

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

**SENATE BILL 1056
RATIFIED BILL**

AN ACT TO AMEND THE APPLICABILITY OF THE LOCAL GOVERNMENT
BUDGET AND FISCAL CONTROL ACT TO HOUSING AUTHORITIES
UNDER CHAPTER 157 OF THE GENERAL STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 3 of Chapter 159 of the General Statutes is amended by adding a new Part to read:

"Part 7. Public Housing Authorities.

"§ 159-42. Special regulations pertaining to public housing authorities.

(a) Definition. – As used in this Part, the term 'housing authority' means any entity as defined in G.S. 157-3(1) that is not subject to G.S. 157-4.2.

(b) Applicability. – Except as provided in this Part, none of the provisions of Parts 1, 2, or 3 of this Article apply to housing authorities in compliance with this Part.

(c) Annual Budget. – Each housing authority shall operate under an annual budget. The budget shall take the form of estimated revenues plus fund balances available for the program, as defined by the U.S. Department of Housing and Urban Development regulations or their successors, that are equal to or greater than estimated expenditures. The proposed budget shall be available for public inspection in a manner consistent with G.S. 159-12(a). Before adopting the budget, the housing authority governing board shall hold a public hearing at which time any persons who wish to be heard on the budget may appear. The governing board shall cause notice of the public hearing to be published in a newspaper of general circulation in the area once a week for two consecutive weeks prior to the public hearing.

(d) Project Ordinances. – The annual budget shall not include those estimated revenues and expenditures accounted for in a project ordinance. A housing authority shall adopt a project ordinance, as defined by G.S. 159-13.2, for those programs which span two or more fiscal years. The form of the project ordinance shall be in accordance with the relevant funding agency guidelines for that project. The estimated revenues plus fund balances available for a project shall be equal to or greater than the estimated expenditures. The estimated revenues and expenditures related to approved projects for a fiscal year may be included in the annual budget on an informational basis.

(e) Finance Officer. – The housing authority governing board shall appoint or designate a finance officer with the following powers and duties:

- (1) Preparation of the annual budget for presentation to the governing board.
- (2) Administration of the approved budget.
- (3) Maintenance of the accounts and other financial records in accordance with generally accepted principles of accounting.
- (4) Preparation and filing of statements of the financial condition, at least annually and at other times as requested by the governing board.
- (5) Receipt and deposit, or supervision of the receipt and deposit, of all moneys accruing to the housing authority.
- (6) Supervision of the investment of the idle funds of the housing authority.

(7) Maintenance of all records concerning the bonded debt of the housing authority, if any.

(8) Maintenance of any sinking funds of the housing authority.

(f) Accounting Procedures. – A housing authority must comply with federal rules and regulations issued by the U.S. Department of Housing and Urban Development pertaining to procedures for the receipt, deposit, investment, transfer, and disbursement of money and other assets. The Commission may inquire into and investigate, with reasonable cause, the internal control procedures of a housing authority. The Commission may require any modifications in internal control procedures which, in the opinion of the Commission, are necessary or desirable to prevent embezzlement, mishandling of funds, or continued operating deficits.

(g) Audits. – The accounting system of a housing authority shall be so designed that the true financial condition of the housing authority can be determined at any time. As soon as possible after the close of each fiscal year, the accounts shall be independently audited by a certified public accountant. The auditor shall be selected by the housing authority governing board and shall report directly to that body. The audit contract or agreement shall be in writing and shall include all its terms and conditions. The terms and conditions of the audit shall include the scope of the audit and the requirement that upon completion of the examination the auditor shall prepare a written report embodying the financial statements and the auditor's opinion and comments relating thereto. The finance officer shall file a copy of the audit with the Secretary of the Commission.

(h) Bonding of Employees. – The bonding requirements of G.S. 159-29 shall apply to the finance officer and those employees of the housing authority handling or having custody of more than one hundred dollars (\$100.00) at any one time or those employees who have access to the inventories of the housing authority.

(i) Investments. – A housing authority may deposit or invest, at interest, all or part of its cash balance pursuant to U.S. Department of Housing and Urban Development regulations.

(j) Official Depository. – Housing authorities shall comply with G.S. 159-31, except in those circumstances where the statute is in conflict with U.S. Department of Housing and Urban Development guidance, which shall control.

(k) Deposits and Payments. – Housing authorities shall comply with G.S. 159-32, 159-32.1, and 159-33."

SECTION 2. G.S. 159-148(a) reads as rewritten:

"(a) Except as provided in subsection (b) of this section, this Article applies to any contract, agreement, memorandum of understanding, and any other transaction having the force and effect of a contract (other than agreements made in connection with the issuance of revenue bonds, special obligation bonds issued pursuant to Chapter 159I of the General Statutes, or of general obligation bonds additionally secured by a pledge of revenues) made or entered into by a unit of local government (as defined by G.S. 159-7(b) or, in the case of a special obligation bond, as defined in Chapter 159I of the General Statutes), relating to the lease, acquisition, or construction of capital assets, which contract does all of the following:

- (1) Extends for five or more years from the date of the contract, including periods that may be added to the original term through the exercise of options to renew or ~~extend, and extend.~~
- (2) Obligates the unit to pay sums of money to another, without regard to whether the payee is a party to the ~~contract, and contract.~~
- (3) Obligates the unit over the full term of the contract, including periods that may be added to the original term through the exercise of options to renew or ~~extend, to the extent of at least five hundred thousand dollars (\$500,000) for baseball park districts and, for other units, to the extent of five hundred thousand dollars (\$500,000) or a sum equal to one-tenth of one percent (1/10 of 1%) of the assessed value of property~~

~~subject to taxation by the contracting unit, whichever is less, and extend:~~

- a. For baseball park districts, to at least five hundred thousand dollars (\$500,000).
 - b. For housing authorities, to at least five hundred thousand dollars (\$500,000) or a sum equal to two thousand dollars (\$2,000) per housing unit owned and under active management by the housing authority, whichever is less.
 - c. For other units, to at least five hundred thousand dollars (\$500,000) or a sum equal to one-tenth of one percent (1/10 of 1%) of the assessed value of property subject to taxation by the contracting unit, whichever is less.
- (4) Obligates the unit, expressly or by implication, to exercise its power to levy taxes either to make payments falling due under the contract, or to pay any judgment entered against the unit as a result of the unit's breach of the contract.

Contingent obligation shall be included in calculating the value of the contract. Several contracts that are all related to the same undertaking shall be deemed a single contract for the purposes of this Article. When several contracts are considered as a single contract, the term shall be that of the contract having the longest term, and the sums to fall due shall be the total of all sums to fall due under all single contracts in the group."

SECTION 3. Section 1 of this act is effective when it becomes law and applies to the fiscal years of housing authorities beginning on or after October 1, 2001. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 5th day of June, 2001.

Beverly E. Perdue
President of the Senate

James B. Black
Speaker of the House of Representatives

Michael F. Easley
Governor

Approved _____ .m. this _____ day of _____, 2001