Budget Advisory Group
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Kathy Johnson – Comptroller General's Office

Ending & Beginning Fiscal Year Procedures

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DEPARTMENT of ADMINISTRATION

Ending & Beginning Fiscal Year Procedures

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Introduction & Background

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Introduction & Background

What role does the Statewide Accounting Division of the Comptroller General's Office play in the state's budget activities?

CGO Authority & Responsibilities

Proviso 97.2 grants the authority typically associated with the Comptroller General: that of being the 'fiscal watchdog' for the State. This core **accounting** responsibility involves preparing financial statements, e.g., the Annual Comprehensive Financial Report (ACFR), in adherence to Generally Accepted Accounting Principles (GAAP). To achieve this, the Comptroller General's Office is granted comprehensive authority to establish and enforce compliant **accounting** processes and procedures.

97.2. (CG: GAAP Implementation & Refinement) It is the intent of the General Assembly that the State of South Carolina issue financial statements in conformance with Generally Accepted Accounting Principles (GAAP). To this end, the Comptroller General is directed, as the State Accounting Officer, to maintain an Enterprise Information System for State Government (SCEIS) that will result in proper authorization and control of agency expenditures, including payroll transactions, and in the preparation and issuance of the official financial reports for the State of South Carolina. Under the oversight of the General Assembly,
the Comptroller General is given full power and authority to issue accounting policy directives to state agencies in order to comply with GAAP.
The Comptroller General is also given full authority to conduct surveys, acquire consulting services, and implement new procedures required to implement fully changes required by GAAP.

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CGO Authority & Responsibilities

Code of Law §11-11-180 mandates that the Comptroller General's Office annually compute and report the *budgetary* General Fund outcomes, specifically the State's net surplus or deficit. This process involves integrating both **accounting and budgeting** data and calculations.

SECTION 11-11-180. Declaration of operating deficit; meeting to address deficit; borrowing of surpluses authorized.

(A) By August thirty-first of each year, the Comptroller General shall report to the State Budget and Control Board the amounts of general fund revenues and expenditures recorded for the preceding fiscal year and any resulting surplus or deficit of the general fund **from a budgetary-based perspective**. If the Comptroller General determines that annual expenditures exceeded revenues, an operating deficit must be declared in the report and the State Budget and Control Board must meet to address the deficit within sixty days of receiving the report or earlier at any previously scheduled meeting. The operating deficit must be the first item on the agenda of the first State Budget and Control Board meeting held after the Comptroller General reports a deficit pursuant to this section.

CGO Authority & Responsibilities

Proviso 118.3 further directs the Comptroller General's Office to annually determine – in cases where the results for the year have been calculated as a *budgetary* General Fund **surplus**, what portion of that surplus would be eligible to be transferred to the Contingency Reserve Fund, established in 2007. This process also involves integrating both **accounting and budgeting** data and calculations.

118.3. (SR: Contingency Reserve Fund) (A) There is created in the State Treasury a fund separate and distinct from the general fund of the State, the Capital Reserve Fund, and all other funds entitled the Contingency Reserve Fund. All general fund revenues accumulated in a fiscal year in excess of general appropriations and supplemental appropriations must be credited to this fund. Revenues credited to this fund in a fiscal year may be appropriated by the General Assembly. Upon determination by the Comptroller General as to the amount to be deposited in the Contingency Reserve Fund, the Comptroller General shall notify the Board of Economic Advisors and the board shall recognize that amount as surplus funds. Revenues in this fund may be appropriated only for the purposes provided in subsection (B).

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Introduction - Summary

- In support of the agency's mission, the **CG's Statewide Accounting Division** is responsible for implementing procedures to ensure the integrity of the financial data posted to the State's accounting book of record – SCEIS.
- This includes implementing policies and procedures to ensure state agency compliance with Generally Accepted Accounting Principles (GAAP), the Governmental Accounting Standards Board (GASB), as well as compliance with the State's Annual Appropriations Act and Codes of Law.
- With *governmental accounting*, there is almost always a **budget impact or correlation** to the accounting-based transactions recorded by state agencies.
- As indicated, determining the State's *budgetary* General Fund results relies on integrating both **<u>accounting and budgeting</u>** data.
- In summary, the CG Statewide Accounting Division works very closely with the Executive Budget Office throughout the year but especially during the ending and beginning of fiscal years.

Colleges & Universities General Fund Drawdowns & Carryfowards

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Colleges & Universities
General Fund Drawdowns & Carryfowards

- Just like SCEIS state agencies, colleges and universities receive both recurring and nonrecurring State General Fund appropriations.
- Unlike SCEIS state agencies, the colleges are required to draw down 100% of their **recurring** (Part 1A) General Fund appropriations.
- Up until FY2022, the colleges were also required to draw down 100% of any **nonrecurring** (Part 1B) appropriations received as well.
- This meant that prior to FY2022, the colleges did not have any General Fund carryforwards.
- As the surpluses seen in the last few years increased, however, so did the nonrecurring line-item appropriations.
- For the colleges, this resulted in more *capital related* nonrecurring appropriations, some of which are required to go through the State capital project approval process.

