THE CITY OF
Alexandria
VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING
JUNE 30, 2019

CITY OF ALEXANDRIA VIRGINIA

Front Cover:
Opened to the public in March 2019, Interim Waterfront Park combines the original King Street Park and Waterfront Park sites with the sites of the former Old Dominion Boat Club building and parking lot. The interim park features an open plaza, a waterfront promenade, shade structures, and a modular space that can adapt to different purposes throughout the year. To help activate the space, the City commissioned an original work of temporary public art. *Mirror Mirror*, created by SOFTlab, a New York-based design studio led by artist and architect Michael Szivos, was inspired by the historic Fresnel lens of Alexandria's Jones Point Lighthouse.

CITY OF ALEXANDRIA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR
JULY 1, 2018 TO JUNE 30, 2019

Alexandria City Council
Justin M. Wilson, *Mayor*
Elizabeth B. Bennett-Parker, *Vice-Mayor*
Canek Aguirre
John Taylor Chapman
Amy B. Jackson
Redella S. Pepper
Mohamed E. Seifeldein

City Manager..... Mark B. Jinks
Director of Finance .....Kendel Taylor
Acting Deputy Director of Finance .....Kevin Greenlief
Comptroller .....Ian Greaves
Real Estate Assessor ..... William B. Page
City Attorney..... Joanna C. Anderson
City Clerk and Clerk of Council.....Gloria Sitton
Independent Auditors..... CliftonLarsonAllen, LLP

alexandriava.gov

CITY OF ALEXANDRIA, VIRGINIA
Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2019

The CAFR Project Team extends its gratitude to all personnel throughout the City who contributed to the success of the FY2019 external financial audits and the preparation of the FY2019 CAFR.

Special thanks to the Accounting Division's support personnel, other Finance divisions, and the mailroom staff.

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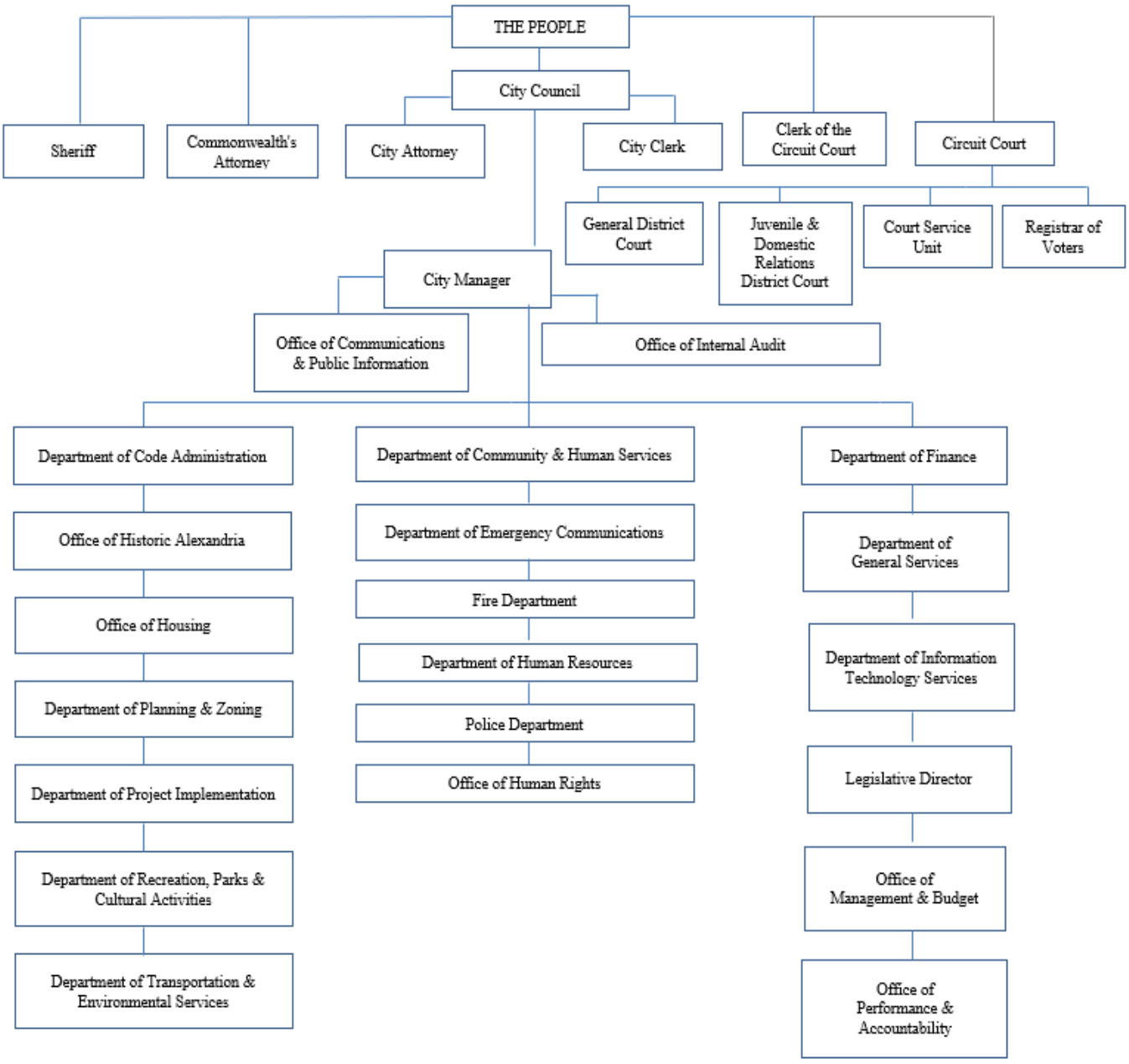
INTRODUCTORY SECTION

ALEXANDRIA CITY GOVERNMENT
ORGANIZATIONAL CHART



October 31, 2019

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) **Comprehensive Annual Financial Report** (the CAFR) for the fiscal year ended June 30, 2019. 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:

- Accounting principles generally accepted in the United States, which are uniform minimum standards and guidelines for financial accounting and reporting in the United States (GAAP);

- 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, results of operations, and cash flows from those of the primary government. The 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 Industrial Development Authority, 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

During the last decade, the City's economy remained healthy with resident job and income growth and low unemployment. The City's population continues to grow and currently has population of 156,800. In the first quarter of 2019, the City's employment averaged 90,658. The unemployment rate in the City as of June 2019 was 2.2 percent. The decline in jobs in the City has been driven by decreases in private sector employment which is down by 4% since 2010. This decline is attributable to several factors including: fallout from the Base Realignment & Closure (BRAC) process, federal sequestration, the relocation of several major employers and the impacts of retail closures and national retail trends. The City's strong wage growth (+6.2 percent over ten years) has been driven by wage increases across many sectors of the economy. Most significantly, the Information industry experienced a 26.3 percent increase in average annual pay (adjusted for inflation), which includes jobs in media and communications technology. The largest sectors by total wages are Professional Scientific and Technical services and Public Administration, which represent a combined 49.4 percent of all wages earned in the City. Because the City's federal employment is not as dependent on appropriations, the number of employees in public administration remained stable as the U.S. Patent and Trademark Office (PTO), continues to grow its workforce in order to assess and review increasingly complex patent applications. The National Science Foundation relocated its headquarters to Alexandria in 2017, adding approximately 2,100 high level jobs to the City, and attracts over 45,000 visitors annually to the foundation.

One measure of the local economy is reviewing economically sensitive City revenues. During FY 2019, the City showed moderate movement in several revenue or tax categories. Overall, FY 2019 collections from the meals tax, sales tax, and business license tax increased moderately from FY 2018 collections. Real estate recordation tax decreased as did the transient lodging tax. Permitting fees increased as developers increased their construction activity in the City.

The real estate tax base, which generates over half of the City's General Fund revenues continues to show steady, moderate growth. Total locally assessed real property increased in value by 2.7 percent compared to 2018. Residential real property increased by 2.0 percent while locally assessed commercial assessments increased by 3.6 percent. The office vacancy rate of 16.1 percent in the second quarter of 2019 is nearly two percentage points lower

than one year earlier. The City's unemployment rate of 2.2 percent in June 2019 is lower than a year earlier, and still well below the national unemployment rate of 3.7 percent and the average for Virginia of 2.9 percent.

MAJOR INITIATIVES

Strong fiscal management remains a hallmark of Alexandria's City government and has enabled the City to respond to revenue declines, address priority needs, including public safety, public education, and modernization of heavily used recreation and library facilities. 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. Within the context of a fiscally prudent budget and careful management, the City has continued to provide a wide range of services, has achieved many of its program goals, and enhanced the quality of life in the City. The City's cash and investment position was strong.

The low single digit recovery of the Washington, D.C. area regional economy continued to exert pressure on maintaining services at existing levels. Keeping existing programs funded and salaries of public employees competitive, and addressing the expanding program needs of the community have required careful budgeting. The City Council has adopted a Strategic Plan to ensure that City resources remain focused on City priorities. The seven goals of the Strategic Plan are:

1. Alexandria has quality development and redevelopment support for local businesses and a strong, diverse and growing local economy.
2. Alexandria respects, protects and enhances the health of its citizens and the quality of its natural environment.
3. A multimodal transportation network that supports sustainable land use and provides internal mobility and regional connectivity for Alexandrians.
4. Alexandria is a community that supports and enhances the well-being, success and achievement of children, youth and families.
5. Alexandria is financially sustainable, efficient; community oriented and values its employees.
6. The City protects the safety and security of its residents, businesses, employees and visitors.
7. Alexandria is a caring and inclusive community that values its rich diversity, history and culture.

The City Council's approved FY 2020 – 2029 Capital Improvement Program (CIP) totals $1.6 billion, which is a $575.1 million decrease over last year's approved CIP, or 26.2 percent less than last year's ten-year plan. Non-City funds including federal and state funds and private capital contributions contribute $165.8 million of this total for FY 2020 – FY 2029. This decrease can be attributed to the shifting the combined sewer project to the City's sanitary The City portion for the same time period is $1.5 billion. The City Council's Approved FY 2020 – 2029 CIP is a balanced 10-year plan in that all projects have identified funding sources.

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 10. 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 2019, the City's debt to tax base ratio was 1.44 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

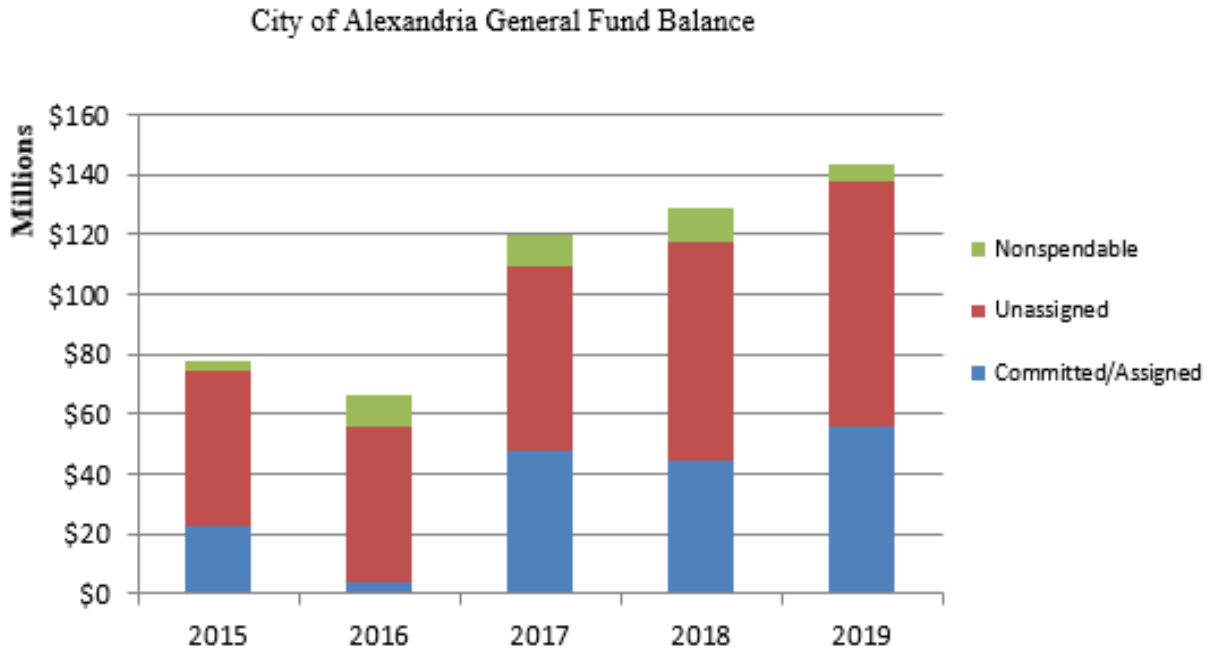
The table below displays the increases and decreases in assessed values for the last 10 years as appreciation and depreciation of existing properties and new properties. Overall real property assessed value for locally assessed property has increased by over $9.4 billion since 2010. This includes a 2.7 percent increase from calendar year 2018 to 2019. 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.

CHANGE IN ASSESSED VALUE OF REAL PROPERTY
(Amounts in thousands of dollars)

Year	Residential Assessed Value	Residential % Increase (Decrease)	Commercial[1] Assessed Value	Commercial % Increase (Decrease)	Total[2] Assessed Value	Total % Increase (Decrease)
2010	18,203,923	-5.0%	12,731,952	-10.6%	30,935,875	-7.7%
2011	18,430,731	1.2%	13,356,474	4.9%	31,787,205	2.8%
2012	18,715,708	1.5%	14,238,581	6.6%	32,954,289	3.7%
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%

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

Each of the bars in the chart below is comprised of 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 2019, the City's General Fund balance was $143.2 million and included a non-spendable fund balance of $5.7 million, commitments and assignments totaling $56.1 million, including $19 million assigned for future capital funding, leaving a remaining unassigned fund balance of $81.4 million. At the end of FY 2019 the City's ending General Fund balance condition was consistent with the City's established financial policies.



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. The City's Capital Improvement Plan for FY 2020 through FY 2029 represents $1.5 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 $165.8 million in additional planned capital funding for the FY 2019—FY 2028 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Target
Debt as a Percentage of Assessed Value	2.5% (ceiling)	1.15%	1.27%	1.36%	1.46%	1.50%	1.46%	1.37%	1.43%	1.49%	1.44%	N/A
Debt Per Capita as a Percentage of Per Capita Income [1]	4.5% (ceiling)	3.42%	3.78%	3.98%	4.63%	4.66%	4.45%	4.19%	4.35%	4.58%	4.47%	3.20%
Debt Service as a Percentage of General Governmental Expenditures[2]	12.00%	4.90%	5.32%	5.87%	6.55%	6.99%	7.50%	7.84%	7.36%	7.19%	6.94%	N/A
10-Year Debt Payout Ratio [3]	50% (floor)	-	-	-	-	-	-	-	70.27%	69.02%	70.90%	65.00%
General Fund Balance as a Percentage of General Fund Revenue:												
Unreserved	10%	11.10%	-	-	-	-	-	-	-	-		N/A
Spendable	(floor)		0.137	13.20%	10.10%	10.20%	11.70%	12.88%	15.96%	16.43%	18.48%	10% & above
Undesignated	4% (floor)	5.30%	-	-	-	-						5.50%
Unassigned			0.053	5.30%	5.60%	6.50%	8.00%	8.00%	9.00%	10.28%	10.94%	
Net Position as a Percentage of General Revenue	4% (floor)	11.80%	11.70%	14.20%	17.90%	20.20%	(5.97%)	(2.68%)	4.78%	8.97%	10.49%	5.50%

[1] Per capita information from the U.S. Bureau of Economic Analysis, as revised

[2] Data includes Schools and Library component units.

[3] 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 July 2018 as follows:

Moody's Investors Service	**Standard & Poor's**
Aaa	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 2019 the City Manager proposed the budget on February 21, 2018, and City Council adopted it on May 4, 2018.

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 Comprehensive Annual 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 Uniform Grant Guidance, the related U.S. Office of Management and Budget's Uniform Grant Guidance, and the *Specifications for Audit 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 audit reports are presented in the Financial Section and the Single Audit Section of this report.

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 Comprehensive Annual Financial Report (CAFR) for the forty-fourth year in 2018. 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, a CAFR 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 2019.

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 CAFR 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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Alexandria, Virginia

Report on the Financial Statements

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 (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Alexandria Library System, a discretely presented component unit, which represents 3.8 percent of the assets, -1.5 percent of the net position, and 2.5 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Specifications for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accountants of the Commonwealth of Virginia (Specifications). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. The financial statements of the City of Alexandria Library System were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria's basic financial statements. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Mayor and Members of the City Council
City of Alexandria

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, 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 City of Alexandria's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 31, 2019

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, 2019. 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 2019

The City's total Net Position, excluding component units, on a government wide basis, increased approximately $63.7 million from $506.3 million to $570.0 million at June 30, 2019. (Exhibit I) No new GASB implementations were required this year.

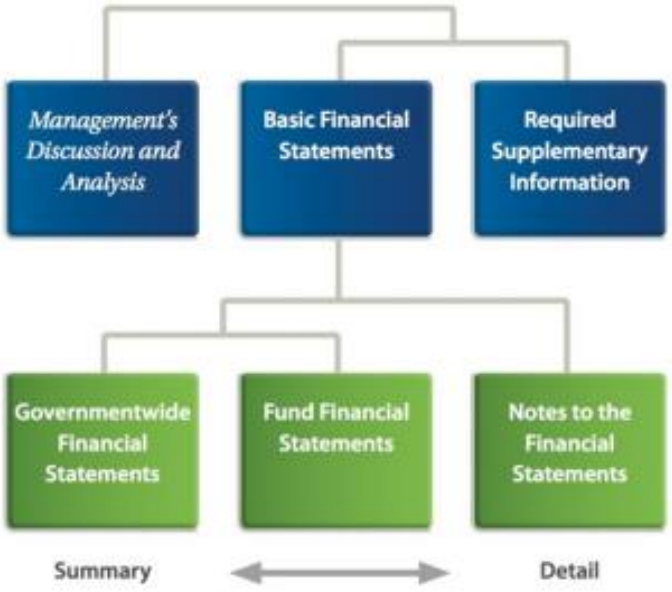
The government-wide activities had an unrestricted net position of $77.7 million (Exhibit I) as of June 30, 2019, an increase of $13.6 million from FY 2018. For government activities, the City's general revenues of $740.3 million were $25.6 million more than the $714.7 million in FY 2018 general revenues (Exhibit II).

The General Fund reported revenues, and other financing sources, in excess of expenditures and other financing uses, or current net change in fund balance, of $13.3 million (Exhibit IV) after making a $38.2 million transfer to the capital projects fund and a $70.0 million transfer to the special revenue fund.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and single audit. As the following chart shows, the financial section of this report has four components - *management's discussion and analysis* (this section), the *basic financial statements*, the *required supplementary information* and *the 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 the current year's revenues and expenses are taken into account 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 should be 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 included 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 City 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 agency 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 the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Agency funds are City custodial funds used to provide accountability of client monies, for which the City is custodian. The City excludes pension plans and agency 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, 2019 and 2018
(in millions)

	Primary Government			
	Governmental Activities		Component Units	
	2019	2018	2019	2018
ASSETS				
Current and other assets	$ 897	$ 907	$ 77	$ 93
Capital assets	916	862	16	13
Total Assets	1,813	1,769	93	106
Deferred Outflows	57	55	42	48
LIABILITIES				
Other Liabilities	59	57	43	51
Long-term liabilities	702	715	12	13
Net Pension/OPEB Liability	210	228	267	277
Total Liabilities	971	1,000	322	341
Deferred Inflows	329	319	30	32
NET POSITION				
Net Investment in Capital Assets	470	416	14	11
Restricted	23	26	11	5
Unrestricted	77	64	(243)	(236)
Total Net Position	$ 570	$ 506	$ (218)	$ (220)

Amounts may not add due to rounding.

The City's Net Position, (which is the City's bottom line) increased $64 million from its Net Position of $506 million to $570 million (Table 1). The increase is attributable to an increase in General Revenues, Other Local

Revenues and Interest Earned. Implementation of GASB 75 in fiscal year 2018 continues to reflect net deferred inflows and outflows of resources related to pensions and OPEB.

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, 2018 and 2017
(in millions)

	Primary Government			
	Governmental Activities		Component Units	
	2019	2018	2019	2018
REVENUES				
Program revenues				
Charges for services	$ 71	$ 77	$ 3	$ 3
Operating grants and contributions	52	52	21	21
Capital grant/contributions	7	7	-	-
General revenues				
Property taxes	504	498	-	-
Other taxes	145	141	-	-
Other	58	53	-	-
Payment to/from City	33	23	281	258
Total Revenues	870	851	305	282
EXPENSES				
General Government	52	48	-	-
Judicial Administration	22	20	-	-
Public Safety	161	157	-	-
Public Works	87	73	-	-
Library	7	7	8	8
Health and Welfare	100	98	-	-
Transit	33	39	-	-
Culture and Recreation	34	33	-	-
Community Development	44	36	-	-
Education	242	217	296	283
Interest on Long-term Debt	24	19	-	-
Total Expenses	806	747	304	291
Change in Net Position	64	104	1	(9)
Net Position beginning of Year, restated	506	402	(219)	(211)
Net Position end of Year	$ 570	$ 506	$ (218)	$ (220)

Amounts may not add due to rounding.

REVENUES

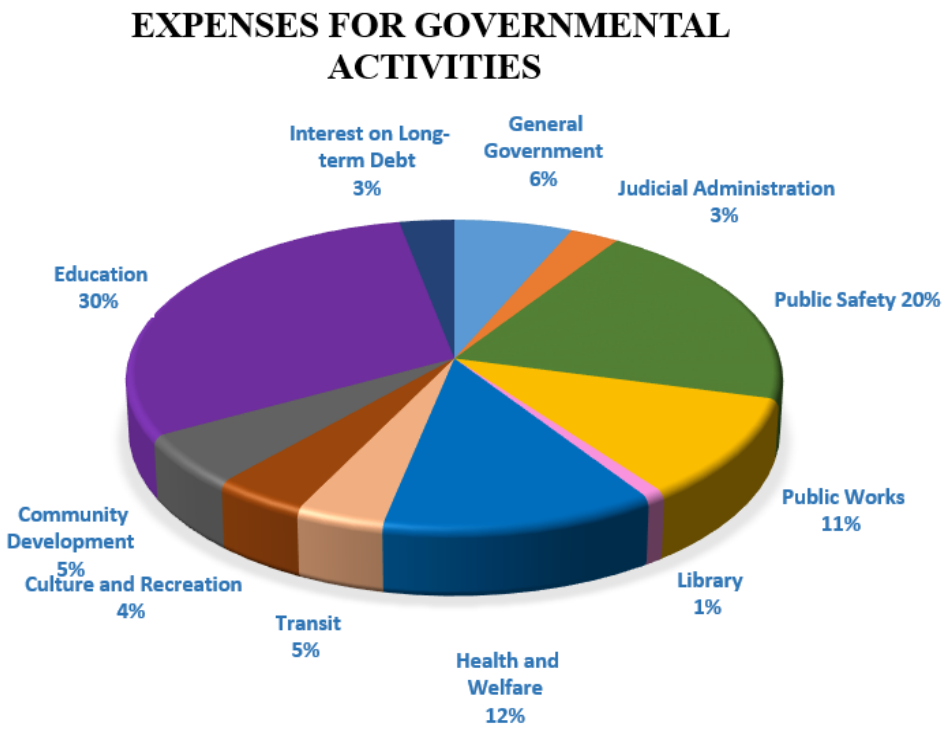
For the fiscal year ending June 30, 2019, revenues from governmental activities totaled $870 million (Table 2). Fiscal year 2019 revenues within the General Fund increased by $26.6 million over fiscal year 2018. Real estate tax revenues, the City's largest revenue source, increased as property values appreciated. A constant tax rate $1.13 per $100 of assessed value in calendar year 2019 and calendar year 2018. As the car decal was phased out in fiscal year 2019, personal property tax, or car tax, increased proportionally to the decrease in decal revenue. Displaying a steady growth in local economy for fiscal year 2019, Other Local Taxes increased approximately $7 million due primarily to a Meals tax increase and Business License tax revenue growth. As interest rates rose over the course of the fiscal year so did the interest earned on the City's monies. Earned Interest accounted for approximately $4 million increase in Use of Money and Property revenue category.

EXPENSES

For the fiscal year ending June 30, 2019, expenses for governmental activities totaled $806 million (Table 2) reflecting an increase of $59 million and is primarily due to education, public safety and long-term debt.

General Fund expenditures as a whole increased $17.6 million over prior fiscal year. Fifty-five percent of that increase was due to the City transferring an additional $9.7 million to the Schools for educational operating purposes. Almost a third of the increase, or $5.1 million, represented an increase in public safety operations. The remaining $2.8 million increase was due to Community Development and paydown of the debt principle and interest.

Education continues to be one of the City's highest priorities. The City contributes to the Schools operating expenditures and to the Schools capital funding for a total subsidy of $227.2 million in fiscal year 2019. This represented a 9.8% increase over prior year. (Exhibit IV).



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2019, the governmental funds reflect a combined fund balance of $505.3 million (Exhibit III). The Governmental fund balance increase of $63.7 million resulted in an ending fund balance of $570.0 million for fiscal year 2019. The general fund increase is due to increased earned interest rates on City General Fund monies, additional revenue from an appreciation in real estate assessed values and vacancy savings while positions were being filled and increased business activity and therefore increased related taxes. The Special Revenue Fund increase is due to Potomac Yard Metro station capital project, affordable housing project and stormwater mitigation capital projects. The Capital Projects monies funded significant public building and transit projects. Some highlights for the year include:

- The General Fund contributed $38.2 million to pay-as-you-go financing of capital projects.
- The City contributed $227.2 million to the Schools for operations and capital.
- The City spent $157.8 million in the Capital Projects Fund primarily to fund school projects and the new transit initiatives.
- The Northern Virginia Transportation Fund received $15.8 million in regional tax revenue for transportation operations and capital.
- The Potomac Yard fund received $11.7 million in real estate taxes to be used to build a Metrorail station.

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

	FY 2019		
	Original Budget	**Amended Budget**	**Actual**
Revenues, Transfers, and Other Financial Sources			
Taxes	$ 501	$ 501	$ 505
Other Local Taxes	139	139	140
Transfers and Other	108	116	111
Total	748	756	756
Expenditures, Transfers, and Other Financial Uses			
Expenditures	412	418	401
Transfers and Other	336	341	342
Total	748	759	743
Change in Fund Balance	$ -	$ (3)	$ 13

Amounts may not add due to rounding.

Actual General Fund revenues and other financial sources exceeded the original budget by $8 million and matched the amended budget during fiscal year 2019. Including supplemental appropriations, actual General Fund expenditures were less than the original budget by $6 million, while General Fund expenditures were less than the amended budget by $17 million. The increase in revenue is primarily due to an appreciate of real estate assessed values and increased business activity, which resulted in an increase in committed funds.

During FY 2019, City Council amended the budget three 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, 2018, but not paid by that date.
- To reappropriate monies to pay for projects budgeted for FY 2018 but not completed before the end of the fiscal year.
- To reappropriate grant, donation and other revenues authorized in FY 2018 or earlier, but not expended or encumbered as of June 30, 2018.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2019.

CAPITAL ASSETS

At the end of FY 2019, the City's governmental activities had invested cumulatively $916.3 million (see Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of $54.7 million.

Table 4
Governmental Activities
Capital Assets
(in millions)

	Balance 6/30/2018	Net Additions/ (Deletions)	Balance 6/30/2019
Non-Depreciable Assets			
Land and Land Improvements	$ 113.2	$ 12.4	$ 125.6
Construction in Progress	75.1	(32.4)	42.7
Other Capital Assets			
Intangible Assets	25.2	1.1	26.3
Buildings	677.9	84.3	762.2
Infrastructure	286.7	11.3	298.0
Furniture and Other Equipment	166.5	12.9	179.4
Accumulated Depreciation on Other Capital Assets	(483.0)	(34.9)	(517.9)
Total Capital Assets	$ 861.6	$ 54.7	$ 916.3

Amounts may not add due to rounding.

The FY 2020—FY 2029 Approved Capital Improvement Program (CIP), which was approved by City Council on May 1, 2019, sets forth a 10-year program with $1.6 billion in new City funding and $165.8 million in other non-City sources for public improvements for the City and the Alexandria City Public Schools.

This represents (in City funding) a decrease of approximately $0.6 billion less than the FY 2019—FY 2028 CIP. For purpose of comparison the Approved FY 2019—FY 2028 CIP totaled $2.2 billion in total funding, of which $427.4 million was from non-City sources.

LONG-TERM DEBT

At the end of FY 2019, the City had $590.0 million in outstanding general obligation bonds, a reduction of $5 million from last year's debt of $595.0 million. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

During 2018, 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 Financial Management Assessment concluded that the City's financial practices were "strong."

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 $4.1 billion for the City.

On July 25, 2018, the City Council issued $40.9 million in General Obligation Bonds with a premium of $3.4 million and a true interest cost of 2.9 percent (Series 2018C). The $40.9 million General Obligation bonds will be used to finance certain capital improvement projects including the continuing commitment in public school facilities. See details in footnotes 5 and 9 of this document for additional information.

The Primary Government recorded a 'due from other funds' in reference to a loan to the Alexandria Transit Company for $2,120,000. The amount was offset in the Primary Government's long-term liabilities due in more than one year. Prior year loan to Alexandria Transit Company was paid in full in fiscal year 2018.

On July 10, 2018, the City secured two lines of credit totaling up to $250 million to assist with cash flow for the Potomac Yard Metrorail Station project. The lines of credit are available up to five-year term. The station is being funded from a number of sources that are structured as reimbursement funding including a Northern Virginia Transportation Authority grant. Other short-term liabilities represent unclaimed money and deposits.

ECONOMIC FACTORS

The number of jobs in the city decreased in FY 2019. In the first quarter of 2019, the number of Alexandria jobs totaled 90,658 (the latest data available from the Virginia Employment Commission). Business activity improved slightly, with meals tax, business licensing and permitting showing an increase in FY 2019.

As of 2017 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita personal income of $84,079 remains one of the highest in the United States and is the second highest of any major jurisdiction in Virginia. The City's office vacancy rate stood at 16.1 percent by the second quarter of 2019.

