

Agency Carryforward Process Job Aid

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Instructions

This job aid is for use by state agencies, not by universities. Universities should reference [University Carryforward Process Job Aid](#) found on the Office of State Budget and Management (OSBM)'s website.

Agencies should submit their carryforward estimates and final requests on the appropriate template to OSBM no later than the dates outlined in OSBM's annual year-end closeout memorandum.

DHHS, DPI, and UNC institutions are required to provide a carryforward estimate by June 17, 2026 in addition to their final carryforward requests. All other state agencies are required to provide only final carryforward requests by July 2, 2026.

Carryforward requests must be accompanied by comprehensive documentation of authority and clear justification of need. All supporting documentation should be submitted to OSBM with each request to facilitate a thorough review. This process enables OSBM to validate the legitimacy of the requests and ensure compliance with carryforward requirements.

Carryforward Authority

OSBM will review and approve funds requested to be carried forward from one fiscal year to the next, in compliance with G.S. 143C and other General Statutes.

Carryforward is defined in G.S. 143C-1-1(6a) as: *The balance of a General Fund operating budget appropriation which would otherwise revert at the close of the fiscal year but instead is made available in the succeeding fiscal year as is specified in law or to liquidate an **encumbrance** of the prior fiscal year. Funds may not be carried forward for any other purpose.*

Encumbrance is defined in G.S. 143C-1-1(12) as:

A financial obligation created by a purchase order, contract, unearned or prepaid collections for services provided by the State, or other legally binding agreement.

Carryforward funds shall follow the guidelines set forth in G.S. 143C-6-4.1:

- a) *Unless otherwise specified by law, funds carried forward at the end of the fiscal year **may only be spent in the succeeding fiscal year for the purpose for which they were carried forward.** Carryforward funds that have not been liquidated in the year in which they were carried forward shall revert at the end of the fiscal year.*

- b) *Unless otherwise specified by law, funds carried forward under this authorization **may not be transferred, or otherwise moved, out of the General Fund.** This subsection does not apply to The University of North Carolina System.*
- c) Funds carried forward to **support encumbrances are subject to cash availability.** If there is insufficient cash to support all allowable carryforward, the Director of the Budget shall prioritize funds specified in law over funds necessary to liquidate an encumbrance. Please include the NC PO Balance by Various COA Elements Report (RPTO001) found in NCFS when submitting the carryforward request template to your OSBM budget execution analyst. This report can be filtered for PO number and PO Status as open.

 **NC PO Balance by Various COA Elements Report (RPTO001)** | Last Modified 10/4/23 11:53 PM | Owner Batch User
 NC PO Balance by Various COA Elements Report (RPTO001)
 /Shared Folders/Custom/FBR Custom/Report/Procurement/NC PO Balance by Various COA Elements Report (RPTO001)
 Open Edit More ▼

Carryforward 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 and carryforward special provisions enacted or proposed by the General Assembly.

Category B – Unearned revenue received in the current fiscal year for goods or services that will be provided in the following fiscal year, such as permit or certification fees.

Category B2 – Unearned revenue received in the current fiscal year and deposited into a liability account. Agencies that have liability clearing account balances should reconcile the balances and request a carryforward through the year-end carryforward process to be approved by OSBM. The liability clearing accounts include:

- 21124000 Central Payroll Clearing,
- 21125000 Electronic Payable Clearing,
- 21125500 Payroll Benefits Payroll Clearing,
- 21127000 A/P Recovery Clearing,
- 21128000 Set Off Debt Clearing,
- 21193000 Health Benefits Clearing,
- 21194000 Accrued Sales Tax Payable, and
- 21381000 Payables Clearing.

Agencies should separate liability clearing carryforward requests from regular unearned revenue in Category B2 on the carryforward template. OSC has requested that we track these two categories of unearned revenue separately due to ACFR purposes.

Note: Unlike other categories, no budget revision is required for Category B2 items in the new fiscal year that re-establishes the carryforward funds. Carryforward funds for budget liability clearing accounts do not need to be budgeted in the new fiscal year.

Category C – Funds to support encumbrances made on or before the encumbrance date set in OSBM’s annual year-end closeout memorandum. **Encumbered funds may be requested to be carried forward only when funds are not sufficient in next year’s budget to liquidate the prior year encumbrance.**

- It is OSBM’s expectation that encumbrances for which funds were carried forward from FY 2024-25 have been liquidated and therefore may not be included in your FY 2025-26 carryforward request.
- Do not submit requests for purchase orders that are less than \$5,000.

- Purchase orders over \$5,000 should be listed as separate items on the template.
- Documentation for Category C items is required.

