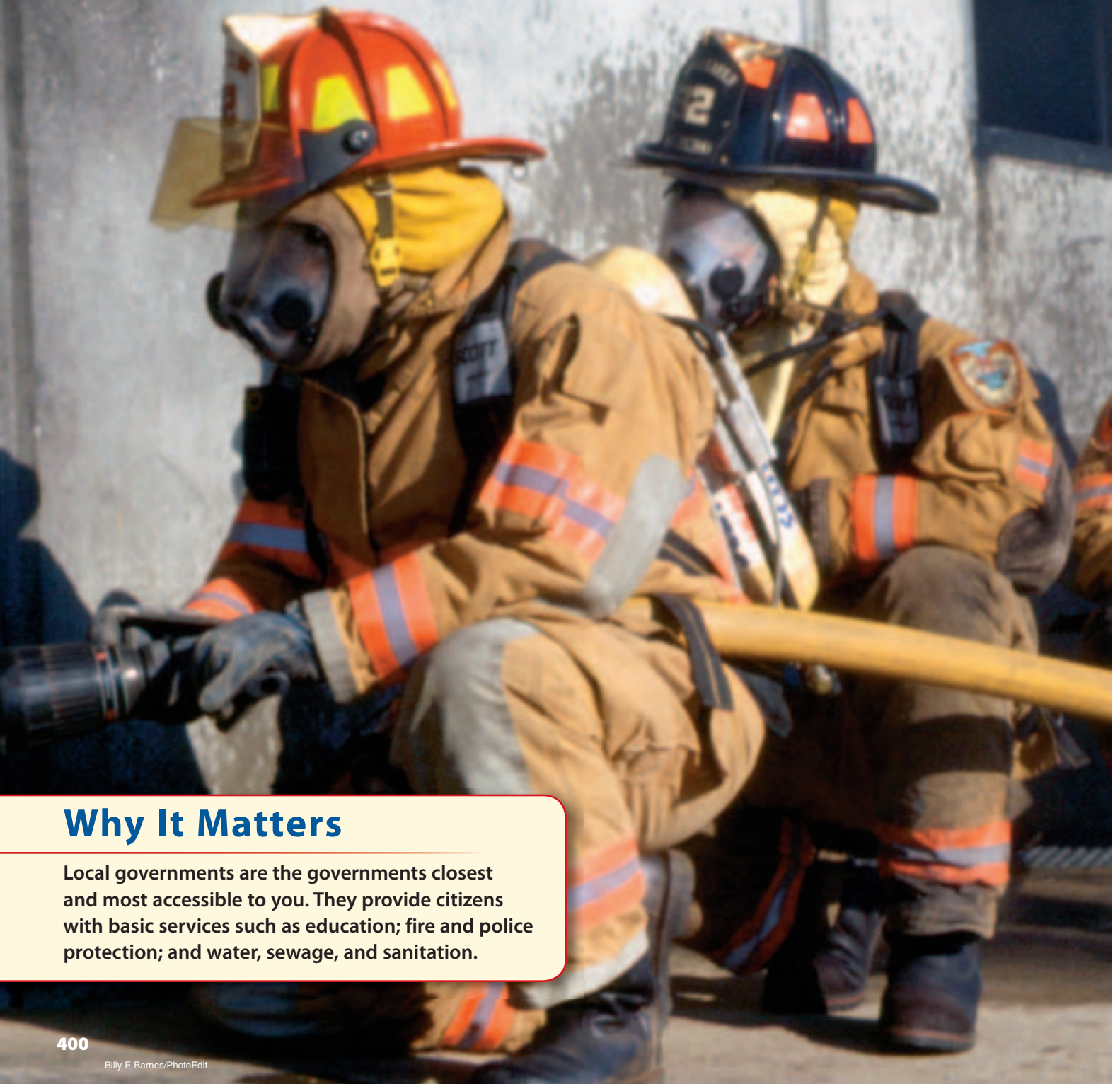




Chapter

14

# Local Government and Finances



## Why It Matters

Local governments are the governments closest and most accessible to you. They provide citizens with basic services such as education; fire and police protection; and water, sewage, and sanitation.



# BIG Ideas

## Section 1: Municipal Government in North Carolina

**People form governments to establish order, provide security, and accomplish common goals.** Municipal governments—city governments—provide many services to North Carolinians.

## Section 2: County Government

**People form governments to establish order, provide security, and accomplish common goals.** Each of North Carolina's counties is both a local government and a kind of branch office for the state government.

## Section 3: Government Finances

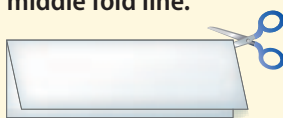
**Political and economic institutions evolve to help individuals and groups accomplish their goals.** North Carolina governments at the state and local levels create budgets for operating their governments every year.

Gastonia firefighters take part in training exercise

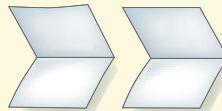
### FOLDABLES™ Study Organizer

**Comparing Foldable** Make the following Foldable to help you understand the roles of local government and the budget process.

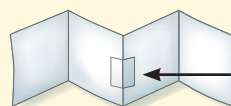
**Step 1** Fold a sheet of paper in half from top to bottom. Cut the paper in half across the middle fold line.



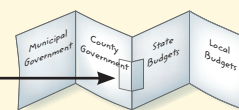
**Step 2** Fold the two papers in half from top to bottom.



**Step 3** Tape the edges of pieces together as shown (overlapping the edges slightly) to make an accordion-like paper line. Label each chapter section as shown.



Pieces of tape



### Reading and Writing

As you read the chapter, make notes on the back of each corresponding section about the organization of local government and the budget process at the state and local level.



Section  
**1**

# Municipal Government in North Carolina

## Guide to Reading

### Big Idea

People form governments to establish order, provide security, and accomplish common goals.

### Content Vocabulary

- county (p. 403)
- county seat (p. 403)
- ordinance (p. 403)
- incorporate (p. 404)
- charter (p. 404)
- home rule (p. 404)
- at-large election (p. 405)

### Academic Vocabulary

- estimate (p. 404)
- expand (p. 404)
- professional (p. 405)

### Reading Strategy

**Summarizing** As you read, complete a chart like the one below by explaining what these actions are.

Incorporation	
Annexation	

**Real World Civics** The dog—traditionally called man’s best friend—is often part of the teams of men and women who serve on North Carolina’s municipal police forces. The handler and the police dog must respond quickly when working in tense and dangerous situations. For that reason, the team undergoes intense training. Police dogs are trained to guard their handlers and find, chase, and hold suspects who are attempting to escape police. Police dogs also search for missing persons or objects and detect drugs and explosives. Reidsville police officer, Brad Crabtree puts his dog, Lando, through his paces at obstacle course competition. If he passes, Lando will have achieved points to receive his obedience certification and will continue training as a police dog serving the community.

