Introduction to Local Government Finance

Compiled by Kara A. Millonzi
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Step 7: Local Board of Education Adopts School Budget Resolution

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Preface

Finance is the cornerstone of most local government operations. Issues related to finance cut across multiple departments within a unit and affect many local government officials and employees. North Carolina local governments derive all of their authority from the General Assembly, including the authority to raise revenue, budget and manage that revenue, and expend the revenue to support activities and projects that benefit the unit's citizens. The legal rules governing finance establish the framework within which fiscal and program decisions are made and implemented, authorize and sometimes restrict the financial resources available to local governments, and define the sorts of activities in which local governments may participate.

This book provides an introduction to those legal rules, as well as to basic principles of accounting and financial management. It serves as the textbook for Introduction to Local Government Finance, the foundational course of the School of Government’s finance curriculum. The course provides a survey of the legal, strategic, and practical requirements surrounding local government finance and financial management. Areas of instruction include the basic legal authority and requirements relating to local government revenues, budgeting processes, cash management, purchasing and contracting, expenditure control, conflicts of interest, fund accounting, and financial reporting. It also covers special public records laws relating to local government finance records and information. The intended audience for this course is local government officials and employees who manage, supervise, or oversee any aspect of local government finance. In particular, the course is recommended for new finance officers and other finance personnel, managers, budget officers, purchasers, tax collectors and other tax office personnel, and local government attorneys.

The text, like the course, is a collaborative effort among the School’s local government finance faculty members. It is divided into chapters that roughly correlate to class sessions in the introductory course. The text begins with a brief overview of the Local Government Budget and Fiscal Control Act (LGBFCA), which is the set of statutes that govern budgeting, accounting, and financial management of local public funds in North Carolina. Several of the chapters then delve into the specific statutory
processes and requirements of the LGBFCA—namely, budgeting, accounting, cash management, and fiscal control. The text also details the revenue sources available to local units to fund their myriad activities and projects. It focuses particularly on the levying and administration of the property tax as the primary revenue source for general purpose local governments. The text further summarizes the specific laws outside the LGBFCA that govern local government contracting authority. Finally, the text highlights the financing authority and processes for a few major local government expenditure categories—capital projects, public enterprises, public schools, and community and economic development.

The authors wish to thank our colleague, Frayda Bluestein, for reviewing each chapter and providing many helpful suggestions for improvement. We also are extremely grateful to Nancy Dooly, Kevin Justice, Daniel Soileau, and other members of the School’s publication team for their invaluable work in designing, editing, and producing the text. We further want to acknowledge the contributions of our finance faculty predecessors, many of whom authored works from which these chapters are derived. Finally, this text has profited greatly from our continuing association with the people for whom it is intended—state and local officials in North Carolina. Their questions and their suggestions have done much to shape the book and the introductory course.

Kara A. Millonzi
Associate Professor of Public Law and Government
Summer 2013