

Winter 2012

# Effective Popular Financial Reports: The Citizen Perspective

Juita-Elena (Wie) Yusuf  
*Old Dominion University*, jyusuf@odu.edu

Meagan M. Jordan  
*Old Dominion University*, mmjordan@odu.edu

Follow this and additional works at: [https://digitalcommons.odu.edu/publicservice\\_pubs](https://digitalcommons.odu.edu/publicservice_pubs)

 Part of the [Finance and Financial Management Commons](#), [Public Economics Commons](#), and the [Public Policy Commons](#)

---

## Repository Citation

Yusuf, Juita-Elena (Wie) and Jordan, Meagan M., "Effective Popular Financial Reports: The Citizen Perspective" (2012). *School of Public Service Faculty Publications*. 19.  
[https://digitalcommons.odu.edu/publicservice\\_pubs/19](https://digitalcommons.odu.edu/publicservice_pubs/19)

## Original Publication Citation

Yusuf, J.-E., & Jordan, M. M. (2012). Effective popular financial reports: The citizen perspective. *Journal of Government Financial Management*, 61(4), 44.

# Effective Popular Financial Reports: The Citizen Perspective

By: Juita-Elena (Wie) Yusuf, Ph.D.,  
and Meagan M. Jordan, Ph.D.



Popular financial reports (PFRs) are defined as financial reports targeted at public stakeholders (e.g., citizens, businesses and community groups) who lack a background in public finance but who need or desire a less detailed overview of the government's financial activities. The PFR's purpose is to facilitate public stakeholders' understanding of their government's financial activities.<sup>1</sup>

Popular reports are issued by many state and local governments in the United States and take a variety of forms: the popular annual financial report, citizen-centric report, budget summary, budget-in-brief, report of efforts and accomplishments, corporate-style annual report or state-of-the-government report.<sup>2</sup> The reports are critical for transparency and accountability; yet little research has been done on their effectiveness.

There are several measures of PFR effectiveness, representing different perspectives. For example, reflecting a citizens or public perspective, Sharp et al. suggested that "[t]he measure of success is whether citizens get the message."<sup>3</sup> To better understand what citizens expect in terms of effective use of popular reporting to provide government financial information, the Governmental Accounting Standards Board (GASB), through the 2011 Gil Crain Memorial Research Grant, supported research to answer the question: What makes a popular financial report effective from a citizen's perspective?

The process used to answer this question obtained citizen input regarding need for government financial information, the types of financial information sought, the frequency and timing of information needs, the format for presentation and the ways through which citizens would like information to be made available. Citizen input on these key issues is an important precursor for defining the effectiveness of popular reporting as

a tool for transparency and accountability. This process resulted in a definition of effective popular reports, including criteria of effectiveness that will be useful to state and local government officials interested in preparing and distributing popular reports.

### **The Process: Obtaining Citizen Input**

Obtaining citizen input on popular reporting involved a qualitative research methodology combining citizen focus groups (with small-group polling) and a student laboratory. First, citizen focus groups and polling within the focus groups were used to obtain citizen perceptions regarding popular financial reporting, including the definition and characteristics of effective popular reports. These focus groups, involving members of area Civic Leagues, were structured around a discussion of citizen perceptions on specific aspects of popular reporting, followed by polling of focus group participants regarding the discussion results. Four broad topics were discussed in the focus group: (1) knowledge of government financial information; (2) the importance of government financial information; (3) the relevance of different types of government financial information; and (4) access and distribution of government financial information. The discussion resulted in a list of key elements or criteria of effectiveness that focus group participants, through small group polling, rated.

Based on the results of the focus group and small-group polling, a prototype popular report was developed for evaluation in a student laboratory setting. Undergraduate and graduate students were shown the prototype and asked specific questions about the content, design, readability, relevance and other criteria of effectiveness identified in the focus groups.

Citizen input on these key issues is an important precursor for defining the effectiveness of popular reporting as a tool for transparency and accountability.

### **The Preliminary Results: Citizens' First Thoughts on Effectiveness**

The first step for focus group participants was to discuss their awareness and knowledge of government financial information. While most respondents expressed the importance of and need for citizen access to government financial information, few responded as being "well informed" regarding their government's finances. More than 80 percent (of the 41 participants) agreed that it was important or very important for citizens to have access to government financial information. But only about 22 percent felt well informed or very well informed regarding their government's finances.

