PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 25, 2024

NEW ISSUE
BOOK-ENTRY-ONLY

RATINGS: MOODY'S – Aaa
S&P – AAA
(See "MISCELLANEOUS - RATINGS" herein.)

In the opinion of Bond Counsel, under current law and assuming the compliance with certain covenants and the accuracy of certain representations and certifications made by the City and other persons and entities described herein, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not treated as a preference item in calculating the federal alternative minimum tax on individuals. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is also of the opinion that interest on the Bonds is excludable from gross income for purposes of income taxation by the Commonwealth of Virginia. See "THE BONDS – TAX MATTERS" herein regarding certain other tax considerations.

$114,925,000*
City of Alexandria, Virginia
General Obligation Capital Improvement Bonds, Series 2024

Dated: Date of Delivery
Due: December 15, as shown below

Interest Payable: June 15 and December 15
First Interest Payment: June 15, 2025

The $114,925,000* General Obligation Capital Improvement Bonds, Series 2024 (the "Bonds") will constitute general obligations of the City of Alexandria, Virginia (the "City") to the payment of which the full faith and credit and unlimited taxing power of the City will be irrevocably pledged. The City Council of the City will be authorized and required, unless other funds are lawfully available and appropriated for timely payment of the Bonds, to levy and collect annually on all locally taxable property in the City an *ad valorem* tax over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds as the same respectively become due and payable.

The Bonds are being issued to (i) finance various public improvement capital projects and (ii) pay the issuance costs of the Bonds.

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, (a) references herein to the bondholder or registered owner shall mean Cede & Co. and (b) principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of $5,000 or multiples thereof. Bond certificates will be immobilized at DTC and not available for delivery to the public. See "THE BONDS – DESCRIPTION OF THE BONDS – Book-Entry-Only System." The Bonds will bear interest from their dated date, payable semiannually on June 15 and December 15, commencing June 15, 2025.

The Bonds are subject to redemption prior to their maturities as set forth in the Bonds and described in the section herein entitled "THE BONDS – DESCRIPTION OF THE BONDS – Redemption Provisions."

The Bonds are offered for delivery when, as and if issued, subject to the approval of validity by McGuireWoods LLP, Tysons, Virginia, Bond Counsel, as described herein. Certain legal matters will be passed upon for the City by the City Attorney, Cheran Ivery, Esquire. It is expected that the Bonds will be available for delivery through DTC on or about October 29, 2024*.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be awarded pursuant to electronic competitive bidding to be held via BiDCOMP/*PARITY*® on October 3, 2024,* unless changed, as set forth in the Notice of Sale for the Bonds contained in Appendix D to this Preliminary Official Statement.

Dated: __________ _____, 2024

---

* Preliminary, subject to change.

MATURITY SCHEDULE

$114,925,000*
City of Alexandria, Virginia
General Obligation Capital Improvement Bonds,
Series 2024

(Base CUSIP Number 015303)**

Maturity (December 15)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP** Suffix
2025	$4,235,000	%	%	%	
2026	4,235,000				
2027	4,235,000				
2028	4,810,000				
2029	4,840,000				
2030	4,870,000				
2031	4,900,000				
2032	4,935,000				
2033	4,970,000				
2034	5,005,000				
2035	5,045,000				
2036	5,085,000				
2037	5,130,000				
2038	5,175,000				
2039	5,220,000				
2040	5,270,000				
2041	5,315,000				
2042	5,370,000				
2043	5,415,000				
2044	5,465,000				
2045	1,280,000				
2046	1,335,000				
2047	1,385,000				
2048	1,445,000				
2049	1,500,000				
2050	1,560,000				
2051	1,625,000				
2052	1,690,000				
2053	1,755,000				
2054	1,825,000				

Optional Redemption

The Bonds will be subject to optional redemption in whole or in part as set forth herein. See the section "THE BONDS – DESCRIPTION OF THE BONDS – Redemption Provisions."

Mandatory Redemption

Mandatory sinking fund redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine serial maturities into one or more term bonds in the manner set forth in the Notice of Sale. See APPENDIX D – NOTICE OF SALE.

---

* Preliminary, subject to change.

** CUSIP is a registered trademark of the American Bankers Association ("ABA"). CUSIP Global Services is managed on behalf of the ABA by FactSet Research Systems Inc. The CUSIP numbers referenced herein have been assigned by an organization not affiliated with the City, and the City is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The City has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

CITY OF ALEXANDRIA, VIRGINIA

CITY COUNCIL
Justin M. Wilson, Mayor
Amy B. Jackson, Vice Mayor
Canek Aguirre
Sarah R. Bagley
John Taylor Chapman
Alyia Gaskins
R. Kirk McPike

CITY OFFICIALS
James F. Parajon, City Manager
Kendel Taylor, Director of Finance
Morgan E. Routt, Director, Office of Management and Budget
Cheran Ivery, City Attorney
Dr. Melanie Kay-Wyatt, Superintendent of Schools

BOND COUNSEL
McGuireWoods LLP
1750 Tysons Boulevard, Suite 1800
Tysons, Virginia 22102

FINANCIAL ADVISOR
Davenport & Company LLC
One James Center
901 East Cary Street
Richmond, Virginia 23219
804.697.2900

INDEPENDENT AUDITOR
CliftonLarsonAllen LLP
4250 N. Fairfax Drive, Suite 1020
Arlington, VA 22203

FOR ADDITIONAL INFORMATION
City of Alexandria
www.alexandriava.gov

Kendel Taylor, Director of Finance
301 King Street, Room 1600
Alexandria, Virginia 22314
703.746.3900
kendel.taylor@alexandriava.gov

James E. Sanderson, Jr., Davenport & Company LLC
jsanderson@investdavenport.com

Michael W. Graff, Jr., McGuireWoods LLP
mgraff@mcguirewoods.com

The Bonds are being issued under exemptions from any registration requirements under the Securities Act of 1933, as amended, and any registration requirements under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be a sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds. This Official Statement speaks as of its date except where indicated otherwise, and the information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other matters described herein since the date hereof or, as in the case of certain information incorporated herein by reference to certain publicly available documents, since the date of such documents.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by any of such sources as to information provided by any other source. All quotations from, and summaries and explanations of, provisions of law and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words, "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions identify forward-looking statements. A number of factors affecting the City and its financial results could cause actual results to differ materially from those stated in the forward-looking statements.

Certain information included in this Official Statement related to the fiscal year ended June 30, 2024, is based on preliminary, unaudited data available to the City. Actual results may be different, and the differences may be material.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and which has the same meaning as "final official statement" in, SEC Rule 15c2-12.

The winning bidder may engage in transactions that stabilize, maintain or otherwise affect the price of the Bonds, including transactions to (a) overallot in arranging the sales of the Bonds and (b) make purchases and sales of Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the winning bidder may determine. Such stabilization, if commenced, may be discontinued at any time.

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

Page

This page intentionally left blank.

OFFICIAL STATEMENT

$114,925,000[*]
City of Alexandria, Virginia
General Obligation Capital Improvement Bonds,
Series 2024

SECTION ONE: INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices, is to furnish information in connection with the sale by the City of Alexandria, Virginia (the "City" or "Alexandria") of $114,925,000[*] General Obligation Capital Improvement Bonds, Series 2024 (the "Bonds") dated the date of their delivery.

The Bonds will be general obligations of the City, to the payment of which the full faith and credit of the City are irrevocably pledged. Financial and other information contained in this Official Statement have been prepared by the City from its records (except where other sources are noted). This information speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the City.

THE ISSUER

The issuer of the Bonds is the City of Alexandria, Virginia, which is an independent, full-service city located on the west bank of the Potomac River. The City retains sole local governmental taxing power within its boundaries. The City is autonomous from any county, town or other political subdivision of the Commonwealth of Virginia. The City is authorized to issue bonds without referendum, subject to certain indebtedness limitations, for the purpose of financing its capital projects.

Alexandria's first recorded beginnings were in 1669, when the site was included in a patent granted by colonial Governor William Berkeley of Virginia. The patent was purchased by John Alexander, the person for whom the town was later named. In 1749, the Virginia House of Burgesses authorized a town of 60 acres. With its incorporation in 1779, Alexandria was made a Port of Entry to the United States and a Customs House was established. Prospering, it became a city of fine houses and shops, a center of culture and trade. George Washington and George Mason were prominent in the community and served as town trustees. In 1852, Alexandria acquired city status and its first charter.

Alexandria has grown by a series of seven annexations from adjoining Arlington and Fairfax Counties, with the last boundary change being a minor adjustment with Fairfax County, which occurred in 1973. Alexandria's total land area is now 15.75 square miles.

Alexandria is one of America's most historic communities. It's Old and Historic District, "Old Town," and Parker-Gray District with their thousands of eighteenth and nineteenth century structures are carefully preserved by strict architectural standards.

THE BONDS

The Bonds will be dated the date of their delivery and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. The Bonds will be issued in authorized denominations of $5,000 and multiples thereof and will be held by DTC (as hereinafter defined) or by its nominee as securities depository with respect to the Bonds.

Interest on the Bonds will be payable on each June 15 and December 15, commencing June 15, 2025, until maturity. As long as the Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, on each interest payment date.

---

[*] Preliminary, subject to change.

SECURITY FOR THE BONDS

The Bonds are general obligation bonds of the City, to which the full faith and credit and unlimited taxing power of the City are pledged for the payment thereof. Refer to "THE BONDS – DESCRIPTION OF THE BONDS – Security for the Bonds" for a more complete description of the pledge.

USE OF PROCEEDS

The proceeds of the Bonds will be used to finance certain capital improvement projects for the City, which may include, but may not be limited to, projects related to city parks and buildings, school facilities, redevelopment of the City's Landmark Mall site, capital contributions to the Washington Metropolitan Area Transit Authority ("WMATA"), other transportation improvements and improvements to storm sewers and waterways and the acquisition of necessary equipment; capitalized interest on the Bonds; and to pay certain issuance costs of the Bonds. Pending use, the proceeds of the Bonds are planned to be invested in the Commonwealth of Virginia's State Non-Arbitrage Pool.

REDEMPTION*

The Bonds are subject to optional redemption, in whole or in part, at the direction of the City on or after December 15, 2034*. Refer to the subsection entitled "THE BONDS – DESCRIPTION OF THE BONDS – Redemption Provisions" for a more detailed description of the optional redemption features of the Bonds.

Mandatory sinking fund redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine serial maturities into term bonds in the manner set forth in the Notice of Sale. See APPENDIX D – NOTICE OF SALE.

DELIVERY

The Bonds are offered for delivery, when, as, and if issued by the City and received by the Winning Bidder (hereinafter defined), subject to the approval of validity by McGuireWoods LLP, Tysons, Virginia, Bond Counsel, and to certain other conditions referred to herein. Certain legal matters will be passed upon for the City by the City Attorney, Cheran Ivery, Esquire. It is expected that the Bonds will be available for delivery, at the expense of the City, through the facilities of DTC, on or about October 29, 2024.*

RATINGS

The Bonds have been rated as shown on the cover page hereto by Moody's Investors Service, Inc., and S&P Global Ratings. A more complete description of the ratings is provided in "MISCELLANEOUS – RATINGS."

OFFICIAL STATEMENT

This Official Statement has been authorized by the City for use in connection with the sale of the Bonds. Its purpose is to supply information to prospective buyers of the Bonds. Financial and other information contained in this Official Statement has been prepared by the City from its records, except where other sources are noted. The information is not intended to indicate future or continuing trends in the financial or economic position of the City.

None of the quotations from, and summaries and explanations of, laws contained in this Official Statement purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

---

* Preliminary, subject to change.

DISCLOSURE

The City intends to make the final Official Statement available through the Municipal Securities Rulemaking Board (the "MSRB"). Copies of the City's Annual Comprehensive Financial Report for the year ended June 30, 2023, are available upon request from the City and at https://www.alexandriava.gov/FinancialReports.

Certain information included in this Official Statement related to the fiscal year ended June 30, 2024, is based on preliminary, unaudited data available to the City. Actual results may be different, and the differences may be material.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

ADDITIONAL INFORMATION

Any question concerning the content of this Official Statement should be directed to Kendel Taylor, Director of Finance, Post Office Box 178, Alexandria, Virginia 22313, phone: 703.746.3741, e-mail: Kendel.Taylor@alexandriava.gov, or to the City's Financial Advisor, Davenport & Company LLC, 901 East Cary Street, Richmond, Virginia 23219, phone: 804.697.2900.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SECTION TWO: THE BONDS

AUTHORIZATION AND PURPOSE OF THE BONDS

Issuance of the Bonds is authorized by ordinance and other procedures of the City Council of the City (the "City Council" or "Council") adopted pursuant to and in conformity with Article VII of the Constitution of the Commonwealth of Virginia, and pursuant to the Public Finance Act of 1991 (Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended). The issuance of the Bonds was approved by Ordinance No. 5546 adopted by the City Council on June 15, 2024 (the "Ordinance").

The proceeds of the Bonds will be used to finance certain capital improvement projects for the City, which may include, but may not be limited to, projects related to city parks and buildings, school facilities, redevelopment of the City's Landmark Mall site, capital contributions to the WMATA, other transportation improvements and improvements to storm sewers and waterways and the acquisition of necessary equipment; capitalized interest on the Bonds; and to pay certain issuance costs of the Bonds.

SOURCES AND USES OF FUNDS

The following table sets forth the anticipated application of the proceeds of the Bonds:

	Bonds
Sources of Funds	
Par Amount of Bonds	$
[Net] Original Issue [Premium/Discount]	
Total Sources	$
Uses of Funds	
Deposit to Project Fund	$
Capitalized Interest on the Bonds	
Costs of Issuance*	
Total Uses	$

*Includes underwriter's discount, and estimated costs of issuance, which include rating agency and legal fees, printing expenses and other fees and expenses.

DESCRIPTION OF THE BONDS

The Bonds will be issued in fully registered form in the denominations of $5,000 or integral multiples thereof and will be held by DTC, or its nominee, as securities depository with respect to the Bonds. See "THE BONDS – DESCRIPTION OF THE BONDS – Book-Entry-Only System." Purchases of beneficial ownership interests in the Bonds will be made only in book-entry form, and individual purchasers will not receive physical delivery of bond certificates. The Bonds will be dated the date of their delivery, will bear interest at the rates per annum set forth on the inside cover page hereof, payable on June 15, 2025, and semi-annually thereafter on June 15 and December 15 of each year (each an "Interest Payment Date"), and will mature on December 15 in the years and in the principal amounts set forth on the inside cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

REDEMPTION PROVISIONS*

Optional Redemption of the Bonds. The Bonds maturing on or before December 15, 2034, are not subject to optional redemption prior to their maturity. The Bonds maturing on or after December 15, 2035 are subject to optional redemption before maturity on or after December 15, 2034, at the direction of the City, in whole or in part, in

* Preliminary, subject to change.

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.

Mandatory Sinking Fund Redemption. Mandatory sinking fund redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine serial maturities into term bonds in the manner set forth in the Notice of Sale. See APPENDIX D – NOTICE OF SALE.

SELECTION FOR REDEMPTION

If less than all of the Bonds are called for redemption, the maturities of the Bonds to be redeemed shall be called in such order as may be determined by the City's Director of Finance.

If less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed will be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, will be selected by the registrar and paying agent (the "Registrar") by lot in such manner as the Registrar in its discretion may determine.

NOTICE OF REDEMPTION

The City shall cause notice of redemption to be sent by facsimile transmission, electronic mail, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the redemption date, to DTC or its nominee as the registered owner of the Bonds. The City shall not be responsible for mailing notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption shall be mailed to the registered owners of the Bonds. Each notice of redemption shall identify the Bonds or portions thereof to be redeemed. Interest shall cease to accrue on any Bonds duly called for prior redemption, on the redemption date, if payment thereof has been duly provided. The Registrar shall not be required to transfer or exchange any Bond or portion thereof after the notice of redemption has been duly provided. During the period that DTC or the DTC nominee is the registered holder of the Bonds, the Registrar will not be responsible for mailing notices of redemption to the beneficial owners of the Bonds. See "THE BONDS – DESCRIPTION OF THE BONDS – Book-Entry-Only System."

BOOK-ENTRY-ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and interest on the Bonds to DTC, as hereinafter defined, its nominee, Direct and Indirect Participants, as hereinafter defined, or Beneficial Owners, as hereinafter defined, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, the Direct and Indirect Participants and Beneficial Owners is based solely on information furnished by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar for the Bonds and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, either a successor securities depository will be selected by the City or Bond certificates are required to be prepared, executed and delivered.

The City has no responsibility or obligation to Direct Participants, Indirect Participants or Beneficial Owners with respect to (A) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant, (B) the payment by DTC or any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds, (C) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bonds to be given to bondholders, (D) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds, or (E) any consent given, or other action taken by DTC, or its nominee, Cede & Co., as bondholder, including the effectiveness of any action taken pursuant to an omnibus proxy.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of the Bonds for all purposes under the Bonds.

The City may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.

SECURITY FOR THE BONDS

The Bonds constitute general obligations of the City, and the full faith and credit of the City are irrevocably pledged to the payment of principal of and interest on the Bonds. The proceedings authorizing the issuance of the Bonds provide that the City Council shall, in each year while any of the Bonds shall be outstanding, levy and collect on all property in the City subject to local taxation an annual *ad valorem* tax over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and the interest on the Bonds, unless other funds are legally available and appropriated for timely payment of the Bonds.

BONDHOLDERS' REMEDIES IN THE EVENT OF DEFAULT

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon affidavit filed by or on behalf of any owner of, or by any paying agent for, a general obligation bond in default as to payment of principal, premium, if any, or interest, the Governor shall immediately conduct a summary investigation. If it is established to the Governor's satisfaction that payment of the bond or interest thereon is in default, the Governor shall order the State Comptroller to withhold all funds appropriated and payable by the Commonwealth of Virginia (the "Commonwealth") to the political subdivision so in default and apply the amount so withheld to payment of the defaulted bond and the interest thereon. To date no order to withhold funds pursuant to Section 15.2-2659 or its predecessor provisions, Section 15.1-227.61 and Section 15.1-225, has ever been issued with respect to the City. Although neither Section 15.2-2659 nor its predecessors, Section 15.1-227.61 or Section 15.1-225, has been approved by a Virginia court, the Attorney General of Virginia has ruled that appropriated funds may be withheld by the Commonwealth pursuant to one of the predecessor provisions. The City received a total of approximately $92.4 million for the primary government and approximately $67.2 million for the School Board from the Commonwealth during the fiscal year ended June 30, 2023.

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies to Bondholders if the City defaults in the payment of principal of or interest thereon, nor do they contain any provision for the appointment of a trustee to enforce the interests of the Bondholders upon the occurrence of such default. Upon any default in the payment of principal or interest, a Bondholder could, among other things, seek from an appropriate court a writ of mandamus requiring the City Council to observe the covenants contained in the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to enforce payment of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Although Virginia law currently does not authorize such action, future legislation may enable the City to file a petition for relief under the United States Bankruptcy Code (the "Bankruptcy Code") if it is insolvent or unable to pay its debts. Bankruptcy proceedings by the City could have adverse effects on Bondholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claims or the "indubitable equivalent" thereof, although such plan may not provide for payment of the Bonds in full. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretations.

The City has never defaulted in the payment of either principal of or interest on any debt obligation.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approval of McGuireWoods LLP, Tysons, Virginia ("Bond Counsel"), whose opinion with respect to the Bonds in substantially the form attached as Appendix C (the "Bond Opinion") will be furnished at the expense of the City upon delivery of the Bonds. The Bond Opinion will be limited to matters relating to the authorization and validity of the Bonds and to the tax status of interest thereon as described in the following sections. Bond Counsel has not verified the accuracy, completeness or fairness of this Official Statement. Bond Counsel has not been engaged to investigate the financial resources of the City or its ability to provide for payment of the Bonds, and the Bond Opinion will not make a statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Bonds. Certain legal matters will be passed on for the City by the City Attorney, Cheran Ivery, Esquire.

TAX MATTERS

OPINION OF BOND COUNSEL – FEDERAL INCOME TAX STATUS OF INTEREST

Bond Counsel's opinion regarding the federal income tax status of the interest on the Bonds will state that, under current law and assuming continuing compliance with the Covenants (as hereinafter defined), interest on the Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax under Section 55(b) of the Code. See the form of the bond counsel opinion in Appendix C hereto.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the excludability of interest on the Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS") or the courts. The City has covenanted, however, to comply with the requirements of the Code.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal tax liability of an owner of the Bonds. The nature and extent of these other federal tax consequences depend on the owner's particular tax status and levels of other income or deductions. Bond Counsel will express no opinion regarding any such other tax consequences and prospective purchasers of the Bonds should consult their own tax advisors with respect thereto.

RELIANCE AND ASSUMPTIONS; EFFECT OF CERTAIN CHANGES

In delivering its opinion regarding the federal income tax treatment of interest on the Bonds, Bond Counsel is relying upon certifications of representatives of the City, the underwriters of such Bonds, Davenport & Company LLC, financial advisor to the City ("Davenport") and other persons as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants by the City. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax certificates and agreements to be entered into by the City (collectively, the "Tax Documents") with respect to the Bonds contain covenants (the "Covenants") under which the City has agreed to comply with such requirements. Failure by the City to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. If such a failure occurs, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Documents, including the Covenants, may be changed and certain actions may be taken or omitted subject to the terms and conditions set forth in such agreement. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

CERTAIN COLLATERAL FEDERAL TAX CONSEQUENCES

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, banks and other financial institutions, certain insurance companies, dealers in tax-exempt obligations, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial securitization trust, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

ORIGINAL ISSUE DISCOUNT

The Bonds purchased in the initial public offering with yields higher than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "original issue discount." Each such Bond is referred to below as an "OID Bond." The excess of (i) the stated amount payable at the maturity (excluding qualified stated interest) of any OID Bond over (ii) the issue price of the OID Bond as determined under Section 1273 of the Code (which may differ from the price shown on the inside front cover page of this Official Statement) constitutes the amount of original issue discount, which is treated in the same manner as interest on the Bonds for federal income tax purposes.

The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest. In the case of an original owner of an OID Bond, the amount of original issue discount that is treated as having accrued on such OID Bond is added to the owner's adjusted basis in determining, for federal income tax purposes, gain or loss upon the disposition of the OID Bond (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued original issue discount will be excludable from the gross income of the owner for federal income tax purposes.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial public offering may be determined according to rules that differ from those described above.

In addition, original issue discount that accrues in each year to an owner of an OID Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed in this section. Consequently, the owner of an OID Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although such owner has not received cash attributable to such original issue discount in such year.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the original issue discount accrued upon sale or redemption of such OID Bonds (including OID Bonds not purchased in the initial public offering) and with respect to the state and local tax consequences of owning OID Bonds.

BOND PREMIUM

The Bonds purchased in the initial public offering with yields lower than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "bond premium." Each such Bond is referred to below as an "OIP Bond." The excess of (i) the owner's basis in the OIP Bond immediately after acquisition over (ii) the amount payable at maturity (excluding qualified stated interest) as determined under Section 171 of the Code constitutes the amount of the bond premium. Under the Code, the bond premium is amortized based on the owner's yield over the remaining term of the OIP Bond (or, in the case of certain callable OIP Bonds, to an earlier call date that results in a lowest yield on the OIP Bond). The owner of an OIP Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period against the bond premium allocable to that period. No deduction is allowed for such amortization of bond premium even though the owner is required to decrease the adjusted basis in the owner's OIP Bond by the amount of the amortizable bond premium, which will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes upon a sale or disposition of the OIP Bond prior to its maturity.

Prospective purchasers of any OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and amortization of bond premium on, such OIP Bonds.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Prospective purchasers should be aware that the interest on the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if the interest is paid to an owner who or which (i) is not an "exempt recipient" and (ii) (A) fails to furnish an accurate U.S. taxpayer identification number in the manner required, (B) has been notified of a failure to report all interest and dividends required to be shown on federal income tax returns or (C) fails to certify under penalty of perjury that the owner is not subject to withholding. Individuals generally are not exempt recipients, although corporations and other entities generally are.

The reporting and backup withholding requirements do not in and of themselves affect the excludability of interest on the Bonds from gross income for federal income tax purposes, and amounts withheld under the backup withholding rules may be refunded or credited against the owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

INTERNAL REVENUE SERVICE AUDITS

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, the IRS will, under its current procedures, treat the City as the taxpayer. As such, the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Bonds.

OPINION OF BOND COUNSEL – VIRGINIA INCOME TAX CONSEQUENCES

Bond Counsel will also opine that, under current law, interest on the Bonds is exempt from income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Bonds should consult their own tax advisors regarding such other Virginia tax consequences or the tax status of interest on the Bonds in a particular state or local jurisdiction other than the Commonwealth.

CHANGES IN FEDERAL AND STATE TAX LAW AND REGULATIONS

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS and state regulatory authorities are continuously drafting regulations and other guidance to interpret and apply the provisions of the Code and state law. Proceedings affecting tax-exempt obligations may be filed in federal or state courts at any time. Such guidance and the outcome of such court proceedings could modify the federal or state tax treatment of tax-exempt obligations.

There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or state laws or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such proposed or pending federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

SECTION THREE: THE CITY OF ALEXANDRIA

Alexandria is an independent, full-service City located on the west bank of the Potomac River. The City retains sole local governmental taxing power within its boundaries and is autonomous from any county, town or other political subdivision of the Commonwealth of Virginia. Alexandria is authorized to issue bonds without referendum, subject to certain indebtedness limitations, for the purpose of financing its capital projects and to refund bonds previously issued by the City.

The City has no overlapping general obligation debt or taxing powers with other political subdivisions. The water system and the wastewater treatment plant within the City are operated by a private company and an independent authority, respectively, and the City has no debt obligations for these facilities.

OVERVIEW OF GOVERNMENTAL ORGANIZATION

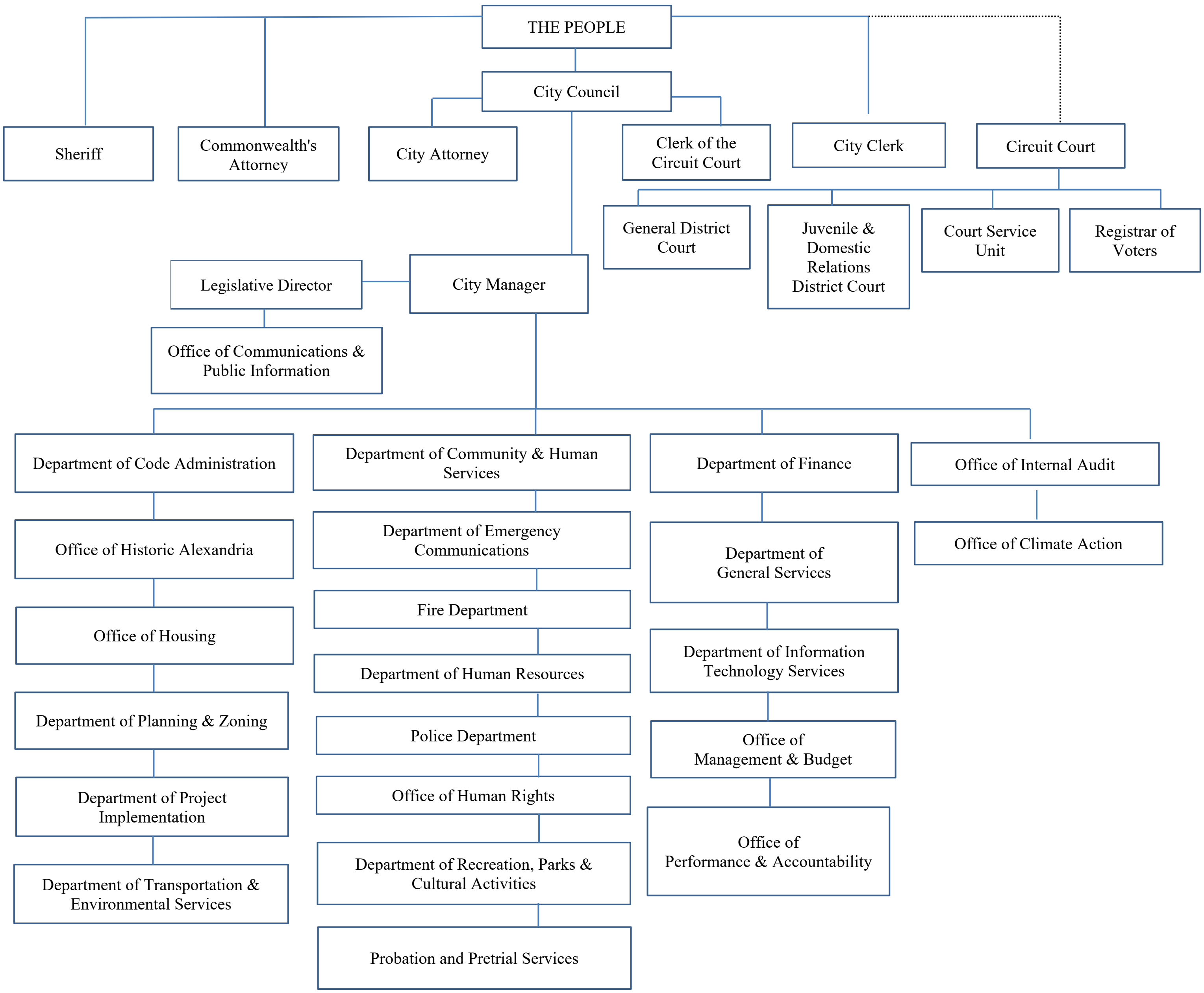
The City adopted the Council-Manager form of government in 1922. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council is composed of a mayor and six council members elected at-large for a three-year term. The Mayor is chosen on a separate ballot. City Council appoints the City Manager who serves as the City's Chief Executive Officer. The City Manager has appointment and removal authority over department heads and other employees of the City and is responsible for implementing the policies established by the City Council.

The City provides a comprehensive range of municipal services, including: education, health, welfare, housing and human services programs; public safety and administration of justice; community development, recreation, libraries, consumer assistance, cultural and historic activities; and transportation, environmental services and planning.

The executive offices of the City are located at 301 King Street, Alexandria, Virginia 22314. The City's central telephone number is 703.746.4000. The City's website address is www.alexandriava.gov.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

CITY OF ALEXANDRIA, VIRGINIA
ORGANIZATIONAL CHART



CERTAIN ELECTED OFFICIALS AND ADMINISTRATIVE/FINANCIAL STAFF MEMBERS

ELECTED OFFICIALS

Justin M. Wilson was first elected Mayor in November 2018. Prior to his election as mayor, Mayor Wilson served 8 years on the City Council, including service from 2016 – 2019 as Alexandria's Vice Mayor. He holds a bachelor's degree in Information Systems from Virginia Commonwealth University and is a Fellow of the Sorensen Institute for Political Leadership at the University of Virginia. Mayor Wilson is employed as a Senior Director for the National Railroad Passenger Corporation (Amtrak). Mayor Wilson was re-elected to a second term as Mayor on November 2, 2021.

Canek Aguirre was first elected in November 2018. He is the first Latino elected to City Council. Councilman Aguirre received a bachelor's degree from the University of North Carolina at Chapel Hill. In his professional capacity, Councilman Aguirre works to increase access to care and improve health outcomes for Medicaid populations throughout Northern Virginia as a Customer Relations Representative with Anthem. On November 2, 2021, Councilman Aguirre was elected to a second term on City Council.

Sarah Bagley was elected on November 8, 2021. Councilwoman Bagley leads a non-profit that provides supportive services to residents living in affordable housing communities around the country. She also served as the Event Lead for the local group of Moms Demand Action for Gun Sense in America. Councilwoman Bagley is a graduate of The College of William and Mary and received a Juris Doctor from The Catholic University Columbus School of Law.

John Taylor Chapman was first elected to City Council in November 2012, and was re-elected in November 2015, November 2018 and November 2021. Councilman Chapman is a graduate of Saint Olaf College in Minnesota, having obtained his bachelor's degree in Social Studies Education. Councilman Chapman is also a 2008 graduate of the Minority Political Leadership Institute at Virginia Commonwealth University and a 2010 graduate of the Sorensen Institute for Political Leadership at University of Virginia. Professionally, Councilman Chapman is a career educator and currently works as a Community Use Program Specialist for Fairfax County Public Schools.

Alyia Gaskins was elected on November 8, 2021. She attended Vanderbilt University, where she majored in medicine, health, and society, and later went to the University of Pittsburgh, where she earned a master's degree in public health. More recently, she obtained a master's degree in urban planning at Georgetown and earned a Professional Certificate in Municipal Finance from the University of Chicago.

Amy B. Jackson was first elected to City Council on November 6, 2018, and was re-elected in November 2021, and is currently serving her second term on City Council as Vice Mayor. Vice Mayor Jackson completed her bachelor's degree in communication studies at Virginia Polytechnic Institute and State University ("Virginia Tech"). She also holds two master's degrees in education from George Mason University in Curriculum and Instruction and in Education Leadership. Councilwoman Jackson's career with Fairfax County Public Schools has spanned 16 years as a teacher, coach, mentor, club and class sponsor.

R. Kirk McPike was elected to City Council in November 2021. Councilman McPike earned a bachelor's degree in political science at Southern Methodist University. He is also a graduate of the Political Leaders Program of the Thomas C. Sorensen Institute of Political Leadership at the University of Virginia. Councilman McPike is the Chief of Staff to Congressman Mark Takano, the Chair of the House Committee on Veterans' Affairs. Prior to serving on City Council, Councilman McPike served on the City's Budget and Fiscal Affairs Advisory Committee.

APPOINTED OFFICIALS

Jim Parajon has served as the City Manager for the City of Alexandria, Virginia since January 2022. Prior to leading the City of Alexandria, Mr. Parajon served as the Deputy City Manager for Arlington, Texas (a city of over 400,000 people) overseeing virtually all functions of city government. He has over three decades of experience as a professional planner with an extensive technical and management background. Mr. Parajon has also managed the short and long-range activities of large multi-disciplined consultant firms and municipal organizations, advised elected officials and local government staff on development, design, transportation and growth policies, and conducted training workshops for interest groups, the business community, and professionals on a regional and national level. Mr. Parajon, a graduate of Dickinson College in Pennsylvania, completed his master's degree in Regional Planning at the University of Massachusetts at Amherst. Mr. Parajon served as an Adjunct Professor for the University of Texas at Arlington for eight years and was inducted into the College of Fellows by the Institute of Certified Planners.

Cheran Ivery was appointed by the City Council as the City Attorney in January 2024. Prior to her appointment, Ms. Ivery was the City Attorney of Hampton, Virginia from July 2018 to 2023. Ms. Ivery began her local government career in 2004 with the City of Portsmouth as an Assistant City Attorney and was promoted into successive leadership roles in the organization over the next eleven years. She graduated in 1997 from Cornell University with a B.A. in Hotel Administration and received her juris doctorate from the Marshall-Wythe School of Law at the College of William & Mary in 2003. She served as a judicial law clerk to the Hon. Frank J. Santoro, of the United States Bankruptcy Court of the Eastern District of Virginia.

Kendel Taylor was appointed the City's Director of Finance, effective June 1, 2015. Ms. Taylor began working for the City of Alexandria in 1995, serving the majority of her career in the Office of Management and Budget from 1999 until August 2013. In 2011 and 2012, she served as Acting Budget Director. She serves on the board of the City's OPEB Pension Fund. In September 2018, Ms. Taylor was selected to the Government Finance Officers Association Debt Committee, and in June 2022 she was elected to the Executive Board of the Government Finance Officers Association (GFOA). Ms. Taylor holds a bachelor's degree in Business Administration/Marketing and Spanish from Albright College and a Master's degree in Public Administration from Virginia Tech.

Morgan E. Routt was appointed Director of the Office of Management and Budget in November 2015. Mr. Routt joined the City in 1999 as a budget analyst, and became Assistant Director of the Office of Management and Budget in 2010. In addition to his role within the City's budget team, he has represented the City in the development of WMATA capital funding agreements, as a member of the financial working group on establishing the NVTA (as hereinafter defined), and currently on the Waste-to-Energy facility monitoring group. Mr. Routt is also a member of the Government Finance Officers Association. Prior to his work in Alexandria, he worked for Prince William County's Office of Management and Budget and Department of Public Works. He holds a Bachelor's degree in Government and International Politics from George Mason University and a Master's degree in Public Administration from Virginia Tech.

GOVERNMENTAL SERVICES AND FACILITIES

The City of Alexandria provides a comprehensive range of public services that are characteristic of its form of government under Virginia law and of its integral position within the Washington metropolitan area. These services are designed to meet the changing needs of a largely urban city and to provide an environment within which the educational, physical, social, and cultural needs of its citizens are met.

CITY ATTORNEY

The Office of the City Attorney has the general responsibility of providing legal counsel to the City Council, the City Manager, and all departments, boards, commissions, and agencies of the City and to represent the City in civil litigation. The Office of the City Attorney also renders opinions, on request; is responsible for drafting ordinances, deeds, affidavits, bonds, leases, and other legal papers; and institutes and prosecutes legal proceedings on behalf of the City.

FINANCE

The Finance Department collects and manages all City funds and administers the City's retirement and pension plans. It collects revenues and taxes, issues business licenses, assesses real estate and personal property taxes, and adjudicates parking tickets. The Finance Department strives to provide long-term financial stability to the City through effective expenditure control, reliable and equitable revenue collections practices, sound cash and debt management policies, responsible accounting and purchasing practices, and strong risk management.

The Pension Administration Division manages the pension and deferred compensation (457) plans for City employees, including public safety employees. The Division also advises City employees during the retirement process.

The Purchasing Division purchases goods, services, construction, and insurance at the request and in support of the twenty-one Departments of the City government and is responsible for centralized City procurement, including the processing of purchase orders and vendor list control. All City purchases exceeding $50,000 are made by the Purchasing Division through formal, informal, or cooperative competitive bidding procedures.

MANAGEMENT AND BUDGET

The Office of Management and Budget ("OMB") prepares the annual operating budget and capital improvement program, performs on-going fiscal and management analyses of City programs, and is responsible for budget review and analysis during the course of the fiscal year. This office also coordinates state and federal aid applications and monitors issues and legislative developments in federal and State agencies that may affect the City. OMB staff provides support to the Budget and Fiscal Affairs Advisory Committee and other task forces and advisory groups.

INFORMATION TECHNOLOGY SERVICES

The Department of Information Technology Services ("ITS") is responsible for most electronic information processing in the City and is the primary resource for the planning and implementation of new information technology systems. ITS provides City agencies with reliable information technology services using the most cost-effective and efficient means available. ITS maintains the City's information infrastructure by providing networked computing services and supporting office automation for all City agencies. The Director of ITS serves as the City's Chief Information Officer.

HUMAN RESOURCES

The Human Resources Department is responsible for employee recruitment, selection, training, benefits, records, classification and compensation, and ensuring compliance with local, state, and federal regulations governing all phases of personnel activities. The Human Resources Department adheres to and promotes the City's Affirmative Action/Equal Opportunity policy. The Director of Human Resources serves as the City's Chief Human Resources Officer.

COMMUNICATIONS AND PUBLIC INFORMATION

The Office of Communications and Public Information provides direct assistance to the community in response to telephone or in-person inquiries, connects the people to City departments and services, and helps people navigate City government in getting the answers or solutions they need. This team sets the customer service standards for the City. The Web Team, which is part of the Office of Communications and Public Information, develops and manages the City's website and e-government portals.

POLICE DEPARTMENT

The Police Department is responsible for the maintenance of law and order, protection of persons and property, prevention and suppression of crime, investigation and apprehension of persons suspected of crimes, direction and control of traffic, traffic accident investigation, and enforcement of all Commonwealth of Virginia and City criminal laws. The Police Department has a full-time staff of 427 employees, of whom 312 are sworn officers.

FIRE DEPARTMENT

The Fire Department is responsible for fire and emergency medical services protection and the prevention and suppression of fires. The Fire Department maintains ten City-staffed and operated fire stations and five medic units providing 24-hour service. Fire suppression services are also provided through a regional mutual aid program that provides service from the closest station without regard to jurisdictional boundaries.

CODE ADMINISTRATION

The Department of Code Administration administers the Virginia Uniform Statewide Building Code, which governs building, mechanical, plumbing, and electrical work in the City, to ensure the health and safety of the public.

EMERGENCY COMMUNICATIONS

The Department of Emergency Communications provides 9-1-1 call-taking and emergency law enforcement, Fire Department, and Emergency Medical Services dispatching (as well as combinations of those services) throughout the City and to the City's mutual aid partners in the National Capital Region, including Fairfax County and Arlington County in Virginia, Washington, D.C., and Prince George's County in Maryland. The Department of Emergency Communications also manages the non-emergency resident service Call-Click-Connect.

TRANSPORTATION AND ENVIRONMENTAL SERVICES

The Department of Transportation and Environmental Services ("T&ES") is responsible for the planning, engineering, design, construction, inspection, and maintenance of streets, bridges, City sewers, and traffic control mechanisms. T&ES is also responsible for the coordination of transit services in the City, the collection and disposal of solid waste, and the implementation of the City's comprehensive recycling program, including the curbside collection of recyclable goods, the operation of five recycling centers, environmental management, environmental facility, the collection of newspapers, and special pickups for white goods, including household appliances and other metal items. In addition, T&ES is responsible for responding to environmental quality issues, including air quality monitoring, noise control, information related to toxic and hazardous materials; development review for the abatement of contaminated land as identified by the City and Commonwealth; water quality development review for erosion and sediment impacts; and local implementation of the Chesapeake Bay Preservation Act.

COMMUNITY AND HUMAN SERVICES

The Department of Community and Human Services ("DCHS") serves the diverse needs of the citizens of Alexandria to promote economic and social independence and self-sufficiency. DCHS administers a broad range of social services and financial assistance payments that are legislated by the State and federal governments. Services include child and adult protective services, companion care for the elderly, adoptive services, foster care, early childhood development programs, child day care, and refugee assistance. Financial assistance payments are provided through the Temporary Assistance for Needy Families program and other medical and general financial relief programs. DCHS also administers the federally mandated Agency on Aging program and provides a special day care program for the elderly. DCHS provides employment services programs for target population groups, administers programs to assist at-risk youth, ex-offenders, and homeless persons, and operates the City's homeless shelter. DCHS provides emergency shelter and crisis intervention services for battered women and sexual assault victims.

DCHS also operates and coordinates services for persons with mental illness, mental retardation, and substance abuse problems. The services provided include residential, outpatient, inpatient, emergency, community prevention/early intervention, and vocational or day support programs for all three disability areas. DCHS receives general policy advice concerning mental health-related issues from the Alexandria Community Services Board.

PLANNING AND ZONING

The Department of Planning and Zoning evaluates zoning changes, prepares small area plans, and updates the City's Master Plan; monitors economic and demographic trends; administers the zoning ordinances; recommends action on requests for special use permits; participates in the review of site plans; and administers the Transportation Management Plan Special Use Permit process.

PROJECT IMPLEMENTATION

The Department of Project Implementation was created as a new department in 2013 to provide improved focus on the City's growing portfolio of complex capital infrastructure construction projects while shortening the delivery timetable of these projects through the application of best-practice project management methods. The department is responsible for the implementation of many capital infrastructure projects, as well as coordinating and planning complex, multi-departmental projects such as the Waterfront Small Area Plan Implementation. Projects include multimodal transportation (roadways, transit, bicycle/pedestrian improvements, and bridges) storm water system and water quality improvements, sanitary sewer improvements, flood mitigation and park design.

RECREATION, PARKS, AND CULTURAL ACTIVITIES

The Department of Recreation, Parks, and Cultural Activities provides facilities and programming to serve the leisure, social, cultural, and recreational needs of the community. The department operates eight full-time recreation centers, 16 gymnasiums, 21 outdoor basketball courts, 38 tennis courts, 52 athletic fields, five after-school centers, four swimming pools, a nature center, and the Chinquapin Park Recreation Center, which houses the City's only indoor 25-meter pool, four racquetball courts, and a fitness room with exercise machines. Special programs are also provided for people 55 years of age or older and for disabled individuals who are not effectively served by general recreation programs.

OFFICE OF HOUSING

The mission of the Office of Housing is to preserve and expand decent, safe, and affordable housing opportunities for City residents, primarily low and moderate-income families; to monitor compliance with fair housing laws and requirements for relocation assistance to tenants displaced by condominium conversions; to facilitate compliance with state and local laws affecting landlord/tenant rights and responsibilities; and to encourage residential and commercial revitalization with funding from the Community Development Block Grant and HOME Programs funded by the U.S. Department of Housing and Urban Development, the federal Rental Rehabilitation Program, and the Virginia Housing Partnership Fund.

