

May 8, 2020

TO: James Ellerbe, Superintendent of ISD
FROM: Alexis Schauss
SUBJECT: CLOSING PROCEDURES FOR FISCAL YEAR 2019-2020

To comply with the North Carolina Office of State Budget and Management's closing deadline for the fiscal year ending June 30, 2020, please adhere to the following closing procedures.

Failure to adhere to the instructions within this memorandum could result in the Innovative School District (ISD) unnecessarily reverting state and federal funds.

Closing Dates and Procedures

Key Dates:

- June 8** **By this date, please review the financial contact name and information DPI has on file for the ISD** at <https://files.nc.gov/dpi/documents/fbs/finance/reporting/uers/datafilecontacts.pdf>. If the contact information is not correct, email the correct name, direct telephone number and email address of the ISD's contact person to Icilma Burroughs at icilma.burroughs@dpi.nc.gov.
- June 30** **Prior to midnight June 30, 2020, please ensure you complete the following:**
- Submit your UERS data files via eMFTS (electronic managed file transfer service).
- Transmit all expenditures and refunds using LINQ software.
- Submit your BAAS (federal budget amendments) files reflecting federal program activity for the fiscal year
- July 1** **DPI will begin pulling data files on or after 12:01 AM Wednesday, July 1, 2020.**
- The ISD financial contact MUST be available by 7:00 AM on Wednesday, July 1, 2020. The ISD school financial contact is responsible for making sure that DPI receives all required data files. This individual, must be available until DPI sends a confirmation notification that their data passes all of the preliminary validations. DPI will contact the individual on the contact list found at:

<https://files.nc.gov/dpi/documents/fbs/finance/reporting/uers/datafilecontacts.pdf>.

Closing Procedures: State Public School Fund and Federal Programs

A. UERS Data File Transfer

You must complete your data files for all June activity and send to DPI via eMFTS by **midnight, Wednesday, June 30, 2020.**

If you discover problems with your data files and need to resend them, you must notify DPI by 7:00 AM on July 1, 2020. Please notify Icilma Burroughs 919-807-3715 or Icilma.Burroughs@dpi.nc.gov.

Note: DPI will not be able to close out the fiscal year until June 2020 data files are received from your public-school unit. If the ISD June 2020 data files are not available by the deadline, it affects DPI's ability to close out the entire State Public School Fund.

Your financial contact **MUST** be available by 7:00 AM on Wednesday, July 1, 2020. If the initial transfer does not process successfully, DPI will notify you and ask you to transfer your data files again. DPI will repeat this process until clean data files are received from your public-school unit.

The ISD school contact person is released once you have received a confirmation notification that your data files have been received and verified.

B. June Payroll

For personnel paid from state or federal funding sources, all time worked in June **must** be paid on or before June 30, 2020. Time worked in June may **not** be carried over into July 2020, regardless of the allotment or funding source (except for local funding) accrued into July 2020.

All state and federal obligations of fiscal year 2020, including time worked in June, must be paid by June 30, 2020.

Make sure all absences for the year through the last workday have been reported and appropriate deductions made. You must also make any other adjustments by June 30, 2020.

C. Expenditures

Any expenditure of state funds for the 2019-20 fiscal year not reported by June 30, 2020 will not be considered valid. You will be responsible for covering those expenditures with another source of funds and will be required to refund any excess state cash you received.

Final Cash Zero out: DPI staff performs a year end cash zero out process. This procedure compares the year-to-date cash drawdowns by the ISD school with year-to-date expenditures reported by the ISD from

July 1, 2019 through June 30, 2020. This procedure is performed for all state and federal program report codes (PRCs). **Cash drawdowns cannot exceed expenditures reported.** Cash that is drawn down in excess of expenditures reported is pulled back from the ISD.

Invalid Accounts: All expenditures must be coded to valid account codes. The monthly Monitoring Letter notifies the ISD of any invalid accounts used to code expenditures. The school must reclassify any invalid accounts prior to the fiscal year end close-out. **Failure to correct invalid account postings may result in incorrect data files postings and the pulling back of state and federal funds during the year end zero out process.**

The Public School Chart of Accounts with valid account codes by PRC is located at <https://www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/school-district-finance-operations/chart-accounts>.

D. Payment of 11th and 12th Installments for 10-month Employees Paid over 12 Months

This section only applies if the ISD has 10-month employees who are paid over 12 months.

