

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION

Module 3: Finance Officer, Monthly Financial Reports & Fund Balance

Finance Officer

- LGBFCA requires governing boards to appoint a finance officer.
- The board must make sure a qualified person is in the role of finance officer.



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Contracted Third-party Bookkeeper

- NCGS 159-25 (a)(9) allows the board to contract with a third-party to help with the financial work.
- The board must still task a qualified employee or board member with overseeing the third-party's work to make sure the government is getting what it is paying for.
- The third-party bookkeeper should attend board meetings to answer any questions the board might have.



Contracted Third-party Bookkeeper

- If the unit has a third-party bookkeeper, then monthly reporting should be required in the contract.
- Also, include language that contractor will not be paid if timely and accurate financial reports are not provided to the board.
- A sample contract for a third-party bookkeeper is on our website [here](#).

SAMPLE
AGREEMENT BETWEEN THE CITY OF DOGWOOD
AND A THIRD-PARTY BOOKKEEPER

THIS AGREEMENT, is made and entered into this ___ day of _____, 20___ by and between Dogwood, North Carolina (the "City") party of the first part, and _____ (the "Provider"), party of the second part.

WITNESSETH:

For the purpose and subject to the terms and conditions hereinafter set forth, the City hereby contracts for the services of the Provider, and the Provider agrees to provide the services to the City in accordance with the terms of this Agreement.

I. SERVICES TO BE PROVIDED BY PROVIDER

A. Board Meeting Duties

1. Attend board meeting (at least one each month) to answer questions about the monthly financial reports presented to the board – budget to actual report, cash balances, expenditures, status of bank and other account reconciliations.

B. Ongoing Monthly General Accounting Duties

1. Accounts payable (bills to be paid on the 15th and 30th of each month). Review approved invoices and prepare checks for Mayor and Finance Officer's signatures. City will mail checks. Precautions will be taken to ensure invoices are properly noted when paid to prevent duplicate payments.
2. Prepare monthly financial reports to the governing board and city staff including monthly and YTD budget to actual comparisons and a comparison to the same time last year by the 15th of the following month. Ending cash balances for all bank accounts should also be included with monthly information. An executive summary narrative should accompany the reports that highlight revenue and expenditure trends and any unusual or unexpected fiscal transactions.
3. Recommend budget amendments when necessary.
4. File required financial reports and certifications timely and accurately to the State and IRS.
5. Monthly bank statement reconciliations completed by the 15th of the subsequent month with backup requested by the Finance Officer including, but not limited, to General Ledger trial balance, documentation of reconciled items, and paid and outstanding check lists.
6. Reconciled items should be resolved and corrected in the ledger before the end of the subsequent month.



Finance Officer

- LGBFCA requires the finance officer be bonded for at least \$50,000.
- Units should have adequate coverage and not just the minimum.
- This bond is for the protection of the local government.

§ 159-29. Fidelity bonds.

(a) The finance officer shall give a true accounting and faithful performance bond with sufficient sureties in an amount to be fixed by the governing board, not less than fifty thousand dollars (\$50,000). The premium on the bond shall be paid by the local government or public authority.

(b) Each officer, employee, or agent of a local government or public authority who handles or has in his custody more than one hundred dollars (\$100.00) of the unit's or public authority's funds at any time, or who handles or has access to the inventories of the unit or public authority, shall, before being entitled to assume his duties, give a faithful performance bond with sufficient sureties payable to the local government or public authority. The governing board shall determine the amount of the bond, and the unit or public authority may pay the premium on the bond. Each bond, when approved by the governing board, shall be deposited with the clerk to the board.

If another statute requires an officer, employee, or agent to be bonded, this subsection does not require an additional bond for that officer, employee, or agent.

(c) A local government or public authority may adopt a system of blanket faithful performance bonding as an alternative to individual bonds. If such a system is adopted, statutory requirements of individual bonds, except for elected officials and for finance officers and tax collectors by whatever title known, do not apply to an officer, employee, or agent covered by the blanket bond. However, although an individual bond is required for an elected official, a tax collector, or finance officer, such an officer or elected official may also be included within the coverage of a blanket bond if the blanket bond protects against risks not protected against by the individual bond. (1971, c. 780, s. 1; 1975, c. 514, s. 14; 1987 (Reg. Sess., 1988), c. 975, s. 32; 2005-238, s. 2.)



