

**STATE APPEAL BOARD**

|               |                      |   |                      |
|---------------|----------------------|---|----------------------|
| <b>In Re:</b> | <b>Story County</b>  | ) |                      |
|               | <b>Budget Appeal</b> | ) | <b>Order</b>         |
|               |                      | ) |                      |
|               | <b>FY 2000-2001</b>  | ) | <b>June 21, 2000</b> |

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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:**

A hearing on the above captioned matter was held pursuant to the provisions of Section 331.436 and Chapter 24 of the Code of Iowa, on April 25, 2000. The hearing was before a panel consisting of Ronald J. Amosson, Executive Secretary to the State Appeal Board and presiding officer; Stephen E. Larson, Executive Officer III, Office of the State Treasurer; and Katherine L. Rupp, Senior Auditor II, Office of the State Auditor.

The spokespersons for the petitioners were Dave Deyoe, farmer, and Barbara Finch, President of the Story County Farm Bureau. Jane Halliburton, Chairperson of the Story County Board of Supervisors and Judy Emmons, Story County Auditor, represented the county.

Upon consideration of the specific objections raised by the petitioners, the testimony presented to the hearing panel at the public hearing, the additional information submitted to the hearing panel both before and after the hearing, and after a public meeting to consider the matter, the State Appeal Board has voted to sustain in part and modify in part Story County's fiscal year 2001 budget as described herein.

**PROCEDURAL HISTORY**

The FY2001 Story County proposed budget summary was published in the Daily Tribune (Ames), the Nevada Journal, and the Tri-County Times all on March 2, 2000. A public hearing regarding the budget was held on March 13, 2000 and the Story County Board of Supervisors adopted the budget on the same day.

A petition protesting the certified FY2001 Story County budget was filed with the Story County Auditor on March 24, 2000, and was received by the State Appeal Board on March 27, 2000. On the petition document, the petitioners stated they protested the budget because they objected to the 50% increase in the rural basic tax rate and spending increases both generally and specifically.

The reasons outlined on petition filed March 24, 2000 are the following:

1. There has been a rural services property tax increase of 56% in one year.
2. The Local Option Sales Tax (L.O.S.T.) revenues earmarked for property tax relief are being used for new Rural Services Fund expenditures instead of property tax relief.
3. The county has increased the rural share of the uniform patrol budget to \$1.4 million. The Sheriff's services are primarily intended to benefit all residents and should be paid from the General Fund.

4. The Animal Control & County Development Programs within Service Area 6, (County Environment) benefit all residents and should be paid for out of the General Fund.
5. Story County Rural Services Fund expenditures are \$324 per person, which are the highest in the state.
6. Generally, spending has been growing at an unreasonable pace.
7. Spending increases in Service Area 1 (Public Safety), Service Area 5 (Social Services), Service Area 6 (County Environment), Service Area 7 (Roads & Transportation), Service Area 8 (State & Local Government Services) and Service Area 9 (Interprogram Services) have not been justified.
8. Salary levels of the elected officials are out-of-step with similarly situated counties.

### **DISCUSSION**

The petitioners and the representatives of Story County provided various written summaries and exhibits in support of their positions. A summary of this information is as follows:

### **PETITIONERS**

Mr. Deyoe gave the petitioners' opening statement, in which he identified the petitioners' requests to the State Appeal Board.

1. Reduce the salary levels of Story County's elected officials to FY2000 levels.
2. Reduce the rural services property tax to reflect the rural taxpayers' share of L.O.S.T. revenues as indicated by the statute and the ballot approved by the unincorporated area voters.
3. Reduce specific law enforcement program expenditures from the Rural Services Fund in Service Area 1 to their FY2000 level and pay for the program from the General Fund.
4. Reduce specific economic development expenditures from the Rural Services Fund in Service Area 6 to their FY2000 level and pay for the program from the General Fund. Reduce the rural services property tax rate to reflect the transfer. In the alternative, reduce the economic development expenditures to the FY2000 level in the General Fund.
5. Reduce specific land use expenditures from Service Area 6 to their FY2000 levels and pay for the program from the General Fund. Reduce the rural services basic rate to reflect this transfer.
6. Reduce the appropriation for specific animal shelter expenses from Service Area 6 to the FY2000 level, and pay for the program from the General Fund. Reduce the rural services basic rate to reflect the transfer.
7. Reduce the Rural Services Fund expenditure for specific real estate and buildings expenditures to the FY2000 level. In the alternative, pay for the expenditures from the General Fund and reduce the rural services basic rate to reflect the rural service expenditure reduction.
8. Reduce budgeted expenditures for the specific Policy and Administration and Central Services Program areas in Service Area 9 to FY2000 levels.

