

# Carryforward Process Job Aid

## Contents

Preface .....	1
Completing the State Agency Carryforward Template .....	2
Final State Agency Carryforward Process .....	4
Completing the University Carryforward Template.....	5
Final University Carryforward Process.....	6

## 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 2021-22

In recent years OSBM required a carry forward estimate from DHHS, DPI, and UNC campuses in June followed by final carry forward requests from all state agencies and UNC campuses in July. For this fiscal year, OSBM is requiring an initial carryforward estimate for **all state agencies and UNC campuses** in early June in addition to their final carry forward requests. For all state agencies and UNC campuses, estimated carry forward requests are due **June 10, 2022**, and final carry forward requests are due **July 1, 2022**. Carry forward requests should provide appropriate documentation of authority and justification of need.

To address supply chain issues and other procurement challenges, OSBM will accept quotes in lieu of an encumbrance as backup documentation for any FY 2021-22 carry forward request for both state agencies and universities this year. Only items/services encumbered or items/services for which a quote has been secured by **May 22, 2022**, should be included on the carry forward request.

In those rare cases when a quote is submitted in lieu of an encumbrance, agencies and universities should document the unique reason(s) for not being able to encumber funds and discuss with their OSBM Execution analyst prior to submitting the quote.

Quotes should be submitted to OSBM along with carryforward requests. If a carryforward request tied to a quote is approved, funds will be held as “conditional”, and agencies and universities will need to submit an invoice and request for funds to be transferred to OSBM.

For universities, encumbrances and quotes will be considered as additional to the 2.5% management flexibility carryforward as granted per SL 2021.180, section 8.15 is inclusive of encumbrances.

Backup documentation should not be submitted for encumbrances. However, backup documentation should be available upon request by OSBM and for audit purposes.

## Completing the State Agency Carryforward Template

### How to complete the Excel Carryforward Template:

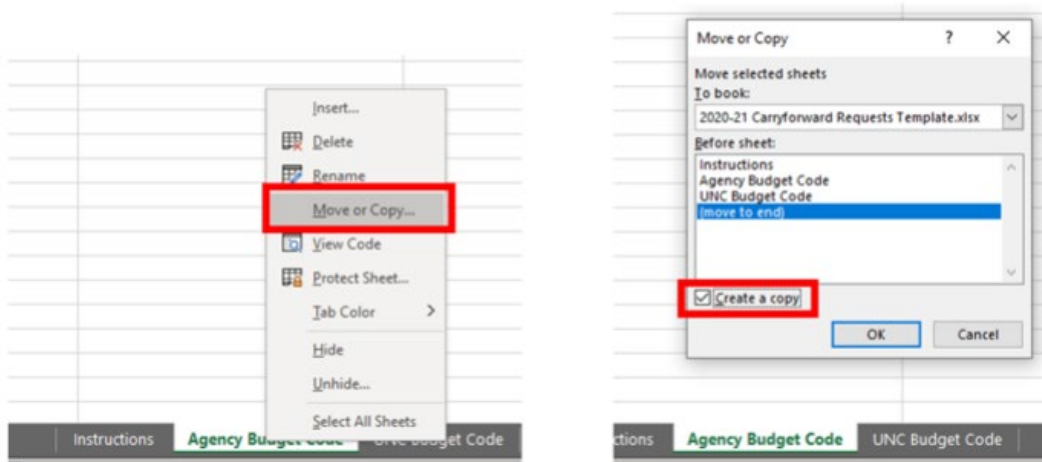
1. Choose the appropriate carryforward template tab – Agency Budget Code or UNC Budget Code
2. Throughout the process, only enter data into the cells that are highlighted.
3. Enter your agency contact information in the highlighted cells in the header.
4. Choose your budget code from the drop-down box (Column A “Budget Code”). Your agency/university name will automatically populate in Column B “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. Enter an item description in Column C “Item Description.”
6. Choose the type of request from the drop-down box in Column D “Type of Request.”
7. If the item is a Category A Statutory Carryforward, you must enter the legislative citation in Column E.
8. Enter a justification for the carryforward in Column F “Notes/Comments or Adequate Justification.”
9. Enter the Fund Code from which the cash will be carried forward (Column G “Fund Code”). Not applicable to universities.
10. Enter the amount of the carryforward in Column H “Amount of Request.”
11. If additional lines are needed, right click and insert a new row somewhere in the middle of the range. It will not apply formatting or formulas consistently if you insert at the top or bottom of the table.

