



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

August 3, 2022

MEMORANDUM

TO: Joint Legislative Commission on Governmental Operations
FROM: State Budget Director *Charles Perusse*
SUBJECT: Deviation Request from Wildlife Resources Commission

Pursuant to G.S. 143C-6-4 (b1), prior consultation with Governmental Operations is required when the over expenditure 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 over expenditures.

Wildlife Resources Commission (WRC) is requesting to deviate in its endowment budget code 64350 in order to close the 2021-22 fiscal year.

The deviation is primarily the result of two issues: consolidation of funds used to track expenditures and receipts for infant, youth and adult licenses, and investment losses. Prior to the fund consolidation, Wildlife Resources annually created new fund codes for the infant and youth licenses and transferred revenues to the adult fund at maturity (age 16). Having a single fund will streamline processes by recording revenue and expenditures in one fund which will aid in retrieving data. Details of infant and youth license holders will still be kept separate in WRC's sub-accounting system Automated License Vessel Information Network (ALVIN). In addition, the Commission experienced investment losses in the current fiscal year which contributed to the deviation amount.

Please see the attached Deviation Exception Request Form for more details.

If you have questions or concerns, please contact Budget Analyst Diane Upshaw at diane.upshaw@osbm.nc.gov

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

(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: NC Wildlife Resources Commi
FISCAL YEAR: FY22
Date: 8/1/2022
Budget Revision #: 12-0004, 12-0006, & 12-0007

GASB 1501 Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
64350	\$ 3,381,324	\$ 101,440	\$ 189,988,272	\$ 189,886,832
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
Fund Type Total	\$ 3,381,324	\$ 101,440	\$ 189,988,272	\$ 189,886,832

JUSTIFICATION FOR REQUEST:

Budget 64350 - Endowment fund - consists of lifetime licenses (youth-less than 12 years & infant - less that one year old), lifetime magazine subscriptions, contributions, and interest income.

Annually two new funds are created, one for Infant license and one for the Youth license. The matured (age 16) Infant and Youth license funds are transferred to the Adult license category. In FY22, management decided to streamline processes and record the revenue and expenditures in one fund - 6000 instead of having multiple sources to retrieve data however the details for the infant and youth license holders are kept separately by our sub-Accounting system, Automated License Vessel Information Network (ALVIN), to efficiently track and monitor revenue. During the close out of FY22, cash and assets were rolled out of funds 6011-6325 via transfer accounts 538133/438133 into fund 6000 that resulted in a deviation of expenditures/revenue. Due to the consolidation of funds 6011-6325, a deviation of more than \$160M occurred in budget 64350. In addition, WRC incurred a \$20+M loss on investments in FY22 which contributed to the deviation total. Revisions have been submitted but there will be a variance of approximately \$7M due to the unrealized loss in investments.

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.