

## **SECTION VIII - INTERIM FINANCIAL REPORTING**

### **INTERIM REPORTS—HOW CAN THEY BE USEFUL**

The balance of this section discusses a format for interim financial statements and provides some explanations where they seem necessary. This discussion is divided into three categories to correspond with the principal user groups, although many of the principles discussed for one group may be applicable to other groups.

#### **The Administration:**

An important user group is school superintendents, principals and other administrators who are the people making many day-to-day financial decisions and have a need for reliable information.

Administrators usually need information such as appropriately detailed year-to-date statements of budgeted and actual revenue and expenditures. School districts should prepare meaningful budgets of revenue and expenditures on a monthly basis, and projections of requirements for the balance of the year should be made. The reporting format will vary according to specific needs.

#### **The Public:**

Public awareness of and attention to school activity is intensified. However, a realistic appraisal of the public's needs indicates routine financial reports can perhaps be kept to a minimum. If anything, the public likely wants to know whether there are any major deviations from the budget which has been approved by their elected officials (the board of education). For example, unanticipated reductions in state and federal aid programs may necessitate corresponding cutbacks in programs or major unanticipated expenditures may be required. Illustration 1 provides an example of the kind of report that might be prepared periodically for the benefit of the public. It represents an updated version of the budget together with explanations for major changes from the budget originally adopted.

#### **The Board of Education:**

Board members require information peculiar to their position. Simply stated, data should be provided which board members need to help make decisions.

Board members usually need summarized information with respect to three kinds of data:

1. Budgeted and actual revenues
2. Budgeted and actual expenditures
3. Projected surpluses or deficits

Illustrations 3 and 4 are suggested formats for reporting on budgeted and actual revenue. These reporting formats deal with each fund separately and provide only such information as is likely to be useful to the board. The number of line items should be restricted to those that may be meaningful to the board. In Illustration 3, for example, there are ten line items, many of which represent combinations of separately budgeted and accounted for elements of revenue. The fundamental purpose of this report is to update the previously adopted revenue portion of the budget so board members have a current view of what is likely to happen.

Illustrations 5 and 6 are similar formats for reporting budgeted and actual expenditures. Again, two principles of importance are (1) the number of line items reported should be restricted to

**SECTION VIII - INTERIM FINANCIAL REPORTING**

those levels of detailed information which board members need, and (2) reporting actual data is useful only in helping to project the future.

Illustration 2 is a simple report, by fund, which carries forward from the applicable revenue and expenditure projections the current view of anticipated revenue and expenditures for the year and the resultant surpluses or deficits. It tells the reader where each fund will be at the end of the year.