

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Report: CAFR Is Best Format for Government Financial Data**

**A new report from the Data Foundation and Workiva makes a case for Comprehensive Annual Financial Reports (CAFR) as the preferred method of publicizing state and local government financial info.**

As an increasing number of state and local governments across the country make more of their financial data available to the public online, a new report makes a case for the best way to do that.

The report, dubbed [Transparent State and Local Financial Reporting: The Case for an Open Data CAFR](#), suggests that public agencies should embrace Comprehensive Annual Financial Reports (CAFR), a method that has already been put into place in Florida. Florida has gone as far as to enact legislation that requires the conversion of all local and state government financial reporting to CAFR.

CAFR, for the unfamiliar, is essentially all financial reporting for a state, local or other governmental entity. It's not exactly a budget, which is essentially a plan for what a state will spend in a fiscal year and how its tax revenue will be allocated. It's more of a summation of financial activities over some years. As the report notes in its introduction, these days, roughly 30,000 state and local government agencies now publish audited financial statements annual, but not all of them use the "extensive and highly detailed" CAFR format.

Dean Ritz, the senior director for digital reporting at the enterprise software company Workiva, co-authored the report with Jim Harper, former senior fellow and director of information policy studies at the Cato Institute, a libertarian think tank located in Washington, D.C. Ritz said the report was in part an effort to provide guidance to the public sector as efforts to be transparent about funding accelerate. There has been, in recent years, a rise in expectations when it comes to the quality of data that government agencies are publishing, and the authors hope their report can help organizations meet that.

The expectations among residents, businesses, activists and even many public servants themselves is that the public should be able to not only access governmental finances, but also access it in a format that allows for easy searching, unlike basic methods such as PDF.

"We sort of jokingly say PDF is where data goes to die," Ritz said. "PDF describes the layout of the page, not the information."

Another benefit of all state and local governments working to embrace CAFR is that it would lead to one standardized format for such finances. If everyone used the same format, the content would then become format neutral, so that a person accessing one town or state's data would not be at a disadvantage when compared to a person accessing the data of another. Other benefits cited by the authors of the report include a reduced cost of financing; a reduction in reporting burden; increased accountability; and a greater capacity for evidence-based decision-making in government.

Ritz noted that the report does address potential obstacles, including the difficult change processes

inherent to government and, as always, initial cost of setting up a new system. Although, Ritz also said that the latter may be changing.

“It’s different than it has been historically, but we think the benefits of this have now been realized on the private side,” Ritz said, “and there’s enough of them that there’s now a wide number of technology and solution providers, as well as service providers, that can provide modernization.”

There has certainly been an increased commitment to financial transparency in state and local government, if not yet to CAFR itself. Ohio, for example, has launched a website called OhioCheckbook.com, which doesn’t adhere to the exact parameters of the CAFR format but does make the state’s spending public down to the actual penny. In some cases, users can not only see line items for purchases, but also the actual check that public organizations used to make a purchase with taxpayer money.

Josh Mandel, outgoing Ohio treasurer, led the creation of the site, which launched in 2014 and was at the forefront of state financial transparency efforts.

“We took everything from two bucks for a pack of pencils to millions of dollars for contracts to everything in between,” Mandel said, “and gave that information to the taxpayer. One of the best ways to hold politicians feet to the fire is to arm them with financial information.”

Mandel said analytics for the site at first were slow. Over time, however, word spread and it has now welcomed more than 1 million searches.

Greg Jordan-Detamore, the Open Cities product lead with the government transparency advocacy group Sunlight Foundation, praised Ohiocheckbook.com and other efforts to bolster the type of financial data released to the public. Jordan-Detamore said that an ideal format for doing this is one like CAFR that enables easy searches and machine reading, unlike PDFs.

The main idea behind the CAFR report is that more governments should emulate Florida’s adoption of the format. Indeed, government is without question a sector that shares ideas. Baton Rouge, La., for example, has created its own version of OhioCheckbook.com with Open Checkbook BR, which essentially does the same thing. Time, of course, will tell if the same spread starts to happen with CAFR formatting.

GOVTECH.COM

BY ZACK QUAINANCE / DECEMBER 21, 2018