OFFICE OF HUMAN RIGHTS

The Office of Human Rights is responsible for receiving and investigating allegations of discrimination in the areas of employment, housing education, public accommodations, credit, health, and social services.

OFFICE OF HISTORIC ALEXANDRIA

The Office of Historic Alexandria manages eight museums and five historic sites and coordinates and develops programs to preserve the City's historic character and promote tourism. The office is responsible for the preservation of historic sites, archaeological sites, artifacts, and records and ensuring that the use of these resources is in accordance with professional standards of scholarship and museum procedures.

GENERAL SERVICES

The General Services Department provides support services to other City agencies in the area of facilities planning, construction, and maintenance; vehicle acquisition and maintenance; printing and graphics; and communications.

ALEXANDRIA PUBLIC LIBRARY

The Alexandria Library System, under the supervision of the Alexandria Library Board, provides public library services to the City of Alexandria through a central library and three branch libraries (Burke, Duncan, and Barrett). Library services include a reference service, children's services, and special services for homebound, persons with disabilities, and institutionalized persons. The library system holds approximately 1.33 million items, including books, magazines, newspapers, films, records, and videotapes.

HEALTH DEPARTMENT

The Alexandria Health Department is one of 35 State health district offices that comprise the Virginia Health Department's Division of Community Health Services. The Health Department administers immunizations and offers family planning clinics. General medical and specialty clinics are conducted at the Flora Krause Casey Health Center. The Department records vital statistics for the City and inspects food establishments, swimming pools, and other businesses to ensure safe and healthful conditions.

SHERIFF

The Sheriff administers the Alexandria Detention Center in a safe and secure manner for inmate residents, staff, and volunteers. The Sheriff provides for the safe and uninterrupted operation of all judicial proceedings at the Alexandria Courthouse and supports the court through prompt service of legal process and warrants.

ALEXANDRIA CITY PUBLIC SCHOOLS

The Alexandria City Public Schools are governed by the Alexandria City School Board, which formulates, adopts, reviews, and revises policies essential to school operations and long-range planning based on community expectations and the recommendations of the Superintendent. School Board members are elected to three-year terms, and the current School Board is serving a term that started on January 1, 2022 and will run through December 31, 2024. The School Board functions independently of the City Council but is required to prepare and submit an annual budget to the City Council for its consideration. Because the School Board can neither levy taxes nor incur indebtedness under Virginia law, the local costs of the school system are provided by appropriation from the General Fund and Capital Projects Fund of the City. The costs of constructing school facilities are provided by capital funding from the General Fund of the City or by bonds issued as City general obligations for the benefit of Alexandria City Public Schools.

The School Board's adopted fiscal year ("FY") 2025 Schools Budget provides for the operation of 14 elementary schools, two middle schools, one high school, one early childhood center and the Secondary Training and Education Program ("STEP"), which provides special programs for students who are unable to function within the traditional classroom setting. The typical Alexandria Public Schools teacher has a Master's Degree and at least 11 years of teaching experience.

PUBLIC SCHOOL FACILITIES
AS OF JULY 2024

TYPE OF SCHOOL	NUMBER
High School (including STEP*)	1
Middle Schools	2
Elementary Schools and PreK Centers	15
TOTAL	18

*STEP is the Secondary Training and Education Program

PUBLIC SCHOOL CHARACTERISTICS

Summarized below are selected items of information concerning total annual school enrollments. School enrollment increased by 22.9 percent between FY 2013 and FY 2020, in part as more households with children chose to live and raise their children in an urban environment in lieu of an outside-the-DC-core suburban environment. The enrollment decline reflected in FY 2021 was the first decline in more than 10 years and continued in FY 2022. The enrollment of September 30, 2023, which was used to develop the FY 2025 budget, showed a small enrollment increase of 2.2 percent. The pre-FY 2021 enrollment increases have and will result in the City investing in new and expanded school facilities.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

ALEXANDRIA CITY PUBLIC SCHOOL ENROLLMENTS
ACTUAL AND PERCENTAGE CHANGE
2016 THROUGH 2024

Fiscal Year	Total	Percentage Change
2016	14,729	--%
2017	15,105	2.6
2018	15,540	2.9
2019	15,795	1.6
2020	16,117	2.0
2021	15,635	-3.0
2022	15,526	-0.7
2023	15,786	1.7
2024*	16,137	2.2

* Information for FY 2024 is projected.
Source: City of Alexandria Public School System

ALEXANDRIA RENEW ENTERPRISES (FORMERLY THE ALEXANDRIA SANITATION AUTHORITY)

Alexandria Renew Enterprises is an independent governmental agency that provides wastewater treatment services to most of the City and to a portion of southern Fairfax County. Alexandria Renew Enterprises levies user fees to finance its operating and capital programs. 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 the City, alternatives need to be evaluated that may include purchasing a portion of Fairfax's capacity at the plant and/or implementing plant systems upgrades. The City continues to coordinate with Alexandria Renew Enterprises on weather flow management mitigation initiatives, such as City's infiltration and inflow program, and RiverRenew program. RiverRenew is a $615 million program that will improve the health and quality of Alexandria's waterways by preventing millions of gallons of combined sewage from polluting the Potomac River, Hunting Creek and Hoofs Run. This water quality initiative, being led by Alexandria Renew Enterprises, is the largest infrastructure project in the history of Alexandria.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

The Alexandria Redevelopment and Housing Authority ("ARHA") is the primary provider of low-income housing in the City through its 1,150 public housing units as well as through the administration and issuance of federal housing choice vouchers. ARHA's operations are primarily financed with monies from the Federal Department of Housing and Urban Development. Periodically, to assist with financing replacement public housing units, ARHA accesses federal low income housing tax credits, as well as seeks to leverage the value of its property through joint partnerships with the private development sector. The City has periodically provided both short-term and long-term capital project loans to ARHA.

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA

The Industrial Development Authority of the City of Alexandria ("IDA") is a conduit financing agency which assists non-profit associations and educational institutions with access to the tax-exempt markets through the issuance of project-related revenue bonds. These IDA bonds are secured solely by the projects themselves and are not obligations of the City government.

DEMOGRAPHIC AND ECONOMIC FACTORS

POPULATION CHARACTERISTICS

Alexandria's population grew at an annual rate of 9.1 percent between 2000 and 2010. The City's population continues to grow and, per the 2020 Census, totals 159,500, which reflects a growth rate of 13.7 percent over the last decade. The estimated population in 2024 is 166,000, which reflects a 0.2 percent increase.

The following table presents population figures from 1970 to 2024, showing a City net growth of 50 percent in the last 50 years.

POPULATION AND RATES OF CHANGE
ACTUAL AND PROJECTED

Year	Population	Percent Change
1970	110,927	21.9%
1980	103,217	(7.0)
1990	111,183	7.7
2000	128,283	15.4
2010	139,966	9.1
2020	159,200	13.7
2021	161,300	1.3
2022	163,400	1.3
2023	165,700	1.4
2024	166,000	0.2

Sources: 2020 Census, US Department of Commerce, Bureau of the Census; the United States Bureau of Economic Analysis; Alexandria Department of Planning and Zoning.

Comparing the 2010 ad 2020 decennial census, the primary contributor to the City's population growth is shown in both an increase in the total number of homes (63,738 in 2010 to 71,289 in 2020), as well as the average number of people living within a home (2.03 in 2010 and 2.19 in 2020). The main driver of population change within Alexandria is highlighted by the City's median age. The median age grew from 35.6 years in 2010 to 38.1 years in 2020. This change is primarily driven by the growth of the over 65 population, from 9 percent of the total population in 2010 to 12 percent (of the total population) in 2020. The percentage of the population under 18 remained relatively constant from 17 percent in 2010 to 18 percent in 2020. The City's under 19 cohort remains significantly smaller than in the surrounding suburban communities of Fairfax, Loudoun and Prince William, which range from 24 percent to 28 percent of their total populations. Meanwhile, the City's number of persons 25 and older, with four or more years of college, was 65 percent by 2020, nearly double the national average of 38 percent.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SELECTED POPULATION CHARACTERISTICS

Characteristics		Alexandria	Virginia	United States
Median age				
	2000	34.4	35.7	35.3
	2010	35.6	37.5	37.2
	2015	36.4	38	37.8
	2020	36.8	38.4	38.2
Percent under Age 5				
	2000	6.2%	6.5%	6.8%
	2010	7.1	6.4	6.5
	2015	7.3	6.1	6.2
	2020	7.2	6.0	6.0
Percent School Age (5-17)				
	2000	10.6%	18%	18.9%
	2010	10.0	16.8	17.5
	2015	10.8	18.6	16.7
	2020	11.1	16.0	16.4
Percent under Age 18				
	2000	16.8%	24.6%	25.7%
	2010	17.1	23.2	24
	2015	18.1	22.3	22.9
	2020	18.4	22.0	22.4
Percent of Persons 65 and Older				
	2000	9.0%	11.2%	12.4%
	2010	9.1	12.2	13
	2015	9.3	14.2	14.9
	2020	11.6	15.4	16.0
Number of Persons/Household				
	2000	2.04	2.54	2.59
	2010	2.03	2.54	2.58
	2015	2.23	2.62	2.63
	2020	2.20	2.60	2.60
Percent of Persons 25 and Older with four or more years of college				
	2000	54.3%	29.5%	24.4%
	2010	60.5	34.7	28.5
	2015	61.4	37.6	30.9
	2020	65.1	39.5	32.9

Sources: 2000 US Census, 2010 US Census, 2015 US Census and 2020 U.S Census.

EMPLOYMENT

Total employment in the City in the first quarter of 2024 was 80,746. This compares to 81,126 in the same quarter of 2023. The decrease in jobs of 380 is due to a decline in the federal government presence in the City. The decrease in federal employees is offset by an increase in private employment. Private employers accounted for 78.9 percent of all jobs as compared to 77.9 percent in 2023. Government entities (federal, state and local) accounted for 17,899 jobs in 2023, which is 25.7 percent of the total. Government is led by prominent federal agencies, including the U.S. Department of Defense, the U.S. Department of Agriculture, and the U.S General Services Administration.

The increase in private sector jobs of less than 1.0 percent is mixed across all categories. Professional, Scientific and Technical account for 16.6 percent of the total, decreased by 249 jobs from 2023, but remains the largest category of jobs in the City. Healthcare and Social Assistance continues to increase. The increase in jobs in this sector is 481 over 2023, or a 6.4 percent increase. Jobs in the Retail Trade industry increased by 3.1 percent or 203 jobs compared to 2023.

Alexandria Employment	**March 2023**	**March 2024**
Professional, Scientific and Technical	16.78%	16.55%
Healthcare and Social Assistance	9.26	9.90
Accommodation and Food Services	9.73	9.97
Retail and Wholesale Trade	9.35	9.68
Financial, Insurance and Real Estate	5.25	4.90
Transportation, Information and Utilities	3.49	3.52
Construction	2.48	2.67
Manufacturing	1.46	1.56
Services	20.13	20.13
Total Private Sector	77.94	78.87
Government		
Local	8.67	8.97
State	0.91	0.93
Federal	12.48	11.23
Total Public Sector	22.06	21.13
Total[1]	100.0%	100.0%

Source: Virginia Employment Commission
[1]Total may differ due to rounding.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

PRINCIPAL PRIVATE EMPLOYERS
JULY 1, 2024

Company	Nature of Business	Approximate Number of Employees*	Estimated Percentage of Total City Employment
Inova Alexandria Hospital	General Medical & Surgical Hospitals	2,500	3.1%
Systems Planning and Analysis	Professional, Scientific, Technical	1,900	2.4
Institute for Defense Analysis	Research and Development	1,500	1.9
Goodwin House	Outpatient Care Center	900	1.1
Insperity	Human Resources Consulting	650	0.8
Kearney & Company, P.C.	Certified Public Accountants	650	0.8
Building Maintenance Services	Janitorial Services	500	0.6
Booz Allen Hamilton	Management Consulting	500	0.6
Wegmans	Grocery, Retail	350	0.4
Harris Teeter	Grocery, Retail	300	0.4

Sources: Alexandria Economic Development Partnership and Virginia Employment Commission
*Numbers are rounded.

UNEMPLOYMENT

The City's unemployment rate has increased slightly in 2024, from 2.2 in 2023 to 2.4 percent in 2024. With the exception of 2020 and 2021, when employment was significantly impacted by the COVID-19 pandemic, Alexandria has maintained an unemployment rate slightly above 2 percent for the past eight years. Alexandria's unemployment rate is below that of the Commonwealth and the United States.

UNEMPLOYMENT RATE

	2018	2019	2020	2021	2022	2023	2024
Alexandria*	2.3%	2.1%	9.9%	4.6%	2.4%	2.2%	2.4%
Commonwealth of Virginia*	2.9	2.6	8.8	4.3	2.8	2.6	3.0
United States*	4.0	3.6	11.0	5.9	3.6	3.6	4.3

*As of June each year. Virginia and U.S. unemployment rates are seasonally adjusted. Alexandria unemployment rates are not seasonally adjusted. Source: U.S. Department of Labor, Bureau of Labor Statistics.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

INCOME

According to the U.S. Bureau of Economic Analysis, median family income in Alexandria in 2022 increased from $137,335 to $149,526, an increase of 8.9 percent compared to 2021. Per capita income has also grown, from $103,831 to $105,239. This increase of $1,408 is a growth of 1.4 percent compared to 2021. Both median family income and per capita income are generally higher compared to similar jurisdictions in Virginia and the United States. Selected income data for the City and other jurisdictions in the Washington metropolitan statistical area ("MSA") are compared to state and national data in the following table.

PER CAPITA PERSONAL INCOME
JURISDICTIONS IN THE WASHINGTON, D.C. AREA
2018 TO 2022

	2018	2019	2020	2021	2022
Alexandria (VA)	$87,761	$88,972	$91.012	$103,831	$105,239
Arlington County (VA)	95,012	97,629	97,751	108,980	112,313
Fairfax County (VA)	82,888	86,629	88,291	97,278	101,400
Commonwealth of Virginia	57,910	59,073	61,474	66.838	68.985
Washington MSA	71,615	72,992	75,141	81,121	83,010
United States (Metropolitan areas)	54,446	56,250	59,153	64,430	65,470

Source: US Department of Commerce, Bureau of Economic Analysis (These data have been revised from previous estimates provided by the Department of Commerce).
Note: Fairfax County (VA) data includes Fairfax City, VA and the City of Falls Church, VA. United States per capita is presented in current dollars.

ECONOMIC DEVELOPMENT ACTIVITY

The Alexandria Economic Development Partnership, Inc. ("AEDP") is a public/private partnership, the goal of which is to attract, retain, and assist in the expansion of businesses. AEDP has selectively targeted specific businesses to facilitate diversification of the local business base, expand the tax base, increase employment opportunities, and expand trade for local businesses.

As the marketing arm for Alexandria, AEDP focuses its efforts on promoting the City on a regional, national, and international level through exhibitions, marketing events and missions, direct mail campaigns, business networking, and media outreach. At the local level, AEDP serves as a liaison between local businesses and the City. Business outreach meetings throughout the year help to connect local businesses with appropriate City services and to alert public officials of any needs or concerns. AEDP additionally provides staff support to numerous City and business entities, such as the Marketing Fund Committee, the Industrial Development Authority of the City of Alexandria, and the Small Business Development Center. In addition, AEDP's President & CEO serves as an ex-officio member of the Alexandria Convention and Visitors Association ("Visit Alexandria") Board of Directors, Alexandria Chamber of Commerce Board of Directors, and other economic development organizations throughout the City. These efforts contribute to nurturing a viable and growing business environment in Alexandria.

AEDP's Strategic Plan establishes as its objectives expanding the commercial real estate tax base, recruiting and retaining businesses, improving the perception of Alexandria for business, mobilizing relevant resources to win deals, and collaborating on economic development issues and policies. With regard to expanding the commercial real estate tax base, the ongoing focus includes pursuing office prospects for the Potomac Yard and Carlyle/Eisenhower Valley areas and pursuing mixed-use developers for the Braddock, Arlandria, and West End neighborhoods. With regard to the recruitment and retention of businesses, AEDP continues to increase the City's visibility in the market by hosting and participating in events sponsored by key retail, commercial, and real estate organizations. AEDP has made considerable progress in improving the perception of Alexandria for business by marketing the City's business-friendly nature, competitive real estate tax rates, easy-to-navigate City processes, and high-quality available commercial space and by creating a portfolio of information for stakeholders to use to promote Alexandria within their networks.

Alexandria continues to be a center for national association headquarters, a center for high technology and related headquarters operations, and a center for national, regional, and divisional headquarters for corporations representing a broad range of fields. Lower operational costs, a competitive tax environment, unsurpassed access, diverse office opportunities, a unique ambiance, a highly educated workforce, and safe work and living environments are just several of the advantages enjoyed by business operations located in the City.

In November 2018, Amazon announced the results from its year-long second headquarters (HQ2) search - the company will be locating the campus in Northern Virginia in a newly-branded site called National Landing. National Landing encompasses property in existing Pentagon City and Crystal City in Arlington County and Potomac Yard in Alexandria. In conjunction with the HQ2 announcement, Virginia Tech released that it will be partnering with the City of Alexandria and the Commonwealth to develop a revolutionary Innovation Campus in National Landing, within walking distance of the new Potomac Yard Metro Station.

Development and construction in Alexandria remain strong. The value of building permits issued in FY 2024 totaled $2.7 billion. Construction is underway on many major projects across the City.

NUMBER OF BUILDING PERMITS ISSUED AND VALUE

Fiscal Year	Residential	Commercial	Miscellaneous[1]	Total Building Permits	Total Value
2015	323	67	11,628	12,018	$406,355,800
2016	304	63	10,151	10,518	444,502,270
2017	321	107	10,831	11,259	432,228,707
2018	223	53	10,341	10,617	497,488,861
2019	199	126	11,293	11,618	425,075,623
2020	331	215	8,994	9,540	1,120,420,327
2021	452	349	1,668	2,469	1,628,963,323
2022	452	197	1,528	2,177	4,164,961,346
2023	492	176	1,149	1,817	4,290,055,647
2024	419	215	1,120	1,754	2,749,207,507

[1] The miscellaneous category included alterations and repairs, electrical, plumbing, and mechanical permits, and other construction activity in FY 2020 and earlier. Beginning in FY 2021, only building permits are included.

Source: City of Alexandria Department of Code Administration.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

VALUE OF NEW CONSTRUCTION

Fiscal Year	Residential	Commercial[1]	Miscellaneous[2]	Total Value
2015	$100,356,588	$193,674,206	$112,325,006	$406,355,800
2016	50,646,107	175,491,082	218,365,081	444,502,270
2017	57,095,143	163,831,709	211,301,855	432,228,707
2018	45,450,229	326,753,308	125,285,324	497,488,861
2019	34,798,661	192,379,252	197,897,710	425,075,623
2020	40,015,616	784,432,563	295,972,148	1,120,420,327
2021	32,292,595	1,313,062,758	283,607,970	1,628,963,323
2022	35,907,803	3,942,143,489	186,910,054	4,164,961,346
2023	32,627,387	4,137,743,780	119,684,481	4,290,055,647
2024	39,809,807	2,595,904,274	113,493,427	2,749,207,508

[1] Starting in Fiscal Year 2020, the City has seen several large-scale construction projects start, which has resulted in the increase in the value of new construction since Fiscal Year 2020. Those values are not expected to remain as high in future fiscal years.

[2] The miscellaneous category included alterations and repairs, electrical, plumbing, and mechanical permits, and other construction activity in FY 2020 and earlier. Beginning in FY 2021, only building permits are included.

Source: City of Alexandria Department of Code Administration.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

GROWTH AND DEVELOPMENT GOALS

The City began updating its Master Plan in 1987. The process involved developing goals and objectives for 14 small planning areas, which allowed for extensive community debate and citizen involvement. The City's Master Plan was adopted on June 24, 1992, and chapters are updated on an ongoing basis as needed, either through Council-adopted Master Plan Amendments or neighborhood studies initiated by the Planning and Zoning Department's Neighborhood Planning and Community Development Division. The Master Plan includes the following land use goals and objectives:

Goals

1. To have a harmonious set of land uses, which preserves the predominant character of Alexandria as a city of residential neighborhoods with a lively and attractive mix of commercial, institutional, or community facilities and recreational activity and maintains an appropriate economic base.

2. To preserve and enhance residential neighborhoods.

3. To preserve and enhance the historic aspect of the City.

4. To preserve the residential and commercial diversity that has historically characterized Alexandria.

5. To preserve and increase parkland (for active and passive uses) and open space throughout the City.

Objectives

1. To promote transit-oriented mixed-use development in most major development or redevelopment areas.

2. To maintain existing residential areas.

3. To ensure that new development is compatible with adjacent or nearby residential neighborhoods.

4. To maintain a mix of uses compatible with existing uses and pedestrian oriented scale.

5. To maintain existing mixed-use areas and ensure that nearby development is complementary.

6. To require open space or parkland, particularly in nearby developing areas targeted for dense residential and commercial use.

OFFICE VACANCY RATES

Alexandria's office vacancy rate was 15.5 percent in the second quarter of 2024, which is slightly higher than the prior year. This stability is due in large part to the U.S. Patent and Trademark Office renewal, which, despite a reduction in occupancy remains a large presence in the City. Alexandria is one of the leaders in the nation for office conversions. As shown in the table below, the City's office vacancy rate is significantly lower than the office vacancy rate for Northern Virginia and significantly lower than the rate for the Washington, D.C. Metro Area as a whole.

Jurisdiction	2nd Quarter 2023	2nd Quarter 2024
Alexandria, VA	14.6%	15.5%
Northern Virginia	19.6	20.2
Washington D.C. Metro Area	19.3	19.8

Source: CoStar and Colliers Northern Virginia Office Report.

TRAVEL AND TOURISM

With its proximity to Washington, D.C. and the Ronald Reagan National Airport and with over 380 associations headquartered in the City, Alexandria is a major visitor destination attracting approximately 3.5 million visitors and business travelers per year. The City's Old Town area is a historically preserved, vibrant enclave of 18th and 19th century structures, which serve today as residences, restaurants, retail stores, offices, and museums, as well as arts and antique shops. The City is also a major draw for residents of the Washington, D.C. Metropolitan Area, who come to the City to visit, shop, and dine. There are currently more than 4,500 hotel rooms operated in the City by 26 hotels. Visit Alexandria, the City's destination marketing organization, estimates that visitors from outside Alexandria generate almost $60 million in direct City consumption tax revenues (sales, rooms and meals tax) annually.

HOUSING

As of January 2024, there were 83,933 total housing units (including rental apartments) located in the City of Alexandria. The average assessed value of a single-family home in Alexandria in 2024 is $962,276, an increase of 2.3 percent from the previous year. The average assessed value of a residential condominium in Alexandria as of January 1, 2024, is $423,765, an increase of 4.0 percent compared to the previous year.

HOUSING UNITS BY TYPE OF STRUCTURE [1]

	2023	2024
Single Family:		
Detached	9,124	9,118
Semi-Detached	5,876	5,895
Rowhouse	6,717	6,781
Condo Townhouse	1,531	1,547
Multi-family:		
Garden Condominium	10,824	10,872
High-Rise and Cooperative Condominium	8,418	8,460
Rental Apartments	40,566	41,260
Total:	83,056	83,933
Public Housing & Public Housing Replacement Units	1,150	1,150

[1] Includes vacant and occupied units

Source: City of Alexandria Finance Department, Department of Housing, U.S. Census.

TRANSPORTATION

Alexandria, located just across the river from Washington, DC, has tremendous levels of access to all the assets of this great region. In addition to several freight lines, with five existing Metrorail stations; 30 bus routes, including one bus rapid transit service; a ferry terminal, 62 bikeshare stations; a rail station, served by both Amtrak and commuter rail; two Interstates; and an international airport just minutes away--Alexandria's residents, workers, and visitors have many options for getting where they want to go.

The Alexandria Mobility Plan, the City's updated Transportation Master Plan, adopted in the Fall of 2021, aims to continue 2017 Strategic Plan policies to reduce the need for single occupancy vehicle travel to improve the environment and quality of life. To that end, the City is pursuing a variety of measures to improve the safety and efficiency of alternative mobility options through a Council adopted Complete Streets Policy, a Vision Zero goal and action plan, a bus network redesign called the Alexandria Transit Vision, and funding for the advancement of two new Bus Rapid Transit ("BRT") corridors and the expansion of a third. In 2022, the City launched a program to expand mobility options, permitting the use of 1,200 e-scooters and 800 e-bikes in the City. Alexandria is also working to improve traffic flow for cars and buses with investment in smart signal technology and use of data platforms to design signal systems to move people more efficiently.

Northern Virginia Transportation Authority ("NVTA")

During the 2013 General Assembly session, a new regional transportation funding package was approved that levies additional sales, grantor's, and transient occupancy taxes in Northern Virginia, effective July 1, 2013. These funds are divided into two programs: 70% funds for transportation projects of regional significance and 30% for eligible local projects. In Spring 2018, the Virginia General Assembly enacted changes to NVTA that diverted two of the three funding streams (transient occupancy tax and grantor's tax) to WMATA for its expanded capital investment program beginning in FY 2019. The diversion of funds impacted both the 30% (direct impact) and 70% (indirect impact) programs. In 2020, the General Assembly partially restored funding to NVTA, reducing the funding gap by $63.5 million to $38.5 million. In FY 2024, the City received $8.6 million from NVTA as its share of 30 percent NVTA funds. NVTA revenue has allowed the City to make significant new investments in transportation projects. The City also expects to benefit over time from 70% funded projects. In addition, the City has been awarded $130 million in 70% funding for development of the City's BRT networks, and for the expansion of the City's bus garage facility and bus fleet.

Streets and Highways

Major highway facilities include Interstate 95 (the Capital Beltway), which borders Alexandria on the south, Interstate 395, which bisects Alexandria, and the George Washington Parkway, which runs near the City's eastern border. In the past, decisions about streets were focused on how to accommodate the automobile. The City has changed this focus to ensure that City streets serve everyone, whether young or old, motorist or bicyclist, walker or wheelchair user, transit user or shopkeeper. Overall, the Alexandria Mobility Plan addresses City streets as a shared resource—outlining actions and strategies that incorporate equal consideration of the street's travel area, pedestrian area, and adjacent land uses into the transportation decision-making process, with the overall goal of creating multimodal corridors that protect and enhance the character of the City and its diverse neighborhoods. In 2017, the City adopted a Vision Zero goal of reducing all severe and fatal crashes to zero by 2028.

Ronald Reagan Washington National Airport

Ronald Reagan Washington National Airport, is the 30th busiest airport in the United States, located just outside the City's northern border. In 1987, control of Ronald Reagan Washington National and Dulles International Airports was transferred from the Federal Aviation Administration to the Metropolitan Washington Airports Authority. This transfer has enabled the Authority to undertake major capital improvements financed through user fees at the two airports.

Freight Rail

Freight lines entering the City are CSX Transportation and Norfolk Southern Company.

Metro Transit System

In 1967, the City of Alexandria joined the other political subdivisions in the Washington, D.C. Metropolitan Area, including the State of Maryland and the Commonwealth of Virginia, in an agreement to plan, build, finance and operate a regional transit system. The Metrorail subway and surface rail transit systems began serving the metropolitan area in 1976, and Metrobus began operating in 1973. The current Metrorail system has 128 miles and 98 stations, of which five are located in Alexandria, including the new Potomac Yard Metrorail Station, which opened in May 2023.

Bus Lines and the King Street Trolley

The City of Alexandria is served by three major fixed route bus providers - DASH, Metrobus, and the Fairfax Connector. The DASH system provides bus service within and around the City and connects with Metrobus, Metrorail, Virginia Railway Express, and other local bus systems. DASH is operated by the Alexandria Transit Company, which is owned by the City of Alexandria. In 2021, DASH eliminated fares on all routes for all passengers, and launched a newly redesigned bus network that provides more frequent, all-day service in key corridors across the City. As part of the transition to free fares, the City of Alexandria also eliminated fares for all high school students and paratransit clients. DASH operates 12 bus routes, including three with frequent all-day service running every 15 minutes or better. DASH serves approximately 600 stops throughout the City with connections to six Metrorail stations, including the Pentagon, and regional transit hubs at Mark Center and Shirlington. DASH carried more than 5.3 million passengers in FY 2024, and records upwards of 17,000 boardings on a typical weekday. WMATA operates Metrobus, which consists of approximately 270 routes and 11,000 bus stops throughout Virginia, Washington, D.C., and Maryland. The Fairfax Connector system provides bus service throughout Fairfax County as well as a few smaller areas of Alexandria and Arlington along their respective borders

The City of Alexandria's free King Street Trolley transports residents, visitors, and those who work in Old Town between the King Street Metrorail Station and the Potomac River waterfront. The free trolley operates along the one-and-a-half-mile route seven days a week, providing access to accommodations, dining, entertainment, and shopping. The King Street Trolley carries up to 1,200 riders on a typical weekday, and up to 2,000 passengers on a typical Saturday or Sunday.

Virginia Railway Express

The City is also served by Virginia Railway Express ("VRE"), a commuter train that started operations in 1992. Two rail lines, one originating at Broad Run in Prince William County and the other in Spotsylvania, stop in Alexandria en route to and from Washington, D.C.'s Union Station. VRE diverts riders from private vehicles that would otherwise travel through the City using Interstate 395 or U.S. Route 1.

Other Passenger Rail

The City is served by the North-South routes of Amtrak, as well as Virginia intra-city service, operated by Amtrak. The Commonwealth's $3.7 billion investment in rail announced in 2019 in partnership with CSX, will enable more frequent train travel between Washington, D.C. and Richmond.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SECTION FOUR: CITY INDEBTEDNESS AND CAPITAL IMPROVEMENT PROGRAM

ISSUANCE AND AUTHORIZATION OF BONDED INDEBTEDNESS

Pursuant to the Constitution of Virginia (the "Constitution") and the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia (1950), as amended (the "Public Finance Act"), a city in Virginia is authorized to issue bonds and notes secured by a pledge of its full faith and credit and unlimited taxing power. The Constitution and the Public Finance Act also limit the indebtedness that may be incurred by cities to ten percent (10%) of the assessed valuation of real estate subject to local taxation. There is no requirement in the Constitution or the Code of Virginia that the issuance of general obligation bonds of the City be subject to the approval of the City's voters at referendum.

The City Council also has full authority to authorize and issue general obligation bonds under the City Charter. The authorizing procedure consists of the passage on first reading of an ordinance authorizing the issuance of bonds, followed by a noticed public hearing at a subsequent meeting and the final passage on second reading following the public hearing.

As of June 30, 2024, the total assessed value of taxable real property in the City is $48,490,380,311, which translates into a debt limit of $4,849,038,031. Based on the City's unaudited records, as of June 30, 2024, the City's net obligations subject to debt limitations total $1,134,925,000, representing 23.4 percent of the allowed debt limit.

OVERLAPPING DEBT

The City is autonomous from any city, town, or political subdivision of the Commonwealth of Virginia. There are no jurisdictions with overlapping debt or taxing powers.

TAX AND REVENUE ANTICIPATION NOTE BORROWING

The City has not issued any revenue anticipation notes at any time for the past two decades. On April 13, 2023, the City secured a revolving line of credit totaling up to $100 million, which amount can be borrowed, repaid, and reborrowed, to assist with cash flow and short-term financing of the capital improvement plan.

DEBT INFORMATION

Information on the City's indebtedness is presented in the following tables. Included is information on key debt ratios, debt service to expenditure ratios, and selected debt service schedules.

DEBT STATEMENT

Bonded Debt Outstanding (as of June 30, 2024):	
Outstanding General Obligation Bonds	$1,134,925,000
Net Tax Supported Debt:	$1,134,925,000

RATIOS OF NET GENERAL DEBT[1] TO ASSESSED VALUE
LAST FIVE FISCAL YEARS

Year	Population[3]	Assessed Value($000) [2] Real Property	Personal Property	Total	Outstanding Debt as Percentage of Assessed Value Outstanding Debt	Real Property	Total Property
2019	156,800	$40,977,242	$1,565,335	$42,542,577	$589,957,000	1.44%	1.39%
2020	159,200	42,679,237	1,596,166	44,275,403	747,911,000	1.75	1.69
2021	161,300	43,826,796	1,506,234	45,333,030	704,117,000	1.61	1.55
2022	163,400	46,560,058	1,664,074	48,224,132	852,606,000	1.83	1.77
2023	165,700	48,332,631	1,791,514	50,124,145	946,057,000	1.96	1.89

[1]Net General Debt includes general obligations 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.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR NET GENERAL DEBT[1] TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST FIVE FISCAL YEARS

Year	Principal	Interest and Other Costs	Total Debt Service	General Expenditures[2]	Ratio of Debt Service To General Governmental Expenditures
2019	$45,989,000	$24,591,838	$70,580,838	$1,016,620,191	6.94%
2020	46,126,000	23,463,907	69,589,907	1,041,037,742	6.64
2021	47,529,000	27,223,323	74,752,323	1,090,444,851	6.86
2022	45,546,000	27,071,962	72,617,962	1,167,956,936	6.22
2023	49,934,000	31,919,094	81,853,094	1,375,224,313	5.95

[1]Net General Debt includes general obligation bonds, premium and term notes.
[2]Includes expenditures for School Board and Library component units.
Source: City Department of Finance.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

COMMITMENTS AND CONTINGENCIES

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

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

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

Capital Contributions – Bus and Rail Replacement

In June 2021, a new six-year Capital Funding Agreement (the "CFA") was signed by all members of the WMATA Compact after a series of one-year extensions of the 2010 six-year agreement. That funding agreement did not assume an increase of $150 million per year of new federal funds beyond FY 2022, but did assume approximately $50 million from each of the Commonwealth of Virginia, the State of Maryland and the District of Columbia. The new agreement totaled $13.6 billion over the six-year period, and $2.1 billion was projected to be funded by the federal government. The participating jurisdictions' financial obligations, per the Regional Capital Funding Agreement, are subject to individual jurisdictional annual appropriation consideration. The dollar amount of the FY 2025 contribution of the City is $13.8 million, compared to the FY 2024 contribution of Alexandria, which was $13.5 million. The Virginia 2018 dedicated funding legislation also requires that local jurisdictions pay a match to the state dedicated funding. In FY 2025, this amount was $4.1 million, in addition to the allocation specified in the CFA.

Operating Subsidies - Bus and Rail Systems

During FY 2024, obligations for bus and rail subsidies amounted to $56.7 million. The City paid these obligations from the following sources:

City General Fund	$14.9
Transportation Improvement Program (TIP)	$1.7
State Aid and State Motor Fuel Sales Tax revenues	$38.5
NVTA 30%	$1.6
TOTAL (millions)	**$56.7**

LITIGATION

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

WASTE TO ENERGY FACILITY

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

The construction of the Facility was originally financed with revenue bonds issued by the Alexandria Industrial Development Authority in 1984. The Arlington Solid Waste Authority, together with the Alexandria Sanitation Authority (the "Authorities") and the Corporation, refinanced these bonds in July 1998 to achieve debt service savings. Additionally, the Authorities issued new bonds in November 1998 to finance the retrofit of the Facility to meet Clear Air Act requirements. This retrofit was completed by November 9, 2000 in advance of the EPA deadline of December 19, 2000. The retrofit assets continue to be owned by the Authorities. Upon the maturity of the bond in January 2008, the ownership of the plant (but not the land it sits on, which is jointly owned by Alexandria and Arlington) passed to the Corporation.

Acceptance testing on each unit was completed in November 2000, and the Operating Lease agreement between the Authorities and the Corporation took effect in January 2001. Since the lease is essentially 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 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 2025 is $113,330 and according to the interjurisdictional agreement the City's contribution is $47,200. Operating costs of the Facility are paid for primarily through tipping fees. The City paid $956,551 in tipping fees in FY 2024 and is anticipating a similar cost in FY 2025.

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 2024 payment of $256,070 was made from the proceeds from the telecommunications taxes received by the City's General Fund. The same amount is budgeted in FY 2025.

CAPITAL IMPROVEMENT PROGRAM

The City Council Approved FY 2025 – FY 2034 Capital Improvement Program (CIP) totals $2.40 billion, which represents a $4.2 million, or 0.2%, decrease from the Approved FY 2024 – FY 2033 CIP. The FY 2025 capital budget included projects such as the renovation of Alexandria's City Hall, funding associated with the George Mason Elementary School project, and funding associated with the City's contribution to the redevelopment efforts at the Landmark Mall site.

The Approved FY 2025 – FY 2034 Capital Improvement Program totals $2.40 billion. Non-City funds including Federal and State funds and private capital contributions contribute $442.0 million of this total from FY 2025 – FY 2034. The City portion from FY 2025 – FY 2034 is $2.0 billion. The total approved single year CIP for FY 2025 is $493.7. million, a decrease of $22.1 million compared to FY 2025 in last year's approved CIP, which is largely attributable to changes in the CIP resulting from the funding guidance provided to departments and Schools staff regarding capital funding availability.

The Approved FY 2025 – FY 2034 CIP addresses four broad areas of expenditure: protection of the City's investment in existing public facilities or infrastructure (physical assets) through capital maintenance or renovations; planning and construction of major new public facilities and infrastructure, including new or replacement information technology systems; planning and construction of major infrastructure related to the City's stormwater management systems; and Alexandria City Public Schools capital infrastructure needs. This ten-year capital plan was balanced through calculated prioritization and decision making. To fund these investments, the CIP's identified revenue sources over the ten-year period include $369.2 million in City appropriations from General Fund transfers, $21.0 million in reserved General Fund appropriations for transportation projects, and $1.31 billion in future general obligation bond issuances for a variety of projects. Bond proceeds will provide $343.0 million to support Alexandria City Public Schools ("ACPS") capital infrastructure needs, $161.9 million to support WMATA's capital infrastructure needs and $241.3 million for future planned Stormwater Sewer projects, $147.2 million for transportation investments, and $416.7 million for investments in the City's public facilities, recreation amenities and other assets. Non-City revenue sources including but not limited to NVTA funding, State and Federal grants, and private capital contributions comprise $442.0 million. Over the life of the ten-year plan, borrowing compromises 55% of all funding sources, while cash sources contribute 45% of funding.

Because of state and federal regulations related to improving the water quality of the Chesapeake Bay in the six states and the District of Columbia that comprise the Bay's watershed, many cities and counties in this large geographic area will be required to make significant capital investments in sanitary, stormwater treatment, and agricultural runoff systems over the coming decades. During the 2017 Legislative Session, the Virginia General Assembly passed legislation to accelerate the completion to July 1, 2025, of the City's planned work to mitigate sanitary sewer overflows on the City's four combined sewer outfalls ("CSO's"). The cost to mitigate the CSO's is estimated to cost $615 million. The Alexandria Sanitation Authority (dba Alexandria Renew Enterprises) will build and finance this project and increase its user rates sufficient to repay its planned revenue bond borrowing. As part of the Approved FY 2019 – FY 2028 CIP and FY 2019 Operating Budget, City Council approved the implementation of a Stormwater Utility to address these state and federal storm water quality improvement regulations. In the Approved FY 2025 – FY 2034 CIP, fees for the Stormwater Utility, along with state grants, will fund $264.2 million to expand and accelerate flood mitigation and stormwater infrastructure projects over the next ten years and enable the City to meet its State and federal regulatory requirements.

The tables below reflect the Approved FY 2025 – FY 2034 CIP. The Adopted FY 2025 – FY 2034 CIP is available on the Office of Management and Budget's home page at www.alexandriava.gov/Budget.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF APPROVED CAPITAL IMPROVEMENT PROGRAM BY PROJECT SECTION

FY 2025 – FY 2034

EXPENDITURES BY FUNDING SOURCE			
	Total Cost	**Non-City Revenue Sources**	**Net City Cost**
Schools	$378,957,900	$0	$378,957,900
Community Development	184,949,790	0	184,949,790
Recreation & Parks	134,410,300	5,700,000	128,710,300
Public Buildings	319,473,900	0	319,473,900
Transportation	590,822,943	408,320,636	182,502,307
WMATA Capital Contributions	189,126,000	26,420,100	162,705,900
Sanitary Sewers[1]	111,844,200	0	111,844,200
Stormwater Management	264,147,191	0	264,147,191
Other Regional Contributions	5,640,238	0	5,640,238
IT Plan	106,968,925	1,579,600	105,389,325
CIP Development & Implementation Staff	115,204,238	0	115,204,238
TOTAL CIP	**$2,401,545,625**	**$442,020,336**	**$1,959,525,289**

[1]The portion of Sanitary Sewer capital improvements planned to mitigate combined sewer outfalls will be built and financed by Alexandria Renew Enterprises.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF APPROVED CAPITAL IMPROVEMENT PROGRAM BY PROJECT SECTION

FY 2025 - FY 2034

CAPITAL IMPROVEMENT PROGRAM BY PROGRAM YEAR											
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Total
Schools	$107,608,600	$28,841,800	$22,609,700	$33,268,400	$101,786,300	$16,075,100	$16,366,200	$17,580,900	$17,408,800	$17,322,100	$378,957,900
Community Development	44,040,900	19,998,300	13,615,301	19,258,900	19,616,002	13,926,200	15,027,303	12,355,600	13,478,944	13,632,340	184,949,790
Recreation & Parks	18,652,200	17,258,800	8,790,100	11,409,200	12,450,300	12,138,693	14,611,007	20,825,100	7,668,498	10,606,402	134,410,300
Public Buildings	96,892,700	15,492,793	4,125,996	24,796,511	30,316,954	18,811,805	55,434,034	30,500,350	28,479,383	14,623,374	319,473,900
Transportation	154,655,447	60,302,497	81,410,757	43,141,445	38,915,716	56,596,255	59,906,111	32,230,175	39,685,585	23,978,955	590,822,943
WMATA Capital Contributions	16,896,000	17,311,000	17,736,000	18,174,000	18,625,000	19,090,000	19,569,000	20,062,000	20,570,000	21,093,000	189,126,000
Sanitary Sewers[1]	14,582,700	17,970,000	8,640,700	32,125,000	7,499,300	7,100,000	6,058,400	5,900,000	6,068,100	5,900,000	111,844,200
Storm water Management	21,577,450	54,377,700	42,357,400	26,663,100	22,252,200	18,409,800	18,981,600	22,306,600	18,976,365	18,244,976	264,147,191
Other Regional Contributions	479,128	529,070	539,560	550,390	561,540	572,690	584,170	595,980	607,790	619,920	5,640,238
IT Plan	9,928,956	10,142,443	15,957,355	8,870,646	10,941,114	9,272,841	13,454,670	8,084,820	11,528,047	8,788,033	106,968,925
CIP Development & Implementation Staff	8,414,438	10,512,200	10,827,200	11,152,300	11,486,800	11,831,000	12,186,400	12,552,000	12,928,400	13,313,500	115,204,238
TOTAL CIP[2]	**$493,728,519**	**$252,736,603**	**$226,610,069**	**$229,409,892**	**$274,541,226**	**$183,824,384**	**$232,178,895**	**$182,993,525**	**$177,399,912**	**$148,122,600**	**$2,401,545,625**

[1] The portion of Sanitary Sewer capital improvements planned to mitigate combined sewer outfalls will be built and financed by Alexandria Renew Enterprises.

[2] Totals may not agree due to rounding.

CAPITAL FINANCING AND DEBT MANAGEMENT

The City Council passed a set of debt-related financial policies on June 9, 1987 and has amended those policies from time to time. By using these debt-related financial policies, the City has been able to maintain a fiscally prudent framework for establishing a realistic, usable, and financially achievable capital improvement program. In May 2017, City Council further amended the debt policies to recognize that a significant portion of the City's debt is now and projected to be self-supported through fees (stormwater and sanitary sewer). The debt ratio ceilings were also increased, bringing Alexandria more closely in line with other AAA/Aaa-rated peer jurisdictions. The City is in compliance with its debt-related financial policies.

DEBT RATIO POLICIES

DEBT AS A PERCENTAGE OF FAIR MARKET REAL PROPERTY VALUE

Target	Limit	FY 2023
Variable	2.5%	1.96%

This ratio indicates the relationship between the City's debt and the full value of real property in the City as assessed annually at fair market value. It is an important indicator of the City's ability to repay debt, because real property taxes are the primary source of the City's revenues used to repay debt. A small ratio indicates that the City will be better able to withstand possible future economic downturns and continue to meet its debt obligations.

