# Evaluating a cohort library's performance reporting

Paul J. Brennan
Minnesota State University, Mankato

ABSTRACT

This case provides an introduction to the Governmental Accounting Standards Board's Service Efforts and Accomplishments Reporting (SEA) guidelines for state and local government agencies and offers an application exercise to evaluate the performance reporting of a municipal library under those guidelines. SEA reporting concentrates on the efficiency and effectiveness of government services and was developed as a valuable supplement to traditional government reports concentrating on financial condition. The SEA data and narrative information for the subject library were taken from published reports of the municipal library and additional information supplied by the library director. The case evaluators of the library information (officials of a cohort municipality) are fictional. The applied exercises required students to evaluate the informational quality of the SEA reporting using the GASB guidelines and to suggest improvements.

Keywords: service efforts and accomplishments, performance reporting, governmental accounting, GASB, balanced scorecard

Note: This case was developed for educational use. The central characters of the case were fictitious. All quantitative and qualitative data presented for the cohort library were taken from published performance and annual reports of a disguised city.
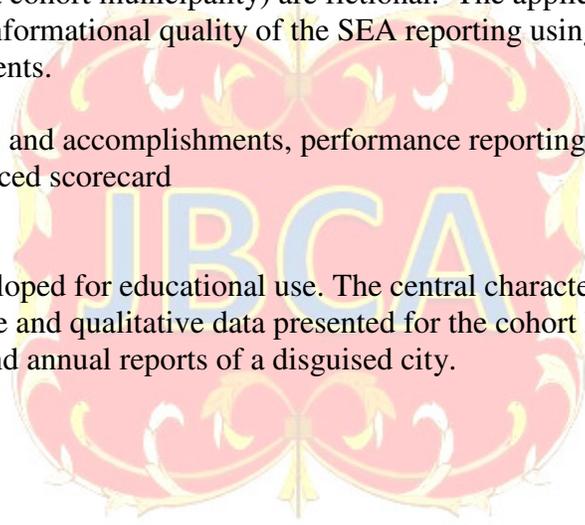
INTRODUCTION

Tom Rogers was serving his second year as Assistant to the City Manager of Riverton. He was appointed as the coordinator of the city's Service Efforts and Accomplishments (SEA) Reporting initiative. SEA Reporting involved creating, tracking, and communicating local government performance information to the community. The SEA Project was Tom's first major assignment. He decided to begin by researching the general purpose and guidelines of SEA reporting and by searching for a comparable municipality already reporting that information to use as a reference model. Despite relatively few municipalities publishing SEA information under the Governmental Accounting Standards Board (GASB) initiative, he was able to find a very comparable cohort in the City of Turnersville.

Turnersville was a city of similar size and demographics to Riverton and was located in the same region of the country. The City of Turnersville promoted its report as a tool to help citizens decide whether they were receiving their tax money's worth in city services. SEA reporting was voluntary, but the City of Turnersville embraced the SEA initiative and had been recognized for the quality of its performance reporting by the Association of Governmental Accountants. The City included each of its service divisions within its SEA report. Goals, future initiatives, and the results of operations were presented for the city as a whole and for each of the divisions. The SEA data compiled for each of the city's divisions was included the annual departmental budget binders and incorporated into budget worksheets. The SEA data were referenced when considering requests for additional funds for projects or services. The Turnersville SEA Reports predated the publication of GASB's suggested guidelines for SEA reporting. Tom hoped to use the Turnersville report and the new GASB guidelines as tools for developing Riverton's performance reporting system.

Tom had a morning meeting scheduled with Jennifer Simpson, the director of the Riverton Public Library to discuss the development of performance reporting for the library. As Tom walked toward the city library, he thought, "What does a typical citizen want to know about the performance of a city library? What does a city council member want to know? How much do they really want or need to know? Maybe Jennifer Simpson can answer these questions. I hope she's ready, willing, and able."

Jennifer Simpson took another glance at her notes before her morning meeting with Tom Rogers. Tom sent Jennifer a copy of Turnersville's Service Efforts and Accomplishments report and she had reviewed and compiled information from it in preparation for their meeting. Jennifer liked the idea of city wide performance reports, but knew selecting the right information relevant to varying stakeholders' interests would be challenging

THE MEETING

Tom entered Jennifer's office and they exchanged greetings. Tom asked, "Have you had the chance to review some of the Turnersville Library's SEA information? Did the city's report give you a general idea of SEA reporting?"

Jennifer answered that she had reviewed Turnersville's report and particularly its library's information. She also obtained a recent copy of the library's annual report and learned even more from speaking to the library director whom she had met before at a professional conference. She told Tom that she had gained a sense of SEA reporting from reviewing

Turnersville's report but she would like to have more detailed knowledge about its purpose and guidelines.

Tom answered that the goal of SEA reporting was to provide information on the efficiency and effectiveness of government services. The reporting was intended to provide greater insight into a government's service operations than could be gained by reviewing traditional financial statements focusing on line item financial amounts. "I've written a general overview of SEA Reporting for all of the department heads along with links to GASB's SEA guidelines for more detailed explanations," said Tom. Tom provided her with a hard copy of the document (See appendix entitled An Overview of Service Efforts and Accomplishments Reporting at the end of this case). Jennifer asked if she could take a moment to read Tom's overview before continuing their conversation.

