



**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 63705 to properly budget expenditures and receipts for the 2023-24 fiscal year. The Certified budget for budget code 63705 is \$6,650,070. The three percent threshold of the certified budget is \$199,502. The agency is requesting to budget \$4,144,649.

The department is requesting to budget funds in the fiduciary budget code 63705, which has a trust fund designation. In prior fiscal years, the activity was recorded in a liability account (funds held for others), which was a non-budgeted account. However, GASB 84 dictated a change to the process and required these activities be recorded in a budgeted account. The department is requesting to increase the budget on a non-recurring basis for planned FY24 activity prior to the process change.

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



North Carolina Financial System
Office of State Controller
NC Budget to Actual (701) Certified Report (RPT-BE-006)

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Parameters

Agency	Budget Code	Period
All	All	Mar-24

1000-DEPARTMENT OF AGRICULTURE
63705-DACS-TRUST-AGENCY

*** Summary by Purpose ***										
Purpose	Description	Budgeted		Actual		Unexpended/Unrealized		Encumbrances		Rate
		Certified	Authorized	Current-Month	Year-To-Date	Certified	Authorized	Obligations	Unpaid Invoices + Inventory Receipts	
Expenditures-Budget and Actual										
601551	AGRI 6111 BOLL WEEVIL GROWER CONTRIBUTION BC 63705	274,776.00	274,776.00	0.00	244,321.07	30,454.93	30,454.93	0.00	0.00	1.19
601552	AGRI 6112 NC EGG FUND BC 63705	295,913.00	295,913.00	0.00	250,521.38	45,391.62	45,391.62	0.00	0.00	1.13
601553	AGRI 6122 PERFORMANCE BONDS BC 63705	42,375.00	42,375.00	0.00	22,600.00	19,775.00	19,775.00	0.00	0.00	0.71
601554	AGRI 6123 PASTEURIZER LOANER PROG - ESCRO BC 63705	1,500.00	1,500.00	0.00	0.00	1,500.00	1,500.00	0.00	0.00	0.00
601555	AGRI 6130 COMMODITY-HEMP FUNDS BC 63705	2,000.00	2,000.00	0.00	1,200.69	799.31	799.31	0.00	0.00	0.80
601556	AGRI 6131 GOODNESS GROWS PROMOTION BC 63705	12,534.00	12,534.00	0.00	880.43	11,653.57	11,653.57	0.00	0.00	0.09
601557	AGRI 6132 FLAVORS OF CAROLINA BC 63705	113,132.00	113,132.00	0.00	24,883.84	88,248.16	88,248.16	84,642.55	0.00	1.29
601558	AGRI 6133 AGRICULTURAL PROMOTIONS BC 63705	13,891.00	13,891.00	0.00	0.00	13,891.00	13,891.00	0.00	0.00	0.00
601559	AGRI 6134 NC HORSE COUNCIL BC 63705	236,254.00	236,254.00	0.00	231,420.32	4,833.68	4,833.68	0.00	0.00	1.31
601560	AGRI 6135 TOBACCO RESEARCH COMM ASSESSMENTS BC 63705	448,422.00	448,422.00	0.00	392,315.77	56,106.23	56,106.23	0.00	0.00	1.17
601561	AGRI 6136 PESTICIDE ENVIRONMENTAL ASSESSMENT BC 63705	550,550.00	550,550.00	0.00	379,974.98	170,575.02	170,575.02	0.00	0.00	0.92
601562	AGRI 6150 AG FOUNDATION ASSESSMENT BC 63705	3,459,987.00	3,459,987.00	0.00	2,247,826.94	1,212,160.06	1,212,160.06	0.00	0.00	0.87
601564	AGRI 6161 PAYMENTS-FARM TO SCHOOL BC 63705	1,198,736.00	1,198,736.00	24,997.50	2,734,464.14	(1,535,728.14)	(1,535,728.14)	0.00	0.00	3.04
	Expenditures	6,650,070.00	6,650,070.00	24,997.50	6,530,409.56	119,660.44	119,660.44	84,642.55	0.00	1.33
Revenues-Estimated and Actual										
601551	AGRI 6111 BOLL WEEVIL GROWER CONTRIBUTION BC 63705	274,776.00	274,776.00	0.00	281,492.50	(6,716.50)	(6,716.50)	0.00	0.00	1.37
601552	AGRI 6112 NC EGG FUND BC 63705	295,913.00	295,913.00	0.00	343,322.05	(47,409.05)	(47,409.05)	0.00	0.00	1.55
601553	AGRI 6122 PERFORMANCE BONDS BC 63705	42,375.00	42,375.00	0.00	(178,714.66)	221,089.66	221,089.66	0.00	0.00	(5.62)
601554	AGRI 6123 PASTEURIZER LOANER PROG - ESCRO BC 63705	1,500.00	1,500.00	0.00	0.00	1,500.00	1,500.00	0.00	0.00	0.00
601556	AGRI 6131 GOODNESS GROWS PROMOTION BC 63705	12,534.00	12,534.00	0.00	0.00	12,534.00	12,534.00	0.00	0.00	0.00
601557	AGRI 6132 FLAVORS OF CAROLINA BC 63705	137,775.00	137,775.00	0.00	153,572.44	(15,797.44)	(15,797.44)	0.00	0.00	1.49
601558	AGRI 6133 AGRICULTURAL PROMOTIONS BC 63705	7,641.00	7,641.00	0.00	0.00	7,641.00	7,641.00	0.00	0.00	0.00
601559	AGRI 6134 NC HORSE COUNCIL BC 63705	236,254.00	236,254.00	0.00	230,572.32	5,681.68	5,681.68	0.00	0.00	1.30
601560	AGRI 6135 TOBACCO RESEARCH COMM ASSESSMENTS BC 63705	448,422.00	448,422.00	0.00	510,051.89	(61,629.89)	(61,629.89)	0.00	0.00	1.52
601561	AGRI 6136 PESTICIDE ENVIRONMENTAL ASSESSMENT BC 63705	550,550.00	550,550.00	250.00	516,100.00	34,450.00	34,450.00	0.00	0.00	1.25
601562	AGRI 6150 AG FOUNDATION ASSESSMENT BC 63705	3,459,987.00	3,459,987.00	5,251.65	2,562,314.08	897,672.92	897,672.92	0.00	0.00	0.99
601564	AGRI 6161 PAYMENTS-FARM TO SCHOOL BC 63705	1,198,736.00	1,198,736.00	0.00	2,224,681.84	(1,025,945.84)	(1,025,945.84)	0.00	0.00	2.47
	Revenues	6,666,463.00	6,666,463.00	5,501.65	6,643,392.46	23,070.54	23,070.54	0.00	0.00	1.33
	Increase/(Decrease) in Fund Balance	16,393.00	16,393.00	(19,495.85)	112,982.90	(96,589.90)	(96,589.90)	(84,642.55)	0.00	2.31
Cash Analysis										
	Beginning Balance				1,383,146.45					
	+ Allotments				0.00					
	+ Cash Receipts				6,643,392.46					
	- Cash Disbursements				6,530,409.56					
	+ Assets				0.00					



