

ACCOUNTING AND FISCAL CONTROL

Reporting Entity – The New Hanover County Board of Education is a Local Education Agency (LEA) empowered by Chapter 115C of the North Carolina General Statutes with the responsibility to oversee and control all activities related to public school education in New Hanover County, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding source. The Board is a primary government with an elected governing body. Because the members of the Board are elected officials of New Hanover County and have the authority to designate management, have the ability to significantly influence operations and are primarily responsible for fiscal matters, the Board is recognized as a separate governmental reporting entity under definition by the Governmental Accounting Standards Board. The Board has limited borrowing authority, cannot levy taxes and is required to maintain accounting records in a uniform state format established by the State’s General Assembly. The Board has no component units or entities for which it is considered to be financially accountable and is not itself considered to be a component unit of another government unit.

Fund Accounting – The following funds are maintained in accordance with the State Uniform Chart of Accounts:

Governmental Funds

General Fund – The General Fund is the general operating fund of the Board and is used to account for all financial resources except those that are required to be accounted for in another fund. This fund is the “Local Current Expense Fund” mandated by State law.

State Public School Fund – This fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Federal Grant Fund – The Federal Grant Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Capital Outlay Fund – This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds). Capital projects are funded by New Hanover County appropriations, state grants and the proceeds of New Hanover County bonds issued for the construction of public schools.

Other Restricted Revenue Fund – This fund is used to account for financial resources received for specific purposes.

Individual Schools Special Revenue Fund – This fund is used to report the revenue and expenditures of the individual school funds. This fund is not required to operate through a legally adopted budget and is excluded from the budget resolution.

Enterprise Funds

Child Nutrition Fund – This fund is used to account for the food service program within the school system. It is the intent of the Board that the costs of providing food services to the individual schools be partially recovered by user charges.

After School Program Fund – This fund is used to account for revenues and expenditures of the after school programs.

Fiduciary Fund

Private Purpose Trust Fund – This fund is used to account for revenues and expenditures associated with donations for scholarships and awards.

Basis of Accounting – The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The accounts shall be maintained to show, in detail, the assets, liabilities, equities, revenues and expenditures. Encumbrances shall be recorded and shown.

Budgetary Control –

- No obligation shall be incurred unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year, except as may be authorized as a continuing contract for capital outlay under NCGS 115C-441(c1), operational leases under NCGS 115C-530, certain lease/purchase or installment purchase contracts for equipment under NCGS 115C-528 or otherwise authorized by law.
- Contracts and purchase orders shall be preaudited and signed by the Chief Financial Officer.
- The Chief Financial Officer or designee may approve a bill, invoice, or other claim for payment only if the amount is determined to be payable, the budget resolution includes an appropriation authorizing the expenditure and either an encumbrance has been previously created for the transaction or an unencumbered balance remains in the appropriation sufficient to pay the amount to be disbursed.
- Payments of bills, invoices, salaries or other claims shall only be made by a check or draft on an official depository, by a bank wire transfer from an official depository, or by a warrant on the State Treasurer.

Daily Deposits – All monies collected or received by an officer, employee or agent of the local education agency shall be deposited with the Finance Department, or in an official depository approved by the Chief Financial Officer, daily, or when the monies on hand exceed two-hundred fifty dollars (\$250.00), but in any event on the last business day of the month.

Travel and Workshop Expenditures – Reimbursement for travel expenses of employees traveling on behalf of the Board and expenditures for workshop shall be paid in accordance with the policies, regulations and approved rates of the Office of State Budget and Management. Detailed travel and workshop procedures shall be maintained by the Chief Financial Officer.

Annual Independent Audits – An independent auditor shall be selected triennially by the Board to conduct an annual audit. Only auditors certified by the Local Government Commission will be considered. The audit shall be all encompassing, in accordance with Generally Accepted Auditing Practices, and follow guidelines currently promulgated by the Local Government Commission.

Internal Audits – The Chief Financial Officer may at any time audit the accounts of any officer, employee or agent collecting or receiving any monies and may prescribe the form and detail of these accounts. These duties may be delegated to the Internal Auditor by the Superintendent.

Facsimile Signatures – The use of facsimile signature machines, signature stamps, or similar devices in signing checks and drafts and in signing the preaudit certificate on contracts and purchase orders is authorized where appropriate. The Chief Financial Officer is charged with the proper use and custody of the necessary machines, stamps, plates or other devices.

LEGAL REFS: NCGS 115C- 426, 440, 441, 445, 447, 439

CROSS REF: [Policy 3350 School Funds](#)

Adopted: 11/13/90

Revised: 10/05/93, 04/10/12, 02/04/15