July 14, 2022

MEMORANDUM

TO: Joint Legislative Commission on Governmental Operations

FROM: Charles Perusse Charles Perusse

SUBJECT: Deviation Request from Department of Public Safety, Alcoholic Beverage Control Commission Warehouse Program

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.

The North Carolina Department of Public Safety, Alcoholic Beverage Control Commission Warehouse Program, is requesting to budget over realized receipts in the amount of $6,819,208 to provide additional budgeted amounts required for purchased services and Property, Plant and Equipment to eliminate negative line-item balances required to close out the 2021-22 fiscal year.

The largest share of the over expenditure is related to miscellaneous contractual services where the warehouse distribution services contract lies. This is a large, 10-year contract that was renewed in State Fiscal Year 22 with the amount for State Fiscal Year 22 being encumbered at approximately $17M. Alcoholic Beverage Control Bailment fees support this contract and were increased to cover the cost of the contract.

Please see the attached Deviation Exception Request Form.

If you have questions or concerns, please contact Budget Analyst Marsha Overby at Marsha.Overby@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: NCDPS
FISCAL YEAR: 2021-2022
Date: 6/29/2022
Budget Revision #: 12-0024

Internal Service Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
54551	$ 20,536,600	$ 616,098	$ 6,819,208	$ 6,203,110
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
Fund Type Total	**$ 20,536,600**	**$ 616,098**	**$ 6,819,208**	**$ 6,203,110**

<u>JUSTIFICATION FOR REQUEST</u>:

G.S.143C-6-4.(b1) requires reporting an overexpenditure that would cause a department's total requirements for a Fund to exceed the department's certified budget by 3% for a fiscal year.

The NCDPS, ABC Commission Warehouse Program, is requesting to budget overrealized receipts in the amount of $6,233,902 to provide additional budgeted amounts required for purchased services and Property, Plant and Equipement to eliminate negative line item balances required to close out the 2021-22 fiscal year.

The largest share of the overexpenditure is related to miscellaneous contractual services where the warehouse distribution services contract lies. This is a large, 10-year contract that was renewed in SFY22 with the amount for SFY22 being encumbered at approximately $17M. ABC Bailment fees support this contract and were increased to cover the cost of the contract.

RMDSID19
BD701-03
190 DEPARTMENT OF PUBLIC SAFETY
54551 DPS-ABC COMMISSION
5210 ABC WAREHOUSE

STATE OF NORTH CAROLINA GENERAL LEDGER SYSTEM
AUTHORIZED MONTHLY BUDGET REPORT
FOR THE PERIOD ENDING JUNE 29, 2022

DETAIL REPORT BY FUND

A19-GL-BD701-AUTH-REPORT
RUN DATE: 06/30/2022
ATBD701

ACCOUNT	DESCRIPTION	** AUTHORIZED ** BUDGET	****** A C T U A L ****** CURRENT	QUARTERLY	TO DATE	BALANCE	ENCUMBRANCES	UNENCUMBERED	RATE
EXPENDITURES-BUDGET AND ACTUAL									
532199	MISC CONTRACTUAL SERVICE	10,504,336.00	1,421,750.00	4,335,750.00	16,535,856.37	6,031,520.37-	1,888,850.00	7,920,370.37-	1.75
532390	REPAIRS-OTHER	.00	292.30	2,900.09	93,802.06	93,802.06-	12,880.00	106,682.06-	***
532490	MAINT AGREEMENT-OTHER	15,000.00	.00	.00	17,465.50	2,465.50-	.00	2,465.50-	1.16
532811	TELEPHONE SERVICE	.00	81.49-	912.22	4,532.97-	4,532.97	.00	4,532.97	***
532819	TELEPHONE WIRING SVC CHR	.00	.00	.00	28,076.85	28,076.85-	.00	28,076.85-	***
532822	MANAGED LAN SVC CHARGE	.00	.00	1,406.60	1,406.60	1,406.60-	.00	1,406.60-	***
532825	MANAGED WAN SVCS	.00	.00	1,458.71	1,458.71	1,458.71-	.00	1,458.71-	***
532XXX	PURCHASED SERVICES	10,519,336.00	1,421,960.81	4,342,427.62	16,673,533.12	6,154,197.12-	1,901,730.00	8,055,927.12-	1.77
534420	OTH STR-DESIGN CONTRACTS	.00	.00	.00	6,000.00	6,000.00-	.00	6,000.00-	***
534431	OTH STR-GENERAL CONTRACT	.00	.00	.00	279,575.19	279,575.19-	.00	279,575.19-	***
534432	OTH STR-ELECT CONTRACTS	.00	.00	.00	109,444.99	109,444.99-	.00	109,444.99-	***
534443	OTH STR-PAVING CONTRACT	.00	265,453.70	265,453.70	265,453.70	265,453.70-	.00	265,453.70-	***
534539	OTHER EQUIPMENT	.00	.00	.00	.00	.00	11,404.91	11,404.91-	***
534XXX	PROPERTY, PLANT & EQUIP	.00	265,453.70	265,453.70	660,473.88	660,473.88-	11,404.91	671,878.79-	***
	EXPENDITURES	10,519,336.00	1,687,414.51	4,607,881.32	17,334,007.00	6,814,671.00-	1,913,134.91	8,727,805.91-	1.83
REVENUES-ESTIMATED AND ACTUAL									
435500036	ABC BAILMENT	10,468,130.00	2,090,519.13	5,991,543.09	18,841,096.37	8,372,966.37-	.00		1.80
435500037	ABC BAILMENT-MILITARY	51,206.00	3,269.75	27,225.00	77,464.75	26,258.75-	.00		1.51
	REVENUES	10,519,336.00	2,093,788.88	6,018,768.09	18,918,561.12	8,399,225.12-	.00		1.80
	INCREASE/(DECREASE) IN FUND BALANCE	.00	406,374.37	1,410,886.77	1,584,554.12	1,584,554.12-	.00		***