

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, 2025, total fund balance in the City's General Fund was \$227.0 million, comprised of Reservations (\$9.4 million), Commitments and Assignments (\$78.1 million) and Uncommitted and Unassigned Fund Balance of \$139.5 million.
- The Special Revenue Fund accounts for resources restricted to expenditures for specified purposes (for example, State and federal grants). As of June 30, 2025, the Special Revenue Fund total fund balance was \$111.1 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, 2025, the Capital Projects Fund had a total fund balance of \$239.0 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, 2025, the Equipment Replacement Internal Services Fund had Total Net Position of \$9.7 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, 2025, Alexandria Transit Company had a total fund balance of \$1.6 million.

Statement of Estimated Fund Balance



FUND DESCRIPTIONS

Commitments and Assignments Estimated for Fiscal Year 2027

The fiscal year 2027 Operating Budget contains the following commitments of fund balances estimated to be available as of June 30, 2026. City Council approval of the FY 2027 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 2026 closing process.

Commitments

- \$6,500,000 for the City's self-insurance reserve.
- \$7,500,000 for encumbrances estimated to be obligated at the end of the year;

Assignments (to be finalized with FY 2026 close-out)

- \$30,000,000 to fund capital projects contained in the FY 2027—FY 2036 Capital Improvement Program budget.
- \$14,443,000 to fund the FY 2027 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;
- \$2,500,000 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 \$78,443,000. 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 2026, the uncommitted/unassigned General Fund Balance at June 30, 2026, is currently estimated to be \$121.1 million.

Statement of Estimated Fund Balance



FUND DESCRIPTIONS

The spendable General Fund balance at the end of FY 2026 is estimated to be \$199.6 million or 20.8 percent of estimated General Fund revenues. FY 2026 Spendable Fund Balance is estimated to decrease by \$18.0 million compared to FY 2025.

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. The City has been able to significantly increase Spendable Fund Balance, increasing from \$62.7 million in FY 2014 to the estimated amount of \$199.6 million in FY 2026.

