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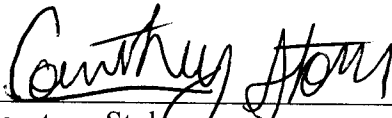
Governmental Accounting for the Everyday Citizen

Honors Project

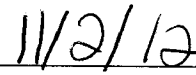
**In fulfillment of the Requirements for
The Esther G. Maynor Honors College
The University of North Carolina at Pembroke**

By

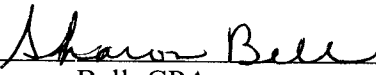
Courtney Stoker
Bachelor of Science in Accounting



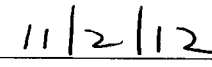
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Honors College Scholar



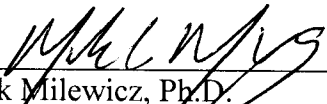
Date



Sharon Bell, CPA
Faculty Mentor



Date



Mark Milewicz, Ph.D.
Dean, Esther G. Maynor Honors College



Date

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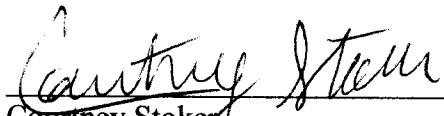
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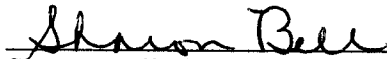
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Dean, Esther G. Maynor Honors College

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ACKNOWLEDGMENTS:

To my advisor, Ms. Sharon Bell:

Thank you for your continuous support throughout my academic career at UNCP. Thank you for always having an open ear whether the issue is my thesis, accounting, classes, my future, or life in general. Knowing that I can come to you for advice, reassurance, or just to vent has been vital to my success. Thanks for always being there!

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To my Best Friend Hannah Brumfield:

Thanks for all the wonderful memories Gov'na! I am so excited to start the next chapter of our careers, friendship, and lives in DC!

To my parents Minnie and Mickey Stoker:

Thanks for your unconditional love and never ending support. You two are my biggest cheerleaders and I would have never gotten this far without y'all! Daddy, thank you for teaching me to never go down without a fight and to put my best foot forward no matter what. Mommy, thank you for teaching me the meaning of unconditional love and to carry on no matter the circumstances. I thank God everyday for blessing me with such wonderful parents. I love y'all!

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TABLE OF CONTENTS

Acknowledgements	i
Table of Contents.....	ii
Abstract.....	iii
Introduction	1
Personal Experience with Citizen-Centric Reporting.....	2
Universal Layout Aides in Readability	4
Certificate of Excellence Gives Cities a Goal	6
Promoting Transparency.....	8
CAFR Complement not Replacement	9
Ease of Distribution	11
Implementation Thus Far.....	11
Barriers to Implementation in Fayetteville, NC	12
Conclusion.....	16
Exhibit 1	17
Exhibit 2	21
Works Cited.....	iv

ABSTRACT

CITIZEN-CENTRIC REPORT: GOVERNMENTAL ACCOUNTING FOR THE EVERYDAY CITIZEN

BY: COURTNEY STOKER

BACHELOR OF SCIENCE IN ACCOUNTING

THE UNIVERSITY OF NORTH CAROLINA AT PEMBROKE

MAY 4, 2013

Citizen-Centric Report: Governmental Accounting for the Everyday Citizen, seeks to prove the importance and need for Citizen-Centric Reporting to aid citizens at both a city and state level. Citizen-Centric Reporting is essential for creating governmental financial literacy in citizens across the nation and can be implemented without spending an abundance of neither time nor money. Utilizing my experience in the creation of a Citizen-Centric Report for Alexandria Virginia and my presentation of the report for Alexandria at the Association of Governmental Accountants 2012 Leadership Conference, I seek to promote the Citizen-Centric Report and highlight its many merits. While the Citizen-Centric Report is derived from the Comprehensive Annual Financial Report (CAFR), the goal of the Citizen-Centric Report is not to replace the CAFR. Instead, the Citizen-Centric Report aims to serve as a complement to the CAFR reaching an audience the CAFR could not resonate with.

Introduction

Thick, bulky, intimidating, and 163 pages in length, the 2011 Comprehensive Annual Financial Report (CAFR) for the City of Alexandria Virginia offers detailed information for the financial status of the city. Alexandria received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for their 2011 CAFR and for their previous thirty-three CAFRs ("City of Alexandria Virginia: Finance Department"). While Alexandria should be commended for their outstanding CAFR this report does little for the average citizen; imagine how daunting a 163 page report full of complex financial data, tables, and technical accounting jargon would be. According to the Association of Government Accountants (AGA), "Traditionally, financial information has been presented in forms accessible only to trained accountants—reams of information, which, though vital, have little meaning for the average person" ("Citizen-Centric Reporting"). This unfortunate scenario is exemplified by the CAFR for Alexandria and many other entities, all of the data is there but the people are not able to access nor understand it. Fortunately, the AGA has created the Citizen-Centric Report to present the information for citizens because in the words of AGA Executive Director Relmond Van Daniker, DBA, CPA, "Let's face it, very few people will read a CAFR or go through a city budget line-by-line, citizens fully expect their governments to be accountable, as they should. Four-page Citizen-Centric Reports are one way to provide them the information they demand" (*Government Financial Management TOPICS* 49.22). Through personal experience and research I have seen the benefits of the Citizen-Centric Report, from its universal layout, certificate of excellence program, promotion of transparency in governmental reporting, complement to the CAFR, and ease of distribution. The Citizen-Centric Report is the answer to bridging the gap between governmental accounting and the everyday citizen.

