498 | 97.7% |
| 2015 | 69,948 | 67,329 | 96.3% | 1,938 | 69,267 | 99.0% |
| 2016 | 71,851 | 69,382 | 96.6% | 1,611 | 70,993 | 98.8% |
| 2017 | 72,063 | 70,919 | 98.4% | 2,074 | 72,993 | 99.9% |
| 2018 | 73,764 | 69,614 | 94.4% | 2,304 | 71,918 | 97.5% |
| 2019 | 79,890 | 76,012 | 95.1% | 1,898 | 77,910 | 97.5% |
| 2020 | 78,526 | 74,456 | 94.8% | 2,004 | 76,460 | 97.4% |
| 2021 | 82,400 | 77,935 | 94.6% | 2,384 | 80,319 | 97.5% |

* Commonwealth reimbursement included in taxes levied and collections.
Source: City of Alexandria Department of Finance

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

TABLE VI

| Calendar Year | Locally Assessed Real Property (\$000) | | | Personal Property (\$000) | | | | Total Assessment |
|---------------|--|------------|------------|---------------------------|---|--------------------|------------------------------|------------------|
| | Residential | Commercial | Total | Tax Rate per \$100 | Motor Vehicle and Tangibles Assessments | Tax Rate per \$100 | Machine and Tools Assessment | |
| 2012 | 19,384,651 | 14,706,140 | 34,090,791 | 0.998 | 1,417,679 | 4.75 | 12,631 | 1,355,833 |
| 2013 | 20,314,909 | 15,020,272 | 35,335,181 | 1.043 | 1,397,502 | 5.00 | 11,506 | 1,429,185 |
| 2014 | 21,195,556 | 15,376,112 | 36,571,668 | 1.050 | 1,426,427 | 5.00 | 11,281 | 1,408,783 |
| 2015 | 21,713,189 | 15,886,156 | 37,599,345 | 1.073 | 1,492,140 | 5.00 | 10,776 | 1,437,203 |
| 2016 | 22,092,997 | 16,284,957 | 38,377,954 | 1.130 | 1,517,743 | 5.00 | 11,199 | 1,503,339 |
| 2017 | 22,844,035 | 16,437,017 | 39,281,052 | 1.130 | 1,555,607 | 5.00 | 6,123 | 1,523,866 |
| 2018 | 23,310,833 | 17,025,285 | 40,336,118 | 1.130 | 1,581,904 | 5.00 | 9,727 | 1,565,334 |
| 2019 | 24,550,610 | 17,501,144 | 42,051,754 | 1.130 | 1,491,271 | 5.33 | 14,262 | 1,596,166 |
| 2020 | 26,029,769 | 17,158,601 | 43,188,369 | 1.110 | 1,652,958 | 5.33 | 14,963 | 1,506,234 |
| 2021 | 27,828,841 | 18,074,465 | 45,903,306 | 1.110 | 1,775,759 | 5.33 | 11,115 | 1,664,073 |

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

Note: Tax Rate % double check from Table IX

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

TABLE VII

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 329.5 | \$ 343.9 | \$ 364.3 | \$ 373.4 | \$ 389.1 | \$ 416.1 | \$ 469.8 | \$ 461.4 | \$ 406.0 | \$ 348.6 |
| Restricted for | | | | | | | | | | |
| Affordable Housing | - | 1.0 | 1.4 | 0.7 | 2.0 | 5.7 | 13.8 | 8.3 | 5.7 | 10.8 |
| Other Projects | - | 13.7 | 15.1 | 15.8 | 20.4 | 20.4 | 8.7 | 9.5 | 8.6 | 7.5 |
| Capital Projects | - | - | - | - | - | - | - | - | - | - |
| Net Pension Assets | - | - | - | - | - | - | - | 4.4 | 43.7 | 2. |
| Unrestricted Net Position | 99.4 | 103.5 | (36.0) | (17.2) | 32.3 | 64.1 | 77.7 | 100.8 | 151.6 | 286.8 |
| Total Governmental Activities Net Position | <u>\$ 428.9</u> | <u>\$ 462.1</u> | <u>\$ 344.8</u> | <u>\$ 372.7</u> | <u>\$ 443.8</u> | <u>\$ 506.3</u> | <u>\$ 570.0</u> | <u>\$ 584.4</u> | <u>\$ 615.6</u> | <u>\$ 655.7</u> |

** Amounts may not add due to rounding

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

TABLE VIII

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Non-Spendable | 9,945,850 | 2,952,021 | 3,374,907 | 3,374,907 | 10,917,115 | 11,009,773 | 5,685,676 | 7,101,792 | 7,272,032 | 20,378,954 |
| Committed | 15,855,605 | 12,741,566 | 10,382,766 | 10,382,766 | 11,737,149 | 10,015,523 | 9,360,247 | 9,336,383 | 11,807,016 | 13,024,074 |
| Assigned | 10,769,948 | 9,538,948 | 12,400,000 | 12,400,000 | 35,789,849 | 34,152,482 | 46,762,362 | 50,643,051 | 63,400,000 | 85,964,340 |
| Unassigned | 32,941,779 | 40,019,733 | 51,624,142 | 51,624,142 | 61,562,170 | 73,780,565 | 81,406,421 | 85,718,804 | 94,165,465 | 105,717,440 |
| Subtotal General Fund | \$ 69,513,182 | \$ 65,252,268 | \$ 77,781,815 | \$ 77,781,815 | \$ 120,006,283 | \$ 128,958,343 | \$ 143,214,706 | \$ 152,800,030 | \$ 176,644,513 | \$ 225,084,808 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved For | | | | | | | | | | |
| Non-Spendable (Special Revenue Fund) | 2,596,021 | 2,498,322 | 2,498,322 | - | - | - | - | - | - | - |
| Restricted (Special Revenue Fund) | 10,400,005 | 12,173,856 | 14,027,836 | 16,553,843 | 22,396,774 | 26,113,490 | 22,508,963 | 17,808,272 | 14,124,539 | 18,267,147 |
| Committed (Special Revenue Fund) | 29,183,258 | 45,738,029 | 52,452,826 | 49,925,447 | 55,507,559 | 69,651,113 | 78,073,867 | 104,473,313 | 128,138,998 | 106,363,652 |
| Committed (Capital Projects) | 169,174,812 | 188,551,536 | 171,248,033 | 172,124,584 | 212,284,917 | 297,691,622 | 261,978,279 | 400,720,737 | 281,105,893 | 387,115,344 |
| Assigned (Special Revenue Fund) | - | - | - | - | - | - | - | - | - | - |
| Total All Other Governmental Funds | \$ 211,354,096 | \$ 248,961,743 | \$ 240,227,017 | \$ 238,603,874 | \$ 290,189,250 | \$ 393,456,225 | \$ 362,561,109 | \$ 523,002,322 | \$ 423,369,430 | \$ 511,746,143 |