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, 2019

Exhibit I

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	$ 324,870,058	$ 52,095,986
Cash and Investments with Fiscal Agents	211,951,606	3,443,998
Receivables, Net	311,027,767	8,704,034
Accrued Interest	9,359	-
Due From Other Governments	37,899,752	6,238,906
Inventory of Supplies	4,350,766	182,423
Prepaid and Other Assets	2,422,525	1,472,661
Net Pension Asset	4,617,609	5,050,065
Capital Assets:		
Land and Construction in Progress	168,324,443	1,700,036
Other Capital Assets, Net	747,988,404	13,899,962
Capital Assets, Net	916,312,847	15,599,998
Total Assets	1,813,462,289	92,788,071
DEFERRED OUTFLOWS		
Pension	43,620,242	37,573,061
OPEB	10,080,218	4,144,189
Deferred Gain on Refunding Bonds	3,632,321	-
Total Deferred Outflows of Resources	57,332,781	41,717,250
LIABILITIES		
Accounts Payable	13,738,855	12,116,168
Accrued Wages	12,113,154	29,929,435
Accrued Liabilities	1,347,747	-
Current Portion of Notes Payable	195,000	
Unearned Revenue	4,038,980	1,286,489
Other Short-term Liabilities	24,273,893	-
Deposits	3,341,243	-
Long-term Liabilities Due Within One Year	58,085,097	2,517,800
Long-term Liabilities Due in More Than One Year	644,375,433	9,925,564
Net Pension Liability	144,626,437	219,040,487
Net OPEB Liability	65,430,368	47,876,319
Total Liabilities	971,566,207	322,692,262
DEFERRED INFLOWS		
Deferred Tax Revenues	290,114,222	-
Pension	34,854,855	26,731,090
OPEB	4,261,568	3,516,530
Total Deferred Inflows of Resources	329,230,645	30,247,620
NET POSITION		
Net Investment in Capital Assets	469,818,525	14,333,077
Restricted for:		
Affordable Housing	13,763,674	-
Special Projects	8,745,289	-
Educational Projects	-	11,397,039
Unrestricted	77,670,731	(244,164,677)
Total Net Postion	$ 569,998,219	$ (218,434,561)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Exhibit II

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary Government:						
Governmental Activities:						
General Government	$ 52,347,331	$ 3,862,618	$ 760,118	$ -	$ (47,724,594)	
Judicial Administration	21,650,126	969,981	533,014	-	(20,147,131)	
Public Safety	160,845,929	14,495,228	3,359,286	-	(142,991,415)	
Public Works	75,214,726	30,407,172	640,288	7,005,027	(37,162,239)	
Library	7,026,500	-	-	-	(7,026,500)	
Health and Welfare	100,192,109	211,177	34,439,224	-	(65,541,708)	
Transit	44,059,376	6,082,967	622,837	-	(37,353,572)	
Culture and Recreation	34,303,790	11,875,381	334,397	782	(22,093,230)	
Community Development	43,991,815	2,642,821	10,856,073	-	(30,492,921)	
Education	241,882,600	-	-	-	(241,882,600)	
Interest on Long-term Debt	24,250,023	-	-	-	(24,250,023)	
Total Governmental Activities	805,764,325	70,547,345	51,545,237	7,005,809	(676,665,933)	
Total Primary Government	805,764,325	70,547,345	51,545,237	7,005,809	(676,665,933)	
Component Units:						
Library	7,933,699	480,040	171,141	-	-	$ (7,282,518)
Schools	296,216,327	2,621,376	21,284,473	-	-	(272,310,478)
Total Component Units	$ 304,150,026	$ 3,101,416	$ 21,455,614	$ -	-	(279,592,996)
		General Revenues				
		Property Taxes:				
		Real Estate			455,410,523	-
		Personal Property			48,167,582	-
		Other Local Taxes:				
		Business License			36,883,865	-
		Local Sales			33,843,610	-
		Meals			23,999,949	-
		Transient Lodging			12,912,839	-
		Utility			11,264,818	-
		Communications Sales			9,915,889	-
		Motor Vehicle License, Recordation, and other local			16,528,124	-
		Revenue from Primary Government				
		Payment from City of Alexandria Operating				234,254,950
		Grants & Contributions Not Restricted to Specific Programs			58,353,616	45,601,267
		Interest and Investment Earnings			11,265,651	177,750
		Miscellaneous			21,801,152	662,866
		Total General Revenues			740,347,618	280,696,833
		Change in Net Postion			63,681,685	1,103,837
		Net Position at Beginning of Year			506,316,534	(219,538,398)
		Net Position at End of Year			$ 569,998,219	$ (218,434,561)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Balance Sheet
Governmental Funds
For the Fiscal Year Ended June 30, 2019

Exhibit III

	General	Special Revenue	Capital Projects	Alexandria Transit Company	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 151,147,679	$ 102,293,095	$ 53,671,648	$ 12,176	$ 307,124,598
Cash and Investments with Fiscal Agents	-	-	211,951,606	-	211,951,606
Receivables, Net	299,325,398	9,369,348	-	2,333,021	311,027,767
Accrued Interest	9,359	-	-	-	9,359
Due From Other Funds	2,120,000	-	-	-	2,120,000
Due From Other Governments	32,373,426	3,759,763	1,657,544	109,019	37,899,752
Inventory of Supplies	3,668,621	-	-	682,145	4,350,766
Prepaid and Other Assets	2,094,831	2,023	-	325,671	2,422,525
Total Assets	490,739,314	115,424,229	267,280,798	3,462,032	876,906,373
TOTAL					
LIABILITIES					
Accounts Payable	4,460,319	3,481,122	5,099,252	323,459	13,364,152
Due to Other Goverments	234,869	-	-	-	234,869
Accrued Wages	8,608,809	2,697,632	198,847	607,866	12,113,154
Current Portion of Notes Payable	-	195,000			195,000
Other Liabilities	23,393,507	-	4,420	875,966	24,273,893
Deposits	3,341,243	-	-	-	3,341,243
Due to Other Funds	-	-	-	2,120,000	2,120,000
Unearned Revenue	4,038,980	-	-	-	4,038,980
Total Liabilities	44,077,727	6,373,754	5,302,519	3,927,291	59,681,291
DEFERRED INFLOWS					
Deferred Inflows	303,446,881	8,467,645	-	-	311,914,526
TOTAL LIABILITIES AND DEFERRED INFLOWS	347,524,608	14,841,399	5,302,519	3,927,291	371,595,817
FUND BALANCES					
Non-Spendable	5,685,676	-	-	-	5,685,676
Restricted	-	22,508,963	-	-	22,508,963
Committed	9,360,247	78,073,867	261,978,279	-	349,412,393
Assigned	46,762,362	-	-	-	46,762,362
Unassigned	81,406,421	-	-	(465,259)	80,941,162
Total Fund Balances	143,214,706	100,582,830	261,978,279	(465,259)	505,310,556
Total Liabilities and Fund Balances	$ 490,739,314	$ 115,424,229	$ 267,280,798	$ 3,462,032	

Adjustments for the Statement of Net Position:

(1) Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)	874,435,210
(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)	25,432,625
(3) Deferred inflows of resources related to Pensions & OPEB (Note 16 and 17)	(39,116,423)
(4) Deferred outflows of resources related to Pensions & OPEB (Note 16 & 17)	53,700,460
(5) 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)	28,362,183
(6) Alexandria Transit Company is blended in to the primary government, and therefore, the assets and liabilities are included in govermental activites in the statement of Net Position. (Note 5)	31,121,080
(7) Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(913,865,081)
(8) 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)	4,617,609
Net Position of Governmental Activities	$ 569,998,220

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, 2019

Exhibit IV

	General	Special Revenue	Capital Projects	Alexandria Transit Company	Total Governmental Funds
REVENUES					
General Property Taxes	$ 504,616,490	$ 1,076,195	$ -	$ -	$ 505,692,685
Other Local Taxes	140,260,786	5,088,308	-	-	145,349,094
Permits, Fees, and Licenses	2,802,064	9,985,019	-	-	12,787,083
Fines and Forfeitures	4,297,753	-	-	-	4,297,753
Use of Money and Property	11,265,651	1,127,497	4,328,630	-	16,721,778
Charges for Services	22,276,812	31,247,710	9,197	6,082,967	59,616,686
Intergovernmental Revenue	56,124,121	50,922,400	7,005,810	622,837	114,675,168
Miscellaneous	2,663,744	3,893,098	15,188,274	56,036	21,801,152
Total Revenues	744,307,421	103,340,227	26,531,911	6,761,840	880,941,399
EXPENDITURES					
Current Operating:					
General Government	48,284,138	1,806,271	-	-	50,090,409
Judicial Administration	20,363,626	745,695	-	-	21,109,321
Public Safety	147,267,680	9,456,457	-	-	156,724,137
Public Works	35,212,635	11,442,710	-	-	46,655,345
Library	7,026,500	-	-	-	7,026,500
Health and Welfare	20,334,366	79,393,822	-	-	99,728,188
Transit	16,926,703	-	-	23,296,881	40,223,584
Culture and Recreation	25,257,914	2,271,329	-	-	27,529,243
Community Development	18,211,203	23,825,987	-	-	42,037,190
Education	223,841,444	-	3,399,148	-	227,240,592
Debt Service:					
Principal	45,653,950	335,050	-	-	45,989,000
Interest and Other Charges	23,926,863	664,975	-	-	24,591,838
Capital Outlay	-	-	157,791,910	-	157,791,910
Total Expenditures	632,307,022	129,942,296	161,191,058	23,296,881	946,737,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	112,000,399	(26,602,069)	(134,659,147)	(16,535,041)	(65,795,858)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	40,925,000	-	40,925,000
Bond Premium (Discount)	-	-	3,438,676	-	3,438,676
Other Financing		-	-	69	69
Cash Capital Contribution ATC	-	-	-	13,033,677	13,033,677
Transfers In	11,921,244	70,995,782	54,582,128	12,788,584	150,287,738
Transfers Out	(110,575,925)	(39,575,486)	-	-	(150,151,411)
Total Other Financing Sources and Uses	(98,654,681)	31,420,296	98,945,804	25,822,330	57,533,749
Total other financing sources (uses)	(98,654,681)	31,420,296	98,945,804	25,822,330	
Net Change in Fund Balance	13,345,718	4,818,227	(35,713,343)	9,287,289	(8,262,109)
Fund Balance at Beginning of Year	128,958,343	95,764,603	297,691,622	21,368,532	
Increase/(Decrease) in Reserve for Inventory	910,645	-	-	-	910,645
Fund Balance at End of Year	$ 143,214,706	$ 100,582,830	$ 261,978,279	$ 30,655,821	

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 govermental finds, but the repayment reduces long-term liabilities in the Statement of Net Position.	45,989,000
(2) Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense 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)	60,983,666
(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.	21,931,136
(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)	(2,114,580)
(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)	(44,363,676)
(6) 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)	2,122,213
(7) The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI)	4,733,574
(8) Change in net pension & OPEB liability	(18,248,184)
	$ 63,681,685

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
Proprietary Funds – Internal Service Fund
For the Fiscal Year Ended June 30, 2019

Exhibit V

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	17,745,460
Total Current Assets		17,745,460
Capital Assets:		
Land		
Buildings and Equipment		47,839,279
Less Accumulated Depreciation		(37,082,722)
Capital Assets, Net		10,756,557
Total Noncurrent Assets		10,756,557
Total Assets		28,502,017
LIABILITIES		
Current Liabilities:		
Accounts Payable		139,834
Total Liabilities		139,834
NET POSITION		
Net Investment in Capital Assets		10,756,557
Unrestricted Net Position		17,605,626
Total Net Position		28,362,183
Total Liabilities and Net Position	$	28,502,017

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, 2019

Exhibit VI

OPERATING REVENUES	
Charges for Services	$ 6,207,278
Total Operating Revenues	6,207,278
OPERATING EXPENSES	
Materials and Supplies	1,405,783
Depreciation	4,568,763
Total Operating Expenses	5,974,546
Operating Income (Loss)	232,732
NON-OPERATING REVENUES (EXPENSES)	
Insurance Recoveries	70,629
Loss on disposal of capital asset, net	(2,223)
Total Non-Operating Expenses	68,406
Net Profit (Loss) Before Transfers and Contributions	301,138
Capital Contribution	
Transfers Out	(136,327)
Total Net Transfers	(136,327)
Change in Net Position	164,811
Net Position at Beginning of Year	28,197,372
Net Position at End of Year	$ 28,362,183

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, 2019

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers	$	6,207,278
Reduction in Payments to Suppliers		(1,447,865)
Net Cash Provided by Operating Activities		4,759,413
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds		(136,327)
Cash Used by Noncapital Financing Activates		(136,327)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Insurance Recovery		70,629
Purchases of Capital Assets		(2,236,222)
		(2,306,851)
Net Cash Used By Capital and Related Financing Activities		(2,443,178)
Net Increase in Cash and Cash Equivalents		2,316,235
Cash and Cash Equivalents at Beginning of Year		15,429,225
Cash and Cash Equivalents at End of Year		17,745,460
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)		232,732
Adjustments:		
(1) Cash flows reported in other categories:		
Interest and dividends		
Depreciation Expense		4,568,763
(2) Effect of changes in Operating Assets and Liabilities:		
Accounts Payable		(42,082)
Net Cash Provided by Operating Activities	$	4,759,413

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Fiduciary Net Position
June 30, 2019

Exhibit VIII

	Pension and OPEB Trust Funds	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and Short-term Investments	$ -	$ -	$ 34,486
Investments, at Fair Value:			
U.S. Government Obligations			
LGIP/CDARS/ICS/NOW	-	7,433	512,572
Mutual Funds	216,027,685	-	-
Stocks	51,615,342	-	-
Guaranteed Investment Accounts	24,255,806	-	-
Real Estate	50,248,844	-	-
Timber	22,399,889		
Private Equity	26,770,686	-	-
Other Investments	220,710,834	-	-
Total Investments	612,029,086	7,433	512,572
Total Assets	612,029,086	7,433	547,058
LIABILITIES			
Refunds Payable and Other	-	-	547,058
Total Liabilities	-	-	$ 547,058
NET POSITION			
Held in Trust for:			
Pension Benefits	533,639,247	-	
Other Post Employment Benefits	78,389,839	-	
Other Purposes	-	7,433	
Total Net Position	$ 612,029,086	$ 7,433	

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Change in Fiduciary Net Position
For the Year ended June 30, 2019

Exhibit IX

	Pension and OPEB Trust Funds	Private-Purpose Trusts
ADDITIONS		
Contributions:		
Employer	$ 32,699,808	$ -
Plan Members	5,792,932	-
Total Contributions	38,492,740	-
Investment Earnings:		
Net Appreciation (Depreciation) in Fair Value of Investments	15,702,953	-
Interest	26,499,288	522
Investment Expense	(1,845,475)	-
Net Investment Income	40,356,766	522
Securities Lending Activities:		
Securities Lending Income	122,369	-
Securities Lending Expenses	(116,803)	-
Net Income from Securities Lending Activities	5,566	-
Total Additions	78,855,072	522
DEDUCTIONS		
Benefits	31,252,630	-
Refunds of Contributions	706,064	-
Administrative Expenses	1,507,941	-
Total Deductions	33,466,635	-
Change in Net Position	45,388,437	522
Net Position at Beginning of Year	566,640,649	6,911
Net Position at End of Year	$ 612,029,086	$ 7,433

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Net Position
Component Units
As of June 30, 2019

Exhibit X

	Schools	Library	Total
ASSETS			
Cash and Cash Equivalents	$ 52,024,889	$ 71,097	$ 52,095,986
Cash and Investments with Fiscal Agents	-	3,443,998	3,443,998
Receivables	8,704,034	-	8,704,034
Due from Other Governments	6,232,440	6,466	6,238,906
Inventory of Supplies	182,423	-	182,423
Net Pension Asset	5,050,065	-	5,050,065
Prepaid and Other Assets	1,456,016	16,645	1,472,661
Capital assets			
Land and Construction in Progress	1,700,036	-	1,700,036
Other Capital Assets, Net	13,899,962	-	13,899,962
Capital Assets, Net	15,599,998	-	15,599,998
Total Assets	89,249,865	3,538,206	92,788,071
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	37,573,061	-	37,573,061
OPEB	4,144,189	-	4,144,189
Total Deferred Outflows of Resources	41,717,250	-	41,717,250
Total Assets and Deferred Outflows of Resources	130,967,115	3,538,206	134,505,321
LIABILITIES			
Accounts Payable	12,059,167	57,001	12,116,168
Accrued Wages	29,671,834	257,601	29,929,435
Unearned Revenue	1,286,489	-	1,286,489
Long-term Liabilities Due Within One Year	2,517,800	-	2,517,800
Long-term Liabilities Due in More Than One Year	9,925,564	-	9,925,564
Net Pension Liabilities	219,040,487	-	219,040,487
Net OPEB Liabilities	47,876,319	-	47,876,319
Total Liabilities	322,377,660	314,602	322,692,262
DEFERRED INFLOWS OF RESOURCES			
Pensions	26,731,090	-	26,731,090
OPEB	3,516,530	-	3,516,530
Total Deferred Inflow of Resources	30,247,620	-	30,247,620
NET POSITION			
Net Investment in Capital Assets	14,333,077	-	14,333,077
Restricted for grant programs	7,033,882	-	7,033,882
Restricted for health benefits	4,363,157	-	4,363,157
Unrestricted	(247,388,281)	3,223,604	(244,164,677)
Total Net Postion	(221,658,165)	3,223,604	(218,434,561)
Total Deferred Inflows of Resources, Liablities and Net Postion	$ 130,967,115	$ 3,538,206	$ 134,505,321

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2019

Exhibit XI

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Schools	Library	Totals
Schools	$ 296,216,327	$ 2,621,376	$ 21,284,473	$ (272,310,478)	$ -	$ (272,310,478)
Library	7,933,699	480,040	171,141	-	(7,282,518)	(7,282,518)
Total Component Units	304,150,026	3,101,416	21,455,614	(272,310,478)	(7,282,518)	(279,592,996)
General Revenues:						
Payment From City				227,228,450	7,026,500	234,254,950
Grants Not Restricted To Specific Programs				45,601,267	-	45,601,267
Interest and Investment Earnings				-	177,750	177,750
Miscellaneous				512,845	150,021	662,866
Total General Revenues				273,342,562	7,354,271	280,696,833
Change in Net Position				1,032,084	71,753	1,103,837
Net Position Beginning of Year				(222,690,249)	3,151,851	(219,538,398)
Net Position End of Year				$ (221,658,165)	$ 3,223,604	$ (218,434,561)

See Accompanying Notes to Financial Statements

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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 156,800 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 similar to analysis the private sector provides in their annual reports.

Government-wide Financial Statements – These include financial statements prepared using full accrual accounting for all of the government's 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 the 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 of any borrowing used for the acquisition, construction or improvement of those assets.

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

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 considered to be 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 considered to be 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, on the other hand, 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 total $223.8 million in FY 2019.

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 (Library). 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 $7.0 million for FY 2019. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Excluded from Reporting Entity:

City Council is not financially accountable for the Deferred Compensation Plan, Alexandria Economic Development Partnership, Alexandria Industrial Development Authority, 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 includes 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 on the basis of 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 resource 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose trust and agency). Since by definition 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 2019.

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

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 of the end of FY 2019 is comprised of the following sub funds:

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 Management – This sub fund was funded by a dedicated real estate property tax rate of 0.5 cents per $100 of assessed value to fund stormwater capital projects; however, it has been replaced with stormwater utility fee in 2019.

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.

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.

Other Special Revenue – This sub fund accounts for grants and donations.

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 is a blended entity and major fund which accounts for the City's transit activity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, Net Position, revenues, expenses, are accounted for through proprietary funds. 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 or as an agent for individuals, private organizations, and other governments. The Fiduciary Funds of the City are the John D. Collins Private Purpose Trust Fund, Employee Retirement Funds, the Human Services Special Welfare Account, the Human Services Dedicated Account, and the Industrial Development Authority Agency Funds. For accounting measurement purposes, the Private Purpose Trust Fund, the Employee Retirement Funds, and other post-employment benefits are accounted for in essentially the same manner as proprietary funds. Private Purpose Trust Funds 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. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are not included in the government-wide financial statements because the resources cannot be used for operations of the government.

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 fiduciary net position of the Pension Plans and additions to/deductions from the 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.

The agency funds held by the City as of the end of FY 2019 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.

Industrial Development Authority – This fund accounts for Industrial Development Authority bond issuance fees and expenses, for which the City acts in a custodial capacity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, and 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 Fund 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 considered to be measurable and available as revenue when reimbursements for related eligible expenditures are collected within a year of the date the expenditure was incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

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 1, 2019, the City Council formally approved the original adopted budget and on June 11, 2019, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Equity in Pooled Cash and Investments

Cash resources of the individual funds, including imprest cash of $20,860 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.

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 at June 30, 2019, is comprised of the following:

GENERAL FUND:	
Taxes Receivable:	
Real Property	$ 1,131,877
Personal	14,018,969
Penalties and Interest	193,703
Total Taxes	15,344,549
Accounts Receivable	19,456
Notes Receivable	309,000
	15,673,005
SPECIAL REVENUE FUND:	
Housing Fund Notes Receivable	$ 56,005,499
CAPITAL PROJECTS FUND:	
Capital Projects Fund Notes Receivable	$ 1,475,000

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory of Supplies and Prepaid and Other Assets

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 market 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 and deferred revenue.

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	$ 21,800,304
Deferred interest	3,632,321
Total Adjustment	$ 25,432,625

Blended Component Unit

Entities which meet any one of the following characteristics are blended component units of the City:

- The organization's governing body is substantively the same as the City's governing body and (1) there is a financial benefit or burden relationship between the City and the organization, or (2) management of the City has operational responsibility for the organization.
- The organization provides services entirely, or almost entirely, to the City, or otherwise exclusively or almost exclusively benefits the City even though it does not provide services directly to it.
- The organization's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with City resources.
- The organization is a not-for-profit corporation, in which the City is the sole corporate member.

H. 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are met. 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.

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.

I. 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.

K. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Detail

General Fund

Nonspendable	
Inventories	$ 3,668,621
Prepaids	1,617,055
Long Term Notes	400,000
Total	5,685,676
Committed	
Encumbrances	4,360,247
Self-Insurance	5,000,000
Total	9,360,247
Assigned	
Subsequent Capital Program	19,000,000
Subsequent Operating Budgets	8,000,000
Natural Disaster/Emergencies	3,000,000
Economic Downturn Contingency	5,000,000
Accrued Leave Payout	1,000,000
Economic Development Incentives	1,400,000
Transportation Improvement	708,540
Regional Transportation	2,000,000
City Projects/Initiatives	6,653,822
Total	46,762,362
Unassigned	81,406,421
Total Fund Balance	$ 143,214,706

Encumbrances – These monies ($4.4 million) have been committed for purchase orders and/or contracts to acquire goods and services not yet received.

Self-Insurance—These monies ($5.0 million) have been committed for reserves for the City's self-insurance program.

Subsequent Fiscal Years' Capital Program—These monies ($19.0 million) have been assigned to fund a portion of the capital improvement program for CIP projects in FY 2020 and beyond.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Fiscal Years' Operating Budgets—These monies ($8.0 million) have been assigned to fund a portion of the operating budget in FY 2021 and beyond.

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.

Economic Downturn Contingency – These funds ($5.0 million) have been assigned to mitigate the effects of potential future economic impacts to the City. The purpose of the funds is to cover in the event of a regional impact that the City cannot manage through current year expenditure and revenue management.

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 ($1.4 million) are assigned to provide funds to incentivize business to locate or expand in the City.

Transportation Improvement - These funds ($0.7 million) are residual balance of Transportation Improvement funds that are collected through a reservation of Real Estate Taxes.

Regional Transportation – These funds ($2.0 million) are committed to address the City's share of collective bargaining agreements with WMATA employees.

City Projects/Initiatives – These funds ($6.7 million) are assigned to support projects and initiatives that are approved but not yet under contract, such as City Council contingent reserve initiatives.

Special Revenue

Restricted	
Grants	$ 2,956,832
Donations	5,788,457
Housing Programs	13,763,674
Total	22,508,963
Committed	
Sanitary Sewer	33,450,696
Stormwater Utility	3,600,908
Stormwater	1,765,434
Other Programs	15,075,643
Potomac Yard	21,221,841
NVTA	2,959,345
Total	78,073,867
Total Fund Balance	$ 100,582,830

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant encumbrances in excess of $1.0 million as of June 30, 2019 were:

Fund	Vendor	Amount
Capital Projects	Dustin Construction Inc.	$9.1 million
Capital Projects	Ft. Myer Construction Group	$7.7 million
Capital Projects	Integrated Security Technologies Inc.	$1.9 million
Capital Projects	Avon Corporation	$1.9 million
Capital Projects	Keller Brothers Inc.	$1.9 million
Capital Projects	Williams Emergency Vehicle Services	$1.9 million
Capital Projects	The Lane Construction Corporation	$1.9 million
Capital Projects	Carousel Industries	$1.3 million
Capital Projects	Tyler Technologies Inc.	$1.2 million
Capital Projects	Greeley & Hansen LLC	$1.2 million
Capital Projects	MCA Construction Inc.	$1.2 million

M. Short Term Liabilities

Short Term Liabilities include unclaimed funds. The City did not have any short-term debt during FY 2019.

N. 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, difference between expected and actual experience, changes in assumptions, and net difference between projects and actual earnings on pension plans investments. At June 30, 2019, the City had deferred outflows of resources related to pensions and OPEB of $53.7 million. GASB 75 was implemented in FY 2018 and Outflows now include OPEB.

O. 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. At June 30, 2019, the City had deferred inflows of resources of $346.8 million.

The City recognizes deferred inflows for the difference between the projected and actual investment earnings and expected and actual experience related to pensions. At June 30, 2019, the City had deferred inflows of resources related to pensions of $34.9 million.

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 2019, the Council approved a re-appropriation of prior fiscal year encumbrances as well as various other supplemental appropriations. The City Manager has authority to transfer appropriations within each department. In FY 2019, a number of intradepartmental transfers were made.

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, 2019, the carrying value of the City's deposits was $3,558,188 and the bank balance was $7,949,397. 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, 2019, the City had $211,951,606 in the SNAP short term investment.

Component Units

At June 30, 2019, the carrying value of deposits for the Schools was negative $2,184,105 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, 2019, the carrying value of deposits and bank balance for the Library was $322,893. The entire balance is covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act as defined above.

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, and CDARS (the Certificate of Deposit Account Registry Service, a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to $50.0 million).

During fiscal year 2019 most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in CDARS, 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 Net position available for benefits.

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, VIP, and CDARS. During the fiscal year, the City held its investments in LGIP, CDARS, 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.

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, 2019, the City had the following cash, investments and maturities:

Primary Government

	Investment Maturities			
INVESTMENT TYPE	**Fair Value**	**1-12 Months**	**13-24 Months**	**25-60 Months**
Fixed Certificate of Deposit	$ 36,507,910	$ 36,507,910	$ -	$ -
Federal Home Loan Bank (FHLB)	2,563,229	2,563,229	-	-
Local Government Investment Pool	281,905,055	281,905,055	-	-
Money Market	855,681	855,681	-	-
	321,831,875	321,831,875	-	-
OPEB Trust Investments *	78,389,839	-	-	78,389,839
Pension Plan Investments (Exhibit VIII) *	533,639,247	-	-	533,639,247
Total	$ 933,860,961	$ 321,831,875	$ -	$ 612,029,086

*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	$ 3,558,188
Cash with Fiscal Agents	211,986,092
Total Deposits and Investments	$ 1,149,405,241

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	$ 6,149,351	$ 6,149,351	$ -	$ -
Federal Home Loan Bank (FHLB)	431,747	431,747	-	-
Local Government Investment Pool	47,483,766	47,483,766	-	-
Regions Clearing Account	144,130	144,130	-	-
Total Investments Controlled by City	$ 54,208,994	$ 54,208,994	$ -	$ -

Component Unit

Library

		Investment Maturities		
	Fair Value	**1-12 Months**	**13-24 Months**	**25-60 Months**
Fixed Certificate of Deposit	$ 8,065	$ 8,065	$ -	$ -
Federal Home Loan Bank (FHLB)	566	566	-	-
Local Government Investment Pool	62,277	62,277	-	-
Regions Clearing Account	189	189	-	-
Total Investments Controlled by City	$ 71,097	$ 71,097	$ -	$ -
Total Investments Controlled by City Primary Government and Component Units:	$ 376,111,966			

As of June 30, 2019, the City had investments in the following issuers with credit quality ratings as shown below:

	Fair Value	AAA	AA	CDs and Cash
Fixed Certificate of Deposit	$ 42,665,325	$ -	$ -	$ 42,665,325
Federal Home Loan Bank (FHLB)	2,995,543	-	2,995,543	-
Local Government Investment Pool	329,451,098	287,150,072	42,301,026	-
Regions Clearing Account	1,000,000	-	-	1,000,000
Total Investments Controlled by City & Components	$ 376,111,966	$ 287,150,072	$ 45,296,569	$ 43,665,325

Rated by S&P

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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

Issuer	Investment Type	Fair Value	% of Portfolio
Commonwealth of Virginia	Virginia Dept of Treasu	266,220,794	70.78%
VIP 1-3 Years	Local Government Inve	63,230,304	16.81%

Reconciliation of total deposits and investments to the government-wide financial statements as of June 30, 2019:

	Governmental Activities	Fiduciary Activities	Total
Primary Government including DASH			
Cash on Hand and In Banks	$ 3,558,188	$ -	$ 3,558,188
Cash and Investments	321,311,870	520,005	321,831,875
Cash and Investments with Fiscal Agents	211,951,606	612,063,572	824,015,178
Total	$ 536,821,664	$ 612,583,577	$ 1,149,405,241
Component Unit Schools			
Cash on Hand and In Banks	$ (2,184,105)	$ -	$ (2,184,105)
Cash and Investments Controlled by City	54,208,994	-	54,208,994
Total	$ 52,024,889	$ -	$ 52,024,889
Component Unit Library			
Cash and Investments Controlled by City	$ 71,097	$ -	$ 71,097
Cash and Investments with Fiscal Agents	3,443,998	-	3,443,998
Total	3,515,095	-	3,515,095
Grand Total	$ 592,361,648	$ 612,583,577	$ 1,204,945,225

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 2019, investments worth $1.0 million were classified in Level 1 of the fair value hierarchy. Additionally, investments worth $88.0 million were classified in Level 2. Fixed government securities worth $3.0 million, fixed certificates of deposit worth $42.7 million, and Virginia Investment Pool 1-3 Year worth $42.3 million were classified in Level 2.

Investments by fair value level	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
Fixed Government Securities	$ 2,995,543	$ -	$ 2,995,543	$ -
Fixed Certificates of Deposit	42,665,325	-	42,665,325	-
Virginia Investment Pool 1-3 Year	42,301,026	-	42,301,026	-
Total Debt Securities	$ 87,961,894	$ -	$ 87,961,894	$ -
Cash Equivalents				
Regions Clearing Account	$ 1,000,000	$ 1,000,000	$ -	
Total Investments by Fair Asset Value	$ 88,961,894	$ 1,000,000	$ 87,961,894	
Investments measured at the net asset value (NAV)				
Virginia Local Govt. Investment Pool	$ 266,220,795			
Virginia Investment Pool - Liquidity	20,929,277			
	287,150,072			
Total Investments	**$ 376,111,966**			

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2019, consist of the following:

	General	Special Revenue	Capital Project	Alexandria Transit Company	Total
Taxes					
Real Property	$ 233,853,824	$ 684,713	$ -	$ -	$ 234,538,537
Personal Property	62,708,844	-	-	-	62,708,844
Penalities and Interest	2,800,574	-	-	-	2,800,574
Others	2,148,356	-	-	-	2,148,356
Total Taxes	301,511,598	684,713	-	-	302,196,311
Account	12,777,805	6,186,314	-	2,333,021	21,297,140
Interest	9,359	-	-	-	9,359
Intergovernmental	32,373,425	3,759,763	1,657,545	109,019	37,899,752
Due from other funds	2,120,000	-	-	-	2,120,000
Notes	709,000	58,503,821	1,475,000	-	60,687,821
Gross Receivable	349,501,187	69,134,610	3,132,545 -	2,442,040	424,210,382
Less: Allowance for Uncollectables	15,673,005	56,005,499	1,475,000	-	73,153,504
Net Receivables	$ 333,828,182	$ 13,129,111	$ 1,657,545	$ 2,442,040	$ 351,056,878

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 5.3 percent of the total taxes receivable at June 30, 2019 and is based on historical collection rates. Almost all the uncollectible taxes derive from personal property taxes. Almost all the real property tax receivables as of June 30, 2019, represent the second-half payment due for real estate taxes on November 15, 2019.

Receivables on a government-wide basis include taxes receivable of $21.8 million that are not 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 $2.1 million of taxes that are considered current financial resources and, therefore, are reported in the governmental funds. This comprises:

Real Estate Tax Receivables	$ (1,452,899)
Personal Property Tax Receivables	3,567,479
Total	$ 2,114,580

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 2019 unearned revenue in the governmental funds consisted of the following:

	Unavailable	Unearned	Total
Property taxes, net of related allowances	$ 302,689,198	$ 4,038,980	$ 306,728,178
Grant proceeds received prior to completion of eligibility requirements	4,388,147	-	4,388,147
Total	$ 307,077,345	$ 4,038,980	$ 311,116,325

Deferred Outflows/Inflows

	General Fund	Special Revenue Fund	Comment
Total Deferred Taxes	$ 302,689,198	$ 4,837,181	
Grants Received Prior to Eligibility	757,683	-	Build America Bond subsidy in General Fund
Grants Received Prior to Eligibility	-	3,630,464	Eligible grants with timing differences
Total Deferred Outflows, Receivables	$ 303,446,881	$ 8,467,645	

Component Units

Receivables at June 30, 2019, consist of following:

	Schools	Library	Total
Accounts	$ 8,704,034	$ -	$ 8,704,034
Intergovernmental	6,232,440	6,466	6,238,906
Total Receivables	$ 14,936,474	$ 6,466	$ 14,942,940

All the component unit receivables are considered to be collectible.

