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Finance is a cornerstone of local government operations. Issues related to finance cut across multiple departments within a unit and delimit the duties of many local government officials and employees. North Carolina local governments derive all of their financial authority from the General Assembly, including the power 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 these legal rules as well as to basic principles of revenue forecasting, budgeting, 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. Intended for local government officials and employees who manage, supervise, or oversee any aspect of local government finance, the course is particularly recommended for new finance officers and other finance personnel, managers, budget officers, purchasers, tax collectors and other tax office personnel, as well as local government attorneys. The course provides a survey of the statutory, strategic, and practical limits of 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 text, like the course, is a collaborative effort among the School’s local government finance faculty members. It is divided into three main sections—financial management, revenues, and expenditures—with individual chapters in each section roughly correlating to particular class sessions. The text begins with a brief overview of the Local Government Budget and Fiscal Control Act (LGBFCA), which comprises the set of statutes that govern budgeting, accounting, and financial management of local public funds in North Carolina. Several of the chapters 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, focusing in particular on the levying and administration of the property tax as the primary general purpose revenue source. It provides guidance in how to better predict revenue streams and choose an appropriate revenue mix. 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 colleagues and clients who reviewed each chapter and provided many helpful suggestions for improvement. We are extremely grateful also to Leslie Watkins, Kevin Justice, Daniel Soileau, Lisa Wright, 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 suggestions have done much to shape the book as well as the introductory course.

Kara A. Millonzi
Associate Professor of Public Law and Governance
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