Personal Experience with Citizen-Centric Reporting

I first became acquainted with the Citizen-Centric Report in the fall of 2010 when I agreed to participate in an AGA Case Challenge Competition along with my teammates Andrew, Hannah, and Katie. The challenge was open to schools across the nation and required teams of three to four to take the Comprehensive Annual Financial Report and some additional financial information of a given city and create a Citizen-Centric Report for the city; the top three teams would be invited to Washington DC to share their report at the AGA National Convention. Prior to starting the challenge Andrew, Hannah, Katie, and I had no previous knowledge of a Citizen-Centric Report; thus, our challenge became not only to create the report but to develop a concrete understanding of exactly what the Citizen-Centric Report was. Adding to the challenge, the Comprehensive Annual Financial Report (CAFR) typically is over a hundred pages in length and by definition the Citizen-Centric Report is limited to four pages. Furthermore, a CAFR is written and presented so that only individuals with a very strong understanding and knowledge set of governmental accounting would be able to comprehend it and the Citizen-Centric Report is intended for the “everyday citizen.” Quickly my teammates and I realized that the purpose of a Citizen-Centric report was by no means to replace a CAFR but rather to repurpose the complex information within into a format that a majority of citizens could comprehend and utilize. Basically, we needed to boil down over a hundred pages of technical data into a four-page attractive report containing the nuts and bolts of the city’s finances without compromising the integrity of the data. And did I mention, the report had to be created in one week? While at first the one week deadline seemed daunting, we quickly learned that the time constraint was not a barrier at all; because of the well-defined guidelines provided by the AGA and the universal layout of the report repurposing the information and data within the CAFR is a relatively simple

task. Thus, we saw firsthand that the benefit of presenting information for the citizens in a Citizen-Centric Report clearly outweighed the minimal amount of time spent converting the data from the CAFR. The report we created in 2010 for the fictitious town of Pepperdom can be viewed in exhibit one.

The 2010 competition served as a learning opportunity for myself and my three other teammates. While we were not selected to present our Citizen-Centric Report in Washington DC we did develop a newfound appreciation for the Citizen-Centric Report and a deeper understanding of the purpose of the report and the best methods of attack for creating an effective report. By time the 2011 Competition came around, Hannah, Andrew, and myself had adopted the attitude that the Citizen-Centric Report was the document of the future to “bridge the gap” between governmental accounting and the “everyday citizen.” Our mantra became, “The Citizen-Centric Report, governmental accounting for the everyday citizen.” By taking on this viewpoint the Citizen-Centric Report came full circle and we were able to create a report for Alexandria Virginia that was visually appealing, informative, interactive, and easy to comprehend for citizens from all different backgrounds and educational levels. Our report for Alexandria can be viewed in exhibit two. Even better, our past experience and skills developed enabled us to create the Citizen-Centric Report for Alexandria much faster and with a much better product in the end. Therefore, in implementing a Citizen-Centric Report after the initial year each subsequent report can be turned out in less time requiring less cost but still producing the same benefit. As a result of our improvement, we were selected as part of the top three—along with The University of Guam and Old Dominion University—for the 2011 competition and were invited to Washington DC to present our Citizen-Centric Report at the National Convention for the AGA.

Competing in the two AGA case challenges first introduced me to the concept of the Citizen-Centric Report. Additionally, my experiences with the two challenges showed me the relative simplicity of taking the information that a governmental entity already has and reprocessing it into a neat little package that all citizens can comprehend. Due to my experiences with the Citizen-Centric Report I feel that this report truly has the potential to create a more informed citizenry and educate citizens of their city's finances.

Universal Layout Aides in Readability

The AGA has created a set of guidelines that serve as a template in creating a Citizen-Centric Report. These guidelines give a page by page layout of the information that should be presented on each page. Page one is used to give community information, page two highlights a performance report of key missions and services, page three gives a breakdown of costs and revenues for the city, and page four provides an outlook for the future (*Government Financial Management TOPICS* 49.1). By providing the skeleton of a Citizen-Centric Report the AGA has given cities a starting point and set easy to follow parameters to extract the information that citizens care most about. Perhaps one of the best features of the Citizen-Centric Report is that it utilizes information and data that have already been collected and simply presents them in a neater and easier to understand version for the benefit of the citizens.

AGA provides a detailed content guide that provides more in depth information about the contents of each page in order to to aide entities in the creation of the their Citizen-Centric Reports. According to the guidelines page one should emphasize information about the area through key demographics. By providing data such as per capita income, unemployment rates, the number of government workers etc. citizens are given a snapshot of the city or entity. Additionally, inclusion of a table of contents on page one gives a sneak peak of other