Colleges & Universities
General Fund Drawdowns & Carryfowards

- Some capital related nonrecurring appropriations for the colleges are for specific projects while other line-items have been more broadly appropriated under "**Maintenance, Renovation, and Replacement**". These broader line-items can often end up being comprised of multiple projects – sometimes over multiple years.
- Since FY2022, it has been common for the colleges to have capital-related nonrecurring budget balances remaining at year end.
- Because nonrecurring appropriations have 'automatic' carryforward authority under the nonrecurring proviso, they will not lapse and can typically continue to be carried forward until drawn down.

  118.20. (SR: Nonrecurring Revenue)

  (F) Unexpended funds appropriated pursuant to this provision may be carried forward to succeeding fiscal years and expended for the same purposes.
- Since the colleges transact minimally in SCEIS, EBO records any carryforwards on their behalf.

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Colleges & Universities
General Fund Drawdowns & Carryfowards

Summary

- Colleges should continue to draw down 100% of recurring State appropriations by June 30 each year.
  - Recurring appropriations should all be under SCEIS fund **10019000**.
  - This means the colleges do not have any appropriations carried forward under the 10% carry forward proviso.
- Work with the Budget Office regarding the treatment for any nonrecurring State appropriations remaining at year end.
  - Nonrecurring appropriations should all be under fund **100590XX,** with the last two digits signifying the fiscal year that line item was originally appropriated; e.g., fund 10059025 for FY2025 nonrecurring appropriations, fund 10059024 for FY2024 appropriations, etc.
  - It has been common for at least a partial balance of a nonrecurring line item to be carried forward each year for the colleges. When a college receives a similar nonrecurring capital appropriation for several years in a row, it can be difficult to keep track of the different ‘pots of money. When uncertain, it’s generally wise to contact the Budget Office to verify whether a specific line item needs additional approval or if it’s permissible to draw down and utilize those allocated funds.

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Colleges & Universities
General Fund Drawdowns & Carryfowards

<u>Summary</u>

- As noted, it is *possible* for nonrecurring appropriations to be carried forward for multiple years. Check with the Budget Office, however, if the appropriations received for a capital purpose will no longer be carried out. Those appropriations may need to be repurposed or possibly returned to the State.
- When drawing down nonrecurring appropriations, that drawdown process is <u>the same</u> as drawing down recurring appropriations:
  - The college creates an accounts payable invoice document in SCEIS with themselves as the vendor.
  - The account should be **G/L 5910010000 – LUMP SUM AGENCY WITHDRAWALS** using the **100590XX** fund where the appropriations are located.

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Over Expended Budget Lines

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Over Expended Budget Lines

Why is it a requirement for state agencies to clear over expended budget lines?

Why Do Over Expended Budget Lines Need to be Cleared?

Clearing negative budget lines in governmental accounting is critical for several reasons, as it ensures financial accuracy, compliance, and effective resource management.

1. **Ensures Accurate Financial Reporting**
    - Negative budget lines can distort the financial picture of a government entity. Clearing these lines—through adjustments, transfers, or corrective actions—ensures that financial statements, such as the Annual Comprehensive Financial Report (ACFR), accurately reflect the entity's fiscal position.
    - Accurate reporting is essential for compliance with Generally Accepted Accounting Principles (GAAP) and for providing stakeholders (e.g., taxpayers, legislators, and auditors) with a true representation of the government's financial health.

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Why Do Over Expended Budget Lines Need to be Cleared?

2. **Maintains Budgetary Compliance**
   - Governmental budgets are legally binding documents that outline planned revenues and expenditures. Negative budget lines indicate overspending or revenue shortfalls, which may violate budgetary laws or regulations.
   - Clearing negative lines ensures compliance with statutory requirements, such as those outlined in state codes (e.g., §11-11-180 in South Carolina, which mandates calculating General Fund results). This process helps avoid legal or regulatory penalties and maintains public trust in fiscal management.
3. **Supports Fiscal Responsibility and Accountability**
   - Negative budget lines signal potential mismanagement, such as overspending in certain programs or failure to monitor revenue streams. Addressing these lines promptly demonstrates fiscal responsibility and accountability to taxpayers and oversight bodies.
   - For example, clearing negative lines may involve reallocating funds, reducing expenditures, or identifying new revenue sources, all of which promote prudent financial stewardship.

Why Do Over Expended Budget Lines Need to be Cleared?

4. **Facilitates Effective Resource Allocation**
   - Unresolved negative budget lines can lead to funding shortages in other areas, disrupting government operations or services. By clearing these lines, agencies can reallocate resources to priority areas, ensuring that essential programs (e.g., education, public safety, or infrastructure) are adequately funded.
   - This is particularly important for funds like the **Contingency Reserve Fund** (referenced in Proviso 118.3), which relies on accurate surplus calculations to receive eligible transfers for future needs.
5. **Prevents Cumulative Financial Issues**
   - If negative budget lines are not addressed, they can compound over time, leading to larger deficits or financial instability. Clearing them promptly prevents the accumulation of debt or the need for drastic measures, such as tax increases or service cuts, in future budgets.
   - Regular reconciliation also helps identify systemic issues, such as unrealistic revenue projections or uncontrolled spending, allowing for proactive corrections.