9. Reduce the Rural Services Fund expenditure for specific General County Management expenditures in Service Area 9 to FY2000 levels. In the alternative, pay for the program from the General Fund. Reduce the rural services basic rate to reflect the Rural Services Fund expenditure reduction.

The petitioners explained their appeal in greater detail and a summary is as follows:

### **Salary Increases**

- The petitioners are primarily objecting to the salary increases for the Supervisors, Attorney, and Sheriff. Story County has the 3<sup>rd</sup> highest supervisor and county attorney salaries and the second highest sheriff's salary in the state of Iowa.
- Story County's elected officials' salaries are budgeted to increase 5% for this year, which outpaces the rate of inflation and widens the gap between government officials and its citizens. This growth in salary levels has far outpaced the growth in comparison counties.
- The State Appeal Board has the authority to reduce the salaries to reasonable levels as outlined in Iowa Code Section 24.30 and Iowa Administrative Code Section 543-5.7(12).
- The county has the burden of proof to show that each official's salary increase is "necessary, reasonable and in the interest of the public welfare" according to Iowa Code Section 24.28.
- The State Appeal Board decision regarding the Black Hawk County Decision was in error. The standard of review is not whether the salaries were adopted in accordance with statutory provisions. The standard of review should be that the budget measures in elected officials salaries are unnecessary, unreasonable, and are not in the interests of public welfare.

### **Local Option Sales Tax**

- The petitioners are not protesting the placement of the Local Option Sales Tax (L.O.S.T) revenue allocation, rather, how this money is being spent. L.O.S.T. is not being used for property tax relief as evidenced by the significant increases in the rural property tax rate.
- The voters in the unincorporated area approved the following use of 60% of their L.O.S.T. revenues: "Revenues from the sales and services tax are to be allocated in the unincorporated area as follows: 60% for property tax relief. Story County is not using LOST revenues for property tax relief, but rather for increased expenditures from the Rural Services Fund.
- FY2001 Rural Services Fund expenditures increased by \$1,992,418 from the FY2000 recertified budget. These expenditure increases resulted in a 56% rural levy increase for FY2001 and a 50% levy rate increase, and General Fund expenditures decreased by 6.3%.
- The State Appeal Board ruled in the FY1999 Dickinson County Appeal and the FY2000 Winneshiek, Black Hawk, Lyon, and Story County decisions that "allocated in the unincorporated area" means that the funds are to be put in the Rural Services Fund.
- The petitioners stated that specific appropriations from the Rural Services Fund are illegal.

Ms. Barbara Finch followed and addressed the remaining issues, and a summary is as follows:

### **Public Safety**

- The petitioners are not questioning the quality of service the Sheriff's department is providing; rather how this service is being paid for and how the Rural Services Fund taxes are appropriated. Law enforcement services are general county services and should be paid for by all county residents.
- In retaliation for the petitioners' success in the FY2000 budget appeal, Story County moved \$520,000 in law enforcement expenditures to the Rural Services Fund without amending the budget.
- The County Sheriff benefits all county residents because his services are not dependent upon where the person resides, but on whether the person needing the services or violating the law is within the Sheriff's jurisdiction. The county's decision to appropriate amounts out of the General Fund for the Sheriff's salary and the employees training and uniform expenditures demonstrates that these are expenditures for general county services.
- To determine whether appropriations from the Rural Services Fund are legal, the sheriff department's duties and responsibilities must be examined.
- County must meet the burden of proof for increases in public safety.
- The county can levy for county services out of the Rural Services Fund if they are for rural county services and appropriations from the Rural Services Fund can only be for rural county services.
- The Iowa State legislature intended law enforcement expenditures to be a general county service and this legislative intent is clear in House File 2502 from the last legislative session.