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

**CITY OF ALEXANDRIA, VIRGINIA
2022 Tax Rates for Major Revenue Source**

TABLE IX

| | |
|--|---|
| Real Estate Tax | \$1.11 per \$100 assessed value (December and June) |
| Personal Property Tax | \$4.50 per \$100 assessed value (machinery and tools) \$4.75 per \$100 assessed value (tangible personal property) \$1.11 per \$100 assessed value (Mobile homes) \$5.33 per \$100 assessed value (Automobiles) \$3.55 per \$100 assessed value (handicap vehicles) \$0.01 per \$100 assessed value (Boats) |
| Utility Tax (for residential users) | 15% of monthly water service charge \$1.12 plus \$0.012075 of each KWh (\$3.00 maximum) - Electric \$1.28 plus \$0.124444 of each CCF gas delivered (\$3.00 maximum) - Gas \$1.28 plus \$0.050909 of each CCF gas delivered-group meter consumers) (\$3.00 maximum per dwelling unit) \$1.28 plus 0.023267 of each CCF gas delivered-group meter interruptible consumers (\$3.00 maximum per dwelling unit) |
| Utility Tax (for commercial users) | 20% of first \$150 of water service charge \$1.18 plus \$0.005578 of each kwh delivered-commercial consumer - Electric, Commercial \$1.18 plus \$0.004544 of each kwh delivered-industrial consumer - Electric, Industrial \$1.42 plus \$0.050213 each CCF gas delivered-commercial/industrial consumer \$4.50 plus \$0.003670 of each CCF gas delivered-non-residential interruptible gas consumers |
| Business and Professional Licenses | |
| Alcoholic Beverages | \$5 - \$1,500 (fee based on seating capacity/type of license) |
| First year of operation: | |
| Gross receipts less than \$100,000 | No tax due (dependant on license category) |
| Gross receipts of greater than \$10,000 and less than \$100,000 | \$50 (First year only, dependant on license category) |
| Gross receipts of \$2,000,000 or more | Same as renewal for greater than \$100,000 below |
| Renewal business | |
| Gross receipts of greater than \$10,000 and less than \$100,000: | |
| Any business | \$50 |
| Gross receipts of \$100,000 or more | |
| Amusement and Entertainment | \$0.36 per \$100 gross receipts |
| Professional | \$0.58 per \$100 gross receipts |
| Renting of Residential Property | \$0.50 per \$100 gross receipts |
| Renting of Commercial Property | \$0.35 per \$100 gross receipts |
| Financial Services | \$0.35 per \$100 gross receipts |
| Personal, Business and Repair Service | \$0.35 per \$100 gross receipts |
| Retail Merchants | \$0.20 per \$100 gross receipts |
| Contractors | \$0.16 per \$100 gross receipts |
| Wholesale Merchants | \$0.05 per \$100 total purchases |
| Public Utilities | |
| Telephone | \$0.50 per \$100 of gross receipts excluding charges for long distance calls |
| Communication Sales and Use Tax | 5% of sale price of each communications service |
| Water | One-half of one percent of the gross receipt |
| Admissions Tax | 10% of admissions up to \$0.50 per person |
| Public Rights-of-Way Use Fee | \$1.60 per line per month (effective 7/1/21) |
| Electric Consumption Tax | \$0.0038/kwh |
| Natural Gas Consumption Tax | \$0.004 per CCF |
| Local Sales Tax | 1.0% on sale (added to the rate of the State tax imposed) |
| Short-Term Rental Tax | 1% of gross proceeds of business arising from rentals (1.5% Heavy Equipment). |
| Cigarette Tax | \$1.26 on each package of twenty cigarette |
| Transient Lodging Tax | 6.5% of total amount paid for room rental plus \$1.25 per night lodging fee |
| Restaurant Meal Tax | 5% on all food and drink |
| Recordation Tax | \$0.083 per \$100 of sales price/loan value (equals State max) |
| Late Payment Tax Penalty | 10% or \$10, whichever is greater |
| Tax Interest | 10% for the first year and 5% for each year thereafter. |

Source: City of Alexandria Revenue Division

CITY OF ALEXANDRIA, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE X

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Assessed Value of Real Property, January 1 | \$ 34,725,070,077 | \$ 35,895,602,676 | \$ 37,146,860,126 | \$ 38,195,318,730 | \$ 38,987,293,704 |
| Debt Limit: 10 percent | 3,472,507,008 | 3,589,560,268 | 3,714,686,013 | 3,819,531,873 | 3,898,729,370 |
| Amount of Debt Applicable to Debt Limit | 508,700,000 | 539,780,000 | 540,495,000 | 522,710,000 | 557,233,000 |
| Legal Debt Margin | \$ 2,963,807,008 | \$ 3,049,780,268 | \$ 3,174,191,013 | \$ 3,296,821,873 | \$ 3,341,496,370 |
| Debt as a Percentage of Assessed Value | 1.46% | 1.50% | 1.46% | 1.37% | 1.43% |
| Assessed Value of Real Property, January 1 | \$ 39,897,986,964 | \$ 40,977,242,214 | \$ 42,679,236,862 | \$ 43,826,796,330 | \$ 46,560,058,324 |
| Debt Limit: 10 percent | 3,989,798,696 | 4,097,724,221 | 4,267,923,686 | 4,382,679,633 | 4,656,005,832 |
| Amount of Debt Applicable to Debt Limit | 595,021,000 | 589,957,000 | 747,911,000 | 704,117,000 | 852,606,000 |
| Legal Debt Margin | \$ 3,394,777,696 | \$ 3,507,767,221 | \$ 3,520,012,686 | \$ 3,678,562,633 | \$ 3,803,399,832 |
| Debt as a Percentage of Assessed Value | 1.49% | 1.44% | 1.75% | 1.61% | 1.83% |

Limitations on the Incurrence of General Obligation Debt:

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

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

The only constitutional limitation on the issuance of general obligation bonds is contained in Article VII, Section 10 of the Virginia Constitution, which states that: "No city or town shall issue any bonds or other interest-bearing obligations which, including existing indebtedness, shall at any time exceed ten percent of the assessed valuation of real estate in the city or town subject to taxation, as shown by the last preceding assessment for taxes."

CITY OF ALEXANDRIA, VIRGINIA
Ratio of Net General Debt¹ to Assessed Value
And Net Debt Per Capita
Last Ten Fiscal Years

TABLE XI

| FY Year | Population ⁽¹⁾ | Taxable Assessed Value (\$000) ⁽²⁾ | | | Outstanding Debt | Outstanding Debt As Percentage of Assessed | | Personal Income (\$100) | Debt Per Capita | Debt Per Capita As A Percentage of Per Capita Income ⁽⁴⁾ |
|---------|---------------------------|---|-------------------|------------|------------------|--|----------------|-------------------------|-----------------|---|
| | | Real Property | Personal Property | Total | | Real Property | Total Property | | | |
| 2013 | 142,000 | 34,725,071 | 1,343,202 | 36,068,273 | 508,700,000 | 1.46 | 1.41 | 11,760,450 | 3,582 | 4.37 |
| 2014 | 144,000 | 35,895,603 | 1,417,679 | 37,313,282 | 539,780,000 | 1.50 | 1.45 | 12,115,212 | 3,748 | 4.84 |
| 2015 | 147,650 | 37,146,860 | 1,397,502 | 38,544,362 | 540,495,000 | 1.46 | 1.40 | 12,071,851 | 3,661 | 4.55 |
| 2016 | 149,900 | 38,195,319 | 1,437,203 | 39,632,522 | 522,710,000 | 1.37 | 1.32 | 11,789,823 | 3,487 | 4.24 |
| 2017 | 152,200 | 38,987,294 | 1,503,339 | 40,490,633 | 557,233,000 | 1.43 | 1.38 | 12,692,748 | 3,661 | 4.40 |
| 2018 | 154,500 | 39,897,987 | 1,520,865 | 41,418,852 | 595,021,000 | 1.49 | 1.44 | 12,958,210 | 3,851 | 4.58 |
| 2019 | 156,800 | 40,977,242 | 1,565,335 | 42,542,577 | 589,957,000 | 1.44 | 1.39 | 13,455,505 | 3,762 | 4.47 |
| 2020 | 159,200 | 42,679,237 | 1,596,166 | 44,275,403 | 747,911,000 | 1.75 | 1.69 | 14,127,927 | 4,698 | 5.34 |
| 2021 | 161,300 | 43,826,796 | 1,506,234 | 45,333,030 | 704,117,000 | 1.61 | 1.55 | 14,665,740 | 4,365 | 4.96 |
| 2022 | 163,400 | 46,560,058 | 1,664,074 | 48,224,132 | 852,606,000 | 1.83 | 1.77 | 14,894,033 | 5,218 | 5.93 |

(1) Net General Debt includes general obligation bonds, premium and term notes.

(2) Includes real and personal property as adjusted for changes to levy.

(3) SOURCE: Alexandria Department of Planning and Zoning and the United States Bureau of Economic Analysis

(4) Personal Income and per capita income represents data from the United States Bureau of Economic Analysis, as revised, that generally has a two-year lag.

CITY OF ALEXANDRIA, VIRGINIA
Overlapping Debt and Debt History
June 30, 2022

TABLE XII

The City of Alexandria is autonomous from any county, town, or other political subdivisions of the Commonwealth of Virginia. There is no overlapping general obligation debt or taxing powers. The water system and the sewage treatment plant within the City are operated by a private company and an independent authority, respectively, for which the City has no debt obligations.

The City has never defaulted in the payment of any part of either principal or interest on any debt.

Credit Ratings

| | |
|------------------------------------|-----|
| Moody's Investors Service..... | Aaa |
| Standard & Poor's Corporation..... | AAA |

Paying Agents

The City's coupon bonds and interest coupons are payable at the Chase Manhattan Bank, N.A., New York, New York, or SunTrust Bank in Richmond, Virginia. Registered bonds and interest are payable at the principal corporate trust office of the Chase Manhattan Bank, N.A., New York, New York, or Depository Trust Company, New York, New York, which are the Registrars for bonds of the City of Alexandria.

