

Statement of Estimated Fund Balance



FUND DESCRIPTIONS

Commitments and Assignments Estimated for Fiscal Year 2020

The fiscal year 2020 Operating Budget contains the following commitments of fund balances estimated to be available as of June 30, 2019. Final assignments of fund balance will be determined as part of the fiscal year FY 2019 closing process.

Commitments

- \$5,000,000 for the City's self-insurance reserve.
- \$17,000,000 to fund capital projects contained in multiple years of the FY 2020—FY 2029 Capital Improvement Program budget.
- \$5,000,000 for encumbrances obligated at the end of the year;

Assignments (to be finalized with FY 2019 close-out)

- \$2,900,000 for City and ACPS costs resulting from extraordinary natural disasters and emergencies;
- \$4,600,000 for an economic contingency. This commitment provides funds to address any significant and sudden impacts resulting from federal government initiatives. It is not anticipated to be used for lost grant or other special revenues, nor should it be utilized for long term economic impacts, which should be addressed through systematic, operational adjustments;
- \$3,000,000 for projects and initiatives that are approved but not yet under contract, such as City Council contingent reserve initiatives;
- \$1,000,000 for economic development incentives to grow the City's commercial tax base;
- \$1,000,000 to cover accrued level payments for City employees who separate from the City, either through retirement or voluntary/involuntary termination; and
- \$708,540 in Transportation Improvement Fund Balance.

These commitments and assignments total \$40,208,540. 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 by anyone for any purpose, this total amount is called "spendable" fund balance. Based on projected revenues in FY 2019, the uncommitted/unassigned General Fund Balance at June 30, 2019, is currently estimated to be \$78,205,698 million or 10.57% of estimated FY 2019 General Fund Revenues.

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This is well above the target of 5.5%. The spendable General Fund balance is estimated to be \$118.4 million or 16.0% of estimated General Fund revenues. This ratio is stable and continues to be above the limit of 10%. 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) would like to see the City maintain higher fund balances, as extra protection for bond holders.

During FY 2016, the School Board adopted and City Council endorsed a Fund Balance Policy for the Alexandria City Public Schools that formalizes the long-held practice in which Schools expenditure savings are committed for future operating budgets. This practice will be continued, and at year-end 2 percent of ACPS available savings may be committed to fund the subsequent year's operating budget. In addition to commitments for the operating budgets (both the current year and the upcoming fiscal year), ACPS will be able to commit 1 percent of spendable fund balance for unforeseen expenditures.

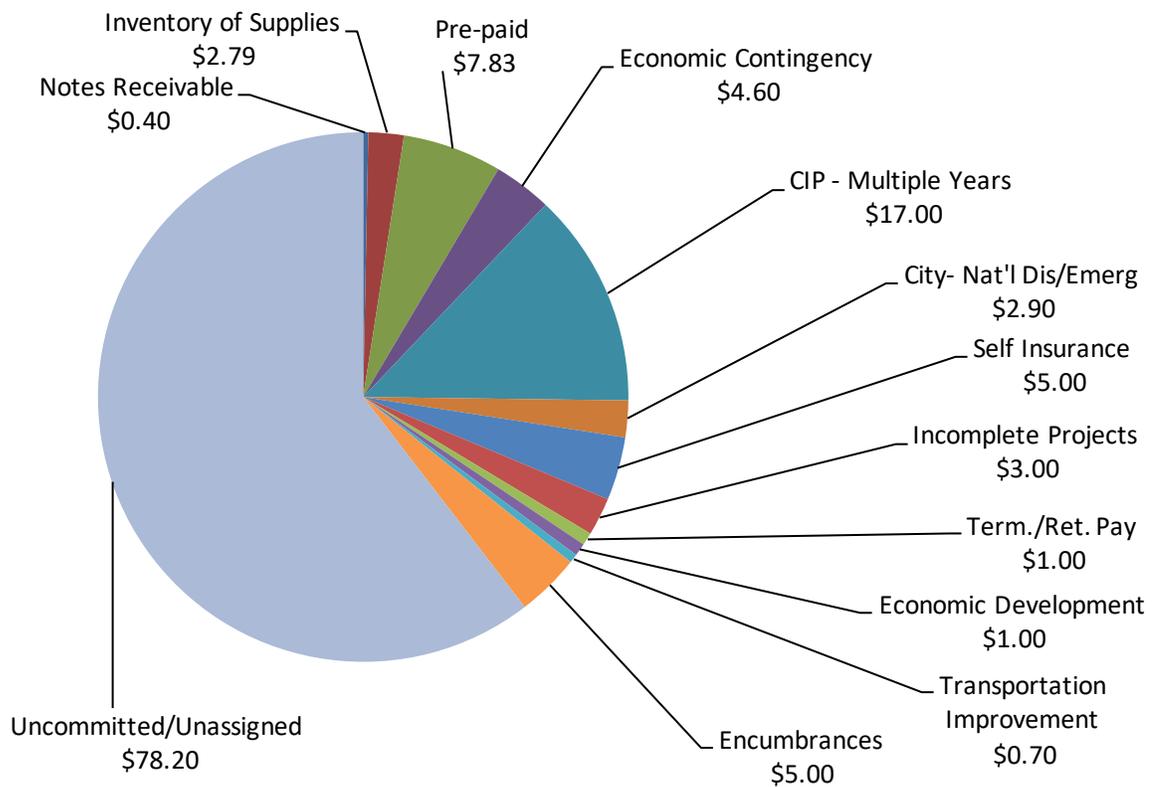
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GENERAL FUND BALANCE COMPONENTS

