

Quakertown Community School District

Fiscal Year-End Financial Close

2019-20 Fiscal Year

Summary of Year-End Procedures

Prepared by: Lynn S. Routson, Finance Director and Board Treasurer

- As of June 30, 2020, no additional expenditures are allowed that have not been previously encumbered by purchase order or contractual arrangement.
- Cash balances are reconciled to statements from financial institutions.
- Revenue accruals are allowed for collections that occur in the first 60 days of the following fiscal year. Examples are collections of earned income taxes, interim real estate tax receipts for previous years and collections of delinquent taxes.
- Various expenditure accruals occur from July 1 through September 30 for items or services rendered in the prior fiscal year. Examples of this would be invoices received over the summer for items ordered prior to the end of June 2020. Also, any services received prior to the end of June 2020 would also be expensed in the current fiscal year.
- Salary and benefit accruals are calculated for any unpaid wages or benefits at year-end. Examples of this would be vacation days earned, but not used by the end of June 2020.

Year End Financial Audit – began September 28, 2020

- All balance sheet, revenue and expenditure accounts must be reconciled and documented for the audit. The QCSD chart of accounts comprises approximately 10,000 accounts.
- All necessary year-end reporting for federal and state awards (grants) must be completed.
- The Annual Financial Report must be prepared and submitted to the PA Department of Education by October 31, 2020. This report includes financial statements (balance sheets, income statements, cash flow statements) and detailed revenue, expenditure and supplementary information.
- Included in the AFR submission for 2019-20 is a new reporting requirement. An additional financial report related to the ESSA reporting requirement will be included. All expenditures will be reported at the building level in personnel and non-personnel categories, and by funding source – local, state and federal. This new reporting requirement will require additional time in preparation of the annual report, as well as the development of methodology in allocating expenditures not previously allocated to specific buildings.
- As last year, we will invite our local auditors, Barbacane, Thornton & Company to discuss the year-end audit report and financial statements. We will schedule that for the January meeting.

Preliminary 2019-20 Financial Data – Unaudited – General Fund (as of October 20, 2020)

Total Cash and Investments: \$24,039,949

Total Local Revenues: \$83,816,677

Total State Revenues: \$27,196,156

Total Federal Revenues: \$909,801

Other Financing Sources: \$874,247

Salaries and Benefits Expenditures: \$68,442,655

Debt Expenditures: \$11,766,859

Other Expenditures: \$28,394,282

Total Expenditures: \$108,603,796

Total Revenue: \$112,796,881

Operating Balance: \$4,193,085

Fund Balance: \$26,835,690