Note: If the \$5,000 threshold presents a hardship for your agency, contact your OSBM execution analyst.

OSBM will review the carryforward requests in context of the state’s overall revenue (cash) situation and advise agencies of the amounts approved in July.

Completing the State Agency Carryforward Template

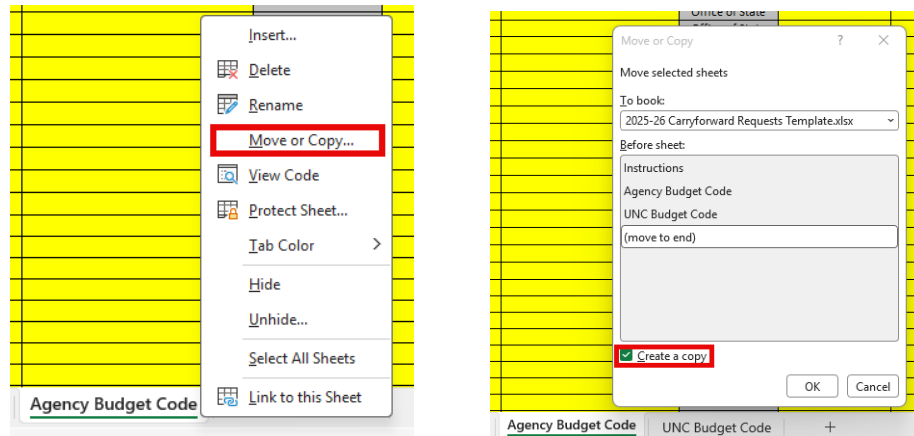
How to complete the Excel Carryforward Template:

1. Choose the appropriate carryforward template tab, which should be Agency Budget Code
2. Throughout the process, only enter data into the cells that are highlighted.
3. Enter your agency contact information in the highlighted cells in the header.
4. Choose your budget code from the drop-down box (Column A “Budget Code”). Your agency name will automatically populate in Column D “Agency Name.”
NOTE: Only one budget code can be entered per sheet. If you have multiple budget codes, you will need to copy the worksheet. See instructions below – DO NOT just copy and paste the format.
5. Select the dropdown to enter the Budget Fund from which the cash will be carried forward (Column B “Budget Fund”). Begin typing out the Budget Fund number and the cell should populate.
6. Enter the Chart of Accounts String in Column C “Chart of Accounts String.” The Chart of Accounts String should include all segments (Budget Code – Budget Fund – Account – AMU – Agency Program – Funding Source – Project – Inter Fund).
Example: 14460-133403-48100001-3001690-0000000-2000-2000400000-101186
7. Choose the type of request from the drop-down box in Column E “Type of Request.”
8. Enter an item description in Column F “Item Description.”
9. If the item is Category A Statutory Carryforward, you must enter the legislative citation in Column G.
10. Enter a justification for the carryforward in Column H “Justification or Comments.”
11. Enter the amount of the carryforward in Column I “Amount of Request.”
12. The template is formatted to accommodate up to 50 individual carryforward requests. If additional lines are needed, right click, and insert a new row somewhere in the middle of the range. The Worksheet will not apply formatting or formulas consistently if you insert at the top or bottom of the table.

Summary of State Agency Carryforward Requests For Fiscal Year 2025-26								
Note: Only enter data in the yellow highlighted cells. Name: <input type="text"/> First Name Last Name Email: <input type="text"/> firstnamelastname@osbm.nc.gov Telephone: <input type="text"/> 984-555-5555								
Account Details		Carry-Forward Request						
Budget Code	Budget Fund	Chart of Accounts Combination	Budget Code Description	Category of Request	Item Description	Statutory/Sp. Prov. Citation Required for Category A	Justification/Comments	Amount of Request
13005	134503	13005-134503-52199000-30016900-0000000-1000-2000400000-101186	Office of State Budget and Management	Category A: Required by General Statute	Required by Carryforward Statute		Carryforward required by Statute	\$ 500,000.00
13005	134503	13005-134503-52140000-30016900-0000000-2000-2000400000-101127	Office of State Budget and Management	Category C: Documented Encumbrances	PO Carryforward		PO #1234	\$ 50,000.00
13005			Office of State					
13005			Office of State					
13005			Office of State					

How to copy a worksheet:

1. Right click on the tab of the sheet you want to copy.
2. Select Move or Copy.
3. Click the "Create a copy" checkbox.
4. Select where you want to place the copy from the list.
5. Click OK.
6. You have created a copy of the worksheet with the same formatting and formulas as the original. The duplicated worksheet will have the same name on the tab, plus a (2), (3), etc.
7. Please DO NOT insert a new worksheet then copy and paste from the template; this will not produce a correctly formatted copy.
8. Contact your OSBM execution analyst with questions.



