

## Finance Options for Districts

Districts fall under the jurisdiction of Budget and Fiscal Control Act, NC General Statute (GS) 159, because they satisfy one of the statute's definitions of a public authority. A public authority is defined as a "municipal corporation ... that is not subject to the (state) Executive Budget Act..."(GS 159-7) The Budget and Fiscal Control Act extends to all moneys received by a public authority from whatever source. Districts have primary responsibility for ensuring compliance with the Act. They can do their own budgeting, financial administration and reporting or can enter into cooperative arrangement with their respective counties to carry out these duties.

### **Basic Budgeting Requirements**

- ◆ Annual budget process with a budget ordinance (GS 159-7 to 17.1)
  - Timeline of when budget requests are submitted, adoption of budget in public hearing, recording adopted budget, adoption of budget ordinance (GS 159 10-12).
  - Balanced budget (GS 159-8) – All moneys must be budgeted prior to being spent.
  - Budget Ordinance (GS 159 13, 15, 16) basic requirements include a balanced budget where appropriations are made by department, function, or project and show the sources of major revenue. It can be amended at any time during fiscal year after adopted.
  - Project Ordinance (GS 159-13.2) is allowed for acquisition of capital assets or for grant financed projects. The ordinance must be balanced over the life of the project, can be adopted at any time, and needs to be adopted only once, not yearly. Spending authority extends for the life of the project and it can be amended at any time. The financial transactions of a project ordinance are not authorized by the budget ordinance. However, detailed information is to be included in the budget information regarding yearly estimate of expenditures of moneys and amounts authorized the previous year.
- ◆ Budget Officer (GS 159-9)

Serves at will of board to fulfill obligations of maintaining a balanced budget based on GS159. Each public authority must have a budget officer. The public authority may impose the duties of the chairman or any member of its governing board or any other officer or employee.
- ◆ Inclusiveness  
All moneys must be budgeted prior to being spent.

### **Financial Administration and Fiscal Controls**

- ◆ Finance Officer (GS 159-24, 25)

Duties include keeping accounts, disbursing funds, preparing financial condition statements, maintaining records of obligations, and supervising idle funds.
- ◆ Pre-Audit (GS 159-28)
  - Review contracts to confirm they are covered by an appropriation and sufficient funds remain to pay obligations.
  - Stamp contracts to indicate they have been pre-audited
- Disbursement (GS 159-28)
  - Certify every check on an official depository has been approved
  - Sign and disburse checks with two signatures
  - For districts operating under the county budget, the county finance officer can deputize a district official to perform pre-audits, payment authorizations, and disbursement duties.
- ◆ Bank Accounts (GS 159-31)
  - Money can only be deposited into official depositories.
  - If a district is operating under the county budget, they can only have their own bank account if the county commissioners authorize it and should be handled in a district-county operational agreement.
- ◆ Daily Deposit (GS 159-32)

All employees are required to deposit collections and receipts daily with the financial officer or into an official depository.
- ◆ Annual Independent Audit (GS 159-34)
  - Audit must follow generally accepted accounting and auditing standards.
  - Internal Audit (GS 139-7) – For districts managing their own affairs, they can do an internal audit any given year in lieu of an independent audit required by the Budget and Fiscal Control Act. The chairperson must certify under oath the accuracy of the audit. *A general rule of thumb is that internal audits are acceptable for budgets less than \$10,000 with an external audit being conducted every five years.*
- ◆ Bonding (GS 139-7)

District Supervisors are required to utilize security bonds for all employees entrusted with money or property.