



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | Catherine Truitt, *Superintendent of Public Instruction*

WWW.DPI.NC.GOV

TO: LEA Finance Officers

FROM: Jennifer Bennett

DATE: May 13, 2022

SUBJECT: CLOSING PROCEDURES FOR FISCAL YEAR 2021-2022

To comply with the North Carolina Office of State Budget and Management's closing deadline for the fiscal year ending June 30, 2022, please adhere to the following closing procedures.

Failure to adhere to the instructions within this memorandum could result in your local education agency (LEA) unnecessarily reverting funds or creating salary audit exceptions.

Close Out Dates and Procedures

JUNE 6 By this date, please review the contact information DPI has on file for your LEA. The file list contacts for LEA data file questions and BUD/adjustment questions. The file is located at [School District Finance Operations | NC DPI](#). If the contact information is not correct, email the correct name, direct telephone number and email address of the LEA's finance officer to Nathan Squire at nathan.squire@dpi.nc.gov.

The list should include the primary and secondary contact person who will answer data files questions, and the contact person who will handle BUD/adjustments questions.

JUNE 30 Prior to midnight June 30, 2022, ensure you have completed the following:

Transmit all expenditures/salary adjustments and refunds using BUD or vendor software.

REMINDER: DPI prefers small batches when transmitting BUD batches. Important to keep those batches containing June vouchers separate from those containing vouchers cut in May or earlier. Batches with June vouchers cannot be processed until we receive your June payroll data files.

Refund all over expended allotments (dollars and positions).

Submit your BAAS (federal budget amendments) files reflecting federal program activity for the fiscal year.

JULY 1 DPI will begin pulling data on or after 12:01 AM Friday, July 1, 2022.

Your LEA financial contact **MUST** be available by 7:00 AM Friday, July 1, 2022. The LEA contact is responsible for making sure that DPI receives all required data files. This individual must be available until DPI sends a communication notification that the data passed all the preliminary validations DPI will contact the individual on the LEA list found at [School District Finance Operations | NC DPI](#).

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, Thursday, June 30, 2022.**

If you discover problems with your data and need to resend your files, you must notify DPI by 7:00 AM on July 1, 2022, of the need to resend. Please notify Roxane Bernard at 984-236-2460 or roxane.bernard@dpi.nc.gov.

Note: DPI will not be able to close out the fiscal year until **all** June 2022 data files are received from all LEAs. If any LEA's June 2022 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 on-site by 7:00 AM on Friday, July 1, 2022. If the initial transfer does not process successfully, DPI will notify you and ask you to transfer your data again. This process will repeat until DPI has received clean files from all LEAs.

The contact person at your LEA is released only once you have received a confirmation notification that your data has been received and verified.

B. Special Note on June Expenditures

1. For personnel paid from state funds, all time worked in June **must** be paid by June 30, 2022 (See exception below). The funding of FY 2022 salary expenditures may **not** be carried over into July 2022, regardless of the allotment or funding source (except for local funding). This includes funds which may carryover (e.g., At-Risk Student Services).

Checks must be issued by the date due. All state obligations of fiscal year 2022, including time worked in June, must be paid by June 30, 2022. Payments to personnel employed in allotment categories which may carry over to the next fiscal year (such as PRC 069) are not exempt from this requirement. Payments for time worked in the fiscal year 2021-22 but not paid until the 2022-23 fiscal year, will result in a salary audit exception and the LEA is required to refund the State (this does not apply to salaries paid from local fund source).

Federal Only – Federal grant expenditures may be paid after June 30th if the federal grant has a September 30th end date.

2. You may only pay for goods and services with fiscal year 2021-22 funds if you have received the goods and services. Payments made prior to receipt of goods and services are subject to repayment to the State.
3. All BUD expenditure adjustments for the 2021-22 fiscal year must be received by midnight, June 30, 2022. There will be a limited correction period. DPI will communicate specific instructions regarding the corrections window in the School Business newsletter.
4. All expenditures must be coded to valid account codes. The LEA must reclassify any invalid account codes prior to the fiscal year end close out. **Failure to correct invalid account code postings may result in incorrect data file postings and the pulling back of state and federal funds during the year end zero out process.**

C. Refunds and Adjustments

You must refund all over expended dollar and position allotments for current and prior year, by midnight June 30, 2022. Allotment overdrafts constitute a violation of Cash Management Statutes (G.S. 147-86.11 and G.S. 147-86.12). When you receive notification of exceptions, you are already in violation of the General Statutes.

All expenditures/salary adjustments and refunds must be submitted by midnight June 30, 2022.

Refunds for fiscal year 2021-22, which are received by DPI *after* June 30, 2022, will be rejected. They will need to be resent as prior year refunds. These funds will not be available for expenditure by the LEA in either FY 2021-22 or FY 2022-23.

DPI has been processing BUD batches twice a day the entire fiscal year. Please receive your BUD files daily and immediately make corrections to any denied batches.

LEAs will have the opportunity to correct and resubmit denied batches from the June 2022 salary voucher load. DPI communicates specific instructions regarding the correction window in the School Business newsletter. Remember to provide the Division of School Business your LEA contact information for adjustments and refunds by the June 6, 2022, deadline.

D. State Program Report Codes (PRCs) Which Carry Over if Approved by OSBM

There are several allotment categories scheduled to carry over from FY 2021-22 into FY 2022-23. **However, all carryover funds are dependent on approval by the Office of State Budget and Management.** Carryover, if approved, will be allotted in FY 2022-23 in Allotment Revision 3.