All deferred revenue in the component units is unearned.

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, 2019, includes amounts not yet received from the January 1, 2019 levy (due June 15 and November 15, 2019), less an allowance for uncollectible amounts. The installment due on November 15, 2019 is included as unavailable revenue since these taxes are restricted for use until FY 2020. 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 $1.13 per $100 of assessed value during calendar year 2019 and 2018.

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair market 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, 2019, includes amounts not yet billed or received from the January 1, 2019 levy (due October 5, 2019). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2020. The tax rate for motor vehicles was $5.00 per $100 of assessed value during calendar years 2018 . Motor vehicle decals were eliminated in FY19 and the motor vehicle tax was increased to $5.33 per $100 of assessed value in order to cover the eliminated decal fee. The net effect was equal tax. The tax rates during calendar years 2019 and 2018 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 40 percent of total personal property tax levy in FY2019.

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, 2019:

Governmental Activities

General Fund	$ 709,000
Special Revenue Fund	58,503,821
Capital Projects Fund	1,475,000
Less Allowance for Uncollectible Accounts	(57,789,499)
Net Notes Receivable	2,898,321
Amounts due within one year	268,622
Amounts due in more than one year	$ 2,629,699

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS

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

Governmental Activities

Primary Government

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 113,216,863	$ 14,532,423	$ 2,122,608	$ 125,626,678
Construction in Progress	75,075,931	29,577,424	61,955,590	42,697,765
Total Capital Assets Not Being Depreciated	188,292,794	44,109,847	64,078,198	168,324,443
Depreciable Capital Assets				
Buildings	677,962,896	85,946,925	1,650,000	762,259,821
Infrastructure	286,750,732	11,828,095	531,364	298,047,463
Intangible Assets	25,182,367	2,324,901	1,182,401	26,324,867
Furniture and Other Equipment	122,809,620	5,740,260	5,789,620	122,760,260
Total Depreciable Capital Assets	1,112,705,615	105,840,181	9,153,385	1,209,392,411
Less Accumulated Depreciation for				
Buildings	220,133,199	18,510,829	-	238,644,028
Infrastructure	146,967,436	9,460,418	-	156,427,854
Intangible Assets	21,861,639	1,699,112	1,182,401	22,378,350
Furniture and Other Equipment	71,579,590	9,241,481	5,746,216	75,074,855
Total Accumulated Depreciation	460,541,864	38,911,840	6,928,617	492,525,087
Depreciable Capital Assets, Net	652,163,751	66,928,341	2,224,768	716,867,324
Alexandria Transit Company				
Depreciable Capital Assets				
Equipment	43,586,653	13,822,456	834,869	56,574,240
Less: Accumulated Depreciation	22,452,237	3,835,792	834,869	25,453,160
Total Depreciable Capital Assets, Net	21,134,416	9,986,664	-	31,121,080
TOTALS	$ 861,590,961	$ 121,024,852	$ 66,302,966	$ 916,312,847

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

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Governmental activities capital assets, net of accumulated depreciation at June 30, 2019, are comprised of the following:

General Capital Assets, Net	$	874,435,210
Internal Service Fund Capital Assets, Net		10,756,557
Alexandria Transit Company Capital Assets, Net		31,121,080
Total	$	916,312,847

Depreciation was charged to governmental functions as follows:

General Government	$	2,744,266
Judicial Administration		540,805
Public Safety		3,877,413
Public Works		9,920,940
Depreciation of Infrastructure Assets		9,460,418
Health and Welfare		463,921
Transit		3,835,792
Culture and Recreation		2,616,575
Education		9,048,668
Community Development		238,834
Total	$	42,747,632

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	$	157,791,910
Donated Assets		2,229,494
Depreciation Expense		(42,747,632)
Capital Outlay not capitalized		(56,290,106)
Total Adjustment	$	60,983,666

Donated assets are comprised of infrastructure donated by developers.

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Net position Investment in capital assets is computed as follows:

General Capital Assets, Net		$ 916,312,847
Outstanding bonds (including premium)	(658,445,928)	
Unspent bond proceeds at SNAP	211,951,606	
Net Outstanding Debt		(446,494,322)
Investment in Capital Assets Net of Debt		$ 469,818,525

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Component Unit - Schools

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

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

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.

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Primary Government

Construction-in-progress is composed of the following at June 30, 2019:

	Project Authorization	Expended Through June 30, 2019	Committed
Schools Capital Projects	$ 28,406,255.0	$ 7,553,922.0	$ -
Housing and Community Improvement	6,623,651	3,827,076	601,747
Parks and Recreation	24,995,162	10,424,625	4,876,408
Public Buildings	22,850,274	3,752,671	4,266,565
Public Safety	23,703,526	5,417,745	14,737,450
Infrastructure	33,333,834	8,506,909	11,711,872
Information Technology Hardware	6,924,424	3,214,817	1,401,907
Total	$ 146,837,126	$ 42,697,765	$ 37,595,949

Component Units

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

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, 2019: 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 three 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 $19.8 million as of June 30, 2019 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. At June 30, 2019 the current portion of employees' health insurance was $0.9 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, 2019. 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, 2019 and 2018 were as follows:

	Workers' Compensation	Health Insurance
July 1, 2017 Liability Balance	$ 20,986,184	$ 1,013,146
Claims and Changes in estimates	6,572,076	17,796,582
Claim Payments	(8,168,902)	(18,024,689)
June 30, 2018 Liability Balance	19,389,358	785,039
Claimes and Changes in estimates	4,688,591	16,713,953
Claim Payments	(4,304,590)	(16,557,993)
June 30, 2019 Liability Balance	**$ 19,773,359**	**$ 940,999**

The Health Insurance liability is included in the accrued liability.

NOTE 6. RISK MANAGEMENT (Continued)

Insurance Commitment

In addition, the City has established a General Fund self-insurance commitment of $5.0 million as of June 30, 2019.

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 three 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 past experience and number of employees. In FY 2019, the Alexandria Transit Company paid an annual premium of $0.2 million for participation in this pool.

Line of Duty Act (LODA) Death and Disability Benefits

The City provides death and health 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 2019, the City contributed to the OPEB trust fund for Line of Duty Act benefits. In fiscal year 2019, an actuarial valuation was issued for Line of Duty Act benefits (see Note 16 OPEB). According to the December 31, 2018 actuarial valuation, 733 active employees were eligible for Line of Duty Act benefits. As of June 30, 2019, 87 beneficiaries were receiving Line of Duty Act payments. During FY 2019, Line of Duty Act payments for the recipients amounted to $1.5 million.

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 three fiscal years.

NOTE 7. OPERATING LEASES

Rental Costs

The City and the Schools lease office space and equipment under various long-term operating lease agreements expiring at various dates through FY 2034. Certain leases contain provisions for possible future increased rentals based upon changes in the Consumer Price Index.

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

Primary Fiscal Year	Government	School Board Component Unit
2020	$ 5,710,461	$ 2,960,176
2021	6,009,333	2,990,500
2022	6,218,146	3,072,303
2023	5,350,803	3,156,357
2024	15,570,612	3,066,882
2025-2029	49,474,511	15,631,020
2030-2034	45,540,524	15,631,020

Total rental costs during FY 2019 for operating leases were $5.7 million for the Primary Government and $3.0 million for the Schools.

Rental Revenues

The City also leases various City-owned properties and buildings under non-cancellable long-term lease agreements through FY 2034. The net book value of leased assets of $7.0 million (cost of $27.2 million less accumulated depreciation of $20.1 million) is included in capital assets in the government-wide financial statements. Certain leases contain provisions for future increased revenues based upon changes in the Consumer Price Index.

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

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: (a) an ongoing financial interest or (b) an ongoing financial responsibility.

Fiscal Year	Total Revenues
2020	$ 1,693,851
2021	1,734,462
2022	1,783,952
2023	1,632,221
2024	844,862
2025-2029	8,822,754
2030-2034	9,684,690

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Washington Metropolitan Area Transit Authority

The City's commitments to the Washington Metropolitan Area Transit Authority (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 rail, bus, and paratransit systems.

Due to the State requirement to reflect all State aid to all jurisdictions in their accounting statements according to Generally Accepted Accounting Principles, all State funding for WMATA received and administered by Northern Virginia Transportation Commission (NVTC) are now reflected in the accounting statements in addition to these footnotes. Total Department of Rail and Public Transportation (DRPT) funding for WMATA administered by NVTC on behalf of the City of Alexandria for FY 2019 amounted to $8.6 million.

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

1. Capital contributions - Bus and Rail Replacement

In June 2010, a new Capital Funding Agreement was signed by all members of the WMATA Compact. It set forth a commitment of one year's funding with five planning years. That funding agreement assumed an increase of $150 million per year of new federal funds, matched with $50 million each from the Commonwealth of Virginia, the State of Maryland, and the District of Columbia. That new agreement totaled $5.0 billion, $2.5 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. Since the 2010 Capital Funding Agreement expired, one-year extensions have been agreed by the member jurisdictions. In 2018, the jurisdictions which comprise the WMATA compact, the Commonwealth of Virginia, the State of Maryland, the District of Columbia and WMATA engaged in discussions about WMATA's increased capital investment, which will be needed over the next decade. The conclusion from a Council of Government's study is that the WMATA system needs some $500 million per year or $5 billion in added investment over the next decade to move and keep the system in a safe and reliable operating category. Dedicated funding streams were established by the Commonwealth of Virginia, the State of Maryland and the District of Columbia during their legislative processes of 2018, which will provide a combined $500 million annually in new funding to fund WMATA capital costs. Currently a new one-year Capital Funding Agreement (CFA) has been negotiated between WMATA and participating jurisdictions for FY 2020. The new CFA contains most of the terms and conditions from the 2010 agreement but updates it to reflect the new dedicated funding. The dollar amount of the FY 2020 agreement is $12.3 million, compared to the FY 2019 contribution for Alexandria, which was $11.2 million.

2. Operating subsidies - Bus and Rail Systems

During FY 2019, obligations for bus and rail subsidies amounted to $45.9 million. The City paid these obligations from the following sources:

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

Source of Obligations (in millions)

City General Fund	$ 15.2
State Aid and State Motor Fuel Sales Tax revenues	29.1
NVTA 30%	1.6
TOTAL	**$ 45.9**

Expected obligations for FY 2020 are $49.3 million, $20 million of which is expected to be paid from the City's General Fund. The City will also use $27.7 million from NVTC funding and $1.6 million from NVTA 30% funding to cover the rest of the obligations.

3. WMATA Transit Revenue Bonds

WMATA issued approximately $1.0 billion of federally guaranteed transit revenue bonds to fund part of the construction of the rail transit system. Operating revenues have been insufficient to retire this debt. The federal government and WMATA entered into an agreement whereby the federal government agreed to pay two-thirds of the debt service costs for these bonds and to advance part of the remaining one-third during the first three years of the agreement. The agreement requires that WMATA repay the federal advances with interest and one-third of the debt service on the bonds. WMATA allocated the cost of the advances and the one-third of the debt service costs among the participating jurisdictions. The City has not agreed to any payments for the one-third allocation of debt service, but the Northern Virginia Transportation Commission (NVTC) has paid, from state aid, all such costs allocated to Northern Virginia jurisdictions, of which $1.1 million was the City's allocation during the fiscal year ended June 30, 2018. However, NVTC has not paid any of the allocations for federal advances. In July of 1985, the Alexandria City Council authorized NVTC to pay $4.2 million to WMATA, including accrued interest, from state aid on deposit to the credit of the City. This was the total amount allocated to the City by WMATA for advances by the federal government, including accrued interest. The City has thus, with such authorization, satisfied all claims due to WMATA for transit revenue bonds.

4. Potomac Yard Metrorail Station

As a major long-term economic development initiative, on June 12, 2010, the City approved the North Potomac Yard Small Area Plan, a major rezoning of 69 acres of prime real estate located in the Potomac Yard area of the City into a high density mixed-use development of over 7.5 million square feet. When added to prior Potomac Yard rezoning, the total development plan totals more than 12 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 a 30-year period, entails the construction of a new Metrorail station on the existing heavy rail Metrorail line.

Potomac Yard is located in the northeast area of the City adjacent to Arlington's Crystal City and south of downtown Washington, D.C. and Ronald Reagan Washington National Airport. Potomac Yard 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. One special tax district has been established and implemented 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) which was previously established by City Council with a 10-cent per $100 of valuation levy was abolished in December 2018.

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

Project development was subject to the requirements of the National Environmental Policy Act (NEPA) and Section 4(f) of the Department of Transportation Act. City Council chose Alternative B as the Locally Preferred Alternative on May 20, 2015. On June 16, 2016, City Council unanimously approved the Master Plan Amendment, Map Amendment (rezoning), and Development Special Use Permit with site plan and associated Special Use Permits to construct a Metrorail station and associated facilities in Potomac Yard. The Federal Transit Administration and the National Park Service issued their Records of Decision for the Potomac Yard Metrorail Station on October 31, 2016 and November 1, 2016. This marked the last step in the review process under the National Environmental Policy Act. WMATA procured a contractor for the design-build contract in the summer of 2018, and construction is planned to commence in FY 2020.

Alternative B was originally budgeted at $268.0 million, including the planning phase, preliminary engineering, and preparation of the design-build bid package. In April 2018 based on changes in labor, materials, and the bidding climate, City Council authorized an increase of $50 million in the Potomac Yard Metrorail Station project budget to $320 million. The City prepared an updated financial feasibility analysis in Spring 2018 that evaluated the City's ability to finance the station using only local shares. The funding sources include cash derived from net new tax revenues from Potomac Yard, $175 million in long term debt, $69.5 million in grants from the NVTA, and a $50 million 2% VTIB loan that was awarded to the City by the Commonwealth Transportation Board in January 2015 and $25 million from Potomac Yard Fund Balance and revenue collected in the Potomac Yard development area. The long term debt will be repaid by net new taxes derived from Potomac Yard development, developer contributions, and special tax district taxes. The $175 million in long term debt is expected to be issued in Fall 2019, taking advantage of favorable interest rates. 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.

The financial risk to the City associated with the Metrorail station project has been carefully structured. Upfront shortfall guarantees totaling $32 million have been negotiated with the North Potomac Yard property owner. In November 2018, as part of the decision to construct Amazon's HQ2 office in National Landing in Arlington, the State committed an additional $50 million to Alexandria to enhance the southwest entrance to the station in a to-be-determined manner. There is planned to be no cash flow draw from the City's General Fund. The total cost of the project including both the station and the enhanced southwest entrance is currently budgeted at $370 million.

In November 2018, Amazon selected Virginia for its HQ2 offices, after an 18-month selection process that began with more than 200 localities. One of the key reasons for the selection of National Landing as the location for the Amazon HQ2 site was the commitment of Virginia Tech to build a 1-milion square foot, technology-focused campus in Alexandria in Potomac Yard. The Virginia Tech Innovation Campus is a $1 billion development project, which will be developed in the Oakville Triangle, located less than 2 miles from the Amazon HQ2.

B. 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 losses not covered by insurance that may ultimately be incurred as a result of the suits and claims will not be material.

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 together. 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

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

the County have the ability to 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 Sanitation Authority (the "Authorities") and the Corporation, refinanced these bonds in July 1998 to achieve debt service savings. 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. 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.

Acceptance testing on each unit was completed in November 2000, and the Operating Lease agreement between the Authorities and the Corporation took effect in January 2001. Since in essence the lease is a capital lease, the capital assets completed and covered by the lease and the promissory note are 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 2019 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 $970,066 in tipping fees in FY 2019 and is anticipating a similar cost in FY 2020.

D. 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 2019 payment of $256,070 was made from the proceeds from the City's telecommunications tax received by the General Fund and the maturity date for this bond is May 15, 2034. The City is not liable for repayment of the 20-year bonds.

E. Combined Sanitary Sewer/Stormwater Sewer System

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 $70 million and $100 million. 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

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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. 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 (AlexRenew), 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 for City, alternatives need to be evaluated that may include purchasing portion of Fairfax'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 now known as the RiverRenew program. The LTCPU was developed as a partnership between the City and AlexRenew, which allowed for the leveraging of both the City's and AlexRenew's experience and abilities. City Council also authorized transfer of Combined Sewer Outfalls to AlexRenew. Accordingly, the Outfall Transfer Agreement was executed and combined sewer outfalls were transferred to AlexRenew effective July 1, 2018.

The RiverRenew program led by AlexRenew is anticipated to cost $370 - $555 million with the goal of reducing overflows from the Combined Sewer System from an average of about 60 events to less than 4 per year. In 2019 the Virginia General Assembly approved $25 million in state support for this project. The City and AlexRenew are currently seeking an additional $65 million from the state's upcoming biennial budgets. The outfall transfer allows AlexRenew to own all of the combined sewer outfalls and then finance and construct to own the proposed River Renew project, consisting of a unified tunnel and dual use wet weather treatment infrastructure. Alex Renew would also debt finance this CSO project and increase its user rates to repay bonds issued for the CSO project. The City continues to coordinate with AlexRenew on wet weather flow management mitigation initiatives, such as City's infiltration and inflow program, and RiverRenew program.

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, 2019, are comprised of the following individual issues:

1.	$40.9 million General Obligation Capital Improvement Bonds of 2018, installments ranging from $.75 to $2.15 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.	$	40,925,000
2.	$34.9 million General Obligation Refunding Bond of 2017, installments ranging from $3.0 to $4.0 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.		34,905,000
3.	$102.2 million General Obligation Refunding Bond of 2017, installments ranging from $0.5 to $10.7 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.		102,150,000
4.	$4.4 million General Obligation Capital Improvement Bonds of 2017 (taxable), installments ranging from $.21 to $.22 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.		4,160,000
5.	$94.7 million General Obligation Capital Improvement Bonds of 2017 (tax exempt), installments ranging from $2.0 to $5.0 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.		92,670,000
6.	$34.2 million General Obligation Refunding Bond of 2016 (tax exempt), installments ranging from $0.4 to $4.1 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.		33,427,000
7.	$73.7 million General Obligation Capital Improvement Bonds of 2016 (tax exempt), installments ranging from $1.4 to $4.0 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, 2026.		70,235,000
8.	$10.6 million General Obligation Refunding Bonds (taxable) of 2015, installments ranging from $1 to $1.1 million through 2028, bearing interest rates ranging from 0.9 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.		7,725,000
9.	$23.2 million General Obligation Capital Improvement (tax-exempt) Bonds of 2015, installments ranging from $1.1 to $1.2 million through 2035, bearing interest rates ranging from 3.0 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 direction of the City on or after July 15, 2025.		19,720,000
10.	$34.0 million General Obligation (tax-exempt) Refunding Bonds of 2015, installments ranging from $0.4 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.		32,255,000
11.	$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.		28,795,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

12.	$18.6 million General Obligation (tax-exempt) Refunding Bonds of 2014, installments ranging from $2.8 to $3.4 million through 2020, bearing interest at 1.0 percent. The Bonds maturing on or before June 15, 2020 are not subject to redemption prior to maturity. This is a direct bank loan. The debt is being held as an investment with no intention of sale or distribution.		2,785,000
13.	$63.8 million General Obligation Capital Improvement (tax-exempt) Bonds of 2013, installments averaging $3.3 million through 2033, bearing interest at rates ranging from 4.0 percent to 5.0 percent. The Bonds maturing on or before June 15, 2023, are not subject to redemption prior to their maturity. The bonds maturing on or after June 15, 2024, are subject to optional redemption before maturity on or after June 15, 2023, 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 on the principal amount to be redeemed to the date fixed for redemption.		13,220,000
14.	$76.8 million General Obligation Capital Improvement (tax-exempt) Bonds of 2012, installments ranging from $200,000 to $4.0 million through 2033, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before June 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2023, may be redeemed before their maturities on or after June 15, 2022 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.		31,900,000
15.	$17.3 million General Obligation (tax-exempt) Refunding Bonds of 2012, installments ranging from $70,000 to $5.6 million through 2025, bearing interest at rates ranging from 2.0 percent to 4.0 percent. The Bonds maturing on or after June 15, 2022, are not subject to redemption before maturity. The bonds at the time outstanding that are stated to mature on or after June 15, 2023, may be redeemed before their maturities on or after June 15, 2022, 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.		11,020,000
16.	$63.6 million General Obligation (tax-exempt) Refunding Bonds of 2012, installments ranging from $2.9 million to $8.6 million through 2023, bearing interest rates ranging from 2.0 percent to 4.5 percent. The Bonds maturing on or before June 15, 2022, are not subject to optional redemption. The Bonds maturing on June 15, 2023, are subject to optional redemption before maturity on or after June 15, 2022, at the direction of the City in whole or in part in installments of $5,000 at par plus interest accrued and unpaid on the principal amount to be redeemed to the date fixed for redemption.		31,860,000
17.	$70.0 million General Obligation Capital Improvement (tax-exempt) Bonds of 2011, installments ranging from $1.0 million to $3.8 million through 2031, bearing interest rates ranging from 2.0 percent to 5.0 percent. The Bonds maturing on or before July 15, 2021, are not subject to redemption prior to maturity. The Bonds maturing on or after July 15, 2022, are subject to optional redemption before maturity on or after July 15, 2021, at the direction 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.		15,050,000
18.	$55.3 million General Obligation Capital Improvement (taxable Build America) Bonds of 2010, installments ranging from $3.7 million to $4.4 million through 2030, bearing interest at rates ranging from 3.6 percent to 5.0 percent for which the federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2021, are subject to optional redemption, in whole or part, at the direction of the City. The bonds are subject to redemption prior to July 2020, at the option of the City, upon the occurrence of an Extraordinary Event.		7,400,000
19.	$44.5 million General Obligation Improvement (taxable-Build America) Bonds of 2009 installments ranging from $4.1 million to $4.8 million through 2029, bearing interest at rates ranging from 4.9 percent to 5.7 percent for which the Federal government provides a 35 percent interest rate subsidy. The Bonds maturing on or after July 1, 2019, are subject to optional redemption before maturity on or after July 1, 2019, at the direction of the City, in whole or in part installments of $5,000 at any time or from time to time at par plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption.		4,100,000
20.	$22.8 million General Obligation (tax-exempt) Refunding Bonds of 2007, installments ranging from $2.8 million to $2.9 million through 2021, bearing interest at rates ranging from 4.5 percent to 4.9 percent. The bonds are not subject to redemption prior to their maturity.		5,655,000
	Total	$	589,957,000

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 2018C

CUSIP	Issue	Rate	Maturity Date July 1,
0153026F4	$ 750,000	5.00%	2020
0153026G2	1,500,000	5.00%	2021
0153026H0	2,150,000	5.00%	2022
0153026J6	2,150,000	5.00%	2023
0153026K3	2,150,000	5.00%	2024
0153026L1	2,150,000	5.00%	2025
0153026M9	2,150,000	5.00%	2026
0153026N7	2,150,000	5.00%	2027
0153026P2	2,150,000	5.00%	2028
0153026Q0	2,150,000	5.00%	2029
0153026R8	2,150,000	5.00%	2030
0153026S6	2,150,000	2.90%	2031
0153026T4	2,150,000	3.00%	2032
0153026U1	2,150,000	3.10%	2033
0153026V9	2,150,000	3.15%	2034
0153026W7	2,145,000	3.20%	2035
0153026X5	2,145,000	3.25%	2036
0153026Y3	2,145,000	3.30%	2037
0153026Z0	2,145,000	3.35%	2038
0153027A4	2,145,000	3.40%	2039
	$ 40,925,000		

2. General Obligation Refunding Bond of 2017D

CUSIP	Issue	Rate	Maturity Date July 1,
	-	0.00%	2020
0153025V0	2,950,000	5.00%	2021
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
	$ 34,905,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

3. General Obligation Refunding Bond of 2017C

CUSIP	Issue	Rate	Maturity Date July 1,
0153024Z2	$ 1,365,000	5.00%	2019
0153025B4	5,715,000	5.00%	2020
0153025A6	500,000	3.00%	2020
0153025C2	2,130,000	5.00%	2021
0153025E8	500,000	3.00%	2021
0153025D0	500,000	3.50%	2021
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
	$ 102,150,000		

4. General Obligation Bonds (taxable) of 2017B

CUSIP	Issue	Rate	Maturity Date July 15,
0153024E9	220,000	2.50%	2019
0153024F6	220,000	2.75%	2020
0153024G4	220,000	2.75%	2021
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
	$ 4,160,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

5. General Obligation Capital Improvement Bonds of 2017A

CUSIP	Issue	Rate	Maturity Date July 15,
0153023J9	3,000,000	5.00%	2019
0153023K6	4,985,000	5.00%	2020
0153023L4	4,985,000	5.00%	2021
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
	$ 92,670,000		

6. General Obligation Refunding Bond of 2016B

Issue	Rate	Maturity Date July 15,
381,000	1.91%	2019
389,000	1.91%	2020
396,000	1.91%	2021
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
$ 33,427,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

7. General Obligation Bonds of 2016A

CUSIP	Issue	Rate	Maturity Date July 15,
0153022P6	2,800,000	5.00%	2019
0153022Q4	3,515,000	4.00%	2020
0153022R2	3,995,000	5.00%	2021
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
	$ 70,235,000		

8. General Obligation Bonds (taxable) of 2015C

CUSIP	Issue	Rate	Maturity Date July 15,
0153022B7	1,140,000	1.55%	2019
0153022C5	1,100,000	1.90%	2020
0153022D3	1,065,000	2.30%	2021
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
	$ 7,725,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

9. General Obligation Capital Improvement Bonds of 2015B

CUSIP	Issue	Rate	Maturity Date July 15,
015302X72	1,165,000	5.00%	2019
015302X80	1,165,000	5.00%	2020
015302X98	1,165,000	5.00%	2021
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
	$ 19,720,000		

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

Issue	Rate	Maturity Date July 15,
410,000	1.86%	2019
415,000	1.86%	2020
3,490,000	1.86%	2021
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
$ 32,255,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

11. General Obligation Capital Improvement Bonds of 2014B

CUSIP	Issue	Rate	Maturity Date January 15,
015302V41	1,800,000	3.00%	2020
015302V58	1,800,000	3.00%	2021
015302V66	1,800,000	5.00%	2022
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
015302W32	1,800,000	4.00%	2027
015302W40	1,800,000	4.00%	2028
015302W57	1,800,000	4.00%	2029
015302X31	1,800,000	4.00%	2030
015302W65	1,800,000	3.00%	2031
015302W73	1,800,000	3.00%	2032
015302W81	1,800,000	3.00%	2033
015302W99	1,800,000	3.13%	2034
015302X23	1,795,000	3.20%	2035
	$ 28,795,000		

12. General Obligation Refunding Bonds of 2014A Direct Bank Loan

Issue	Rate	Maturity Date June 15,
2,785,000	1.00%	2020
$ 2,785,000		

13. General Obligation Capital Improvement Bonds of 2013

CUSIP	Issue	Rate	Maturity Date June 15,
015302T28	3,305,000	5.00%	2020
015302T36	3,305,000	5.00%	2021
015302T44	3,305,000	5.00%	2022
015302T51	3,305,000	5.00%	2023
	$ 13,220,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

14. Public Improvement Bonds of 2012 B

CUSIP	Issue	Rate	Maturity Date June 15,
015302P55	4,000,000	5.00%	2020
015302P63	4,000,000	5.00%	2021
015302P71	4,000,000	5.00%	2022
015302Q62	3,980,000	3.00%	2029
015302Q70	3,980,000	3.00%	2030
015302Q88	3,980,000	3.00%	2031
015302Q96	3,980,000	3.13%	2032
015302R20	3,980,000	3.25%	2033
	$ 31,900,000		

15. Refunding Bonds of 2012 C

CUSIP	Issue	Rate	Maturity Date June 15,
015302R95	$ 2,750,000	3.00%	2023
015302S29	5,630,000	3.00%	2024
015302S37	2,640,000	3.00%	2025
	$ 11,020,000		

16. Refunding Bonds of 2012

CUSIP	Issue	Rate	Maturity Date June 15,
015302N24	8,615,000	4.50%	2020
015302N32	8,625,000	4.50%	2021
015302N40	8,635,000	4.00%	2022
015302N57	5,985,000	4.00%	2023
	$ 31,860,000		

17. Public Improvement Bonds of 2011

CUSIP	Issue	Rate	Maturity Date July 15,
015302K68	3,765,000	2.13%	2020
015302K76	3,765,000	2.25%	2021
015302K84	3,760,000	4.00%	2022
015302L26	3,760,000	3.00%	2023
	$ 15,050,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

18. Public Improvement Bonds of 2010 (Taxable)

CUSIP	Issue	Rate	Maturity Date July 1,
015302H54	3,700,000	4.15%	2019
015302H62	3,700,000	4.05%	2020
	$ 7,400,000		

19. Public Improvement Bonds of 2009 (Taxable-Build America Bonds)

CUSIP	Issue	Rate	Maturity Date July 1,
015302F49	4,100,000	5.00%	2020
	$ 4,100,000		

20. Refunding Bonds of 2007

CUSIP	Issue	Rate	Maturity Date June 15,
015302ZW5	2,825,000	5.00%	2020
015302ZX3	2,830,000	5.00%	2021
	$ 5,655,000		

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2019, including interest payments of $159 million, are summarized as follows:

Fiscal Year	Serial Bonds Principal	Interest
2020……...	$ 46,126,000	$ 23,015,949
2021……...	47,529,000	20,693,079
2022……...	45,046,000	18,523,162
2023……...	45,209,000	16,453,643
2024……...	42,122,000	14,428,020
2025-2029……	192,785,000	46,845,520
2030-2034……	123,610,000	16,087,835
2035-2039……	47,530,000	2,910,402
	$ 589,957,000	$158,957,610

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 Schools. The City expects to receive $3.0 million in Build America Bonds interest subsidy payments through July 2020.

Legal Debt Margin - The City has no overlapping debt with other jurisdictions. As of June 30, 2019, the City had a legal debt limit of $4.0 billion and a debt margin of $3.5 billion:

Assessed Taxable Value of Real Property, January 1, 2019	$40,977,242,214
Constitution Debt Limit (10% of Assessed Taxable Value)	4,097,724,221
Outstanding General Obligation Indebtedness as of June 30, 2019	
Governmental Activities – General Obligation Debt	589,957,000
Net Indebtedness subject to debt limit	589,957,000
Legal Debt Margin Remaining	$3,507,767,221
Percentage of net debt margin available	71.4%

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, 2019, are summarized below:

	Authorized and Unissued July 1, 2018	**Authorized**	**Issued**	**Expired**	**Authorized and Unissued June 30, 2019**
General Obligation Bonds	$ 82,050,000	$ -	$40,925,000	$ 6,800,000	$34,325,000

On July 25, 2018, the City Council issued $40.9 million in General Obligation Bonds. The $40.9 million in bonds were issued with an original premium of $3.4 million and a true cost of 2.90%, which will be used to finance certain capital improvement projects for the City including, but not limited to, public school projects, city parks and buildings, transportation improvements, infrastructure, and fire department equipment.

NOTE 9. LONG-TERM DEBT (Continued)

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, enabling the City to save debt service costs of general obligation bonds, which are expected be issued near the end of the construction of the Station.

Other short-term liabilities represent unclaimed money and deposits.

Changes in Long-Term Liabilities - Changes in the total long-term liabilities during the fiscal year ended June 30, 2019 are summarized below. In general, the City uses the General Fund to liquidate long-term liabilities.