DEBT SERVICE AS A PERCENTAGE OF GENERAL GOVERNMENT EXPENDITURES

Target	Limit	FY 2023
Variable	12%	5.95%

This ratio is a measure of the City's ability to repay debt without hampering other City services. A small ratio indicates a lesser burden on the City's operating budget.

GENERAL FUND BALANCE AS A PERCENTAGE OF GENERAL FUND REVENUE

	Target	FY 2023
Spendable (Unreserved)	15%	24.15%

These ratios indicate the ability of the City to cope with unexpected financial problems or emergencies. The Spendable (Unreserved) General Fund Balance represents the funds legally available to the City. It is desirable that the City maintain a Spendable (Unreserved) General Fund Balance that is comparable to the ratio maintained by other double-triple A-rated jurisdictions, but not to fall below a lower limit of 10 percent. In November 2019, City Council adopted new debt-related financial policies that eliminated 10 percent as a lower limit and set a target of General Fund Balance as a Percentage of General Fund Revenue of 15 percent. In addition, City Council established a policy that replenishment of fund balance is a priority over discretionary funding initiatives. The new policy stipulates that replenishment to achieve the 15 percent target should occur within three fiscal years when General Fund operating reserves are drawn down to meet a "critical unpredictable financial need."

DEBT ISSUANCE POLICIES

The following policies have been adopted by the City Council and represent current City plans, which are subject to change based upon the actions of future City Councils:

(1) The City will not issue tax or revenue anticipation notes to fund ongoing governmental operations. The City of Alexandria will manage its cash in a fashion that will prevent any borrowing to meet working capital needs.

(2) The City will not issue bond anticipation notes ("BAN") for a period of longer than two years. If the City issues a BAN for a capital project, the BAN will be converted to a long-term bond or redeemed at its expiration but will not be rolled over.

(3) The City will continue to rely on current revenue, including its fund balance, to finance its short-lived and maintenance-oriented capital improvements. The City believes in funding a significant portion of capital improvements on a "pay-as-you-go" basis; therefore, the City will continue to finance short-lived and maintenance-oriented capital improvements with current revenues and its fund balance. The priority to consider when additional General Fund revenues become available at the end of the fiscal year would be a commitment within the General Fund Balance for pay-as-you-go capital.

(4) The City will not establish a trend of using General Fund equity to finance current recurring operations. The City's General Fund equity balance has been built over the years to provide the City with sufficient working capital and to enable it to finance equipment replacement, capital projects, and unforeseen emergencies without borrowing. To conserve the General Fund equity balance and to avoid reliance on the balance, the City will not finance recurring operations from the General Fund equity balance for periods longer than two consecutive fiscal years, then the City will adopt in its next ensuing budget a balanced budget in which the operating revenues meet the operating expenditures without any consideration of the General Fund equity balance.

(5) In accordance with the City Charter and in order to meet the debt ratio targets, to schedule debt issuance, and to systematically improve the capital structure, each year the City will prepare and adopt a Capital Improvement Program. This Capital Improvement Program will identify the source of funding for all capital projects. The debt issuances that are a part of the Capital Improvement Program will be structured to meet the City's debt policies and debt ratio targets.

(6) The City Manager will prepare and submit each year with the proposed budget a set of scenarios of possible future revenues and expenditures that match the Capital Improvement Program time horizon to be considered by the City Council. Those scenarios will be updated to reflect the decisions of the City Council and issued with the approved budget. In order to improve financial planning and decisions, the City Manager also will annually prepare with the approved budget a set of scenarios of possible future General Fund revenues and expenditures and their effects on the debt-related financial policy ratios outlined above, including the effect of planned borrowing under the approved CIP.

EQUIPMENT REPLACEMENT RESERVE FUND

It has been the policy of the City to allocate monies each year for the future replacement of City equipment. On June 30, 1987, the City established an internal service fund ("Equipment Replacement Reserve Fund") for the purpose of providing an orderly accumulation of monies to replace capital equipment. As of June 30, 2023, the Equipment Replacement Reserve Fund, which derives its revenues from scheduled equipment charges to user departments, had a cash balance of $15.1 million.

RISK MANAGEMENT PROGRAM

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 and flood insurance policies on real and personal property and the following liability insurance policies as of June 30, 2023: public entity and public officials excess liability, medical malpractice liability, voting booths, special events, vacant buildings, volunteer liability, cyber security and commercial crime. In addition, the City maintains excess workers' compensation insurance. The City maintains a blanket surety bond on all City workers who handle funds and excess amounts on key officials. 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.

In addition, the risk management program includes employee safety training in the prevention and administration of workers' compensation claims. As part of the program, all employees who drive a vehicle to conduct City business, whether a City or personal vehicle, are required to attend defensive driving classes.

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 million and over $10 million. A total of $6.5 million of Spendable (Unreserved) General Fund balance has been committed to meet potential self-insurance losses.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SECTION FIVE: FINANCIAL INFORMATION

ACCOUNTING STRUCTURE AND BASIS OF ACCOUNTING

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded the City of Alexandria a Certificate of Achievement for Excellence in Financial Reporting for the City's Annual Comprehensive Financial Report ("ACFR") for more than 40 years. The GFOA awards a certificate to governmental units that display excellence in financial reporting and conform to stringent reporting requirements promulgated by that association and various authoritative bodies. For more than 30 years, beginning July 1, 1990, through July 1, 2023 (FY 2024), the City has received the GFOA's Award for Distinguished Budget Presentation.

GOVERNMENT-WIDE AND FUND ACCOUNTING

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 and business-type categories, 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 either governmental or business type. 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 statement presentations provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. The City generally uses unspendable assets first for expenses incurred for which both unspendable and spendable assets are available. The City may defer the use of unspendable 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 column 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 to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all 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.

The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose, 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 2024.

Governmental Funds

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

General Fund

The General Fund 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 are transferred to other funds, principally to finance the operations of the City of Alexandria School Board.

Special Revenue Fund

The Special Revenue Fund 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.

Capital Projects Fund

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

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, and payments relating to the government's business activities 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 in 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. This Internal Service Fund is included in governmental activities for government-wide reporting purposes. As a general 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. The component unit, Alexandria Transit Company, is considered an enterprise and derives its funding from fare box fees and some support from the City.

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, 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 ("OPEB") 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 operation. Fiduciary Funds are not included in the government-wide financial statements because the resources cannot be used for operations of the government.

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 are generally 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 (*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, all proprietary funds, and private purpose trust fund 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.

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 forty-five days of 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 revenue 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.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

FIVE-YEAR SUMMARY OF GENERAL FUND REVENUES AND EXPENDITURES

The financial data shown below provides a summary of revenues and expenditures of the City's General Fund for the five fiscal years ended June 30 shown.

	2019	2020	2021	2022	2023
Revenues:					
General Property Taxes	$504,616,490	$517,263,555	$534,770,026	$552,540,913	$582,975,505
Other Local Taxes	140,260,786	128,170,493	131,506,114	148,875,493	152,409,150
Permits, Fees, and Licenses	2,802,064	1,387,070	4,185,341	2,202,262	2,683,307
Fines and Forfeitures	4,297,753	4,052,312	3,076,876	2,694,652	3,129,147
Use of Money and Property	11,265,651	8,610,954	3,149,630	1,115,117	20,186,948
Charges for Services	22,276,812	11,215,075	10,681,086	15,203,509	17,312,775
Intergovernmental Revenues	56,124,121	56,885,336	59,552,814	56,268,765	59,286,179
Interest from Leases	-	-	-	52,798	212,764
Miscellaneous	2,663,744	1,966,605	1,921,463	2,597,949	5,140,380
Total Revenues:	$744,307,421	$729,551,400	$748,843,350	$781,551,457	$843,336,155
Other Financing Sources:					
Operating Transfers In	$11,921,244	$9,291,882	$9,246,427	$45,584,494	$14,233,764
Refunding Bonds	-	-	49,887,196	11,782,546	-
Sale of Land	-	-			
Premium	-	-			
Total Other Financing Sources	$11,921,244	$9,291,882	$59,133,623	$57,367,040	$14,233,764
Total Revenues and Other Financing Sources	$756,228,665	$738,843,282	$807,976,973	$838,918,497	$857,569,919
Expenditures:					
Current:					
General Government	$48,284,138	$46,141,615	$52,615,276	$56,619,999	$66,364,403
Judicial Administration	20,363,626	20,640,006	19,773,623	20,440,688	22,545,469
Public Safety	147,267,680	147,712,011	142,367,202	147,184,920	157,867,952
Public Works	46,638,452	29,164,816	25,638,460	27,917,451	28,753,192
Library	7,026,500	7,095,682	7,379,204	7,680,826	8,149,962
Health and Welfare	20,334,366	20,703,485	20,962,751	21,726,647	22,769,857
Transit	5,500,886	16,570,690	2,478,947	18,681,843	17,435,975
Culture and Recreation	25,257,914	25,814,160	24,292,705	26,704,089	30,835,418
Community Development	18,211,203	19,715,477	20,174,219	21,667,205	24,424,539
Education	223,841,444	231,685,624	234,037,296	239,437,296	248,737,300
Debt Service:					
Principal Retired	$45,653,950	$43,809,930	$44,965,570	$42,992,958	$47,904,788
Interest and Fiscal Charges	23,926,863	21,909,241	19,638,000	19,656,254	24,019,704
Total Expenditures	$632,307,022	$630,962,737	$614,323,252	$650,710,176	$699,808,559
Other Financing Uses:					
Payment to Refunded Bonds Escrow Agent	$ -	$ -	$49,618,630	$11,710,136	$-
Operating Transfers Out	110,575,925	101,197,911	120,356,796	127,261,747	159,822,821
Total Other Financing Uses	$110,575,925	$101,197,911	$169,975,426	$138,971,883	$159,822,821
Total Expenditures and Other Financing Uses	$742,882,947	$732,160,649	$784,298,678	$789,682,059	$859,631,380
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	$13,345,718	$6,682,634	$23,678,295	$49,236,438	($2,061,461)
Fund Balances at Beginning of Year	128,958,343	143,214,706	152,800,030	176,644,513	225,137,606
Increase/(Decrease) in Reserve For Inventory	910,645	2,902,690	166,188	(743,345)	614,046
FUND BALANCES AT END OF YEAR	**$143,214,706**	**$152,800,030**	**$176,644,513**	**$225,137,606**	**$223,690,191**

Summaries for fiscal years 2019 to 2023 are compiled from the ACFR and City records that the independent auditor for the City has audited. The summaries should be read in conjunction with their related financial statements and notes.

GENERAL FUND BALANCE
FISCAL YEARS 2019 TO 2023

	2019	2020	2021	2022	2023
Unspendable: [1]					
Inventories	$3,668,621	$6,571,311	$6,737,499	$5,994,154	$6,608,200
Prepaids	1,617,055	130,481	134,533	13,984,800	12,974,895
Long Term Notes	400,000	400,000	400,000	400,000	400,000
	$5,685,676	$7,101,792	$7,272,032	$20,378,954	$19,983,095
Spendable Committed/Assigned (Designated) For:					
Prior Years' Capital Programs	$19,000,000	$19,000,000	$19,000,000	$20,000,000	$--
FY 2024 Capital Improvement Program					20,000,000
Prior Years' Operating Budget	$8,000,000	$16,000,000	15,800,000	8,120,000	--
FY 2024 Operating Budget	--	--	--	--	17,464,943
FY 2022 Pay Initiatives	--	--	7,200,000	--	--
Transit Savings	--	--	5,000,000	5,000,000	5,000,000
Self-Insurance	5,000,000	5,000,000	5,000,000	6,500,000	6,500,000
Termination/Retirements	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UHC Self Funding	--	--	--	2,000,000	2,000,000
Natural Disasters/Emergencies	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Economic Development Incentives	1,400,000	1,000,000	1,000,000	1,000,000	1,000,000
Landmark Soil Contingency	--	--	3,000,000	3,000,000	3,000,000
City Projects/Initiatives	6,653,822	3,057,222	8,400,000	7,432,389	4,500,000
Economic Contingencies	5,000,000	5,000,000	--	--	--
Encumbrances (for GASB requirements)	4,360,247	4,336,383	6,807,016	6,524,074	9,506,322
Transportation Improvements	708,540	585,829	--	--	--
Stormwater Initiatives		2,000,000	--	--	--
Regional Transportation	2,000,000	--	--	--	--
Revenue Replacement-funded Projects	--	--	--	35,441,951	--
Total Commitments and Assignments	$56,122,609	$59,979,434	$75,207,016	$99,018,414	$72,971,265
Unassigned	$81,406,421	$85,718,804	$94,165,465	$105,740,238	$130,735,831
Total Spendable[2]	$137,529,030	$145,698,238	$169,372,481	$204,758,652	$203,707,096
Total General Fund[2]	$143,214,706	$152,800,030	$176,644,513	$225,137,606	$223,690,191
Spendable General Fund Balance as a percent of General Fund Revenues	18.48%	19.97%	22.62%	26.20%	24.16%

[1] GASB rules require the use of the categories committed, assigned, spendable and unspendable. Category titles are estimated for prior years. The Fund Balance of the Alexandria City Public Schools ("ACPS"), a component unit of the City, is not included here.

[2] Totals may not equal due to rounding.

BUDGETARY PROCEDURES

The City's annual budget is based on a fiscal year of July 1 to the following June 30. Under the City Charter, the City Council must adopt an appropriation ordinance for the subsequent fiscal year no later than June 27. The appropriation ordinance is based on a balanced budget of all fiscal operating expenditures to be financed from current fiscal year revenues and balances available from prior years.

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 "Proposed Budget"). The School Board prepares the Schools' budget and transmits it to the City. The City Manager's Proposed Budget for the following year is presented to the City Council in February of each year. The Proposed Budget includes recommended funding levels for all City programs, including School operations. The Proposed Budget also includes a recommended program of capital expenditures to be financed from current revenues. A separate ten-year CIP is also prepared each year, and the first year of that CIP is included in the City Manager's Proposed Budget. Estimated revenues are detailed in the Proposed Budget, along with any recommended new taxes or changes in tax rates or service charges that may be proposed by the City Manager, or as directed by City Council.

Public hearings on the Proposed Budget and tax rates are held in early spring and are followed by a series of City Council work sessions, during which City Council discusses the proposed operating and capital programs and the revenue outlook. Final City Council decisions are made in early May, and these decisions are incorporated into the appropriation ordinance for the subsequent fiscal year. This appropriation ordinance is approved by City Council no later than June 27 for the succeeding fiscal year to commence July 1.

During the fiscal year, the Department of Finance and the Office of Management and Budget conduct detailed reviews of both expenditures and revenues. As a management tool, budgetary control is maintained in the General Fund at the character level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. The City follows a similar procedure with Special Revenue Funds, but the level of control is at the grant or program level. Throughout the fiscal year, City Council transfers appropriations among departments, divisions, and projects. The City Manager has the authority to transfer appropriations within departments. The City Council also approves supplemental appropriations, including the reappropriation of prior year encumbrances.

FY 2025 OPERATING BUDGET

The City Council adopted the FY 2025 Approved Operating Budget on May 1, 2024. The City's FY 2025 Approved General Fund Budget is $926.4 million, which is $42.1 million (4.8%) more compared to the FY 2024 Approved Budget. The General Fund Budget for FY 2025 (July 1, 2024 to June 30, 2025) is financed principally by tax revenues. For tax year 2024, which coincides with calendar year 2024, the adopted real property tax rate is $1.135. At the adopted rate of $1.135 per $100 of assessed value, the 2024 tax bill on the average residential property will increase by $241 or 2.2 percent. (The revenues from 2.2 cents of this $1.135 rate will be applied to transportation capital and operating projects.) The 2024 adopted personal property tax rate of $5.33 is equal to the calendar year 2023 rate. The FY 2025 Approved Budget includes $273.0 million for the Alexandria City Public Schools, representing a 5.5 percent increase in the City appropriation to the Schools from the FY 2024 Approved Budget.

General Fund Expenditures By Spending Area

	FY 2024 Approved Budget	FY 2025 Approved Budget	% Change
Legislative and Executive	$11,588,456	$11,854,946	2.3%
Courts and Constitutional	51,960,740	55,103,152	6.0
General Government	57,468,179	58,798,283	2.3
Other Non-Departmental	11,024,296	12,960,018	17.6
Public Safety	143,920,830	149,284,328	2.4
Operating Agencies	230,909,638	239,598,033	3.8
Education	258,702,370	273,049,870	5.5
Cash Capital	38,297,581	29,476,152	-23.0
Debt Service	80,455,941	96,271,010	19.7
Total Expenditures[1]	$884,328,028	$926,395,792	4.8%

[1] Totals may not foot due to rounding.
Source: City Department of Finance.

REVENUES

The following table shows the City's principal tax revenues by source for each of the last five fiscal years. Growth in total tax revenues has averaged more than four percent per year over the last five fiscal years.

PRINCIPAL TAX REVENUES BY SOURCE

Fiscal Year	Real Property Taxes	Personal Property Taxes	Local Sales Taxes	Business License Taxes	Transient Lodging & Restaurant Food Taxes	Utility Taxes	Other Local Taxes[1]	Total
2019	$452,762,144	$50,007,122	$33,843,610	$36,883,865	$36,912,788	$11,264,818	$29,367,433	$651,041,780
2020	459,756,284	54,534,521	35,179,797	35,154,223	28,429,282	12,077,396	25,541,926	650,673,428
2021	480,092,075	52,984,935	44,299,858	37,042,157	26,697,748	11,534,144	27,156,380	679,807,297
2022	493,495,159	57,207,803	43,873,085	38,101,182	39,079,659	12,017,966	26,339,976	710,114,831
2023	514,222,181	66,525,461	47,903,530	40,006,700	42,104,421	12,639,483	22,329,640	745,731,415

[1]Other local taxes include cable TV franchise license tax, motor vehicle license tax, bank franchise tax, tobacco tax, recordation tax, telecommunication tax, admissions tax, cell phone tax, communications sales tax and penalties and interest on property tax.

Source: City Department of Finance.

REAL ESTATE AND PERSONAL PROPERTY TAXES

The City levies an annual ad valorem tax on the assessed value of real and tangible personal property located within the City. State property assessment law requires real property assessments throughout the Commonwealth to be made at a ratio of 100 percent of estimated fair market value. Real property is assessed as of January 1 of the calendar year, and the taxes are due on June 15 and November 15 of the same year. The Director of Real Estate Assessments, by the authority of City ordinance, prorates billings for property incomplete on January 1 but completed during the year. Personal property taxes are due on October 5 of the calendar year in which the tax is levied. There is no limit on the property tax rates, which may be established by the City.

The penalty for late payment of property taxes is 5 percent for the first 15 days and then, after 15 days, 10 percent of the tax due or $10, whichever is greater. However, the late payment penalty may not exceed the amount of the tax. Interest charges on unpaid balances are assessed at an annual rate of 10 percent the first year and five percent each year thereafter until all unpaid balances are paid. In the case of real estate on which delinquent taxes are not paid within three years, the City may sell the property at public auction to recover the amounts due.

During its 1998 Special Session, the General Assembly of Virginia enacted the Personal Property Tax Relief Act, which required the Commonwealth to reimburse local governments for the portion of the taxes levied on the first $20,000 of assessed value on qualifying vehicles. This portion of the tax was in turn then exempted from personal property taxes by the Commonwealth. Beginning in FY 2000, the Commonwealth reimbursed localities for 27.5 percent of the personal property tax. The reimbursement was gradually increased to 70 percent of the personal property taxes by FY 2002 and remained at 70 percent through FY 2006. Beginning in FY 2007 and thereafter, Alexandria is no longer being reimbursed for 70 percent of the personal property taxes on qualifying vehicles. Rather, the Commonwealth reimburses the City a fixed dollar amount ($23.6 million) instead of the reimbursement schedule. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the Commonwealth, approximately 26 percent of total personal property tax levy in FY 2023.

The following tables set forth information concerning the City's real property tax collection rate for calendar years 2019 to 2023 and personal property tax collection rate for calendar years 2019 to 2023. In 2019 the real estate tax rate was reduced from $1.13 per $100 of assessed value to $1.11. It remained unchanged for three years, until calendar year 2024, when it was increased to $1.135 during the FY 2025 budget process. In calendar year 2019, the vehicle personal property tax increased from $5.00 per $100 of assessed value to $5.33, in conjunction with the elimination of the vehicle decal and associated $33 annual fee. This will result in no change to the total amount of City revenue generated by the tax, while the net cost to each vehicle owner will increase, decrease or remain the same.

REAL ESTATE TAX LEVIES AND COLLECTIONS
(Amounts in thousands)

Calendar Year Ended December 31	Net Tax Levy	Amount Collected	Percentage of Levy	Prior Year Delinquent Collections	Amount of Combined Collections	Combined Percentage of Levy
2019	$446,629	$445,474	99.7%	$938	$446,413	100.0%
2020	467,301	465,972	99.7	744	466,715	99.9
2021	470,456	469,384	99.8	1,062	470,446	100.0
2022	498,191	497,078	99.8	1,338	498,416	100.1
2023	515,355	512,617	99.5	919	513,536	99.6

* Levy adjusted for changes since original levy.
Source: City Department of Finance.

PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
(Amounts in thousands)

			Collected within the Fiscal Year of the Levy				Total Collections To Date	
Calendar Year Ended December 31	**Total Levy[1]**	**Commonwealth Reimbursement[2]**	**Current Payments from Taxpayers**	**Total Current Revenue**	**Percentage of Current Levy**	**Prior Year Delinquent Collections**	**Total Revenue[3]**	**Combined Percentage of Levy**
2019	$79,890	$23,391	$52,621	$76,012	95.1%	$1,898	$77,910	97.5%
2020	78,526	23,475	50,981	74,456	94.8	2,004	76,460	97.4
2021	82,400	23,112	54,823	77,935	94.6	2,384	80,319	97.5
2022	90,331	23,258	62,265	85,523	94.7	4,261	89,784	99.4
2023	97,177	23,455	67,570	91,025	93.7	3,656	94,681	97.4

[1] Total Levy includes current year levy for vehicles, PPTRA and Business Personal Property.
[2] Commonwealth Reimbursement (PPTRA). Revenue fixed at $23,578,531 per year.
[3] Total revenue includes current and delinquent taxes; excludes penalties and interest

The City of Alexandria aggressively levies a personal property tax even where businesses or individuals have failed to file. For example, if a business is licensed in the City and fails to file a business personal property tax return, that business is automatically billed on the basis of an assumed $75,000 in personal property. If a business filed a personal property tax return last year and fails to file a return this year, that business is automatically billed 115 percent of last year's tax levy. Automobile registrations for the personal property tax are automatically carried over each year unless the vehicle owner reports that the vehicle is no longer taxable in the City and in some cases, provides documentation of the same. If a vehicle owner fails to report that the vehicle is no longer taxable, the City will assess and bill the personal property tax as if the vehicle remains taxable. If an individual registers his or her vehicle with the Virginia Department of Motor Vehicles ("DMV") and fails to register with the City, he or she is automatically billed based on the DMV description of the vehicle. Improvements to the automatic registration process carried out in 2009 have increased revenues from this process while decreasing erroneous registrations. In many cases, personal property tax bills (for both businesses and automobiles) are ultimately reduced or relieved for reasons such as individuals moving out of the City or businesses submitting amended returns. Because the validity of these billings cannot be known at the time personal property taxes are levied, they are included in the total tax levy and artificially reduce the City's collection rate.

Under Virginia law, when real property taxes are assessed, an automatic lien attaches to the real property. Liens on unpaid real property taxes represent a small portion of the annual real estate tax levy. The City may sell real estate on which taxes are not paid. If taxes are delinquent for more than two years, the property may be sold through the bill in equity process (Code of Virginia §§58.1-3965, *et. seq.*). Finally, any property against which a judgment has been rendered may be sold by court order (Code of Virginia §8.01-462).

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

PRINCIPAL TAXPAYERS

The following table sets forth the ten largest private property and public utility taxpayers of ad valorem real property taxes and the assessed value of property owned by each taxpayer. The aggregate assessed value of the ten largest private taxpayers and the ten largest public service corporations represents 9.7 percent of the $48.5 billion of taxable real property assessed as of January 1, 2024.

PRINCIPAL TAXPAYERS
PRIVATE PROPERTY
JANUARY 1, 2024

	Owner's Name	Property	2024 Assessed Value	Percentage of Total Taxable Assessed Valuation
1.	Equity Residential	Apartments	$722,107,000	1.49%
2.	Paradigm Companies	Apartments	637,534,186	1.31
3.	Stonebridge	Apartments/Office Buildings/Vacant Land	567,297,745	1.17
4.	Morgan Properties	Apartments	549,757,000	1.13
5.	CIM Group	Apartments	516,340,000	1.06
6.	LCOR	Office Buildings	480,498,086	0.99
7.	AIMCO	Apartments	402,847,000	0.83
8.	UDR	Apartments	312,852,000	0.65
9.	Elme Communities (Washreit)	Apartments/Office Building	250,668,000	0.52
10.	Carmel Partners	Apartments	245,260,000	0.51
		Total Value of Property Owned by the Ten Largest Private Property Owners	**$4,685,161,017**	**9.7%**

* Percentage of Total Assessed Valuation is based on a total assessed value of $48.5 billion.

Source: Department of Finance, Division of Real Estate Assessments.

PUBLIC SERVICE COMPANIES
JANUARY 1, 2023

	Owner's Name	2023 Assessed Value	Percentage Of Total Assessed Valuation*
1.	Virginia Electric and Power Company	$254,763,000	0.53%
2.	Virginia American Water Co.	92,199,000	0.19
3.	Norfolk Southern Railway Company	76,439,000	0.16
4.	CSX Transportation, Inc.	67,240,000	0.14
5.	Washington Gas Light Company	65,075,000	0.13
6.	Verizon Virginia LLC	44,408,000	0.09
7.	Potomac Electric Power Company	42,091,000	0.09
8.	Covanta Alexandria/Arlington Inc.	19,820,000	0.04
9.	Cellco Partnership	12,215,000	0.03
10.	New Cingular Wireless PCS, LLC	11,000,000	0.02
	Total Value of Property Owned by the Ten Largest Utility Property Taxpayers	**$685,250,000**	**1.42%**

* Percentage of Total Assessed Valuation is based on a total assessed value of $48.5 billion.

Source: Virginia Department of Taxation. Calendar Year 2024 valuation is not available at this time.

The following table sets forth the assessed value of all locally assessed taxable real property in the City from calendar (tax) year 2019 to 2023. Non-locally assessed taxable property and tax-exempt properties owned by the federal government, the Commonwealth, local government, churches and schools are not included in the table.

HISTORICAL ASSESSED VALUATION AND PROPERTY TAX RATES

	REAL PROPERTY ($000)				PERSONAL PROPERTY ($000)				
Calendar Year	Residential	Commercial	Total	Tax Rate Per $100*	Motor Vehicle and Tangibles Assessment	Tax Rate Per $100**	Machine and Tools Assessment	Tax Rate Per $100	Total Assessment
2019	$24,550,610	$17,501,145	$42,051,755	1.130	$1,491,271	5.33	$14,262	4.50	$1,505,533
2020	26,029,769	17,158,601	43,188,369	1.130	1,652,958	5.33	14,963	4.50	1,667,921
2021	27,828,841	18,074,465	45,903,306	1.110	1,775,759	5.33	11,115	4.50	1,786,874
2022	29,224,848	18,430,001	47,654,849	1.110	1,903,199	5.33	15,755	4.50	1,918,954
2023	30,096,124	17,693,119	47,789,243	1.110	2,137,429	5.33	17,073	4.50	2,154,503

*Excludes Potomac Yard and Tier 1 special tax district rates of up to $0.20, which are dedicated to the planned Metrorail station.

** Reflects motor vehicle tax rate.

Source: City Department of Finance.

LOCAL SALES TAX

The City's one percent sales tax is collected with the Commonwealth sales tax. The Commonwealth remits the tax monies for the local portion to the City during the month following receipt. These receipts amounted to $47.9 million or 6.4 percent of all tax revenues ($745.7 million) for the fiscal year ended June 30, 2023. The table below shows revenue from the local sales tax for the past five years. Local sales tax revenues in 2023 include $6.8 million of Northern Virginia Transportation Authority revenue.

LOCAL SALES TAX REVENUES

Fiscal Year	Revenues	Percent Change
2019	$33,843,610	5.9%
2020	35,179,797	3.9
2021	44,299,858	25.9
2022	43,873,085	-1.0
2023	47,903,530	9.2

Source: City Department of Finance.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

BUSINESS LICENSE TAXES

These taxes are levied for the privilege of conducting business and engaging in certain businesses, professions, trades, and occupations in the City. Both flat license fees and rates established as a percentage of gross receipts are imposed. The calendar year is the tax year. All license taxes are due on March 1 of each year. Persons liable for payment of the license tax apply to the City for the license and, in cases where the tax is based on gross receipts, must furnish the City with a sworn statement of the amount of gross receipts from the previous year. In the fiscal year ended June 30, 2023, business license tax receipts amounted to $40.0 million or 5.4 percent of all tax revenues.

BUSINESS LICENSE TAX REVENUES

Fiscal Year	Revenues	Percent Change
2019	$36,883,865	9.0%
2020	35,154,223	-4.7
2021	37,042,157	5.4
2022	38,101,182	2.9
2023	40,006,700	5.0

Source: City Department of Finance.

UTILITY TAX

Every public service corporation that sells or furnishes a utility service must collect a City tax from the purchaser of the service. The tax rates for electricity and natural gas are based on the class of consumers and amount of energy consumption. In fiscal year 2013 and prior years, a monthly maximum tax of $2.40 applied for both electricity and gas for residential consumers. The maximum tax increased to $3 as of July 1, 2013. The tax rate for water is based on the class of consumers and the amount of the monthly utility bill. A monthly maximum tax of $22.50 for water applies for commercial and industrial consumers. In the fiscal year ended June 30, 2023, utility taxes amounted to $12.6 million or 1.7 percent of total tax revenues.

UTILITY TAX REVENUES

Fiscal Year	Revenues	Percent Change
2019	$11,264,818	-6.7%
2020	12,077,396	7.2
2021	11,534,144	-4.5
2022	12,017,966	4.2
2023	12,639,483	5.2

Source: City Department of Finance.

COMMUNICATIONS TAX

Virginia House Bill 568 enacted by the 2006 General Assembly replaced many of the telephone and cable television taxes previously collected by the City and other Virginia localities with a State administered Communications Sales and Use Tax and a uniform statewide E-911 tax on landline telephone service. Taxes previously collected by the City such as utility tax on phone service, the E-911 service tax, the cable franchise fee, and part of the gross receipts tax on telecommunications companies is now collected by the Commonwealth and remitted to Alexandria. The tax of five percent on all communications services went into effect on January 1, 2007. The implementation of the state-collected tax was designed to be revenue neutral for local governments. In FY 2023, the City received $7.5 million from the Communications Sales and Use Tax, which represented 1.0 percent of total tax revenues.

COMMUNICATIONS TAX REVENUES

Fiscal Year	Revenues	Percent Change
2019	$9,167,402	-7.2%
2020	8,217,077	-10.4
2021	8,106,878	-1.3
2022	7,709,875	-4.9
2023	7,512,962	-2.6

Source: City Department of Finance.

TRANSIENT LODGING TAX

The transient lodging tax rate is levied at a rate of 6.5 percent of the amount charged for hotel and motel rooms, plus $1.25 per room per night. Although growth has been seen in the past two years, revenue from transient lodging was affected for several years by consumer confidence impacted by federal budget difficulties and sequestration. The greater increase in FY 2017 is attributed to the impact of that year's Presidential Inauguration. The significant decline in FY 2019 is the impact of the shift in revenue generated from transient lodging from the Northern Virginia Transportation Authority for Northern Virginia transportation projects (NVTA 30% funding) to the Commonwealth to provide dedicated funding for WMATA. For the fiscal year ended June 30, 2023, transient lodging taxes amounted to $12.0 million and represented 1.6 percent of all tax revenues.

TRANSIENT LODGING TAX REVENUES

Fiscal Year	Revenues	Percent Change
2019	$12,912,839	-7.3%
2020	8,663,346	-32.9
2021	4,762,880	-45.0
2022	10,206,837	114.3
2023	11,960,434	17.2

Source: City Department of Finance.

RESTAURANT MEALS TAX

A restaurant meals tax is levied on all food and drink (including alcoholic beverages) sold in the City. Effective July 1, 2018, the tax rate was increased from 4 percent to 5 percent, with the 1 percent increase dedicated to affordable housing initiatives. Similarly, to transient lodging tax revenue, meals tax revenue was negatively impacted by the fluctuations in consumer confidence for several years. For the fiscal year ended June 30, 2023, restaurant meal taxes amounted to $30.1 million and represented 4.0 percent of total tax revenues.

RESTAURANT MEALS TAX REVENUES

Fiscal Year	Revenues	Percent Change
2019	$23,999,948	31.3%
2020	19,765,936	-17.6
2021	21,934,868	11.0
2022	28,872,822	31.6
2023	30,143,987	4.4

Source: City Department of Finance.

OTHER TAXES

Revenues received from other local taxes include a per pack cigarette tax (which was $1.26 per pack in FY 2020), a recordation tax, a bank franchise tax, a motor vehicle license tax, telecommunications tax, admissions tax, and penalty and interest on property taxes. For the fiscal year ended June 30, 2023, other local taxes amounted to $14.8 million or 2.0 percent of total tax revenues.

OTHER LOCAL TAX REVENUES

Fiscal Year	Revenues	Percent Change
2019	$20,200,031	-14.1%
2020	17,324,848	-14.2
2021	19,049,503	10.0
2022	18,630,101	-2.2
2023	14,816,677	-20.5

Source: City Department of Finance.

REVENUES FROM THE COMMONWEALTH

The Commonwealth reimburses the City for a portion of certain shared expenses involving the Clerk of the Circuit Court, the Commonwealth's Attorney, the Finance Department, the Health Department, Sheriff, Registrar and electoral board, and law enforcement aid. In addition, the Commonwealth provides the City with a share of motor vehicle carriers' taxes. Starting in FY 1999, the Commonwealth began to appropriate funds to the City for the Commonwealth's mandated personal property tax relief. In 2004, the General Assembly passed legislation capping personal property tax relief at $950 million for the entire state, beginning with the year 2006 (FY 2007). The City's portion of this relief amounts to approximately $23.6 million in revenues each year. The accounting for grants from the Commonwealth is maintained in the Special Revenue Fund.

REVENUE FROM THE FEDERAL GOVERNMENT

The federal government reimburses the City on a per diem basis for federal prisoners maintained in the City jail. The reimbursement for the year ended June 30, 2023, was $6.8 million. Revenues from the federal government also include indirect cost reimbursement and federal drug recovery money. The accounting for grants from the federal government is maintained in the Special Revenue Fund.

OTHER REVENUES

The revenue category "Permits, Fees and Licenses" includes building permits, residential parking fees, and a variety of fees and licenses. The revenue category "Fines and Forfeitures" includes moving traffic violations fines, parking violations fines, and a variety of other court costs. The "Use of Money and Property" category consists of revenues from the rental of City facilities and interest earnings on the City's investment portfolio. "Charges for Services" include revenues from parking meter receipts, recreational program fees, and charges for other services.

EXPENDITURES

COSTS OF GENERAL CITY GOVERNMENT

General City government services are paid out of the General Fund. These costs include public works, environmental services, public safety, judicial administration, health and welfare, planning and community development, parks and recreation, libraries, governmental administration, support of regional agencies for services such as mass transit, and debt service.

TRANSFERS TO OTHER OPERATING FUNDS

The City transfers monies from the General Fund to the School Board to pay the City's share of the costs of operating public schools in the City of Alexandria. This $248.7 million expenditure represented 35.5 percent of total disbursements from the General Fund in the fiscal year ended June 30, 2023. The principal sources of other revenues credited directly to the School Board are derived from the Commonwealth and the federal government and locally from fees imposed on students.

The City also makes transfers from the General Fund to other component units (*i.e.,* legally separate entities for which the City is financially accountable) and the Special Revenue, Capital Projects, and Enterprise Funds. Transfers to these funds represented approximately 16.1% of total General Fund disbursements in the fiscal year ended June 30, 2023.

EMPLOYEE RETIREMENT PLANS

City (non-public safety), public transit, and school employees are covered by a combination of defined benefit plans, which include the Virginia Retirement System and City Supplemental Retirement Plans. Public safety employees are covered by a pension plan that contains defined benefit provisions and legacy defined contribution provisions. All City employees are participants in the federal Social Security System. Additional information regarding City retirement plans is provided in the "Notes to Financial Statements" in Appendix A.

OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

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

The plan is a reimbursement program that is based on the actual cost of the retiree's monthly premium up to a maximum amount determined by the City Council. Effective July 1, 2005, the maximum monthly amount an eligible retiree or a surviving spouse may receive is $260. That amount has remained generally unchanged since then. The City Council has authority to establish or amend the provisions. As of December 2022, 1,554 retirees of the City were eligible and received benefits from all three classes of this plan. Eligibility is contingent upon the retiree providing proof of participation and payment to a health insurance plan. The City contributed on a "pay-as-you-go" basis at the rate of up to $260 per month for each retiree, for a total annual contribution of $6.6 million for FY 2023. Employees hired after September 30, 2007, will have their retiree health benefits prorated based on the length of service.

In addition to the healthcare benefits, the City pays for basic life insurance two times the amount of salary at the time of retirement to regular full time employees with applicable reductions if over 65 at no cost to the employees. On the January 1 following the retiree's 65th birthday, the basic life insurance amount is reduced by 25 percent, followed by reductions of 10 percent of the original amount each year until the retiree's 70th birthday. The ultimate insurance amount is 25 percent of the amount of salary at the time of retirement. This benefit is only available to City employees hired prior to January 1, 2008.

The City established a Single Employer OPEB Trust and plans to fund the obligation on a phased in basis through this trust (the "OPEB Trust Fund"). Effective July 1, 2012, the City assumed responsibility for funding line of duty ("Line of Duty") benefits required under the Virginia Line of Duty Act. Further information Line of Duty benefits is provided in the "Notes to Financial Statements" in Appendix A. The OPEB Trust Fund is comprised of regular OPEB and Line of Duty benefits. An evaluation of its plans as of December 31, 2022, by an independent actuarial company estimated the City's unfunded actuarial accrued liability to be $27.2 million for regular OPEB and ($0.5) million for Line of Duty benefits. According to the actuarial report of December 31, 2022, the City contributed $1.5 million in current funding for Line of Duty benefits and $6.6 million for the City's OPEB obligations. There are no legal or contractual requirements for contributing to the OPEB Trust Fund. 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 ACFR. Additional information regarding City's OPEB and Line of Duty benefits is provided in the "Notes to Financial Statements" in Appendix A.

OTHER EMPLOYEE BENEFITS

City employees are granted vacation leave based upon length of employment; a maximum total of 52 days may be carried over from one year to the next. Compensatory leave is granted to some City employees for overtime work on an hour-to-hour basis; General Schedule employees may carry over no more than 120 hours of compensatory leave one year to the next. The City does not place a maximum limitation on the accumulation of sick leave that may be carried over from one year to the next. Compensatory leave is vested, while sick leave vests under certain limited circumstances. As of June 30, 2023, the City's total compensated absences liability, excluding Schools, was $30.6 million.

Expenses associated with retirees' benefits, unemployment compensation and workers' compensation are funded annually. Expenses in fiscal year 2023 were $3.0 million for retirees' health and life insurance and $3.7 million for workers' compensation. The long-term workers' compensation liability as of June 30, 2023, was estimated at $20.7 million.

EMPLOYEE RELATIONS

Until recently, Virginia was one of only three states that did not allow any form of collective bargaining for public employees. During the 2021 General Assembly legislative session, SB 939 was introduced and ultimately adopted giving localities in Virginia the option to adopt a collective bargaining ordinance for public employees. The local option is codified in Virginia Code § 40.1-57.2 and has an effective date of May 1, 2021. Section 40.1-57.2 provides that any collective bargaining ordinance must set forth procedures for the certification and decertification of exclusive bargaining representatives for employee units. However, it also states that no collective bargaining ordinance shall restrict a locality's governing body's ability to establish a budget or appropriate funds. Finally, the employees of local elected constitutional officers are entirely excluded from collective bargaining.

Under the Virginia law that authorizes collective bargaining, an approved collective bargaining agreement is subject to appropriation by the local government governing body. This means that even after a jurisdiction's governing body approves a collective bargaining agreement and indicates its good faith intention to fund it, legally that local governing body can later decide (such as in the case of low revenue growth, or a recession, or, using a recent example, a pandemic) to defund all or a portion of the fiscal elements of collective bargaining agreements. It also retains the authority to set and amend the amount that the City General Fund transfers to fund the Alexandria City Public Schools operating budget

Prior to the legislative changes, many City employees were members of employee associations. Public employees of Virginia, or of any county, city, or towns in Virginia, do not have a legal right to strike. Any such employee who engages in any organized strike or willfully refuses to perform his or her duties shall, according to Virginia law, be deemed to have terminated his or her employment. This legislation still is in effect regardless of a locality's option to establish a collective bargaining ordinance.

In April 2021, the City of Alexandria passed an ordinance to establish collective bargaining between the City and certain City employees. At this time, the process is underway to identify the positions that are eligible for collective bargaining and to develop the administrative infrastructure for collection bargaining to be conducted.

GOVERNMENT AND SCHOOL EMPLOYEES[1]

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Government Services	2,595	2,635	2,675	2,695	2,765	2,845	2,568
Education	2,585	2,607	2,649	2,649	2,661	2,709	2,689
TOTAL	**5,180**	**5,242**	**5,324**	**5,344**	**5,426**	**5,554**	**5,257**

[1]Employee counts reflect time equivalent positions authorized in the approved budget.

PUBLISHED FINANCIAL INFORMATION

The City issues and distributes its Annual Comprehensive Financial Report on its financial operations each fiscal year. The report covers the fiscal year ending the prior June 30.

The independent public accounting firm of CliftonLarsonAllen LLP has audited the City's general-purpose financial statements for the fiscal year ended June 30, 2023. The City's financial statements are available through the

Department of Finance, 301 King Street, Suite 1600, Alexandria, Virginia 22314 or on the City's Finance Department website at www.alexandriava.gov/FinancialReports.

Sections of the Annual Comprehensive Financial Report of the City of Alexandria for the fiscal year ended June 30, 2023, which correspond to the basic financial statements and required supplementary information, are included in Appendix A. These financial statements, along with the accompanying Notes to Financial Statements, are intended to provide a broad overview of the financial position and operating results of the City's various funds and account groups.

Certain information included in this Official Statement related to the fiscal year ended June 30, 2024, is based on preliminary, unaudited data available to the City. Actual audited results may be different, and the differences may be material.

In addition to the Annual Comprehensive Financial Report, the City also annually publishes a comprehensive Operating Budget document and the Capital Improvement Program document. These documents are available through the Office of Management and Budget, 301 King Street, Suite 3600, Alexandria, Virginia 22314 or on the Office of Management and Budget's home page at **www.alexandriava.gov/Budget**.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SECTION SIX: MISCELLANEOUS

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aaa" and S&P Global Ratings ("S&P") has assigned a rating of "AAA" to the Bonds as set forth on the cover page of this Official Statement. The City requested that the Bonds be rated and provided information to Moody's and S&P, including certain information that may not be included in this Official Statement.

Such ratings reflect only the respective views of such organizations. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. There is no assurance that such ratings will be continued for any given period of time or that they will not be revised or withdrawn entirely by either of such rating agencies, if in their judgment, either circumstance so warrants. A downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

During the normal course of business, the City or its officers or employees are or may be named as defendants in litigation involving personal injury, property damage, or other matters, which are defended by the City Attorney and associated counsel. The City's potential liability is protected partially by insurance. It is the opinion of the City Attorney that any possible losses in connection with any such pending or threatened litigation will not materially affect the City's financial condition or operations. There is no litigation pending against the City that would in any way affect the validity of the Bonds or the ability of the City to levy or collect ad valorem taxes, without limitation as to rate or amount, for the payment of the Bonds or the interest thereon.

AUDITORS

The City's Basic Financial Statements and Required Supplementary Information for the Fiscal Year ended June 30, 2023, have been audited by the independent public accounting firm of CliftonLarsonAllen LLP. CliftonLarsonAllen LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures of the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this Official Statement.