▼ **Officer Crabtree with Lando**



**NORTH CAROLINA STANDARDS**  
Civics and Economics

- 3.02** Explain how the North Carolina Constitution and local charters define the framework, organization, and structure of government at the state and local level.
- 3.04** Describe how the state constitution and local charters may be changed, and analyze the impact of specific changes.
- 3.07** Identify modern controversies related to powers of the state government.



# Structure and Organization

**Main Idea** Local governments are created by the state.

**Civics & You** What does your city or town government do for you? Read more to find out about the functions of local government.

## Types of Local Government

There are two basic types of local governments in North Carolina: counties and municipalities. The **county** is the largest territorial and political subdivision in North Carolina. There are 100 counties in North Carolina. Every county has a **county seat**, which is the center of county government.

All municipalities in North Carolina are either cities, towns, or villages. Every county and municipal government has a legislative and an executive branch. Many also have a judicial branch. Every local government can raise money through taxes and can spend public funds. Each can set and implement local public policies. Local governments in North Carolina do not have judicial authority. State courts decide cases involving **ordinances**, or local laws.

Local governments are sometimes referred to as “creatures of the state.” It is the General Assembly that creates North Carolina’s local governments and decides what authority and responsibility they have. Local governments must act within those limits to meet local needs. Counties and municipalities provide some of the same services, while others are provided by only one type of local government. Review the chart on page 408 to see the services that municipal and county governments provide to North Carolinians.

**Reading Check Explaining** Local governments are sometimes described as “creatures of the state.” Why is this a common description of local governments?

## Bitra Emrani



**B**itra Emrani, 17, who lives in Greensboro, North Carolina, knows the power of words. To help immigrants and disadvantaged kids in her area, she started a program called English Learning with Love (ELL).

**QUESTION:** Why did you create a language-tutoring program?

**ANSWER:** I started ELL in 2005 after a visit to Iran. I was haunted by the poverty there and decided to help the disadvantaged in my own city. I think education is an important way to battle poverty. Plus, I have a real passion for languages (I’m bilingual in Persian and English and able to get by in Spanish).

**Q:** What does ELL do?

**A:** ELL is an English for Speakers of Other Languages (ESOL) program and it’s held after school in three local elementary schools. We help newcomers to the area become members of the community by working to improve their English. ELL works with about 30 to 35 students.

**Q:** Who are the tutors?

**A:** I recruit high school kids who volunteer their time to help. These teens discover that they can have a huge impact on their community.

**Q:** What difference do you see in the participants after they take the program?

**A:** ELL has not only improved kids’ English, but it’s also improved their attitude toward learning.

**Q:** What does the future hold for you?

**A:** I want to pursue a degree in public policy. I’d also like to volunteer for a nonprofit international medical organization, such as Doctors Without Borders.

**ACTION FACT:** Emrani loves learning dances from other countries.

Making a Difference

CITIZENSHIP

Why did Bitra start the ELL program?



# Municipalities

**Main Idea** Municipalities are units of government—cities, towns, and villages—that have legal rights granted by the state through their charters.

**Civics & You** Do you know how cities, towns, and villages in North Carolina are formed? Read to find out about the steps in this process.

**N**orth Carolina has more than 540 cities, towns, and villages. These municipalities provide services to meet the needs of its citizens (see page 408). Cities, towns, and villages all have the same legal status. Cities are often thought of as bigger than towns or villages, but that is not necessarily true in North Carolina. According to 2005 estimates, or educated guesses, the city of Claremont has fewer than 1,100 residents; the town of Cary has more than 115,000 residents; and the village of Clemmons has more than 17,000 residents.

**Incorporation** Each city, town, or village has been incorporated as a municipality by the state. Incorporation means that the state has declared that a specific geographic area is a municipality and has given it a charter. The charter outlines the basic rules for that municipal government. A municipal charter can be changed by the General Assembly or,

in some cases, by “home rule” amendments adopted by local governments. Local governments that have home rule authority may exercise power over local issues to the point not prohibited or regulated by the state of North Carolina.

People living in an unincorporated area can ask the General Assembly to incorporate their community if they decide they need municipal government and the services it offers. A community may also seek incorporation to maintain its local identity. The community of Midway in Davidson County did not want to become part of Winston-Salem. In 2004, community organizers petitioned for incorporation. Proposed towns have to undergo three rounds of studies and at least two hearings, and they must meet strict standards to incorporate. In 2006, Midway’s act of incorporation was submitted and passed by the General Assembly. It also gave Midway its town charter. Since 1996, more than 20 other towns and villages have become individually incorporated.

**Annexation** Cities can also expand, or extend, their boundaries to include new territory. Annexation is the name of the process of bringing unincorporated land and its residents into an existing municipality. Sometimes residents of a neighborhood request annexation because they need municipal services. Sometimes, however, land is developed and people begin living very closely together without being part of a municipality. Then municipal officials might decide they need to be able to provide services to this area that is becoming “urban.” The General Assembly has given municipal governments authority to annex adjacent areas, even if the people living in those areas do not want to be annexed.

## Population Change

<b>1870 Census</b>	Population of North Carolina passes 1 million residents
<b>1920 Census</b>	North Carolina passes 2 million residents
<b>1992</b>	Population living in urban areas passes 51%; North Carolina officially becomes an urban state
<b>2000 Census</b>	Population of North Carolina is 8,049,313
<b>2010</b>	Estimated population for North Carolina is 9.35 million—an increase of 16% over 2000 census figures



**Student Web Activity** Visit [glencoe.com](http://glencoe.com) and complete the Chapter 14 Web Activity.



## Municipal Government

Each North Carolina municipality elects its own governing board. This board may be called the city council, the town council, the board of commissioners, or the board of aldermen. A municipal governing board is like a local legislature. It passes local laws called ordinances. These ordinances establish municipal policies, approve budgets, set municipal tax rates, and regulate what people can do inside the municipality's boundaries.

Voters who live in each municipality elect the governing board. Some municipalities use only **at-large elections**. This means that all voters can vote for all members of the board. Elections can also be held by district so that only certain voters (the voters in a specific political unit called a ward) vote for certain board members. Some municipalities use a mix of election by district and at-large voting. For example, the city council of Durham is made of three members from specific wards, three at-large members, and the mayor.

Most municipalities in North Carolina have a mayor. Usually the voters elect the mayor. In a few municipalities, the governing board has the authority to elect one of its members to be mayor. For example, the town council of Duck in Dare County elects one of the council members to be mayor.

