

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

A COMPONENT UNIT OF
THE CITY OF ALEXANDRIA, VA
22314

Our Vision

Each student prepared
to thrive in college,
career and community.



Our Mission

We nurture, educate
and inspire each
student for success.



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

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<u>Introductory Section</u>		Page
Letter of Transmittal.....	3	
Principal Officials.....	16	
Alexandria City Public Schools Organizational Chart.....	17	
2024 ASBO Certificate of Excellence in Financial Reporting.....	18	
2024 GFOA Certificate of Achievement for Excellence in Financial Reporting.....	19	
 <u>Financial Section</u>		
Independent Auditors' Report.....	23	
Management's Discussion and Analysis	28	
Basic Financial Statements:		
Government-wide Financial Statements		
Exhibit I Statement of Net Position.....	42	
Exhibit II Statement of Activities.....	43	
Fund Financial Statements		
Governmental Funds		
Exhibit III Balance Sheet.....	44	
Exhibit III-1 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	45	
Exhibit IV Statement of Revenues, Expenditures, and Changes in Fund Balances.....	46	
Exhibit IV-1 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	47	
Proprietary Funds		
Exhibit V Statement of Net Position.....	48	
Exhibit VI Statement of Revenues, Expenses, and Changes in Net Position.....	49	
Exhibit VI-1 Statement of Cash Flows.....	50	
Fiduciary Funds		
Exhibit VII Statement of Fiduciary Net Position.....	51	
Exhibit VIII Statement of Changes in Fiduciary Net Position.....	52	
Notes to the Basic Financial Statements.....	53	

Required Supplementary Information	Page
Exhibit IX Budgetary Comparison Schedule - General Fund.....	124
Exhibit X Budgetary Comparison Schedule - Grants and Special Projects Fund.....	125
Exhibit XI Budgetary Comparison Schedule - School Nutrition Fund.....	126
Exhibit XII-1 Required Supplementary Information - Schedule of Employer Contributions - Pension Plans	127
Exhibit XII-2 Required Supplementary Information - Schedule of Employer Contributions - OPEB.....	128
Exhibit XIII-1 Required Supplementary Information - Schedule of Changes in Net Pension Liability.....	130
Exhibit XIII-2 Required Supplementary Information - Schedule of Changes in Net Pension Liability (Asset).....	131
Exhibit XIII-3 Required Supplementary Information - Schedule of Employer's Share of Net Pension Liability.....	132
Exhibit XIII-4 Required Supplementary Information - Schedule of Changes in Net OPEB Liability.....	133
Exhibit XIII-5 Required Supplementary Information - Schedule of Changes in Net OPEB Liability.....	134
Exhibit XIII-6 Required Supplementary Information - Schedule of Employer's share of Net OPEB Liabilities.....	135
Notes to the Required Supplementary Information.....	136

Supplementary Information

Fund Description: Fiduciary Funds.....	140
Exhibit XIV Combining Statement of Fiduciary Net Position - Pension and Other Post-Employment Benefit Trust Funds.....	141
Exhibit XV Combining Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds.....	142

Statistical Section (unaudited)

Table 1 Net Position - Last ten fiscal years.....	145
Table 2 Changes in Net Position - Last ten fiscal years.....	146
Table 3 Fund Balances - Governmental Funds - Last ten fiscal years.....	147
Table 4 Changes in Fund Balances - Governmental Funds - Last ten fiscal years.....	148
Table 5 General Fund Expenditures by Detail Object - Last ten fiscal years.....	149
Table 6 Capital Projects Fund Expenditures - Last ten fiscal years.....	150

	Page
Table 7	Ratios of Debt Service to Total General Fund Expenditures - Last ten fiscal years.....151
Table 8	Cost Per Pupil - Last ten fiscal years.....152
Table 9	Demographic Statistics - Last ten fiscal years.....153
Table 10	Total Student Membership by Grade - Last ten fiscal years.....154
Table 11	School Nutrition Services Meals Served - Last ten fiscal years.....155
Table 12	School Nutrition Services Revenues and Expenditures - Last ten fiscal years.....156
Table 13	School Nutrition Services Sale Prices - Last ten fiscal years.....157
Table 14	School Nutrition Services Principal Clients - Current year and nine years ago.....157
Table 15	Full-time Equivalent by Function - All Funds - Last ten fiscal years.....158
Table 16	Capital Assets Information by Function - Last ten fiscal years.....159
Table 17	Teachers' Education and Experience.....160
Table 18	Teachers' Base Salaries - Last ten fiscal years.....161
Table 19	Principal Employers - Current year and nine years ago.....162
Table 20	Ratio of Net General Debt to Assessed Value - Last ten fiscal years.....163
Table 21	Real and Personal Property Tax Assessments and Rates - Last ten calendar years.....164

Compliance Section

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	165
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INTRODUCTORY SECTION



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

EQUITY FOR ALL 2025
STRATEGIC PLAN 2020-2025

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

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



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Superintendent
Dr. Melanie Kay-Wyatt

School Board

Chair
Michelle Rief

Vice Chair
Christopher Harris

Members
Abdulah Abdalla
Tim Beaty
Kelly Carmichael Booz
Donna L. Kenley
Ryan Reyna
Alexander Crider Scioscia
Ashley Simpson Baird

December 15, 2025

The Honorable Dr. Michelle Rief and
Members of the Alexandria City School Board and
Citizens of the City of Alexandria, Virginia:

We are pleased to submit the *Annual Comprehensive Financial Report* (the Financial Report) of the Alexandria City Public Schools (ACPS or The School Board) for the fiscal year ending June 30, 2025. It has been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as applicable to local government entities. Responsibility for the accuracy of the data, as well as the completeness and fairness of its presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of ACPS for the fiscal year ending June 30, 2025. ACPS is considered a component unit of the City of Alexandria, Virginia (City), and, accordingly, the financial position and results of operations of ACPS are also reflected in the financial statements included in the City's Financial Report.

The Virginia Auditor of Public Accounts or a firm of independent Certified Public Accountants requires an independent audit of the School Board's finances each fiscal year. The *Code of Virginia* (Section 15.2-2510) requires ACPS to submit its audit report to the Auditor of Public Accounts by December 15 of each year. This document will be submitted in fulfillment of this requirement. An audit was also conducted to meet the requirements of the Federal Single Audit Act Amendment of 1996 and the related Office of Management and Budget Uniform Grant Guidance.

CliftonLarsenAllen LLP audited ACPS' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of ACPS for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the ACPS financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP).

The independent audit of the school division's financial statements was part of the broader, federally mandated "Single Audit," designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal control and legal

requirements involving the administration of federal awards. The independent auditors' report is available in the Other Supplementary Information section of the Financial Report.

The report aims to provide a comprehensive overview of key financial data, catering to the needs of citizens, taxpayers, financial institutions, and the School Board. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it.

Profile of the Alexandria City Public Schools

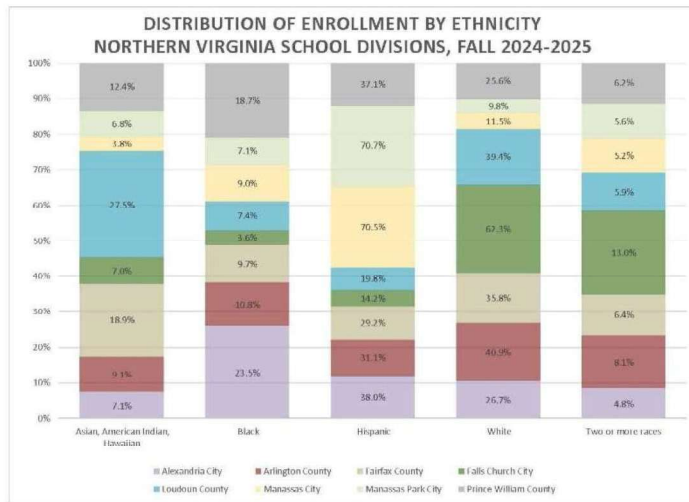
Alexandria City Public Schools is a school division serving the residents of the City of Alexandria.

The City is located on the west bank of the Potomac River across from Washington, D.C., and was established in 1749 by an Act of the Virginia General Assembly. The City is autonomous from any county, town, or other political subdivision of the Commonwealth of Virginia. It has a total area of 15.48 square miles and an estimated population of approximately 159,400, according to the U.S. Census Bureau.

The City is a primary government entity financially accountable for a legally separate entity, the School Board of the City of Alexandria (the School Board). The School Board is the elected body established under Virginia law to provide public education from pre-kindergarten through twelfth grade to children residing within the City of Alexandria, Virginia. The School Board consists of nine members, each serving a three-year term. The School Board members elect one member to serve as Chair of the School Board and a second member to serve as Vice Chair.

The School Board determines educational policy and employs a superintendent of schools to administer the school division. The School Board cannot levy or collect taxes, nor can it increase the City appropriation. Because of its relationship with the City, it is considered a component unit of the City, as defined by GAAP. ACPS has no component units for financial reporting purposes.

ACPS ranks 16th in enrollment of the 132 school divisions in the Commonwealth of Virginia and is in proximity to the three largest Virginia school divisions (Fairfax, Prince William, and Loudoun County Public Schools). It has a vibrant multicultural community, and students reflect an even broader diversity than that of the City. ACPS serves a diverse student population, comprising students from more than 118 different countries, who speak more than 127 native languages and represent a myriad of cultural and socioeconomic groups. The chart below illustrates this rich diversity compared to neighboring school divisions.



Source: Virginia Department of Education, 2024-2025 Fall Membership

For the 2024-25 school year, ACPS experienced an increase of 258 students, a total student enrollment of 16,395, compared to the prior school year. Enrollment for the 2025-26 school year is projected at 16,646 students, representing an estimated 1.5 percent increase.

Currently, the school division operates one high school with four campuses (newly constructed state-of-the-art Minnie Howard building, King Street – main campus, Satellite campus for flexible online learning, and the Chance for Change Academy - a campus for alternative education), two middle schools (grades 6 – 8), one K – 8 school, one PreK - 8 school and eleven elementary schools (grades PreK – 5). ACPS also operates the Northern Virginia Juvenile Detention Center School and the Early Childhood Center.

Most ACPS school buildings were built between 1940 and 1960. By the close of 2024, four of the 18 ACPS facilities will be older than 75 years. This includes Mount Vernon, Naomi L. Brooks, and George Mason elementary schools, as well as George Washington Middle School. Over the next 20 years, seven more schools will reach 75 years or more. This highlights our concern about maintaining and replacing our aging systems and infrastructure. Construction on the new Douglas MacArthur Elementary School was completed in August 2023, and construction on the new Minnie Howard campus building was completed in May 2024. Construction on the new George Mason Elementary School is underway and is expected to be completed by summer 2027.

Local Economic Outlook and Long-term Financial Planning

Since 2009, the Greater Washington, D.C. area's economic performance has continued to show improvement, as evidenced by increased real estate listings and sales prices. The City of Alexandria and Northern Virginia usually outperform the rest of the Commonwealth. Based on the U.S. Census Bureau's 2022 five-year estimate data, the unemployment rates for the City and the Commonwealth are 2.4 percent and 2.8 percent, respectively, for the population 16 years and over. These rates remain lower than the average national unemployment rate of 3.4 percent.

Since 2010, real property tax, which generates over half of the City's general fund revenues, has continued to increase. Residential tax revenue increased by 3.8 percent compared to 2023, while the average assessed value of residential property increased by 3.7 percent.

ACPS is funded from local, state, and federal resources. State and City funds are the two largest sources of revenue, representing approximately 99.6 percent of total General Fund revenues. ACPS does not have the authority to levy taxes directly to support education; as such, the school division is fiscally dependent on the City. State revenues are determined based on Average Daily Membership (ADM) and the local composite index, which measures a school division's ability to pay education costs to meet the Commonwealth's Standard of Quality (SOQ). Significant funding is also received from federal grants.

Each year, ACPS staff develop and present a five-year fiscal forecast with varying revenue and expenditure assumptions to facilitate informed decision-making as part of the budget process. With approximately 80 percent of General Fund revenue derived from the City appropriation, assumptions regarding the City's revenue growth and the resulting increase or decrease in the City appropriation can drive forecast results. Similarly, for budgeted expenditures, salaries and benefits comprise approximately 88 percent of total General Fund expenditures. Additionally, assumptions related to salary increases and the growth of healthcare and retirement costs can drive forecast results. The most recent forecast shows that the school division will face funding shortfalls that range from approximately \$10.0 million for FY 2026 to over \$29.5 million by FY 2030 (without the use of fund balance). Under the *Code of Virginia*, school boards are required to adopt a balanced budget, which means that the projected revenues plus the beginning fund balance must fully cover the total estimated expenditures. As a result, the School Board and division leadership are evaluating various strategies to increase revenue, reduce costs, and optimize overall efficiency, ensuring that structural deficits are not sustained.

Major Initiatives and Highlights

1. Advancing Capital Planning and Operational Initiatives

- *Capital Programs, Planning, and Design*

- George Mason Modernization Project*

- The Capital Programs, Planning, and Design (CCPD) team successfully completed the George Mason Modernization Project design process,

which included monthly community and superintendent advisory team meetings with key stakeholder representatives to ensure the project reflected the needs and priorities of the school community. Approval was secured from the City in May 2025, with all operations and technology resources successfully transitioned to the swing space. The project has officially moved into its construction phase, which is expected to continue through the 2025 and 2026 school years. George Mason Elementary School students and staff are projected to return to a new, modernized facility in the fall of 2027.

Swing Space at 1703 N. Beauregard Street

Construction at the swing space at 1703 N. Beauregard Street continued throughout the 2024-25 school year, with substantial completion achieved in May 2025. The Capital Programs, Planning, and Design (CPPD) team oversaw the final phases of work to ensure the building would fully support the George Mason community during the modernization period. The facility features two outdoor play spaces, an art room equipped with a kiln, dedicated music and media spaces, and a full gym. With the building complete and fully outfitted, it welcomed students and staff for the 2025–26 school year.

National School Boards Association Go Green Initiative

Alexandria City Public Schools (ACPS), in Environmental Protection Agency (EPA) Region 3, is one of the first 10 school districts selected by the National School Boards Association (NSBA) and Go Green Initiative (GHGs) to participate in a multi-year initiative to improve indoor air quality (IAQ) and reduce greenhouse gas emissions (GHGs) in school facilities across the country. Each school district will receive \$50,000 in grant funding and on-the-ground technical assistance to develop and implement Board-approved IAQ Management and GHG Reduction Plans.

- *AIM-AHEAD After School STEM Club Awarded its Third NIH Grant*

The AIM-AHEAD after-school Science, Technology, Engineering, and Mathematics (STEM) club at ACPS was awarded its third National Institutes of Health (NIH) grant. “Data Detectives: Empowering Middle School Students and Teachers to Explore Health Disparities Through Big Data” was selected as an awardee for the Hub-Specific Pilots-Year 3.

2. Sharing 2024-25 School Year Academic Highlights

- *Number of Graduates and Scholarships Awarded*

- 984 Alexandria City High School (ACHS) graduates received their diplomas in 2025, the largest graduating class in ACHS history. The new ACHS graduates plan to attend more than 134 universities, serve in the military, pursue a career, take a gap year, or learn a technical vocation.

- Thirty students have indicated a commitment to serve in the U.S. military.
- Twenty-three seniors have planned gap years through the following organizations: Year Up, AmeriCorps, and employment/internships.
- Fifty-five students will attend trade schools to study technical, Heating, Ventilation, and Air Conditioning (HVAC), dentistry, electrical apprenticeship, and automotive service trades.
- 444 seniors (37% of the Class of 2025) graduated with an Advanced Studies Diploma, the highest percentage of ACHS students to earn an Advanced Studies Diploma.
- 518 members of this class have reported pursuing a bachelor's degree, and 102 are planning on pursuing an associate's degree (as of May 20, 2025).
- Class diversity of the 984 graduates:
 - Asian (non-Hispanic): 7%
 - Black/African American (non-Hispanic): 24.69%
 - Hispanic all races: 36%
 - White/non-Hispanic: 28.8%
 - Multi (non-Hispanic): 3%
- Scholarship and Academic Accomplishments of Our Students
 - 215 students received scholarships from The Scholarship Fund of Alexandria totaling \$700,400 for their first year of college, to be renewed throughout their four years of study, totaling \$2,611,850 in value.
 - Twenty Titan athletes signed letters of intent to compete in collegiate athletics in nine sports.
 - Titan graduates received at least \$2,000,000 in merit scholarships, including from the following organizations: HBCU Week Foundation, Inc., Questbridge College Match, POSSE Foundation, Gates Foundation, Akerson Family Foundation, Beat the Odds Program (BTO), Army ROTC, Air Force ROTC, Navy ROTC, Alexandria Sportsman Club, Educational Opportunities for Alexandrians (EOA), United Negro College Fund (UNCF), Dell Scholars Program, Amazon Future Engineers, Harry F. Byrd Scholarship Foundation, Alfred Street Baptist Church (ASBC) Foundation, Cooley-Moore Scholarship, Thurgood Marshall College Fund (TMCF), as well as many of the schools they will be attending.
 - ACHS had three students, among the more than 16,000 semifinalists, announced as 2025 National Merit® Scholarship Program semifinalists. Genevieve A. Watkins was selected as the 2024-25 National Merit Scholarship recipient.
 - ACPS student James Libresco was selected as the winner of the Harry F. Byrd Jr. Leadership Award from Virginia's 8th Congressional District. One student from each of Virginia's 11 congressional districts was selected based on their "academic accomplishment, excellence of character, qualities of leadership, and devotion to duty."

- Scholarships were awarded to five Alexandria City High School (ACHS) students, two of whom are Posse Foundation scholarship recipients, and three others are QuestBridge scholars. The Posse Foundation presented full-tuition scholarships to Ana Garcia and Seamus White. QuestBridge scholars included Hana Lemma, Careco Masele, and Essey Tesfai. Each was awarded a full-ride scholarship, including room and board as well as tuition, to some of the most prestigious institutions of higher education in the United States.
- New records were set by the Alexandria City Public Schools (ACPS) Advancement Via Individual Determination (AVID) Class of 2025 in terms of senior class enrollment as well as scholarships and funding received. ACPS honored 58 seniors as it marked 16 years of AVID programming within the district. The Class of 2025 is the twelfth AVID graduating cohort from ACHS. Collectively, over \$6.39 million was awarded to the ACHS AVID Class of 2025 by The Scholarship Fund of Alexandria (SFA). More than 80% of the AVID seniors earned at least one scholarship. The class includes recipients of prestigious national scholarships, achieving the "triple crown" with students named as Dell, Posse, and QuestBridge Scholars.
- Alexandria City High School's (ACHS) Evan Ameer Khanna was awarded the Gerry Bertier Scholarship by the Alexandria Commission on Persons with Disabilities.
- Two ACHS graduating seniors, Josephine Damico-Lassman and Kalina Janevski, were honored, respectively, at the annual Northern Virginia Athletic Directors, Administrators and Coaches Association (NVADACA) breakfast banquet for receiving the Herbert Lain Holt Scholarship in honor of the former T. C. Williams High School athletic director and the Del Wilson Memorial Scholarship.
- Staff Accomplishments
 - ACPS Director of School Nutrition Services (SNS) Dr. Eric Coleman was named Director of the Year for the Mid-Atlantic Region by the School Nutrition Association (SNA).
 - ACHS Family Engagement Social Worker Ana Bonilla-Galdamez was selected as the recipient of the 2025 National School Social Worker of the Year Award.
 - ACHS Orchestra Director Veronica Jackson has been recognized as the Orchestra Director of the Year for the Commonwealth of Virginia by the Virginia String Teachers Association (VASTA). This award recognizes an orchestra director who has exhibited the highest levels of leadership, dedication, and achievement as an orchestra teacher and conductor, resulting in significant advancement of their program.
 - ACPS K-12 Substance Use Prevention and Early Intervention Services Coordinator, Fredy Martinez, was recognized with a WRAPPY, the Washington Regional Alcohol Program (WRAP) 2024 Youth Leadership Award.

- Seven Anne R. Lipnick Awards, which acknowledge and honor the work of outstanding ACPS administrators, special education teachers, general education teachers, related service providers, instructional assistants or other support staff whose classroom and therapeutic practices exemplify excellence in specialized instruction in the spirit of true inclusion, were individually awarded to Julianne Keil, Francis Meyers, John Michael Mulderig, Audrey Robinson, Shana Smith, Marvin Hyman and Theresa Swan.
- ACPS educator Mr. Gregory Baldwin was recognized as a 2024 Men of Courage Lifetime Achievement Award for his selfless service to the City of Alexandria students and community. Mr. Baldwin is a graduate of ACPS and has served the district for more than 30 years.
- ACPS Teacher of the Year Sharon Phox was honored with the 2026 Virginia Teacher of the Year recognition, which she received from the Virginia Department of Education at an event hosted by Governor Glenn Youngkin and Virginia Department of Education leaders at the governor's mansion.
- Among the Alexandria Chamber of Commerce 40 Under 40 honorees in 2025 were Alexandria City Public Schools (ACPS) Chief Information Officer Dr. Emily Dillard and Alexandria City High School teacher and Titans Varsity Volleyball Coach Danielle Thorne. Each of this year's honorees is celebrated for their impact on the Alexandria community.
- Alexandria City Public Schools' (ACPS) Early Childhood Center (ECC) Principal Heidi Haggerty Wagner was among the Virginia Department of Education (VDOE) Principals of Distinction. This new VDOE program highlights the contributions of these principals to education while also providing the opportunity to gain valuable experiences for professional growth.
- Alexandria City Public Schools (ACPS) Division-Wide (Amharic) Family Liaison Tesfaye Amberber was selected to receive the fifth Annual Children, Youth and Families Collaborative Commission Champions of Children Award. Amberber played a key role in the development of the Amharic-language Welcome to ACPS Family Toolkit, which provides essential information to help newly arrived Amharic-speaking families successfully navigate the school system.
- ACPS Office of School Nutrition Services has been honored with the Action for Healthy Kids – Healthy Meals Initiative Award for Recipe Innovation, sponsored by the USDA in partnership with the Chef Ann Foundation.

3. Spotlighting Family Engagement and Communication Initiatives

- *Power Partner of the Year Award: ACPS Superintendent Dr. Melanie Kay-Wyatt*

ACPS Superintendent Dr. Melanie Kay-Wyatt was named a 2024-25 Virginia PTA "Power Partner of the Year." "Dr. Kay-Wyatt has gone above and beyond to build relationships between parents and the school,

including through the school and council PTAs,” said Alexandria Parent-Teacher Association Council (PTAC) President Catie Brownback, who went on to say Dr. Kay-Wyatt “has demonstrated her commitment to creating safe, caring, inclusive environments where all students and families can feel supported and valued.”

- *Superintendent Accepts Eboné Image Award*

The Northern Virginia Chapter of the National Coalition of 100 Black Women selected ACPS Superintendent Dr. Melanie Kay-Wyatt as its 2025 Eboné Image Award recipient in the category of education.

- *ACPS is a Silver Anvil Finalist*

The ACPS Department of School and Community Relations was selected for the 2025 Public Relations Society of America (PRSA) Silver Anvil Award of Excellence for its submission entitled “Building the Plane While Flying: The Academies at Alexandria City High School.” Silver Anvil Awards celebrate the best strategic public relations campaigns of the year, as well as outstanding organizational excellence.

- *ACPS Among 2024 Alexandria Beautification Awards Recipients*

ACPS is among the recipients of the 2024 Alexandria Beautification Awards. ACPS’ new Douglas MacArthur Elementary School was singled out in the area of architectural design, which is the backbone of Alexandria’s visual identity, blending historical charm with contemporary vision. The new building is also the first net-zero-ready school for ACPS, so the power generated for the school itself will be matched by the energy actually used by the facility.

- *Child Advocate of the Year Award: Alexandria City High School Parent Maureen McNulty*

ACHS parent Maureen McNulty was honored as a Virginia PTA Child Advocate of the Year. As a parent of an ACHS eleventh grader and an ACHS alum, McNulty has been a champion advocate for the ACPS budget process for the last several years.

- *Impactful PTAs Award: George Mason Elementary School and Lyles-Crouch Traditional Academy*

Recognized among the 2024-25 “Impactful PTAs” are the George Mason Elementary School (George Mason) and the Lyles-Crouch Traditional Academy (Lyles-Crouch) Parent Teacher Associations (PTA). George Mason transformed its traditional pasta fundraiser into an International Night to celebrate its increasingly diverse school community. The school has also strived to increase family engagement by using traditional sandwich posters to advertise upcoming PTA events, in addition to using ParentSquare. The Lyles-Crouch PTA was recognized for its Ruby Bridges Walk to School Day, which featured a speaker from the Office

of Historic Alexandria, as well as a walk around the school's perimeter to encourage all students' participation in honor of the American civil rights activist. This activity enabled students to understand who Ruby Bridges was and recognize that they, too, can make a positive impact in their community.

- *ACPS Receives Awards of Excellence at CHESPRRA Fall 2024 Conference*

Alexandria City Public School's (ACPS) Department of School and Community Relations was honored with four awards during the Fall 2024 Conference of the Chesapeake Chapter of School Public Relations (CHESPRRA) in Harrisonburg, Virginia. An award of excellence was achieved for the School and Community Relations Standard Operating Procedures (SOP) project. Additionally, ACPS earned honorable mentions in the special campaign category for "Building the Plane While Flying It: The Academies at Alexandria City" and the "ACPS Athletic Hall of Fame Induction Ceremony." Another honorable mention was awarded in the special event category for "Panda Community Conversations Presents Salsa y Salsa: Creating a Sense of Belonging." These awards highlight ACPS' commitment to effective communication and community engagement.

- *ACPS Wins 17 2025 NSPRA National School Communication Awards*

ACPS received 17 National School Public Relations Association (NSPRA) Communication Awards in the 2025 competition that showcases the creativity, strategy, and impact of school communication professionals and education leaders across the United States.

- Three NSPRA 2025 Golden Achievement Awards
- Fourteen NSPRA 2025 Publications and Digital Media Awards, including four Awards of Excellence, five Awards of Merit, and five Awards of Honorable Mention

- *ACPS FACE Center Selected as Community Partner of the Year*

Alexandria City Public Schools' Family and Community Engagement (FACE) Center was selected as one of the English Empowerment Center Community Partners of the Year. It was recognized for its meaningful partnership, which serves the families of Alexandria.

Financial Information

ACPS ended the fiscal year in sound financial condition. The government-wide financial statements reflect revenues exceeding expenditures by \$30.8 million. General Fund expenditures and other financing uses exceed revenues by approximately \$2.3 million using the modified accrual basis of accounting. The FY 2025 Annual Comprehensive Financial Report reflects continued strong and fiscally prudent management practices.

Fund Accounting: ACPS reports its financial activities through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. (See Note 1 of the Notes to the Basic Financial Statements for a summary of significant accounting policies and descriptions of fund types.)

Internal Control: ACPS management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school division are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance is based on the assumption that the cost of internal financial controls should not exceed the expected benefits from their implementation. As a result, one inherent limitation of internal controls is that a certain degree of risk will always be unavoidable due to cost-benefit considerations.

For both general and special revenue funds, ACPS utilizes a fully integrated accounting system as well as an automated system of controls for capital assets and payroll. These systems, coupled with the manual review of each voucher before payment, ensure that the financial information generated is both accurate and reliable.

The audit for the year ended June 30, 2025, disclosed no material internal control weaknesses or material instances of noncompliance or other violations of laws, regulations, contracts, and grant agreements.

Budgetary Control: Under Virginia law (Section 22.1-93), the School Board must prepare and approve an annual budget by May 15 or within 30 days of receiving the estimates of state funds, whichever occurs later. ACPS maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget. The fiscal year begins on July 1 and ends on June 30, with all annual unencumbered appropriations lapsing at year's end. Outstanding encumbrances of certain governmental funds at the end of the fiscal year are re-appropriated as part of the following fiscal year's operating budget.

Budgets are also prepared annually for the Grants and Special Projects Fund and the School Nutrition Fund (special revenue funds). The school lunch program relies on federal and state reimbursements, as well as cafeteria sales, to support its overall food service activities for lunch and breakfast.

The Capital Projects Fund is budgeted on a project-by-project basis and represents the total project budget for projects anticipated to begin during that fiscal year. The City establishes debt service funds in accordance with the requirements of bondholders. The City's financial system currently records all budgets and expenditures related to the capital projects fund.

The budget is controlled at both the legal and administrative levels. The legal level is established at the individual fund level, while administrative controls are implemented at the office and school levels within each fund. ACPS also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at the end of the fiscal year in the general fund, grants and special projects fund, and the school food services fund are carried forward and available in the subsequent fiscal year as appropriate.

Each department administrator and school principal is provided with monthly financial reports that show the status of the budget accounts for which they are responsible, as well as detailed transaction reports. They are also provided a report listing outstanding encumbrances for the current and prior years.

Other Information

Awards

Certificate of Excellence (ASBO): The Association of School Business Officials International (ASBO) awarded the Alexandria City Public Schools a Certificate of Excellence in Financial Reporting for the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. This is the 22nd consecutive year that ACPS has achieved this prestigious award.

ASBO designed this financial reporting award to help school officials achieve a high standard of financial reporting. The award is only conferred upon school systems that meet or exceed the program's standards. We believe that our current Financial Report also conforms to the ASBO Certificate of Excellence program requirements. We are submitting it to ASBO to determine its eligibility for another certificate.