A	B	C	D	E	F	G	H
Summary of State Agency Carryforward Requests							
For Fiscal Year 2020-21							
<i>Note: Only enter data in the highlighted cells.</i>							
Name:	FirstName Last Name						
Email:	ema@sc.gov						
Telephone:	919-807-1111						
Budget Code	Carry Forward Request						
13005	Agency Name	Item Description	Type of Request	Statutory/Sp. Prov. Citation Required for Category A	Justification or Comments	Fund Code	Amount of Request
13005	Office of State Budget and Management	PO Carryforward	Category C: Documented Encumbrances		Combined value of encumbered PO's between \$5,000 and \$100,000	1234	\$ 250,000
13005	Office of State Budget and Management	Required Carryforward by Statute	Category A: Required by		Carryforward required by Statute	5678	\$ 500,000
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
13005	Office of State Budget and Management						
						\$	750,000.00

Figure 1. Sample of the carryforward template

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 correct copy.
8. Contact your OSBM execution analyst with questions.



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 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 and quotes received on or before the encumbrance date set in OSBM’s annual year-end closeout memorandum (May 22, 2022).

**Encumbered funds and funds for quotes may be requested to be carried forward only when funds are not sufficient in next year’s budget to liquidate the prior year encumbrance or anticipated expense based on quoted prices.**

- It is OSBM’s expectation that encumbrances for which funds were carried forward in FY 2020-21 have been liquidated and therefore may not be included in your FY 2021-22 carryforward request.
- Do not submit requests for purchase orders or quotes that are less than \$5,000.
- **All** carryforward requests based on a quote, **must be submitted individually for consideration.**
- 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.”
- Purchase orders 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 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 and Quote 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 NCFS 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. Quotes and funds that fall in Category C that are sensitive or for which OSBM would like to see additional documentation will be held until the agency has submitted the required documentation. Your OSBM Execution 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 2021-22 but conclude in 2022-23, which are to be used toward the portion of associated expenses payable in 2022-23. Any crossover request must have a fully adequate justification 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 North Carolina Financial 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 NCFIS for the approved amount. The check and requisition in NCFIS must match the carryforward amount approved by OSBM to the penny.

### **2021-22 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 2021-22 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 2021-22 for activities occurring in 2022-23 that would need to be budgeted in 2022-23 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 2022 Semester (includes Distance Education)
- Dual Employment Crossover (if applicable)

Universities will also submit one Type-12 budget revision for items approved in Category C, including:

- Encumbrance carryforward, and
- Quotes for purchases to take place in FY23

### **Management Flexibility (2.5%) carryforward**

For the current FY 2021-22, encumbrances and quotes will be considered as additional to the 2.5% management flexibility as granted per SL 2021-180, section 8.15. The budget for NCAS Account 53 8910 Budget Flexibility should not be realigned on the Year Ending budget revision. The account 538910 is used to record the actual FY22 2.5% management flexibility carryforward that will be budgeted in FY23. The actual expenditures for 53 8910 should reflect the actual amount carried forward from FY22 to FY23, including pennies.

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.

### **COVID Relief Funding Carryforward Guidelines**

If your agency received COVID-19 relief funding in a 1-type General Fund budget code, and the federal deadline to expend these funds extends beyond FY22, then those funds may be eligible to be carried forward into the next fiscal year. If approved for carryforward, the relief funds must continue to be spent for the same purposes outlined by the General Assembly. Any carryforward request must cite the statute that appropriated such funds. If your agency has COVID-19 relief funds that will not be carried forward, it is important that these funds revert to the designated CRF reserve with OSC and DO NOT revert to the state's General Fund.

### **2022-23 Beginning Year Carryforward Revisions**

Once the year-ending budget revision and allotment requests are approved, each campus will prepare one Type 11 budget revision and one initial Type 12 budget revision to budget the dual employment crossover and approved encumbrance amounts in the 2021-22 year-ending budget revisions. Quotes will require documentation of liquidation and will be budgeted on separate Type 12 revisions after documentation of liquidation is approved by OSBM. Your OSBM Execution analyst will inform campuses of the type of additional documentation required before the funds may be budgeted.