

Cash Basis - Closing Out The Month

Please follow your district's policies and procedures as not everything listed below will pertain to your district. This guide outlines the essential steps for closing out the month on a cash basis, ensuring that financial records are accurate, reconciled, and compliant with state regulations. It covers critical tasks such as bank and general ledger reconciliation, verifying cash receipts and disbursements, preparing financial reports, and ensuring proper documentation, all while maintaining transparency and preparing for the next accounting period.

RECONCILE BANK ACCOUNTS/RECORDS	Bank Reconciliation		General Ledger Reconciliation	
	<ul style="list-style-type: none"> Match the district's cash records with bank statements for all accounts (e.g., general, payroll, activity funds). Ensure all deposits, withdrawals, and checks have cleared. Investigate and resolve discrepancies (e.g., outstanding checks, deposits in transit). 	<ul style="list-style-type: none"> Ensure all ledger accounts balance. Reconcile accounts such as accounts payable, receivable, and payroll. 		
VERIFY CASH RECEIPTS	Review Deposits	Categorize Revenue	Outstanding Receipts	
	<ul style="list-style-type: none"> Confirm that all cash and check deposits are properly recorded in the accounting system. 	<ul style="list-style-type: none"> Ensure all cash inflows are correctly classified (e.g., property taxes, state funding, grants). 	<ul style="list-style-type: none"> Identify any expected revenues that have not yet been received 	

VERIFY CASH DISBURSEMENTS	Review Payments	Check Outstanding Items	Expense Allocation
	<ul style="list-style-type: none"> • Ensure all checks and electronic payments issued during the month are recorded and categorized properly. 	<ul style="list-style-type: none"> • List any checks that have not cleared and follow up if necessary. 	<ul style="list-style-type: none"> • Verify that expenses are charged to the correct budget categories and funds.
POST & REVIEW TRANSACTIONS	Post Outstanding Transactions		Review Budget Transactions
	<ul style="list-style-type: none"> • Verify that all purchase orders, invoices, and journal entries for the month are posted. • Record and allocate any incoming funds, including grants or state payments. 		<ul style="list-style-type: none"> • Ensure expenses align with the approved school budget and funding restrictions.
PAYROLL & BENEFITS	Reconcile Payroll		Benefits and Deductions
	<ul style="list-style-type: none"> • Confirm that payroll expenses for the month are accurately recorded in the general ledger. • Ensure taxes and other withholdings have been correctly remitted. 		<ul style="list-style-type: none"> • Verify payment of benefits such as health insurance, pension contributions, and retirement systems like TRS (Teacher Retirement System).

GENERATE FINANCIAL REPORTS	Monthly Cash Report	Budget-to-Actual Report	Fund Balances	Prepare Budget Reports
	<ul style="list-style-type: none"> Prepare a statement of cash receipts and disbursements, showing beginning balance, total cash in, total cash out, and ending cash balance. 	<ul style="list-style-type: none"> Compare monthly and year-to-date activity against the approved budget, highlighting variances. Investigate significant variances and make notes for adjustments if necessary. 	<ul style="list-style-type: none"> Ensure fund balances reflect accurate cash positions for each fund. 	<ul style="list-style-type: none"> Update budget tracking spreadsheets and prepare monthly financial summaries for stakeholders.
COMPLIANCE & REPORTING	State and Federal Reporting		Fund Balances	
	<ul style="list-style-type: none"> Ensure compliance with Illinois-specific school accounting guidelines, including fund accounting and grant reporting requirements. Submit required reports, such as grant expenditure reports, if applicable. 		<ul style="list-style-type: none"> Review and confirm fund balances for specific school funds (e.g., education fund, transportation fund). 	
CLOSE OUT THE MONTH	Freeze Current Month	Backup Records	Generate Reports	
	<ul style="list-style-type: none"> Lock the accounting system for the month to prevent further changes. 	<ul style="list-style-type: none"> Create digital and/or physical backups of all financial records. 	<ul style="list-style-type: none"> Produce the following reports for review: <ul style="list-style-type: none"> Trial Balance Income Statement Balance Sheet Cash Flow Statement 	

COMMUNICATE & PREPARE FOR THE NEXT PERIOD

Report to Stakeholders

- Provide financial reports to the school board, superintendent, or finance committee.
- Highlight any financial concerns or upcoming funding needs.

Roll Over to the Next Period

- Open the next accounting period and prepare for ongoing transactions.