Certificate of Achievement (GFOA): The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ACPS for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 15th year ACPS has achieved this prestigious award. To be awarded a Certificate of Achievement by the GFOA, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

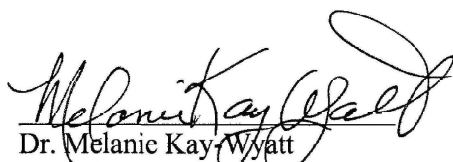
A Certificate of Achievement is valid for a period of one year only. We believe that our current Financial Report continues to meet the GFOA's Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the two awards for excellence in financial reporting described above, ACPS has also earned the Meritorious Budget Award from the ASBO and the Distinguished Budget Presentation Award from the GFOA for the fiscal year ended June 30, 2025. These awards are valid for a period of one year only, and we believe that our budget report will continue to conform to the program requirements of both organizations. We will submit our fiscal year 2026 budget to ASBO and GFOA to determine the School Board's eligibility for another certificate award.

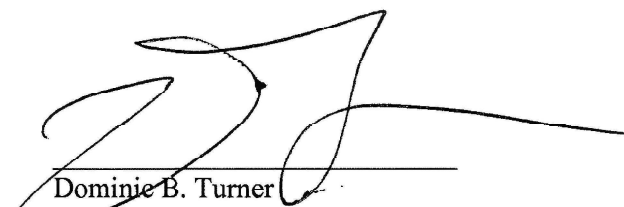
Acknowledgments

The preparation of this report would not have been possible without the hard work, professional dedication, and continuing efforts of the entire staff of the Financial Services Department. We would like to express our sincere appreciation to everyone in the department who assisted with and contributed to the preparation of this report. We would also like to acknowledge the cooperation and assistance of the ACPS departments and schools throughout the year in their efficient administration of ACPS' financial operations. Appreciation is also extended to the School Board and ACPS leadership team, whose continued support is vital to the economic health of the school division. This report is the result of extensive teamwork throughout ACPS.

Respectfully submitted,



Dr. Melanie Kay Wyatt
Superintendent



Dominic B. Turner
Chief Financial Officer



Michael A. Covington
Director, Accounting

School Board

Michelle Rief	Chair
Christopher Harris	Vice-Chair
Abdulah Abdallah	Member
Tim Beaty	Member
Kelly Carmichael Booz.....	Member
Donna L. Kenley	Member
Ryan Reyna	Member
Alexander Crider Scioscia.. ..	Member
Ashley Simpson Baird	Member

Dr. Jamie Deaton.....	Senior Clerk of the Board
Susan Neilson.....	Clerk of the Board
Robert Falconi.....	Division Counsel

Superintendent's Leadership Team

Dr. Melanie Kay-Wyatt	Superintendent of Schools
Dominic B. Turner	Chief Financial Officer
Julia A. Burgos	Chief of School & Community Relations
Dr. Marcia Jackson	Chief of Student Services & Equity
Dr. Emily Dillard.....	Chief Technology Officer
Dr. Pierrette Finney	Chief Academic Officer
Dr. Clinton Page	Chief of Accountability & Research
Vacant.....	Chief Operating Officer
Dr. Grace Taylor.....	Chief of Staff
Kamika Valmond	Executive Director, Human Resources
Amanda Ou.....	Executive Director, Facilities
Vacant.....	Executive Director, Support Operations
Taneika Taylor Tukan	Executive Director, Community Partnership & Engagement
Vacant.....	Executive Director, Student Services
Daryl Johnson.....	Executive Director, Communications
Carmen Sanders	Executive Director, Instructional Support
Dr. Bethany Nickerson	Executive Director, English Learner Services
Dr. Victor Martin	Executive Director, Student Support Teams
Amy Creed	Executive Director, Specialized Instruction
Kennetra Wood	Executive Director, Equity & Title IX Coordinator
Michael Routhouska.....	Executive Director, School Leadership
Dr. Anthony Sims	Executive Director, School Improvement

Introduction-Organizational Chart





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

Alexandria City Public Schools
for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Alexandria City Public Schools
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Strategic Plan Goal - Systemic Alignment

ACPS will build a culture of continuous improvement and design equitable systems for school and instructional improvement.



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Members of the Board
Alexandria City Public Schools
Alexandria, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria City Public Schools, a component unit of the City of Alexandria, Virginia as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Alexandria City Public Schools's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexandria City Public Schools, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 1V, Alexandria City Public Schools changed accounting policies related to the recognition and measurement for compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, in 2025. Our opinion is not modified with respect to this matter.

Members of the Board
Alexandria City Public Schools

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Members of the Board
Alexandria City Public Schools

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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.

Members of the Board
Alexandria City Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025, on our consideration of the Alexandria City Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alexandria City Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alexandria City Public Schools' internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Arlington, Virginia
December 4, 2025

FINANCIAL SECTION

Management's Discussion & Analysis



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

Introduction

Our discussion and analysis of Alexandria City Public Schools' (ACPS) financial performance provides an overview of ACPS' financial activities for the fiscal year ended June 30, 2025. The intent of this management discussion and analysis is to consider ACPS' financial performance as a whole. Readers should also review the letter of transmittal, basic financial statements, notes to the basic financial statements, and supplementary information to enhance their understanding of ACPS' financial performance.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments, as amended. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. The reporting model is a combination of both government-wide financial statements and fund financial statements.

Financial Highlights

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The financial status of ACPS, as reflected by net position, increased by \$30.8 million to a deficit of \$173.5 million at June 30, 2025. The total net position is comprised of \$42.1 million net investment in capital assets, \$1.1 million is restricted for grant and special revenue programs; \$5.7 million is restricted for health benefits reserves and \$14.0 million is restricted for net pension and OPEB assets. The unrestricted net position deficit decreased by \$14.3 million, to a total deficit of \$236.4 million.

On a government-wide basis for governmental activities, the school division's revenues of \$418.2 million exceeded expenses of \$387.4 million by \$30.8 million.

FUND FINANCIAL STATEMENTS

As of the close of the current fiscal year, ACPS' governmental funds reported combined ending fund balances of \$17.9 million, a decrease of \$5.9 million in comparison with the prior year. Of this \$17.9 million combined fund balance, \$5.4 million is available as unassigned fund balance and may be designated for use at the discretion of the School Board or management.

At June 30, 2025, the General Fund reported an ending fund balance of \$16.5 million, a decrease of \$2.3 million from the prior year. The fiscal year 2025 original budget included an authorized use of fund balance of up to \$7.0 million.

Overview of the Financial Statements

This Financial Section of the Annual Comprehensive Financial Report consists of four parts: 1) Management's Discussion and Analysis (MD&A), 2) basic financial statements (government-wide and fund statements) including notes to the financial statements, 3) required supplementary information, and 4) supplementary information.

The basic financial statements consist of two kinds of statements that present different views of ACPS' financial activities. The government-wide financial statements provide both long-term and short-term information about ACPS' overall financial status. The fund financial statements report ACPS' operations in more detail than the government-wide statements.

The Statement of Net Position and Statement of Activities provide information on a government-wide basis. These statements present an aggregate view of ACPS' financial position. Government-wide statements contain useful long-term information as well as information for the just completed fiscal year.

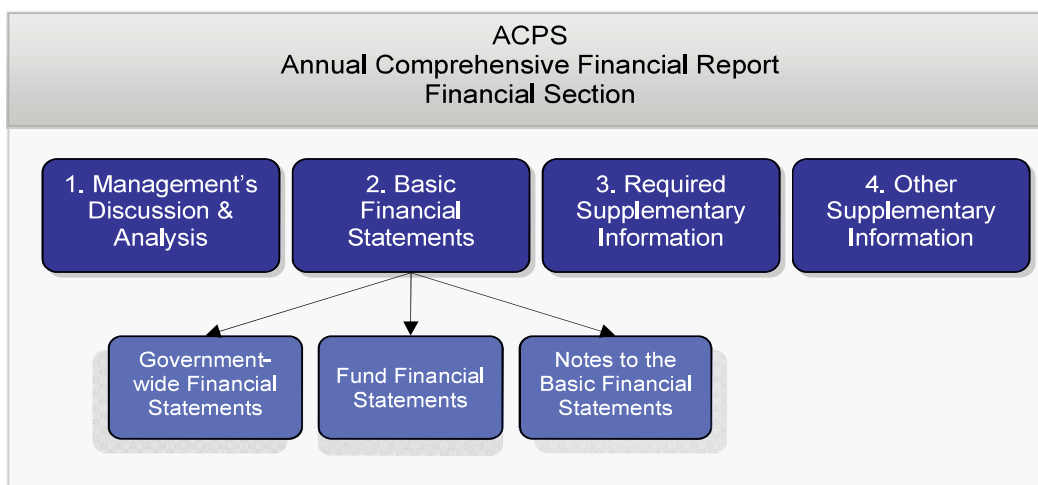
The remaining statements are fund financial statements that focus on the individual funds of ACPS, providing primarily short-term information. Fund statements report operations in more detail than government-wide statements.

The notes to the financial statements explain some of the information in the statements and provide additional disclosures so that statement users have a complete picture of ACPS' financial activities and position.

The required supplementary information further enhances the financial statements with budgetary comparisons and pension trend data. The budgetary comparisons provide three separate types of information: the original budget, the final amended budget and the actual expenditures. Three statements are required to be presented in connection with the defined benefit plans; schedule of employer contributions, schedule of changes in net pension liability and a schedule of employer's share of net pension liability. For the OPEB trust, two schedules are required; schedule of employer contributions and a schedule of changes in net OPEB liability.

The supplementary information refers to information about our fiduciary funds and is presented immediately following the required supplementary information on pensions.

The following diagram shows how the various parts of the financial section are arranged and relate to one another.



Government-wide Financial Statements

The government-wide statements report information about ACPS as a whole, using accounting methods similar to those used in private-sector companies. The Statement of Net Position and the Statement of Activities provide information about the activities of the school division as a whole, presenting both an aggregate and a long-term view of the financial position. These statements include all assets, liabilities and deferred inflows and outflows of resources using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all of ACPS' (1) assets and deferred outflows of resources, (2) liabilities and deferred inflows of resources, and (3) the difference between them reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of the school division is improving or deteriorating.

The Statement of Activities presents information on ACPS' costs of providing services and the resources obtained to finance those services. This statement also highlights to what extent ACPS programs are able to cover their costs with user fees, operating grants and contributions, as opposed to being financed with general revenues. In addition, the statement provides overall information as to whether the financial position has improved or deteriorated during the fiscal year.

During the fiscal year ended June 30, 2025, ACPS adopted the new accounting standard issued by the Governmental Accounting Standards Board (GASB), Statement No. 101, Compensated Absences. As a result of adopting this Statement, ACPS restated the total beginning net position on the Statement of Activities (Exhibit II) by \$24.3 million to a deficit of \$204.3 million. On the Summary of Net Position table shown on p.31, the Current and Long-term Liabilities balances, as of June 30, 2024, were increased by \$24.3 million, to enhance the comparison of these amounts with fiscal year ended June 30, 2025.

Financial Analysis of ACPS as a Whole

In government-wide financial statements, the activities can be divided into two categories: governmental activities and business-type activities. ACPS reports only governmental activities, since it has no business-type activities. The governmental activities of ACPS include the school division's principal functions, such as instruction, administration, plant operations and maintenance of school buildings, pupil transportation, food services, and attendance and health. These governmental activities are primarily supported by the City of Alexandria (the City), State aid and intergovernmental revenues.

In response to GASB Statement No. 34, the Virginia General Assembly passed a law that established the local option of creating, for financial reporting purposes, a tenancy in common between the city/county and the local school board when the city/county issues bonds for financing school construction. The sole purpose of the law is to allow cities and counties the ability to match the recording of school assets and related liabilities. As a result, certain school assets financed with the City's general obligation bonds are recorded as part of the primary government rather than as part of ACPS.

According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the bonds are repaid. Capital debt financing activities are not reported in the ACPS financial statements, but rather in the City's financial statements.

Net position. The table below, provides a summary of ACPS' net position as of June 30, 2025 compared to June 30, 2024.

	Summary of Net Position As of June 30,			Percentage Change
	Governmental Activities		Variance	2025-2024
	2025	2024		
ASSETS				
Current assets	\$ 91,354,377	\$ 94,361,959	\$ (3,007,582)	-3.2%
Net Pension Assets	14,036,750	11,179,336	2,857,414	25.6%
Capital assets, net	68,489,323	43,067,374	25,421,949	59.0%
<i>Total assets</i>	<u>173,880,450</u>	<u>148,608,669</u>	<u>25,271,781</u>	17.0%
DEFERRED OUTFLOWS OF RESOURCES				
	<u>69,983,078</u>	<u>74,726,224</u>	<u>(4,743,146)</u>	-6.3%
LIABILITIES				
Current liabilities	86,849,493	77,185,162 ⁽¹⁾	9,664,331	12.5%
Long-term liabilities	33,602,027	35,300,958 ⁽¹⁾	(1,698,931)	-4.8%
Net OPEB liabilities	29,413,193	31,062,159	(1,648,966)	-5.3%
Net pension liabilities	219,841,279	233,090,773	(13,249,494)	-5.7%
<i>Total liabilities</i>	<u>369,705,992</u>	<u>376,639,052</u>	<u>(6,933,060)</u>	-1.8%
DEFERRED INFLOWS OF RESOURCES				
	<u>47,611,436</u>	<u>50,976,781</u>	<u>(3,365,345)</u>	-7.1%
NET POSITION				
Net investment in capital assets	42,112,004	20,789,233	21,322,771	102.6%
Restricted	20,810,034	25,558,462	(4,748,428)	-18.6%
Unrestricted	(236,375,938)	(250,628,635) ⁽¹⁾	14,252,697	5.7%
<i>Total net position</i>	<u>\$ (173,453,900)</u>	<u>\$ (204,280,940)</u>	<u>\$ 30,827,041</u>	15.1%

⁽¹⁾ ACPS implemented GASB 101- *Compensated Absences* in FY 2025 and restated the 2024 Current and Long-term Liabilities and Unrestricted Net Position in this table for comparison purposes.

- **Current Assets** decreased by \$3.0 million or 32 percent from fiscal year 2024. The decrease was primarily due to reductions in balances due from other governments.
- **Capital Assets** increased \$25.4 million due to renovations to the recently acquired office building to create school swing space to support the future demolition and construction of 2 elementary schools.
- **Deferred Outflows of Resources** decreased \$4.7 million overall, primarily due to net changes in pension plan differences attributable to actual and projected earnings on investments, expected and actual retirement experience, and changes in assumptions.
- **Current Liabilities** increased \$9.7 million, or 12.5 percent, primarily due to higher vendor payables accrued and paid after year-end.
- **Net Pension Liabilities** decreased \$13.2 million, or 5.7 percent, due to reductions in the net pension liability for the VRS Teachers Retirement Plan of \$12.5 million..
- **Deferred Inflows of Resources** decreased \$3.4 million, or 7.1 percent, due to net changes in pension plan differences attributable to actual and projected earnings on investments and changes in assumptions.

Changes in net position. The following table presents the changes in net position from fiscal year 2024 to 2025:

Changes in Net Position For the fiscal years ending, June 30, <u>Governmental Activities</u>				
	2025	2024	Variance	% Change
Revenues				
Program revenues:				
Charges for services	\$ 3,638,613	\$ 3,435,237	\$ 203,376	5.9%
Operating grants and contributions	36,332,847	44,715,419	(8,382,572)	-18.7%
General revenues:				
City appropriation	307,398,129	276,459,657	30,938,472	11.2%
State aid	69,993,931	63,960,503	6,033,428	9.4%
Other local funds	833,488	845,126	(11,638)	-1.4%
Total revenues	418,197,008	389,415,942	28,781,066	7.4%
Expenses				
Instructional:				
General instruction	275,012,460	267,257,800	7,754,660	2.9%
Adult education	1,189,090	1,225,560	(36,470)	-3.0%
Summer school	1,179,654	1,833,045	(653,391)	-35.6%
Support Services:				
Administration	20,693,076	18,175,775	2,517,301	13.8%
Attendance and health services	9,112,799	9,666,899	(554,100)	-5.7%
Pupil transportation	14,559,616	14,792,280	(232,664)	-1.6%
Plant operations and maintenance	50,789,074	55,366,409	(4,577,335)	-8.3%
Operation of Noninstructional Services:				
Food services	14,834,199	13,585,246	1,248,953	9.2%
Total expenses	387,369,968	381,903,014	5,466,954	1.4%
Change in net position	30,827,040	7,512,928	\$ 23,314,112	310.3%
Net Position-beginning balance, restated	(204,280,940)			
Net Position-ending balance	\$ (173,453,900)			

- Program revenues consist of charges for services and grants and contributions. Charges for services increased \$0.4 million, or 14.4 percent, from 2023 due to school cafeterias operating at full capacity.
- Grant and contributions revenue decreased \$8.4 million, or 18.7 percent, from the prior year. This decrease is primarily caused by the termination of Elementary and Secondary Schools Emergency Relief Fund (ESSER) federal programs.
- The total appropriation received from the City of Alexandria increased \$30.9 million to \$307.4 million compared to \$276.5 million from 2024. The appropriation related to the Capital Projects Fund increased \$16.6 million from 2024 and the City's appropriation to the General Fund increased \$14.3 million to \$273.0 million in 2025, compared to \$259.7 million in 2024, an increase of 5.5 percent.
- Increases in state aid were primarily due to higher sales taxes revenues received by the state and Medicaid revenue received.
- The City appropriation and general state aid accounted for 88 cents of every dollar of ACPS' total

revenue received. The remaining 12 cents of every dollar of revenue is funded with federal and state aid for specific programs, charges for services, and miscellaneous revenues.

- Total expenses for governmental activities in 2025 increased \$33.3 million, or 9.6 percent, to \$387.4 million, compared to \$381.9 million in 2024. Overall personnel costs increased during FY25 due to School Board approved step increases for all contract staff during the year.
- General Instructional expenses increased \$7.8 million from 2024. These costs reflect increased personnel costs and continued purchases of cloud-based student instruction applications and platforms and technology for our students.
- The majority of ACPS's expenses are directly related to the provision of services to students, including classroom instruction, attendance and health, transportation and school nutrition. These services account for 81 cents of every dollar spent. The remainder supports administrative costs (5 cents per dollar), operations and maintenance (14 cents per dollar).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. ACPS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The ACPS funds reported in the governmental funds are the General Fund, Capital Projects Fund and both Special Revenue Funds (Grants and Special Revenue and School Nutrition Funds).

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year for spending in future years. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

ACPS' fund financial statements provide detail information about the most significant funds, and not ACPS as a whole. Governmental fund reporting focuses on showing how money flows in and out of funds and the balances left at year-end that are available for spending. They are reported using modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of ACPS' operations and the services it provides.

The Board adopts an annual appropriated budget for governmental funds. For fiscal year 2025, all governmental funds have been designated as major funds. The budgetary comparison schedules for the General, Grants and Special Projects and School Nutrition funds have been provided in the Required Supplementary Information section of this report (Exhibits IX, X and XI respectively).

At the end of FY 2025, ACPS' governmental funds reported combined fund balances of \$17.9 million, a decrease of \$5.9 million in comparison with fiscal year 2024. Of this combined total fund balance, \$2.8 million or 15.5 percent constitutes non-spendable fund balance which reflects inventories and prepaid items that are in a non-liquid form and cannot be spent, \$0.2 million or 1.2 percent constitutes restricted fund balance for grant programs, and school nutrition programs and \$6.9 million or 38.7 percent constitutes committed fund balance which is designated by the School Board for use in fiscal year 2026, \$2.6 million or 14.6 percent constitutes assigned fund balance which is designated for outstanding encumbrances at year-end and student activity funds, and \$5.4 million or 30.1 percent constitutes unassigned fund balance which is not constrained at all and can be used for any purpose by the Board. See Note 12 for additional information on our fund balance designations.

The following schedules present a summary of the General Fund by type of revenue and expenditures by function for the period ended June 30, 2025 as compared to June 30, 2024. They also depict the amount and percentage increases and decreases in relation to prior year amounts reported.

General Fund Revenues

The General Fund is the general operating fund of the Board that is used to account for all financial resources, except those required to be accounted in another fund.

Revenues for the General Fund totaled \$344.3 million for 2025, which was \$20.5 million or 6.3 percent higher than revenues received in 2024. The majority of annual funding received by ACPS is paid by the City, which provided an appropriation of \$273.0 million in FY 2025. This represented an increase of \$14.3 million or 5.5 percent over the FY 2024 appropriation. The second largest revenue source is from the Commonwealth of Virginia; increased \$6.0 million, or 9.4 percent, to a total of \$70.0 million in FY 2025; which is primarily due to additional state sales taxes.

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

General Fund Revenues by Source						
Source	FY 2025		FY 2024		Increase (Decrease) from FY 2024	
	Amount (000)s	Percent of Total	Amount (000)s	Percent of Total	Amount (000)s	Percentage Change
City of Alexandria	\$ 273,034	79.3 %	\$ 258,687	79.9 %	\$ 14,347	5.5 %
State Aid	69,994	20.3	63,961	19.7	6,033	9.4
Federal Aid	159	0.0	155	0.0	4	2.6
Tuition and Fees	253	0.1	191	0.1	62	32.5
Other Local Funds	833	0.2	825	0.3	8	1.0
Total Revenues	<u>\$ 344,273</u>	<u>100.0 %</u>	<u>\$ 323,819</u>	<u>100.0 %</u>	<u>\$ 20,454</u>	<u>6.3 %</u>

Amounts may not add due to rounding

General Fund Expenditures & Other Financing Sources and Uses

General Fund expenditures totaled \$346.4 million for fiscal year 2025, which was an increase of \$21.0 million, or 6.4 percent from fiscal year 2024. The following illustration presents the amounts of General Fund expenditures by function and the increase or decrease from the previous year for each function, as well as, the comparison of other financing sources and uses with the prior year.

For fiscal year 2025, the School Board awarded a full step increase to all eligible contract employees. Planned staffing increase of 27.15 FTE was reflected in our personnel count for fiscal year 2025. These increases in personnel cost, including related increased employee benefits costs, are reflected in all ACPS functions. Other significant changes in operating fund expenditures are summarized below:

General Fund Expenditures by Function and Other Financing Sources (Uses)						
Function	FY 2025		FY 2024		Increase (Decrease) From FY 2024	
	Amount (000)s	Percent of Total	Amount (000)s	Percent of Total	Amount (000)s	Percent Change
General instruction	\$ 257,723	74.4 %	\$ 242,648	74.6 %	\$ 15,075	6.2 %
Adult education	731	0.2	754	0.2	(23)	(3.1)
Summer school	1,116	0.3	1,688	0.5	(572)	(33.9)
Administration	24,641	7.1	23,234	7.1	1,407	6.1
Attendance and health	9,063	2.6	8,563	2.6	500	5.8
Pupil transportation	15,206	4.4	13,132	4.0	2,074	15.8
Plant operations and maintenance	30,281	8.7	28,899	8.9	1,382	4.8
Food services	1,034	0.3	943	0.3	91	9.7
Capital improvement services	1,821	0.5	1,186	0.3	635	-
Debt Service						
Principal	4,459	1.3	3,986	1.2	473	11.9
Interest	292	0.1	358	0.1	(66)	(18.4)
Total Expenditures	<u>\$ 346,367</u>	<u>100.0 %</u>	<u>\$ 325,391</u>	<u>99.9 %</u>	<u>\$ 20,976</u>	<u>6.4 %</u>
Other Financing Sources (Uses)						
Transfers Out	\$ (2,020)		\$ (1,799)		(221)	12.3 %
Issuance of debt - Leases / SBITA	1,821		1,186		635	53.5
Total Other Financing Sources (Uses), net	<u>\$ (199)</u>		<u>\$ (613)</u>		<u>\$ 414</u>	

Amounts may not add due to rounding

- General instruction costs increased by \$15.1 million, or 6.2 percent, due to instruction-based positions added to staffing, driven by continued student enrollment growth and the growing population of students with additional needs.
- Other Financing Uses, Transfers Out in the General Fund reflect ACPS' contribution of \$2.0 million to the Virginia Preschool Initiative program in the Grants and Special Revenue Fund, and proceeds related to capitalized right-to-use leases and subscription agreements.

Fund Balances

The FY 2025 General Fund Original Budget, as adopted by the School Board, reflected the planned usage of \$7.0 million of fund balance committed to offset the amount of budgeted expenditures and funds transfers that exceeded budgeted revenues. This budgeted usage of fund balance is consistent in the General Fund budget adoption process of prior years. At the close of FY 2025, General Fund balance decreased by \$2.3 million.

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

At June 30, 2025, the restricted and assigned portions of fund balance for the Grants and Special Revenue Fund was \$1.1 million.

During FY 2025, total grant revenues were \$27.7 million, a decrease of \$8.9 million from 2024, or 24.3 percent. Federal revenues decreased due to terminating activities on the pandemic related Federal Elementary and Secondary Schools Emergency Relief Fund (ESSER), CARES Act and Coronavirus Relief Funds (CRF) programs, which were \$11.0 million lower than the prior year.

The Capital Projects Fund is used to account for the acquisition, renovation or construction of ACPS facilities. Payments for all capital projects initiated by ACPS, in accordance with the School Board and City Council approved ACPS capital plan, are processed and disbursed by the City. There is no fund balance in the Capital Projects Fund at June 30, 2025. Annual funding dedicated to ACPS by the City for approved capital projects is provided to offset annual expenditure levels.

As previously stated, certain school assets and projects may be financed with the City's general obligation bonds and as a result, disbursements for those activities are recorded as part of the primary government. Any capital debt financing activities are reported in the City's financial statements, and are not reflected in ACPS financial statements. According to law, the tenancy in common ends when the associated debt obligation is repaid, at which time the related assets revert to the School Board. No capital assets reverted to ACPS in 2025, due to the end of the tenancy in common.

The School Nutrition Fund is used to account for the preparation and serving of student meals. Student meal participation increased in the National School Lunch and Breakfast Programs resulting in higher federal revenue over the prior year. The cost of food products served continued to increase this fiscal year due to higher market prices of food goods purchased. At the end of 2025, the School Nutrition total fund balance decreased \$3.8 million to \$0.2 million. The School Nutrition fund balance consisted of \$0.2 million in nonspendable fund balance for inventory and prepaid items.

Capital and Right-to-use Assets

At June 30, 2025, ACPS had \$68.5 million invested in land, construction in progress, buildings and building improvements, right-of-use assets and furniture and equipment for governmental activities, net of accumulated depreciation and amortization (see Notes 5 and 6 for additional information on capital assets and Right-to-use assets).

Under legislation passed by the General Assembly of Virginia, projects under construction and any school assets funded by the City's long-term debt are carried in the City's financial records until the associated debt has been paid in full. When the bonded debt is retired, the assets and any remaining asset value are transferred to ACPS. The table below reflects only those assets that have been transferred to or

purchased by ACPS.

Major capital project expenditures during fiscal year 2025 that are reflected in the City's governmental funds are:

Capital Assets (net of accumulated depreciation) As of June 30, Governmental Activities				
	2025	2024	Increase (Decrease)	Percentage Change
Land	\$ 999,381	\$ 999,381	\$ -	- %
Construction-in-progress	-	3,917,852	(3,917,852)	100.00
Buildings and building improvements	40,037,529	10,701,772	29,335,757	274.12
Furniture and equipment	11,127,388	9,673,030	1,454,358	15.04
Right-to-use leased assets	11,276,208	14,575,527	(3,299,319)	(22.64)
Right-to-use subscription assets	5,048,817	3,199,812	1,849,005	57.78
Totals	\$ 68,489,323	\$ 43,067,374	\$ 25,421,949	59.0 %

- Alexandria City High School - \$31.3 million for Phase II of the High School project, which includes the athletic fields and grounds.
- District-Wide Capacity - Planning costs for capacity issues across the district for \$23.8 million. This includes the renovation of 1703 N. Beauregard Street as an instructional swing space for George Mason students and eventually, Cora Kelly students.
- Renovations and Repairs of Aging Schools - \$17.6 million for various renovations/repairs to various aging schools.
- George Mason Elementary School Modernization - Costs of \$3.7 million were spent in FY 2025 to start the construction of this new school.
- School Buses and Vehicles - New school buses were purchased for \$2.2 million to add to our fleet of vehicles.
- Curriculum Materials - The purchase of new textbooks and digital curriculum applications for students totaling \$2.1 million.
- Technology Equipment - New technology equipment, i.e., laptops and tablets, for \$1.9 million was purchased for students and staff.
- Heating, Ventilation, and Air Conditioning (HVAC) - HVAC systems repaired/serviced at various schools for \$1.1 million.

Other major capital project expenditures during fiscal year 2025 that are reflected in the ACPS' governmental funds are:

- School Nutrition Services - Renovations and upgrades to school cafeterias at William Ramsay Elementary School and the Swing Space for \$2.1 million. Additionally, \$0.5 million was allocated for new equipment in various school cafeterias and a refrigerated truck for food distribution.
- Naomi Brooks Elementary School windows renovation- New windows were installed at Naomi Brooks for an amount of \$1.0 million.
- Right to use assets for Subscription-Based Information Technology Arrangements of \$1.8 million were recorded.
- Costs related to the lease extension of the Transportation building of \$0.2 million were recorded during the fiscal year.

General Fund Budgetary Highlights

The annual budget is prepared on a basis consistent with accounting principles generally accepted in the United States for the General Fund. All annual unencumbered appropriations lapse at fiscal year-end.