### **Reduce Economic Development Expenditures**

- The county divided the economic development costs between the General Fund and the Rural Services Fund. Historically, economic development has been a general county service and budgeted from the General Fund.
- The petitioners object to Niland's Corner and SCORE (Story County Outdoor Recreation for Everyone) project. They benefit everyone in the county, not just the rural residents.

### **Reduce Specific Land Use Expenditures**

- The petitioners object to the increases for land use and that they are paid from the Rural Services Fund.
- The County argued that jurisdictional parameters of county zoning determined whom the services were primarily benefiting. However, this is not an appropriate test for determining whether land use is a rural service. The test is "whether the service is primarily intended to benefit those persons residing in the county outside of the incorporated city areas."

- The county also has sent out land use surveys to county residents. The county did not limit its survey to rural residents, but posted the surveys mostly in city incorporated areas. This implies that Story County intends for this program to benefit all county residents.

### **Reduce Animal Shelter Expenditures**

- The Animal Shelter program is not a rural county service and is intended to benefit all county residents. In the FY2001 budget, only seven counties in the entire state funded animal shelter expenses out of the Rural Services Fund. Of those, Story County is the most expensive.
- The County provides animal shelter services for eleven out of fourteen incorporated cities and the unincorporated areas. Contract revenues and expenditures are not rural county services and should not be paid out of the Rural Services Fund. These services are being provided only to urban areas and do not qualify as rural county services.

### **Reduce Real Estate and Building Expenditures**

- The petitioners are objecting to the salt shed in Nevada and the roof repair of county sheds. These are not rural expenditures because when the county salts and does road maintenance work, it does not benefit only the rural residents of the county, but also the city residents.
- If the State Appeal Board chooses not to move this expenditure out of the Rural Services Fund, then the county still bears the burden of proof.

### **Reduce the Policy and Administration and Central Services Program**

- The FY 2001 budget increases are \$139,000, or 34%. The break out in which the General Fund budget contains \$50,000 and the rural fund contains \$76,860 for the special needs program.
- This fund is for general emergency expenses and the county has sufficient balances to deal with those emergencies.
- The special needs program is essentially a slush fund for non-budgeted expenditures.

### **Reduce Capital Project Expenditures**

- These are new expenditures in the rural service area, and are not intended to be primarily for rural residents.
- The expenditure for \$123,000 is for a bike trail.
- The petitioners object to the bike trail along Lincoln Highway between Ames and Nevada. Both urban and rural residents will use the bike trail. Because the goal of this expenditure, is a general county service and General Fund expenditure.

The petitioners presented various exhibits to the hearing panel.

## **Story County Response**

Jane Halliburton, Chairperson of the Story County Board of Supervisors and Judy Emmons, Story County Auditor, provided the Story County response to objections listed on the petition and the public hearing.

### **County Response to Petition**

- Story County is located in a rapidly changing and growing area of Iowa. Since the beginning of FY98, the planning and zoning department has issued more than 100 new building permits for new single family homes in unincorporated Story County.
- The amount of property taxes collected does not cover the cost of the services provided to rural residents and in general, urban residents subsidize those residing in rural areas of the county.
- Based upon a letter received by the State Auditor Office of Iowa dated May 28, 1999. The county has tried to even out those differences, by more directly associating funding for services with utilization of services.
- The issue of associating funding for services with the utilization of services is thought provoking. Iowa county government formal and legal budgetary control is based upon the twelve major classes of expenditures shown as service areas. Forms provided by the Department of Management provide no space to designate changes in fund or fund type, only changes in service area.
- There have been significant increases in expenditures from FY99 through FY01. There are two major areas of the increases.
  1. Capital Projects:
    - Story County completed the new Human Services Center in Ames, which replaced the previous building damaged by floods.
    - The Justice Center in Nevada is now under construction.
  2. Compensation
    - Appropriate compensation is one of the necessary ingredients to effectively respond to the market demand for strong competition of qualified employees.

### **Story County Response to Objection 1 Listed on the Petition:**

- All monies received from L.O.S.T. were placed in the Rural Services Fund. The county has authority to distribute the monies received from L.O.S.T. for any lawful purpose.
- The budget development process is recorded on the appropriate forms. The instructions of these forms provide that the level of control is by service area and the Iowa Code sets the property tax levy limits by fund.
- The Sheriff Deputies' of Story County do not patrol incorporated cities except when there is a contract with the city where the city is paying for that service.

