

# Statement of Estimated Fund Balance



## FUND DESCRIPTIONS

Listed below are descriptions of the City's major funds. All of these funds are appropriated on an annual basis.

- The General Fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources, except those required or requested in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant portion of the General Fund's revenue is used to finance the operations of the City of Alexandria School Board. As of June 30, 2024, total fund balance in the City's General Fund was \$202.5 million, comprised of Reservations (\$7.8 million), Commitments and Assignments (\$59.6 million) and Uncommitted and Unassigned Fund Balance of \$135.1 million.
- The Special Revenue Fund accounts for resources restricted to expenditures for specified purposes (for example, State and federal grants). As of June 30, 2024, the Special Revenue Fund total fund balance was \$144.9 million. Funds included in this category include the Code Fund, Housing Fund, Sewer and Stormwater Funds, Residential Refuse Fund, Potomac Yard and Other Special Revenue Funds. Because monies budgeted within the Special Revenue Fund are generally legally restricted to specific activities or programs, these monies are not considered available for appropriation to meet general expenditure requirements. Unexpended Special Revenue Fund monies are generally due to intergovernmental grant timing differences (e.g., a grant awarded to the City for a program operated under the federal fiscal year of October 1 to September 30); remaining Special Revenue funds at June 30 are reappropriated for use in the subsequent City fiscal year for the continuation of the designated programs.
- The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds. As of June 30, 2024, the Capital Projects Fund had a total fund balance of \$289.8 million in funded capital projects that are awaiting, or are in the process of implementation.
- The Internal Services Fund accounts for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The City established the Equipment Replacement Fund for purposes of providing for the accumulation of money to replace capital equipment items used in City operations. This fund derives its revenues from periodic equipment rental charges assessed to the user departments in the governmental funds. These revenues are then used to finance charges and associated expenditures to replace capital equipment. As of June 30, 2024, the Equipment Replacement Internal Services Fund had Total Net Position of \$16.2 million. Equipment Replacement monies are accrued for the scheduled replacement of capital equipment, and thus are not available for appropriation to meet general expenditure requirements.
- The Alexandria Transit Company Fund accounts for the financing of for the City's transit activity. The Alexandria Transit Company is a blended entity and is considered a major fund. As of June 30, 2024, Alexandria Transit Company had a total fund balance of \$1.5 million.



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## FUND DESCRIPTIONS

### Commitments and Assignments Estimated for Fiscal Year 2026

The fiscal year 2026 Operating Budget contains the following commitments of fund balances estimated to be available as of June 30, 2025. City Council approval of the FY 2026 operating budget will constitute reaffirmation of the fund balance commitments, which have been in place for many years. Final assignments of fund balance will be determined as part of the fiscal year FY 2025 closing process.

#### **Commitments**

- \$6,500,000 for the City's self-insurance reserve.
- \$6,000,000 for encumbrances estimated to be obligated at the end of the year;

#### **Assignments (to be finalized with FY 2025 close-out)**

- \$30,000,000 to fund capital projects contained in the FY 2026—FY 2035 Capital Improvement Program budget.
- \$13,992,992 to fund the FY 2026 operating budget, if necessary
- \$5,000,000 for future transit costs;
- \$4,500,000 for projects and initiatives that are estimated to be approved but not yet under contract at year's end, such as City Council contingent reserve initiatives;
- \$3,000,000 for City and ACPS costs resulting from extraordinary natural disasters and emergencies;
- \$3,000,000 to address any soil remediation efforts required by the Landmark Mark Redevelopment project ;
- \$2,000,000 for City's healthcare self-insurance reserve;
- \$1,000,000 to address potential opportunities or changes in grant funding;
- \$1,000,000 for economic development incentives to grow the City's commercial tax base; and
- \$1,000,000 to cover accrued leave payments for City employees who separate from the City, either through retirement or voluntary/involuntary termination.

These commitments and assignments total \$76,992,992. Despite being designated for a particular purpose, the funds identified here are considered "spendable." When combined with the portion of fund balance that has not been assigned or committed for any purpose, this total amount is called "spendable" fund balance. Based on projected revenues in FY 2025, the uncommitted/unassigned General Fund Balance at June 30, 2025, is currently estimated to be \$138.7 million.

# Statement of Estimated Fund Balance



## FUND DESCRIPTIONS

The spendable General Fund balance at the end of FY 2025 is estimated to be \$215.7 million or 23.6 percent of estimated General Fund revenues. FY 2025 Spendable Fund Balance is increasing by \$21.0 million compared to FY 2024.

