



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

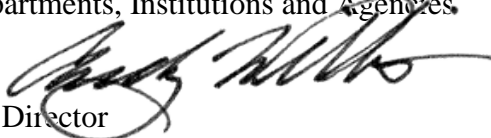
BEVERLY EAVES PERDUE
GOVERNOR

ANDY WILLIS
STATE BUDGET DIRECTOR

May 11, 2012

MEMORANDUM

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

FROM: Andy Willis 
State Budget Director

SUBJECT: Budget Guidelines for Closing Fiscal Year 2011-12

• **Carry Forward**
Encumbered Funds

The Office of State Budget and Management (OSBM) will review requests to carry forward funds from FY 2011-12 to FY 2012-13 in compliance with G.S. 143C and G.S. 116-30.3. Agencies should submit their carry forward requests (in the attached template) to OSBM no later than **June 15, 2012**. The carry forward requests should provide appropriate documentation of authority and justification of need, should include an agency priority, and should be divided into three categories:

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

Category B – Unearned revenue received in FY 2011-12 for goods or services that will be provided in FY 2012-13, such as summer school tuition receipts;

Category C – Funds to support encumbrances made on/or before May 11, 2012, 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 overall revenue (cash) situation, and advise agencies of the amounts approved in July. Once OSBM has approved the carry forward amounts, agencies must submit 606s to OSBM. Upon approval, **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.

Civil Penalty and Forfeiture Fund

The clear proceeds for fines, forfeitures, and penalties not transferred in June 2012 payable to the Civil Penalty and Forfeiture Fund shall be submitted as category A and carried forward for transfer in July 2012.

Special Provisions (Carry Forward)

Departments, institutions or agencies that have special provisions proposed by the 2012 Session of the General Assembly that require carry forward of funds from FY 2011-12 to FY 2012-13 should submit a request as category A.

• **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 3XXXX federal code. Similarly, the agency shall make every effort to collect all earned receipts within the fiscal period.

• **Reconciliation of Salary Reserve**

Salary reserve balances at the fund/account 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. Department budget officers will verify in writing to OSBM that negative salary reserve balances do not exist prior to certifying the June 2012 BD 701 monthly budget reports as final. Please use the RK656 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 2012 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 2012 cannot contain any negative cash balances at the fund/center level.

• **Over Expended Accounts**

The BD 701 monthly budget report for June 2012 cannot have negative balances in the "Unrealized Authorized" column for any six digit expenditure account at the fund level. Agencies must also check the certified and authorized budgets to ensure that no negative budgeted amounts exist. These standards apply to all budget codes.

- **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 RK325 report as of June 30, 2012 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, 2012**. 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 25, 2012**. Capital Improvement reports must be completed and filed by **June 20, 2012**, which is separate from reports covering current operations. Please note that the last bond and COPs requisition will occur during the week of **June 4, 2012**.

- **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 23, 2012**. Any agency that has not filed complete and final reports for any month in FY 2011-12 may have future allotments withheld until such reports are received by OSBM.

- **Allotments for the First Quarter 2012-13**

Instructions for First Quarter Allotments for the 2012-13 fiscal year will be forthcoming.

Thank you for your attention to this matter. Due to current concerns with the budget and the economic outlook, I urge you to continue to be mindful of actions submitted. Please contact your budget analyst in OSBM at (919) 807-4700 if you have any questions about these procedures.