- The Iowa Code does not specify that land use and animal control expenditures be paid from either the General Fund or the Rural Services Fund. The County may determine which fund will be used according to the statutory requirements of each fund.

### **Story County Response to Objection 2 Listed on the Petition:**

- Whether spending has been growing at an unreasonable pace is a matter of opinion. The budget includes capital projects for the human services center and for the justice center. Obviously, these types of expenditures are not ongoing.
- The reasons for the increases in the law enforcement portion of Public Safety are that there is an increased jail population, two new positions were added and there is a new recruitment program.
- In Social Services, there has been an increase in the number of clients served, income guidelines and rent allowable for Veterans and General assistance clients have increased, and substance abuse commitments have increased.
- In County Environment, there is now a waste tire program which was funded with a "pass through grant", two new positions in conservation and one in planning and zoning, improvements to the Oriole Ridge Lodge, replacement of a tractor, and the County Development Plan update.
- Under Real Estate/Buildings, the money is being used to benefit rural residents by providing secondary road(s) salt and new roof(s) for the county maintenance sheds. This money is all coming from L.O.S.T. revenues.
- For State and Local Government Services there was an increase of a half-time staff position in the Recorder's office and the Auditor and Recorder share imaging contract labor.
- For Interprogram services, the Story County Courthouse budget increased because of asbestos removal and demolition of the Story County Care Facility. There were also increases in cost for updates in technology, such as computers and staff.

In conclusion, Story County has a budget process that is open, well documented and a systematic process. The petitioners have not alleged that any statistical provisions have been omitted, violated, circumvented or that improper forms were used. Story County has demonstrated that the changes in the budget are necessary, reasonable, and in the best interest of the public welfare.

### **Closing Comments**

#### **Petitioners**

Dave Deyoe presented the petitioner's rebuttal at the hearing and a summary follows:

- We hope that relationships between Story County and the citizens will improve so that the State Appeal Board hearing panel will not have to make this journey again next year.
- County is systematically cranking up rural taxes, which in our view creates questions of legality.
- Addressed the legal issues raised by the county and the county's interpretation of numbers and events.

- Story County Board of Supervisors has for 3 years refused to address the concerns we have raised and to compromise with the taxpayers.

Various other individuals spoke either for or against the Story County Budget.

## **Story County**

Jane Halliburton provided closing comments and a summary is as follows:

- Story and Warren County property tax rates were compared, and Story County rates were lower.
- In protesting budget decisions by local governments, it would seem there should be degree of consistency and continuity among local jurisdictions. Referred to the Story and Boone Counties and how one is protested and one is not. That in Boone county it is OK to deposit local option sales tax revenues in the general fund, but in Story County it is not, because it was protested.
- Protestors have not alleged any statistical provisions have been omitted, violated, circumvented, or that any improper forms were used.

### **Post Hearing Response**

After the initial hearing, a post hearing response was submitted in writing by both the petitioners and the county. The petitioners listed specific code violations of Story County and provided additional written information regarding their objections, responses to the County's hearing presentation, materials and post hearing responses.

The county submitted written information to what the petitioner's requested at the public hearing, responses to questions and requests by the hearing panel.

### **FINDINGS OF FACT**

1. The State Appeal Board has jurisdiction over the parties and subject matter of this appeal.
2. The petitioners asked that the salary levels of Story County's elected officials be reduced to FY2000 levels.
3. The Iowa Code outlines the requirements that counties must follow in determining annual compensation for elected officials.
4. The Fiscal Year 2001 annual compensation for the County's elected officials was adopted in accordance with statutory provisions.
5. The petitioners asked to reduce the rural services basic rate to reflect the rural taxpayers share of the Local Option Sales Tax revenues as indicated by the statute and the ballot approved by the unincorporated area voters.