The budget is prepared by fund, organizational unit and account. During the fiscal year, upon receiving the final allocations from the State, transfers and adjustments are made to the budget allocations.

The following schedule presents a summary of the General Fund revenues and expenditures by type compared to the original and final budgets for the period ended June 30, 2025. Revenues in the original and final budgets totaled \$341.1 million. Expenditures in the original budget were \$346.3 million, while the final budget totaled \$348.3 million. The final expenditure budget reflects zero-sum changes made throughout the year, plus the increase associated with the expenditures of funds encumbered at the end of FY 2024.

General Fund Revenues and Expenditures Budget to Actual Comparison				
FY 2025				Variance from Final Budget (Under) / Over
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
City of Alexandria	\$ 273,034,300	\$ 273,034,300	\$ 273,034,300	\$ -
State aid	66,899,500	66,899,500	69,993,931	3,094,431
Federal aid	152,000	152,000	159,193	7,193
Tuition and fees	425,000	425,000	253,267	(171,733)
Other local funds	610,000	610,000	833,488	223,488
Total Revenues	341,120,800	341,120,800	344,274,179	3,153,379
Expenditures				
Salaries	220,254,188	217,673,273	217,893,538	220,265
Benefits	80,731,416	80,287,690	78,583,601	(1,704,089)
Purchased Services	20,926,852	23,962,826	25,293,787	1,330,961
Other Charges	12,924,312	13,763,989	13,239,163	(524,825)
Materials and Supplies	11,077,590	11,991,136	9,012,298	(2,978,838)
Capital Outlay	1,549,853	601,257	2,344,069	1,742,812
Total Expenditures	347,464,211	348,280,171	346,366,456	(1,913,715)
Excess (Deficiency) of revenue over (under) expenditures	(6,343,411)	(7,159,371)	(2,092,277)	5,067,095
Other Financing Sources (Uses)				
Transfers Out	(1,824,856)	(1,824,856)	(2,019,856)	195,000
Proceeds - Leases / SBITA	1,200,000	1,200,000	1,820,794	620,794
Total Other Financing Sources and Uses	(624,856)	(624,856)	(199,062)	815,794
Change in Fund Balance	\$ (6,968,267)	\$ (7,784,227)	\$ (2,291,339)	\$ 5,882,888

- Actual General Fund revenues were higher than the final budget by \$3.2 million, primarily due to higher than estimated sales tax collections.
- Expenditures were \$2.0 million or 0.6 percent below the final budget primarily due to lower costs on employee benefit programs.

The budget variances above do not include the value of any outstanding encumbrances that remained open at year end. There were outstanding encumbrances for the general fund totaling \$1.7 million, that were carried over into FY 2026.

Fiduciary Funds

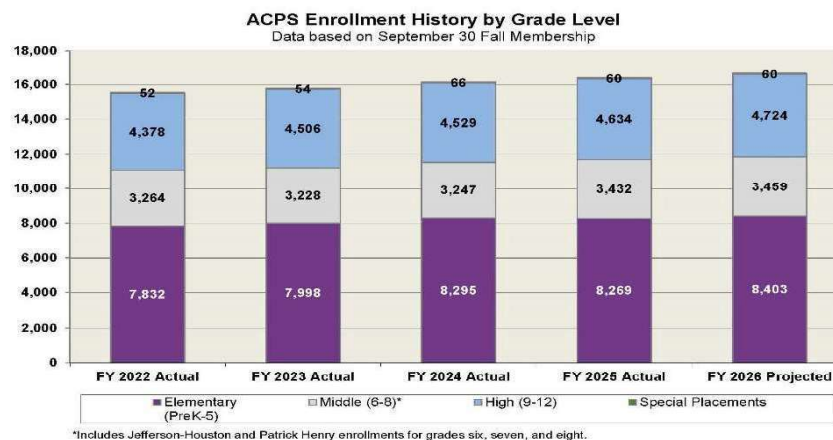
ACPS is the trustee for its employees' pension plan and other post-employment benefit trust. All of the fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from ACPS' government-wide statements because ACPS cannot use these assets to finance its operations. The financial statements for the plan are prepared on the accrual basis of accounting.

The basic Fiduciary Fund financial statements are presented in Exhibits VII and VIII, and the combining statements for the Fiduciary Fund are presented in Exhibits XIV and XV of this report.

Economic Factors and 2026 Fiscal Year Budget

The school division considers many factors when developing the next year's budget. Primary factors include projected student enrollment growth compared to the student teacher ratios in each classroom and the number of new staff needed to meet those program goals, employee benefit increases, facilities costs, and other factors. ACPS continues to experience significant increases in student enrollment.

As shown in the chart below, from FY 2022 through FY 2025, the elementary school enrollment has increased from 7,832 to 8,269 students. The number of middle school students increased from 3,264 to 3,432, and the number of high school students increased from 4,378 to 4,634 during the same period. Over the same time period, the number of students attending special placement facilities is projected to remain at 60 in 2026.



ACPS is projected to serve 16,646 students in FY 2026. Based on VDOE's fall 2020 membership data, ACPS ranked 16th of 132 school divisions in the Commonwealth of Virginia in terms of size. The three largest school divisions in Virginia - Fairfax, Prince William, and Loudoun County Public Schools - are also located in Northern Virginia.

ACPS' growing student population continues to reflect a very diverse demographic and a range of special needs. Our students represent approximately 119 different countries and speak 121 native languages. Enrollment in the English Learner (EL) program represents 37.2 percent of the total student

population for FY 2025 and is one of the highest percentages of students receiving EL services among Northern Virginia school divisions. The proportion of our students participating in the free and reduced-price meal program in FY 2025 was 52.5 percent, which is one of the highest percentages of the Northern Virginia school divisions. This is significantly different from the general Alexandria City population, which has only 8.0 percent of its population living under the poverty line, based on 2022 U.S. Census Bureau data.

The capital improvement program moves the division towards improving its facilities through a comprehensive modernization approach. The approach considers additional capacity, renovation of existing buildings, swing space, and transportation. Achieving the capacity to serve our growing population of students remains a challenge that provides significant spending pressure on our capital projects budget.

All of these factors contribute to increased costs to educate our students and provide significant challenges towards balancing our budget.

Despite these very difficult economic times and the financial challenges associated with continued increased student enrollment and more diverse student needs to address, ACPS will continue to put its limited resources where it matters the most: To improve student learning for each and every child in the school division. Through resource realignment, ACPS will maintain small class sizes, dedicate more money to instruction, add more teachers for core classes, physical education, ELL, and special education programs, and continue to fund exemplary school programs and teacher professional development.

The initial plans for the FY 2026 budget began with the Alexandria City Manager proposing to fund the ACPS School Board City Appropriation request of \$282.4 million. The City of Alexandria City Council approved this appropriation request. This reflects an increase of 3.4 percent compared to the FY 2025 final budget.

In June 2025, the School Board adopted a balanced budget for fiscal year 2026 that reflected General Fund resources of 355.5 million, which includes the approved use of \$6.3 million of available unrestricted fund balance.

The total expenditures of \$361.1 million and other uses of funds (net) of \$0.7 million in the FY 2026 final General Fund budget are an increase of 3.9 percent compared to the prior fiscal year. Total positions funded through combined funds show a net increase of 10.10 FTEs or 0.4 percent, for a total of 2,501.60 FTEs.

Contacting the Alexandria City Public Schools Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of ACPS' finances and to show ACPS' accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Financial Services Department at Alexandria City Public Schools, 1340 Braddock Place, Alexandria, Virginia 22314, telephone 703-619-8040 or visit the school's web site at <https://www.acps.k12.va.us/departments/financial-services>.

FINANCIAL SECTION

Basic Financial Statements



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

Alexandria City Public Schools, Virginia
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Equity in pooled cash and investments	\$ 74,900,190
Cash and cash equivalents	1,064,742
Due from other governments	12,266,243
Other receivables	347,057
Prepaid items and other assets	2,560,479
Inventories	215,666
Net pension and OPEB assets	14,036,750
Capital assets:	
Land	999,381
Other capital assets, net	67,489,942
Total assets	173,880,450
Deferred Outflows of Resources	
OPEB	5,509,283
Pensions	64,473,795
Total deferred outflows of resources	69,983,078
Total assets and deferred outflows of resources	\$ 243,863,528
Liabilities	
Accrued personnel services	\$ 37,888,742
Accounts payable	24,608,468
Unearned revenue	3,975,469
Long-term liabilities:	
Due within one year	20,376,814
Due in more than one year	33,602,027
Net OPEB liabilities	29,413,193
Net pension liabilities	219,841,279
Total liabilities	369,705,992
Deferred Inflows of Resources	
OPEB	11,794,013
Pensions	35,817,423
Total deferred inflows of resources	47,611,436
Net Position	
Net investment in capital assets	42,112,004
Restricted for grant and special revenue programs	1,121,864
Restricted for health benefits	5,651,420
Restricted for net pension and OPEB assets	14,036,750
Unrestricted	(236,375,938)
Total net position	(173,453,900)
Total liabilities, deferred inflows of resources and net position	\$ 243,863,528

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia

Financial Section-Basic Financial Statements

Exhibit II

Alexandria City Public Schools, Virginia
Statement of Activities
For the Year Ended June 30, 2025

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instructional:				
General instruction	\$ 275,012,460	\$ 1,596,460	\$ 26,258,497	\$ (247,157,503)
Adult education	1,189,090	71,762	-	(1,117,328)
Summer school	1,179,654	-	-	(1,179,654)
Support Services:				
Administration	20,693,076	-	-	(20,693,076)
Attendance and health services	9,112,799	-	-	(9,112,799)
Pupil transportation	14,559,616	-	-	(14,559,616)
Plant operations and maintenance	50,789,074	196,885	-	(50,592,189)
Operation of Non-instructional Services:				
Food services	14,834,199	1,773,506	10,074,350	(2,986,343)
Total governmental activities	\$ 387,369,968	\$ 3,638,613	\$ 36,332,847	(347,398,508)
General revenues and other financing uses:				
Unrestricted intergovernmental revenue				
City of Alexandria				307,398,129
Commonwealth of Virginia				69,993,931
Other general revenue				833,488
Total general revenues				378,225,548
Change in net position				30,827,040
Net Position - July 1, 2024				
as previously reported				(179,964,972)
Change in accounting principle (Note 1v)				(24,315,968)
Restated Net position - July 1, 2024				(204,280,940)
Net position - June 30, 2025				\$ (173,453,900)

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia

Financial Section-Basic Financial Statements

Exhibit III

Alexandria City Public Schools, Virginia

Balance Sheet
Governmental Funds
June 30, 2025

	General	Capital Projects	Grants & Special Revenue	School Nutrition	Total Governmental Funds
Assets					
Equity in pooled cash and investments	\$ 49,867,488	\$ 12,713,828	\$ -	\$ -	\$ 62,581,316
Cash and investments	176,327	-	888,415	-	1,064,742
Due from other governments	3,510,440	-	8,215,685	540,118	12,266,243
Due from other funds	5,136,473	-	-	714,965	5,851,438
Other receivables	-	-	-	71,355	71,355
Prepaid items and other assets	2,514,612	-	29,567	14,488	2,558,667
Inventories	-	-	-	215,666	215,666
Total assets	\$ 61,205,340	\$ 12,713,828	\$ 9,133,667	\$ 1,556,592	\$ 84,609,427
Liabilities					
Accrued personnel services	\$ 37,362,958	\$ -	\$ 1,259,809	\$ 677,390	\$ 39,300,157
Accounts payable and accrued liabilities	6,605,629	12,713,828	480,215	558,669	20,358,341
Unearned revenue	1,009	-	1,135,306	89,570	1,225,885
Due to other funds	714,965	-	5,136,473	-	5,851,438
Total liabilities	44,684,561	12,713,828	8,011,803	1,325,629	66,735,821
Fund Balances					
Nonspendable	2,514,612	-	29,567	230,154	2,774,333
Restricted	-	-	203,882	809	204,691
Committed	6,921,916	-	-	-	6,921,916
Assigned	1,712,024	-	888,415	-	2,600,439
Unassigned	5,372,227	-	-	-	5,372,227
Total fund balances	16,520,779	-	1,121,864	230,963	17,873,606
Total liabilities and fund balances	\$ 61,205,340	\$ 12,713,828	\$ 9,133,667	\$ 1,556,592	\$ 84,609,427

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia

Financial Section-Basic Financial Statements

Exhibit III-1

Alexandria City Public Schools, Virginia
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2025*

Total fund balances-governmental funds	\$ 17,873,606
Amounts reported for governmental activities in the statement of net position are different from amounts reported for governmental funds because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. (Note 5)	
Non-depreciable assets	\$ 999,381
Depreciable assets	140,387,956
Less: Accumulated depreciation and amortization	<u>(72,898,014)</u> 68,489,323
Net Pension Assets recorded for the amount of Plan Fiduciary Net Position in excess of Total Pension Liability, included in the Statement of Net Position. (Note 7)	
Virginia Retirement System- Political Subdivision	11,912,871
Net OPEB Assets recorded for the amount of Plan Fiduciary Net Position in excess of Total OPEB Liability, included in the Statement of Net Position. (Note 8)	2,123,879
Deferred Outflows of Resources affecting total pension liabilities and retirement plan fiduciary net position, that are reported in the Statement of Net Position. (Note 7)	
Difference between projected and actual investment earnings	3,042,513
Difference between employer contributions and proportionate share	31,069
Difference between expected/actual experience	29,932,394
Difference due to changes in assumptions	2,980,484
Employer retirement contributions after measurement date	<u>28,487,335</u> 64,473,795
Deferred Outflows of Resources affecting total OPEB liabilities and OPEB plan fiduciary net position, that are reported in the Statement of Net Position. (Note 8)	
Difference between expected/actual experience	1,363,189
Difference between projected and actual investment earnings	-
Difference between employer contributions and proportionate share	80,090
Difference due to changes in assumptions	468,031
Employer retirement contributions after measurement date	<u>3,597,973</u> 5,509,283
Liabilities applicable to the ACPS' governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term obligations are not recorded in the governmental funds, but are reported in the Statement of Net Position. (Notes 6 & 9)	
Compensated absences	(38,299,046)
Accrued interest payable, Subscription Liability	(54,742)
Right-to-use leases- Building	(12,356,530)
Right-to-use subscriptions	(1,306,960)
Workers' compensation claims	<u>(604,892)</u> (52,622,169)
Internal service funds are used by management to track and record the costs of the health insurance programs offered to employees and retirees. The net revenue of the internal service fund is reported with governmental activities in the Statement of Net Position.	5,651,420
Deferred Inflows of Resources affecting total pension liabilities and retirement plan fiduciary net position, that are reported in the Statement of Net Position. (Note 7)	
Difference between expected/actual experience	(3,763,564)
Difference due to changes in assumptions	(2,729,089)
Difference between employer contributions and proportionate share	(5,070,547)
Difference between projected and actual investment earnings	<u>(24,254,223)</u> (35,817,423)
Deferred Inflows of Resources affecting total OPEB liabilities and OPEB plan fiduciary net position, that are reported in the Statement of Net Position. (Note 8)	
Difference between expected/actual experience	(8,275,172)
Difference between projected and actual investment earnings	(809,293)
Difference between employer contributions and proportionate share	(1,459,263)
Difference due to changes in assumptions	<u>(1,250,285)</u> (11,794,013)
Net Pension Liabilities recorded for the amount of Total Pension Liabilities that exceed the Plan Fiduciary Net Position included in the Statement of Net Position. (Note 7)	(219,841,279)
Net OPEB Liabilities recorded for the amount of Total OPEB Liabilities that exceed the OPEB Plan Fiduciary Net Position included in the Statement of Net Position. (Note 8)	<u>(29,413,193)</u>
Total net position - governmental activities	<u>\$ (173,453,900)</u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia

Financial Section-Basic Financial Statements

Exhibit IV

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	Capital Projects	Grants & Special Revenue	School Nutrition	Total Governmental Funds
Revenues					
Intergovernmental:					
City of Alexandria	\$ 273,034,300	\$ 34,363,830	\$ -	\$ -	\$ 307,398,130
State aid	69,993,931	-	6,648,290	183,765	76,825,986
Federal aid	159,193	-	18,712,465	9,890,585	28,762,243
Tuition and fees	253,267	-	1,611,839	-	1,865,106
Food sales	-	-	-	1,518,434	1,518,434
Other	833,488	-	738,549	255,072	1,827,109
Total revenues	344,274,179	34,363,830	27,711,143	11,847,856	418,197,008
Expenditures					
Current:					
General instruction	257,722,505	-	25,906,739	-	283,629,244
Adult education	731,487	-	457,603	-	1,189,090
Summer school and kindergarten prep	1,116,298	-	-	63,356	1,179,654
Administration	24,640,918	-	819,036	-	25,459,954
Attendance and health services	9,062,810	-	253,575	-	9,316,385
Pupil transportation	15,205,653	-	135,091	-	15,340,744
Plant operations and maintenance	30,281,346	-	1,410,951	-	31,692,297
Food services	1,033,879	-	163,574	15,735,817	16,933,270
Capital improvement services	1,820,794	34,274,752	18,160	72,726	36,186,432
Debt Service					
Principal	4,458,982	1,905,475	164,342	37,250	6,566,049
Interest	291,784	14,638	12,214	-	318,636
Total expenditures	346,366,456	36,194,865	29,341,285	15,909,149	427,811,755
Excess (deficiency) of revenues over (under) expenditures	(2,092,277)	(1,831,035)	(1,630,142)	(4,061,293)	(9,614,747)
Other Financing Sources (Uses)					
Transfers In	-	-	1,824,856	195,000	2,019,856
Transfers Out	(2,019,856)	-	-	-	(2,019,856)
Issuance of debt - Leases / SBITA	1,820,794	1,831,035	18,160	72,726	3,742,715
Total other financing sources (uses)	(199,062)	1,831,035	1,843,016	267,726	3,742,715
Net change in fund balances	(2,291,339)	-	212,874	(3,793,567)	(5,872,032)
<i>Fund Balances-July 1, 2024</i>	<i>18,812,118</i>	<i>-</i>	<i>908,990</i>	<i>4,024,530</i>	<i>23,745,638</i>
<i>Fund Balances-June 30, 2025</i>	<i>\$ 16,520,779</i>	<i>\$ -</i>	<i>\$ 1,121,864</i>	<i>\$ 230,963</i>	<i>\$ 17,873,606</i>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia

Financial Section-Basic Financial Statements

Exhibit IV-1

Alexandria City Public Schools, Virginia
*Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025*

Net change in fund balances - total governmental funds	\$ (5,872,032)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Pension expense reported in the Statement of Activities was adjusted to reflect the differences between pension expenses and deferred employer contributions of the ACPs retirement plans. (Note 7)

Virginia Retirement System-Teacher Employers	\$ 14,534,214		
Virginia Retirement System-Political Subdivisions	1,117,453		
Employees' Supplemental Retirement System	<u>(3,927,923)</u>		11,723,744

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

4,654,328

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which new capital outlays exceeded depreciation in the current period. (Note 5)

25,421,949

In the Statement of Activities, sick pay, vacation pay, workers' compensation, and other postemployment benefits are measured by the amount accrued during the year. In governmental funds, expenditures for these items are measured by the amount actually paid. (Notes 6 & 9)

Compensated absences, LT Increase	(3,243,981)		
Accrued interest payable, Subscription liability	(30,916)		
Right-to-use Leases- Buildings, LT Decrease	3,030,096		
Right-to-Use Leases- Equipments, LT Decrease	204,936		
Right-to-Use Subscriptions, LT Increase	(411,699)		
Workers' compensation	<u>45,631</u>		(405,933)

The Internal Service Fund is used by management to track and record the costs of the health insurance programs offered to employees and retirees. The net revenue of the internal service fund is reported with governmental activities.

(4,695,016)

Change in net position - governmental activities	<u>\$ 30,827,040</u>
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See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Statement of Net Position
Proprietary Funds - Internal Service Fund
June 30, 2025

	Health Benefits Fund
Assets	
Equity in pooled cash and investments	\$ 12,318,874
Other receivables	275,702
Prepaid items	<u>1,812</u>
Total assets, current	<u>12,596,388</u>
Liabilities	
Accounts payable	1,253,487
Unearned revenue	2,749,583
Incurred but not reported claims	<u>2,941,898</u>
Total liabilities, current	<u>6,944,968</u>
Net Position	
Restricted, health benefits programs	<u>5,651,420</u>
Total net position	<u>\$ 5,651,420</u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia

Financial Section-Basic Financial Statements

Exhibit VI

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds - Internal Service Fund
For the Year Ended June 30, 2025

	<u>Health Benefits Fund</u>
Operating Revenues	
Charges for services	\$ 35,722,458
<i>Total operating revenues</i>	<u>35,722,458</u>
Operating Expenses	
Claims and benefits paid	27,771,258
Premiums	11,273,468
Administrative costs	<u>1,372,748</u>
<i>Total operating expenses</i>	<u>40,417,474</u>
<i>Change in net position</i>	(4,695,016)
Net Position- July 1, 2024	<u>10,346,436</u>
Net Position- June 30, 2025	<u><u>\$ 5,651,420</u></u>

See accompanying notes to the basic financial statements.

Exhibit VI-1

Alexandria City Public Schools, Virginia*Statement of Cash Flows**Proprietary Funds - Internal Service Fund**For the Year Ended June 30, 2025*

	Health Benefits Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 35,599,200
Payments to providers for services	<u>39,261,025</u>
Net cash used in operating activities	<u><u>\$ (3,661,825)</u></u>
 Net change in equity in pooled cash and investments	 \$ (3,661,825)
Equity in pooled cash and investments, beginning of year	<u>15,980,699</u>
 Equity in pooled cash and investments, end of year	 <u><u>\$ 12,318,874</u></u>
 Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating Loss	<u>\$ (4,695,016)</u>
Adjustments to reconcile operating loss to net cash used in operating activities	
Change in assets and liabilities:	
Increase in other receivables	(180,695)
Increase prepaids	(1,812)
Increase in accounts payable	713,133
Increase in unearned revenue	57,437
Increase in incurred but not reported claims	<u>445,128</u>
Total adjustments	<u>1,033,191</u>
Net cash used in operating activities	<u><u>\$ (3,661,825)</u></u>

See accompanying notes to the basic financial statements.

Exhibit VII

Alexandria City Public Schools, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Pension and Other Employee Benefit Trust Funds
Assets	
Investments, at NAV:	
Mutual funds	\$ 171,807,456
Contributions Receivable	<u>321,088</u>
<i>Total assets</i>	<u>\$ 172,128,544</u>
Net Position	
Restricted for pension	\$ 138,219,787
Restricted for other postemployment benefits	<u>33,908,757</u>
<i>Total net position held in trust</i>	<u>\$ 172,128,544</u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employer contributions	\$ 1,791,389
Employee contributions	3,389,210
Total Contributions	<u>5,180,599</u>
Investment Income:	
Investment earnings	11,074,350
Net appreciation in fair value of investments	2,740,662
Investment expenses	<u>(41,417)</u>
Net investment income	<u>13,773,595</u>
Total additions	<u>18,954,194</u>
Deductions	
Benefit payments	8,946,813
Administrative expenses	<u>363,502</u>
Total deductions	<u>9,310,315</u>
Change in net position	9,643,879
Net position - July 1, 2024	<u>162,484,665</u>
Net position - June 30, 2025	<u><u>\$ 172,128,544</u></u>

See accompanying notes to the basic financial statements.

NOTE 1. Summary of Significant Accounting Policies**a) Reporting Entity**

The School Board of the City of Alexandria is a separately-elected governing body operating, under the Constitution of Virginia and the Code of Virginia, as Alexandria City Public Schools (ACPS). Since FY 1995, the members of the School Board (Board) have been elected by the citizens of the City of Alexandria (City) to serve three-year terms. The Board determines educational policies and appoints a superintendent of schools to implement the Board's policies. The superintendent is also responsible to the Board for administering the operations of the school system, supervising personnel and advising the Board on all educational matters for the welfare of the students. The mission of ACPS is to deliver high-quality instruction to a highly-diverse student population so that all students achieve at their highest potential.

The City Council (Council) annually approves the Board's total annual General Fund budget appropriation, levies taxes, and issues debt for school projects. The legal liability for the general obligation debt issued for school capital assets remains with the City. Funds also are received from state and federal sources for general school aid and specific grant purposes, respectively. The Council is prohibited from exercising any control over specific appropriations within the operating budget of the Board. ACPS is considered to be a discretely presented component unit of the City because ACPS is fiscally dependent on the City and its operations are funded primarily by payments from the City's general fund. The Board has the discretionary authority to expend the amount appropriated to it by the Council.

Basis of Financial Statement Presentation and Fund Accounting

The financial statements of ACPS have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing local governmental accounting and financial reporting principles. The reporting model was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis (MD&A) The purpose of the MD&A is to provide an analysis of ACPS' overall financial strength and operating results. It also includes a description of currently known facts, decisions, or conditions expected to have a significant effect on the future financial position of the school division.

Government-wide financial statements These include financial statements prepared using full accrual accounting for all of the government's activities. Under the accrual basis, all revenues and costs of providing services are reported, not just those received or paid in the current year or soon thereafter. This approach includes not just current assets and liabilities, but also capital assets, deferred outflows, long-term liabilities, and deferred inflows.

Fund financial statements GASB Statement No. 34 requires governmental entities to present financial statements with information about funds with a focus on ACPS major funds.

Budgetary comparison schedule The budgetary comparison schedule requires the presentation of both the original budget and final budget and comparison to the actual results.

b) Basis of Presentation

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities report information on all the activities of ACPS, except for fiduciary funds. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The fund statements are presented on a current financial resources measurement focus and use the modified accrual basis of accounting, except the proprietary and fiduciary fund statements which use the economic resources measurement focus and the accrual basis. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program within ACPS' governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore are clearly identifiable to a particular function. Revenues which are not classified as program revenues are presented as general revenues of ACPS. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of ACPS.

Program revenues are financed by those who use the services of the program or from grants and contributions from parties outside ACPS which are restricted for use in the specific program. These revenues reduce the cost of the functions to be financed from ACPS' general revenues. Charges for services include general and adult education tuition, cafeteria sales, lease of facilities and summer school tuition. Program-specific operating grants and contribution revenues include the National School Lunch program and other federal grants and reimbursements.

Expenses are grouped in three broad categories: instructional, support services and operation of non-instructional services. Some functions classified under support services include expenses that are, in essence, indirect expenses of instructional functions. However, ACPS does not allocate those indirect expenses to the instructional programs. Depreciation expense is specifically identified by function and is included in the direct expense of each applicable function.

The government-wide financial statements report information on all the activities of ACPS. The effect of interfund activity has been removed from these statements.

Fund Financial Statements Fund financial statements report detailed information about ACPS. Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements, while the internal service fund is presented in separate columns as well. The focus of governmental fund financial statements is on reporting major funds rather than on reporting funds by type. Each major fund is presented in a separate column. All governmental funds have been designated as major funds for 2025. Fiduciary funds include the pension and other employee benefit trust funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. The financial statements for governmental funds consist of a balance sheet, which generally includes only current assets, current liabilities, and deferred outflows and inflows, and a statement of

revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The proprietary fund, distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. Revenues and expenditures not meeting these criteria are reported as non-operating revenues and expenses.

ACPS uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain ACPS functions and activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds Governmental funds are those through which most governmental functions of the Board are financed. The acquisition, use and balances of ACPS' expendable financial resources and the related liabilities are accounted for through governmental funds. ACPS' main operating fund is reported as a major fund. Major funds are determined based on the ratio of each fund compared to the fund category total or by management discussion. The following are ACPS' major governmental funds:

- **General Fund** – the General Fund is the primary operating fund of ACPS. It is used to account for all financial resources, except those required to be accounted for in another fund.
- **Capital Projects Fund** – the Capital Projects Fund is used to account for financial resources used in the acquisition, construction or renovation of ACPS facilities.
- **Grants and Special Revenue Fund** – is a special revenue fund used to account for Federal, State, non-profit, and private industry grants that are restricted to expenditures for specific purposes and student activity funds held at each school.
- **School Nutrition Fund** is a special revenue fund which accounts for the activities of the cafeterias operating in each school. Revenues include federal and state funds, donated commodities, charges for services, and other sales.

Proprietary funds – Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations.

- **Health Benefits Fund** – is an internal service fund. This fund was created to better manage health care expenses within ACPS. The primary source of revenue for this fund are employer contributions paid by other funds and employee contributions deducted from employee pay on a semi-monthly basis.

Fiduciary funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Board's programs. The following are ACPS fiduciary funds.

- **Pension and Other Employee Benefit Trust Funds** – Pension and other employee benefit trust funds are fiduciary funds used to account for assets held in a trustee capacity for the members and beneficiaries of the Employees' Supplemental Retirement Plan and for the School Other Post-employment Benefits (OPEB) Trust Fund.

c) Budgetary Comparison Schedule

ACPS is required to present certain required supplementary information (RSI) within its basic financial statements. Demonstrating compliance with the legally-adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the school's annual operating budget and have a keen interest in following the actual financial progress over the course of the year. The budgetary information presents the original budget, the final budget and actual results.

d) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds are reported using the accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are both "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Federal and State reimbursement-type grants revenues are considered to be measurable and available as revenue when reimbursements for related eligible expenditures are collected within a year of the date the expenditure was incurred. ACPS considers all non-reimbursement type revenues available if they are collectible within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and workers' compensation. Liabilities for compensated absences and workers compensation are recognized as fund liabilities and expenditures when amounts are due and payable.