The mayor presides over the meetings of the governing board. Unlike some other states, North Carolina mayors are not responsible for administering their municipal government. Except in the smallest municipalities, the municipal governing board hires a **professional**, or trained, manager to administer, or carry out, its policies. Under this "council-manager" system, the city manager is responsible for day-to-day operations of the municipal government. The council-manager system is the most common in North Carolina.

 **Reading Check Explaining** Is an unincorporated area a city, a town, or a village? Why?

## Section Review

1

### Vocabulary

1. **Define** each of the following terms: *county*, *county seat*, *ordinance*, *incorporate*, *charter*, *home rule*, *at-large election*.

### Main Ideas

2. **Identify** the two basic types of local government in North Carolina.
3. **Describing** How can a local government charter be changed?

### Critical Thinking

4. **Inferring** People who live in unincorporated areas sometimes ask the General Assembly to be incorporated. What might they gain from incorporation?
5. **BIG Ideas** Using a chart like the one below, identify municipal officials and state their responsibilities.

Officials	Responsibilities
Governing board	Pass laws, set budget

### CITIZENSHIP Activity

6. **Interpreting** Make a copy of your city or town map. Find your own neighborhood on the map. Draw boundaries with colored markers to show where you think the local government is setting different zoning ordinances for your municipality.



**Study Central™** To review this section, go to [glencoe.com](http://glencoe.com).



Section  
**2**

# County Government

## Guide to Reading

### Big Idea

People form governments to establish order, provide security, and accomplish common goals.

### Content Vocabulary

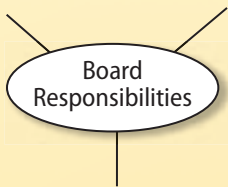
- public policy (p. 407)
- special district (p. 409)

### Academic Vocabulary

- guideline (p. 407)

### Reading Strategy

**Summarizing** As you read, complete the diagram below to identify three responsibilities of the board of county commissioners.



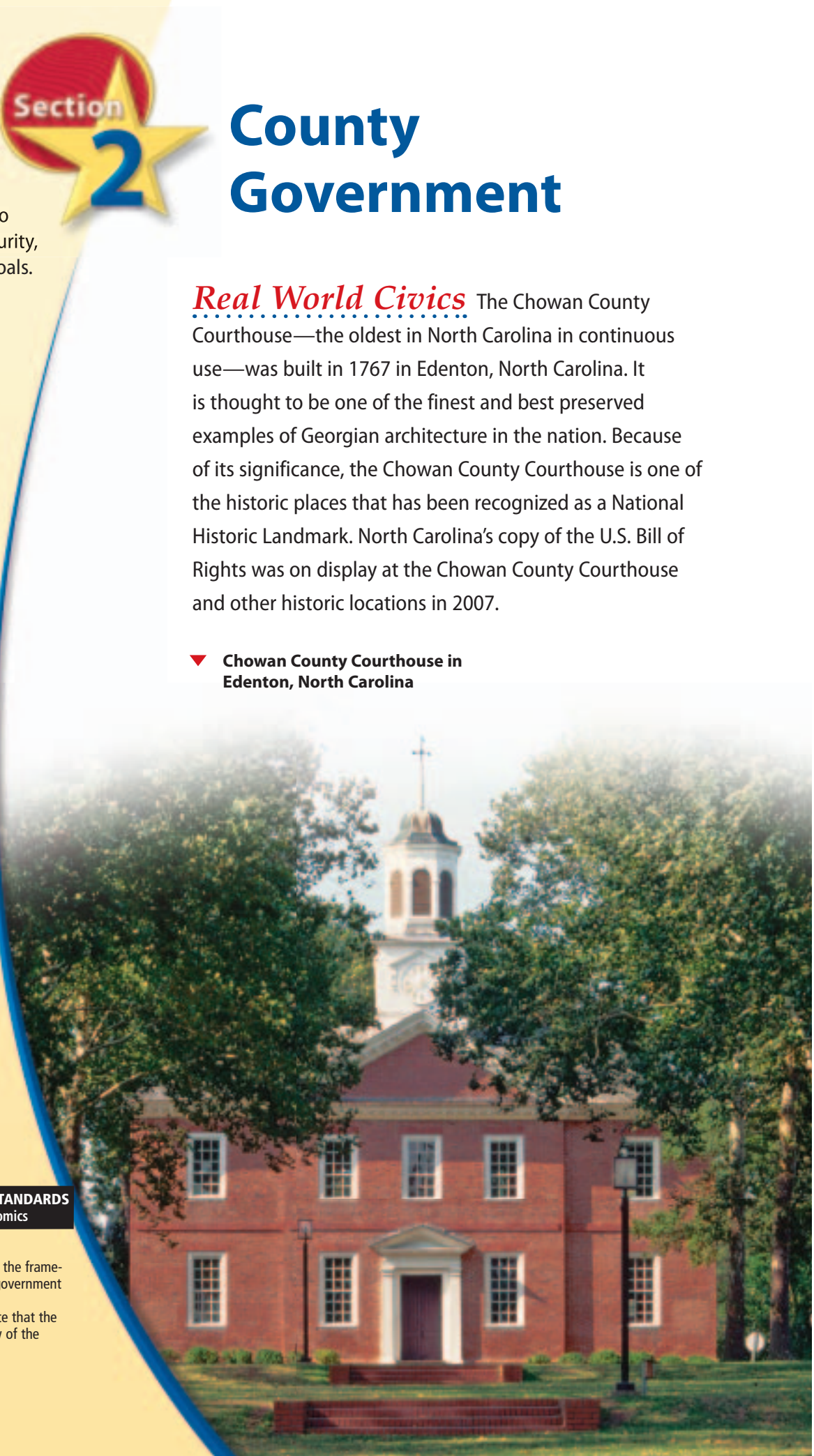
***Real World Civics*** The Chowan County Courthouse—the oldest in North Carolina in continuous use—was built in 1767 in Edenton, North Carolina. It is thought to be one of the finest and best preserved examples of Georgian architecture in the nation. Because of its significance, the Chowan County Courthouse is one of the historic places that has been recognized as a National Historic Landmark. North Carolina’s copy of the U.S. Bill of Rights was on display at the Chowan County Courthouse and other historic locations in 2007.

▼ **Chowan County Courthouse in Edenton, North Carolina**

**NORTH CAROLINA STANDARDS**  
Civics and Economics

**3.02** Explain how the North Carolina Constitution and local charters define the framework, organization, and structure of government at the state and local level.

**3.05** Analyze court cases that illustrate that the North Carolina Constitution is the law of the state.





# Governing the Counties

**Main Idea** The county is normally the largest territorial and political subdivision of a state.

**Civics & You** What role does the board of county commissioners play in government? Read on to find about the board's powers.