FINANCIAL ADVISOR

Davenport & Company LLC, Richmond, Virginia (the "Financial Advisor"), serves as financial advisor to the City on debt management and capital financing matters. The Financial Advisor has no underwriting responsibility with respect to this transaction. As financial advisor, the Financial Advisor has advised the City in matters relating to the planning, structuring and issuance of the Bonds and provided to the City other advice with respect to the issuance and sale of the Bonds. Although the Financial Advisor has assisted in the preparation of the Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered at competitive bidding on the date determined pursuant to the provisions of the notice of sale attached as Appendix D hereto (the "Notice of Sale"). After the Bonds have been awarded, the City will issue an Official Statement in final form to be dated the date of the award. The City will deem the Official Statement in final form as of its date, and the Official Statement in final form will be a "Final Official Statement" within the meaning of Rule 15c2-12 (the "Rule") adopted under the Securities and Exchange Act of 1934. The Official Statement in final form will include, among other matters, the identity of the winning bidder (the "Winning Bidder"), the expected selling compensation to such bidders and other information on the interest rates and offering prices or yields of the Bonds, all as supplied by the successful bidder. See APPENDIX D – NOTICE OF SALE.

CERTIFICATES OF CITY OFFICIALS

Concurrently with the delivery of the Bonds, the City will furnish to the successful bidder a certificate dated the date of delivery of the Bonds (the "Delivery Date"), signed by the appropriate City officials and stating that: (a) to their knowledge, no litigation is then pending or threatened against the City to restrain or enjoin the issuance, sale, or delivery of the Bonds or the levy or collection of taxes to pay principal or interest thereon, to affect, contest, or challenge the validity of the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued; and (b) the descriptions and statements in this Official Statement (except in the subsection entitled "Book-Entry-Only System" and the information as to yield or price on the inside cover page) on the date of this Official Statement and on the Delivery Date were and are true and correct in all material respects, did not and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in the light of the circumstances under which they were made, not misleading, and that no material adverse change has occurred in the financial condition of the City between the date of this Official Statement and the Delivery Date other than as contemplated in this Official Statement. Such certificate will also state, however, that such City officials did not independently verify the information indicated in this Official Statement as having been obtained or derived from sources other than the City and its officers but that they have no reason to believe that such information is not accurate.

The City Attorney will also furnish to the successful bidder concurrently with the delivery of the Bonds a certificate dated the Delivery Date, stating that the statements in the subsection herein entitled "Litigation" on the date of this Official Statement and on the Delivery Date were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in the light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE

This offering is subject to the continuing disclosure requirements of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"). For purposes of the Rule, the City is an obligated person with respect to the Bonds. The City has undertaken in its Continuing Disclosure Agreement to comply with the provisions of the Rule by providing certain annual financial information and event notices required by the Rule. Such undertaking requires the City to provide only limited information at specified times. The form of the Continuing Disclosure Agreement is attached as Appendix B.

During the previous five years, the City has complied in all material respects with its continuing disclosure undertakings with respect to the Rule, except as described in this paragraph. Not all information made public with respect to City bond issues pursuant to the Rule was cross-referenced on EMMA to all issues for which it was required (in particular, the City's Comprehensive Annual Financial Report for fiscal years 2016 and 2020 were not linked to the CUSIP numbers for its Series 2016A general obligation bonds and 2020 general obligation bonds, respectively); however, such filings were otherwise available on EMMA and linked to the City's CUSIP prefix, as issuer. Additionally, notice of the incurrence of certain financial obligations was inadvertently not timely filed but has since been filed.

SUMMARIES AND DESCRIPTIONS

All summaries in this Preliminary Official Statement of provisions of the Constitution of the Commonwealth of Virginia, statutes of the Commonwealth of Virginia, resolutions or ordinances of the City, or other documents and instruments and of the Bonds are subject to the detailed provisions and judicial interpretations to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

This Preliminary Official Statement and any advertisement of the Bonds are not to be construed as a contract with the purchasers of the Bonds. Any statements made in this Preliminary Official Statement involving matters of opinion or estimates, whether or not so expressly identified, are set forth as such and not as representations of fact, and no representation is made that any of these estimates will be realized.

The distribution of this Preliminary Official Statement has been duly authorized by the City Council. This Preliminary Official Statement has been deemed final within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule.

CITY OF ALEXANDRIA, VIRGINIA

By: ____
City Manager

This page intentionally left blank.

APPENDIX A

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2023

This page intentionally left blank.

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Alexandria, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Virginia as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Alexandria Library System, which represent 2.8 percent, (-2.1) percent, and 16.9 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units as of June 30, 2023. Those statements were audited by other auditors whose report 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Alexandria, Virginia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the City of Alexandria Library System were not audited in accordance with *Government Auditing Standards or* the Specifications.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 19 to the financial statements, effective July 1, 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. The standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Alexandria, Virginia's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria, Virginia's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the City of Alexandria, Virginia'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, Virginia'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, Virginia's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

PAGE LEFT BLANK INTENTIONALLY

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, 2023. 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 2023

The City's total Net Position, excluding component units, on a government wide basis, decreased approximately $1.1 million from $655.7 million to $654.6 million at June 30, 2023 (Exhibit I).

The government-wide activities had an unrestricted net position of $345.9 million (Exhibit I) as of June 30, 2023, an increase of $58.5 million from the FY 2022 total of $287.4 million. The City's general revenues of $807.6 million in FY 2023 is an increase of $72.5 million compared to the general revenues of $735.1 million in FY 2022 (Exhibit II).

The General Fund reported current net change in fund balance of ($1.0) million (Exhibit IV), including a $82.2 million transfer to the capital projects fund and a $89.1 million transfer to the special revenue fund.

USING THE FINANCIAL SECTION OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

Required Components of the Financial Report

The government-wide financial statements report information about the City using accounting methods like 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. 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 reflected regardless of when cash is received or paid.

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

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

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

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

FUND FINANCIAL STATEMENTS

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

The City has three kinds of funds:

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

Proprietary funds—Services for which the City charges customers or 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 funds. It is also responsible for other assets (known as custodial funds) that, because of an agreement, can be used only for the 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. Custodial funds are City funds used to provide accountability of client monies, for which the City is custodian. The City excludes pension plans and custodial funds from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position

The following table presents the condensed Statement of Net Position:

Table 1
Summary of Net Position
As of June 30, 2023 and 2022
(in millions)

	Primary Government Governmental Activities		Component Units	
	2023	2022	2023	2022
ASSETS				
Current and other assets	$ 1,129	$ 1,244	$ 108	$ 115
Capital assets	1,273	1,035	39	37
Total Assets	2,402	2,279	147	152
Deferred Outflows	101	136	76	85
LIABILITIES				
Other Liabilities	92	84	48	52
Long-term liabilities	1,132	1,032	32	33
Net Pension/OPEB Liability	192	156	260	227
Total Liabilities	1,416	1,272	340	312
Deferred Inflows	432	487	66	129
NET POSITION				
Net Investment in Capital Assets	280	349	21	33
Restricted	29	20	31	33
Unrestricted	346	287	(235)	(270)
Total Net Position	$ 655	$ 656	$ (183)	$ (204)

Amounts may not add due to rounding.

The City's Net Position decreased $1 million from its Net Position of $656 million to $655 million (Table 1)

Statement of Activities

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

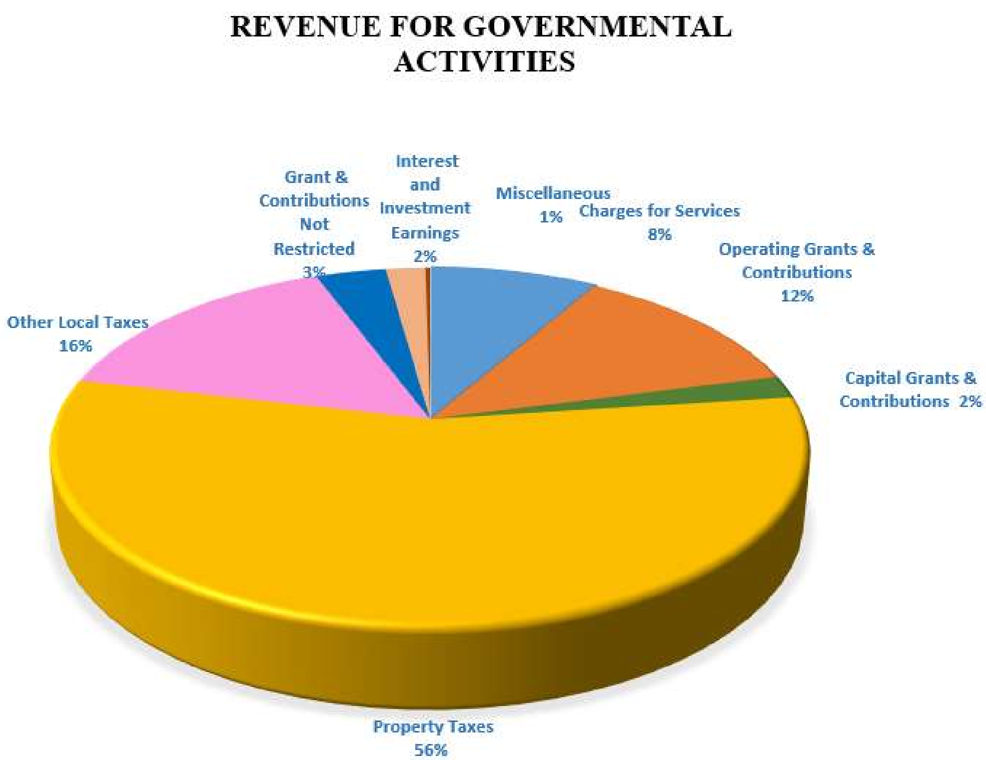
Table 2
Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022
(in millions)

	Primary Government Governmental Activities 2023	Primary Government Governmental Activities 2022	Component Units 2023	Component Units 2022
REVENUES				
Program revenues				
Charges for services	$ 87	$ 84	$ 3	$ 2
Operating grants and contributions	131	148	47	46
Capital grant/contributions	21	21	-	-
General revenues				
Property taxes	585	539	-	-
Other taxes	163	156	-	-
Other	57	36	-	-
Payment to/from City	3	3	328	311
Total Revenues	1,047	987	378	359
EXPENSES				
General Government	68	27	-	-
Judicial Administration	25	22	-	-
Public Safety	168	183	-	-
Public Works	145	185	-	-
Library	8	8	8	7
Health and Welfare	78	114	-	-
Transit	58	54	-	-
Culture and Recreation	37	37	-	-
Community Development	57	45	-	-
Education	377	249	349	331
Interest on Long-term Debt	27	23	-	-
Total Expenses	1,048	947	357	338
Change in Net Position	(1)	40	21	21
Net Position beginning of Year, restated	656	616	(204)	(225)
Net Position end of Year	$ 655	$ 656	$ (183)	$ (204)

Amounts may not add due to rounding.

REVENUE

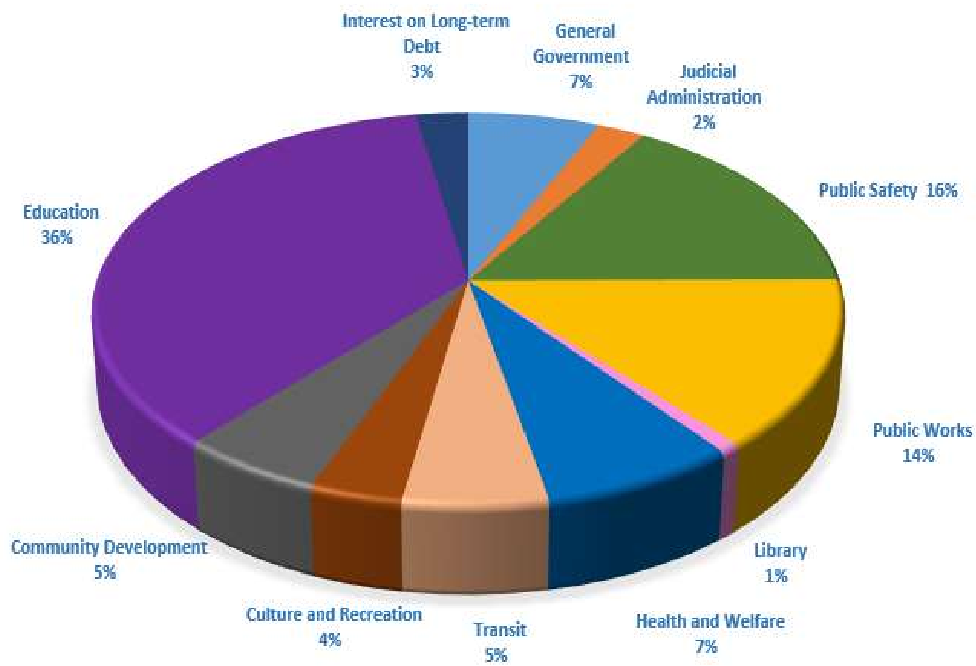
For the fiscal year ending June 30, 2023, revenues for governmental activities totaled $1,047.3 million, $59.3 million higher than the FY 2022 total of $988.0 million (Table 2). The decrease in operating grants reflects the one-time utilization of the City's share of federal relief funds from the American Rescue Plan Act (ARPA) in FY 2022. Property tax revenues from both real estate and vehicle personal property increased in FY 2023. The City's limited supply of properties for sale helped drive a 5 percent increase in the residential tax base. Impacts of the pandemic continued to impact the value of personal property, as used cars continued to depreciate at a much lower rate than in prior years. Interest rates were higher than in previous years, contributing to a $17 million increase in Revenue from Use of Money and Property.



EXPENSES

For the fiscal year ending June 30, 2023, expenses for governmental activities totaled $1,048.4 million, an increase of $100.5 million from FY 2022 (Table 2). A significant portion of this increase was in Education as the Douglas MacArthur project was nearing completion. Other completed construction projects were the Potomac Yard Metrorail Station and the new Redella 'Del' Pepper West End Service Center. The City completed the purchase of the building for this facility in February 2023 ($52 million). The City increased the cash contribution to the Capital Improvement Program (General Government), utilizing General Fund Balance to minimize the amount of debt issuance.

EXPENSES FOR GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2023, the governmental funds reflect a combined fund balance of $638.2 million (Exhibit III). The Total Governmental Funds fund balance decrease of $98.6 million was driven by a $111.0 million decrease in the Capital Projects Fund and a $1.4 million decrease in the General Fund, offset by a $12.5 million increase in the Special Revenue Fund. Bond proceeds of more than $144.0 million were issued for capital projects that will be constructed over the next several years. The decline in the Capital Projects Fund balance is largely due to the utilization of bond proceeds that were issued in a prior year for several large capital projects (Potomac Yard Metrorail Station, Douglas MacArthur Elementary School). The Special Revenue Fund Balance increase reflects the multi-year nature of programs and initiatives, in which the timing of revenue and expenditures crosses fiscal years.

- The General Fund contributed $67.9 million to pay-as-you-go financing of capital projects, which represented 7.9 percent of all General Fund expenditures (excluding bond refunding).
- The City contributed $248.7 million to the Schools operating budget. The ACPS share of total debt service was $31.9 million

- The City spent $377.1 million in the Capital Projects Fund, the most notable projects being the Potomac Yard Metrorail Station, the purchase of the West End Service Center building, and school projects at Douglas MacArthur Elementary School.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3
General Fund Budget
(in millions)

	2023		
	Original Budget	**Amended Budget**	**Actual**
Revenues, Transfers, and Other Financial Sources			
Taxes	$ 585	$ 585	$ 583
Other Local Taxes	148	149	152
Transfers and Other	98	100	122
Total	831	834	857
Expenditures, Transfers, and Other Financial Uses			
Expenditures	421	485	443
Transfers and Other	384	419	417
Total	805	904	860
Change in Fund Balance	$ 26	$ (70)	$ (3)

Amounts may not add due to rounding.

Actual General Fund revenues and other financial sources exceeded the amended budget by $24.0 million during FY 2023. Including supplemental appropriations, actual General Fund expenditures were less than the amended budget by $43 million. One of the most significant areas of variance in General Fund revenues is in Use of Money and Property. The interest rates used to estimate revenues in the FY 2023 General Fund budget were much lower than actual interest rates during the year. This contributed to $12.5 million of the revenue variance. Consumer spending exceeded budgeted estimates by nearly $4 million, driven by both demand as well as higher interest rates. The expenditure variance is largely due to vacancies and turnover across multiple City departments, as well as a decision by City Council to use reappropriated prior year surplus to support the Capital Improvement Program in future years.

During FY 2023, the 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, 2022, but not paid by that date.
- To reappropriate monies to pay for projects budgeted for FY 2023 but not completed before the end of the fiscal year.

- To reappropriate grant, donation and other revenues authorized in FY 2022 or earlier, but not expended or encumbered as of June 30, 2022.
- To appropriate grants, donations, and other revenues accepted or adjusted in FY 2023.

CAPITAL ASSETS

At the end of FY 2023, the City's governmental activities had invested cumulatively $1.3 billion (Note 5) in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of $205.7 million. The two primary drivers of this increase are the purchase of land for the Landmark Mall Redevelopment Project and construction in progress for the Douglas MacArthur Elementary School project, which opened for students in August 2023 and the High School Capacity project, which is underway.

Table 4
Governmental Activities
Capital Assets
(in millions)

	Balance 6/30/2022	Net Additions/ (Deletions)	Balance 6/30/2023
Non-Depreciable Assets			
Land and Land Improvements	$ 128.4	$ 54.1	$ 182.5
Construction in Progress	118.0	132.2	250.2
Other Capital Assets			
Intangible Assets	26.4	-	26.4
Buildings	874.1	53.2	927.3
Infrastructure	338.5	12.0	350.5
Furniture and Other Equipment	221.0	2.5	223.5
Accumulated Depreciation and Amortization			-
Capital Assets	(639.0)	(48.3)	(687.3)
Total Capital Assets	$ 1,067.4	$ 205.7	$ 1,273.1

Amounts may not add due to rounding.

The FY 2024—FY 2033 Approved Capital Improvement Program (CIP), which was approved by City Council on May 3, 2023, sets forth a 10-year program with $2.41 billion in total funding, including $2.0 billion in net City funding and $400.0 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 $288.5 million compared to the FY 2023—FY 2032 CIP. The total approved single year CIP for FY 2024 is $360.8 million, which is a decrease of $29.4 million compared to FY 2024 in last year's approved CIP.

LONG-TERM DEBT

At the end of FY 2023, the City had $946.1 million in outstanding general obligation bonds, an increase of $93.5 million from last year's outstanding bonds of $852.6 million. More detailed information about the City's long-term liabilities is presented in Note 9 of the financial statements.

In November 2022, Moody's Investors Services, Inc., and Standard & Poor's (S&P) credit rating agencies reaffirmed the City's triple-A bond ratings. The City received its first Aaa rating from Moody's in 1986 and the AAA rating from S&P in 1992. Standard and Poor's cited the City's "very strong" economy, fiscal management, budgetary flexibility, and liquidity as it again rated the City's credit as AAA. Moody's noted the City's tax base, relatively high per capita income, and sound fiscal policies and management in assigning its Aaa rating.

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

ECONOMIC FACTORS

Alexandria's economy remains healthy as it emerges from the COVID-19 pandemic with strong fundamentals including population and wage growth, and low unemployment. The City's population continues to grow and, per the 2020 Census, totals 159,467, which reflects a growth rate of 13.9 percent over the last decade. The estimated population in 2023 is 165,700, which reflects a 1.4 percent increase.

Total employment in the City in the first quarter of 2023 was 81,126. This compares to 83,844 in the same quarter of 2022. The decrease in jobs of 2,718 is due to a decline in the federal government presence in the City. The decrease in federal employees is offset by an increase in private employment. Additionally, the number of business establishments in the City grew from 5,975 in the first quarter of 2022 to 6,198 in the first quarter of 2023. Private employers accounted for 77.9 percent of all jobs as compared to 74.3 percent in 2022. Government entities (federal, state, and local) accounted for 17,899 jobs in 2022, which is 25.7 percent of the total. Government is led by prominent federal agencies, including the U.S. Department of Defense, the U.S. Department of Agriculture, and the U.S General Services Administration.

The increase in private sector jobs of 1.5 percent is mixed across all categories. Professional, Scientific, and Technical account for 16.8 percent of the total, decreased by 170 jobs, but remains the largest category of jobs in the City. Accommodation and Food Services continues to increase in the post-pandemic era. The increase in jobs in this sector is 752, or a 10.5 percent increase. Jobs in the Retail Trade industry increased by 7.3 percent, or 445 jobs compared to 2022.

Median family income in Alexandria in 2021 increased slightly from $137,135 to $137,335, an increase of 0.15 percent compared to 2020. These are the most recent years that data is available from the U.S Bureau of Economic Analysis. Per capita income has also grown, from $93,108 to $100,017. This increase of $6,909 is a growth of 7.4 percent compared to 2020. Both median family income and per capita income are significantly higher compared to similar jurisdictions in Virginia and the United States.

One measure of the health of the local economy, and the strength of the City's recovery from the COVID-19 pandemic, is economically sensitive City revenues, such as those generated from consumer spending. In FY 2023, the City experienced an overall increase in tax revenue of approximately 5.0 percent. This was led by increases in real property, business license (gross receipts), restaurant meals, and local sales taxes. This growth was offset by decreases in recordation tax revenue following changes in interest rates and the slowing of the housing and refinancing markets. Growth in business license and restaurant meals taxes reflects the recovery of the local business community, while sales tax growth of more than 9 percent was largely driven by the impact of inflation on the price of goods. Transient lodging tax revenue returned to pre-pandemic levels and leisure travel has been strong as well. Personal property tax revenue increased 16 percent compared to FY 2022. This is largely due to the unusual appreciation of car values. To mitigate the impact that this appreciation would have on vehicle owners paying personal property tax, City Council took action during the FY 2023 budget process to allow for a continued reduction in the fair market value assumed for tax purposes in FY 2023 (Tax Year 2022).

The real estate tax base, which generates over half of the City's General Fund revenues, continued to show steady, moderate growth. Total locally assessed real property increased in value by 3.8 percent compared to

2022. Residential real property increased by 5.0 percent, and commercial assessments increased by 2.0. The office vacancy rate of 14.6 percent in the second quarter of 2023 which is equal to 2nd quarter 2022 (14.6 percent) and compares favorably to the office vacancy rate in Northern Virginia of 19.6 percent and the Washington DC Metro area rate of 19.8 percent. The unemployment rate in the City as of June 2022 was 2.2 percent, which compares favorably to Virginia (2.7 percent) and the United States (3.6 percent).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC
FINANCIAL STATEMENTS

PAGE LEFT BLANK INTENTIONALLY

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
June 30, 2023

Exhibit I

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and Investments	$ 579,466,236	$ 65,555,195
Cash and Investments with Fiscal Agents	102,283,026	4,678,838
Receivables, Net	360,487,461	354,756
Opioid Settlement Receivable	1,074,238	-
Lease Receivable	15,426,349	-
Due From Other Governments	42,552,227	23,730,055
Inventory of Supplies	7,659,014	323,517
Prepaid and Other Assets	14,425,281	2,041,202
Net Pension Asset	5,838,816	10,978,540
Capital Assets:		
Land and Construction in Progress	431,766,501	999,381
Other Capital Assets, Net	841,396,876	38,528,465
Capital Assets, Net	1,273,163,377	39,527,846
Total Assets	2,402,376,025	147,189,949
DEFERRED OUTFLOWS		
Pension	78,947,595	69,484,137
OPEB	5,866,689	6,348,543
Deferred related to Refunding Bonds	16,048,464	-
Total Deferred Outflows of Resources	100,862,748	75,832,680
LIABILITIES		
Accounts Payable	25,388,339	32,789,498
Accrued Wages	7,738,847	10,867,271
Accrued Liabilities	682,592	-
Notes Payable	-	-
Unearned Revenue	17,555,036	4,723,061
Other Liabilities	20,696,435	-
Deposits	19,704,354	-
Long-term Liabilities Due Within One Year	68,021,827	6,178,921
Long-term Liabilities Due in More Than One Year	1,064,729,116	25,569,085
Net Pension Liability	171,139,269	222,304,241
Net OPEB Liability	20,869,359	37,861,213
Total Liabilities	1,416,525,174	340,293,290
DEFERRED INFLOWS		
Deferred Inflows Related to Future Periods	363,237,522	-
Deferred Inflows Related to Lease	15,163,752	-
Pension	37,195,907	55,747,054
OPEB	15,433,070	9,825,026
Opioid Settlement Receivable	1,074,238	-
Total Deferred Inflows of Resources	432,104,489	65,572,080
NET POSITION		
Net Investment in Capital Assets	279,837,866	21,037,012
Restricted for:		
Affordable Housing	13,962,234	-
Special Projects	8,063,357	-
Net Pension Assets	5,838,816	10,978,540
Educational Projects	-	20,148,917
Opioid Settlement	1,074,238	-
Unrestricted	345,832,599	(235,007,210)
Total Net Postion	$ 654,609,110	$ (182,842,741)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Exhibit II

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General Government	$ 68,522,126	$ 5,455,550	$ 56,403,442	$ -	$ (6,663,134)	$ -
Judicial Administration	24,709,770	399,054	1,494,832	-	(22,815,884)	-
Public Safety	167,828,892	12,930,845	10,606,041	-	(144,292,006)	-
Public Works	145,330,490	53,768,554	272,894	20,168,448	(71,120,594)	-
Library	8,149,962	-	-	-	(8,149,962)	-
Health and Welfare	78,035,769	5,907,576	40,866,679	-	(31,261,514)	-
Transit	57,651,632	262,689	7,217,947	-	(50,170,996)	-
Culture and Recreation	36,938,550	6,339,039	3,182,130	892,040	(26,525,341)	-
Community Development	57,309,185	2,167,371	11,414,918	14,425	(43,712,471)	-
Education	376,710,639	-	-	-	(376,710,639)	-
Interest on Long-term Debt	27,217,085	-	-	-	(27,217,085)	-
Total Governmental Activities	1,048,404,100	87,230,678	131,458,883	21,074,913	(808,639,626)	-
Total Primary Government	1,048,404,100	87,230,678	131,458,883	21,074,913	(808,639,626)	-
Component Units:						
Schools	348,703,554	3,003,318	47,061,987	-	-	(298,638,249)
Library	8,360,879	113,459	221,603	-	-	(8,025,817)
Total Component Units	$ 357,064,433	$ 3,116,777	$ 47,283,590	$ -	$ -	$ (306,664,066)

	Primary Government Governmental Activities	Component Units
General Revenues		
Property Taxes:		
Real Estate	515,991,467	-
Personal Property	68,799,819	-
Other Local Taxes:		
Business License	40,006,700	-
Local Sales	50,344,775	-
Meals	30,143,987	-
Transient Lodging	11,960,434	-
Utility	12,639,483	-
Communications Sales	7,512,962	-
Other Local Taxes	10,773,033	-
Revenue from Primary Government		
Payment from City of Alexandria Operating	-	268,224,552
Grants & Contributions Not Restricted to Specific Programs	36,484,031	61,974,827
Interest and Investment Earnings	20,495,182	(3,478,627)
Miscellaneous	2,407,163	1,032,481
Total General Revenues	807,559,036	327,753,233
Change in Net Postion	(1,080,590)	21,089,167
Net Position at Beginning of Year	655,689,700	(203,931,908)
Net Position at End of Year	$ 654,609,110	$ (182,842,741)

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit III

	General	Special Revenue	Capital Projects	Alexandria Transit Company	Total Governmental Funds
ASSETS					
Cash and Investments	$ 283,549,816	$ 146,288,520	$ 133,257,473	$ 1,288,488	$ 564,384,297
Cash and Investments with Fiscal Agents	-	-	102,283,026	-	102,283,026
Receivables, Net	346,761,658	13,725,803	-	-	360,487,461
Opioid Settlement Receivable		1,074,238	-	-	1,074,238
Lease Receivables	15,426,349	-	-	-	15,426,349
Due From Other Funds	-	-	54,939,877	-	54,939,877
Due From Other Governments	32,346,720	10,197,870	7,637	-	42,552,227
Inventory of Supplies	6,608,200	-	-	1,050,814	7,659,014
Prepaid and Other Assets	14,242,774	-	-	182,507	14,425,281
Total Assets	698,935,517	171,286,431	290,488,013	2,521,809	1,163,231,770
LIABILITIES					
Accounts Payable	7,708,956	3,597,700	13,007,402	329,115	24,643,173
Due to Other Goverments	311,875	-	-	-	311,875
Accrued Wages	4,959,944	1,676,970	195,858	906,075	7,738,847
Other Liabilities	19,416,836	-	1,144,571	135,028	20,696,435
Deposits	19,704,354	-	-	-	19,704,354
Due to Other Funds	54,939,877	-	-	-	54,939,877
Unearned Revenue	4,914,119	12,640,917	-	-	17,555,036
Total Liabilities	111,955,961	17,915,587	14,347,831	1,370,218	145,589,597
DEFERRED INFLOWS					
Deferred Inflows from Taxes	348,125,613	15,111,909	-	-	363,237,522
Opioid Settlement Receivable	-	1,074,238	-	-	1,074,238
Deferred Inflows Related to Lease	15,163,752	-	-	-	15,163,752
TOTAL LIABILITIES AND DEFERRED INFLOWS	475,245,326	34,101,734	14,347,831	1,370,218	523,990,871
FUND BALANCES					
Non-Spendable	19,983,095	-	-	1,151,591	21,134,686
Restricted	-	22,025,591	102,283,026	-	124,308,617
Committed	16,006,322	115,159,106	173,857,156	-	305,022,584
Assigned	56,964,943	-	-	-	56,964,943
Unassigned	130,735,831	-	-	-	130,735,831
Total Fund Balances	223,690,191	137,184,697	276,140,182	1,151,591	638,166,661
Total Liabilities and Fund Balances	$ 698,935,517	$ 171,286,431	$ 290,488,013	$ 2,521,809	

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)	1,207,293,232
(2) Other long-term assets are not avilable to pay for current period expenditures; deferred outflow related to refunding bonds. (Note 1)	16,048,464
(3) Deferred inflows of resources related to OPEB & Pensions. (Note 16 & 17)	(52,628,977)
(4) Deferred outflows of resources related to OPEB & Pensions. (Note 16 & 17)	84,814,284
(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)	19,805,158
(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)	31,657,229
(7) Long-term liabilities, including bonds payable, are not reported as liabilities in the governmental funds. (Note 9)	(1,325,442,163)
(8) Right to use leased and subscription assets used (net of amortization) in govermental actvities are not financial resources and therefore are not reported in the funds (Note 5)	29,056,406
(9) 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)	5,838,816
Total Net Postion	654,609,110

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, 2023

Exhibit IV

	General	Special Revenue	Capital Projects	Alexandria Transit Company	Total Governmental Funds
REVENUES					
General Property Taxes	$ 582,975,505	$ 1,815,780	$ -	$ -	$ 584,791,285
Other Local Taxes	152,409,150	8,530,980	2,441,245	-	163,381,375
Permits, Fees, and Licenses	2,683,307	10,765,855	-	-	13,449,162
Fines and Forfeitures	3,129,147	-	-	-	3,129,147
Use of Money and Property	20,186,948	1,309,405	9,631,171	-	31,127,524
Charges for Services	17,312,775	52,902,137	1,577,222	262,689	72,054,823
Intergovernmental Revenue	59,286,179	59,945,394	21,612,967	7,132,617	147,977,158
Interest from Leases	212,764	-	-	-	212,764
Miscellaneous	5,140,380	4,786,028	2,619,548	85,330	12,631,286
Total Revenues	843,336,155	140,055,579	37,882,153	7,480,636	1,028,754,524
EXPENDITURES					
Current Operating:					
General Government	66,364,403	2,572,990	-	-	68,937,393
Judicial Administration	22,545,469	1,621,869	-	-	24,167,338
Public Safety	157,867,952	9,840,653	-	-	167,708,605
Public Works	28,753,194	32,247,324	-	-	61,000,518
Library	8,149,962	-	-	-	8,149,962
Health and Welfare	22,769,857	88,820,594	-	-	111,590,451
Transit	17,435,975	-	-	33,297,904	50,733,879
Culture and Recreation	30,835,418	3,488,341	-	-	34,323,759
Community Development	24,424,539	16,285,281	-	-	40,709,820
Education	248,737,300	-	11,337,290	-	260,074,590
Debt Service:					
Principal	47,904,788	2,029,212	-	-	49,934,000
Interest and Other Charges	24,019,704	7,886,677	-	-	31,906,381
Capital Outlay	-	-	377,147,736	-	377,147,736
Total Expenditures	699,808,559	164,792,942	388,485,026	33,297,904	1,286,384,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	143,527,596	(24,737,363)	(350,602,873)	(25,817,268)	(257,629,908)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	143,385,000	-	143,385,000
Bond Premium (Discount)	-	-	14,798,520	-	14,798,520
Transfers In	14,233,764	89,093,259	82,176,140	26,968,031	212,471,194
Transfers Out	(159,822,821)	(51,916,424)	(731,949)	-	(212,471,194)
Total Other Financing Sources and Uses	(145,589,057)	37,176,835	239,627,711	26,968,031	158,183,520
Total other financing sources (uses)	(145,589,057)	37,176,835	239,627,711	26,968,031	158,183,520
Net Change in Fund Balance	(2,061,461)	12,439,471	(110,975,162)	1,150,763	(99,446,388)
Fund Balance at Beginning of Year	225,137,606	124,745,226	387,115,344	828	736,999,004
Increase/(Decrease) in Reserve for Inventory	614,046	-	-	-	614,046
Fund Balance at End of Year	$ 223,690,191	$ 137,184,697	$ 276,140,182	$ 1,151,591	638,166,661

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. (Note 9)	49,934,000
(2) Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense and donated assets to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded capital expenditures in the current period. (Note 5)	160,716,427
(3) Governmental funds report pension & OPEB contributions as expenditures, however in the statement of activities the cost of pension & OPEB benefits earned net of employee contributions is reported as pension & OPEB expense. (Note 9)	(3,451,413)
(4) 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)	(158,183,520)
(5) Net effect of implementing GASB 87	2,719,385
(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)	9,035,390
(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)	902,256
(8) Change in net pension & OPEB liability. (Note 9)	36,079,226
Change in net Postion	**$ (1,080,590)**

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Net Position
Proprietary Funds – Internal Service Fund
June 30, 2023

Exhibit V

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	15,081,939
Total Current Assets		15,081,939
Capital Assets:		
Buildings and Equipment		50,703,808
Less Accumulated Depreciation		(45,547,298)
Capital Assets, Net		5,156,510
Total Noncurrent Assets		5,156,510
Total Assets	$	20,238,449
LIABILITIES		
Accounts Payable		433,291
Total Liabilities		433,291
NET POSITION		
Net Investment in Capital Assets		5,156,510
Unrestricted Net Position		14,648,648
Total Net Position		19,805,158
Total Liabilities and Net Position	$	20,238,449

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, 2023

Exhibit VI

OPERATING REVENUES	
Charges for Services	$ 5,288,391
Total Operating Revenues	5,288,391
OPERATING EXPENSES	
Materials and Supplies	4,386,135
Depreciation	3,012,126
Total Operating Expenses	7,398,261
Operating Loss	(2,109,870)
NON-OPERATING REVENUES (EXPENSES)	
Net Loss Before Transfers and Contributions	(2,109,870)
Change in Net Position	(2,109,870)
Net Position at Beginning of Year	21,915,028
Net Position at End of Year	$ 19,805,158

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, 2023

Exhibit VII

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers	$	5,288,391
Reduction in Payments to Suppliers		(4,257,097)
Net Cash Provided by Operating Activities		1,031,294
Net Increase in Cash and Cash Equivalents		1,031,294
Cash and Cash Equivalents at Beginning of Year		14,050,645
Cash and Cash Equivalents at End of Year		15,081,939
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Loss		(2,109,870)
Adjustments:		
(1) Cash flows reported in other categories:		
Interest and dividends		
Depreciation Expense		3,012,126
(2) Effect of changes in Operating Assets and Liabilities:		
Accounts Payable		129,037
Net Cash Provided by Operating Activities	$	1,031,293

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Fiduciary Net Position
June 30, 2023

Exhibit VIII

	Employee Benefit Trust Funds	Private-Purpose Trusts	Custodial Funds
ASSETS			
Cash and Short-term Investments	$ -	$ -	$ 109,858
Investments, at Fair Value:			
U.S. Government Obligations			
LGIP/CDARS/Commercial Paper	-	7,059	-
Mutual Funds	189,773,135	-	-
Stocks	105,157,601	-	-
Guaranteed Investment Accounts	71,382,220	-	-
Real Estate	60,461,024	-	-
Timber/Private Equity	70,597,459	-	-
Other Investments	259,961,597	-	-
Total Investments	757,333,035	7,059	-
Total Assets	757,333,035	7,059	109,858
NET POSITION			
Restricted For			
Pension Benefits	643,105,525	-	-
Other Post Employment Benefits	114,227,510	-	-
Other Purposes	-	7,059	109,858
Total Net Position	$ 757,333,035	$ 7,059	$ 109,858

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Statement of Changes in Fiduciary Net Position
For the Year ended June 30, 2023

Exhibit IX

	Employee Benefit Trust Funds	Private-Purpose Trusts	Custodial Funds
ADDITIONS			
Contributions:			
Employer	$ 28,248,279	$ -	$ 35,320
Plan Members	6,180,040	-	-
Total Contributions	34,428,319	-	35,320
Investment Earnings:			
Net Appreciation (Depreciation) in Fair Value of Investments	10,057,590	-	-
Interest	32,004,222	579	2
Investment Expense	(1,654,887)	-	-
Net Investment Income	40,406,925	579	2
Total Additions	74,835,244	579	35,322
DEDUCTIONS			
Benefits	35,486,998	-	-
Refunds of Contributions	526,446	-	-
Administrative Expenses	1,491,613	1,000	-
Total Deductions	37,505,056	1,000	-
Change in Net Position	37,330,188	(421)	35,322
Net Position at Beginning of Year	720,002,847	7,480	74,536
Net Position at End of Year	$ 757,333,035	$ 7,059	$ 109,858

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2023

Exhibit X

	Schools	Library	Total
ASSETS			
Cash and Investments	$ 64,496,815	$ 1,058,380	$ 65,555,195
Cash and Investments with Fiscal Agents	686,540	3,992,298	4,678,838
Receivables	350,412	4,344	354,756
Due from Other Governments	23,659,766	70,289	23,730,055
Inventory of Supplies	323,517	-	323,517
Net Pension Assets	10,978,540	-	10,978,540
Prepaid and Other Assets	2,007,866	33,336	2,041,202
Capital assets			
Land	999,381	-	999,381
Other Capital Assets, Net	38,528,465	-	38,528,465
Capital Assets, Net	39,527,846	-	39,527,846
Total Assets	142,031,302	5,158,647	147,189,949
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	69,484,137	-	69,484,137
OPEB	6,348,543	-	6,348,543
Total Deferred Outflows of Resources	75,832,680	-	75,832,680
Total Assets and Deferred Outflows of Resources	217,863,982	5,158,647	223,022,629
LIABILITIES			
Accounts Payable	32,551,468	238,030	32,789,498
Accrued Wages	10,736,041	131,230	10,867,271
Unearned Revenue	4,723,061	-	4,723,061
Long-term Liabilities Due Within One Year	6,161,798	17,123	6,178,921
Long-term Liabilities Due in More Than One Year	25,546,984	22,101	25,569,085
Net Pension Liabilities	222,304,241	-	222,304,241
Net OPEB Liabilities	37,861,213	-	37,861,213
Total Liabilities	339,884,806	408,484	340,293,290
DEFERRED INFLOWS OF RESOURCES			
Pensions	55,747,054	-	55,747,054
OPEB	9,825,026	-	9,825,026
Total Deferred Inflows of Resources	65,572,080	-	65,572,080
NET POSITION			
Net Investment in Capital Assets	21,037,012	-	21,037,012
Restricted for grant programs	7,429,513	-	7,429,513
Restricted for health benefits	12,719,404	-	12,719,404
Restricted for net pension assets	10,978,540	-	10,978,540
Unrestricted	(239,757,373)	4,750,163	(235,007,210)
Total Net Postion	(187,592,904)	4,750,163	(182,842,741)
Total Deferred Inflows of Resources, Liabilities and Net Postion	$ 217,863,982	$ 5,158,647	$ 223,022,629

See Accompanying Notes to Financial Statements

CITY OF ALEXANDRIA, VIRGINIA
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2023

Exhibit XI

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Schools**	**Library**	**Totals**
Schools	$ 348,703,554	$ 3,003,318	$ 47,061,987	$ (298,638,249)	$ -	$(298,638,249)
Library	8,360,879	113,459	221,603	$ -	(8,025,817)	(8,025,817)
Total Component Units	357,064,433	3,116,777	47,283,590	(298,638,249)	(8,025,817)	(306,664,066)

	Schools	Library	Totals
General Revenues:			
Payment From City	260,074,590	8,149,962	268,224,552
Grants Not Restricted To Specific Programs	61,974,827	-	61,974,827
Interest and Investment Earnings	(3,774,100)	295,473	(3,478,627)
Miscellaneous	786,978	245,503	1,032,481
Total General Revenues	319,062,295	8,690,938	327,753,233
Change in Net Position	20,424,046	665,121	21,089,167
Net Position Beginning of Year, restated	(208,016,950)	4,085,042	(203,931,908)
Net Position End of Year	$ (187,592,904)	$ 4,750,163	$(182,842,741)

See Accompanying Notes to Financial Statements

PAGE LEFT BLANK INTENTIONALLY

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 165,700 and a land area of 15.75 square miles, Alexandria is the seventh largest city in the Commonwealth of Virginia and one of the most densely populated cities in the Commonwealth.

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

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

A. Financial Reporting Entity

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

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

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

Statement of Net Position – The Statement of Net Position displays the financial position of the primary government (governmental activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation and amortization 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 and accumulated amortization reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, net of unspent bond proceeds.

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

Exhibit XII (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Component Units:

City of Alexandria School Board

Since FY 1995, the Alexandria City School Board has been an elected body which oversees the operations of the Alexandria City Public Schools (ACPS). ACPS is substantially reliant upon the City because City Council approves ACPS's total annual budget appropriation, levies taxes, and issues debt for school projects. The legal liability for the general obligation debt issued for school capital assets remains with the City. The City's primary transaction with ACPS is the City's annual support for combined operations and capital equipment which totals $248.8 million in FY 2023. ACPS' financial statements are available via the ACPS website on the Department of Financial Services page.

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

City of Alexandria Library System

The Alexandria Library (the Library) is a discreetly 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. The City Council approves the Library budget and appoints three citizens and a member of the Alexandria City Council to the Library Board. The seven-member Library Board also includes three members of the non-profit Alexandria Library Company. The City is responsible for issuing debt, 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 library liability for the general obligation debt issued on behalf of the Library remains with the City and 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 $8.2 million for FY 2023. The Library provides a variety of services to the community that are supplemented with funding by endowments and are not completely government services. The City budget provides most of the funding for all services and programs; many of the endowments supplement only the materials budget. The City has no authority in the selection of books and materials the Library carries, nor the day-to-day management of the operations of the Library buildings or staffing. The Library issues separate audited financial statements.

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Alexandria Transit Company

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

Excluded from Reporting Entity

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

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting model focuses 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 and amortization) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health, and welfare, etc.). Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants and contributions columns include operating-specific and discretionary (either operating or capital) grants, while the capital grants and contributions column reflects capital- specific grants.

In the fund financial statements, financial transactions and accounts of the City are organized based on funds. The operation of each fund is considered an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with related liabilities, fund balances and net position, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Governmental fund statements are presented based on current financial resources and a modified accrual basis of accounting. This is the way 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.

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The following is a brief description of the specific funds used by the City in FY 2023.