State-funded personnel checks must be accounted for in the fiscal year that they are issued. Consider the following situation: If a 10-month employee works August through May and has their 10-month pay spread over 12 months, they will receive a check in June and July. The **July check** must be accounted for in the **next** fiscal year either using state or local funds. **State funds do not carry over from one fiscal year to the next; therefore, it is your responsibility to ensure that you consider these payments during your budget process, for both the current and next fiscal years.**

DPI will **not** accrue 11th and 12th installments payments for **federal funds**. Since these funds carry over, the ISD can pay these installments in July and August from **next** fiscal year's federal funds.

The NC Teachers and State Employee Retirement System (TSERS), the current employer's matching retirement rate for FY 19-20 is 19.70%.

E. Programs that Carry Over and Do Not Revert after June 30

Funding associated with the recently enacted HB1043 for COVID-19 expenditures will be available in 2020-21, if allotted prior to June 30, 2020.

F. Hospitalization

Employee Deductions

10-month employees receiving ten payroll checks. You must manage this arrangement by

doing the following:

1. Deduct the two additional months for employee hospitalization premiums from the June voucher (if you have not done so in previous months).
2. Issue a voucher to place these deductions in a local non-interest-bearing account.
3. Remit to the proper vendor a local voucher from this non-interest-bearing account during the month the premium is actually due.

The **June** deductions for **July** hospitalization coverage vouchers must be issued for the employee contributions in June. Do not mail the checks at this time. Mail to the proper vendor in July, when the premiums are actually due.

Employer Payments

Only twelve months of employer matching payments for hospitalization are eligible to be paid in a fiscal year.

DO **NOT** accrue these premiums; they must be paid during the month the premiums are actually due.

Therefore, the matching amount for July hospitalization coverage cannot be issued to the vendor until July and must carry a July voucher date.

Mail the employer matching checks along with the deduction checks to the vendor in July.

All employer salary-related contributions for full-time permanent employees, including hospitalization benefits, are to be prorated based on the actual percentage employed in each fund.

G. Federal

Indirect Costs

Calculate your indirect cost in June after all other expenditures for June have been processed.

Pay all indirect costs in June.

Deadline for Federal Budget Amendments

DPI must receive your budget amendments reflecting federal program activity for the fiscal year ending June 30, 2020 by midnight June 30, 2020.

An amendment is required if the total discrepancies exceed 10% of the total approved budget. Therefore, you must take into consideration **all** project activity before submitting the final budget amendment. Make the appropriate changes at the local level for any over

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expended project.

It is important to resolve any discrepancy before the close of the current fiscal year. Contact the appropriate DPI Federal Program Administrator with any questions concerning budget amendments. Please review the list of Federal Grants Administered by the North Carolina Department of Public Instructions FY 2019-20 at <https://www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/federal-fiscal-oversight-and-compliance>

H. Review and Reconciliation before Year End

May 2020 monthly reports (JHA305EG and JHA314EG) are available will be available by Wednesday, June 10, 2020. These reports are provided to the ISD to facilitate the reconciliation to your general ledger prior to closing the fiscal year. It is the ISD's responsibility to verify that expenditures reported do not exceed the state allotment.

I. Deadline for Requesting Federal and State Cash for FY 2019-2020

The last day by which you may request **Federal cash** for FY 19-20 is **Tuesday, June 23, 2020**, with a **Funds Requirement Date (FRD) of Monday, June 29, 2020**.

The last day by which you may request **State cash** for FY 19-20 is **Wednesday, June 24, 2020**, with a **Funds Requirement Date (FRD) of Monday, June 29, 2020**.

J. Fiscal Year 2020-21 UERS Data Transfer Schedule

The UERS Data Transfer Schedule for the ISD for Fiscal Year 2020-21 is included with this letter and will also be available on the Financial and Business Services website on the Financial Reporting page <https://files.nc.gov/dpi/documents/fbs/finance/reporting/uers/isddatafile2020-2021.pdf>.

If you have any questions pertaining to the items in this memo, please contact Roxane Bernard at (919) 807-3725, or via email roxane.bernard@dpi.nc.gov.

AS/RB/dkm

Fiscal Year 2020-21
 Innovative School District Fiscal Data
 Requirements and
 Monthly Financial and Statistical Data Requirements (MFR)

Financial and MFR		Monthly
2020	July	08/04/20 (Tuesday)
	August	09/02/20 (Wednesday)
	September	10/02/20 (Friday)
	October	11/03/20 (Tuesday)
	November	12/02/20 (Wednesday)
	December	01/04/21 (Monday)
2021	January	02/02/21 (Tuesday)
	February	03/02/21 (Tuesday)
	March	04/02/21 (Friday)
	April	05/04/21 (Tuesday)
	May	06/02/21 (Wednesday)
	June	06/30/21 (Midnight Wednesday night) (Tentative, pending official FY 20-21 close-out letter)