



**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

May 23, 2023

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker *Kristin Walker*

SUBJECT: Deviation Request from Department of Agriculture and Consumer Services

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 Department of Agriculture is requesting to deviate budget code 63702 to properly budget expenditures and receipts for the 2022-23 fiscal year.

In budget code 63702 the department requests budget interest payments for the North Carolina Agricultural Finance Authority planned FY23 expenses. Due to the staff turnover, the state of the economy, rising interest rates, and post pandemic, executive leadership chose to hire additional resources which in turn increased the volume of program activity resulting in more interest payments and loan collections.

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.

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: 23
Date: 30-Mar-23
Budget Revision #: 12-0039

Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
63702 (GASB 9000)	\$ 697,332	\$ 20,920	\$ 190,034	\$ 169,114
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
Fund Type Total	\$ 697,332	\$ 20,920	\$ 190,034.00	\$ 169,114

JUSTIFICATION FOR REQUEST:

Budget Code 63702 is directly related to the NC Agricultural Finance Authority that was established by the NC General Assembly to provide credit throughout NC (Chapter 122D) and is identified by fund codes 6600 and 6602. This program provides funding for purchase, development and improvement of family farms in an effort to strengthen the agricultural industry and to the health, welfare, safety and prosperity of all residents of the State. Funds are also used for financing food processing plants located in non-urban areas. Use of guarantees on loans to minimize the delinquency rate among borrowers is implemented where possible. The Authority performs all necessary services to continue the lending and collecting in a manner consistent with maximizing the impact of the available resources. Due to staff turnover, the state of the economy, rising interest rates, and post pandemic, executive leadership chose to hire additional resources which in turn increased the volume of program activity, resulting in more interest payments and loan collections.

DETAIL REPORT BY FUND

***** AUTHORIZED ** A C T U A L *****

ACCOUNT	DESCRIPTION	BUDGET	CURRENT	QUARTERLY	TO DATE	BALANCE	ENCUMBRANCES	UNENCUMBERED	RATE
EXPENDITURES-BUDGET AND ACTUAL									
532199	MISC CONTRACTUAL SERVICE	134,475.00	.00	5,806.08	41,348.64	93,126.36	.00	93,126.36	.41
532XXX	PURCHASED SERVICES	134,475.00	.00	5,806.08	41,348.64	93,126.36	.00	93,126.36	.41
535324	OTHER INTEREST PAYMENTS	1,230,047.00	176,695.02	411,053.56	1,065,060.79	164,986.21	.00	164,986.21	1.15
535XXX	OTHER EXPENSES & ADJUST	1,230,047.00	176,695.02	411,053.56	1,065,060.79	164,986.21	.00	164,986.21	1.15
538120	TRANSFER TO CODE 63702	254,599.00	.00	.00	.00	254,599.00	.00	254,599.00	.00
538XXX	INTRAGOVERNMENTAL TRANS	254,599.00	.00	.00	.00	254,599.00	.00	254,599.00	.00
	EXPENDITURES	1,619,121.00	176,695.02	416,859.64	1,106,409.43	512,711.57	.00	512,711.57	.91
REVENUES-ESTIMATED AND ACTUAL									
433121	STIF INT INC-NONOP-PROGR	70,844.00	19,919.97	54,015.00	114,245.31	43,401.31-	.00		2.15
434160	PROFESSIONAL SERVICES	48,437.00	12,736.84	32,714.48	111,912.03	63,475.03-	.00		3.08
437112	LOAN COLLECTION-INTEREST	470,229.00	183,748.03	548,829.54	1,366,646.41	896,417.41-	.00		3.88
437402	REAL GAIN INV-NONOP-PROG	775,012.00	.00	.00	.00	775,012.00	.00		.00
437991	OTHER MISC REV-NONOP-PRO	.00	.00	5,806.08	5,560.95	5,560.95-	.00		***
	REVENUES	1,364,522.00	216,404.84	641,365.10	1,598,364.70	233,842.70-	.00		1.56
INCREASE/ (DECREASE)									
	IN FUND BALANCE	254,599.00-	39,709.82	224,505.46	491,955.27	746,554.27-	.00		2.58-