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Fund

A special revenue fund is a major fund and is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. A significant portion of the Special Revenue Fund is used for Health and Welfare programs. The Special Revenue Fund of the City as June 30, 2023, is comprised of the following funds:

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

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

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

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

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

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

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

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

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

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Capital Projects Fund

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

d. Alexandria Transit Company

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

2. Proprietary Funds

Proprietary Funds are used to account for activities that are like those often found in the private sector. The measurement focuses 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 and amortization. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

3. Fiduciary Funds

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The custodial funds held by the City as of the end of FY 2023 comprise the following:

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

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

C. Basis of Accounting

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

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

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

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

D. Budgets and Budgetary Accounting

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. The Schools appropriation is determined by the City Council and controlled in total by the primary government. On May 5, 2022, the City Council formally approved the original adopted budget and on June 18, 2023, 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 the City Council.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

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

E. Equity in Pooled Cash and Investments

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

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

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

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

F. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance on June 30, 2023, is comprised of the following:

GENERAL FUND:		
Taxes Receivable:		
Real Property	$	1,296,762
Personal		19,497,769
Penalties and Interest		1,237,456
Total Taxes		22,031,987
Accounts Receivable		39,687
Notes Receivable		309,000
		22,380,674
SPECIAL REVENUE FUND:		
Housing Fund Notes Receivable	$	92,699,064
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

Primary Government

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

Component Units

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

H. Other Assets

Other assets in the government-wide statements 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:

Deferred outflow related to Refunding Bonds	$ 16,048,464
Total Adjustment	$ 16,048,464

I. Leases

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

J. SBITAs

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). It is effective for fiscal years beginning after June 15, 2022 and establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. It provides the capitalization criteria for outlays other than subscription payments, including implementation costs of SBITAs; and requires note disclosures regarding SBITAs. The City adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets

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

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

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

Leasehold Improvements	3 - 40 years
Equipment	3 – 20 years

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

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

L. 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 discreetly 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

N. 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 the 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.

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Detail

General Fund

Nonspendable		
Inventories	$	6,608,200
Prepaids		12,974,895
Long Term Notes		400,000
Total		19,983,095
Committed		
Encumbrances		9,506,322
Self-Insurance		6,500,000
Total		16,006,322
Assigned		
Subsequent Capital Program		20,000,000
Subsequent Operating Budgets		17,464,943
UHC Self Funding		2,000,000
Transit Savings		5,000,000
Carryover and Incomplete Projects		4,500,000
Natural Disaster/Emergencies		3,000,000
Landmark Redevelopment soil Contingency		3,000,000
Accrued Leave Payout		1,000,000
Economic Development Incentives		1,000,000
Total		56,964,943
Unassigned		130,735,831
Total Fund Balance	$	223,690,191

Encumbrances – These funds ($9.5 million) have been committed for purchase orders and/or contracts to acquire goods and services not yet received.

Self-Insurance—These funds ($5 million) have been committed and an additional ($1.5 million) reserved for the City's self-insurance program.

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

Subsequent Fiscal Years' Capital Program—These funds ($20.0 million) have been assigned to fund a portion of the capital improvement program in FY 2024 and beyond.

FY 2024 Operating Budget - These funds ($17.5 million) have been assigned to fund a portion of the operating programs in FY 2024.

Transit Savings - These funds ($5.0 million) have been assigned for future transit costs in the FY 2025 budget. Savings were generated in FY 2021 because of available federal funding for WMATA and the City's utilization of NVTC reserves.

Carryover and Incomplete Projects - These funds ($4.5 million) are assigned to support projects and initiatives that are approved but not yet under contract.

Exhibit XII
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Special Revenue

Restricted		
Grants	$	2,354,668
Donations		5,708,689
Housing Programs		13,962,234
Total		22,025,591
Committed		
Sanitary Sewer		36,145,253
Other Programs		36,182,220
Potomac Yard		35,254,429
NVTA		7,577,204
Total		115,159,106
Total Fund Balance	$	137,184,697

Sanitary Sewer - These funds ($36.1 million) are committed for sanitary sewer maintenance and construction. The funds originate from sewer connection fees and charges.

Potomac Yard - These funds ($35.3 million) are committed for the development of the Potomac Yard Metrorail Station. The funds originate from certain real estate property taxes.

Northern Virginia Transportation Authority (NVTA) - These funds ($7.6 million) are committed for transportation improvements in the City. The funds originate from various state and other local taxes collected by the NVTA.

Other Programs - These funds ($36.2 million) are committed per the terms of various grants and donations received by the City. The major programs funded were:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program	Amount
Building Permitting and Inspection Activities	$ 29.9 million
Neighborhood Planning	$ 6.5 million
Weekly Trash/Recycling Collections, Household Hazardous Waste Collections, Special Collections, and Enhanced Recycling Programs	$ 3.2 million
Criminal Investigation	$ 1.4 million
Outdoor Space Improvements for Recreational Facilities, and Youth Program Fees for Field Trips and Daily Operations	$ 1.2 million
Development Review	$ 1.0 million
Retrofit for Cubicle Office Space	$ 0.9 million
Field Operations Bureau	$ 0.5 million
Renovation and Maintenance of Courthouse Facilities	$ 0.4 million
Inmate Services	$ 0.4 million

Capital Projects

Restricted	$102,283,026
Committed	173,857,156
Total Fund Balance	$ 276,140,182

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant encumbrances greater than $1.0 million as of June 30, 2023, were:

Fund	Vendor	Amount
Capital Projects	GILBANE BUILDING COMPANY	$ 95.8 million
Capital Projects	SKANSKA USA BUILDING, INC	$ 16.6 million
Capital Projects	NEW FLYER OF AMERICA INC	$ 5.9 million
Capital Projects	ARCADIS U.S., INC.	$ 5.2 million
Capital Projects	BLYTHE CONSTRUCTION,INC	$ 4.7 million
Capital Projects	GREELEY & HANSEN LLC	$ 4.4 million
Capital Projects	KIMLEY-HORN AND ASSOCIATES INC	$ 4.3 million
Capital Projects	PERKINS EASTMAN ARCHITECTS DPC	$ 4.2 million
Capital Projects	JAMES G. DAVIS CONSTRUCTION CORPORATION	$ 4.0 million
Capital Projects	JACOBS ENGINEERING GROUP INC	$ 3.6 million
Capital Projects	JONES UTILITIES CONSTRUCTION INC	$ 3.2 million
Capital Projects	AM-LINER EAST INC	$ 3.1 million
Capital Projects	FT MYER CONSTRUCTION CORP	$ 2.9 million
Capital Projects	SERVICE MECHANICAL INC	$ 2.9 million
Capital Projects	AVON CORPORATION	$ 2.5 million
Capital Projects	URS CORPORATION	$ 2.0 million
Capital Projects	COMBUSTIONEER CORPORATION	$ 1.9 million
Capital Projects	PROTEC CONSTRUCTION INC	$ 1.6 million
Capital Projects	AP CONSTRUCTION LLC	$ 1.6 million
Capital Projects	WHITMAN, REQUARDT & ASSOCIATES.,LLP	$ 1.5 million
Capital Projects	ATHENS BUILDING CORPORATION	$ 1.4 million
Capital Projects	VOLKERT INC	$ 1.4 million
Capital Projects	RICHARDSON-WAYLAND ELECTRICAL LLC	$ 1.4 million
Capital Projects	SAGRES CONSTRUCTION CORPORATION	$ 1.4 million
Capital Projects	WACO INC	$ 1.3 million
Capital Projects	TURNER & TOWNSEND HEERY, LLC	$ 1.3 million
Capital Projects	COMMERCIAL CARPETS OF AMERICA INC	$ 1.3 million
Capital Projects	INTERIORS BY GUERNSEY LLC	$ 1.3 million
Capital Projects	D & F CONSTRUCTION INC	$ 1.2 million
Capital Projects	KADCON CORP	$ 1.2 million
Capital Projects	GENESYS IMPACT LLC	$ 1.1 million
Capital Projects	PAVION CORP	$ 1.1 million
Capital Projects	WSP USA INC	$ 1.1 million

O. Short Term Liabilities

Short Term Liabilities include unclaimed funds. The City did not have any short-term debt during FY 2023.

P. Deferred Outflows

A deferred outflow of resources represents a consumption of net assets by the government that is applicable to a future period and so will not be recognized as an outflow of resources until the future period. The City recognizes deferred outflows for contributions made after the measurement date related to pensions and OPEB, difference between expected and actual experience, changes in assumptions, and net difference between projects and actual earnings on pension plans investments. On June 30, 2023, the City had deferred outflows of resources related to pensions and OPEB of $84.8 million.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Deferred Inflows

A deferred inflow of resources represents an acquisition of net assets by the government that is applicable to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. On June 30, 2023, the City had the following deferred inflows of resources.

DEFERRED INFLOWS		
Deferred Tax Revenue	$	363,237,522
Deferred Resources		15,163,752
Pension		37,195,907
OPEB		15,433,070
Opioid Settlement Receivable		1,074,238
Total Deferred Inflows of Resources	$	432,104,489

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 2023, the Council approved a re-appropriation of prior fiscal year encumbrances, as well as several other supplemental appropriations. The City Manager has authority to transfer appropriations within each department. In FY 2023, several 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, most funds in the City's general account are always invested. 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, 2023, the carrying value of the City's deposits was ($15,727,439) and the bank balance was ($10,254,711). The difference between the carrying value of the City's deposits and the bank balance was 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 like 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 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, 2023, the City had $102,283,026 in the SNAP short term investment.

Component Units

At June 30, 2023, the carrying value of deposits for the Schools was ($1,778,135) and the bank balance was $0. The difference between the carrying value of the School's deposits and the bank balance was 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, 2023, the carrying value of deposits and bank balance for the Library was $423,964. The entire balance was 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.

During fiscal year 2023 most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in Certificate of Deposit Account Registry Service (CDARS), where deposits are eligible for FDIC insurance, as well as commercial paper, U.S. Agencies, and the Virginia Investment Pool.

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

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

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

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

Custodial Risk – Custodial risk is the risk that in the event of the failure of the counterparty, 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 must 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.

Exhibit XII (Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2023, 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	$ 28,150,027	$ 28,150,027	$ -	$ -
Federal Farm Credit Bank (FFCB)	13,600,952	-	-	13,600,952
Federal Home Loan Bank (FHLB)	44,302,706	3,651,925	2,732,914	37,917,867
Local Government Investment Pool	504,790,345	504,790,345	-	-
Subtotal	590,844,029	536,592,297	2,732,914	51,518,818
OPEB Trust Investments *	114,227,510	-	-	114,227,510
Pension Plan Investments (Exhibit VIII) *	643,105,525	-	-	643,105,525
Total	$ 1,348,177,064	$ 536,592,297	$ 2,732,914	$ 808,851,853

*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	$ (15,727,439)
Cash with Fiscal Agents	102,392,884
Total Deposits and Investments	$ 1,434,842,509

Component Unit

Schools

		Investment Maturities		
	Fair Value	**1-12 Months**	**13-24 Months**	**25-60 Months**
Fixed Certificate of Deposit	$ 1,977,887	$ 1,977,887	$ -	$ -
Federal Farm Credit Bank (FFCB)	955,635	-	-	955,635
Federal Home Loan Bank (FHLB)	3,112,813	256,593	192,021	2,664,199
Local Government Investment Pool	35,467,758	35,467,758	-	-
Total Investments Controlled by City	$ 41,514,093	$ 37,702,239	$ 192,021	$ 3,619,834

Component Unit

Library

		Investment Maturities		
	Fair Value	**1-12 Months**	**13-24 Months**	**25-60 Months**
Fixed Certificate of Deposit	$ 50,425	$ 50,425	$ -	$ -
Federal Farm Credit Bank (FFCB)	24,363	-	-	24,363
Federal Home Loan Bank (FHLB)	79,359	6,542	4,895	67,922
Local Government Investment Pool	904,232	904,232	-	-
Total Investments Controlled by City	$ 1,058,380	$ 961,198	$ 4,895	$ 92,286
Total Investments Controlled by City				
Primary Government and Component Units:	$ 633,416,502			

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2023, 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	$ 30,178,339	$ -	$ -	$ 30,178,339
Federal Farm Credit Bank (FFCB)	14,580,950	-	14,580,950	-
Federal Home Loan Bank (FHLB)	47,494,878	-	47,494,878	-
Virginia Investment Pool 1-3 Year	5,378,977	5,378,977	-	-
Virginia Local Govt. Investment Pool	535,783,358	535,783,358	-	-
Total Investments Controlled by City & Components	$ 633,416,502	$ 541,162,335	$ 62,075,828	$ 30,178,339

Rated by S&P

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

Issuer	Investment Type	Fair Value	% of Portfolio
VA Dept of Treasury	Local Govt Invest Pool	535,783,358	84.23%
Federal Home Loan Bank (FHLB)	FHLB Bond	47,494,878	8.61%

Exhibit XII
(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Reconciliation of total deposits and investments to the government-wide financial statements as of June 30, 2023:

	Governmental Activities	Fiduciary Activities	Total
Primary Government including DASH			
Cash on Hand and In Banks	$ (15,727,439)	$ -	$ (15,727,439)
Cash and Investments	590,836,970	7,059	590,844,029
Cash and Investments with Fiscal Agents	102,283,026	757,442,893	859,725,919
Total	$ 677,392,557	$ 757,449,952	$ 1,434,842,509
Component Unit Schools			
Cash on Hand and In Banks	$ (1,778,135)	$ -	$ (1,778,135)
Cash and Investments Controlled by City	41,514,093	-	41,514,093
Cash and Investments with Fiscal Agents	-	-	-
Total	$ 39,735,958	$ -	$ 39,735,958
Component Unit Library			
Cash and Investments Controlled by City	$ 1,058,380	$ -	$ 1,058,380
Cash and Investments with Fiscal Agents	3,992,298	-	3,992,298
Total	5,050,678	-	5,050,678
Grand Total	$ 722,179,193	$ 757,449,952	$ 1,479,629,145

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 2023, zero investments were classified in Level 1 and Level 3 of the fair value hierarchy. Investments worth $92.3 million were classified in Level 2. Fixed government securities worth $62.1 million and fixed certificates of deposit worth $30.2 million were classified in Level 2. The fixed government securities and the fixed securities of deposit were valued using a matrix pricing technique. Matrix pricing is used based on the securities' relationship to benchmark quoted prices.

Virginia Local Government Investment Pool, worth $535.8 million were excluded from the fair value hierarchy since they are an external investment pool and have the option to report their investments at NAV or amortized cost. They have chosen to report at amortized cost.

Investments by fair value level	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
Fixed Government Securities	$ 62,075,828	$ -	$ 62,075,828	$ -
Fixed Certificates of Deposit	30,178,339	-	30,178,339	-
Total Debt Securities	$ 92,254,167	$ -	$ 92,254,167	$ -
Total Investments by Fair Asset Value	$ 92,254,167	$ -	$ 92,254,167	$ -
Investments measured at the net asset value (NAV)				
Virginia Investment Pool - Liquidity	5,378,977			
	$ 5,378,977			
Total Investments by Fair Value and NAV	$ 97,633,144			
Investments Reported by Amortized Cost				
Virginia Local Govt. Investment Pool	$ 535,783,358			
Total Investments	$ 633,416,502			

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES

Receivables at June 30, 2023, consist of the following:

	General	Special Revenue	Capital Project	Total
Taxes				
Real Property	$ 265,392,520	$ 907,128	$ -	$ 266,299,648
Personal Property	83,629,906	-	-	83,629,906
Penalities and Interest	4,103,277	-	-	4,103,277
Others	1,906,783	10,109,044	-	12,015,827
Total Taxes	355,032,485	11,016,172	-	366,048,657
Account	13,400,847	211,309	-	13,612,155
Interest	-	-	-	-
Due from Other Governments	32,346,720	10,197,870	7,637	42,552,227
Due from other funds	-	-	54,939,877	54,939,877
Notes	709,000	95,197,386	1,475,000	97,381,386
Gross Receivable	401,489,052	116,622,737	56,422,514	574,534,302
Less: Allowance for Uncollectables	22,380,674	92,699,064	1,475,000	116,554,738
Net Receivables	$ 379,108,378	$ 23,923,673	$ 54,947,514	$ 457,979,565

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 4.7% percent of the total taxes receivable at June 30, 2023, and is based on historical collection rates. Almost all of the real property tax receivables as of June 30, 2023, represent the second-half payment due for real estate taxes on November 15, 2023. The majority of personal property taxes represent tax year 2023 due October 5, 2023.

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 2023, unearned revenue in the governmental funds consisted of the following:

	Unavailable	Unearned	Total
Property taxes, net of related allowances	$ 348,125,613	$ 9,667,614	$ 357,793,227
Grant proceeds received prior to completion of eligibility requirements	-	5,444,295	5,444,295
	$ 348,125,613	$ 15,111,909	$ 363,237,522

Deferred Inflows

	General Fund	Special Revenue Fund
Total Deferred Taxes	$ 348,125,613	$ 9,667,614
Grants Received Prior to Eligibility		5,444,295
Total Deferred Inflows, Receivables	$ 348,125,613	$ 15,111,909

Component Units

Receivables at June 30, 2023, consist of following:

	School Board	Library	Total
Accounts	$ 350,412	$ 4,344	$ 354,756
Intergovernmental	23,659,766	70,289	23,730,055
Total Receivables	$ 24,010,178	$ 74,633	$ 24,084,811

All the component unit receivables are considered to be collectible.

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.

Exhibit XII
(Continued)

NOTE 4. RECEIVABLES (Continued)

Real estate taxes are billed in equal semi-annual installments due June 15 and November 15. The taxes receivable balance at June 30, 2023, includes amounts not yet received from the January 1, 2023 levy (due June 15 and November 15, 2023), less an allowance for uncollectible amounts. The installment due on November 15, 2023 is included as unavailable revenue since these taxes are restricted for use until FY 2024. Liens are placed on the property on the date real estate taxes become delinquent and must be satisfied prior to the sale or transfer of the property. In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The tax rate was $1.11 per $100 of assessed value during calendar year 2022 and 2023.

Personal property tax assessments on tangible business property and all motor vehicles are based on 100 percent of fair value of the property as of January 1 of each year. For a vehicle, the tax may be prorated for the length of time the vehicle has status in the City. Personal property taxes for the calendar year are due on October 5th. The taxes receivable balance at June 30, 2023, includes amounts not yet billed or received from the January 1, 2023 levy (due October 5, 2023). These taxes are included as unearned revenue since these taxes are restricted for use until FY 2024. The tax rate for motor vehicles was $5.33 per $100 of assessed value during the calendar years 2022 and 2023. On May 3, 2023, City Council adopted an ordinance to set the real and personal property tax rates for Calendar Year 2023. The FY 2024 Approved Budget was also adopted on May 3, 2023 and included personal property tax relief for all vehicles by providing an assessment ratio of 90% on the assessed value of vehicles. The discount provided a reduction of a vehicle's actual market value by 10 percent for Tax Year 2023 to reflect continued value appreciation due to the pandemic. In total this initiative reduced estimated personal property tax revenue by $7.7 million in FY 2024. Tax rates during calendar years 2022 and 2023 were $4.75 for tangible personal property and $4.50 for machinery and tools per $100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance.

Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City billed and collected from the Commonwealth, approximately 32 percent of total personal property tax levy in calendar year 2023. The threshold for vehicles that receive a 100% state car tax subsidy is also increased, shifting this subsidy on vehicles valued from $1,000 and less to vehicles valued $5,000 and less. This action is estimated to eliminate the local tax burden on more than 30,000 cars for tax year 2023.

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, 2023:

Governmental Activities

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

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, 2023:

Governmental Activities

Primary Government

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 127,652,516	$ 54,059,460	$ -	$ 181,711,976
Construction in Progress	117,901,009	179,390,160	47,236,644	250,054,525
Total Capital Assets Not Being Depreciated	245,553,525	233,449,620	47,236,644	431,766,501
Depreciable Capital Assets				
Buildings	837,598,278	56,355,496	-	893,953,774
Infrastructure	338,177,061	12,150,177	105,797	350,221,441
Intangible Assets	26,475,233	-	-	26,475,233
Furniture and Other Equipment	151,575,455	2,489,663	460,326	153,604,792
Total Depreciable Capital Assets	1,353,826,027	70,995,336	566,123	1,424,255,240
Less Accumulated Depreciation for				
Buildings	293,749,246	20,507,464	-	314,256,710
Infrastructure	186,965,960	11,069,047	20,898	198,014,109
Intangible Assets	25,459,818	489,131	-	25,948,949
Furniture and Other Equipment	95,655,836	10,187,332	490,937	105,352,231
Total Accumulated Depreciation	601,830,860	42,252,974	511,835	643,571,999
Depreciable Capital Assets, Net	751,995,167	28,742,362	54,288	780,683,241
Right-to-Use Lease Assets:				
Buildings	36,540,196	789,982	3,898,017	33,432,161
Equipment	455,186	-	12,762	442,424
Land	761,213	-	-	761,213
Infrastructure	346,191	-	-	346,191
Easements	-	1,071,674	-	1,071,674
Total Assets	38,102,786	1,861,656	3,910,779	36,053,663
Less Accumulated Amortization for				
Buildings	5,820,827	4,865,045	3,898,017	6,787,855
Equipment	101,089	109,414	12,762	197,741
Land	149,028	149,028	-	298,056
Infrastructure	21,784	21,784	-	43,568
Easements	-	52,821	-	52,821
Total Accumulated Amortization	6,092,728	5,198,092	3,910,779	7,380,041
Total Right to Use Assets, Net	32,010,058	(3,336,436)	-	28,673,622
SBITA Assets				
SBITA	842,665	-	-	842,665
Less: Accumulated Amortization:	-	459,881	-	459,881
Total SBITA Arrangement Assets, Net	842,665	(459,881)	-	382,784
Alexandria Transit Company				
Depreciable Capital Assets				
Equipment	68,018,777	315,800	887,898	67,446,679
Less: Accumulated Depreciation	30,988,759	5,688,589	887,898	35,789,450
Total Depreciable Capital Assets, Net	37,030,018	(5,372,789)	-	31,657,229
Totals	$ 1,067,431,433	$ 253,022,876	$ 47,290,932	$ 1,273,163,377

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

Exhibit XII
(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Governmental activities capital assets, net of accumulated depreciation and amortization at June 30, 2023, are comprised of the following:

General Capital Assets	$ 1,207,293,232
Internal Service Fund Capital Assets	5,156,510
Alexandria Transit Company Capital Assets	31,657,229
Right-to-Use Lease Assets	28,673,622
SBITA Assets	382,784
Total	$ 1,273,163,377

Depreciation and amortization was charged to governmental functions as follows:

General Government	$ 3,162,160
Judicial Administration	513,115
Public Safety	4,445,552
Public Works	8,257,079
Depreciation of Infrastructure Assets	10,497,066
Health and Welfare	464,779
Transit	5,688,589
Culture and Recreation	2,647,157
Education	12,025,858
Community Development	240,208
Right-to-Use Lease	5,198,092
SBITA	459,881
Total	$ 53,599,536

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	$ 377,147,736
Donated Assets	4,382,945
Depreciation and Amortization Expense	(53,599,536)
Capital Outlay not capitalized	(167,214,718)
Total Adjustment	$ 160,716,427

Donated assets are comprised of infrastructure assets 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		$ 1,273,163,377
Outstanding bonds (including premium)	(1,051,558,413)	
Unspent bond proceeds at SNAP	102,283,026	
Deferred outflow related to Bond Refunding	-	
Net Outstanding Debt		(949,275,387)
Less Retainage & Construction A/P		(14,151,973)
Lease and SBITA Liability		(29,898,151)
Investment in Capital Assets Net of Debt		$ 279,837,866

**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, 2023:

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

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, 2023:

	Project Authorization	Expended Through June 30, 2023	Committed
Schools Capital Projects	$ 319,671,307	$ 157,428,163	$ 121,810,070
Housing and Community Improvement	97,471,905	27,048,425	659,020
Parks and Recreation	41,968,481	8,211,487	4,417,727
Public Buildings	82,356,487	32,430,173	22,219,835
Public Safety	3,763,291	1,078,727	76,794
Infrastructure	27,018,928	12,428,837	4,352,170
Information Technology Hardware	17,237,524	11,428,713	4,412,289
Total	$ 589,487,923	$ 250,054,525	$ 157,947,905

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 the 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, 2023: public entity and public officials' excess liability, medical malpractice liability, voting booths, special events, vacant buildings, volunteer liability, cyber liability, and commercial crime. In addition, the City maintains excess workers' compensation insurance. There were no material reductions in insurance coverage from coverage in the prior fiscal year, nor did settlements exceed coverage for any of the past four fiscal years.

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

Self-Insurance

The non-current portion of unpaid workers' compensation claims amounted to approximately $20.7 million as of June 30, 2023, and is reflected in the government-wide statements. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. In FY 2009, the City became self-insured for one of the two health insurance plans offered to employees. On June 30, 2023, the current portion of employees' health insurance was $1.6 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, 2023. 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, 2023 and 2022 were as follows:

	Workers' Compensation	Health Insurance
July 1, 2021 Liability Balance	$ 19,947,256	$ 2,018,431
Claims and Changes in Estimates	3,070,531	22,789,990
Claim Payments	(3,915,735)	(23,095,201)
June 30, 2022 Liability Balance	19,102,052	1,713,220
Claims and Changes in Estimates	5,800,358	21,194,581
Claim Payments	(4,231,788)	(21,314,889)
June 30, 2023 Liability Balance	$ 20,670,622	$ 1,592,912

The Health Insurance liability is included in other liabilities.

Insurance Commitment

In addition, the City has established a General Fund self-insurance commitment of $6.5 million as of June 30, 2023.

NOTE 6. RISK MANAGEMENT (Continued)

Risk Pools

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

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

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

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

Under the provisions of the Virginia Workers' Compensation Act, the Alexandria Transit Company has secured the payment of Virginia compensation benefits and employers' liability coverage with the Virginia Municipal Group Self-Insurance Association (VMGSIA). VMGSIA is a public entity risk pool providing a comprehensive workers' compensation insurance program to Virginia municipalities and other local government entities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control and claims administration. The Alexandria Transit Company pays an annual premium to VMGSIA for workers' compensation coverage. VMGSIA is self-sustaining through member premiums and will reinsure for claims in excess of $5.0 million. Each member's premium is determined through an actuarial analysis based upon the individual member's experience and number of employees. In FY 2023, the Alexandria Transit Company paid an annual premium of $0.3 million for participation in this pool.

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

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

In accordance with the State Code, LODA retirees elect a plan administered through the Virginia Department of Human Resources (DHRM). The City pays the DHRM the premiums for covered retirees, spouses, and widows. In FY 2021, the City contributed to the OPEB trust fund for Line of Duty Act benefits. In fiscal year 2023, an actuarial valuation was issued for Line of Duty Act benefits (see Note 16 OPEB). According to the December 31, 2022, actuarial valuation, 723 active employees were eligible for Line of Duty Act pension/health benefits. As of June 30, 2023, 92 beneficiaries were receiving Line of Duty Act health benefits. During FY 2023, Line of Duty Act premium payments for the recipients amounted to $1.6 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 four fiscal years.

NOTE 7. LEASES

Leases Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective for this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Easements

On April 1, 2023, the City entered into a 60-month lease as lessee with Hornblower City Cruise/Water Taxi. An initial lease liability was recorded in the amount of $1,071,674. As of 06/30/2023, the value of the lease liability is $1,025,245. The City is required to make annual fixed payments of $16,906. The lease has an interest rate of 2.457%. The value of the right to use asset as of June 30, 2023 of $1,071,674 with accumulated amortization of $52,821 is included with Easements on the Lease Class activities table found below.

Buildings

On or before June 30, 2023, the City entered into leases from 15 - 180 months as lessee for the use of various buildings. Initial lease liability was recorded in the amount of $36,540,196. As of 06/30/2023, the value of the lease liability is $27,749,582. The City is required to make monthly fixed payments ranging from $1,435 to $149,410. The leases have interest rates ranging from .237% to 2.19%. The buildings estimated useful life was up to 360 months as of the contract commencement. The value of the right to use assets as of 06/30/2023 of $33,463,857 with accumulated amortization of $7,001,199 is included with Buildings on the Lease Class activities table found below.

Equipment

On or before June 30, 2023, the City entered into leases from 14 - 68 months as lessee for the use of office equipment. An initial lease liability was recorded in the amount of $381,885. As of 06/30/2023, the value of the lease liability is $258,800. The City is required to make monthly fixed payments ranging from $250 to $2,472. The leases have interest rates ranging from .237% to 2.54%. The equipment estimated useful life was up to 60 months as of the contract commencement. The value of the right to use assets as of 06/30/2023 of $442,425 with accumulated amortization of $197,741 is included with Equipment on the Lease Class activities table found below.

Land

Before June 30, 2023, the City entered into leases from 51 - 90 months as lessee for the use of land. An initial lease liability was recorded in the amount of $761,213. As of 06/30/2023, the value of the lease liability is $467,349. The City is required to make monthly fixed payments ranging from $3,447 to $9,290. The leases have interest rates ranging from .814% to 1.372%. The land estimated useful life was up to 90 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of $761,213 with accumulated amortization of $298,057 is included with Land on the Lease Class activities table found below.

Infrastructure

Before June 30, 2023, the City entered into a 190-month lease as lessee for the use of the N. Hampton & King Site. An initial lease liability was recorded in the amount of $346,191. As of 06/30/2023, the value of the lease liability is $311,332. The City is required to make annual fixed payments of $23,386. The lease has an interest rate of 1.9420%. The estimated useful life of the infrastructure site was 190 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of $346,191 with accumulated amortization of $43,569 is included

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

with Infrastructure on the Lease Class activities table found below. City of Alexandria has 2 extension option(s), each for 60 months.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class		As of Fiscal Year-end				
		Lease Asset Value		Accumulated Amortization		Net Lease Asset Value
Buildings	$	33,432,161	$	6,787,855	$	26,644,306
Equipment		442,424		197,741		244,683
Infrastructure		346,191		43,568		302,623
Land		761,213		298,056		463,157
Easements		1,071,674		52,821		1,018,853
Total Leases	$	36,053,663	$	7,380,041	$	28,673,622

Principal and Interest Requirements to Maturity

Fiscal Year		Governmental Activities				
		Principal Payments		Interest Payments		Total Payments
2024	$	3,160,539	$	481,396	$	3,641,936
2025		3,018,084		432,097		3,450,182
2026		2,764,435		383,412		3,147,846
2027		2,720,374		336,451		3,056,825
2028		2,727,288		289,177		3,016,465
2029 - 2033		13,440,884		766,763		14,207,647
2034 - 2037		1,980,704		56,523		2,037,227
	$	29,812,308	$	2,745,820	$	32,558,128

Leases Receivable

Buildings

On or before June 30, 2023, the City entered into leases ranging from 20 to 180-month leases as Lessor for the use of various buildings. An initial leases receivable was recorded in the amount of $6,997,977. As of June 30, 2023, the value of the lease receivable is $6,185,386. The lessees are required to make monthly fixed payments ranging from $1,288 to $28,098. The leases have an interest rate ranging from .237% to 2.89%. The Buildings estimated useful life was up to 180 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was $6,047,294, and City of Alexandria recognized lease revenue of $664,163 during the fiscal year.

Land

On or before June 30, 2023, the City entered into leases ranging from 62 to 768-month leases as Lessor for the use of various parcels of land. An initial lease receivable was recorded in the amount of $7,011,808. As of June 30, 2023, the value of the lease receivable is $6,293,138. The lessees are required to make monthly fixed payments ranging from $300 to $20,081. The leases have an interest rate ranging from .98% to 2.449%. The Land estimated useful life was up to 768 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was $6,251,527, and City of Alexandria recognized lease revenue of $326,249 during the fiscal year.

Infrastructure

Before June 30, 2023, the City entered into leases ranging from 170 to 232-month leases as Lessor for the use of various infrastructure sites in Alexandria. An initial lease receivable was recorded in the amount of $1,174,742. During the year the City entered into additional lease for 96 months. As of June 30, 2023, the value of the lease receivable is $2,303,773. The lessees are required to make monthly fixed payments ranging from $2,744 to $14,250. The leases have an interest rate ranging from 1.803% to 2.19%. The infrastructure sites have an estimated useful life

Exhibit XII
(Continued)

NOTE 7. LEASES (Continued)

was up to 232 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was $2,245,958, and City of Alexandria recognized lease revenue of $247,102 during the fiscal year.

Principal and Interest Expected to Maturity

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 1,151,697	$ 354,806	$ 1,506,503
2025	1,134,044	328,178	1,462,223
2026	1,116,434	301,325	1,417,759
2027	1,080,071	274,752	1,354,822
2028	1,100,197	248,175	1,348,373
2029 - 2033	4,382,765	875,324	5,258,090
2034 - 2038	2,991,065	433,119	3,424,184
2039 - 2043	1,171,030	225,572	1,396,601
2044 - 2048	688,456	100,126	788,583
2049 - 2053	54,469	71,456	125,925
2054 - 2058	61,402	64,523	125,925
2059 - 2063	69,217	56,708	125,925
2064 - 2068	78,026	47,899	125,925
2069 - 2073	87,957	37,968	125,925
2074 - 2078	99,152	26,773	125,925
2079 - 2083	111,771	14,153	125,925
2084 - 2085	48,595	1,775	50,370
	$ 15,426,349	$ 3,462,632	$ 18,888,981

Primary Government – Governmental Activities

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

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

Balances at June 30, 2023:

Long term Lease Liabilty for right to use assets	$ (29,812,308)	
Intangible right to use assets	36,053,663	
Amortization	(7,380,041)	
Lessee adjustment		$ (1,138,687)
Lease receivable for right to use assets	15,426,349	
Deferred inflow for right to use assets	(15,163,752)	
Lessor adjustment		262,597
Net Lease adjustment		$ (876,090)

**Exhibit XII
(Continued)**

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Washington Metropolitan Area Transit Authority

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

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

1. Capital contributions - Bus and Rail Replacement

In June 2021, a new six-year Capital Funding Agreement was signed by all members of the WMATA Compact after a series of one-year extensions of the 2010 six-year agreement. That funding agreement did not assume an increase of $150 million per year of new federal funds beyond FY 2022 but did assume approximately $50 million each from the Commonwealth of Virginia, the State of Maryland, and the District of Columbia. The new agreement totaled $13.6 billion over the six-year period, and $2.1 billion was projected to be funded by the federal government. The participating jurisdictions' financial obligations, per the Regional Capital Funding Agreement, are subject to individual jurisdictional annual appropriation consideration. The dollar amount of the FY 2024 contribution is $13.4 million, compared to the FY 2023 contribution for Alexandria, which was $13 million. The Virginia 2018 dedicated funding legislation also requires that local jurisdictions pay a match to the state dedicated funding. In FY 2024, this amount was $4.1 million, in addition to the allocation specified in the CFA

2. Operating subsidies - Bus and Rail Systems

During FY 2023, obligations for bus and rail subsidies amounted to $56.6 million. The City paid these obligations from the following sources:

City General Fund	$15.9
Transportation Improvement Program (TIP)	$1.7
State Aid and State Motor Fuel Sales Tax revenues	$37.5
NVTA 30%	$1.7
TOTAL (millions)	**$56.6**

B. Northern Virginia Transportation District Bonds

In November 1999, the City signed an agreement with the Commonwealth Transportation Board to provide $256,070 annually (subject to appropriation) to finance certain Northern Virginia Transportation District Bond projects benefiting the City and other jurisdictions in Northern Virginia. The FY 2023 payment of $256,070 was made from the proceeds from the telecommunications taxes received by the City's General Fund.

C. Waste-To-Energy Facility

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

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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

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

By December 2012, all 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 2023 was $118,000 and according to the interjurisdictional agreement the City's contribution was $47,200. The operating costs of the Facility are paid primarily through tipping fees. The City paid $987,112 in tipping fees in FY 2023 and is anticipating a similar cost in FY 2024.

D. Federal and State Sanitary and Stormwater Requirements

The City is facing increased state and federal regulatory mandates associated with sanitary sewer and stormwater management requirements to protect and enhance the water quality in our local streams, the Potomac River, and the Chesapeake Bay. For Alexandria, this means approximately $615 million in investments to its combined sewer through 2025, 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 urban stormwater discharges must achieve increasing pollution reduction goals enforced through three 5-year MS4 permit cycles. Accordingly, the City was required to achieve 5 percent of the pollution reduction targets during the 2013 – 2018 permit, with an additional 35% (40% total) required by the end of the current 2018-2023 MS4 permit, and the remaining 60% (100% total) on or before the end of the 2023 – 2028 MS4 permit as part of the Stormwater Management Program. The estimated cost of Stormwater Management Program infrastructure improvements over this period is between $50 million and $75 million. Additionally, the region and the City have experienced unprecedented intense rainfall events that are occurring more frequently and creating urban and flash flooding that threatens homes and businesses, causing damages to structures and endangering lives. Effective January 1, 2018, the City Council adopted a Stormwater Utility Fee as a dedicated funding source to perform operations and maintenance of existing and new stormwater management infrastructure, and to provide cash capital and funding of debt service to implement new stormwater management infrastructure improvements to meet the state and federal mandates in the MS4 permit and to mitigate the occurrence and impacts of flooding from more frequent and intense storm events. Collection of this fee began in Calendar Year 2018, with the typical single-family home billed approximately $140 per year.

The City also maintains a wastewater collection system serving residents and businesses that comprises of approximately 240 miles of sewers. Alexandria Renew Enterprises, an independent governmental authority, provides wastewater treatment services to most of the City and to a portion of southern Fairfax County. The current Alexandria Renew Enterprises treatment facility has a treatment capacity of 54 million gallons per day ("MGD"), of which 60 percent is allocated to Fairfax County and 40 percent to the City. Based on City new development build-out

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

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

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

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

E. Landmark Mall Redevelopment

In December 2020, the City, Inova Health Care Services (Inova) and a joint venture that includes Foulger-Pratt, Howard Hughes Corporation and Seritage (FP Joint Venture, now Landmark Land Holdings, LLC, Developer) announced a partnership to redevelop the 51-acre Landmark Mall site into a mixed-use town-center type development with new regional Level II Trauma Center Hospital, Cancer Center and at least one medical office building. In total, the plan will encompass 5.6 million (FAR) square feet of new development. For the City, the Landmark total redevelopment, including the impact of moving Inova from its current site, is expected to generate $1.15 billion in tax revenue over a 30-year period and create a town center for the West End of the City.

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

Excluding the cost of financing, the transaction involves $177.6 million in direct public participation comprising (1) a $123.6 million investment in infrastructure improvements at and adjacent to the site (plus capitalized interest) to be funded through a plan of synthetic tax increment financing backstopped by special assessments imposed on the property within a Community Development Authority district, and (2) a $54 million purchase of land and parking space rights for the hospital site by the IDA, which will then lease the land and associated parking easements to Inova.

Exhibit XII
(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

F. Opioid Settlement

On August 20, 2021, the Commonwealth of Virginia and its localities entered and signed the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding. These actions result in an exchange transaction for the FY2022 reporting period, thus creating an event that results in a revenue accrual. Over a period of 18 years, the City is projected to receive $1,420,614. As of June 30, 2023, the City has received $346,375, leaving a remaining balance receivable of $1,074,239.