In November 2019, City Council updated the Debt-Related Financial Policies to eliminate the ratio related to Uncommitted/Unassigned Fund Balance as a percent of General Fund Revenue. At the same time they established a 15 percent target for Spendable Fund Balance as a percentage of General Fund Revenue. The policies as they were adopted also eliminated a defined limit. The City Manager and financial staff will continue to closely monitor Fund Balance and the operating budget and consider making changes to future commitments and recommend spending restrictions in the future, if necessary, to ensure that the ratios established in the City's Financial Policies are maintained, if not exceeded. The bond rating agencies (Moody's and S&P) have encouraged the City, as well as other localities, to maintain even higher fund balances, as extra protection for bond holders. In the past seven years, the City has been able to increase Spendable Fund Balance from \$62.7 million in FY 2014 to the estimated amount of \$215.7 million in FY 2025.

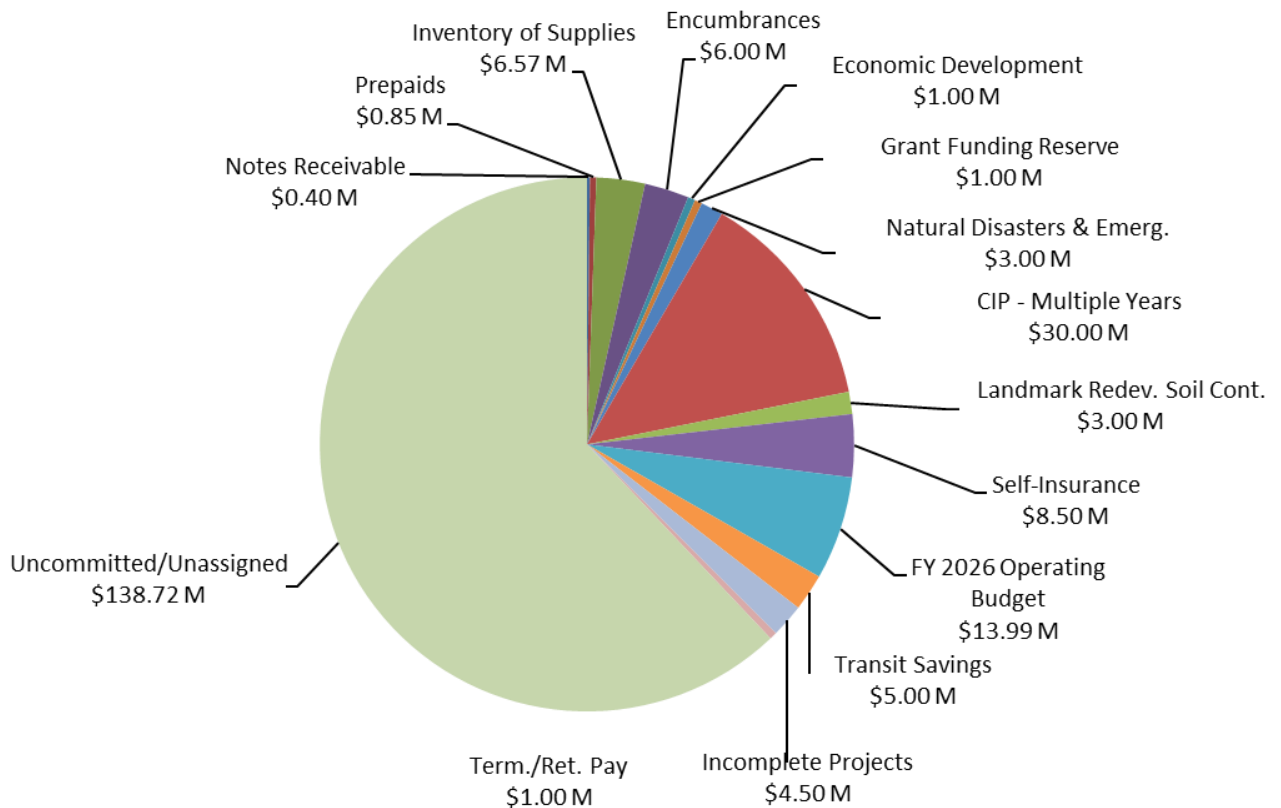
# Statement of Estimated Fund Balance



## GENERAL FUND BALANCE COMPONENTS

The following chart shows all of the potential components of General Fund balance as of June 30, 2025. Assignments have yet to be finalized. With the exception of \$0.4 million in Notes Receivable, \$6.6 million in inventory of supplies, and \$0.9 million in prepaid expenses, all of the components shown below are considered spendable fund balance.

### Estimated General Fund Balance as of June 30, 2025 \$223.5 million





# Statement of Estimated Fund Balance

## FUND DESCRIPTIONS

Spendable General Fund Balance is the accumulated total of all prior years' actual General Fund revenues in excess of expenditures — often referred to as "surplus" — that is available for appropriation by City Council. This is in comparison to the Unspendable General Fund Balance that represents monies that have been reserved to pay for legal obligations of the City such as for certain purchase order encumbrances. Maintaining a prudent level of spendable General Fund balance is critical to ensuring that the City is able to cope with financial emergencies and fluctuations in revenue cycles. Spendable General Fund Balance also provides working capital during temporary periods when expenditures exceed revenues.