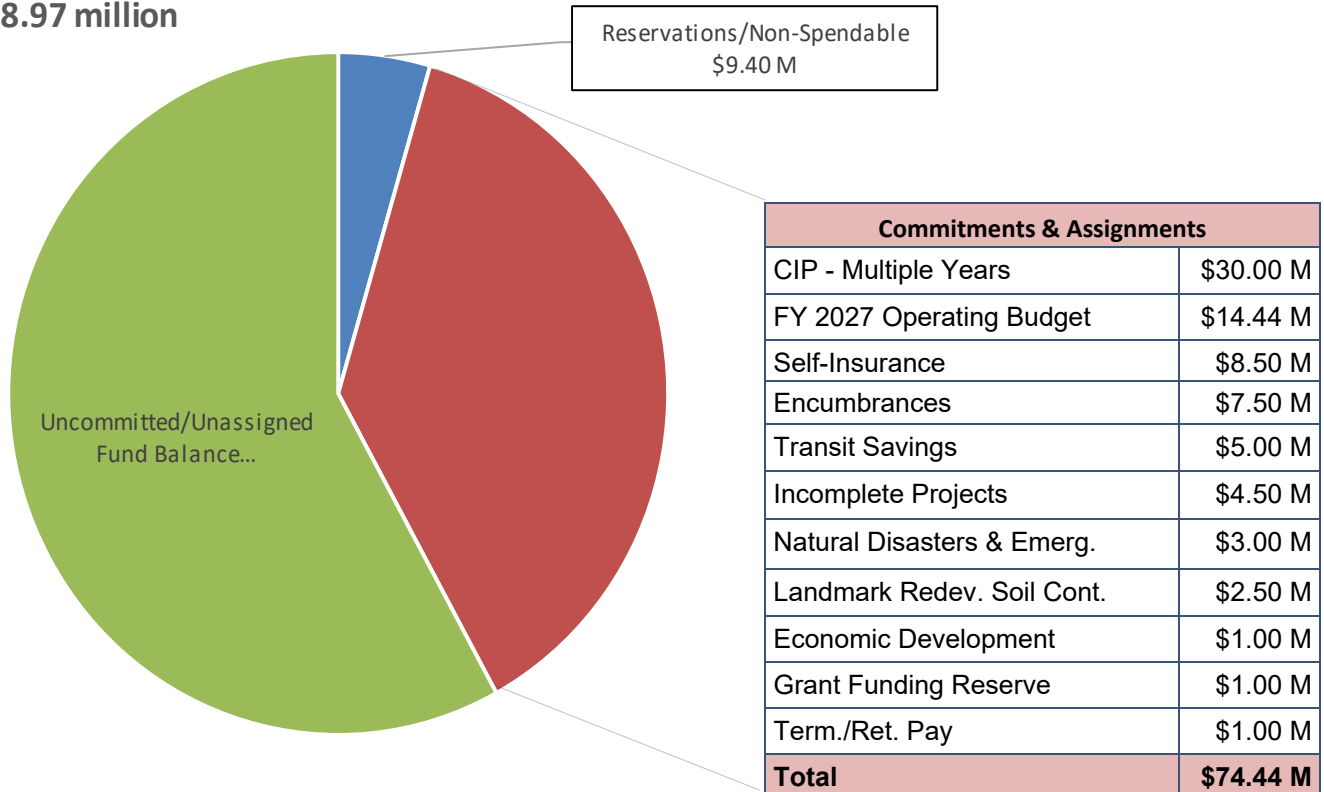
Statement of Estimated Fund Balance



GENERAL FUND BALANCE COMPONENTS

The following chart shows all of the potential components of General Fund balance as of June 30, 2026. Assignments have yet to be finalized. With the exception of \$0.4 million in Notes Receivable, \$8.1 million in inventory of supplies, and \$0.9 million in pre-paid expenses, all of the components shown below are considered spendable fund balance.

General Fund Balance as of June 30, 2026
\$208.97 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 2001 through FY 2025 and an estimate as of June 30, 2026. Spendable fund balance (the total amount available for appropriation, regardless of assignments and commitments) is projected to be \$199.6 million as of June 30, 2026, which represents 20.8 percent of FY 2026 estimated General Fund Revenues. Uncommitted and unassigned fund balance totals \$121.1 million which will help to protect the City and Schools against future budget uncertainties.

The details of commitments and assignments from FY 2024 through the estimated assignments of FY 2026 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.