G. Litigation

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

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT

General Obligation Bonds - The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. As of June 30, 2023, the City's estimated arbitrage rebate and yield liability was $1,575,217. General obligation bonds outstanding as of June 30, 2023, are comprised of the following individual issues:

1.	$143.4 million General Obligation Capital Improvement Bonds of 2023, installments ranging from $1.4 million to $6.9 through 2052, bearing interest rates ranging from 4.0 to 5.0 percent payable semiannually on June 15 and December 15, and maturing on December 15, 2052. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after December 15, 2032.	$	143,385,000
2.	$50 million General Obligation Capital Improvement Bonds of 2022, installments of $3.3 through 2037, bearing interest rate of 2.82 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2029.		50,000,000
3	$143.1 million General Obligation Capital Improvement Bonds of 2021, installments ranging from $3 million to $7.9 million through 2041, bearing interest rates ranging from 1.75 percent to 5.0 percent payable semiannually on June 15 and December 15, and maturing on December 15, 2041. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after December 15, 2031.		140,135,000
4.	$11.7 million General Obligation Refunding Bond of 2021(Federally Taxable), installments ranging from $0.09 million to $1.95 million through 2034, bearing interest rates ranging from 1.7 to 2.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2022. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after June 15, 2031.		11,695,000
5.	$49.8 million General Obligation Refunding Bond of 2020, installments ranging from $0.39 million to $9.99 million through 2033, bearing interest rates ranging from 0.45 to 1.95 percent payable semiannually on June 15 and December 15 and maturing on June 15, 2033. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after June 15, 2030.		40,460,000
6.	$204.0 million General Obligation Capital Improvement Bonds of 2019, installments ranging from $0.5 million to $46.2 million through 2050, bearing interest rates ranging from 2.1 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2050. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2030.		202,460,000
7.	$40.9 million General Obligation Capital Improvement Bonds of 2018, installments ranging from $0.75 million to $2.15 million through 2038, bearing interest rates ranging from 2.9 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2038. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2028.		34,375,000
8.	$34.9 million General Obligation Refunding Bond of 2017, installments ranging from $3.0 million to $4.0 million through 2030, bearing interest rate 5.0 percent payable semiannually on January 1 and July 1, and maturing on July 1, 2030. The Bonds are not subject to optional redemption prior to their maturities.		28,960,000
9.	$102.2 million General Obligation Refunding Bond of 2017, installments ranging from $0.5 million to $11.7 million through 2032, bearing interest rates ranging from 3.0 percent to 5.0 percent payable semiannually on January 1 and July 1, and maturing on July 1, 2032. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 1, 2027.		80,455,000
10.	$4.4 million General Obligation Capital Improvement Bonds of 2017 (taxable), installments ranging from $0.21 million to $0.22 million through 2037, bearing interest rates ranging from 2.4 percent to 3.4 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2027.		3,280,000
11.	$94.7 million General Obligation Capital Improvement Bonds of 2017 (tax exempt), installments ranging from $2.0 million to $5.0 million through 2037, bearing interest rates ranging from 2.0 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2037. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2027.		74,715,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

12.	$34.2 million General Obligation Refunding Bond of 2016 (tax exempt), installments ranging from $0.4 million to $4.1 million through 2031, bearing interest rate 1.9 percent payable semiannually on January 15 and July 15 and maturing on July 15, 2031. The City irrevocably exercises its option to redeem all the refunded bonds on the redemption date.		31,857,000
13.	$73.7 million General Obligation Capital Improvement Bonds of 2016 (tax exempt), installments ranging from $1.4 million to $4.0 million through 2036, bearing interest rates ranging from 2.0 percent to 5.0 percent payable semiannually on January 15 and July 15, and maturing on July 15, 2036. The Bonds will be subject to optional redemption in whole or in part at the direction of the City on or after July 15, 2026.		55,930,000
14.	$10.6 million General Obligation Refunding Bonds (taxable) of 2015, installments ranging from $1.0 million to $1.1 million through 2028, bearing interest rates ranging from 0.9 percent to 3.5 percent payable semiannually on January 15 and July 15 and maturing on July 15, 2028.The Bonds will not be subject to optional redemption prior to maturity.		3,380,000
15.	$23.2 million General Obligation Capital Improvement (tax-exempt) Bonds of 2015, installments ranging from $1.1 million to $1.2 million through 2035, bearing interest rates ranging from 3.0 percent to 5.0 percent payable semiannually on January 15 and July 15. The Bonds are subject to optional redemption in whole or in part at the discretion of the City on or after July 15, 2025.		15,060,000
16.	$34.0 million General Obligation (tax-exempt) Refunding Bonds of 2015, installments ranging from $0.4 million to $6.2 million through 2028, bearing interest at 1.9 percent. The Bonds are subject to optional redemption in whole or in part at any time by the City, upon thirty days prior written notice, at a redemption price equal to 100% of the outstanding principal amount of the Bond redeemed plus accrued interest to the redemption date, plus the Fixed Rate Prepayment Charge. This is a direct bank loan.		24,510,000
17.	$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.		5,400,000
	Total	$	946,057,000

**Exhibit XII
(Continued)**

NOTE 9. LONG-TERM DEBT (Continued)

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

1. General Obligation Capital Improvement Bonds of 2022B

CUSIP	Issue	Rate	Maturity Date December 15,
015303BY5	$ 5,545,000	5.00%	2023
015303BZ2	5,545,000	5.00%	2024
015303CA6	5,545,000	5.00%	2025
015303CB4	6,160,000	5.00%	2026
015303CC2	6,190,000	5.00%	2027
015303CD0	6,225,000	5.00%	2028
015303CE8	6,260,000	5.00%	2029
015303CF5	6,295,000	5.00%	2030
015303CG3	6,335,000	5.00%	2031
015303CH1	6,375,000	5.00%	2032
015303CJ7	6,415,000	5.00%	2033
015303CK4	6,460,000	5.00%	2034
015303CL2	6,510,000	5.00%	2035
015303CM0	6,555,000	5.00%	2036
015303CN8	6,610,000	5.00%	2037
015303CP3	6,665,000	5.00%	2038
015303CQ1	6,715,000	4.00%	2039
015303CR9	6,760,000	4.00%	2040
015303CS7	6,810,000	4.00%	2041
015303CT5	6,865,000	4.00%	2042
015303CU2	1,375,000	4.00%	2043
015303CVO	1,430,000	4.00%	2044
015303CW8	1,485,000	4.00%	2045
015303CX6	1,550,000	4.00%	2046
015303CY4	1,610,000	4.00%	2047
015303CZ1	1,675,000	4.00%	2048
015303DA5	1,745,000	4.00%	2049
015303DD9	5,675,000	4.00%	2052
	$ 143,385,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

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

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

3. General Obligation Capital Improvement Bonds of 2021A

CUSIP	Issue	Rate	Maturity Date December 15,
015303AQ3	$ 5,000,000	5.00%	2023
015303AR1	7,945,000	5.00%	2024
015303AS9	7,945,000	5.00%	2025
015303AT7	7,945,000	5.00%	2026
015303AU4	7,945,000	5.00%	2027
015303AV2	7,945,000	5.00%	2028
015303AW0	7,945,000	5.00%	2029
015303AX8	7,945,000	5.00%	2030
015303AY6	7,945,000	5.00%	2031
015303AZ3	7,160,000	4.00%	2032
015303BA7	7,160,000	4.00%	2033
015303BB5	7,160,000	1.75%	2034
015303BC3	7,160,000	1.75%	2035
015303BD1	7,160,000	1.88%	2036
015303BE9	7,160,000	1.88%	2037
015303BF6	7,160,000	2.00%	2038
015303BG4	7,155,000	2.00%	2039
015303BH2	7,150,000	2.00%	2040
015303BJ8	7,150,000	2.00%	2041
	$ 140,135,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

4 . General Obligation Refunding Bonds of 2021B

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

4. General Obligation Refunding Bonds of 2020

CUSIP	Issue	Rate	Maturity Date July 15,
0153027AB6	$ 9,990,000	0.70%	2024
0153027AC4	3,085,000	0.80%	2025
0153027AD2	390,000	1.00%	2026
0153027AE0	395,000	1.15%	2027
0153027AF7	2,195,000	1.35%	2028
0153027AG5	6,135,000	1.40%	2029
0153027AH3	6,030,000	1.50%	2030
0153027AJ9	4,130,000	1.70%	2031
0153027AK6	4,080,000	1.80%	2032
0153027AL4	4,030,000	1.95%	2033
	$ 40,460,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

5. General Obligation Capital Improvement Bonds of 2019A

CUSIP	Issue	Rate	Maturity Date July 15,
0153027D8	$ 1,120,000	5.00%	2023
0153027E6	1,120,000	5.00%	2024
0153027F3	1,120,000	5.00%	2025
0153027G1	1,120,000	5.00%	2026
0153027H9	3,450,000	5.00%	2027
0153027J5	3,730,000	5.00%	2028
0153027K2	4,010,000	5.00%	2029
0153027L0	4,285,000	5.00%	2030
0153027M8	4,580,000	5.00%	2031
0153027N6	4,895,000	5.00%	2032
0153027P1	5,205,000	4.00%	2033
0153027Q9	6,650,000	2.13%	2034
0153027R7	7,610,000	3.00%	2035
0153027S5	8,570,000	2.25%	2036
0153027T3	9,365,000	3.00%	2037
0153027U0	9,615,000	3.00%	2038
0153027V8	9,855,000	2.63%	2039
0153027W6	10,090,000	2.63%	2040
0153027X4	9,235,000	3.00%	2041
0153027Y2	9,515,000	3.00%	2042
0153027Z9	9,805,000	3.00%	2043
0153028C9	31,235,000	3.00%	2044-2046
0153028G0	46,280,000	3.00%	2047-2050
	$ 202,460,000		

6. General Obligation Capital Improvement Bonds of 2018C

CUSIP	Issue	Rate	Maturity Date July 15,
0153026K3	$ 2,150,000	5.00%	2023
0153026L1	2,150,000	5.00%	2024
0153026M9	2,150,000	5.00%	2025
0153026N7	2,150,000	5.00%	2026
0153026P2	2,150,000	5.00%	2027
0153026Q0	2,150,000	5.00%	2028
0153026R8	2,150,000	5.00%	2029
0153026S6	2,150,000	2.90%	2030
0153026T4	2,150,000	3.00%	2031
0153026U1	2,150,000	3.10%	2032
0153026V9	2,150,000	3.15%	2033
0153026W7	2,145,000	3.20%	2034
0153026X5	2,145,000	3.25%	2035
0153026Y3	2,145,000	3.30%	2036
0153026Z0	2,145,000	3.35%	2037
0153027A4	2,145,000	3.40%	2038
	$ 34,375,000		

**Exhibit XII
(Continued)**

NOTE 9. LONG-TERM DEBT (Continued)

7. General Obligation Refunding Bond of 2017D

CUSIP	Issue	Rate	Maturity Date July 1,
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
	$ 28,960,000		

8. General Obligation Refunding Bond of 2017C

CUSIP	Issue	Rate	Maturity Date July 1,
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
	$ 80,455,000		

9. General Obligation Bonds (taxable) of 2017B

CUSIP	Issue	Rate	July 15,
0153024J8	$ 220,000	3.00%	2023
0153024K5	220,000	3.00%	2024
0153024L3	220,000	2.65%	2025
0153024M1	220,000	2.75%	2026
0153024N9	220,000	2.85%	2027
0153024P4	220,000	3.00%	2028
0153024Q2	220,000	3.10%	2029
0153024R0	220,000	3.20%	2030
0153024S8	220,000	3.25%	2031
0153024T6	220,000	3.30%	2032
0153024U3	220,000	3.30%	2033
0153024V1	215,000	3.30%	2034
0153024W9	215,000	3.35%	2035
0153024X7	215,000	3.35%	2036
0153024Y5	215,000	3.40%	2037
	$ 3,280,000		

NOTE 9. LONG-TERM DEBT (Continued)

10. General Obligation Capital Improvement Bonds of 2017A

CUSIP	Issue	Rate	Maturity Date July 15,
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
	$ 74,715,000		

11. General Obligation Refunding Bond of 2016B

Issue	Rate	Maturity Date July 15,
$ 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
$ 31,857,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

12. General Obligation Bonds of 2016A

CUSIP	Issue	Rate	Maturity Date July 15,
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
	$ 55,930,000		

13. General Obligation Bonds (taxable) of 2015C

CUSIP	Issue	Rate	Maturity Date July 15,
0153022F8	$ 1,010,000	2.75%	2023
0153022G6	980,000	2.85%	2024
0153022H4	950,000	3.00%	2025
0153022J0	155,000	3.15%	2026
0153022K7	145,000	3.35%	2027
0153022L5	140,000	3.50%	2028
0153022K8	$ 3,380,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

14. General Obligation Capital Improvement Bonds of 2015B

CUSIP	Issue	Rate	Maturity Date July 15,
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
	$ 15,060,000		

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

Issue	Rate	Maturity Date July 15,
$ 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
$ 24,510,000		

16. General Obligation Capital Improvement Bonds of 2014B

CUSIP	Issue	Rate	Maturity Date January 15,
015302V82	$ 1,800,000	5.00%	2024
015302V90	1,800,000	5.00%	2025
015302W24	1,800,000	3.00%	2026
	$ 5,400,000		

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

The requirements to pay all long-term bonds as of June 30, 2023, including interest payments of $312.2 million, are summarized as follows:

Fiscal Year	Principal	Interest
2024	$ 57,767,000	$ 33,112,168
2025	60,434,000	30,734,867
2026	58,456,000	28,245,009
2027	56,032,000	25,777,871
2028	58,339,000	23,306,960
2029-2033	256,094,000	84,594,485
2034-2038	182,185,000	47,577,364
2039-2053	216,750,000	38,888,361
	$ 946,057,000	$ 312,237,085

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

Legal Debt Margin - The City has no overlapping debt with other jurisdictions. As of June 30, 2023, the City had a legal debt limit of $4.83 billion and a debt margin of $3.89 billion:

Assessed Taxable Value of Real Property, January 1, 2023	$48,332,631,187
Constitution Debt Limit (10% of Assessed Taxable Value)	4,833,263,119
Outstanding General Obligation Indebtedness as of June 30, 2023	
Governmental Activities – General Obligation Debt	946,057,000
Net Indebtedness subject to debt limit	$ 946,057,000
Legal Debt Margin Remaining	$3,887,206,119
Percentage of net debt margin available	80.4%

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, 2023, are summarized below:

	Authorized and Unissued July 1, 2022	Authorized	Issued	Expired	Authorized and Unissued June 30, 2023
General Obligation Bonds	$696,565,000	$196,000,000	$143,385,000	$0.00	$749,180,000

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

On December 8, 2022, the City Council issued $143.4 million in General Obligation Capital Improvement Bonds. The $143.4 million Capital Improvement bonds were issued with an original premium of $14.8 million and a true interest cost of 3.47 percent.

The City has not issued any revenue anticipation notes at any time for the past two decades. On June 15, 2023, the city secured a line of credit totaling $100 million to assist with cash flow and short-term financing of the capital improvement plan.

Changes in Long-Term Liabilities - Changes in the total long-term liabilities during the fiscal year ended June 30, 2023, are summarized below. In general, the City uses the General Fund to liquidate long-term liabilities.

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
General Obligation Bonds	$ 852,606,000	$ 143,385,000	$ 49,934,000	$ 946,057,000	$ 49,934,000
Bond Premium	97,841,653	14,798,520	7,138,760	105,501,413	7,138,760
Workers' Compensation Claims	19,102,052	5,800,358	4,231,788	20,670,622	3,558,008
Accrued Compensated Absences	29,582,414	19,339,744	18,298,401	30,623,757	4,230,520
Right to Use Leases	32,617,536	1,861,656	4,666,884	29,812,308	3,160,539
Subscription Liability	-	210,067	124,224	85,843	-
Net Pension Liability	128,183,130	42,956,139	-	171,139,269	-
Net OPEB Liability	27,746,272	-	6,876,913	20,869,359	-
Total	$ 1,187,679,057	$ 228,351,484	$ 91,270,970	$ 1,324,759,571	$ 68,021,827

Primary Government – Governmental Activities

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

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

Balances at June 30, 2023:	
Long-term liabilities (detail above)	$ 1,324,759,571
Accrued interest payable	682,592
Reconciling items to Governmental Funds	$ 1,325,442,163

Exhibit XII
(Continued)

NOTE 9. LONG-TERM DEBT (Continued)

Reconciliation to statement of Net Position and Statement of Activities

Reconciliation to Statement of Activities

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

Compensated absences	$	218,853
Workers compensation		1,568,570
Discount and interest		7,659,760
Accrued interest on bonds		(411,793)
Net Adjustment	$	9,035,390

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

Pension and OPEB Reconciliation

Pension expense, Note 17	$	43,380,010
Contributions, measurement date		
City Single Agency & VRS FY23		(40,347,882)
Net Pension Expense		3,032,128
OPEB Expense, Note 16		1,147,033
Contributions, measurement date		
City OPEB FY23		(7,630,574)
Net OPEB Adjustment		(6,483,541)
Adjustment to Exhibit IV	$	(3,451,413)

Reconciliation to Net position:
Deferred Inflows

Deferred Inflows: Exhibit III	$	363,237,522
Deferred Inflows, Taxes Exhibit I		363,237,522
Deferred Resources, Leases Exhibit I		15,163,752
Opioid Settlement Receivable		1,074,238
		16,237,990
Deferred Inflows, Pensions		37,195,907
Deferred Inflows, OPEB		15,433,070
Deferred Inflows, Pensions & OPEB Exhibit I	$	52,628,977

**Exhibit XII
(Continued)**

NOTE 9. LONG-TERM DEBT (Continued)

Component Unit – Schools

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year	Long Term Payable
Compensated Absences	$ 9,960,909	$ 784,974	$ -	$ 10,745,883	$ 886,508	$ 9,859,375
Workers' Compensation Claims	2,255,377	330,085	705,397	1,880,065	1,316,045	564,020
Right to Use Leases	21,298,960	351,299	3,224,864	18,425,395	3,536,563	14,888,832
Right to Use Subscriptions	1,996,469	308,953	1,647,982	657,439	422,682	234,757
Net Pension Liability	187,799,200	157,003,902	122,498,861	222,304,241	-	222,304,241
Net OPEB Liability	38,771,444	12,575,214	13,485,445	37,861,213	-	37,861,213
Total	$ 262,082,359	$ 171,354,427	$ 141,562,549	$ 291,874,236	$ 6,161,798	$ 285,712,438

Refunding Bonds

Prior-year Defeasance of Debt

In prior years, the City defeased certain general obligations 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, 2023, $16,195,000 of bonds outstanding were considered defeased.

Exhibit XII
(Continued)

NOTE 10. INTERFUND BALANCES AND COMPONENT UNIT TRANSACTIONS

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 $0.01 million in capital assets to Alexandria Transit in FY 2023.

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.

This balance represents timing differences related to accounts receivable.

Interfund transfers and transactions for the year ended June 30, 2023, consisted of the following:

Transfers:	General	Special Revenue	Capital Projects	Total
Primary Government				
General Fund	$ -	$ 13,501,815	$ 731,949	$ 14,233,764
Special Revenue	64,972,983.00	24,120,276	-	89,093,259
Capital Projects	67,881,807	14,294,333	-	82,176,140
Alexandria Transit	26,968,031	-	-	26,968,031
Total Transfers Out	159,822,821	51,916,424	731,949	212,471,194

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

Component unit transfers and transactions for the year ended June 30, 2023, consisted of the following:

Component Units				
Schools	$ 248,737,300	$ -	$ 11,337,290	$ 260,074,590
Library	8,149,962	-	-	8,149,962
Total	$ 256,887,262	$ -	$ 11,337,290	$ 268,224,552

Exhibit XII
(Continued)

NOTE 11. GRANTS

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

NOTE 12. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the City and its component units totaled $256.3 million in FY 2023. Sources of these revenues were as follows:

GOVERNMENTAL FUNDS	
Federal Government	$ 55,529,336
Commonwealth of Virginia	92,447,822
Total Primary Government	147,977,158
FEDERAL GOVERNMENT	
Schools	40,880,518
Component Units - Federal Government	40,880,518
COMMONWEALTH OF VIRGINIA	
Schools	67,240,156
Library	221,603
Component Units - Commonwealth of Virginia	67,461,759
Total Component Units	108,342,277
TOTAL CITY AND COMPONENT UNITS	
Federal Government	96,409,854
Commonwealth of Virginia	159,909,581
Total Intergovernmental Revenue	$ 256,319,435

Exhibit XII
(Continued)

NOTE 13. DUE FROM OTHER GOVERMENTS

Due from other governments represents accrued revenue at June 30, 2023, consisting of the following:

PRIMARY GOVERNMENT		
State		
General Fund	$	32,346,720
Special Revenue Fund		7,673,253
Capital Projects Fund		7,637
Total State		40,027,610
Federal		
Special Revenue Fund		2,524,617
Total Federal		2,524,617
Total Primary Government		42,552,227
COMPONENT UNITS		
State		
Schools		2,738,118
Library		70,289
Total State		2,808,407
Federal		
Schools		18,924,009
Total Federal		18,924,009
Total Component Units		21,732,416
Total Primary Government & Component Units	**$**	**64,284,643**

NOTE 14. JOINT VENTURES

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

A. Northern Virginia Criminal Justice Academy

The City participates in a joint venture with the Counties of Arlington and Loudoun and the Cities of Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued $6.6 million in Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The City and the Counties of Arlington and Loudoun have entered into a lease with the Industrial Development Authority of Loudoun County. The City maintains an equity interest only in the land and building of the Academy (located at 45299 Research Pl in Ashburn, VA), 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. A 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 2023, 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 $0.9 million in FY 2023.

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 2023, the City made payments of $0.1 million to VRE.

NOTE 15. RELATED PARTY TRANSACTIONS

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

A. Alexandria Housing Development Corporation (AHDC)

AHDC is an affordable housing provider.

The Station at Potomac Yard

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

The Bloom (Carpenter Shelter Project)

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

B. Arlington Housing Corporation, Inc (AHC)

AHC is an affordable housing provider.

East Reed LLC (ERLLC)

In February 2013, the City of Alexandria created a special purpose entity, ERLLC, to enter 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. The City assessed the agreement and determined that the agreement does not meet the requirements of GASB 94: Public-Private Partnership

St. James Plaza

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

Church of Resurrection

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

C. Alexandria Redevelopment and Housing Authority (ARHA)

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

NOTE 15. RELATED PARTY TRANSACTIONS (Continued)

Ramsey Homes

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

D. Wesley Housing Development Corporation (Wesley)

Wesley is an affordable housing provider.

The Waypoint

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

E. Alexandria Economic Development Partnership (AEDP)

699 Prince Street

As proposed, the six-story building at 699 Prince St. will be converted into a 134-room hotel with 30,000 square feet of restaurant, meeting and retail space. Construction has begun, with completion expected in Spring 2024.

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

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

F. Landmark Community Development Authority (CDA)

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

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

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

PRIMARY GOVERNMENT

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

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 FY23, 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 FY23, the City contributed on a "pay-as-you-go" basis at the rate of up to $260 per month for each retiree, for a total annual contribution of $6.8 million. Employees hired after June 30, 2008, have their retirees' health benefits prorated based on the length of service.

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

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

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

Plan Administration

The City's OPEB Plan, which includes the Line of Duty Act benefits (LODA), is one plan and is overseen by the OPEB Plan Board. The board must be comprised of at least three members including the Chief Financial Officer, the City Finance Director, or City Manager Designee, and at least one other member who is a citizen of the Commonwealth with "proven integrity, business ability, and demonstrated experience in cash management and in investments." The citizen 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 to meet contractual benefit obligations. In striving to attain these objectives, the Plan will be managed in a manner consistent with three fiduciary standards. First, all transactions shall be made in the sole interest of the participants and their beneficiaries. Second, that all investments shall be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in an expert-like capacity and familiar with such matters would use. Third, that all entities dealing with the plan are required to disclose conflicts of interest as soon as they become apparent. The following was the City's asset allocation as of June 30, 2023.

Asset Class	Target Allocation
Large Cap Growth	10.0%
Large Cap Value	15.0%
Mid Cap Core	10.0%
Private Equity	5.0%
Small Cap Core	5.0%
International Developed Markets	10.0%
Emerging Markets	15.0%
Fixed Income Domestic	10.0%
Tactical Asset Allocation	5.0%
Timber	5.0%
Real Estate	5.0%
Farmland	5.0%
Total	100.0%

Target Allocations

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.51% 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 2.60 percent. The long term expected rates of return for each major asset class as of June 30, 2023, are summarized in the following table.

Asset Class	Long Term Expected Rate of Return
Diversified Assets	0.2%
Equity	5.2%
Real Assets	0.6%
Fixed Income	0.4%
Return	6.5%
Inflation	2.6%
Return w/ Inflation	9.1%
Risk Adjustment	(1.5%)
Total Expected Arithmetic Nominal Return	7.6%

Exhibit XII (Continued)

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

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, 2022. An expected contribution rate is calculated each year based on the current funding policy. The long-term expected rate of return used for funding purposes in the December 31, 2022 actuarial reports was 6.75 percent.

Membership

At January 1, 2023, membership consisted of:	
Retirees and Beneficiaries Currently Receiving Benefits	1,554
Terminated Employees Entitled to Benefits But not yet receiving them	---
Active Employees	2,329
TOTAL	3,883

Contributions

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

	Regular	LODA	Total
Trust Fund Contributions	$ 300,000	$ 575,000	$ 875,000
Pay Go Contributions	5,142,291	1,613,283	6,755,574
	$ 5,442,291	$ 2,188,283	$ 7,630,574

Annual OPEB Costs and Net OPEB Liability

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

The City's GASB requirements fall under GASB 74 and 75 and the entire OPEB liability has been recorded on the balance sheet. Under the current method of actuarial funding, the City contributes the entire Actuarially Determined Contribution (ADC). The ADC increased from $2.4 million as of June 30, 2022 to $5.6 million as of June 30, 2023.

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.

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

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 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 Board based upon the results of an actuarial experience study covering the period July 1, 2010 through June 30, 2015.

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 Employee 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. The scale was modified using the Society of Actuaries' model implementation tool with rates converging to the ultimate rate in 2019 (instead of 2029) and an ultimate rate of improvement of 0.85% (instead of 1.0%) up to age 85 decreasing to 0.70% (instead of 0.85%) at age 95. This table was updated based on the 2016 Supplemental Retirement plan experience study. 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, 2022 actuarial valuations, the following assumptions apply to both OPEB and LODA valuation reports. The investment rate used was 6.75 percent. The entry-age actuarial cost method was used. For OPEB pre-Medicare trend rates, 3.80 percent was assumed for Kaiser in 2023 and 11.00 percent for UHC in 2023. Rates were then assumed to be 7.00 percent in 2024 grading down to 4.19 percent over 19 years. For Medicare premiums, 5.50 percent was assumed for calendar year 2023 grading down to 4.19 percent over 20 years. For LODA non-Medicare an annual medical cost trend rate of 6.8753 percent for 2023 grading down to 4.75 percent over 9 years was used, and a rate of 5.187 percent for 2023 grading down to 4.75 percent over 3 years for Medicare was used. 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. The asset valuation method used was market value. The amortization period changed to the 15-year layered approach as the Plan became underfunded (positive unfunded actuarial liability) as of December 31, 2022. The unfunded actuarial liability is amortized over closed 15-year layered periods if positive and a rolling 30-year amortization if negative. The amortization method is a level dollar amortization.

Exhibit XII (Continued)

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

Total OPEB Liability

The City of Alexandria's net OPEB liability of $20,869,359 was measured as of June 30, 2023, and was determined by an actuarial valuation as of December 31, 2022, projected to June 30, 2023. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2023 and the Total OPEB Liability as of the valuation date, December 31, 2022, updated to June 30, 2023. There were no significant events between the valuation date and the measurement date.

Change in Net OPEB Liability for City of Alexandria

		Increase (Decrease)	
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of 6/30/2022	$ 132,470,611	$ 104,724,339	$ 27,746,272
Changes for the year:			
Service cost	2,411,043	-	2,411,043
Interest	8,797,533	-	8,797,533
Changes in benefit terms	-	-	-
Changes in assumptions	(88,275)	-	(88,275)
Difference between expected and actual experience	(1,738,469)	-	(1,738,469)
Contributions-employer	-	7,630,574	(7,630,574)
Contributions-member	-	-	-
Net Investment Income	-	8,683,205	(8,683,205)
Benefit payments	(6,755,574)	(6,755,574)	-
Administrative Expense	-	(55,034)	55,034
Net Changes	2,626,258	9,503,171	(6,876,913)
Balances at 6/30/2023	$ 135,096,869	$ 114,227,510	$ 20,869,359

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

For the year ended June 30, 2023, the City recognized OPEB expense of $1,147,033.

At June 30, 2023, 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	$ -	$ 6,435,555
Changes of assumptions	1,247,581	8,997,515
Net difference between projected and actual earnings on OPEB plan investments	4,619,108	-
Total	$ 5,866,689	$ 15,433,070

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:		
2024	$	(3,971,546)
2025		(4,883,848)
2026		2,166,711
2027		(2,573,244)
2028		(304,454)
Thereafter		-
Total Future Deferrals	$	(9,566,381)

The components of the Net OPEB Liability of the City of Alexandria as of June 30, 2023 are as follows:

	Measurement Date 6/30/2023
Total OPEB Liability	$ 135,096,869
Plan Fiduciary Net Position	114,227,510
Net OPEB Liability	$ 20,869,359
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	84.6%

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Total OPEB Liability	$ 149,621,752	$ 135,096,869	$ 122,937,968
Plan Fiduciary Net Position	114,227,510	114,227,510	114,227,510
Net OPEB Liability 6/30/2023	$ 35,394,242	$ 20,869,359	$ 8,710,458
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	76.3%	84.6%	92.9%

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

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Data	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	$ 129,478,514	$ 135,096,869	$ 141,770,965
Plan Fiduciary Net Position	114,227,510	114,227,510	114,227,510
Net OPEB Liability 6/30/2023	$ 15,251,004	$ 20,869,359	$ 27,543,455
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	88.2%	84.6%	80.6%

Exhibit XII
(Continued)

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

OPEB Trust

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

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

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

OPEB TRUST
As of June 30, 2023

Portfolio	Level 1	Level 2	Level 3
Equity Securities			
Common Stock & ETFs	$ 12,819,346	$ -	$ -
Mutual Funds	-	61,127,962	-
Total Equity Securities	12,819,346	61,127,962	-
Cash Equivalents			
Money Market Funds	-	373,129	-
Total Cash Equivalents	-	373,129	-
Total Investments by Fair Asset Value	$ 12,819,346	$ 61,501,091	$ -
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	$ 21,997,931		
Private Equity	5,510,405		
Real Estate Funds	4,567,173		
Tiimber & Farmland	3,606,561		
Timber Funds	1,724,357		
Farmland	2,500,646		
Total Investments Measured at NAV	39,907,073		
Total Value	**$ 114,227,510**		

Exhibit XII
(Continued)

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

$39.9 million worth of investments were evaluated at Net Asset Value (NAV). The following table presents the NAV investment disclosures for the OPEB Trust Fund.

	Capital Commitment	Capital Called	Remaining Uncalled Commitment	Current NAV	Withdrawal Frequency
Commingled Collective Trusts	N/A	N/A	N/A	$21,997,931	Monthly to Quarterly
Private Equity	$8,600,000	$6,745,256	$1,854,744	$5,510,405	Closed End Strategies
Real Estate Funds	$2,900,000	$2,900,000	$0	$4,567,173	Quarterly
Timber & Farmland	$3,450,000	$3,450,000	$0	$3,606,561	Quarterly
Timber Funds	$1,500,000	$1,406,000	$94,000	$1,724,357	Closed End Strategies
Farmland	$1,700,000	$1,700,000	$0	$2,500,646	Quarterly
	$18,150,000	$16,201,256	$1,948,744	$39,907,073	

Exhibit XII
(Continued)

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

COMPONENT UNIT – ALEXANDRIA CITY PUBLIC SCHOOLS (ACPS)

A. ACPS OPEB Trust Fund

Plan Description

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

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

Eligibility

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

VRS Tier 1:

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

VRS Tier 2:

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

Benefits

Program participants may continue medical coverage by paying the appropriate subsidized premium which ranges from $0 to $2,225.81 monthly, based on the medical plan under which the retiree is covered. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the program on average than those of active employees. The subsidies in this program are accounted for in the ACPS OPEB Trust Fund. In FY 2023, ACPS contributed up to $265 for each participant.

Exhibit XII
(Continued)

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

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

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

Actuarial Assumptions

The key actuarial assumptions used in the January 1, 2023 valuation are reflected in the chart below.

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

Exhibit XII (Continued)

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

Investment Policy

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

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

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

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

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

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

Discount Rate

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

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

Measurement Date

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

Concentrations

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

Money-Weighted Rate of Return

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

Schedule of Investment Returns

Last 10 Fiscal Years[1]

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

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

Net OPEB Liability

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

Changes in Net OPEB Liability

Increase (Decrease)

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

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

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	$ 36,905,466	$ 33,234,691	$ 30,179,131
Plan Fiduciary Net Position	28,506,653	28,506,653	28,506,653
Net OPEB Liability	$ 8,398,813	$ 4,728,038	$ 1,672,478
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	77.2%	85.8%	94.5%

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

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

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

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

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

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

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

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

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

Contributions

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

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

Exhibit XII
(Continued)

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

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

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

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

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

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

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

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

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

B. VRS Employee Health Insurance Credit Program OPEB – Teachers

Summary of Significant Accounting Policies

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

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

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

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

<table>
<tr><th>TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</th></tr>
<tr><td>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.</td></tr>
<tr><td>Benefit Amounts
The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:
<u>At Retirement</u> – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
<u>Disability Retirement</u> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
- $4.00 per month, multiplied by twice the amount of service credit, or
- $4.00 per month, multiplied by the amount of service earned had employee been active until age 60, whichever is lower.</td></tr>
<tr><td>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.</td></tr>
</table>

Exhibit XII
(Continued)

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

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 because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were $2.1 million for each of the years ended June 30, 2023, and $2.0 million for the year ended June 30, 2022, respectively.

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

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

At June 30, 2023, the school division reported a liability of $22,629,172 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2022, and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Program was 1.81574% as compared to 1.85656% at June 30, 2021.

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

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

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

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

An amount of $2.1 million reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions after the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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

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

Actuarial Assumptions

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

Long-Term Expected Rate of Return

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

Exhibit XII
(Continued)

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

[(1)] The above allocation provides a one-year return of 7.39%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns that ultimately provides a medium return of 6.94% including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.72% which is roughly at 40 percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

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

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

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

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

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

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2022 Comprehensive Annual Financial Report (annual financial report). A copy of the 2022 VRS annual financial report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Teacher Employee Health Insurance Credit Program OPEB Plan

At June 30, 2023, ACPS reported payables to the Teacher Employee Health Insurance Credit Program OPEB Plan of $0.2 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

C. **VRS Group Life Insurance Program**

Summary of Significant Accounting Policies

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

General Information about the Group Life Insurance Program

Plan Description

Exhibit XII
(Continued)

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

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

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

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

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

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

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted because of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the Group Life Insurance Program from the entity for the Teachers group were $2.4 million for year ended June 30, 2023 and $2.3 million for year ended June 30, 2022, respectively. Total contributions for the Locality group were $0.1 million for both years ended June 30, 2023, and June 30, 2022, respectively.

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

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

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

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

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

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

Exhibit XII
(Continued)

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

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

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

Actuarial Assumptions

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Exhibit XII
(Continued)

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

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

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Exhibit XII
(Continued)

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

Net GLI OPEB Liability

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

	VRS Group Life Insurance OPEB Program
Total GLI OPEB Liability	$3,672,085
Plan Fiduciary Net Position	2,467,989
Employers' Net GLI OPEB Liability (Asset)	$1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

Long-Term Expected Rate of Return

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

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

Exhibit XII
(Continued)

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

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

Discount Rate

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

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

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

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

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

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (annual financial report). A copy of the 2022 VRS annual financial report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications /2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2023, ACPS reported payables to the VRS Group Life Insurance OPEB Plan of $0.2 million for the Teachers group and $11,000 for the Locality group. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

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

Exhibit XII
(Continued)

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

As of June 30, 2023

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

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

As of June 30, 2023

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

Exhibit XII (Continued)

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

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

As of June 30, 2023

	ACPS OPEB Trust				VRS HIC OPEB Program			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	$ -	$ -	$ 4,728,038	$ -	$ -	$ -	$ 23,275,962	$ -
Differences between expected and actual experience	-	4,928,051	-	-	-	924,430	-	-
Net difference between projected and actual earnings on OPEB plan investments	859,013	-	-	-	1,902	68,409	-	-
Changes in assumptions	144,144	812,832	-	-	708,251	57,916	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	174,851	681,933	-	-
Employer contributions subsequent to the measurement date	-	-	-	-	2,192,356	-	-	-
OPEB Expense				492,195				1,784,367
Totals	$ 1,003,157	$ 5,740,883	$ 4,728,038	$ 492,195	$ 3,077,360	$ 1,732,708	$ 23,275,962	$ 1,784,367

	GLI OPEB Program				Total OPEB Programs			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	$ -	$ -	$ 9,857,215	$ -	$ -	$ -	$ 37,861,215	
Differences between expected and actual experience	780,567	395,448	-	-	780,567	6,247,949	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	615,931	-	-	860,915	684,340	-	-
Changes in assumptions	367,658	960,133	-	-	1,220,053	1,830,881	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	118,191	379,923	-	-	293,042	1,061,856	-	-
Employer contributions subsequent to the measurement date	1,001,608	-	-	-	3,193,964	-	-	-
OPEB Expense	-			273,551	-	-	-	2,550,113
Totals	$ 2,268,024	$ 2,351,435	$ 9,857,215	$ 273,551	$ 6,348,541	$ 9,825,026	$ 37,861,215	$ 2,550,113

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS

PRIMARY GOVERNMENT

During FY 2023, the City participated in six public employee retirement systems (PERS). One system is handled by the Virginia Retirement System (VRS), an agent multi-employer public retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia, and is, therefore, not reflected as a City pension trust fund. Four are single-employer defined benefit systems where a stated methodology for determining benefits is provided. The four systems are the City Supplemental, Pension Plan for Fire and Police, Firefighters and Police Officers Pension Plan-defined benefit component, and Firefighters and Police Officers Pension Plan-disability component. The last system is a defined contribution plan (Firefighters and Police Officers Pension Plan-defined contribution component), where contribution requirements are not actuarially determined. All of these systems are included as part of the City's reporting entity and as such are reflected as Pension Trust Funds.

Plan Administration

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

Method Used to Value Investments

Investments are valued at fair value.

Investment Policy

The Firefighters and Police Officers Pension Board investment policy objectives for Defined Benefit and Disability components and the Supplemental Retirement Board investment policy objectives for the Supplemental Retirement Plan are to preserve the actuarial soundness of each plan in order to meet contractual benefit obligations and to maximize investment return given an acceptable level of risk. The objective of the Defined Contribution component is to help beneficiaries save for retirement by enabling them to construct portfolios that will achieve an acceptable level of return while minimizing risk through diversification. The assets for the Pension Plan for the Firefighters and Police Officers are part of a group annuity contract with Empower. Empower invests the money according to their guidelines. The following is the asset allocation policy as of June 30, 2023.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Target Allocations

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

Asset Class	Supplemental Retirement Plan	Firefighters & Police Officers Pension Plan	Pension Plan for Firefighters & Police Officers
Large Cap Growth	7.0%	10.0%	0.0%
Large Cap Value	8.0%	5.0%	0.0%
Mid Cap Core	10.0%	10.0%	0.0%
Private Equity	10.0%	5.0%	0.0%
Small Cap Core	5.0%	10.0%	0.0%
Foreign Small Cap	5.0%	5.0%	0.0%
International Dev.	10.0%	5.0%	0.0%
Emerging Markets	5.0%	10.0%	0.0%
Domestic Fixed Income	10.0%	10.0%	0.0%
Global Fixed Income	10.0%	10.0%	0.0%
Tactical Asset Allocation	0.0%	0.0%	0.0%
Timber	5.0%	5.0%	0.0%
Real Estate	10.0%	10.0%	0.0%
Farmland	5.0%	5.0%	0.0%
Cash/ Other Fixed	0.0%	0.0%	0.0%
Guaranteed Deposit	0.0%	0.0%	100.0%
Total	100.0%	100.0%	100.0%

Target Allocations for Firefighters' & Police Officers' Pension Plan also apply 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
5.98%	5.35%	3.57%

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

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	34.00%	6.80%	2.31%
Fixed Income	15.00%	4.40%	0.66%
Credit Strategies	14.00%	7.10%	0.99%
Real Assets	14.00%	6.00%	0.84%
Private Equity	14.00%	8.80%	1.23%
MAPS-Multi-Asset Public Strategies	6.00%	5.90%	0.35%
PIP-Private Investment Partnership	3.0%	7.30%	0.22%
Total	100.00%		6.60%
Inflation			2.50%
Expected arithmetic nominal return			9.10%

VRS Long- Term Expected Rate of Return

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

VRS Discount Rate

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

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	$ 52,179,590	$ -	$ 13,974,850	$ 56,515,990	$ 5,974,743	$ 61,127,962	$ 189,773,135
Stocks	25,502,710	-	-	45,978,825	20,856,720	12,819,346	105,157,601
Guaranteed Investment Accounts	4,132,464	17,660,121	-	44,295,525	4,022,333	1,271,777	71,382,220
Real Estate	14,002,516	-	-	41,891,335	-	4,567,173	60,461,024
Timber	7,287,850	-	-	12,179,597	-	5,330,918	24,798,365
Private Equity	12,150,100	-	-	28,138,589	-	5,510,405	45,799,094
Other	66,283,249	-	-	168,739,826	1,338,593	23,599,929	259,961,597
Total Investments	$ 181,538,479	$ 17,660,121	$ 13,974,850	$ 397,739,687	$ 32,192,388	$ 114,227,510	$ 757,333,035
Total Assets	$ 181,538,479	$ 17,660,121	$ 13,974,850	$ 397,739,687	$ 32,192,388	$ 114,227,510	$ 757,333,035
NET POSITION							
Held in Trust for Pension Benefits	$ 181,538,479	$ 17,660,121	$ 13,974,850	$ 397,739,687	$ 32,192,388	$ 114,227,510	$ 757,333,035

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Combining Schedule of Changes in Fiduciary Net Position

	Employee Retirement Plans		Firefighters and Police Officers Pension Plan			Post Retirement Benefit Trust	
	City Supplemental Retirement	Pension for Fire and Police	Defined Contribution Component	Defined Benefit Component	Disability Component	Other Post Employment Benefits	Total
ADDITIONS							
Contributions:							
Employer	$ 7,328,038	$ 1,700,000	$ -	$ 17,518,490	$ 826,751	$ 875,000	$ 28,248,279
Plan Members	2,226,859	-	-	3,736,832	216,349		6,180,040
Total Contributions	$ 9,554,897	$ 1,700,000	$ -	$ 21,255,322	$ 1,043,100	$ 875,000	$ 34,428,319
Investment Income:							
Net Appreciation (Depreciation) in Fair Value of Investments	$ 3,181,613	$ -	$ 1,013,907	$ 2,575,074	$ (585,098)	$ 3,872,094	$ 10,057,590
Interest	6,068,267	557,491	213,263	18,500,886	1,709,097	4,955,218	32,004,222
Investment Expense	(413,137)	-	-	(1,014,458)	(83,185)	(144,107)	(1,654,887)
Net Investment Income	$ 8,836,743	$ 557,491	$ 1,227,170	$ 20,061,502	$ 1,040,814	$ 8,683,205	$ 40,406,925
Total Additions	$ 18,391,640	$ 2,257,491	$ 1,227,170	$ 41,316,824	$ 2,083,914	$ 9,558,205	$ 74,835,244
DEDUCTIONS							
Benefits	$ 10,235,465	$ 2,199,345	$ 86,870	$ 20,095,016	$ 2,870,302	$ -	$ 35,486,998
Refunds of Contributions	356,953	-	-	169,492	-	-	526,446
Administrative Expenses	972,104	23,011	5,270	343,733	92,461	55,034	1,491,613
Total Deductions	$ 11,564,522	$ 2,222,356	$ 92,140	$ 20,608,241	$ 2,962,763	$ 55,034	$ 37,505,056
Net Increase (Decrease)	$ 6,827,118	$ 35,135	$ 1,135,030	$ 20,708,583	$ (878,849)	$ 9,503,171	$ 37,330,188
Net Position at Beginning of Year	174,711,361	17,624,986	12,839,820	377,031,104	33,071,237	104,724,339	720,002,847
Net Position at End of Year	$ 181,538,479	$ 17,660,121	$ 13,974,850	$ 397,739,687	$ 32,192,388	$ 114,227,510	$ 757,333,035

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The actuarial valuations for all defined benefit plans are performed annually except for Virginia Retirement System (VRS), which is performed biennially; however, an actuarial update is performed in the interim year for informational purposes. The employer contribution rate based on the June 30, 2021 actuarial valuation is 11 percent of payroll. Contribution rates for VRS employers are established every two years, so this rate applies to fiscal years ending 2023 and 2024.

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, 2023, the City of Alexandria had 939 employees enrolled in the Hybrid Defined Contribution Plan. The FY 2023 City contribution was $1.6 million.

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

Historically the City has assumed the responsibility of paying 2.00 percent of the employee share of contributions for the City Supplemental Retirement Plan. General schedule employees commencing participation in this Plan after July 1, 2009, will make the 2.00 percent employee contribution. The City will continue to make the 2.00 percent contribution for general schedule employees who were participants prior to July 1, 2009. Historically the City has also made the 2.00 percent contribution for its deputy sheriffs, medics, and fire marshals. Beginning on January 1, 2020, deputy sheriffs began making a 1.50 percent employee contribution. The City will continue to make the 2.00 percent contribution for medics and fire marshals. Any employee contributions paid by the City will be characterized as employer contributions. The City paid an employer contribution of 5.10 percent for General Schedule employees, 7.03 percent for Deputy Sheriff’s and 8.32 percent for Medics and Fire Marshals during FY 2023.

The recommended contribution rate increased from 34.96 percent as of July 1, 2021 to 35.80 percent as of July 1, 2022 for the Firefighter and Police Officers Basic Plan and decreased from 1.01 percent as of July 1, 2021 to 0.92 percent as of July 1, 2022 for the Disability Plan. During the year ended June 30, 2022, the Basic Plan’s assets returned -11.68 percent and the Disability Plan’s assets had a return of -16.99 percent on a market value basis. As of the July 1, 2022 Actuarial Valuation, the Basic Plan’s unfunded actuarial accrued liability was $50.2 million, and the Disability Plan’s unfunded actuarial accrued liability was negative $8.8 million.

The actuarial assumptions for the Firefighters and Police Officers Basic and Disability Plans have not been changed since the prior actuarial 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, 2023, the City recognized a net pension liability of $85.7 million for two of the City’s Single Employer Pension Plans. The City recognized a net pension asset of $5.8 million for the other two City Single Employee Pension Plans. Measurements as of June 30, 2023 were based on the fair value of assets as of June 30, 2023 and the Total Pension Liability as of the valuation date, June 30, 2022, updated to June 30, 2023. The City recognized a net pension liability of $85.4 million for the VRS multi-employer plan. The VRS net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021.

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 Pension Plan for Firefighters and Police Officers. The amortization of the unfunded liability for the Supplemental Plan is calculated as an initial level-dollar closed period. Effective July 1, 2015, the Supplemental Plan began incorporating layers where future gains and losses and assumption changes are amortized over separate 10-year periods. The Firefighters and Police Officers Basic Plan and Disability Plan are calculated as a level percentage. A payment of 16.75 percent of payroll is made towards the remaining unamortized unfunded actuarial liability from July 1, 2010. Effective July 1, 2015, the Firefighters and Police Basic and Disability Plans began incorporating layers where future gains and losses and assumption changes are amortized over separate 15-year periods.

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

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

PLAN DESCRIPTION

	(1) VRS City	(2) City Supplemental Retirement	(3) Pension for Fire and Police	(4) Retirement Income for Fire and Police	(5) Firefighters and Police Pension	(6) Fire and Police Disability
Administrator	State of Virginia	Empower	Empower	MissionSquare	Empower	Empower
Employees Covered	General body	General body Sheriff/ERT	Public Safety	Public Safety	Public Safety	Public Safety
Authority for Plan Provisions and Contributions	State Statute	City Ordinance	City Ordinance	City Ordinance	City Ordinance	City Ordinance
Plan Type	Agent Multi-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer	Single-Employer
DB/DC	Defined Benefit Hybrid	Defined Benefit	Defined Benefit	Defined Contribution	Defined Benefit	Defined Benefit
Stand Alone Financial Report	Yes	No	No	No	No	No
Actuarial Valuation Date	6/30/2022	7/1/2022	7/1/2022	N/A	7/1/2022	7/1/2022
Measurement Date	6/30/2022	6/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023
MEMBERSHIP AND PLAN PROVISIONS						
Active Participants	1755	1918	0	30	555	555
Retirees & Beneficiaries	1396	613	72	0	364	96
Terminated Vested & Non-vest	1543	774	0	35	122	N/A
Normal Retirement Benefits						
Age	65* 50 (30Yrs)	65 50 (30Yrs)/ 50(25 Yrs)	60 50 (20Yrs)	60	55 Any Age (25Yrs)	55
Benefits Vested**	5	5	10	5	5	5
Disability & Death Benefits	Disability Death	Disability Death	Disability Death	N/A Death	Disability Death	Disability N/A

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

** VRS Hybrid Plan members are 100% vested in the Defined Contributions Plan after four years.

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS

As of:	6/30/2022	7/01/2022	7/01/2022	N/A	7/01/2022	7/01/2022
	(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	6.75%	6.75%	3.50%	N/A	6.75%	6.75%
Projected Salary Increases Attributable to:						
Inflation	2.5%*	3.25%	N/A	N/A	3.25%	3.25%
Seniority/Merit	3.50% -5.35%**	3.25%-5.10%	N/A	N/A	3.25%-7.25%	3.25%-7.25%
Projected Postretirement Increases	2.5%*, 2.25%*	None	2.5%	N/A	2.5%	2.5%
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	N/A	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method Open/Closed/Layered	Level Percentage Closed	Level dollar Layered	Level dollar Closed	N/A	Level Percentage Layered	Level Percentage Layered
Remaining Amortization Period	12-21	2(10 year layer)	3	N/A	8(15 year layer)	8(15 year layer)
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	$ 639,902,490	$ 185,172,821	$ 17,624,986	N/A	$ 400,132,636	$ 38,896,954
Actuarial Accrued Liability	755,626,989	187,175,092	15,874,124	N/A	450,405,290	30,069,359
Unfunded Actuarial Accrued Liability (UAAL)	$ 115,724,499	$ 2,002,271	$ (1,750,862)	N/A	$ 50,272,654	$ (8,827,595)
Funded Ratio	84.68%	98.9%	111.0%	N/A	88.8%	129.4%
Annual Covered Payroll	$ 154,070,651	$ 157,239,760	N/A	N/A	$ 46,318,902	$ 46,318,902
UAAL as Percentage of Covered Payroll	75.11%	1.3%	N/A	N/A	108.5%	-19.1%

The Pension Plan for Fire and Police is a closed plan with no active participants.
* Plan 1, *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 COST

As of:	6/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023
	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 %	11.0%	3.1%	$ 1.7 mil/Yr.	N/A	34.9%	1.3%
AMOUNT CONTRIBUTED						
Employee	$ 7,206,037	$ 2,226,859	$ -	$ -	$ 3,736,832	$ 216,349
Employer	15,797,310	7,328,038	1,700,000	-	17,518,490	826,751
Total Amount Contributed	$ 23,003,347	$ 9,554,897	$ 1,700,000	$ -	$ 21,255,322	$ 1,043,100
COVERED PAYROLL						
Dollar Amount (in millions)	$ 154.1	$ 157.2	$ N/A	$ N/A	$ 46.3	$ 46.3
Legally Required Reserves	N/A	N/A	N/A	N/A	N/A	N/A
Long Term Contribution Contracts	N/A	N/A	N/A	N/A	N/A	N/A

INVESTMENT CONCENTRATIONS

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

Empower General Account (Long Term)	*	2.0%	100.0%	-	11.0%	12.0%
Empower and Comerica Mutual Funds	*	29.0%	-	100.0%	14.0%	19.0%
Stocks	*	14.0%	-	-	12.0%	65.0%
Real Estate	*	8.0%	-	-	11.0%	0.0%
Timber	*	4.0%	-	-	3.0%	0.0%
Private Equity	*	7.0%	-	-	7.0%	0.0%
Other	*	37.0%	-	-	42.0%	4.0%

* Investment information not available on an individual jurisdiction basis.