Final State Agency Carryforward Process

Budget revisions must be done in both the fiscal year that is being closed to carryforward the funds (as an expenditure) and in the new fiscal year to receive the funds (as a receipt). The initial carryforward revisions will decrease lines where approved carryforward funding is located and increase the carryforward State Controller Statewide Accounts. In the new fiscal year agencies will need to budget the carryforward receipts by category and budget fund, along with the associated expenditures the carryforward funds will support.

Upon approval and notification of the approved carryforward amounts, state agencies shall submit a Type-11 budget revision for items classified in Category A, required by General Statutes or session law not to revert. NOTE: If approval of the Type 11 budget revision would cause the agency's certified budget to become negative, the agency should submit a Type-12 budget revision for items classified in Category A. Agencies will submit a Type-12 budget revision for items approved in Category B and Category C.

The statewide carryforward accounts for each category are listed below. Agency budget revisions shall use the statewide accounts and budget the amounts required to match the approved carryforward by category and by budget fund. To reconcile transfers in NCFs, agencies must ensure that the budgeted amounts for each category and budget fund match the budget fund used on the carryforward approval sheet. Agencies should use the OSC interfund 199360. **Please note that OSBM categories do not directly align with OSC accounts.**

State Controller Statewide Accounts – State Agencies

5800A00 Legislatively Supported Carryforward - Transfer

5800C00 Unearned Revenue Carryforward – Transfer

5800B00 Encumbrance Carryforward – Transfer

OSBM Category

(Category A on template)

(Category B on template)

(Category C on template)

Unearned Revenue

Agencies that have unearned revenue in a liability clearing account (Category B2 carryforward items) should post their entry to zero out the clearing account. OSC will deposit and record the funds into a liability clearing account when the funds are transferred to the statewide carryforward reserve. Once the funds have been transferred back to the agency, they should be deposited back into the same clearing account until it can be properly cleared in the new fiscal year.

Validating NCFS COA combinations for carryforward

Agencies may need to validate new NCFS chart of account combinations using these statewide accounts with the appropriate [NCFS COA Maintenance Template](#) if the combination has never been used before. IBIS receives nightly updates of valid NCFS chart of account strings, so please validate any account combinations needed before creating budget revisions in IBIS.

Revised Allotments

If a revised allotment is required, the agency must submit the revised allotment in NC IBIS with a June 29 effective date for the closing fiscal year. The Office of the State Controller will not process the agency's cash requisition until the revised allotment is approved.

NCFS Transfers

Once your OSBM analyst confirms and communicates the approved carryforward amounts, the agency's accounting office must submit a manual NCFS transfer to Receiving Agency 9000 – OSC General Fund for each applicable budget fund using the appropriate carryforward accounts (5800A000, 5800C000, 5800B000). OSBM will provide OSC with a list of the approved carryforward amounts for each agency, by category and budget fund, and the agency's transfer must match the OSBM-approved amount exactly (to the penny). Transfers that do not match the approved amount will be returned for correction. After the transfer is completed, the agency must record the transfer expense in NCFS using the corresponding carryforward account category. The effective date of the transfer should be June 29, 2026. **All transfers will need to be submitted to Agency 9000 no later than 10:30am on July 27, 2026.**

OSC will complete the transfer in NCFS for each agency and record a journal entry in NCFS for the carryforward amount based on the three categories in their accounting records. As soon as we close the fiscal year, OSBM will instruct OSC to return agency funds that fall under Categories A, B, and most of the funds in Category C. Funds that fall in Category C for which OSBM would like to see additional documentation will be held until the agency has submitted the required documentation. OSBM analysts will inform agencies of any funds held in Category C and the type of additional documentation required before the funds are released to the agency. Any funds remaining in the statewide Carryforward budget code at the end of the new fiscal year will revert to the General Fund.

FY 2026-27 Beginning Year Carryforward Revisions

Once OSC has returned agency funds that fall under categories A, B, and most of the funds in Category C, agencies will prepare Type 11 budget revisions to budget the statutory carryforward and Type 12 budget revisions to budget the approved unearned revenue and encumbrance amounts.

Agency budget revisions shall use the statewide Carryforward receipt accounts and budget the receipts to match the approved carryforward by category and budget fund, using the OSC interfund 199360:

4800A00 - Legislatively supported carryforward

4800B00 - Encumbrance carryforward

4800C00 - Unearned revenue carryforward