**Ratio of Annual Debt Service Expenditures for Net
General Debt ⁽¹⁾ to Total General Expenditures
Last Ten Fiscal Years**

TABLE XIII

| Year | Principal | Interest and Other Costs | Total Debt Service | General Expenditures ⁽²⁾ | Ratio of Debt Service to General Governmental Expenditures % |
|------|------------|-----------------------------|-----------------------|--|--|
| 2013 | 27,550,000 | 22,437,678 | 49,987,678 | 763,516,075 | 6.55 |
| 2014 | 33,476,070 | 23,835,653 | 57,311,723 | 820,080,010 | 6.99 |
| 2015 | 38,645,000 | 22,614,198 | 61,259,198 | 817,311,890 | 7.50 |
| 2016 | 41,595,000 | 21,766,140 | 63,361,140 | 808,162,557 | 7.84 |
| 2017 | 43,300,000 | 21,490,252 | 64,790,252 | 880,542,277 | 7.36 |
| 2018 | 44,404,949 | 21,795,764 | 66,200,713 | 920,488,621 | 7.19 |
| 2019 | 45,989,000 | 24,591,838 | 70,580,838 | 1,016,620,191 | 6.94 |
| 2020 | 46,126,000 | 23,463,907 | 69,589,907 | 1,041,037,742 | 6.68 |
| 2021 | 47,529,000 | 27,223,323 | 74,752,323 | 1,090,444,851 | 6.86 |
| 2022 | 45,546,000 | 27,071,962 | 72,617,962 | 1,167,956,936 | 6.22 |

(1) Net General Debt includes general obligation bonds

(2) Includes expenditures for School Board and Library component units

CITY OF ALEXANDRIA, VIRGINIA
Demographic Statistics
June 30, 2022

TABLE XIV

Population

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

SOURCE: U.S. Bureau of Census, "General Population Characteristics"
 2011-2019 City of Alexandria, Department of Planning Zoning. Calendar Year 2020 reflects the 2020 Census data released on August 12, 2021. Calendar Year 2021 is an estimate developed by the City's Department of Planning and Zoning.

POPULATION INDICATORS
PER CAPITA INCOME*

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Alexandria | \$78,383 | \$81,896 | \$77,419 | \$80,506 | \$82,253 | \$81,887 | \$83,477 | \$87,761 | \$89,884 | \$93,835 |
| Arlington | \$82,491 | \$83,925 | \$79,295 | \$83,616 | \$86,141 | \$87,136 | \$90,390 | \$95,012 | \$98,116 | \$100,823 |
| Fairfax (include..... Fairfax City and Falls Church) | \$69,008 | \$72,257 | \$69,817 | \$72,552 | \$75,081 | \$76,947 | \$78,751 | \$82,888 | \$86,031 | \$88,971 |
| Washington MSA | \$59,345 | \$62,496 | \$60,814 | \$62,546 | \$65,155 | \$67,598 | \$69,295 | \$71,615 | \$73,059 | \$76,771 |

***BEA has revised these numbers.**

SOURCE: U.S. Bureau of Economic Analysis (BEA) This data has been revised from previous estimates provided by the Department of Commerce

CITY OF ALEXANDRIA
UNEMPLOYMENT RATE*
LAST TEN YEARS

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Unemployment Rate | 4.7% | 4.6% | 3.5% | 2.9% | 2.8% | 2.4% | 2.2% | 8.3% | 4.3% | 2.4% |

*The Bureau of Labor Statistics has revised these numbers

SOURCE: U.S. Bureau of Labor Statistics (BLS). This data has been revised from previous estimates provided by the Bureau of Labor Statistics. Revision occurred on April 16, 2021.

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

TABLE XV

Private Property

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

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

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

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

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

TABLE XV
(Continued)

Public Service Companies

| Owner's Name | 2022 Assessed Value (in millions) | Percentage of Total Assessed Valuation |
|--|--|---|
| 1 Virginia Electric Power Company | 249.7 | 0.54% |
| 2 Virginia-American Water Co. | 86.0 | 0.18% |
| 3 Norfolk Southern Railway Company | 74.7 | 0.16% |
| 4 CSX TRANSPORTATION, INC. | 65.9 | 0.14% |
| 5 Washington Gas Light Company | 61.4 | 0.13% |
| 6 Verizon Virginia Inc. | 44.3 | 0.10% |
| 7 Potomac electric Power Company | 41.0 | 0.09% |
| 8 Covanta Alexandria / Arlington, Inc. | 17.8 | 0.04% |
| 9 New Cingular Wireless PCS, LLC | 11.0 | 0.02% |
| 10 Cellco Partnership | 10.9 | 0.02% |

SOURCE: Virginia State Corporation Commission

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

| Owner's Name | 2013 Assessed Value (in millions) | Percentage of Total Assessed Valuation |
|--|--|---|
| 1 Virginia Electric Power Company | \$182.6 | 1.50% |
| 2 Norfolk Southern Railway Company | 71.3 | 0.21 |
| 3 Richmond Fredericksburg & Potomac Railway Co | 61.7 | 0.18 |
| 4 Virginia-American Water Co. | 51.1 | 0.15 |
| 5 Covanta Alexandria/Arlington, Inc | 48.7 | 0.14 |
| 6 Verizon Virginia Inc. | 44.8 | 0.13 |
| 7 Potomac Electric Power Company | 34.9 | 0.10 |
| 8 Washington Gas Light Company | 34.5 | 0.10 |
| 9 New Cingular Wireless PCS, LLC | 8.8 | 0.03 |
| 10 APC PCS, LLC | 5.9 | 0.02 |

SOURCE: Virginia State Corporation Commission

CITY OF ALEXANDRIA, VIRGINIA
Alexandria City School
Demographic Statistics
Last Ten Fiscal Years

TABLE XVI

| Fiscal Year | Total Enrollment | Number Receiving | | Number in English as Second Language | Number Receiving Special Education | Elementary School Gifted and Talented Programs | Number in Middle (6-8) School Gifted and Talented Programs |
|-------------|------------------|-----------------------|--|--------------------------------------|------------------------------------|--|--|
| | | Free or Reduced Meals | | | | | |
| 2013 | 13,114 | 7,370 | | 3,406 | 1,641 | 935 | 351 |
| 2014 | 13,623 | 8,100 | | 3,642 | 1,621 | 759 | 370 |
| 2015 | 14,224 | 8,582 | | 4,202 | 1,634 | 823 | 432 |
| 2016 | 14,729 | 8,664 | | 4,381 | 1,672 | 861 | 545 |
| 2017 | 15,105 | 8,965 | | 4,789 | 1,803 | 933 | 604 |
| 2018 | 15,540 | 9,106 | | 4,791 | 1,731 | 1,045 | 663 |
| 2019 | 15,795 | 9,282 | | 5,045 | 1,762 | 1,044 | 711 |
| 2020 | 16,117 | 9,094 | | 5,117 | 1,697 | 698 | 691 |
| 2021 | 15,635 | 8,385 | | 5,062 | 1,581 | 392 | 658 |
| 2022 | 15,526 | 9,099 | | 4,853 | 1,571 | 668 | 633 |

SOURCE: City of Alexandria Public School System

CITY OF ALEXANDRIA, VIRGINIA
General Fund
City Department Expenditure Detail by Function
For the Fiscal Year Ended June 30, 2022