** General Schedule Employees hired before 6/30/2009 make a 0% contribution; Deputy Sheriffs make a 1.5% contribution.

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Firefighters and Police Officers Defined Benefit and Disability Pension Plans
As of June 30, 2023

Portfolio	Level 1	Level 2	Level 3
Equity Securities			
Common Stock & ETFs	$ 45,978,825	$ -	$ -
Mutual Funds		56,515,990	-
Total Equity Securities	45,978,825	56,515,990	-
Private Equity			
Secondaries Funds	-	-	28,138,589
Total Private Equity	-	-	28,138,589
Cash Equivalents			
Money Market Funds	-	43,189,519	-
Total Cash Equivalents	-	43,189,519	-
Total Investments by Fair Asset Value	$ 45,978,825	$ 99,705,509	$ 28,138,589
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	202,038,226		
Real Estate Funds	41,891,335		
Timber Funds	12,179,591		
Total Investments Measured at NAV	256,109,152		
Total Value	**$ 429,932,075**		

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	Capital Commitment	Capital Called	Remaining Uncalled Commitment	Current NAV	Withdrawal Frequency
Commingled Collective Trusts	N/A	N/A	N/A	$199,910,205	Daily to Quarterly
Real Estate Funds	$4,400,000	$4,400,000	$0	$41,891,335	Monthly
Timber Funds	$8,500,000	$8,359,000	$141,000	$12,179,591	Closed End Strategies
	$12,900,000	$12,759,000	$141,000	$253,981,131	

Pension for Fire and Police
As of June 30, 2022

Portfolio	Level 1	Level 2	Level 3
Guaranteed Investment Accounts	$ -	$ 17,660,121	$ -
Totals	**$ -**	**$ 17,660,121**	**$ -**

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

Portfolio	Level 1	Level 2	Level 3
Equity Securities			
Common Stock & ETFs	$ -	$ -	$ -
Mutual Funds		13,974,850	-
Total Equity Securities	-	13,974,850	-
Total Investments by Fair Asset Value	$ -	$ 13,974,850	$ -

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Retirement Plan
As of June 30, 2023

Portfolio	Level 1	Level 2	Level 3
Equity Securities			
Common Stock & ETFs	$ 25,502,710	$ -	$ -
Mutual Funds	-	52,179,590	-
Total Equity Securities	25,502,710	52,179,590	-
Private Equity			
Secondaries Funds	-	-	12,150,100
Total Private Equity	-	-	12,150,100
Cash Equivalents			
Money Market Funds	-	2,444,520	-
Total Cash Equivalents	-	2,444,520	-
Total Investments by Fair Asset Value	$ 25,502,710	$ 54,624,110	$ 12,150,100
Investments measured at net asset value (NAV)			
Commingled Collective Trusts	64,064,005		
Real Estate Funds	14,002,516		
Timber Funds	7,287,850		
Farmland	3,907,188		
Total Investments Measured at NAV	89,261,559		
Total Value	**$ 181,538,479**		

Supplemental NAV

	Capital Commitment	Capital Called	Remaining Uncalled Commitment	Current NAV	Withdrawal Frequency
Commingled Collective Trusts	N/A	N/A	N/A	$62,873,515	Daily to Quarterly
Real Estate Funds	$4,400,000	$4,400,000	$0	$14,002,516	Monthly
Timber Funds	$5,200,000	$5,087,200	$112,800	$7,287,850	Closed End Strategies
Farmland	$2,000,000	$2,000,000	$0	$3,907,188	Quarterly
	$11,600,000	$11,487,200	$112,800	$88,071,069	

Net Pension Liabilities and Pension Expense

For the year ended June 30, 2023, the City recognized pension expense of $43,380,010 for the City’s Firefighters & Police Officers Pension Plan, Firefighters & Police Officers Disability Pension Plan, Supplemental Retirement Plan, Pension Plan for Firefighters & Police Officers, and the VRS Pension Plan.

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters & Police Officers Pension Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2022	$ 445,362,309	$ 377,031,104	$ 68,331,205
Changes for the year:			
Service cost	10,347,474	-	10,347,474
Interest	30,428,052	-	30,428,052
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	5,042,981	-	5,042,981
Contributions-employer	-	17,518,490	(17,518,490)
Contributions-employee	-	3,736,832	(3,736,832)
Net Investment Income	-	20,061,502	(20,061,502)
Benefit payments, including refunds	(20,264,508)	(20,264,508)	-
Administrative Expense	-	(343,733)	343,733
Net Changes	25,553,999	20,708,583	4,845,416
Balances at 6/30/2023	$ 470,916,308	$ 397,739,687	$ 73,176,621

Firefighters & Police Officers Disability Pension Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2022	$ 31,647,492	$ 33,071,237	$ (1,423,745)
Changes for the year:			
Service cost	644,524	-	644,524
Interest	1,977,896	-	1,977,896
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(1,578,133)	-	(1,578,133)
Contributions-employer	-	826,751	(826,751)
Contributions-employee	-	216,349	(216,349)
Net Investment Income	-	1,040,814	(1,040,814)
Benefit payments, including refunds	(2,870,302)	(2,870,302)	-
Administrative Expense	-	(92,461)	92,461
Net Changes	(1,826,015)	(878,849)	(947,166)
Balances at 6/30/2023	$ 29,821,477	$ 32,192,388	$ (2,370,911)

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Supplemental Retirement Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2022	$ 187,774,488	$ 174,711,361	$ 13,063,127
Changes for the year:			
Service cost	4,880,444	-	4,880,444
Interest	12,612,092	-	12,612,092
Changes in benefit terms	-	-	0
Changes in assumptions	-	-	0
Difference between expected and actual experience	(599,396)	-	(599,396)
Contributions-employer	-	7,328,038	(7,328,038)
Contributions-employee	-	2,226,859	(2,226,859)
Net Investment Income	-	8,836,743	(8,836,743)
Benefit payments, including refunds	(10,592,418)	(10,592,418)	-
Administrative Expense	-	(972,104)	972,104
Net Changes	6,300,722	6,827,118	(526,396)
Balances at 6/30/2023	$ 194,075,210	$ 181,538,479	$ 12,536,731

Pension Plan for Firefighters & Police Officers	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2022	$ 17,044,497	$ 17,624,986	$ (580,489)
Changes for the year:			
Service Cost	-	-	-
Interest	517,437	-	517,437
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(1,170,373)	-	(1,170,373)
Contributions-employer	-	1,700,000	(1,700,000)
Contributions-employee	-	-	-
Net Investment Income	-	557,491	(557,491)
Benefit payments, including refunds	(2,199,345)	(2,199,345)	-
Administrative Expense	-	(23,011)	23,011
Net Changes	(2,852,281)	35,135	(2,887,416)
Balances at 6/30/2023	$ 14,192,216	$ 17,660,121	$ (3,467,905)

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of 6/30/2021	$ 723,641,677	$ 676,975,704	$ 46,665,973
Changes for the year:			
Service cost	13,090,352	-	13,090,352
Interest	48,491,234	-	48,491,234
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(4,070,706)	-	(4,070,706)
Contributions-employer	-	12,974,603	(12,974,603)
Contributions-employee	-	6,863,568	(6,863,568)
Net Investment Income	-	(534,757)	534,757
Benefit payments, including refunds	(36,686,751)	(36,686,751)	-
Other	-	(129,560)	129,560
Prior Year Adj		0	-
Administrative Expense	-	(422,918)	422,918
Net Changes	20,824,129	(17,935,815)	38,759,944
Balances as of 6/30/2022	$ 744,465,806	$ 659,039,889	$ 85,425,917

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, 2023 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	$ 470,916,308	$ 29,821,477	$ 194,075,210	$ 14,192,216
Plan Fiduciary Net Position	397,739,687	32,192,388	181,538,479	17,660,121
Net Pension Liability/(Asset)	$ 73,176,621	$ (2,370,911)	$ 12,536,731	$ (3,467,905)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.5%	108.0%	93.5%	124.4%

The following presents the Net Pension Liablities of the City of Alexandria Defined Benefit Plans, calculated using the discount rates, as well as what the Funds' Net Pension Liabilities would be if they were calculated using a discount rate 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
	5.75%	6.75%	7.75%
Total Pension Liability	$ 482,919,259	$ 470,916,308	$ 459,440,375
Plan Fiduciary Net Position	397,739,687	397,739,687	397,739,687
Net Pension Liability/(Asset) 6/30/2023	$ 85,179,572	$ 73,176,621	$ 61,700,688
Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.4%	84.5%	86.6%

Firefighters & Police Officers Disability Pension Plan			
Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Total Pension Liability	$ 30,225,057	$ 29,821,477	$ 29,432,329
Plan Fiduciary Net Position	32,192,388	32,192,388	32,192,388
Net Pension Liability/(Asset) 6/30/2023	$ (1,967,331)	$ (2,370,911)	$ (2,760,059)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	106.5%	108.0%	109.4%

Supplemental Retirement Plan			
Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Total Pension Liability	$ 212,534,936	$ 194,075,210	$ 178,201,681
Plan Fiduciary Net Position	181,538,479	181,538,479	181,538,479
Net Pension Liability/(Asset) 6/30/2023	$ 30,996,457	$ 12,536,731	$ (3,336,798)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	85.4%	93.5%	101.9%

Pension Plan for Firefighters & Police Officers			
Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	2.50%	3.50%	4.50%
Total Pension Liability	$ 14,968,668	$ 14,192,216	$ 13,491,351
Plan Fiduciary Net Position	17,660,121	17,660,121	17,660,121
Net Pension Liability/(Asset) 6/30/2023	$ (2,691,453)	$ (3,467,905)	$ (4,168,770)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	118.0%	124.4%	130.9%

Virginia Retirement System (VRS)			
Sensitivity of Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net Pension Liability/(Asset) 6/30/2022	$ 183,086,230	$ 85,425,917	$ 5,671,402

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

$15,797,309.55 reported as deferred outflows of resources related to pensions resulting from City contributions to VRS subsequent to the measurement date of June 30, 2022 will be recognized in pension expense in the year ended June 30, 2023.
At June 30, 2022, the City of Alexandria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Firefighters & Police Officers Pension Plan		Firefighters & Police Officers Disability Pension Plan		Supplemental Retirement Pl		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	Net Deferred Outflows/(Inflows) of Resources
Differences between expected and actual experience	$ 5,302,906	$ 5,566,190	$ 405,483	$ 6,349,175	$ 2,085,605	$ 479,517	$ -	$ -	$ 739,003	$ 3,194,439	$ 8,532,997	$ 15,589,321	$ (7,056,324)
Changes in assumptions	12,447,179	-	1,321,791	2,101,867	3,252,718	-	-	-	13,150,135	-	30,171,823	2,101,867	28,069,956
Net difference between projected and actual earnings on pension plan investments	23,449,759	-	5,624,337	-	10,977,578	-	191,101	-	-	19,504,719	40,242,775	19,504,719	20,738,056
Employer contributions subsequent to the measurement date	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	$ 41,199,844	$ 5,566,190	$ 7,351,611	$ 8,451,042	$ 16,315,901	$ 479,517	$ 191,101	$ -	$ 13,889,138	$ 22,699,158	$ 78,947,595	$ 37,195,907	$ 41,751,688
Total deferred outflows	$ 78,947,595												
Total deferred inflows	$ 37,195,907												

	Firefighters & Police Officers Pension Plan	Firefighters & Police Officers Disability Pension Plan	Supplemental Retirement Plan	Pension Plan for Firefighters & Police Officers	VRS
Year ended June 30:					
2024	$ 8,750,671	$ 175,210	$ 4,437,039	$ 105,959	$ (491,776)
2025	2,702,481	214,320	2,080,589	42,205	(3,628,813)
2026	18,919,859	1,289,656	8,860,724	32,872	(13,818,098)
2027	2,670,983	(677,713)	458,032	10,065	9,128,667
2028	1,869,235	(903,268)	-	-	-
Thereafter	720,425	(1,197,636)	-	-	-
Total Future Deferrals	$ 35,633,654	$ (1,099,431)	$ 15,836,384	$ 191,101	$ (8,810,020)

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

DESCRIPTION OF BENEFITS:

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

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

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

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

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

Benefit provisions are established and may be amended via resolution by City Council.

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 more than 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)

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
		employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years a member is 50% vested and may withdraw 50% of employer contributions • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount, if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1	**Calculating the Benefit** 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.	**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. **Defined Contribution Component:** Not applicable.

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Contributions

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

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For ACPS, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions- General Employees

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Largest 10-Non-LEOS Duty:

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

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

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

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:

**Exhibit XII
(Continued)**

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate

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

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Changes in Net Pension Liability (Asset)

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

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

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

	(-1%) Decrease 5.75%	Current Discount Rate 6.75%	(+1%) Increase 7.75%
Net Pension Liability (Asset)	$ (5,666,340)	$ (10,978,540)	$ (15,366,123)

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

For the year ended June 30, 2023, ACPS recognized pension expense of approximately ($1,871,619). As of June 30, 2023, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

Payables to the Pension Plan

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

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2021 *Comprehensive Annual Financial Report* (Annual Financial Report). A copy of the 2022 VRS Annual Financial Report may be downloaded from the VRS website at http://www.varetire.org/ pdf/Publications/2022-annual-report.pdf, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA,23218-2500.

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

VRS Teachers Retirement Plan

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

Contributions

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

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

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

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

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

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

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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

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

Exhibit XII (Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Net Pension Liability

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

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

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

Long – Term Expected Rate of Return

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

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

rates of return for each major asset class are summarized in the following table:

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

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

Discount Rate

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

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

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

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

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 *Comprehensive Annual Financial Report* (Annual Financial Report). A copy of the 2022 VRS Annual Financial Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA23218-2500.

Payables to the Pension Plan

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

**Exhibit XII
(Continued)**

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. EMPLOYEES' SUPPLEMENTAL RETIREMENT PLAN

Plan Description

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

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

All full-time employees are eligible to participate in the Plan as of July 1, 1961, if classified as a twelve-month employee. Ten-month employees were eligible to participate in the Plan as of July 1, 1971. The Plan's fiscal year end is August 31. The net pension liability reported for the period ending August 31, 2021 was measured as of August 31, 2022, using the total pension liability that was determined by an actuarial valuation as August 31, 2022.

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

Measurement Date

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

Benefits Provided

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

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The funding policy of the Plan provides for monthly contributions at actuarially- determined rates, which will remain relatively level over time

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.50% of covered payroll. During FY 2023, only ACPS employees contributed to the Plan. These contributions totaled $3.1 million for the fiscal year ended June 30, 2023. Administrative costs of the Plan are paid from the Plan's assets.

Investment Policy

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

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

Concentrations

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

Annual Money-Weighted Rate of Return

For the Plan year ended August 31, 2022, the annual money-weighted rate of return on plan investments for the measurement period is -8.16%. The money-weighted rate of return is calculated as a rate of return on pension plan

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

Long-Term Expected Rate of Return

For the plan year ended August 31, 2022, the expected long-term rate of return assumption as of the end of period is 5.25%. The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2021. The capital market assumptions were developed with a primary focus on forward-looking market indicators and valuation models, as well as utilizing the analysis of historical data and trends, the outlook and forecasts from credible economic studies, and investment expert opinions.

Actuarial Assumptions

The actuarial assumptions used in the August 31, 2022 valuation were based upon the results of an actuarial assumption review for the five-year period of September 1, 2007 to August 31, 2012.

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

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,226
Retirees and beneficiaries currently receiving benefits	1,284
Inactive or disabled plan members entitled to but not receiving benefits	2,316
Total	5,826

Normal retirement age	65 years
Benefits age	50 yrs (+30 yrs of service)
Benefits vesting years	5 years
Disability and death benefits	Yes

SIGNIFICANT ACTUARIAL ASSUMPTIONS

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

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

Employee contribution percentage	1.50%
Employer contribution percentage	0.00%

Employee contribution, during the measurement period	$ 2,901,934
Employer contribution	-
Total amount contributed	$ 2,901,934

Covered payroll (Annual member compensation)	$ 173,250,599
Legally-required reserves	None
Long-term contribution contracts	None

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Projected Cash Flows

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

Discount Rate

The discount rate used to determine the end of period Total Pension Liability is 5.25%. The discount rate is a single rate that incorporates the long-term rate of return assumption. The long-term rate of return assumption was applied to the projected benefit payments from 2022 to 2117. Benefit payments after 2117 are projected to be $0.00.

Net Pension Liability

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

Changes in Net Pension Liability

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

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

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

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

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, 2023 is $13.9 million. For the year ended June 30, 2023, ACPS reported deferred inflows of resources related to pensions for this Plan from the following sources:

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

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

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

Exhibit XII
(Continued)

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Payables to the Pension Plan

At June 30, 2023, ACPS reported payables to the Employees' Supplemental Retirement Plan of $0.4 million. The following is a summary of fiduciary net position of the Plan as of June 30, 2023.

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

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

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

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

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

**Exhibit XII
(Continued)**

NOTE 17. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

	VRS - Teachers Plan				VRS -Political Subdivision Plan				Employees Supplemental Plan				Total Pension Plans				
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Net Pension Liability	Pension Expense
Net Pension Liability	$ -	$ -	$ 170,727,183	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 51,577,058	$ -	$ -	$ -	$ -	$ 222,304,241	$ -
Net Pension Asset	-	-	-	-	-	-	10,878,640	-	-	-	-	-	-	-	10,878,640	-	-
Net difference between projected and actual earnings on pension plan investments	-	22,268,249	-	-	-	1,734,753	-	-	10,557,072	-	-	-	10,557,072	23,994,002	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	570,208	5,283,951	-	-	-	-	-	-	-	-	-	-	570,208	5,283,951	-	-	-
Differences between expected and actual experience	-	11,772,314	-	-	-	1,147,767	-	-	10,566	195,927	-	-	10,566	13,086,008	-	-	-
Changes in assumptions	16,096,134	-	-	-	335,232	-	-	-	14,418,900	13,403,092	-	-	30,850,266	13,403,092	-	-	-
Employer contributions subsequent to the measurement date	27,418,771	-	-	-	77,264	-	-	-	-	-	-	-	27,496,035	-	-	-	-
Pension Expense	-	-	-	7,333,838	-	-	-	(1,871,819)	-	-	-	13,906,264	-	-	-	-	19,422,283
Totals	$ 44,085,113	$ 39,296,514	$ 170,727,183	$ 7,333,838	$ 412,496	$ 2,882,520	$ 10,878,640	$ (1,871,819)	$ 24,986,538	$ 13,599,019	$ 51,577,058	$ 13,906,264	$ 69,484,139	$ 55,747,053	$ 10,878,640	$ 222,304,241	$ 19,422,283

Exhibit XII
(Continued)

NOTE 18. TAX ABATEMENTS

A tax abatement is a reduction in tax revenues or exemption from tax expense that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action that after the agreement has been entered into, it contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City entered into a 15-year agreement with the General Services Administration (GSA) on behalf of an independent federal government agency for the purchase of real property and construction of a building for lease (known as the Eisenhower Avenue Science Redevelopment District). The agreement involves a real property tax exemption that partially exempts real estate taxes due during the 15-year period of leasing the building to tenants. The state law under which the abatement was enacted is the Code of Virginia detailed within 58.1-3221 which states that, the governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement provided certain criteria is met including substantial rehabilitation, renovation, or replacement for commercial or industrial use.

The effective date of the start of the abatement was January 1, 2018. The annual percent of real estate taxes that will be exempt on the improvements during the 15 years of the initial transaction are summarized in the table below. Calendar Year 2023 is the sixth year of the abatement.

Year	Percent	Year	Percent
1	100%	9	90%
2	100%	10	80%
3	100%	11	70%
4	100%	12	60%
5	100%	13	50%
6	100%	14	40%
7	100%	15	30%
8	100%	16 & Beyond	0%

The real property assessments for all land and buildings within the District shall be determined by the Real Estate Assessor and shall be established at 100 percent of fair market value using the same principles, procedures, and methodology established for other like kind taxable real property in the City. The owner of land and improvements within the District maintains the same rights and limitations of appeal of the City's annual real estate assessment as that applicable to other taxable real estate in the City. The annual assessed value of the land component in the District, reflecting any increases or decreases in assessed value of said land component, shall remain fully taxable. The annual assessed value of the land component shall also reflect that of a finished developed lot.

At the time of the agreement the agency's presence in the City was projected to generate $73.0 million over a 15-year period and up to $95.0 million over a 20-year period if the agency lease is extended. After setting aside a $28.0 million value of the proposed tax abatement over the 15 years, the net tax gain to the City's General Fund is projected to be $45.0 million over a 15-year period and $68.0 million over a 20-year period. An economic analysis indicated that the agency would generate 90,000 hotel room stays per year.

In FY 2023, the eligibility requirements for the District were met and $2.6 million in real estate taxes were abated.

NOTE 19. NEW ACCOUNTING STANDARDS

In FY 2023, the following Governmental Accounting Standards Board (GASB) statements were implemented:

Statement No. 94, "**Public-Private and Public-Public Partnership Arrangements**." The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this Statement were effective for financial statements starting with the fiscal year that ends June 30, 2023.

Statement No. 96, "**Subscription-Based Information Technology Arrangements**." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term. The requirements of this Statement were effective for financial statements starting with the fiscal year that ends June 30, 2023.

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, 2023

EXHIBIT XIII

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Over (Under)
Revenues:				
General Property Taxes	$ 584,530,339	$ 584,530,339	$ 582,975,505	$ (1,554,834)
Other Local Taxes	148,478,380	148,478,380	152,409,150	3,930,770
Permits, Fees, and Licenses	2,867,350	2,867,350	2,683,307	(184,043)
Fines and Forfeitures	4,305,200	4,305,200	3,129,147	(1,176,053)
Use of Money and Property	6,655,000	6,655,000	20,186,948	13,531,948
Charges for Services	14,941,328	15,071,741	17,312,775	2,241,034
Intergovernmental Revenues	57,449,022	57,524,022	59,286,179	1,762,157
Interest from Leases	-	-	212,764	212,764
Miscellaneous	2,518,252	2,518,252	5,140,380	2,622,128
Total Revenues	821,744,871	821,950,284	843,336,155	21,385,871
Expenditures:				
City Council	783,826	783,826	635,486	148,340
City Manager	3,775,733	5,936,026	3,988,058	1,947,969
Office of Management and Budget	1,733,353	1,786,300	1,459,315	326,985
18th Circuit Court	1,620,076	1,650,223	1,507,332	142,892
18th General District Court	150,597	150,638	120,892	29,746
Juvenile And Domestic Relations Court	87,827	87,852	55,616	32,236
Commonwealth's Attorney	3,677,655	3,752,710	3,722,638	30,072
Sheriff	34,119,914	34,257,389	33,914,882	342,506
Clerk of Courts	1,779,588	2,179,623	2,164,875	14,748
Other Correctional Activities	4,371,766	4,371,817	3,965,021	406,796
Court Services	2,148,533	2,194,870	1,895,353	299,517
Human Rights	1,093,748	1,118,760	1,014,758	104,002
Internal Audit	436,496	438,920	413,788	25,132
Information Technology Services	15,168,902	17,389,609	15,706,533	1,683,076
Office of Communications	2,315,965	2,315,978	1,682,846	633,131
City Clerk and Clerk of Council	478,570	544,112	467,678	76,434
Finance	13,937,644	14,364,920	12,446,681	1,918,239
Organizational Excellence	-	-	-	-
Human Resources	5,356,578	5,977,543	4,984,069	993,474
Planning and Zoning	7,188,572	7,593,103	6,794,569	798,534
Economic Development Activities	7,657,894	9,230,984	8,700,033	530,951
City Attorney	4,153,008	4,785,150	4,593,807	191,343
Registrar of Voters	1,419,534	1,561,822	1,168,127	393,695
General Services	13,971,419	14,748,086	11,687,557	3,060,529
Office of Proj. Implementation	-	-	-	-
Performance and Accountability	768,227	868,232	834,184	34,048
Transportation and Environmental Services	26,427,941	27,367,236	24,540,199	2,827,037
Transit Subsidies	17,523,751	17,550,989	17,435,975	115,014
Fire	58,032,924	58,647,060	56,821,996	1,825,064
Office of Independent Policing	288,866	500,000	16,000	484,000
Police	69,064,725	70,304,355	65,166,165	5,138,190
Emergency Communication	9,820,971	9,907,128	9,125,950	781,178
Building and Fire Code Administration	-	-	-	-
Housing	2,070,660	2,081,133	1,958,623	122,510
Community and Human Services	16,163,566	18,021,877	15,119,078	2,902,799
Other Health Services	1,279,936	1,279,936	1,279,915	21
Health	8,230,175	8,433,310	7,935,021	498,290
Office of Historic Alexandria	4,018,857	5,279,685	3,997,760	1,281,925
Recreation and Cultural Activities	27,021,487	28,066,089	26,837,658	1,228,431
Library	-	-	-	-
ACPS (Debt Service)	31,941,000	31,941,000	31,941,000	-
Other Educational Activities	15,750	15,750	15,750	-
Non Departmental (including debt service)	23,107,762	69,695,313	56,806,112	12,889,201
	423,203,796	487,179,354	442,921,299	44,258,056
Other Financing Sources (Uses):				
Bond Premium	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-	-	-	-
Transfers In	9,349,100	10,681,049	14,233,764	3,552,715
Transfers Out	(127,775,942)	(161,734,893)	(159,822,821)	1,912,073
Transfers Out - Component Units	(256,920,765)	(256,950,826)	(256,887,262)	63,564
Sale of Land	-	-	-	-
	(375,347,607)	(408,004,670)	(402,476,318)	5,528,352
Net Change in Fund Balance.	23,193,468	(73,233,740)	(2,061,462)	71,172,279
Fund Balances at Beginning of Year	225,137,606	225,137,606	225,137,606	-
Increase/(Decrease) in Reserve for Inventory	-	614,046	614,046	-
FUND BALANCES AT END OF YEAR	**$ 248,331,074**	**$ 152,517,912**	**$ 223,690,191**	**$ 71,172,279**

(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, 2023

EXHIBIT XIV

Exhibit XIV

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Over (Under)
Revenues:				
General Property Taxes	$ 1,961,828	$ 1,961,828	$ 1,815,780	$ (146,048)
Other Local Taxes	7,395,000	7,115,990	8,530,980	1,414,990
Permits, Fees and Licenses	10,804,377	10,804,377	10,765,855	(38,522)
Use of Money and Property	657,361	657,361	1,309,405	652,044
Charges for Services	53,675,476	53,899,481	52,902,137	(997,344)
Intergovernmental Revenues	107,014,726	112,076,737	59,945,394	(52,131,344)
Miscellaneous	19,943,533	21,582,034	4,786,028	(16,796,006)
Total Revenues	201,452,301	208,097,808	140,055,579	(68,042,229)
Other Financing Sources:				
Transfers In	90,598,714	90,508,661	89,093,259	(1,415,402)
Issuance of Debt and other Financing	-	-	-	-
Total Other Financing Sources	90,598,714	90,508,661	89,093,259	(1,415,402)
Total Revenues and Other Financing Sources	292,051,014	298,606,468	229,148,838	(69,457,630)
Expenditures:				
City Manager's Office	90,000	142,000	91,877	50,123
Commonwealth's Attorney	988,455	988,455	465,125	523,330
Sheriff	609,036	942,759	485,199	457,560
Clerk of Courts	127,915	127,915	92,619	35,296
Law Library	-	-	-	-
Other Correctional and Judicial Activities	753,405	753,405	678,666	74,739
Court Services	462,562	793,779	260,914	532,865
Human Rights	62,444	62,444	6,157	56,287
Internal Audit	88,219	88,219	3,131	85,088
Information Technology Services	734,606	884,606	665,751	218,855
Finance	1,019,218	1,025,468	916,756	108711.81
Planning and Zoning	599,345	599,345	240,483	358,862
Economic Development	775,000	775,000	495,000	280,000
Registrar	-	-	-	-
General Services	422,784	583,970	323,585	260,385
Office of Project Implementation	1,795,438	11,795,438	2,184,189	9,611,249
Performance and Accountability	-	-	-	-
Transportation and Environmental Services	55,132,578	52,956,060	33,073,431	19,882,628
Transit Subsidies	7,909,142	7,909,142	7,240,612	668,530
Fire	9,133,165	9,961,142	2,230,889	7,730,253
Police	1,503,932	1,580,937	275,254	1,305,683
Emergency Communications	114,287	114,287	114,049	238
Building and Fire Code Administration	8,646,179	8,658,578	6,859,808	1,798,770
Office of Housing	28,084,509	32,797,184	7,733,105	25,064,079
Community and Human Services	95,646,564	101,814,746	89,547,382	12,267,364
Alexandria Health	434,949	434,949	122,786	312,163
Historic Alexandria	1,313,951	1,745,099	1,139,701	605,398
Recreation and Cultural Activities	4,455,244	5,052,667	2,275,137	2,777,530
Library	73,503	73,503	73,503	-
ACPS - Schools	-	-	-	-
Non-Departmental	14,905,049	9,776,029	7,197,835	2,578,195
Total Expenditures	235,881,481	252,437,126	164,792,943	87,644,183
Other Financing Sources/Uses:				
Transfers Out	53,649,356	67,900,249	51,916,424	15,983,825
Total Other Financing Uses	53,649,356	67,900,249	51,916,424	15,983,825
Total Expenditures and Other Financing Uses	289,530,837	320,337,375	216,709,367	103,628,008
Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	2,520,177	(21,730,907)	12,439,471	(34,170,378)
Fund Balance at Beginning of Year	124,745,226	124,745,226	124,745,226	-
FUND BALANCE AT END OF YEAR	$ 127,265,403	$ 103,014,319	$ 137,184,697	$ (34,170,378)

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

CITY OF ALEXANDRIA, VIRGINIA
Budgetary Comparison Schedule
Alexandria Transit Company
For the Fiscal Year Ended June 30, 2023

EXHIBIT XV

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget - Positive (Negative)
Revenues:				
Charges for Services	$ 336,400	$ 336,400	$ 262,689	$ (73,711)
Intergovernmental Revenues	5,062,319	7,891,963	7,132,617	(759,346)
Miscellaneous	60,000	60,000	85,330	25,330
Total Revenues	5,458,719	8,288,363	7,480,636	(807,727)
Expenditures:				
Personnel Services	25,666,582	28,419,195	25,869,088	2,550,107
Contractual Services	1,447,184	2,024,644	1,510,598	514,046
Materials and Supplies	3,118,038	3,121,738	4,455,559	(1,333,821)
Other Charges	1,627,533	1,659,625	1,462,659	196,966
Total Expenditures	31,859,337	35,225,201	33,297,904	1,927,297
Other Financing Sources (Uses):				
Transfers In	25,323,587	26,886,087	26,968,031	81,944
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	25,323,587	26,886,087	26,968,031	81,944
Change in Fund Balance	(1,077,031)	(50,752)	1,150,763	1,201,515
Fund Balance at Beginning of Year	828	828	828	-
Increase/(Decrease) in Reserve for Inventory	-	-	-	-
FUND BALANCE AT END OF YEAR	**$ (1,076,203)**	**$ (49,924)**	**$ 1,151,591**	**$ 1,201,515**

(See Accompanying Independent Auditors' Report and Notes to Schedules)

EXHIBIT XVI

(1) SUMMARY OF SIGNIFICANT BUDGET POLICIES

The City Council annually adopts budgets for the General Fund and Special Revenue Fund of the primary government. All appropriations are legally controlled at the departmental level for the General Fund and Special Revenue Fund. On May 4, 2022, the City Council approved the original adopted budget and approved multiple budget amendments reflected in the required supplementary information.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the required supplementary information for all funds with annual budgets, compare the revenues and expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules for the General and Special Revenue Funds present actual expenditures in accordance with U.S. generally accepted accounting principles on a basis consistent with the legally adopted budgets, as amended. See Table XIII for the schedule of departments' expenditure detail by function. A reconciliation of the perspective difference for reporting Expenditures and Other Financing Uses in the General Fund relates to how transfers to component units are recorded in each statement and includes the following:

General Fund

Budget Statement Title	Budgetary Statement Amount	Adjustment for Transfer to Component Unit (Note 10)	Exhibit IV	Exhibit IV Title
Other Educational Activities	$ 15,750	$ 248,721,550	$ 248,737,300	Education
Library Transfer	-	8,149,962	8,149,962	Library
Other Expenditures (not listed separately)	442,905,547	-	442,905,547	Other Expenditures (not listed separately)
Total Expenditures	442,921,297	256,871,512	699,792,809	Total Expenditures
Transfers Out – Component Units	256,887,262	(256,887,762)	-	None
Operating Transfers Out	159,822,821	-	159,822,821	Operating Transfers Out
Other Financing	-	-	-	Other Expenditures (not listed separately)
Total Financing (Sources) Uses	$ 416,710,083	$ (256,887,762)	$ 159,822,821	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, 2023

Exhibit XVII

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Supplemental Plan										
Actuarial Determined Contribution	$ 8,126,230	$ 8,009,761	$ 8,363,413	$ 8,866,569	$ 10,743,083	$ 9,509,690	$ 9,378,597	$ 9,193,893	$ 7,548,253	$ 8,462,725
Actual Contribution Amounts	7,328,038	7,208,914	9,388,833	8,627,444	8,622,481	8,148,716	8,006,825	7,586,006	7,173,760	9,705,496
Contribution Deficiency (Excess)	798,192	800,847	(1,025,420)	239,125	2,120,602	1,360,974	1,371,772	1,607,887	374,493	(1,242,771)
Percentage of ADC Contributed	90.18%	90.00%	112.26%	97.30%	80.26%	85.69%	85.37%	82.51%	95.04%	114.69%
Covered Payroll	157,239,760	154,127,839	155,989,640	151,867,063	147,362,907	142,843,740	139,044,952	139,914,668	136,374,392	127,784,140
Contribution as a Percentage of Covered Payroll	4.66%	4.68%	6.02%	5.68%	5.85%	5.70%	5.76%	5.42%	5.26%	7.60%
Pension Plan for Fire and Police*										
Actuarial Determined Contribution	0	290,776	548,040	563,948	652,038	868,570	908,621	1,057,539	1,158,624	1,211,013
Actual Contribution Amounts	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,713,744	1,723,744	1,728,313	1,700,000
Contribution Deficiency (Excess)	(1,700,000)	(1,409,224)	(1,151,960)	(1,136,052)	(1,047,962)	(831,430)	(805,123)	(666,205)	(569,689)	(488,987)
Percentage of ADC Contributed	#DIV/0!	584.64%	310.20%	301.45%	260.72%	195.72%	188.61%	163.00%	149.17%	140.38%
Covered Payroll	-	-	-	-	-	-	-	-	-	-
Contribution as a Percentage of Covered Payroll		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Firefighters and Police Pension										
Actuarial Determined Contribution	16,538,936	15,463,758	15,772,143	15,117,075	14,018,911	13,620,056	9,903,407	9,384,623	9,273,326	10,471,367
Actual Contribution Amounts	17,518,490	15,464,667	14,784,520	14,681,733	11,099,665	10,436,128	11,232,823	11,119,553	9,933,001	10,398,552
Contribution Deficiency (Excess)	(979,554)	(909)	987,623	435,342	2,919,246	3,183,928	(1,329,416)	(1,734,930)	(659,675)	72,815
Percentage of ADC Contributed	105.92%	100.01%	93.74%	97.12%	79.18%	76.62%	113.42%	118.49%	107.11%	99.30%
Covered Payroll	46,318,902	44,226,890	45,242,944	42,665,383	40,168,637	39,649,421	36,973,064	35,671,448	33,810,854	34,424,794
Contribution as a Percentage of Covered Payroll	37.82%	34.97%	32.68%	34.41%	27.63%	26.32%	30.38%	31.17%	29.38%	30.21%
Firefighters and Police Disability										
Actuarial Determined Contribution	424,680	446,429	569,453	719,937	1,014,585	1,834,550	4,449,438	4,638,338	4,618,019	4,431,587
Actual Contribution Amounts	826,751	935,081	1,476,099	2,145,826	5,077,662	6,219,316	5,667,369	4,734,529	2,448,696	2,039,849
Contribution Deficiency (Excess)	(402,071)	(488,652)	(906,646)	(1,425,889)	(4,063,077)	(4,384,766)	(1,217,931)	(96,191)	2,169,323	2,391,738
Percentage of ADC Contributed	194.68%	209.46%	259.21%	298.06%	500.47%	339.01%	127.37%	102.07%	53.02%	46.03%
Covered Payroll	46,318,902	44,226,890	45,242,944	42,665,383	40,168,637	39,649,421	36,973,064	35,671,448	33,810,854	34,424,794
Contribution as a Percentage of Covered Payroll	1.78%	2.11%	3.26%	5.03%	12.64%	15.69%	15.33%	13.27%	7.24%	5.93%
VRS										
Actuarial Determined Contribution	14,289,884	12,975,113	13,010,172	10,506,432	9,890,834	9,983,362	9,974,720	12,285,419	14,070,398	12,629,447
Actual Contribution Amounts	14,289,884	12,975,113	13,010,172	10,506,432	9,890,834	9,983,362	9,974,720	12,285,419	14,070,398	12,629,447
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Percentage of ADC Contributed	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Covered Payroll	$ 144,051,251	$ 144,874,214	$ 141,098,814	$ 134,462,348	$ 131,605,713	$ 126,449,341	$ 125,437,843	$ 125,890,250	$ 125,890,250	$ 123,842,881
Contribution as a Percentage of Covered Payroll	9.92%	8.96%	9.22%	7.81%	7.52%	7.90%	7.95%	9.76%	11.18%	10.20%

Actuarially determined contributions and covered-employee payrolls are calculated as of June 30, one year prior to the fiscal year in which contributions are reported.

