

## Operational Services

### Accounting and Audits

All reporting formats used for the Annual Financial Report will be consistent with the Requirements for Accounting, Budgeting, Financial Reporting, and Auditing, as adopted by the Illinois State Board of Education, and State and federal laws, regulations, and generally accepted accounting principles. Determination of liabilities and assets, prioritization of expenditures of governmental funds, and provisions for accounting disclosures shall be made in accordance with government accounting standards as directed by the auditor designated by the Board. The Superintendent, in addition to other assigned financial responsibilities, shall report monthly on the District's financial performance, both income and expense, in relation to the financial plan represented in the budget.

#### Annual Audit

At the close of each fiscal year, the Superintendent shall arrange to have the District books and accounts audited by an independent certified public accountant designated by the Board in conformance with prescribed standards and legal requirements. A complete and detailed written audit report shall be provided to each Board member and to the Superintendent. The Superintendent shall annually, on or before October 15, submit an original and one copy of the audit to the Regional Superintendent of Schools, unless granted an extension by Regional Office of Education.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenue available if collections are within 60 days after year end. Property taxes are recorded when earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

#### Annual Financial Report

The Superintendent or designee shall annually prepare and submit the Annual Financial Report on a timely basis using the form adopted by the Illinois State Board of Education. The Superintendent shall review and discuss the Annual Financial Report with the Board before it is submitted.

#### Inventories

The Superintendent or designee is responsible for establishing and maintaining accurate inventory records. The inventory record of supplies and equipment shall include a

description of each item, the quantity, the location, the date of purchase, and the cost or the estimated replacement cost.

#### Disposition of District Property

The Superintendent or designee shall notify the Board, as necessary, of the following so that the Board may consider its disposition: (1) District personal property (property other than buildings and land) that is no longer needed for school purposes, and (2) school site, building, or other real estate that is unnecessary, unsuitable, or inconvenient. Notwithstanding the above, the Superintendent or designee may unilaterally dispose of personal property of a diminutive value.

#### Taxable Fringe Benefits

The Superintendent or designee shall: (1) require that all use of District property or equipment by employees is for the District's convenience and best interests unless it is a Board-approved fringe benefit, and (2) ensure compliance with the Internal Revenue Service regulations regarding when to report an employee's personal use of District property or equipment as taxable compensation.

#### Controls for Activity Funds and Petty Cash

Activity funds and the petty cash system are established in Board policy 4:50, *Payment Procedures*. The Superintendent shall: (1) designate a custodian for each activity fund and petty cash fund, and (2) maintain the funds in compliance with this policy, State law, and Illinois State Board of Education rules. A check for the petty cash fund may be drawn payable to the designated petty cash custodian. Cash on hand is limited to a maximum balance of \$500.00. All expenditures from activity accounts must be directly related to the purpose for which the account was established and supported with documentation, including school purchase order, signed invoices and receipts. All deposits into these bank accounts must be accompanied with a clear description of their intended purpose. The Superintendent or designee shall include checks written to reimburse activity funds on the Board's monthly listing of bills indicating the recipient and including an explanation.

#### Control Requirements for Checks

The Board must approve all bank accounts opened or established in the District's or a District school's name or with the District's Federal Employer Identification Number. All checks issued by the School District must be signed by either the Treasurer or Board President, except that checks from an account containing student activity funds and revolving accounts may be signed by the respective account custodian.

#### Capital Assets

Capital assets are defined as assets of land, buildings, building improvements, equipment, and infrastructure assets (e.g., land improvement, sidewalks, etc.) with an individual initial cost of \$5,000.00 or greater and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at acquisition value at the date of donation. Land and construction in progress are not depreciated by the District. Estimated useful life is management's estimate on how long the asset is expected to meet service demands.

The District reviews its capital assets to evaluate prominent event or changes in circumstances affecting them to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if there is a decline in service of the capital asset of a large magnitude.

#### Internal Controls

The Superintendent is primarily responsible for establishing and implementing a system of internal controls for safeguarding the District's financial condition; the Board, however, will oversee these safeguards. The control objectives are to ensure efficient business and financial practices, reliable financial reporting, and compliance with State law and Board policies, and to prevent losses from fraud, employee error, misrepresentation by third parties, or imprudent employee action. The Superintendent or designee shall annually audit the District's financial and business operations for compliance with established internal controls and provide the results to the Board. The Board may from time-to-time engage a third-party to audit internal controls in addition to the annual audit.

LEGAL REF.: 105 ILCS 5/2-3.27, 5/2-3.28, 5/3-7, 5/3-15.1, 5/5-22, 5/10-21.4, 5/10-20.19, 5/10-22.8, 5/16-1, et seq. and 5/17-1 et seq.  
23 Ill.Admin.Code Part 100.

CROSS REF.: 4:10, 4:50, 4:55, 4:90

Adopted: March 11, 1997

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