

# Capital Budget Code Closure Job Aid

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## Preface

This document is intended to be a job aid used by state agencies and University of North Carolina campuses during year-end closeout preparation process. The document details 1) how to identify capital budget codes that should be closed, 2) processes for preparing capital budget codes for closure, 3) the process for closing capital budget codes.

In the 4<sup>th</sup> quarter of each fiscal year, agencies and campuses receive closeout instructions in the form of a memo from the Office of State Budget and Management (OSBM). Agencies and University of North Carolina campuses should use this job aid prior to receiving the closeout memo from OSBM in preparation for capital budget year-end close out. This job aid can also be used at any time during the fiscal year to assist in budget code clean up in preparation for closing capital budget codes.

Closing inactive and unneeded budget codes helps agencies and universities maintain clean and up-to-date records of financial activity. A budget code cannot be closed with any documented current year activity, therefore it is important to prepare for budget code closure prior to July 1 of a new fiscal year.

## Process Overview

Institution	Action	Complete by:
State Agency/University	<ul style="list-style-type: none"> <li>Identify capital budget codes that can be closed</li> <li>Enter any necessary IBIS entries to adjust the budget to reflect actuals</li> <li>Work with OSBM Analyst to return any unused appropriated CI funds back to original source</li> <li>Submit request to close capital budget code(s)</li> </ul>	Mid May
OSBM	<ul style="list-style-type: none"> <li>Review Agency/University request to close budget code(s)</li> <li>Compose memo to OSC listing all CI budget codes that are approved for closure in CMCS and NCAS</li> <li>Send memo to OSC</li> </ul>	Early June
OSC	<ul style="list-style-type: none"> <li>Review OSBM request to close budget code(s)</li> <li>Central Compliance section works to close budget code(s) in CMCS</li> </ul>	Early June
State Agency/University	<ul style="list-style-type: none"> <li>Monitor CMCS for confirmation that budget code(s) have closed</li> <li>Contact OSC analyst and request budget code closure in NCAS</li> </ul>	Mid-Late June
OSC	<ul style="list-style-type: none"> <li>Analyst reviews OSBM memo and CMCS to verify that the budget code should be closed</li> <li>Analyst reviews budget code trial balance and correct any remaining balances in coordination with Agency/University</li> <li>Inactivate all distributions from the closed budget code(s) to remove budget code from BD725</li> </ul>	The following fiscal year

Table 1: Budget Code Closure Process Overview

## Identifying Budget Codes to be Closed

The BD725 report pulls budget data directly from NCAS. For agencies, IBIS entries interface with NCAS on a nightly basis. For universities, this data only updates once per month. (UNC campuses maintain their own, separate budgeting systems in Peoplesoft or Banner which interface into NCAS, but not IBIS). The report can be generated from the NC GDAC online portal.

The BD725 report is a useful tool for monitoring CI project budgets and identifying budget codes that can be closed. It reports budgeted, allotted, and expended amounts at the fund code and budget code levels. When proceeding with the budget code closure process, it is important to review both and budget code summary and all the fund codes within it.

Budget codes should be closed when all the CI projects within the code are completed. Completed CI project budgets can present on the BD725 in many ways. However, there are two general cases that can be identified using the budget code summaries on the BD725 report: (1) BD725 reflects actual project spending, and (2) BD725 does not reflect actual project spending and needs to be realigned prior to closure.

1. In some cases, a completed project will result in full expenditure of budgeted funds. The BD725 will show the following:
  - a. Fully allotted funds
  - b. Zero spending in the current month
  - c. Zero spending year to date
  - d. Zero allotment balance

Account	Account Description	Total Budget (78+73, 68+63)	Unallotted (78,68)	Total Allotments (73,63)	Current (53,43)	Year to Date (53,43)	Project to Date (53,43)	Allotment Balance (73-53, 63-43)	Encumbrance Balance
<b>TOTAL 40974</b>									
	Total Expenditures	2,310,659.43	0.00	2,310,659.43	0.00	0.00	2,310,659.43	0.00	0.00
	Total Revenues	2,310,659.43	0.00	2,310,659.43	0.00	0.00	2,310,659.43	0.00	0.00
	Excess of Expenditures Over Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Figure 1: BD725 showing budget code summary

The budget code in the example above contains four fund codes. As evidenced by the clean summary, all the fund codes have allotted and spent all the budgeted funds available. All budget summaries should look like the example above prior to requesting closure. The budget code summary can be found at the end of each budget code on the BD725.