State aid is recorded at the time of receipt or earlier, if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met.

Under the accrual basis of accounting, revenues are recognized when earned. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Grant proceeds received before the eligibility requirements are met are recorded as unearned revenue. Revenue from the United States Department of Agriculture in the form of commodities is recognized as earned when the commodities are received.

The pension and OPEB trust funds are accounted for on a flow of economic resources measurement focus. With this focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member and employer contributions are recognized in the period when due and ACPS has made a formal commitment to fund employees' contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

e) Encumbrance Accounting

Encumbrance accounting, which is the recording of purchase orders, contracts and other monetary commitments in order to reserve applicable portions of an appropriation, is used as an extension of formal budgetary control.

Encumbrances outstanding at year-end are classified as assigned in the General Fund or as assigned

or restricted fund balance in the non-General Funds. Annual appropriations that are not spent or encumbered, lapse at year-end.

f) Cash and Investments

The majority of ACPS cash balances in the governmental and proprietary funds are held by the City and are invested to the extent available by the City Treasurer. These balances are invested in repurchase agreements and obligations of the federal government and are recorded at fair value. The fair value of investments is based on quoted market prices. These balances are reflected as Equity in Pooled Cash and Investments in the financial statements. The portions of ACPS cash balances attributable to the Grants and Special Revenue, School Nutrition and Health Benefits funds are reflected in those funds as Due from/to other funds, while the General fund reflects an offsetting amount as Due to/from other funds. See section (h) Interfund Transactions for additional information. The pension and OPEB investments reflected in the Fiduciary Funds are discussed in Note 2. The Cash and Cash Equivalents in the General and Grants and Special Revenue Funds represents tuition based and student activity fund cash balances in separate bank accounts maintained by individual schools and departments.

g) Due from Other Governments and Other Receivables

The amount due from other governments consists primarily of receivables from state entitlements and federal and state reimbursement of grants expenditures. Other receivables consist of amounts due from non-government sponsors and student cafeteria balances.

h) Interfund Transactions and Other Financing

Cash for governmental and proprietary funds is held, as pooled cash, by the City, and reflected in the General Fund's Due from the City balance. Governmental and proprietary funds reflect their equity interest in the pooled cash held by the City as due to or due from the General Fund. These amounts are eliminated in the government-wide Statement of Net Position. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds and are not eliminated in the preparation of the government-wide Statement of Activities. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

The composition of interfund receivables and payables balances as of June 30, 2025 were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 5,136,473	\$ 714,965
Capital Projects	-	-
Grants & Special Revenue Fund	-	5,136,473
School Nutrition Fund	714,965	-
Total	<u>\$ 5,851,438</u>	<u>\$ 5,851,438</u>

Interfund transfers and other financing amounts for the year ended June 30, 2025 were as follows:

Other Financing	General Fund	Capital Projects Fund	Grants & Special Revenue Fund	School Nutrition
Uses - Interfund	\$ (2,019,856)	\$ -	\$ -	\$ -
Sources - Interfund	-	-	1,824,856	195,000
Total Interfund Transfers	(2,019,856)	-	1,824,856	195,000
Issuance of debt - Leases / SBITA	1,820,794	1,831,035	18,160	72,726
Total	\$ (199,062)	\$ 1,831,035	\$ 1,843,016	\$ 267,726

Interfund transfers were made from the General Fund to Grants and Special Revenue Funds for costs incurred in the Virginia Pre-school Initiative program.

i) Inventories and Prepaid Items

Inventories consist of various consumable supplies and commodities maintained by the Food and Nutrition Services office. The School Nutrition Fund values and carries its inventory on a cost basis using the weighted-average method. The purchase method of accounting is used in the governmental funds. Reported inventories in the governmental funds are equally offset by a nonspendable fund balance designation which indicates the inventories do not constitute "available spendable resources". Food commodities received from the United States Department of Agriculture (USDA) are stated at fair value and the amount consumed is recognized as expense. The amount of unused food commodities is reported as inventory.

Prepaid Items reflect certain payments to vendors for costs applicable to future accounting periods. These transactions are recorded as prepaid items in both the government-wide and governmental fund financial statements using the consumption method. Prepaid items in the governmental funds are classified as nonspendable in the fund balance.

j) Capital Assets

Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the ACPS capitalization threshold is met.

Capital assets are defined by ACPS as assets with an initial, individual cost of more than \$5,000. Major additions, including those that significantly prolong a capital asset's economic life or expand its usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenses and are not capitalized. Depreciation expense for capital assets is identified with a specific function and is included as a direct expense on the statement of activities.

All capital assets are capitalized at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value at the date of donation. ACPS does not own any infrastructure. Upon sale or retirement of equipment, the cost and related accumulated depreciation, if applicable, are eliminated from their respective accounts and any resulting gain or loss is included in the results of operations.

All reported capital assets other than land and construction in progress are depreciated. Building improvements are depreciated over the shorter of ten years or the remaining useful lives of the related capital assets.

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

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

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

k) Deferred Outflows

A deferred outflow of resources represents a consumption of net assets that applies to future periods, and so, will not be recognized as an outflow of the resources (expenditure) until the future period. At June 30, 2025, ACPS had \$70.0 million of deferred outflows of resources, approximately \$64.5 million pertain to retirement plans and \$5.5 million for OPEB plans. These deferrals were caused by employer retirement contributions made after the plan measurement dates, differences between expected/actual investment earnings, actual employer contributions, changes in assumptions, and proportionate share and expected/actual experience.

l) Deferred Inflows

A deferred inflow of resources represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. At June 30, 2025, ACPS had \$47.6 million of deferred inflows of resources, approximately \$35.8 million pertain to retirement plans and \$11.8 million for OPEB plan. These deferrals were caused by differences between projected and actual proportionate share of contributions, projected and actual investment earnings, changes in assumptions, and expected versus actual experience.

m) Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of leave (annual and sick leave benefits) that has not been used and is attributable to services already rendered. This leave accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means. The liability also includes amounts for leave that have been used but not yet paid in cash or settled through non-cash means, as well as certain other types of leave.

Annual Leave: Eligible ACPS employees are granted annual leave in varying amounts, based on length of service. Upon retirement, resignation, termination, or death, employees may be compensated for accrued leave at their current per diem rate of pay up to a maximum of 45 annual leave days.

Sick Leave: Sick leave eligibility and accumulation is specified in the employee handbooks. Upon retirement, resignation, or death, employees receive a lump-sum payment based on daily rates approved by the Board. ACPS does not compensate terminated employees for unused sick leave unless they have completed three consecutive years of employment.

Personal Leave: Full-time employees are granted four personal leave days per year and may accumulate up to eight days per year. Unused personal leave accumulated in excess of the eight days may be carried forward at the end of the year as accumulated sick leave or annual leave, depending upon the employee group. Personal leave is credited to each employee at the beginning of each contract year.

n) Net Position

Net position represent the difference between assets and deferred outflows combined and liabilities and deferred inflows combined on the government-wide statements. In the government-wide fund financial statements, ACPS' net position fall into three categories: net investment in capital assets, restricted and unrestricted. The first category represents the portion of net position related to capital assets, net of accumulated depreciation and amortization and any related debt or lease and subscription liabilities. The restricted category represents the position with constraints placed upon their use. The constraints are either: (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law or through constitutional provisions or enabling legislation.

The unrestricted category represents the remaining amount of net position that may be used to meet ACPS' ongoing programs. In the fiduciary fund financial statements, ACPS' net position is categorized as held in trust for pension benefits, which represent the amount of assets accumulated for the payment of benefits to the beneficiaries of the ACPS Supplemental Retirement Plan and OPEB Trust. When both restricted and unrestricted net position is available for an expense, ACPS applies restricted resources first.

o) Fund Balance

Fund balance is categorized within one of the five classifications listed below based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of resources in the governmental funds. ACPS classifies governmental fund balances as follows:

Nonspendable Fund Balance - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Criteria include items that are not expected to be converted into cash, for example inventories or prepaid items.

Spendable Fund Balance

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the division through formal action by the School Board, the highest level of decision making authority. Committed balances are classified as such as a result of the School Board taking formal action and adopting a resolution which can only be modified or rescinded by a subsequent formal action.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Chief Financial Officer and Director of Accounting are authorized by the School Board to assign Fund Balances for specific purposes.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

ACPS uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements. Additionally, ACPS would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

ACPS does not have a formal minimum fund balance policy, since the division is fiscally dependent upon the City and the City maintains an adequate fund balance.

For further details of the various fund balance classifications, refer to Note 12.

p) Use of Estimates

The preparation of the accompanying financial statements required management to make estimates and assumptions about certain amounts included in the financial statements. Actual results will invariably differ from these estimates.

q) Pension and Other Post-Employment Benefits Trust Funds

A trust fund is used to account for assets held in a trustee capacity. The pension trust fund is used to account for the Supplemental Retirement System of Alexandria City Public Schools, a single-employer defined benefit pension plan. The Other Post-employment Benefit Trust Fund accounts for accumulating and investing for post-employment health benefit subsidies.

r) Pensions

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows

of resources related to pensions, and pension expense, information about the fiduciary net position of

the Employees' Supplemental Retirement Plan and the additions to/deductions from the Employees' Supplemental Retirement Plan's net fiduciary position have been determined on the same basis. For

this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

s) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and OPEB expense, information about the fiduciary net position of the Other Post-Employment Benefit Trust Fund and the additions to/deductions from the OPEB net fiduciary position have been determined by on the same basis as they were reported by the VML/VACo Pooled OPEB Trust. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Employee Health Insurance Credit Program OPEB for teachers and political subdivisions, Virginia Retirement System (VRS) Group Life Insurance Program for Teachers and the Virginia Retirement System (VRS) Group Life Insurance Program for Locality Employees and the additions to/deductions from the OPEB net fiduciary position have been determined by on the same basis as they were reported by the VRS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

t) Accrued Personnel Services

At the discretion of ACPS, teachers' payroll is expended over the 10 or 11 month school year contract. Consequently, accrued personnel services at June 30, 2025 include salaries earned prior to year-end but not distributed until the months of July and August 2025.

u) Income Tax

ACPS, as a component unit of the City of Alexandria, is exempt from all income taxes imposed by any governing body, and, accordingly, no provision for income taxes is recorded.

v) Governmental Accounting Standards Board (GASB) Pronouncements

During the fiscal year ended June 30, 2025, ACPS adopted the new accounting standard issued by the Governmental Accounting Standards Board (GASB),

Statement No. 101, Compensated Absences

The objective of this Statement is to improve financial reporting by updating the recognition and measurement guidance for compensated absences. In accordance with this new standard, ACPS revised its accounting and financial reporting for compensated absences to recognize these obligations as liabilities in the government-wide financial statements.

As a result of adopting the Statement, the beginning balance of Compensated Liabilities, as of June 30, 2024, was restated to \$35.1 million, an increase of \$24.3 million, representing the cumulative effect of applying the new standard (See Note 9 Long-term Liabilities). Also, for the fiscal year ended June 30, 2025, ACPS restated the total beginning net position on the Statement of Activities (Exhibit II) to a deficit of \$204.3 million.

Beginning Net Position, June 30, 2024	\$ (179,964,972)
Cumulative effect of GASB 101 implementation	(24,315,968)
Beginning Net Position, June 30, 2024, restated	<u>\$ (204,280,940)</u>

NOTE 2. Deposits and Investments

ACPS cash balances from the majority of funds are combined and invested to the extent available by the City Treasurer. ACPS maintains a controlled disbursement account by which funds are automatically transferred from the City's pooled account to pay ACPS checks drawn on the ACPS account. Most of ACPS' cash and investments are maintained and controlled by the City. These balances are reflected in the financial statements as Equity in Pooled Cash and Investments.

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

- **Interest Rate Risk-** As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than one year.
- **Credit Risk –** State Statutes authorize the City to invest in obligations of the US or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, and Virginia Local Government Investment Pool. The City's current investment policy limits investments to obligations of the US and agencies thereof, commercial paper and repurchase agreements fully collateralized in the Obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service), a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to \$50 million, Insured Cash Sweeps (ICS) and NOW accounts (Negotiable Order of Withdrawal), an interest bearing bank account with which the customer is permitted to write drafts against money held on deposit²¹. During the fiscal year, the City held its investments in LGIP, CDARS, ICS, and NOW accounts, commercial paper, and investments of US agencies and VA municipalities.
- **Custodial Risk –** For an investment, custodial risk is the risk that, in the event of the failure of the 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, CDARS, ICS, and NOW accounts. In the event the City has to invest in a local bank, the City requires a designated portfolio manager and, at the time funds are invested, collateral for repurchase agreements be held in the City's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve in a custodial account.

A. Deposits

The City maintains all ACPS funds, except for those of the Student Activity Fund, adult education program and the Pension Trust Fund. As of June 30, 2025, the carrying value of ACPS' deposits held by the City was \$2.7 million in overdraft, of which the City will guarantee payment. ACPS's balances, held by area financial institutions, for student activity funds and adult education programs were \$0.89 million and \$0.2 million, respectively. The student activity funds are maintained by the principal of each school, who is required to establish a checking account at a local bank near their respective school for the purpose of administering student-oriented transactions. The principal is also authorized by legal and contractual provisions to open a savings account, a money market account, or a certificate of deposit in the name of the school. No other investments are authorized. The entire bank balance for each of these accounts, and the adult education program accounts, was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor, and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. Funds deposited in accordance with the requirements of the Act are considered fully secured. All deposits were held under the Virginia Security for Public Deposits Act and/or the federal depository insurance, and there was no exposure to custodial credit risk as of June 30, 2025.

ACPS' student activity funds and adult education program accounts consisted of the following, along with maturities as of June 30, 2025:

	Student Activity Funds	Adult Education Programs	Total Balances	Maturity		
				Cash and Equivalents	Less than 1 Year	Two to Five Years
Cash Deposits	\$ 773,259	\$ 176,327	\$ 949,586	\$ 949,586	\$ -	\$ -
Money Market Funds	18,926	-	18,926	18,926	-	-
Certificates of Deposits	96,230	-	96,230	-	1,983	94,247
Total	<u>\$ 888,415</u>	<u>\$ 176,327</u>	<u>\$ 1,064,742</u>	<u>\$ 968,512</u>	<u>\$ 1,983</u>	<u>\$ 94,247</u>

B. Investments

The City Treasurer's investment policies apply to the ACPS investments controlled by the City. The Treasurer's investment policy addresses custodial risk, interest rate risk, and credit risk, in which instruments are to be diversified and maturities timed according to anticipated needs in order to minimize any exposure. There is no foreign currency risk since the City's investment policy limits investments to obligations of the United States and agencies thereof, commercial paper, banker's acceptances and repurchase agreements fully collateralized in obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service), ICS (Insured Cash Sweeps) and NOW accounts (Negotiable Order of Withdrawal). During fiscal year 2025, the majority of the City's investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in CDARS, ICS, and NOW accounts where deposits are eligible for

Financial Section-Notes to the Basic Financial Statements

FDIC insurance. The LGIP is rated 'AAAm' by Standard & Poor's Rating Services. This rating is the highest principal stability fund rating assigned by Standard & Poor.

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

At June 30, 2025, the trust and pension plan investment balances for ACPS were as follows:

INVESTMENT MATURITIES (in months)				
	Net Asset Value (NAV)	Less than 1 year	13-24 months	Longer than 60 months
OPEB Trust Investments	\$ 33,908,757	\$ -	\$ -	\$ 33,908,757
Pension Plan Investments	137,898,699	-	-	137,898,699
Total Trust and Pension Plan Investments	171,807,456	-	-	171,807,456
Total Investments	<u>\$ 171,807,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,807,456</u>

All pension plan investments are considered unallocated insurance contracts and are valued at fair value. Funds that have been allocated to insurance contracts are excluded from the pension plan's assets.

The following is a reconciliation of total deposits and investments to the government-wide financial statements and statement of fiduciary net position at June 30, 2025.

ACPS Equity in City Pooled Investments	\$ 77,579,892
Excess of outstanding checks over bank balance	<u>(2,679,702)</u>
Net Equity in City Pooled Investments	74,900,190
Cash and investments	<u>1,064,742</u>
Total cash and investments for governmental activities	75,964,932
Investments held in trust for retirement benefits	<u>171,807,456</u>
Total	<u>\$ 247,772,388</u>

C. ACPS OPEB Trust Fund

Deposit and Investment Policies

The authority to establish the trust fund is set forth in Section 15.2-1244 of the *Code of Virginia*, which provides for the purchase of investments that meet the standard of judgment and care set forth in Section 51.1-803 of the *Code of Virginia*. ACPS, in accordance with this election, has joined the Virginia Pooled OPEB Trust Fund. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for ACPS.

ACPS invests the OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Pooled Trust is a pooled investment vehicle for participating local governments, school districts, and authorities in the State to accumulate and invest assets to fund other post-employment benefits. Investment decisions are made by the Board of Trustees (Trustees) of the Pooled Trust.

The Net Asset Value (NAV) of the ACPS OPEB Trust Fund's investment as of June 30, 2025 is \$34.0 million.

D. ACPS Investments Measured at Fair Value

ACPS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are valued using prices quoted in active markets for identical assets. Level 2 inputs are observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; or other inputs that are observable or can be corroborate by observable market data. Level 2 cash equivalent balances consist of certificates of deposits and money market funds and are reported at amortized cost, which approximates fair value. Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following is a summary of the net asset value and fair value hierarchy of investments as of June 30, 2025.

Investments by Value Category	6/30/2025	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Amounts carried at amortized cost				
Money Market Funds and Certificates of Deposit	\$ 115,156	\$ -	\$ 115,156	\$ -
Investment in Internal Investment Pool Controlled by the City	74,900,190			
Employees Supplemental Retirement Investments	137,898,699			
VACO/VML Pooled OPEB Trust Fund (Portfolio I)	33,908,757			
Total investments	\$ 246,822,802			

Financial Section-Notes to the Basic Financial Statements

At the end of FY 2025, for investments controlled by the City Treasurer, \$564.7 million were measured at net asset value (NAV).

Note 3. Prepaid Items

As of June 30, 2025, prepaid items totaled \$2.6 million and represent payments to vendors applicable to future accounting periods.

Note 4. Due from Other Government

Amounts due from other governments at June 30, 2025 were:

A. Federal Government	
Title I Grants to Local Educational Agencies	3,293,908
FEMA COVID-19	1,344,631
Special Education-Grants to States	1,034,477
Improving Teacher Quality State Grants	568,019
National School Meal Program	539,656
Student Support and Academic Enrichment Grants	372,635
Career and Technical Education -- Basic Grants to States	326,442
21st Century Community Centers	281,696
English Language Acquisition State Grants	183,613
School Support for Afghan Students	112,812
NIH Research Support AIM AHEA	90,671
Education for Homeless Children and Youth	51,464
Special Education-Preschool Grants	19,636
JROTC	13,251
Adult Literacy Services	9,329
CRF-JMU Health Department	3,164
Total due from the Federal Government	8,245,404
B. Commonwealth of Virginia	
VA Medicaid Assistance	1,687,848
State Sales Tax accrual	1,317,341
Juvenile Detention	490,786
Technology VPSA	492,000
VCA Arts in Practice Grant	2,000
American Battlefield	1,750
School Meals Expansion -BF and Lunch	462
Total due from the Commonwealth of Virginia	3,992,187
C. City of Alexandria	
Adult Detention	28,652
Total due from the City of Alexandria	28,652
Total due from other governments	\$ 12,266,243

NOTE 5. Capital and Right-to-Use Assets

The following is a summary of the changes in capital and right-to-use assets for the year ended June 30, 2025.

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not depreciated				
Land	\$ 999,381	\$ -	\$ -	\$ 999,381
Construction-in-progress	3,917,852	-	3,917,852	-
Total capital assets not depreciated	4,917,233	-	3,917,852	999,381
Other capital and right-to-use assets:				
Buildings and building improvements	48,325,514	30,760,890	-	79,086,404
Furniture and equipment	28,777,813	3,259,024	979,989	31,056,848
Right-to-use lease assets	25,246,795	182,395	2,408,731	23,020,459
Right-to-use subscription assets	4,697,213	3,560,321	1,033,289	7,224,245
Total other capital and right-to-use assets	107,047,335	37,762,630	4,422,009	140,387,956
Less accumulated depreciation and amortization for:				
Buildings and building improvements	37,623,742	1,425,133	-	39,048,875
Furniture and other equipment	19,104,783	1,804,666	979,989	19,929,460
Right-to-use lease assets	10,671,268	3,481,714	2,408,731	11,744,251
Right-to-use subscription assets	1,497,401	1,711,316	1,033,289	2,175,428
Total accumulated depreciation and amortization	68,897,194	8,422,829	4,422,009	72,898,014
Total other capital and right-to-use assets, net	38,150,141	29,339,801	-	67,489,942
Total Capital and Right-to-Use Assets, net	\$ 43,067,374	\$ 29,339,801	\$ 3,917,852	\$ 68,489,323

ACPS implemented GASB Statement No. 96, Subscription-Based Information Technology (SBITA) during FY 2023. SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

During FY 2025, new SBITAs were capitalized as Right-to-use subscriptions, totaling \$3.6 million. These SBITAs consist of web-based, digital software licensed content in support of our classroom curriculum. These licenses are being amortized over the life of the license contract, which range from two to eight years. The corresponding subscription liability for these subscription contracts has been recorded and is discussed in Note 9- Long Term Liabilities.

ACPS implemented GASB Statement No. 87, Leases during FY 2022. Right-to-use lease assets, by major asset class, are shown below:

	Building	Total
Right-to-use lease asset value	\$ 23,020,459	\$ 23,020,459
Less: accumulated amortization	(11,744,251)	(11,744,251)
Totals, net	\$ 11,276,208	\$ 11,276,208

Financial Section-Notes to the Basic Financial Statements

Current year amortization expense for Right-to-use lease and subscription assets is included in accumulated depreciation and amortization expenses. Depreciation charged to function/program activities for the year ended June 30, 2025 was as follows:

General instruction	\$ 558,757
Pupil transportation	1,340,981
Administration	1,692,732
Plant operations and maintenance	4,402,141
Food services	<u>428,218</u>
Total depreciation and amortization expenses by governmental activities	<u><u>\$ 8,422,829</u></u>

In response to GASB Statement No. 34, the Virginia General Assembly passed a law that establishes local option of creating, for financial reporting purposes, a tenancy in common between the city and the local school board when a city issues bonds for financing school construction. The sole purpose of the law is to allow cities and counties the ability to match the recording of school assets and related liabilities. As a result, certain school assets financed with the City's general obligation bonds are recorded as part of the primary government rather than as part of ACPS. According to the law, the tenancy in common ends when the associated general obligation bonds are repaid; at which time, the assets will revert to the ACPS. Capital debt financing activities are only reported in the City's financial statements. As of June 30, 2025, the City holds approximately \$743.1 million in gross assets used by ACPS. No capital assets reverted to ACPS in 2025. During the year ended June 30, 2025, ACPS incurred capital outlays of \$49.2 million related to tenancy in common projects.

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

Capital outlay	\$ 33,707,794
Other assets	<u>5,437,637</u>
Total capital outlay	39,145,431
Capital outlay not capitalizable	<u>(5,300,652)</u>
Total capitalized assets, net	33,844,779
Depreciation expense	<u>(8,422,829)</u>
Total adjustments	<u><u>\$ 25,421,950</u></u>

NOTE 6. Lease Agreements

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

Effective January 2025, ACPS extended the contract for leased space for the Transportation Department, set to expire in April 2025. As a result, an increase in Right-to-use lease assets was recorded for approximately \$0.2 million and is being amortized over the remaining life of these contracts. Corresponding lease liabilities have been recorded and are further discussed in Note 9.

ACPS' lease for office equipment expired in May 2025. ACPS entered into a renewal to continue leasing this equipment for less than 1 fiscal year without an option to renew.

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

Fiscal Year	Interest	Principal	Total
2026	\$ 215,037	\$ 3,110,935	\$ 3,325,972
2027	153,442	3,027,672	3,181,114
2028	93,089	3,175,505	3,268,594
2029	29,806	3,042,417	3,072,223
2030	-	-	-
Total	\$ 491,374	\$ 12,356,529	\$ 12,847,903

NOTE 7. Retirement Plans

ACPS participates in three public employee retirement systems (PERS). Two of these systems, a cost-sharing multiple-employer plan (professional) and an agent multiple-employer plan (non-professional), are administered by the Virginia Retirement System (VRS) and are, therefore, not reflected as ACPS pension trust funds. The third plan, Employees' Supplemental Retirement Plan (Supplemental Plan), is a single-employer defined benefit plan, where a stated methodology for determining pension benefits is provided. This plan is part of ACPS' reporting entity and, as such, is reflected as a Pension Trust Fund.

The actuarial valuation for the Supplemental Plan is performed annually. The actuarial valuation for VRS is performed biennially; however, an actuarial update is performed in the interim year.

In the Supplemental Plan, no changes occurred in the actuarial valuation assumptions, plan benefits, actuarial cost method or procedures affecting the comparability of costs.

A. Virginia Retirement System

Plan Description

All full-time salaried permanent (professional) employees of Alexandria City Public Schools (ACPS) are automatically covered by the VRS Teacher Retirement Plan upon employment. All full-time salaried permanent employees (non-professional) of ACPS are automatically covered by the VRS Political Subdivision Retirement Plan. These plans are administered by the Virginia Retirement System (The System or VRS) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan and VRS Political Subdivision Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has 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.

Financial Section-Notes to the Basic Financial Statements

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The Retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at Retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested before January 1, 2013, and they have not taken a refund. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Eligible Members Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. <i>Political Subdivision Plan Only:</i> Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: School division employees and Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the Hybrid retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

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

Financial Section-Notes to the Basic Financial Statements

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

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
Normal Retirement Age VRS: Age 65.	Normal Retirement Age VRS: Normal Social Security retirement age.	Normal Retirement Age VRS: <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution Component:</u> 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: <u>Defined Benefit Component:</u> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. <u>Defined Contribution Component:</u> 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: <u>Defined Benefit Component:</u> Age 60 with at least five years (60 months) of creditable service. <u>Defined Contribution Component:</u> 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 <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution component:</u> Not applicable. Eligibility: Same as Plan 1 and Plan 2.

Financial Section-Notes to the Basic Financial Statements

VRS Plan 1	VRS Plan 2	VRS Hybrid Retirement Plan
following unreduced retirement eligibility date. <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • 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.	<u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.	<u>Exceptions to COLA Effective Dates:</u> 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 1.70% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Employees of school divisions and political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit component:</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service <u>Defined Contribution Component:</u> Not applicable.

VRS Political Subdivision Retirement Plan

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

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Count</u>
Active Members	282
Inactive members:	
Vested inactive members	46
Non-vested Inactive Members	124
Long-term Disability	-
Total Inactive Members	170
Retirees and beneficiaries currently receiving benefits	206
Total Covered Employees	658

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 employer contribution rate for the year ended June 30, 2025 was 0.0% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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. Total contributions to the pension plan from ACPS were \$0.4 million for each of the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$47,000 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$ 35,000 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$5.1 million for the year ended June 30, 2025.

Net Pension Liability/(Asset)

The net pension liability/(asset) (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For ACPs, the net pension liability/(asset) was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

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, 2023, 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, 2024.

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10-Non-LEOS Duty:

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of the expected future real rates of return(expected returns, net of pension System investment expense and inflation) are developed for

Financial Section-Notes to the Basic Financial Statements

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return ⁽¹⁾
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
⁽¹⁾ Expected arithmetic nominal return			7.07%

(1) The above allocation provides a one-year return of 7.07% (includes 2.50%% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing median return of 7.14%, including expected inflation of 2.5%.

Changes in Net Pension Liability (Asset)

	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2023	\$ 47,003,803	\$ 58,183,139	\$ (11,179,336)
Changes for the year:			
Service Cost	729,864	-	729,864
Interest	3,129,633	-	3,129,633
Differences between expected and actual experience	1,336,316	-	1,336,316
Changes in assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	405,587	(405,587)
Net investment income	-	5,561,379	(5,561,379)
Benefit payments, including refunds of employee contributions	(2,737,465)	(2,737,465)	-
Administrative expenses	-	(38,603)	38,603
Other changes	-	985	(985)
Net changes	2,458,348	3,191,883	(733,535)
Balances at June 30, 2024	\$ 49,462,151	\$ 61,375,022	\$ (11,912,871)

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)	\$ (6,418,912)	\$ (11,912,871)	\$ (16,537,715)

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

For the year ended June 30, 2025, ACPS recognized pension expense credit of (\$1.11 million). At June 30, 2025, ACPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,651,732
Employer contributions subsequent to the measurement date	83,141	-
Change in assumptions	-	-
Differences between expected and actual experience	781,828	607
Total	<u>\$ 864,969</u>	<u>\$ 1,652,339</u>

The \$83,141 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 (asset) in the year ended June 30, 2026. 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
2026	\$ (918,981)
2027	702,726
2028	(311,456)
2029	(342,799)
2030 and thereafter	-
Total	<u>\$ (870,510)</u>

Payables to the Pension Plan

At June 30, 2025, ACPS reported payables to the VRS Political Subdivision Retirement Plan of \$57,000. 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 2024 *Annual Comprehensive Financial Report* (Annual Report).