information included within the report. Page two of the report offers a review of the entity's performance within the last year in comparison to previous years' performances and targeted goals. Some of the performance goals measured include public safety, schools, parks and recreation, and waste collection. The data featured on page two is nonfinancial in nature and collected from citizen feedback. Since the data comes from citizen feedback, page two should invite citizens to give their feedback and be incorporated in the next years data by providing a phone number, email address, or website that citizens can utilize to provide feedback. Revenue and cost data for major areas are featured on page three. In order to present data in an easily digestible manner, pie charts and graphs are utilized on page three and small amounts may be grouped together to create a more visually appealing and easier to read chart. The data shared on page three should connect well with the data highlighted on page two. For example, if page two has a performance standard about the academic performance of the area's schools, page three could include a chart featuring the percentage of tax dollars that fund the area's schools. For the citizens who want to take the financial data a step further page three should include a link to access complete financial data such as the CAFR. Finally page four provides an outlook for the future by highlighting new employers, new tax cuts or increases, new developments in the community, and a calendar of events. Additionally, page four can serve as an opportunity to get citizens involved with future editions of the Citizen-Centric Report by asking for their input and what information they would like to see in future editions of the report ("Content Guidelines for the Citizen-Centric Report"). The well-defined parameters of the Citizen-Centric Report create a universal cohesiveness aiding in readability yet still allowing for flexibility in design in the creation of a report for each entity.

The universal layout of the Citizen-Centric Report has also been helpful for governmental agencies that have a hard time having citizens understand exactly what they do or how their funding is utilized. For example the Massachusetts Developmental Disabilities Council found the Citizen-Centric Report to be extremely helpful in explaining itself to the general public. Dan Shannon, executive director of the council said, "Describing to people who we are and what we do is extremely difficult." Shannon claimed that before the Citizen-Centric Report there was not a report available to give an accurate depiction of the council to the public. While federal guidelines require the council to produce five-year plans with progress reports none of the reports were user friendly, including the special version intended for the public (*Government Financial Management TOPICS* 48.5). Therefore, the Citizen-Centric Report format was able to take the information and data already collected for required federal reporting standards and synthesize it into an easy to digest and comprehend report. The Citizen-Centric Report layout not only lends itself to easy readability but also lends itself to the easy adaption of already collected data. The Citizen-Centric Report does not aim to recreate the wheel nor require a great deal of new research but rather to take existing data and present it in a four page layout that is comprehensible to the masses.

Certificate of Excellence Gives Cities a Goal

In 2009 the AGA announced the introduction of a Certificate of Excellence in Citizen-Centric Reporting. At the time of the creation of the Certificate of Excellence, over thirty-one governmental agencies had adopted the Citizen-Centric Report (*Government Financial Management TOPICS* 49.1). In order to be considered for the certificate of excellence, in addition to adhering to the standard requirements provided by the AGA for Citizen-Centric

reporting, the reporting entity must present, distribute, and report their findings in a timely manner, create a visually appealing report, ensure readability of all citizens, and fill the report with information that impacts the majority of the citizens (*Government Financial Management TOPICS* 50.2). In addition to meeting the previously mentioned requirements to create an overall well presented report, the Citizen-Centric Certificate of Excellence requires the reporting entity meet a set of ten requirements laid out by the AGA. As stated on the AGA website the information that must be featured in the report to be considered for the certificate of excellence includes:

1. How the entity is organized/operates (items such as vision statement and strategic goals)
2. Key accomplishments surrounding key missions and service and/or along with selected performance measures.
3. Bar and/or pie charts to display revenues and expenses.
4. Similar statements are listed: An independent audit was conducted, resulting in a clean audit opinion. Complete financial information can be found at www.xyz.gov.
5. Future challenges affecting the entity.
6. Similar statements are listed: We want to hear from you. Do you like this report? Do you believe it should include any other information? Please let us know by contacting xxx.
7. Report is 'free' of technical accounting language.
8. Report incorporates pictures and other graphics to make it visually appealing.

9. Report has been distributed (hardcopy, posted to website and/or posted in newspaper)
10. Report is issued in a timely manner following the close of the entity's fiscal year:
 - First-year report submitted to AGA: must be within six months with a clean audit
 - Second-year report submitted to AGA: must be within five months with a clean audit
 - Third-year report submitted to AGA: must be within four months with a clean audit
 - Fourth-year and beyond report submitted to AGA: must be within three months with a clean audit ("AGA").

The certificate program offered by the AGA is offered free of charge and simply requires the entity to submit five copies of their Citizen-Centric Report and fill out a form ("AGA"). By following these guidelines a city can achieve a certificate of excellence an accomplishment that would acknowledge the city has taken steps to educate its citizenry of the city's financial status. Therefore, the Citizen-Centric Report could serve as an olive branch creating a starting point for open communication and transparency.

Promoting Transparency

The AGA praises the Citizen-Centric Report as a method of creating transparency in between the government and its citizens. The Association members intend the Citizen-Centric Report as a tool to compel governments at all levels to present financial data in a way that a majority of the population can understand and interpret (*Government Financial Management*

TOPICS 50.2). By making the financial data readable and accessible to all citizens the feeling that the government is “hiding” information about finances or keeping the citizens out of the loop will be eliminated. Thus, the Citizen-Centric Report can be utilized to create transparency within the governmental agencies and open doors for better communications and relationships between the everyday citizen and the government.

Duane Davidson, the county treasurer in Benton County Washington, has seen first hand the benefits of the citizen-centric report for his county. For example, one dairy farmer who came to ask a question about her property taxes picked up a Citizen-Centric Report for the county while waiting in line and was shocked to find out that 55% of property taxes went to education. After looking at the Citizen-Centric Report the farmer ended up having a discussion with Davidson all about Benton County’s finances. According to Davidson, a number of citizens have had positive reactions to the county’s Citizen-Centric Report and had their interests in the county’s finances sparked by taking a look at the report (*Government Financial Management TOPICS* 49.22). As evidenced by the farmers intrigue, citizens clearly want to know about and understand the state of their respective governments’ finances but up until the invention of the Citizen-Centric Report there was not a vehicle that effectively and efficiently conveyed this data for everyday citizens to comprehend.