Why Do Over Expended Budget Lines Need to be Cleared?

6. **Enhances Transparency and Public Trust**
   - Governments are accountable to the public, and unresolved negative budget lines can erode trust if perceived as evidence of financial mismanagement. Clearing these lines and documenting the process (e.g., through reports mandated by the Comptroller General's Office) promotes transparency.
   - Transparent handling of negative lines reassures citizens and stakeholders that the government is actively managing its finances in alignment with its mission and legal obligations.
7. **Aids in Audit and Oversight Processes**
   - External auditors and oversight bodies review government financial records to ensure compliance with laws and standards. Negative budget lines that are not cleared or explained can trigger audit findings, leading to additional scrutiny or corrective mandates.
   - By addressing negative lines, the government facilitates smoother audits and demonstrates adherence to fiscal policies, reducing the risk of adverse audit opinions.

Why Do Over Expended Budget Lines Need to be Cleared?

Practical Example

In the context of South Carolina, the Comptroller General's Office is tasked with calculating the General Fund surplus or deficit (§11-11-180) and determining transfers to the Contingency Reserve Fund (Proviso 118.3). Negative budget lines could skew these calculations, leading to inaccurate surplus/deficit figures or improper fund transfers. Clearing these lines ensures that the state's financial processes align with GAAP and statutory requirements, supporting both operational and strategic fiscal goals.

Conclusion

Clearing negative budget lines is essential for maintaining accurate, compliant, and transparent financial records in governmental accounting. It supports fiscal responsibility, enables effective resource allocation, and ensures that the government can meet its obligations to stakeholders while avoiding long-term financial challenges. By addressing negative lines promptly, agencies like the Comptroller General's Office can uphold their mission to safeguard the state's financial integrity.

Over Expended Budget Lines - SCEIS

In SCEIS, negative budget balances in a budgeted fund (excludes Funds Application 08) should typically only be caused by payroll expenditures recorded during CGO payroll processing. All other postings should receive a hard-stop SCEIS error if insufficient budget is available.

Therefore, once the final payroll for the fiscal year has been run for June 16, agencies should begin clearing any remaining negative budget balances using the following criteria:

- **Non-special funded programs** – budget deficits must be cleared at the high-level fund, funded program and commitment item level.
- **Special funded programs** – budget is loaded and remains at the 561000 commitment item line while budget is consumed and reduced at the detailed expenditure commitment line such as 512001. Therefore, budget deficits must be cleared at the high-level fund and funded program level only.

Over Expended Budget Lines - SCEIS

[Additional information on State Funded Programs]

Display Funded Program

SCEIS tcode FMMEASURE

FM Derivation Tool   Where-Used List

Funded Program	0100.000000.000	
FM Area	SC01	SC FM Area

Description

Name	ADMINISTRATION
Description	ADMINISTRATION

Basic Data

Funded Program Type	REGU Regular Programs		
Valid from	01/01/1900	Valid to	12/31/9999
Expiration Date			

"98" = nonrecurring funded program; all other sequences = recurring funded program

an "X" in this position denotes a special funded program; a "." denotes a non-special funded program

9812.470000X000

Fun Fact: a nonrecurring funded program is always designated as special while a recurring funded program can either be special or non-special

[Additional information on Funds]

Fund (High Level)	Fund (High Level) Text
10000000	GENERAL FUND
30000000	EARMARKED FUNDS
40000000	RESTRICTED FUNDS
50000000	FEDERAL FUNDS