A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VRS Teachers Retirement Plan

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

Contributions

The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from ACPS was \$38.4 million and \$38.0 million for each of the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$0.9 million for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$1.0 million for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$110.7 million for the year ended June 30, 2025.

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

At June 30, 2025, ACPS reported a liability of \$164.2 million for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was 1.80495% as compared to 1.74909% at June 30, 2023.

For the year ended June 30, 2025, ACPS recognized pension expense of \$14.2 million. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, 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	\$ -	\$ 22,602,491
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,069	5,070,547
Changes in assumptions	2,980,484	-
Differences between expected and actual experience	28,486,713	3,381,031
Employer contributions subsequent to the measurement date	28,404,194	-
Total	<u>\$ 59,902,460</u>	<u>\$ 31,054,069</u>

The deferred outflows of resources of \$28.4 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, 2026. 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
2026	\$ (12,347,759)
2027	12,272,123
2028	2,542,712
2029	(2,022,878)
2030	-
	<u>\$ 444,198</u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2025.

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 standard rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The Plan net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 60,622,260
Plan Fiduciary Net Position	51,235,326
Employers' Net Position Liability	<u>\$ 9,386,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>84.52%</u>

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

Long – Term Expected Rate of Return

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

Financial Section-Notes to the Basic Financial Statements

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return ⁽¹⁾
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
⁽¹⁾ Expected arithmetic nominal return			7.07%

(1) The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2024, 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 112% of the actuarially determined contribution rate. From July 1, 2024 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	\$ 305,054,932	\$ 164,201,893	\$ 48,847,735

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual *Comprehensive Financial Report* (Annual Report).

A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

At June 30, 2025, ACPS reported payables to the VRS Teacher Retirement Plan of \$4.1 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the fiscal year.

B. Employees' Supplemental Retirement Plan

Plan Description

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

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

All full-time employees are eligible to participate in the Plan as of July 1, 1961, if classified as a twelve month employee. Ten-month employees were eligible to participate in the Plan as of July 1, 1971. The Plan's fiscal year end is August 31. The net pension liability reported for the period ending August 31, 2024 was measured as of August 31, 2024, using the total pension liability that was determined by an actuarial valuation as of August 31, 2024.

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, 2024 has been used for GASB 67 reporting and for the Fiscal Year ending June 30, 2025 for GASB 68 reporting.

Benefits Provided

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

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

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The funding policy of the Plan provides for monthly contributions at actuarially-determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation report. Starting January 2013, contributions were made at the rate of 1.50% of covered payroll. During FY 2025, only ACPS employees contributed to the Plan. These contributions totaled \$3.4 million for the fiscal year ended June 30, 2025. 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, 2024.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Expected Geometric Return
U.S Equity - Large Cap	17.53%	7.80%	6.35%
U.S Equity - Mid Cap	2.10%	8.35%	6.35%
U.S Equity - Small Cap	2.10%	8.70%	6.35%
Non-US Equity	8.94%	8.00%	6.35%
U.S. Private Real Estate	10.70%	6.85%	6.20%
High Yield	4.99%	6.30%	5.85%
Core Bond	53.63%	4.40%	4.30%
Total	100.00%		
Exp LTROA (arithmetic mean)	5.85%		
Portfolio Standard Deviation	7.11%		
40th percentile	5.11%		
45th percentile	5.36%		
Expected Compound Return	5.61%		
55th percentile	5.85%		
60th percentile	6.11%		
Portfolio Investment Mix:	Equity 31% / Fixed Income 59% / Other 10%		

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 \$135.1 million, that represented 5 percent or more of the Plan's fiduciary net position.

Annual Money-Weighted Rate of Return

For the Plan year ended August 31, 2024, the annual money-weighted rate of return on plan investments for the measurement period is 10.47%. The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

Long-Term Expected Rate of Return

For the plan year ended August 31, 2024, the expected long-term rate of return assumption as of the end of period is 5.50%. The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2023. The capital market assumptions were developed focusing on forward-looking market indicators and valuation models, as well as utilizing the analysis of historical data and trends, the outlook and forecasts from credible economic studies, and investment expert opinions.

Actuarial Assumptions

The actuarial assumptions used in the August 31, 2024 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, 2024, there were no changes in assumptions in plan provisions.

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active plan members	2,611
Retirees and beneficiaries currently receiving benefits	1,309
Inactive or disabled plan members entitled to but not receiving benefits	<u>2,925</u>
Total	<u><u>6,845</u></u>
Normal retirement age	65 years
Benefits age	50 yrs (+30 yrs of service)
Benefits vesting years	5 years
Disability and death benefits	Yes

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Long-term rate of return	5.50%
Discount rate	5.50%
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	\$ 3,191,339
Employer contribution	-
Total amount contributed	<u><u>\$ 3,191,339</u></u>
Covered payroll (Annual member compensation)	\$ 197,819,839
Legally-required reserves	None
Long-term contribution contracts	None

Projected Cash Flows

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

Discount Rate

The discount rate used to determine the end of period Total Pension Liability is 5.50%. 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 2024 to 2119. Benefit payments after 2119 are projected to be \$0.00.

Net Pension Liability

The net pension liability reported for ACPS fiscal year end of June 30, 2025 was measured as of August 31, 2024, using the total pension liability that was determined by an actuarial valuation as of August 31, 2024.

Financial Section-Notes to the Basic Financial Statements

Changes in Net Pension Liability			
	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at August 31, 2023	\$ 182,258,245	\$ 125,951,580	\$ 56,306,665
Changes for the year			
Service Cost	5,603,737	-	5,603,737
Interest	10,134,562	-	10,134,562
Differences between expected and actual experience	(564,666)	-	(564,666)
Change in assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	3,169,065	(3,169,065)
Net investment income	-	12,956,207	(12,956,207)
Benefit payments, including refunds of employee contributions	(6,702,979)	(6,702,979)	-
Administrative expenses	-	(284,360)	284,360
Net changes	8,470,654	9,137,933	(667,279)
Balances at August 31, 2024	\$ 190,728,899	\$ 135,089,513	\$ 55,639,386
Plan Fiduciary Net Position as a percentage of Total Pension Liability			70.83%

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 5.50%, as well as what the pension net pension liability would be if it was calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate.

	(-1%) Decrease 4.50%	Current Discount Rate 5.50%	(+1%) Increase 6.50%
Net Pension Liability	\$ 84,114,573	\$ 55,639,386	\$ 32,467,432

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, 2025 is \$3.9million. For the year ended June 30, 2025, 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	\$ 3,042,513	\$ -
Changes in assumptions	-	2,729,089
Differences between expected and actual experience	663,853	381,926
Total	\$ 3,706,366	\$ 3,111,015

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

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

Year Ending June 30,	Amount
2026	\$ (369,085)
2027	2,717,382
2028	(523,238)
2029	(1,229,708)
Total	<u>\$ 595,351</u>

The following is a summary of fiduciary net position of the Plan as of June 30, 2025.

Summary of Fiduciary Net Position	
Employees' Supplementary Retirement Plan	
As of June 30, 2025	
ASSETS	
Mutual Funds	\$ 137,898,699
Contribution Receivable	<u>321,088</u>
Total assets	<u>138,219,787</u>
NET POSITION	
Net position restricted for pensions	<u>\$ 138,219,787</u>

The following is a summary of changes in fiduciary net position of the Plan for the year ended June 30, 2025.

Summary of Changes in Fiduciary Net Position	
Employees' Supplementary Retirement Plan	
For the Year Ended June 30, 2025	
ADDITIONS	
Contributions	\$ 3,389,210
Investment Earnings net	<u>11,017,628</u>
Total Additions	<u>14,406,838</u>
DEDUCTIONS	
Benefit payments	7,155,424
Administrative expenses	<u>334,617</u>
Total Deductions	<u>7,490,041</u>
Change in net position	6,916,797
NET POSITION, beginning of year	<u>131,302,990</u>
NET POSITION, end of year	<u>\$ 138,219,787</u>

Payables to the Pension Plan

At June 30, 2025, ACPS reported payables to the Employees' Supplemental Retirement Plan of \$0.3 million.

Financial Section-Notes to the Basic Financial Statements

Summary of Net Pension Liabilities/Asset and Deferred Inflows and Outflows of Resources
As of June 30, 2025

	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	Pension Expense
Net Pension Liability	\$ -	\$ -	\$ 164,201,893	\$ -	\$ -	\$ -	\$ 11,912,871	\$ -	\$ -	\$ -	\$ 55,639,386	\$ -	\$ -	\$ -	\$ 11,912,871	\$ -
Net Pension Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,602,481	-	-	-	-	1,651,732	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	31,069	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in assumptions	28,486,713	-	-	-	781,828	607	-	-	663,853	381,926	-	-	29,932,394	3,763,564	-	-
Employer contributions subsequent to the measurement date	2,880,484	-	-	-	-	-	-	-	-	2,729,089	-	-	2,880,484	2,729,089	-	-
Pension Expense	28,404,194	-	-	14,177,030	83,141	-	-	(1,113,790)	-	-	-	-	28,487,335	-	-	16,991,163
Totals	\$ 59,902,460	\$ 31,054,069	\$ 164,201,893	\$ 14,177,030	\$ 864,969	\$ 1,652,339	\$ 11,912,871	\$ (1,113,790)	\$ 3,706,366	\$ 3,111,015	\$ 55,639,386	\$ 3,927,923	\$ 64,473,795	\$ 35,817,423	\$ 11,912,871	\$ 16,991,163

NOTE 8. Other Post Employment Benefits (OPEB)**A. Alexandria City Public Schools Postretirement Benefit Plan***Plan Description and Plan Administration*

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

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

Eligibility

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

VRS Tier 1:

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

VRS Tier 2:

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

Benefits

Program participants may continue medical coverage by paying the appropriate subsidized premium which range from \$0.00 to \$2,305.94 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 2025, ACPS contributed up to \$265.00 for each participant.

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

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

Actuarial Assumptions

The key actuarial assumptions used in the January 1, 2024 valuation are reflected in the chart below.

Membership and Key Actuarial Assumptions	
Active plan members	2,484
Inactive/Deferred Vested	0
Retirees and spouses	696
Total	3,180
Covered Payroll	\$204,940,761
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	Kaiser Non-Medicare: 4.5% in 2024, 7% in 2025 and 2026 then grading to 4.55% in 2044 using the Getzen Trend model UHC POS Non-Medicare: 4% in 2024, then 8% in 2025 grading down to 4.55% in 2044 using the Getzen Trend model UHC POS over age 65: 8% in 2024 grading down to 4.55% in 2044 using the Getzen Trend model Medicare: 7% in 2024, then grading to 4.55% in 2044 using the Getzen Trend model
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

Investment Policy

The Pooled Trust Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Trustees will establish and maintain investment policies and objectives. Within this framework, the Trustees will monitor and evaluate the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and

actual results meet objectives. If necessary, the Trustees are responsible for making changes to achieve this. The investment objective of the Pooled Trust is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Portfolio will be structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. There were no significant changes in investment policy during fiscal year 2025.

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, 2025

Investment Type	Allocation	Expected Long-Term Rates of Return (real)	Long-Term Arithmetic Weighted Average Real Return
U.S. Large Cap Equity	21.00%	7.20%	1.51%
U.S. Small Cap Equity	10.00%	8.59%	0.86%
International Developed Equity	13.00%	7.97%	1.04%
Emerging Markets Equity	5.00%	9.24%	0.46%
Long/Short Equity	6.00%	5.39%	0.32%
Private Equity	10.00%	10.51%	1.05%
Core Plus Bonds	16.00%	2.83%	0.45%
Absolute Return	4.00%	4.25%	0.17%
Core Real Estate	10.00%	6.45%	0.65%
Opportunistic Real Estate	5.00%	9.45%	0.47%
Total	100.00%		6.98%
		Inflation	2.75%
		Expected arithmetic nominal return	9.73%

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, 2025 is 7.00%, which is the estimated long-term rate of return on Pooled Trust investments. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current Plan members.

Measurement Date

The measurement date used for the OPEB Trust GASB 74 reporting is June 30, 2025.

Financial Section-Notes to the Basic Financial Statements

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, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 8.84%. 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⁾								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return									
Net of Investment Expense	8.84%	9.48%	7.62%	-9.27%	30.07%	3.01%	4.67%	9.52%	13.04%

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

Net OPEB Liability (Asset)

The net OPEB liability (asset) at the beginning of the current measurement year is measured as of a valuation date of January 1, 2024 and rolled forward to June 30, 2025. The net OPEB liability at the end of the measurement year, June 30, 2025, is measured as of a valuation date of January 1, 2024 and projected to June 30, 2025. 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 (Asset)		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances as of June 30, 2024	\$ 30,945,866	\$ 31,181,675	\$ (235,809)
Changes for the year:			
Service cost	990,747	-	990,747
Interest	2,157,096	-	2,157,096
Changes of benefits	-	-	-
Differences between expected and actual experience	(883,446)	-	(883,446)
Changes of assumptions	-	-	-
Contributions - employer	-	1,425,385	(1,425,385)
Contributions - member	-	-	-
Net investment income	-	2,755,967	(2,755,967)
Benefit payments	(1,425,385)	(1,425,385)	-
Administrative expense	-	(28,885)	28,885
Net changes	839,012	2,727,082	(1,888,070)
Balances as of June 30, 2025	\$ 31,784,878	\$ 33,908,757	\$ (2,123,879)

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

106.7%

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	(-1%) Decrease 6.0%	Discount Rate 7.0%	(+1%) Increase 8.0%
Total OPEB Liability	\$ 34,391,595	\$ 31,784,878	\$ 29,470,250
Plan Fiduciary Net Position	33,908,757	33,908,757	33,908,757
Net OPEB Liability (Asset)	<u>\$ 482,838</u>	<u>\$ (2,123,879)</u>	<u>\$ (4,438,507)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	98.6%	106.7%	115.1%

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Trend Rate

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

	Trend Minus (-) 1%	Trend Baseline	Trend Plus (+) 1%
Total OPEB Liability	\$ 30,808,511	\$ 31,784,878	\$ 32,878,100
Plan Fiduciary Net Position	33,908,757	33,908,757	33,908,757
Net OPEB Liability (Asset)	<u>\$ (3,100,246)</u>	<u>\$ (2,123,879)</u>	<u>\$ (1,030,657)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.1%	106.7%	103.1%

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

For the year ended June 30, 2025, the OPEB adjustment was (\$1,065,087). At June 30, 2025, the deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,976,218
Change in assumptions	48,050	821,959
Net difference between projected and actual earnings on OPEB plan investments	-	7,170
Total	<u>\$ 48,050</u>	<u>\$ 7,805,347</u>

Financial Section-Notes to the Basic Financial Statements

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

Year Ending June 30,	Amount
2026	\$ (1,059,370)
2027	(1,819,564)
2028	(1,786,438)
2029	(1,206,425)
2030	(1,091,584)
Thereafter	(793,916)
Total	\$ (7,757,297)

Contributions

Contribution requirements of ACPS are established and may be amended by the School Board. The required contributions were actuarially-determined and are based upon projected pay-as-you go financing requirements with additional amount to prefund benefits. The costs of administering the plan are paid for by the OPEB Trust Fund through the use of investment income and employer contributions. For the period ending June 30, 2025, ACPS contributed \$1.8 million for current costs.

The funding policy of ACPS is to contribute the difference between the ADC and the expected explicit subsidy payment to the Trust Fund. Benefit payments, including the implicit subsidy, are paid outside of the Trust. ACPS is assumed to pay benefit payments outside of the Trust over the next few years. It is anticipated that once the Plan becomes 100% funded for a sustained period, ACPS will switch to paying benefit payments from the Trust. This switch may happen a few years after the Plan is greater than 100% funded to allow for a buffer in case of asset losses.

The following is a summary of fiduciary net position of the Trust as of June 30, 2025:

Summary of Fiduciary Net Position	
ACPS OPEB Trust Fund	
As of June 30, 2025	
ASSETS	
Mutual Funds	\$ 33,908,757
Total assets	<u>33,908,757</u>
NET POSITION	
Net position restricted for pensions	<u>\$ 33,908,757</u>

The following is a summary of changes in fiduciary net position of the Trust for the year ended June 30, 2025:

Summary of Changes in Fiduciary Net Position	
ACPS OPEB Trust Fund	
For the Year Ended June 30, 2025	
ADDITIONS	
Contributions	\$ 1,791,389
Investment Earnings, net	2,755,967
Total Additions	<u>4,547,356</u>
DEDUCTIONS	
Benefit payments	1,791,389
Administrative expenses	28,885
Total Deductions	<u>1,820,274</u>
Change in net position	2,727,082
NET POSITION, beginning of year	<u>31,181,675</u>
NET POSITION, end of year	<u><u>\$ 33,908,757</u></u>

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

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

B. VRS Employee Health Insurance Credit Program OPEB - Teachers

Summary of Significant Accounting Policies

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

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

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

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 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, 2023. 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 \$2.5 million for the year ended June 30, 2025 and 2.3 million for the year ended June 30, 2024, respectively.

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

At June 30, 2025, the school division reported a liability of \$20.4 million for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2024 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, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC Program was 1.76463% as compared to 1.76955% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$ 1.4 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, 2025, 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	\$ -	\$ 966,167
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	72,538
Changes in assumptions	351,311	-
Changes in proportionate share	61,295	903,323
Employer contributions subsequent to the measurement date	2,508,203	-
Total	\$ 2,920,809	\$ 1,942,028

An amount of \$2.5 million reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2026.

Financial Section-Notes to the Basic Financial Statements

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ (332,923)
2027	(274,991)
2028	(360,311)
2029	(341,930)
2030	(176,723)
Thereafter	(42,544)
Total	\$ (1,529,422)

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, 2023, 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, 2024.

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. 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, 2024, 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	\$ 1,478,105
Plan Fiduciary Net Position	<u>322,457</u>
Teacher Employee net HIC OPEB Liability	<u><u>\$ 1,155,648</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	<u><u>21.82%</u></u>

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

Long-Term Expected Rate of Return

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

Financial Section-Notes to the Basic Financial Statements

Asset Class (Strategy)	Target Allocation ⁽¹⁾	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return ⁽¹⁾
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	3.00%	0.35%
Cash	2.00%	1.20%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>

(1) The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns that ultimately provide a medium return of 7.10% including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at 45 percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2024, 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, 2024 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	(-1%) Decrease 5.75%	Discount Rate 6.75%	(+1%) Increase 7.75%
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	<u>\$ 23,191,828</u>	<u>\$ 20,392,911</u>	<u>\$ 18,020,574</u>

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-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, 2025, ACPS reported payables to the Teacher Employee Health Insurance Credit Program OPEB Plan of \$0.2 million. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

C. VRS Employee Health Insurance Credit Program OPEB-Political Subdivision

Summary of Significant Account Policies

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

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

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

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	
Eligible Employees	The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts	The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • At Retirement – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00. • Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
Health Insurance Credit Program Notes:	• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2024, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

Active members	235
Inactive members:	
Vested inactive members	3
Inactive members active elsewhere in the VRS system	39
Inactive members or their beneficiaries currently receiving benefits	63
Total inactive members	105
Total covered employees	340

Contributions

The contribution requirement for active employees is governed by § 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The contractually required employer contribution rate for the year ended June 30, 2025, was 0.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Political Subdivision Health Insurance Credit Program were \$0.1 million each for the years ended June 30, 2025, and June 30, 2024, respectively.

Net HIC OPEB Liability

The Health Insurance Credit OPEB liability was measured as of June 30, 2024. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates – Non-Largest 10 Locality Employers – General Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Financial Section-Notes to the Basic Financial Statements

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation ⁽¹⁾	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return ⁽¹⁾
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	3.00%	0.35%
Cash	2.00%	1.20%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%

*The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

*On June 15, 2023 the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

Changes in Net OPEB Liability			
Increase (Decrease)			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2023	\$ 534,775	\$ 117,198	\$ 417,577
Changes for the year:			
Service cost	5,907	-	5,907
Interest	35,440	-	35,440
Change in benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(10,099)	-	(10,099)
Contributions - employer	-	59,536	(59,536)
Contributions - member	-	-	-
Net investment income	-	12,118	(12,118)
Benefit payments	(31,303)	(31,303)	-
Administrative expense	-	(182)	182
Other changes	-	(1)	1
Net changes	(55)	40,168	(40,223)
Balances as of June 30, 2024	\$ 534,720	\$ 157,366	\$ 377,354

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability 29.43%

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

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

	(-1%) Decrease 5.75%	Discount Rate 6.75%	(+1%) Increase 7.75%
Net HIC OPEB Liability	\$ 433,447	\$ 377,354	\$ 329,495

Financial Section-Notes to the Basic Financial Statements

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

For the year ended June 30, 2025, the recognized Health Insurance Credit Program OPEB expense is \$(6,026). At June 30, 2025, the reported deferred outflows of resources and deferred inflows of resources related to the Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Political HIC OPEB plan investments	\$ -	\$ 121,670
Difference Between Expected and Actual Experience	19,405	-
Changes in assumptions	-	1,076
Employer contributions subsequent to the measurement date	63,800	-
Total	<u>\$ 83,205</u>	<u>\$ 122,746</u>

The \$6,000 reported as deferred outflows of resources related to the HIC OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2025	\$ (39,616)
2026	(40,546)
2027	(21,344)
2028	(1,835)
2029 & thereafter	-
Total	<u>\$ (103,341)</u>

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A Copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Political Subdivision Health Insurance Credit Program OPEB Plan

At June 30, 2025, ACPS reported payables to the Political Subdivision Health Insurance Credit Program of \$5,700. These payables are reflected in the balance sheet of the governmental funds and represent short-term amounts due for legally required contributions outstanding at the end of the year.

D. VRS Group Life Insurance Program*Summary of Significant Accounting Policies*

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

*General Information about the Group Life Insurance Program
Plan Description*

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: - o Accidental dismemberment benefit - o Safety belt benefit - o Repatriation benefit - o Felonious assault benefit - o Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 school division for the Teachers group were \$2.5 million for year ended June 30, 2025 and \$2.3 million for year ended June 30, 2024. Total contributions for the Locality group were \$0.1 million for both years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, ACPS reported liabilities of \$8.3 million and \$0.4 million for its proportionate share of the Net GLI OPEB Liability, for the Teachers and Locality groups, respectively. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023 and rolled forward to June 30, 2023. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, for the Teachers group, the ACPS employer's proportion was 0.73962% as compared 0.75099% at June 30, 2023, and for the Locality group, the employer's proportion was 0.03489% at June 30, 2024 as compared 0.03644% at June 30, 2023.

For the year ended June 30, 2025, ACPS recognized GLI OPEB expense of \$0.1 million for the Teachers group and (\$10,035) 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, 2025, ACPS reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Teachers Group		Locality Group		Total GLI OPEB Program	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,301,780	\$ 201,607	\$ 61,409	\$ 9,510	\$ 1,363,189	\$ 211,117
Net difference between projected and actual earnings on GLI OPEB program investments	-	695,691	-	32,818	-	728,509
Changes in assumptions	47,046	409,031	2,219	19,295	49,265	428,326
Changes in proportion	12,554	514,994	6,241	40,946	18,795	555,940
Employer contributions subsequent to the measurement date	980,929	-	45,041	-	1,025,970	-
Total	\$ 2,342,309	\$ 1,821,323	\$ 114,910	\$ 102,569	\$ 2,457,219	\$ 1,923,892

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, 2026. 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
2026	\$ (502,427)	\$ (31,429)	\$ (533,856)
2027	22,508	1,248	23,756
2028	(93,452)	(3,808)	(97,260)
2029	5,815	(1,956)	3,859
2030	107,614	3,244	110,858
Thereafter	-	-	-
Total	\$ (459,942)	\$ (32,701)	\$ (492,643)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, 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	\$4,196,055
Plan Fiduciary Net Position	3,080,133
Employers' Net GLI OPEB Liability (Asset)	<u>\$1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	<u>73.41%</u>

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation ⁽¹⁾	Arithmetic Long-term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return ⁽¹⁾
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	3.00%	0.35%
Cash	2.00%	1.20%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%

⁽¹⁾ The above allocation provides a one-year return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which

was 100% of the actuarially determined contribution rate. From July 1, 2024 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	<u>\$ 12,835,393</u>	<u>\$ 8,253,583</u>	<u>\$ 4,552,082</u>
School division's proportionate share of the VRS Group Life Net OPEB Liability - Locality Employee Group	<u>\$ 605,482</u>	<u>\$ 389,345</u>	<u>\$ 214,735</u>
Total VRS Group Life Net OPEB Liability	<u>\$ 13,440,875</u>	<u>\$ 8,642,928</u>	<u>\$ 4,766,817</u>

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at

<https://www.varetire.org/pdf/publications/2024-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, 2025, 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 June 30, 2025.

Financial Section-Notes to the Basic Financial Statements

Combining Schedule of VRS HLC OPEB Plans Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and OPEB Expense
As of June 30, 2025

	VRS HLC OPEB Program					
	Teachers Group			Political Subdivision Group		
	Deferred Outflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Differences between expected and actual experience	-	966,167	-	-	121,670	-
Net difference between projected and actual earnings on HLC OPEB program investments	-	72,538	-	19,405	-	-
Changes in assumptions	351,311	-	-	-	1,076	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	61,295	903,323	-	-	-	-
Employer contributions subsequent to the measurement date	2,508,203	-	-	63,800	-	-
OPEB Expense	-	-	1,380,008	-	-	(5,961)
Totals	\$ 2,920,809	\$ 1,942,028	\$ 20,392,811	\$ 83,205	\$ 1,222,746	\$ 377,354
						\$ 1,374,047

Combining Schedule of VRS GLI OPEB Plans Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and OPEB Expense
As of June 30, 2025

	VRS GLI OPEB Program					
	Teachers Group			Political Subdivision Group		
	Deferred Outflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Net OPEB Liability	OPEB Expense
Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Differences between expected and actual experience	1,301,780	201,607	-	61,409	9,510	-
Net difference between projected and actual earnings on GLI OPEB program investments	-	695,691	-	-	32,818	-
Changes in assumptions	47,046	409,031	-	2,219	19,295	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,554	514,994	-	6,241	40,946	-
Employer contributions subsequent to the measurement date	980,929	-	-	45,041	-	-
OPEB Expense	-	-	70,203	-	-	(10,034)
Totals	\$ 2,342,309	\$ 1,821,323	\$ 8,253,563	\$ 114,910	\$ 102,569	\$ 389,345
						\$ 60,169

Summary of OPEB Related Net OPEB Liabilities, Deferred Outflows and Inflows of Resources and OPEB Expense
As of June 30, 2025

	ACPS OPEB Trust				VRS HLC OPEB Program				VRS GLI OPEB Program				Total OPEB Programs			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Asset	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Asset	OPEB Expense
Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Asset	-	-	2,123,879	-	-	-	\$ 20,770,265	-	-	-	\$ 6,642,928	-	-	-	2,123,879	-
Differences between expected and actual experience	-	6,976,218	-	-	-	1,087,837	-	-	1,363,189	211,117	-	-	1,363,189	8,275,172	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	7,170	-	-	19,405	72,538	-	-	-	728,509	-	-	19,405	808,217	-	-
Changes in assumptions	48,050	821,959	-	-	351,311	1,076	-	-	49,285	428,326	-	-	448,626	1,251,381	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	61,295	903,323	-	-	18,795	555,940	-	-	80,000	1,459,263	-	-
Employer contributions subsequent to the measurement date	-	-	-	-	2,572,003	-	-	-	1,025,970	-	-	-	3,597,973	-	-	-
OPEB Expense	-	-	-	(1,065,187)	-	-	-	1,374,047	-	-	-	-	-	-	-	369,029
Totals	\$ 48,050	\$ 7,805,347	\$ 2,123,879	\$ (1,065,187)	\$ 3,004,014	\$ 2,084,774	\$ 20,770,265	\$ 1,374,047	\$ 2,457,219	\$ 1,923,892	\$ 8,642,928	\$ 60,169	\$ 5,509,263	\$ 11,794,013	\$ 2,123,879	\$ 369,029

NOTE 9. Long-term Liabilities

The change in long-term liabilities within the government-wide financial statements during the year consists of the following:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amount Due Within One Year		Long-term Payable
					Total	Portion in Governmental Funds	
Compensated Absences, net	\$ 35,055,065	\$ 3,243,981	\$ -	\$ 38,299,046	\$ 14,864,178	\$ -	\$ 23,434,868
Workers' Compensation Claims	2,168,398	1,318,188	(1,470,280)	2,016,306	1,411,414	1,411,414	604,892
Right-to-Use Lease Liability	15,591,562	182,395	(3,417,428)	12,356,529	3,110,936	-	9,245,593
Right-to-Use Subscription Liability	895,261	3,560,321	(3,148,621)	1,306,961	990,287	-	316,674
Subtotal	53,710,286	8,304,885	(8,036,329)	53,978,842	20,376,815	1,411,414	33,602,027
Net Pension Liability	233,090,773	87,395,795	(100,645,289)	219,841,279	-	-	219,841,279
Net OPEB Liability	31,062,159	12,754,438	(14,353,404)	29,463,193	-	-	29,463,193
Total	\$ 317,863,218	\$ 108,455,118	\$ (123,035,022)	\$ 303,283,314	\$ 20,376,815	\$ 1,411,414	\$ 282,906,499

ACPS implemented Governmental Accounting Standards Board (GASB) No. 101, Compensated Absences during FY 2025. In accordance with this new standard, the ACPS revised its accounting and financial reporting for compensated absences to recognize these obligations as liabilities in the government-wide financial statements. As a result of adopting GASB 101, the beginning balance of compensated absences, as of June 30, 2024, was increased by \$24,315,968 to \$35,055,065, representing the cumulative effect of applying the new standard.