6. Story County adopted a levy rate of \$3.95 for rural services basic, which is the maximum allowed.
7. For Fiscal Year 2001, Story County allotted \$960,000 of Local Option Sales Tax for property tax relief.
8. Proposed taxes to be levied for rural services basic in Fiscal Year 2001 plus the proposed revenues from Local Option Sales Tax exceed Story County's levying authority by \$461,000<sup>1</sup>.
9. The petitioners asked that specific law enforcement program, economic development, land use, animal shelter, real estate and buildings, policy and administration, central services program and general county management expenditures all be reduced to their Fiscal Year 2000 level.
  - Expenditures associated with law enforcement programs, economic development, land use, animal shelter, real estate and buildings, and general county management be paid for out of the general Fund.
  - With this action, reduce the rural services basic rate to reflect the reduction in rural service expenditures.
10. Story County General Fund expenditures are budgeted to decrease in Fiscal Year 2001 by \$824,159 and Rural Services Fund expenditures are budgeted to increase by \$1,992,488.
11. Budgeted expenditures for FY2001 in Service Area 9 have increased by \$217,886. Budgeted expenditures under Policy and Administration have increased by \$67,833 and budgeted Central Services expenditures have increased by \$99,053 over the original FY2000 budgeted amounts.
12. Iowa Code Section 24.28 and 24.30 provide that the State Appeal Board has the authority to reduce expenditures under appeal if the county cannot show that the expenditures were "necessary, reasonable and in the interest of the public welfare".
13. Estimated ending fund balances are projected to be at 40.533% of projected expenditures in the General Fund and at 22.289% in the Rural Services Fund.
14. The Constitution of the State of Iowa, Article 37, grants counties home rule. This provision in The Iowa Constitution gives authority to Story County to determine its local affairs and government.
15. Statutory provision(s) in the Iowa Code outlines the general and specific powers, limitations and requirements that Story County must follow for the adoption and certification of its Fiscal Year 2001 budget.
16. Story County's budget was adopted in accordance with those statutory provisions.

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<sup>1</sup> See Exhibit C

## **CONCLUSIONS OF LAW**

The State Appeal Board has jurisdiction over the parties and the subject matter of this appeal.

### **BASIS OF DECISIONS**

#### **Request to Reduce Salaries of Elected Officials**

The County Board of Supervisors determines, as provided in Iowa Code Section 331.907, the annual increases in compensation for the county auditor, treasurer, recorder, sheriff, county attorney and supervisors. This determination is based upon the recommendation of the county compensation board. After an analysis of salaries for comparable positions, the county compensation board recommended a 5% increase in salaries for the elected officials. The Board of Supervisors may not increase salaries. The Board of Supervisors may only adopt the recommended salaries or reduce the recommended compensation schedule by reducing the proposed salary increase for each elected county officer by an equal percentage. The adopted salary increases for the elected county officials do not appear to be unreasonable.

#### **Local Option Sales Tax (LOST)**

The ballot authorizing these taxes provided that 60% of the revenues are to be allocated to the unincorporated area for property tax relief. The budgeted property taxes levied in the Rural Services Fund plus the portion of the L.O.S.T. allocated to property tax relief exceeds the maximum authorized by Iowa Code Chapters 331.423 and 331.424, the county could raise solely by property taxes.

#### **Funding of Expenditures out of the General and Rural Services Funds**

The Iowa Code gives authority and direction to the County Board of Supervisors to make appropriations from the general, rural, secondary roads, debt services and other funds established in accordance with generally accepted accounting principles. Also, the Iowa Code gives authority and direction for the county to levy the property taxes necessary to fund expenditures for fiscal year 2001.

#### **Public Safety**

Iowa Code section 331.421(2) defines "rural county services" as, "...the services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas...". The Cities of Ames, Story City, Huxley and Nevada have their own police force and do not contract with the county for these services. All other cities in Story County have a contract with the county to provide for the safety of the public within their City. Story County has determined that certain expenditures are to be funded from the Rural Services Fund, because the expenses are primarily intended to benefit the persons residing outside the incorporated city area.

Expenses from the Rural Services Fund would also include those for public safety in the cities with which the County has a service agreement for public safety, because the revenue from those service contracts is deposited in the Rural Services Fund.

The specific increases were identified and justified by the County.

## **Economic Development**

Story County budgeted \$135,000 of economic development expenditures from the Rural Services Fund. These expenditures are to be funded by a portion of the 40% L.O.S.T receipts earmarked for "general county betterment". The majority of these expenditures represent the county's share of economic development activities that are jointly funded by contributions from the cities in the county.

