



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

March 19, 2024

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker *Kristin Walker*
State Budget Director

SUBJECT: Deviation Request from Department of Agriculture and Consumer Services

G.S. 143C-6-4 (b1) requires consultation with Governmental Operations when an over expenditure would cause a department's total requirements for a fund to exceed the department's certified budget for the fiscal year by more than three percent prior to authorizing the over expenditures.

The Department of Agriculture is requesting to deviate budget code 63702 to properly budget expenditures and receipts for the 2023-24 fiscal year. The Certified budget for budget code 63702 is \$972,473. The three percent threshold of the certified budget is \$29,173. The agency is requesting a budget of \$1,218,279.

In budget code 63702, the department requests to budget interest payments for the North Carolina Agricultural Finance Authority for planned FY 2023-24 expenses. Due to staff turnover and increased costs, executive leadership chose to hire additional staff from Temporary Solutions, leading to an increased volume in the program which in turn resulted in more interest payments and loan collections. Please see the attached Deviation Exception Request Form for more details.

If you have questions or concerns, please contact Budget Analyst Unika Ashe-Valentine at unika.valentine@osbm.nc.gov

Agency	1000-DEPARTMENT OF AGRICULTURE											
Budget Code	63702-DACS-RURAL REHAB LOANS											
Budget Fund	601475-AGRI 6600 TRUST FUND-NC RURAL REHABILITATION BC 63702											
Agency Management Unit	0000000-DEFAULT AMU											
Agency Program	0000000-DEFAULT AGENCY PROGRAM											
Project	0000000000-DEFAULT PROJECT											
Future 1	0000-DEFAULT Future 1											
Future 2	000000-DEFAULT Future 2											
Future 3	00000-DEFAULT Future 3											
				Authorized	Actual							
Account	Funding Source	Inter Fund	Description	Budget	Current	Quarterly	To Date	Balance	Obligation	Unpaid Invoices + Inventory Receipts	Unencumbered	Rate
Expenditures - Budget and Actual												
52199000	0000	000000	MISC CONTRACTUAL SERVICES- UNDESIGNATED- DEFAULT BUDGET FUND	151,369.00	0.00	17,380.21	17,449.46	133,919.54	0.00	0.00	133,919.54	0.15
52099999			PURCHASED SERVICES	151,369.00	0.00	17,380.21	17,449.46	133,919.54	0.00	0.00	133,919.54	0.15
55324000	0000	000000	OTHER INTEREST PAYMENTS- UNDESIGNATED- DEFAULT BUDGET FUND	438,141.00	0.00	234,420.66	1,104,279.81	(666,138.81)	0.00	21,302.28	(687,441.09)	3.43
55324000	0000	063702	OTHER INTEREST PAYMENTS- UNDESIGNATED- AGRI 63702 CLEARING	0.00	0.00	24,856.83	24,856.83	(24,856.83)	0.00	0.00	(24,856.83)	0.00
55099999			OTHER EXPENSES AND ADJUSTMENTS	438,141.00	0.00	259,277.49	1,129,136.64	(690,995.64)	0.00	21,302.28	(712,297.92)	3.50
58100003	0000	063702	AGENCY TRANSFER OUT-AGENCY INTERNAL- UNDESIGNATED- AGRI 63702 CLEARING	0.00	0.00	0.00	49,692.06	(49,692.06)	0.00	0.00	(49,692.06)	0.00
58099999			INTRAGOVERNMENTAL TRANSACTIONS	0.00	0.00	0.00	49,692.06	(49,692.06)	0.00	0.00	(49,692.06)	0.00
Expenditures				589,510.00	0.00	276,657.70	1,196,278.16	(606,768.16)	0.00	21,302.28	(628,070.44)	2.75