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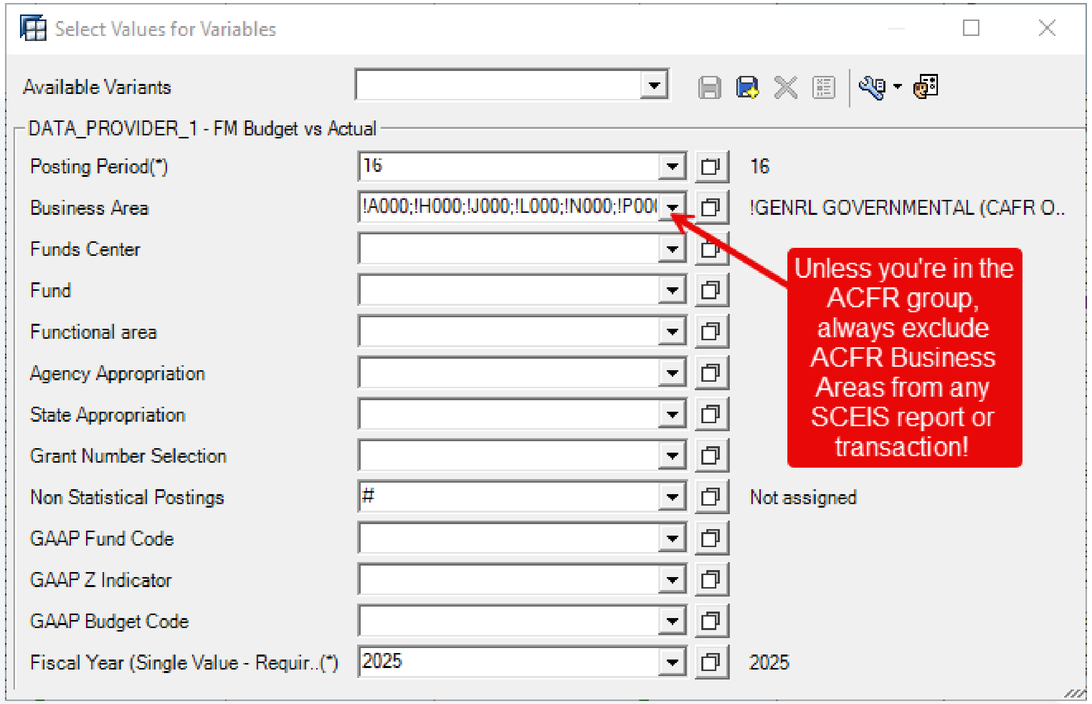
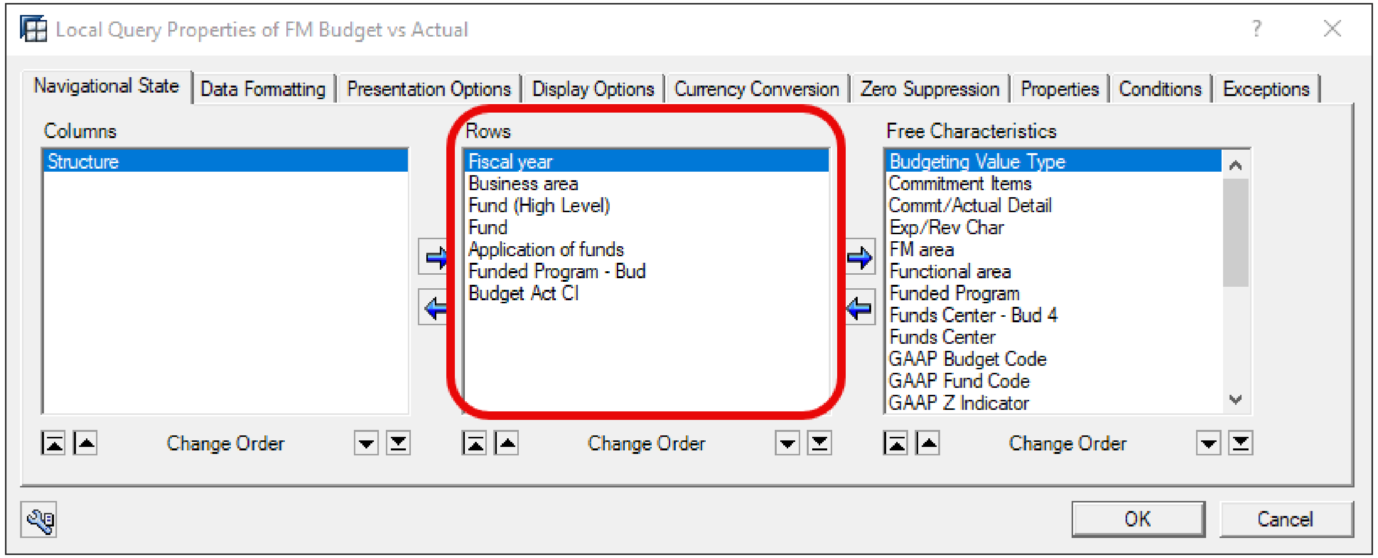
How to Review for Over Expended Budget Lines

BW Report – FM Budget vs Actual





As highlighted in the screenshot above, users with statewide access in SCEIS must ensure that ACFR-specific business areas are excluded from reports or transactions being processed. Currently, running a report without restrictions ("wide-open") causes the system to include all business areas, including those designated solely for ACFR purposes. These ACFR-only business areas are reserved for the ACFR compilation process and include statewide "top-side" accounting adjustments, such as converting certain balances from cash to accrual basis. Looking ahead, we anticipate that during the SCEIS modernization, the system may be reconfigured to automatically exclude these ACFR-only business areas for all users except those in the Comptroller General's Office.