"Thank you, Tom, for providing that overview and further references," said Jennifer. "I think I now understand much better the framework of the report I reviewed. I also compiled narrative information about the operations of the Turnersville Public Library for you to review (See section entitled The Turnersville Library following this section)."

"Thanks for all of that info. You must have spent some time compiling that," Tom said after reading Jennifer's descriptions. "I feel I now know a lot more about their library's services and probably have a better understanding of ours, too."

"Yes, I felt that their services and challenges were similar to ours when I compiled the information," said Jennifer.

"I made copies of the tables of quantitative information provided in the library's section of the Turnersville SEA Report (See section entitled Library Information From the Turnersville Citywide SEA Report). I also compiled selected narrative information related to the library included in various sections of the city's report," said Jennifer.

Jennifer described the tables of SEA information relating to the library. List 1 contained selected narrative information relating to the library in the Turnersville city report. Table 1 contained quantitative measures of the types Tom described in his overview of SEA reporting (Described in the case appendix and additional resources for students). Table 2 provided a relative breakdown of a typical household's property tax bill to various city services.

"The tables include a fair amount of information to review, but the amount doesn't seem too overwhelming," said Tom.

Jennifer continued. Marian Hopkins was the Director of the Turnersville Public Library. Her collection, tracking, and reporting of library data preceded the SEA initiative. Much of the data collected for the SEA reports had been included in reports to her state library association and reports to the library's governing board. Part of the library's SEA information was developed in consultation with citizen focus groups. The library already had been forming focus groups prior to the city's SEA reporting initiative so a structure already existed to provide citizen input.

Marian liked the format of the SEA reports and used the information in her duties as Library Director. The city's SEA initiative required reporting by all departments and used a consistent, integrated framework that could be used by city administration and department heads over time. Marian felt that the SEA reports were heavily used as references by city officials and departmental heads but doubted that significant numbers of citizens and library patrons consulted the reports despite their availability in hardcopy and digital forms.

"Well, even if most of our citizens don't read our performance reports, we can still use them ourselves. I remember from my school days that internal reporting was a primary goal of

managerial accounting so one way or another something useful should come from these efforts," Tom said cheerfully.

Jennifer described how the Turnersville Library used additional means to communicate with the public and its patrons. The library published an annual report with more library focused information than included in the city-wide SEA report and that report was also an important reference for city officials. The library's primary instruments for communicating with its users were internally generated newsletters and e-mails to user groups.

Tom proceeded to conclude the discussion and discuss the next steps. "Our city departments don't have a lot of excess time or resources to spend on development of performance data. Rather than reinvent the wheel, I thought we could use Turnersville's reporting as a reference model and evaluate how well their SEA information communicated the use of resources and effectiveness under the new GASB guidelines. Reviewing their reports along with the GASB guidelines may help to stimulate ideas for developing our own performance data. We could emulate some of Turnersville's reporting practices if we find them satisfactory or improve upon them using the GASB guidelines." said Tom

"Do you want my department to review the Turnersville Library SEA data, suggest which measures we can use, and what additional information we should develop for performance reporting?" asked Jennifer.

"I was hoping you would volunteer for that!" said Tom. "Assembling the overall SEA report and preparing the Management's Discussion and Analysis Section will be the responsibility of the city manager's office with an assist from the finance division, but the department heads will be the primary evaluators and developers of the departmental information."

"OK, I think I can manage that. This might be fun in a way. How about I send you my evaluation within a month?" said Jennifer.

"Perfect," said Tom.

"Any parting advice?" asked Jennifer.

"Well, I guess I would first look at the GASB SEA guidelines to form a clearer understanding of the basic types of tabled information: inputs, outputs, outcomes, and input to output/outcome ratios. I would identify how well those items are represented in the Turnersville Library report. Then, I would consult the GASB document again to form a clearer impression of the qualitative characteristics of SEA information. When thinking about the GASB qualitative criteria, my guess is that the characteristic of relevance would be the most important yet most difficult to evaluate. To a large degree, what is relevant is in the eye of the beholder, but the SEA proposal does offer some factors to consider. Performance information does require some context, so we should keep the comparability factor in mind, too. Let's see what we like from our cohort's model and consider what adjustments or improvements we would make for our own reporting. Of course, this is your library, and the SEA initiative provides an opportunity for you to tell the community about a valued and necessary service of our town. Good luck, thanks in advance for your expert assistance, and see you soon!" said Tom.

THE TURNERSVILLE LIBRARY

Mission and Basic Structure

The Turnersville Library's mission was to support lifelong learning and enjoyment in a welcoming environment that was a primary community destination. A board of trustees appointed by the mayor and city council oversaw the library. The director of the library was appointed by the board of trustees and oversaw a staff of seven full-time librarians. The library was also guided and supported by a foundation whose purpose was to promote enhancement and improvement of the library.

The Board and the Director were committed to professional development of library staff. Full-time staffers were required to participate in continuing education to maintain certification through the State Library. The staffers also regularly participated in in-house workshops dealing with issues of technology and customer service.

