CHAPTER 159

ARTICLE 3 - THE LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL ACT

N.C.G.S. § 159-26.

Accounting system.

SOURCE	LAST AMENDMENT IN THIS TEXT	RETRIEVED	SOURCE FINGERPRINT
General Statutes of North Carolina, as published by the General Assembly	S.L. 2024-1, s. 1.1(d) — seventh act in the lineage	21 September 2026, 03:34 UTC	99b8ecb70f3f9290bc6018b2 - b8216b129d30a6f5572c2382 - 0f3e1d8d5324385a

§ 159-26(a) System Required. - Each unit or public authority shall establish and maintain an accounting system designed to show in detail its assets, liabilities, equities, revenues, and expenditures. The system shall also be designed to show appropriations and estimated revenues as established in the budget ordinance and each project ordinance as originally adopted and subsequently amended.

§ 159-26(b) Funds Required. - Each unit or public authority shall establish and maintain in its accounting system such of the following funds and ledgers as are applicable to it. The generic meaning of each type of fund or ledger listed below is that fixed by generally accepted accounting principles. The funds and ledgers are as follows:

(1) General fund.

(2) Special Revenue Funds. - One or more separate funds shall be established as separate accounts in the appropriate fund for each function, district, or project if more than one function, district, or project is accounted for in each of the following classes:

a.Functions or activities financed in whole or in part by property taxes voted by the people.

b.Service districts established pursuant to the Municipal or County Service District Acts.

c.Grant projects, as defined in G.S. 159-13.2.

d.Settlement projects, as defined in G.S. 159-13.2.

(3) Debt service funds.

(4) A Fund for Each Utility or Enterprise Owned or Operated by the Unit or Public Authority. - If a water system and a sanitary sewerage system are operated as a consolidated system, one fund may be established and maintained for the consolidated system.

(5) Internal service funds.

(6) Capital Project Funds. - Such a fund shall be established to account for the proceeds of each bond order or order authorizing any debt instrument and for all other resources used for the capital projects financed by the bond or debt instrument proceeds. A unit or public authority may account for two or more bond orders or orders authorizing any debt instrument in one capital projects fund, but the proceeds of each such order and the other revenues associated with that order shall be separately accounted for in the fund.

(7) Trust and custodial funds, including a fund for each special district, public authority, or school administrative unit whose taxes or special assessments are collected by the unit.

(8) A ledger or group of accounts in which to record the details relating to the capital assets of the unit or public authority.

(9) A ledger or group of accounts in which to record the details relating to the general obligation bonds and notes and other long-term obligations of the unit.

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

§ 159-26(c) Basis of Accounting. - Except as otherwise provided by regulation of the Commission, units and public authorities shall use the modified accrual basis of accounting in recording transactions.

§ 159-26(d) Encumbrance Systems. - Except as otherwise provided in this subsection, no unit or public authority is required to record or show encumbrances in its accounting system. Each city or town with a population over 10,000 and each county with a population over 50,000 shall maintain an accounting system that records and shows the encumbrances outstanding against each category of expenditure appropriated in its budget ordinance. Any other unit or any public authority may record and show encumbrances in its accounting system. In determining a unit's population, the most recent federal decennial census shall be used.

§ 159-26(e)

Commission Regulations. - The Commission may prescribe rules and regulations having the force of law as to:

(1) Features of accounting systems to be maintained by units and public authorities.

(2) Bases of accounting, including identifying in detail the characteristics of a modified accrual basis, identifying what revenues are susceptible to accrual, and permitting or requiring use of a basis other than modified accrual in a fund that does not account for the receipt of a tax.

(3) Definitions of terms not clearly defined in this Article.

The Commission may vary these rules and regulations according to any other criteria reasonably related to the purpose or complexity of the financial operations involved.

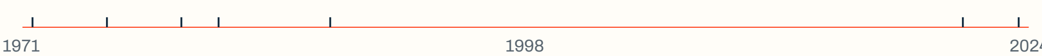
END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
7 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.



TICK HEIGHT = ACTS IN THAT YEAR DASHED = RECODIFICATION, NOT AMENDMENT

№	YEAR	ACT	CHARACTER
01	1971	c. 780, s. 1	ENACTED
02	1975	c. 514, ss. 11, 16	AMENDED
03	1979	c. 402, s. 6	AMENDED
04	1981	c. 685, ss. 6, 7	AMENDED
05	1987	c. 796, s. 3(6)	AMENDED
06	2021	S.L. 2021-60, s. 3.4	AMENDED
07	2024	S.L. 2024-1, s. 1.1(d)	AMENDED

APPARATUS II
1 AUTHORITY

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 159-13.2	(b)	*"c. Grant projects, as defined in"*

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 159-26 (2024).

PINPOINT

N.C. Gen. Stat. § 159-26(a) (2024).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

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HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1971, c. 780, s. 1; 1975, c. 514, ss. 11, 16; 1979, c. 402, s. 6; 1981, c. 685, ss. 6, 7; 1987, c. 796, s. 3(6); 2021-60, s. 3.4; 2024-1, s. 1.1(d).)

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