Attachment C:
Debt Requests for Units on the Unit Assistance List (UAL): Columbus County

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

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REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

BACKGROUND

Under G.S. 159-148(a), local governments must receive approval from the Local Government Commission (LGC) before entering into some contracts and financing arrangements. For units on the most recently published Unit Assistance List (UAL), the threshold at which LGC approval is required is lower than for other units. For these units, LGC approval is required for any contract, agreement, memorandum of understanding, or other transaction having the force and effect of a contract relating to the lease, acquisition, or construction of capital assets that:

- Extends for three or more years from the contract date, including periods that may be added to the original term through the exercise of options to renew or extend.

  [For Non-UAL units, this threshold is five or more years under G.S. 159-148(a)(1).]

- Obligates the unit to $50,000 or more, including for the purchase, lease, or lease with option to purchase for motor vehicles.

  [For non-UAL units, this threshold is the lesser of $500,000 or 0.1% of the assessed value of property subject to taxation; motor vehicle financing is not required to receive LGC approval; see G.S. 159-148(a)(3) and G.S. 159-148(b).]

LGC CONSIDERATION

LGC staff conduct an enhanced review of each UAL unit's fiscal and debt management practices to ensure that these units are making sound financial decisions. UAL units seeking LGC approval are not placed on the Consent Agenda but are presented separately to the Commission, allowing discussion and voting on each UAL financing decision. In addition, representatives of UAL units are requested to be available at the meeting when their application is considered to answer any questions from LGC members.

Under G.S. 159-151(b), the LGC shall approve an application if the Commission makes six required findings, including that the unit's debt management procedures and policies are good or that reasonable assurances have been given that its debt will be managed in strict compliance with law. However, the statute also allows the LGC to approve a financing even if it does not make all of the required findings but it concludes that (i) the proposed project is necessary and expedient, (ii) the proposed undertaking cannot be economically financed by a bond issue, and (iii) the contract will not require an excessive tax increase. This provision allows the LGC to approve requests from UAL units for financing contracts for critical needs.

LGC Staff Analysis For: **COLUMBUS COUNTY**

PAR Amount Not to Exceed: $770,000

Financing Type: Installment Financing Contract

Purpose and Type: General Government, Public Vehicles

Project Description: The proceeds will be used to purchase eleven 2026 Chevrolet Tahoe vehicles for the Columbus County Sheriff's Office.

Statutory Reference: G.S. 160A-20

Last Request to Borrow: 10/2026; SRF; $2,574,639

FPICs: Yes - See Attachment
UAL Contract: Application is for a contract subject to approval under modifications to G.S. 159-148 (SL 2022-53)
Debt Management: N/A

Proposed contract or bond issue is necessary or expedient: The contract is necessary for the County to provide adequate public safety by replacing vehicles in its aging fleet and ensuring continued reliability, safety, and operational readiness.

Proposed amount is adequate and not excessive: Quotes for the vehicle have been provided. Costs are defined.

Feasibility: Debt service will be paid from the General Fund.

Tax Increase Anticipated: No

Rate Increase Anticipated: N/A

Additional Information (as applicable): N/A

Public Hearing: N/A

TEFRA Hearing: N/A

Interest Rate Assumptions *(GO Bonds Only)*: N/A

Terms

Lender/Purchaser/Bank: Truist Bank
Interest Rate: Fixed 4.8%
Term: 3 years
Payment: Annual principal and interest
Structure and Term: Level debt service payments.
Final Maturity: Not to extend beyond 11/30/2029

Marketability

Moody's: N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

Financing Team

Role	Name	Additional Party Role	Additional Party Name
Municipal Advisor			
Underwriter/Senior Manager			
Lender/Purchaser/Bank	Truist Bank		
Bank's Counsel	Pope Flynn, LLC		
Bond Counsel			
Purchaser's Counsel			
Trustee			
Trustee's Counsel			

Amount Not to Exceed: $770,000

Sources	Amount
Loan Proceeds	$770,000
Total	**$770,000**

Uses	Amount
2026 Chevrolet Tahoe (11)	$770,000
Total	**$770,000**

REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

Columbus County

Columbus County remains on the Unit Assistance List due to low General Fund balance available and continuing financial reporting concerns. Its FY2025 fund balance available was 7.94% of expenditures, down from 18.96% in FY2024 and below the 20% peer-group benchmark.

The FY2025 audit, submitted late, reported repeated material weaknesses involving prior-year restatements and the financial close and general ledger. It also reported repeated significant deficiencies involving federal program reporting and allowable costs, and disclosed budget ordinance violations in three other funds. The County attributed the audit delay in part to its financial software conversion and concurrent work with the State Auditor's Office. In its FPIC response, the County attributed the shortfall between budgeted and collected property taxes to its revenue estimate and a large tax release and rebill.

The County reports that it has obtained third-party accounting assistance, assigned audit-preparation responsibilities, increased staff training, and revised its year-end close process. It also reports that a purchasing policy generally requiring purchase orders took effect July 1, 2026, and that access to override budgets has been limited.

The County intends to avoid an actual draw on fund balance in FY2027, although its September 30 budget-to-actual report includes $2,375,858 of appropriated fund balance. Its FPIC response presents a six-year illustration through FY2032 aimed at rebuilding reserves toward the 20% goal. The County's fund balance policy separately calls for a plan to restore a below-policy balance to minimum requirements within two fiscal years. The response does not explain how the two timelines relate.

The unaudited first-quarter FY2027 reports do not yet demonstrate an increase in available fund balance. The County reported that its July depository reconciliation was complete, but its August reconciliation had not begun as of October 19. Debt service on this request will be paid from the General Fund. Staff will continue to assess actual General Fund results, completion of reconciliations, and the revenue or expenditure actions supporting the County's recovery plan.

The public safety purpose is clear, but the County remains on the UAL and has recent audit findings related to financial reporting, budget compliance, and internal controls. The Commission may wish to consider the County's demonstrated capacity to make the proposed payments alongside the operational need for the vehicles.