The General Assembly has divided North Carolina into 100 counties. Each county is both a local government and a kind of branch office for state government. Thus, the county must not only set local **public policy**, it must also carry out certain state **guidelines**—rules and policies—and laws.

In North Carolina counties, the major governing body is the board of county commissioners. The commissioners set the county tax rates, approve the county budget, and establish many of the county's policies.

Voters elect county commissioners. The number of commissioners may vary from as few as three to as many as eleven. Commissioners are elected for a specified term. In some counties, commissioners serve for two-year terms. In others, they serve for four-year terms.

An important member of this county board is the chairperson. Usually, the board elects one of its members as chairperson. In a few counties, voters elect the chairperson.

The board of county commissioners hires a clerk to keep official records of the board's work, to publish notices, to conduct research, and to carry out other duties, such as providing information about county government to citizens.

## Responsibilities

The board of county commissioners has general responsibility for county policies, but the General Assembly has created independent boards to oversee specific services the state requires counties to provide. These independent local boards set local policy and

hire administrators for education, elections, mental health, public health, social services, alcoholic beverage control, and soil and water conservation.

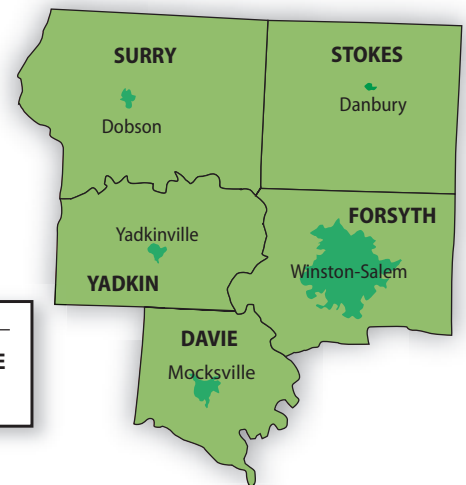
Usually these boards serve a single county. Some counties are so small, however, that they have combined agencies for mental health or public health. In these cases, the board includes representatives from each county the agency serves.

Some counties have more than one public school system, or Local Education Authority (LEA). Each LEA has its own board of education representing the people living in the area the LEA serves. North Carolina has 100 counties, but 116 public school systems, 100 of which are county units and 16 of which are city units. Voters living in each LEA elect people to serve on the local school boards.

**Reading Check Explaining** Counties help states provide certain services through independent boards. What are some of these services?

## Councils of Government

The Northwest Piedmont Council of Governments is one of the voluntary North Carolina Councils of Governments established by the General Assembly.



County boundary ———  
Name of County **DAVIE**  
County seat ■

### Analyzing Maps

**Analyzing** What do you think is the purpose of the Councils of Government?





# County Offices

**Main Idea** The state of North Carolina provides county governments with a variety of organizational structures.

**Civics & You** What do county governments typically do? Read on to find out about the responsibilities and functions of counties in North Carolina.

Like municipalities, counties, too, use a professional manager to administer the policies and services the board has established. Also like managers of cities, towns, and villages, county managers usually have much experience in directing public agencies.

Their background and training is often similar to other local government managers. Many managers have a Master of Public Administration (MPA) degree or some other type of academic preparation for their work as a county manager.

The county manager reports to the board of county commissioners. The county manager must prepare a draft of a county budget for the commissioners and often advises them on policy choices. If a majority of the board is unhappy with the manager's performance, it has the option to hire a replacement.

**County Departments** The county manager appoints people to head some county departments. The manager also has the power to hire or fire all the people who work in those departments.

**Major Services Provided by Local Government** Charts in Motion  
See StudentWorks™ Plus or [glencoe.com](http://glencoe.com).

County Only	Municipality Only
<ul style="list-style-type: none"> <li>• Community colleges</li> <li>• Cooperative extension</li> <li>• Court facilities (construction and maintenance)</li> <li>• Elections</li> <li>• Jails</li> <li>• Mental health services</li> <li>• Public health services</li> <li>• Public schools</li> <li>• Register of deeds</li> <li>• Social services</li> <li>• Soil and water conservation</li> <li>• Tax assessment</li> <li>• Youth detention facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Cemeteries</li> <li>• Electric systems</li> <li>• Gas systems</li> <li>• Sidewalks</li> <li>• Street lighting</li> <li>• Streets</li> <li>• Traffic control</li> <li>• Urban development</li> </ul>
Both County and Municipality	
<ul style="list-style-type: none"> <li>• Airports</li> <li>• Animal shelters</li> <li>• Art galleries and museums</li> <li>• Buses/public transit</li> <li>• Community and economic development</li> <li>• Emergency services</li> <li>• Environmental protection</li> <li>• Fire protection</li> <li>• Historic preservation</li> <li>• Industrial development</li> <li>• Land-use regulation</li> <li>• Law enforcement</li> <li>• Libraries</li> <li>• Parks and open space</li> <li>• Public housing</li> <li>• Recreation programs</li> <li>• Rescue squads</li> <li>• Senior citizen programs</li> <li>• Solid waste collection and disposal</li> <li>• Tax collection</li> <li>• Veterans' services</li> <li>• Water supply and protection</li> </ul>	

### Analyzing Charts

1. **Identifying** Which type of government provides mental health services to the community?
2. **Analyzing** Why do you think emergency services are provided by both counties and municipalities?



Not all departments report to commissioners through the county manager, however. The sheriff's department, for example, reports to the sheriff, an elected official who leads county law enforcement and oversees the county jail. The department of register of deeds also reports directly to an official elected by the voters to keep records of land ownership, marriages, births, and deaths. This official is called the register of deeds, and is an elected position in most North Carolina counties.

Each independent board is also outside the supervision of the county manager. These boards have agencies reporting to them and they appoint the agency directors. For example, the local public health department hires a health director, and the local school board hires a superintendent of public schools for its school system.

**Coordinating the Budget** To draft a budget for the county, the county manager must coordinate with the sheriff, the superintendent of schools, and other agency heads who are chosen independently. Like the state

governor, North Carolina county managers share responsibility for county policy with several other executives not under their authority.

## Special Districts

The **special district** is a unit of government that deals with a specific function, such as water supply or transportation. Examples of special districts include the Piedmont Triad Regional Water Authority and the Research Triangle Regional Public Transportation Authority.

Special districts are the most numerous types of local government, because in some states several kinds of special districts overlap most cities. A board or commission, which may be elected or appointed, runs a special district. The board sometimes has the power to collect taxes from district residents to pay for the services it provides. Some boards charge user fees to raise money.

