

How to Prepare for Year-End Close

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March 10, 2023 | Rolling Meadows, Illinois



Introductions

Robyn Cornelissen

- *Comptroller, Community Unit School District 300*



DISTRICT 300

Carisa Lopez

- *Payroll Coordinator, Community Unit School District 300*



DISTRICT 300

Tera Wagner

- *Director of Finance, Consolidated High School District 230*



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Agenda

- Introductions
- General Year-End Preparations
- State Reporting
- Payroll
- Annual Audit
- Questions and Answers

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Accounts Payable Year-End Preparation

- Accounts Payable
 - Requisition cut-off date
 - Invoices get submitted in a timely manner
 - Send communication to schools/departments with deadline to submit invoices
 - Review calendar to identify key process dates
 - Make sure to incorporate review by Board of Education
 - Create and maintain prepaid expenditure worksheet for annual audit
 - Use the auditor workpaper as a guide to identify necessary information
 - Create accrual expenditure worksheet for annual audit
 - For large districts, to ensure uniformity through July and August, create process of how invoices will be identified (i.e., special description such as FY23 prepaid XXX, special digit in data field)
 - Run June 30 check run
 - Held check process

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Accounts Receivable and GL Year-End Preparation

- Accounts Receivable
 - Review of grants receivables
 - Create and maintain grants receivable worksheet for annual audit
 - Helps to identify ISBE grant year versus fiscal year
 - Helps to identify June services
 - » Making sure to review July and August expenditure reports in FRIS for June expenditures/receivables
 - Review transactions to ensure booked to correct account number
 - Compare general ledger to FRIS
- General Ledger
 - Review of Balance Sheet / Income Sheet accounts
 - Review account number balances and adjust any negative balances
 - Make any necessary journal entries

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Year-End for State Reporting

- Transportation claim
 - Due in August with preliminary year-end information
 - Send out reminder emails to transportation company/departments for mileage information
 - Start to gather student information
 - Start to gather field trip mileage information
 - Start to review the current depreciation schedule

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Year-End for State Reporting

- Grant Administration / Expenditure reports
 - Pay any outstanding invoices
 - Working with Grants Department to contact vendors to expedite outstanding orders and invoices
 - Review encumbrances
 - Identify total obligations as of June 30
 - For August 30th grants, prepare and maintain tracking worksheet that will track before and after June 30 expenditures (if financial system doesn't do this efficiently)
 - Make sure to include payroll-related encumbrances

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Payroll - Fiscal Year End Close

- Retirees and resignations
- Contract payouts as needed: bonuses, vacation payouts
- Send communication to staff with deadlines for changes:
 - Addresses
 - Direct Deposit
 - Benefits
 - Deferred Compensation
 - New this year: TRS SSP
 - need to notify TRS if not processing SSP changes until the 1st payroll of the new school year.

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Payroll - Fiscal Year End Close

- Summer Payroll Items
 - Summer schools and camps
 - Advise staff how this will be tracked and paid
 - Summer payrolls for teachers
 - TRS payments
 - Payroll accruals for annual audit
 - Cash versus Accrual
- Payroll items prior to July 1
 - Payroll calendar and pay schedules
 - Pay increases for 12-month staff
 - Update TRS factors/TRS & THIS percentages if needed in payroll system

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Preparing for the Annual Audit

- Why are school districts audited?
 - Required by the State of Illinois
 - Provides assurance to District residents, lenders, and granting agencies
 - Independent assessment of the fairness of the District's financial statements
- Benefits of preparing for the audit
 - Fewer disruptions to your normal work process
 - Less time spent providing information and fielding questions
 - Possibility of auditors finishing early
 - Timely release of District's audit report

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Preparing for the Annual Audit

- Coordinate pre-audit planning with auditors and key District personnel
- Communicate expectations/deadlines up front
 - Anticipated Board presentation date
 - Scheduling
 - Workpaper formats
 - Electronic files vs. paper copies
- Communicate with District staff to ensure they will be present during audit dates

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Preparing for the Annual Audit

Ask auditors to provide detailed list of items they will be requesting during fieldwork

- Determine who is responsible for each item on the list
- Designate one employee as audit contact who will oversee the preparation process

Day 1 of Audit:

- Have all requested items available when auditor **arrives**
- BE THERE!
- Provide list of key contacts for various audit areas and schedule of availability (if applicable)

Last Day of Audit:

- Hold exit conference to discuss audit status, open items, achievements, suggestions for next year, and management letter points

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Keys to a Successful Audit

(that will save you time in the long run!)

- Make sure prior year's audit adjustments have been posted correctly in trial balances given to auditors
- Review trial balances for unusual items and compliance with IL Administrative Code 100 before closing the books for the year.
- Make sure all bank accounts including student activity accounts are reconciled properly (no plugs!) to the general ledger at year end.
- Maintain detailed capital asset records during the year. This includes tracking the District's additions, deletions/disposals, and depreciation.

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Preparing for the Annual Audit

Capital Assets

- Don't wait until the end of the year!
- Incorporate additions tracking into the accounts payable process
 - Design your tracking tool (GL module, spreadsheet, appraisal, etc.)
 - Asset identifier (number/description), asset class, account number, vendor, date purchased, cost amount, useful life
- Reconcile dollar amount of capital outlay (500 objects) to additions
- Remember to include donated assets
- Be aware of asset disposals

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Preparing for the Annual Audit

Construction

- Track construction projects separately
 - Capitalize entire project amount upon completion
 - No depreciation until completion
- Depreciation (only necessary at year end)
 - Calculate using method prescribed by District policy
 - Based on each asset's respective useful life
 - Treatment of current year additions/deletions
 - Some assets are not depreciated (land, CIP)
- Be aware of asset disposals or retirements



Helpful Resources

County Treasurer (property taxes & tax rates)

Cook (cookcountytreasurer.com) (cookcountyclerkil.gov/)

DuPage (www.dupageco.org/treasurer)

Lake (www.lakecountyil.gov/198/Treasurers-Office)

Kane (www.co.kane.il.us/coc/Tax/TaxExtension.asp)

Will (<https://www.willcountyillinois.com/County-Offices/Finance-and-Revenue/Treasurer-Office>)

Illinois State Comptroller (Replacement Taxes and revenues passed through State Comptroller
<https://illinoiscomptroller.gov/>)

FRIS Inquiry (ISBE State and Federal revenues)
<https://apps.isbe.net/FRISInquiryNet>

Illinois Administrative Code Part 100
<https://www.isbe.net/Documents/100ARK.pdf>

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Questions and Answers

We thank you for your time!

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Presenters:

PANELISTS INFO:

Robyn Cornelissen, Comptroller; Community Unit School District 300
(847) 551-8429; robyn.cornelissen@d300.org

Carisa Lopez, Payroll Coordinator; Community Unit School District 300
(847) 551-8341; carisa.lopez@d300.org

Tera Wagner, Director of Finance; Consolidated High School District 230,
(708) 745-5228; twagner@d230.org

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