Total Cash Expenditures				589,510.00	0.00	276,657.70	1,196,278.16	(606,768.16)	0.00	21,302.28	(628,070.44)	2.75
Revenues - Estimated and Actual												
43121000	0000	000000	STIF INT INC- NONOP-PROGRM- UNDESIGNATED- DEFAULT BUDGET FUND	70,844.00	0.00	236,380.09	452,973.56	(382,129.56)	0.00	0.00	(382,129.56)	8.53
44160000	0000	000000	PROFESSIONAL SERVICES- UNDESIGNATED- DEFAULT BUDGET FUND	48,437.00	0.00	15,938.70	79,650.37	(31,213.37)	0.00	(1,558.70)	(29,654.67)	2.15
44160002	0000	000000	PROF SVCS-ADMIN FEES- UNDESIGNATED- DEFAULT BUDGET FUND	0.00	0.00	1,050.00	1,200.00	(1,200.00)	0.00	0.00	(1,200.00)	0.00
47112000	0000	000000	LOAN COLLECTION- INTEREST- UNDESIGNATED- DEFAULT BUDGET FUND	470,229.00	0.00	279,018.39	1,443,009.36	(972,780.36)	0.00	0.00	(972,780.36)	4.09
47112000	0000	063702	LOAN COLLECTION- INTEREST- UNDESIGNATED- AGRI 63702 CLEARING	0.00	0.00	27,618.70	27,618.70	(27,618.70)	0.00	0.00	(27,618.70)	0.00
47990000	0000	000000	OTHER MISC REV- PROGRAM- UNDESIGNATED- DEFAULT BUDGET FUND	0.00	0.00	0.00	3,344.60	(3,344.60)	0.00	0.00	(3,344.60)	0.00
47991000	0000	000000	OTHER MISC REV- NONOP-PROG- UNDESIGNATED- DEFAULT BUDGET FUND	0.00	0.00	5,466.26	23,825.81	(23,825.81)	0.00	0.00	(23,825.81)	0.00
Revenues				589,510.00	0.00	565,472.14	2,031,622.40	(1,442,112.40)	0.00	(1,558.70)	(1,440,553.70)	4.59
Total Cash Revenues				589,510.00	0.00	565,472.14	2,031,622.40	(1,442,112.40)	0.00	(1,558.70)	(1,440,553.70)	4.59
Increase/(Decrease) in Fund Balance				0.00	0.00	288,814.44	835,344.24	(835,344.24)	0.00	(22,860.98)	(812,483.26)	0.00

REQUEST TO DEVIATE UNDER G.S. 143C-6-4(b)(3)(b1):

(b1) Prior consultation with Governmental Operations is required when the overexpenditure would cause a department's total requirements for a fund to exceed the department's certified budget for a fiscal year for that fund by more than three percent (3%) prior to authorizing the overexpenditures.

DEPARTMENT: NCDA&CS
FISCAL YEAR: 24
Date: 4-Mar-24
Budget Revision #: 12-0009

Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
63702 (GASB 9000)	\$ 960,725	\$ 28,822	\$ 1,218,279	\$ 1,189,457
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
Fund Type Total	\$ 960,725	\$ 28,822	\$ 1,218,279.00	\$ 1,189,457

JUSTIFICATION FOR REQUEST:

Budget Code 63702 is directly related to the NC Agricultural Finance Authority Rural Rehab Loan program that was established by the NC General Assembly to provide credit throughout NC (Chapter 122D) and is identified by fund codes 601475 (6600) and 601476 (6602). This program provides funding for purchase, development and improvement of family farms in an effort to strengthen the agricultural industry and to the health, welfare, safety and prosperity of all residents of the State. Funds are also used for financing food processing plants located in non-urban areas. Use of guarantees on loans to minimize the delinquency rate among borrowers is implemented where possible. The Authority performs all necessary services to continue the lending and collecting in a manner consistent with maximizing the impact of the available resources. Due to staff turnover, the state of the economy, rising interest rates, and post pandemic, executive leadership chose to hire additional resources which in turn increased the volume of program activity, resulting in more interest payments and loan collections. Budget Revision 12-0009 is requesting to increase the budget for the program.

Instructions: REQUEST TO DEVIATE UNDER G.S. 143C-6-4

1. Department

Enter the department/agency name.

2. Fiscal Year

Enter the current fiscal year.

3. Date

Enter the current date.

4. Budget Revision #

Enter the budget revision number for the overexpenditure request from the IBIS system.

5. Budget Code

Enter all of the agency budget codes for the requested fund type only (general fund, special fund, etc.)

6. Certified Requirements

Enter the current certified requirements for the budget code as reflected on the BD 701 report.

7. 3% Deviation Threshold

This is calculated as 3% of the Certified Requirements. These figures will be calculated automatically for each budget code.

8. Amount of the Overexpenditure Request

Enter the amount of the overexpenditure request. This figure should represent the amount requested on the budget revision.

9. Amount Over Deviation Threshold

This is the total amount of the current request over the 3% Threshold. This figure will be calculated automatically. If the figure is not greater than zero, no consultation is required.

10. Submit the completed form to your Budget Analyst in the Office of State Budget and Management for consultation with the Joint Legislative Commission on Governmental Operations.