CAFR Complement not Replacement

The CAFR provides a full disclosure of financial statements for state and city finances. The CAFR follows guidelines set by the Government Accountability Standards Board (GASB) for generally accepted accounting standards (GAAP) in reporting on the financial status of the city or state (Fuentes). According to the GASB Website, GASB’s mission is:

To establish and improve standards of state and local governmental accounting and financial reporting that will: Result in useful information for users of financial reports, and Guide and educate the public, including issuers, auditors, and users of those financial reports. The mission is accomplished through a comprehensive and independent process that encourages broad participation, objectively considers all stakeholder views ("Governmental Accounting Standards Board").

The CAFR serves as one of the financial reports that GASB utilizes to accomplish its mission and to provide reliable financial data for users. For example, when a government entity needs money to fund projects the CAFR can be utilized by investors to determine if the government is one that they would feel confident in purchasing bonds from. Additionally, by providing a full disclosure of financial data, the CAFR shows how a government spends tax dollars (Fuentes). Therefore, a CAFR could not be and should not be replaced by a Citizen-Centric Report. A CAFR is still a very much needed document to provide in-depth financial data for a government and helps to fulfill the missions of GASB in improving government reporting. While the Citizen-Centric Report's four page layout lends itself to user friendliness it could never contain all the vital information of a CAFR report that is almost always over a hundred pages in length. Thus, the Citizen-Centric Report should be considered a complement to the CAFR, by taking the information included within a CAFR and repurposing it so that it may serve a much broader audience. Furthermore, the inclusion of a link within the Citizen-Centric report to the CAFR may potentially increase the readership of the CAFR as well by first sparking an interest in citizens of the city's finances and then giving the more interested citizens the opportunity to view a CAFR for complete financial data.

Ease of Distribution

Being that the intended purpose of the Citizen-Centric report is to inform citizens, the most important task in the process of completing a Citizen-Centric Report is its distribution. The first and simplest way to distribute the report is to post a link to the report on the city's webpage. Posting the link to the report is free and will allow the report to contain links to other important documents such as the CAFR, feedback forms, and community calendars. Furthermore, posting an electronic copy allows for cities to be "green" by reducing the number of copies being made. Additionally, cities should alert their citizens of the release of the report utilizing conventional vehicles such as the local newspaper, city council meetings, and press conferences. For example, the local newspaper could include a copy of the report and provide the website to go online and view the virtual copy. Furthermore, copies of the report should be distributed to government offices that citizens frequent ("Association of Government Accountants"). By informing the citizens about the report and by placing it in the offices that citizens frequent the Citizen-Centric Report fulfill its role with little cost or inconvenience to the city.

Implementation Thus Far

Since 2009, the AGA has had Citizen-Centric Reports for forty-one AGA Chapters, eleven local governments, and ten counties submitted. Eight state governments—Idaho, Massachusetts, Maine, Nevada, New York, Oregon, Tennessee, and Texas—have also submitted Citizen-Centric Reports to the AGA since 2009. Additionally, seven federal government entities have submitted Citizen-Centric Reports to the AGA. But, perhaps the biggest success for the Citizen-Centric Report is Guam. In March of 2010, the legislature of Guam passed a law requiring all government entities in Guam to release a Citizen-Centric Report annually. To date

Guam has submitted two reports each from fourteen different entities. The AGA has awarded fourteen certificates in excellence since 2009 (“Association of Government Accountants”). Therefore while the AGA has had some successes with the adoption of the Citizen-Centric Report such as Guam, overall the report still is used only by a small minority of entities.

Barriers to Implementation in Fayetteville, NC : An Interview with Rebecca Rogers Management Services Manager

In an effort to explain the barriers that face cities in adopting Citizen-Centric Reporting, I interviewed Rebecca Rogers, Management Services Manager for the City of Fayetteville, North Carolina. Through the interview I sought to gain an understanding of why a city like Fayetteville would not implement a Citizen-Centric Report:

Stoker: What are your basic duties as Management Services Manager for the City of Fayetteville?

Rogers: I manage strategic planning, legislative affairs, management studies (service and policy recommendations) corporate communications, the city clerk’s office and auxiliary citywide services like the mailroom, print shop and MFD contract.

Stoker: What obstacles do you face in presenting financial data to citizens?

Rogers: Timeliness, accuracy, and understandability.

Stoker: Would you consider a Comprehensive Annual Financial Report (CAFR) to be user friendly to the average citizen?

Rogers: I used to work for the Finance Department as a senior finance analyst and was heavily involved in writing CAFR and the City's financial statements. I also worked for Cherry Bekacart and Holland , CPA to develop a report writing system for local governments. All that to say... in my opinion, a CAFR serves a small audience. It is necessary to produce for several reasons including to illustrate that we have a strong financial structure and adequate risk assessment systems in place. City managers, CFO's, debt issuance/investments ratings may refer and use the schedules. But for the average citizen, it would be difficult to follow and glean an understanding of the significance of the schedules and reports.