Primary Government – Governmental Activities

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
General Obligation Bonds	$ 595,021,000	$ 40,925,000	$ 45,989,000	$ 589,957,000	$ 46,126,000
Bond Premium	70,387,230	3,438,676	5,336,978	68,488,928	4,062,978
Workers' Compensation Claims	19,389,358	5,149,656	4,765,655	19,773,359	4,308,876
Accrued Compensated Absences	22,856,223	16,235,272	14,850,253	24,241,242	3,587,243
Net Pension Liability	163,020,518	-	18,394,081	144,626,437	-
Net OPEB Obligation	65,284,471	145,897	-	65,430,368	-
Total	$ 935,958,800	$ 65,894,501	$ 89,335,967	$ 912,517,334	$ 58,085,097

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, 2019:	
Long-term liabilities (detail above)	$ 912,517,334
Accrued interest payable	1,347,747
Adjustment	$ 913,865,081

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:

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Compensated absences	$	(1,385,019)
Workers compensation		(384,001)
Discount and interest		(11,378)
Accrued interest on bonds		(341,815)
Net Adjustment	$	(2,122,213)

Change in Pension Liability		(18,394,081)
Change in OPEB Liability		145,897
Net Adjustment	$	(18,248,184)

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 Adjustment

Pension expense, Note 17	$	15,645,468
Contributions, measurement date		
City Single Agency & VRS FY19		(36,390,642)
Net Pension Expense		(20,745,174)
OPEB Expense, Note 16		10,746,777
Contributions, measurement date		
City OPEB FY19		(11,932,739)
Net OPEB Adjustment		(1,185,962)
Adjustment to Exhibit IV	$	(21,931,136)

Deferred Inflows

Deferred Inflows: Exhibit I			
Deferred Inflows Exhibit III		$	311,914,526
Tax Receivable, Note I	(21,800,304)		(21,800,304)
Deferred Gain on Refunding Bonds, Note I	(3,632,321)		
Adjustment Exhibit III	(25,432,625)		
Deferred Inflows, Taxes Exhibit I			290,114,222
Deferred Inflows, Pensions & OPEB Exhibit I		$	39,116,423

NOTE 9. LONG-TERM DEBT (Continued)

Component Unit – Schools

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

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, 2019, $90.8 million of bonds outstanding were considered defeased.

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

Primary Government

Interfund receivable/payable consisted of the following at June 30, 2019:

Recievable Fund	Payable Fund	Amount
Primary Government - General Fund	Primary Government - Alexandria Transit Company	$ 2,120,000

This balance represents timing differences related to accounts receivable.

Interfund transfers and transactions for the year ended June 30, 2019 consisted of the following:

Transfers:	General	Special Revenue	Internal Service	Capital Projects	Total Transfers In
Primary Government					
General Fund	$ -	$ 11,881,817	$ 39,427	$ -	$ 11,921,244
Special Revenue	70,925,342	70,440	-	-	70,995,782
Capital Projects	38,216,651	16,268,577	96,900	-	54,582,128
Alexandria Transit	1,433,932	11,354,652	-	-	12,788,584
Total Transfers Out	110,575,925	39,575,486	136,327	-	150,287,738
Component Unit					
Schools	223,829,302	-	-	(3,399,148)	220,430,154
Library	7,026,500	-	-	-	7,026,500
Total Transfers Out	$ 230,855,802	$ -	$ -	$ (3,399,148)	$ 227,456,654

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 $13.0 million in capital assets to Alexandria Transit in FY 2019.

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.

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 unallowed 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 $181.0 million in FY 2019. Sources of these revenues were as follows:

GOVERNMENTAL FUNDS	
Federal Government	$ 35,350,149
Commonwealth of Virginia	79,325,019
Total Primary Government	114,675,168
FEDERAL GOVERNMENT	
Schools	16,782,666
Component Units - Federal Government	16,782,666
COMMONWEALTH OF VIRGINIA	
Schools	49,703,929
Library	171,141
Component Units - Commonwealth of Virginia	49,875,070
Total Component Units	66,657,736
TOTAL CITY AND COMPONENT UNITS	
Federal Government	52,132,815
Commonwealth of Virginia	129,200,089
Total Intergovernmental Revenue	$ 181,332,904

NOTE 13. DUE FROM OTHER GOVERMENTS

Due from other governments represents accrued revenue at June 30, 2019, consisting of the following:

PRIMARY GOVERNMENT		
State		
General Fund	$	31,282,827
Special Revenue Fund		1,935,215
Capital Projects Fund		1,657,544
Alexandria Transit		109,019
Total State		34,984,605
Federal		
General Fund		1,090,600
Special Revenue Fund		1,824,547
Total Federal		2,915,147
Total Primary Government		37,899,752
COMPONENT UNITS		
State		
Schools		1,410,025
Library		6,466
Total State		1,416,491
Federal		
Schools		4,822,415
Total Federal		4,822,415
Total Component Units		6,238,906
Total Primary Government & Component Units	$	**44,138,658**

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 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 capital 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 2019, 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 $1.6 million in FY 2019.

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 2019, the City made payments of $0.1 million to VRE.

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.

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.

Following ERLLC's establishment, a parcel of City-owned land located at 3600 Jefferson Davis Highway (the 3600 parcel), and required to complete AHC's assemblage for the development, was transferred into the LLC. ERLLC later joined the tax credit partnership formed by AHC and its tax credit investor, as a Special Limited Partner, with the 3600-parcel providing the City's equity stake. While ERLLC's interest in the tax credit entity is de minimis, the City had specific governance and oversight participation rights that were detailed in a March 2013 agreement between the City and AHC. These rights were later incorporated into the City's loan agreement with AHC. In addition to the land parcel, the City provided a $2.5 million residual receipts loan agreement.

Church of Resurrection

On January 20, 2018, 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. The City has distributed $0.04 million in predevelopment funds previously and closed on the full loan in FY 2019 with a partial distribution of $4.3 million. On April 23, 2019 City Council approved and additional $0.09 million.

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.

Exhibit XII
(Continued)

NOTE 15. RELATED PARTY TRANSACTIONS (Continued)

Ramsey Homes

On May 22, 2018 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. In FY 2019 the City distributed $0.7 million in funds and closed on the loan.

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 Pension 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 FY 2019, 370 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 FY19, 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 $2.4 million. Employees hired after June 30, 2008 will 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 Comprehensive Annual Financial Report.

Plan Administration

The City's OPEB Plan, which includes the LODA, 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.

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, that all transactions shall be 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 adopted asset allocation policy for OPEB as of June 30, 2019.

Target Allocations

Asset Class	Target Allocation
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	100%

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.29 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 2.50 percent. The long term expected rates of return for each major asset class as of June 30, 2019 are summarized in the following table.

Exhibit XII
(Continued)

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

Asset Class	Long Term Expected Rate of Return
Diversified Assets	0.3%
Equity	3.7%
Real Assets	0.9%
Fixed Income	1.2%
Return	6.1%
Inflation	2.5%
Return w/ Inflation	8.6%
Risk Adjustment	-1.5%
Total Expected Arithmetic Nominal Return	7.1%

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, 2018. An expected contribution was calculated each year based on the current funding policy. The long-term expected rate of return used for funding purposes in the December 31, 2018 actuarial reports was increased from 6.75 percent to 7.00 percent.

Membership

At January 1, 2019, membership consisted of:	
Retirees and Beneficiaries Currently Receiving Benefits	1,478
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	2,317
TOTAL	3,795

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	LOD	Total
Trust Fund Contributions	$ 1,600,000	$ 4,600,000	$ 6,200,000
Pay Go Contributions	4,240,263	1,492,476	5,732,739
	$ 5,840,263	$ 6,092,476	$ 11,932,739

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 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 booked on the balance sheet. Under the current method of actuarial funding, the City contributes the entire Actuarially Determined Contribution (ADC). The ADC decreased from $9.4 million as of June 30, 2018 to $8.5 million as of June 30, 2019.

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. 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, 2018 actuarial valuations, the following assumptions apply to both OPEB and LODA valuation reports. The investment rate used was 7.00 percent. The entry-age actuarial cost method was used. An annual medical cost trend rate of 7.00 percent for 2019 grading down to 5.00 percent over 14 years was used for non-Medicare and 7.00 percent for 2019 grading down to 5.00 percent over 15 years for Medicare. Salary scale ranges were from 3.25 percent to 7.25 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, 2018 was 19 years.

Exhibit XII
(Continued)

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

Total OPEB Liability

The City of Alexandria's total OPEB liability of $143,820,207 was measured as of June 30, 2019 and was determined by an actuarial valuation as of December 31, 2017, projected to June 30, 2019. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2019 and the Total OPEB Liability as of the valuation date, December 31, 2017, updated to June 30, 2019. 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 6/30/2018	$ 132,574,242	$ 67,289,771	$ 65,284,471
Changes for the year:			
Service cost	4,701,991	-	4,701,991
Interest	9,905,114	-	9,905,114
Changes in benefit terms	-	-	-
Changes in assumptions	7,485,481	-	7,485,481
Difference between expected and actual experience	(5,113,882)	-	(5,113,882)
Contributions-employer	-	11,932,739	(11,932,739)
Contributions-member	-	-	-
Net Investment Income	-	4,953,783	(4,953,783)
Benefit payments	(5,732,739)	(5,732,739)	-
Administrative Expense	-	(53,715)	53,715
Net Changes	11,245,965	11,100,068	145,897
Balances at 6/30/2019	$ 143,820,207	$ 78,389,839	$ 65,430,368

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

For the year ended June 30, 2019, the City recognized OPEB expense of $10,746,777.

At June 30, 2019, 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	$ 162,947	$ 4,261,568
Changes of assumptions	9,623,871	-
Net difference between projected and actual earnings on OPEB plan investments	293,400	-
Total	$ 10,080,218	$ 4,261,568

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:		
2020	$	1,359,009
2021		1,359,009
2022		1,359,011
2023		1,346,352
2024		395,269
Thereafter		-
Total Future Deferrals	$	5,818,650

The components of the Net OPEB Liability of the City of Alexandria as of June 30, 2019 are as follows:

	Measurement Date	
	6/30/2019	6/30/2018
Total OPEB Liability	$ 143,820,207	$ 132,574,242
Plan Fiduciary Net Position	78,389,839	67,289,771
Net OPEB Liability	$ 65,430,368	$ 65,284,471
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	54.5%	50.8%

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 it were calculated using the 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	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Total OPEB Liability	$ 160,151,793	$ 143,820,207	$ 130,322,906
Plan Fiduciary Net Position	78,389,839	78,389,839	78,389,839
Net OPEB Liability 6/30/2019	$ 81,761,954	$ 65,430,368	$ 51,933,067
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	48.9%	54.5%	60.2%

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 and 1.0 percent higher.

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Data	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	$ 137,561,720	$ 143,820,207	$ 151,207,632
Plan Fiduciary Net Position	78,389,839	78,389,839	78,389,839
Net OPEB Liability 6/30/2019	$ 59,171,881	$ 65,430,368	$ 72,817,793
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	57.0%	54.5%	51.8%

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 the 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 2019, $8.3 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 other inputs that are observable or can be corroborate by observable market data. During fiscal year 2018, $44.1 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

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 2019, $2.1 million worth of investments were evaluated and classified in Level 3 of the fair value hierarchy.

$23.9 million worth of investments were evaluated at Net Asset Value (NAV).

OPEB TRUST
As of June 30, 2019

Portfolio	Level 1	Level 2	Level 3
Equity Securities			
Common Stock & ETFs	$ 8,311,555	$ -	$ -
Mutual Funds	-	42,464,094	-
Total Equity Securities	8,311,555	42,464,094	-
Private Equity			
Secondaries Funds	-	-	2,084,918
Total Private Equity	-	-	2,084,918
Cash Equivalents			
Money Market Funds	-	1,671,588	-
Total Cash Equivalents	-	1,671,588	-
Total Investments by Fair Asset Value	$ 8,311,555	$ 44,135,682	$ 2,084,918
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	$ 16,021,155		
Real Estate Funds	3,572,787		
Timber Funds	2,949,890		
Farmland	1,313,852		
Total Investments Measured at NAV	23,857,684		
Total Value	**$ 78,389,839**		

Exhibit XII
(Continued)

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

Securities Lending

The City permits the Other Post-Employment Benefit trust (OPEB) fund to lend its securities with a simultaneous agreement to return the collateral. In FY 2019, the OPEB trust fund lent U.S. Equities with a fair value of underlying securities of $1,490,174 and cash collateral received from the borrower of $1,507,177. Collateral investments are reported at cost, not market value.

	Post Employment Benefit Trust
Gross Income from Securities Lending	$ 18,326
Less: Securities Lending Expenses	
Borrower Rebates	(17,897)
Bank Fees	(120)
Total Securities Lending Expenses	(18,017)
Net Income from Securities Lending	$ 309

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

I. 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 postemployment benefits. Funds of participating jurisdictions are pooled and invested in the name of the Pooled Trust. ACPS' respective shares in the Pooled Trust are reported in the OPEB Trust Fund's financial statements. The Pooled Trust is governed by a Board of Trustees (Trustees), composed of nine (9) elected members. Trustees are elected by participants in the Pooled Trust, whose votes are weighted according to each Participating Employer's share of total Trust Fund assets. Investment decisions are made by the Trustees of the Pooled Trust. The Trustees are responsible for managing Pooled Trust assets through the appointment and oversight of investment managers and with the guidance of an investment advisor.

Eligibility

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

VRS Tier 1:

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

VRS Tier 2:

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

Benefits

Program participants may continue medical coverage by paying the appropriate subsidized premium which range from $0.00 to $1,786.44, based on the medical plan under which the retiree is covered. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the program on average than those of active employees. The subsidies in this program are accounted for in the ACPS OPEB Trust Fund. In FY 2019, ACPS contributed up to $265.00 for each participant.

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 5percent per year of service with ACPS (including the five vesting years) and other VRS employers for retiree medical coverage. A maximum of 20 years of service will be credited toward the contribution made by ACPS. This Board contribution will not exceed the premium for the coverage tier elected. The retiree and dependents pay the remainder of the premium, if any.

Actuarial Assumptions

The key actuarial assumptions used in the January 1, 2018 valuation are reflected in the chart below.

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

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

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

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

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

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

Discount Rate

The discount rate as of June 30, 2019 is 7.00 percent, which is the assumed long-term expected rate of return on Pooled Trust investments. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current Plan members.

Measurement Date

The measurement date used for the OPEB Trust GASB 74 reporting is June 30, 2019.

Concentrations

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

Exhibit XII
(Continued)

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

Money-Weighted Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.67 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Schedule of Investment Returns

Last 10 Fiscal Years[1]

	2019	2018	2017
Annual Money-Weighted Rate of Return Net of Investment Expense	4.67%	9.52%	13.04%

[1]This chart is intended to show information for 10 fiscal years. More data will be added as it become available.

Net OPEB Liability

The net OPEB liability at the beginning of the current measurement year is measured as of a valuation date of January 1, 2018 and rolled forward to June 30, 2019. The net OPEB liability at the end of the measurement year, June 30, 2019, is measured as of a valuation date of January 1, 2018 and projected to June 30, 2019. In future years, valuations will be completed every other year, assuming there are no significant events between the years. Each valuation will be rolled forward to provide two years of OPEB liability.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2018	$ 30,904,435	$ 19,246,385	$ 11,658,050
Changes for the year:			
Service cost	1,177,364	-	1,177,364
Interest	2,197,977	-	2,197,977
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	2,482,483	(2,482,483)
Contributions - member	-	-	-
Net investment income	-	921,954	(921,954)
Benefit payments	(1,551,418)	(1,551,418)	-
Administrative expense	-	(21,365)	21,365
Net changes	1,823,923	1,831,654	(7,731)
Balances as of June 30, 2019	$ 32,728,358	$ 21,078,039	$ 11,650,319

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

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	$ 36,744,073	$ 32,728,358	$ 29,433,487
Plan Fiduciary Net Position	21,078,039	21,078,039	21,078,039
Net OPEB Liability	$ 15,666,034	$ 11,650,319	$ 8,355,448
Plan Fiduciary Net Postion as a Percentage of the Total OPEB Liability	57.4%	64.4%	71.6%

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

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

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

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

For the year ended June 30, 2019 the OPEB expense is $1,846,943. At June 30, 2019, the deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,611,530
Change in assummptions	336,332	-
Net difference between projected and actual earnings on OPEB plan investments	124,184	-
Total	$ 460,516	$ 1,611,530

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

Contributions

Contribution requirements of ACPS are established and may be amended by the School Board. The required contributions were actuarially-determined and are based upon projected pay-as-you go financing requirements with additional amount to prefund benefits. The costs of administering the plan are paid for by the OPEB Trust Fund through the use of investment income and employer contributions. For the period ending June 30, 2019, ACPS contributed $1.7 million for current costs and an additional $0.9 million to prefund benefits.

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

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

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

B. VRS Employee Health Insurance Credit Program OPEB – Teachers

Summary of Significant Accounting Policies

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

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

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

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **At Retirement** – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: - $4.00 per month, multiplied by twice the amount of service credit, or - $4.00 per month, multiplied by the amount of service earned had employee been active until age 60, whichever is lower.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20 percent of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were $1.9 million and $1.8 million for the years ended June 30, 2019 and June 30, 2018, respectively.

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

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

At June 30, 2019, the school division reported a liability of $23.5 million for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 1.85325 percent as compared to 1.86478 percent at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of $ 1.9 million. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 117,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	18,000
Changes in assumptions	-	205,000
Changes in proportionate share	115,000	128,000
Employer contributions subsequent to the measurement date	1,891,230	-
Total	$ 2,006,230	$ 468,000

An amount of $1.9 million reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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
2020	$ 61,000
2021	61,000
2022	61,000
2023	51,000
2024	54,000
Thereafter	65,000
Total	$ 353,000

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 percent
Salary increases, including inflation – Teacher Employees	3.5 percent – 5.95 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0 percent. However, since the difference was minimal, and a more conservative 7.0 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0 percent 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 percent increase compounded from ages 70 to 90; females set back 3 years with 1.5 percent increase compounded from ages 65 to 70 and 2.0 percent increase compounded from ages 75 to 90.

Post-Disablement:

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

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

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

Long-Term Expected Rate of Return

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

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

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

[1]The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.50 percent.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100 percent of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00 percent, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

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

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

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Teacher Employee Health Insurance Credit Program OPEB Plan

At June 30, 2019, ACPS reported payables to the Teacher Employee Health Insurance Credit Program OPEB Plan of $0.2 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

C. VRS Group Life Insurance Program

Summary of Significant Accounting Policies

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

General Information about the Group Life Insurance Program

Plan Description

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

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,279 effective July 1, 2018.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79 percent (1.31% X 60%) and the employer component was 0.52 percent (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the Group Life Insurance Program from the entity for the Teachers group were $2.1 million for the year ended June 30, 2019 and $2.0 million for year June 30, 2018. Total contributions for the Locality group were $0.1 million for both years ended June 30, 2019 and June 30, 2018, respectively.

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

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

At June 30, 2019, ACPS reported liabilities of $ 12.0 million and $0.7 million for its proportionate share of the Net GLI OPEB Liability, for the Teachers and Locality groups, respectively. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, for the Teachers group, the ACPS employer's proportion was 0.79308 percent as compared 0.81094 percent at June 30, 2017, and for the Locality group, the employer's proportion was 0.04283 percent at June 30, 2018 as compared 0.04392 percent at June 30, 2017.

For the year ended June 30, 2019, ACPS recognized GLI OPEB expense of $78,000, for the Teachers group and $3,000 for the Locality group. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, ACPS reported deferred outfl ows of resources and deferred infl ows of resources related to the GLI OPEB from the following sources:

	Teachers Group		Locality Group		Total GLI OPEB Program	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 589,000	$ 216,000	$ 32,000	$ 12,000	$ 621,000	$ 228,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	392,000	-	21,000	-	413,000
Changes in assumptions	-	502,000	-	27,000	-	529,000
Changes in proportion	184,000	252,000	-	15,000	184,000	267,000
Employer contributions subsequent to the measurement date	831,706	-	40,737	-	872,443	-
Total	$ 1,604,706	$ 1,362,000	$ 72,737	$ 75,000	$ 1,677,443	$ 1,437,000

An amount of $0.9 million reported as deferred outfl ows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outfl ows of resources and deferred infl ows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

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

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 percent
Salary increases, including inflation –	
Teacher	3.5 percent – 5.95 percent
General state/locality employees	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0 percent. However, since the difference was minimal, and a more conservative 7.0 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0 percent to simplify preparation of OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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

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 percent of rates; females 105 percent 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 percent 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 percent of rates; females 125 percent of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

	VRS Group Life Insurance OPEB Program
Total GLI OPEB Liability	$3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	$1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

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.

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

Long-Term Expected Rate of Return

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

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

[1]The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.50 percent.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, employers are assumed to contribute 100 percent 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.

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

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00 percent, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

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

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2019, ACPS reported payables to the VRS Group Life Insurance OPEB Plan of $0.2 million for the Teachers group and $9,000 for the Locality group. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

On the following page is a summary of deferred outflows and inflows of resources and net OPEB liabilities for the various OPEB programs as June 30, 2019.

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, 2019

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

I. PRIMARY GOVERNMENT

During FY 2019, 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 Plan 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 Plan 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 Plan Board investment policy objectives for Defined Benefit and Disability components 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 objective of the Supplemental Plan is to preserve the actuarial soundness of each plan in order to meet contractual benefit obligations. The assets for the Pension Plan for the Firefighters and Police Officers are part of a group annuity contract with Prudential. Prudential invests the money according their guidelines. The following is the asset allocation policy as of June 30, 2019.

Target Allocations

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Asset Class	Supplemental Retirement Plan	Firefighters & Police Officers Pension Plan	Pension Plan for Firefighters & Police Officers
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	100%	100%	100%

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

	Capital Market	Supplemental Retirement Plan		Firefighters & Police Officers Pension Plan		Pension Plan for Firefighters & Police Officers	
Asset Class	Estimate	Allocation	Return	Allocation	Return	Allocation	Return
Diversified	6.1%	4.4%	0.3%	0.0%	0.0%	0.0%	0.0%
Domestic Equity	6.6%	65.9%	4.4%	65.0%	4.3%	0.0%	0.0%
Commodities	5.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Real Assets	6.4%	10.0%	0.6%	12.6%	0.8%	0.0%	0.3%
Fixed Income	5.0%	17.5%	0.9%	21.9%	1.1%	0.0%	0.0%
Cash	1.7%	2.2%	0.0%	0.5%	0.0%	100.0%	3.5%
Return			6.2%		6.2%		3.5%
Inflation			2.5%		2.5%		2.5%
Return w/Inflation			8.7%		8.7%		6.0%
Risk Adjustment			-1.5%		-1.5%		-0.5%
Total Expected Arithmetic Nominal Return			7.2%		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

Supplemental Retirement Plan	Firefighters & Police Officers Pension Plan	Pension Plan for Firefighters & Police Officers
6.6%	7.9%	4.6%

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Virginia Retirement System Long-Term Expected Rate of Return

Asset Class	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.8%
Inflation			2.50%
Expected arithmetic nominal return			7.30%

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 7.0 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.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of 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	Total
ASSETS							
Investments, at Fair Value							
Mutual Funds	$ 41,886,112	$ -	$ 12,873,422	$ 95,216,739	$ 23,587,318	$ 42,464,094	$ 216,027,685
Stocks	22,818,605	-	-	18,625,364	1,859,818	8,311,555	51,615,342
Guaranteed Investment Accounts	1,787,570	18,792,821	-	1,816,009	108,533	1,750,873	24,255,806
Real Estate	11,031,825	-	-	33,003,919	2,640,313	3,572,787	50,248,844
Timber	6,929,246	-	-	11,594,155	926,598	2,949,890	22,399,889
Private Equity	7,925,485	-	-	15,697,480	1,062,803	2,084,918	26,770,686
Other	54,934,987	-	-	142,197,909	6,322,216	17,255,722	220,710,834
Total Investments	$ 147,313,830	$ 18,792,821	$ 12,873,422	$ 318,151,575	$ 36,507,599	$ 78,389,839	$ 612,029,086
Total Assets	$ 147,313,830	$ 18,792,821	$ 12,873,422	$ 318,151,575	$ 36,507,599	$ 78,389,839	$ 612,029,086
NET POSITION							
Held in Trust for Pension Benefits	$ 147,313,830	$ 18,792,821	$ 12,873,422	$ 318,151,575	$ 36,507,599	$ 78,389,839	$ 612,029,086

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	Total
ADDITIONS							
Contributions:							
Employer	$ 8,622,481	$ 1,700,000	$ -	$ 11,099,665	$ 5,077,662	$ 6,200,000	$ 32,699,808
Plan Members	1,352,861	-	-	4,221,569	218,502	-	5,792,932
Total Contributions	9,975,342	1,700,000	-	15,321,234	5,296,164	6,200,000	38,492,740
Investment Income:							
Net Appreciation (Depreciation) in Fair Value of Investments	3,173,151	-	621,071	9,273,534	1,159,844	1,475,353	15,702,953
Interest	6,210,188	619,900	-	14,413,840	1,609,414	3,645,946	26,499,288
Investment Expense	(496,169)	-	-	(1,075,531)	(105,950)	(167,825)	(1,845,475)
Net Investment Income	8,887,170	619,900	621,071	22,611,843	2,663,308	4,953,474	40,356,766
Securities Lending Activities:							
Securities Lending Income	53,705	-	-	45,611	4,727	18,326	122,369
Securities Lending Expenses:	(51,217)	-	-	(43,038)	(4,531)	(18,017)	(116,803)
Net Income From Securities Lending Activities	2,488	-	-	2,573	196	309	5,566
Total Additions	18,865,000	2,319,900	621,071	37,935,650	7,959,668	11,153,783	78,855,072
DEDUCTIONS							
Benefits	9,149,607	2,983,088	488,457	15,914,247	2,717,231	0	31,252,630
Refunds of Contributions	256,824	-	-	449,240	-	-	706,064
Administrative Expenses	1,062,762	13,678	4,255	368,635	4,896	53,715	1,507,941
Total Deductions	10,469,193	2,996,766	492,712	16,732,122	2,722,127	53,715	33,466,635
Net Increase (Decrease)	8,395,807	(676,866)	128,359	21,203,528	5,237,541	11,100,068	45,388,437
Assets Transfer in (Out)	-	-	-	-	-	-	-
Net Position at Beginning of Year	138,918,023	19,469,687	12,745,063	296,948,047	31,270,058	67,289,771	566,640,649
Net Position at End of Year	$ 147,313,830	$ 18,792,821	$ 12,873,422	$ 318,151,575	$ 36,507,599	$ 78,389,839	$ 612,029,086

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, 2017 actuarial valuation is 7.74 percent of payroll. Contribution rates for VRS employers are established every two years, so this rate applied to fiscal years ending 2019 and 2020.

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, 2019, the City of Alexandria had 639 employees enrolled in the Hybrid Defined Contribution Plan. The FY 2018 City contribution was $0.7 million.

The 2017 VRS valuation reflects changes in the actuarial assumptions adopted by the Board of Trustees recommended in the experience study for the four-year period ending June 30, 2016. The assumption changes are presented in the RSI for Pensions. In addition to the assumption changes, the method to determine the normal cost rate has changed. Beginning with the 2017 valuation, the payroll used to develop the rate will be reduced for those expected to leave during the year. The normal cost rate is also adjusted to reflect that the hybrid payroll as a percent of total payroll will increase from the setting valuation date to when employers make that contribution.

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. 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 employees who were participants prior to July 1, 2009. However, these contributions will be characterized as employer contributions. The City paid an employer contribution of 6.22 percent for FY 2019.

The recommended contribution rate increased from 33.75 percent as of July 1, 2017 to 34.60 percent as of July 1, 2018 for the Firefighter and Police Officers Basic Plan and decreased from 4.55 percent as of July 1, 2017 to 2.50 percent as of July 1, 2018 for the Disability Plan. During the year ended June 30, 2018, the Basic Plan's assets returned 8.85 percent and the Disability Plan's assets had a return of 7.83 percent on a market value basis. As of the July 1, 2018 Actuarial Valuation, the Basic Plan's unfunded actuarial liability was $71.7 million, and the Disability Plan's unfunded actuarial liability was $1.1 million. There were no benefit provisions since the prior valuation.

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. There were no changes in assumptions since the last valuation. 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.

On June 30, 2019, the City recognized a total liability of $77.7 million for the City's three Single Employer Pension Plans. The City recognized a net pension asset of $4.6 million for the fourth City Single Employee Pension Plan. Measurements as of June 30, 2019 were based on the fair value of assets as of June 30, 2019 and the Total Pension Liability as of the valuation date, June 30, 2018, updated to June 30, 2019. The City recognized a liability of $66.9 million for the VRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 Supplemental and Pension Plan for Firefighters and Police Officers. The Firefighters and Police Officers Basic Plan and Disability Plan are calculated as a level percentage.

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.

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	Prudential	Prudential	ICMA-RC	Prudential	Prudential
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
Plan 1 & 2 Hybrid Plan	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	6/30/2018	7/1/2018	7/1/2018	6/30/2019	7/1/2018	7/1/2018
MEMBERSHIP AND PLAN PROVISIONS						
Active Participants	1981	1968	0	56	511	511
Retirees & Beneficiaries	1246	498	96	0	318	99
Terminated Vested & Non-vested	782	826	0	56	42	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.

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

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

As of:	6/30/2018	7/01/2018	7/01/2018	6/30/2019	7/01/2018	7/01/2018
	(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
SIGNIFICANT ACTUARIAL ASSUMPTIONS						
Investment Earnings	7.0%	7.0%	5.0%	N/A	7.0%	7.0%
Projected Salary Increases Attributable to:						
Inflation	2.5%*	2.75%	N/A	N/A	3.3%	3.3%
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%[t]	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	Level Percentage	Level dollar	Level dollar	N/A	Level Percentage	Level Percentage
Open/Closed	Closed	N/A	Closed		Closed	Closed
Remaining Amortization Period	16-25	5	7	N/A	15	15
Asset Valuation Method	5-year Smoothed Market Value	4-year Smoothed Market	Market Value	N/A	4-year Smoothed Market	4-year Smoothed Market
Funded Status						
Actuarial Value of assets	$ 526,373,415	$ 133,330,297	$ 19,469,687	N/A	$ 289,267,047	$ 30,747,955
Actuarial Accrued Liability	604,523,411	166,056,301	23,097,963	N/A	360,988,801	31,886,506
Unfunded Actuarial Accrued Liability (UAAL)	$ 78,149,996	$ 32,726,004	$ 3,628,276	N/A	$ 71,721,754	$ 1,138,551
Funded Ratio	87.1%	80.3%	84.3%	N/A	80.1%	96,43%
Annual Covered Payroll	$ 134,462,348	$ 147,362,907	N/A	N/A	$ 40,514,500	$ 40,514,500
UAAL as Percentage of Covered Payroll	58.1%	22.2%	N/A	N/A	177.0%	2.8%

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

* Plan 1, [t]Plan 2 and Hybrid

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

FUNDING POLICY AND ANNUAL PENSION COSTS

As of:	6/30/2019	6/30/2019	6/30/2019	6/30/2019	6/30/2019	6/30/2019
	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 %	7.74%	6.22%	$ 1.7 mil/Yr.	N/A	26.34%	11.84%
AMOUNT CONTRIBUTED						
Employee	$ 6,481,139	$ 1,352,861	$ -	$ -	$ 4,221,569	$ 218,502
Employer	9,890,834	8,622,481	1,700,000	-	11,099,665	5,077,662
Total Amount Contributed	$ 16,371,973	$ 9,975,342	$ 1,700,000	$ -	$ 15,321,234	$ 5,296,164

All employees make a 5% contribution to VRS.

COVERED PAYROLL						
Dollar Amount (in millions)	$ 134.5	$ 147.4	$ N/A	$ N/A	$ 40.2	$ 40.2
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.

Prudential General Account (Long Term)	*	1%	100%	-	1%	53%
Prudential and Comerica Mutual Funds	*	29%	-	100%	30%	11%
Stocks	*	15%	-	-	6%	2%
Real Estate	*	7%	-	-	10%	5%
Timber	*	5%	-	-	4%	4%
Private Equity	*	5%	-	-	5%	3%
Other	*	38%	-	-	44%	22%

* Investment information not available on an individual jurisdiction basis.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters and Police Officers Defined Benefit and Disability Pension Plans
As of June 30, 2019

Portfolio	Level 1	Level 2	Level 3
Equity Securities			
Common Stock & ETFs	$ 18,625,364	$ -	$ -
Mutual Funds		95,216,739	-
Total Equity Securities	18,625,364	95,216,739	-
Private Equity			
Secondaries Funds	-	-	15,697,480
Total Private Equity	-	-	15,697,480
Cash Equivalents			
Money Market Funds	-	1,604,205	-
Total Cash Equivalents	-	1,604,205	-
Total Investments by Fair Asset Value	18,625,364	$ 96,820,944	$ 15,697,480
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	178,917,312		
Real Estate Funds	33,003,919		
Timber Funds	11,594,155		
Total Investments Measured at NAV	223,515,386		
Total Value	**$ 354,659,174**		

During fiscal year 2019, $354.7 million worth of investments were evaluated and classified in the fair value hierarchy as follows: Level 1, $18.6 million; Level 2, $96.8 million; Level 3, $15.7 million; and NAV, $223.5 million.

