



## AGENDA ITEM SUMMARY

Item # 11c

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**MEETING DATE:** June 2, 2026

**ITEM TITLE:** Consideration of approval for the adoption of Fire Department Project Ordinance #2026-06-02

**ITEM SUMMARY:**

A capital project ordinance in North Carolina is a specialized legal and budgeting tool that allows local governments to authorize and fund a multi-year project for its entire lifespan, rather than re-appropriating money for it every fiscal year. Governed by the Local Government Budget and Fiscal Control Act under North Carolina General Statute § 159-13.2, this ordinance serves as an alternative budgeting method specifically tailored for long-term investments. The ordinance must be balanced at the time of adoption, meaning estimated project revenues (loans, bonds, grants, transfers) must exactly equal total project appropriations (construction costs, professional fees).

The local governing board must clearly identify the capital asset being built or acquired, outline all revenue streams, and detail the approved expenditures. Local boards do not need to re-read or re-adopt the ordinance in subsequent fiscal years, though the local budget officer must include status updates about active ordinances in each annual budget proposal. Under North Carolina law, a capital project involves either: A project financed in whole or in part by the proceeds of bonds, notes, or debt instruments. A project involving the design, construction, or acquisition of a long-term capital asset (such as public buildings, water infrastructure, or parks).

Attached is suggested capital project ordinance to recognize the acquisition of Southern Shores Volunteer Fire Department assets and related debt along with supporting detailed numbers used. This is necessary for financial reporting purposes. This will keep this significant accounting transaction separate from the general fund and will prevent us from having to explain large variances between FY 25 and FY 26 revenues and expenditures as well as making it simpler and cleaner to calculate percentages such as undesignated fund balance.

**STAFF RECOMMENDATION AND REQUESTED ACTION:**

Staff recommends the Council adopt the attached capital project ordinance for the purpose of recognizing the assets donated by the SSVFD to the Town along with the related debt acquisition absorbed by the Town. Staff requests the Town Council approve a motion to adopt Fire Department Project Ordinance #2026-06-02

Attachments:

Fire Department Project Ordinance #2026-06-02

List of assets acquired from Southern Shores Volunteer Fire Department

§ 159-13.2. Project ordinances.