

# *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.*

## **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 township 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 township, but also a political statement of goals for the community. The township budget is a reflection of the political philosophy of the community.

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

The trustee 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, in every instance, the township board is charged with formally adopting the annual budget. More to the point, the local legislative 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.



***Once the township board prepares the local government budget, it is subject to further review by the County Council and Department.***

Once the local government budget is prepared by the township, it is subject to a review process. For townships, the first review comes at the hands of the County Council. Townships must file their proposed budgets with the County Council at least forty-five (45) days before the township board plans to adopt the township budget. The County Council must complete its review and issue their "non-binding recommendation" to the township at least fifteen (15) days before the township board actually adopts the budget. It is required by law that the township adopts its budget, rates, and levies after the county fiscal body has completed its review of the budget and issued its recommendation to the township. The township board then considers the recommendation and either adopts the budget as originally prepared or it incorporates the recommendations of the county council.

The adopted budgets are then forwarded to the county auditor or local Tax Adjustment Board (TAB), should one exist in the county. Should the auditor or TAB revise any tax rates from those adopted, the tax rates will need to be advertised one time. The budget then passes to the Department of Local Government Finance (Department). The Department then begins the final review and determines final budgets, rates, and levies. **Per Indiana Code 12-20-28-3(j), the Department cannot approve the budget of a Township Trustee who failed to file an annual statistical report or TA-7 with the State Board of Accounts in the preceding calendar year.**



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

While the complete review and appeal process will be discussed in a later section, it should be noted here that ten or more taxpayers might appeal to the County Tax Adjustment Board if they feel that the local budget's tax levies or appropriations are too high. Furthermore, they may renew these appeals (or make new ones) to the Department after the County Tax Adjustment Board has made its decisions. In addition, the township itself may appeal to the State from any adverse determinations by the county auditor or the County Tax Adjustment Board.

Two other general considerations should be noted with regard to budgetary appeals. 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 are final, permitting no further appeals except, possibly, through the tax 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.

# *Summary*

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



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

- *Once the township board prepares the local government budget, it is subject to additional reviews by the County Council, the county Tax Adjustment Board (if applicable) and the Department.*
- *The Department makes final determinations of budgets, rates, and levies.*