



# NORTH CAROLINA DEPARTMENT OF STATE TREASURER

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STATE AND LOCAL GOVERNMENT FINANCE DIVISION  
AND THE LOCAL GOVERNMENT COMMISSION

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## Memorandum #2025-07

**TO:** Banks Providing Financing for Capital Assets to Local Governments in North Carolina

**FROM:** Kendra Boyle, Director, Fiscal Management Section; Jennifer Wimmer, Director, Debt Management Section

**SUBJECT:** Know Before You Loan: Working with Local Governments on the Unit Assistance List

**DATE:** June 10, 2025

Across North Carolina, banks play a key role in building strong communities by providing financing to local governments for capital assets.

In fulfilling this important role, bankers should be aware of the requirements placed on units of local government seeking financing for capital assets under North Carolina General Statutes. As of 2022, units of local government on the Unit Assistance List (UAL) issued by the Department of State Treasurer are subject to some additional requirements.

This brief guide will explore what the UAL is and how to ensure compliance with statutory requirements when entering into financing arrangements with UAL units. The following information was prepared by the staff of the Local Government Commission (LGC) within the Department of State Treasurer. LGC staff are available to answer any questions banks may have about working with local governments on and off the UAL.

### What is the UAL?

As part of its duty to provide financial oversight for over 1,100 units of local government and public authorities across the state, the LGC created the Unit Assistance List as a way to keep track of local governments and certain public authorities that, due to their financial status or related factors, require additional guidance and support from LGC staff.

Currently, units are placed on the UAL based on Financial Performance Indicators in three core areas: general fund, water and sewer funds, and internal controls. The LGC works closely with units on the UAL through its Coach Team – experienced government finance professionals located throughout the state who assist local government staff to address the issues the unit is facing.

Before entering into any kind of capital financing arrangement with a unit of local government in North Carolina, banks should confirm whether the unit is on the most recent UAL. The most recent UAL is published on the LGC's website: [Unit Assistance List | NC State Treasurer](#).

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### **LGC approval of financing for UAL and non-UAL units**

Units of local government are required to obtain LGC approval for certain capital asset financing arrangements if the terms of the proposed contract or agreement exceed specific thresholds outlined in N.C. Gen. Stat. § 159-148. As of 2022, these thresholds are lower for units on the UAL. The different thresholds are as follows:

Local governments **not on the UAL** must obtain LGC approval if the proposed contract or agreement:

- Extends for **five or more years** (including options to extend or renew the contract)
- Obligates the unit to pay over the full term of the contract an amount of **at least \$500,000** or one-tenth of one percent of the assessed value of all property subject to taxation by the unit (whichever is less)
- Involves the construction or repair of improvements on real property without regard to the dollar amount or length of the term, if the lender is taking a security interest in the property, under N.C. Gen. Stat. § 160A-20
- Is **not** for the purchase, lease, or lease with option to purchase of voting machines or motor vehicles (these types of contracts are exempt from the LGC approval requirement)

Local governments **on the UAL** must obtain LGC approval if the proposed contract or agreement:

- Extends for **three or more years** (including options to extend or renew the contract)
- Obligates the unit to pay over the full term of the contract an amount of **at least \$50,000**
- Involves the construction or repair of improvements on real property without regard to the dollar amount or length of the term, if the lender is taking a security interest in the property, under N.C. Gen. Stat. § 160A-20
- Is **not** for the purchase, lease, or lease with option to purchase of voting machines (**the exemption for motor vehicles does not apply to units on the UAL**)

For more detailed explanations of when a unit of local government needs to seek LGC approval for financing, please refer to N.C. Gen. Stat. § 159-148 and the UNC School of Government's local government law blog, [Coates' Canons](#). Before finalizing such an arrangement, banks should ensure that the unit has obtained the necessary LGC approval for the financing. If a bank has already entered into such an arrangement with a local government without LGC approval, the bank should notify LGC staff immediately.

### **Key steps for banks**

When working with local governments to provide financing for capital assets, banks should add the following steps to their checklist:

- Determine whether the unit is on the most recent [Unit Assistance List](#)
- Determine whether LGC approval is required for the proposed financing arrangement, keeping in mind that requirements are different for units on the UAL
- If LGC approval is required, ensure that the unit has received the proper approval prior to finalizing the arrangement
- Consult with their counsel or an attorney experienced in North Carolina government finance
- Contact LGC staff with any questions – (919) 814-4300 or [SLGFD@nctreasurer.com](mailto:SLGFD@nctreasurer.com)