Pension for Fire and Police Portfolio
As of June 30, 2019

	Fair Value Measurement Using		
Portfolio	Level 1	Level 2	Level 3
Prudential Guaranteed Deposit Funds	$ -	$ 18,792,821	$ -
Totals	**$ -**	**$ 18,792,821**	**$ -**

During fiscal year 2019, $18.8 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Retirement Income for Firefighters and Police
As of June 30, 2019

	Fair Value Measurement Using		
Portfolio	Level 1	Level 2	Level 3
Vantagepoint PLUS Fund R10	$ -	$ 3,592,240	$ -
Vanguard 500 Index Admiral	-	4,333,631	-
Vanguard LifeStrategy Mod Gr	-	1,123,208	-
Vanguard Extended Market Index	-	1,263,489	-
Vanguard Target Retire 2020	-	706,874	-
Vanguard LifeStrategy Growth	-	643,777	-
Vanguard Developed Markets Idx	-	376,188	-
Vanguard Emerging Mkts Stk Idx	-	73,439	-
PIMCO Total Return Instl	-	109,514	-
Vanguard Target Retire 2030	-	19,627	-
Vanguard Real Estate Index Adm	-	42,709	-
Vanguard Target Retire 2035	-	40,845	-
Invesco Global Real Estate Inc	-	14,148	-
Vanguard Ttl Bond Mkt Idx Adm	-	189,869	-
Vanguard Target Retire 2055	-	20,908	-
Vanguard Target Retire 2025	-	14,836	-
Vanguard Target Retire 2050	-	8,989	-
PIMCO High Yield Institutional	-	87,814	-
PIMCO Intl Bond (Unhedged)	-	101,191	-
PIMCO CommodityRealRet Strat	-	8,031	-
Vanguard Inflation-Prot Secs	-	102,096	-
Totals	**$ -**	**$ 12,873,422**	**$ -**
Total Value	**$ 12,873,422**		

During fiscal year 2019, $12.9 million worth of investments were evaluated and classified in Level 2 of the fair value hierarchy.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Retirement Plan
As of June 30, 2019

Portfolio	Level 1	Level 2	Level 3
Equity Securities			
Common Stock & ETFs	$ 22,818,605	$ -	$ -
Mutual Funds	-	41,886,112	-
Total Equity Securities	22,818,605	41,886,112	-
Private Equity			
Secondaries Funds	-	-	7,925,485
Total Private Equity	-	-	7,925,485
Cash Equivalents			
Money Market Funds	-	1,609,516	-
Total Cash Equivalents	-	1,609,516	-
Total Investments by Fair Asset Value	22,818,605	$ 43,495,628	$ 7,925,485
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	52,485,337		
Real Estate Funds	11,031,825		
Timber Funds	6,929,246		
Farmland	2,627,704		
Total Investments Measured at NAV	73,074,112		
Total Value	**$ 147,313,830**		

During fiscal year 2019, $147.3 million worth of investments were evaluated and classified in the fair value hierarchy as follows: Level 1, $22.8 million; Level 2, $43.5 million; Level 3, $7.9 million; and NAV, $73.1 million.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Securities Lending

The City permits its pension plan trust funds to lend its securities for collateral with a simultaneous agreement to return the collateral. In FY 2019, the City's pension plan trust funds lent U.S. Equities with a fair value of underlying securities and cash collateral received from the borrower as indicated below. Collateral investments are reported at cost, not market value.

Securities Lent as of June 30, 2019

Pension Plan	Fair Value of Underlying Securities	Cash Collateral Received
Firefighters & Police Officers – Defined Benefit Component	$2,990,152	$3,024,274
Firefighters & Police Officers – Disability Component	348,212	352,185
Supplemental Retirement Plan	3,965,680	4,037,512
Total	$7,304,044	$3,813,971

	Firefighters & Police Officers - Defined Benefit Component	Firefighters & Police Officers - Disability Component	Supplemental Retirement Plan
Gross Income from Securities Lending	$ 45,611	$ 4,727	$ 53,705
Less Securities Lending Expenses:			
Borrower Rebates	(41,935)	(4,448)	(50,154)
Bank Fees	(1,103)	(83)	(1,063)
Total Securities Lending Expenses	(43,038)	(4,531)	(51,217)
Net Income from Securities Lending	$ 2,573	$ 196	$ 2,488

Pension Liabilities and Pension Expense Resources Related to Pensions

For the year ended June 30, 2019, the City recognized a total pension expense of $13,918,100 for the City's Firefighters and Police Officers Pension Plan, Firefighters and Police Officers Disability Plan, the Supplemental Plan, and the Pension Plan for Firefighters and Police Officers. The City recognized pension expense of $1,727,358 for the VRS Pension Plan.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Changes in Net Pension Liability for City of Alexandria Defined Benefit Plans

Firefighters & Police Officers Pension Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2018	$ 362,704,497	$ 296,948,047	$ 65,756,450
Changes for the year:			
Service cost	9,620,841	-	9,620,841
Interest	25,379,639	-	25,379,639
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(1,715,696)	-	(1,715,696)
Contributions-employer	-	11,099,665	(11,099,665)
Contributions-employee	-	4,221,569	(4,221,569)
Net Investment Income	-	22,614,416	(22,614,416)
Benefit payments, including refunds	(16,363,487)	(16,363,487)	-
Administrative Expense	-	(368,635)	368,635
Net Changes	16,921,297	21,203,528	(4,282,231)
Balances at 6/30/2019	$ 379,625,794	$ 318,151,575	$ 61,474,219

Firefighters & Police Officers Disability Pension Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2018	$ 37,104,757	$ 31,270,058	$ 5,834,699
Changes for the year:			
Service cost	544,069	-	544,069
Interest	2,176,646	-	2,176,646
Changes in benefit terms	-	-	-
Changes in assumptions	(3,853,427)	-	(3,853,427)
Difference between expected and actual experience	(1,364,824)	-	(1,364,824)
Contributions-employer	-	5,077,662	(5,077,662)
Contributions-employee	-	218,502	(218,502)
Net Investment Income	-	2,663,504	(2,663,504)
Benefit payments, including refunds	(2,717,231)	(2,717,231)	-
Administrative Expense	-	(4,896)	4,896
Net Changes	(5,214,767)	5,237,541	(10,452,308)
Balances at 6/30/2019	$ 31,889,990	$ 36,507,599	$ (4,617,609)

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 (a)-(b)
Balances as of 6/30/2018	$ 157,834,708	$ 138,918,023	$ 18,916,685
Changes for the year:			
Service cost	4,300,104	-	4,300,104
Interest	10,855,794	-	10,855,794
Changes in benefit terms	(10,649,964)	-	(10,649,964)
Changes in assumptions		-	0
Difference between expected and actual experience	8,221,593	-	8,221,593
Contributions-employer	-	8,622,481	(8,622,481)
Contributions-employee	-	1,352,861	(1,352,861)
Net Investment Income	-	8,889,658	(8,889,658)
Benefit payments, including refunds	(9,406,431)	(9,406,431)	-
Administrative Expense	-	(1,062,762)	1,062,762
Net Changes	3,321,096	8,395,807	(5,074,711)
Balances at 6/30/2019	$ 161,155,804	$ 147,313,830	$ 13,841,974

Pension Plan for Firefighters & Police Officers	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2018	$ 23,741,961	$ 19,469,687	$ 4,272,274
Changes for the year:			
Service Cost	-	-	-
Interest	1,081,231	-	1,081,231
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(643,998)	-	(643,998)
Contributions-employer	-	1,700,000	(1,700,000)
Contributions-employee	-	-	-
Net Investment Income	-	619,900	(619,900)
Benefit payments, including refunds	(2,983,088)	(2,983,088)	-
Administrative Expense	-	(13,678)	13,678
Net Changes	(2,545,855)	(676,866)	(1,868,989)
Balances at 6/30/2019	$ 21,196,106	$ 18,792,821	$ 2,403,285

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of 6/30/2017	$ 575,645,782	$ 507,405,372	$ 68,240,410
Changes for the year:			
Service cost	11,545,603	-	11,545,603
Interest	39,243,929	-	39,243,929
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	1,192,221	-	1,192,221
Contributions-employer	-	9,995,019	(9,995,019)
Contributions-employee	-	6,457,201	(6,457,201)
Net Investment Income	-	37,221,708	(37,221,708)
Benefit payments, including refunds	(30,036,440)	(30,036,440)	-
Other	-	(32,938)	32,938
Administrative Expense	-	(325,786)	325,786
Net Changes	21,945,313	23,278,764	(1,333,451)
Balances at 6/30/2018	$ 597,591,095	$ 530,684,136	$ 66,906,959

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, 2019 are as follows:

	Firefighters & Police Officers Pension Plan	Firefighters & Police Officers Disablity Pension Plan	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
Total Pension Liability	$ 379,625,794	$ 31,889,990	$ 161,155,804	$ 21,196,106
Plan Fiduciary Net Position	318,151,575	36,507,599	147,313,830	18,792,821
Net Pension Liability	$ 61,474,219	$ (4,617,609)	$ 13,841,974	$ 2,403,285
Plan Fiduciary Net Position as a percentage of Total Pension Liability	83.8%	114.5%	91.4%	88.7%

The following presents the Net Pension Liablities 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 it were calculated using a discount rate that is 1.00% lower or higher than the current rate

Firefighters & Police Officers Pension Plan

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Total Pension Liability	$ 433,718,799	$ 379,625,794	$ 335,266,043
Plan Fiduciary Net Position	318,151,575	318,151,575	318,151,575
Net Pension Liability 6/30/2019	$ 115,567,224	$ 61,474,219	$ 17,114,468
Plan Fiduciary Net Position as a percentage of Total Pension Liability	73.4%	83.8%	94.9%

Firefighters & Police Officers Disability Pension Plan

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Total Pension Liability	$ 34,940,128	$ 31,889,990	$ 29,305,046
Plan Fiduciary Net Position	36,507,599	36,507,599	36,507,599
Net Pension Liability 6/30/2019	$ (1,567,471)	$ (4,617,609)	$ (7,202,553)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	104.5%	114.5%	124.6%

Supplemental Retirement Plan

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Total Pension Liability	$ 176,468,838	$ 161,155,804	$ 147,980,963
Plan Fiduciary Net Position	147,313,830	147,313,830	147,313,830
Net Pension Liability 6/30/2019	$ 29,155,008	$ 13,841,974	$ 667,133
Plan Fiduciary Net Position as a percentage of Total Pension Liability	83.5%	91.4%	99.5%

Pension Plan for Firefighters & Police Officers

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	4.00%	5.00%	6.00%
Total Pension Liability	$ 22,437,493	$ 21,196,106	$ 20,079,753
Plan Fiduciary Net Position	18,792,821	18,792,821	18,792,821
Net Pension Liability 6/30/2019	$ 3,644,672	$ 2,403,285	$ 1,286,932
Plan Fiduciary Net Position as a percentage of Total Pension Liability	83.8%	88.7%	93.6%

Virginia Retirement System (VRS)

Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability 6/30/2018	$ 144,029,661	$ 66,906,959	$ 2,772,423

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

$9,890,834 reported as deferred outflows of resources related to pensions resulting from City contributions to VRS subsequent to the measurement date of June 30, 2018 will be recognized in pension expense in the year ended June 30, 2020.
At June 30, 2019, 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 Pension 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	Total Deferred Ouflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	$ 999,698	$ 1,906,842	$ 182,187	$ 9,153,565	$ 11,694,523	$ -	$ -	$ -	$ 885,737	$ 3,543,383	$ 13,762,145	$ 14,603,790
Changes in assumptions	13,739,063	-	1,397,157	3,503,115	4,247,588	-	-	-	-	266,844	19,383,808	3,769,959
Net difference between projected and actual aarnings on pension plan investments	-	7,646,076	-	726,508	-	3,816,090	583,455	-	-	4,292,432	583,455	16,481,106
Employer contributions subsequent to the measurement date	-	-	-	-	-	-	-	-	9,890,834	-	9,890,834	-
Total	$ 14,738,761	$ 9,552,918	$ 1,579,344	$ 13,383,188	$ 15,942,111	$ 3,816,090	$ 583,455	$ -	$ 10,776,571	$ 8,102,659	$ 43,620,242	$ 34,854,855
Total deferred outflows	$ 43,620,242											
Total deferred inflows	$ 34,854,855											

	Firefighters & Police Officers Pension Plan	Firefighters & Police Officers Disability Pension Plan	Supplemental Pension Plan	Pension Plan for Firefighters & Police Officers	VRS
Year ended June 30:					
2020	$ 1,063,523	$ (1,583,875)	$ 5,830,987	$ 226,591	$ (487,329)
2021	(1,608,922)	(1,793,962)	958,233	174,839	(1,349,023)
2022	1,131,266	(1,548,230)	2,432,749	117,712	(4,942,303)
2023	2,234,880	(1,502,794)	1,533,789	64,313	(438,267)
2024	2,610,198	(1,471,138)	1,370,263	-	-
Thereafter	(245,102)	(3,903,845)	-	-	-
Total Future Deferrals	$ 5,185,843	$ (11,803,844)	$ 12,126,021	$ 583,455	$ (7,216,922)

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 normal Social Security 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. An optional reduced retirement benefit is available as early as age 55 with five years of service or age 50 with 10 years of service under Plan 1, and age 60 with at least five years of service under Plan 2 and the Hybrid 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; 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.

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.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

II. 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.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The Retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at Retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. *Political Subdivision Plan Only:* Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. *Political Subdivision Plan Only:* Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: School division employees and Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the Hybrid retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

		contributions to the defined contribution component of the plan, based on service. • After two years a member is 50% vested and may withdraw 50% of employer contributions • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70 ½.
Calculating the Benefit The Basic Benefit is calculated based on formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** Defined Benefit Component: See definition under Plan 1 Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The Retirement multiplier for non-hazardous duty members is 1.70%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Political Subdivisions hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** the retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Political Subdivision hazardous duty employees**: Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age **VRS:** Age 65. **Political Subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political Subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** **Defined Benefit Component:** Same as Plan 2. **Political Subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

		distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees**: Age 60 with at last five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees**: Same as Plan 1.	**Earliest Unreduced Retirement Eligibility VRS:** **Defined Benefit Component:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees**: Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) if creditable service or age 50 with at least 10 years of creditable service. **Political subdivisions hazardous duty employees**: 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility VRS:** Age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees**: Same as Plan 1	**Earliest Unreduced Retirement Eligibility** **VRS:** **Defined Benefit Component:** Any Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) or creditable service. **Political subdivisions hazardous duty employees**: Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:	**Cost-of Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%. **Eligibility:** Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2. **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

• 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.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of school divisions and political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service **Defined Contribution Component**: Not applicable.

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

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

Contributions

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

ACPS' contractually required contribution rate for the year ended June 30, 2019 was 2.25 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS were $0.5 million and $0.6 million for each of the years ended June 30, 2019 and June 30, 2018, respectively.

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

Actuarial Assumptions- General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*
Mortality rates:	
Largest 10- Non-LEOS:	20% of deaths are assumed to be service related
- Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
- Post-Disablement	RP-2014 Disability Mortality Table Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.
All Others (non 10 Largest) Non-LEOS:	15% of deaths are assumed to be service related
- Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
- Post-Disablement	RP-2014 Disability Mortality Table Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.
* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.	

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Largest 10-Non-LEOS:

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

All Others (Non 10 Largest)-Non-LEOS:

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

Long-Term Expected Rate of Return

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

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

(1) The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.50 percent.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate.

For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90 percent of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

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

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

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

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

For the year ended June 30, 2019, ACPS recognized negative pension expense of ($0.6 million). As of June 30, 2019, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 367,730
Employer contributions subsequent to the measurement date	187,489	-
Change in assumptions	-	78,009
Differences between expected and actual experience	22,928	206,203
Total	$ 210,417	$ 651,942

The $0.2 million reported as deferred outflows of resources related to pensions resulting from ACPS's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	$ (25,983)
2021	(77,136)
2022	(484,467)
2023	(41,428)
2024	-
Thereafter	-
	$ (629,014)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Payables to the Pension Plan

At June 30, 2019, ACPS reported payables to the VRS Political Subdivision Retirement Plan of $50,000. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/pdf/Publications/2018-annual-report.pdf, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VRS Teachers Retirement Plan

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

Contributions

The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Employees are required to contribute 5.00 percent of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2019 was 15.68 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS were $32.1 million and $31.4 million for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, ACPS reported a liability of $215.9 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. ACPS' proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 1.83585 percent as compared to 1.84758 percent at June 30, 2017.

For the year ended June 30, 2019, ACPS recognized pension expense of $13.8 million. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

At June 30, 2019, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 4,578,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,238,000	2,416,000
Changes in assumptions	2,577,000	-
Differences between expected and actual experience	-	18,461,000
Employer contributions subsequent to the measurement date	24,534,748	-
Total	$ 31,349,748	$ 25,455,000

The deferred outflows of resources of $24.5 million related to pensions, resulting from the school division's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	$ (1,601,000)
2021	(3,593,000)
2022	(9,408,000)
2023	(3,098,000)
2024	(940,000)
Thereafter	-
	$ (18,640,000)

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 30,2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions	
Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95 percent
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*
Mortality rates:	
- Pre-Retirement	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-Retirement	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.
* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.	

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

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

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

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

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

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

Long – Term Expected Rate of Return

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

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

(1) The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.50 percent.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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. Through the fiscal year ending June 30, 2018, the rate contributed by ACPS for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability

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

The following presents ACPS' proportionate share of the net pension liability using the discount rate of 7.00 percent, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage lower (6.00%) or one percentage point higher (8.00%) than the current rate:

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

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

At June 30, 2019, ACPS reported payables to the VRS Teacher Retirement Plan of $3.4 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

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

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

Measurement Date

A measurement date of August 31, 2018 has been used for GASB 68 reporting.

Benefits Provided

The Plan provides disability and death benefits. Benefits at retirement are based upon years of service and the average earnable compensation of an eligible employee during any three years that provide the highest average earnable compensation and are adjusted for inflation after retirement. Benefits at early retirement are reduced by an early retirement factor. Employees are considered vested on or after completing five years of service, or on or after attaining age 60. Employees who retire at or after age 65 or after age 50 with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 0.40 percent of effective compensation multiplied by credited future service on and after September 1, 1984, and 1.625 percent of effective compensation not to exceed $100 plus 0.25 percent of the amount by which effective compensation exceeds $100 multiplied by credited past service before September 1, 1984, and 1.625 percent of past service compensation in excess of $100 plus 0.25 percent of past service compensation in excess of $100 times credited past service. There have been no changes in plan provisions during the measurement period.

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The funding policy of the Plan provides for monthly contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.50 percent of covered

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

payroll. During FY 2019, only ACPS employees contributed to the Plan. These contributions totaled $2.6 million for the fiscal year ended June 30, 2019. Administrative costs of the Plan are paid from the Plan's assets.

Investment Policy

The objective of the Plan is to maintain actuarial soundness so that funds will be available to meet contractual benefit obligations. The investment policy may be amended by the Board at any time. Principal Financial Advisors, Inc., a registered investment advisor and wholly-owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation strategy for the Plan. The following was the Plan's adopted asset allocation policy as of August 31, 2018.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Expected Geometric Return
U.S Equity - Large Cap	26.60%	7.70%	6.35%
U.S Equity - Mid Cap	2.95%	7.95%	6.35%
U.S Equity - Small Cap	3.02%	8.50%	6.35%
Non-US Equity	12.34%	7.95%	6.35%
REITs	1.01%	7.60%	5.95%
Real Estate (direct property)	10.31%	5.55%	5.25%
TIPS	1.52%	3.50%	3.35%
Core Bond	37.27%	4.00%	3.90%
High Yield	4.98%	6.45%	6.00%
Total	100.00%		
Exp LTROA (arithmetic mean)	6.03%		
Portfolio Standard Deviation	8.55%		
40th percentile	5.10%		
45th percentile	5.40%		
Expected Compound Return	5.69%		
55th percentile	5.99%		
60th percentile	6.29%		
Portfolio Investment Mix:	Equity 45%/Fixed Income 44%/Other 11%		

Concentrations

As of the measurement date, the plan had investments (other than US Government and US Government guaranteed obligations) in only Principal Financial Group, totaling $127.2 million, that represented 5 percent or more of the Plan's fiduciary net position.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Money-Weighted Rate of Return

For the Plan year ended August 31, 2018, the annual money-weighted rate of return on plan investments for the measurement period is 6.85 percent. The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

Long-Term Expected Rate of Return

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

Actuarial Assumptions

The actuarial assumptions used in the August 31, 2018 valuation were based upon the results of an actuarial assumption review for the five-year period of September 1, 2007 to August 31, 2012.

During the plan year ended August 31, 2017, the following assumptions for the Supplemental plan were changed.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,208
Retirees and beneficiaries currently receiving benefits	1,261
Inactive or disabled plan members entitled to but not receiving benefits	1,363
Total	4,832
Normal retirement age	65 years
Benefits age	50 yrs (+30 yrs of service)
Benefits vesting years	5 years
Disability and death benefits	Yes

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Long-term rate of return	6.00%
Discount rate	6.00%
Projected salary increase attributed to:	
Inflation	2.00%
Seniority /merit	4.88 - 7.18%
Retirement increases	-
Actuarial cost method	Entry Age Normal actuarial cost method
Open/closed	Open
Remaining amortization period	18 years
Asset valuation method	Contract Basis
Mortality - Pre-retirement	RP 2006 Total base table with a 10 year Mortality Improvement Scale
Mortality - Post-reretirement	RP 2006 Total base table with a 10 year Mortality Improvement Scale

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

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

Projected Cash Flows

Projected cash flows are based upon the underlying assumptions used in the development of the accounting liabilities.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Discount Rate

The discount rate used to determine the end of period Total Pension Liability is 6.0 percent. The discount rate is a single rate that incorporates the long-term rate of return assumption. The long-term rate of return assumption was applied to the projected benefit payments from 2018 to 2114. Benefit payments after 2114 are projected to be $0.00.

Net Pension Liability

Changes in Net Pension Liability

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

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

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

The following presents the net pension liability of the Employees' Supplemental Retirement Plan using the discount rate of 6.0 percent, as well as what the pension net pension liability would be if it was calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current rate.

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The Employees' Supplemental Retirement Plan pension expense for the fiscal year ended June 30, 2019 is $5.5 million. For the year ended June 30, 2019, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

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

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

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

Payables to the Pension Plan

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

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

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

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Summary of Retirement Related Deferred Outflows and Inflows of Resources
As of June 30, 2019

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

NOTE 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 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 exception is the first January 1 after the first certificate of occupancy. In the event the performance standard is achieved during the first year following the issuance of the first certificate of occupancy, the abatement shall apply to the entire calendar year.

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.

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 tax exemption is dependent on the independent federal government agency (agency) fully meeting a required performance standard as follows:

1) While the plans are to occupy 100 percent of the building, the agency must achieve at least 80 percent of the net leasable space of the property. If the agency does not lease its portion and achieve the minimum 80 percent occupancy within one year from the issuance of the last certificate of occupancy, then no tax exemption shall apply.

NOTE 18. TAX ABATEMENTS (Continued)

2) Space not occupied by the agency due to incidents such as fires, earthquakes, hurricanes, or other acts of god shall be considered leased and occupied space by the agency in the calculation of the 80 percent occupancy threshold.

3) By March 1 of each calendar year, the owner of the property at the District is responsible for notifying the City's director of finance of the occupancy level by the agency on a form designated by the director of finance. In the event during a calendar year the agency's occupancy rate falls below 80 percent, the owner of the property is responsible for notifying the director of finance of the changed agency occupancy level, as well as the date that the occupancy rate fell below 80 percent.

4) Within 60 days of meeting the performance standard, the City must be notified by the property owner. The City then determines in the performance standard was satisfied.

5) The partial exemption of real property taxes, including the qualifications and the declining percentage value of the exemption as detailed on the table above shall be considered a covenant that shall run with the land. The City has recorded the covenant in the land records of the City which identifies and defines the partial property tax exemption. These terms, conditions and limitations shall not be revoked during the 15-year period and shall control the payment of real property taxes irrespective of any change in the applicable City Code.

6) Per State law, which authorizes the partial real estate tax abatement, this partial real estate tax abatement cannot be reduced during the 15-year abatement period, and is recorded in the City's land records. This provides the needed surety to the property owner and the agency that the proffered tax abatement cannot be reduced or withdrawn later.

7) In the event the Property is sold to the federal government or a federal government related entity prior to 20 years after the effective starting date of the property tax exemption then the net present value of the foregone real property taxes which would otherwise have been due to the City between the date of the sale and the 20 years after the effective starting date of the property tax exemption, would be due to the City at the time of the sale (Due on Sale).

8) For the purposes of calculating the net present value of forgone real estate taxes prescribed above the following methodology shall apply:

   a. The discount rate utilized in that calculation shall reflect the City's estimated cost of funds utilizing Thomson Municipal Market Data (MMD) for 10-year AAA rated tax exempt general obligation bonds as of either January 1 or July 1 of the calendar year of the sale of the property, and if this MMD information is not available an equivalent measure shall be substituted,

   b. the real estate tax assessment used in the net present value calculation shall reflect the real estate tax assessment as of January 1 of the calendar year of the property transfer, and

   c. the real estate tax rate used shall reflect the adopted real estate tax rate for the calendar year of the sale of the Property, or if the real estate tax rate of the calendar year of the sale has not yet been adopted, then the adopted real estate tax rate for the calendar year prior to the sale of the property shall be used.

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

NOTE 18. TAX ABATEMENTS (Continued)

$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 2019, the eligibility requirements for the District were met and $2.8 million in real estate taxes were abated.

NOTE 19. NEW ACCOUNTING STANDARDS

No new Governmental Accounting Standard Board (GASB) standards were implemented in FY 2019.

In FY 2020, GASB 84 (fiduciary) and GASB 87 (leases) standards will be implemented.

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 are effective for reporting periods beginning after December 15, 2019.

The objective of GASB 84 statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

NOTE 20. SUBSEQUENT EVENTS

In the fall of 2019, the City Council authorized the issuance of $200 million of General Obligation Bonds to be used in FY 2020. Bonds will be used to finance the Potomac Yard Metro Station and public school buildings.

On, about, or before January 1, 2020 the following improvements will be made to the retirement benefits and pay scale of the Alexandria City Deputy Sheriffs. Sheriff's Deputies will now switch from the general Virginia Retirement System (VRS) plan to the VRS plan with enhanced hazardous duty benefits (i.e. earlier retirement) which was designed for public safety officers. (For the average Deputy Sheriff this allows for the ability to retire with a full benefits package after 25 years instead of 30.) Given the annual additional cost of switching to the VRS plan with enhanced hazardous duty benefits the Sheriff's Deputies will increase the share of what they pay for total City retirement costs by 1.5% from 5% to 6.5%. This increase will be implemented through the City's Supplemental Retirement Plan where Sheriff's Deputies will remain as members.

The Office of Housing will issue a full loan payment of $1.8 million to AHDC Ellsworth, LLC to close on the acquisition of a multifamily building (Ellsworth Apartments) and a partial loan payment of $5.4 million to AHC Limited Partnership-29 to close on construction financing for the Church of The Resurrection/The Spire.