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How to Review for Over Expended Budget Lines

Report **FM Budget vs Actual** - I run this in BW. I know others in my group are now running this in BOBJ but the report parameters are basically the same in either platform.

to see results for only budgeted funds, exclude Funds Application **08**

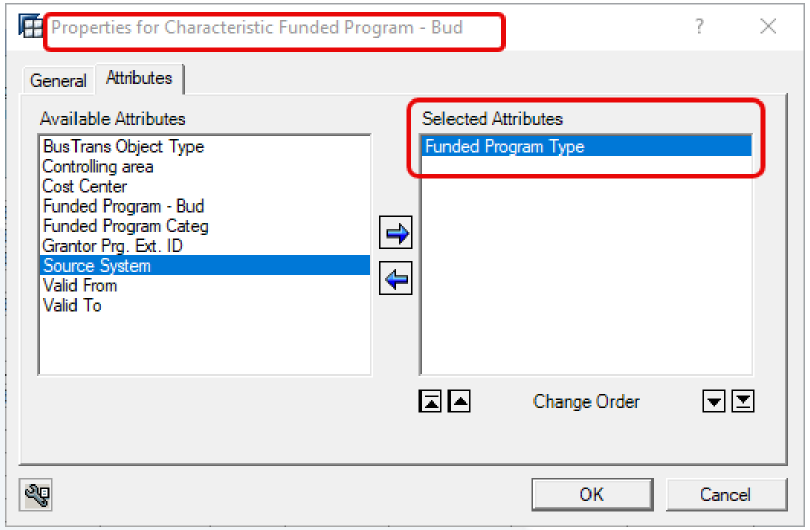
Funded Program Type is an Attribute of Characteristic Funded Program - Bud

agencies should review the balances before and after any remaining commitments - with the goal that any commitments **must** be cleared for year end.

Table

Fiscal year	Business area	Fund (High Level)	Fund	Application of funds	Funded Program - Bud	Funded Program Type	Budget Act Cl	Original Budget	Budget Adjustments	Current Budget	MTD Actual Expense	YTD Actual Expense	Balance Before Commitments	Commitments and Other Transactions	Remaining Balance
2025	E120	10000000	10010000	01	0100.000000.000	REGU	501006	$ 151,000.00		$ 151,000.00		$ 138,416.52	$ 12,583.48		$ 12,583.48
2025	E120	10000000	10010000	01	0100.000000.000	REGU	501058	$ 388,825.00	$ 204,916.00	$ 593,741.00		$ 473,875.97	$ 119,865.03		$ 119,865.03
2025	E120	10000000	10010000	01	0100.000000.000	REGU	501059	$ 238,555.00	-$ 238,555.00	$ 0.00			$ 0.00		$ 0.00
2025	E120	10000000	10010000	01	0100.000000.000	REGU	501060	$ 182,570.00	-$ 182,570.00	$ 0.00			$ 0.00		$ 0.00
2025	E120	10000000	10010000	01	0100.000000.000	REGU	501070	$ 2,200.00		$ 2,200.00			$ 2,200.00		$ 2,200.00

Adding an attribute: right click on the Characteristic, where you would normally go, for example, to change from Text to maybe Key & Text. That option is under the General tab but if you click the Attributes tab you'll see additional data elements that can be added to the report.



How to Review for Over Expended Budget Lines

We find that it's helpful to summarize and split out the report results between regular and special programs since they have different requirements for clearing.

Note that for Regular Programs, the deficit needs to be cleared at the high-level fund, funded program and commitment item level

Funded Program Type	REGU	Regular Programs
Application of funds	(Multiple Items)	Exclude '08 Unbudgeted Funds

Business area	Fund (High Level)	Funded Program - Bud	Budget Act Cl	Balance Before Commitments	Remaining Balance
E120	EARMARKED FUNDS	0100.000000.000	501070	(1,575.00)	(1,575.00)
		1500.000000.000	501070	(842.92)	(842.92)
Grand Total				**(2,417.92)**	**(2,417.92)**

While for Special Programs, the deficit needs to be cleared at the high-level fund and funded program level

Funded Program Type	SPEC	Special Programs
Application of funds	(Multiple Items)	Exclude '08 Unbudgeted Funds

Business area	Fund (High Level)	Funded Program - Bud	Balance Before Commitments	Remaining Balance
H030	RESTRICTED FUNDS	9600.130000X000	(155,536.61)	(155,616.61)
R400	EARMARKED FUNDS	9816.040000X000	(0.46)	(0.46)
Grand Total			**(155,537.07)**	**(155,617.07)**

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10% Carryforward Calculation

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10% Carryforward Calculation

- The annual Appropriations Act (of the new year) permits agencies to carry forward up to 10% of unspent original[1] General Fund appropriations to the next fiscal year.
- The previous 10% carryforward calculation under the carryforward proviso was overly complex, occasionally 'penalizing' agencies unfairly under certain scenarios related to *recurring* special proviso carry forwards reducing the 10% carry forward 'base'.[2]
- In FY2023, the Comptroller General's Office and the Executive Budget Office advocated for a proviso revision, resulting in a simpler, fairer calculation effective from FY2024 onward.

*[1] **Original** appropriations should generally only be for recurring funded programs*

[2] Typically, the majority of special proviso carry forwards, or approximately 70%, are for nonrecurring funded programs.

