

NORTH CAROLINA GENERAL ASSEMBLY  
1981 SESSION

CHAPTER 685  
HOUSE BILL 1174

AN ACT TO AMEND CERTAIN PROVISIONS OF CHAPTER 159 RELATIVE TO LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL MATTERS.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 159-7(b)(8) is rewritten to read:

"Fund" is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein, for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations."

**Sec. 2.** G.S. 159-8(a) is amended on line 7 by adding after the word "revenues" the words "arising from cash receipts".

**Sec. 3.** G.S. 159-13(b)(7) is rewritten to read:

"Estimated revenues shall include only those revenues reasonably expected to be realized in the budget year, including amounts to be realized from collections of taxes levied in prior fiscal years."

**Sec. 4.** G.S. 159-13(b)(12) is repealed.

**Sec. 5.** G.S. 159-13(b)(16) is amended on line 4 after the word "revenues" by adding the words "arising from cash receipts".

**Sec. 6.** G.S. 159-26(b)(5) is rewritten to read:

"Internal service funds."

**Sec. 7.** The last paragraph of G.S. 159-26(b) is rewritten to read:

"In addition, each unit or public authority shall establish and maintain any other funds required by other statutes or by State or federal regulations."

**Sec. 8.** G.S. 159-34(a) is rewritten to read:

"Each unit of local government and public authority shall have its accounts audited as soon as possible after the close of each fiscal year by a certified public-accountant or by an accountant certified by the commission as qualified to audit local government accounts. The auditor shall be selected by and shall report directly to the governing board. The audit contract or agreement shall (i) be in writing, (ii) include the entire entity in the scope of the audit, except that an audit for purposes other than the annual audit required by this section should include an accurate description of the scope of the audit, (iii) require that a typewritten or printed report on the audit be prepared as set forth herein, (iv) include all of its terms and conditions, and (v) be submitted to the secretary for his approval as to form, terms, conditions, and compliance with the rules of the commission. As a minimum, the required report shall include the financial statements prepared in accordance with generally accepted accounting principles, all disclosures in the public interest required by law, and the auditor's opinion and comments relating to financial statements. The audit shall be performed in conformity with general accepted auditing standards. The finance officer shall file a copy of the audit report with the secretary, and shall submit all bills or claims for audit fees and costs to the secretary for his approval. Before giving his approval the secretary shall determine that the audit and audit report substantially conform to the requirements of this section. It shall be unlawful for any unit of local government or public authority to pay or permit the payment of such bills or claims

without this approval. Each officer and employee of the local government or local public authority having custody of public money or responsibility for keeping records of public financial or fiscal affairs shall produce all books and records requested by the auditor and shall divulge such information relating to fiscal affairs as he may request. If any member of a governing board or any other public officer or employee shall conceal, falsify, or refuse to deliver or divulge any books, records, or information, with an attempt thereby to mislead the auditor or impede or interfere with the audit, he is guilty of a misdemeanor and upon conviction thereof may be fined not more than one thousand dollars (\$1,000), or imprisoned for not more than one year, or both, in the discretion of the court."

**Sec. 9.** G.S. 159-34(b) is amended in the second sentence thereof by adding after the word "regulations" the words "may consider the needs of the public for adequate information and the performance that the auditor has demonstrated in the past, and".

**Sec. 10.** G.S. 159-13(b)(3) is amended by deleting the words "Chapter 108", and inserting in lieu thereof the words "Chapter 108A".

**Sec. 11.** This act shall become effective July 1, 1981, except that Section 10 shall become effective October 1, 1981.

In the General Assembly read three times and ratified, this the 25th day of June, 1981.