Since urban residents are funding these projects through their city property taxes, the rural residents are funding these projects through the Rural Services Fund. Total Economic Development expenditures are budgeted to decrease from 1999 actual disbursements.

## **Land Use**

The planning and zoning department is primarily responsible for planning and zoning administration of the unincorporated area of the county. The county has no jurisdictional authority over any incorporated areas of the county for this activity.

The county identified costs for updating the county development plan, which is updated every 5 years, as the reasons for the specific increases.

## **Animal Shelter**

The county provides animal shelter services for the unincorporated area of the county. Expenses from the Rural Services Fund would also include the animal shelter services provided to 11 out of the 14 incorporated cities. This is due because the revenue from those activities is deposited in the Rural Services Fund. The FY01 expenditures are budgeted to decrease from FY00 budget.

## **Specific Real Estate and Buildings**

These expenditures are for a salt shed and roof repair of county sheds for secondary road equipment. Expenditures relating to secondary road activities primarily relate to rural residents. Chapter 331.429 of the Iowa Code describes the fund of the secondary roads fund. The majority of funds transferred into the secondary road fund are generated from rural services property tax revenues.

The county provided information to determine that the expenditures were necessary and reasonable.

## **Policy and Administration and Central Services**

### **General County Management – Budgeted for Special Needs**

Story County budgeted in the general fund \$50,000 for special needs. This line item is budgeted for purchases that have not specifically been budgeted for, and that may be required to be purchased during FY01. After the purchase is made, the correct Service Area is identified, and the budget is amended.

- The county did not identify a specific use, so this expenditure has not been justified for Fiscal Year 2001.

Story County budgeted in the rural fund \$76,860 for special needs. The funding for this will be funded from the 40% L.O.S.T. receipts for "general county betterment". The county budgets those funds in this Service Area so that it is available to the Board of Supervisors to allocate for unanticipated purchases. If the funds are not spent in the Rural Services Fund in FY01, they are carried forward to be spent on general county betterment projects in the future.

- The county did not identify a specific use, so this expenditure has not been justified for Fiscal Year 2001. However, since the source of funding is L.O.S.T. no reduction in property taxes for this expenditure is ordered.

#### Administrative Management Services

The county provided information that justified the specific spending increases as 5% increase in salaries, imaging technology contract with the County Recorder and a change in classification of employees between elections and auditor's office.

#### General Services

The County provided information to justify the specific spending increases. The County completed new human services building in October of 1999. The spending increases are related to increase in the general operations of the new facility. Also the county has identified several specific projects planned to be conducted in FY01.

#### Capital Projects

Story County budgeted \$123,000 in the capital project service area in the rural services fund for a bike trail along the Lincoln Highway between Ames and Nevada. These expenditures were funded with a portion of the revenues to be received from the 40% Local Option Sales Tax, earmarked for "general county betterment". These expenditures represented the county's share of the bike trail which is also being constructed and funded by the Cities of Ames and Nevada. Since the urban residents are funding these projects through their city property taxes, the rural residents are funding these projects through Rural Services Fund.

### ORDER

Based on the financial position of the County, information provided by the parties involved, the wording on the Local Option Sales Tax ballot, and review of historical data of Story County, the State Appeal Board orders the following:

#### Salaries:

No change in the compensation schedule approved by the Board of Supervisors is ordered.

#### Rural Basic Fund:

In order for Local Option Sales Tax receipts to provide property tax relief, the levied taxes can not exceed the County levying authority. Since Local Option Sales Tax and the amount to be levied are greater than the amount allowed, (See Exhibit C) the amount to be reduced shall be \$461,290.

With this reduction the ending fund balance for Fiscal Year 2001 is estimated to be at 18.5%.


**Expenditures:**

For expenditures identified in finding of fact number 9, no change is ordered regarding funding sources. Additionally, no reduction is ordered for specific law enforcement, economic development, land use, animal shelter, real estate and buildings, expenditures and general county management.

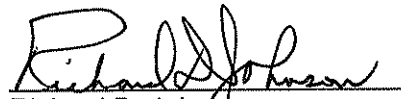
However, in Service Area 9, (Interprogram Services) expenditures are reduced in the general fund by \$50,000 and in the rural services fund by \$76,000.