TABLE XVII

| | General Government | Judicial Administration | Public Safety | Public Works | Health and Welfare | Recreation & Culture | Community Development | Education | Library | Transit Subsidies | Debt Services | Total |
|--|--------------------|-------------------------|----------------|---------------|--------------------|----------------------|-----------------------|----------------|--------------|-------------------|---------------|----------------|
| | | | | | | | | | | | | |
| General Fund Expenditures | | | | | | | | | | | | |
| City Council..... | \$ 712,091 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 712,091 |
| City Manager..... | 3,483,090 | - | - | - | - | - | - | - | - | - | - | 3,483,090 |
| Office of Management and Budget..... | 1,246,904 | - | - | - | - | - | - | - | - | - | - | 1,246,904 |
| 18th Circuit Court..... | - | 1,385,871 | - | - | - | - | - | - | - | - | - | 1,385,871 |
| 18th General District Court..... | - | 145,938 | - | - | - | - | - | - | - | - | - | 145,938 |
| Juvenile and Domestic Relations Courts..... | - | 93,639 | - | - | - | - | - | - | - | - | - | 93,639 |
| Commonwealth's Attorney..... | - | 3,141,170 | - | - | - | - | - | - | - | - | - | 3,141,170 |
| Sheriff..... | - | 8,078,776 | 23,568,607 | - | - | - | - | - | - | - | - | 31,647,383 |
| Clerk of Courts..... | - | 1,707,883 | - | - | - | - | - | - | - | - | - | 1,707,883 |
| Other Correctional Activities..... | - | 4,295,909 | - | - | - | - | - | - | - | - | - | 4,295,909 |
| Court Services..... | - | 1,591,503 | 94,981 | - | - | - | - | - | - | - | - | 1,686,484 |
| Human Rights..... | 1,010,597 | - | - | - | - | - | - | - | - | - | - | 1,010,597 |
| Internal Audit..... | 393,529 | - | - | - | - | - | - | - | - | - | - | 393,529 |
| Information Technology Services..... | 10,797,853 | - | - | - | - | - | 2,162,959 | - | - | - | - | 12,960,813 |
| Office of Communications..... | - | - | - | - | - | - | 1,390,367 | - | - | - | - | 1,390,367 |
| City Clerk and Clerk of Council..... | 440,575 | - | - | - | - | - | - | - | - | - | - | 440,575 |
| Finance..... | 11,805,154 | - | - | - | - | - | - | - | - | - | - | 11,805,154 |
| Organizational Excellence..... | 177,213 | - | - | - | - | - | - | - | - | - | - | 177,213 |
| Human Resources..... | 4,113,830 | - | - | - | - | - | - | - | - | - | - | 4,113,830 |
| Planning and Zoning..... | - | - | - | - | - | - | 6,017,203 | - | - | - | - | 6,017,203 |
| Economic Development Activities..... | - | - | - | - | - | - | 6,739,985 | - | - | - | - | 6,739,985 |
| City Attorney..... | 3,955,608 | - | - | - | - | - | - | - | - | - | - | 3,955,608 |
| Registrar..... | 1,385,628 | - | - | - | - | - | - | - | - | - | - | 1,385,628 |
| General Services..... | 335,756 | - | 1,252,944 | 9,121,414 | - | - | - | - | - | - | - | 10,710,114 |
| Project Implementation Office..... | - | - | - | - | - | - | - | - | - | - | - | - |
| Performance and Accountability..... | 522,198 | - | - | - | - | - | - | - | - | - | - | 522,198 |
| Transportation and Environmental Services..... | 2,681,325 | - | - | 17,542,541 | - | - | 2,938,201 | - | - | - | - | 23,162,066 |
| Transit Subsidies..... | - | - | - | - | - | - | - | - | - | 18,681,843 | - | 18,681,843 |
| Fire..... | - | - | 53,067,178 | - | - | - | - | - | - | - | - | 53,067,178 |
| Police..... | - | - | 60,666,177 | - | - | - | - | - | - | - | - | 60,666,177 |
| Emergency Communications..... | - | - | 8,533,833 | - | - | - | - | - | - | - | - | 8,533,833 |
| Code Administration..... | - | - | 0.00 | - | - | - | - | - | - | - | - | - |
| Housing..... | - | - | - | - | - | - | 1,898,502 | - | - | - | - | 1,898,502 |
| Community and Human Services..... | 1,433,234 | - | - | - | 12,860,026 | - | - | - | - | - | - | 14,293,260 |
| Other Health Services..... | - | - | 1,200 | - | 1,746,762 | - | - | - | - | - | - | 1,747,962 |
| Health..... | - | - | - | - | 6,424,119 | - | 183,491 | - | - | - | - | 6,607,609 |
| Office of Historic Alexandria..... | - | - | - | - | - | 3,491,916 | - | - | - | - | - | 3,491,916 |
| Recreation and Cultural Activities..... | - | - | - | - | - | 23,312,173 | - | - | - | - | - | 23,312,173 |
| Other Educational Activities..... | - | - | - | - | - | - | - | 239,437,296 | - | - | - | 239,437,296 |
| Miscellaneous..... | 12,145,464 | - | - | 1,253,496 | 695,740 | - | 336,498 | - | 7,680,826 | - | 62,649,212 | 84,761,236 |
| Total Expenditures | \$ 56,619,999 | \$ 20,440,688 | \$ 147,184,920 | \$ 27,917,451 | \$ 21,726,647 | \$ 26,704,089 | \$ 21,667,205 | \$ 239,437,296 | \$ 7,680,826 | \$ 18,681,843 | \$ 62,649,212 | \$ 680,710,176 |

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

TABLE XVIII

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

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

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

TABLE XIX

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

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

*Employment numbers are estimates only

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

TABLE XX

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Judicial Administration | | | | | | | | | | |
| Civil and criminal cases processed by Clerk of Courts | 6,950 | 6,000 | 6,000 | 5,377 | 5,734 | 5,985 | 6,489 | 5,185 | 4,168 | 5,827 |
| Public Safety | | | | | | | | | | |
| Number of Homicides | 5 | 4 | 4 | 7 | 6 | 4 | 2 | 2 | 3 | 6 |
| Response Time (minutes) from turnout to arrival met by 90% of responses to Fire Emergency Incidents | N/A | N/A | 0.30972222 | 7:13 | 7:26 | 6:41 | 6:30 | 7:11 | 7:33 | 9:33 |
| Response Time (minutes) from turnout to arrival met by 90% of responses to Medical Emergency Incidents | N/A | N/A | 0.29236111 | 7:03 | 6:09 | 5:45 | 5:30 | 7:45 | 7:56 | 8:24 |
| Public Works | | | | | | | | | | |
| Tons of Waste Disposed Annually | 21,732 | 20,689 | 20,975 | 21,199 | 21,033 | 22,058 | 22,328 | 22,045 | 22,960 | ** |
| Lane Miles Repaired | N/A | 43 | 45 | 66 | 72 | 45 | 44 | 46 | 48 | 16 |
| Acres of Impervious Surface within City | 1,327 | 1,355 | 1,444 | 1,519 | 1,522 | 1,536 | 1,544 | 1,560 | 1,573 | 1,579 |
| City-Wide Recycling Rate | 49 | 49 | 49 | 49 | 50 | 48 | 49 | ** | ** | ** |
| Library | | | | | | | | | | |
| Total number of material circulated | 1,132,500 | 1,335,000 | 1,339,000 | 1,304,000 | 1,595,528 | 1,607,718 | 1,611,014 | 1,438,234 | 1,262,833 | 1,412,497 |
| Number of Library Visitors and Web Users | 1,233,203 | 1,219,936 | 1,288,629 | 1,247,355 | 1,303,209 | 1,382,324 | 1,556,345 | 1,493,926 | 1,121,843 | 1,228,567 |
| Health and Welfare | | | | | | | | | | |
| Number of immunizations given to the public | 14,757 | 15,930 | 14,618 | 10,234 | 12,844 | 9,553 | 8,221 | 6,772 | 3,923 | 6,820 |
| Average number of active participants in Women, Infants, and Children program per month | 3,080 | 2,511 | 2,828 | 2,754 | 2,801 | 3,003 | 2,826 | 2,875 | 3,259 | 3,292 |
| Teen Wellness Center Visits | 3,055 | 3,495 | 3,440 | 3,167 | 3,800 | 3,720 | 3,398 | 2,888 | 1,863 | 2,503 |
| Pharmacy (number of prescriptions) | 10,161 | 13,045 | 16,233 | 17,567 | 19,173 | 26,742 | 28,355 | 27,852 | 30,207 | 30,251 |
| Transit | | | | | | | | | | |
| Annual Ridership of Bus & Trolley | 4,265,417 | 4,244,588 | 4,275,682 | 4,108,706 | 3,939,351 | 3,892,685 | 3,940,251 | 2,844,989 | 1,521,928 | 3,019,825 |
| Number of Metro Rail Riders Originating in Alexandria | 5,454,752 | 5,403,671 | 5,364,129 | 5,034,745 | 4,306,919 | 4,426,213 | 3,861,674 | 2,141,993 | 605,820 | 1,540,000 |
| Miles of service | 1,493,146 | 1,550,704 | 1,714,388 | 1,758,689 | 1,857,385 | 1,851,653 | 1,966,261 | 2,073,300 | 1,844,028 | 2,338,240 |
| Culture and Recreation | | | | | | | | | | |
| Number of Registered Users in Recreation Centers and Recreation Activities*** | 7,000 | 7,000 | 13,745 | 23,806 | 26,423 | 26,403 | 30,014 | 33,127 | 36,376 | 19,652 |
| Number of Public Special Events | 163 | 170 | 197 | 211 | 136 | 137 | 165 | 114 | 117 | 159 |
| Community Development | | | | | | | | | | |
| Number of Affordable Housing Units | 3,782 | 3,782 | 3,724 | 3,955 | 3,955 | 4,075 | 4,084 | 4,450 | 4,687 | 4,913 |
| Assessed Value Average Residential Property | 466,774 | 486,456 | 505,740 | 516,280 | 522,800 | 542,202 | 549,253 | 577,988 | 576,901 | 655,901 |
| Education | | | | | | | | | | |
| Cost per pupil | 17,024 | 17,249 | 17,041 | 16,896 | 17,216 | 17,193 | 17,740 | 18,190 | 18,241 | 19,864 |
| Graduation Rate | 86 | 84 | 80 | 82 | 83 | 81 | 83 | 82 | 91 | 83 |