 **Reading Check Identifying** Who is responsible for keeping records of marriages, births, and deaths?

## Section Review 2

### Vocabulary

- Define** the following terms and use them in complete sentences related: *public policy, special districts.*

### Main Ideas

- Explaining** Who has the responsibility for electing county commissioners?
- Summarizing** What are the responsibilities of a county manager? What qualifications do most county managers have?

### Critical Thinking

- Evaluating** What type of government—federal, state, county, or municipal—do you think can best deal with law enforcement? With land use?
- BIG Ideas** Complete a graphic organizer to provide an overview of the work of an independent board.

Independent Board	
Role	
Responsibilities	

### CITIZENSHIP Activity

- Expository Writing** In a short essay, explain the relationship between the North Carolina state government and local governments.



**Study Central™** To review this section, go to [glencoe.com](http://glencoe.com).



Section  
**3**

# Government Finances

## Guide to Reading

### Big Idea

Political and economic institutions evolve to help individuals and groups accomplish their goals.

### Content Vocabulary

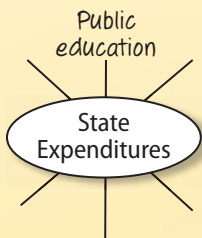
- balanced budget (p. 411)

### Academic Vocabulary

- revise (p. 411)
- convince (p. 411)
- portion (p. 413)

### Reading Strategy

**Organizing** Use a graphic organizer like the one below to list state expenditures.



***Real World Civics*** The state of North Carolina collected more than \$17.5 billion in state tax and fee revenues for fiscal year 2005. During that same year, county and municipal governments collected \$12.4 billion in property, sales, and other taxes. Owners of these properties on the Outer Banks, like all home owners, must pay a property tax. Property taxes help North Carolina's local governments provide fire protection and other services. In the years to come, local governments will take on additional responsibility. The North Carolina state government is transferring more taxing power to local governments to make up for funds kept by the state.

▼ **Houses along the Outer Banks of North Carolina**



- 3.08** Examine taxation and other revenue sources at the state and local level.
- 3.09** Describe the services provided by state and local government agencies and how funding is provided.



# The State Budget Process

**Main Idea** State officials must create a balanced budget each year.

**Civics & You** How do state officials prepare a budget? Read to find out about the budget process.

**A** government’s spending priorities are presented in the form of a budget, a plan for managing and spending money. A budget always has two parts. The first part lists the government’s revenues, or income, and indicates how much money is expected from each source. The second part lists the government’s outlays, or expenditures—the amount it plans to spend on each item.

## A Biennial Budget

Instead of starting their new budgets on January 1, all state and local governments in North Carolina begin their fiscal, or budget, year on July 1. That is, each budget covers the period from July 1 to June 30 of the following calendar year. The General Assembly adopts a biennial, or two-year, budget for the state of North Carolina in each odd-numbered year. For example, in 2007 the General Assembly adopts the budget for the fiscal years beginning July 1, 2007, and July 1, 2009. In even-numbered years, the General Assembly returns to **revise**, or change, and adjust the budget for the second year of the biennium, or two-year, plan.

## The Governor’s Role

Many different forces can shape the state’s budget. Individuals and groups promote their interests, trying to **convince**, or persuade, the states to spend money in specific areas. Court decisions and federal government requirements also influence how the state spends its money.

State budget planning begins in the governor’s office. Members of the governor’s staff prepare estimates of the revenues they expect the state to receive during each of the coming two fiscal years. They also add up requests for expenditures from all state agencies. After comparing the total estimated revenue to the total requested expenditures, the governor must propose a **balanced budget** to the General Assembly. North Carolina law requires a balanced budget.

## The General Assembly’s Role

After the governor proposes a budget, the General Assembly studies and revises it. Legislators propose ways to raise revenue or cut expenditures. Typically, the leaders in the state senate and house of representatives have a great deal of influence in shaping the budget that the General Assembly finally passes.

Frequently, the General Assembly has difficulty agreeing on a budget. Often legislators do not pass the budget before the beginning of the new fiscal year (July 1).

### Balancing the Budget

What if the budget is unbalanced? The governor can propose several measures to balance the budget, such as:

- raise additional revenue to cover the shortfall
- spend money from government savings accounts left over from previous years (known as rainy-day funds)
- cut back on spending
- propose a combination of all three options to minimize the impact of any one kind of change

### Analyzing Charts

1. **Explaining** How can state government raise additional revenue?
2. **Discussing** How might spending rainy day funds cause problems in the future?



Because the state can spend only money that has been budgeted by the General Assembly, the legislature must pass a temporary spending authorization so that the state government can continue to operate while legislators decide the final details of the budget.