DPI may request carryover of funds for programs and authority may be provided, but carryover provision is written in legislation for the following:

School Technology Funds (PRC 015) - Unexpended funds will remain in the interest-bearing account until spent.

Summer Reading Camps (PRC 016) – Unexpended funds will carryover until October 31, 2022.

CTE Grade Expansion Program Grant (PRC 064) - Unexpended funds will carry forward until funds are expended.

At-Risk Student Services/Alternative Schools (PRCs 068/069) - Unexpended funds may carry forward until August 31, 2022.

State Textbook and Digital Resources Funds (PRC 130) - Calculate the carryover as follows: June 30, 2022, balance carried over into FY 2022-23, plus FY 2021-22 allotments, less FY 2121-22, expenditures equal allowable carryover. Transfers into this allotment from other PRCs are not allowed to be carried over and will not be included in the calculation.

Note: PRC 131 Textbook and Digital Resources does not have carryforward authority, so LEAs need to be sure any unused funds are transferred back to PRC130 before **May 31, 2022**.

LEA System Modernization (PRC 153) Unexpended funds will carryforward until the end of the LEAs project.

E. Hospitalization Employee

Deductions

10-month employees receiving their pay within the 10 months (i.e., 10 checks):

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 due.

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

Employer Payments

Only twelve months of employer matching payments for hospitalization are eligible to be paid from any fiscal year. Do **NOT** accrue these premiums; they must be paid during the

May 13, 2022

month the premiums are due. Therefore, the matching 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 the first week of July.

Remember, 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**.

Please see the memo **Clarification of Guidelines for Payment of Health Insurance Coverage**, regarding the payment of health insurance coverage. This letter is located on the Financial and Business Services / Resources / Memos site:

<https://files.nc.gov/dpi/documents/fbs/resources/memos/healthcoverage.pdf>.

F. Preparation of Personal Service Vouchers at the Close of the Fiscal Year

Make sure all absences for the year through the last workday have been reported and appropriate deductions made. Any other adjustments should be made now. Make any required salary adjustments if pay line gross is not in agreement with the assigned certified salary.

Longevity must be paid by June 30, 2022, for any eligible employee who is retiring, resigning, or terminating.

On June 30, any employee who has over 30 days of annual leave (240 hours) shall have that excess transferred to sick leave. On June 30, you must convert personal leave in excess of 5 days to sick leave.

Retirees: If a retiree is participating in the State Health Plan (SHP), the SHP coverage will change from the active group to the retiree group upon retirement. For more information, see www.myncretirement.com/retirees/retiree-health-benefits.

G. Federal

Indirect Costs

Calculate the LEA's indirect cost in June. **Pay all indirect costs in June.** Sales and Use Tax refunds received should be included when calculating indirect costs.

Deadline for Federal Budget Amendments

DPI must receive your budget amendments reflecting federal program activity for the fiscal year ending June 30, 2022, by midnight June 30, 2022.

An amendment is required if you have cumulative transfers, which exceed or are expected to exceed 10% of the current total approved budget. Therefore, you should take into consideration **all** project activity before submitting your final budget amendment for FY 2021-22. Make the appropriate changes at the local level for any over expended projects, as they are subject to an audit exception.

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. The list of Federal Grants Administered by the North Carolina Department of Public Instruction FY 21-22 can be found at: www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/federal-fiscal-oversight-and-compliance

H. Deadline to Request Federal and State Cash for FY 2021-2022

The last day by which you may request **Federal cash** for FY 21-22 is **Monday, June 20, 2022**, with a **Funds Requirement Date (FRD) of Friday, June 24, 2022**.

The last day by which you may request **State cash** for FY 21-22 is **Friday, June 24, 2022**, with a **Funds Requirement Date (FRD) of Wednesday, June 29, 2022**.

Please note we will have additional instructions related to cash management for the end of June coming out shortly. We will have some manual processes in place to help ensure that our cash balances on June 30th remain accurate and reasonable in relation to your final expenditures. We cannot rely upon the June zero-out to “true-up” cash on June 30th. Excessive cash balances will be audit exceptions.

I. UERS Data Transfer Schedule for LEAs for Fiscal Year 2022-2023

The UERS Data Transmissions from LEA to DPI for Fiscal Year 2022-2023 is included as Attachment I and a link to the Datafile Schedule. Included on the Financial and Business Services website on the School District Finance Operations page: [School District Finance Operations | NC DPI](#).

If you have any questions pertaining to the items in this letter or in the attachment, please contact Roxane Bernard at roxane.bernard@dpi.nc.gov.

JB/RLB/dkm

Attachments

ATTACHMENT I

**UERS DATA TRANSFER SCHEDULE for LEAs
Fiscal Year 2022-2023**

LEA Annual Financial and Statistical Data Requirements - Annual Financial Report (AFR)		
Statistical Data		Annually
AFR	13th month FY 21-22 (Preliminary)	07/26/22 (Tuesday)
AFR	13th month FY 21-22 (Final)	08/17/22 (Wednesday)
LEA Fiscal Data Transferred to LEAs and Monthly Financial and Statistical Data Requirements (MFR)		
2022	July	08/02/22 (Tuesday)
	August	09/02/22 (Friday)
	September	10/04/22 (Tuesday)
	October	11/02/22 (Wednesday)
	November	12/02/22 (Friday)
	December	01/04/23 Wednesday)
2023	January	02/02/23 (Thursday)
	February	03/02/23 (Thursday)
	March	04/04/23 (Tuesday)
	April	05/02/23 (Tuesday)
	May	06/02/23 (Friday)
	June	06/30/23 (Midnight, Friday night) (Tentative, pending official FY 22-23 close-out letter)