

Agency Carryforward Process Job Aid

Contents

Instructions	1
Carryforward Authority.....	1
Completing the State Agency Carryforward Template.....	2
Final State Agency Carryforward Process	4

Instructions

This document is intended to be a job aid used by state agencies, not by universities. Universities should reference the [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 in the appropriate, attached template to OSBM no later than the dates outlined in OSBM's annual year-end closeout memorandum.

Historically, OSBM required a carryforward estimate in June and final carryforward request in July from all state agencies. OSBM now requires only **DHHS, DPI, and UNC institutions** to provide a carryforward estimate in June in addition to their final carryforward requests. All other state agencies are required to provide only final carryforward requests in July.

Carryforward requests should provide appropriate documentation of authority and justification of need. Backup documentation should be submitted to OSBM with all requests. 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 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 modified by S.L. 2023-134 as:

- (6a) Carryforward. – 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. 143C1-1 modified by S.L. 2023-134 as:

- (12) Encumbrance. – A financial obligation created by a purchase order, contract, ~~salary commitment~~, 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 modified by S.L. 2023-134:

"§ 143C-6-4.1. Carryforward of funds.

(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."

Completing the State Agency Carryforward Template

How to complete the Excel Carryforward Template:

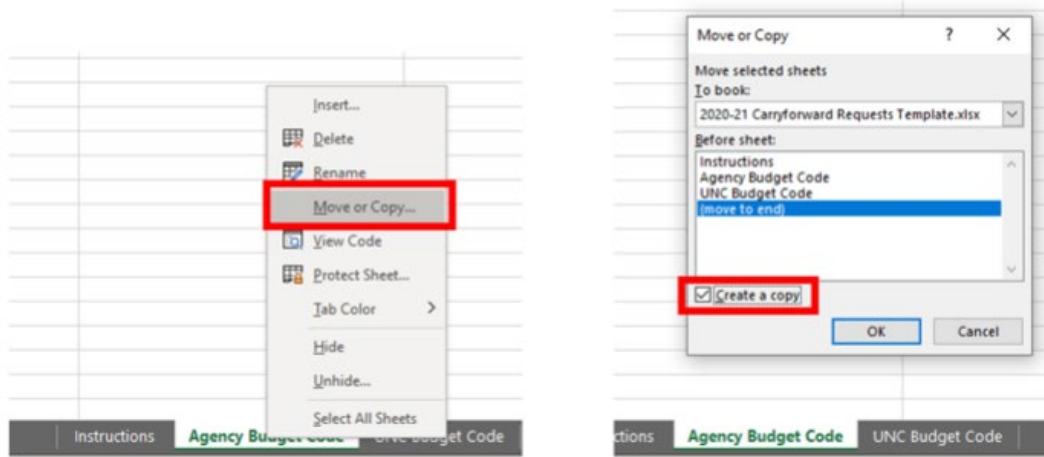
1. Choose the appropriate carryforward template tab – Agency Budget Code
2. Throughout the process, only enter data into the cells that are highlighted.
3. Enter your agency contact information in the highlighted cells in the header.
4. Choose your budget code from the drop-down box (Column A "Budget 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 and it 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. 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 2023-24								
Note: Only enter data in the yellow highlighted cells. The first row serves as an example of format, delete before returning to OSBM.								
Name:	First Name Last Name							
Email:	firstname.lastname@osbm.nc.gov							
Telephone:	984-555-5555							
Account Details		Carry-Forward Request						
13005	Budget Fund	Chart of Accounts String	Agency Name	Category of Request	Item Description	Statutory/Sp. Prov. Citation Required for Category A	Justification or Comments	Amount of Request
13005	134503	13005-134503-48100001-3001690-0000000-2000-2000400000-101186	Office of State Budget and Management	Category C: Documented Encumbrances	PO Carryforward		PO #1234	\$ 50,000.00
13005	134503	13005-133403-48100001-3001690-0000000-2000-2000400000-101186	Office of State Budget and Management	Category A: Required by General Statute	Required by Carryforward Statute		Carryforward required by Statute	\$ 500,000.00
13005			Office of State Budget and Management					
13005			Office of State Budget and Management					
13005			Office of State Budget and Management					

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 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 (June 7, 2024). **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 2022-23 have been liquidated and therefore may not be included in your FY 2023-24 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.

Note: If the \$5,000 threshold presents a hardship for your agency, 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. NOTE: If an agency does not have sufficient Certified Budget in a specific account, the agency may submit a Type-12 budget revision for items classified in Category A if necessary. 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. Please note that OSBM categories do not directly align with OSC accounts.

<u>State Controller Statewide Accounts – State Agencies</u>	<u>OSBM Category</u>
5800A00 Legislatively Supported Carryforward - Transfer	(Category A on template)
5800C00 Unearned Revenue Carryforward – Transfer	(Category B on template)
5800B00 Encumbrance Carryforward – Transfer	(Category C on template)

Revisions must be done in both the fiscal year that is being closed to carryforward the funds and in the new fiscal year to receive the funds. The initial carryforward revisions will decrease lines where approved carryforward funding is located and increase the carryforward Statewide Accounts. In the new fiscal year, revisions will increase lines to where the carryforward items will be located and decrease the carryforward Statewide Accounts.

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.

Agencies may need to validate new NCFs chart of account combinations using these statewide accounts with the [Agency Account Combination 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.

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 29 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 submit a manual transfer in NCFs to Receiving Agency 9000 - OSC General Fund for the entire OSBM approved carryforward amount. OSBM will provide OSC with a list of all approved carryforward amounts for each agency. The amount transferred to OSC must match the carryforward amount approved by OSBM to the penny. 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 NCFs based on the three account categories listed above.

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 that are sensitive or 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 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.