



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT

Bill

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

U-AMT-49 [v.5]

Page 1 of 3

Amends Title [YES]
2017-MTz-146 (v.8)

Date _____, 2018

Senator Edwards

1 moves to amend the bill draft on page 1, line 9, by rewriting the line to read:

2
3 "RECOMMENDED BY A PROGRAM EVALUATION DIVISION REPORT, AND
4 INCREASING TRANSPARENCY AND ACCOUNTABILITY IN LOCAL EDUCATION
5 FUNDING."; and

6
7 on page 4, lines 42-48, by rewriting the lines to read:

- 8
9 "(1) The process for determining the size of fund balances, including the need to
10 review and understand with clarity and transparency the revenues and
11 expenses of local school administrative units.
12 (2) Minimum and maximum fund balances, with a focus on unencumbered
13 funds.
14 (3) Appropriate uses of fund balances.
15 (4) Annual reporting requirements for fund balances.
16 (5) A process for factoring fund balances into annual local education budgets.
17 (6) The role of boards of county commissioners, if any, in determining the use
18 of fund balances."; and
19

20 on page 4, line 51, through page 5, line 1, by inserting between the lines six new sections to
21 read:

22
23 "SECTION 4. G.S. 115C-426 is amended by inserting a new subsection to read:

24 "(b1) The uniform budget format shall include space for local school administrative units
25 to provide information regarding program report codes, object codes, and personnel and
26 operating expenses of individual schools."

27 SECTION 5. G.S. 115C-427(a) reads as rewritten:

28 "(a) Before the close of each fiscal year, the superintendent shall prepare a budget for the
29 ensuing year for consideration by the board of education. The budget shall describe projected
30 expenditures by program report code and object code and comply in all respects with the
31 limitations imposed by G.S. 115C-432."

32 SECTION 6. G.S. 115C-429 reads as rewritten:



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Page 2 of 3

"§ 115C-429. Approval of budget; submission to county commissioners; commissioners' action on budget.

(a) Upon receiving the budget from the superintendent and following the public hearing authorized by G.S. 115C-428(b), if one is held, the board of education shall consider the budget, make such changes therein as it deems advisable, and submit the entire ~~budget-budget,~~ including projected expenditures by program report code and object code, as approved by the board of education to the board of county commissioners not later than May 15, or such later date as may be fixed by the board of county commissioners.

(b) The board of county commissioners shall complete its action on the school budget on or before July 1, or such later date as may be agreeable to the board of education. The commissioners shall determine the amount of county revenues to be appropriated in the county budget ordinance to the local school administrative unit for the budget year. The board of county commissioners may, in its discretion, allocate part or all of its appropriation by purpose, ~~function-function,~~ program report code, or project as defined in the uniform budget format.

...."

SECTION 7. G.S. 115C-433(b) read as rewritten:

"(b) If the board of county commissioners allocates part or all of its appropriations pursuant to G.S. 115C-429(b), the board of education must obtain the approval of the board of county commissioners for an amendment to the budget that (i) increases or decreases expenditures from the capital outlay fund for projects listed in G.S. 115C-426(f)(1) or (2), or (ii) increases or decreases the amount of county appropriation allocated to a ~~purpose-or function-purpose,~~ function, or program report code by twenty-five percent (25%) or more from the amount contained in the budget ordinance adopted by the board of county commissioners: Provided, that at its discretion, the board may in its budget ordinance specify a lesser percentage, so long as such percentage is not less than ten percent (10%)."

SECTION 8. G.S. 115C-447(a) reads as rewritten:

"(a) Each local school administrative unit shall have its accounts and the accounts of individual schools therein audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the Local Government Commission as qualified to audit local government accounts. The auditor who audits the accounts of a local school administrative unit shall also audit the accounts of its individual schools. The auditor shall be selected by and shall report directly to the board of education. The audit contract shall be in writing, shall include all its terms and conditions, and shall be submitted to the Secretary of the Local Government Commission for his or her approval as to form, terms and conditions. The terms and conditions of the audit contract shall include the scope of the audit, and the requirement that upon completion of the examination the auditor shall prepare a typewritten or printed report embodying (i) financial statements and his or her opinion and comments relating ~~thereto,thereto~~ and (ii) a comparison of budgeted and actual expenditures by program report code and object code. The financial statements accompanying the auditor's report shall be prepared in conformity with generally accepted accounting principles. The auditor shall file a copy of the audit report with the Secretary of the Local Government Commission, the State Board of Education, the board of education and the board of county ~~commissioners,~~ commissioners no later than 30 days after the close of the fiscal year and shall

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U-AMT-49 [v.5]

Page 3 of 3

1 submit all bills or claims for audit fees and costs to the Secretary of the Local Government
2 Commission for his or her approval. It shall be unlawful for any local school administrative
3 unit to pay or permit the payment of such bills or claims without this approval. Each officer,
4 ~~employee~~ ~~employee~~, and agent of the local school administrative unit having custody of public
5 money or responsibility for keeping records of public financial or fiscal affairs shall produce all
6 books and records requested by the auditor and shall divulge such information relating to fiscal
7 affairs as he or she may request. If any member of a board of education or any other public
8 officer, employee or agent shall conceal, falsify, or refuse to deliver or divulge any books,
9 records, or information, with an intent thereby to mislead the auditor or impede or interfere
10 with the audit, ~~he~~ that person is guilty of a Class 1 misdemeanor.

11 The State Auditor shall have authority to prescribe the manner in which funds disbursed by
12 administrative units by warrants on the State Treasurer shall be audited."

13 **SECTION 9.** G.S. 115C-451 is amended by inserting a new subsection to read:

14 "(a1) Within 60 days of the close of the fiscal year, local school administrative units shall
15 report the results of the audit administered pursuant to G.S. 115C-447 to the State Board of
16 Education, including the comparison of budgeted and actual expenditures by program report
17 code and object code. The Department of Public Instruction shall post this information on its
18 website, categorized by local school administrative unit, in order to enhance transparency."";
19 and

20
21 on page 5, lines 1 and 2, by rewriting the lines to read:

22
23 **"SECTION 10.** This act is effective when it becomes law. Sections 1 and 2 apply
24 beginning with budget ordinances adopted on or after that date. Sections 4 through 9 apply
25 beginning with budget ordinances adopted after June 30, 2019."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____