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

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

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

TABLE XX (cont.)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Judicial Administration | | | | | | | | | | |
| Number of foster care homes | 50 | 50 | 46 | 46 | 39 | 47 | 51 | 53 | 56 | 56 |
| Public Safety | | | | | | | | | | |
| Fire vehicles | 138 | 143 | 143 | 143 | 143 | 144 | 144 | 183 | 167 | 119 |
| Public Works | | | | | | | | | | |
| Paved streets | 560 | 560 | 560 | 560 | 561 | 561 | 561 | 561 | 561 | 548 |
| Sidewalks | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 366 |
| Library | | | | | | | | | | |
| Full service branches and central library | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Health and Welfare | | | | | | | | | | |
| Preventative health care sites | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Transit | | | | | | | | | | |
| DASH transit buses | 79 | 79 | 74 | 85 | 85 | 85 | 85 | 99 | 99 | 101 |
| Culture and Recreation | | | | | | | | | | |
| Playgrounds | 36 | 37 | 36 | 40 | 41 | 41 | 42 | 42 | 42 | 42 |
| Athletic fields available for games | 49 | 49 | 49 | 53 | 53 | 59 | 56 | 56 | 56 | 55 |
| Acreage of park and open space | 958 | 974 | 1,000 | 1,036 | 1,042 | 1,042 | 1,042 | 1,042 | 1,042 | 1,042 |
| Total number of facilities maintained | 181 | 181 | 181 | 181 | 130 | 126 | 126 | 127 | 117 | 159 |
| Community Development | | | | | | | | | | |
| Public housing and public housing replacement u | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 |
| Education | | | | | | | | | | |
| Public schools | 17 | 17 | 16 | 16 | 16 | 16 | 18 | 18 | 18 | 18 |

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

** - Indicator no longer maintained

CITY OF ALEXANDRIA, VIRGINIA
Miscellaneous Statistical Data
As of June 30, 2022

TABLE XXI

| | |
|---|-----------------|
| Date of Incorporation | 1779 |
| Date of City Charter | 1922 |
| Form of Government | Council-Manager |
| Number of Full-Time City Positions (Other than Schools)..... | 2695 |
| Number of Full-Time Equivalent School Positions..... | 2649 |

Land Area

15.75 Square Miles

Elevation

0 to 287 ft above sea level

Location

38.8210 N
 77.0861 W

Climate

Average January Temperature 34.9°
 Average July Temperature 79.2°

Transportation

Major Highways:
 Capital Beltway (I-95)
 I-395 (Shirley Highway)
 U.S. Route 1
 George Washington Memorial Parkway
 Rail:

The City is served by the north-south routes of Amtrak. The Virginia Railway Express provides commuter service between Alexandria, Washington, D.C., Fredericksburg, and Manassas, Virginia. Freight lines entering the City are Conrail, CSX Transportation, and Norfolk Southern Company.

Washington Metropolitan Area Transit Authority (WMATA) provides rail transit to the Washington Metro area. Four of the systems stations are located in Alexandria.

Air:

Ronald Reagan Washington National Airport is only minutes away from any location within the City.

Dulles International Airport provides international and longer domestic travel.

Ground:

The City is served by local bus service provided by the Alexandria Transit Company.

The City is served by the local and express buses of the Washington Metropolitan Area Transit Authority (METRO) and the Fairfax Connector.

Individualized service is available through privately owned taxicab fleets.

Port Facilities:

The port of Alexandria has two docks for ocean-going freighters and two major public docks. The 24-foot deep Potomac River channel runs the length of the Alexandria waterfront.

Population

| | |
|--|-----------------------|
| 2022 Resident Population (Estimate)..... | 163,400 |
| Number of Households (2016-2020 U.S. Census ACS) | 71,289 |
| Household Size (2016-2020) | 2.20 Persons Per Unit |
| 2021 Population by Race (2016-2020 U.S. Census ACS): | |
| White | 59.8% |
| Black..... | 21.9% |
| Native American..... | 0.3% |
| Asian and Pacific Islanders..... | 6.8% |
| Multi-Racial..... | 5.9% |
| Hispanic (All Races)..... | 16.4% |

| | |
|---|--------|
| 2021 Population by Age and Sex (U.S. Census Bureau Estimate): | |
| Persons under 5 years | 7.2% |
| Persons under 18 years | 18.4% |
| Persons 65 + years | 11.6 % |
| Female Persons | 51.8% |

| | |
|--|---------|
| Registered Voters | |
| June 2022..... | 100,088 |
| Temporary Assistance to Needy Families | |
| (Cases) - Monthly Average, 2022..... | 412 |
| Food Stamps (Cases) - Monthly Average, 2022..... | 5,599 |
| Medicaid (Cases) - Monthly Average, 2022..... | 16,946 |

Economy

| | |
|---|--------|
| Employed Residents, June 2022..... | 96,913 |
| Unemployed Residents, June 2022..... | 2,363 |
| Unemployed Rate, June 2022 | 2.4% |
| Washington PMSA Inflation Rate, based on Consumer Price Index, for FY 2022 | |
| | 7.5% |

CITY OF ALEXANDRIA, VIRGINIA

Miscellaneous Statistical Data

As of June 30, 2022

TABLE XXI (Continued)

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

Communications

Television:
 All major networks plus cable
 Local Newspapers:
 Alexandria Gazette Packet (weekly)
 Regional Newspapers:
 Washington Post
 Washington Times
 Washington Examiner
 Radio:
 50 major and minor radio stations in metropolitan area

Miles of Streets, Sidewalks and Alleys

Streets:
 Paved - Lane miles548
 Sidewalks miles366
 Alleys, Paved miles17.3

Utilities

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

Public Recreation

Acreage1,042
 Facilities:
 Playground Areas42
 Swimming Pools4
 Gymnasiums (doesn't include schools).....7
 Basketball Courts (outdoor, schools, half courts).....32
 Tennis Courts (includes schools)37
 Multi-Use Courts (includes schools).....14
 Playing Fields (include schools do not include overlays).....55

Medical Facilities

| | Beds |
|---|-------------|
| Hospital: | |
| INOVA Alexandria Hospital..... | 318 |
| Nursing Homes: | |
| Envoy of Alexandria, LLC..... | 111 |
| Goodwin House Alexandria..... | 80 |
| Mount Vernon Healthcare Center..... | 130 |
| Promedica Skilled Nursing and Rehab (Alexandria)..... | 96 |
| The Fountains at Washington House..... | 68 |
| Woodbine Rehabilitation and Healthcare Center..... | 307 |

Libraries

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

Education

| Public Schools: | Number |
|------------------------------------|---------------|
| Elementary..... | 14 |
| Middle..... | 2 |
| High School..... | 1 |
| Parochial and Private Schools..... | 39 |

Higher Education:

Located within the City are the Alexandria campus of Northern Virginia-Community College, Regent University, and the Episcopal Theological Seminary. Nearby institutions include George Mason, George Washington, American, Catholic, Georgetown, and Howard Universities.

Financial Institutions

| | |
|-----------------------|----|
| Commercial Banks..... | 15 |
| Credit Unions..... | 11 |

**Lodging
(FY 2022)**

| | |
|--|----------|
| Alexandria Available Hotel Rooms..... | 4,206 |
| Alexandria Hotel Occupancy..... | 56.6% |
| National Hotel Occupancy (as of June 2022)..... | 61.5% |
| Alexandria Average Daily Rate..... | \$143.27 |
| National Average Daily Rate (as of June 2022)..... | \$139.58 |

SOURCE: Visit Alexandria

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

Table XXII

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

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

TABLE XXIII

| Fiscal Year | Total Principal | Total Interest | Total |
|--------------|-----------------------|-----------------------|-------------------------|
| 2023 | 48,134,000 | 27,943,000 | 76,077,000 |
| 2024 | 52,222,000 | 26,518,493 | 78,740,493 |
| 2025 | 54,889,000 | 24,418,442 | 79,307,442 |
| 2026 | 52,911,000 | 22,205,834 | 75,116,834 |
| 2027 | 51,762,000 | 20,031,321 | 71,793,321 |
| 2028 | 52,149,000 | 17,869,160 | 70,018,160 |
| 2029 | 52,284,000 | 15,743,553 | 68,027,553 |
| 2030 | 49,417,000 | 13,899,015 | 63,316,015 |
| 2031 | 44,999,000 | 12,259,029 | 57,258,029 |
| 2032 | 41,069,000 | 10,748,636 | 51,817,636 |
| 2033 | 36,835,000 | 9,446,502 | 46,281,502 |
| 2034 | 30,060,000 | 8,292,393 | 38,352,393 |
| 2035 | 31,470,000 | 7,401,790 | 38,871,790 |
| 2036 | 30,515,000 | 6,590,739 | 37,105,739 |
| 2037 | 30,395,000 | 5,779,794 | 36,174,794 |
| 2038 | 27,195,000 | 5,014,398 | 32,209,398 |
| 2039 | 18,920,000 | 4,387,046 | 23,307,046 |
| 2040 | 17,010,000 | 3,933,859 | 20,943,859 |
| 2041 | 17,240,000 | 3,529,031 | 20,769,031 |
| 2042 | 16,385,000 | 3,115,075 | 19,500,075 |
| 2043 | 9,515,000 | 2,762,325 | 12,277,325 |
| 2044 | 9,805,000 | 2,472,525 | 12,277,525 |
| 2045 | 10,100,000 | 2,173,950 | 12,273,950 |
| 2046 | 10,410,000 | 1,866,300 | 12,276,300 |
| 2047 | 10,725,000 | 1,549,275 | 12,274,275 |
| 2048 | 11,055,000 | 1,222,575 | 12,277,575 |
| 2049 | 11,390,000 | 885,900 | 12,275,900 |
| 2050 | 11,740,000 | 538,950 | 12,278,950 |
| 2051 | 12,095,000 | 181,425 | 12,276,425 |
| Total | \$ 852,696,000 | \$ 262,780,335 | \$ 1,115,476,335 |



SINGLE AUDIT



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

The Honorable Mayor and Members of the City Council
City of 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, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Virginia (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 14, 2022.

