



# North Carolina Office of the State Controller

## Financial Reporting Update

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### **New Carryforward Process for State Agencies – 5/26/16**

**DATE – Contact: Elizabeth Colcord, Accounting & Financial Reporting – 919-707-0526**

The Office of State Budget and Management issued the annual Budget Guidelines on May 18, 2016 for closing the fiscal year 2015-2016. Within those guidelines was a section on the carryforward process and that OSC will be communicating the proper accounting entries required to record the carryforward transactions for state agencies. This financial reporting update is that communication.

For additional background, Section 6.7 of Session Law 2014-100 directed the Office of State Budget and Management (OSBM), the Office of State Controller (OSC), and the Fiscal Research Division of the General Assembly to review current practices to improve budgeting in the General Fund. This included 1) how funds in the General Fund are accounted for, 2) how practices examined compare to other states, 3) whether statutory or administrative changes would improve the transparency and accounting accuracy, and 4) whether the practice examined complies with applicable standards of the Governmental Accounting Standards Board. A pilot project was conducted for the 2014-2015 fiscal year for the carryforward process. The pilot process is now being rolled out to all state agencies as the new process strengthened internal controls in the carryforward process.

Agencies will no longer write a carryforward check back dated to June 29<sup>th</sup> for the approved carryforward. Agencies will submit the following entries in the North Carolina Accounting System (NCAS) once the carryforwards have been approved by OSBM.

#### June 29, 2016

##### Agency

DR 53800A Legislatively supported carryforward

53800B Encumbrance Carryforward

53800C Unearned revenue carryforward

CR 111270 Allotment Cash

No Cash Management Control System (CMCS) entry is required by the agency. The entries will be posted by OSC as directed by OSBM.

#### June 30, 2016 Accrual Entries

No 13<sup>th</sup> period (6/30/16) entry will be made to the 111230 cash carryforward account for the 2016 carryforward since the cash is being transferred to the reserve fund. There is no cash to carryforward.



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July entry (7/xx/16) when carryforward is approved & returned to the Agency

Agency

DR 111270 Allotment Cash

CR 43800A Legislatively supported carryforward

43800B Encumbrance carryforward

43800C Unearned revenue carryforward

No CMCS entry is required by the Agency. The entries will be posted by OSC as directed by OSBM.

June 30, 2017 Accrual Entries

No 13<sup>th</sup> period (6/30/17) entry.

The carryforward accounts listed above are available on the Statewide Chart of Accounts for use by all agencies.

Thank you for your time and attention to the important change. Questions regarding this specific updated should be directed to your agency assigned Financial Specialist or you may email the group at [OSC.SADFR@osc.nc.gov](mailto:OSC.SADFR@osc.nc.gov).