General Fund Taxes are reduced by \$50,000 and no reduction is ordered in the rural services fund.

**STATE APPEAL BOARD**

  
Cynthia P. Eisenhauer  
Chairperson

  
Michael L. Fitzgerald  
Vice Chairperson

  
Richard D. Johnson  
Member

June 21, 2000  
Date

**Story County  
Fiscal 2001 Budget Protest  
General Fund Analysis**

Exhibit A

**Property Taxes Levied:**

| Fiscal Year | Taxes Levied  | Dollar Change Prior Year | Percent Change Prior Year | Percent Change from 1997 |     | Net Current Property Taxes |
|-------------|---------------|--------------------------|---------------------------|--------------------------|-----|----------------------------|
| 1996        | \$ 11,044,005 |                          |                           |                          |     | \$ 9,296,466               |
| 1997        | 6,405,317     | (4,638,688)              | -42.002%                  |                          | (1) | 6,072,186                  |
| 1998        | 6,948,109     | 542,792                  | 8.474%                    | 8.474%                   |     | 6,518,475                  |
| 1999        | 7,974,293     | 1,026,184                | 14.769%                   | 24.495%                  |     | 7,625,840                  |
| 2000 - Org  | 9,201,967     | 1,227,674                | 15.395%                   | 43.661%                  | (3) | 8,800,779                  |
| 2000 - Adj  | 8,881,967     | 907,674                  | 9.864%                    | 38.666%                  | (4) | 8,480,779                  |
| 2001        | 8,396,926     | (485,041)                | -5.271%                   | 31.093%                  |     | 8,012,063                  |
| 2001 - Alt. | 8,346,926     | (535,041)                | -5.814%                   | 30.312%                  | (2) | 7,962,063 (2)              |

- (1) Beginning in FY97, mental health is budgeted in the MH-DD Services Fund.  
(2) Levied amount reduced by \$50,000 for special needs program.  
(3) Amounts per the original budget which was subject to a budget appeal.  
(4) Amounts per the certified budget following the State Appeal Board Order.

**Other County Tax (Includes LOST)**

| Fiscal Year | Budget       | Actual/Estimated | Percent Difference | Source of Actual Amounts |
|-------------|--------------|------------------|--------------------|--------------------------|
| 1996        | \$ 1,198,055 | 1,146,710        | -4.286%            | County                   |
| 1997        | 1,118,052    | 1,325,573        | 18.561%            | County                   |
| 1998        | 1,232,223    | 1,580,827        | 28.291%            | County                   |
| 1999        | 1,562,099    | 1,461,037        | -6.470%            | County                   |
| 2000 - Org  | 555,110      | 595,388          | 7.256%             | Estimated (1)            |
| 2000 - Adj  | 35,110       | 35,110           | 0.000%             | Estimated (2)            |
| 2001        | 189,568      | 189,568          | 0.000%             | County                   |

- (1) Estimated LOST from Dept of Revenue and Finance with suggested 3% growth.  
(2) Transfer all LOST to Rural Services Fund.

**Non-tax Receipts**

| Fiscal Year | Budget       | Actual/Estimated | Percent Difference | Source of Actual Amounts | Transfers In |
|-------------|--------------|------------------|--------------------|--------------------------|--------------|
| 1996        | \$ 4,863,885 | 7,176,287        | 47.542%            | County                   | \$ 800       |
| 1997        | 3,168,450    | 4,853,056        | 53.168%            | County                   | 688,422      |
| 1998        | 3,307,822    | 4,214,328        | 27.405%            | County                   | 594          |
| 1999        | 4,178,038    | 4,373,520        | 4.679%             | County                   | -            |
| 2000        | 3,752,139    | 4,985,092        | 32.860%            | Estimated (1)            | 107,200      |
| 2001        | 3,762,615    | 4,999,010        | 32.860%            | Estimated (1)            | 983,249      |

- (1) Estimated at 132.86% of budget which is the average of 1996 through 1999.

