



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

April 19, 2000

**IMPORTANT
DEADLINES!**

MEMORANDUM

TO: Business Officers
Controllers/Bookkeepers

FROM: Annette Dishner
State-Aid Accountant

SUBJECT: State Close-Out Procedures (FY Ending June 30, 2000)

The 1999-00 fiscal year ends Friday, June 30, 2000. It is vital that you follow the revised procedures outlined below in closing out your financial records.

- 1. May Reports and Electronic Transfer**
The May reports (Form 112, etc.) must be mailed to us as soon as possible, and must reach us no later than Tuesday, June 6. To expedite report verification, use Attachment A to check report totals for the month ending May 31, 2000. We will be unable to certify funds until we receive your report. Your June certification will be based on the June request you included for the fourth quarter. This will be subject to your available certification balance and our cash availability. **Please be sure to download your electronic file promptly.**
- 2. June Expenditures**
You should attempt to pay for all goods and services delivered during 1999-00 from this year's budget. However, the necessity to close your records, or the shortage of cash, may result in some checks not being written by June 30. **UNDER NO CIRCUMSTANCES CAN YOU PAY IN**

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ADVANCE FOR GOODS OR SERVICES WHICH HAVE NOT BEEN RECEIVED. Payments based on memo invoices are not allowed. You should request billing with shipment for items delivered late in June. PLEASE BE AWARE OF BOTH YOUR BUDGET BALANCE AND CASH BALANCE AT ALL TIMES! Do not presume that your certification is for the amount you requested unless you have notification in hand. Travel-related expenses incurred through June 21 must be reimbursed before June 30. Travel between June 21 and June 30 should be reimbursed before June 30 if possible. If circumstances prevent reimbursement, the expense must be accrued. Checks should NOT be written after June 30 and back dated.

3. Budget Transfers and Fee Collections

The deadline for budget transfers of state funds is Monday, June 19; the "Requests for Budget Adjustments" (104s) must be received by that date. Please project your expenditures for the remainder of June and make the necessary transfers so that there will be no over-expended functions and/or line items on your final 112 report. In particular, all transfers between current operating and capital outlay must be received by June 19 since further processing is required by the Office of State Budget and Management.

The same deadline (June 19) is applicable on allotment of patron fees, live projects fees, additional fees, etc. While these fees will be allotted as usual through this date, remember that this does not automatically increase your certification. You must request an increase in certification separately and this request is subject to the availability of cash.

REMINDER: Colleges may not transfer more than 2 percent from curriculum formula salary and fringe without prior State Board approval.

4. Deadline for June Reports and Electronic Transfer

Your June DCC 2-12 (112) must be received by us **no later than Wednesday, July 5**. This deadline is necessary in order for us to comply with the close-out schedule of the Office of State Budget and Management. **Be sure to download your files promptly. FOR THE MONTH OF JUNE ONLY, SEND THE ENTIRE 112 REPORT TORN APART.** In addition to the entire 112 report, the following must also be included with your June report packet:

- < General Expense Check Register (torn apart, in page order, and stapled)
- < Payroll Check Register (torn apart, in page order, and stapled)
- < Schedule A report
- < Journal Entries affecting 112 report and/or cash disbursing
- < Voided State Checks

5. Receipts Deposited to State Treasurer

All receipts through June 30 must be deposited promptly and the Certificate of Deposit sent to the department as soon as possible. All deposits through June 30 must receive prompt and uniform handling between the Certificate of Deposit and the DCC 2-12 (112) report.

6. Certification Balances

Write a state check for the unexpended cash certification after you have completed writing all checks for the year. This check will be entered as the last check on the General Expense check register with the explanation: "Refund of Certification to the State Board of Community Colleges." THIS WILL BE A MANUAL CHECK. THE REFUND CHECK WILL BE CHARGED TO THE REVENUE ACCOUNT FOR "STATE CERTIFICATIONS." If balances remain in both the current and capital outlay accounts, both accounts must be brought to zero. The check must be for the exact amount of unexpended certification as shown on line six in the Reconciliation of Cash Balance section of the DCC 2-12 (112) and enclosed with your June report packet to reach us no later than Wednesday, July 5, 2000.