In prior years, the liability for compensated absences included termination payout obligations due to separated employees. Under GASB 101, these amounts no longer meet the recognition criteria for compensated absences and are now reported separately as part of accrued payroll. The compensated absences liability reported as of June 30, 2025, is \$38,299,046.

For compensated absences, the change in the liability balance is presented as the net change in the activity for this fiscal year.

As of June 30, 2025, the plan's fiduciary net position exceeded its total OPEB liability by \$2,123,879. This amount is reported as a net OPEB Asset in the government-wide Statement of Net Position and is not included in the long-term liabilities table above. Because this plan was not reported separately as an asset in the prior year, the beginning balance in the table above has not been restated; the current-year additions include the recognition of this amount.

Under the modified accrual basis of accounting used in the fund financial statements for the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The adjustment from modified accrual to full accrual is composed of the items in the table below.

Compensated Absences, long-term increase	\$ 38,299,046
Accrued Interest Payable- Subscription Liability	30,916
Workers' Compensation	(45,631)
Right-to-Use Lease Liability	(3,235,032)
Right-to-Use Subscription Liability	411,699
Total	<u>\$ 35,460,998</u>

Subscription-Based Information Technology Arrangements

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

Right-to-Use Subscription Liabilities were recorded based on the contractual payments required under the terms of the subscriptions. As of June 30, 2025, ACPS had 49 active subscriptions. The subscriptions have payments that range from \$0 to \$1,011,946 and interest rates up to 5.00%.

As of June 30, 2025, the total combined value of the subscription liability is \$1.3 million and the total combined value of the short-term subscription liability is \$1.0 million. The value of right-to-use subscription assets, as of June 30, 2025, of \$7.2 million and accumulated amortization of \$2.5 million, is included in Note 5 – Capital Assets.

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

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 990,287	\$ 51,478	\$ 1,041,765
2027	206,955	15,476	222,431
2028	53,568	5,289	58,857
2029	56,151	2,707	58,858
	<u>\$ 1,306,961</u>	<u>\$ 74,950</u>	<u>\$ 1,381,911</u>

NOTE 10. Risk Management

ACPS is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of ACPS to retain risks of losses in those areas where it believes it is more economical to manage risks internally and account for any claims settlement in the General Fund.

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

Self-Insurance

ACPS is self-insured for workers' compensation. Claims are processed by a third-party administrator under contract with ACPS per statutory requirements of the Virginia Workers' Compensation Act. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. There were no material reductions in insurance coverage from the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years.

In July 2013, ACPS established a Health Benefits Fund to better manage health care expenses within ACPS. ACPS offers several health insurance programs to employees and retirees. Medical insurance is offered through Kaiser Permanente and an ACPS self-insured plan, administered by United Healthcare. Dental and vision care are also offered to employees and retirees.

This fund was established by transferring all healthcare insurance account balances from the General Fund into the Health Benefits Fund, including the liability for estimated healthcare claims that have been incurred but not reported (IBNR). The amount of expenditures did not exceed funds that are available to pay the claims.

Liabilities for workers compensation and self-insured health programs are reported when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Liabilities are determined using a combination of actual historical claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. ACPS uses independent contractors to process workers compensation and health claims and records a provision and liability in the government-wide statements and General Fund (current portion only) which includes an estimate of incurred but not reported claims.

Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective.

Changes in the estimated claims payable for worker's compensation and self-insured health programs during the fiscal years ended June 30, 2025, 2024 and 2023 were as follows:

	IBNR Accrual (Health Benefits Fund)	Workers Compensation (General Fund)
Liability Balances, July 1, 2023	\$ 1,574,083	\$ 1,880,065
Claims and changes in estimates	26,863,743	1,700,440
Claims payments	(25,941,057)	(1,412,107)
Liability Balances, June 30, 2024	2,496,769	2,168,398
Claims and changes in estimates	28,197,773	1,318,188
Claims payments	(27,752,644)	(1,470,280)
Liability Balances, June 30, 2025	<u>\$ 2,941,898</u>	<u>\$ 2,016,306</u>
Due Within One Year	<u>\$ 2,941,898</u>	<u>\$ 1,411,414</u>

NOTE 11. Commitments and Contingencies

ACPS receives financial assistance from numerous federal, state and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements. Certain expenditures of these funds are subject to audit by the grantors. ACPS is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of management, no material refunds (if any) will be required as a result of expenditures disallowed by the grantor agencies.

NOTE 12. Fund Balance Disclosure

The constraints placed upon fund balance for the governmental funds, as of June 30, 2025, are presented below:

GOVERNMENTAL FUND BALANCES

Fund Categories	General	Grants and Special Revenue	School Nutrition
Nonspendable:			
Prepaid Items	\$ 2,514,612	\$ 29,567	\$ 14,488
Inventories	-	-	215,666
Total Nonspendable	2,514,612	29,567	230,154
Spendable			
Restricted for:			
Grant Funded Programs	-	203,882	-
School Nutrition Program	-	-	809
Total Restricted	-	203,882	809
Committed for:			
Subsequent Year Fund Balance	6,921,916	-	-
Total Committed	6,921,916	-	-
Assigned for:			
School/Department Programs	1,712,024	888,415	-
Total Assigned	1,712,024	888,415	-
Unassigned:			
Unassigned	5,372,227	-	-
Total Spendable	14,006,167	1,092,297	809
TOTAL FUND BALANCES	\$ 16,520,779	\$ 1,121,864	\$ 230,963

NOTE 13. Contingent Liabilities

ACPS is party to various claims and lawsuits arising in the normal course of business. ACPS' Division Counsel is involved in several legal actions arising from the ordinary course of operations. With respect to these actions, the Division Counsel believes the outcomes will not have a material adverse effect on ACPS' financial position.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

The Required Supplementary Information subsection includes:

- Budgetary comparison schedule for the General Fund
- Budgetary comparison schedule for the Grants and Special Projects Fund
- Budgetary comparison schedule for the School Nutrition Fund
- Schedule of employer contributions for the pension and other employee benefit trust funds
- Schedule of changes in net pension and OPEB liabilities for the Pension and OPEB trust funds



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

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

Alexandria City Public Schools, Virginia

Financial-Required Supplementary Information

Exhibit IX

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance from Final Budget Over /(Under)
Revenues				
Intergovernmental:				
City of Alexandria	\$ 273,034,300	\$ 273,034,300	\$ 273,034,300	\$ -
State aid	66,899,500	66,899,500	69,993,931	3,094,431
Federal aid	152,000	152,000	159,193	7,193
Tuition and fees	425,000	425,000	253,267	(171,733)
Other local funds	610,000	610,000	833,488	223,488
Total Revenues	341,120,800	341,120,800	344,274,179	3,153,379
Expenditures				
Salaries	220,254,188	217,673,273	217,893,538	220,265
Benefits	80,731,416	80,287,690	78,583,601	(1,704,089)
Purchased Services	20,926,852	23,962,826	25,293,787	1,330,961
Other Charges	12,924,312	13,763,989	13,239,163	(524,825)
Materials and Supplies	11,077,590	11,991,136	9,012,298	(2,978,838)
Capital Outlay	1,549,853	601,257	2,344,069	1,742,812
Total Expenditures	347,464,211	348,280,171	346,366,456	(1,913,715)
Excess (Deficiency) of revenue over (under) expenditures	(6,343,411)	(7,159,371)	(2,092,277)	5,067,095
Other Financing Sources (Uses)				
Transfers Out	(1,824,856)	(1,824,856)	(2,019,856)	195,000
Proceeds - Leases / SBITA	1,200,000	1,200,000	1,820,794	620,794
Total Other Financing Sources and (Uses), net	(624,856)	(624,856)	(199,062)	815,794
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	\$ (6,968,267)	\$ (7,784,227)	(2,291,339)	\$ 5,882,888
Fund Balance - July 1, 2024			18,812,118	
Fund Balance - June 30, 2025			\$ 16,520,779	

See accompanying note to the budgetary comparison schedule.

Alexandria City Public Schools, Virginia

Financial-Required Supplementary Information

Exhibit X

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
Grants and Special Revenue Fund
For the Year Ended June 30, 2025

	Budget		Actual	Variance from Final budget Over/(Under)
	Original	Final		
Revenues				
Intergovernmental:				
City of Alexandria	\$ -	\$ -	\$ -	\$ -
State aid	5,157,966	8,000,561	6,647,186	(1,353,375)
Federal aid	15,886,406	21,430,400	18,713,569	(2,716,831)
Fees	-	200,213	1,348,470	1,148,257
Other local revenue	312,616	961,652	1,001,918	40,266
Total Revenues	21,356,988	30,592,826	27,711,143	(2,881,683)
Expenditures				
Salaries	14,018,037	15,257,134	13,365,357	(1,891,777)
Benefits	5,056,970	5,174,434	4,056,016	(1,118,419)
Purchased Services	2,372,379	4,815,410	4,318,727	(496,683)
Other Charges	1,737,171	2,678,200	2,410,816	(267,384)
Materials and Supplies	2,906,215	4,163,843	3,054,489	(1,109,354)
Capital Outlay	225,121	1,503,245	2,135,880	632,635
Total Expenditures	26,315,892	33,592,267	29,341,285	4,250,981
Excess (deficiency) of revenue over (under) expenditures	(4,958,904)	(2,999,441)	(1,630,142)	1,369,298
Other Financing Sources				
Issuance of debt - SBITA	-	-	18,160	18,160
Transfers In	1,824,856	1,824,856	1,824,856	-
Total Other Financing Sources	1,824,856	1,824,856	1,843,016	18,160
Excess (deficiency) of revenue over (under) expenditures and other financing sources	<u>\$ (3,134,048)</u>	<u>\$ (1,174,585)</u>	212,874	<u>\$ 1,387,458</u>
Fund Balance-July 1, 2024			908,990	
Fund Balance-June 30, 2025			<u>\$ 1,121,864</u>	

See accompanying note to the budgetary comparison schedule.

Exhibit XI

Alexandria City Public Schools, Virginia*Budgetary Comparison Schedule**School Nutrition Fund**For the Year Ended June 30, 2025*

	Original Budget	Final Budget	Actual	Variance from Final Budget Over/(Under)
Revenues				
Intergovernmental:				
City of Alexandria	\$ -	\$ -	\$ -	\$ -
State aid	207,938	207,938	183,765	(24,173)
Federal aid	9,552,860	9,860,605	9,890,585	29,980
Tuition and fees	2,467,281	2,467,281	1,518,434	(948,847)
Other local funds	347,800	347,800	255,072	(92,728)
Total Revenues	12,575,879	12,883,624	11,847,856	(1,035,768)
Expenditures				
Salaries	4,723,649	5,063,649	4,614,978	(448,671)
Benefits	1,903,954	1,903,954	1,853,154	(50,800)
Purchased Services	188,500	522,157	215,129	(307,028)
Other Charges	45,500	89,293	52,366	(36,927)
Materials and Supplies	4,927,780	6,510,966	6,332,308	(178,658)
Capital Outlay	786,496	4,006,591	2,841,214	(1,165,377)
Total Expenditures	12,575,879	18,096,610	15,909,149	(2,187,463)
Excess (Deficiency) of revenue over (under) expenditures	-	(5,212,986)	(4,061,293)	1,151,696
Other Financing Sources				
Transfers In	-	-	195,000	(195,000)
Proceeds - Leases / SBITA	-	-	72,726	72,726
Total Other Financing Sources	-	-	267,726	(122,274)
Excess (deficiency) of revenue over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (5,212,986)</u>	<u>(3,793,567)</u>	<u>\$ 1,029,421</u>
Fund Balance - July 1, 2024			<u>4,024,530</u>	
Fund Balance - June 30, 2025			<u>\$ 230,963</u>	

See accompanying note to the budgetary comparison schedule.

Alexandria City Public Schools, Virginia

Financial-Required Supplementary Information

Exhibit XII-1

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2025

Schedule of Employer Contributions - Pension Plans
Last 10 Fiscal Years

Fiscal Year	Actuarially/ Contractually Required Contribution	Contributions in Relation to Actuarially/ Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	% of Actual Contributions Contributed
Employees' Supplemental Retirement Plan ⁽¹⁾						
2024	\$ 13,303,677	-	\$ 13,303,677	205,921,969	0.00%	0.00%
2023	12,881,109	-	12,881,109	189,065,341	0.00%	0.00%
2022	12,060,241	-	12,060,241	176,455,669	0.00%	0.00%
2021	12,119,071	-	12,119,071	169,099,717	0.00%	0.00%
2020	8,185,137	-	8,185,137	164,227,612	0.00%	0.00%
2019	5,332,912	-	5,332,912	164,150,550	0.00%	0.00%
2018	4,619,357	-	4,619,357	157,315,417	0.00%	0.00%
2017	4,224,325	-	4,224,325	145,803,885	0.00%	0.00%
2016	3,056,634	-	3,056,634	140,366,382	0.00%	0.00%
2015	1,388,123	-	1,388,123	130,993,574	0.00%	0.00%
VRS Political Subdivision Retirement Plan						
2025	-	-	-	9,522,546	0.00%	0.00%
2024	107,637	79,478	28,159	8,895,619	0.89%	73.84%
2023	103,642	77,254	26,388	8,565,437	0.90%	74.54%
2022	100,600	75,496	25,104	8,314,047	0.91%	75.05%
2021	94,320	97,153	(2,833)	7,795,016	1.25%	103.00%
2020	93,297	106,892	(13,595)	7,710,494	1.39%	114.57%
2019	93,297	93,297	-	7,884,781	1.18%	100.00%
2018	95,406	95,406	-	8,138,526	1.17%	100.00%
2017	180,262	186,598	(6,336)	8,011,663	2.33%	103.51%
2016	440,195	479,241	(39,046)	7,804,877	6.14%	108.87%
VRS Teacher Retirement Plan						
2025	29,261,512	29,261,512	-	205,921,969	14.21%	100.00%
2024	31,422,660	31,422,660	-	189,065,341	16.62%	100.00%
2023	29,326,932	29,326,932	-	176,455,669	16.62%	100.00%
2022	28,129,418	28,129,418	-	169,250,408	16.62%	100.00%
2021	27,290,500	27,290,500	-	164,202,770	16.62%	100.00%
2020	25,698,880	25,698,880	-	163,895,917	15.68%	100.00%
2019	24,683,324	24,683,324	-	157,419,158	15.68%	100.00%
2018	24,476,058	24,230,449	245,610	149,975,848	16.16%	99.00%
2017	21,522,886	22,156,329	(633,443)	146,813,686	15.09%	102.94%
2016	19,874,324	21,900,603	(2,026,280)	141,353,655	15.49%	110.20%

⁽¹⁾ The required contribution shown for the Employees' Supplemental Plan was actuarially determined.

Alexandria City Public Schools, Virginia
Required Supplementary Information
Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2025

Schedule of Employer Contributions - OPEB

Last 10 Fiscal Years ⁽¹⁾

Fiscal Year	Actuarially/ Contractually Required Contribution	Contributions in Relation to Actuarially/ Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	% of Actual Contributions Contributed
ACPS Other Employee Benefit Trust Fund						
2025	\$ 953,159	\$ 1,425,385	\$ (472,226)	\$ 211,088,984	0.68%	149.54%
2024	1,073,474	928,575	144,899	204,940,761	0.44%	86.50%
2023	1,366,990	1,134,990	232,000	186,786,944	0.61%	83.03%
2022	1,048,305	1,928,807	(880,502)	181,346,548	1.06%	183.99%
2021	1,441,169	881,633	559,536	174,733,455	0.50%	61.17%
2020	1,581,975	938,930	643,045	169,644,131	0.55%	59.35%
2019	2,241,662	2,482,483	(240,821)	164,994,126	1.50%	110.74%
2018	2,117,943	1,792,946	324,997	160,188,472	1.12%	84.66%
2017	2,248,971	2,269,646	(20,675)	150,313,298	1.51%	100.92%
2016	2,212,844	2,212,844	-	150,313,298	1.47%	100.00%
VRS Healthcare Credit Insurance OPEB Program-Teachers						
2025	2,508,203	2,508,203	-	207,289,523	1.21%	100.00%
2024	2,287,624	2,287,624	-	189,059,815	1.21%	100.00%
2023	2,134,968	2,134,968	-	176,135,540	1.21%	100.00%
2022	2,047,680	2,047,680	-	169,229,734	1.21%	100.00%
2021	1,986,737	1,986,737	-	164,193,112	1.21%	100.00%
2020	1,966,591	1,965,998	594	163,882,612	1.20%	99.97%
2019	1,889,030	1,889,030	-	157,419,158	1.20%	100.00%
2018	1,843,517	1,843,517	-	149,879,392	1.23%	100.00%
2017	1,810,172	1,633,570	176,602	147,168,488	1.11%	90.24%
2016	1,666,819	1,497,312	169,507	141,255,832	1.06%	89.83%
2015	1,580,459	1,419,733	160,726	133,937,166	1.06%	89.83%
VRS Healthcare Credit Insurance OPEB Program-Political Subdivisions						
2025	63,801	63,801	-	9,522,546	0.67%	100.00%
2024	59,601	59,601	-	8,895,619	0.67%	100.00%
2023	57,388	57,388	-	8,550,150	0.67%	100.00%
2022	52,378	52,378	-	8,314,047	0.63%	100.00%
2021	49,109	49,109	-	7,795,016	0.63%	100.00%

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

Alexandria City Public Schools, Virginia
Required Supplementary Information
Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2025

Schedule of Employer Contributions - OPEB

Last 10 Fiscal Years

Fiscal Year	Actuarially/ Contractually Required Contribution	Contributions in Relation to Actuarially/ Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	% of Actual Contributions Contributed
VRS Group Life Insurance OPEB Program - Teachers						
2025	\$ 980,928	\$ 980,928	\$ -	\$ 208,708,153	0.47%	100.00%
2024	1,025,499	1,025,499	-	189,907,193	0.54%	100.00%
2023	955,251	955,251	-	176,606,115	0.54%	100.00%
2022	917,084	917,084	-	169,830,304	0.54%	100.00%
2021	883,521	883,521	-	163,614,923	0.54%	100.00%
2020	851,332	857,633	(6,302)	163,717,636	0.52%	100.74%
2019	823,937	823,937	-	158,449,359	0.52%	100.00%
2018	784,180	784,180	-	150,802,833	0.52%	100.00%
2017	777,826	777,826	-	149,581,852	0.52%	100.00%
2016	757,857	686,361	71,496	142,991,816	0.48%	90.57%
2015	720,567	652,589	67,978	135,956,087	0.48%	90.57%
VRS Group Life Insurance OPEB Program - State/Locality Employees						
2025	45,040	45,040	-	9,582,985	0.47%	100.00%
2024	48,371	48,371	-	8,957,678	0.54%	100.00%
2023	46,357	46,357	-	8,575,719	0.54%	100.00%
2022	44,522	44,522	-	8,244,905	0.54%	100.00%
2021	41,514	41,514	-	7,687,739	0.54%	100.00%
2020	39,515	40,025	(510)	7,598,955	0.53%	101.29%
2019	41,112	41,112	-	7,906,098	0.52%	100.00%
2018	42,347	42,347	-	8,143,594	0.52%	100.00%
2017	42,125	42,125	-	8,100,977	0.52%	100.00%
2016	41,683	37,750	3,933	7,864,669	0.48%	90.57%
2015	40,075	36,294	3,781	7,561,345	0.48%	90.57%

Alexandria City Public Schools, Virginia

Financial-Required Supplementary Information

Exhibit XIII-1

Alexandria City Public Schools, Virginia Required Supplementary Information Pension and Other Employee Benefit Trust Funds For the Fiscal year Ended June 30, 2025

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

Employees' Supplementary Retirement Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service costs	\$ 5,603,737	\$ 5,542,790	\$ 6,622,862	\$ 4,905,857	\$ 3,930,063	\$ 3,759,230	\$ 3,675,300	\$ 3,102,017	\$ 2,603,388	\$ 2,573,225
Interest	10,134,562	9,469,399	8,581,713	8,666,457	8,155,001	7,846,392	7,547,568	7,394,011	6,578,948	6,378,985
Differences between expected and actual experience	(564,666)	1,739,079	1,939,951	(380,027)	68,199	106,300	26,190	85,946	998,161	140,424
Benefit payments	(6,702,979)	(6,525,194)	(6,628,409)	(6,368,090)	(6,302,704)	(6,191,280)	(6,056,406)	(6,210,504)	(6,157,529)	(5,918,926)
Change in assumptions	-	(6,275,209)	(19,846,886)	24,746,787	14,870,418	(524,581)	(193,103)	7,007,931	8,012,677	-
Net Changes in Total Pension Liability	8,470,654	3,950,865	(9,330,769)	31,570,984	20,720,977	4,996,061	4,999,549	11,379,401	12,035,645	3,173,708
Total Pension Liability, beginning	182,258,245	178,307,380	187,638,149	156,067,165	135,346,188	130,350,127	125,350,578	113,971,177	101,935,532	98,761,824
Total Pension Liability, ending	\$ 190,728,899	\$ 182,258,245	\$ 178,307,380	\$ 187,638,149	\$ 156,067,165	\$ 135,346,188	\$ 130,350,127	\$ 125,350,578	\$ 113,971,177	\$ 101,935,532
Fiduciary Net Position										
Contributions- Employee	\$ 3,169,065	\$ 3,063,422	\$ 2,899,057	\$ 2,736,256	\$ 2,692,796	\$ 2,583,399	\$ 2,465,342	\$ 2,429,572	\$ 2,508,919	\$ 2,032,505
Contributions- Employer	-	-	-	-	-	-	-	-	-	-
Net investment income	12,956,207	2,924,985	(11,405,085)	13,587,071	8,415,730	4,462,234	8,273,362	10,194,794	6,481,332	(840,277)
Benefit payments	(6,702,979)	(6,525,194)	(6,628,409)	(6,368,090)	(6,302,704)	(6,191,280)	(6,056,406)	(6,210,504)	(6,157,529)	(5,918,926)
Administrative expenses	(284,360)	(241,955)	(242,255)	(242,705)	(235,488)	(235,835)	(335,316)	(40,660)	(85,748)	(124,855)
Net Changes in Fiduciary Net Position	9,137,933	(778,742)	(15,376,702)	9,712,532	4,570,334	618,518	4,346,982	6,373,202	2,746,974	(4,851,553)
Fiduciary Net Position, beginning	125,951,580	126,730,322	142,107,024	132,394,492	127,824,158	127,205,640	122,858,658	116,485,456	113,738,482	118,590,035
Fiduciary Net Position, ending	\$ 135,089,513	\$ 125,951,580	\$ 126,730,322	\$ 142,107,024	\$ 132,394,492	\$ 127,824,158	\$ 127,205,640	\$ 122,858,658	\$ 116,485,456	\$ 113,738,482
Net Pension Liability (Asset), as of August 31,	\$ 55,639,386	\$ 56,306,665	\$ 51,577,058	\$ 45,531,125	\$ 23,672,673	\$ 7,522,030	\$ 3,144,487	\$ 2,491,920	\$ (2,514,279)	\$ (11,802,950)
Fiduciary Net Position as a percentage of Total Pension Liability	70.83%	69.11%	71.07%	75.73%	84.83%	94.44%	97.59%	98.01%	102.21%	111.58%
Covered Payroll	\$ 197,819,839	\$ 184,499,872	\$ 173,250,599	\$ 169,314,176	\$ 164,529,061	\$ 157,938,950	\$ 149,826,081	\$ 145,803,885	\$ 140,366,382	\$ 130,993,574
Net Pension Liability as a percentage of Covered Payroll	28.13%	30.52%	29.77%	26.89%	14.39%	4.76%	2.10%	1.71%	-1.79%	-9.01%

Money-Weighted Rate of Return										
Last 10 Fiscal Years										

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employees' Supplementary Retirement Plan	10.47%	2.35%	-8.16%	10.44%	6.69%	3.57%	6.85%	8.91%	5.80%	-0.72%

⁽¹⁾ Covered payroll amount for 2014 was restated and calculated as defined by Governmental Accounting Standards Board Statement No. 62 - Pension Issues

Alexandria City Public Schools, Virginia

Financial-Required Supplementary Information

Exhibit XIII-2

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2025

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

VRS - Political Subdivision Retirement Plan (Non-Professional)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service costs	\$ 729,864	\$ 711,898	\$ 668,355	\$ 695,580	\$ 698,590	\$ 718,880	\$ 747,214	\$ 761,926	\$ 754,823	\$ 758,027
Interest	3,129,633	3,051,486	3,046,189	2,929,383	2,908,527	2,927,788	2,862,468	2,818,335	2,716,423	2,731,791
Differences between expected and actual experience	1,336,316	(3,187)	(1,279,300)	(1,566,069)	(803,167)	(1,046,591)	(139,735)	(332,554)	260,117	(1,408,359)
Changes in assumptions	-	-	-	1,471,608	-	1,119,429	-	(229,485)	-	-
Benefit payments	(2,737,465)	(2,503,378)	(2,297,273)	(2,461,866)	(2,286,622)	(2,413,284)	(2,512,594)	(2,262,896)	(2,244,877)	(2,271,322)
Refund of Contributions	-	-	-	(177,633)	(63,845)	(147,752)	-	-	(43,180)	(42,623)
Net Changes in Total Pension Liability	2,458,348	1,256,819	137,971	891,003	453,483	1,158,470	957,353	755,326	1,443,306	(232,486)
Total Pension Liability, beginning	47,003,803	45,746,984	45,609,013	44,718,010	44,264,527	43,106,057	42,148,704	41,393,378	39,950,072	40,182,558
Total Pension Liability, ending	\$ 49,462,151	\$ 47,003,803	\$ 45,746,984	\$ 45,609,013	\$ 44,718,010	\$ 44,264,527	\$ 43,106,057	\$ 42,148,704	\$ 41,393,378	\$ 39,950,072
Fiduciary Net Position										
Contributions- Employer	\$ -	\$ -	\$ -	\$ 58	\$ 68,525	\$ 71,642	\$ 158,036	\$ 161,966	\$ 436,893	\$ 428,560
Contributions- Employee	405,587	396,483	385,286	365,306	365,985	368,198	384,967	390,792	388,435	393,832
Net investment income	5,561,379	3,599,971	(37,009)	12,910,551	927,946	3,127,139	3,409,511	5,185,761	735,046	1,959,825
Benefit payments	(2,737,465)	(2,503,378)	(2,297,273)	(2,639,499)	(2,286,622)	(2,413,284)	(2,512,594)	(2,262,896)	(2,244,877)	(2,271,322)
Refunds of Contributions	-	-	-	-	(63,845)	(147,752)	-	-	(43,180)	(42,623)
Administrative expenses	(38,603)	(36,830)	(36,921)	(33,452)	(32,633)	(32,402)	(30,490)	(31,000)	(27,814)	(27,928)
Other	985	1,369	1,299	1,205	(1,085)	(1,961)	(2,989)	(4,572)	(318)	(411)
Net Changes in Fiduciary Net Position	3,191,883	1,457,615	(1,984,618)	10,604,169	(1,021,729)	971,580	1,406,441	3,440,051	(755,815)	439,933
Fiduciary Net Position, beginning	58,183,139	56,725,524	58,710,142	48,105,973	49,127,702	48,156,122	46,749,681	43,309,630	44,065,445	43,625,512
Fiduciary Net Position, ending	\$ 61,375,022	\$ 58,183,139	\$ 56,725,524	\$ 58,710,142	\$ 48,105,973	\$ 49,127,702	\$ 48,156,122	\$ 46,749,681	\$ 43,309,630	\$ 44,065,445
Net Pension Liability (Asset), as of June 30,	\$ (11,912,871)	\$ (11,179,336)	\$ (10,978,540)	\$ (13,101,129)	\$ (3,387,963)	\$ (4,863,175)	\$ (5,050,065)	\$ (4,600,977)	\$ (1,916,252)	\$ (4,115,373)
Fiduciary Net Position as a percentage of Total Pension Liability	124.08%	123.78%	124.00%	128.72%	107.58%	110.99%	111.72%	110.92%	104.63%	110.30%
Covered Payroll	\$ 8,895,619	\$ 8,565,437	\$ 8,314,047	\$ 7,795,016	\$ 7,710,494	\$ 7,884,781	\$ 8,138,526	\$ 8,011,663	\$ 7,804,877	\$ 7,544,808
Net Pension Liability (Asset) as a percentage of Covered Payroll	-133.92%	-130.52%	-132.05%	-168.07%	-43.94%	-61.68%	-62.05%	-57.43%	-24.55%	-54.55%

Alexandria City Public Schools, Virginia

Financial-Required Supplementary Information

Exhibit XIII-3

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2024

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

VRS Teacher Retirement Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability	1.749260%	1.749090%	1.793240%	1.832620%	1.843400%	1.852470%	1.835850%	1.847580%	1.852630%	1.801550%
Employer's Proportionate Share of the Net Pension Liability	\$ 164,201,893	\$ 176,784,108	\$ 170,727,183	\$ 142,268,075	\$ 268,263,110	\$ 243,795,579	\$ 215,896,000	\$ 227,215,000	\$ 259,630,000	\$ 226,749,000
Covered Payroll	\$ 189,065,341	\$ 176,455,669	\$ 169,250,408	\$ 164,202,770	\$ 163,895,917	\$ 157,419,158	\$ 149,975,848	\$ 146,813,686	\$ 141,353,655	\$ 133,506,551
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	86.85%	100.19%	100.87%	86.64%	163.68%	154.87%	143.95%	154.76%	183.67%	169.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%

