

December 7, 2018

**TO:** LEA Finance Officers

**FROM:** Alexis Schauss

## **11<sup>TH</sup> AND 12<sup>TH</sup> INSTALLMENT REPORTING**

**Please note that there are processing and timing changes now that DPI is using the MFR file instead of the 60-byte summary file to post expenditures to MSA.**

**State Installments/Accruals:** Effective September 30, 2018, DPI posted the 11th & 12th installment payments for State Funds (Company 1000) in the current year to the special installment codes: 5110-001-120- 5110-001-210, 5110-001-220. This procedure is known as the Installment Collapse. Because the installment payments are "cash" payments for July and August, but are not expenditures against your current year allotments, they are included only to reflect an accurate "cash" balance. While the installment amounts were posted on your general ledger when the checks were written, DPI did not post to the DBS/MSA system until September. This process will not affect your bank reconciliation. A copy of the Installment Report JHA850EG (run date of October 11, 2018) detailing the installment amounts posted for your LEA was placed in your eMFTS Reports Archive folder on Thursday, October 11, 2018.

Each LEA should have reversed the State accrual entries on their general ledgers on July 1<sup>st</sup>. Not reversing the accruals impacts the cash zero out. Any differences between the accrual amount and the actual installment payment for State Funds should be moved on your general ledger to the special installment codes listed above using manual journal vouchers (JV). Please note that you cannot use auto adjustments/BUDs to move these expenditures. The manual JVs are essential so the installment versus accrual amount differences do not affect your current year allotment balance.

Also, effective September 30, 2018, DPI posted the State installment payments and accrual reversing entries to Prior Year State. The Allotment Balance Reconciliation Report (JHA351EG) for Prior Year (Company 8000) was placed in your eMFTS Reports folder on Wednesday, October 24, 2018.

**Federal Installments/Accruals:** The 11<sup>th</sup> and 12<sup>th</sup> installment payments for Federal Funds posted in July and August and are included in your MFR file. Effective September 30, 2018, DPI posted the liability portion of the accrual reversing entries for all Federal programs.

Each LEA should have reversed the Federal accrual entries on their general ledgers on July 1<sup>st</sup>. Not reversing the accruals impacts the cash zero out. Any differences between the accrual amount and the actual installment payment, for Federal Funds, will be included with your current year expenditures.

If you have any questions, please contact Roxane Bernard at (919) 807-3725 or [roxane.bernard@dpi.nc.gov](mailto:roxane.bernard@dpi.nc.gov).

AS/RB/dkm

Attachment(s)

c: LEA Superintendents

**STATE - 11<sup>TH</sup> AND 12<sup>TH</sup> INSTALLMENT AND ACCRUAL REPORTING**

Step Done By		
	1)	FY Year end - LEAs finalize cash expenditures and send Period 12 MFR to DPI. This file shall contain all BUD transactions for the FY and shall <b>NOT</b> contain the Period 13 accrual entries. This file is used for posting cash expenditures to MSA and for zeroing out cash.
	2)	LEAs book the accruals to their GL with a June 30 date and send the accrual file and the MFR Period 13 file to DPI. This file is not posted to MSA but is used for Per Pupil reporting.
<b>DPI</b>	3)	Accruals are posted to MSA Period 13 (June 30) State Company 1000.
<b>DPI</b>	4)	DPI creates State Prior Year Company 8000 using Period Company 1000 Period 13 balances.
	5)	LEAs should reverse their accruals on July 1. July MFR file reflects accrual reversal and July installment payments.
	6)	DPI will <b>NOT</b> do the <b>July zero out</b> .
	7)	August MFR reflects August Installment payments.
	8)	<b>DPI used YTD expenditures for August Zero Out and added back the installment payments to ensure we did not take back \$ paid for installments. At this point, the MFR balances reflected the differences between Accrual and Installments (assuming accruals were reversed).</b>
	9)	Now the LEAs current year expenses reflect the difference between accruals and actual installments which impacts their current year allotment. Therefore, LEAs need to manually move the difference amounts on their <b>GL using Journal Vouchers</b> . (Do not prepare BUD entries) Differences should post to the Installment Collapse Codes: <ul style="list-style-type: none"> <li>a. 5110-001-120 for Salary</li> <li>b. 5110-001-210 for Social Security</li> <li>c. 5110-001-220 for Retirement</li> </ul> NOTE: Moving the differences to the collapse codes is critical so these amounts do not affect your cash zero out or your current year allotment. DPI does not post these amounts to MSA.
<b>DPI</b>	10)	In September in the MSA State Prior Year Company 8000 report (JHA351EG), DPI reverses the accruals and posts the installment payments. Now Company 8000 reflects the actual total expenditures for FY 2018.
<b>DPI</b>	11)	In September in the MSA State Company 1000 (Current Year State), DPI posts the Installment Collapse amounts to the same Installment Collapse Account Codes: <p style="text-align: center;"><b>Class-Purpose Code-Object code PRC Number</b></p> <ul style="list-style-type: none"> <li>a. 2-5110-120 PRC 001 for Salary</li> <li>b. 2-5110-210 PRC 001 for Social Security</li> <li>c. 2-5110-220 PRC 001 for Retirement</li> </ul> NOTE: These amounts are needed to reflect the actual cash owed to the LEAs for Installment payments. The collapse summarizes the installment payments posted to Company 8000, so the summarized amounts can be posted to the collapse account codes in Company 1000.
<b>DPI</b>	12)	End of September, DPI published a copy of the Installment Report JHA850EG (date run of October 11, 2018) detailing the installment amounts posted for your LEA is in the eMFTS Reports Archive folder on Thursday, October 11, 2018.
	13)	<b>DPI took the differences in affect for September Zero Out because LEAs had not had chance to book the differences to the collapse codes, so they would be reflected correctly on the MFR.</b>
	14)	<b>In October, DPI assumed LEAs posted the differences to the Collapse codes. If LEAs did not post the difference, then their Zero Out for October was affected.</b>

**FEDERAL - 11<sup>TH</sup> AND 12<sup>TH</sup> INSTALLMENT AND ACCRUAL REPORTING**

Step Done By:		
	1)	FY Year end - LEAs finalize cash expenditures and send Period 12 MFR to DPI. This file shall contain all BUD transactions for the FY and shall <b>NOT</b> contain the Period 13 accrual entries. This file is used for posting cash expenditures to MSA and for zeroing out cash.
	2)	LEAs book the accruals to their GL with a June 30 date and send the accrual file and the MFR Period 13 file to DPI. This file is not posted to MSA but is used for Per Pupil reporting.
<b>DPI</b>	3)	Accruals are posted to MSA Period 13 (June 30) State Company 3000.
	4)	LEAs should reverse their accruals on July 1. July MFR file reflects accrual reversal and July installment payments.
	5)	DPI will not process a July zero out.
	6)	August MFR reflects August Installment payments.
	7)	Now the LEAs current year expenses reflect the difference between accruals and actual installments which impacts their current year allotment and cash. This is correct for Federal Funds.
	8)	<b>DPI does August zero out and includes installment payments because MFR only reflects the difference between accrual and installments.</b>
<b>DPI</b>	9)	1) In September in the MSA Federal Company 3000, DPI reverses the accrual entry <b>Class Number-Purpose Code-Object Code PRC Number</b> a. 2-2160-120 various PRCs for Salary b. 2-2220-210 various PRCs for Social Security c. 2-2260-220 various PRCs for Retirement