

District Financial Structure

District Legal Authority

The Wake County Public School System is one comprehensive school district serving the entire county. At the helm of the school system is the board of education and its superintendent. They are committed to providing the highest possible quality of education to Wake County students, while maintaining fiscal responsibility and accountability. The board consists of nine members, elected in districts by the public, who serve staggered four-year terms. The superintendent is selected by the board and serves as chief executive officer of the school system. The board is responsible for setting policy and the superintendent and administrative staff manage the system's day-to-day operations. In North Carolina the basic public education program is funded by the state and is augmented with local funds. The board has budget review authority, but it is not a taxing body and must submit its annual budget requests to the Wake County Board of Commissioners which controls allocation of funds to the schools.

Finance Structure

In 1975 the General Assembly enacted a law requiring a uniform accounting system for all local school administrative units effective July 1, 1976. The minimum requirements for the account code structure consist of four dimensions. The dimensions are 1) fund, 2) function, 3) program report, and 4) object. The Wake County Public School System has adopted a budget-coding scheme, which incorporates the uniform chart of accounts of the state board of education with three additional dimensions. These dimensions are 5) level, 6) cost center, and 7) future use. The purpose of such detail is to enable management at the school and system levels to make informed decisions regarding the utilization of limited resources to provide the most effective educational programs for students and to do so as efficiently as possible. The 23-digit code structure is described thoroughly in the next paragraph.

There are seven dimensions in the 23-digit coding scheme used in the budget: fund, purpose, program, object, level, cost center, and future use. The seven dimensions occur in a fixed sequence. This dimension classifies expenditures and revenues into groups so that meaningful analyses can be made. No single dimension used alone would provide enough information for accountability and responsive management. By relating a specific expenditure to all dimensions, complete accountability is realized and more information is available to management.

Basis of Presentation – Fund Accounting

The accounts of the board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The board's budget includes the following funds:

State Public School Fund – Appropriations for the current operating expenses of the public school system from monies made available to the local school administrative unit by the State Board of Education. These funds are expended according to the provisions of the statutes. This is a special revenue fund.

Local Current Expense Fund – The board's primary operating fund used to account for all financial resources of the board except those required to be accounted for in another fund. These appropriations shall be funded by monies made available by the board of county commissioners, supplemental taxes levied by or on behalf of the school system, state money disbursed directly to the school system, and other monies made available or accruing to the school system for current operating expenses. This is a general fund.

Federal Grant Fund – Appropriations for the expenditure of federal categorical grants made by the Department of Public Instruction and other federal grants allocated directly to the school system. These appropriations are categorical in nature; i.e., programs and services for children of low-income families; program and services designed to eliminate the effects of previous discriminatory practices, etc. This is a special revenue fund.

Multiple Enterprise Fund – This is an enterprise fund that accounts for the operations of the board's child nutrition services program. The board's intent is that the costs, including depreciation, of providing food services to the individual schools be partially recovered by user charges. Other enterprise accounts may be included, such as before and after school care.

Capital Outlay Fund – The capital outlay fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by the enterprise fund. Capital projects are funded by Wake County appropriations, by the proceeds of Wake County bonds issued for the construction of public schools, and by certain state assistance. This is a capital projects fund.

The board's budget does *not* include the:

Expendable Trust Fund – The expendable trust fund is used to account for the revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds of the various clubs and organizations, receipts from athletic events, proceeds from various fund-raising activities, and private donations. The primary expenditures are for instructional programs, athletics, and club activities. School activity funds are administered by the individual schools but are under the supervision and control of the board.

Purpose Codes

Purpose means the reason for which something exists or is used. Purpose includes the activities or actions that are performed to accomplish the objectives of a local school administrative unit. For budgeting and accounting purposes, expenditures are classified into five purposes as follows:

5000 Instructional Programs

- 6000 Supporting Services Programs
- 7000 Community Services Programs
- 8000 Non-Programmed Charges
- 9000 Capital Outlay

The “purpose dimension” has four digits and is broken down into a function level at the second digit and, where appropriate, into a sub-function level at the third digit. The fourth digit of this dimension is not in use at this time except in rare cases and will be indicated in the chart of accounts.

Program Codes

A program code is a plan of activities or funding designed to accomplish a predetermined objective. This dimension of program report codes allows the unit a framework for classifying expenditures by program to determine cost.

Object Codes

The object code indicates the service or commodity obtained as a result of a specific expenditure. Seven major object categories are used in the Chart of Accounts:

- 100 Salaries
- 200 Employee Benefits
- 300 Purchased Services
- 400 Supplies and Materials
- 500 Capital Outlay
- 600 Other Object
- 700 Transfers

These broad categories are subdivided to obtain more detailed information about objects of expenditures. A three-digit serial number is used to provide detailed information.

Level Codes

For schools and instructional programs, the level code specifies the grade or subject area in the school for which expenditure is proposed. Central office budget managers shall prepare the budget for their particular area of responsibility. This area is generally in the form of a department or some other sub-group of a department, division or branch. Central office budget managers should use the level code to indicate this sub-group number against which the expenditure is to be charged.

Cost Center Codes

The cost center code specifies the school, central office department, or central office division of the school system at which the expenditure is to be incurred. Each school and central office department has a specific cost center for expenditures at each site. Central office departments also have cost center in an “0800 series” that indicates expenditures made centrally on behalf of schools. Examples: substitutes for a workshop sponsored by curriculum and instruction, custodial supplies purchased centrally, etc.

Debt Obligation

In North Carolina, school systems do not tax directly. School systems request local funding from the County Commissioners. County Commissioners assess property taxes and assume any debt.