A portion of the spendable fund balance is committed or assigned (designated) for specific uses on a contingency basis. In order to be available, the funds still must be appropriated by City Council in a future appropriations ordinance. Committed and Assigned fund balance are funds "earmarked" to help the City offset the costs of a specific type of obligation. Although technically available for appropriation, these monies are not generally considered available to fund other program or service requirements by the City Manager or the City Council under the City's adopted financial policies. Uncommitted and unassigned fund balance are the monies considered to be the City's available fund balance. As with all monies in fund balance, if used, it is a one-time source of revenue.

The graph on the following page shows total actual Spendable General Fund balance from FY 2002 through FY 2024 and an estimate as of June 30, 2025. Spendable fund balance (the total amount available for appropriation, regardless of assignments and commitments) is projected to be \$215.7 million as of June 30, 2025, which represents 23.6 percent of FY 2025 estimated General Fund Revenues. Uncommitted and unassigned fund balance totals \$138.7 million which will help to protect the City and Schools against future budget uncertainties.

The details of commitments and assignments from FY 2023 through the estimated assignments of FY 2025 are shown in the table on page 7. It should be noted that commitments are confirmed by City Council through the adoption of the budget. The City Manager can propose or recommend assignments. From an accounting standards definitional point of view, either of these designations is considered spendable fund balance. In reality, many of these accounts are only spendable in the case of unforeseen dire circumstances when current year budgeted resources would not be sufficient to address any unforeseen expenditures.

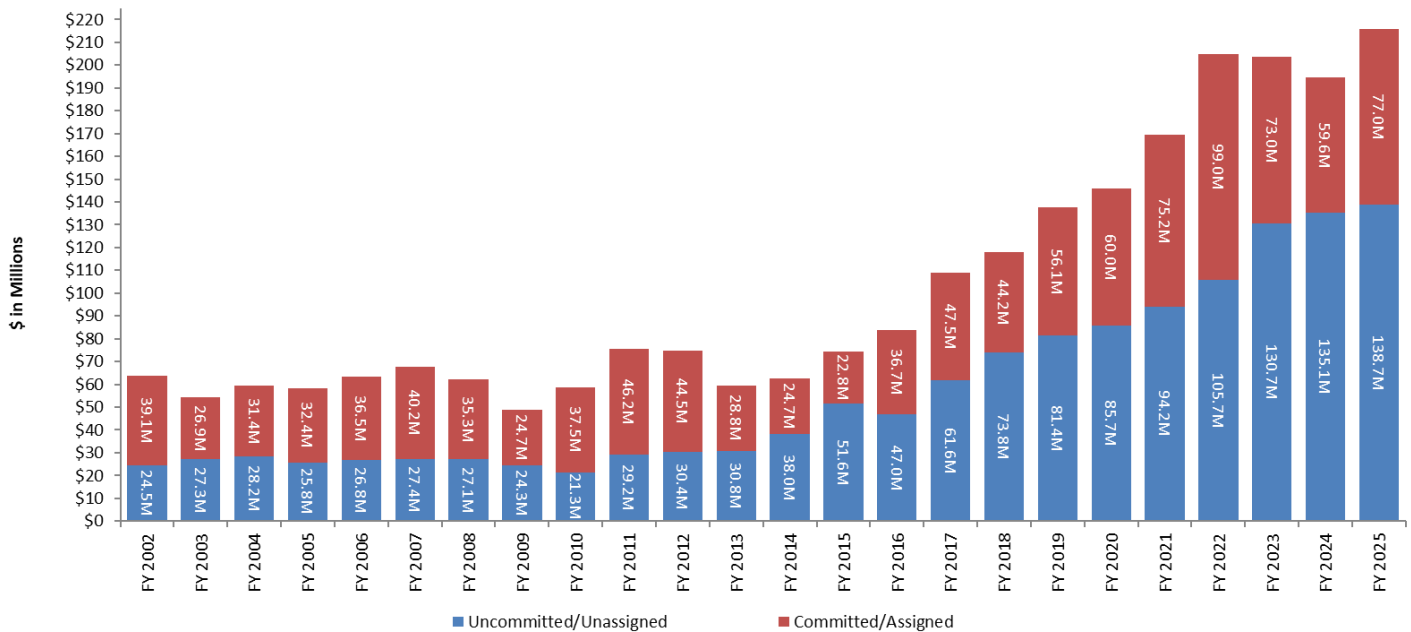
## Statement of Estimated Fund Balance



## HISTORY OF GENERAL FUND BALANCE

The chart below shows the history of fund balance at the end of the year, including the actual balance from FY 2002 through FY 2024 and an estimate for FY 2025 based on current revenue and expenditure projections. This does not reflect reserved (unspendable) fund balance, but is considered "spendable" regardless of whether it is committed or assigned.