Materials and Services

The library continually added to its materials collections. Over 3,000 books had been added during the past year but periodical collections remained steady in recent years. Significant additions had been made to video/DVD materials as the library, consistent with available resources, tried to keep up with the latest formats in audio visual materials. Smaller increases had been made to the library's audio collection in recent years. Digital resources were the fastest rising library resources. Collections of downloadable audio books increased from 0 to 3,000 in a three year period and online databases doubled from eight to sixteen during the same time. In addition to circulation materials, the library provided a significant number of programs to users of all ages. Participation in the library's programs increased from just below 12,000 users in 2004 to just below 23,000 users in 2007. The number of library programs increased from about 475 to about 955 over the same period.

The library provided instructional services and classes for adults focusing on a wide range of topics of interest including genealogy, computer security and prevention of identity theft, Medicare, and job search tips. The library held monthly computer classes to provide training in the basics of Microsoft Office, e-mail, techniques for using search engines, and selling on E-BAY. The library also hosted book discussions twice monthly.

Programs for children and teens were among the most popular programs offered by the library. Summer activities included reading programs, story times, group trips, and performances by local entertainers. Over 13,500 patrons attended summer programs in the most recent year reported (an increase of 33% over the prior year).   The library provided separate spaces for teens and younger children. The teen area held book groups, after school movies, and video gaming activities.

Community partnerships supported the children's summer programs. Businesses donated coupons and prize materials. Other significant partners were the school district, local day care centers, and continuing education programs. The school district offered its facilities for larger events and distributed the library calendar of events to its children. Day care centers were invited to bring their children and continuing education assisted with planning for children's activities.

Demand for the library's resources and services increased with the economic downturn. Libraries provided low cost family entertainment products and services but also provided

resources to assist job searches. For the most recent year reported, visits to the library increased 11%, checkouts increased 12%, computer use increased 14%, and use of in-house service increased 20% (e.g., for use of computers, newspapers, periodicals, audio visual materials, and reference services). Program attendance increased 25% to an all-time record.

Reference librarians were overwhelmed with computer training in the regularly scheduled programs and with walk-in requests.   Much of the demand was driven by needs for online resume preparation, job application, and searches of online databases. The demand for more personalized library services from its information specialists required adjustments to workload scheduling. The staff regularly discussed suggestions for reducing the amount of time spent on administrative tasks so that more time was available for more personalized services.
The demand for the library's materials and services resulted in a need for a larger space. The current facility was 25,000 square feet. A 2008 study recommended construction of a new facility at twice the size of the current one because further investment in the existing facility, given its size and technology limitations, was not considered a best use of community resources. Planning for the new facility was still in the developmental stage.

Funding and Promotional Efforts

The library participated in a national library cooperative marketing program designed to create community awareness of the importance of public libraries and the critical funding issues faced by them, particularly in difficult economic times. The demands for library materials and services had increased but public funding had not kept pace with the rising demand and the library's ability to charge user fees (outside of fines and copying and faxing charges) was discouraged by State library accreditation provisions. Over ninety percent of the library's funds came from its own local government and from the county government to support use of the library by county residents outside the city limits, but the county's payment was scheduled for significant reduction. The promotional campaign stressed that libraries were truly a resource for everyone in the community and served lifelong learning regardless of each citizen's position in the community, passions, or interests. Public libraries were the one place where everyone had equal and free access to learning resources, computers, and internet time.

The library's related foundation organized a group of "friends of the foundation" in 2007 to support fund raising activities such as mailings, special events, and book sales. The foundation developed donor packets for citizens, patrons, and businesses to solicit contributions toward library projects, materials, and technology.

LIBRARY INFORMATION FROM THE TURNERSVILLE CITYWIDE SEA REPORT

List 1 – Selected Library Related Narrative Information from the Turnersville SEA Report

1) Over the four-year period tracked by the SEA report, city property taxes had contributed about 70% of the library's funding. The county had contributed another 24% as a benefit for county residents to have full library privileges. The state had contributed a very small amount to the library and about 5% of the library's funding came from other sources including fines and fees. The SEA report noted that the county's expected contribution was scheduled to be reduced by about half over the next two years.

2) The city listed among its goals for the coming years as evaluating library space needs while experiencing anticipated revenue shortfalls from the county for support of the library. The SEA report noted that options considered to compensate for the revenue shortfall were allocation of general fund amounts to the library and/or reduction of library services.

3) The City surveyed its citizens during selected years. Two questions from the 2005 city-wide survey of citizens pertained to the library. 85% of citizens rated the library as good or excellent in 2005 and 79% gave those same ratings to the library's materials. The proportions giving those ratings were virtually unchanged from the 2003 survey.

Table 1 – Key Performance Measures Related to the Library from the Turnersville SEA Report

	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual
Authorized FT Positions	7	7	7	7
Total Visitations	296,441	299,405	302,399	317,518
City Resident Cardholders	19,805	23,161	25,607	25,318
Non-Resident Cardholders	6,761	6,114	6,655	6,559
Average Visits Per Cardholder	11	10	9	10
Number of Circulations	316,117	320,910	350,213	367,723
Number of Items for Circulation	75,411	78,697	82,955	86,273
Number of Reference Desk Inquiries	21,949	25,266	26,051	27,353
Number of PC Users	32,250	39,400	41,704	58,815
Number of PC Users Per Available PC	1,194	1,359	1,438	1,837
Number of Special Programs	475	629	856	955
Number of Participants per Program	25	30	24	24
Cost per Registered Borrower	$35	$34	$32	$33
Cost per Circulation	$2.96	$3.09	$2.91	$2.85
Cost per Visitation	$3.16	$3.32	$3.37	$3.31
Program participants	11,875	18,870	20,544	22,920
Library Expenditures	$935,414	$993,194	$1,018,373	$1,049,607