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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, 2019

EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Positive (Negative)
Revenues:				
General Property Taxes	$ 501,063,782	$ 501,063,782	$ 504,616,490	$ 3,552,708
Other Local Taxes	139,018,000	139,018,000	140,260,786	1,242,786
Permits, Fees, and Licenses	2,612,678	2,612,678	2,802,064	189,386
Fines and Forfeitures	5,193,450	5,193,450	4,297,753	(895,697)
Use of Money and Property	8,031,110	8,031,110	11,265,651	3,234,541
Charges for Services	21,748,168	21,748,168	22,276,812	528,644
Intergovernmental Revenues	56,985,289	56,985,289	56,124,121	(861,168)
Miscellaneous	1,853,215	9,484,537	2,663,744	(6,820,793)
Total Revenues	736,505,692	744,137,014	744,307,421	170,407
Expenditures:				
City Council	596,884	632,192	629,447	2,744
City Manager	2,045,627	2,157,379	1,958,166	199,212
Office of Management and Budget	1,259,151	1,259,151	1,197,984	61,167
18th Circuit Court	1,573,960	1,632,210	1,371,167	261,043
18th General District Court	152,086	152,086	141,792	10,294
Juvenile And Domestic Relations Court	84,671	84,671	70,979	13,692
Commonwealth's Attorney	3,134,531	3,195,703	3,083,505	112,198
Sheriff	31,947,957	32,409,564	31,329,788	1,079,776
Clerk of Courts	1,719,802	1,719,802	1,543,591	176,211
Other Correctional Activities	3,808,781	4,481,050	4,203,355	277,695
Court Services	1,453,407	1,597,773	1,563,503	34,270
Human Rights	865,784	865,784	855,576	10,208
Internal Audit	429,167	429,167	222,484	206,683
Information Technology Services	11,186,335	11,934,138	11,211,635	722,503
Office of Communications	1,448,714	1,498,715	1,297,130	201,585
City Clerk and Clerk of Council	401,241	421,241	421,124	117
Finance	12,256,599	12,812,022	11,533,422	1,278,600
Human Resources	4,239,313	4,410,126	4,037,511	372,614
Planning and Zoning	5,728,080	6,015,264	5,650,982	364,282
Economic Development Activities	5,707,654	5,780,963	5,621,162	159,801
City Attorney	2,948,385	3,833,385	3,809,243	24,142
Registrar of Voters	1,231,787	1,231,787	1,107,039	124,748
General Services	14,444,496	14,588,168	13,541,084	1,047,083
Office of Proj. Implementation	-	1,469	51	1,417
Performance and Accountability	488,349	488,349	418,186	70,163
Transportation and Environmental Services	27,709,003	27,814,120	26,601,159	1,212,960
Transit Subsidies	17,336,098	17,290,358	16,926,703	363,655
Fire	52,214,087	53,509,128	51,976,201	1,532,927
Police	65,050,060	66,623,094	63,951,127	2,671,967
Emergency Communication	7,783,659	7,822,564	7,263,356	559,209
Building and Fire Code Administration	24,000	24,000	4,940	19,060
Housing	1,857,455	1,851,614	1,664,108	187,506
Community and Human Services	13,546,548	13,527,364	13,373,621	153,744
Other Health Services	1,734,181	1,734,181	1,734,121	60
Health	6,995,922	6,947,652	6,699,930	247,722
Office of Historic Alexandria	3,137,315	3,318,760	2,952,294	366,466
Recreation and Cultural Activities	22,764,575	22,994,127	22,305,620	688,507
ACPS (Debt Service)	28,924,085	28,924,085	28,924,085	-
Other Educational Activities	12,142	12,142	12,142	-
Non Departmental (including debt service)	54,140,738	52,258,778	50,241,904	2,016,874
	412,382,629	418,284,125	401,451,220	16,832,904
Other Financing Sources (Uses):				
Transfers In	11,921,244	11,921,244	11,921,244	-
Transfers Out	(105,183,832)	(110,196,832)	(110,575,925)	(379,093)
Transfers Out - Component Units	(230,860,475)	(230,952,230)	(230,855,802)	96,428
	(324,123,063)	(329,227,818)	(329,510,483)	(282,665)
Net Change in Fund Balance.	-	(3,374,928)	13,345,718	
Fund Balances at Beginning of Year	128,958,343	128,958,343	128,958,343	
Increase/(Decrease) in Reserve for Inventory	-	-	910,645	
FUND BALANCES AT END OF YEAR	**$ 128,958,343**	**$ 125,583,415**	**$ 143,214,706**	

(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, 2019

EXHIBIT XIV

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
General Property Taxes	$ 2,077,584	$ 2,077,584	$ 1,076,195	$ (1,001,389)
Other Local Taxes	6,812,034	6,812,034	5,088,308	(1,723,726)
Permits, Fees and Licenses	9,383,795	9,383,795	9,985,019	601,224
Use of Money and Property	709,966	2,292,051	1,127,497	(1,164,554)
Charges for Services	24,456,512	24,229,375	31,247,710	7,018,335
Intergovernmental Revenues	46,808,638	51,674,082	50,922,400	(751,682)
Miscellaneous	1,887,126	6,132,394	3,893,098	(2,239,296)
Total Revenues	92,135,655	102,601,315	103,340,227	738,912
Other Financing Sources:				
Transfers In	65,291,246	65,336,842	70,995,782	5,658,940
Issuance of Debt and other Financing	486,326	4,946,051	-	(4,946,051)
Total Other Financing Sources	65,777,572	70,282,893	70,995,782	712,889
Total Revenues and Other Financing Sources	157,913,227	172,884,208	174,336,009	1,451,801
Expenditures:				
Commonwealth's Attorney	479,846	573,845	338,539	235,306
Sheriff	779,306	779,864	640,436	139,428
Clerk of Courts	127,915	127,915	-	127,915
Other Correctional and Judicial Activities	184,177	184,177	140,694	43,483
Court Services	435,913	403,713	118,043	285,670
Human Rights	26,205	26,205	42,202	(15,997)
Information Technology Services	511,474	511,474	381,538	129,936
Finance	858,210	858,210	760,633	97,577
Planning and Zoning	585,456	593,505	413,024	180,481
Economic Development	327,500	327,500	77,500	250,000
General Services	210,083	213,855	60,797	153,057
Transportation and Environmental Services	24,762,816	25,348,969	12,070,397	13,278,572
Transit Subsidies	5,800,000	5,800,000	8,615,553	(2,815,553)
Fire	4,110,906	6,239,031	2,782,280	3,456,751
Police	1,992,385	2,861,592	468,532	2,393,060
Emergency Communications	110,253	110,253	112,623	(2,370)
Building and Fire Code Administration	7,515,869	7,504,949	5,601,005	1,903,945
Office of Housing	19,265,337	41,554,969	13,610,163	27,944,806
Community and Human Services	80,707,288	82,997,575	80,122,569	2,875,005
Alexandria Health	100,850	100,850	72,780	28,070
Historic Alexandria	991,838	1,292,670	474,796	817,875
Recreation and Cultural Activities	2,443,663	2,551,074	1,736,938	814,136
Library	31,387	60,000	59,595	405
Non-Departmental	2,627,006	2,627,006	1,241,659	1,385,348
Total Expenditures	154,985,685	183,649,201	129,942,296	53,706,905
Other Financing Sources/Uses:				
Transfers Out	29,865,076	29,865,076	39,575,486	(9,710,410)
Total Other Financing Uses	29,865,076	29,865,076	39,575,486	(9,710,410)
Total Expenditures and Other Financing Uses	184,850,760	213,514,277	169,517,782	43,996,495
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	(26,937,533)	(40,630,069)	4,818,227	
Fund Balance at Beginning of Year	95,764,603	95,764,603	95,764,603	
FUND BALANCE AT END OF YEAR	$ 68,827,070	$ 55,134,534	$ 100,582,830	

(See Accompanying Independent Auditor's Report and Notes to Schedules)

(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 May 1, 2018, 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 XVII 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	$ 12,142	$ 223,829,302	$ 223,841,444	Education
Transit				
Library Transfer	-	7,026,500	7,026,500	Library
Other Expenditures (not listed separately)	401,439,078	-	401,439,078	Other Expenditures (not listed separately)
Total Expenditures	401,451,220	230,855,802	632,307,022	Total Expenditures
Transfers Out – Component Units	230,855,802	(230,855,802)	-	None
Operating Transfers Out	110,575,925	-	110,575,925	Operating Transfers Out
Other Financing	(11,921,244)	-	(11,921,244)	Other Expenditures (not listed separately)
Total Financing (Sources) Uses	$ 329,951,483	$ (230,855,802)	$ 98,654,681	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, 2019

Exhibit XVI

PENSION SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Supplemental Plan										
Actuarial Determined Contribution	$ 10,743,083	$ 9,509,690	$ 9,378,597	$ 9,193,893	$ 7,548,253	$ 8,462,725	$ 7,441,425	$ 9,394,774	$ 9,882,928	$ 10,284,656
Actual Contribution Amounts	8,622,481	8,148,716	8,006,825	7,586,006	7,173,760	9,705,496	9,373,813	9,854,860	8,544,859	7,416,575
Contribution Deficiency (Excess)	2,120,602	1,360,974	1,371,772	1,607,887	374,493	(1,242,771)	(1,932,388)	(460,086)	1,338,069	2,868,081
Percentage of Actual Contribution Contributed	80.26%	85.69%	85.37%	82.51%	95.04%	114.69%	125.97%	104.90%	86.46%	72.11%
Covered-Employee Payroll	147,362,907	142,843,740	139,044,952	139,914,668	136,374,392	127,784,140	129,419,066	125,569,484	124,936,457	125,803,615
Contribution as a Percentage of Covered-Employee Payroll	5.85%	5.70%	5.76%	5.42%	5.26%	7.60%	7.24%	7.85%	6.84%	5.90%
Pension Plan for Fire and Police*										
Actuarial Determined Contribution	652,038	868,570	908,621	1,057,539	1,158,624	1,211,013	1,332,955	1,472,059	1,443,056	1,623,492
Actual Contribution Amounts	1,700,000	1,700,000	1,713,744	1,723,744	1,728,313	1,700,000	1,700,000	1,700,000	1,700,000	1,679,131
Contribution Deficiency (Excess)	(1,047,962)	(831,430)	(805,123)	(666,205)	(569,689)	(488,987)	(367,045)	(227,941)	(256,944)	(55,639)
Percentage of Actual Contribution Contributed	260.72%	195.72%	188.61%	163.00%	149.17%	140.38%	127.54%	115.48%	117.81%	103.43%
Covered-Employee 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										
Firefighters and Police Pension										
Actuarial Determined Contribution	14,018,911	13,620,056	9,903,407	9,384,623	9,273,326	10,471,367	10,291,033	9,770,783	8,268,658	7,916,599
Actual Contribution Amounts	11,099,665	10,436,128	11,232,823	11,119,553	9,933,001	10,398,552	8,634,820	8,330,531	7,651,601	7,062,118
Contribution Deficiency (Excess)	2,919,246	3,183,928	(1,329,416)	(1,734,930)	(659,675)	72,815	1,656,213	1,440,252	617,057	854,481
Percentage of Actual Contribution Contributed	79.18%	76.62%	113.42%	118.49%	107.11%	99.30%	83.91%	85.26%	92.54%	89.21%
Covered-Employee Payroll	40,168,637	39,649,421	36,973,064	35,671,448	33,810,854	34,424,794	33,013,511	32,058,296	32,638,214	33,261,971
Contribution as a Percentage of Covered-Employee Payroll	27.63%	26.32%	30.38%	31.17%	29.38%	30.21%	26.16%	25.99%	23.44%	21.23%
Firefighters and Police Disability										
Actuarial Determined Contribution	1,014,585	1,834,550	4,449,438	4,638,338	4,618,019	4,431,587	2,371,116	1,928,701	1,611,887	1,469,682
Actual Contribution Amounts	5,077,662	6,219,316	5,667,369	4,734,529	2,448,696	2,039,849	1,692,368	1,456,788	1,210,062	1,584,314
Contribution Deficiency (Excess)	(4,063,077)	(4,384,766)	(1,217,931)	(96,191)	2,169,323	2,391,738	678,748	471,913	401,825	(114,632)
Percentage of Actual Contribution Contributed	500.47%	339.01%	127.37%	102.07%	53.02%	46.03%	71.37%	75.53%	75.07%	107.80%
Covered-Employee Payroll	40,168,637	39,649,421	36,973,064	35,671,448	33,810,854	34,424,794	33,013,511	32,058,296	32,638,214	33,261,971
Contribution as a Percentage of Covered-Employee Payroll	12.64%	15.69%	15.33%	13.27%	7.24%	5.93%	5.13%	4.54%	3.71%	4.76%
VRS										
Actuarial Determined Contribution	9,890,834	9,983,362	9,974,720	12,285,419	14,070,398	12,629,447	12,542,600	8,274,478	8,772,167	7,977,375
Actual Contribution Amounts	9,890,834	9,983,362	9,974,720	12,285,419	14,070,398	12,629,447	12,542,600	8,274,478	8,772,167	7,977,375
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Percentage of Actual Contribution Contributed	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Covered-Employee Payroll	$ 134,462,348	$ 131,605,713	$ 126,449,341	$ 125,437,843	$ 125,890,250	$ 123,842,881	$ 117,489,335	$ 115,330,876	$ 112,083,557	$ 115,516,783
Contribution as a Percentage of Covered-Employee Payroll	7.36%	7.59%	7.89%	9.79%	11.18%	10.20%	10.68%	7.17%	7.83%	6.91%

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2019

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Firefighters & Police Officers Pension Plan

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	$ 9,620,841	$ 8,390,462	$ 6,180,741	$ 5,671,076	$ 5,526,902	$ 5,749,258
Interest	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	(1,715,696)	752,396	(546,278)	1,386,820	(978,630)	-
Changes in assumptions	-	19,234,689	-	-	-	-
Benefit payments, including refunds	(16,363,487)	(13,965,535)	(12,763,693)	(12,633,775)	(11,610,344)	(10,147,030)
Net Change in Total Pension Liability	16,921,297	38,604,886	15,935,665	16,372,612	13,707,797	15,363,770
Total Pension Liability - Beginning of Year	362,704,497	324,099,611	308,163,946	291,791,334	278,083,537	262,719,767
Total Pension Liability - End of Year	379,625,794	362,704,497	324,099,611	308,163,946	291,791,334	278,083,537
Plan Fiduciary Net Position						
Contributions - employer	11,099,665	10,436,128	11,232,823	11,119,553	9,933,001	10,398,552
Contributions - employee	4,221,569	2,745,051	2,914,101	2,598,821	2,381,830	2,392,226
Net investment income	22,614,416	24,196,919	32,888,556	3,513,529	6,726,117	33,401,003
Benefit payments, including refunds	(16,363,487)	(13,965,535)	(12,763,693)	(12,633,775)	(11,610,344)	(10,147,030)
Administration Expenses	(368,635)	(381,934)	(198,337)	(206,917)	(278,201)	(379,242)
Net Change in Plan Fiduciary Net Position	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	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	318,151,575	296,948,047	273,917,418	239,843,968	235,452,757	228,300,354
Net Pension Liability - End of Year	$ 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	83.8%	81.9%	84.5%	77.8%	80.7%	82.1%
Covered Employee Payroll	$ 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	153.0%	165.8%	135.7%	191.5%	166.6%	144.6%

Information is only available for the current and previous five fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2019

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Firefighters & Police Officers Disablity Pension Plan

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	$ 544,069	$ 543,661	$ 2,885,911	$ 2,679,963	$ 2,620,753	$ 2,699,276
Interest	2,176,646	2,512,564	2,875,585	2,845,545	2,872,200	2,638,659
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(1,364,824)	(5,049,132)	(2,851,393)	(3,385,398)	409,917	-
Changes in assumptions	(3,853,427)	1,707,637	-	-	-	-
Benefit payments, including refunds	(2,717,231)	(2,559,855)	(2,488,687)	(2,470,684)	(2,571,831)	(2,539,650)
Net Change in Total Pension Liability	(5,214,767)	(2,845,125)	421,416	(330,574)	3,331,039	2,798,285
Total Pension Liability - Beginning of Year	37,104,757	39,949,882	39,528,466	39,859,040	36,528,001	33,729,716
Total Pension Liability - End of Year	31,889,990	37,104,757	39,949,882	39,528,466	39,859,040	36,528,001
Plan Fiduciary Net Position						
Contributions - employer	5,077,662	6,219,316	5,667,369	4,734,529	2,448,696	2,039,849
Contributions - employee	218,502	225,640	248,035	243,351	246,551	259,585
Net investment income	2,663,504	2,128,875	2,784,003	263,792	452,996	2,327,679
Benefit payments, including refunds	(2,717,231)	(2,559,855)	(2,488,687)	(2,470,684)	(2,571,831)	(2,539,650)
Administration Expenses	(4,896)	(2,467)	(15,277)	(77)	(15,876)	(86,762)
Net Change in Plan Fiduciary Net Position	5,237,541	6,011,509	6,195,443	2,770,911	560,536	2,000,701
Plan Fiduciary Net Position - Beginning of Year	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	36,507,599	31,270,058	25,258,549	19,063,106	16,292,195	15,731,659
Net Pension Liability - End of Year	$ (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	114.5%	84.3%	63.2%	48.2%	40.9%	43.1%
Covered Employee Payroll	$ 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	-11.5%	14.7%	39.7%	57.4%	69.7%	60.4%

Information is only available for the current and five previous fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2019

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Pension Plan for Firefighters & Police Officers

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	$ -	$ -	$ -	$ -	$ -	$ -
Interest	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	(643,998)	(860,707)	(584,816)	(425,528)	(95,467)	-
Changes in assumptions	-	1,282,305	-	-	-	-
Benefit payments, including refunds	(2,983,088)	(3,056,201)	(3,298,973)	(3,506,496)	(3,715,881)	(3,773,545)
Net Change in Total Pension Liability	(2,545,855)	(1,430,379)	(2,484,344)	(2,397,581)	(2,146,382)	(1,995,159)
Total Pension Liability - Beginning of Year	23,741,961	25,172,340	27,656,684	30,054,265	32,200,647	34,195,806
Total Pension Liability - End of Year	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	1,713,744	1,723,744	1,728,313	1,700,000
Contributions - employee	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	619,900	706,055	821,797	893,641	920,708	1,041,529
Benefit payments, including refunds	(2,983,088)	(3,056,201)	(3,298,973)	(3,506,496)	(3,715,881)	(3,773,545)
Administration Expenses	(13,678)	(21,933)	(23,566)	(27,971)	(18,583)	(10,830)
Net Change in Plan Fiduciary Net Position	(676,866)	(672,079)	(786,998)	(917,082)	(1,085,443)	(1,042,846)
Plan Fiduciary Net Position - Beginning of Year	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	18,792,821	19,469,687	20,141,766	20,928,764	21,845,846	22,931,289
Net Pension Liability - End of Year	$ 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	88.7%	82.0%	80.0%	75.7%	72.7%	71.2%
Covered Employee Payroll	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

Information is only available for the current and previous five fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2019

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years

Supplemental Retirement Plan

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	$ 4,300,104	$ 4,561,409	$ 4,429,736	$ 4,353,655	$ 4,512,088	$ 4,812,530
Interest	10,855,794	11,093,766	11,710,854	11,626,797	10,773,145	10,210,998
Changes in benefit terms	(10,649,964)	(7,321,279)	-	-	-	-
Difference between expected and actual experience	8,221,593	5,495,455	1,431,699	4,866,212	2,957,767	-
Changes in assumptions	-	3,537,513	-	10,625,401	-	-
Benefit payments, including refunds	(9,406,431)	(23,092,292)	(19,026,570)	(13,723,857)	(14,043,843)	(11,276,834)
Net Change in Total Pension Liability	3,321,096	(5,725,428)	(1,454,281)	17,748,208	4,199,157	3,746,694
Total Pension Liability - Beginning of Year	157,834,708	163,560,136	165,014,417	147,266,209	143,067,052	139,320,358
Total Pension Liability - End of Year	161,155,804	157,834,708	163,560,136	165,014,417	147,266,209	143,067,052
Plan Fiduciary Net Position						
Contributions - employer	8,622,481	8,148,716	8,006,825	7,586,006	7,173,760	9,705,496
Contributions - employee	1,352,861	1,140,415	1,070,814	892,335	756,101	605,369
Net investment income	8,889,658	13,822,092	18,031,871	895,078	5,922,932	20,744,991
Benefit payments, including refunds	(9,406,431)	(23,092,292)	(19,026,570)	(13,723,857)	(14,043,843)	(11,276,834)
Administration Expenses	(1,062,762)	(1,009,780)	(665,349)	(895,060)	(896,419)	(997,375)
Net Change in Plan Fiduciary Net Position	8,395,807	(990,849)	7,417,591	(5,245,498)	(1,087,469)	18,781,647
Plan Fiduciary Net Position - Beginning of Year	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	147,313,830	138,918,023	139,908,872	132,491,281	137,736,779	138,824,248
Net Pension Liability - End of Year	$ 13,841,974	$ 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	91.4%	88.0%	85.5%	80.3%	93.5%	97.0%
Covered Employee Payroll	$ 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	9.4%	13.2%	17.0%	23.2%	7.0%	3.3%

Information is only available for the current and previous five fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2019

Exhibit XVI
(Continued)

Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years

VRS

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	$ 11,545,603	$ 11,562,356	$ 11,832,548	$ 12,256,191	$ 12,232,148
Interest	39,243,929	38,089,007	36,704,090	35,571,142	33,905,011
Changes in benefit terms	-	-	-	55,097	-
Difference between expected and actual experience	1,192,221	(3,765,626)	(2,371,962)	(7,166,675)	-
Changes in assumptions	-	(539,132)	-	-	-
Benefit payments, including refunds	(30,036,440)	(27,658,980)	(25,101,326)	(23,960,243)	(20,710,314)
Net Change in Total Pension Liability	21,945,313	17,687,625	21,063,350	16,755,512	25,426,845
Total Pension Liability - Beginning of Year	575,645,782	557,958,157	536,894,807	520,139,295	494,712,450
Total Pension Liability - End of Year	597,591,095	575,645,782	557,958,157	536,894,807	520,139,295
Plan Fiduciary Net Position					
Contributions - employer	9,995,019	9,969,716	12,331,063	12,232,407	12,630,540
Contributions - employee	6,457,201	6,513,944	6,452,307	6,272,097	6,443,111
Net investment income	37,221,708	55,894,128	7,969,523	20,375,167	61,114,498
Benefit payments, including refunds	(30,036,440)	(27,658,980)	(25,101,326)	(23,960,243)	(20,710,314)
Other	(32,938)	(49,590)	(3,392)	(4,303)	3,221
Administration Expenses	(325,786)	(326,971)	(286,988)	(280,179)	(327,787)
Net Change in Plan Fiduciary Net Position	23,278,764	44,342,247	1,361,187	14,634,946	59,153,269
Plan Fiduciary Net Position - Beginning of Year	507,405,372	463,063,125	461,701,938	447,066,992	387,913,723
Plan Fiduciary Net Position - End of Year	530,684,136	507,405,372	463,063,125	461,701,938	447,066,992
Net Pension Liability - End of Year	$ 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	88.8%	88.1%	83.0%	86.0%	86.0%
Covered Employee Payroll	$ 134,462,348	$ 131,605,713	$ 126,449,341	$ 125,437,843	$ 125,890,250
Net Pension Liability as a percentage of Covered Payroll	49.8%	51.9%	75.0%	59.9%	58.0%

Information for VRS is only available for current and previous four fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2019

Exhibit XVI
(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

	Firefighters & Police Officers Pension Plan**	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers
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%

**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 Supplemental Information for the City of Alexandria Pension Plans for the year ended June 30, 2019

Firefighters and Police Officers Pension Plan, Basic Plan and Firefighters and Police Officers Pension Plan, Disability Plan

There were no changes in assumptions for the Firefighters and Police Officers Basic and Disability Pension Plans since the prior actuarial valuation.

Supplemental Retirement Plan

There were no changes in assumptions for the Supplemental Pension Plan since the prior actuarial valuation.

Pension Plan for Firefighters and Police Officers

There were no changes in assumptions for the Pension Plan for Firefighters and Police Officers since the prior actuarial valuation.

Virginia Retirement System (VRS) Pension Plan

The 2017 valuation reflects changes in the actuarial assumptions adopted by the Board of Trustees recommended in the experience study for the four-year period ending June 30, 2016. The new assumptions are outlined below.

For Non-Hazardous Duty Members:

- Updated mortality rates to a more current mortality table-RP-2014 projected to 2020.
- Lowered retirement rates at older ages and extended final retirement age from 70-75.
- Adjusted termination rates to better fit experience at each age and service year.
- Lowered disability rates.
- Increased line of duty disability assumptions from 14 percent to 20 percent.

Exhibit XVI
(Continued)

For Hazardous Duty Members:

- Updated mortality rates to a more current mortality table – RP-2014 projected to 2020.
- Lowered retirement rates at older ages.
- Adjusted termination rates to better fit experience at age and service year.
- Increased disability rates.
- Increased line of duty disability assumption from 60 percent to 70 percent.

In addition to the assumption changes listed above, the method to determine the normal cost rate has changed. Beginning with the 2017 valuation, the payroll used to develop the rate will be reduced for those expected to leave during the year. The normal cost rate is also adjusted to reflect that the hybrid payroll as a percent of total payroll will increase from the rate setting valuation date to when employers make that contribution.

Notes to Schedule

Valuation Date	12/31/2017
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation during the fiscal year

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2019

Exhibit XVI
(Continued)

Schedule of Changes in Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2019	2018	2017
Total OPEB Liability			
Service Cost	$ 4,701,991	$ 4,814,967	$ 3,803,579
Interest	9,905,114	9,470,934	8,232,053
Changes in benefit terms	-	4,587,884	-
Difference between expected and actual experience	(5,113,882)	244,419	-
Changes in assumptions	7,485,481	5,078,954	-
Benefit payments, including refunds	(5,732,739)	(6,305,642)	(6,298,159)
Net Change in Total Pension Liability	11,245,965	17,891,516	5,737,473
Total OPEB Liability - Beginning of Year	132,574,242	114,682,726	108,945,253
Total OPEB Liability - End of Year	143,820,207	132,574,242	114,682,726
Plan Fiduciary Net Position			
Contributions - employer	11,932,739	12,205,642	16,398,159
Net investment income	4,953,783	4,427,840	6,357,091
Benefit payments, including refunds	(5,732,739)	(6,305,642)	(6,298,159)
Administration Expenses	(53,715)	(45,886)	(16)
Net Change in Plan Fiduciary Net Position	11,100,068	10,281,954	16,457,075
Plan Fiduciary Net Position - Beginning of Year	67,289,771	57,007,817	40,550,742
Plan Fiduciary Net Position - End of Year	78,389,839	67,289,771	57,007,817
Net Pension Liability - End of Year	$ 65,430,368	$ 65,284,471	$ 57,674,909
Plan Fiduciary Net Position as a percentage of Total Pension Liability	54.5%	50.8%	49.7%
Covered Employee Payroll	$ 175,843,626	$ 169,455,099	$ 167,129,788
Net Pension Liability as a percentage of Covered Payroll	37.2%	38.5%	34.5%

Information is only available for the current and previous two fiscal years. Future years will be added to the schedule.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension and OPEB Plans
For Fiscal Year Ended June 30, 2019

Exhibit XVI
(Continued)

Schedule of OPEB Contributions

	2019	2018	2017
Actuarially Determined Contributions (ADC)	$ 8,513,816	$ 9,404,961	$ 12,898,197
Contributions related to the ADC	11,932,739	12,205,642	16,398,159
Contribution Excess relative to ADC	$ (3,418,923)	$ (2,800,681)	$ (3,499,962)
Covered Employee Payroll	$ 175,843,626	$ 169,455,099	$ 167,129,788
Contributions as a percentage of covered employee payroll	6.79%	7.20%	9.81%

Future years will be added to the schedule as they become available.

Notes to the Required Supplemental Information for the City of Alexandria Other Post-Employment Benefits Trust Fund for the year ended June 30, 2019

The following changes were made to the OPEB actuarial assumptions:

- The per person costs and trends were updated based on Line of Duty Act Fund June 30, 2018 for the OPEB Line of Duty Actuarial Valuation dated February 18, 2019
- For the OPEB Benefits Actuarial Assumptions, claim costs and retiree contributions were analyzed and updated to reflect current health care costs; medical trend rates were updated to reflect the projection of healthcare trends with reference to actual trends observed and industry trends
- The discount rate was increased from 6.75 percent to 7.00 percent for both OPEB Benefits and Line of Duty

Key Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	19-year level dollar closed as of 12/31/2018
Discount rate	7.00 percent for Regular OPEB and for Line of Duty OPEB
Healthcare Cost Trend Rates	Non-Medicare: 7 percent for 2018 grading down to 5 percent over 14 years
	Medicare: 6.87 percent for 2018 grading down to 5.00 percent over 14 years
	Expenses: 5.00 percent per year
Ultimate Salary Increase	Fire & Police: 3.25 percent
	VRS members: 3.25 percent

OPEB Money-Weighted Rate of Return
Last Ten Fiscal Years

2017	14.96%
2018	7.39%
2019	7.29%

Future years will be added as they become available

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OTHER SUPPLEMENTARY INFORMATION

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Agency Funds

Agency Funds are the City's custodial funds 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.

Industrial Development Authority Agency Fund – This fund accounts for Industrial Development Authority bond issuance fees and expenses, for which the City acts in a custodial capacity.

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Changes in Assets and Liabilities – Agency Funds
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
HUMAN SERVICES SPECIAL WELFARE ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent	$ -	$ 35,909	$ 22,744	$ 13,165
Liabilities:				
Other Liabilities	$ -	$ 35,909	$ 22,744	$ 13,165
Total Liabilities	$ -	$ 35,909	$ 22,744	$ 13,165
HUMAN SERVICES DEDICATED ACCOUNT				
Assets:				
Cash and Investments with Fiscal Agent	$ 23,380	$ 5	$ 2,064	$ 21,321
Liabilities:				
Other Liabilities	$ 23,380	$ 5	$ 2,064	$ 21,321
Total Liabilities	$ 23,380	$ 5	$ 2,064	$ 21,321
INDUSTRIAL DEVELOPMENT AUTHORITY				
Assets:				
Equity in Pooled Cash and Investments	$ 491,992	$ 20,580	$ -	$ 512,572
Liabilities:				
Other Liabilities	$ 491,992	$ 20,580	$ -	$ 512,572
Total Liabilities	$ 491,992	$ 20,580	$ -	$ 512,572
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and Investments with Fiscal Agent	$ 23,380	$ 35,914	$ 24,808	$ 34,486
Equity in Pooled Cash and Investments	491,992	20,580	-	512,572
Total Assets	$ 515,372	$ 56,494	$ 24,808	$ 547,058
Liabilities:				
Other Liabilities	$ 515,372	$ 56,494	$ 24,808	$ 547,058
Total Liabilities	$ 515,372	$ 56,494	$ 24,808	$ 547,058

CITY OF ALEXANDRIA, VIRGINIA
Alexandria Transit Company
Statement of Net Position
June 30, 2019

ASSETS		
Cash and Cash Equivalents	$	12,176
Receivables		2,333,021
Due from Other Governments		109,019
Inventory of Supplies		682,145
Prepaid and Other Assets		325,671
Capital Assets, Net		31,121,080
Total Assets		34,583,112
LIABILITIES		
Accounts Payable		323,459
Accrued Wages		607,866
Other Short-term Liabilities		875,966
Due To Other Funds		2,120,000
Total Liabilities		3,927,291
NET POSITION		
Net Investment in Capital Assets		31,121,080
Unrestricted		(465,259)
Total Net Postion		30,655,821
Total Liabilities and Net Position	$	34,583,112

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Alexandria Transit Company
Statement of Revenue, Expenses, and Changes in Net Position
June 30, 2019

OPERATING REVENUES:		
Charges for Services	$	6,082,967
Miscellaneous		56,036
Total Operating Revenues		6,139,003
OPERATING EXPENSES:		
Personnel Services		14,555,656
Contractual Services		1,321,673
Materials and Supplies		2,477,342
Other Charges		1,106,418
Depreciation		3,835,792
Total Operating Expenses		23,296,881
Operating Income/Loss		(17,157,878)
NON OPERATING REVENUES (EXPENSES):		
State Grants		622,837
Total Non Operating Revenues (Expenses)		622,837
Net Profit (Loss) before Transfers		(16,535,041)
Capital Contribution		13,033,677
Transfers In		12,788,584
Other Financing Sources		69
Change in Net Position		9,287,289
Net Position at Beginning of Year		21,368,532
Net Position at End of Year	$	30,655,821

See Accompanying Notes to Financial Statements

Special Revenue Fund

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 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.

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.

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.

Other Special Revenue – This sub fund accounts for grants and donations.