Report on Internal Control Over Financial Reporting

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

The Honorable Mayor and Members of the City Council
City of Alexandria, Virginia

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’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

Arlington, Virginia
December 14, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members of the City Council
City of Alexandria, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Alexandria's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 14, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

The Honorable Mayor and Members of the City Council
City of Alexandria, Virginia

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
March 28, 2023

**CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

| Federal Grantor/Recipient State Agency/Program or Cluster Title | Assistance Listing Number | Pass-through Number | Pass-through to Subrecipients | Federal Expenditures |
|---|------------------------------------|------------------------|-------------------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Pass Through Payments: | | | | |
| Department of Agriculture and Consumer Services (301 535-06): | | | | |
| Food Insecurity Nutrition Incentive | 10.331 | N/A | \$ - | \$ 2,499 |
| Virginia State Department of Education (197 457-07) | | | | |
| Child Nutrition Cluster: | | | | |
| Child Nutrition Discretionary Grants Limited Availability | 10.582 | N/A | - | 70,957 |
| School Breakfast Program | 10.553 | N/A | - | 2,077,701 |
| School Lunch Program | 10.555 | N/A | - | 7,300,956 |
| COVID-19 CN-SNP Emergency Cost - Schools | 10.555 | Program# 403120 | - | 307,550 |
| Department of Agriculture and Consumer Services (301 535-06): | | | | |
| National School Lunch Program - Schools | 10.555 | Agency # 00 480 | | 645,023 |
| | Sub-Total 10.555 | | - | 8,253,529 |
| Commodity Food Distribution | 10.559 | Agency #80 272 | - | 1,775 |
| Commodity Food Distribution - Schools | 10.559 | N/A | - | 521,140 |
| | Sub-Total 10.559 | | - | 522,915 |
| | | | - | 10,925,102 |
| Subtotal Child Nutrition Cluster | | | | |
| SNAP Cluster: | | | | |
| State Administrative Matching for Supplemental | | | | |
| Pass Through Payments: | | | | |
| Virginia State Department of Social Services | | | | |
| State Administrative Matching for Supplemental Nutrition Assistance Program | 10.561 | LASER | - | 4,356,458 |
| Subtotal SNAP Cluster | | | - | 4,356,458 |
| Virginia State Department of Education (197 457-07) | | | | |
| Child and Adult Care Food Program | 10.558 | N/A | - | 170,971 |
| Child and Adult Care Food Program | 10.558 | N/A | - | 23,703 |
| | Sub-Total 10.558 | | - | 194,674 |
| Fresh Fruits and Vegetable Program | 10.649 | N/A | - | 5,814 |
| | | | - | 15,484,547 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Pass Through Payments: | | | | |
| Virginia State Department of Education: | | | | |
| Title 1 Grants to Local Educational Agencies | 84.010 | OMEGA-State Allocation | - | 4,891,637 |
| COVID-19 Education Stabilization Fund: | | | | |
| COVID-19 Education Stabilization Fund: | 84.425U | OMEGA-State Allocation | - | 7,001,508 |
| COVID-19 Education Stabilization Fund: | 84.425W | OMEGA-State Allocation | - | 300 |
| COVID-19 Education Stabilization Fund: | 84.425C | OMEGA-State Allocation | - | 85,983 |
| COVID-19 Education Stabilization Fund: | 84.425D | OMEGA-State Allocation | - | 7,558,899 |
| | Sub-Total 84.425 | | - | 14,646,690 |
| Special Education Cluster: | | | | |
| Special Education Grants to States | 84.027 | OMEGA-State Allocation | - | 4,017,352 |
| COVID-19 Special Education Grants to States | 84.027 | OMEGA-State Allocation | - | 264,453 |
| COVID-19 Special Education Preschool Grants | 84.173 | OMEGA-State Allocation | - | 30,820 |
| Special Education Preschool Grants | 84.173 | OMEGA-State Allocation | - | 95,907 |
| | Subtotal Special Education Cluster | | - | 4,408,532 |
| Adult Literacy Services-Federal | 84.002 | OMEGA-State Allocation | - | 189,472 |
| Title I State | 84.013 | OMEGA-State Allocation | - | 28,726 |
| Career and Technical Education--Basic Grants to States | 84.048 | OMEGA-State Allocation | - | 530,531 |
| Early Invention | 84.181 | OMEGA-State Allocation | - | 213,365 |
| Education for Homeless Children and Youth | 84.196 | OMEGA-State Allocation | - | 33,745 |
| Twenty-First Century Community Learning Centers | 84.287 | OMEGA-State Allocation | - | 1,024,664 |
| English Language Acquisition Grants | 84.365 | OMEGA-State Allocation | - | 634,181 |
| Improving Teacher Quality State Grants | 84.367 | OMEGA-State Allocation | - | 406,248 |
| Student Support and Academic Enrichment Grants | 84.424 | OMEGA-State Allocation | - | 544,041 |
| | | | - | 27,551,832 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Direct Payments: | | | | |
| Administration for Children, Youth and Families | | | | |
| Affordable Care Act (ACA) Personal | 93.092 | N/A | - | 254,115 |
| Head Start Cluster | 93.600 | N/A | - | 2,835,670 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Federal Grantor/Recipient State Agency/Program or Cluster Title | Assistance Listing Number | Pass-through Number | Pass-through to Subrecipients | Federal Expenditures |
|--|---------------------------|-------------------------|-------------------------------|----------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued) | | | | |
| Pass Through Payments: State of Virginia | | | | |
| Department of Health: | | | | |
| Injury Prevention and Control Research and State and Community Based | 93.136 | State Allocation | \$ - | \$ 56,781 |
| Department of Mental Health and Mental Retardation | | | | |
| Substance Abuse and Mental Health Services | 93.243 | State Allocation | - | 57,431 |
| State Health Insurance Assistance Program | 93.324 | State Allocation | - | 54,874 |
| Direct Payments: | | | | |
| Block Grant for Community Mental Health Services | 93.958 | N/A | - | 51,003 |
| Pass Through Payments: State of Virginia | | | | |
| Department of Health: | | | | |
| Block Grant for Community Mental Health Services - MH FBG SMI | 93.958 | State Allocation | - | 784,132 |
| Sub-Total 93.958 | | | - | 835,135 |
| Projects for Assistance in Transition from Homelessness | 93.150 | State Allocation | - | 90,884 |
| Direct Payments: | | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | N/A | - | 160,298 |
| Pass Through Payments: State of Virginia | | | | |
| Department of Health: | | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | State Allocation | - | 1,120,840 |
| Sub-Total 93.959 | | | - | 1,281,138 |
| State of Virginia Department for the Aging: | | | | |
| Special Programs for the Aging _Title VII, Chapter 3 | 93.041 | State Allocation | - | 248 |
| Aging Cluster: | | | | |
| Special Programs for the Aging | | | | |
| Title III Part B Supportive Svces and Senior Centers | 93.044 | State Allocation | - | 179,547 |
| Title IIIC - Nutritional Services | 93.045 | State Allocation | - | 422,663 |
| Total Aging Cluster: | | | - | 602,210 |
| Pass Through Payments: | | | | |
| Virginia Department of Social Services: | | | | |
| Title IV-E Prevention Program | 93.472 | Laser- State Allocation | - | 30,328 |
| Promoting Safe and Stable Families | 93.556 | Laser- State Allocation | - | 126,498 |
| Temporary Assistance for Needy Families Cluster: | | | | |
| Temporary Assistance for Needy Families - SW | 93.558 | Laser- State Allocation | - | 6,547 |
| Temporary Assistance for Needy Families | 93.558 | Laser- State Allocation | - | 1,185,273 |
| Subtotal Temporary Assistance for Needy Families Cluster: | | | - | 1,191,820 |
| Family Support Payments to States | 93.667 | Laser- State Allocation | - | 116,250 |
| Family Support Payments to States - CSBG TANF-EA | 93.667 | Laser- State Allocation | - | 536,964 |
| Sub-Total 93.667 | | | - | 653,214 |
| Child Welfare Services State Grant | 93.645 | Laser- State Allocation | - | 2,506 |
| Refugee Cash Assistance - State Administered Programs | 93.566 | Laser- State Allocation | - | 478,432 |
| Refugee and Entrant Assistance Discretionary Grants | 93.576 | Laser- State Allocation | - | 19,867 |
| Community Services Block Grant | 93.569 | Laser- State Allocation | - | 180,563 |
| Low Income Home Energy Assistance | 93.568 | Laser- State Allocation | - | 158,647 |
| Guardianship Assistance (children & Families) - GAP | 93.090 | Laser- State Allocation | - | 1,159 |
| Child Care Cluster: | | | | |
| Child Care and Development Block Grant - ACPS | | | | |
| Child Care Mandatory | 93.575 | Laser- State Allocation | - | 82,986 |
| Matching Funds of the Childcare and Development Fund | 93.596 | Laser- State Allocation | - | 250,335 |
| Total Child Care Cluster: | | | - | 333,321 |
| Medical Cluster: | | | | |
| Medical Assistance Program | 93.778 | Laser- State Allocation | - | 2,354,896 |
| Opioid STR | 93.788 | State Allocation | - | 64,083 |
| Chafee Education and Training Vouchers Program | 93.599 | Laser- State Allocation | - | 53,103 |
| Foster Care Title IV - E | 93.658 | Laser- State Allocation | - | 1,472,208 |
| Adoption Assistance | 93.659 | Laser- State Allocation | - | 1,331,035 |
| Chafee Foster Care Independence Program | 93.674 | Laser- State Allocation | - | 45,886 |
| Children's Health Insurance Program | 93.767 | Laser- State Allocation | - | 24,677 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | - | 14,590,729 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| Direct Payments: | | | | |
| Federal Emergency Agency Public Assistance Grant Program - Schools | 97.036 | N/A | - | 1,203,173 |
| Total Direct Payments | | | | |
| Pass Through Payments | | | | |
| State of Virginia Emergency Management | | | | |
| Emergency Management Performance Grants | 97.042 | State Allocation | - | 84,769 |
| Assistance to Firefighters Grant | 97.044 | State Allocation | - | 178,891 |
| Homeland Security Grant Program | 97.067 | State Allocation | - | 528,083 |
| SAFER | 97.083 | State Allocation | - | 409,067 |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | - | 2,403,983 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Federal Grantor/Recipient State Agency/Program or Cluster Title | Assistance Listing Number | Pass-through Number | Pass-through to Subrecipients | Federal Expenditures |
|--|---------------------------|-------------------------|-------------------------------|----------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued) | | | | |
| Pass Through Payments: State of Virginia | | | | |
| Department of Health: | | | | |
| Injury Prevention and Control Research and State and Community Based | 93.136 | State Allocation | \$ - | \$ 56,781 |
| Department of Mental Health and Mental Retardation | | | | |
