

May 8, 2020

**TO:** Laboratory School Administrators  
Laboratory School Finance Officers

**FROM:** Alexis Schauss

**SUBJECT:** **CLOSING PROCEDURES FOR FISCAL YEAR 2019-2020**

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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 your Laboratory School (Lab School) 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 your Lab school at**  
<https://files.nc.gov/dpi/documents/fbs/finance/reporting/uers/datafilecontacts-lab.pdf>.  
If the contact information is not correct, email the correct name, direct telephone number and email address of the school's contact person to Icilma Burroughs at [icilma.burroughs@dpi.nc.gov](mailto: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 Lab School 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-lab.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, Tuesday, 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 Roxane Bernard 919-807-3725 or [roxane.bernard@dpi.nc.gov](mailto:roxane.bernard@dpi.nc.gov).

**Note:** DPI will not be able to close out the fiscal year until **all** June 2020 data files are received from **all** the Laboratory schools. If any Laboratory school's 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. This process will repeat until DPI has received clean data files from all Laboratory schools.

**The contact person at your school is released once your school has received a confirmation notification that your school's data files has 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 each school with year-to-date expenditures reported by the school 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 Laboratory school.

Invalid Accounts: All expenditures must be coded to valid account codes. The monthly Monitoring Letter notifies your school 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 code postings may result in incorrect date 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 to any of the Laboratory schools that have 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 school 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 applicable to lab schools and 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 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 (JHA705EG and JHA714EG) will be available by Monday, June 10, 2020. These reports are provided to the school to facilitate the reconciliation to your general ledger prior to closing the fiscal year. It is the school'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 18-19 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 Lab Schools 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/laboratory2019-20.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](mailto:roxane.bernard@dpi.nc.gov).

AS/RB/dkm

Fiscal Year 2020-21  
 Laboratory School 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)