CITY OF ALEXANDRIA, VIRGINIA
Combining Balance Sheet
Special Revenue Fund
As of June 30, 2019

	Housing	Sanitary Sewer	Storm water Utility	Storm Sewer	Potomac Yard	NVTA	Other Special Revenue	Total Combined Special Revenue
ASSETS								
Cash and Cash Equivalents	$ 14,005,944	$ 33,255,059	$ 3,713,859	$ 1,765,434	$ 21,422,460	$ 2,259,947	$ 25,870,392	$ 102,293,095
Receivables, Net	-	729,429	4,223,089	-	684,713	699,398	3,032,719	9,369,348
Due From Other Governments	-	-	-	-	-	-	3,759,763	3,759,763
Prepaid and Other Assets	-	-	-	-	-	-	2,023	2,023
Total Assets	14,005,944	33,984,488	7,936,948	1,765,434	22,107,173	2,959,345	32,664,897	115,424,229
LIABILITIES								
Accounts Payable	242,270	420,344	77,149	-	-	-	2,741,359	3,481,122
Accrued Wages	-	113,448	106,423	-	5,619	-	2,472,142	2,697,632
Current Portion of Notes Payable	-	-	-	-	195,000	-	-	195,000
Total Liabilities	242,270	533,792	183,572	-	200,619	-	5,213,501	6,373,754
Deferred Inflows	-	-	4,152,468	-	684,713	-	3,630,464	8,467,645
FUND BALANCES								
Restricted	13,763,674	-	-	-	-	-	8,745,289	22,508,963
Committed	-	33,450,695	3,600,908	1,765,434	21,221,841	2,959,345	15,075,643	78,073,867
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	13,763,674	33,450,695	3,600,908	1,765,434	21,221,841	2,959,345	23,820,933	100,582,830
Total Liabilities and Fund Balances	$ 14,005,944	$ 33,984,487	$ 7,936,948	$ 1,765,434	$ 22,107,173	$ 2,959,345	$ 32,664,898	$ 115,424,229

CITY OF ALEXANDRIA, VIRGINIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Fund
For the Fiscal Year Ended June 30, 2019

	Housing	Sanitary Sewer	Storm Water Utility	Storm Sewer	Potomac Yard	NVTA	Other Special Revenue	Total Combined Special Revenue
REVENUES								
General Property Taxes	$ -	$ -	$ -	$ -	$ 1,076,195	$ -	$ -	$ 1,076,195
Other Local Taxes	-	-	-	-	-	$ 5,088,308	-	5,088,308
Permits, Fees, and Licenses	-	-	-	-	-	-	9,985,019	9,985,019
Use of Money and Property	-	-	-	-	-	10,462	1,117,035	1,127,497
Charges for Services	-	15,113,786	8,343,624	-	-	-	7,790,300	31,247,710
Intergovernmental Revenue	-	-	-	-	-	-	50,922,400	50,922,400
Miscellaneous	12,725,960	-	-	-	-	-	(8,832,862)	3,893,098
Total Revenues	12,725,960	15,113,786	8,343,624	-	1,076,195	5,098,770	60,981,892	103,340,227
EXPENDITURES								
Current Operating:								
General Government	-	-	-	-	-	-	1,806,271	1,806,271
Judicial Administration	-	-	-	-	-	-	745,695	745,695
Public Safety	-	107,923	-	-	-	-	9,348,534	9,456,457
Public Works	-	4,016,529	4,206,843	4,403	338,669	1,717,313	1,158,953	11,442,710
Health and Welfare	-	-	-	-	-	-	79,393,822	79,393,822
Culture and Recreation	-	-	-	-	-	-	2,271,329	2,271,329
Community Development	10,037,796	-	-	-	-	-	13,788,191	23,825,987
Debt Service								
Principal	-	335,050	-	-	-	-	-	335,050
Interest and Other Charges	-	328,535	-	-	336,440	-	-	664,975
Total Expenditures	10,037,796	4,788,037	4,206,843	4,403	675,109	1,717,313	108,512,795	129,942,296
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,688,164	10,325,749	4,136,781	(4,403)	401,086	3,381,457	(47,530,903)	(26,602,069)
OTHER FINANCING SOURCES (USES)								
Transfers In	10,077,988	-	-	-	10,638,343	11,217,003	39,062,448	70,995,782
Transfers Out	(4,750,000)	(6,882,788)	(2,420,384)	-	(6,432,668)	(18,104,652)	(984,994)	(39,575,486)
Total Other Financing Sources and Uses	5,327,988	(6,882,788)	(2,420,384)	-	4,205,675	(6,887,649)	38,077,454	31,420,296
Net Change in Fund Balance	8,016,152	3,442,961	1,716,397	(4,403)	4,606,761	(3,506,192)	(9,453,449)	4,818,227
Fund Balance at Beginning of Year	5,747,522	30,007,734	1,884,511	1,769,837	16,615,080	6,465,537	33,274,382	95,764,603
Fund Balance at End of Year	$ 13,763,674	$ 33,450,695	$ 3,600,908	$ 1,765,434	$ 21,221,841	$ 2,959,345	$ 23,820,933	$ 100,582,830

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—2018 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 XXII—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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
General Government	$ 61.1	$ 59.2	$ 84.7	$ 75.3	$ 71.3	$ 73.8	$ 66.3	$ 91.6	$ 47.4	$ 52.3
Judicial Administration	19.3	19.8	20.5	20.8	20.6	20.1	19.9	20.6	20.5	21.7
Public Safety	118.3	122.2	126.9	131.6	141.1	138.6	149.4	152.2	157.3	160.8
Public Works	57.0	51.0	56.4	52.9	68.0	63.9	70.5	78.9	73.3	75.2
Library	6.1	5.9	6.2	6.4	6.6	6.5	6.7	6.9	6.9	7.0
Health and Welfare	90.8	92.7	93.6	92.4	93.8	93.3	94.9	96.9	97.6	100.2
Transit	13.1	16.3	15.9	17.8	10.7	17.8	21.9	32.8	39.0	44.1
Culture and Recreation	25.9	28.3	27.7	28.9	29.8	30.2	32.6	33.4	33.0	34.3
Community Development	21.0	24.6	34.3	40.2	45.7	35.3	33.3	37.1	35.4	44.0
Education	173.3	174.8	185.2	194.6	189.1	197.4	211.2	210.7	217.4	241.9
Interest on Long-term Debt	16.4	17.3	22.0	22.5	23.8	21.8	21.3	20.7	19.4	24.3
Total Governmental Activities	602.3	612.1	673.4	683.4	700.5	698.7	728.0	781.9	747.2	805.8
Program Revenues										
Governmental Activities										
Charges for Services:										
General Government	2.0	1.3	1.5	3.6	2.2	2.9	2.0	3.6	3.7	3.9
Judicial Administration	1.5	1.7	1.7	1.6	1.3	1.2	1.2	1.3	1.4	1.0
Public Safety	11.1	13.3	14.4	17.0	17.7	16.9	14.1	10.5	3.6	14.5
Public Works	18.0	21.3	23.5	27.8	23.7	22.1	33.0	32.0	38.9	30.4
Library	-	-	-	-	-	-	-	-	-	-
Health and Welfare	6.7	6.4	6.7	6.2	6.4	5.9	5.3	5.5	10.4	0.2
Transit	-	-	-	-	-	-	-	4.3	4.2	6.1
Culture and Recreation	3.1	3.1	5.4	3.7	3.9	4.7	4.8	5.0	7.0	11.9
Community Development	1.6	3.9	2.7	4.2	6.6	5.0	1.5	0.8	8.4	2.6
Education	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	65.2	65.0	66.4	75.0	78.8	68.8	46.8	66.3	52.2	51.5
Capital Grants and Contributions	50.2	7.4	19.6	18.5	15.1	11.5	6.5	19.1	7.1	7.0
Total Governmental Activities	$ 159.4	$ 123.4	$ 141.9	$ 157.6	$ 155.7	$ 139.0	$ 115.2	$ 148.4	$ 137.0	$ 129.1

CITY OF ALEXANDRIA, VIRGINIA
Schedule of Changes in Net Position
Last Ten Fiscal Years
(in millions)

TABLE I (continued)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense) (Revenue)										
General Government	$ (58.5)	$ (56.4)	$ (82.4)	$ (70.8)	$ (68.1)	$ (69.8)	$ (63.2)	$ (82.0)	$ (43.0)	$ (47.7)
Judicial Administration	(14.2)	(14.1)	(15.2)	(15.5)	(16.4)	(15.1)	$ (16.3)	$ (18.7)	$ (18.5)	(20.1)
Public Safety	(93.5)	(96.2)	(99.0)	(99.3)	(108.1)	(106.6)	$ (121.9)	$ (132.1)	$ (144.1)	(143.0)
Public Works	19.3	(15.8)	(9.6)	(3.3)	(23.6)	(22.3)	$ (23.7)	$ (32.8)	$ (26.2)	(37.2)
Library	(6.1)	(5.9)	(6.2)	(6.4)	(6.6)	(6.5)	$ (6.7)	$ (6.9)	$ (6.9)	(7.0)
Health and Welfare	(49.1)	(51.4)	(54.2)	(56.5)	(56.2)	(56.5)	$ (69.8)	$ (58.0)	$ (54.0)	(65.5)
Transit	(13.1)	(16.3)	(15.9)	(17.8)	(10.7)	(17.8)	$ (21.9)	$ (28.0)	$ (34.6)	(37.4)
Culture and Recreation	(22.3)	(24.7)	(22.0)	(24.6)	(25.6)	(25.3)	$ (26.7)	$ (26.0)	$ (25.7)	(22.1)
Community Development	(15.2)	(15.4)	(19.9)	(14.5)	(16.7)	(20.6)	$ (30.1)	$ (17.5)	$ (20.4)	(30.5)
Education	(173.3)	(174.8)	(185.2)	(194.6)	(189.1)	(197.4)	$ (211.2)	$ (210.7)	$ (217.4)	(241.9)
Interest on Long-term Debt	(16.3)	(17.3)	(21.9)	(22.5)	(23.8)	(21.8)	$ (21.3)	$ (20.7)	$ (19.4)	(24.3)
Subtotal Governmental Activities	(442.3)	(488.3)	(531.5)	(525.8)	(544.9)	(559.7)	(612.8)	(633.4)	(610.1)	(676.7)
Total Primary Government	(442.3)	(488.3)	(531.5)	(525.8)	(544.9)	(559.7)	(612.8)	(633.4)	(610.1)	(676.7)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Real Estate	304.3	315.6	321.6	333.8	360.7	375.9	393.5	424.4	441.5	455.4
Personal Property	32.9	37.0	48.2	58.6	47.2	50.5	44.5	49.6	57.0	48.2
Other	114.3	118.2	121.1	125.4	127.3	134.1	135.9	155.4	141.0	145.3
Grants and Contributions not restricted to other programs	31.5	32.4	41.5	36.9	36.1	33.3	58.5	34.8	52.4	58.4
Interest and Investment Earnings	0.4	1.0	1.3	0.8	4.9	4.9	5.4	5.5	7.3	11.3
Miscellaneous	0.8	1.0	1.2	1.4	2.0	5.0	2.9	11.5	15.6	21.8
Subtotal Governmental Activities	484.2	505.2	534.9	556.9	578.2	603.7	640.7	681.2	714.7	740.3
Total Primary Government	484.2	505.2	534.9	556.9	578.2	603.7	640.7	681.2	714.7	740.3
Change in Net Position										
Governmental Activities	41.9	16.9	3.4	31.1	33.3	44.0	27.9	47.8	104.6	63.7
	$ 41.9	$ 16.9	$ 3.4	$ 31.1	$ 33.3	$ 44.0	$ 27.9	$ 47.8	$ 104.6	$ 63.7

CITY OF ALEXANDRIA, VIRGINIA
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(in millions)

TABLE II

Revenues	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
General Property Taxes	$ 337.2	$ 351.6	$ 366.2	$ 385.2	$ 407.8	$ 422.2	$ 439.7	$ 473.0	$ 492.3	$ 505.7
Other Local Taxes	114.4	118.3	121.1	125.3	121.1	134.1	135.9	138.8	140.9	145.3
Permits, Fees, and Licenses	4.8	7.1	8.8	10.6	17.8	10.9	8.1	9.5	10.5	12.8
Fines and Forfeitures	3.9	4.5	4.9	5.1	5.2	4.9	5.0	5.0	5.0	4.3
Use of Money and Property	3.8	4.1	4.6	4.2	5.2	5.1	6.1	7.7	13.8	16.7
Charges for Services	27.0	29.9	32.2	34.6	32.9	32.1	37.5	43.7	56.4	59.6
Intergovernmental Revenue	110.1	101.9	111.1	125.9	126.5	111.9	108.1	117.0	108.8	114.7
Miscellaneous and	-	-	-	-	-	-	10.6	16.5	14.5	21.8
Non Revenue Receipts	5.5	7.5	8.3	10.2	9.9	8.8	-	-	-	-
Total Governmental Revenues	606.7	624.9	657.2	701.1	726.4	730.0	751.0	811.2	842.3	880.9
Expenditures										
General Government	45.2	44.3	46.8	45.2	45.2	45.7	46.6	50.8	52.6	50.1
Judicial Administration	18.8	19.3	20.0	20.3	20.1	19.7	19.4	20.1	19.9	21.1
Public Safety	115.0	118.4	123.8	131.0	134.8	134.9	142.7	146.7	150.0	156.7
Public Works	42.3	37.9	41.0	40.3	49.6	41.8	44.2	43.4	46.0	46.7
Library	6.1	5.9	6.1	6.4	6.6	6.5	6.7	6.9	6.9	7.0
Health and Welfare	90.2	92.1	93.1	91.8	93.1	92.9	94.4	96.5	97.1	99.7
Transit and Transit Transfer	13.1	16.3	15.9	17.8	10.7	17.8	21.9	28.4	35.7	40.2
Culture and Recreation	21.8	22.8	23.2	24.6	25.3	24.7	25.5	26.3	27.0	27.5
Community Development	19.3	22.8	25.9	35.8	41.4	29.4	31.4	34.8	34.1	42.0
Education	167.5	170.1	178.5	185.8	185.9	196.3	202.8	225.3	206.9	227.2
Capital Outlay	93.4	91.5	71.8	70.9	91.1	99.5	62.9	81.4	101.2	157.8
Debt Service - Principal	19.5	21.1	23.7	27.5	33.5	38.6	41.6	43.3	44.4	46.0
- Interest	15.1	17.4	19.5	22.4	23.8	22.6	21.8	21.5	21.8	24.6
Total Governmental Expenditures	667.3	679.9	689.3	719.8	761.1	770.4	761.9	825.4	843.6	946.7
Excess of Revenues over (under) expenditures	(60.6)	(55.0)	(32.1)	(18.7)	(34.7)	(40.4)	(10.9)	(14.2)	(1.3)	(65.8)
Other Financing Sources/(Uses)										
Issuance of Debt	-	74.2	74.8	88.1	70.7	39.1	25.4	84.4	109.7	44.4
Sale of Land	-	-	0.6	-	1.2	5.3	-	4.4	-	-
Other Financing	-	-	-	-	-	-	-	-	0.3	-
Transfers in	48.6	47.9	61.7	82.8	77.8	85.9	91.2	108.8	139.2	150.3
Transfers out	(48.9)	(48.1)	(65.2)	(82.8)	(81.2)	(86.6)	(90.4)	(109.4)	(139.0)	(150.2)
Capital Contribution	-	-	-	-	-	-	-	4.3	0.1	13.0
Total	(0.3)	74.0	71.9	88.1	68.5	43.7	26.2	92.5	110.2	57.5
Net change in Fund Balance	$ (60.9)	$ 19.0	$ 39.8	$ 69.4	$ 33.8	$ 3.3	$ 15.3	$ 78.3	$ 108.9	(8.3)
Debt Service as percentage of noncapital expenditures	6.03%	6.54%	7.00%	7.69%	8.55%	9.12%	9.07%	8.71%	8.92%	8.95%

** Amounts may not add due to rounding

CITY OF ALEXANDRIA, VIRGINIA
Tax Revenues by Source – All Funds
Last Ten Fiscal Years

TABLE III

	Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Property Taxes	Real Estate	$ 302,666,192	$ 314,506,526	$ 326,248,520	$ 343,336,713	$ 362,339,024	$ 375,629,898	$ 391,339,844	$ 422,362,653	$ 440,427,264	$ 452,762,144
	Personal	32,923,178	34,891,944	37,897,525	39,694,273	43,799,341	44,495,560	45,556,820	47,476,491	49,240,775	50,007,122
	Penalties and Interest	1,631,548	2,246,186	2,092,976	2,140,497	1,685,517	2,065,762	2,757,775	3,083,530	2,622,511	2,923,419
Other Local Taxes	Local Sales	22,744,483	23,880,909	24,949,593	25,549,709	27,619,132	29,907,322	31,174,524	32,360,983	$ 31,965,152	$ 33,843,610
	Utility	10,462,233	10,812,989	10,322,623	10,650,297	11,460,413	12,364,106	12,579,583	12,286,676	12,069,408	11,264,818
	Business License	30,295,624	30,444,798	31,468,957	32,571,953	30,237,576	33,474,138	32,134,946	33,751,755	33,846,543	36,883,865
	Motor Vehicle License	3,172,254	3,324,937	3,348,075	3,501,907	3,557,565	3,483,135	3,602,980	3,661,152	3,675,482	3,558,915
	Bank Franchise	2,432,312	2,670,275	2,768,991	2,641,475	3,035,635	3,077,715	3,408,128	3,391,507	3,828,225	3,932,554
	Tobacco	2,910,382	2,777,052	2,674,157	2,567,249	2,927,125	3,020,469	2,907,915	3,021,243	2,777,656	2,513,138
	Recordation	3,313,547	3,668,663	5,152,593	5,847,889	5,468,147	6,481,339	6,458,302	6,185,633	9,036,488	5,913,217
	Transient Lodging	10,824,410	11,245,201	11,375,121	11,774,914	11,568,709	12,371,555	12,755,322	13,542,901	13,936,579	12,912,839
	Restaurant Food	14,908,999	16,214,900	16,313,765	17,325,897	17,404,589	17,635,886	18,655,330	18,878,758	18,283,682	23,999,948
	Telecommunication	819,313	839,848	564,219	741,542	821,426	530,408	988,865	772,110	837,655	748,488
	Admissions	1,125,172	1,082,685	1,093,182	1,086,841	948,968	902,556	759,368	709,640	688,505	574,440
	Communications Sales Tax	11,315,541	11,259,534	11,030,711	11,060,107	10,871,785	10,776,792	10,457,755	10,200,706	9,881,812	9,167,402
	Other	47,081	37,566	39,246	27,743	1,418,920	44,078	36,409	48,777	59,700	35,860
	Total	$ 451,592,269	$ 469,904,013	$ 487,340,254	$ 510,519,006	$ 535,163,872	$ 556,260,719	$ 575,573,866	$ 611,734,515	$ 633,177,437	$ 651,041,779

CITY OF ALEXANDRIA, VIRGINIA
Real Estate Tax Levies and Collections
Last Ten Calendar Years

Table IV

Real Property
(Amounts in thousands)

Calendar Year Ended December 31	Taxes Levied for the Calendar Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$ 306,346	$ 305,691	99.8%	$ 642	$ 306,333	100.0%
2010	308,520	305,548	99.0%	2,936	308,484	100.0%
2011	315,192	314,116	99.7%	1,042	315,158	100.0%
2012	327,318	324,947	99.3%	2,315	327,262	100.0%
2013	352,602	351,598	99.7%	729	352,327	99.9%
2014	366,625	363,840	99.2%	2,294	366,134	99.9%
2015	379,213	374,919	98.9%	3,665	378,584	99.8%
2016	399,780	395,168	98.8%	3,894	399,062	99.8%
2017	430,221	426,245	99.1%	3,270	429,515	99.8%
2018	440,204	434,793	98.8%	-	434,793	98.8%

* Levy adjusted for changes since original levy

Table V

Personal Property
(Amounts in thousands)

Calendar Year Ended December 31	Taxes Levied for the Calendar Year		Collected within the Fiscal Year of the Levy			Total Collections to date	
	Total	Commonwealth Reimbursement	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2009	$ 57,163	$ 24,351	$ 54,784	95.8%	$ 1,910	$ 56,694	99.2%
2010	58,607	23,764	55,611	94.9%	2,503	58,114	99.2%
2011	60,123	22,782	58,042	96.5%	1,356	59,398	98.8%
2012	63,337	23,446	59,802	94.4%	2,689	62,491	98.7%
2013	67,192	23,239	65,664	97.7%	627	66,291	98.7%
2014	68,075	23,455	63,579	93.4%	2,919	66,498	97.7%
2015	69,918	23,710	65,294	93.4%	2,910	68,204	97.5%
2016	71,960	23,517	66,231	92.0%	3,536	69,767	97.0%
2017	72,988	23,752	67,255	92.1%	3,237	70,492	96.6%
2018	73,764	22,724	70,941	96.2%	-	70,941	96.2%

* Commonwealth reimbursement included in taxes levied and collections.

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

TABLE VI

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

CITY OF ALEXANDRIA, VIRGINIA
Net Position
Last Ten Fiscal Years
(in millions)

TABLE VII

Governmental Activities	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Net Investment in Capital Assets	$ 248.0	$ 335.4	$ 321.6	$ 329.5	$ 343.9	$ 364.3	$ 373.4	$ 389.1	$ 416.1	$ 469.8
Restricted for										
Affordable Housing	-	-	-	-	1.0	1.4	0.7	2.0	5.7	13.8
Other Projects	-	-	-	-	13.7	15.1	15.8	20.4	20.4	8.7
Capital Projects	72.3	-	-	-	-	-	-	-	-	-
Unrestricted Net Position	57.3	59.0	76.2	99.4	103.5	(36.0)	(17.2)	32.3	64.1	77.7
Total Governmental Activities Net Position	$ 377.6	$ 394.4	$ 397.8	$ 428.9	$ 462.1	$ 344.8	$ 372.7	$ 443.8	$ 506.3	$ 570.0

**Amounts may not add due to rounding

CITY OF ALEXANDRIA, VIRGINIA
Fund Balances Governmental Funds
Last Ten Fiscal Years

TABLE VIII

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved for:										
Encumbrances	$ 2,007,557	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Inventories	1,827,459	-	-	-	-	-	-	-	-	-
Notes Receivable	400,000	-	-	-	-	-	-	-	-	-
Unreserved	58,806,355	-	-	-	-	-	-	-	-	-
Non-Spendable	-	5,509,288	8,099,925	9,945,850	2,952,021	3,374,907	10,905,853	10,917,115	11,009,773	5,685,676
Committed	-	16,149,828	17,219,808	15,855,605	12,741,566	10,382,766	11,524,556	11,737,149	10,015,523	9,360,247
Assigned	-	30,009,737	27,235,643	10,769,948	9,538,948	12,400,000	20,116,985	35,789,849	34,152,482	46,762,362
Unassigned	-	29,191,314	30,427,629	32,941,779	40,019,733	51,624,142	51,978,538	61,562,170	73,780,565	81,406,421
Subtotal General Fund	$ 63,041,371	$80,860,167	$ 82,983,005	$ 69,513,182	$ 65,252,268	$ 77,781,815	$ 94,525,932	$120,006,283	$128,958,343	$143,214,706
All Other Governmental Funds										
Reserved For										
Capital Projects	$ 39,286,809	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Notes Receivable	2,650,025	-	-	-	-	-	-	-	-	-
Encumbrances	30,913,373	-	-	-	-	-	-	-	-	-
Unreserved Special Revenue	15,972,479	-	-	-	-	-	-	-	-	-
Unreserved Capital Projects	-	-	-	-	-	-	-	-	-	-
Non-Spendable (Special Revenue Fund)	-	2,625,521	2,596,021	2,596,021	2,498,322	2,498,322	-	-	-	-
Restricted (Special Revenue Fund)	-	9,720,387	7,748,211	10,400,005	12,173,856	14,027,836	16,553,843	22,396,774	26,113,490	22,508,963
Committed (Special Revenue Fund)	-	8,562,334	12,575,087	29,183,258	45,738,029	52,452,826	49,925,447	55,507,559	69,651,113	78,073,867
Committed (Capital Projects)	-	64,184,449	97,523,662	169,174,812	188,551,536	171,248,033	172,124,584	212,284,917	297,691,622	261,978,279
Assigned (Special Revenue Fund)	-	4,961,270	7,730,465	-	-	-	-	-	-	-
Total All Other Governmental Funds	$ 88,822,686	$90,053,961	$128,173,446	$ 211,354,096	$ 248,961,743	$ 240,227,017	$ 238,603,874	$290,189,250	$393,456,225	$362,561,109

With the implementaion of GASB Statement No. 54 in Fiscal Year 2011, the fund balance terminology was changed.

CITY OF ALEXANDRIA, VIRGINIA
2019 Tax Rates for Major Revenue Source

TABLE IX

Real Estate Tax	$1.13 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)
	$1.13 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
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 $100,000 and less than $2,000,000	$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 gross receipts
Communication Sales and Use Tax	5% of sale price of each communications service
Water, heat, electric and gas companies	$0.50 per $100 gross receipts
Admissions Tax	10% of admissions up to $0.50 per person
Public Rights-of-Way Use Fee	$1.11 per line per month ($1.20 effective 7/1/19)
Electric Consumption Tax	$0.0038/kwh
Natural Gas Consumption Tax	$0.004 per CCF
Local Sales Tax	1% added to the rate of the State retail 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	City is $0.083 per $100 (State is $0.25 per $100)
Late Payment Tax Penalty	10% or $10, whichever is greater
Tax Interest	10% for the first year and 5% for each year thereafter. Equals refund rates.

Source: City of Alexandria Revenue Division

CITY OF ALEXANDRIA, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE X

	2010	2011	2012	2013	2014
Assessed Value of Real Property, January 1	$ 31,819,265,702	$ 32,631,951,698	$ 33,782,697,985	$ 34,725,070,077	$ 35,895,602,676
Debt Limit: 10 percent	3,181,926,570	3,263,195,170	3,378,269,799	3,472,507,008	3,589,560,268
Amount of Debt Applicable to Debt Limit	364,485,000	415,720,000	459,060,000	508,700,000	539,780,000
Legal Debt Margin	$ 2,817,441,570	$ 2,847,475,170	$ 2,919,209,799	$ 2,963,807,008	$ 3,049,780,268
Debt as a Percentage of Assessed Value	1.15%	1.27%	1.36%	1.46%	1.50%

	2015	2016	2017	2018	2019
Assessed Value of Real Property, January 1	$ 37,146,860,126	$ 38,195,318,730	$ 38,987,293,704	$ 39,897,986,964	$ 40,977,242,214
Debt Limit: 10 percent	3,714,686,013	3,819,531,873	3,898,729,370	3,989,798,696	4,097,724,221
Amount of Debt Applicable to Debt Limit	540,495,000	522,710,000	557,233,000	595,021,000	589,957,000
Legal Debt Margin	$ 3,174,191,013	$ 3,296,821,873	$ 3,341,496,370	$ 3,394,777,696	$ 3,507,767,221
Debt as a Percentage of Assessed Value	1.46%	1.37%	1.43%	1.49%	1.44%

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 and 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 Debt[1] to Assessed Value
And Net Debt Per Capita
Last Ten Fiscal Years

TABLE XI

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

(1) Net General Debt includes general obligation bonds, premium and term notes.
(2) Includes real and personal property as adjusted for changes to levy.
(3) SOURCE: Alexandria Department of Planning and Zoning and the United States Bureau of Economic Analysis
(4) Personal Income and per capita income represents data from the United States Bureau of Economic Analysis, as revised, that generally has a two-year lag.

TABLE 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 %
2010	$ 19,465,000	$ 15,123,463	$ 34,588,463	$ 705,338,251	4.90
2011	21,065,000	17,414,349	38,479,349	722,966,982	5.32
2012	23,725,000	19,492,222	43,217,222	735,769,542	5.87
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

(1) Net General Debt includes general obligation bonds
(2) Includes expenditures for Schools and Library component units

TABLE XIV

Population

Calendar Year	Population
1970	110,938
1980	103,217
1990	111,183
2000	128,283
2010	139,993
2011	140,100
2012	140,800
2013	142,000
2014	144,000
2015	147,650
2016	149,900
2017	152,200
2018	154,500
2019	156,800

SOURCE: U.S. Bureau of Census, "General Population Characteristics"
2011-2018 City of Alexandria, Department of Planning Zoning

TABLE XIV

POPULATION INDICATORS
PER CAPITA INCOME*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Alexandria	$72,220	$70,846	$76,362	$78,383	$81,896	$77,419	$80,506	$82,253	$83,167	$84,079
Arlington	$72,317	$69,241	$79,967	$82,491	$83,925	$79,295	$83,316	$86,141	$87,986	$89,487
Fairfax (include	$69,885	$69,241	$666,679	$69,008	$72,257	$69,817	$72,552	$75,081	$75,978	$78,376
Fairfax City and Falls Church)										
Washington MS	$56,510	$56,984	$57,343	$59,345	$62,496	$60,814	$62,546	$65,155	$66,733	$69,581

***The BEA has revised these numbers**.

SOURCE: U.S. Bureau of Economic Analysis (BEA)
2011-2019 City of Alexandria, Department of Planning and Zoning

UNEMPLOYMENT RATE
LAST TEN YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Unemployment Rate	4.8%	4.8%	4.6%	4.7%	4.6%	3.5%	2.9%	2.6%	2.4%	2.2%

SOURCE: Virginia Employment Commission. Updated as of June 2018.
Office of Management and Budget June 2019

CITY OF ALEXANDRIA, VIRGINIA
Principal Taxpayers
Current Year and Nine Years Ago

TABLE XV

Private Property

	Owner's Name	Property	2019 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1	LCOR Alexandria, L.L.C.	Office Buildings	$1B	2.17%
2	Paradigm Companies	Apartments Buildings	567.1	1.23%
3	Equity Residential	Apartments Buildings	559.1	1.21%
4	Morgan Properties	Apartments	495.9	1.08%
5	UDR	Apartments	419.2	0.91%
6	AIMCO	Apartments	375.8	0.81%
7	Washington REIT	Apartments, Office, Retail	334.1	0.72%
8	Southern Towers, L.L.C.	Southern Towers	313.9	0.68%
9	CIM Group	EOS 21 Apartments	198.9	0.43%
10	CPYR Shopping Center LLC	Potomac Yard Shopping Center	181.7	0.39%

SOURCE: City of Alexandria, Department of Finance, Real Estate Assessment Division

	Owner's Name	Property	2010 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1	LCOR Alexandria LLC	Office Buildings	$890.9	2.80%
2	AIMCO Foxchase L.P.	Foxchase Apartments	263.5	0.83%
3	Washington Real Estate Investment Trust	Portfolio	230.4	0.72%
4	Southern Towers L.L.C	Southern Towers Apartments	208.6	0.66%
5	Lafayette Buildings LLC	Mark Center Office Buildings	206.1	0.65%
6	Hoffman Building LP	Hoffman Office Buildings	193.8	0.61%
7	CPYR Inc	Potomac Yard Retail	156.7	0.49%
8	TC Duke Street L.L.C.	Office Buildings	155.1	0.49%
9	Alexandria Apartments L.L.C.	Office Buildings	152.2	0.48%
10	Tishman Speyer Archstone Smith Newport	Newport Village Apartment	151.9	0.48%

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	2019 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1	Virginia Electric & Power Company	$226.0	0.55%
2	Norfolk Southern Railway Company	74.7	0.18%
3	Virginia-American Water Co.	68.0	0.17%
4	CSX Transportation	64.1	0.16%
5	Washington Gas Light Company	50.7	0.12%
6	Verizon Virginia LLC	41.6	0.10%
7	Potomac Electric Power Company	40.4	0.10%
8	Covanta Alexandria/Arlington, Inc.	26.7	0.07%
9	New Cingular Wireless, PCS, LLC	10.1	0.02%
10	Cello	9.8	0.02%

SOURCE: Virginia State Corporation Commission

	Owner's Name	2010 Assessed Value (in millions)	Percentage of Total Assessed Valuation
1	Mirant Potomac River, LLC	$253.5	31.1%
2	Virginia Electric Power Company	153.5	18.8%
3	Covanta Alexandria/Arlington, Inc.	80.8	9.9%
4	Norfolk Southern Raiway Company	72.5	8.9%
5	Verizon Virginia Inc.	69.7	8.6%
6	Richmond Fredericksburg & Potomac Railway Co	67.6	8.3%
7	Virginia-American Water Co.	47.8	5.9%
8	Potomac Electric Power Company	32.2	4.0%
9	Washington Gas Light Company	31.3	3.8%
10	T-Mobile Communications	6.0	0.7%

SOURCE: Virginia State Corporation Commission

CITY OF ALEXANDRIA, VIRGINIA
Alexandria City Schools
Demographic Statistics
Last Ten Fiscal Years

TABLE XVI

Fiscal Year	Total Enrollment	Number Receiving Free or Reduced Meals	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
2010	11,623	6,264	2,572	1,747	451	330
2011	11,999	6,665	2,698	1,701	462	293
2012	12,395	6,916	3,005	1,686	495	326
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

SOURCE: City of Alexandria Public School System

CITY OF ALEXANDRIA, VIRGINIA
City Departments Expenditures Detail by Function
For the Fiscal Year Ended June 30, 2019

TABLE XVII

General Fund Expenditures	General Government	Judicial Administration	Public Safety	Public Works	Health and Welfare	Recreation & Culture	Community Development	Education	Library	Transit Subsidies	Debt Services	Total
City Council	$ 629,447	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 629,447
City Manager	1,958,166	-	-	-	-	-	-	-	-	-	-	1,958,166
Office of Management and Budget	1,197,984	-	-	-	-	-	-	-	-	-	-	1,197,984
18th Circuit Court	-	1,371,167	-	-	-	-	-	-	-	-	-	1,371,167
18th General District Court	-	141,792	-	-	-	-	-	-	-	-	-	141,792
Juvenile and Domestic Relations Courts	-	70,979	-	-	-	-	-	-	-	-	-	70,979
Commonwealth's Attorney	-	3,083,505	-	-	-	-	-	-	-	-	-	3,083,505
Sheriff	-	8,386,016	22,943,772	-	-	-	-	-	-	-	-	31,329,788
Clerk of Courts	-	1,543,591	-	-	-	-	-	-	-	-	-	1,543,591
Other Correctional Activities	-	4,203,073	282	-	-	-	-	-	-	-	-	4,203,355
Court Services	-	1,563,503	-	-	-	-	-	-	-	-	-	1,563,503
Human Rights	855,576	-	-	-	-	-	-	-	-	-	-	855,576
Internal Audit	222,484	-	-	-	-	-	-	-	-	-	-	222,484
Information Technology Services	9,408,707	-	-	-	-	-	1,802,928	-	-	-	-	11,211,635
Office of Communications	-	-	-	-	-	-	1,297,130	-	-	-	-	1,297,130
City Clerk and Clerk of Council	421,124	-	-	-	-	-	-	-	-	-	-	421,124
Finance	11,533,422	-	-	-	-	-	-	-	-	-	-	11,533,422
Human Resources	4,037,511	-	-	-	-	-	-	-	-	-	-	4,037,511
Planning and Zoning	-	-	-	-	-	-	5,650,982	-	-	-	-	5,650,982
Economic Development Activities	-	-	-	-	-	-	5,621,162	-	-	-	-	5,621,162
City Attorney	3,809,243	-	-	-	-	-	-	-	-	-	-	3,809,243
Registrar	1,107,039	-	-	-	-	-	-	-	-	-	-	1,107,039
General Services	2,840,336	-	1,126,862	9,573,886	-	-	-	-	-	-	-	13,541,084
Project Implementation Office	-	-	-	-	-	-	51	-	-	-	-	51
Performance and Accountablilty	418,186	-	-	-	-	-	-	-	-	-	-	418,186
Transportation and Environmental Services	-	-	-	24,261,280	-	-	1,854,032	-	-	-	-	26,115,312
Transit Subsidies	-	-	-	-	-	-	-	-	-	16,926,703	-	16,926,703
Fire	-	-	51,976,201	-	-	-	-	-	-	-	-	51,976,201
Police	-	-	63,951,127	-	-	-	-	-	-	-	-	63,951,127
Emergency Communications	-	-	7,263,356	-	-	-	-	-	-	-	-	7,263,356
Code Administration	-	-	4,940	-	-	-	-	-	-	-	-	4,940
Housing	-	-	-	-	-	-	1,664,108	-	-	-	-	1,664,108
Community and Human Services	1,383,060	-	-	-	11,990,561	-	-	-	-	-	-	13,373,621
Other Health Services	-	-	1,140	-	1,732,981	-	-	-	-	-	-	1,734,121
Health	-	-	-	-	6,610,824	-	89,106	-	-	-	-	6,699,930
Office of Historic Alexandria	-	-	-	-	-	2,952,294	-	-	-	-	-	2,952,294
Recreation and Cultural Activities	-	-	-	-	-	22,305,620	-	-	-	-	-	22,305,620
Other Educational Activities	-	-	-	-	-	-	-	223,841,444	-	-	-	223,841,444
Miscellaneous	8,461,853	-	-	1,377,469	-	-	231,704		7,026,500	-	69,580,813	86,678,339
Total Expenditures	$ 48,284,138	$ 20,363,626	$ 147,267,680	$ 35,212,635	$ 20,334,366	$ 25,257,914	$ 18,211,203	$223,841,444	$ 7,026,500	$ 16,926,703	$ 69,580,813	$ 632,307,022