## Expenditures and Revenues

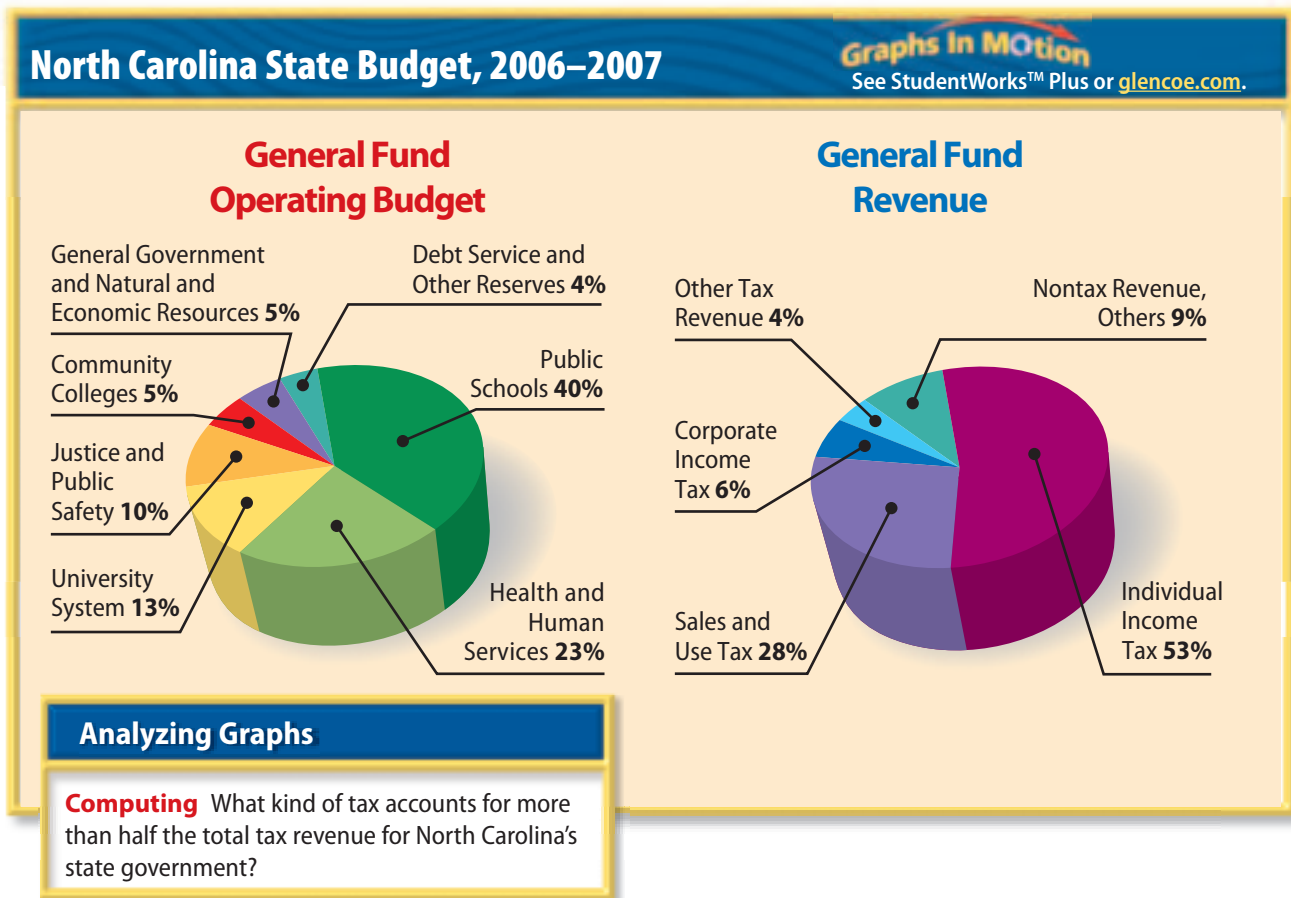
Together health and human services and public education accounted for more than half of all state government spending. More than half of all state revenues come from state taxes. During 2005–2006, individual income taxes provided the largest single source of state revenue, accounting for about \$8.5 billion. The state sales and use tax raised another \$4.8 billion that year. Funds generated from North Carolina’s gasoline taxes are placed into a

special fund to pay for streets, roads, and highways. Intergovernmental revenue, or money from the federal government, accounts for more than a quarter of state revenues. Much of this federal money pays a portion of education, health, and social service programs.

## Budget Surplus

A budget surplus is the amount by which the government’s income exceeds its spending. In 2006, North Carolina had its first budget surplus in four years—about \$2.4 million.

What happens when the state government has extra money? A total of \$943 million from the surplus and \$425 million from a new state lottery was targeted for education. These funds were to be used to reduce class size and for early childhood programs, school construction, and college scholarships for students of need.





## Taxes Per Capita\*, Selected States, 2006

Charts In Motion

See StudentWorks™ Plus or [glencoe.com](http://glencoe.com).

State	State & Local Taxes Per Capita*	Federal Taxes Per Capita*	Total Taxes Per Capita*	Rank (1 is highest)
<i>U.S. Average</i>	\$4,072	\$ 8,050	\$12,122	
Washington, D.C.	\$8,092	\$14,040	\$22,132	
Connecticut	\$6,018	\$13,079	\$19,097	1
Wyoming	\$4,120	\$ 9,131	\$13,251	10
Vermont	\$4,118	\$ 7,482	\$11,600	20
North Carolina	\$3,526	\$ 6,694	\$10,220	33
Arkansas	\$3,088	\$ 5,654	\$ 8,742	49
Mississippi	\$2,924	\$ 5,068	\$ 7,992	50

\*Per capita means for each person  
Source: U.S. Census Bureau; Tax Foundation.

### Analyzing Charts

**Computing** Do North Carolinians pay more or less in total taxes per capita than the national average? What is the difference?

The General Assembly also decided to put \$550 million into savings—most of that in the rainy day fund. Like a savings account, a rainy day fund sets aside surplus revenue for use in times of budget shortfalls.

The General Assembly also passed tax cuts. They trimmed the income tax for the highest income taxpayers and reduced the sales tax from 7 cents to 6.75 cents. Legislators also set a maximum for the state gas tax at 29.9 cents per gallon. Citizens had been lobbying to reduce the state gas tax, but that did not happen. North Carolina gas tax rates are higher than neighboring states.

## Borrowing Money

North Carolina governments cannot borrow money for their operating expenses. However, both state and local governments sometimes borrow money for capital projects—major purchases such as land or buildings. One major advantage of borrowing money is that it permits the government to make purchases without waiting to save the

full amount needed to do so. Borrowing also spreads the burden of paying for the new facility among the future users of the facility over the coming years.

Borrowing also has disadvantages. The borrower—in this case, the government—must pay interest to the lender. (Interest is the payment people receive when they lend money or allow someone else to use their money.) Also, a **portion**, or part, of the loan typically must be repaid each year. These payments of the principal, or the amount of the loan, and interest are called debt service.

When governments borrow money, they issue promises to repay the debt, called bonds. North Carolina state government uses several types of bonds. Revenue bonds are for revenue-producing projects such as toll bridges or parking structures. General Obligation (GO) bonds finance public works projects. GO bonds must be approved by the voters.



Reading Check

**Explaining** What has to happen to incur a budget surplus? An unbalanced budget?



# Municipal and County Budgets

**Main Idea** Local governments face many of the same financial pressures that the state government faces.

**Civics & You** What kinds of taxes do you and your family pay? Read to find out what your taxes pay for.

Just like the state government, each North Carolina county and each municipality must adopt a budget for every year. This budget shows county and city tax payers that funds are being allocated correctly and spent or reserved wisely. Local governments are required by North Carolina state law to pass a balanced budget by the beginning of each new fiscal year (July 1). This is not an easy task since balancing the needs and wants of several governmental agencies and departments can be difficult. Almost all North

Carolina counties and municipalities meet this deadline.