2. In some cases, a completed project will result in partial expenditure of budgeted funds. The BD725 will show the following:
  - a. Unallotted funds (could also be fully allotted)
  - b. Zero spending in the current month
  - c. Zero spending year to date
  - d. Remaining allotment balance

Account	Account Description	Total Budget (78+73, 68+63)	Unallotted (78,68)	Total Allotments (73,63)	Current (53,43)	Year to Date (53,43)	Project to Date (53,43)	Allotment Balance (73-53, 63-43)	Encumbrance Balance
<b>TOTAL 40514</b>									
	Total Expenditures	17,203,712.79	790.69	17,202,922.10	0.00	0.00	17,189,492.82	13,429.28	0.00
	Total Revenues	2,769,652.01	763.35	2,768,888.66	0.00	0.00	2,769,652.01	-763.35	0.00
	Excess of Expenditures Over Revenues	14,434,060.78	27.34	14,434,033.44	0.00	0.00	14,419,840.81	14,192.63	0.00

Figure 2: BD725 showing budget code summary

The budget code in the example above contains nineteen (19) fund codes. As evidenced by the budget code summary, no spending has occurred within this budget code during this fiscal year, but there are remaining funds that must be adjusted to reflect actual spending. These adjustments should be made via Allotment Requests and Budget Revision entries in IBIS.

**NOTE:** The examples in this section are only two of many ways a BD725 might present a completed CI project budget code. Contact your OSBM analyst if there are any questions regarding whether a budget code is eligible for closure.

## Preparing for Budget Code Closure

After identifying budget codes to be closed, adjustments to the budgeted and allotted amounts are required to ensure a match between the budget and actual project spending. If the budget code has remaining allotment balances and/or budget amounts exceeding the project to date spending, all fund codes within the budget code should be reviewed.

In general, there are two options for use of excess funds when closing a budget code: (1) returning excess funds to the original fund source, and (2) repurposing excess funds by transferring them to a project in a different budget code. If an agency or university is interested in utilizing the second option listed, consultation with the OSBM Capital Analyst is required prior to conducting the transfer entries in IBIS. **Please note, not all funds can be transferred and repurposed in a new budget code.**

Corrective budget revisions and negative allotment requests should be submitted via IBIS for each fund code showing balances greater than zero in the following BD725 columns: Unallotted, Allotment Balance. Agencies and universities should complete these adjustments prior to submitting the formal request to OSBM to close the budget codes. Agencies are encouraged to use internal revisions and allotments, where appropriate, prior to submitting requests in IBIS.

## Transferring Excess Funds to a New Budget Code

In some cases, if a capital project is complete and has available excess budget, the remaining funds can be transferred to a new budget code if deemed allowable by the OSBM Capital analyst. After consulting with OSBM the following BD725 reviews and IBIS entries should be submitted:

### **Preparation of Budget Code funds are being transferred FROM:**

1. Review BD725 to identify the status of allotted funds
  - a. If funds are allotted, see step #2
  - b. If funds are not allotted, submit Allotment Request in IBIS to allot all funds being transferred
2. Enter an Internal Budget Revision to move funds into a transfer expenditure account line
  - a. Transfer expenditure account should be titled in the following format:
    - i. "Transfer to 4XXXX [budget code funds are moving to]"  
*Ex. "Transfer to 41814" or "Transfer to 41614"*

### **Preparation of Budget Code funds are being transferred TO:**

1. Enter an External Budget Revision to receive transferred funds into a receipt account line
  - a. Transfer receipt account should be titled in the following format:
    - i. "Transfer from 4XXXX [budget code funds are coming from]"  
*Ex. "Transfer from 40514"*
2. Enter an Allotment Request to allot any or all the transferred funds for use in the new budget code

**NOTE:** It is important that the justification sections of all budget revisions and allotment requests reflect as much detail as possible regarding the transfer of funds to a new budget code. This will result in a timelier approval process.

### Reducing the Budget to Reflect Actual Project Spending

If transferring unused funds is not allowable, feasible, or necessary, agencies and universities still must reduce excess budgets to reflect actual project spending. The BD725 is the most effective tool for identifying budget codes and fund codes that require budget adjustment. Each fund code within the budget code being prepared for closure will need to be reviewed for budget excess. IBIS entries are required to adjust the fund code budgets.

