

Carryforward Process Job Aid

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Preface

The Office of State Budget and Management (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. Agencies and universities should submit their carryforward estimates and final requests in the appropriate, attached template to OSBM no later than the dates outlined in OSBM’s annual year-end closeout memorandum.

Changes for 2018-19

Historically, OSBM required a carry forward estimate in June and final carry forward request in July from all state agencies and universities. Beginning this fiscal year, OSBM is requiring only **DHHS, DPI, and UNC campuses** to provide a carry forward estimate in June in addition to their final carry forward requests. All other state agencies are required to provide only final carry forward requests in July.

Carryforward requests should provide appropriate documentation of authority and justification of need. Backup documentation should not be submitted, however; should be available upon request by OSBM and for audit purposes.

Completing the State Agency Carryforward Template

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. Reminder: Per S.L. 2018-5 Section 6.2(c), non-state entities that received state funds from the Appropriation Act have until June 20, 2020 to expend state funds. Agencies should include any undistributed non-state funds on their carryforward request referencing the statute and bill section listed above.

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 summer school tuition receipts;

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 211240 Central Payroll Clearing, 211250 Electronic Payable Clearing, 211255 Payroll Benefits Payroll Clearing, 211270 A/P Recovery Clearing, 211280 Set Off Debt Clearing, 211930 Health Benefits Clearing, 211940 Accrued Sales Tax Payable, and the 2138AA 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 CAFR purposes.

Category C – Funds to support encumbrances made on or before the encumbrance date set in OSBM’s annual year-end closeout memorandum (May 13, 2019). **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 in FY 2017-18 have been liquidated and therefore may not be included in your FY 2018-19 carryforward request.
- Do not submit requests for purchase orders that are less than \$5,000.
- Purchase orders between \$5,000 and \$99,999 should be grouped together and submitted as one item on the template labeled as “Purchase Orders Within Allowable Carryforward Expenditure Accounts.”
- Single requests of \$100,000 or greater should be listed as separate items on the template.

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

Final State Agency Carryforward Process

Upon approval and notification of the 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. Agencies will submit a type-12 budget revision for items approved in Category B and Category C. OSC has set up new statewide carryforward accounts for each category listed above. Agency budget revisions shall use the statewide accounts and budget the amounts required to match the approved carryforward by category.

State Controller Statewide Accounts – State Agencies

53 800A Legislatively Supported Carryforward - Transfer
53 800C Unearned Revenue Carryforward – Transfer
53 800B Encumbrance Carryforward – Transfer

OSBM Category

(Category A on template)
(Category B on template)
(Category C on template)

Agencies that have unearned revenue in a liability clearing account 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.

Agencies may need to validate these statewide accounts into NCAS if they have never been used in a new fund-center combination. IBIS receives nightly updates of validated accounts from NCAS, so please validate any new accounts into NCAS the day before budget revisions are created.

If a revised allotment is required, the agency will submit the revised allotment through the North Carolina Integrated Budget Information System (NC IBIS) with a June 29th effective date of the closing fiscal year. Without an approved revised allotment, The Office of State Controller will not process the agency's cash requisition. Upon approval and notification of the carryforward amounts by your OSBM analyst, the agency's accounting office will create and pass a manual transfer in CMCS to Department code 9936 (OSC - General Fund Reserve CF) for the entire OSBM approved carryforward amount. OSBM will provide OSC with a list of all approved carryforward amounts for each agency. If the submitted transfer amount is different than the amount on the approved carryforward list, the transfer will be returned for correction. Once the transfer is made, the agency should book the transfer expense in NCAS based on the three account categories listed above.

OSC will pull in the transfer for each agency and book 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 that are sensitive or OSBM would like to see additional documentation will be held until the agency has submitted the required documentation. Your OSBM analyst 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 budget code at the end of the new fiscal year will revert to the General Fund.

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.

