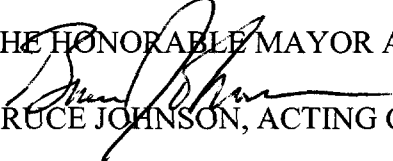


City of Alexandria, Virginia

MEMORANDUM

**DATE:** NOVEMBER 2, 2011

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:**  BRUCE JOHNSON, ACTING CITY MANAGER

**SUBJECT:** RECEIPT OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**ISSUE:** Receipt of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011.

**RECOMMENDATION:** That City Council receive the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011.

**DISCUSSION:** Code of Virginia §15.2-2511 requires all local governments to have their books and records audited by an independent certified public accountant as of June 30 of each year. The Code further requires that the independent certified public accountant present a written report to the local governing body at a public session by the following December 31.

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011, can be found on the City's website at alexandriava.gov/financialreports. This report, which follows a format prescribed by the Governmental Accounting Standards Board (GASB), includes a description of the significant financial events of the fiscal year, the City's audited financial statements, and selected financial and demographic information.

The following are highlights of the report:

- The City received a positive "clean opinion" from its independent certified public accountant, KPMG, LLP, of its financial statements for the fiscal year ended June 30, 2011 (CAFR, page 19). The auditors found that the City's financial statements "present fairly" the City's financial position and results of operations and that the City has complied with applicable laws and regulations related to federal grants.
- The CAFR includes a Management's Discussion and Analysis section that provides an overview of the City's financial performance (CAFR, page 21).

- On this entity-wide basis, the City government has recorded \$394 million in net assets (CAFR, Exhibit I, page 33), including the investment in capital assets of \$335 million. The City government's net assets increased by \$17 million in fiscal year (FY) 2011 (CAFR, Exhibit II, page 34).
- General Fund revenues in FY 2011 totaled \$548 million (CAFR, Exhibit IV, page 36). Final General Fund expenditures and transfers totaled \$530 million with expenditures totaling \$491 million and transfers to other City funds totaling \$39 million (CAFR, Exhibit IV, page 36).
- Total General Fund Balance, which includes all spendable and nonspendable resources, was \$80 million at the end of FY 2011 (CAFR, Exhibit III, page 36). This compares to the Total General Fund Balance of \$63 million at the end of FY 2010. City Council's deliberate decisions in the context of the adoption of the FY 2012 budget, as well as staff's careful fiscal management and oversight of expenditures during FY 2011, were major factors leading to the increase in the Total General Fund Balance.
- The Unassigned/Uncommitted Fund Balance of \$59.2 million at the conclusion of FY 2011 represents 10.8 percent of General Fund revenues. Unassigned/Uncommitted 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 percentage is above the financial guidelines floor of 10.0 percent.
- The Unassigned General Fund Balance of \$29.2 million at the conclusion of FY 2011 (CAFR, page 9) represents 5.3 percent of General Fund revenues. Unassigned General Fund Balance is the accumulated total of all prior years actual General Fund revenues in excess of expenditures, less nonspendable balances, such as inventory and encumbrances, and amounts committed or assigned for specific uses, such as operating and capital budgets, self-insurance, other post employment benefits and ongoing projects. This percentage is the same as the percentage at the end of FY 2010 and is close to the City's financial policy target of 5.5 percent and above the floor of 4.0 percent.
- The City now includes separate financial information for the Potomac Yard Metrorail Station Fund and the Stormwater fund. Potomac Yard ended FY 2011 with a \$0.8 million balance and the Storm water fund had a \$0.1 million fund balance (CAFR, Schedule 3, page 111). The balances in these funds will be used in future fiscal years for the purposes for which these funds were raised.
- The City continues to comply with all debt-related financial targets and limits (CAFR, page 9). These will be adjusted to comply with the new GASB definitions during the budget deliberations.
- Federal grant expenditures of \$46 million included \$5.4 million in ARRA stimulus expenditures, which have very stringent accounting requirements.

- The CAFR cover continues a City practice of showcasing capital projects completed in the fiscal year of the CAFR. This year the project featured is the new William B. Hurd Transit Facility which houses the City DASH bus system operations.
- Staff is confident that the City's FY 2011 CAFR will be awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The City has received this award for each of the last 33 consecutive years.

**STAFF:**

Laura B. Triggs, Acting Chief Financial Officer  
Ray Welch, Comptroller