# Developing a Government Reporting Taxonomy

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# 724 CAFRs from municipalities of all 50 states - only 377 were converted from PDF to HTML

| Statement of… | Number of Statements Extracted (% of Total) N=377 | Number of Statements Not Extracted (% of Total) N=377 |
|---|---|---|
| Net Assets | 324 (85.94%) | 53 (14.06%) |
| Activities | 273 (72.41%) | 104 (27.59%) |
| Balance Sheet | 270 (71.62%) | 107 (28.38%) |
| Revenue, Expenditures and Changes | 267 (70.82%) | 110 (29.18%) |
| Net Assets - Proprietary | 227 (60.21%) | 150 (39.79%) |
| Revenue, Expenditures and Changes - Proprietary | 215 (57.03%) | 179 (42.97%) |
| Fiduciary | 270 (71.62%) | 107 (28.38%) |
| Cash Flows | 272 (72.15%) | 105 (27.85%) |
| Average | 264.75 (70.00%) | 114.37 (30.00%) |

# The Iterations

1st
- 95,000 terms consisting of duplicates, numbers and overlapping terms

2nd
- 95K reduced to 11,475 by creating an index that mapped terms to individual statements
- Dropped 8,428 terms as they only appeared in one statement

3rd
- Kept only 572 terms that were used more than 20 times in statements or 37% of the time
- 572 to 315 to by grouping term alphabetically and keeping the highest frequency terms from the group

4th
- 315 terms reviewed by government accounting expert and 81 removed
- 234 terms reduced to 194 unique terms after modifers were removed

# Final Taxonomy
## 194 terms + 55 modifiers = 234 terms

Modifiers (applied to 15 terms)

- Beginning Balance
- Ending Balance
- Restricted
- Unrestricted
- Current
- Spendable
- NonSpendable
- NonCurrent
- ShortTerm
- LongTerm
- Gross
- Net

Definitions were then added and the taxonomy was sent out for evaluation

# Terms in the Taxonomy

- Decided on a "standard" term
- Defined terms – authoritative sources if available, textbooks
- Assigned modifiers to the terms

# Demonstration - 2 preparers & 2 analysts

| Taxonomy | Inter-rater Reliability | Agreement (Std. Dev) | T-Test $H_0=2$ |
|---|---|---|---|
| Terms | 90.59 | 2.88 (0.189) | 62.99*** |
| Definitions | 78.35 | 2.69 (0.316) | 29.75*** |
| Additional Terms | 93.99 | 2.91 (0.218) | 55.84*** |

Inter-rater reliability is calculated as the joint probability of agreement (number of participants that chose the same measure of agreement (Disagree, Somewhat agree, or Agree)/3). Agreement was rated on a 3-point Likert scale (1) Disagree, (2) Somewhat agree, (3) Agree. A higher mean indicates a higher agreement with the term, definition or additional term in the taxonomy.

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# Conclusion

- The proposed taxonomy was demonstrated to be concise, explanatory, robust and extendible.

- Has been used to help stimulate the development of the model presented today.