

10A NCAC 27A .0111 FUND BALANCE: COMPUTATION FOR AREA PROGRAMS

(a) In order for the Division to have input into the actions regarding fund balances in area programs, the following shall take place after the certified public accountant's audit report is rendered and the tentative settlement report prepared:

- (1) The fund balance set forth within the annual audit of area programs shall be verified by the Division.
- (2) Since single county area programs are considered a department of the county for budgetary and financial reporting, separate fund balances for the single county area programs are not required. In order to assure that single county area programs are in compliance with the G.S. 122C-146 which states that fees received for services shall not reduce or replace the budgeted commitment of local tax revenue, the Division shall review the utilization of county general funds and the disposition of fees received for service each year.
- (3) To determine the unrestricted fund balance for a multi-county area program or single county area program which maintains a separate fund balance and the percent that it represents to the operating budget, the Division shall use the following format:

| | |
|--|---------|
| Current Assets Per Audit Report | \$ |
| Less: Current Liabilities Per Audit Report | () |
| Fund Balance | \$ |
| Less: Reserve for Encumbrances | () |
| Reserve for Patients Accounts Receivable | |
| Less: Allowance for Doubtful Accounts Patient | |
| Accounts Receivable | () () |
| Reserve for Accounts Receivable from Governmental | |
| Entities | () |
| Reserve for Inventory | () |
| Reserve for DWI Fees | () |
| Reserve for Drug Education School Fees | () |
| Reserve for Restricted Donations | () |
| Fund Balance Restriction Previously Approved by | |
| DMH/DD/SAS | () |
| Willie "M" | () |
| Thomas S. | () |
| Other(List) | () |
| Unrestricted Fund Balance | \$ |
| Currently approved budget including expansion | \$ |
| Percent Unrestricted Fund Balance to Current Annual Budget | percent |

- (4) If the unrestricted fund balance is not in excess of 15 percent of the current annual budget, no action is to take place.
- (5) If the unrestricted fund balance is over 15 percent of the current annual budget, the Division shall recoup in an amount equal to the fund balance in excess of 15 percent. The area program may request permission from the Division Director to restrict fund balance in excess of the 15 percent limitation for specific purposes.

(b) The amount of reduction of financial support by the division to area programs as referenced in Subparagraph (a)(5) of this Rule may be decreased or delayed or both if, in the opinion of the Division Director, the following circumstances warrant relaxation of this policy:

- (1) past history of fund usage by the area program;
- (2) adequacy of area program funds to meet the needs of the catchment area;
- (3) utilization of funds throughout the fiscal year by the area program;
- (4) unusual or unexpected fiscal events affecting the area program; or
- (5) purpose for which the area program would retain funds.

(c) Any action taken in regard to Paragraph (b) of this Rule shall be documented in writing.

History Note: Authority G.S. 122C-112(a)(6); 122C-144; 122C-146; 122C-147; 143B-10; 159-8;

Eff. February 1, 1996;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.