For more information on the accounting entries required, go to OSC's webpage and find the [New Carryforward Process for State Agencies – 5/26/16 - Updated - 7/13/16, Financial Reporting Update.](#)

Completing the University Carryforward Template

Crossover Requests

Crossover receipts are defined as receipts collected as payment for courses/sessions that commence in 2018-19 but conclude in 2019-20, which are to be used toward the portion of associated expenses payable in 2019-20. Any crossover request must have a fully adequate justification in order for the request to be approved by OSBM.

Energy Conservation Savings

Campuses may request the carryforward of savings from energy conservation measures, pursuant to G.S. 116-30.3B. These savings should be documented, certified by the State Energy Office, and included in the campus' carryforward estimate and final request.

Procedure for Posting Carryforward Unearned Tuition Revenue Entries into the State Accounting System (NCAS)

To provide greater transparency for carryforwards, campuses should no longer record carry forward entries for unearned tuition revenue against 435810 Resident Tuition and 435820 Nonresident Tuition accounts. Instead, the amount of unearned tuition revenue to be carried forward should be recorded as negative revenue in accounts 435814 CF Unearned Resident Tuition or 435824 CF Unearned Nonresident Tuition.

This process will allow accounts 435810 and 435820 to reflect the total actual tuition revenue collected during the fiscal year. By showing the carryforward as a negative revenue in accounts 435814 and 435824, anyone reviewing the NCAS BD701 report can easily determine the amount that was allowed for carryforward. The net revenue amount of all tuition accounts will reflect the actual tuition supporting the current fiscal year requirements.

Final University Carryforward Process

Campuses must have a cash balance in the Cash Management Control System to support the amount of the carryforward request. Once OSBM makes the carryforward decision, each campus will be notified of its final approved amount. The campus will process a check to themselves to move the money to the new fiscal year and enter a requisition in CMCS for the approved amount. The check and requisition in CMCS must match the carryforward amount approved by OSBM to the penny.

2018-19 Year End Carryforward Revisions

Each campus will prepare one Year Ending Type 11 budget revision that budgets the carryforward amounts in the requirements and receipts sections for:

- 1103 (Extension Education) Crossover and 2017-18 Receipts
- Community Service Crossover (subject to OSBM approval pending sufficient justification to include: (1) how revenues were generated, (2) the programs and activities to be provided with revenues, (3) when programs and activities will occur.)
- Other unearned revenue or nonrecurring fees collected in 2017-18 for activities occurring in 2018-19 that would need to be budgeted in 2017-18 in order to be expended (subject to OSBM approval pending sufficient justification to include: (1) how revenues were generated, (2) the programs and activities to be provided with revenues, (3) when programs and activities will occur).
- Energy Savings Carry forward (NCAS Account 53 8930)

The following carryforward amounts are not budgeted in the requirements and receipts section of the budget revision. Instead, the carryforward amounts should be identified only in the justification field on the budget revision:

- 1102 Summer School Crossover Tuition and Summer School Session 2 Tuition
- 1990 Tuition Collected for the Fall 2018 Semester (includes Distance Education)
- Dual Employment Crossover (if applicable)

- Management Flexibility (2.5%) carryforward – This is to include all encumbered funds as well. Encumbered funds are not in addition to the 2.5%. The budget for NCAS Account 53 8910 Budget Flexibility should not be realigned on the Year Ending budget revision. The budget for 53 8910 is used to record the carryforward received from the 2017-18 fiscal year. The actual expenditures for 53 8910 should reflect the actual amount carried forward from 2018-19 to 2019-20.

It is very important that carryforward amounts reflect General Fund revenue only. Other fees (e.g. student housing fees) that pass through the General Fund should be transferred into the appropriate institutional trust fund before year end and should not be included in the carry forward amount.

Campuses will also need to prepare and submit an accompanying June allotment revision request for OSBM to approve.

2019-20 Beginning Year Carryforward Revisions

Once the year-ending budget revision and allotment requests are approved, each campus will prepare one Type 11 budget revision to budget the amounts in the 2018-19 year-ending budget revision. (Note: dual employment crossover must be budgeted on a Type 12 revision in the new fiscal year.)