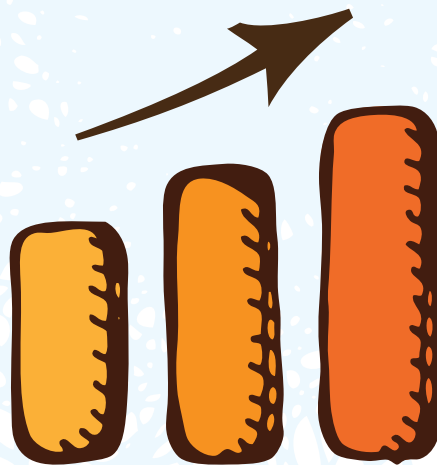
When asked to discuss the types and content of information that citizens would be interested in obtaining from local governments, focus group participants tended to focus on the bigger picture and not just on the dollars and cents. The overarching theme was that the information provided should be made relevant to the citizens and put into context so that citizens can understand how it relates to them. This relevance and context could be linked to government performance, either in terms of efficiency, outcomes, benefits and costs, or through trend analysis, comparison to benchmarks, or comparison to neighboring cities. The focus group discussion also emphasized the importance of highlighting the impact on citizens.

When they discussed needs for specific types of information, focus group participants expressed concern more with the government's sources of revenues than its expenditures. In terms of revenues, the focus was on the major sources — particularly property tax. Focus group participants also exhibited interest in information with a macro-level and/or longer-term perspective, including economic forecasts and future challenges.

The discussion of access and distribution was an important component of the conversation. Participants identified accessibility and targeting a wide citizen audience as two elements of effectiveness. There was agreement that distribution in electronic format, such as through e-mail or by posting to the government's website, would be the most convenient method for citizens. However, concerns for wider distribution — beyond those citizens with access to e-mail and the Internet — prompted some focus group participants to support the use of printed reports that could be made available in physical government document repositories, such as public libraries, in addition to being mailed to citizens and area businesses.

Three themes related to design and format were important to the groups when considering a report targeted to citizens: (1) keeping it short, (2) making it readable for the average citizen, and (3) giving it visual appeal. There was strong agreement that a report must be short (8 pages maximum) and that follow-up options and information should be provided for those citizens who want more in-depth information.

In terms of readability, focus group participants agreed that the report would be neither helpful nor of interest to citizens if written at a level not appropriate for the average citizen. There was general agreement that appropriate should be defined as newspaper-level readability, which is lower than the 10th-grade readability level identified in a previous analysis of sample of popular reports using criteria of fiscal transparency.<sup>4</sup> Focus



Participants suggested that care should be taken to define and explain financial and accounting terms to ensure that citizens are not deterred by technical jargon and terminology.

group participants also wanted the report to be written in an engaging way, "talking to" instead of "talking at" citizens. Participants expressed concern that reports would have financial and accounting terms that citizens might find new and confusing. They suggested that care should be taken to define and explain these terms to ensure that citizens are not deterred by technical jargon and terminology.

As for visual appearance and being "easy on the eyes," focus group discussion identified several criteria, including the use of: (1) visual aids such as tables, figures and pictures where possible to convey information in lieu of text, (2) white space and (3) legible text sizes.

The discussion of effective popular reports also raised the issue of the timeliness of information and report issuance. Focus group participants expressed that government has been lax in providing them with information at the time it would be most useful. Some participants noted that by the time information is made available to citizens, it is often dated and no longer useful for citizen action.

## The Prototype Popular Report: Refining Criteria for Effectiveness

Based on results of the focus groups, a prototype popular report was developed that incorporated elements of effective popular reports identified by focus group participants. In addition, the prototype popular report was designed to meet the fiscal transparency criteria identified in the content analysis of popular reports conducted by Dr. Jordan and her colleagues.<sup>5</sup> The sample popular report was seven pages in length; was written at the 10th-grade reading level; defined key terms and acronyms; included charts, tables and pictures; included a table of contents on the front page; included the city's vision; used font size 10 point and higher; and attempted to maximize white space as much as possible. The sample report also provided contact information for the city's finance department and directions to access the Comprehensive Annual Financial Report.

The prototype report included the following categories of information: revenues and major taxes, with specific focus on the property tax; expenditures; review of the economy and economic forecasts, including a description of the city's efforts to plan for the future; information about city government structure; summary of key capital projects; summary of city highlights; and discussion of debt, costs of debt service and credit rating. For relevance and context, data was presented for both current and previous years, in per capita form, and benchmarked to neighboring cities.

Seventy-five students participated in the student laboratory. They were given the prototype report and answered questions about the effectiveness of the report as a tool for informing citizens of their government's finances. In terms of overall effectiveness regarding educating and explaining key elements of the city's finances, the majority of students perceived the sample report to be effective in achieving the two goals (80 percent and 78 percent, respectively).