PLEASE DOUBLE CHECK YOUR CASH BALANCE BEFORE WRITING THIS CHECK. If prior to writing the refund check you realize that you are going to have any significant, unexpended cash certification in either current operating or capital outlay, we would appreciate your contacting us by telephone to that effect (Gina Sampson; Extension 228).

7. Refunds of Receipts and Expenditures

Reimbursement for all refunds is handled at the state level and requires no extraordinary measures at the colleges. HOWEVER, IF YOU ANTICIPATE REIMBURSING STATE FUNDS FROM OTHER SOURCES TO AVOID BEING OVER EXPENDED, PLEASE DO TWO THINGS. First, do not wait until you close out to compute and deposit the refund. Do it as early as possible and notify us by phone immediately. Second, be sure that you have proper authorization to make the transfer.

8. First Quarter 2000-01 Certification Request

Do not request funds for July on the June 112 report. The total funds needed for July should be estimated and requested as part of your quarterly estimate of certification needs for July through September. Your certification request should be made on Attachment B which is included in this memo, and must reach us no later than June 1. We will accept this information by FAX or mail.

9. Budget Allotments for 2000-01

Your budget allotments (Form 108) for 2000-01 will be mailed to you as early in the new year as possible. Please post your budget to your state codes as soon as you receive it and in the exact amounts shown on the form. Complete instructions concerning your DCC 2-4 and DCC 2-1 forms will be included with your budget allotment as soon as we have the relevant information from the Legislature.

10. Deposit Numbers

Remember on July 1, 2000, you will start a new numerical series beginning with "1" for Certificate of Deposit Form DCC 10-4. We do NOT generally recommend resetting other number sequences for requisitions, purchase orders, vouchers, or checks. (The process for submitting certificate of deposit forms is scheduled to change July 1. Additional information will be forthcoming.)

11. Unexpended Balances of Categorical Funds

Categorical funds which have not been reported as expended by June 30 must be reverted. In other words, you must have an unexpended budget balance on the DCC 2-12 no less than the sum of your unexpended categorical funds. The various categories include: Vocational Education-Basic Grant, New Industry, Worker Training Trust part of Focused Industrial Training, Priority Programs, and Tech Prep.

Literacy Education - The part identified as federal funds must be spent for Literacy Education. If the year-to-date state expenses, as shown in purpose 321, 322, and 323 of the 112 Report, are less than the amount of federal funds, the difference must be reverted. Your federal portion may be found on page 219 of the 1999-00 Formula Applications By College State Aid Budget manual.

12. Special Projects - Processed by Joy Wright

Request for reimbursement for all projects, including State Board Reserve funds, handled on a reimbursement basis must be mailed to **reach us no later than Wednesday, June 14, 2000.** All budget revisions for these projects must be submitted and approved prior to your final reimbursement request. As a general rule, special projects will not have unexpended budget balances reallocated in fiscal year 2000-01. Any expenses not filed for reimbursement and any reimbursements not received by June 30 should be accrued.

State Board Reserve year-end reports and executive summaries must be submitted to Dr. Delores Parker, Vice President for Academic and Student Services, no later than August 31, 2000. **For feasibility, pilot projects, and innovative ideas,** the report must indicate lessons learned, outcomes and results, transportability of the program to other colleges, timetable and cost of implementation, and other summary information, which will assist other colleges in implementing a similar project. **For start-up programs and special provisions,** indicate how funds were expended and how the funding enhanced the implementation of the program.

13. Construction - Processed by Patricia Edmondson

Requests for reimbursement for all capital construction projects must be mailed to **reach us no later than 11:00 a.m. on Wednesday, June 7, 2000.** Faxes will NOT be allowed. Although the balance in capital construction projects does not revert on June 30, requests for reimbursement will not be processed between June 15 and July 12. Our office is required by the Office of State Budget and Management to close capital construction budgets earlier than other budgets. If you have a dire emergency, please let us know and we will try to help.

14. Literacy Education

Due to the need for prompt information on Literacy Education expenditures at the end of this year, I am requesting that all colleges send us expenditure totals (cash basis) for purposes 321, 322, 323. **This information must be submitted on Attachment D no later than July 6, 2000.** Since Attachment D will capture the literacy expenditure information needed, do not send department/cost-center reports for literacy expenditures.