Stoker: Are you familiar with the Association of Government Accountants' Citizen-Centric Report?

Rogers: Not very. My basic understanding is that most local governments find it difficult to communicate financial information to the community, especially when citizens want to focus on HOW tax dollars are being spent. To follow a CAFR one must understand basics of fund accounting and the structure of the city's finances and budget. The citizen centric report would communicate at a higher, more simplistic or basic level.

Stoker: Has the City of Fayetteville considered adopting a Citizen-Centric Report? If so what obstacles have prevented adoption? If not, what are the reasons for not adopting one?

Rogers: Not to my knowledge- staff resources.

Stoker: Do you feel on average that citizens are attuned with their city's finances?

Rogers: No. The average citizen may have a basic understanding... but even that is a stretch to assume. I regularly have opportunities to present the City's organizational structure, including the basics of the budget and the City's strategic plan to citizens and city employees. Few know we have \$173 million general fund budget. Fewer know what General fund means and that there are other funds like transit, and airport, enterprise, special revenue and capital projects. Most do not know the main source of revenue. Ad Valorem tax , or property tax at the City comprises roughly 50% of our General Fund revenue, which barely covers Public Safety expenditures alone. Citizens are often surprised to discover how complex and diverse the financial/budget structure really is and that city resources cover, capital improvement plan, parks and recreation, stormwater, streets, inspections, planning, community development, police, fire, 911, garbage and recycling and many more including the administrative functions that support all departments.

Stoker: Based upon your experience and opinion do you feel that there is a lack of transparency between government and citizens when it comes to finances? If so what are the obstacles creating a lack of transparency? If not, what publications or tools of communication help to create a transparency and inform citizens?

Rogers: No lack of transparency. We produce a budget document, strategic planning quarterly reports, weekly City manager reports and an annual report. We also provide a monthly update on budget and include it in the City Council meeting agenda packets. All these documents can be found on the city's website. We also have a Citizens' Academy which covers basic functions including a breakdown of the budget.

Stoker: In your opinion, would citizen's benefit from having a document available to them that explained their city's finances briefly in layman's terms?

Rogers: It would be a great tool, but an additional tool. My guess is that with limited resources and competing needs, it would be considered a great tool for citizen engagement, but a service increase none the less. We have a process at the City to approve new initiatives. Most do not get funded due to lack of resources and greater priorities.

Stoker: What has been the most rewarding aspect of your career?


Rogers: I've been fortunate enough to have many diverse opportunities at the City. I began my career as an accountant and now work for the City manager's office on larger, strategic and conceptual projects. What is most rewarding is seeing a team work together, creating synergy to complete a project or task that has lasting impact on community.

In the case of Fayetteville, it appears that a number of factors prevent the adoption of the Citizen-Centric Report. Lack of funding, time, and knowledge about the report appear to be at the forefront of the issue. Clearly, city employees like Rogers seek to have a positive impact on their communities and would support a document such as the Citizen-Centric Report to inform citizens. However, in order for the Citizen-Centric Report to become mainstream for government entities nationwide the Citizen-Centric Report must be more heavily taught and promoted. Once governments know more about the Citizen-Centric Report, its benefits, and relatively low cost they will be more apt to adopt the report.

Conclusion

Clearly the Citizen-Centric Report provides a vehicle to effectively and efficiently inform citizens of the finances of their city and of various government entities. Through my experience in creating two different Citizen-Centric Reports I have had the opportunity to witness firsthand the transformation they offer of information from a technical accounting perspective to an attractive and comprehensible version for all citizens. The Citizen-Centric Report utilizes its universal four page layout to create a readable report and to help promote transparency in governmental accounting. While the Citizen-Centric Report does wonders at reducing and simplifying the content of a CAFR, the Citizen-Centric Report's aim is not to replace the CAFR but rather to serve as a complement; spreading the information contained within a CAFR to a broader audience. Therefore, governments across the nation should consider the adoption of the Citizen-Centric Report in order to create a more informed citizenry and eliminate the information barriers that isolate citizens from their government. The easy dissemination of the Citizen-Centric Report, the wealth of guidelines and support provided by the AGA, and the use of already gathered information will make the addition of the Citizen-Centric report not only beneficial but also achievable with relatively little inconvenience or expense.

Exhibit 1:



A Report for the Citizens of Pepperdom

A place to call home...

JAN 1, 2010 - DEC 31, 2010

**Special Points
of Interest
for 2010:**

- Created 175 new businesses and 1,186 new jobs.
- 5,000 more visitors came to the Farmers' Market than last year.
- The city received its ninth consecutive award for financial reporting excellence.
- Late payment of property taxes remains a problem.

**Table of
Contents:**

**Key Missions
and Service** 2

**Pepperdom's
Finances** 3


Moving Forward 4

City Characteristics

The City of Pepperdom serves as the economic, cultural, and services hub for southeastern South Virginia. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas of the nation. Though the financial status of the nation as a whole is on a downturn, the City of Pepperdom has remained surprisingly fiscally constant thanks to the military presence.

How the City Operates


The City has a Council-Manager form of government. The Council is made up of the Mayor and nine Council members. The Mayor is elected at large every four years and the Council members are elected at large every four years with staggered terms. The Mayor, who serves as the Chief Executive Officer of the City, is responsible for overseeing the operations of the city government. The City Council sets policies and appoints the City Assessor, City Auditor and City Attorney. The City Manager, appointed by the Council, supervises the day-to-day operations of the City. The Chief Administrative Officer is appointed by the Mayor, subject to City Council approval, to manage daily operations and appoint employees and leadership for administration.