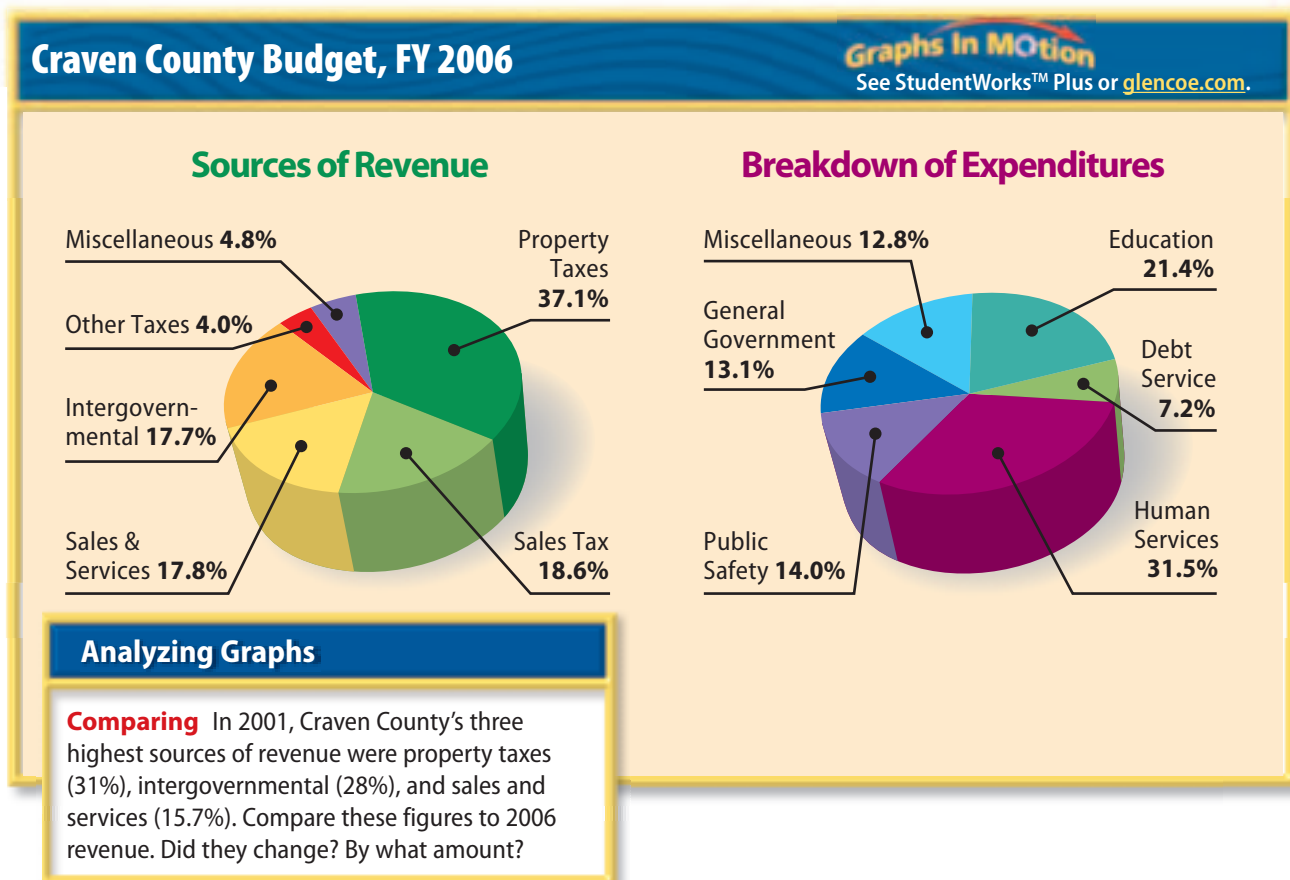
## Expenditures

About one-third of all municipal expenditures pay for utilities, the major expense for most municipalities. Most municipalities operate their own water and sewage systems. Several also operate the local electric utility. The next-largest category of municipal expenditures is for public safety—mostly police and fire services.

Nearly one-third of county expenditures go to Local Education Authorities (LEAs) to support public schools. Over a quarter of all county expenditures pay for human services, including public health, mental health, and social services.

## Revenues

About one-third of all municipal revenues come from utility user fees. Fees charged to users pay the cost of providing water, sewer, and other municipal utilities.





Other than utility user fees, municipal and county governments rely on similar sources of revenue. Property taxes provide a fairly large portion of revenue for both. Counties receive about 35 percent of their revenue from property taxes, and municipalities receive about 18 percent. Intergovernmental revenues make up another major source of revenue for both municipalities and counties. Counties receive state and federal money to help pay for health and social services. Much of the intergovernmental money that municipalities receive comes from the state's gasoline tax revenue.

**Property Tax Rates** Municipal and county governing boards set the local property tax rates when they adopt the budget. To set the property tax rate, the amount that the government must raise through property taxes is divided by the total assessed value of property in the jurisdiction. This calculation provides the amount of tax that must be raised for each dollar of assessed value. To find the tax rate per \$100 of assessed value, take the tax rate and multiply by 100. For

example, if a town has an assessed value of \$600 million and needs to raise \$3 million from property taxes, its property tax rate would be 50 cents per \$100 of assessed value. For a home valued at \$150,000 in a county with a tax rate of 50 cents per \$100 value, the owner would pay \$750 yearly.

**Innovative Programs** Some local governments have put into practice innovative programs to save money. For example, Catawba County departments have the ability to save funds by shifting and carrying over some unspent funds from one year to the next. In the first three years under this new program, Catawba departments returned about \$300,000 of their savings to the county's general fund and banked more than \$2.6 million for new programs and equipment.

Similarly, Davidson County departments saved more than \$1.3 million in 2004-2005. The money saved goes back into the general fund, where it is available for other needs.

 **Reading Check** **Describing** What is the largest expenditure for most North Carolina municipalities?

## Section Review 3

### Vocabulary

- Define** *balanced budget*, and use the term in a paragraph related to government financing.

### Main Ideas

- Summarizing** How does the governor prepare the proposed budget? What does the General Assembly do with this proposed budget?
- Describing** How do municipalities and counties raise most of their revenue?

### Critical Thinking

- Inferring** Explain how the differences in county and municipal expenditures reflect their roles in society.
- Determining Cause and Effect** Use a graphic organizer like the one below to identify the positive and negative consequences of the government's borrowing money.

Government Borrowing	
Positive:	Negative:

### CITIZENSHIP Activity

- Persuasive Writing** Write an essay in which you answer these questions: What do you think should be the three most important sources of revenue for your town or city? What do you think should be the three major areas of spending? Make sure to add details to support your answers.



**Study Central™** To review this section, go to [glencoe.com](http://glencoe.com).





# Financial Literacy

## College Costs: Planning Ahead

If you want to go to college, it pays to plan ahead. The cost of tuition, fees, and room and board for a year of undergraduate education ranges from \$12,127 at the average four-year public university to \$29,026 at private universities.

**How can I meet the cost of college?** A scholarship and other financial aid can help, but most of us still need to save more and spend less. Here are some possibilities to consider:

- **Create a budget and keep to it** Budget the items that are under your control.
- **Work** You can attend school full-time and still work part-time, or work full-time and attend school part-time.
- **Get your degree in less than four years** Completing a bachelor's degree in less than four years is difficult, but it is possible.
- **Save regularly** Set a goal to put a specific amount in a savings account monthly.
- **Federal student aid** If you do not have the resources to pay for college, you may apply for financial aid. Different forms include federal grants, student loans, and college work-study. Check with your school to find out which programs are available.