15. New Industry Training (purpose 360)

Send a copy of your New Industry departmental/cost-center report(s). If you did not assign a separate department/cost center for **each** project, you must provide a statement identifying the industry project and an itemized list of year-to-date expenditures by purpose. This report(s) **must** be included with your 112 report packet and must include the amount of administrative allowance expended by project on each departmental/cost-center report submitted. **This information must be submitted no later than July 5, 2000. NOTE: Administrative allowance expenditures cannot exceed 5 percent of the total amount expended by project.**

For New Industry projects that have ended (e.g., training has been completed, all expenditures have been processed, and payments made), please return all unexpended budget balances by project on a Form 2-5 to Annette Dishner. These balances must be returned to the System Office **before June 1, 2000.**

For New Industry projects that are on going (e.g., training will continue after July 1, 2000, and payments for that project will occur after July 1, 2000), please ensure the unexpended balance on the department/cost center report is correct. After these budget balances have been reviewed by the New and Expanding Industry staff, funds will be reallocated accordingly.

16. Year-End Adjustments

Remember after your state reports have been completed, you will have to journalize a number of adjustments to bring all funds to the modified accrual basis. These accruals should include all accumulated vacation leave and other unrecorded liabilities and assets. If you have any doubt about what adjustments are required, I suggest that you contact your local auditor. **Please do not record accruals until we have had sufficient time to process your June data.** This is usually done within two weeks of your mailing. Additional information concerning adjustments and changes that will impact your financial statements will follow in a separate memorandum.

17. Employees Paid Over a 12-Month Period

Employees who work less than a full year, but who have their pay spread over 12 months, may have their 12 months included in the regular payrolls for July and August as appropriate. The only extraordinary requirement is to accrue this expense for financial statement purposes.

18. June Non-State Payroll Certifications

We will be unable to make a payroll certification for non-state employees until we receive your refund. Refunds are due into this office via ACertificate of Deposit@ FAX no later than 10 a.m. on Monday, June 26. The earlier you get your refund from non-state funds to us, the earlier we will be able to certify this portion. (This, of course, applies only to colleges using the payroll clearing account.) Otherwise, we will notify everyone of the certification as soon as possible.

19. Vocational Education Expenditures (VOED) for June

To assist the System Office in requesting federal funds, please submit to our office your anticipated VOED expenditures for June. This information should include anticipated current general expense, capital and payroll expenditures. Your anticipated expenditure information should be listed on AAttachment C@ and must reach us no later than Friday, June 9, 2000.

20. Equipment Inventory Transmission

Each college will need to furnish us with their equipment inventory as of June 30, 2000. This information will be transmitted to us as part of June=s equipment audit process (module cc.eq; menu 4,2). June=s audit process must be completed and transmitted to us no later than Friday, July 14, 2000.

21. Equipment Carryover (purpose 920)

If you have transferred and spent categorical funds for equipment during the year, be sure that the expenditure was correctly coded with the appropriate object and/or vocational code. If there was no specific categorical equipment object available, but a categorical vocational code was used as the identifier, please furnish us with the entire expenditure code used, total amount paid, and the equipment expenditure category (e.g., HRD capital, Disadvantage Nursing capital, etc.). Failure to do this will adversely affect your carryover equipment balance.

22. Equipment Reserve Carryover (purpose 921)

Unexpended equipment reserve carryover will automatically carry over and be allotted based on June=s 112 expenditures in purpose 921. If corrections need to be made that affect purpose 921, they must be posted prior to submitting June=s Cash Basis 112 report.

23. Retirement Matching Rate

The matching retirement rate for fiscal year 2000-01 will be **10.83** unless further notice is given.

Business Officers
Controllers/Bookkeepers
Page 8
April 19, 2000

Our office requests that someone familiar with the financial reports be available during the close-out period. **If your office will be closed during the week following July 4, please furnish us with the phone number of someone who can answer any questions that may arise.** If you have any questions concerning any of the above items, please let us know so problems can be avoided.

AD/jmh

Attachments

pc: Presidents
 Kennon Briggs
 Larry Morgan