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Agency	Budget Code	Period
All	All	Mar-24

1000-DEPARTMENT OF AGRICULTURE										
63705-DACS-TRUST-AGENCY										
*** Summary by Purpose ***										
Purpose	Description	Budgeted		Actual		Unexpended/Unrealized		Encumbrances		Rate
		Certified	Authorized	Current-Month	Year-To-Date	Certified	Authorized	Obligations	Unpaid Invoices + Inventory Receipts	
	+ Liability				0.00					
	+ Equity				0.00					
	= Ending Balance				1,496,129.35					
Additional Assets										
	Total Availability				1,496,129.35					

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: 3-Mar-24
Budget Revision #: 12-0001

Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
63705 (GASB 3900)	\$ 6,650,070	\$ 199,502	\$ 4,144,649	\$ 3,945,147
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
Fund Type Total	\$ 6,650,070	\$ 199,502	\$ 4,144,649.00	\$ 3,945,147

JUSTIFICATION FOR REQUEST:

Budget Code 63705 encompasses fiduciary activities of the state agency and is identified by the trust fund designation. In prior fiscal years, the activity was recorded in a liability account (funds held for others) which was a non-budgeted account. GASB 84 dictated a change to the process. The Department submitted and OSBM approved a budget revision last fiscal year to account for expected activity for the fiscal year. That revision increased the authorized budget but not the certified budget. Activity in the fund codes exceeded estimates due to the assessments collected by the Department and issued to the appropriate foundation/entity. The activity noted is simply a pass-through for the agency. The corresponding budget revision 12-0001 for this deviation request increases Funds 601551, 601552, 601559, 601560, 601561, 601562, 601564. Fund 601551 is related to the Boll Weevil Grower Control program where funds are collected by the Department based on an assessment per acre of cotton. The funds are then sent to the Boll Weevil Eradication Foundation of North Carolina to be used in support of the monitoring and trapping program. Fund 601552 is related to the Egg Production Tax as outlined by GS 106-245.30 through 106-245.39. All monies levied and collected by the Department under the provision Article 25B, Egg Production Tax, are deposited into Fund 601552 and then distributed to the NC Egg Association. Fund 601559 is related to the funds collected by the Department and issued to the NC Horse Council to be used in support of the equine programs. In 1999, the horse industry began collecting a self-assessment from the purchase of horse feed. Fund 601560 represents the check-off funds that the Department collects and issues to the NC Agricultural Foundation. The self-assessment by NC tobacco growers supports tobacco research and education. Fund 601561 is related to the funds collected by the Department and used for various programs and projects that are funded by the PETF. In 1993, the North Carolina General Assembly created the PETF under the North Carolina Pesticide Law of 1971, Section 143- 468(b). Fund 601562 houses the assessments related to feed, seed, lime and fertilizer. Fund 601564 supports the Farm to School Program administered by the Department's Food Distribution Division. The Division transports locally grown fresh fruits and vegetables from NC farmers to schools participating in 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.