Greensboro and the Unit Assistance List

Based on FY2025 audited financial information

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The Local Government Commission (LGC) staff has included Greensboro on the updated "Unit Assistance List" (UAL), to be released later this month, which designates local governments that will receive additional support and oversight from staff. **Greensboro is not insolvent, is not at risk of State control, and does not face an immediate cash emergency.** The City's inclusion on the UAL reflects one area of concern: the sustainability and direction of the General Fund's available fund balance relative to the City's operating scale. This issue is both manageable and correctable.

What placement on the Unit Assistance List means

LGC staff will monitor progress, communicate with City officials, and make staff assistance available as Greensboro works to increase its available fund balance

Greensboro must obtain LGC approval for smaller financing agreements compared to local governments that are not on the UAL.

Why Greensboro was included

LGC Staff added Greensboro to the updated UAL because the City's available fund balance remained below both the LGC staff's 25% minimum threshold relative to the City's expenditures and the City's own 25% goal in each of the last three audited fiscal years. Fund balance available for appropriation is an important reserve for local governments to provide cash flow for emergencies, unforeseen expenditures, and periods of declining revenues.

Fiscal year	Available fund balance ratio	LGC Staff Threshold for Concern
FY2023	22.54%	25.00%
FY2024	23.29%	25.00%
FY2025	22.91%	25.00%

Additional context: FY2025 activity produced a $13.0 million negative change in total General Fund fund balance after revenues, expenditures, transfers, and other financing activity. The FY2027 budget appropriates about $5.8 million of fund balance. For context and comparison, North Carolina municipalities with expenditures over $10 million reported average available fund balance of about 46%.

Could UAL inclusion affect Greensboro's financing activity?

- UAL inclusion does not prohibit Greensboro from borrowing and does not mean that the LGC would decline the City's requests to finance capital expenditures.
- UAL inclusion is not a credit rating, and not an indicator of the City's credit; credit-rating agencies and investors make their own independent assessments. In fact, Moody's and S&P recently reaffirmed AAA ratings on the City's general obligation debt.
- As with all local governments in North Carolina that apply to the LGC for debt approval, any future financing will continue to be evaluated based on the applicable law and the facts of that transaction.
- LGC staff have no concern about the City's five planned bond referenda, totaling $41.5 million that will be before voters in the November 2026 general election.

What is the Unit Assistance List?

The UAL is an oversight and assistance tool developed by LGC staff. It helps staff prioritize resources, provide guidance, and conduct enhanced fiscal monitoring. LGC staff routinely review audited financial statements and related data submitted by North Carolina local governments; Greensboro's inclusion on the UAL followed that routine annual review process.

Governments on the list have widely varied financial circumstances. A local government may be included because an audit has not been submitted or because LGC staff identified concerns involving its General Fund, water or sewer operations, or internal controls. Greensboro's inclusion is based only on the General Fund available fund balance concern described on page 1.

What additional requirements apply?

For a unit on the most recently published UAL, State law provides these additional requirements:

- **Manager education.** The city manager must complete at least six clock hours of education covering fiscal management and the Local Government Budget and Fiscal Control Act within six months of placement on the UAL.
- **Capital financing contracts.** LGC approval is required for qualifying contracts involving the lease, acquisition, or construction of capital assets when the term is at least three years and the amount is at least $50,000. For units not on the UAL, the general thresholds are five years and $500,000, subject to other statutory criteria.
- **Vehicle financing contracts.** LGC approval is required for contracts of $50,000 or more to purchase, lease, or lease with an option to purchase motor vehicles. Units not on the UAL are generally exempt from LGC approval for motor-vehicle financing.
- **Monitoring and assistance.** LGC staff will review the City's progress and coordinate with Greensboro's financial team. Assignment of staff assistance is not a takeover of the City's financial operations.

How and when could Greensboro come off the list?

There is no fixed waiting period and no automatic removal date. Removal would be considered after uture annual financial audits demonstrate sustained progress toward achieving the 25% available fund balance target. Adoption of a recovery plan is a positive step, but a plan alone does not correct the current condition. Because removal is based on results, the timing will depend on what future annual audits show.

What if sufficient progress is not made?

UAL placement does not impose an automatic fine or penalty for failing to improve by a particular date. The City would remain subject to monitoring and the requirements described above while it remains on the most recently published list. Any separate LGC action would depend on the facts and authority applicable at that time; no such action is implied merely by Greensboro's inclusion on the UAL.

Where is the current statewide list?

The Department is in the process of notifying local governments about their inclusion on the updated UAL based on the FY2025 review. Once all units have been notified of their inclusion, an updated list will be posted on the Department's website later in September at. nctreasurer.gov/ual.

Additional information

UAL webpage | LGC Memorandum 2025-07 | G.S. 159-148 | G.S. 160A-148

Data note: Figures are rounded and use the LGC available fund balance measure for threshold comparisons; that measure may differ from other descriptions of fund balance.