Student participants were also asked to rate how effective different types of information (included in the sample popular report) were at explaining the city's finances. Information about sources of revenue received the highest effectiveness rating, followed by information about expenditures and the cost of services and then by information about capital projects and capital expenditures.

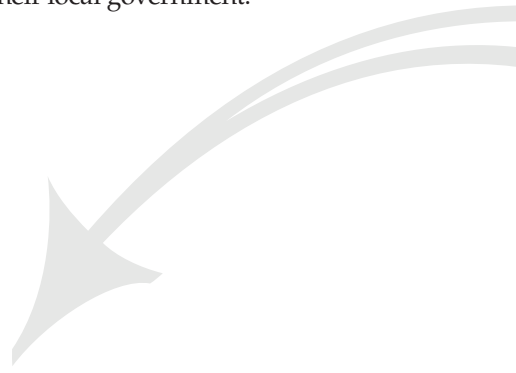
When asked about the importance of the visual layout for understanding the city's finances, nearly 80 percent of students responded that it was somewhat or extremely important. Looking at how design or structure elements contributed to the effectiveness of the sample popular report in presenting financial information, participants reported that the use of tables, figures and photographs or images were the most useful in enhancing report effectiveness. Defining key terms was also

useful, yet use of technical jargon was not seen as a major barrier to effectiveness. Report length, use of trend analysis and readability were cited by more than 60 percent of respondents as being useful in effectively presenting financial information.

Participants in the student laboratory reported that the prototype report was appropriate both in terms of length and readability. The sample report, at 7 pages, was deemed "just right" by more than half of respondents. And, in terms of readability, more than half of respondents called the reading level "just right."

Student laboratory participants were asked to rate the relevance of the report to them as residents of the city. Students overwhelmingly found the report to be relevant to them as residents. More than half – 52 percent – found it "extremely relevant," and 32 percent found the report "some-

what relevant." In terms of subsequent impact of the report, more than half of the students agreed that they would seek out the report if it was issued by their city, and almost 90 percent said they would read the report if it was issued by their city. Finally, 72 percent said they would recommend the popular report to others, and 57 percent of students agreed that the information provided in the popular report would affect their level of engagement with their local government.



## CONSUMMATE STRATEGIST; TRUSTED ADVISOR

**Performance and Accountability Reports, Agency Financial Reports, and Summary of Performance and Financial Information**

**Linking Performance and Financial Information for Accountability, Transparency and Results**

**Providing a balanced analytical assessment**

Federal CFOs face difficult choices as they tackle budget constraints, demanding Federal financial management data analysis and reporting requirements, and workforce limitations.

AOC Solutions offers seasoned, former Federal professionals and skilled staff who have successfully managed the challenges of federal financial reporting's evolution in today's challenging fiscal environment.

Let our dedicated professionals assist you in successfully addressing today's challenges in financial reporting.




**AOC Solutions**

703.234.6300 | [www.aocsolutions.com](http://www.aocsolutions.com)

**EXCELLENCE WITHOUT EXCEPTION**

A Service Disabled Veteran-Owned Business

## The Definition: Effective Popular Reports

Focus group and student laboratory results were integrated to develop a preliminary list of criteria of effective popular financial reports. These criteria were combined with the fiscal transparency indicators identified in the earlier study by Jordan et al.<sup>6</sup> to arrive at a more comprehensive approach to defining popular financial report effectiveness from the citizens' perspective. The result was a definition of effective popular reports as short, visually appealing and timely, providing financial information relevant to citizen interests and concerns including broad community issues and are widely distributed and made accessible to citizens. The elements of this definition are summarized in Figure 1. 

### End Notes

1. Clay, J. A. (2008). Popular Reporting. In E. M. Berman (Ed.), *Encyclopedia of Public Administration and Public Policy* (2nd ed.). New York: Taylor & Francis.
2. See for example: Jordan, M., Yusuf, J.-E., & Hackbart, M. (2010). *Popular Financial Reports: Status of U.S. Cities*. Paper presented at the Association for Budgeting and Financial Management Annual Conference, Washington, DC; Jordan, M., Yusuf, W., & Hackbart, M. (2011). *Transparency of Local Government Financial Reporting: A Content Analysis of Popular Financial Reports*. Paper presented at the Section on Public Finance and Budgeting, Western Social Science Association Annual Conference, Salt Lake City, Utah; Yusuf, J.-E., Jordan, M., & Hackbart, M. (2011). *Popular Financial Reporting and State and Local Government Transparency*. Paper presented at the Association for Budgeting and Financial Management Annual Conference, Washington, DC; Yusuf, J.-E., Jordan, M. M., Neill, K., & Hackbart, M. (2011). *Toward More Transparent and Accountable State Governments? Find-*

*ings of a Survey on Popular Financial Reporting* Paper presented at the Association for Public Policy Analysis and Management (APPAM) Fall Research Conference, Washington, DC.

