

## STATE APPEAL BOARD

In Re:	Clayton County Budget Appeal  FY 2001-2002	) ) ) ) )	Order   February 4, 2002
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BEFORE STATE AUDITOR, RICHARD D. JOHNSON; STATE TREASURER, MICHAEL L. FITZGERALD; AND THE DIRECTOR OF THE DEPARTMENT OF MANAGEMENT, CYNTHIA P. EISENHAUER:

### PROCEDURAL HISTORY

A group called the *Protectors of Rural Economy* filed a petition on behalf of local residents who had signed a petition in protest to actions of the Clayton County Board of Supervisors. The petition was filed with the Clayton County Auditor on January 9, 2002, and was received by the State Appeal Board on January 10, 2002.

### DISCUSSION

In a letter to the Clayton County Auditor's Office dated January 3, 2002, the petitioners reviewed various actions of the parties involved, and a summary is as follows:

1. On December 26, 2001, residents of Clayton County petitioned the Clayton County Board of Supervisors to reverse their decision to obligate \$90,000 from the County's budget for General Basic expenses for a "loan" to the City of McGregor.
2. Residents requested that the Clayton County Board of Supervisors schedule a public hearing on amending the budget to take the \$90,000 from the General Basic Fund.
3. On January 2, 2002 the Clayton County Board of Supervisors denied the requests.
4. Based on the action taken by the Clayton County Board of Supervisors, the Protectors of Rural Economy took action to file a formal protest and appeal to the State Appeal Board, as provided under Chapter 24.27 and 24.32.

On January 9, 2002, the petitioners, represented by Ms. Patricia Baade Huepher, Executive Director of the Protectors of Rural Economy, filed a petition. A summary of the petitioner's objections and requests for State Appeal Board Action is as follows:

1. Objected to the Record showing payment of a \$90,000 claim, when the petitioners believe that a loan was actually transacted.

2. Objected that none of the farmers in the vicinity of the proposed commercial and residential development received proper notice or a chance to object to the development prior to the Clayton County Board of Supervisors taking action.
3. Objected to the Vision Iowa tourist destination development project being placed in rural Northeast Iowa.
4. Objected to the Clayton County Board of Supervisors appropriating funds to pay Upper Explorerland to write the County's new ten-year comprehensive plan.
5. Objected to the Clayton County Board of Supervisors using the power of their elected office to expedite the process of approval of the Vision Iowa grant.
6. Objected to the Clayton County Board of Supervisors' actions favoring gambling interests and tourism.
7. Requested the State Appeal Board order Clayton County Board of Supervisors to hire a professional independent planner.
8. Requested the State Appeal Board determine if the County must issue General Obligation Bonds to purchase or expend funds for the County or City of McGregor.
9. Requested the State Appeal Board determine if the \$90,000 transaction made on October 24, 2001 is voided due to non-compliance.
10. Requested the State Appeal Board determine if a vote to obligate the County for the \$90,000 and to fund the operation of the proposed golf course be placed on the ballot in November.

In a response to the State Appeal Board, dated February 25, 2002, the Clayton County Board of Supervisors made several points, as summarized below:

1. The \$90,000 payment to the City of McGregor was to provide earnest money for the purchase of land as part of a cooperative effort on a Vision Iowa Grant between the cities of McGregor, Marquette, Guttenberg and Strawberry Point and Clayton County.
2. There was no need to amend the County's certified budget or change departmental appropriations made on July 2, 2001.
3. A project developer is on board who is obtaining financing for the rest of the project. When that financing is in place, the County's earnest money payment will be repaid.

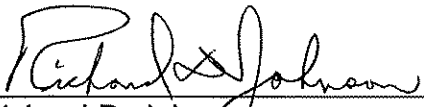
**FINDINGS OF FACT**


1. Chapter 24.21 of the Code of Iowa details certain instances where transfers of moneys from one fund to another fund, within the County, are subject to the approval of the State Appeal Board. However, the \$90,000 expenditure to the City of McGregor does not constitute a "transfer of moneys" as discussed in this Chapter and is therefore not subject to the State Appeal Board approval.
2. Chapter 331.435 of the Code of Iowa states that the County Board of Supervisors may amend the County budget to permit increases in any class of proposed expenditures contained in the budget summary published under Chapter 331.434, subsection 3 of the Code of Iowa. There is no requirement that the County amend its budget if the expenditures for the fiscal year have not exceeded, or are not expected to exceed, any the classes of proposed expenditures. Therefore, if no class of proposed expenditures has been exceeded, the County is not required to amend its FY02 budget.
4. Clayton County has not amended its FY02 budget at this time and therefore it is not subject to a hearing on a protest as defined in Chapters 24.9, 24.27, and 24.28 of the Code of Iowa.
5. Chapter 24 of the Code of Iowa limits the authority of the State Appeal Board to items specifically related to the local government budget process. Therefore, the State Appeal Board does not have the authority to issue any rulings on the other petition items.

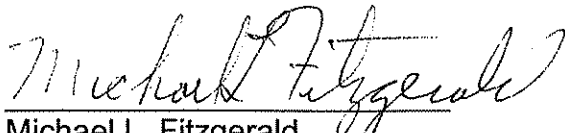
**ORDER**

The State Appeal Board denies the petitioners' request for a hearing.

**STATE APPEAL BOARD**

  
Richard D. Johnson  
Chairperson

  
Cynthia P. Eisenhauer  
Vice-Chairperson

  
Michael L. Fitzgerald  
Member

3-4-02  
Date