



State of North Carolina Office of Information Technology Services

Pat McCrory
Governor

Chris Estes
State Chief Information Officer

Memorandum

To: Joint Legislative Commission on Governmental Operations

From: Joyce Wallace, ITS Chief Financial Officer 

Subject: ITS Internal Service Fund Receipt Cap

Date: March 21, 2013

In order to provide greater transparency into the financial position of the Internal Service Fund, an accounting change was made to eliminate the double-counting of overhead expenses. While this adjustment will not have any impact to service rates, it will correct the overstatement of the Internal Service Fund budget. Overhead expenses and their impact on rates are still clear and traceable within financial statements.

Revenue Cap per S.L. 2012-142, Section 6A.5.(a):	\$175,000,000
Increase on letter dated 10/05/2012:	13,711,651
Overhead Accounting Adjustment	<u>(10,526,390)</u>
Revised Cap	\$178,182,261

Pursuant to S.L. 2012-142, Section 6A.5.(a), I am writing to report another need to increase budgeted receipts for the IT Internal Service Fund. A receipt increase is required to accommodate the following:

- DHHS (Federal) – Additional receipts will be generated for the purchase of AIX server infrastructure and supporting software associated with the Health Benefit Exchange.

Increase: \$8,958,591

- DPI (Federal) – The ECIDS development project is a component of the overall Race to the Top (RttT)/Early Learning Challenge (ELC) grant that was awarded to the State. The ECIDS solution will focus on aggregating information from multiple operational data stores owned by various State agencies to answer key questions about programs and services. ITS will act as the solution provider for the ECIDS application. All costs for this engagement will be recovered via the RTT-ELC Grant for the ECIDS project.

Increase: \$ 407,155

Revised Receipt Budget Required: \$187,548,007

These increases are the result of signed agreements with affected parties and will not impact overall ITS rates.

cc: Chris Estes
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Danny Lineberry
Erin Matteson
Sarah Porper