

Independent Public School (IPS) Year-End Closeout FAQ

The questions below were raised during, or are related to, our Year-End Closeout webinar. If you have additional questions not addressed below, please contact schoolfinancialreporting@dpi.nc.gov.

1. An employee works from June 1st to June 30th but receives their paycheck dated July 15th. (Also asked: A school pays hourly & salaried administrative payroll a week in arrears. Year-round personnel receive a pay check on July 15 for the pay period ending 6/30. Can the July 15 payroll be funded from new year State funds?)

Public school units are required to follow generally accepted accounting principles, including recognizing and recording expenditures in the fiscal period in which the obligation is incurred. For example, compensation earned in June is required to be recorded as a June expenditure to ensure accurate financial reporting and alignment with the appropriate fiscal year.

When expenditures are properly recorded and coded in the period in which they occur, the Department of Public Instruction's cash management processes are designed to facilitate the availability of funds. These processes support public school units in meeting their financial obligations in accordance with their accounts payable timelines.

2. Can a teacher working during a summer school program past June 30th be paid from FY26 funds in July of FY27?

Yes and no. All time worked in June must be paid on or before June 30. Time worked for an approved summer school program after June 30 may be paid in July using FY26 PRC 16 funds. However, DPI will recapture those funds during the year-end closeout and reallocate them to each PSU in July. This means the funds will not be available to PSUs until they are reallocated mid-to-late July.

3. Why has the planning allotment on DART changed from what was posted in March?

Since posting the planning allotments in March, the Charter School Review Board has approved additional remote academies to open in the 2026–27 school year. Planning allotments must be adjusted to account for any new schools. At this time, we are not aware of any additional remote academies seeking approval before the start of the new fiscal year; however, any newly

approved remote academy would require further revisions to the planning allotments.

4. A new school takes a loan out towards the end of its first year in operation. Principal and interest are due each month of the second year. Can new year State funds be used to pay the principal balance and/or interest as it comes due in the new year since the obligation was created in the old year?

Yes. Because the principal and interest expenses incur in the new fiscal year, State funds may be used for this obligation, provided the loan aligns with the purpose of the PRC and uses an allowable code in the Chart of Accounts.