Table 2 – Contribution of a "Typical" Household City Property Tax Amount to City Functions (in Dollars per Year)

Fiscal Year	FY2004	FY2005	FY2006	FY2007
Police	214	209	203	183
Debt Service on Bonds	210	202	200	200
Fire/Emergency Medical Services	52	71	69	73
Planning & Building	0	0	0	7
Economic Development	5	5	7	14
Public Works	24	23	27	15
Library	42	41	39	33
Parks & Recreation	68	67	75	81
General Government	97	99	90	99
Total	$712	$717	$710	$704

APPENDIX: AN OVERVIEW OF SERVICE EFFORTS AND ACCOMPLISHMENTS REPORTING

Introduction

The Governmental Accounting Standards Board (GASB) proposed that state and local governmental entities provide reports of their Service Efforts and Accomplishments (hereinafter referred to as SEA) to their citizens and interested parties. The SEA initiative began a couple of decades ago and has been a continuing project since. The GASB considered requiring SEA reporting for state and local government entities but the prospect of mandatory SEA reporting had met with considerable resistance. The GASB dropped its goal of mandatory reporting and settled for voluntary compliance with a policy of highlighting and lauding those state and local governments choosing to pursue voluntary reporting. During June 2010, the GASB issued its suggested guidelines for voluntary SEA reporting.

The SEA report was designed to communicate government performance results and provide key information on the efficiency and effectiveness of government services. These reports were intended to provide greater insight into the service operations than can be provided by the traditional governmental financial statements focusing on line item financial amounts. SEA reporting may be considered within the province of traditional managerial accounting where the focus is on providing underlying quantitative and qualitative data aimed at creating a balanced scorecard of governmental operations. The SEA report formed an important supplement to the traditional financial report. The latter informed citizens of the government's financial position and the former provided greater insight into the use of its resources.

Essential Components of SEA Reports

The GASB stated explicitly that it had no intention of designing specific and standardized measures of efficiency and effectiveness for the wide array of governmental entities providing SEA reporting as doing that would be outside the scope of its mission (GASB, 2010, Paragraph 3). Instead, the GASB proposed guidelines for SEA reporting that defined essential components of an SEA report, the types of data that should be contained in an SEA report, and the desirable qualitative characteristics of SEA information.

The essential components were the four proposed sections of the SEA report. The first part was a statement of purpose and scope of the report. The initial section should address why the information was being reported, what segments of the entity were included in the report, the intended audience for the report, what the government was trying to communicate with the report, and how the report could assist readers in assessing governmental performance. The second part was a presentation of the goals and objectives of the governmental entity. This section stated the purported goals (long term aspirations) and objectives (shorter-termed targets) of the agency and provided an interested reader with an insight of how the agency viewed its mission. Providing an explanatory link between these goals and objectives and the subsequent key measures would strengthen the presentation. The third component was a presentation of key measures of SEA performance. This section should provide information relevant to assessing the goals and avoid overwhelming the reader with too much information. The fourth was a management's discussion and analysis of results and changes. This section was analogous to the same type of section in corporate financial reports. The section described what had been achieved during the past year, what circumstances affected performance, and why actual may have varied from expected results (GASB, 2010, Paragraphs 5-26).

The types of data included in the key measures section were inputs, outputs, outcomes, and measures relating effort to accomplishments (ratios of costs to output and outcome measures). Inputs, outputs, and the relational ratios were pretty straightforward. The GASB examples considered the service of road maintenance. Possible inputs were cost of road maintenance and total lane miles of roads in use. Possible respective outputs for the same service sector could be number of lane miles repaired or lane miles of road repaired to a minimum satisfactory condition. The GASB noted that both financial and non-financial resources could be considered as inputs and a quality requirement may be included among outputs (GASB, 2010, Paragraph 17 and Figure 2).

Outcomes were less concrete than outputs and required a little more imagination in design of measures. Designing outcome measures required the entity to contemplate key indicators of service results or the level of progress toward desired end results. Returning to the road maintenance example, possible outcomes measures were percentage or roads rated in good or excellent condition or residents' rating of the smoothness of roads (GASB, 2010, Paragraph 19 and Figure 2). The GASB indicated that citizen ratings of quality and satisfaction, where appropriate, could provide a more complete picture of performance effectiveness (GASB, 2010, Paragraph 21).

The GASB provided additional guidelines to judge the suitability of key measures. Ideally, the measure should report results for a major goal or objective. More significant measures would be those addressing an issue receiving considerable public discussion. The measures should report information considered important by officials, citizens, or experts in the field. Finally, those measures which report information from an activity using a large portion of government resources were likely most critical (GASB, 2010, Paragraph 16).