CITY OF ALEXANDRIA, VIRGINIA
Government Employees by Function
Last Ten Fiscal Years

TABLE XVIII

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	269	259	270	302	321	323	317	317	318	327
Judicial Administration	123	123	123	290	286	286	287	281	280	279
Public Safety	930	934	973	805	803	801	809	810	816	818
Public Works	232	240	238	220	212	212	223	222	212	215
Library	55	54	55	54	71	71.5	70	70	69	67
Health and Welfare	510	530	532	526	579	589	586	586	599	598
Culture and Recreation	152	144	145	147	183	183	175	175	179	181
Community Development	57	57	62	65	83	82	85	91	92	94
Education	2,098	2,115	2,181	2,230	2,285	2,268	2,426	2,489	2,519	2,585
TOTAL	4,426	4,456	4,579	4,639	4,823	4,816	4,978	5,041	5,084	5,164

Source: City of Alexandria FY 2010 - FY 2019 Approved Operating Budgets

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

TABLE XIX

Current Year	Employees	Nine Years Ago	Employees
LARGEST PUBLIC EMPLOYERS		LARGEST PUBLIC EMPLOYERS	
U.S. Department of Defense	11,050	U.S. Patent Trademark Office	2,000-10,000
U.S. Patent and Trademark Office	7,100	U.S. Department of Defense	2,000-10,000
City of Alexandria	2,300	City of Alexandria	2,000-10,000
Alexandria City Public Schools	2,300	Alexandria Public Schools	2,000-10,000
The National Science Foundation	1,300	WMATA	500-2,000
WMATA	1,192	Northern Virginia Community College	500-2,000
USDA Food and Nutrition Service	800	U.S. Army	500-2,000
LARGEST PRIVATE EMPLOYERS		LARGEST PRIVATE EMPLOYERS	
Inova Health System	1,700	INOVA Alexandria Hospital	500-2,000
Institute for Defense Analysis	650	American Building Maintenance Co	500-2,000
Woodbine Health Center	425	Institute of Denfense Analysis	500-2,000
Society-Human Resource Management	400	Center for Naval Analysis	500-2,000
Oblon, Maier & Neustadt, P.C.	385	Gail Services Corporation	500-2,000
Kearney & Company, P.C.	380	Grant Thornton LLP	200-500
Systems Planning & Analysis	375	Oblon Spivak McClelland	200-500

SOURCE: D&B Hoovers and the Virginia Employment Commission

CITY OF ALEXANDRIA, VIRGINIA
Operating Indicators By Function
Last Ten Fiscal Years

TABLE XX

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Judicial Administration										
Civil and criminal cases processed by Clerk of Courts	5,666	6,700	6,950	6,650	6,000	6,000	5,377	5,734	5,985	6,489
Public Safety										
Number of Homicides	2	1	0	5	4	4	7	6	**	**
Response Time (minutes) from turnout to arrival met by 90% of responses to Fire Emergency Incidents	N/A	N/A	N/A	N/A	N/A	7:26	7:13	7:26	6:41	6:30
Response Time (minutes) from turnout to arrival met by 90% of responses to Medical Emergency Incidents	N/A	N/A	N/A	N/A	N/A	7:01	7:03	6:09	5:45	5:30
Public Works										
Tons of Waste Disposed Annually	24,084	22,935	22,207	21,732	20,689	20,975	21,199	21,033	22,058	**
Lane Miles Repaired	N/A	N/A	44	N/A	43	45	66	72	45	44
Acres of Impervious Surface within City	1,224	1,244	1,267	1,327	1,355	1,444	1,519	1,522	1,536	1,544
City-Wide Recycling Rate	41	48	49	49	49	49	49	50	48	**
Library										
Total number of material circulated	1,215,000	1,105,000	1,060,000	1,132,500	1,335,000	1,339,000	1,304,000	1,595,528	1,607,718	1,611,014
Number of Library Vistors and Web Users	N/A	1,149,837	1,145,267	1,233,203	1,219,936	1,288,629	1,247,355	1,303,209	1,382,324	1,556,345
Health and Welfare										
Number of immunizations given to the public	N/A	N/A	N/A	14,757	15,930	14,618	10,234	12,844	9,553	8,221
Average number of active participants in Women, Infants, and Children program per month	N/A	N/A	N/A	3,080	2,511	2,828	2,754	2,801	3,003	2,826
Teen Wellness Center Visits	N/A	N/A	N/A	3,055	3,495	3,440	3,167	3,800	3,720	3,398
Pharmacy (number of prescriptions)	N/A	N/A	7,136	10,161	13,045	16,233	17,567	19,173	26,742	28,355
Transit										
Annual Ridership of Bus & Trolley	3,880,000	3,741,499	3,882,022	4,265,417	4,244,588	4,275,682	4,108,706	3,939,351	3,892,685	3,940,251
Number of Metro Rail Riders Originating in Alexandria	5,704,169	5,680,184	5,788,874	5,454,752	5,403,671	5,364,129	5,034,745	4,306,919	4,426,213	3,861,674
Miles of service	1,500,000	1,410,656	1,472,993	1,493,146	1,550,704	1,714,388	1,758,689	1,857,385	1,851,653	1,966,261
Culture and Recreation										
Number of Registered Users in Recreation Centers and Recreation Activities***	N/A	N/A	N/A	7,000	7,000	13,745	23,806	26,423	26,403	30,014
Number of Public Special Events	N/A	N/A	148	163	170	197	211	136	137	165
Community Development										
Number of Affordable Housing Units	3,768	3,776	3,782	3,782	3,782	3,724	3,955	3,955	4,075	4,084
Assessed Value Average Residential Property	444,204	446,567	455,016	466,774	486,456	505,740	516,280	522,800	542,202	549,253
Education										
Cost per pupil	18,003	18,169	18,516	17,024	17,249	17,041	16,896	17,216	17,193	17,740
Graduation Rate	79	79	82	86	84	80	82	83	81	**

** Lag in reporting. Virginia DOE On-Time Graduation Rate by school district has one-year lag. Virginia DEQ Recyclying Rate has one-year lag. CityData.com Homicides has a two-year lag.

*** Number of Registered User in Recreation centers and Recreation Activities for FY 2013 & 2014 are estimated numbers.

CITY OF ALEXANDRIA, VIRGINIA
Capital Indicators By Function
Last Ten Fiscal Years

TABLE XX (cont.)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Judicial Administration										
Number of foster care homes	60	60	53	50	50	46	46	39	47	51
Public Safety										
Fire vehicles	137	139	138	138	143	143	143	143	144	144
Public Works										
Paved streets	514	514	556	560	560	560	560	561	561	561
Sidewalks	321	321	319	319	319	319	319	319	319	319
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	63	63	77	79	79	74	85	85	85	85
Culture and Recreation										
Playgrounds	46	45	36	36	37	36	40	41	41	42
Athletic fields available for games	56	48	49	49		49	53	53	59	56
Acreage of park and open space	964	965	722	958	974	1,000	1,036	1,042	1,042	1,042
Total number of facilities maintained	237	237	181	181	181	181	181	130	126	126
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	17	17	17	16	16	16	16	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, 2019

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) 2,578
Number of Full-Time Equivalent School Positions 2,585

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

2019 Resident Population (Estimate) 156,800
Number of Households (2013-2017 U.S. Census ACS) 75,489
Household Size (2013-2017) ..... 2.23 Persons Per Unit
2017 Population by Race (2013-2017 U.S. Census ACS):
White 62.3%
Black 22.1%
Native American 0.2%
Asian and Pacific Islanders 8.1%
Multi-Racial 4.7%
Hispanic (All Races) 16.7%

2017 Population by Age (U.S. Census Bureau Estimate):
(1-19) 19.2%
(20-24) 4.7%
(25-64) 65.6%
(65 +) 10.5%

Registered Voters
June 2019 105,116
Temporary Assistance to Needy Families
(Cases) - Monthly Average, 2019 406
Food Stamps (Cases) - Monthly Average, 2019 4,495
Medicaid (Cases) - Monthly Average, 2019 10,574

Economy

Employed Residents, June 2019 100,888
Unemployed Residents, June 2019 2,229
Unemployed Rate, June 2019 ..... 2.2%
Washington PMSA Inflation Rate, based
on Consumer Price Index, for FY 2019 ..... 1.6%

CITY OF ALEXANDRIA, VIRGINIA
Miscellaneous Statistical Data
As of June 30, 2019

TABLE XXI

(Continued)

Housing	2019	2018
Total Housing Units	82,310	79,477
Type of Single-Family Housing		
Detached	9,135	9,144
Semi-Detached	5,843	5,820
Rowhouse	6,705	6,684
Condo Townhouse	1,485	1,477
Total Single-Family	21,683	21,648
Condominium Units	18,643	18,636
Rental Apartments	40,188	36,406
Public Housing and Public Housing Replacement Units	1,150	1,150
Average Assessed Value of Single Family Homes	$764,596	$752,585
Average Assessed Value of Condominiums	$329,216	$324,024
Average Market Rents Efficiency	$1,586	$1,369
1 Bedroom Apartment	$1,850	$1,708
2 Bedroom Apartment	$2,296	$2,106
3 Bedroom Apartment	$2,479	$2,272

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 Miles 561
Sidewalks 319
Alleys, Paved 33

Utilities

Telephone.... various
Electric .... Dominion Virginia Power
Gas .... Washington Gas
Water.... Virginia - American Water Company
Sewer .... Alexandria Renewal Enterprises
Cable .... Comcast Communications

Public Recreation

Acreage 1042
Facilities:
Playground Areas 42
Swimming Pools 4
Gymnasiums (doesn't include schools)....7
Basketball Courts (outdoor, schools, half courts)....37
Tennis Courts (includes schools) 39
Multi-Use Courts (includes schools)....14
Playing Fields (include schools do not include overlays)....56

Medical Facilities	Beds
Hospital:	
INOVA Alexandria Hospital	318
Nursing Homes:	
Goodwin House	80
Manorcare Health Services	96
Hermitage Retirement Community	200
Woodbine Rehabilitation & Healthcare Center	307
Washington House	68
Integrated Health Services of Northern Virginia	111

Libraries	Number
Central Library	1
Full service branches	3
(Books and other materials for home use as well as electronic and print reference service)	
Local History – Special Collections I	1
Talking book service.	1

Education

Public Schools:	Number
Elementary	15
Middle	2
High School	1
Parochial and Private Schools	33

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 2019)

Alexandria Available Hotel Rooms....4,127
Alexandria Hotel Occupancy....72.5%
National Hotel Occupancy....66.2%
Alexandria Average Daily Rate....$149
National Average Daily Rate....$131

SOURCE: Visit Alexandria

CITY OF ALEXANDRIA, VIRGINIA
Five Year Summary of General Fund Revenues and Expenditures
As of June 30, 2019

Table XXII

	2015	2016	2017	2018	2019
Revenues					
General Property Taxes	$ 414,740,999	$ 428,938,197	$ 460,874,188	$ 490,205,197	$ 504,616,490
Other Local Taxes	127,652,883	129,377,852	131,900,663	133,448,905	140,260,786
Permits, Fees, and Licenses	2,455,001	2,544,080	2,713,962	2,235,428	2,802,064
Fines and Forfeitures	4,916,607	4,964,339	4,907,527	5,024,337	4,297,753
Use of Money and Property	4,870,007	5,422,935	5,515,144	7,307,650	11,265,651
Charges for Services	18,557,721	19,896,356	19,419,892	21,272,076	22,276,812
Intergovernmental Revenues	55,401,515	56,080,138	56,444,434	56,587,411	56,124,121
Miscellaneous	1,781,031	2,171,682	1,874,317	1,646,321	2,663,744
Total Revenues	630,375,764	649,395,579	683,650,127	717,727,325	744,307,421
Other Financing Sources					
Operating Transfers In	3,206,574	6,973,897	10,414,477	10,705,736	11,921,244
Refunding Bonds	33,995,000	10,595,000	34,168,000	165,711,747	-
Bond Premium (Discount)	-	50,678	-	-	-
Sale of Land	5,328,843	-	-	-	-
Total Other Financing Sources	42,530,417	17,619,575	44,582,477	176,417,483	11,921,244
Total Revenues and Other Financing Sources	672,906,181	667,015,154	728,232,604	894,144,808	756,228,665
Expenditures					
Current					
General Government	44,429,060	45,099,841	49,333,658	51,000,556	48,284,138
Judicial Administration	18,897,717	18,582,543	19,228,767	19,080,832	20,363,626
Public Safety	125,936,874	134,138,428	138,831,088	142,200,883	147,267,680
Public Works	35,375,711	35,595,460	34,554,827	35,665,834	35,212,635
Library	6,468,697	6,737,614	6,863,312	6,935,201	7,026,500
Health and Welfare	19,749,292	19,308,575	20,444,776	20,169,486	20,334,366
Transit	7,040,044	10,908,182	8,450,237	15,340,916	16,926,703
Culture and Recreation	23,377,440	24,086,422	24,326,744	24,860,318	25,257,914
Community Development	18,096,016	18,715,795	18,891,892	19,167,648	18,211,203
Education	191,823,349	198,823,443	204,032,628	214,073,749	223,841,444
Debt Services					
Principal Retired	38,645,000	41,595,000	43,300,000	44,404,949	45,653,950
Interest and Fiscal Charges	22,614,198	21,766,140	21,490,252	21,795,764	23,926,863
Total Expenditures	552,453,398	575,357,443	589,748,181	614,696,136	632,307,022
Other Financing Uses					
Payment to Refunded Bonds					
Escrow Agent	33,858,404	10,749,293	34,017,394	166,600,582	-
Operating Transfers Out	74,508,779	64,029,633	79,136,615	103,984,281	110,575,925
Total Other Financing Uses	108,367,183	74,778,926	113,154,009	270,584,863	110,575,925
Total Expenditures and Other Financing Uses	660,820,581	650,136,369	702,902,190	885,280,998	742,882,947
Revenues and Other Financing Sources Over/(Under) Expendiures and Other Financing Uses	12,085,600	16,878,785	25,330,414	8,863,809	13,345,718
Fund Balances at Beginning of Year	65,252,268	77,781,815	94,525,932	120,006,283	128,958,343
Increase (Decrease) in Reserve for Inventory	443,947	(134,668)	149,937	88,251	910,645
FUND BALANCES AT END OF YEAR	$ 77,781,815	$ 94,525,932	$ 120,006,283	$ 128,958,343	$ 143,214,706

CITY OF ALEXANDRIA, VIRGINIA
Summary of Total
General Obligation Bonds
Debt Service
As of June 30, 2019

TABLE XXIII

Fiscal Year	Total Principal	Total Interest	Total
2020	$ 46,126,000	$ 23,015,949	$ 69,141,949
2021	47,529,000	20,693,080	68,222,080
2022	45,046,000	18,523,162	63,569,162
2023	45,209,000	16,453,643	61,662,643
2024	42,122,000	14,428,020	56,550,020
2025	42,049,000	12,646,835	54,695,835
2026	40,036,000	10,927,762	50,963,762
2027	36,937,000	9,324,655	46,261,655
2028	36,934,000	7,720,843	44,654,843
2029	36,829,000	6,225,425	43,054,425
2030	33,782,000	4,961,983	38,743,983
2031	29,174,000	3,936,855	33,110,855
2032	25,019,000	3,068,912	28,087,912
2033	21,325,000	2,368,374	23,693,374
2034	14,310,000	1,751,711	16,061,711
2035	14,295,000	1,316,214	15,611,214
2036	12,415,000	870,493	13,285,493
2037	11,335,000	493,791	11,828,791
2038	7,340,000	193,439	7,533,439
2039	2,145,000	36,465	2,181,465
Total	$ 589,957,000	$ 158,957,611	$ 748,914,611

SINGLE AUDIT

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

The 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2019. Our report includes a reference to other auditors who audited the financial statements of the City of Alexandria Library System, a discretely presented component unit, as described in our report on the City's financial statements. The financial statements of the City of Alexandria Library System were not audited in accordance with *Government Auditing Standard.*

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

The Honorable Mayor and Members of the City Council
City of Alexandria

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 31, 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mayor and Members of the City Council
City of Alexandria, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Alexandria's (the City) compliance with the types of compliance requirements described 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, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The City's basic financial statements include the operations of the Alexandria Public Library (Library), a discretely presented component unit which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2019. Our audit described below, did not include the operations of the Library. The Library engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major Federal programs for the year ended June 30, 2019.

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 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response..

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 and 2019-002, that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 31, 2019

CITY OF ALEXANDRIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Recipient State Agency/Program or Cluster Title	Federal Catalog 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	-	2,157
Child Nutrition Cluster:				
Virginia State Department of Education (197 457-07)				
School Breakfast Program	10.553	n/a	-	1,570,646
School Lunch Program	10.555	n/a	-	4,618,009
Department of Agriculture and Consumer Services (301 535-06):				
National School Lunch Program	10.555	Agency #00 480	-	527,902
				5,145,911
Commodity Food Distribution	10.559	Agency #80 272	-	6,320
Commodity Food Distribution	10.559	Program #403111	-	277,052
			-	283,372
Total Child Nutrition Cluster			-	6,999,929
SNAP Cluster:				
State Administrative Matching for Supplemental Nutrition Assistance Program	10.561	n/a	-	3,050,008
Total SNAP Cluster			-	3,050,008
Virginia State Department of Education (197 457-07)				
Child and Adult Care Food Program	10.558	n/a	-	168,312
Child Nutrition Discretionary Grants Limited Availability	10.579	n/a	-	19,100
Fresh Fruits and Vegetable Program	10.582	n/a	-	76,972
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	10,316,478
U.S. DEPARTMENT OF EDUCATION				
Pass Through Payments:				
Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	State Allocation	-	3,617,452
Special Education Cluster:				
Special Education Grants to States	84.027	State Allocation	-	3,325,747
Special Education Preschool Grants	84.173	State Allocation	-	91,543
Subtotal Special Education			-	3,417,290
Adult Literacy Services- Federal	84.002	State Allocation	-	157,295
Career and Technical Education-- Basic Grants to States	84.048	State Allocation	-	311,052
Early Invention	84.181	State Allocation	-	201,250
Education for Homeless Children and Youth	84.196	State Allocation	-	8,195
Twenty-First Century Community Learning Centers	84.287	State Allocation	-	202,179
English Language Acquisition Grants	84.365	State Allocation	-	827,615
Improving Teacher Quality State Grants	84.367	State Allocation	-	613,176
Student Support and Academic Enrichment Grants	84.424	State Allocation	-	51,872
Total Pass through payments			-	9,407,376
TOTAL U.S. DEPARTMENT OF EDUCATION			-	9,407,376
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Payments:				
Administration for Children, Youth and Families				
Special Programs for the Aging _Title VII, Chapter 3	93.041	n/a	-	1,303
Affordable Care Act (ACA) Personal	93.092	n/a	-	247,807
Head Start	93.600	n/a	-	2,384,214
Total Direct Payments			-	2,633,324
Pass Through Payments: State of Virginia				
Department of Health:				
Centers for Disease Control and Prevention	93.283	State Allocation	-	432
Injury Prevention and Control Research and State and Community Based	93.136	State Allocation	-	41,304
Department of Mental Health and Mental Retardation				
Substance Abuse and Mental Health Services	93.243	State Allocation	-	70
State Health Insurance Assistance Program	93.324	State Allocation	-	48,117
Block Grant for Community Mental Health Services	93.958	Various	-	788,382
Projects for Assistance in Transition from Homelessness	93.150	State Allocation	-	97,932
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Various	-	936,243
Drug Free Communities Support Program Grants	93.276	State Allocation	-	112,836
Department for the Aging:				
Aging Cluster:				
Special Programs for the Aging- Title III Part B Supportive Services and Senior Centers	93.044	State Allocation	-	189,027
Special Programs for the Aging- Title III Part D_Disease Prevention and Health Promotion Services	93.043	State Allocation	-	1,230
Special Programs for the Aging Title IIIC - Nutritional Services	93.045	State Allocation	-	333,650
Total Aging Cluster:			-	523,907

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	Various	-	55,173
Temporary Assistance for Needy Families Cluster:				
Temporary Assistance for Needy Families	93.558	Various	-	1,223,489
Subtotal Temporary Assistance for Needy Families Cluster:			-	1,223,489
Family Support Payments to States	93.667	State Allocation	-	1,233,340
Child Welfare Services State Grant	93.645	Various	-	974
Refugee and Entrant Assistance	93.566	Various	-	16,247
Refugee and Entrant Assistance Discretionary Grants	93.576	Various	-	63,134
Community Services Block Grant	93.569	Various	-	91,193
Low Income Home Energy Assistance	93.568	Various	-	154,315
Child Care Cluster:				
Child Care and Development Block Grant	93.575	Various	-	117,772
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596	Various	-	215,255
Total Child Care Cluster:			-	333,027
Medical Cluster:				
Medical Assistance Program	93.778	Various	-	3,338,732
Total Medical Cluster:			-	3,338,732
Chafee Education and Training Vouchers Program	93.599	Various	-	8,246
Foster Care Title IV - E	93.658	Various	-	1,779,799
Adoption Assistance	93.659	Various	-	1,435,061
Chafee Foster Care Independence Program	93.674	Various	-	12,069
Children's Health Insurance Program	93.767	Various	-	68,461
Opioid STR	93.788	Various	-	49,023
Total Pass Through Payments			-	12,411,506
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	15,044,830
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass Through Payments				
Emergency Management Performance Grants	97.042	State Allocation	-	114,768
Assistance to Firefighters Grant	97.044	State Allocation	-	693,278
Port Security Grant Program	97.056	State Allocation	-	66,510
Homeland Security Grant Program	97.067	State Allocation	-	403,875
SAFER	97.083	State Allocation	-	308,291
Total Pass Through Payments			-	1,586,722
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	1,586,722
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Payments:			-	
Continuum of Care Program	14.267	n/a	-	65,683
Neighborhood Stabilization Program (NSP)	14.228	n/a	-	229,168
Community Development Block Grant Program, Entitlement Grants Cluster:				
Community Development Block Grant Program, Entitlement Grants	14.218	n/a	-	894,000
Subtotal Community Development Block Grant Program, Entitlement Grants Cluster:			-	894,000
HOME	14.239	n/a	-	237,396
Total Direct Payments			-	2,320,247
Pass Through Payments:				
Supportive Housing Program	14.235	State Allocation	-	145,840
Home Investment Partnerships Program	14.239	Various	-	9,688
Total Pass Through Payments			-	155,528
TOTAL U.S. DEPARTMENT OF HOUSING AND URGAN DEVELOPMENT			-	1,581,775
U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE				
Direct Payments:				
National Maritime Heritage	15.925	n/a	-	39,379
Total Direct Payments			-	39,379
TOTAL U.S. DEPARTMENT OF INTERIOR NATIONAL PARK SERVICE			-	39,379
U.S. DEPARTMENT OF JUSTICE				
Pass Through Payments:				
Department of Criminal Justice Services (140-390-01)				
Sexual Assault Services Formula Program	16.017	State Allocation	-	11,882
Missing Children's Assistance	16.543	State Allocation	-	2,011
Youth Gang Prevention	16.544	State Allocation	-	3,056
Crime Victim Assistance	16.575	State Allocation	-	600,303
Violence Against Women Formula Grants	16.588	State Allocation	-	110,159
Edward Byrne Memorial JAG grant	16.738	State Allocation	-	13,631
Total Pass Through Payments			-	741,042
TOTAL U.S. DEPARTMENT OF JUSTICE			-	741,042

CITY OF ALEXANDRIA, VIRGINIA
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U.S. DEPARTMENT OF LABOR				
Pass Through Payments:				
Economic Dislocation and Worker Adjustment Assistance Act				
Workforce Investment Ace Cluster:				
WIA Adult Program	17.258	LWA 12-09	-	114,254
WIA Youth Activities	17.259	LWA 12-09	-	46,100
WIA Employment Training Administration	17.278	LWA 12-09	-	44,605
Total Workforce Investment Ace Cluster:			-	204,959
Workforce Innovation Fund	17.283	Various	-	176,104
Total Pass Through Payments			-	381,063
TOTAL U.S. DEPARTMENT OF LABOR			-	381,063
U.S. DEPARTMENT OF TRANSPORTATION				
Pass Through Payments:				
Virginia Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	Various	-	545,374
Safe Routes to School Funds	20.205	State Allocation	-	63,806
Highway Planning and Construction - VDOT	20.205	State Allocation	-	2,324,771
			-	2,933,951
Recreational Trails Program	20.219	State Allocation	-	782
Subtotal Highway Planning and Construction Cluster:			-	2,934,733
Highway Safety Cluster:				
State and Community Highway Safety - DMV	20.600	State Allocation	-	8,678
Subtotal Highway Safety Cluster:			-	8,678
Federal Transit Cluster:				
Federal Transit_Capital Investment Grants - NVTC	20.500	State Allocation	-	323,525
Federal Transit_Formula Grants - NVTC	20.507	State Allocation	-	1,427,543
Subtotal Federal Transit Cluster:			-	1,751,068
Alternatives Analysis - NVTC	20.522	State Allocation	-	38,340
New Freedom Cluster:				
New Freedom Program - MCOG	20.521	State Allocation	-	60,103
Subtotal New Freedom Cluster:			-	60,103
Alcohol Open Container Requirements	20.607	State Allocation	-	34,425
Interagency Hazardous Materials				
Public Sector Training and Planning Grants	20.703	State Allocation	-	53,969
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	4,881,316
U.S. DEPARTMENT OF TREASURY				
Direct Payments:				
Equitable Sharing	21.016	n/a	-	276,093
Total Direct Payments			-	276,093
TOTAL U.S. DEPARTMENT OF TREASURY			-	276,093
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Payments:				
Employment Discrimination_				
State and Local Fair Employment Practices Agency Contracts	30.002	n/a	-	30,700
Total Direct Payments			-	30,700
TOTAL U.S EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			-	30,700
OTHER FEDERAL AID				
Direct Payments:				
High Intensity Drug Trafficking Area	98.473	n/a	-	138,307
Total Direct Payments				138,307
TOTAL OTHER FEDERAL			-	138,307
TOTAL FEDERAL ASSISTANCE			-	44,425,081

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of the City of Alexandria, Virginia and its component units during FY 2019. 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 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.

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 of Expenditures of Federal Awards. A reconciliation of the Schedule of Expenditures of Federal Awards to Note 12 in the Notes to the Financial Statements, Intergovernmental Revenues, is provided below.

Total Federal Expenditure per Schedule	$ 44,425,081
Non-Reportable Federal Revenue	7,714,054
Commodities Distribution	(6,320)
Total Federal Revenue per Note 12	$ 52,132,815

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, 2019

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

CFDA Number(s)	**Name of Federal Program or Cluster**
10.553, 10.555, 10.559	Child Nutrition Cluster
20.500, 20.507	Federal Transit Cluster
84.010	Title I Grants to Local Educational Agencies
93.659	Adoption Assistance
93.558	Temporary Assistance For needy Families
93.958	Block Grants For Community Mental Health Services

Dollar threshold used to distinguish between Type A and Type B programs: $1,332,752

Auditee qualified as low-risk auditee? ____x____ yes _____ no

Section II – Financial Statement Audit

None

Section III – Major Federal Award Program Audit

2019-001

Prior Year Finding:	No
Federal Agency:	U.S. Health and Humans Services
Federal Program:	Adoption Assistance – Title IV-E
Pass-Through Agency:	Virginia Department of Social Services
CFDA Number:	93.659
Award Number and Year:	None- state allocation and 2019
Compliance Requirement:	Eligibility- Adoption Assistance Agreement
Type of Finding:	Significant Deficiency- Internal Control Over Compliance

Criteria or specific requirement:
Internal control: 200.303 The non-Federal entity must: (a) 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:
During testing we noted that the eligibility related procedures were not consistently performed. We noted that the subsidy disbursement did not agree with the subsidy reported on the adoption assistance agreements. Upon inquiry, we were informed that typographical errors were noted on the signed agreements.

1. The adoption assistance agreement subsidy $336.00, actual disbursed subsidy $672.00.
2. The adoption assistance agreement subsidy $919.00, actual disbursed subsidy $448.00.

We noted the disbursed subsidy was in agreement with the VEMAT calculation.

Context:
2 out of 25 subsidy disbursements did not agree with the signed adoption assistance agreements.

Questioned costs:
None noted, the actual subsidy disbursement was correct as determined by the VEMAT calculation.

Cause:
The errors were not identified as part of the review process.

Effect:
The City's is unable to support the adoption subsidy reported on the signed adoption assistance agreement.

Recommendation:
We recommend that the City review current procedures enhance (as deemed necessary) to ensure that review process requires comparison of the adoption subsidy between the adoption agreement and VEMAT calculation.

Views of responsible officials:
Management agrees with the finding

2019-002

Prior Year Finding:	No
Federal Agency:	U.S. Health and Humans Services
Federal Program:	Temporary Assistance for Needy Families
Pass-Through Agency:	Virginia Department of Social Services
CFDA Number:	93.558
Award Number and Year:	None- state allocation and 2019
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency- Internal Control Over Compliance, Noncompliance

Criteria or specific requirement:
Compliance: The State or Tribal Plan provides the specifics on the State or tribal area's definition of financially needy which the State or tribal area uses in determining eligibility. Whenever used in this section, "assistance," has the meaning in 45 CFR section 260.31(a) of the TANF regulations for States and 45 CFR section 286.10 of the Tribal TANF regulations for federally recognized tribes operating an approved Tribal TANF program. Plan and eligibility requirements must comply with the Federal requirements:

Internal control: 200.303 The non-Federal entity must: (a) 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:
During our audit the City failed to provide documentation to support eligibility. We noted that the following documentation was not provided by the City:

1. Applicant's application for 1 out of 40
2. Form 501 and non-cooperation for 1 out of 40
3. School attendance form for 1 out of 40

Context:
See condition

Questioned costs:
Questioned costs, undetermined due to the lack of documentation we are unable to determine if the TANF participants were eligible in accordance with the program requirements.

Cause:
The documentation was not maintained due to an oversight that was not identified as part of the review process.

Effect:
The City is unable to support the eligibility for TANF program participants.

Recommendation:
We recommend that City review current procedures enhance (as deemed necessary) to ensure that documentation supporting program requirements is maintained and readily available for review.

Views of responsible officials:
Management agrees with the finding

City of Alexandria, Virginia
Finance Department
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