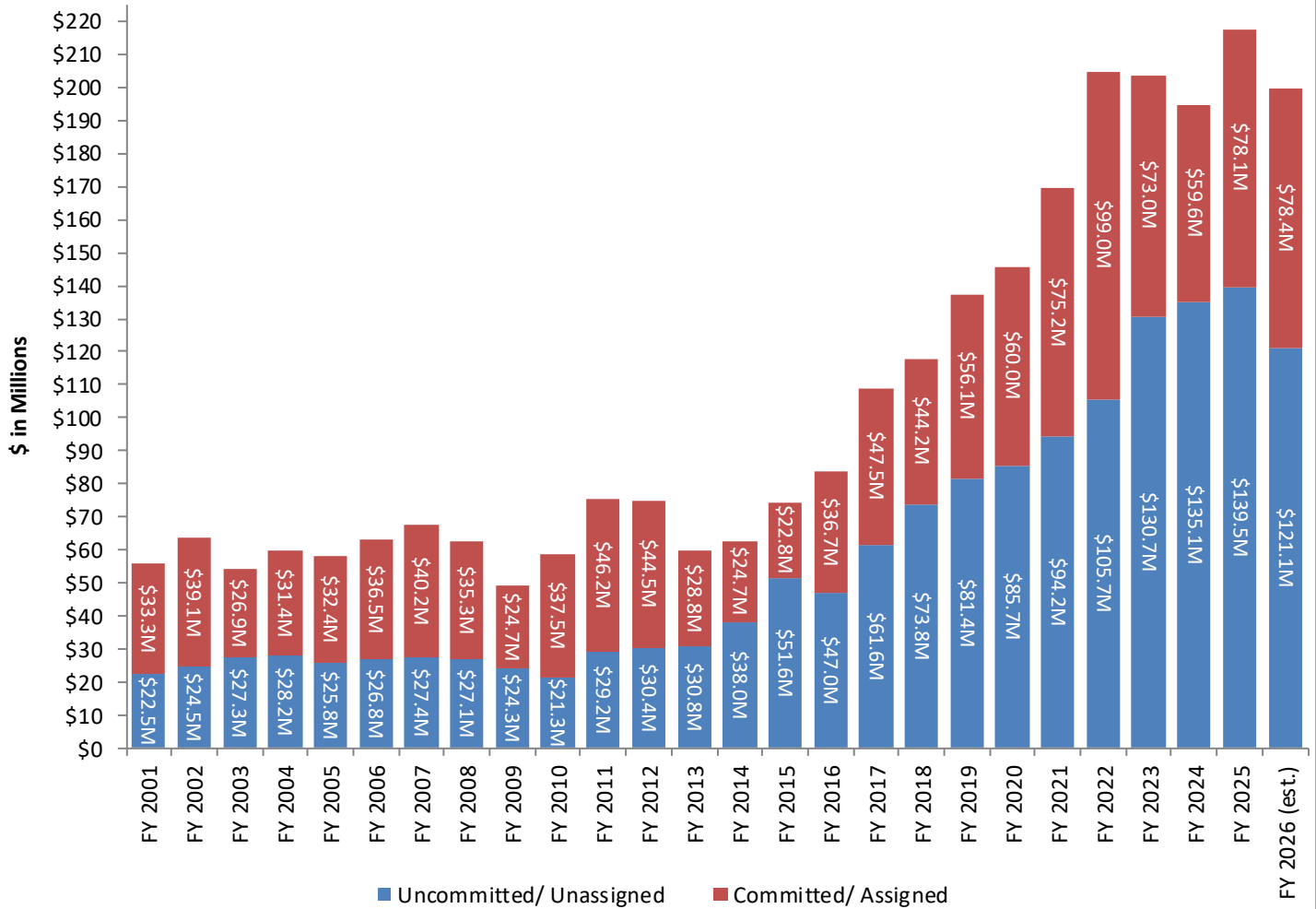
Statement of Estimated Fund Balance



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 2001 through FY 2025 and an estimate for FY 2026 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 2024	FY 2025	FY 2026 Estimate
A. Total Fund Balance End of Year	\$ 202,514,825	\$ 226,965,052	\$ 208,965,052
<i>B. Reservations/Non-Spendable</i>	\$ 7,825,410	\$ 9,402,169	\$ 9,402,169
C. Spendable Fund Balance (A minus B)	\$ 194,689,415	\$ 217,562,883	\$ 199,562,883
Committed			
<i>Encumbrances</i>	\$ 6,623,826	\$ 7,564,497	\$ 7,500,000
<i>Self-Insurance</i>	\$ 6,500,000	\$ 6,500,000	\$ 6,500,000
Assigned			
<i>Future Capital Improvement Program Funding</i>	\$ 13,000,000	\$ 30,000,000	\$ 30,000,000
<i>FY 2025 Operating Budget</i>	\$ 13,992,992	\$ -	\$ -
<i>FY 2026 Operating Budget</i>	\$ -	\$ 13,992,992	\$ -
<i>FY 2027 Operating Budget</i>	\$ -	\$ -	\$ 14,443,000
<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	\$ 2,500,000	\$ 2,500,000
<i>Economic Development Incentives</i>	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
<i>Grant Funding Reserve</i>	\$ -	\$ 1,000,000	\$ 1,000,000
<i>Leave Payout</i>	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
D. Subtotal Commitments & Assignments	\$ 59,616,818	\$ 78,057,489	\$ 78,443,000
Uncommitted/Unassigned Fund Balance (C minus D)	\$ 135,072,596	\$ 139,505,394	\$ 121,119,883
<i>E. General Fund Revenues</i>	\$ 869,629,391	\$ 918,927,895	\$ 928,962,544
Estimated Spendable Fund Balance as % of General Fund Revenues (C ÷ E); Target = 15%	22.39%	23.68%	21.48%

Statement of Estimated Fund Balance



	Governmental Funds			Proprietary Fund	
	Special Revenue Funds/ ¹	Capital Projects Fund/ ²	Alexandria Transit Company	Internal Services Fund (Equipment Replacement Fund) ¹	
Beginning Fund Balance 7/1/2024	\$ 144,874,203	\$ 289,752,460	\$ 1,539,880	\$ 16,156,734	Beginning Net Position 7/1/2024
Plus FY 2025 Actual Revenues	259,602,907	231,419,196	43,840,232	2,710,829	Plus FY 2025 Actual Revenues
Less FY 2025 Actual Expenditures	293,368,922	282,181,453	43,742,103	9,202,889	Less FY 2025 Actual Expenditures
Actual Fund Balance 6/30/2025	111,108,188	238,990,203	1,638,009	9,664,674	Actual Net Position 6/30/2025
Plus FY 2026 Estimated Revenues	270,325,531	205,866,544	37,264,417	8,175,766	Plus FY 2026 Revenues
Less FY 2026 Estimated Expenditures	305,486,216	251,023,776	37,181,007	11,822,147	Less FY 2026 Expenditures
Estimated Fund Balance 6/30/2026	\$ 75,947,503	\$ 193,832,971	\$ 1,721,419	\$ 6,018,293	Actual Net Assets 6/30/2026

Source: City of Alexandria, Virginia, Annual Comprehensive Financial Report, Fiscal Year-ended June 30, 2025.

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, 2025 is reflected in the Annual Comprehensive Financial Report.