Finance Officer

Finance Officer is responsible for:

1. Accounting system;
2. Disbursement of all funds; and
3. Preparing financial reports.



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Finance Officer

4. Managing receipt and deposits of all revenues and monies;
5. Managing debt;
6. Supervising investments; and
7. Attending training that may be required by the LGC under NCGS 159.



Monthly Financial Reports

- Governing boards should require monthly financial reports.
- Budget to actual for significant funds, including the General Fund and utility funds.
- Compare to prior year's spending if available.
- Summary level reports are preferred, at the functional or department level.

GENERAL FUND				
	ACTUAL FY '18/19	ANNUAL BUDGET	ACTUAL TO DATE	Y-T-D % COLLECTED
REVENUES				
CURRENT YEAR LEVY OF PROPERTY TAXES	\$ 3,078,833	\$ 3,210,000	\$ 2,315,109	72%
MOTOR VEHICLE TAXES	245,850	240,000	148,280	62%
UTILITIES FRANCHISE TAXES	592,400	635,000	297,025	47%
LOCAL OPTION SALES TAXES	1,183,473	1,150,000	643,849	56%
FUND BALANCE APPROPRIATED	-	339,500	-	0%
ALL OTHER REVENUES	1,343,384	1,283,000	716,219	56%
TOTAL	\$ 6,443,941	\$ 6,857,500	\$ 4,120,483	60%
EXPENDITURES				
GOVERNING BODY	\$ 348,909	\$ 302,500	\$ 138,490	46%
ADMINISTRATION	796,621	778,500	432,445	56%
INSURANCE	904,496	1,106,000	556,043	50%
PUBLIC BUILDINGS	360,636	691,000	227,524	33%
POLICE	1,521,720	1,587,000	785,560	49%
FIRE	812,712	898,500	367,996	41%
PLANNING	396,071	408,500	122,424	30%
STREETS & HIGHWAYS	412,894			
SANITATION	223,233	276,500	111,065	40%
RECREATION	295,354	497,000	147,557	30%
DEBT SERVICE	262,338	312,000	60,352	19%
TOTAL	\$ 6,334,984	\$ 6,857,500	\$ 2,949,456	43%
			Without Debt Serv	44%
			\$ 1,171,027	
Y-T-D FUND BALANCE INC (DEC)	\$ 108,956			
PROPERTY TAX COLLECTION % (NOT INCL. AUTOS)	2019	2018	2017	2016
	TBD	96.53%	98.18%	97.87%
OUTSTANDING BALANCE - 2019 PROPERTY TAXES				\$ 32,747
OUTSTANDING BALANCE - 2010-19 PROPERTY TAXES (Top Ten)				\$ 41,085
TOP 10 TAXPAYERS OUTSTANDING '19 BAL. (PRINCIPAL)				
PM RESTAURANT HOLDINGS, LLC	5,141			
DODGE CITY STEAKHOUSE, LLC	4,308			
TWO RIVERS WILKESBORO, LLC	2,676			
AARON SALES & LEASE *C1297	1,981			
WINEBARGER, STEPHANIE RENEE	1,777			
TRIPLETT, CAROL A	1,409			
CAROLINA'S BEST AUTOMOTIVE	1,408			
PENNINGTON, ANGELA DENAE	1,000			
GMINI INVESTMENTS, INC.	917			
MILLER, CILFTON	868			
	\$ 21,484			
			HEALTH BENEFIT ANALYSIS	
			BUDGET	YTD
			GEN. FUND \$ 900,000	\$ 383,426
			W/S FUND 660,000	314,565
			RETIREEES 80,000	68,414
			TOTAL \$ 1,640,000	\$ 766,405
			% BUDGET	47%



Monthly Financial Reports

- Explanations for unusual transactions or amounts that are over/under performing against the budget.
- LGC staff have sample templates.
- **Governing boards should always know the financial state of government.**
- Ask questions and follow up with the Finance Officer until you understand.

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		% BUDGET		47%



Monthly Financial Reports

- Unassigned funds are also known as unrestricted funds.
- There are no restrictions on these funds.
- Need to have adequate reserves to address emergency needs.



Resources

LGC Staff (919)-814-4300

[LGC Website](#)

<https://www.sog.unc.edu>

www.nclm.org

www.ncacc.org

<https://www.gfoa.org/best-practices--resources>



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Module 3

1. What is the least amount the LGBFCA requires the finance officer to be bonded for?
2. Who is responsible for preparing financial reports and supervising investments for the unit?
3. Who should always know the financial state of the government?

