



**STATE OF NORTH CAROLINA**  
**OFFICE OF STATE BUDGET AND MANAGEMENT**

BEVERLY EAVES PERDUE  
GOVERNOR

CHARLES E. PERUSSE  
STATE BUDGET DIRECTOR

May 14, 2010

**MEMORANDUM**

TO: Department Heads and Chief Fiscal Officers  
All State Departments, Institutions and Agencies

FROM: Charles E. Perusse *Charles E. Perusse*

SUBJECT: Budget Guidelines for Closing Fiscal Year 2009-10

**Encumbered Funds (Carry Forward)**

The Office of State Budget and Management (OSBM) will review requests to carry forward funds from FY 2009-10 to FY 2010-11 in compliance with G.S. 143C and G.S. 116-30. Agencies should submit their carry forward requests (in the attached template) and BD 606's to OSBM no later than **June 25, 2010**. The carry forward requests should be divided into four categories:

Category A - Required by general statutes or session law (funds are designated as non-reverting);

Category B – Unearned revenue received in FY 2009-10 for goods or services that will be provided in FY 2010-11, such as summer school tuition receipts;

Category C – The clear proceeds for fines, forfeitures, and penalties as of June 2010 payable to the Civil Penalty and Forfeiture Fund must be carried forward for transfer in July 2010; and

Category D – Funds to support encumbrances made on/or before May 10, 2010, may be requested to be carried forward provided there are not funds in next year's budget to liquidate the encumbrance.

OSBM will review the carry forward requests in context of the State's revenue (cash) situation, and advise agencies of the amounts approved in late June or early July. Once OSBM has approved the carry forward amounts, **OSBM will enter the cash requisitions**, and the agencies will review and submit them to the Office of the State Controller (OSC). OSBM will provide OSC a listing of all approved carry forward amounts, at which time the cash carry forward requisitions will be released by OSC.

### **Departmental Receipts and Federal Funds**

Agencies shall complete a year-end reconciliation of receipt supported expenditures and related collection of receipts to ensure these are in balance. To the extent the agency has deposited excess federal receipts in the general fund, they must be returned to the 3XXXXX federal code. Similarly, the agency shall make every effort to collect all earned receipts within the fiscal period.

### **Special Provisions (Carry Forward)**

Departments, institutions or agencies that have special provisions proposed by the 2010 Session of the General Assembly that require carry forward of funds from FY 2009-10 to FY 2010-11 should submit budget revisions for those purposes to OSBM by **June 25, 2010**. The budget revisions will be held until action is taken on the provisions by the General Assembly and then considered based on cash availability.

### **Reconciliation of Salary Reserve**

Salary reserve balances at the fund/center level within a budget code cannot be negative at the end of the fiscal year. Appropriate budget revisions (BD 606s) and/or personnel actions must be prepared to realign the salary reserve prior to closeout. OSBM will work with agencies to adjust their salary accounts by 606, if necessary. Department budget officers will verify in writing to OSBM that negative salary reserve balances do not exist prior to certifying the June 2010 BD 701 monthly budget reports as final. A new report called RK656 is on X/TND and dynamically calculates salary reserve from BEACON and approved 606s. Agencies can use the report to review reserve balances and FTE counts.

Agencies shall not reduce the budgeted salaries of vacant positions to the minimum where positive salary reserve balances already exist. OSBM will review June 2010 transactions to ensure this direction is adhered to. These transactions will be reviewed and considered when determining agency allocations of any statewide reserve for legislative salary increases.

### **Cash Balances**

The BD 701 monthly budget reports for all special funds for June 2010 cannot contain any negative cash balances at the fund/center level.

### **Over Expended Accounts**

The BD 701 monthly budget report for June 2010 cannot have negative balances in the "Unrealized Authorized" column for any six digit expenditure account at the fund/center level. Agencies must also check the certified and authorized budget amounts to assure that there are no negative budgeted amounts in the certified and authorized budget columns in the BD 701.

**Reconciliation of Budgeted Codes**

Departments, Institutions and Agencies must review the BD 701 budget reports to ensure that the budgeted amounts in both certified and authorized columns reconcile to actions approved by OSBM through the BD 606 process. Please use the RK 317, RK323, and RK325 reports as of June 30, 2010 in the reconciliation process.

**Capital Improvement Allotments and Reports**

All allotment requests for the month of June must be submitted to OSBM by **June 4, 2010**. Chief Fiscal Officers are to review all capital improvement budget codes and close all completed capital projects. Requests to close capital budget codes must be submitted to OSBM by **May 28, 2010**. Capital Improvement reports must be completed and filed by **June 21, 2010**, which is separate from reports covering current operations. Unused funds must be returned to their original source or reverted to the General Fund. Please note that the last bond and COPs requisition will occur during the week of **June 7, 2010**.

**General Fund, Highway Fund, Highway Trust Fund and Special Fund Monthly Reports**

Two copies of final budget reports for June must be submitted to your OSBM analyst no later than **July 19, 2010**. Any agency that has not filed complete and final reports for any month in FY 2009-10 may have future allotments withheld until such reports are received by OSBM.

**Allotments for the First Quarter 2010-11**

Instructions for First Quarter Allotments for the 2010-11 fiscal year will be forthcoming at a later date pending further action by the General Assembly.

Please contact your budget analyst in OSBM at (919) 807-4700 if you have any questions about these procedures.