



OFFICE OF PLANNING AND BUDGET

Nathan Deal
Governor

Teresa A. MacCartney
Director

April 3, 2017

MEMORANDUM

TO: Agency Heads and Fiscal Officers
FROM: Teresa A. MacCartney *sm*
RE: Fiscal Year 2017 Year End Budget Close Out

As we approach the end of Fiscal Year 2017, OPB will be working closely with agencies and the State Accounting Office to make sure that we close the current fiscal year in good financial order. As in prior years, our focus should be on maximizing agency surplus to continue building our Revenue Shortfall Reserve and on minimizing financial-reporting and audit issues.

SAO Year-End Reporting

One of the critical functions of the State Accounting Office (SAO) is the preparation and publication of the State of Georgia's Comprehensive Annual Financial Report (CAFR). Producing the CAFR on time with a clean opinion plays a crucial role in the State maintaining its AAA bond rating, and cooperation of all State organizations is necessary for SAO to successfully prepare the CAFR. Therefore, the appropriate fiscal staff within your organization must adhere to SAO's reporting forms timeline and complete the required forms accurately and completely during the upcoming year-end financial close process.

Additionally, adequate internal controls are essential for the State receiving an unmodified opinion on the CAFR. SAO has released the statewide guidance on all components on internal controls; however, agencies are directly responsible for their own internal control activities, including the design, implementation, and operating effectiveness of their internal control system. Therefore, please ensure that you and your staff are familiar with the statewide guidance issued by SAO and have taken the necessary steps to implement a system of controls that complies with those guidelines.

Year End Expenditures

Agencies should prioritize any planned fourth-quarter expenditures to optimize funds available for surplus at fiscal year-end. Please work closely with your OPB analyst to assess the need for any one-time expenditures on items such as equipment or technology purchases, vehicles, contractual services, capital outlay or other

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initiatives. One-time expenditures should be limited to essential items only. Funds not needed for essential expenditures should be lapsed at year end.

If your agency wishes to purchase motor vehicles using FY 2017 funds, you must submit your request to Fleet Management at the Department of Administrative Services before close of business on Friday, May 26.

Funds appropriated in the AFY 2017 appropriations act for specific initiatives should be either fully expensed or encumbered prior to year end. Agencies should not plan on reserving state funds they were unable to spend or encumber during the fiscal year.

Purchase Order Review

OPB and the State Accounting Office again will work with agencies to identify purchase orders established prior to FY 2016 with little to no recent activity in order to determine any need to keep certain purchase orders open, or where appropriate, to close remaining purchase orders and remit the funds to Treasury.

Fiscal Affairs

The Governor has called a meeting of the Fiscal Affairs Subcommittee for Tuesday, June 13 at 9:30 a.m. in Room 341 of the Capitol.

Please review the status of your budgets to determine any need for state funds transfers affecting Fiscal Year 2017 and Fiscal Year 2018. Requests for FY 2017 transfers should be limited to issues unforeseen during consideration of the Amended Budget and that are necessary in maintaining budgetary compliance at fiscal year-end. FY 2018 transfers should be limited to only those needed to meet expenditure needs prior to the approval of an Amended Fiscal Year 2018 budget. State funds transfers that are not absolutely necessary may be submitted as an Amended Fiscal Year 2018 budget request.

Zero-Based Budgeting

OPB, in conjunction with the House and Senate budget offices, is in the process of selecting which budgetary programs it will review for FY 2019 as part of the annual ZBB process. Your division director will notify you regarding any programs within your agency that will need review. Formal instructions will be sent at a later date, but agencies are strongly encouraged to begin working with their division director and analyst on an initial review of the selected programs.

Final Amendments

While OPB is in the process of standing up a new budget system, Planning and Budget Cloud Services, for FY 2018, FY 2017 activity will continue to take place in BudgetNet through closeout of the fiscal year. Deadlines for final amendments and allotments in BudgetNet are posted on the OPB website as part of the Joint OPB/SAO FY 2017 Year End Calendar.

As a reminder to agencies in preparing their final amendments, per joint OPB-SAO policy 02.01.0401, agencies are not required to adjust budgeted federal and other funds to match expenditures at year end. Rather, federal and other funds should match available revenues to meet planned expenditures. Agencies should be cautious in reducing their budgets at year end below available revenues as a post-closing adjustment could result in an unforeseen increase to expenditures that would cause budgetary compliance issues during the audit process. OPB will not authorize changes to final budgets for the Budgetary Compliance Report after BudgetNet has closed for the fiscal year.

Spending Order Policy and Surplus Funds

Under joint OPB-SAO policy 4-9-1, agencies must spend retained other-fund revenues in the year in which they are earned. Retained revenues not spent prior to year-end will lapse unless an agency submits a letter to OPB requesting to reserve those funds. Agencies must request to reserve any and all state and other funds that it expects to retain for use in future years.

Any surplus state or other funds not previously reported in the FY 2016 Budgetary Compliance Report should be remitted to Treasury no later than June 30, 2017 using account code 390109, Adjustments to Fund Balance – Early Surplus Returned to OST. If funds are available in your allotment balance account at Treasury, agencies should use the ARIS system and click the “Return of Surplus” button to remit payment. If funds are not available in your allotment account, please contact Lisa Hoover or Donna Bowman at the Office of the State Treasurer, accounting@treasury.ga.gov, to make arrangements to send the funds.

Thank you for your continued leadership and commitment to strong fiscal stewardship as we close out the current fiscal year and look forward to Fiscal Year 2018.

TAM/sbg

c: Alan Skelton, State Accounting Officer
Steve McCoy, State Treasurer
Christopher Nunn, Commissioner