1. Identify budget codes to be closed that contain excess allotted funds and budget.

Account	Account Description	Total Budget (78+73, 68+63)	Unallotted (78,68)	Total Allotments (73,63)	Current (53,43)	Year to Date (53,43)	Project to Date (53,43)	Allotment Balance (73-53, 63-43)	Encumbrance Balance
TOTAL 40514									
	Total Expenditures	17,203,712.79	790.69	17,202,922.10	0.00	0.00	17,189,492.82	13,429.28	0.00
	Total Revenues	2,769,652.01	763.35	2,768,888.66	0.00	0.00	2,769,652.01	-763.35	0.00
	Excess of Expenditures Over Revenues	14,434,060.78	27.34	14,434,033.44	0.00	0.00	14,419,840.81	14,192.63	0.00

Figure 3: BD725 showing budget code summary

The budget code example above, was identified in the previous step as a code that should be closed, but that needs to be adjusted prior to closure. This budget code contains nineteen fund codes. Three of these fund codes need to be adjusted before closing the budget code.

2. Identify fund codes within the budget code that are the source of the excess allotted funds and budget. Submit the appropriate IBIS requests to adjust the budget to reflect actual project spending. Each example listed includes the corresponding necessary IBIS request information.

#### Example 1 – Fund Code 4H04

Account	Account Description	Total Budget (78+73, 68+63)	Unallotted (78,68)	Total Allotments (73,63)	Current (53,43)	Year to Date (53,43)	Project to Date (53,43)	Allotment Balance (73-53, 63-43)	Encumbrance Balance
40514									
4H04									
	<u>Expenditures - Budget and Actual</u>								
534320	BLDG-DESIGN CONTRACTS	38,900.00	0.00	38,900.00	0.00	0.00	38,900.00	0.00	0.00
534331	BLDG-GENERAL CONTRACTS	236,249.38	0.00	236,249.38	0.00	0.00	236,249.38	0.00	0.00
537010	RESERVE-CI PROJECTS	27.34	27.34	0.00	0.00	0.00	0.00	0.00	0.00
	Total Expenditures	275,176.72	27.34	275,149.38	0.00	0.00	275,149.38	0.00	0.00
	<u>Revenues - Estimated and Actual</u>								
438181	TR FR GEN FUND	250,000.00	0.00	250,000.00	0.00	0.00	250,000.00	0.00	0.00
	Total Revenues	250,000.00	0.00	250,000.00	0.00	0.00	250,000.00	0.00	0.00
	Excess of Expenditures Over Revenues	25,176.72	27.34	25,149.38	0.00	0.00	25,149.38	0.00	0.00

Figure 4: BD725 showing fund code summary

Example 1 - Fund Code 4H04 - Required IBIS Entries

- External Budget Revision – Reduce budget by \$27.34

Example 2 – Fund Code 4H17

Account	Account Description	Total Budget (78+73, 68+63)	Unallotted (78,68)	Total Allotments (73,63)	Current (53,43)	Year to Date (53,43)	Project to Date (53,43)	Allotment Balance (73-53, 63-43)	Encumbrance Balance
40514									
4H17									
<u>Expenditures - Budget and Actual</u>									
534110	LAND ACQUISITION COSTS	2,144,000.00	0.00	2,144,000.00	0.00	0.00	2,144,000.00	0.00	0.00
534120	LEGAL&RECORDING FEES-LAND	117.69	0.00	117.69	0.00	0.00	117.69	0.00	0.00
537010	RESERVE-CI PROJECTS	763.35	763.35	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total Expenditures</b>	<b>2,144,881.04</b>	<b>763.35</b>	<b>2,144,117.69</b>	<b>0.00</b>	<b>0.00</b>	<b>2,144,117.69</b>	<b>0.00</b>	<b>0.00</b>
<u>Revenues - Estimated and Actual</u>									
432502	NATL HERITAGE TRUST FD	615,000.00	0.00	615,000.00	0.00	0.00	615,000.00	0.00	0.00
438186	TR FROM CODE 49514	94.04	0.00	94.04	0.00	0.00	94.04	0.00	0.00
438188	TR FROM BC 49614	787.00	763.35	23.65	0.00	0.00	787.00	-763.35	0.00
538850	TFRS-NPS	1,529,000.00	0.00	1,529,000.00	0.00	0.00	1,529,000.00	0.00	0.00
538850000	No Description Found	0.00	0.00	0.00	0.00	0.00	468,290.00	-468,290.00	0.00
538850000	TRANSFER-NPS	0.00	0.00	0.00	0.00	0.00	-468,290.00	468,290.00	0.00
	<b>Total Revenues</b>	<b>2,144,881.04</b>	<b>763.35</b>	<b>2,144,117.69</b>	<b>0.00</b>	<b>0.00</b>	<b>2,144,881.04</b>	<b>-763.35</b>	<b>0.00</b>
	<b>Excess of Expenditures Over Revenues</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-763.35</b>	<b>763.35</b>	<b>0.00</b>