Demographics

	2008	2009	2010*
Population	115,106	117,408	119,639
Per-Capita Income	\$45,718	\$45,558	\$45,421
Unemployment Rate	4.20%	4.40%	4.60%
Public School Enrollment	2,447	2,511	2,576

*Projected Figures

 For additional information, visit www.pepperdom.vg.gov



Parks and Recreation

The Ochoa River Park System features over 500 acres of shoreline and islands. Ochoa provides the perfect venue for canoeing, kayaking, fishing, hiking, jogging, and wildlife exploration.

While the Ochoa River Park System received an overall rating of 95% for park maintenance the Peppercorn's park system as a whole only received an overall grade of 73%. The City Council will refer to model parks in creating a plan to improve park maintenance system-wide.

- 85% of participants rated recreation programs as good or excellent.
- 72% of park infrastructure rated as satisfactory condition.

Public Safety

The Police Department of Peppercorn is committed to enhancing the safety of the city by maintaining a timely response to emergency calls, solving violent crimes, closing burglary cases, and holding offenders accountable for their crimes. Peppercorn exceeds national safety standards.

The Department of Fire and Emergency Services provides emergency services, fire safety education, inspections and investigative services.

- At the time of this publication, statistical data regarding public safety for 2010 was unavailable. Please let us know how effectively the police and fire department are serving you by calling 1-800-290-1022 or visiting us online at www.peppercorn.gov/survey/publicsafety.

Public Works

While answering citizens' requests for treatment of wastewater, electric light, and storm water problems were slightly below target, we are proud to report that Peppercorn has met the target for responding to requests for natural gas. The city will continue to strive for excellence in the future.

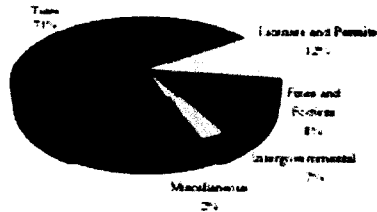
- 89% of emergency gas leaks were responded to within 30 minutes.
- The city achieved a 98% compliance rate with the Safe Drinking and Clean Water Act.

A major road improvement project affecting Appleberry and BlueRay Streets is currently underway. The Department of Transportation feels that these improvements will promote safer driving conditions. The city is currently seeking financial resources such as a grant to aide in the road improvements.

We want to hear from you! The data provided on this page is based on input from citizens. What information would you like to see in the future? Please send your feedback to Perrin Bold at perrin.bold@peppercorn.gov or call 242-796-4495.

The City of Pepperdom's Finances

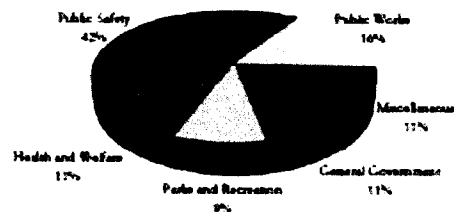
Where did the money come from?



Revenue by Source	2010
Taxes	\$2,583,546
License and Permits	486,500
Fees and Fines	352,800
Intergovernmental	275,000
Miscellaneous	104,300
Total	\$4,248,325

City Bond Rating:
Moodie's Investment Services-- Aa1
Standard and Poor's Comp-- AA
Fitch Ratings Ltd-- AA

Where did the money go?



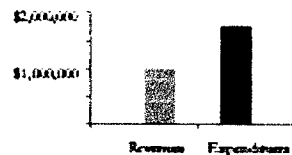
Expenditures by Use	2010
Public Safety	\$2,056,634
Public Works	717,192
Miscellaneous	458,780
General Government	462,978
Parks and Recreation	371,800
Health and Welfare	375,676
Total	\$4,121,662

How did these activities affect the financial condition of the city?

The city spent \$75,257 more than it received during 2010. As a result, the city relied on the general fund reserve balance to finance the excess expenditures. This deficit is due in part to the late payment of property taxes levied.

Special Projects

The improvements to BlueRay and Appleberry Streets will cost \$1,750,000. The city was able to raise \$1,000,000 to improve the streets, with the remaining money coming from the Street Improvement Fund. The city is currently seeking other financial resources such as grants to fund the road improvement.



An independent audit of the city's financial statements has resulted in a clean audit opinion.



For additional information, visit www.pepperdom.net

Working Together Towards a Brighter Future...

Improving Economic Resources

Unfortunately, the city of Peppendom is relying on the city's general fund reserve to cover some of their expenditures. A city that has experienced a deficit for the general fund balance is required by South Virginia law to remove itself from deficit status within one fiscal year.

A review of the city's 2010 property tax letters and collections shows that a significant portion of taxes are not being collected in a timely manner. The city currently has to wait several collection periods to receive these taxes. This delay affects the revenues received by the city and further increases the deficit. As a result, the city paid more money than it received during the year. The city may be able to avoid a tax increase in the future if taxes are collected on a timely basis.

