GETTING PAST INDUSTRY 4.0 HYPE TO TAKE ADVANTAGE OF TRANSFORMATIVE OPPORTUNITIES FOR CREATING VALUE

POPULAR ANNUAL FINANCIAL REPORTING: HOW YOUR GOVERNMENT CAN BENEFIT FROM A PAFR

FINANCIAL REPORTING AND WHAT IT MEANS TO THE AVERAGE CITIZEN

Governments are commonly known for their local landmarks—zoos, as headquarters for large corporations, birthplaces of presidents or as homes for historical events. What residents and the general public may not know is their local government’s plan for fiscal responsibility. In addition to touting claims to fame, governments can earn and keep the trust of their residents, constituents and employees by providing greater transparency into their financial reporting and what it means to the average citizen.

While accountants could read financials from a day’s beginning to end, not many laypeople can digest your pages of numbers, spreadsheets and profit and loss reports. Instead, bring your numbers to life through creative imagery, pie charts and more that break down your comprehensive annual financial report into something your constituents will be proud to read (and may even show off).

WITHOUT THE EDUCATION AND EXPERTISE REQUIRED TO INTERPRET COMPREHENSIVE FINANCIAL REPORTS, THE AVERAGE CITIZEN RELIES ON MUNICIPAL LEADERSHIP TO TRANSLATE THE CONTENT IN ORDER TO DIGEST THE MOST RELEVANT HIGHLIGHTS.
WHAT IS A POPULAR ANNUAL FINANCIAL REPORT?

A Popular Annual Financial Report (PAFR) is a summarized version of a government's official financial statements. Normally, a government's CAFR, or Comprehensive Annual Financial Report, is hundreds of pages long and very detailed. While the CAFR maintains compliance with GAAP and other standards, it is often complicated and too detailed for someone without an accounting background. A PAFR is more visually striking and highlights essential elements of the CAFR; it conveys information about major aspects of the government's financial condition that may affect or be of interest to your general public, or those without a background in government accounting and finance. Oftentimes, a PAFR visually summarizes such information as:

1. A letter from a local official
2. Information about your government organization
3. Achievements: operational, economic development
4. Major funds (e.g., general, water & sewer)
5. Statements of revenues, expenditures and change in fund balance
6. Revenue trends (e.g., sales tax, income tax)
7. Property taxes
8. Capital assets: business-type activities and governmental activities
9. Capital improvements and recent successes
10. Debt status

WHY PREPARE A PAFR?

In addition to adding transparency and informing your community, a PAFR helps instill professional pride within your government as it serves as a review of their successes over the past year.

WHAT ORGANIZATIONS MIGHT CHOOSE TO PREPARE A PAFR?

• Cities, Villages and Towns
• Counties
• School Districts
• Special Districts
• Community Colleges
• Park Districts
• Other local governments

PAFRS HELP EASILY COMMUNICATE A GOVERNMENT’S FINANCIAL STATUS TO THE PUBLIC THROUGH AN ENGAGING DOCUMENT.

BENEFITS OF A PAFR:

• Added transparency with your community
• Informs your community
• Serves as a reference piece
• Instills professional pride
• Can be submitted for awards
CREATE AN ENGAGING PAFR WITH SIKICH MARKETING AND DESIGN

As a PAFR can take on many shapes and styles, choosing what to highlight can be a challenging task. Deciding what to include and in what order can easily become challenging or overwhelming as you select the most essential information for a 12 or 16-page piece. Not only are preparers responsible for making the information easy to digest for the layperson, but they are also charged with consolidating information into a brief document that is both easy to read and visually appealing. This effort needs to foster efficient collaboration between the financial and communication teams, and often raises the question of whether to produce a document internally or involve an external agency.

Unfortunately, most municipalities, counties, districts and local governments who have not budgeted for a popular annual financial report may try to create the PAFR internally. This may lead to sacrificing a large use of unplanned time and resources.

Give your team their much-needed time back and allow them to focus on your day-to-day operations and reach big picture goals by relying on an external design team to create a stunning PAFR. This option gives you access to expert designers and a team that helps you complete the project on a timely basis. More importantly, the design team should always align with your brand for a well-integrated and consistent look.

CREATE A PAFR WORTHY OF GFOA AWARD RECOGNITION

The Government Finance Officers Association (GFOA) established the PAFR Program in 1991 to encourage and assist state and local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable. They also created this program to recognize individual governments that are successful in achieving that goal.

Having created award-winning PAFRs, our team produces creative reports that meet all the GFOA PAFR Program award requirements, should you choose to submit your report for possible recognition. (see box at left for checklist)

We’ve created award-winning PAFRs for the City of Aurora and the Fox Metro Water Reclamation District. The Aurora 2015 PAFR was recognized with a GFOA award.

Read more about the program, HERE.
PAFRS ARE A YEAR IN REVIEW — LOOK AHEAD WITH A BUDGET-IN-BRIEF

A Budget-In-Brief (BIB) showcases a summary of your budget with an understandable breakdown of your intentions with the budget. This can include:

1. The budget process
2. How the budget is organized
3. Yearly initiatives
4. A look into the overall budget
5. How taxes affect the budget
6. A look into general funds
7. Capital improvements

SAMPLES OF BUDGET-IN-BRIEFS

City of Aurora 2016 Budget-In-Brief
City of Aurora 2017 Budget-In-Brief

SOURCES:
1 https://www.gfoa.org/pafr
2 https://www.gfoa.org/popular-annual-financial-reporting-awards-program-pafr-program

READY TO CREATE A BEAUTIFUL, ENGAGING AND INFORMATIVE PROFESSIONAL ANNUAL FINANCIAL REPORT?

Contact Anthony Cervini at Anthony.Cervini@sikich.com to get started.