Qualitative Characteristics of SEA Information

The qualitative characteristics of SEA information were relevance, understandability, comparability, timeliness, consistency, and reliability. These characteristics were virtually identical to the qualitative characteristics of accounting information under Generally Accepted Accounting Principles (a/k/a GAAP). Relevant information would vary by user but relevant

information would improve the users assessment of a problem, condition, or event and the governmental agency would be well served by soliciting user feedback to enhance the relevance of reported information (GASB, 2010, Paragraph 31). The central questions of relevance are whether the agency's goals and objectives are communicated, whether the information reports the accomplishments of those goals and objectives, and whether those goals and objectives are important to the users (GASB, 2010, Paragraph 34). Understandability and timeliness required the information to be presented in a comprehensible manner to most users and soon enough to be of value to an assessment. Comparability directed that the information provide a clear frame of reference for comparison with other entities or with the same entity operations from year-to-year. Consistent information improved comparability, and the GASB suggested that reasons for change should be explained if measures were modified. Finally, reliable information was verifiable, free from bias, and provided a faithful representation of operations.

Note that the definition of reliability provided that the information should be verifiable. However, reporting of SEA information was voluntary and was unlikely to be audited by independent CPA firms. The GASB acknowledged that independent verification would be ideal but conceded that verification of SEA data may be satisfied by selective internal testing and that the extent of assurance should be communicated in the report (GASB, 2010, Paragraphs 48 and 53).

Comparability could be achieved through time series presentations within an entity and/or cross sectional comparisons with cohort entities. The GASB noted an inherent shortcoming of a purely time series approach in its proposal: although time series information could provide insight into whether an entity's performance was improving or deteriorating over time, a purely time series approach could not give a clear insight on the question of whether performance was at an acceptable level compared to industry standards or cohorts. The GASB conceded that similar information on cohort governments may not be available, but some industry standards may substitute, and comparison of performance to targets established by the local government, as long as they were reasonable, could be sufficient (GASB, 2010, Paragraphs 40-43).

SEA reporting remained a voluntary endeavor and the guidelines were "suggested." The qualities of reporting, particularly comparability, would no doubt have been improved by a more widespread mandate allowing more examples of a state of the art to develop, but even the prospect of such a mandate was controversial enough to lose the support of key constituent groups and threaten the very foundation of GASB's existence (See e.g., Foltin, 2008 and Cheney, 2008). Furthermore, the GASB initiative was hardly the sole driver of performance reporting. Perhaps the best-known and most significant one was the No Child Left Behind requirements for mandatory reporting of academic results by school districts.

Two additional resources are listed below for the student. Although GASB's suggested guidelines are proprietary, a brief plain language article was available on its website. The second resource is an interactive webpage providing more detailed information and illustrative examples of the GASB guidelines.

Additional resources for the student:

1) GASB. (2009). Plain Language Summary Article on SEA Reporting, Retrieved from http://www.gasb.org/plain-language_documents/SEA_PLA_June2009.pdf

2) The Public Performance Measurement Network and the Association of Governmental Accountants. The Public Performance Reporting Toolkit, Retrieved from http://www.performancereporting.org/?page_id=240

REFERENCES FOR CASE MATERIALS:

Cheney. (2008). SEA Sick, Accounting Today (May 19-June 1).
Foltin. (2008). Unrest in Government Accounting, The CPA Journal (March).
GASB. (2010). The Governmental Accounting Standards Board's Suggested Guidelines for Voluntary Reporting SEA Performance Information (JUNE).

QUESTIONS

In answering the questions below, refer to the narrative describing the operations of the Turnersville Public Library and the tables referencing library SEA data from the Turnersville citywide SEA report that are contained in the case. Also refer to the case appendix explaining SEA reporting and the linked Public Performance Reporting Toolkit for key concepts and guidelines.

1. The essential performance data of SEA reporting were inputs, outputs, outcomes, and ratio efficiency measures. Identify and describe some of these types of data as reflected in the library's key measures of SEA performance (predominately listed in Table 1 but also briefly mentioned in List 1). Evaluate whether there were sufficient representations of each type in the mix of key measures reported by the library.

2. If you adopted some of the key measures (inputs, outputs, ratios, or outcomes) reported by Turnersville's library, would you suggest adjustments to them? What other key measures or adjustments to reporting techniques would you suggest to improve SEA reporting for a municipal library? Explain the benefits of the suggested measures.

3. The SEA table of key measures (Table 1) offered a number of efficiency indicators (ratios of inputs to outputs or outcomes). Evaluate the efficiency information communicated by the data. Were certain library resources more stressed over the time period?

4. Evaluate how well the library's SEA data met the qualitative characteristics of relevance and comparability. Suggest additional reporting methods or data that the library could have used to demonstrate those qualitative characteristics.

5. The previous questions required you to review and evaluate Turnersville Library's SEA reporting. Assume that you had the responsibilities of Tom Rogers of the case. Based on the Turnersville evaluation and a synthesis of themes revealed in your answers to previous questions, what themes would you stress to department heads in developing an effective SEA reporting system? Although you may use concepts of SEA reporting described by GASB as guidelines for these suggestions, your answer should be a recap of the themes illustrated in your prior answers, not simply a restatement of the GASB guidelines.

TEACHING NOTE FOR INSTRUCTOR

Case Overview

       This case provided an introduction to GASB's Service Efforts and Accomplishments (SEA) reporting and involved an applied exercise to judge the informational quality of a small city library's performance reporting. The case was written from the points of view of two city officials planning the development of an SEA reporting system for the municipality's library who decided to begin the effort by evaluating the actual performance reporting of a cohort city library.