Alexandria City Public Schools, Virginia

Financial-Required Supplementary Information

Exhibit XIII-4

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2025

Schedule of Changes in Net OPEB Liability (Asset)

Last 10 Fiscal Years ⁽¹⁾

Other Employee Benefits Trust Fund

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service costs	\$ 990,747	\$ 998,177	\$ 988,491	\$ 1,100,364	\$ 1,060,180	\$ 1,208,445	\$ 1,177,364	\$ 1,119,634	\$ 1,065,890
Interest	2,157,096	2,226,014	2,196,903	2,206,203	2,149,474	2,243,462	2,197,977	2,159,080	2,022,196
Change of benefit terms	-	-	-	-	-	(1,188,091)	-	-	-
Differences between expected and actual experience	(883,446)	(4,187,738)	-	(3,259,578)	-	(3,063,897)	-	(2,071,966)	-
Changes in assumptions	-	(396,703)	-	(413,248)	-	(884,552)	-	432,426	-
Benefit payments	(1,425,385)	(928,575)	(1,134,990)	(882,270)	(881,633)	(938,930)	(1,551,418)	(902,946)	(1,492,636)
Net Changes in Total OPEB Liability	839,012	(2,288,825)	2,050,404	(1,248,529)	2,328,021	(2,623,563)	1,823,923	736,228	1,595,450
Total OPEB Liability, beginning	30,945,866	33,234,691	31,184,287	32,432,816	30,104,795	32,728,358	30,904,435	30,168,207	28,572,757
Total OPEB Liability, ending	\$ 31,784,878	\$ 30,945,866	\$ 33,234,691	\$ 31,184,287	\$ 32,432,816	\$ 30,104,795	\$ 32,728,358	\$ 30,904,435	\$ 30,168,207
Fiduciary Net Position									
Contributions- Employer	\$ 1,425,385	\$ 928,575	\$ 1,134,990	\$ 1,928,807	\$ 881,633	\$ 938,930	\$ 2,482,483	\$ 1,792,946	\$ 2,269,646
Contributions- Employee	-	-	-	-	-	-	-	-	-
Net investment income	2,755,967	2,701,057	2,020,535	(2,703,072)	6,522,171	644,350	921,954	1,605,675	1,831,086
Benefit payments	(1,425,385)	(928,575)	(1,134,990)	(882,270)	(881,633)	(938,930)	(1,551,418)	(902,946)	(1,492,636)
Administrative expenses	(28,885)	(26,035)	(24,901)	(28,644)	(24,438)	(23,924)	(21,365)	(19,245)	(17,371)
Net Changes in Total OPEB Liability	2,727,082	2,675,022	1,995,634	(1,685,179)	6,497,733	620,426	1,831,654	2,476,430	2,590,725
Fiduciary Net Position, beginning	31,181,675	28,506,653	26,511,019	28,196,198	21,698,465	21,078,039	19,246,385	16,769,955	14,179,230
Fiduciary Net Position, ending	\$ 33,908,757	\$ 31,181,675	\$ 28,506,653	\$ 26,511,019	\$ 28,196,198	\$ 21,698,465	\$ 21,078,039	\$ 19,246,385	\$ 16,769,955
Net OPEB Liability (Asset) as of June 30,	\$ (2,123,879)	\$ (235,809)	\$ 4,728,038	\$ 4,673,268	\$ 4,236,618	\$ 8,406,330	\$ 11,650,319	\$ 11,658,050	\$ 13,398,252
Fiduciary Net Position as a percentage of Total OPEB Liability	106.68%	100.76%	85.77%	85.01%	86.94%	72.08%	64.40%	62.28%	55.59%
Covered Payroll	\$ 211,088,984	\$ 204,940,761	\$ 186,786,944	\$ 181,346,548	\$ 174,733,455	\$ 169,644,131	\$ 164,994,126	\$ 160,188,472	\$ 150,313,298
Net OPEB Liability (Asset) as a percentage of Covered Payroll	-1.01%	-0.12%	2.53%	2.58%	2.42%	4.96%	7.06%	7.28%	8.91%

Money-Weighted Rate of Return

Last 10 Fiscal Years ⁽¹⁾

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Other Employee Benefit Trust Fund	8.84%	9.48%	7.62%	-9.27%	30.07%	3.01%	4.67%	9.52%	13.04%

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

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2025

Schedule of Changes in Net OPEB Liability

Last 10 Fiscal Years ⁽¹⁾

VRS Healthcare Credit Insurance Program-Political Subdivisions

	2024	2023	2022	2021
Total OPEB Liability				
Service costs	\$ 5,907	\$ 5,998	\$ 6,865	\$ 7,976
Interest	35,440	45,238	44,360	40,407
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	(10,099)	(166,733)	(57,882)	-
Changes in assumptions	-	-	46,598	15,483
Benefit payments	(31,303)	(27,831)	(24,322)	-
Net Changes in Total OPEB Liability	(55)	(143,328)	15,619	63,866
Total OPEB Liability, beginning	534,775	678,103	662,484	598,618
Total OPEB Liability, ending	\$ 534,720	\$ 534,775	\$ 678,103	\$ 662,484
Fiduciary Net Position				
Contributions- Employer	\$ 59,536	\$ 57,421	\$ 52,264	\$ 49,108
Contributions- Employee	-	-	-	-
Net investment income	12,118	6,190	(728)	5,606
Benefit payments	(31,303)	(27,831)	(24,322)	-
Administrative expenses	(182)	(162)	(136)	(214)
Other Changes	(1)	2	-	-
Net Changes in Total OPEB Liability	40,168	35,620	27,078	54,500
Fiduciary Net Position, beginning	117,198	81,578	54,500	-
Fiduciary Net Position, ending	\$ 157,366	\$ 117,198	\$ 81,578	\$ 54,500
Net OPEB Liability, as of June 30,	\$ 377,354	\$ 417,577	\$ 596,525	\$ 607,984
Fiduciary Net Position as a percentage of Total OPEB Liability	29.43%	21.92%	12.03%	8.23%
Covered Payroll	\$ 8,895,619	\$ 8,565,347	\$ 8,314,047	\$ 7,847,601
Net OPEB Liability as a percentage of Covered Payroll	4.24%	4.88%	7.17%	7.75%

⁽¹⁾ This schedule is intended to show information for 10 years. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Financial-Required Supplementary Information

Exhibit XIII-6

Alexandria City Public Schools, Virginia
Required Supplementary Information
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liabilities for Healthcare Credit Insurance and Group Life Insurance

Last 10 Fiscal Years ⁽¹⁾

	2024	2023	2022	2021	2020	2019	2018	2017
VRS Healthcare Credit Insurance Program-Teachers								
Employer's Proportion of the Net HCL OPEB Liability	1.76463%	1.76955%	1.81574%	1.85656%	1.86936%	1.87679%	1.85325%	1.86478%
Employer's Proportionate Share of the Net HCL OPEB Liability	\$ 20,392,911	\$ 21,436,637	\$ 22,679,437	\$ 23,830,232	\$ 24,386,110	\$ 24,569,006	\$ 23,530,000	\$ 23,657,000
Employer's Covered Payroll	\$189,059,815	\$176,135,540	\$169,229,734	\$164,193,112	\$163,882,612	\$157,419,158	\$149,879,392	\$147,168,488
Employer's Proportionate Share of the Net HCL OPEB Liability as a Percentage of its Covered Payroll	10.79%	12.17%	13.40%	14.51%	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HCL OPEB Liability	21.82%	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%
VRS Group Life Insurance Program - Teachers								
Employer's Proportion of the Net GLI OPEB Liability	0.73962%	0.75099%	0.78074%	0.79247%	0.79551%	0.80828%	0.79308%	0.81094%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 8,253,583	\$ 9,006,724	\$ 9,400,862	\$ 9,226,501	\$ 13,275,760	\$ 13,152,867	\$ 12,045,000	\$ 12,203,000
Employer's Covered Payroll	\$189,907,193	\$176,606,115	\$169,830,304	\$163,614,923	\$163,717,636	\$158,449,359	\$150,802,833	\$149,581,852
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	4.35%	5.10%	5.53%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
VRS Group Life Insurance Program - State/Locality Employees								
Employer's Proportion of the Net GLI OPEB Liability	0.03489%	0.03644%	0.03790%	0.03723%	0.03692%	0.04033%	0.04283%	0.04392%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 389,345	\$ 437,030	\$ 456,353	\$ 433,459	\$ 616,134	\$ 656,276	\$ 651,000	\$ 661,000
Employer's Covered Payroll	\$ 8,957,678	\$ 8,575,719	\$ 8,244,905	\$ 7,687,739	\$ 7,598,955	\$ 7,906,098	\$ 8,143,594	\$ 8,100,977
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	4.35%	5.10%	5.53%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

⁽¹⁾ This schedule is intended to show information for 10 years. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

A. Budgetary information

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

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

Formal budgetary integration, including encumbrance accounting, is employed as a management control device during the year for governmental funds. The budget is presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule presents GAAP expenditures. Management is authorized to transfer funds within major categories of expenditure (i.e., administration, instruction, salaries, benefits, etc.) up to \$25,000. Transfers in excess of \$25,000 require the approval of the superintendent; however, revisions that alter the total expenditures of the General Fund and Special Revenue Funds must be approved by the School Board. The legally-adopted budget cannot be exceeded.

B. Pension and Other Employee Benefits

Multiple year trend information for the Employees' Supplemental Retirement Plan, the VRS Teacher Retirement Plan, the VRS Political Subdivision Retirement Plan, as well as Other Post-Employment Benefit (OPEB) Trust Fund is presented as required supplementary information. This information is intended to help users assess the funding status on a going concern basis, and the progress made in accumulating assets to pay benefits when due.

For the Employees' Supplemental Retirement Plan, the VRS Teacher Retirement Plan and the VRS Political Subdivision Retirement Plan and the OPEB Trust Fund, the schedule of employer contributions provides a comparison of the actuarially/contractually required contributions with actual contributions. Actuarially/contractually required contributions are also shown as a percentage of covered payroll, as well as a percentage of actual contributions made. Covered payroll, as defined in GASB 82, is the total pensionable payroll of employees that are provided with pensions through the pension plan.

Information pertaining to the Employees' Supplemental Retirement Plan, VRS Teacher and Political Subdivision Plans and the OPEB Trust Fund can be found in Notes 7 and 8, respectively, in the notes to the basic financial statements.

C. Retirement Plan Changes

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

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

Financial-Required Supplementary Information

Changes of assumptions: The actuarial assumptions used in the June 30, 2023, valuation for the VRS Political Subdivision Retirement Plan and VRS Teachers Retirement Plan, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

For the Employees' Supplemental Retirement Plan,

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

Changes of assumptions: There have been no actuarially material changes to the assumptions since the prior actuarial valuation.

D. ACPS OPEB Trust Fund

For the ACPS OPEB Trust Fund,

The OPEB Trust Fund had no changes since the last valuation.

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

For the VRS Health Credit Insurance and Group Life Insurance OPEB Programs the following changes were made:

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

Changes of assumptions: The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. 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

SUPPLEMENTARY INFORMATION

(Unaudited)

The Supplementary Information subsections include the following:

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



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

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

FIDUCIARY FUNDS

Pension and Other Employee Benefits Trust Funds are used to account for assets held by Alexandria City Public Schools (ACPS) in a trustee capacity under terms of a formal trust agreement.

- Employees' Supplemental Retirement Plan is a single-employer defined benefit plan for eligible full-time employees. It accounts for assets held in trust by Principal Financial Group for ACPS.
- ACPS Other Post-Employment Benefits Trust (OPEB) accounts for accumulating and investing assets for ACPS' post-employment health benefit subsidies for eligible retirees and their surviving spouses.

Exhibit XIV

Alexandria City Public Schools, Virginia
Combining Statement of Fiduciary Net Position
Pension and Other Post-Employment Benefit Trust Funds
June 30, 2025

	Employees' Supplementary Retirement Plan	ACPS Other Post- Employment Benefit Trust	Total Pension and Other Employee Benefit Trust Funds
Assets			
Investments, at NAV			
Mutual funds	\$ 137,898,699	\$ 33,908,757	\$ 171,807,456
Contributions Receivable	321,088	-	321,088
<i>Total assets</i>	<u>\$ 138,219,787</u>	<u>\$ 33,908,757</u>	<u>\$ 172,128,544</u>
Net Position			
Restricted for pension and other employee benefits	138,219,787	33,908,757	172,128,544
<i>Total net position held in trust</i>	<u>\$ 138,219,787</u>	<u>\$ 33,908,757</u>	<u>\$ 172,128,544</u>

Alexandria City Public Schools, Virginia
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2025

	Employees' Supplementary Retirement Plan	ACPS Other Post Employment Benefits Trust	Total Pension and Other Employee Benefit Trust Funds
Additions			
Contributions			
Employer contributions	\$ -	\$ 1,791,389	\$ 1,791,389
Employee contributions	3,389,210	-	3,389,210
Total Contributions	<u>3,389,210</u>	<u>1,791,389</u>	<u>\$ 5,180,599</u>
Investment Income			
Investment Earnings	11,059,045	15,305	11,074,350
Net appreciation in fair value of investments	-	2,740,662	2,740,662
Investment Expense	(41,417)	-	(41,417)
Net Investment Income	<u>11,017,628</u>	<u>2,755,967</u>	<u>13,773,595</u>
Total additions	<u>14,406,838</u>	<u>4,547,356</u>	<u>18,954,194</u>
Deductions			
Benefit payments	7,155,424	1,791,389	8,946,813
Administrative expenses	334,617	28,885	363,502
Total deductions	<u>7,490,041</u>	<u>1,820,274</u>	<u>9,310,315</u>
Change in net position	6,916,797	2,727,082	9,643,879
Net position - July 1, 2024	<u>131,302,990</u>	<u>31,181,675</u>	<u>162,484,665</u>
Net position - June 30, 2025	<u><u>138,219,787</u></u>	<u><u>\$ 33,908,757</u></u>	<u><u>\$ 172,128,544</u></u>

STATISTICAL SECTION

This part of the Alexandria City Public Schools Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and require supplementary information says about the School System's overall financial health.

Financial Trends

These schedules contain trend information to help the reader comprehend how the School System's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the School System's most significant local revenue source, food service sales.

Debt Capacity

This schedule presents information to help the reader assess the affordability of the School System's current level of outstanding lease and subscription debt.

Demographic and Economic Information

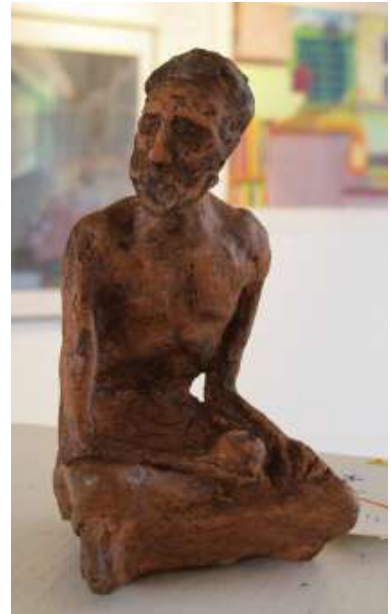
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School System's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School System's financial report relates to the services the School System provides and the activities it performs.

Source:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Table 1

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

Governmental Activities:

	Net investment in capital assets ⁽¹⁾	Unrestricted	Restricted	Total net position
2025	\$ 42,112,004	\$ (236,375,938)	\$ 20,810,034	\$ (173,453,900) ⁽⁶⁾
2024	20,789,233	(250,571,103)	25,500,930	(204,280,940) ⁽⁵⁾
2023	19,145,909	(237,866,270)	31,242,461	(187,477,900) ⁽⁴⁾
2022	15,441,469	(255,852,262)	32,393,843	(208,016,950)
2021	16,329,775	(264,725,179)	19,089,642	(229,305,762) ⁽³⁾
2020	16,114,529	(259,291,922)	15,474,520	(227,702,873)
2019	14,333,077	(252,438,346)	16,447,104	(221,658,165)
2018	10,910,323	(256,823,782)	23,223,210	(222,690,249) ⁽²⁾
2017	9,511,917	(208,829,186)	35,744,269	(163,573,000)
2016	8,814,080	(212,170,622)	35,679,389	(167,677,153)

¹⁾ Amounts shown are net of any related debt.

²⁾ ACPS implemented Governmental Accounting Standards Board Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension in fiscal year 2018 and as result, unrestricted and total net position for fiscal year 2017 was restated.

³⁾ ACPS implemented Governmental Accounting Standards Board Statement No.84, Accounting and Financial Reporting for Fiduciary activities in fiscal year 2021 and as result, unrestricted and total net position for fiscal year 2020 was restated.

⁴⁾ ACPS implemented Governmental Accounting Standards Board Statement No.87, Leases in fiscal year 2022.

⁵⁾ ACPS implemented Governmental Accounting Standards Board Statement No.96, Subscription-Based Information Technology Arrangements in fiscal year 2023.

Table 2

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
General instruction	\$ 185,579,090	\$ 210,178,242	\$ 209,136,380	\$ 217,023,617	\$ 234,272,086	\$ 245,950,073	\$ 235,527,404	\$ 247,956,541	\$ 267,257,800	\$ 275,012,460
Adult education	1,021,582	932,395	947,842	1,017,138	974,024	857,774	1,046,435	1,219,274	1,225,560	1,189,090
Summer school	1,121,039	902,146	1,225,044	1,276,386	1,308,415	2,496,880	2,110,064	1,803,248	1,833,045	1,179,654
Administration	17,873,172	20,253,269	20,212,751	20,544,620	23,327,072	22,754,381	19,516,166	20,637,199	18,175,775	20,693,076
Attendance and health services	5,560,676	6,934,086	5,981,139	6,472,139	7,169,663	8,043,855	9,369,797	8,957,153	9,666,899	9,112,799
Facilities	-	-	-	-	-	19,288	-	-	-	-
Pupil transportation	10,646,893	10,697,335	11,009,516	10,001,757	8,730,888	8,809,965	12,130,200	12,925,248	14,792,280	14,559,616
Plant operations and maintenance	19,391,281	25,659,872	24,752,866	30,141,853	34,285,464	34,772,552	40,244,286	43,707,188	55,366,409	50,789,074
Food services	8,309,824	9,469,364	9,515,648	9,738,817	9,880,857	9,770,358	10,788,926	11,382,699	13,585,246	14,834,199
Capital Improvement Services	2,194,108	-	-	-	-	-	-	-	-	-
Total governmental expenses	251,697,665	285,026,709	282,781,186	296,216,327	319,948,469	333,475,126	330,733,278	348,588,550	381,903,014	387,369,968
Program revenues										
Charges for services										
Instruction	237,841	247,941	256,208	338,040	192,421	309,608	561,287	951,255	1,199,718	1,668,222
Plant operations and maintenance	187,600	198,047	166,017	245,561	182,575	43,553	151,442	90,016	95,872	196,885
Food services	1,768,238	1,850,100	1,931,883	2,037,775	1,635,574	91,855	768,964	1,962,047	2,139,647	1,773,506
Operating grants and contributions	18,398,056	20,667,915	21,129,803	21,284,473	21,815,170	33,199,667	46,191,873	47,061,987	44,715,419	36,332,847
Total program revenues	20,591,735	22,964,003	23,483,911	23,905,849	23,825,740	33,644,683	47,673,566	50,065,305	48,150,656	39,971,460
Net (expenses)	(231,105,930)	(262,062,706)	(259,297,275)	(272,310,478)	(296,122,729)	(299,830,443)	(283,059,712)	(298,523,245)	(333,752,358)	(347,398,508)
General revenues										
Intergovernmental:										
City of Alexandria	196,303,878	202,798,138	225,318,806	206,863,933	241,198,310	244,947,930	248,943,085	260,074,590	276,459,657	307,398,129
State aid	35,999,443	38,776,618	40,375,579	43,719,948	47,555,041	52,812,342	54,825,648	61,974,827	63,960,503	69,993,931
Grants not restricted to specific program:	-	-	-	513,406	602,456	467,282	579,791	786,978	845,126	833,488
Other local funds	686,690	331,334	472,474	-	-	-	-	-	-	-
Contribution to City Capital Programs	-	-	-	-	-	-	-	(3,774,100)	-	-
Total general revenues	232,990,011	241,906,090	266,166,859	251,097,287	289,355,807	298,227,554	304,348,524	319,062,295	341,265,286	378,225,548
Change in net position	\$ 1,884,081	\$ (20,156,616)	\$ 6,869,584	\$ (21,213,191)	\$ (6,766,922)	\$ (1,602,889)	\$ 21,288,812	\$ 20,539,050	\$ 7,512,928	\$ 30,827,040

Source: Alexandria City Public Schools Annual Comprehensive Financial Report

Table 3

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Non Spendable:	\$ 1,150	\$ 1,232	\$ 1,246	\$ 1,357	\$ 1,538	\$ 2,033	\$ 2,177	\$ 1,919	\$ 2,099	\$ 2,515
Spendable:										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	6,997	5,033	5,206	5,724	5,099	5,114	9,319	8,723	6,968	6,922
Assigned	2,586	1,231	1,758	965	1,500	1,996	2,380	884	1,170	1,712
Unassigned	4,192	4,672	4,181	2,777	7,098	12,473	10,513	9,472	8,575	5,372
Total Spendable	13,775	10,936	11,145	9,466	13,697	19,583	22,212	19,079	16,713	14,006
Total general fund	\$ 14,925	\$ 12,168	\$ 12,391	\$ 10,823	\$ 15,235	\$ 21,616	\$ 24,389	\$ 20,998	\$ 18,812	\$ 16,521
All Other Governmental Funds										
Non Spendable:	\$ 335	\$ 518	\$ 281	\$ 187	\$ 244	\$ 284	\$ 351	\$ 331	\$ 294	\$ 260
Special Revenue										
Spendable:										
Restricted										
Capital Projects	2,685	20,450	8,166	3,372	518	476	644	664	-	-
Special Revenue	5,072	4,948	5,294	3,475	2,848	4,258	6,539	6,880	3,975	205
Assigned										
Special Revenue	-	-	-	-	-	-	-	-	665	888
Total Spendable	7,757	25,398	13,460	6,847	4,088	5,551	7,183	7,544	4,640	1,093
Total all other governmental funds	\$ 8,092	\$ 25,916	\$ 13,741	\$ 7,034	\$ 4,332	\$ 5,835	\$ 7,534	\$ 7,875	\$ 4,934	\$ 1,353

Source: Alexandria City Public Schools Annual Comprehensive Financial Report

Table 4

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Intergovernmental:										
City of Alexandria	\$ 202,798,138	\$ 225,318,806	\$ 208,863,933	\$ 227,228,450	\$ 241,198,310	\$ 244,947,930	\$ 248,943,085	\$ 260,074,591	\$ 276,459,658	\$ 307,398,130
State aid	42,559,291	44,328,919	47,790,226	49,703,929	51,389,373	57,331,565	59,838,156	67,240,156	71,488,228	76,825,986
Federal aid	13,317,447	15,879,993	16,292,323	16,782,666	17,635,923	28,231,637	40,272,721	40,880,517	36,576,410	28,762,243
Tuition and fees	425,442	445,988	422,225	613,506	374,995	353,161	712,730	1,041,271	1,295,591	1,865,106
Food sales	1,691,104	1,740,488	1,806,790	1,905,369	1,488,863	24,674	718,534	1,739,713	1,763,818	1,518,434
Other local funds	1,706,405	1,416,668	1,405,702	1,014,492	1,094,084	983,271	1,536,864	1,925,453	1,832,238	1,827,109
Total Revenues	262,497,827	289,130,862	274,581,199	297,248,412	313,181,548	331,872,238	352,022,090	372,901,701	389,415,943	418,197,008
Expenditures										
General instruction	193,859,108	203,302,790	211,217,735	221,468,602	226,526,629	236,876,704	248,900,156	262,516,747	271,620,624	283,629,244
Adult education	1,021,582	932,395	947,842	1,017,138	974,024	857,774	1,046,435	1,219,274	1,225,560	1,189,090
Summer school	1,121,039	902,146	1,225,044	1,276,386	1,308,415	2,496,880	2,110,064	1,803,248	1,833,045	1,179,654
Administration	18,438,727	18,833,011	19,839,164	21,107,803	20,872,503	21,904,551	23,797,132	24,034,112	26,450,442	25,459,954
Attendance and health services	5,822,721	5,920,638	6,041,799	6,614,465	6,916,775	7,754,707	9,832,109	9,462,144	9,806,391	9,316,385
Pupil transportation	9,960,908	9,921,128	10,192,358	10,595,716	9,994,851	8,543,143	11,543,632	13,560,985	16,428,110	15,340,744
Operation of plants and maintenance	19,350,957	23,520,713	21,535,502	22,487,204	22,560,303	24,316,595	26,000,943	32,056,166	29,735,366	31,692,297
Food services	8,339,044	9,097,687	9,800,831	12,117,679	10,010,733	9,639,273	11,458,429	12,031,723	14,432,400	16,933,270
Capital improvement services	2,194,108	6,617,611	5,086,475	8,192,682	12,383,016	10,952,500	9,338,108	12,910,954	20,035,693	36,186,432
Debt Service:										
Principal	-	597,586	604,070	615,648	627,448	639,474	3,074,924	4,872,847	5,888,337	6,566,049
Interest	-	48,488	42,004	30,426	18,626	6,600	448,022	389,292	382,275	318,636
Total Expenditures	260,108,194	279,694,193	286,532,824	305,523,749	312,193,323	323,988,201	347,549,954	374,857,492	397,838,243	427,811,755
Excess (deficiency) of revenues over expenditures	2,389,633	9,436,669	(11,951,625)	(8,275,337)	988,225	7,884,037	4,472,136	(1,955,791)	(8,422,300)	(9,614,747)
Other financing sources (uses)										
Transfers in	1,079,387	4,874,636	7,422,877	1,431,902	1,555,604	1,716,473	1,420,738	1,678,525	1,799,192	2,019,856
Transfers out	(1,079,387)	(2,550,004)	(1,792,484)	(1,431,902)	(1,555,604)	(1,716,473)	(1,420,738)	(1,678,525)	(1,799,192)	(2,019,856)
Issuance of debt- Leases/SBITA	-	-	-	-	-	-	-	2,679,746	3,294,528	3,742,715
Contribution to City Capital Programs	-	-	-	-	-	-	-	(3,774,100)	-	-
Total Other Financing Sources (uses)	-	2,324,632	7,422,877	1,431,902	1,555,604	1,716,473	1,420,738	(1,094,354)	3,294,528	3,742,715
Total Net Change in Fund Balances	\$ 2,389,633	\$ 11,761,301	\$ (4,528,748)	\$ (6,843,435)	\$ 2,543,829	\$ 9,600,510	\$ 5,892,874	\$ (3,050,145)	\$ (5,127,772)	\$ (5,872,032)
Debt service expenditures	\$ -	\$ 646,074	\$ 646,074	\$ 646,074	\$ 646,074	\$ 646,074	\$ 3,522,946	\$ 5,262,139	\$ 6,270,612	\$ 6,884,685
Noncapital expenditures ⁽¹⁾	260,108,194	274,490,555	283,481,870	301,002,556	309,085,928	322,506,320	349,000,560	371,838,761	387,404,888	398,388,986
Ratio of debt service to noncap. expenditures	0.00%	0.24%	0.23%	0.21%	0.21%	0.20%	1.01%	1.42%	1.62%	1.73%

⁽¹⁾ Noncapital expenditures includes total expenditures for all governmental funds less capital asset additions, net of decreases reported in Note 5.