### Average Annual College Costs

Costs for tuition and fees for in-state students have increased sharply over a 10-year period. Annual totals for room and board, textbooks, and other expenses can add another \$10,000.

School	Tuition and Fees for 1 year*	
	1996-97	2006-07
North Carolina Central University	\$1,596	\$3,958
North Carolina State University	\$2,220	\$4,783
University of North Carolina, Chapel Hill	\$2,110	\$5,030

Source: UNC system, individual campuses.

\*Totals are not adjusted for inflation



### Analyzing Economics

**Researching** Select a college you would like to attend and contact the financial aid office. Through the office, gather information on all types of financial aid available to incoming freshmen students. Report your findings.

### Local Government

- Counties and municipalities are the two basic types of government in North Carolina.
- Counties and municipalities have different responsibilities.
- Counties and municipalities provide many services to North Carolina's citizens.
- The General Assembly decides what powers local governments have.
- Cities, towns, and villages are municipalities.
- Each city, town, and village has been incorporated as a municipality by the state.
- Each North Carolina municipality has a governing board that may be called the council, the board of commissioners, or the board of aldermen.
- Voters who live in each municipality elect its governing board.

### Municipalities

- North Carolina has more than 540 cities, towns, and villages.

About 9 out of 10 fire fighting workers are employed by municipal or county fire departments.



### Financing Government

- State officials must create a balanced budget for operating their government each year.
- Borrowing provides lawmakers with additional funds for capital purchases but also has disadvantages.
- Local governments face many of the same financial pressures as the state government faces.

### Counties

- The General Assembly has divided North Carolina into 100 counties.
- The major governing board is the board of county commissioners.
- The voters of the counties elect the commissioners.



The funds libraries need to operate come from a combination of local, state, federal, and other sources.



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# North Carolina End-of-Course Test Civics and Economics Practice

## TEST-TAKING TIP

When answering an essay question on a test, set off lists of facts with numbers or bullets.

### Reviewing Vocabulary

Directions: Choose the word(s) that best completes the sentence.

- The \_\_\_\_\_ is the largest political subdivision of a state.  
**A** county                      **C** municipality  
**B** city                            **D** special district
- Laws and regulations passed by local government are called \_\_\_\_\_.  
**A** ordinances                **C** home rule  
**B** amendments              **D** executive orders
- A general agreement among government leaders about how to deal with issues or problems is called \_\_\_\_\_.  
**A** civil service               **C** public policy  
**B** bureaucracy               **D** concurrent power
- The power that allows a city to write its own charter is called \_\_\_\_\_.  
**A** public policy               **C** at-large election  
**B** home rule                   **D** reserved power

### Reviewing Main Ideas

Directions: Choose the best answer for each question.

#### Section 1 (pp. 402–405)

- Which of the following has the power to incorporate an unincorporated area?  
**A** the governor  
**B** the General Assembly  
**C** the county commissioners  
**D** the Supreme Court

#### Section 2 (pp. 406–409)

- A unit of government that controls a specific function of government is a(n) \_\_\_\_\_.  
**A** metropolitan area  
**B** township  
**C** appellate court  
**D** special district

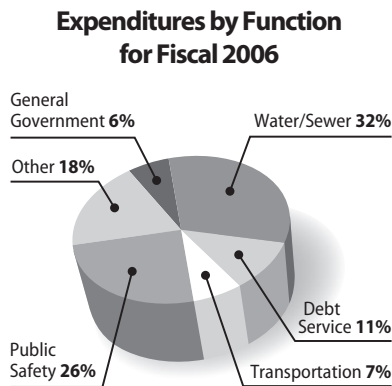
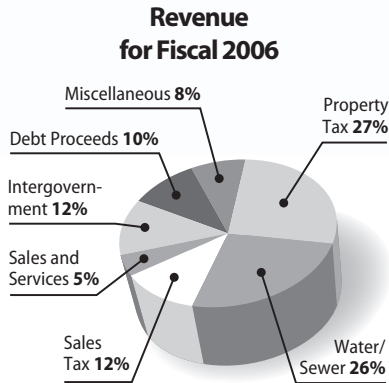
#### Section 3 (pp. 410–415)

- The amount of money that the government spends on programs in a year is known as \_\_\_\_\_.  
**A** capital                      **C** expenditures  
**B** revenue                    **D** interest
- One of the arguments the cartoonist is making is that \_\_\_\_\_.  
**A** North Carolina has too many teachers  
**B** teacher recruitment is at an all-time high  
**C** North Carolina is experiencing a shortage of teachers  
**D** few college graduates are entering the teaching profession



## Critical Thinking

Directions: Base your answer to question 9 on the city of Burlington's budget below and your knowledge of Chapter 13.



9. What two services account for more than 50 percent of Burlington's total revenue?
- sales tax and property tax
  - intergovernmental sales and service
  - property tax and water/sewer
  - public safety and transportation

## Document-Based Questions

Directions: Analyze the document and answer the short-answer questions that follow.

Municipal charters are the constitutions of municipal corporations, defining their powers and structures. The following excerpts are from the charter of the town of Atlantic Beach. The 1937 charter shows the later amendments in parentheses.

**Section 1. Incorporation.** The inhabitants, summer residents and property owners of Atlantic Beach, in the County of Carteret, are incorporated into a town to be known by the name of Atlantic Beach.

**Section 3. Mayor and board of commissioners.**

(1) The mayor of the town shall be elected for a term of two (2) years. . . . The mayor shall only have the right to vote on matters coming before the council in order to break a tie. . . .

(2) The number of members of the Board of Commissioners of the Town of Atlantic Beach shall be five (5). The terms of office of the commissioners shall be two (2) years.

(Town mayor and commissioners are now elected every four (4) years pursuant to the Uniform Municipal Election Law, G.S. Ch. 163, which supersedes Charter provisions to the contrary.)

—Municipal Charter, Atlantic Beach

10. People who live in unincorporated areas sometimes ask the General Assembly to be incorporated. What would motivate this request?
11. What amendment was made to this part of the charter?

## Informational Writing

12. Describe the alternatives that the governor of North Carolina can propose to balance the budget.

**STOP**

**Civics ONLINE**

For additional test practice, use Self-Check Quizzes—  
Chapter 14 on [glencoe.com](http://glencoe.com).

### Need Extra Help?

If you missed question. . .	1	2	3	4	5	6	7	8	9	10	11	12
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