

## **RESEARCH RELEASE**

November 19, 2008

Contact: Anna D. Gowans Miller

800.242.7211, ext. 313 (O)

[amiller@agacgfm.org](mailto:amiller@agacgfm.org)

### **AGA RESEARCH STUDY SEES BRIGHT FUTURE FOR XBRL USE IN STATE/LOCAL GOVERNMENTS**

#### ***Research studied the creation of XBRL-enhanced CAFR Statements in the state of Oregon***

**Alexandria, VA (November 19, 2008)** – Using XBRL (short for eXtensible Business Reporting Language) in public sector financial reporting is the subject of a research study, released in September 2008 by the Association of Government Accountants (AGA).

This report entitled, *XBRL and Public Sector Financial Reporting: Standardized Business Reporting: the Oregon CAFR Project*, studied the feasibility of developing and using an XBRL taxonomy to tag data in a state's Comprehensive Annual Financial Report (CAFR). It is the first actual pilot implementation of XBRL in the governmental sector.

AGA's research team built a taxonomy that tagged two statements in the Oregon CAFR: the Statement of Activities and the Statement of Net Assets. The taxonomy was used to reproduce an instance document with tagged data. The data was then rendered (reproduced) in the form of the original statements. The taxonomy included 150 Governmental Accounting Standards Board (GASB)-compliant tagged data elements.

The report describes the research effort, provides a brief technical overview of XBRL, and contains graphics demonstrating the processes of converting the CAFR data into XBRL, creating the instance document and rendering the instance document into a readable conventional file format.

The significant findings of the research were that:

- 1) A CAFR taxonomy for all states would have to be at a relatively high level since line items (at least by title) are likely to vary considerably among the states.
- 2) There are good reasons for looking at XBRL to improve the handling, exchange and reporting of public sector financial information.
- 3) There is a tremendous opportunity for more research in this area and an even greater opportunity for improved municipal reporting.

Major XBRL projects at the FDIC and United Technologies have clearly demonstrated better data faster, and an XBRL project involving municipal reporting in the Netherlands reported greater efficiency resulting in 75-percent time savings for the creation of financial reports for the balances of accounts and budgets for test municipalities. The

creation of these reports, prior to XBRL, entailed labor-intensive activities much like the creation of external reports in the U.S. public sector.

“Governments today compete for capital around the globe electronically. Our XBRL investments in an efficient global marketplace today will help sow the seeds for lower interest cost tomorrow,” says Oregon State Controller John Radford. “For government financial statement preparers, the marginal cost to convert existing financial reports in XBRL will increase market efficiency and that’s a good thing. Our experience in Oregon is that the actual cost is slightly more than converting existing files from spreadsheets and word processors to XBRL. As market players convert to XBRL, state and local governments should be ready.”

The report is the product of a research project sponsored by PricewaterhouseCoopers LLP’s (PwC) Federal Consulting Practice. The authors of this research report are Chon Abraham, Ph.D., assistant professor of Management Information Systems (MIS), College of William and Mary and Joseph L. Kull, CGFM, CPA, Director, PwC.

To view the report, visit: [www.agacqfm.org/research/downloads/CPAGNo16.pdf](http://www.agacqfm.org/research/downloads/CPAGNo16.pdf).

Questions: Contact Anna Miller at 800.AGA.7211, ext. 313.

####

AGA is the premier Association in advancing government accountability. We support the careers and professional development of government financial professionals working in federal, state and local governments as well as the private sector and academia. Founded in 1950, AGA has a long history as a thought leader for the government accountability profession. Through education, research, publications, certification and conferences, AGA promotes transparency and accountability in government.

[www.agacqfm.org](http://www.agacqfm.org)