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII (Continued)

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

Firefighters & Police Officers Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 10,347,474.00	$ 9,878,313	$ 9,483,217	$ 9,168,309	$ 9,620,841	$ 8,390,462	$ 6,180,741	$ 5,671,076	$ 5,526,902	$ 5,749,258
Interest	30,428,052	28,772,498	27,927,795	26,764,399	25,379,639	24,192,874	23,064,895	21,948,491	20,769,869	19,761,542
Changes in benefit terms		-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	5,042,981	(5,537,423)	(1,961,199)	2,036,689	(1,715,696)	752,396	(546,278)	1,386,820	(978,630)	-
Changes in assumptions		13,579,116	-	-	-	19,234,689	-	-	-	-
Benefit payments, including refunds	(20,264,508)	(19,028,148)	(18,090,708)	(17,256,343)	(16,363,487)	(13,965,535)	(12,763,693)	(12,633,775)	(11,610,344)	(10,147,030)
Net Change in Total Pension Liability	25,553,999	27,664,356	17,359,105	20,713,054	16,921,297	38,604,886	15,935,665	16,372,612	13,707,797	15,363,770
Total Pension Liability - Beginning of Year	445,362,309	417,697,953	400,338,848	379,625,794	362,704,497	324,099,611	308,163,946	291,791,334	278,083,537	262,719,767
Total Pension Liability - End of Year	470,916,308	445,362,309	417,697,953	400,338,848	379,625,794	362,704,497	324,099,611	308,163,946	291,791,334	278,083,537
Plan Fiduciary Net Position										
Contributions - employer	17,518,490	15,464,667	14,784,520	14,681,733	11,099,665	10,436,128	11,232,823	11,119,553	9,933,001	10,398,552
Contributions - employee	3,736,832	3,250,033	3,240,297	3,806,982	4,221,569	2,745,051	2,914,101	2,598,821	2,381,830	2,392,226
Net investment income	20,061,502	(49,882,723)	102,620,858	6,335,095	22,614,416	24,196,919	32,888,556	3,513,529	6,726,117	33,401,003
Benefit payments, including refunds	(20,264,508)	(19,028,148)	(18,090,708)	(17,256,343)	(16,363,487)	(13,965,535)	(12,763,693)	(12,633,775)	(11,610,344)	(10,147,030)
Administration Expenses	(343,733)	(330,130)	(325,054)	(391,550)	(368,635)	(381,934)	(198,337)	(206,917)	(278,201)	(379,242)
Net Change in Plan Fiduciary Net Position	20,708,583	(50,526,301)	102,229,913	7,175,917	21,203,528	23,030,629	34,073,450	4,391,211	7,152,403	35,665,509
Plan Fiduciary Net Position - Beginning of Year	377,031,104	427,557,405	325,327,492	318,151,575	296,948,047	273,917,418	239,843,968	235,452,757	228,300,354	192,634,845
Plan Fiduciary Net Position - End of Year	397,739,687	377,031,104	427,557,405	325,327,492	318,151,575	296,948,047	273,917,418	239,843,968	235,452,757	228,300,354
Net Pension Liability - End of Year	$ 73,176,621	$ 68,331,205	$ (9,859,452)	$ 75,011,356	$ 61,474,219	$ 65,756,450	$ 50,182,193	$ 68,319,978	$ 56,338,577	$ 49,783,183
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.5%	84.7%	102.4%	81.3%	83.8%	81.9%	84.5%	77.8%	80.7%	82.1%
Covered Payroll	$ 46,318,902	$ 44,226,890	$ 45,242,944	$ 42,665,383	$ 40,168,637	$ 39,649,421	$ 36,973,064	$ 35,671,448	$ 33,810,854	$ 34,424,794
Net Pension Liability as a percentage of Covered Payroll	158.0%	154.5%	-21.8%	175.8%	153.0%	165.8%	135.7%	191.5%	166.6%	144.6%

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII (Continued)

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

Firefighters & Police Officers Disablity Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 644,524	$ 622,182	$ 609,396	$ 581,315	$ 544,069	$ 543,661	$ 2,885,911	$ 2,679,963	$ 2,620,753	$ 2,699,276
Interest	1,977,896	2,097,641	2,189,249	2,220,796	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	(1,578,133)	(700,776)	(401,271)	637,187	(1,364,824)	(5,049,132)	(2,851,393)	(3,385,398)	409,917	-
Changes in assumptions		666,836	-	-	(3,853,427)	1,707,637	-	-	-	-
Benefit payments, including refunds	(2,870,302)	(3,003,579)	(2,948,216)	(2,813,258)	(2,717,231)	(2,559,855)	(2,488,687)	(2,470,684)	(2,571,831)	(2,539,650)
Net Change in Total Pension Liability	(1,826,015)	(317,696)	(550,842)	626,040	(5,214,767)	(2,845,125)	421,416	(330,574)	3,331,039	2,798,285
Total Pension Liability - Beginning of Year	31,647,492	31,965,188	32,516,030	31,889,990	37,104,757	39,949,882	39,528,466	39,859,040	36,528,001	33,729,716
Total Pension Liability - End of Year	29,821,477	31,647,492	31,965,188	32,516,030	31,889,990	37,104,757	39,949,882	39,528,466	39,859,040	36,528,001
Plan Fiduciary Net Position										
Contributions - employer	826,751	935,081	1,476,099	2,145,826	5,077,662	6,219,316	5,667,369	4,734,529	2,448,696	2,039,849
Contributions - employee	216,349	206,909	216,110	232,849	218,502	225,640	248,035	243,351	246,551	259,585
Net investment income	1,040,814	(6,965,437)	6,332,970	855,187	2,663,504	2,128,875	2,784,003	263,792	452,996	2,327,679
Benefit payments, including refunds	(2,870,302)	(3,003,579)	(2,948,216)	(2,813,258)	(2,717,231)	(2,559,855)	(2,488,687)	(2,470,684)	(2,571,831)	(2,539,650)
Administration Expenses	(92,461)	(72,652)	(29,375)	(4,876)	(4,896)	(2,467)	(15,277)	(77)	(15,876)	(86,762)
Net Change in Plan Fiduciary Net Position	(878,849)	(8,899,678)	5,047,588	415,728	5,237,541	6,011,509	6,195,443	2,770,911	560,536	2,000,701
Plan Fiduciary Net Position - Beginning of Year	33,071,237	41,970,915	36,923,327	36,507,599	31,270,058	25,258,549	19,063,106	16,292,195	15,731,659	13,730,958
Plan Fiduciary Net Position - End of Year	32,192,388	33,071,237	41,970,915	36,923,327	36,507,599	31,270,058	25,258,549	19,063,106	16,292,195	15,731,659
Net Pension Liability - End of Year	$ (2,370,911)	$ (1,423,745)	$ (10,005,727)	$ (4,407,297)	$ (4,617,609)	$ 5,834,699	$ 14,691,333	$ 20,465,360	$ 23,566,845	$ 20,796,342
Plan Fiduciary Net Position as a percentage of Total Pension Liability	108.0%	104.5%	131.3%	113.6%	114.5%	84.3%	63.2%	48.2%	40.9%	43.1%
Covered Payroll	$ 46,318,902	$ 44,226,890	$ 45,242,944	$ 42,665,383	$ 40,168,637	$ 39,649,421	$ 36,973,064	$ 35,671,448	$ 33,810,854	$ 34,424,794
Net Pension Liability as a percentage of Covered Payroll	-5.1%	-3.2%	-22.1%	-10.3%	-11.5%	14.7%	39.7%	57.4%	69.7%	60.4%

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII (Continued)

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

Pension Plan for Firefighters & Police Officers

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	517,437	617,211	674,734	1,006,234	1,081,231	1,204,224	1,399,445	1,534,443	1,664,966	1,778,386
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(1,170,373)	191,706	(774,025)	332,248	(643,998)	(860,707)	(584,816)	(425,528)	(95,467)	-
Changes in assumptions	-	-	1,660,222	-	-	1,282,305	-	-	-	-
Benefit payments, including refunds	(2,199,345)	(2,394,031)	(2,623,916)	(2,841,992)	(2,983,088)	(3,056,201)	(3,298,973)	(3,506,496)	(3,715,881)	(3,773,545)
Net Change in Total Pension Liability	(2,852,281)	(1,585,114)	(1,062,985)	(1,503,510)	(2,545,855)	(1,430,379)	(2,484,344)	(2,397,581)	(2,146,382)	(1,995,159)
Total Pension Liability - Beginning of Year	17,044,497	18,629,611	19,692,596	21,196,106	23,741,961	25,172,340	27,656,684	30,054,265	32,200,647	34,195,806
Total Pension Liability - End of Year	14,192,216	17,044,497	18,629,611	19,692,596	21,196,106	23,741,961	25,172,340	27,656,684	30,054,265	32,200,647
Plan Fiduciary Net Position										
Contributions - employer	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,713,744	1,723,744	1,728,313	1,700,000
Contributions - employee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	557,491	498,086	574,501	592,045	619,900	706,055	821,797	893,641	920,708	1,041,529
Benefit payments, including refunds	(2,199,345)	(2,394,031)	(2,623,916)	(2,841,992)	(2,983,088)	(3,056,201)	(3,298,973)	(3,506,496)	(3,715,881)	(3,773,545)
Administration Expenses	(23,011)	(24,170)	(22,725)	(25,633)	(13,678)	(21,933)	(23,566)	(27,971)	(18,583)	(10,830)
Net Change in Plan Fiduciary Net Position	35,135	(220,115)	(372,140)	(575,580)	(676,866)	(672,079)	(786,998)	(917,082)	(1,085,443)	(1,042,846)
Plan Fiduciary Net Position - Beginning of Year	17,624,986	17,845,101	18,217,241	18,792,821	19,469,687	20,141,766	20,928,764	21,845,846	22,931,289	23,974,135
Plan Fiduciary Net Position - End of Year	17,660,121	17,624,986	17,845,101	18,217,241	18,792,821	19,469,687	20,141,766	20,928,764	21,845,846	22,931,289
Net Pension Liability - End of Year	$ (3,467,905)	$ (580,489)	$ 784,510	$ 1,475,355	$ 2,403,285	$ 4,272,274	$ 5,030,574	$ 6,727,920	$ 8,208,419	$ 9,269,358
Plan Fiduciary Net Position as a percentage of Total Pension Liability	124.4%	103.4%	95.8%	92.5%	88.7%	82.0%	80.0%	75.7%	72.7%	71.2%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

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

Supplemental Retirement Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 4,880,444	$ 4,668,118	$ 4,484,408	$ 4,456,529	$ 4,300,104	$ 4,561,409	$ 4,429,736	$ 4,353,655	$ 4,512,088	$ 4,812,530
Interest	12,612,092	12,198,565	11,749,210	11,257,622	10,855,794	11,093,766	11,710,854	11,626,797	10,773,145	10,210,998
Changes in benefit terms		-	-	(221,996)	(10,649,964)	(7,321,279)	-	-	-	-
Difference between expected and actual experience	(599,396)	650,468	706,796	211,707	8,221,593	5,495,455	1,431,699	4,866,212	2,957,767	-
Changes in assumptions		5,421,196	-	-	-	3,537,513	-	10,625,401	-	-
Benefit payments, including refunds	(10,592,418)	(10,121,854)	(9,119,904)	(9,722,181)	(9,406,431)	(23,092,292)	(19,026,570)	(13,723,857)	(14,043,843)	(11,276,834)
Net Change in Total Pension Liability	6,300,722	12,816,493	7,820,510	5,981,681	3,321,096	(5,725,428)	(1,454,281)	17,748,208	4,199,157	3,746,694
Total Pension Liability - Beginning of Year	187,774,488	174,957,995	167,137,485	161,155,804	157,834,708	163,560,136	165,014,417	147,266,209	143,067,052	139,320,358
Total Pension Liability - End of Year	194,075,210	187,774,488	174,957,995	167,137,485	161,155,804	157,834,708	163,560,136	165,014,417	147,266,209	143,067,052
Plan Fiduciary Net Position										
Contributions - employer	7,328,038	7,208,914	9,388,833	8,627,444	8,622,481	8,148,716	8,006,825	7,586,006	7,173,760	9,705,496
Contributions - employee	2,226,859	1,845,825	1,769,665	1,640,659	1,352,861	1,140,415	1,070,814	892,335	756,101	605,369
Net investment income	8,836,743	(22,093,805)	45,314,976	5,577,321	8,889,658	13,822,092	18,031,871	895,078	5,922,932	20,744,991
Benefit payments, including refunds	(10,592,418)	(10,121,854)	(9,119,904)	(9,722,181)	(9,406,431)	(23,092,292)	(19,026,570)	(13,723,857)	(14,043,843)	(11,276,834)
Administration Expenses	(972,104)	(945,741)	(978,590)	(994,031)	(1,062,762)	(1,009,780)	(665,349)	(895,060)	(896,419)	(997,375)
Net Change in Plan Fiduciary Net Position	6,827,118	(24,106,661)	46,374,980	5,129,212	8,395,807	(990,849)	7,417,591	(5,245,498)	(1,087,469)	18,781,647
Plan Fiduciary Net Position - Beginning of Year	174,711,361	198,818,022	152,443,042	147,313,830	138,918,023	139,908,872	132,491,281	137,736,779	138,824,248	120,042,601
Plan Fiduciary Net Position - End of Year	181,538,479	174,711,361	198,818,022	152,443,042	147,313,830	138,918,023	139,908,872	132,491,281	137,736,779	138,824,248
Net Pension Liability - End of Year	$ 12,536,731	$ 13,063,127	$ (23,860,027)	$ 14,694,443	$ 13,841,974	$ 18,916,685	$ 23,651,264	$ 32,523,136	$ 9,529,430	$ 4,242,804
Plan Fiduciary Net Position as a percentage of Total Pension Liability	93.5%	93.0%	113.6%	91.2%	91.4%	88.0%	85.5%	80.3%	93.5%	97.0%
Covered Payroll	$ 157,239,760	$ 154,127,839	$ 155,989,640	$ 151,867,063	$ 147,362,907	$ 142,843,740	$ 139,044,952	$ 139,914,668	$ 136,374,392	$ 127,784,140
Net Pension Liability as a percentage of Covered Payroll	8.0%	8.5%	-15.3%	9.7%	9.4%	13.2%	17.0%	23.2%	7.0%	3.3%

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

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

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

VRS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	$ 13,090,352	$ 13,299,007	$ 12,301,089	$ 11,614,379	$ 11,545,603	$ 11,562,356	$ 11,832,548	$ 12,256,191	$ 12,232,148
Interest	48,491,234	43,694,605	42,394,263	40,744,225	39,243,929	38,089,007	36,704,090	35,571,142	33,905,011
Changes in benefit terms	-	5,911,527	-	-	-	-	-	55,097	-
Difference between expected and actual experience	(4,070,706)	1,640,227	(1,331,112)	7,417,578	1,192,221	(3,765,626)	(2,371,962)	(7,166,675)	-
Changes in assumptions	-	29,186,885	-	18,439,222	-	(539,132)	-	-	-
Benefit payments, including refunds	(36,686,751)	(34,836,101)	(33,363,733)	(31,061,479)	(30,036,440)	(27,658,980)	(25,101,326)	(23,960,243)	(20,710,314)
Net Change in Total Pension Liability	20,824,129	58,896,150	20,000,507	47,153,925	21,945,313	17,687,625	21,063,350	16,755,512	25,426,845
Total Pension Liability - Beginning of Year	723,641,677	664,745,527	644,745,020	597,591,095	575,645,782	557,958,157	536,894,807	520,139,295	494,712,450
Total Pension Liability - End of Year	744,465,806	723,641,677	664,745,527	644,745,020	597,591,095	575,645,782	557,958,157	536,894,807	520,139,295
Plan Fiduciary Net Position									
Contributions - employer	12,974,603	13,003,347	10,636,082	9,883,188	9,995,019	9,969,716	12,331,063	12,232,407	12,630,540
Contributions - employee	6,863,568	6,746,952	6,894,324	6,610,813	6,457,201	6,513,944	6,452,307	6,272,097	6,443,111
Net investment income	(534,757)	147,643,324	10,450,641	34,895,658	37,221,708	55,894,128	7,969,523	20,375,167	61,114,498
Benefit payments, including refunds	(36,686,751)	(34,836,101)	(33,363,733)	(31,061,479)	(30,036,440)	(27,658,980)	(25,101,326)	(23,960,243)	(20,710,314)
Other	(129,560)	(85,469)	(15,985)	(24,191)	(32,938)	(49,590)	(3,392)	(4,303)	3,221
Administration Expenses	(422,918)	(371,929)	(361,356)	(352,518)	(325,786)	(326,971)	(286,988)	(280,179)	(327,787)
Net Change in Plan Fiduciary Net Position	(17,935,815)	132,100,124	(5,760,027)	19,951,471	23,278,764	44,342,247	1,361,187	14,634,946	59,153,269
Plan Fiduciary Net Position - Beginning of Year	676,975,704	544,875,580	550,635,607	530,684,136	507,405,372	463,063,125	461,701,938	447,066,992	387,913,723
Plan Fiduciary Net Position - End of Year	659,039,889	676,975,704	544,875,580	550,635,607	530,684,136	507,405,372	463,063,125	461,701,938	447,066,992
Net Pension Liability - End of Year	$ 85,425,917	$ 46,665,973	$ 119,869,947	$ 94,109,413	$ 66,906,959	$ 68,240,410	$ 94,895,032	$ 75,192,869	$ 73,072,303
Plan Fiduciary Net Position as a percentage of Total Pension Liability	88.5%	93.6%	82.0%	85.4%	88.8%	88.1%	83.0%	86.0%	86.0%
Covered Payroll	$ 144,051,251	$ 144,874,214	$ 141,098,814	$ 134,462,348	$ 131,605,713	$ 126,449,341	$ 125,437,843	$ 125,890,250	$ 125,890,250
Net Pension Liability as a percentage of Covered Payroll	59.3%	32.2%	85.0%	70.0%	50.8%	54.0%	75.7%	59.7%	58.0%

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

Exhibit XVII
(Continued)

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%
2020	1.80%	3.59%	4.30%
2021	29.93%	29.61%	4.03%
2022	-11.95%	-10.88%	3.80%
2023	5.35%	5.98%	3.57%

**Money-weighted Rate of Return for Firefighters & Police Officers Pension Plan also applies to Firefighters and Police Officers Disability Pension Plan
Future years will be added as they become available.

Notes to the Required Supplementary Information for the City of Alexandria Pension Plans for the Year Ended June 30, 2023

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

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

Supplemental Retirement Plan

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

Pension Plan for Firefighters and Police Officers

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

Virginia Retirement System (VRS) Pension Plan

There were no changes to the Virginia Retirement System (VRS) Plan since the prior actuarial valuation.

CITY OF ALEXANDRIA, VIRGINIA
Required Supplementary Information
Pension
For Fiscal Year Ended June 30, 2023

Exhibit XVII
(Continued)

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	$ 2,411,043	$ 2,928,023	$ 2,889,520	$ 3,239,204	$ 4,701,991	$ 4,814,967	$ 3,803,579
Interest	8,797,533	9,598,323	9,337,427	9,595,477	9,905,114	9,470,934	8,232,053
Changes in benefit terms	-	-	-	-	-	4,587,884	-
experience	(88,275)	(8,128,626)	(721,530)	(4,162,077)	(5,113,882)	244,419	-
Changes in assumptions	(1,738,469)	(3,579,597)	(158,892)	(10,276,267)	7,485,481	5,078,954	-
Benefit payments, including refunds	(6,755,574)	(7,920,370)	(7,365,734)	(6,624,477)	(5,732,739)	(6,305,642)	(6,298,159)
Net Change in Total Pension Liability	2,626,258	(7,102,247)	3,980,791	(8,228,140)	11,245,965	17,891,516	5,737,473
Total OPEB Liability - Beginning of Year	132,470,611	139,572,858	135,592,067	143,820,207	132,574,242	114,682,726	108,945,253
Total OPEB Liability - End of Year	135,096,869	132,470,611	139,572,858	135,592,067	143,820,207	132,574,242	114,682,726
Plan Fiduciary Net Position							
Contributions - employer	7,630,574	13,670,370	8,504,564	10,324,477	11,932,739	12,205,642	16,398,159
Net investment income	8,683,205	(16,173,784)	29,200,847	2,827,980	4,953,783	4,427,840	6,357,091
Benefit payments, including refunds	(6,755,574)	(7,920,370)	(7,365,734)	(6,624,477)	(5,732,739)	(6,305,642)	(6,298,159)
Administration Expenses	(55,034)	(41,251)	(37,973)	(30,149)	(53,715)	(45,886)	(16)
Net Change in Plan Fiduciary Net Position	9,503,171	(10,465,035)	30,301,704	6,497,831	11,100,068	10,281,954	16,457,075
Plan Fiduciary Net Position - Beginning of Year	104,724,339	115,189,374	84,887,670	78,389,839	67,289,771	57,007,817	40,550,742
Plan Fiduciary Net Position - End of Year	114,227,510	104,724,339	115,189,374	84,887,670	78,389,839	67,289,771	57,007,817
Net OPEB Liability - End of Year	$ 20,869,359	$ 27,746,272	$ 24,383,484	$ 50,704,397	$ 65,430,368	$ 65,284,471	$ 57,674,909
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	84.6%	79.1%	82.5%	62.6%	54.5%	50.8%	49.7%
Covered Payroll	$ 187,189,210	$ 191,142,870	$ 185,548,765	$ 188,014,495	$ 175,843,626	$ 169,455,099	$ 167,129,788
Payroll	11.1%	14.5%	13.1%	27.0%	37.2%	38.5%	34.5%

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

**Exhibit XVII
(Continued)**

Schedule of OPEB Contributions

	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contributions (ADC)	$ 5,624,709	$ 2,428,087	$ 3,550,219	$ 7,346,160	$ 8,513,816	$ 9,404,961	$ 12,898,197
Contributions related to the ADC	7,630,573	13,670,370	8,504,564	10,324,477	11,932,739	12,205,642	16,398,159
Contribution Excess relative to ADC	$ (2,005,864)	$ (11,242,283)	$ (4,954,345)	$ (2,978,317)	$ (3,418,923)	$ (2,800,681)	$ (3,499,962)
Covered Payroll	$ 187,189,210	$ 191,142,870	$ 185,548,765	$ 188,014,495	$ 175,843,626	$ 169,455,099	$ 167,129,788
Contributions as a percentage of Covered Payroll	4.08%	7.15%	4.58%	5.49%	6.79%	7.20%	9.81%

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

Notes to the Required Supplementary Information for the City of Alexandria Other Post-Employment Benefits Trust Fund for the Year Ended June 30, 2023

Valuation Date	12/31/2022
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuations during the fiscal year.

Key Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	15-year layered level dollar closed as of 12/31/2022
Discount rate	6.75 percent for Regular OPEB and for Line of Duty OPEB
Healthcare Cost Trend Rates	
Regular OPEB	Medical, Non-Medicare: 3.8 percent for Kaiser and 11.0 percent for UHC for 2023, then 7.00 percent for 2024 grading down to 4.19 percent over 19 years Medicare: 5.5 percent for 2023 grading down to 4.19 percent over 20 years. Expenses: 5 percent per year
Line of Duty	Non Medicare: 6.875 percent for 2023 grading down to 4.75 percent over 9 years Medicare: 5.187 percent for 2023 grading down to 4.75 percent over 3 years
Ultimate Salary Increase	3.25 percent

**OPEB Money-Weighted Rate of Return
Last Ten Fiscal Years**

2017	14.96%
2018	7.39%
2019	7.29%
2020	3.41%
2021	34.50%
2022	-13.90%
2023	9.51%

Future years will be added as they become available.

APPENDIX B

FORM OF CONTINUING DISCLOSURE AGREEMENT

This page intentionally left blank.

APPENDIX B

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the City of Alexandria, Virginia (the "City"), in connection with the issuance by the City of $__________ original aggregate principal amount of its General Obligation Capital Improvement Bonds, Series 2024 (the "Bonds"), pursuant to Ordinance No. 5546 (the "Ordinance") adopted by the City Council of the City (the "Council") on June 15, 2024. Pursuant to the Ordinance, the City's Director of Finance approved the offering and sale of the Bonds to __________ (the "Underwriter") and the offering and sale of the Bonds by the Underwriter to the public pursuant to an Official Statement relating to the Bonds, dated __________ _____, 2024 (the "Final Official Statement"). The City hereby represents, covenants and agrees as follows:

Section 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the City for the benefit of the Holders (as defined below) and in order to assist the Underwriter in complying with the Rule (as defined below).

Section 2. DEFINITIONS. The following capitalized terms shall have the following meanings:

"Annual Financial Information" with respect to any Fiscal Year of the City means the following:

(i) the annual financial statements of the City, which (A) are prepared annually in accordance with generally accepted accounting principles in effect from time to time consistently applied (provided that nothing in this clause (A) will prohibit the City after the date of the Final Official Statement from changing such principles so as to comply with generally accepted accounting principles as then in effect or to comply with a change in applicable Virginia law); and (B) are audited by an independent certified public accountant or firm of such accountants; and

(ii) financial information and operating data with respect to the City of the type and scope that updates the tabular information and data contained in the Final Official Statement under the captions "Debt Statement," "Five-Year Summary of General Fund Revenues and Expenditures" and "Principal Tax Revenues by Source;" provided that the City is required only to provide such financial information with respect to the immediately preceding Fiscal Year and shall not be required to restate or revise previously furnished information.

"Dissemination Agent" shall mean the City, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall mean the twelve-month period, at the end of which the financial position of the City and results of its operations for such period are determined. Currently, the City's Fiscal Year begins July 1 and continues through June 30 of the next year.

"Holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Bond.

"Make Public" or "Made Public" has the meaning set forth in Section 4 of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as in effect from time to time.

"SEC" means the U.S. Securities and Exchange Commission.

Section 3. **OBLIGATIONS OF THE CITY**. (a) As long as the Bonds are outstanding, the City shall, in accordance with the Rule, Make Public or cause to be Made Public by the Dissemination Agent (if different from the City), the Annual Financial Information not later than 270 days after the end of each Fiscal Year beginning with the Fiscal Year ended June 30, 2024. If audited financial statements are not available as of the date by which the Annual Financial Information is to be Made Public, the City will Make Public such financial statements as may be required by the Rule and will Make Public the audited financial statements when they become available.

(b) The City shall Make Public or cause to be Made Public by the Dissemination Agent (if different from the City), in a timely manner not in excess of ten (10) business days following the occurrence of the event, notice of any of the following events that may from time to time occur with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City (for the purposes of the event identified in this Section (3)(b)(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect Holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City; any of which reflect financial difficulties;

provided that nothing in this subsection (b) shall require the City to maintain any debt service reserve, credit enhancement or credit or liquidity providers with respect to the Bonds or to pledge any property as security for repayment of the Bonds.

(c) The City shall Make Public or cause to be Made Public by the Dissemination Agent (if different from the City), in a timely manner, a notice of a failure of the City on or before the date required by Section 3(a) to provide Annual Financial Information to the persons and in the manner required by this Disclosure Agreement.

(d) The City shall notify the MSRB of any change in its Fiscal Year not later than the date on which it first provides any information to the MSRB in the then current Fiscal Year.

(e) Any information required to be included in the Annual Financial Information may be included by specific reference to other documents available to the public on the MSRB's internet web site or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available to the public on the MSRB's internet web site. The City shall identify clearly each other document so included by specific reference.

Section 4. INFORMATION MADE PUBLIC. Information shall be deemed to have been "Made Public" for purposes of this Disclosure Agreement if transmitted to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. Should the SEC approve any additional or subsequent filing system for satisfying the continuing disclosure filing requirements of the Rule, any filings required under this Disclosure Agreement may be made by transmitting such filing to such system, as described in the applicable SEC regulation or release approving such filing system.

Section 5. IDENTIFYING INFORMATION; CUSIP NUMBERS. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB. The City shall reference, or cause the Dissemination Agent (if different from the City) to reference, the CUSIP prefix number for the Bonds in any notice provided to the MSRB pursuant to Sections 3 and 4.

Section 6. TERMINATION OF REPORTING OBLIGATION. The obligations of the City under this Disclosure Agreement shall terminate upon the earlier to occur of the redemption, legal defeasance or payment in full of the Bonds.

Section 7. DISSEMINATION AGENT. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent.

Section 8. **AMENDMENT**. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws addressed to the City and the Underwriter of the Bonds to the effect that such amendment is permitted or required by the Rule.

Section 9. **ADDITIONAL INFORMATION**. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of an event listed in Section 3(b), in addition to that which is required by this Disclosure Agreement. If the City chooses to provide any information in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such additional information or include it in any future Annual Financial Information or notice Made Public hereunder.

Section 10. **DEFAULT**. Any Holder, whether acting jointly or severally, may take such action as may be permitted by law, including seeking mandamus or specific performance by court order, to secure compliance with the obligations of the City under this Disclosure Agreement. In addition, any Holder, whether acting jointly or severally, may take such action as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the City hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any Holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

Section 11. **BENEFICIARIES**. This Disclosure Agreement shall inure solely to the benefit of the City, the Underwriter, and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: __________ _____, 2024

CITY OF ALEXANDRIA, VIRGINIA

By: ____________________________________

Name: ____________________________________

Title: ____________________________________

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

This page intentionally left blank.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

Set forth below is the proposed form of the opinion of McGuireWoods LLP, Bond Counsel, regarding the Bonds. It is preliminary and subject to change prior to delivery of the Bonds.

__________ _____, 2024

City of Alexandria
Alexandria, Virginia

$__________
City of Alexandria, Virginia
General Obligation Capital Improvement Bonds,
Series 2024

Ladies and Gentlemen:

We have acted as bond counsel to the City of Alexandria, Virginia (the "City") in connection with the issuance and sale by the City of its $__________ General Obligation Capital Improvement Bonds, Series 2024 (the "Bonds"), dated the date of their delivery.

In connection with this opinion letter, we have examined (i) the Constitution of Virginia (the "Constitution"), (ii) the applicable laws of (A) the Commonwealth of Virginia (the "Commonwealth"), including without limitation the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended and (B) the United States of America, including without limitation the Internal Revenue Code of 1986, as amended (the "Tax Code") and (iii) copies of proceedings and other documents relating to the issuance and sale of the Bonds by the City as we have deemed necessary to render this opinion letter.

As to questions of fact material to our opinions, we have relied upon and are assuming the accuracy of certifications and representations of the City, City officers and other public officials and certain other third parties contained in certificates and other documents delivered at closing, including, without limitation, certifications as to the use of proceeds of the Bonds, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this transaction have been duly authorized, executed, and delivered by all parties to them other than the City, and we have further assumed the due organization, existence, and powers of all parties other than the City.

Based on the foregoing, in our opinion, under current law:

1. The Bonds have been authorized and issued in accordance with the Constitution and laws of the Commonwealth and constitute valid and binding general obligations of the City.

2. The City Council of the City has the power and is authorized and required by law to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes authorized or limited by law, and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

3. Interest on the Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum income tax on individuals (a "Specific Tax Preference Item"). However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

In delivering this opinion letter, we are assuming continuing compliance with the Covenants (as defined below) by the City, so that interest on the Bonds will remain excludable from gross income for federal income tax purposes under Section 103 of the Tax Code. The Tax Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code and not become a Specific Tax Preference Item. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax certificate and related documents for the Bonds (the "Tax Certificates") delivered at closing by the City contain covenants (the "Covenants") under which the City has agreed to comply with such requirements. A failure to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificates, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in the Tax Certificates. We express no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Tax Code of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

4. Interest on the Bonds is excludable from gross income of the owners thereof for purposes of income taxation by the Commonwealth. We express no opinion regarding (i) other tax consequences arising with respect to the Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or equity.

Our services as bond counsel to the City have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to opine on the validity of the Bonds and the income tax status of the interest on them. We express no opinion as to the accuracy, completeness or sufficiency of any offering material or information that may have been relied upon by any owner of the Bonds in making a decision to purchase the Bonds, including without limitation the Preliminary Official Statement of the City dated __________ _____, 2024, and the Official Statement of the City dated __________ _____, 2024. This opinion letter is given as of the date hereof, and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

This opinion is rendered as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

NOTICE OF SALE

This page intentionally left blank.

APPENDIX D

NOTICE OF SALE
$114,925,000*
City of Alexandria, Virginia
General Obligation Capital Improvement Bonds,
Series 2024

Electronic bids, via BiDCOMP/Parity Competitive Bidding System (BiDCOMP/Parity) for the purchase of all, and not less than all, of the $114,925,000* aggregate principal amount of City of Alexandria, Virginia General Obligation Capital Improvement Bonds, Series 2024 (the "Bonds") will be received by the City of Alexandria, Virginia (the "City") until 10:30 a.m., Eastern Time ("Local Time") on October 3, 2024 (unless changed as described herein).

Capitalized terms not defined herein shall have the meanings assigned to them in the Preliminary Official Statement dated the date hereof relating to the Bonds.

Description of Bonds; Interest Payment Dates

The Bonds will be general obligations of the City. The Bonds will be dated their date of delivery, expected to be October 29, 2024*, and will be issued as fully registered bonds in book-entry form only. Interest on the Bonds will be calculated on a 30/360 basis and will be payable semiannually on June 15 and December 15, commencing June 15, 2025.

Principal Amortization

Principal on the Bonds will be paid through serial maturities and/or term maturities with annual sinking fund redemptions on the following dates and in the following amounts:

Maturity Dates (December 15)*	Annual Principal Amounts*	Maturity Dates (December 15)*	Annual Principal Amounts*
2025	$4,235,000	2040	$5,270,000
2026	4,235,000	2041	5,315,000
2027	4,235,000	2042	5,370,000
2028	4,810,000	2043	5,415,000
2029	4,840,000	2044	5,465,000
2030	4,870,000	2045	1,280,000
2031	4,900,000	2046	1,335,000
2032	4,935,000	2047	1,385,000
2033	4,970,000	2048	1,445,000
2034	5,005,000	2049	1,500,000
2035	5,045,000	2050	1,560,000
2036	5,085,000	2051	1,625,000
2037	5,130,000	2052	1,690,000
2038	5,175,000	2053	1,755,000
2039	5,220,000	2054	1,825,000

* Preliminary, subject to change.

Optional Redemption

The Bonds maturing on or before December 15, 2034*, will not be subject to optional redemption. The Bonds maturing on or after December 15, 2035*, will be subject to optional redemption on or after December 15, 2034*, in whole or in part at any time, at par plus interest accrued thereon to the date fixed for redemption.

Serial Bonds, Term Bonds and Mandatory Sinking Fund Redemption

The successful bidder may provide in the bid form for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds to be combined into term bonds. Each such term bond shall be subject to mandatory sinking fund redemption commencing on December 15 of the first year which has been combined to form such term bond and continuing on December 15 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the appropriate amortization schedule. The Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Bonds of the maturity being redeemed. Term bonds with overlapping sinking fund installments or sinking fund installments that overlap serial bond maturities will not be permitted.

Selection of Bonds for Redemption

If less than all of the Bonds are called for optional redemption, the maturities of the Bonds to be redeemed will be called in such order as the City may determine.

If less than all of the Bonds of any maturity are called for redemption, the to be redeemed will be selected by The Depository Trust Company, New York, New York ("DTC") or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, will be selected by the bond registrar by lot in such manner as the bond registrar in its discretion may determine.

Notice of Redemption

The City shall cause notice of redemption to be sent by facsimile transmission, electronic mail, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days before the redemption date to DTC, or, if DTC is no longer serving as securities depository for the Bonds, to the successor securities depository, or if none, to the registered owners of the Bonds to be redeemed at their addresses shown on the registration books maintained by the bond registrar. During the period that DTC or its nominee, or any successor securities depository or its nominee, is the registered owner of the Bonds, the City will not be responsible for causing notices of redemption to be sent to the Beneficial Owners (defined below).

Book-Entry Only

Initially, one bond certificate for each maturity will be issued to DTC or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of, redemption premium, if any, and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable in lawful money of the United States of America.

Transfer of principal, redemption premium, if any, and interest payments to beneficial owners (the "Beneficial Owners") will be the responsibility of DTC participants and other nominees of the Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

---

* Preliminary, subject to change.

In the event that DTC determines not to continue to act as securities depository for the Bonds or the City decides to discontinue the book-entry system with DTC, either a successor securities depository will be selected by the City or the City will cause the execution and delivery of replacement bonds in the form of fully registered certificates.

Security

The Bonds will be general obligations of the City, secured by a pledge of the City's full faith and credit. The City has the power and will be required by law to levy and collect ad valorem taxes without limit as to rate and amount on all property within the City subject to taxation to pay the principal of and interest on the Bonds as the same become due unless other funds are lawfully available and appropriated therefor.

Bid Specifications

No bid for other than all of the Bonds will be considered. All bids must be unconditional. No offer to purchase the Bonds (i) at a price less than 100.00% or less than 97.00% per maturity or (ii) at a "true" or "Canadian" interest cost greater than 6.50% will be accepted. Bidders are invited to name the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Each bidder must specify in its bid a single rate for each maturity of the Bonds. Any number of rates may be named for the Bonds, provided that (a) the difference between the highest interest rate and the lowest interest rate shall not exceed 400 basis points (4.00%) and (b) no interest rate may exceed 5.00%.

Changes to Preliminary Principal Amounts of the Bonds

The City reserves the right to revise the aggregate principal amount and the principal amount of each maturity of the Bonds as set forth on page one of this Notice of Sale (the "Preliminary Principal Amounts"). **Any such revisions (the "Revised Aggregate Principal Amount" and the "Revised Annual Principal Amounts," collectively, the "Revised Amounts") will be announced on www.TM3.com not later than 9:30 a.m., Local Time, on the announced date for the receipt of bids**. In the event that no such revisions are made, the Preliminary Principal Amounts will constitute the Revised Amounts. **Bidders shall submit bids based on the Revised Amounts**. Prospective bidders may request notification by facsimile transmission of any such changes in the Preliminary Principal Amounts by so advising, and furnishing their facsimile numbers to Davenport & Company LLC at (804) 697-2900 no later than 5:00 p.m., Local Time, the day before the date for receipt of bids.

Changes to Aggregate Principal Amount

The Revised Aggregate Principal Amount and the Revised Annual Principal Amounts of the Bonds may be revised by the City following acceptance of a bid for the purchase of the Bonds. In determining the final amounts, the City will not reduce or increase the aggregate principal amount by more than 20%. **The successful bidder may not withdraw its bid or change the price or interest rate bid at the initial reoffering price, as defined herein, as a result of any adjustment made to the Revised Amounts of the Bonds within these limits.** In the event of any such adjustment, no re-bidding or re-calculation of the bids submitted will be required or permitted. The dollar amount bid by the successful bidder for the Bonds will be adjusted to reflect the changes in the Revised Aggregate Principal Amount. Such adjusted dollar amount bid will reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of the Bonds from the selling compensation per $1,000 that would have been received based on the purchase price and the initial reoffering prices in the winning bid. The interest rates specified by the successful bidder for each maturity and the initial reoffering prices will not change. The City anticipates that it will notify the successful bidder of any adjustment to the Revised Amounts of the Bonds by 5:00 p.m., Local Time, on the date of the sale.

Electronic Bidding and Bidding Procedures

Registration to Bid. All prospective electronic bidders must be contracted customers of i-Deal LLC's BiDCOMP/Parity. If you do not have a contract with BiDCOMP/Parity, call (212) 404-8102 to become a customer. By submitting a bid for the Bonds a prospective bidder represents and warrants to the City that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

If any provisions of this Notice of Sale shall conflict with earlier information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 404-8102.

Disclaimer. Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the City nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The City is using BiDCOMP/Parity as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity and notify the City's financial advisor, Davenport & Company LLC (the "Financial Advisor") at (804) 697-2900 (provided that neither the Financial Advisor nor the City shall have an obligation to take any action whatsoever upon receipt of such notice).

Bidding Procedures. Bids submitted electronically for the purchase of the Bonds (all or none) must be by means of the City of Alexandria, Virginia Bid Form (the "Bid Form") via BiDCOMP/Parity by 10:30 a.m., Local Time, on October 3, 2024, unless changed as described herein (see "Change of Date and Time for Receipt of Bids"). Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP/Parity. Once the final bid has been saved in BiDCOMP/Parity, the bidder may select the final bid button in BiDCOMP/Parity to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the City, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/Parity shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the City, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time for receiving such bids specified above.

Good Faith Deposit

The successful bidder for the Bonds, as indicated on BidCOMP/PARITY, shall submit a good faith deposit in the amount of $1,149,250 (the "Good Faith Deposit") for the winning bid on the Bonds to the City as provided below. The Good Faith Deposit will secure the City from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. The successful bidder shall transfer the Good Faith Deposit by wire transfer directly to the City upon notification of the preliminary award of the Bonds (the "Preliminary Award"), but in any case, no later than 3:00 p.m., Local Time, on the date of the Preliminary Award. Wire instructions will be provided to the successful bidder by the City's Financial Advisor upon notification of the Preliminary Award.

The successful bidder shall provide as quickly as it is available, evidence of wire transfer to the City's Financial Advisor by providing to the City's Financial Advisor the federal funds reference number. The formal award of the Bonds shall not be made until the City's Financial Advisor has confirmation of receipt of the Good Faith Deposit, and if the successful bidder fails to so deliver the Good Faith Deposit by the time designated above, the City will have the option to withdraw the Preliminary Award and the successful bidder shall be responsible to the City for all consequential damages arising from such withdrawal.

At the time of delivery of the Bonds, the Good Faith Deposit will be applied against the purchase price for the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its proposal. The successful bidder shall have no right in or to the Good Faith Deposit if it fails to complete the purchase of, and payment in full of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the City. No interest will be paid upon the Good Faith Deposit to the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the City retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

Basis of Award

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the City. The true interest cost (expressed as an annual interest rate) will be determined as being twice that factor or discount rate, compounded semi-annually, which, when applied against each combined semi-annual debt service payment (interest, or principal and interest, as due, including any mandatory sinking fund payment) for the Bonds, will equate the sum of such discounted semi-annual payments to the total purchase price. The true interest cost shall be calculated from the dated date of the Bonds. In case of a tie, the City, at its sole discretion, may select the successful bidder. THE CITY RESERVES THE RIGHT TO WAIVE IRREGULARITIES IN ANY BID AND TO REJECT ANY OR ALL BIDS.

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the City within 24 hours after award, furnish the following information to the City to complete the Official Statement in final form, as described below:

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).

B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.

C. Any other material information that the City determines is necessary to complete the Official Statement in final form.

After the award of the Bonds, the City will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the final Official Statement a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

The City expects the successful bidder to deliver copies of such Official Statement in final form (the "Final Official Statement") to persons to whom such bidder initially sells the Bonds and to the Municipal Securities Rulemaking Board ("MSRB") via the MSRB's Electronic Municipal Market Access System ("EMMA"). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that it has made delivery of the Final Official Statement to the MSRB, to acknowledge that the City expects the successful bidder to deliver copies of the Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

Issue Price Certificate

(a) The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City, on or prior to the Closing Date (as defined below), an "issue price" or similar certificate setting forth the reasonably expected initial offering prices to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and McGuireWoods LLP ("Bond Counsel"). All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Financial Advisor and any notice or report to be provided to the City may be provided to the Financial Advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

(1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the successful bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "Hold-the-Offering-Price Rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The City shall promptly advise the successful bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

(d) By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5^{th}) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

The successful bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public, if that occurs prior to the close of the fifth (5^{th}) business day after the sale date.

(e) If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the successful bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) The City acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement , as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds are awarded by the City to the successful bidder.

Delivery of Bonds

The Bonds are expected to be delivered on or about October 29, 2024* (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS ANNOUNCED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") www.tm3.com NOT LATER THAN 4:00 P.M., Local Time, ON THE LAST BUSINESS DAY PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) (the "Closing Date") through the facilities of DTC, New York, New York, against payment of the purchase price therefor (less the amount of the good faith deposit) in Federal Funds.

There will also be furnished the usual closing papers, including a certificate by the appropriate City officials to the effect that (1) to their knowledge, no litigation of any kind is now pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds, to affect, contest or challenge the validity of the Bonds or in any manner question the proceedings and authority under which the Bonds are issued and (2) the descriptions and statements in the Preliminary Official Statement and Official Statement (except for information relating to "Price or Yield" and "CUSIP No." and except in the section entitled "Book-Entry-Only System") as of the date thereof and on the date of delivery of the Bonds were and are true and correct in all material respects, and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading. Such certificates will also state, however, that such City officials did not independently verify the information indicated in the Official Statement as having been obtained from sources other than the City and its officers, but they have no reason to believe that such information is not accurate.

Legal Opinion

The approving opinion of Bond Counsel, in substantially the form set forth in an appendix to the Preliminary Official Statement, will be furnished at no expense to the successful bidder. The Preliminary Official Statement contains a discussion of the effect of the Internal Revenue Code of 1986, as amended, on the tax treatment of the interest on the Bonds and a description of the opinion of Bond Counsel with respect thereto.

CUSIP Numbers

CUSIP numbers will be applied for by the Financial Advisor with respect to the Bonds, but the City will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Bonds.

Official Statement

The Preliminary Official Statement dated the date hereof and the information contained therein have been deemed final by the City as of its date within the meaning of the Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") with permitted omissions, but is subject to change without notice and to completion or amendment in the Final Official Statement.

The City, at its expense, will make available to the successful bidder a reasonable number of Final Official Statements, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom such bidder and members of its bidding group initially sell the Bonds, within seven business days of the

* Preliminary, subject to change.

award of the Bonds, provided that the successful bidder cooperates in a timely manner in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the MSRB, including an obligation, if any, to update the Final Official Statement.

Continuing Disclosure

Rule 15c2-12 prohibits an underwriter from purchasing or selling municipal securities, such as the Bonds, unless it has determined that the issuer of such securities and/or other persons deemed to be material "obligated persons" have committed to provide (i) on an annual basis, certain financial and operating data and, if available, audited financial statements, to the MSRB via EMMA, as described in 1934 Act Release No. 59062 and (ii) notice of various events described in Rule 15c2-12, to the MSRB via EMMA.

Pursuant to Rule 15(c)2-12, the City will undertake to provide certain limited information at specified times under certain conditions, as more particularly described in the Preliminary Official Statement.

Change of Date and Time for Receipts of Bids

The City expects to take bids on the Bonds on October 3, 2024. However, the City reserves the right to change the date and time established for the receipt of bids, and will undertake to notify potential bidders of such changes in the date or time for the receipt of bids. A change of the bid date will be announced via TM3 not later than 9:30 a.m., Local Time, on any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 at least 20 hours prior to such alternative date and time for receipt of bids.

On any such alternative sale date and time, the City will accept bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time of sale and any other changes announced by TM3 at the time the sale date and time are announced. In addition, the City reserves the right to make changes to this Notice of Sale. Such changes will be announced on TM3.

Additional Information

For further information relating to the Bonds, reference is made to the Preliminary Official Statement, dated the date hereof, prepared for and authorized by the City. Bidders may obtain the Preliminary Official Statement via the Internet at http://finpressllc.com. Printed copies are available upon request from the City's financial advisor, Davenport & Company LLC, One James Center, 901 East Cary Street, Richmond, Virginia 23219 Telephone: (804) 697-2900.

CITY OF ALEXANDRIA, VIRGINIA

Dated: __________ _____, 2024

By: James F. Parajon, City Manager

<u>Exhibit A</u>

(To Notice of Sale)

Form of Issue Price Certificate

$__________
City of Alexandria, Virginia
General Obligation Capital Improvement Bonds
Series 2024

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of __________ (the "[Successful Bidder]"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

[Competitive Sale Requirements Met]

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the [Successful Bidder] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the [Successful Bidder] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the pricing wire or equivalent communication by the [Successful Bidder] to purchase the Bonds.

(b) The [Successful Bidder] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the [Successful Bidder] constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) "*Issuer*" means the City of Alexandria, Virginia.

(b) "*Maturity"* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "*Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) "*Sale Date*" means the date that the Bonds are awarded by the Issuer to the successful bidder. The Sale Date of the Bonds is [DATE].

(e) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by McGuireWoods LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: ___________________________________
Name: ________________________________

Dated: [ISSUE DATE]

[Competitive Sale Requirements Not Met – General Rule to Apply (to those maturities for which 10% were sold on the sale date) /Hold-The-Offering Price to Apply (to those maturities for which 10% were NOT sold on the sale date]

1. Sale of the Bonds – General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. Hold-the-Offering Price Maturities.

The [Successful Bidder] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

As set forth in the Notice of Sale and bid award, the [Successful Bidder] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, the [Successful Bidder] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. Defined Terms.

"*General Rule Maturities*" means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

"*Hold-the-Offering-Price Maturities*" means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

"*Holding Period*" means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date), or (ii) the date on which the [Successful Bidder] has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

"*Issuer*" means the City of Alexandria, Virginia.

"*Maturity*" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

"*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

"*Sale Date*" means the date that the Bonds are awarded by the Issuer to the successful bidder. The Sale Date of the Bonds is [DATE].

"*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Successful Bidder]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McGuireWoods LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: ____________________________________
Name: _________________________________

Dated: [ISSUE DATE]

SCHEDULE A

EXPECTED OFFERING PRICES OR SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

This page intentionally left blank.