The following pie chart shows all of the potential components of General Fund balance as of June 30, 2019. Assignments have yet to be finalized. With the exception of \$0.4 million in Notes Receivable, \$2.8 million in inventory of supplies, and \$7.8 million in pre-paid expenditures, all of the components shown below are considered spendable fund balance.

Estimated Fund Balance as of June 30, 2019 \$129.42 million



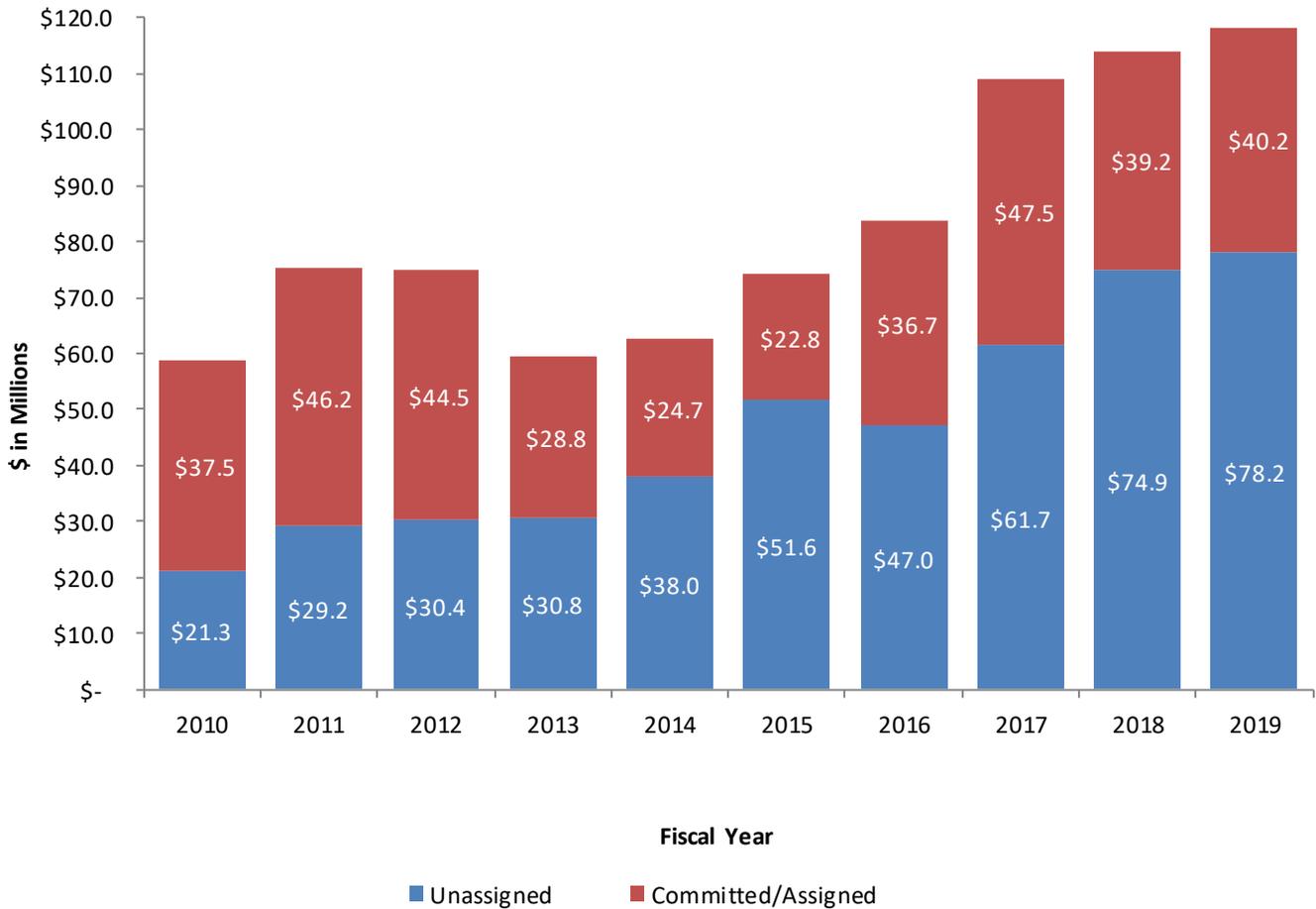
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HISTORY OF GENERAL FUND BALANCE

