

MEMORANDUM

TO: Financial Managers
FROM: Adam Greshin, Commissioner of Finance & Management
DATE: June 30, 2023
RE: **FY 2023 Year End Balances and Carry-Forward, FY 2023 to FY 2024**

Pursuant to Section 109 of Act 3 of 2023 (the FY 2023 Budget Adjustment Act), the Secretary of Administration will authorize unexpended FY 2023 General Fund, Transportation Fund, Transportation Infrastructure Bond, Education Fund, Clean Water Fund, and Agricultural Water Quality Fund appropriation balances in the Executive Branch to carry forward for use in FY 2024, except as otherwise provided by law or as determined by the Secretary. **Expenditure of this carry-forward, however, is subject to approval by the Commissioner of Finance & Management and should not be considered automatic.** Unexpended Judicial and Legislative Branch General Fund appropriations will be carried forward pursuant to this section.

Pursuant to Section G.100(b) of Act 74 of 2021, unexpended appropriations of federal funds provided by the American Rescue Plan Act of 2021 (ARPA) shall automatically carry forward from fiscal year 2022 until expended.

The final amount of eligible carry-forward in your various appropriations will be determined by end of day, July 21, 2023 when the Division of Financial Operations completes its FY 2023 budget close process. You can obtain your carry-forward balances by using the VT_APPROP_FUND_SUM_NW - Appropriation Summary by Fund query. The query should be run for budget period 2023, fiscal year 2023 and period 998. The available balance is your total carry-forward, including encumbrances. Note that the appropriation balances are reflected on the report as credits (negative). Your carry-forward plan does not need to include any amounts already encumbered by valid obligations made in FY2023.

The deadline for submission of your carry-forward plan is August 1, 2023. FY 2023 carry-forward funds may not be expended or added to your organizational budgets in FY 2024 until your carry-forward plan is approved. Carry-forward plans are submitted to your budget analyst in the form of a summary description of the planned uses of carry-forward funds for each affected appropriation. Carry-forward plans will generally be used for one-time, rather than base, expenditures except as otherwise agreed to and approved by the Department of Finance & Management. One-time uses to leverage, or invest in, future operational efficiencies and budgetary savings are particularly worthy of consideration. Among other top priorities for carry-forward uses should be your agency or department's FY 2024 Pay Act need.

Carry-forward plans are required for expenditure of remaining amounts from prior year “one-time appropriations” as well as from base appropriations. Amounts for which carry-forward plans are not approved will be proposed for reversion in the FY 2024 Budget Adjustment.

Your budget analyst will be in contact once review is complete.

Encumbrances:

FY 2023 funds may be encumbered for valid obligations pertaining to specific future expenditures by rolling dispatched and budget checked FY 2023 purchase orders to FY 2024. (See page 18 of Financial Operations’ Year End Close Instructions, pertaining to FY 2023 PO Rollover). Encumbrances of FY 2023 spending authority that do not reflect valid obligations – or encumbrances for which the purchase order is subsequently cancelled – will be reviewed, with the potential for reversion or transfer to the General Fund.

Unencumbered appropriations (i.e., FY 2023 spending authority) from funding sources other than those listed above shall, unless otherwise specifically authorized, revert at the end of FY 2023.

End-of-Fiscal Year Special Fund and Federal Fund Cash Balances:

As part of the year-end process, the budget office also reviews cash balances in Special Funds. For each Special Fund under your sole jurisdiction, please provide a recommendation and justification as to whether each fund should retain its balance, or whether all or a portion can be proposed in the FY 2024 Budget Adjustment for transfer to the General Fund via “direct application.” Special Funds without activity for several years should be recommended for termination. (For Special Funds or Federal Funds with negative cash balances, the Financial Operations FY 2023 Year End Closing Instructions require submission to the Budget and Management office of a Receipt Confirmation Form by July 21, 2023).

Closeout Problems

Please inform us of any FY 2023 closeout problems you have encountered, including:

- Carrying forward unpaid FY 2023 bills, for payment in FY 2024;
- For any Special Funds or Federal Funds for which you have responsibility, ending the year in a cash deficit (see Receipt Confirmation Form discussion above);
- Necessity – after the specified deadline – to request Excess Receipts or Appropriation Transfers to close out the Fiscal Year;
- Special Fund or Federal Fund receivables of a significant amount that have not materialized;
- Interdepartmental Transfer receipts that have not materialized;
- Internal Service Fund billings that have not been paid; and
- Any other situation you regard as a problem related to FY 2023 closeout.

In the absence of a response by August 1, 2023, we will assume you encountered no significant FY 2023 closeout problems.

If you have questions regarding the above, please contact your budget analyst.

Thank you for your cooperation.