Figure 5: BD725 showing fund code summary

Example 2 – Fund Code 4H17 – Required IBIS Entries

- External Budget Revision – Reduce budget by \$763.35

Example 3 – Fund Code 4H18

Account	Account Description	Total Budget (78+73, 68+63)	Unallotted (78,68)	Total Allotments (73,63)	Current (53,43)	Year to Date (53,43)	Project to Date (53,43)	Allotment Balance (73-53, 63-43)	Encumbrance Balance
40514									
4H18									
<u>Expenditures - Budget and Actual</u>									
534320	BLDG-DESIGN CONTRACTS	74,864.52	0.00	74,864.52	0.00	0.00	71,337.05	3,527.47	0.00
534379	MISC PROJECT COSTS-BLDG	11,268.19	0.00	11,268.19	0.00	0.00	11,268.19	0.00	0.00
534451	OTH STR-HEAT & AC CONTR	25,217.29	0.00	25,217.29	0.00	0.00	15,315.48	9,901.81	0.00
	<b>Total Expenditures</b>	<b>111,350.00</b>	<b>0.00</b>	<b>111,350.00</b>	<b>0.00</b>	<b>0.00</b>	<b>97,920.72</b>	<b>13,429.28</b>	<b>0.00</b>
	<b>Excess of Expenditures Over Revenues</b>	<b>111,350.00</b>	<b>0.00</b>	<b>111,350.00</b>	<b>0.00</b>	<b>0.00</b>	<b>97,920.72</b>	<b>13,429.28</b>	<b>0.00</b>

Figure 6: BD725 showing fund code summary

### Example 3 – Fund Code 4H18 – Required IBIS Entries

- Allotment Request – Negative allotment (unallot) \$13,429.28
- External Budget Revision – Reduce budget by \$13,429.28

**NOTE:** Once IBIS entries are submitted and approved in IBIS, the BD725 will update to show a clean budget report wherein all budgets accurately reflect project spending. (Universities will not see immediate updates to the BD725 due to the once per month interface of Banner/PeopleSoft to NCAS).

## Returning Appropriated CI General Funds

In most cases, appropriated Capital Improvement funds must be returned if any excess remains at the end of the project. However, agencies and universities may be able to transfer funds through the Project Reserve Account for various types of projects. Agencies and universities should work with OSBM Capital analyst(s) to appropriately return these funds.

## Returning Unused COPs, Special Indebtedness, General Obligation Bond Funds

Agencies and Universities may have left over funds from general fund supported bond programs. If the bonds were authorized for repair and renovation, they may be spent on a repair and renovation project with appropriate approvals and project set up. If the projects were authorized for a specific project, they cannot be moved to another project without General Assembly approval. If bond funds are old and small, the agency or campus should work with their analyst to reduce the authority to close the budget code. In cases, bond funds must remain in the existing budget code.

## Formal Request for Budget Code Closure

Once per year, OSBM will alert all agencies and universities of the due date for budget code closure requests. Prior to that date, all of the previously mentioned reviews, consultations, and IBIS entries should be completed.

The due date for submitting requests will be published annually by OSBM in early May of each fiscal year. A template for budget code closure request can be found in [Appendix A](#) of this job aid.

Upon receipt of the formal request, OSBM analysts will review each budget code and contact agencies/universities if questions arise or additional IBIS entries are needed. Once all requests are validated by OSBM, the list will be submitted by OSBM to the Office of the State Controller (OSC). Staff at OSC will conduct a review of the lists provided and the Central Compliance section will work to close the budget codes in CMCS.

For more information on OSC's review visit [this website](#).

## Budget Code Closure Monitoring

At the end of the fiscal year, it is the responsibility of each agency and university to monitor CMCS to ensure all budget codes listed on the formal request have been closed. OSBM and OSC rely heavily on agencies and universities to diligently monitor the status of each of their budget codes during this step of the process.

Upon confirmation that budget codes have been closed in CMCS, agencies and universities must contact their OSC analyst to request closure of the budget code in NCAS.

**A budget code is not removed from the BD725 until it has been officially closed in NCAS.**

