

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



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Module 1: Responsibilities of Board Members & Introduction to Local Government Commission



Responsibilities of Board Members

- Members of a governing board have a fiduciary responsibility to the unit's taxpayers and residents to manage funds and the unit appropriately.
- The governing board is ultimately responsible for the finances and fiscal health of the unit.





Responsibilities of Board Members

Local governing boards are granted specific financial authorities and responsibilities in *North Carolina General Statute 159, Article 3: The Local Government Budget and Fiscal Control Act (LGBFCA)*.^[1]

^[1][G.S. 159, Article 3. The Local Government Budget and Fiscal Control Act.](#)



The Local Government Budget and Fiscal Control Act

The LGBFCA sets forth requirements for local governments in areas such as:

1. Budgets
2. Fiscal control
3. Borrowing money

Members of governing boards should develop a strong working knowledge of the LGBFCA.

The act is just 35 pages and is available to read at ncleg.gov.

Key sections are covered in this training.



The Local Government Budget and Fiscal Control Act

- Governing boards play a crucial role in overseeing a unit's compliance with the LGBFCA.
- Board members set expectations for employees to follow requirements of the LGBFCA.





Local Government Commission (LGC)

Established in 1931 to address fiscal challenges faced by local governments during the Great Depression, the **Local Government Commission (LGC)**^[2] continues to provide financial oversight for more than **1,100 units of local government** across the state, including **550+ municipalities** and **all 100 counties**.



^[2][G.S. 159, Article 2. Local Government Commission.](#)



LGC Impact

90+ years of LGC oversight has led to:

- Above-average debt ratings for local governments.
- “AAA” credit rating for the state from all three ratings agencies.
- Lower cost of borrowing for North Carolina taxpayers.
- Confidence in North Carolina’s debt market and the fiscal health of its local governments.

*“When state and local officials talk about best practices in financial oversight, they often point to **North Carolina.**”*

- The Pew Charitable Trusts, “State Strategies to Detect Local Fiscal Distress” (2016)



LGC Members

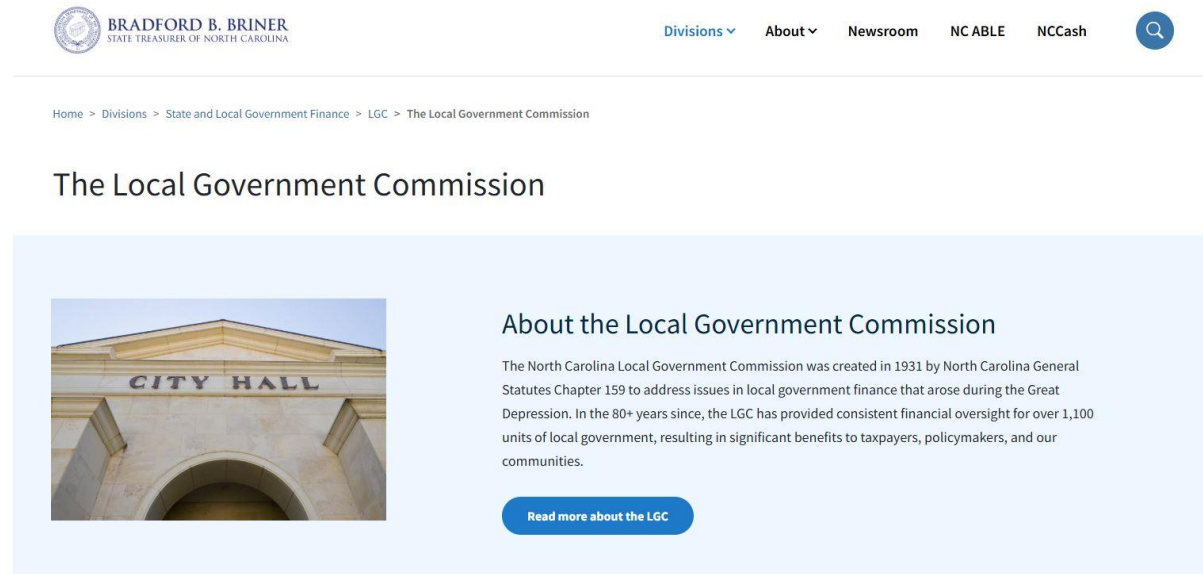
- The LGC is composed of **nine members**.
- State Treasurer, **Brad Briner**, serves as Chair.
- Other members include the State Auditor, Secretary of Revenue, Secretary of State, and five appointed members.





LGC Meetings

- LGC meetings are held the first Tuesday of each month at 1:30 p.m.
- Meetings can be live streamed from the LGC page on the Department of State Treasurer [website](#).
- The LGC page also contains links to meeting agendas and recordings of past meetings.





LGC Staff

- The LGC is staffed by employees of the **State and Local Government Finance Division** (SLGFD) within the Department of State Treasurer (DST).
- LGC staff work hard to assist the LGC and units of local government across the state.

LGC staff provide:

- Expert assistance to units as needed.
- In-person and virtual education/training for local officials.
- Up-to-date guidance on local government finance via [memos](#) and [blog posts](#).
- Helpful information and resources on the [LGC website](#).



Reporting Requirements and Due Dates for Local Governments

Units are required by law to regularly submit certain financial information to the LGC. This includes, but is not limited to:

- **Annual Audit^[3]** – Due Dec. 31 for units with a June 30 fiscal year end
- **Annual Financial Information Report (AFIR)^[4]** – Due Dec. 31
- **Semi-Annual Cash and Investment Report (LGC-203)^[5]** – Due Jan. 25 and July 25
- **Register of Deeds Fees Report (Counties)^[6]** – Due on the 10th of each month

Visit the [LGC Reporting Requirements and Due Dates page](#) for more information on these and other reporting deadlines.

^[3][G.S. 159-34\(a\)](#) ^[4][G.S. 159-33.1](#) ^[5][G.S. 159-33](#) ^[6][G.S. 161-11.5](#)



Key Areas of LGC Authority for Local Governments

The Local Government Commission has authority under certain circumstances:

1. To require the finance officer or anyone performing the duties of the finance officer to participate in training.^[7]
2. To require local governments and public authorities to contract with outside entities, such as a third-party bookkeeper, to fulfill the duties of finance officer.^[8]
3. To impound the books and records of a local government and assume full control of all its financial affairs.^[9]

^[7][G.S. 159-25\(d\)](#) ^[8][G.S. 159-25\(e\)](#) ^[9][G.S. 159-181\(c\)](#)



Resources



- UNC School of Government
 - NC Finance Connect
 - Finance Calendar of Duties
 - NC Local Government Finance 101
 - NC League of Municipalities
 - North Carolina Association of County Commissioners
 - Government Finance Officers Association - Best Practices & Resources
- **Contact LGC Staff:** (919) 814-4300
 - **Visit the LGC Website**
 - **Sign up for the LGC Staff Blog**
 - **Stay up to date with SLGFD Memos**



Quiz: Module 1

1. Who is ultimately responsible for the finances and fiscal health of a unit?
2. Who is the Chair of the Local Government Commission?
3. Does the Local Government Commission have the authority to impound the books and records and assume full control of all financial affairs of a unit?

