

District 15 Reporting Examples – Interfund Transfers

NOVEMBER 2013: 2012/13 Audited Financial Statements. Correctly classifies interfund transfers as "Other financing sources (uses)." For example, audited 2012/13 Operations and Maintenance total expenditures are \$10,539,480 (properly excluding a \$2,100,000 transfer out to Capital Projects).

OCTOBER 2013: 5-Year Forecast. Incorrectly includes interfund transfers in Revenue and Expenditures in both the PowerPoint and spreadsheet pages. For example, 2012/13 Operations and Maintenance total expenditures are incorrectly shown as \$12,639,482 (overstated by \$2,100,002).

SEPTEMBER 2013: 2013/14 Budget. Correctly excludes interfund transfers from Revenue and Expenditures. For example, 2013/14 Operations and Maintenance total expenditures are correctly shown as \$10,662,469 (correctly excluding a \$5,650,000 transfer out to Capital Projects).

APRIL 2013: 2012/13 Amended Budget. Correctly excludes interfund transfers from Revenue and Expenditures. In the budget form submitted to ISBE, for example, 2012/13 Operations and Maintenance total expenditures are correctly shown as \$10,252,252 (correctly excluding a \$2,100,000 transfer out to Capital Projects). Also, in the PowerPoint presentation of the budget, 2012/13 Operations and Maintenance total expenditures are correctly shown as \$10,252,253 (correctly excluding a \$2,100,000 transfer out to Capital Projects).

MARCH 2013: Financial Report Card. In some cases interfund transfers are correctly classified and in other cases incorrectly classified. Examples where interfund transfers are correctly classified: the "Fund Balance to Revenue Ratio," "Expenditure to Revenue Ratio," and "Operating Expense Per Pupil" are based on calculations that correctly exclude interfund transfers, which are classified as "Other Sources/Uses of Funds." There are multiple other cases where interfund transfers are incorrectly included in revenue and expenditures.

FEBRUARY 2013: 5-Year Forecast. Interfund transfers are correctly classified in the PowerPoint presentation but are incorrectly classified in the spreadsheet pages. For example, 2011/12 Operations and Maintenance total expenditures are \$11,400,751 in the PowerPoint (correctly excluding a \$316,200 transfer out to Capital Projects). In the spreadsheet pages 2011/12 Operations and Maintenance total expenditures are incorrectly shown as \$11,716,951 (overstated by \$316,200).

NOVEMBER 2012: 2011/12 Audited Financial Statements. Correctly classifies interfund transfers as "Other financing sources (uses)." For example, audited 2011/12 Operations and Maintenance total expenditures are \$11,400,751 (correctly excluding a \$316,200 transfer out to Capital Projects).

NOVEMBER 2012: 2011/12 Annual Statement of Affairs. Correctly classifies interfund transfers as "Other Sources/Uses of Funds." For example, 2011/12 Operations and Maintenance total expenditures are \$11,400,751 (correctly excluding a \$316,200 transfer out to Capital Projects).

District 15 Reporting Examples – Interfund Transfers

NOVEMBER 2012: 2011/12 Annual Financial Report Submitted to ISBE. Correctly classifies interfund transfers as "Other Sources/Uses of Funds." For example, 2011/12 Operations and Maintenance total expenditures are \$11,400,751 (correctly excluding a \$316,200 transfer out to Capital Projects). As part of the Financial Profile there is a calculation of "Fund Balance to Revenue Ratio" that is similar to District 15's "Fund Balance % of Expenditures" on which our fund balance target of 30% is based. The two differences in these ratios are that the ISBE ratio is based on Revenue instead of Expenditures and is based on a smaller set of funds. The Revenue values come from "Total Direct Receipts/Revenues," which exclude interfund transfers (transfers are classified as "Other Sources/Uses of Funds").

AUGUST 2012: 2012/13 Budget. Correctly excludes interfund transfers from Revenue and Expenditures. In the budget form submitted to ISBE, for example, 2012/13 Operations and Maintenance total expenditures are correctly shown as \$10,451,950 (correctly excluding a \$2,000,000 transfer out to Capital Projects). In the PowerPoint presentation of the budget, 2012/13 Operations and Maintenance total expenditures are correctly shown as \$10,451,950 (correctly excluding a \$2,000,000 transfer out to Capital Projects); however, in the Summary Expenditures page, Operations and Maintenance total expenditures are incorrectly shown as \$12,451,950 (overstated by \$2,000,000).

AUGUST 2012: Board Briefs. The August 2012 Board Briefs are correct in some cases and incorrect in others and underwent multiple revisions.

----- Board Briefs draft 8/9/2012: "The budget outlines approximately \$140.8 million in operating funds revenues and \$145.8 million of operating funds expenditures ... projected to reduce the District's fund balance to approximately \$47 million, or 32.26 percent of the District's budget." [\$140.8, \$145.8 and 32.26% are incorrect]

----- My comments 8/13/2012 on the draft: "The \$140.8 and \$145.8 double count the \$2 million transfer from Operations and Maintenance to Capital. The actual revenue and expenditures excluding the double counting are \$138.8 and \$143.8. Most people reading the presentation wouldn't realize this – it could be useful for Mike to adjust the format in the future so the \$138.8 and \$143.8 amounts are more apparent." and "... Also, the 32.26 percent is based on the expenditures that double count the \$2 million transfer and also has more precision than needed. Would suggest either 32.3 percent if want to reflect amount in the presentation or 32.7 percent if based on the expenditures excluding the double counting."

----- Board Briefs issued 8/14/2012: "The budget outlines approximately \$138.8 million in operating funds revenues and \$145.8 million of operating funds expenditures ... projected to reduce the District's June 30, 2013, fund balance to approximately \$47 million, or 32.7 percent of the District's budget." [\$138.8 is correct; \$145.8 is incorrect; 32.7% is correct]

----- Board Briefs revised 9/11/2012: "The budget outlines approximately \$140.8 million [\$138.8 million is struck out] in operating funds revenues and \$145.8 million of operating funds expenditures ... projected to reduce the District's June 30, 2013, fund balance to approximately \$47 million, or 32.7 percent of the District's budget." [\$140.8 and \$145.8 are incorrect; 32.7% is correct]