

Cash Basis Accounting Procedures

Please follow your district’s policies and procedures as not everything listed below will pertain to your district. This guide provides an overview of cash basis accounting procedures tailored for school finance operations. Designed to simplify fiscal management, it outlines essential practices for tracking cash inflows and outflows, ensuring accurate reporting and compliance with regulatory requirements.

CASH RECEIPTS	Recording Revenue	Bank Reconciliation
	<ul style="list-style-type: none"> • Revenues are recorded only when cash, such as property tax receipts, state or federal grants, student fees, and other income, is received. • Deposits are made regularly to ensure proper cash handling and minimize risk. • Maintain documentation (e.g., receipts, grant award letters, or payment stubs). 	<ul style="list-style-type: none"> • Reconcile receipts with bank deposits daily or weekly to ensure accuracy. • Investigate and resolve discrepancies immediately.
CASH DISBURSEMENTS	Payment of Expenditures	Check Issuance
	<ul style="list-style-type: none"> • Record expenses only when cash payments, including payroll, vendor payments, and other district obligations, are made. • Use purchase orders and proper approvals before payment to ensure compliance with budgets and policies. 	<ul style="list-style-type: none"> • Issue checks or make electronic payments for approved expenses. • Maintain proper documentation (e.g., invoices, purchase orders, contracts).
PAYROLL MANAGEMENT	Payroll Processing	Timesheet Verification
	<ul style="list-style-type: none"> • Record payroll expenditures when salaries and benefits are paid to employees. • Deduct and remit taxes and other withholdings (e.g., retirement contributions) in compliance with state and federal laws. 	<ul style="list-style-type: none"> • Review and approve employee timesheets or attendance records before processing payments.

BUDGET MONITORING	Tracking Actuals vs. Budget	Cash Flow Management	
	<ul style="list-style-type: none"> • Monitor cash inflows and outflows to ensure compliance with the approved budget. • Report budget variances to stakeholders regularly (e.g., monthly, quarterly, semi-annually). 	<ul style="list-style-type: none"> • Maintain a cash flow projection to avoid cash shortages, especially when revenues like property taxes are seasonal. 	
REPORTING & RECONCILIATION	Bank Reconciliations	Internal Controls and Audits	Tax Compliance
	<ul style="list-style-type: none"> • Perform monthly reconciliations of all bank accounts to ensure records align with financial statements. 	<ul style="list-style-type: none"> • Prepare reports, such as monthly cash flow statements and expenditure reports, for the board of education, state authorities, and auditors. 	<ul style="list-style-type: none"> • Ensure compliance with the Illinois School Code by submitting Annual Financial Reports to the Regional Office of Education and Illinois State Board of Education.
INTERNAL CONTROLS & AUDITS	Separation of Duties	Audit Preparation	Policy Adherence
	<ul style="list-style-type: none"> • Implement internal controls to segregate cash handling, recording, and reconciliation duties. 	<ul style="list-style-type: none"> • Maintain records for external auditors to perform the annual audit required under Illinois law. 	<ul style="list-style-type: none"> • Follow district policies and state requirements for expenditures, contracts, and grants.
TAX COMPLIANCE	Property Taxes		
	<ul style="list-style-type: none"> • Monitor property tax receipts and ensure alignment with county treasurer disbursements. 		