

Proposed municipal bond issues are reviewed by the commission with respect to both legality and fiscal burden imposed upon the municipality. In the investigation to determine the economic ability of a local unit to support a proposed bond issue, the commission staff gathers and analyzes data on all local financial matters, including existing local debt, tax levies, and assessments. The investigation seldom leads to the rejection of a proposed bond issue due, in large part, to the fact that municipalities, in anticipation of this review, consult frequently with the commission in the preliminary planning stages.¹⁹

State law requires that marketing of municipal securities shall be performed by the local government commission. In this connection, the commission publishes the prospectus providing extensive information about the local securities, and maintains financial files from which prospective buyers can secure additional information. Centralized control over the sale of bond issues is reported to result in substantial savings to municipal units because—

1. Bond issues can be held for sale until market conditions appear to be most favorable;
2. Bond issue sales can be given wider publicity by a State agency than is usually possible by a small municipality; and
3. Coordination of sales and wider publicity facilitates maximum participation of interested prospective buyers.²⁰

The commission, in addition to these activities, offers assistance on capital improvements programing, regulates sinking fund management, oversees refunding operations and default adjustments, and supervises municipal accounting and reporting.

Pennsylvania.—State law in Pennsylvania requires that general obligation bonds be approved by the department of internal affairs before they may be delivered to the purchaser. The bond division of the bureau of municipal affairs within the department examines all features of the bond issue to determine whether provisions of the State constitution and municipal borrowing act have been met. If the requirements have not been met, approval is withheld until the defects are corrected.

The bond division assists municipalities in all legal matters relative to the issue, including the preparation of ordinances, resolutions, model proceedings, and related documents, and distribution of such material to municipal attorneys upon request. The division prepares a comprehensive checklist of all of the proceedings that must be submitted by the municipality for approval. The checklist and the model proceedings provide guidelines for local solicitors in the preparation of bond issues and prospectuses. These items are included in a publication prepared by the bond division entitled "A Guide to Pennsylvania's Municipal Borrowing Act," as are an analysis of State laws related to borrowing and sample election notices, bonds and bond coupons, and financial statements. In addition, the division will review drafts of proceedings, upon request, for errors or omissions before enactment, and before advertising costs are incurred. Most local solicitors are reported to take advantage of this offer, and, as a con-

¹⁹ See Advisory Commission on Intergovernmental Relations, footnote 6, *supra*, pp. 21–22. A detailed account of the activity of the commission may be found in Robert S. Rankin, "The Government and Administration of North Carolina" (New York: Thomas Y. Crowell Co., 1955).

²⁰ Rankin, *op. cit.*, p. 386.