117.23. (GP: Carry Forward) Each agency is authorized to carry forward unspent general fund appropriations from the prior fiscal year into the current fiscal year, up to a maximum of ten percent of its original general fund appropriations less any appropriation reductions for the current fiscal year. Agencies shall not withhold services in order to carry forward general funds.

This provision shall be suspended if necessary to avoid a fiscal year-end general fund deficit. For purposes of this proviso, the amount of the general fund deficit shall be determined after first applying the Capital Reserve Fund provisions in Section 11-11-320(D) of the 1976 Code, and before any transfers from the General Reserve. The amount of general funds needed to avoid a year-end deficit shall be reduced proportionately from each agency's carry forward amount.

Any funds that are carried forward as a result of this provision are not considered part of the base of appropriations for any succeeding years.

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10% Carryforward Calculation

Working Example – Current E120 Balances: Step 1 Determine Maximum 10% Carryforward

Budget per the Appropriations Act

Original Budget for recurring funded programs[1]	$	4,887,201	A
Add Certain Budget Adjustments:			
Recurring employee benefit allocations[2]	$	107,598	B
Total 10% carryforward base	**$**	**4,994,799**	
Carryforward percentage		10%	
Maximum 10% carryforward total	**$**	**499,480**	

[1] *Net of any vetoes. Also, there should not typically be any Original Budget for nonrecurring programs*

[2] *Although recurrring employee benefits are appropriated separately as Allocations, they are still considered 'original appropriations' and need to be added for the '10% carryforward base appropriations' total. Note: bonuses are nonrecurring employee benefits.*

Key terms

Allocations – distributed per the Appropriations Act for items such as a base pay increase (BPI) as well as for retirement & health plan portions that the State will pick up so that a cost increase is not passed on to state employees

SCEIS tcode FMEDDW

Doc Y...	Doc. Date	Budget Type	Fund	Funds Ctr		Amount LC	Text
2025	07/01/2024	ORIGINAL APPROPRIATIONS	10010000	E12000		203,348.00	APPROPRIATIONS LOAD
2025	07/01/2024		10010000	E12000		436,334.00	APPROPRIATIONS LOAD
2025	07/01/2024		10010000	E12000		1,357,052.00	APPROPRIATIONS LOAD
		ORIGINAL APPROPRIATIONS			A	**4,887,201.00**	
2025	09/18/2024	ALLOCATIONS-TRSFRS FR EMPL BEN	10010000	E12000		82,228.00	2.25%/$1125 BPI
2025	09/18/2024		10010000	E12000		25,370.00	2025 HEALTH PLAN
		ALLOCATIONS-TRSFRS FR EMPL BEN			B	**107,598.00**	
						4,994,799.00	

10% Carryforward Calculation

Working Example – Current E120 Balances: Step 2 – Calculate Carryforward & Lapse

Current Budget			
Original Budget - recurring funded programs	A	$	4,887,201
Add Budget Adjustments for recurring programs:			
Employee benefit allocations		$	107,598
Carried forward from prior year - 10% carryforward[1]		$	331,823
Carried forward from prior year - special proviso carryforward[1]		$	-
Open ended appropriations[3]		$	-
Total Budget Adjustments	B	$	439,421
Total current recurring budget	C	**$**	**5,326,622**
Total recurring expenditures		$	(4,096,117)
Recurring commitments		$	(11,408)
Remaining recurring budget balance[2]	D	$	1,219,096
Lesser of remaining balance or maximum 10% carryforward		$	499,480
Calculated lapse		**$**	**(719,617)**

Note: the allocations were included in the **10% base** while any carryfowards are excluded from the base.

Key terms

Open ended appropriations – result either from Legislative commitments to fund certain budgetary items without providing sufficient appropriations to fully fund them or to cover an agency's budgetary deficit. Not included in the Act. Common open ended is for disaster related funding to EMD.

[1] *Proviso 117.23: Any funds that are carried forward as a result of this provision are not considered part of the [10%] base of appropriations [used to calculate the 10% carryforward] for any succeeding years.*

[2] *note that **all** remaining commitments and encumbrances must be cleared prior to the final 10% carryforward being calculated*

[3] *open ended appropriations are uncommon and typically impact a minimal number of agencies*

FM Budget vs Actual - note that the budget in fund 10050025 would be nonrecurring and thus excluded from the 10% calculation

Table

Fiscal year	Business area	Fund	Original Budget (A)	Budget Adjustments (B)	Current Budget (C)	MTD Actual Expense	YTD Actual Expense	Balance Before Commitments	Commitments and Other Transactions	Remaining Balance (D)
2025	E120	10010000	$ 4,887,201.00	$ 439,421.05	$ 5,326,622.05		$ 4,096,117.45	$ 1,230,504.60	$ 11,408.18	$ 1,219,096.42
		10050025		$ 1,250,000.00	$ 1,250,000.00		$ 18,750.00	$ 1,231,250.00	$ 0.00	$ 1,231,250.00

