THE TOP TEN BUDGET RESPONSIBILITIES OF LOCAL ELECTED OFFICIALS

Patrice Bassler
Center for Public Leadership & Governance

1. Appoint a Budget Officer

- GS 153A-101: Board of Commissioners to direct fiscal policy of the county
- § 159-9: Budget officer.
- Each local government and public authority shall appoint a budget officer to serve at the will of the governing board
- § 160A-148: Powers and duties of manager. The manager ...shall have the following powers and duties:
  - He shall prepare and submit the annual budget and capital program to the council
  - He shall annually submit to the council and make available to the public a complete report on the finances and administrative activities of the city as of the end of the fiscal year.

2. Levy taxes in a sufficient amount to meet the ongoing needs of the local unit and its citizens.

Use the budget as a planning tool; it is not an audit.

Planning for future needs, ongoing operational needs, and capital asset maintenance and improvements should be a part of their budget discussions.
**Hire a qualified Certified Public Accountant to annually audit the financial records of the unit.**

- The board should issue requests for competitive bids for the unit’s audit firm at least every five years.
- The auditor reports to the elected body, not to the manager; the board should receive the annual audit and ask for any management letter in a public meeting.

**Entrust to the local government manager the daily management of the financial affairs of the unit.**

- Leave to the manager the day-to-day management and oversight of the financial condition of the local unit.
- Understand the importance of having the Finance Office use Generally Accepted Accounting Principles (GAAP).

**Be at all times aware of the overall financial condition of the unit of government.**

- Ask for and review periodic financial reports — monthly/quarterly.
- Understand the purpose and use of Fund Balance — encumbered/unencumbered.
Make sure properties are revalued at least every eight years.

- Appointing a separate Board of Equalization and Review is recommended practice.
- In each year of a revaluation, the budget officer shall include a revenue-neutral tax rate in the budget for comparison purposes.

Adhere to the statutory requirements of the Local Government Budget and Fiscal Control Act.

- Understand and honor the budget timeline.
- Attend all meetings and ask questions.
- Use the budget process as an opportunity to learn, and to educate the citizens about the role local government plays in their lives.

Understand where the unit’s revenues come from, and when.

- Board members should fully understand the unit’s revenue sources: property, sales, and others.
- The board should understand the unit’s cash flow.
- The Board should be aware of the timeline for distribution of state-shared revenues and for receipt of property tax revenues.
Engage in strategic discussions about the unit’s future capital needs.

- A wish list is not a capital improvement plan.

- “Pay as you go” budgeting for capital assets can be costly; debt can be a good option if managed properly.

USE THE FULL FAITH AND CREDIT OF THE UNIT WISELY.

Proesler@sog.unc.edu  or 919-843-4167