City of Alexandria  
Spendable End of Year General Fund Balance





# Statement of Estimated Fund Balance

	FY 2023	FY 2024	FY 2025
<b>A. Total Fund Balance End of Year</b>	<b>\$ 223,690,191</b>	<b>\$ 202,514,825</b>	<b>\$ 223,541,536</b>
<b>B. Reservations/Non-Spendable</b>	<b>\$ 19,983,095</b>	<b>\$ 7,825,410</b>	<b>\$ 7,825,410</b>
<b>C. Spendable Fund Balance (A minus B)</b>	<b>\$ 203,707,096</b>	<b>\$ 194,689,415</b>	<b>\$ 215,716,126</b>
<b>Committed</b>			
<i>Encumbrances</i>	\$ 9,506,322	\$ 6,623,826	\$ 6,000,000
<i>Self-Insurance</i>	\$ 6,500,000	\$ 6,500,000	\$ 6,500,000
<b>Assigned</b>			
<i>Future Capital Improvement Program Funding</i>	\$ 20,000,000	\$ 13,000,000	\$ 30,000,000
<i>FY 2024 Operating Budget</i>	\$ 17,464,943	\$ -	\$ -
<i>FY 2025 Operating Budget</i>	\$ -	\$ 13,992,992	\$ -
<i>FY 2026 Operating Budget</i>	\$ -	\$ -	\$ 13,992,992
<i>Transit Savings</i>	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
<i>Healthcare Self-Insurance</i>	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
<i>New Incomplete Projects</i>	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
<i>Natural Disasters/Emergencies/Response</i>	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
<i>Landmark Redevelop, Soil Contingency</i>	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
<i>Economic Development Incentives</i>	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
<i>Grant Funding Reserve</i>	\$ -	\$ -	\$ 1,000,000
<i>Leave Payout</i>	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
<b>D. Subtotal Commitments &amp; Assignments</b>	<b>\$ 72,971,265</b>	<b>\$ 59,616,818</b>	<b>\$ 76,992,992</b>
<b>Uncommitted/Unassigned Fund Balance (C minus D)</b>	<b>\$ 130,735,831</b>	<b>\$ 135,072,596</b>	<b>\$ 138,723,134</b>
<b>E. General Fund Revenues</b>	<b>\$ 843,336,155</b>	<b>\$ 870,397,444</b>	<b>\$ 914,934,803</b>
<b>Estimated Spendable Fund Balance as % of General Fund Revenues (C ÷ E); Target = 15%</b>	<b>24.15%</b>	<b>22.37%</b>	<b>23.58%</b>

## Statement of Estimated Fund Balance



	Governmental Funds			Proprietary Funds	
	Special Revenue Funds/ <sup>1</sup>	Capital Projects Fund/ <sup>2</sup>	Alexandria Transit Company	Internal Services Fund (Equipment Replacement Fund) <sup>3</sup>	
Beginning Fund Balance 7/1/2023	\$ 137,184,698	\$ 276,140,182	\$ 1,151,591	\$ 19,805,158	Beginning Net Position 7/1/2023
Plus FY 2024 Actual Revenues	233,925,864	374,052,488	37,644,095	5,284,290	Plus FY 2024 Actual Revenues
Less FY 2024 Actual Expenditures	226,236,359	360,440,210	37,255,806	8,932,714	Less FY 2024 Actual Expenditures
Actual Fund Balance 6/30/2024	144,874,203	289,752,460	1,539,880	16,156,734	Actual Net Position 6/30/2024
Plus FY 2025 Estimated Revenues	258,464,325	493,728,519	34,777,203	7,097,249	Plus FY 2025 Revenues
Less FY 2025 Estimated Expenditures	249,968,203	475,761,068	34,418,485	11,997,391	Less FY 2025 Expenditures
Estimated Fund Balance 6/30/2025	\$ 153,370,325	\$ 307,719,911	\$ 1,898,598	\$ 11,256,592	Actual Net Assets 6/30/2025

Source: City of Alexandria, Virginia, Comprehensive Annual Financial Report, Fiscal Year-ended June 30, 2024.

- 1/ The Special Revenue Funds include the Code Fund, Housing Fund, Sewer and Stormwater Funds, Potomac Yard, Residential Refuse, Other Special Revenue Funds and revenue associated with health and human services.
- 2/ The Capital Projects Fund Balance of June 30, 2024 is reflected in the Comprehensive Annual Financial Report.
- 3/ The Internal Services Fund is forecasted to decline as vehicle purchases from prior years that were impacted by supply chain issues are completed in FY 2025.