10% Carryforward Calculation

- CG and EBO will collaborate daily in the final days prior to the final closing of the books to evaluate agency lapses & carryforwards to determine if further adjustments are needed.
- Note that budget **lapses** and **returns** can only be recorded by the Budget Office.
- Once all remaining General Fund balances in the ‘old year’ are considered to be final, to prevent any further activity, the Budget Office will sweep all remaining line-item appropriation balances for each agency to temporary account assignments in Funded Program 8900.000000X000 – STATEWIDE CARRYFORWARD APPROPRIATIONS and Commitment Item 561000 – MISCELLANEOUS OPERATIONS.
- Any balances carried forward into the ‘new year’ will then be transferred to that same temporary account assignment. Agencies will not be permitted to make expenditures against this temporary assignment in the new fiscal year. Instead, once an agency has determined how it will spend these funds, an FMBB budget transaction must be recorded to transfer the appropriations from Funded Program 8900.000000X000 and Commitment Item 561000, to spendable agency account assignments.

10% Carryforward Calculation

- The final 10% carryforward amounts cannot be calculated until <u>all</u> commitments are cleared and <u>every</u> over expended budget lines has been covered.
- Carryforwards and lapses are both important factors in calculating the statewide budgetary results for the year.
- For all statewide year end result calculations – including the 10% carryforward calculation, it's imperative for <u>all</u> **Commitments** to be cleared by agencies. Agencies should be continually reviewing their Open Encumbrance Report throughout the year end close-out.
- To put the numbers in perspective, in FY2024:
    - Agencies carried forward **$3.6B** of General Fund appropriations.
    - Of that total, only 3% or $125M was authorized under the 10% carry forward proviso.
    - The remaining 97% was carried forward under agency specific special proviso authority.
    - Agencies lapsed a total of $20M or less than 1% of the General Fund appropriations per the Act.

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General Fund Cash

*For the purposes of this **<u>budget</u>** discussion, the following are some high-level notes regarding General Fund cash as it relates to General Fund budget.*

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General Fund Cash

Annual Appropriations Act Budget & Cash Loads - Timing

In a typical budget year where the budget is approved and finalized prior to July 1st, the budget authority is loaded into SCEIS near the end of June.

- General Fund *recurring appropriations* **and cash** are recorded at the agency level by July 1st.
- General Fund *nonrecurring appropriations* i.e., supplemental appropriations **and cash** are generally loaded by mid September and by law must be distributed by September 30th.
  - Nonrecurring appropriations are not 'guaranteed' and are distributed only to the extent that there is sufficient surplus from the prior year's budget versus actual results.
- General Fund Allocations – for the past several years the Act has directed that certain allocations be distributed to agencies for items such as a general pay increase as well as retirement and health plan portions that the State picks up so that the cost increase is not passed on to employees.
  - These General Fund budget **and cash** increases are generally recorded in late September or early October.

General Fund Cash

Why is cash increased at the agencies for General Fund appropriations?

- General Fund appropriations, funded by the state, require not only budgetary authorization but also an equivalent increase in available cash for the receiving agency in order to expend their appropriated funds within SCEIS.

- SCEIS Cash by Fund Edit – SCEIS checks not only for sufficient budget at the fund but also for sufficient cash at the agency and fund level.

- Cash by fund = claim to cash which is **not** the same as “bank cash” since there is not a separate bank account for each fund per agency.
  - Cash by fund is made up of numerous cash G/L accounts, including G/L 1000030000 – GENERAL FUND APPROPRIATION CASH.
  - General Fund appropriations cash at the agency level essentially only exists so that agencies can spend their General Fund budget in SCEIS.

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How is General Fund Appropriations Cash Recorded?

SCEIS General Ledger Cash Account 1000030000 – GENERAL FUND APPROPRIATION CASH is used when increasing and decreasing General Fund cash for agencies. The offset is to a 7* G/L account.

Statewide Business Area Z900 is utilized to *offset* all increases and decreases to General Fund cash during the year so that <u>statewide</u> cash is not impacted by the individual agency adjustments. This is a legacy process dating back to STARS.

<u>**High level summary:**</u>

- **July 1 – Beginning of fiscal year**
  - Debit G/L 1000030000 in each agency to increase GF cash (for new year appropriations as well as for any prior year carryforwards)
  - Credit G/L 1000030000 in Z900 to offset 'created' GF cash
  - Statewide G/L 1000030000 is zero <u>*for the current fiscal year*</u>
- **Throughout the fiscal year**
  - Agencies spend GF cash – cash is reduced out of contingent bank account G/L's or via the splitter, NOT G/L 1000030000
  - No change to Z900 G/L 1000030000
  - Statewide G/L 1000030000 is still zero (for the current fiscal year)
- **June 30 – End of fiscal year**
  - Any GF cash remaining at agencies is either lapsed or carried forward by crediting G/L 1000030000
    - agency GF <u>TOTAL</u> cash is zero, but G/L 1000030000 is NOT zero
    - Since cash is cumulative, zeroing out G/L 1000030000 at agencies would result in a negative total cash balance for the fund to start the new fiscal year.
  - Z900 – clear all General Fund cash balances in G/L 1000030000
    - Z900 GF cash is zero
  - Statewide GF cash TOTAL is zero – <u>BUT G/L 1000030000 is no longer zero</u>
  - Under the current process G/L 1000030000 will keep growing at the individual agency level

