



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


PAT MCCRORY
GOVERNOR

LEE HARRISS ROBERTS
STATE BUDGET DIRECTOR

May 12, 2015

MEMORANDUM

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

FROM: Lee Roberts 
State Budget Director

SUBJECT: Budget Guidelines for Closing Fiscal Year 2014-2015

Carry Forward

The Office of State Budget and Management (OSBM) will review requests to carry forward funds from FY 2014-2015 to FY 2015-2016 in compliance with G.S. 143C and other general statutes. Agencies should submit their carry forward requests (in the attached template) to OSBM no later than **June 15, 2015**. The carry forward requests should provide appropriate documentation of authority and justification of need, include an agency priority, and be divided into three categories:

Category A - Required by general statutes or session law (funds are designated as non-reverting), including monies owed to the Civil Penalty and Forfeiture Fund, Severance Reserve allocations for which obligations have not been liquidated, and carry forward special provisions enacted or proposed by the 2013-2015 sessions of the General Assembly;

Category B – Unearned revenue received in FY 2014-2015 for goods or services that will be provided in FY 2015-2016, such as summer school tuition receipts;

Category C – Funds to support encumbrances made on or before May 8, 2015, may be requested to be carried forward when 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 list 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 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 2015 BD 701 monthly budget reports as final. For all agencies on BEACON, please use the IBIS Salary Control Function 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 2015 transactions to ensure this direction is followed. 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 2015 cannot contain any negative cash balances at the fund/center level.

Over Expended Accounts

The BD 701 monthly budget report for June 2015 should not have negative balances in the "Unrealized Authorized" column for any six digit expenditure account at the fund level. Expenditures greater than the budget are not authorized. To the extent that the June BD 701 budget report reflects over-expended accounts, OSBM may approve retroactive budget actions for year-end closeout. Agencies should submit budget revisions (BD 606s) providing appropriate justification for such requests, including the reason for the over-expenditure, the reason prior authorization was not received, and explanation of the funding source(s) proposed to correct the over-expenditure(s).

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 RK 325 report as of June 30, 2015 in the reconciliation process.

Capital Improvement Allotments and Reports

All allotment requests for the month of June must be submitted to OSBM by **June 5, 2015**. 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 29, 2015**. Capital Improvement reports must be completed and filed by **June 22, 2015**, which is separate from reports covering current operations. Please note that the last bond and COPs requisition will occur during the week of **June 5, 2015**.

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

Two copies of final BD701 budget reports for June must be submitted to your OSBM analyst no later than **July 27, 2015**. Any agency that has not filed complete and final reports for any month in FY 2014-2015 may have future allotments withheld until such reports are received by OSBM.

Allotments for the First Quarter 2015-2016

Instructions for First Quarter Allotments for the 2015-2016 fiscal year will be forthcoming at a later date.

Thank you for your attention to and compliance with these guidelines. We trust that you will continue to be excellent stewards for the citizens of North Carolina, spending taxpayer dollars efficiently. Please contact your budget analyst in OSBM at (919) 807-4700 if you have any questions about these procedures.