       The city officials represented the fictional city of Riverton. The cohort city was Ankeny, Iowa but was given the disguised name of Turnersville. The tabled SEA information was taken from Ankeny's citywide SEA report. The narrative information on the city of Turnersville and its library were taken from Ankeny's SEA report, the city library's annual report, and responses of the library director to the author's questions (See City of Ankeny reports). The public library was chosen as the unit of analysis because of its relative simplicity and the general public's relative familiarity with library functions.

       The main body of the case provided a narrative description of the cohort library's operations and a discussion of planning for Riverton's SEA reporting project. The case also included an appendix providing an overview of the goals of the GASB's Service Efforts and Accomplishments Reporting initiative and an explanation of the suggested data types, data qualities, and structure of SEA reports. The appendix also identified references for more detailed consultation when answering the questions.

       The applied exercises required students to evaluate the informational quality of the library's SEA reporting along the suggested GASB criteria. The questions asked the students to assess the mix of inputs, outputs, outcome, and ratios of inputs to output/outcome measures used; to assess how well critical qualitative characteristics of SEA reporting were satisfied; and to suggest additional measures to improve informational quality. Students were also asked to suggest principles they would stress if they were city official charged with designing an SEA reporting system. The provided answers to the questions were from the author's and former students' observations and were not intended to be definitive or limiting.

Suggested Audience

       The appropriate audiences for this case would be students in a governmental accounting course, students in a special topics or capstone accounting course, or students in a public administration course. The case may also be a useful in managerial accounting classes for evaluating a balanced scorecard in a non-profit setting. The case would be suitable for undergraduate or masters level students.

       Completion of the tasks will require reviewing the case appendix overview and selective consultation of the GASB guidelines (through reviewing portions of the Public Performance Reporting Toolkit webpage linked below the case appendix explaining SEA reporting; the actual GASB statement of guidelines is proprietary and not available online). No particular knowledge of governmental accounting is required. Students need only to refer to the supplied resources for guidelines and concepts, put themselves in the place of a municipal administrative officer or other interested stakeholder, and use their powers of observation and intuition.

Learning Objectives

The overall objectives of this case were to provide students with an applied exposure to the Service Efforts and Accomplishments Reporting initiative and to provide an analytical exercise to evaluate the sufficiency of a municipal agency's performance reporting. The attendant questions required students to:

1. Recognize how the classifications of SEA data types were reflected in the municipal agency's reporting and evaluate the relative mix of data types.
2. Analyze some of the data limitations of the library's SEA reporting and suggest additional measures that may be helpful to an interested user.
3. Analyze the efficiency information presented in the SEA report and suggest which resources may have become more stressed over the reporting time period.
4. Evaluate how well the SEA information met the qualitative characteristics of relevance and comparability.
5. Suggest some general themes a city official should stress to department heads when designing a performance reporting system along SEA guidelines.

Author's Discussion of Case Questions

1. The essential performance data of SEA reporting were inputs, outputs, outcomes, and ratio efficiency measures. Identify and describe some of these types of data as reflected in the library's key measures of SEA performance (predominately listed in Table 1 but also briefly mentioned in List 1). Evaluate whether there were sufficient representations of each type in the mix of key measures reported by the library.

There were a number of input, output, and efficiency measures included among the library's key measures of performance. The most common type of data appeared to be outputs (visitation numbers, cardholder numbers, number of reference desk inquiries, number of PC users, number of special programs, circulation figures). Some students observed that organizing and labeling the various items according to their data type would be helpful. Although the GASB guidelines provide classification guidance, the distinctions between data types are not always clear-cut

The main table of key measures (Table 1) listed a small number of library provided inputs like number of full time positions and number of items for circulation. Another input, number of computers, can be derived from the figures on PC users. Total costs were given for each year but they were not broken down by cost classification.

Efficiency ratios were provided that expressed total costs per circulation and visitation. Ratios like number of participants per program or number of PC users per available PC gave some indication of usage per resource and may prompt the user to ask whether certain resources were becoming strained.

The SEA data appeared fairly limited in outcome measures. Two responses from a citizen satisfaction survey appeared in List 1. One measured overall citizen satisfaction with the library and the other measured overall satisfaction with library's collections.

Perhaps other outcome measures may be inferred indirectly. An overall increase in cardholders and a steady annual increase in visitations over the four-year period indicated increasing popularity of the library. Program participants can also be derived from the number of programs and participants per program figures. Deriving those figures show that there were 11,875 participants in 2004, 18,870 in 2005, 20,544 in 2006, and 22,290 in 2007. Obviously the increase in participants indicated that the library had been successful in increasing community appreciation of the library as a significant place for activities. The growth in programs offered may illustrate how proactive the library had been in developing programs to attract more participants.

2. If you adopted some of the key measures (inputs, outputs, ratios, or outcomes) reported by Turnersville's library, would you suggest adjustments to them? What other key measures or adjustments to reporting techniques would you suggest to improve SEA reporting for a municipal library? Explain the benefits of the suggested measures.

Obviously, suggestions may vary here and there would be no prescribed list of them. Both the author and numerous students observed the relative lack of decomposed dollar figures used as inputs in the SEA report. Total costs were given (and they may be derived from the cost per circulation and cost per visitation figures) but a breakdown of costs into materials collections, personnel, and tangible assets including buildings and technology would be of interest to a user.