General Fund Revenue & Cash

- The current year Appropriations Act spending authority for the General Fund is based on the Board of Economic Advisors (BEA) revenue estimate for the year.
    - The General Fund appropriations being spent by agencies throughout the year are based on that forecasted cash coming in.
    - General Fund appropriations cash is **100%** distributed to agencies on 7/1 from the annual Appropriations Act which is based on the BEA's estimate of what the state expects to collect **<u>throughout the year</u>** in General Fund revenue.
    - The amounts coming in and the amounts being spent are on completely different timelines.
    - Also, there is no correlation between how much General Fund revenue a specific agency brings in as to how much General Fund budget that agency will be appropriated.
- General fund revenue and cash receipts are recorded at the individual agency level in 2XXXXXXX funds throughout the fiscal year.
    - 2XXXXXXX funds are only used to record revenue and actual bank cash being received.
    - No cash reductions for budget or expenditures are recorded in 2XXXXXXX funds.
- General fund revenue cash is 'remitted' to the state at the end of the fiscal year.
    - This remittance reduces General Fund cash at the agency level essentially removing the agency identity from that cash which does not 'belong' to the agency but rather to the State.

General Fund Budget & Cash Relationship

It is important to note that agency General Fund *cash* adjustments should **always** mirror agency General Fund *budget* adjustments.

- When budget authority is increased, cash is increased.
- When budget authority is reduced, cash is reduced.
- When budget authority is transferred, cash is transferred.
  - When an interagency budget transfer (IATR) for the General Fund is recorded, EBO informs the CG's Office so that a corresponding interagency cash transfer journal entry can be recorded.
  - These cash transfers utilize G/L 1000030000 and a 7* G/L the instead of the 61/62 cash transfer G/L's so that General Fund cash versus appropriations can continue to be tracked and monitored throughout the year.
  - Example:

CoCd	I...	Key	Account	Description	Amount	BusA	Fund	Cost Center	Func. Area	Text
SC01	1	40	1000030000	GENER FD APPROP CASH	4,713,426.75	H510	10019000	H510000010	H510_UNBD	GF CASH TRANSFER - IATR BUDGET DOC 1001053320
SC01	2	50	7999999997	GF APPROP CASH OFSET	4,713,426.75-	H510	10019000	H510000010	H510_UNBD	GF CASH TRANSFER - IATR BUDGET DOC 1001053320
SC01	3	40	7999999997	GF APPROP CASH OFSET	4,713,426.75	J020	10010000	J020000010	J020_UNBD	GF CASH TRANSFER - IATR BUDGET DOC 1001053320
SC01	4	50	1000030000	GENER FD APPROP CASH	4,713,426.75-	J020	10010000	J020000010	J020_UNBD	GF CASH TRANSFER - IATR BUDGET DOC 1001053320

  - NOTE: Agencies should not record any cash transfers involving the General Fund that cross fund and/or Business Area.
- At the end of a fiscal year, ALL agency General Fund appropriations must either be spent, carried forward or lapsed. Budget balances must be zero. Since General Fund appropriations and cash must always stay in sync, this applies to General Fund **cash** as well which must be zero in every 1XXXXXXX fund for every agency when the books are closed for the year.

Resources

admin
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CGO Accounting Division

Kathy Johnson kjohnson@cg.sc.gov
Kelly Stigamier kstigamier@cg.sc.gov
Keith Scott kscott@cg.sc.gov
Crystal Hayes chayes@cg.sc.gov

Division email: cgaccounting@cg.sc.gov

Website: https://cg.sc.gov/guidance-and-forms-state-agencies/cgs-accounting-policies-and-procedures

Constant Contact

Please note: statewide communications from the CGO Accounting Division are now being distributed by our Communications Division via **Constant Contact**.

The email address will be from:

SC Comptroller General kjohnson-cg.sc.gov@shared1.ccsend.com

Within each communication will be a link to update your contact preferences.

Good afternoon, SCEIS Agency Financial Officers:

Attached is the year end guidance for FY2025. Here's a brief summary of what information can be found in each document:

1. **FY2025 Year End Accounting Guidance and Procedures – SCEIS State Agencies** – contains information relevant to SCEIS state agencies to assist in the FY2025 year-end closeout as well as the beginning of year procedures for FY2026.
2. **FY2025 Year End Calendar** – highlights key dates for the closeout of FY2025.
3. **FY2025 Financial Reporting (ACFR) Year End Guidance** – contains guidance specific to state agency GAAP reporting and information pertinent to the compilation of the state's FY2025 Annual Comprehensive Financial Report (ACFR).
4. **STO FYE Memo 2025** – guidance and deadlines specific to agency cash and deposits.

These files are also available on our **website**.