Community Development

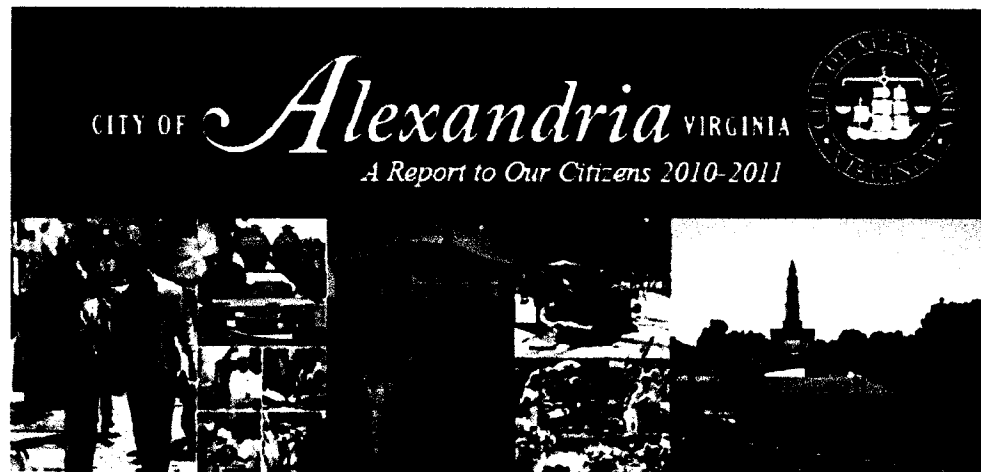
While the city failed to meet target goals for performance management across the board, we will strive to improve in the future. Peppendom will focus on improving the Parks and Recreation System and Public Works. City Council members are currently developing plans to aid in reaching our goals in years to come. For instance, the Ochoa River Park System is serving as a model to help the city improve other parks that are not up to par. Additionally, surveys are being conducted to evaluate citizens' satisfaction with public safety.

In order to improve transportation, two major street improvement projects are currently underway. The projects include a repaving of Blueberry and Appleberry Streets.



Meet Lena Yacht
342-796-4542
l.yacht@peppendomain.gov

Exhibit 2:



Alexandria: Vacation Destination

Alexandria has been designated a "Distinctive Destination" by the National Trust for Historic Preservation. The honor of this designation, along with the City's commemoration of the Civil War Sesquicentennial, has attracted visitors from across the United States and highlighted Alexandria as a sought-after place to live, to do business and visit. As the most visited location in Northern Virginia, Alexandria plays host to about two million visitors each year. Tourism in Alexandria supports twenty-six hotels with 4,683 rooms. A few historic highlights include: The Black History Museum, Alexandria Archaeology Museum, Fort Ward Museum and Historic Park, Friendship Firehouse, Gatsby's Tavern, the Lyceum, and the Stabler-Leadbeater Apothecary.

How the City Operates

Since 1921, the City has operated using the Council Manager form of government. Legislative authority and responsibility are given to an elected city council. Administrative authority resides with the City Manager. The Council is composed of the Mayor and six at-large Council Members. The Council members are responsible for appointing the City Manager, City Clerk, and City Attorney. Serving as the Chief Executive Officer, the City Manager is responsible for the daily operations of Alexandria.

Selected Demographics

Population (2010 Census)	139,966
Per Capita Income (2008)	\$72,220
Unemployment Rate (December 2010)	4.8%
Average Value of Single Family Home	\$617,826
Average Value of Condominiums	\$266,451
Average Rent for 1 Bedroom Apartment	\$862
Average Rent for 2 Bedroom Apartment	\$1,245

What's Inside

<i>How We Have Performed</i>	2
<i>Our Finances</i>	3
<i>Our Future</i>	4

Vision

*A Vibrant, Diverse,
Historic, and Beautiful
City with Unique
Neighborhoods and
Multiple Urban Villages
Where We Take Pride in
Our Great Community.*

Mission

*Alexandria City Government
is financially sustainable,
provides excellent services
that are valued by its
customers, and engages
the entire community as
it plans for the future.*

How We Have Performed



Accomplishments:

- *The Police Department is internationally accredited by the Commission of Accreditation for Law Enforcement Agencies (CALEA).*
- *King Street Trolley, which is Alexandria's free trolley service, has transported over one million residents and visitors since 2002.*
- *Opening of the new Police Headquarters will be November 9, 2011.*
- *Alexandria has been rated one of the safest cities to live in the nation.*
- *King Street was named one of the 10 "Greenest Streets" of 2011 by the American Planning Association.*

Performance Measures

The following performance measures show Alexandria's achievements in public safety, public works, Historic Alexandria, transportation and education—all key services influencing and affecting residents' quality of life.

Selected Performance Measures	Fiscal 2009 Actual	Fiscal 2010 Actual	Fiscal 2011 Approved
Public Safety			
Patrol's average response time from dispatch to arrival for emergency calls	5.5 minutes	5.5 minutes	5.5 minutes
Number of incidents responded to by Fire Department	12,512	10,411	12,400
Number of incidents responded to by EMS	11,127	13,673	13,300
Reported Crime Statistics			
<i>(Population of 145,000, U.S. Census)</i>			
Homicide	5	2	NA
Robbery	141	125	NA
Sturgan	2,155	2,806	NA
Public Works			
Sewer sewers operational	100%	100%	100%
Sewer repair requests completed within three working days	85%	85%	85%
Historic Alexandria			
Visitors to local historic sites rating their overall experience as good to excellent	95%	95%	95%
Visitors who state they have gained an appreciation of local history	95%	95%	95%
Transportation			
Department-wide performance evaluation and goals achieved	60%	70%	70%
Customers who rate service or facilities as good to excellent	NA	90%	90%

Education

The Alexandria Public School System (ACPS) provides elementary and secondary education for the City's youth, and is one of the most economically and racially diverse school systems in the country.