Although the library's annual report provided a breakdown of the types of collections materials by year, the SEA report did not. A breakdown of collections materials by category, along with the dollars expended for each, would give a user some insight into how resources expended by category were changing over time.

More detail could be offered on the nature of the programs. At least some categorization of these programs could be given (one simple categorization could be by age group) with the number of programs and participants under each category given by year. A categorization of programs would help a user understand the relative popularity of the types of programs each year. The breakdown would also provide more evidence that the library designs and provides programs appealing to diverse age groups and interests.

Reported outcome measures were scarce. Perhaps the simplest way to expand outcome measures would be to expand the number of library questions on the city-wide citizen questionnaire or for the library to expand its own surveying of patrons. Additional questions could ask patrons to rate the adequacy of various types of library materials and technology and to offer suggestions for improvement. The library appeared to have stretched its physical boundaries and patrons could be asked to rate the adequacy of the current space and to provide suggestions for how additional space could improve the library's services.

3. The SEA table of key measures (Table 1) offered a number of efficiency indicators (ratios of inputs to outputs or outcomes). Evaluate the efficiency information communicated by the data. Were certain library resources more stressed over the time period?

The key measures table provided information on the library resources of staffing, technology, and materials circulations. Also provided were output figures including number of program participants per program, number of programs per year, number of PC users, and

reference desk inquiries. Costs were also expressed as a ratio of circulations, visitations, and per registered borrower. As noted above, there were few outcome measures provided and no ratios expressing costs to outcome measures.

The library had seven full time positions throughout the period (perhaps there were some volunteers but no information regarding those was provided). The steady number of full time employees had to accommodate an increasing number of cardholders during the period, a sharp increase in library programs, increases in assistance to technology users, and increases in reference desk inquiries.

The library's technology resources appeared to have experienced the most strain. The number of PC users increased significantly almost every year of those referenced and the number of users per available PC increased from 1,194 to 1,837 (approximately 54%) over the four-year period.

The ratio of costs per visitation remained relatively steady over the last three years reported while the ratio of costs per circulation decreased generally over the period. Although visitations increased, they did not increase substantially over the period and increases in library costs slightly outpaced increases in visitations. Circulations increased more substantially and apparently enough to outpace the growth in library costs. Costs per registered borrower steadily declined indicating greater efficiency over the period. A breakdown of costs by function would have been helpful to see the sources of the growth in total costs.

Although the source of the library's revenues was not a factor in judging efficiency or effectiveness, the library appeared to depend heavily upon city property taxes and the contribution from the county for the benefit of county residents outside of the city limits. These two sources accounted for about 94% of library revenues and the case data explained that the county planned to make a significant reduction in its contribution to the city library. The shortfall had to be compensated either by additional funds from the city or by cuts to the library budget.

To compensate for cuts due to state and local fiscal stress, the library may have to generate more non-tax revenues in the future. The library's situation was hardly unique. Coffman (2003) commented that libraries across the country were too dependent on state and local tax revenues and should look to the funding models of museums and public radio for ways to become less dependent on tax revenues if they wish to preserve funding levels. The case mentioned that the state accreditation board penalized a local library's accreditation score somewhat if the library charged much in the way of user fees for services. The recently developed "friends of the library" group may have been created in part to increase private donations.

4. Evaluate how well the library's SEA data met the qualitative characteristics of relevance and comparability. Suggest additional reporting methods or data that the library could have used to demonstrate those qualitative characteristics.

Relevant information improved the user's ability to assess the efficiency and effectiveness of government services and to determine whether the entity's goals and objectives were being accomplished. The GASB stated that information was relevant if it was capable of making a difference in a user's assessment of a problem, condition, or event. Whether information was relevant would depend on the user's needs. Entities enhance the relevance of

reported information by linking the information to major goals and objectives of the programs and services being reported (GASB, 2010, Paragraphs 31-34).

One of the critical needs reported for the library was increased space and the case narrative explained that plans were underway to develop a much larger and newer facility. New construction of buildings would involve significant expenditures, so some measure or explanation of needs for enhanced space would have been a very relevant addition to the SEA report. The citywide SEA report referred to a space needs assessment. Conclusions from that assessment to expand certain facilities were reported but the supporting findings were not. Some students commented that even simple measures relating outputs like materials, visitations, or program participants to the library's available square footage would have put any space limitations into context.

Cost data contained in the table of SEA key measure were not decomposed into relevant sources. An interested user would likely wish to know the shares of major cost components (e.g., salaries and benefits, technology and equipment, circulation materials, building maintenance costs) to determine how they had contributed to cost increases over time. The SEA data clearly showed an increase in program offerings and attendance over the time period. Here again, some decomposition of those program types may have helped a user understand which groups provided the greatest demand for library services. The same recommendation for decomposition could be made for circulation items. A user might be interested to know the demand for relative types of circulation items (e.g., books, audio items, audio-visual items) and how that demand changed over time.

Adding more outcome measures in the form of library user responses to questions was suggested in a previous answer. A user may well be interested in opinions on the adequacy of the library's different types of collection materials, technologies, and programs and about whether there existed additional demand for any of these. User responses regarding adequacy or inadequacy of library materials, technology, or services may also he helpful to decisions about the budgetary focus of resources.