Source: Alexandria City Public Schools Annual Comprehensive Financial Report

Table 5

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>PERSONNEL SERVICES</u>										
Personnel services	\$ 153,495,475	\$ 159,825,215	\$ 162,575,674	\$ 169,588,683	\$ 173,523,381	\$ 174,991,957	\$ 185,571,139	\$ 195,453,185	\$ 203,207,862	\$ 217,893,538
Benefits	52,480,610	56,312,031	62,906,749	66,049,201	67,480,510	71,835,743	71,072,579	72,563,035	76,522,956	78,583,601
Total Personnel Services	205,976,085	216,137,246	225,482,423	235,637,884	241,003,891	246,827,700	256,643,718	268,016,220	279,730,818	296,477,139
<u>NON-PERSONNEL SERVICES</u>										
Professional services	2,569,775	3,169,621	3,097,016	2,657,104	2,552,699	2,444,806	3,013,101	3,723,199	3,987,770	4,395,507
Temporary help service fees	1,721,543	1,625,152	1,257,808	1,809,012	1,734,105	2,098,734	1,821,420	2,264,096	3,384,785	4,418,486
Maintenance services and contracts	5,542,122	6,089,271	5,983,454	7,161,193	7,598,114	8,385,432	8,590,452	10,742,030	11,254,426	12,705,735
Transportation	1,452,706	1,456,626	1,419,843	1,819,079	1,555,650	159,835	2,261,809	2,220,055	2,663,248	3,576,783
Printing and binding	206,436	192,158	205,159	172,159	201,125	446,418	88,219	107,871	123,089	86,319
Purchase of services from other govt. entities	198,449	124,437	144,034	294,201	153,309	57,182	22,715	-	-	-
Other purchased services	34,684	32,898	-	40,290	65,615,000	43,616	64,552	111,611	77,447	111,957
Internal services	1,008	14,045	(2,531)	16,546	(3,616)	(3,902)	2,749	14,334	6,749	24,476
Utilities	2,835,800	3,130,632	3,392,399	3,592,287	3,284,241	2,788,504	3,952,311	4,363,337	4,846,114	4,746,322
Communications	800,220	784,027	868,402	941,975	994,718	1,048,369	958,415	981,830	1,050,839	1,381,489
Insurance	269,764	279,641	284,513	302,993	333,598	351,935	388,156	541,725	592,231	686,069
Leases and rentals	3,617,247	5,849,176	3,939,458	4,026,778	4,833,136	4,413,049	156,660	2,036,413	1,247,853	920,745
Travel	611,580	596,875	661,994	843,376	488,525	45,009	426,268	727,240	694,438	669,839
Awards and grants	484,473	98,315	102,802	88,696	21,826	32,470	37,322	114,639	57,775	41,489
Miscellaneous	290,835	256,288	302,211	323,440	297,053	340,146	344,408	336,901	510,636	391,788
Educational and recreational supplies	2,163,693	1,981,943	2,375,946	2,381,581	1,908,146	2,923,723	2,078,988	2,240,821	2,382,055	2,351,774
Textbooks	641,291	818,646	1,004,831	1,785,815	469,577	240,525	639,943	251,214	227,053	233,171
Food supplies and food service supplies	442,635	471,180	339,932	348,807	261,000	14,791	303,850	420,459	507,287	594,103
Technology	1,848,303	2,021,405	2,172,604	2,086,766	2,338,549	2,723,344	2,655,239	2,837,758	3,338,897	3,790,655
Medical and laboratory supplies	23,756	26,389	27,274	27,055	30,684	25,825	30,190	35,014	33,026	26,281
Repair and maintenance supplies	298,222	300,182	331,301	297,736	450,781	298,397	382,659	559,881	499,672	397,020
Laundry, housekeeping and janitorial supplies	437,919	466,466	441,183	365,298	335,518	536,653	603,571	397,991	384,936	328,452
Vehicle and power equipment fuel	320,157	327,167	414,348	428,768	269,786	110,835	479,373	458,018	452,626	403,534
Vehicle and power equipment supplies	289,289	313,733	330,320	327,478	301,987	136,592	246,413	338,729	316,739	331,681
Other operating supplies	365,572	323,750	73,697	161,487	140,164	267,885	220,446	452,721	417,789	555,627
Other uses of funds	-	-	-	-	-	-	-	34,732	-	-
Capital outlay	3,273,788	5,338,941	1,831,994	2,021,554	2,043,133	2,008,741	1,192,190	2,684,558	2,258,755	1,731,926
Debt Service:										
Principal	-	597,586	604,070	616,648	627,448	639,474	3,074,924	3,659,450	3,986,248	4,608,437
Interest	-	48,488	42,004	30,426	18,626	6,600	448,022	389,224	357,586	291,784
Total Non-personnel Services	30,731,267	36,735,038	31,646,066	34,968,548	33,305,597	32,584,988	34,484,367	43,045,851	45,660,049	49,800,449
GRAND TOTAL	\$ 236,707,352	\$ 252,872,284	\$ 257,128,489	\$ 270,606,432	\$ 274,309,488	\$ 279,412,688	\$ 291,128,085	\$ 311,062,071	\$ 325,390,867	\$ 346,277,588

Source: Alexandria City Public Schools Financial Services Department

Table 6

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Capital Projects Fund Expenditures
Last ten fiscal years
(in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
John Adams Elementary School	\$ 115	\$ 106	\$ -	\$ 100	\$ 99	\$ 125	\$ 705	\$ 211	\$ 204	\$ 301	\$ 1,966
Charles Barrett Elementary School	289	51	319	219	13	19	64	49	125	618	1,766
Patrick Henry Elementary School	-	-	7	824	368	15	-	-	109	112	1,435
Jefferson-Houston School	-	16	1	122	209	(145)	-	-	-	19	222
Cora Kelly School for Math, Science and Technology	-	2	-	13	720	355	187	43	68	54	1,442
Lyles-Crouch Traditional Academy	46	6	8	39	-	273	363	71	162	15	983
Douglas MacArthur Elementary School	-	-	-	19	-	3,412	202	256	184	171	4,244
George Mason Elementary School	228	92	35	20	122	162	-	-	-	77	736
Naomi L. Brooks Elementary School	-	11	-	267	53	7	574	669	428	76	2,085
Mount Vernon Community School	160	92	59	122	360	126	534	476	307	264	2,500
James K. Polk Elementary School	-	38	605	345	56	6	229	142	130	225	1,776
William Ramsay Elementary School	-	-	-	67	95	166	115	117	339	142	1,041
Francis C. Hammond Middle School	179	31	200	52	40	167	615	452	238	420	2,394
George Washington Middle School	-	50	306	480	643	1,115	918	761	386	113	4,772
Alexandria City High School	148	80	974	443	1,290	874	1,116	819	3,215	343	9,302
Rowing Facility	105	-	121	592	28	26	27	1	(1)	31	930
Samuel W. Tucker Elementary School	-	14	-	50	-	109	82	46	86	207	594
Ferdinand T Day	-	-	-	46	105	323	399	96	-	-	969
1703 North Beauregard Instructional Swing Space	-	-	-	-	-	-	-	-	3,918	23,465	27,383
System Wide	924	2,944	2,452	4,373	8,182	3,818	3,208	8,322	10,151	9,542	53,916
GRAND TOTAL	\$ 2,194	\$ 3,533	\$ 5,087	\$ 8,193	\$ 12,383	\$ 10,953	\$ 9,338	\$ 12,531	\$ 20,050	\$ 36,195	\$ 120,457

Source: Alexandria City Public Schools Financial Services Department

Table 7

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Ratios of Debt Service to Total General Fund Expenditures
Last ten fiscal years

Fiscal Year	Principal	Interest	Total Debt Service ⁽¹⁾	Ratio of Debt Service to Total General Fund Expenditures	Total Lease/SBITA Liabilities at June 30,	Lease/SBITA Liab. as % of General Fund Expend.	General Fund Expenditures ⁽²⁾
2025	\$ 6,566,049	\$ 318,636	\$ 6,884,685	1.99%	\$ 13,663,490	3.94%	\$ 346,366,456
2024	5,888,337	382,275	6,270,612	1.93%	16,486,823	5.07%	325,390,867
2023 ⁽³⁾	4,872,847	389,292	5,262,139	1.69%	19,082,834	6.13%	311,062,071
2022 ⁽⁴⁾	3,074,924	448,022	3,522,946	1.21%	21,298,960	7.32%	291,128,085
2021	639,474	6,600	646,074	0.23%	-	0.00%	279,412,688
2020	627,448	18,626	646,074	0.24%	639,474	0.23%	274,309,488
2019	615,648	30,426	646,074	0.24%	1,266,922	0.47%	270,606,432
2018	604,070	42,004	646,074	0.25%	1,882,570	0.73%	257,128,489
2017	597,586	48,488	646,074	0.26%	2,486,640	1.00%	249,731,742
2016	-	-	-	0.00%	-	0.00%	236,707,352

⁽¹⁾ Debt Service relates to lease and SBITA liabilities. See Note 5- Capital Assets, Note 6- Lease Arrangements and Note 9- Long-term Liabilities in the notes to the financial statements for additional information on ACPS right-to-use lease and SBITA assets and liabilities.

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

⁽³⁾ ACPS implemented GASB Statement No. 96 - Subscription-Based Information Technology Arrangements (SBITA), effective July 1, 2022; the debt service amounts include right-to-use lease and SBITA activity.

⁽⁴⁾ ACPS implemented Governmental Accounting Standards Board Statement No. 87 - Leases, effective July 1, 2021.

Source: Alexandria City Public Schools Annual Comprehensive Financial Reports

Table 8

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

<u>Fiscal Year</u>	<u>Governmental Funds Expenditures ⁽¹⁾</u>	<u>Actual Enrollment ⁽²⁾</u>	<u>Cost Per Pupil ⁽⁴⁾</u>	<u>Average Daily Attendance [ADA] ⁽³⁾</u>	<u>Average Daily Membership [ADM] ⁽³⁾</u>
2025	\$ 391,616,890	16,395	\$ 21,892	15,020	15,924
2024	377,788,340	16,137	21,116	15,048	15,923
2023	362,326,328	15,786	20,719	14,643	15,560
2022	338,211,846	16,144	19,803	14,126	15,166
2021	313,035,701	15,635	18,241	14,065	15,052
2020	299,810,307	16,117	18,190	15,147	15,623
2019	297,331,067	15,795	17,740	14,788	15,303
2018	281,446,349	15,540	17,193	14,431	14,997
2017	276,160,808	15,105	17,216	14,056	14,816
2016	257,914,086	14,729	16,896	13,853	14,610

Note: The formula for calculating the cost per pupil considers general operating funds and federal entitlement grants that support students in grades kindergarten (KG)-12 divided by KG-12 enrollment. Exclusions include preschool costs, adult education, and the school nutrition program which is a self-sufficient, special revenue fund.

Source: ⁽¹⁾ Alexandria City Public Schools Annual Comprehensive Financial Report, not including expenditures for Capital Projects Fund.
⁽²⁾ Alexandria City Public Schools Budget Office
⁽³⁾ Alexandria City Public Schools Technology Services Office
⁽⁴⁾ Alexandria City Public Schools Budget Office, Average All Students

Table 9

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
DEMOGRAPHIC STATISTICS
Last ten fiscal years

Fiscal Year	Personal Income (\$000) ⁽⁶⁾	Per Capita Personal Income ⁽⁶⁾	Number Receiving Free or Reduced Price Meals ⁽¹⁾	Unemployment Rate ⁽²⁾	Number Receiving Special Education ⁽³⁾	Population ⁽²⁾	Number in English as a Second Language ⁽⁴⁾	Number in Gifted and Talented ⁽⁵⁾
2025	\$ 17,873,820	\$ 106,013	7,624	3.6%	2,198	168,600	6,306	1,979
2024	16,367,274	98,598	8,444	2.4%	1,850	166,000	6,434	2,064
2023	15,473,266	93,381	8,589	2.2%	1,715	165,700	5,986	2,093
2022	14,894,033	91,151	9,099	2.4%	1,571	163,400	5,729	2,111
2021	14,665,740	90,922	8,385	4.6%	1,581	161,300	4,853	1,770
2020	14,127,927	88,743	9,094	9.9%	1,697	159,200	5,117	2,045
2019	13,455,505	85,813	9,282	2.1%	1,762	156,800	5,045	2,325
2018	12,958,210	83,872	9,106	2.3%	1,731	154,500	4,791	2,185
2017	12,692,748	83,395	8,965	2.8%	1,803	152,200	4,789	1,929
2016	11,789,823	78,651	8,664	2.7%	1,672	149,900	4,381	1,744

Source:

⁽¹⁾ School Nutrition Services

⁽²⁾ The City of Alexandria- The Bureau of Labor Statistics has revised these numbers

⁽³⁾ Office of Student Services

⁽⁴⁾ Office of English Language Learners

⁽⁵⁾ Office of Curriculum and Instruction

⁽⁶⁾ Bureau of Economic Analysis (BEA), as revised, data is only shown for the fiscal years available.

Table 10

**ALEXANDRIA CITY PUBLIC SCHOOLS
TOTAL STUDENT MEMBERSHIP BY GRADE
Last ten fiscal years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Elementary										
Pre-K & Kindergarten	1,795	1,777	1,805	1,845	1,759	1,539	1,624	1,636	1,792	1,744
Grades 1 - 3	4,144	4,109	4,134	4,151	4,191	4,008	3,835	3,932	3,973	4,090
Grades 4 - 6	3,259	3,540	3,687	3,710	3,701	3,606	3,476	3,526	3,632	3,660
Total Elementary	9,198	9,426	9,626	9,706	9,651	9,153	8,935	9,094	9,397	9,494
Secondary										
Grades 7 - 8	1,878	1,876	1,918	2,072	2,293	2,284	2,161	2,132	2,145	2,207
9th Grade	975	1,077	1,217	1,156	1,269	1,136	1,342	1,226	1,173	1,275
10th Grade	1,069	1,022	991	1,029	973	1,127	937	1,285	1,182	1,239
11th Grade	814	883	886	883	919	906	1,030	883	1,144	1,032
12th Grade	736	772	855	891	957	982	1,069	1,112	1,030	1,088
Total Secondary	5,472	5,630	5,867	6,031	6,411	6,435	6,539	6,638	6,674	6,841
Special Placements										
District-wide	59	49	47	58	55	47	52	54	66	60
Grand Total	14,729	15,105	15,540	15,795	16,117	15,635	15,526	15,786	16,137	16,395

Note: This table is based on the September 30 student membership.

Source: Alexandria City Public Schools Budget Office

Table 11

ALEXANDRIA CITY PUBLIC SCHOOLS
SCHOOL NUTRITION SERVICES MEALS SERVED
Last ten fiscal years

	2016	2017	2018	2019	2020 (1)	2021 (2)	2022	2023	2024	2025	10-year Average
DAYS MEALS SERVED											
No. of days, Traditional calendar schools	177	181	181	181	120	66	169	178	177	173	160
Additional days, Modified calendar schools	19	19	20	21	21	0	10	19	19	19	17
Total school days	196	200	201	202	141	66	179	197	196	192	177
NUMBER OF PUPIL LUNCHES SERVED:											
Paid lunches	287,176	287,051	292,726	313,755	239,425	-	-	327,479	374,920	385,209	250,774
Reduced price lunches	207,005	193,515	198,011	200,190	130,141	-	-	61,394	38,678	17,636	104,657
Free lunches	1,082,959	1,124,532	1,099,122	1,121,217	988,143	1,029,248	1,648,554	1,233,443	1,313,365	1,237,385	1,187,797
Total Pupil Lunches	1,577,140	1,605,098	1,589,859	1,635,162	1,357,709	1,029,248	1,648,554	1,622,316	1,726,963	1,640,230	1,543,227
NUMBER OF PUPIL BREAKFASTS SERVED:											
Paid breakfasts	87,558	73,799	125,705	108,747	132,652	108,870	-	-	106,900	116,752	86,098
Reduced price breakfasts	94,799	89,078	114,929	104,337	111,966	74,887	-	-	13,840	7,380	61,122
Free breakfasts	452,947	458,130	657,637	627,109	618,461	674,523	986,414	835,785	676,703	676,703	666,441
Total Pupil Breakfasts	635,304	621,007	898,271	840,193	863,079	858,280	986,414	835,785	797,443	800,835	813,662

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

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

Source: Alexandria City Public Schools School Nutrition Services

Table 12

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
SCHOOL NUTRITION SERVICES REVENUES AND EXPENDITURES
Last ten fiscal years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year Total	10-year Average
Revenues												
Federal aid	\$ 6,251,009	\$ 6,858,274	\$ 7,076,588	\$ 7,245,213	\$ 7,005,967	\$ 9,899,585	\$ 11,119,776	\$ 9,464,507	\$ 8,935,444	\$ 9,890,585	\$ 83,746,948	\$ 8,374,695
State aid	131,371	169,466	180,394	208,050	211,478	123,014	251,011	195,050	170,514	183,765	1,824,113	182,411
Local	1,768,239	1,850,100	1,931,883	2,037,775	1,635,574	91,855	768,963	1,962,047	2,139,647	1,773,506	15,959,589	1,595,959
Total Revenue	8,150,619	8,877,840	9,188,865	9,491,038	8,853,019	10,114,454	12,139,750	11,621,604	11,245,605	11,847,856	101,530,650	10,153,065
Expenditures												
Salaries	2,261,433	2,582,048	2,758,435	2,804,003	3,057,166	3,144,920	3,104,437	3,811,409	4,329,010	4,614,978	32,467,839	3,246,784
Benefits	1,004,572	1,001,727	1,040,367	1,279,584	1,406,650	1,432,823	1,436,074	1,641,635	1,760,384	1,853,154	13,856,970	1,385,697
Purchased services	41,016	57,408	61,973	86,941	74,817	82,731	116,311	141,264	276,846	215,129	1,154,436	115,444
Internal services	2,304	1,747	2,901	3,341	4,910	6,659	-	2,797	2,650	5,364	32,674	3,267
Other charges	11,461	12,469	24,783	18,648	29,424	24,712	12,076	27,952	41,548	47,002	250,075	25,007
Food supplies	3,497,335	3,854,325	4,031,456	4,020,137	4,008,063	3,819,850	3,318,220	5,420,783	5,785,417	6,332,308	44,087,894	4,408,789
Capital outlay	281,269	133,892	343,541	787,369	2,808,818	885,636	662,357	254,671	1,353,095	2,841,214	10,351,861	1,035,186
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	7,099,390	7,643,615	8,263,456	9,000,023	11,389,848	9,397,333	8,649,475	11,300,511	13,548,950	15,909,149	102,201,749	10,220,175
Revenues over (under)	\$ 1,051,229	\$ 1,234,225	\$ 925,409	\$ 491,015	\$ (2,536,829)	\$ 717,121	\$ 3,490,275	\$ 321,093	\$ (2,303,345)	\$ (4,081,293)	\$ (671,100)	\$ (67,110)
Expenditures												

Source: Alexandria City Public Schools, Financial Services Department Accounting Office

Table 13

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
School Nutrition Services Sales Price
Last ten fiscal years

Fiscal Year	Student Breakfast	Student Lunch			Adult Lunch
		Elementary	Middle	High	
2025	2.10	3.15	3.35	3.35	4.50
2024	2.00	3.05	3.25	3.25	4.35
2023	2.00	3.05	3.25	3.25	4.00
2022	1.75	2.85	3.05	3.05	3.80
2021	1.75	2.85	3.05	3.05	3.80
2020	1.75	2.85	3.05	3.05	3.80
2019	1.75	2.85	3.05	3.05	3.80
2018	1.75	2.85	3.05	3.05	3.80
2017	1.75	2.65	2.85	2.85	3.60
2016	1.75	2.65	2.85	2.85	3.60

Source: Alexandria City Public Schools School Nutrition Services

Table 14

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

Client	Current Year			Nine years Ago		
	Sales	Rank	Percentage of Sales	Sales	Rank	Percentage of Sales
Students	\$ 578,622	1	36.2%	\$ 807,659	1	47.8%
Catering/Other	664,670	2	41.4%	275,473	3	16.3%
A La Carte	331,197	3	20.7%	457,117	2	27.0%
Adult	29,101	4	1.8%	45,601	5	2.7%
Summer School Feeding Program	-	5	0.0%	104,968	4	6.2%
Vending	-	6	0.0%	286	6	0.0%
Total	<u>\$ 1,603,590</u>		<u>100.0%</u>	<u>\$ 1,691,104</u>		<u>100.0%</u>

Source: Alexandria City Public Schools School Nutrition Services

Table 15

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction	1,882.3	1,936.0	1,959.6	2,017.2	2,033.5	2,069.3	2,066.9	2,078.6	2,111.0	2,118.11
Adult Education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.00
Administration	95.6	96.0	95.0	97.5	101.5	106.0	107.0	102.0	110.0	102.00
Attendance and Health	58.3	68.9	68.9	69.9	70.1	69.9	74.9	71.9	84.0	83.98
Transportation	152.0	154.0	154.0	157.0	162.0	153.0	154.0	160.0	155.0	161.00
Plant Operations & Maintenance	107.5	109.5	109.5	110.5	106.6	103.6	104.6	105.6	105.6	96.00
School Food Services	126.0	127.0	127.0	129.0	129.4	143.0	138.0	139.0	139.0	139.42
Total FTEs	2,425.6	2,495.4	2,517.9	2,585.1	2,607.2	2,648.9	2,649.5	2,661.2	2,708.6	2,704.5

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

Table 16

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Instructional Facilities</u>										
Pre-Kindergarden	-	-	-	1 ⁽¹⁾	1	1	1	1	1	1
Elementary Schools	12	12	12	12	12	12	12	12	12	12
Pre-Kindergarden to Eighth Grade Schools (K-8)	1	1	1	2	2	2	2	2	2	2
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1
Alternative Education	2	2	2	2	2	2	2	2	2	2
<u>Plant Operations and Maintenance</u>										
Vehicles	57	56	58	63	81	75	76	83	89	91
<u>Pupil Transportation</u>										
Buses	107	107	99	113	118	119	122	118	117	122

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

Source: Alexandria City Public Schools Accounting and Finance Office

Table 17

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
TEACHERS' EDUCATION AND EXPERIENCE
June 30, 2025**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	322	20.28%
Master's Degree	906	57.05%
Master's + 30	<u>360</u>	<u>22.67%</u>
Total	<u><u>1,588</u></u>	<u><u>100.0%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	351	22.10%
6 - 10	333	20.97%
11 and over	<u>904</u>	<u>56.93%</u>
Total	<u><u>1,588</u></u>	<u><u>100.0%</u></u>

Source: The Alexandria City Public Schools Human Resources Office

Table 18

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

Fiscal Year	Minimum Salary ⁽¹⁾	Average Salary	Maximum Salary ⁽²⁾	% Change Average Salary
2025	\$ 57,207	\$ 94,767	\$ 131,208	5%
2024	\$ 55,255	\$ 90,290	\$ 123,043	5%
2023	\$ 51,833	\$ 85,904	\$ 115,980	4%
2022	\$ 50,569	\$ 82,997	\$ 113,151	5%
2021	\$ 49,384	\$ 79,220	\$ 110,499	-2%
2020	\$ 49,382	\$ 80,690	\$ 110,497	3%
2019	\$ 48,894	\$ 78,461	\$ 109,403	2%
2018	\$ 47,242	\$ 77,005	\$ 107,259	1%
2017	\$ 47,242	\$ 76,096	\$ 107,259	2%
2016	\$ 47,242	\$ 74,431	\$ 107,259	1%
2015	\$ 47,242	\$ 73,612	\$ 107,259	

NOTES:

- 1) The minimum salary represents the minimum amount an ACPS Teacher with a Bachelor's degree may earn for regular classroom instruction during the school year, according to the professional salary schedule for Teachers and Instructional Assistants.
- 2) The maximum salary represents the maximum amount an ACPS Teacher with a Masters degree plus 30 credits may earn for regular classroom instruction during the school year, according to the professional salary schedule for Teachers and Instructional Assistants, dependent on educational attainment and years of service.

Source: The Washington Area Boards of Education Guide (WABE)

Table 19

CITY OF ALEXANDRIA, VIRGINIA

Principal Employers

Current Year (as of July 1, 2024) and Nine Years Ago

Current Year	Employees ⁽¹⁾	Percentage of Total City Employment ⁽²⁾	Nine Years Ago	Employees ⁽¹⁾	Percentage of Total City Employment ⁽²⁾
LARGEST PUBLIC EMPLOYERS					
U.S. Department of Defense - Mark Center	8,000	9.98%	LARGEST PUBLIC EMPLOYERS	1,000 & over	3.41%
U.S. Patent and Trademark Office	6,000	7.49%	U.S. Department of Commerce	1,000 & over	3.41%
City of Alexandria	2,600	3.24%	U.S. Department of Defense	1,000 & over	2.88%
Alexandria City Public Schools	2,500	3.12%	Alexandria City Public Schools	1,000 & over	2.59%
U.S. Inspector General	2,400	3.00%	City of Alexandria	500-998	0.85%
U.S. Department of Commerce	2,000	2.50%	Washington Metropolitan Area Transit Authority	500-999	0.85%
National Science Foundation	1,800	2.25%	Northern Virginia Community College	500-999	0.85%
Washington Metropolitan Area Transit Authority	1,500	1.87%	U.S. Department of Agriculture	250-499	0.43%
U.S. General Services Administration	800	1.00%	U.S. Department of Homeland Defense		15.27%
Northern Virginia Community College	600	0.75%			
		35.20%			
LARGEST PRIVATE EMPLOYERS					
Inova Health System	2,500	3.12%	LARGEST PRIVATE EMPLOYERS	1,000 & over	3.41%
System Plan & Analysis Inc	1,600	2.00%	Inova Health System	500-999	0.85%
Institute for Defense Analysis	1,500	1.87%	Institute for Defense Analysis	500-999	0.85%
Goodwin House	1,000	1.25%	Grant Thornton LLP	500-999	0.85%
Kearney & Company, P.C.	700	0.87%	The Home Depot	250-499	0.43%
Wegmans	600	0.75%	CAN Corporation	250-499	0.43%
National Center for Missing and Exploited Children	600	0.75%	Oblon Spivak McClelland PC	250-499	0.43%
Harris Teeter	450	0.56%	Catholic Diocese of Arlington	250-499	0.43%
Woodbine Rehabilitation & Healthcare Center	300	0.37%	Giant Food	250-499	0.43%
Giant Food	200	0.25%			7.68%
		11.79%			

SOURCE: Virginia Employment Commission and Alexandria Economic Development Partnership

Quarterly Census of Employment and Wages, Q2 2024

⁽¹⁾ Employment numbers are estimate only

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

Table 20

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

Year	Population ⁽³⁾	Taxable Assessed Value (\$000) ⁽²⁾		Outstanding Debt ⁽¹⁾	Outstanding Debt As Percentage of Assessed		Personal Income (\$100)	Debt Per Capita	Debt Per Capita As A Percentage of Per Capita Income ⁽⁴⁾
		Real Property	Personal Property		Real Property	Total Property			
2025	168,600	\$ 49,738,489	\$ 2,073,621	\$ 1,180,291,000	2.37	2.28	\$ 17,873,820	\$ 7,001	6.60
2024	166,000	48,490,380	1,919,705	1,134,925,000	2.34	2.25	16,367,274	6,837	6.93
2023	165,700	48,332,631	1,791,514	946,057,000	1.96	1.89	15,473,266	5,709	6.49
2022	163,400	46,560,058	1,664,074	852,606,000	1.83	1.77	14,894,033	5,218	5.93
2021	161,300	43,826,796	1,506,234	704,117,000	1.61	1.55	14,665,740	4,365	4.86
2020	159,200	42,679,237	1,596,166	747,911,000	1.75	1.69	14,127,927	4,698	5.34
2019	156,800	40,977,242	1,565,335	589,957,000	1.44	1.39	13,455,505	3,762	4.47
2018	154,500	39,897,987	1,520,865	595,021,000	1.49	1.44	12,958,210	3,851	4.58
2017	152,200	38,987,294	1,503,339	557,233,000	1.43	1.38	12,692,748	3,661	4.35
2016	149,900	38,195,319	1,437,203	522,710,000	1.37	1.32	11,789,823	3,487	4.19

Note: The City of Alexandria is autonomous from any county, town, or other political subdivisions of the Commonwealth of Virginia. There is no overlapping general obligation debt or taxing powers.

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

(2) Includes real and personal property as adjusted for changes to levy.

(3) SOURCE: Alexandria Department of Planning and Zoning and the United States Bureau of Economic Analysis

(4) Personal Income and per capita income represents data from the United States Bureau of Economic Analysis, as revised, that generally has a two-year lag.

Table 21

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

Calendar Year	Real Property (\$000)			Personal Property (\$000)				
	Residential	Commercial	Total	Tax rate per \$100	Motor Vehicle and Tangibles Assessment	Tax rate per \$100	Machine and Tools Assessment	Total Assessment
2024	\$ 31,466,528	\$ 17,536,719	\$ 49,003,247	\$ 1.110	\$ 2,269,124	\$5.33	\$ 17,704	\$ 2,286,828
2023	30,096,124	17,693,119	47,789,243	1.110	2,059,639	5.33	16,506	2,076,145
2022	29,224,848	18,430,001	47,654,849	1.110	1,903,199	5.33	15,755	1,918,954
2021	27,828,841	18,074,465	45,903,306	1.110	1,775,759	5.33	11,115	1,786,874
2020	26,029,769	17,158,601	43,188,369	1.110	1,652,958	5.33	14,963	1,667,921
2019	24,550,610	17,501,144	42,051,754	1.130	1,491,271	5.33	14,262	1,505,533
2018	23,310,833	17,025,285	40,336,118	1.130	1,581,904	5.00	9,727	1,591,631
2017	22,844,035	16,437,017	39,281,052	1.130	1,555,607	5.00	6,123	1,561,730
2016	22,092,997	16,284,957	38,377,954	1.130	1,517,743	5.00	11,199	1,528,942
2015	21,713,189	15,886,156	37,599,345	1.073	1,492,140	5.00	10,776	1,502,916

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

Source: City of Alexandria Annual Comprehensive Financial Report



CliftonLarsonAllen LLP
CLAconnect.com

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

Members of the Board
Alexandria City Public Schools
Alexandria, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria City Public Schools (ACPS), a component unit of the City of Alexandria, Virginia as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Alexandria City Public Schools' basic financial statements, and have issued our report thereon dated December 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alexandria City Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alexandria City Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Alexandria City Public Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Members of the Board
Alexandria City Public Schools

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexandria City Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



CliftonLarsonAllen LLP

Arlington, Virginia
December 4, 2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

A COMPONENT UNIT OF
THE CITY OF ALEXANDRIA, VA
22314

FINANCIAL SERVICES DEPARTMENT
1340 BRADDOCK PLACE
ALEXANDRIA, VA 22314

Our Vision

Each student prepared
to thrive in college,
career and community.

Our Mission

We nurture, educate
and inspire each
student for success.