3. Sharp, F., Carpenter, F. H., & Sharp, R. F. (1998). Popular Financial Reports for Citizens. *The CPA Journal*, 68(3), 34-38.
4. Jordan, M., Yusuf, W., & Hackbart, M. (2011). *Transparency of Local Government Financial Reporting: A Content Analysis of Popular Financial Reports*. Paper presented at the Section on Public Finance and Budgeting, Western Social Science Association Annual Conference, Salt Lake City, Utah.
5. Ibid.
6. Ibid.
7. The prototype popular report was written at the 10th-grade level instead of the 8th-grade level (newspaper readability level) to empirically test the higher readability level. Because more respondents rated the readability at 10th-grade level as complicated as opposed to simplistic, a lower readability level (8th-grade) is recommended.

Figure 1. Definition and Criteria of Effective Popular Reports

**Definition:** Effective popular reports are short, visually appealing and timely, providing financial information relevant to citizen interests and concerns including broad community issues and are widely distributed and made accessible to citizens.

| Provides Relevant Financial Information   | Accessible and Comprehensible  | Visually Appealing Design and Layout  | Community-oriented   |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>– Provides timely information</li> <li>– Provides information on revenues and major taxes</li> <li>– Provides information on expenditures and cost of government services</li> <li>– Provides information on cost and impact of “big ticket” capital projects</li> <li>– Provides information on amount, cost and affordability of debt</li> <li>– Focuses on government outcomes and performance</li> <li>– Addresses issues that are visible and tangible to citizens</li> <li>– Contextualizes the data through trend analysis, per capita information, benchmarks and comparisons to other cities</li> </ul> | <p><i>Accessibility</i></p> <ul style="list-style-type: none"> <li>– Made available in electronic format on government’s website</li> <li>– Printed copy made available in public libraries and other government repositories</li> <li>– E-mailed or mailed to citizens upon request</li> <li>– E-mailed or mailed to local businesses</li> </ul> <p><i>Comprehension and Understandability</i></p> <ul style="list-style-type: none"> <li>– Includes definition and explanation of terms and acronyms</li> <li>– Avoids technical jargon</li> <li>– Written at newspaper reading level<sup>7</sup></li> </ul> | <ul style="list-style-type: none"> <li>– Short length</li> <li>– Includes table of contents</li> <li>– Uses white space</li> <li>– Uses legible font size</li> <li>– Uses tables and charts for financial information</li> <li>– Uses photographs and other graphics for non-financial information</li> </ul> | <ul style="list-style-type: none"> <li>– Addresses broader non-financial issues and concerns</li> <li>– Focuses on both current and long-term issues</li> <li>– Provides city contact information and instructions for obtaining follow-up or more in-depth information</li> <li>– Includes community information</li> </ul> |





*Juita-Elena (Wie) Yusuf, Ph.D., is an Assistant Professor in the Department of Urban Studies and Public Administration at Old Dominion University. Her*

*current research focuses on popular financial reporting as a tool for transparency and accountability.*



*Meagan M. Jordan, Ph.D., is an Associate Professor of Public Administration in the Department of Urban Studies and Public Administration at Old*

*Dominion University. She has published articles on budget theory, state and local revenue policy, transparency and popular financial reporting.*

**Acknowledgements:** This research was funded by the Governmental Accounting Standards Board (GASB) through the 2011 Gil Crain Memorial Research Grant.



Comprehensive Training in Government Financial Management  
— and —  
Preparation for the CGFM Exams

## The CGFM Training Series



- **Governmental Environment** (Course 5601, 8 CPE hours)
- **Governmental Accounting, Financial Reporting, and Budgeting** (Course 5602, 24 CPE hours)
- **Governmental Financial Management and Control** (Course 5603, 16 CPE hours)

- Develop a broad base of knowledge in government auditing, accounting, financial management, and budgeting
- Learn about unique aspects of federal, state, and local government financial management
- Discover how to work more effectively in the government environment

**REGISTER TODAY!**

For open enrollment training, call 888.545.8574 or visit [www.ManagementConcepts.com/cgfm](http://www.ManagementConcepts.com/cgfm)

For group onsite training (15 individuals or more), call 800.AGA.7211 or visit [www.agacgfm.org/gfm](http://www.agacgfm.org/gfm)