| Substance Abuse and Mental Health Services | 93.243 | State Allocation | - | 57,431 |
| State Health Insurance Assistance Program | 93.324 | State Allocation | - | 54,874 |
| Direct Payments: | | | | |
| Block Grant for Community Mental Health Services | 93.958 | N/A | - | 51,003 |
| Pass Through Payments: State of Virginia | | | | |
| Department of Health: | | | | |
| Block Grant for Community Mental Health Services - MH FBG SMI | 93.958 | State Allocation | - | 784,132 |
| Sub-Total 93.958 | | | - | 835,135 |
| Projects for Assistance in Transition from Homelessness | 93.150 | State Allocation | - | 90,884 |
| Direct Payments: | | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | N/A | - | 160,298 |
| Pass Through Payments: State of Virginia | | | | |
| Department of Health: | | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | State Allocation | - | 1,120,840 |
| Sub-Total 93.959 | | | - | 1,281,138 |
| State of Virginia Department for the Aging: | | | | |
| Special Programs for the Aging _Title VII, Chapter 3 | 93.041 | State Allocation | - | 248 |
| Aging Cluster: | | | | |
| Special Programs for the Aging | | | | |
| Title III Part B Supportive Svces and Senior Centers | 93.044 | State Allocation | - | 179,547 |
| Title IIIC - Nutritional Services | 93.045 | State Allocation | - | 422,663 |
| Total Aging Cluster: | | | - | 602,210 |
| Pass Through Payments: | | | | |
| Virginia Department of Social Services: | | | | |
| Title IV-E Prevention Program | 93.472 | Laser- State Allocation | - | 30,328 |
| Promoting Safe and Stable Families | 93.556 | Laser- State Allocation | - | 126,498 |
| Temporary Assistance for Needy Families Cluster: | | | | |
| Temporary Assistance for Needy Families - SW | 93.558 | Laser- State Allocation | - | 6,547 |
| Temporary Assistance for Needy Families | 93.558 | Laser- State Allocation | - | 1,185,273 |
| Subtotal Temporary Assistance for Needy Families Cluster: | | | - | 1,191,820 |
| Family Support Payments to States | 93.667 | Laser- State Allocation | - | 116,250 |
| Family Support Payments to States - CSBG TANF-EA | 93.667 | Laser- State Allocation | - | 536,964 |
| Sub-Total 93.667 | | | - | 653,214 |
| Child Welfare Services State Grant | 93.645 | Laser- State Allocation | - | 2,506 |
| Refugee Cash Assistance - State Administered Programs | 93.566 | Laser- State Allocation | - | 478,432 |
| Refugee and Entrant Assistance Discretionary Grants | 93.576 | Laser- State Allocation | - | 19,867 |
| Community Services Block Grant | 93.569 | Laser- State Allocation | - | 180,563 |
| Low Income Home Energy Assistance | 93.568 | Laser- State Allocation | - | 158,647 |
| Guardianship Assistance (children & Families) - GAP | 93.090 | Laser- State Allocation | - | 1,159 |
| Child Care Cluster: | | | | |
| Child Care and Development Block Grant - ACPS | | | | |
| Child Care Mandatory | 93.575 | Laser- State Allocation | - | 82,986 |
| Matching Funds of the Childcare and Development Fund | 93.596 | Laser- State Allocation | - | 250,335 |
| Total Child Care Cluster: | | | - | 333,321 |
| Medical Cluster: | | | | |
| Medical Assistance Program | 93.778 | Laser- State Allocation | - | 2,354,896 |
| Opioid STR | 93.788 | State Allocation | - | 64,083 |
| Chafee Education and Training Vouchers Program | 93.599 | Laser- State Allocation | - | 53,103 |
| Foster Care Title IV - E | 93.658 | Laser- State Allocation | - | 1,472,208 |
| Adoption Assistance | 93.659 | Laser- State Allocation | - | 1,331,035 |
| Chafee Foster Care Independence Program | 93.674 | Laser- State Allocation | - | 45,886 |
| Children's Health Insurance Program | 93.767 | Laser- State Allocation | - | 24,677 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | - | 14,590,729 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| Direct Payments: | | | | |
| Federal Emergency Agency Public Assistance Grant Program - Schools | 97.036 | N/A | - | 1,203,173 |
| Total Direct Payments | | | - | 1,203,173 |
| Pass Through Payments | | | | |
| State of Virginia Emergency Management | | | | |
| Emergency Management Performance Grants | 97.042 | State Allocation | - | 84,769 |
| Assistance to Firefighters Grant | 97.044 | State Allocation | - | 178,891 |
| Homeland Security Grant Program | 97.067 | State Allocation | - | 528,083 |
| SAFER | 97.083 | State Allocation | - | 409,067 |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | - | 2,403,983 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Federal Grantor/Recipient State Agency/Program or Cluster Title | Listing Number | Pass-through Number | to Subrecipients | Federal Expenditures |
|---|-------------------|------------------------|---------------------|-------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Direct Payments: | | | | |
| Continuum of Care Program | 14.267 | N/A | \$ - | \$ 73,457 |
| Community Development Block Grant Program, Entitlement Grants Cluster: | | | | |
| Community Development Block Grant Program, Entitlement Grants | 14.218 | N/A | - | 1,515,122 |
| Subtotal Community Development Block Grant Program, | | | - | 1,515,122 |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | - | 1,588,579 |
| U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE | | | | |
| Direct Payments: | | | | |
| National Maritime Heritage | 15.925 | N/A | - | 15,405 |
| Subtotal Direct Payments | | | - | 15,405 |
| TOTAL U.S. DEPARTMENT OF INTERIOR NATIONAL PARK SERVICE | | | - | 15,405 |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Direct Payments: | | | | |
| Drug Court Discretionary Grant Program | 16.585 | N/A | - | 127,239 |
| Public Safety Partnership and Community Policing Grants | 16.710 | N/A | - | 328,580 |
| COVID-19 Emergency Supplies Program CEFS | 16.034 | N/A | - | 10,064 |
| Equitable Sharing Program | 16.922 | N/A | - | 1,254 |
| Pass Through Payments: | | | | |
| Virginia Department of Criminal Justice Services (140-390-01) | | | | |
| Sexual Assault Services Formula Program | 16.017 | State Allocation | - | 25,177 |
| Crime Victim Assistance | 16.575 | State Allocation | - | 195,774 |
| Crime Victim Assistance - SADVGP | 16.575 | 99.998 / 16.800 | - | 497,609 |
| Subtotal 16.575 | | | - | 693,383 |
| Violence Against Women Formula Grants | 16.588 | State Allocation | - | 77,071 |
| Direct Payments: | | | | |
| Edward Byrne Memorial JAG grant | 16.738 | N/A | - | 18,745 |
| Pass Through Payments: | | | | |
| Virginia Department of Criminal Justice Services (140-390-01) | | | | |
| Edward Byrne Memorial JAG grant - SOGA | 16.738 | State Allocation | - | 16,255 |
| Subtotal 16.738 | | | - | 35,000 |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | - | 1,297,768 |
| U.S. DEPARTMENT OF LABOR | | | | |
| Pass Through Payments: | | | | |
| Department of Labor and Industry | | | | |
| Economic Dislocation and Worker Adjustment Assistance Act | | | | |
| Workforce Investment Act Cluster: | | | | |
| WIA Adult Program | 17.258 | LWA 12-09 | - | 143,729 |
| WIA Youth Activities | 17.259 | LWA 12-09 | - | 111,519 |
| WIA Employment Training Administration | 17.278 | LWA 12-09 | - | 97,448 |
| Subtotal Workforce Investment Act Cluster: | | | - | 352,696 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | - | 352,696 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Federal Grantor/Recipient State Agency/Program or Cluster Title | Assistance Listing Number | Pass-through Number | Pass-through to Subrecipients | Federal Expenditures |
|--|---------------------------------|------------------------|-------------------------------------|-------------------------|
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| Pass Through Payments: | | | | |
| Virginia Department of Transportation | | | | |
| HPCC Cluster: | | | | |
| Highway Planning and Construction | 20.205 | State Allocation | \$ - | \$ 218,704 |
| HPCC - Safe Routes to School Funds | 20.205 | State Allocation | - | 37,887 |
| Highway Planning and Construction - VDOT | 20.205 | State Allocation | - | 3,203,574 |
| Total HPCC Cluster: | | | - | 3,460,165 |
| State and Community Highway Safety - DMV | 20.600 | State Allocation | - | 5,499 |
| Federal Transit Cluster: | | | | |
| Federal Transit_Capital Investment Grants - NVTC | 20.500 | State Allocation | - | 10,366 |
| Federal Transit_Formula Grants - NVTC | 20.507 | State Allocation | - | 9,499,944 |
| Subtotal Federal Transit Cluster: | | | - | 9,510,310 |
| Alcohol Open Container Requirements | 20.607 | State Allocation | - | 24,809 |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | - | 13,000,783 |
| U.S. DEPARTMENT OF TREASURY | | | | |
| Direct Payments: | | | | |
| COVID-19 Coronavirus State And Local Fiscal Recovery Funds - CSLFRF | | | | |
| COVID-19 Coronavirus State And Local Fiscal Recovery Funds - CSLFRF | 21.027 | N/A | 5,693,508 | 43,969,762 |
| COVID-19 Coronavirus State And Local Fiscal Recovery Funds - CSLFRF | 21.027 | N/A | - | 127,783 |
| Sub-Total 21.027 | | | 5,693,508.00 | 44,097,545 |
| Pass Through Payments: | | | | |
| Commonwealth of Virginia | | | | |
| COVID-19 Virginia Department of Accounts-Cares Act - Coronavirus Aid Relief (CRF): | | | | |
| COVID-19 Virginia Department of Accounts-Cares Act - Coronavirus Aid Relief (CRF) | 21.019 | N/A | - | 12,030 |
| COVID-19 Virginia Department of Account-Cares Act - Coronavirus Aid Relief (CRF) | 21.019 | N/A | - | 13,542 |
| Sub-Total 21.019 | | | - | 25,572 |
| TOTAL U.S. DEPARTMENT OF TREASURY | | | 5,693,508.00 | 44,123,117 |
| U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION | | | | |
| Direct Payments: | | | | |
| Employment Discrimination | | | | |
| State and Local Fair Employment Practices Agency Contracts | 30.002 | N/A | - | 21,443 |
| TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION | | | - | 21,443 |
| U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | |
| Direct Payments: | | | | |
| Museum Grants for African American History and Culture (2022) | 45.309 | N/A | - | 95,515 |
| TOTAL U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES | | | - | 95,515 |
| OTHER FEDERAL AID | | | | |
| Direct Payments: | | | | |
| EMS Two For Life | 99.998 | N/A | - | 37,427 |
| High Intensity Drug Trafficking Area | 98.473 | N/A | - | 14,412 |
| TOTAL OTHER FEDERAL AID | | | - | 51,839 |
| TOTAL FEDERAL ASSISTANCE | | | \$ 5,693,508.00 | \$ 120,578,236 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF ALEXANDRIA, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes all federal grant activity of the City of Alexandria, Virginia and its component units during FY 2021. The City’s reporting entity is defined in Note 1 of the City’s basic financial statements. federal awards are received directly, as well as passed through other governmental agencies.

