

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**SENATE BILL 1056**

Short Title: Financial Oversight for Housing Authorities. (Public)

Sponsors: Senators Hagan; Cunningham, Garrou, Garwood, Jordan, Martin of Guilford, Metcalf, Miller, Purcell, Reeves, and Shaw of Cumberland.

Referred to: Finance.

April 5, 2001

1 A BILL TO BE ENTITLED  
2 AN ACT TO AMEND THE APPLICABILITY OF THE LOCAL GOVERNMENT  
3 BUDGET AND FISCAL CONTROL ACT TO HOUSING AUTHORITIES  
4 UNDER CHAPTER 157 OF THE GENERAL STATUTES.

5 The General Assembly of North Carolina enacts:

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

8 "Part 7. Public Housing Authorities.

9 **"§ 159-42. Special regulations pertaining to public housing authorities.**

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

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

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

24 (d) Project Ordinances. – The annual budget shall not include those estimated  
25 revenues and expenditures accounted for in a project ordinance. A housing authority  
26 shall adopt a project ordinance, as defined by G.S. 159-13.2, for those programs which  
27 span two or more fiscal years. The form of the project ordinance shall be in accordance

1 with the relevant funding agency guidelines for that project. The estimated revenues  
2 plus fund balances available for a project shall be equal to or greater than the estimated  
3 expenditures. The estimated revenues and expenditures related to approved projects for  
4 a fiscal year may be included in the annual budget on an informational basis.

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

7 (1) Preparation of the annual budget for presentation to the governing  
8 board.

9 (2) Administration of the approved budget.

10 (3) Maintenance of the accounts and other financial records in accordance  
11 with generally accepted principles of accounting.

12 (4) Preparation and filing of statements of the financial condition, at least  
13 annually and at other times as requested by the governing board.

14 (5) Receipt and deposit, or supervision of the receipt and deposit, of all  
15 moneys accruing to the housing authority.

16 (6) Supervision of the investment of the idle funds of the housing  
17 authority.

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

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

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

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

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

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

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

7 (k) Deposits and Payments. – Housing authorities shall comply with G.S. 159-32,  
8 159-32.1, and 159-33."

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

10 "(a) Except as provided in subsection (b) of this section, this Article applies to any  
11 contract, agreement, memorandum of understanding, and any other transaction having  
12 the force and effect of a contract (other than agreements made in connection with the  
13 issuance of revenue bonds, special obligation bonds issued pursuant to Chapter 159I of  
14 the General Statutes, or of general obligation bonds additionally secured by a pledge of  
15 revenues) made or entered into by a unit of local government (as defined by G.S.  
16 159-7(b) or, in the case of a special obligation bond, as defined in Chapter 159I of the  
17 General Statutes), relating to the lease, acquisition, or construction of capital assets,  
18 which contract does all of the following:

- 19 (1) Extends for five or more years from the date of the contract, including  
20 periods that may be added to the original term through the exercise of  
21 options to renew or ~~extend, and~~ extend.  
22 (2) Obligates the unit to pay sums of money to another, without regard to  
23 whether the payee is a party to the ~~contract, and~~ contract.  
24 (3) Obligates the unit over the full term of the contract, including periods  
25 that may be added to the original term through the exercise of options  
26 to renew or ~~extend, to the extent of at least five hundred thousand~~  
27 ~~dollars (\$500,000) for baseball park districts and, for other units, to the~~  
28 ~~extent of five hundred thousand dollars (\$500,000) or a sum equal to~~  
29 ~~one-tenth of one percent (1/10 of 1%) of the assessed value of property~~  
30 ~~subject to taxation by the contracting unit, whichever is less,~~  
31 ~~and~~ extend and:

32 a. For baseball park districts, to at least five hundred thousand  
33 dollars (\$500,000).

34 b. For housing authorities, to at least five hundred thousand  
35 dollars (\$500,000) or a sum equal to two thousand dollars  
36 (\$2,000) per housing unit owned and under active management  
37 by the housing authority, whichever is less.

38 c. For other units, to at least five hundred thousand dollars  
39 (\$500,000) or a sum equal to one-tenth of one percent (1/10 of  
40 1%) of the assessed value of property subject to taxation by the  
41 contracting unit, whichever is less.

- 42 (4) Obligates the unit, expressly or by implication, to exercise its power to  
43 levy taxes either to make payments falling due under the contract, or to

1                    pay any judgment entered against the unit as a result of the unit's  
2                    breach of the contract.

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

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