ACPS Student Profile	Fiscal 2011
White	21%
Black	34.2%
Hispanic	30.7%
Asian/Pacific Islander	5.4%
Unspecified	4.1%
American Indian	0.1%

Our Finances

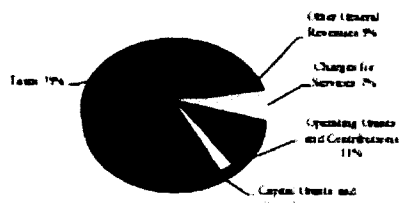
Revenues and Expenses

Where does our money come from and where does it go?

Taxes comprised nearly 75% of the City's revenues for 2010. The remaining revenues came from a number of sources, including public utilities and the collection of fines.

We are dedicated to keeping Alexandria a safe and attractive city, and public safety is the second largest expense behind education. We have also dedicated a large amount of resources to improving streets and transportation services.

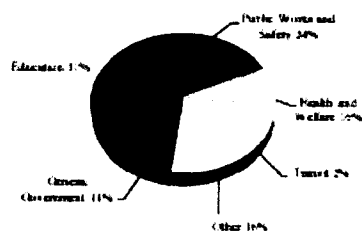
Revenue by Source



Revenues (in millions)	2010	2009	% Change
Taxes	\$471.56	\$446.66	1.10
Operating Grants and Contributions	67.21	63.16	3.25
Charges for Services	43.92	54.35	-19.19
Other General Revenues	32.68	35.14	7.00
Capital Grants and Contributions	13.33	20.48	-34.91
Total Revenues	\$608.70	\$619.79	-2.11

Note: Other General Revenues include interest and investment earnings, unrestricted grants and contributions, miscellaneous revenues, and a payment from the City of Alexandria.

Spending by Service Area



Expenses (in millions)	2010	2009	% Change
Education	\$173.25	\$173.83	-0.32
Public Works and Safety	137.87	168.94	-18.39
Health and Welfare	90.82	97.34	-6.70
Other Expenses	\$8.63	95.47	7.16
General Government	61.11	79.49	-23.12
Transit	13.08	12.55	4.22
Total Expenses	\$564.79	\$627.62	-10.01

Note: Other Expenses include judicial administration, culture and recreation, and community development costs as well as interest on long-term debt.

Additional Information

An independent audit of the City's financial statements resulted in a clean audit opinion. Since 1992, the City's bonds have also received a AAA/Aaa rating from Standard & Poor's and Moody's. This is a higher bond rating than what was recently issued to the United States government.

Complete financial information can be found at <http://alexandriava.gov/FinancialReports>.

Alexandria and the Future

Challenges and Rebirth



Know Your Government

Mayor: William D. Euille

Manager: Rashad Young

Vice Mayor: Kerry Donley

Council Members:

Frank H. Fannon IV

Alicia Hughes

Rob Krupicka

Redella S. Pepper

We want to hear from you!

Do you like this report? Would you like to see other information?

Please let us know by contacting:

Accounting Division
Finance Department
City of Alexandria
P.O. Box 178
Alexandria, VA 22313
Phone: (703)746-3905

City Manager's Office
301 King Street, Room 3500
Alexandria, VA 22314
www.alexandriava.gov
Phone: (703)746-4300
Fax: (703)838-6343

Find us on Facebook:
www.facebook.com/AlexandriaVAGov

Economic Outlook for 2011-2012

- As a result of economic downturn, City Council was forced to make the difficult decision to cut some services, reduce the City's workforce, and raise property taxes. The result of these actions was a small budget surplus for the 2010 fiscal year.
- As of January 31, 2011 General Fund Revenues totaled \$280.4 million — a 2.2% increase from the same time last year.
- Unemployment rate in Alexandria decreased from 4.6% in November 2010 to 4.4% as of January 2011 — well below the 9% national rate.
- Local sales and meals tax revenues increased.
- Projected values for new multi-family construction will exceed 2010 levels.
- While commercial construction spending remains low both nationally and locally, Alexandria has returned to 2009 levels.

Planning for a Livable Community

It's not a surprise that our City now attracts significant investment interest in new development and revitalization. Our challenge is to ensure that we maintain and enhance the quality of life for all Alexandria residents. To achieve that, the City Council and the community created a shared Vision for Alexandria 2015, with common goals and a clear roadmap to the future. Alexandria will be a community with a "sense of place," usable open spaces, a safe and walkable environment, thriving neighborhoods, connection to communities by transit, affordable housing, and a mix of residential, retail and office uses.

Goals of Vision For Alexandria 2015:

- Preserve our History and Culture** — Buildings over 100 years old will be preserved; two review boards are in place to monitor.
- Create Transit-Oriented Development** — Active street plans will encourage pedestrian activity and reduce congestion.
- Create Livable Places with Housing Choices for All Residents** — Convert outmoded suburban strip centers into communities that blend shopping and living in order to promote walking and reduce traffic.
- Strengthen our Main Streets** — Strengthen historic character while preserving urban feel.
- Preserve and Enhance Neighborhoods** — Maintain architectural integrity by matching new construction with existing buildings.

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