Effective SEA reports should enable users to make comparisons. Assessing government requires basis and context. The GASB described time series comparisons to multiple periods as the most likely types of comparative information but time series comparisons, although they enabled users to make judgments about performance over time, did not provide context to judge the actual levels against some benchmark (GASB, 2010, Paragraph 41). Comparisons to budgetary targets could be used but those, by themselves, wouldn't provide much insight about whether or not the targets were too high or too low; use of budget targets for comparison might be enhanced if those targets are compared with current and prior period results (GASB, 2010, Paragraph 41). The GASB explained that comparisons between cohort entities or industry norms could be the best comparisons as long as similar measures are used between the entities and reasons for selecting a cohort group are identified (GASB, 2010, Paragraph 43).

Time series data provided the exclusive basis for comparison in the Turnersville Library's SEA report. There were no comparisons to cohorts, industry norms, or budgetary targets. Since SEA reporting remained voluntary, there were no prescribed norms for measures, and only a relatively small number of local governments chose to report SEA information. Obtaining comparable cohort information might have presented some difficulty, but basic measures (such as total library expenditures, full time staffing, total collections, and total circulations) were obtainable for many libraries even without specific SEA reporting. Statistical reports on US libraries were provided by a number of sources. The Institute of Museum and

Library Services (http://harvester.census.gov/imls/compare/index.asp) provided a readily available database of local library data.

Many users of SEA information undoubtedly would find publication of only time series comparisons as a significant limitation. Without some external comparison, the user cannot easily assess how well the entity of interest compares against similarly situated entities in terms of costs, customers, services, and resources.

5. The previous questions required you to review and evaluate Turnersville Library's SEA reporting practices. Assume that you had the responsibilities of Tom Rogers of the case. Based on the Turnersville evaluation and a synthesis of themes revealed in your answers to previous questions, what themes would you stress to department heads in developing an effective SEA reporting system? Although you may use concepts of SEA reporting described by GASB as guidelines for these suggestions, your answer should be a recap of the themes illustrated in your prior answers, not simply a restatement of the GASB guidelines.

The GASB proposal stressed the importance of disaggregation of information. The different sources of a governmental activity's costs (and revenues) should be presented so a user may be informed of the levels of each and their changes over time. Similarly, the levels and changes to various outputs should also be presented so that a user understands the level of demand and changes in demand for the government's goods and services.

Sufficient thought and time should be devoted to developing informative outcome measures. Modern technology had made the gathering, tracking, and presentation of input and output information relatively easy and routine. These measures likely were tracked by the entity's basic accounting system. Outcome measures take more creativity to design and typically were not part of the basic accounting system. Normally, the agency's mission statement, goals, and methods of meeting them would be the foundation concepts to develop outcome measures. Some students observed that while many of the Turnersville Library's key measures were useful, the information as a whole appeared to be pre-existing information collected for other reporting purposes rather than created specifically for SEA reporting goals.

Periodic citizen questionnaires were the most obvious mechanism to collect and track outcome measures. Here again the principle of disaggregation applied. The parent city government of the library occasionally surveyed its citizens to obtain their opinions on a range of city services, but only a couple of questions pertained to the library. Additional interim surveys about the various library materials and services could be developed and administered by the library staff. These questions could provide additional information about user demand, satisfaction, and perceived adequacy of the various library materials and services.

Finally, comparability of the SEA information should extend beyond an internal time series presentation. Cohort information would be ideal, but, if that is not easily obtainable, some comparison with published industry norms or averages will provide better context to judge the levels of expenditure and performance. The City of Portland's performance report included comparisons to a six-city average. The City of Bellevue, Washington's SEA report included comparisons to internally established targets and the city also prepared a separate report that compared its measures to those of participating municipalities of the International City/County Management Association's (ICMA) Comparative Cities Project. The cohort city of Turnersville (Ankeny) was significantly smaller than those cities but still may have been able to develop a

cohort data set by consulting available comparative data from the datasets maintained by The Institute of Museum and Library Services or state library associations.

REFERENCES FOR TEACHING NOTE:

City of Ankeny. (Fall 2006-2007). SEA Report, retrieved from
   http://www.ankenyiowa.gov/Index.aspx?page=711

City of Ankeny. (FY 2008-2009). Kirkendall Public Library Annual Report, retrieved from
   http://www.ankenyiowa.gov/Index.aspx?page=230

City of Bellevue. (2009). Annual Performance Report, retrieved from
http://www.cityofbellevue.org/pdf/Finance/2009_COB_Annual_Performance_Report.pdf

City of Bellevue. (2007). 2006 Comparative Cities Performance Report, retrieved from
http://www.cityofbellevue.org/pdf/Finance/Entire_Document_for_website.pdf

City of Portland. (2009). Service Efforts and Accomplishments: 2008-09, (Report #380B,
   December 3, 2009), retrieved from
   http://www.portlandonline.com/auditor/index.cfm?c=49566&a=274496

Coffman. (2003). Changing Public Library Funding, commentary retrieved from American City
   & County web page at
   http://americancityandcounty.com/mag/government_changing_public_library/

GASB. (2010). The Governmental Accounting Standards Board's Suggested Guidelines for
   Voluntary Reporting SEA Performance Information (JUNE).