

# *Key Ideas*

## **Chapter 2: Organizational Responsibilities in Local Government Budgeting**



*In this section, we will discuss the following:*

- *The review process of the local government budget.*
- *Who makes the final determinations of budgets, rates, and levies.*
- *A diagram of the local budget process.*
- *A diagram of the local budget appeal process.*

## ORGANIZATIONAL RESPONSIBILITIES IN LOCAL GOVERNMENT BUDGETING

There is probably no aspect of local government budgeting that 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 Library, 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 Library, but also a political statement of goals for the community. This is the “roadmap” mentioned earlier, and it is a reflection of the political philosophy of the community.

In general, the Library Director is responsible for developing the local budget insofar as the elected executive determines what the function of the Library is and how will officials attempt to accomplish goals in the coming year. Often this is accomplished initially by individual personnel within the Library, at the direction of the elected executive.

The Library Director 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.

The Library Board is the fiscal body according to IC 36-12-1-3 and is charged with formally adopting the annual budget. More to the point, the fiscal body levies property taxes and appropriates public monies from the property tax and other funding sources, thereby legislating the local government’s “work program” for the coming year.

Before the local government budget is certified, it is subject to other review processes: first by the county council if the budget has increased more than the state-wide average growth quotient, and secondly 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.



*Before the Library Budget is certified, it is subject to a two-stage review process:*

- (1) The county council (if required), and*
- (2) The Hearing Officers for the Department of Local Government Finance.*

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

Before the fiscal body meets to set the budget, tax rates and tax levies for the ensuing year, any unit (other than schools) that levies a property tax must submit the budget, rates and levies to the appropriate city, town, or county council for review. Budgets of libraries with non-elected boards are to receive the appropriate council's approval if the proposed budget is increasing more than the average state-wide growth quotient. Any budget below that threshold will receive a "non-binding recommendation" from the county council. Libraries with elected boards will submit their budget to the county council for a "non-binding" recommendation. Failure by the library to submit the budget to the council will result in the most recent annual appropriations and annual tax levy will continue. The appropriate council is determined according to IC 6-1.1-17-3.5 or IC 6-1.1-17-20.

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, the tax rate, or tax levy they are objecting to. When a political subdivision receives an objecting petition they must adopt with its budget, a finding concerning the objections in the petition and any testimony presented by the taxpayers.

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 Department of Local Government Finance 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.

It should be noted, though, that the illustration only indicates those budgeting steps that are required by statute. Most Libraries, however, find that merely adhering to these few requirements is both inadequate and unsatisfactory. Other procedures are usually necessary, and these are largely dictated by the local government situation.

The second flowchart represents the appeal process for Libraries and for taxpayers, after the budget has been approved at the local level.

# *Summary*

## **Chapter 2: Organizational Responsibilities in Local Government Budgeting**



*In this section, we have discussed the following:*

- *The Library budget is reviewed by the county council and The Hearing Officers for the Department of Local Government Finance.*
- *The Department of Local Government Finance makes final determinations of budgets, rates, and levies.*