

Key Ideas

Chapter 2: Organizational Responsibilities in Local Government Budgeting



In this section, we will discuss the following:

- *The two-stage review process of the local government budget.*
- *Who makes the final determinations of budgets, rates, and levies?*

ORGANIZATIONAL RESPONSIBILITIES IN LOCAL GOVERNMENT BUDGETING

There is probably no aspect of local government budgeting, which is so important, yet so diverse, as the matter of responsibility for preparing the annual budget. These differences, moreover, are not entirely dependent upon the size or assessed valuation within a particular county, or the kinds of problems facing it.

The principal explanation for different organizational responsibilities is found in the fact that the budget is not only a financial plan for the county, but also a political statement of goals for the community.

In general, the County Commissioners are responsible for developing the local budget insofar as the elected executives determine what the function of the County is and how officials will attempt to accomplish goals in the coming year. Often this is accomplished initially by individual personnel within the County, at the direction of the elected county executives.

The County Auditor is typically responsible for preparing the formal budget documents, performing both administrative and financial duties. This involves not only the mathematics of collecting and verifying expense estimates, but also the analysis and forecasting of local revenues and intergovernmental transfers, and the actual preparation of budget documents.

Finally, the County Council is charged with formally adopting the annual budget. More to the point, the County Council levies property taxes and appropriates public monies from the property tax and other funding sources, thereby authorizing the local government's "work program" for the coming year.

Once the county government budget is approved by the County Council, it is subject to further review by the hearing officers for the Department of Local Government Finance ("DLGF"). Final determinations of budgets, rates, and levies are made by the DLGF.



Once the County Council approves the local government budget, it is subject to additional review by the hearing officers for the Department of Local Government Finance.



The Department of Local Government Finance makes final determinations of budgets, rates, and levies.

With the exception of school districts, any civil taxing unit within a county that expects to levy a property tax in the ensuing year must present to the County Council the proposed annual budget, rates, and levies. The County Council is to compare the percentage increases of the budget, rates, and levies with the previous years and issue “non-binding recommendations” to the unit before the fiscal body meets to set the budget, rates, and levies. There are special circumstances under IC 6-1.1-17-20 that apply to units with non-elected boards.

According to IC 6-1.1-17-5, ten (10) or more taxpayers may object to a budget, tax rate, or levy by filing an objection petition with the proper fiscal officer of the political subdivision within seven (7) days of the public hearing. The taxpayers must be specific as to what provisions of the budget, tax rate, or levy they are objecting to. When a political subdivision receives an objecting petition it must adopt with its budget, a finding concerning the objections in the petition and any testimony presented by the taxpayers.

Furthermore, in counties where the Tax Adjustment Board has not been abolished, the tax rates of the various taxing units are subject to review by the local Tax Adjustment Board. Both taxpayers and taxing units may appeal the actions of the Tax Adjustment Board if they feel the proposed tax rates are not acceptable. Tax Adjustment Boards have been abolished in most counties.

No taxpayer is authorized to appeal budget decisions on the grounds that tax levies or appropriations are too low, except in cases where the budgeted amounts fall below statutorily established minimums. Decisions of the DLGF are final, permitting no further appeals except, possibly, through the courts.

Notwithstanding these commonalties in the budget process, it is a fact that in many jurisdictions the responsibilities for preparing and adopting the local budget are performed differently in practice.

Precisely because the budget process is in part a political process, it is impossible to say that there is a single uniform way of preparing the budget. The process differs according to the political, managerial, and personal dynamics of the elected and appointed public officials involved in preparing, adopting and approving the budget. In addition, there are few statutory assignments of responsibility for local government budgeting, other than those general ones set out above. Most counties find that merely adhering to the statutory requirements is both inadequate and unsatisfactory. Other procedures are usually necessary, and these are largely dictated by the local government situation.

Summary

Chapter 2: Organizational Responsibilities in Local Government Budgeting



In this section, we have discussed the following:

- *Once the County Council approves the local government budget, it is subject to further review by the local Tax Adjustment Board in some counties, and the Department of Local Government Finance in all counties.*
- *The Department of Local Government Finance makes final determinations of budgets, rates, and levies.*