



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

May 18, 2001

**IMPORTANT
DEADLINES!**

MEMORANDUM

TO: Business Officers
Controllers/Bookkeepers

FROM: Annette Dishner
State-Aid Accountant

SUBJECT: State Close-Out Procedures (FY Ending June 30, 2001)

The 2000-01 fiscal year ends Friday, June 29, 2001. It is vital that you follow the revised procedures outlined below in closing out your financial records.

- 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 5. To expedite report verification, use Attachment A to check report totals for the month ending May 31, 2001. 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.**
- June Expenditures**
You should attempt to pay for all goods and services delivered during 2000-01 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 ADVANCE FOR GOODS OR**

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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 **Tuesday, 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, Planning, 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 Thursday, 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 **Thursday, July 5, 2001.**

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 2001-02 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 2001-02

Your budget allotments (Form 108) for 2001-02 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, 2001, 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, Tech Prep, and HB 275.

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 177 of the 2000-01 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 Friday, June 15, 2001**. 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 2001-02. 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, 2001. **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 6, 2001**. 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 8 and July 12. Our office is required by the Office of State Budget, Planning, 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, 2001.** 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 361) and New Industry Training HB 275 (purpose 362)**

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, 2001. 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, 2001.**

For New Industry projects that are on going (e.g., training will continue after July 1, 2001, and payments for that project will occur after July 1, 2001), 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 cash basis 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 "off 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 “Certificate of Deposit” FAX no later than 9:00 a.m. on Tuesday, 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 “Attachment C” and must reach us no later than Friday, June 8, 2001.

20. Equipment Inventory Transmission

Each college will need to furnish us with their equipment inventory as of June 30, 2001. 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 13, 2001.**

21. Equipment Carryover (purpose 920)

It is anticipated that unexpended equipment (920) and book (930) budget balances will automatically carryover and be reallocated based on June’s 112 expenditures.

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. As a reminder, categorical current budget must be transferred to categorical capital budget to cover capital categorical expenditures.

22. Equipment Reserve Carryover (purpose 921)

It is anticipated that unexpended equipment (921) budget balances will automatically carryover and be reallocated based on June’s 112 report expenditures.

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. **HB 275 Equipment & Technology Carryover (purpose 922)**

Unexpended HB 275 equipment will automatically carryover and be reallocated based on June's 112 expenditures in purpose 922 and 450. To ensure accurate carryover balances, refer to "Attachment E" for allowable objects. If 922 budget was transferred to purpose 450, expenditures must be charged to object 24410. As a reminder, budget transferred into 450 from 922 must be fully expended. If budget remains in purpose 450, it will not be included with your 922 carryover amount. Therefore, it is the college's responsibility to carefully monitor budgets and submit the necessary transfer forms.

24. **Performance Funding Carryover**

In the 1999 Session of the General Assembly, performance funding carryover was implemented. Based on performance measures met, a college is entitled to carryover into the next fiscal year one-third of one percent (1/3 of 1%) of its final fiscal year **General Fund Appropriations**.

Prior to sending June's 112 report, colleges must ensure expenditure objects and vocational codes are accurately recorded. To determine allowable performance funding carryover, budgets will be closely verified. Due to the uncertainty of approval to carry forward these funds, colleges will be notified at a later date whether or not approval has been received from OSBP&M, and the amount of carryover budget each college will receive. Aside from colleges ensuring expenditures are accurately recorded, no further action will be necessary.

25. **Summer-Term Funding Carryover**

To accurately track summer-term funding expenditures, salary and fringe benefit expenditures must be coded to vocational code 48 and other costs must be coded to vocational code 49 on your June 30 Schedule "A" report. As a reminder, funds are to be used for curriculum instructional costs only beginning in summer term 2001.

Due to the uncertainty of approval to carry forward these funds, colleges will be notified whether or not approval has been received from OSBP&M. If approval is received, colleges will be notified to further explain the procedures by which the funds will be carried forward.

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26. Retirement Matching Rate and Remittance

The matching retirement rate for fiscal year 2001-02 is not currently available. You will be notified as soon as the new rate is established. Effective July 2001, retirement remittance should be made payable to the “**North Carolina Retirement System**” and 100 percent remitted to the North Carolina Retirement System. Do not submit any portion to the Office of the State Controller (OSC) unless direct to do so at a later date.

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: Kennon D. Briggs
Larry Morgan
Alice L. Smith
Presidents