The chart below shows the history of fund balance at the end of the year, including the actual balance from FY 2010 through FY 2018, and an estimate for FY 2019 based on current revenue 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 Fund Balance**





Statement of Estimated Fund Balance

HISTORY OF END OF YEAR FUND BALANCE ACTUAL 2017 AND 2018 AND 2019 FORECAST

	2017	2018	2019
Spendable Fund Balance End of Year	\$ 109,089,168	\$ 117,948,570	\$ 118,414,238
Commitments and Assignments ¹			
Operating Funds			
FY 2017 Capital Improvement Program	4,330,800	-	-
Subsequent CIP (FY 2020 and Beyond)	14,000,000	14,000,000	17,000,000
Self Insurance	5,000,000	5,000,000	5,000,000
New Incomplete Projects	3,545,109	2,300,000	3,000,000
Encumbrances	6,737,149	5,015,523	5,000,000
Transportation/Stormwater Fund	708,540	708,540	708,540
Natural Disasters/Emergencies/Response	2,900,000	2,900,000	2,900,000
Economic Contingency	4,600,000	4,600,000	4,600,000
Affordable Housing Programs	3,605,400	5,121,442	-
Affordable Housing Programs - NSF	500,000	500,000	-
Economic Development Incentives	600,000	1,022,500	1,000,000
Leave Payout	1,000,000	1,000,000	1,000,000
Regional Transportation	-	2,000,000	-
Total Commitments & Assignments	\$ 47,526,998	\$ 44,168,005	\$ 40,208,540
Uncommitted/Unassigned Fund Balance	\$ 61,562,170	\$ 73,780,565	\$ 78,205,698
Reservations/nonspendable	\$ 10,917,115	\$ 11,009,773	\$ 11,009,773
Total Fund Balance EOY	\$ 120,006,283	\$ 128,958,343	\$ 129,424,011
General Fund Revenues	683,650,127	717,727,325	740,115,302
Estimated Uncommitted/Unassigned Fund Balance as % of General Fund Revenues	9.00%	10.28%	10.57%
Target = 5.5%; Limit = 4.0%			
Estimated Spendable Fund Balance as % of General Fund Revenues Limit = 10%	15.96%	16.43%	16.00%
Fund Balance at End of FY	\$ 120,006,283	\$ 128,958,343	\$ 129,424,011

1. Assignments to be finalized as part of FY 2019 close-out.



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Governmental Funds			Proprietary Funds	
	Special Revenue Funds/ ¹	Capital Projects Fund/ ²		Internal Services Fund (Equipment Replacement Fund)
Beginning Fund Balance 7/1/2017	\$77,904,333	\$212,284,917	Beginning Net Position 7/1/2017	\$27,888,024
Plus FY 2018 Actual Revenues	\$167,510,850	\$179,373,245	Plus FY 2018 Actual Revenues	\$5,783,468
Less FY 2018 Actual Expenditures	\$149,650,580	\$93,966,541	Less FY 2018 Actual Expenditures	\$5,474,120
Actual Fund Balance 6/30/2018	\$95,764,603	\$297,691,621	Actual Net Position 6/30/2018	\$28,197,372
Plus FY 2019 Budgeted Revenues	\$158,417,692	\$199,571,217	Plus FY 2018 Revenues	\$3,873,755
Less FY 2019 Estimated Expenditures	\$141,526,949	\$159,656,974	Less FY 2018 Expenditures	\$3,666,554
Projected Fund Balance 6/30/2019	\$112,655,346	\$337,605,864	Projected Net Assets 6/30/18	\$28,404,573

Sources: City of Alexandria, Virginia, Comprehensive Annual Financial Report, Fiscal Year-ended June 30, 2018; City of Alexandria, Virginia, Operating and Capital Improvement Program, Fiscal Year 2019

1/ The Special Revenue Funds include the Housing Fund, Sewer and Stormwater Funds, Potomac Yard, Other Special Revenue Funds and revenue associated with health and human services.

2/ The Capital Projects Fund Balance of June 30, 2018 is reflected in the Comprehensive Annual Financial Report. The FY 2019 projection is based on prior spending history. Capital projects are multi-year in nature and vary in size and complexity. As a result the predictability of the Capital Projects Fund Balance is limited.