This Schedule has been prepared on the modified accrual basis of accounting. Expenditures are recorded when the liability is incurred. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The federal expenditures are recognized in accordance with the Uniform Guidance cost principles, except for the expenditures for the Coronavirus State and Local Relief Fund (CSLRF) (AL #21.027). CSLRF expenditures are based on criteria determined by the U.S. Department of Treasury (the Treasury). The Treasury identified allowable cost and activities requirements and identified costs and activities that were unallowed.

NOTE 2 INDIRECT COSTS

The City and the Alexandria City Public Schools did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 RECONCILIATION OF NOTES TO FINANCIAL STATEMENTS TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City receives and expends federal revenues that are non-grant related and therefore not reportable under the Schedule. A reconciliation of the Schedule to Note 12 in the notes to the financial statements, Intergovernmental Revenues, is provided below:

| | |
|--|------------------------------|
| Total Federal Expenditure per Schedule | \$ 120,578,236 |
| Nonreportable Federal Revenue | 9,005,175 |
| Intergovernmental Revenue Adjustment | <u>(1,254)</u> |
| Total Federal Revenue per Note 12 | <u><u>\$ 129,582,157</u></u> |

NOTE 4 FEDERAL COGNIZANT AGENCY

The Federal Cognizant Agency for the City of Alexandria, Virginia is the United States Department of Housing and Urban Development.

**CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|-------------------------------------|---|
| 10.553, 10.555, 10.559 | Child Nutrition Cluster |
| 20.205 | Highway Planning and Construction |
| 20.500, 20.507 | Federal Transit Cluster |
| 21.027 | COVID-19 Coronavirus State and Local Recovery Funds |
| 84.010 | Title I |
| 84.425 C, D, U, W | COVID-19 Education Stabilization Funds (EESF) |

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section II – Financial Statement Audit

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Major Federal Award Program Audit

Reference Number: 2022-001 Suspension and Debarment

Prior Year Finding: No

Federal Agency: U.S. Department of Agriculture

Federal Program: Child Nutrition Cluster

Assistance Listing Number: 10.553, 10.555, 10.559

Federal Award Identification Number and Year: None, 2022

Pass-through Agency: Virginia Department of Education

Pass-Through Number(s): None

Award Period: July 1, 2021- June 30, 2022

Compliance Requirement: Suspension and Debarment

Type of Finding Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: § 200.214 Suspension and debarment. Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Internal Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

City of Alexandria Public Schools (ACPS) did not consistently maintain documentation of vendor’s suspension and debarment status. ACPS has procedures for verifying a vendor’s suspension and debarment during the procurement process; however, the documentation of the results was not maintained in the vendor’s file.

CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

Context:

The suspension and debarment verification was not available for review for two of the seven contracts selected for testing.

Questioned costs:

CLA was unable to determine the vendor's suspended or debarred status prior to the contract date. The contracts were multi-year, issued before 2022. The vendors were not suspended or debarred during 2022.

Cause:

ACPS did not maintain the verification of the vendor's suspension and debarment status in the procurement records.

Effect:

ACPS is unable to support the vendor's suspension and debarment status prior to the contract date and compliance with the federal program requirement.

Recommendation:

We recommend that ACPS consistently follow their procurement procedures and enhance procedures to ensure that all required procurement documentation is maintained in the vendor's procurement file.

Views of responsible officials:

ACPS agrees with the finding.



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