

NORTH CAROLINA GENERAL ASSEMBLY  
1979 SESSION

CHAPTER 402  
HOUSE BILL 891

AN ACT AMENDING THE LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL  
ACT TO MAKE TECHNICAL AMENDMENTS AND PROVIDE FOR PROJECT  
ORDINANCES FOR GRANTS.

The General Assembly of North Carolina enacts:

**Section 1.** The last sentence of G.S. 159-8(b) is rewritten to read:

"If the Commission does permit an authority to operate under an altered fiscal year, the Commission's order shall also modify the budget calendar set forth in G.S. 159-10 through G.S. 159-13 so as to provide a new budget calendar for the altered fiscal year that will clearly enable the authority to comply with the intent of this part."

**Sec. 2.** G.S. 159-11(d) is amended by adding immediately after the words "capital projects", the words "and grant projects".

**Sec. 3.** G.S. 159-13.2 is rewritten to read:

**"§ 159-13.2. Project ordinances. — (a) Definitions.**

(1) In this section 'capital project' means a project financed in whole or in part by the proceeds of bonds or notes or a project involving the construction or acquisition of a capital asset.

(2) 'Grant project' means a project financed in whole or in part by revenues received from the federal and/or State government for operating or capital purposes as defined by the grant contract.

(b) Alternative budget methods. A local government or public authority may, in its discretion, authorize and budget for a capital project or a grant project either in its annual budget ordinance or in a project ordinance adopted pursuant to this section. A project ordinance authorizes all appropriations necessary for the completion of the project and neither it nor any part of it need be readopted in any subsequent fiscal year. A bond order does not constitute a project ordinance.

(c) Adoption of project ordinances. If a local government or public authority intends to authorize a capital project or a grant project by a project ordinance, it shall not begin the project until it has adopted a balanced project ordinance for the life of the project. A project ordinance is balanced when revenues estimated to be available for the project equal appropriations for the project. A project ordinance shall clearly identify the project and authorize its undertaking, identify the revenues that will finance the project, and make the appropriations necessary to complete the project.

(d) Project ordinance filed. Each project ordinance shall be entered in the minutes of the governing board. Within five days after adoption, copies of the ordinance shall be filed with the finance officer, the budget officer, and the clerk to the governing board.

(e) Amendment. A project ordinance may be amended in any manner so long as it continues to fulfill all requirements of this section.

(f) Inclusion of project information in budget. Each year the budget officer shall include in the budget information in such detail as he or the governing board may require concerning each grant project or capital project (i) expected to be authorized by project

ordinance during the budget year and (ii) authorized by previously adopted project ordinances which will have appropriations available for expenditure during the budget year."

**Sec. 4.** G.S. 159-17 is amended in subsections (1) and (2) by adding immediately after the words "budget ordinance" the words "or any project ordinance".

**Sec. 5.** G.S. 159-17(3) is amended by adding immediately after the words "budget ordinance" the first time those words appear the words "or any project ordinance".

**Sec. 6.** G.S. 159-26(b)(2) is rewritten to read:

"Special Revenue Funds. One or more separate funds shall be established for each of the following classes: (i) functions or activities financed in whole or in part by property taxes voted by the people, (ii) service districts established pursuant to the Municipal or County Service District Acts, and (iii) grant project ordinances. If more than one function is accounted for in a voted tax fund, or more than one district in a service district fund, or more than one grant project in a project fund, separate accounts shall be established in the appropriate fund for each function, district, or project."

**Sec. 7.** G.S. 159-28(a) is amended in the second sentence by adding immediately after the words "capital project" the words "or a grant project".

**Sec. 8.** G.S. 159-28(b) is amended in the second sentence by adding immediately after the words "capital project" the words "or a grant project".

**Sec. 9.** G.S. 159-34 is amended by designating the existing language as subsection (a) and by adding a new subsection (b) to read:

"(b) The Local Government Commission has authority to issue rules and regulations for the purpose of improving the quality of auditing and the quality and comparability of reporting pursuant to this section or any similar section of the General Statutes. The rules and regulations may be varied according to the size, purpose or function of the unit, or any other criteria reasonably related to the purpose or substance of the rules or regulations."

**Sec. 10.** This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 18th day of April, 1979.