**Story County  
Fiscal 2001 Budget Protest  
General Fund Analysis**

Exhibit A

| <b>Disbursements</b> |               |                      |                       |                                |                  |
|----------------------|---------------|----------------------|-----------------------|--------------------------------|------------------|
| Fiscal<br>Year       | Budget        | Actual/<br>Estimated | Percent<br>Difference | Source of<br>Actual<br>Amounts | Transfers<br>Out |
| 1996                 | \$ 17,481,650 | 16,067,336           | -8.090%               | County                         | \$ 905,745       |
| 1997                 | 11,143,009    | 11,663,556           | 4.672%                | County                         | 4,204,410        |
| 1998                 | 11,400,801    | 11,449,181           | 0.424%                | County                         | 873,566          |
| 1999                 | 13,007,435    | 11,815,435           | -9.164%               | County                         | 842,072          |
| 2000                 | 13,136,854    | 12,632,136           | -3.842%               | Estimated (1)                  | 971,958          |
| 2001                 | 12,312,695    | 11,839,641           | -3.842%               | Estimated (1)                  | 1,276,006        |
| 2001 - Alt           | 12,262,695    | 11,791,562           | -3.842%               | Estimated (1) (2)              | 1,276,006        |

- (1) Estimated at 96.158% of budget which is the average of 1996 through 1999.  
(2) Budgeted disbursements reduced by \$50,000 for special needs program.

| <b>Fund Balances</b>             |              |                      |             |   |   |
|----------------------------------|--------------|----------------------|-------------|---|---|
| Fiscal<br>Year Ended<br>June 30, | Budget       | Actual/<br>Estimated | Difference  | % Budgeted<br>Balance to<br>Disbursements | % Actual<br>Balance to<br>Disbursements |
| 1996                             | \$ 2,149,806 | 6,378,221            | (4,228,415) | 11.692%                                   | 37.578%                                 |
| 1997                             | 1,142,099    | 3,449,492            | (2,307,393) | 7.442%                                    | 21.739%                                 |
| 1998                             | 2,297,004    | 3,440,969            | (1,143,965) | 18.714%                                   | 27.924%                                 |
| 1999                             | 1,699,812    | 4,243,859            | (2,544,047) | 12.273%                                   | 33.528%                                 |
| 2000 - Org                       | 1,187,424    | 5,128,224            | (3,940,800) | 8.416%                                    | 37.696%                                 |
| 2000 - Adj                       | 1,187,424    | 4,247,946            | (3,060,522) | 8.416%                                    | 31.225%                                 |
| 2001                             | 1,836,798    | 5,316,189            | (3,479,391) | 13.517%                                   | 40.533%                                 |
| 2001 - Alt.                      | 1,836,798    | 5,314,268            | (3,477,470) | 14.918%                                   | 40.668%                                 |

**Story County  
Fiscal 2001 Budget Protest  
Rural Services Fund Analysis**

Exhibit B

**Property Taxes Levied:**

| Fiscal Year | Taxes Levied | Dollar Change Prior Year | Percent Change Prior Year | Percent Change from 1996 | Net Current Property Taxes |
|-------------|--------------|--------------------------|---------------------------|--------------------------|----------------------------|
| 1996        | \$ 1,536,693 |                          |                           |                          | \$ 1,430,253               |
| 1997        | 1,597,502    | 60,809                   | 3.957%                    | 3.957%                   | 1,473,811                  |
| 1998        | 1,664,777    | 67,275                   | 4.211%                    | 8.335%                   | 1,559,773                  |
| 1999        | 1,727,317    | 62,540                   | 3.757%                    | 12.405%                  | 1,623,934                  |
| 2000 - Org  | 1,782,365    | 55,048                   | 3.187%                    | 15.987%                  | (2) 1,660,014              |
| 2000 - Adj  | 1,482,365    | (244,952)                | -14.181%                  | -7.207%                  | (3) 1,360,014              |
| 2001        | 2,238,735    | 756,370                  | 42.436%                   | 45.685%                  | 2,138,608                  |
| 2001 - Alt. | 1,777,445    | 295,080                  | 16.556%                   | 15.667%                  | 1,677,318 (1)              |

- (1) Levied amount reduced by \$461,290 to reduce taxes to levy equal to levy and Rural Supplemental expenditures.  
(2) Amounts per the original budget which was subject to a budget appeal.  
(3) Amounts per the certified budget following the State Appeal Board Order.

**Other County Tax (Includes LOST)**

| Fiscal Year | Budget    | Actual/Estimated | Percent Difference | Source of Actual Amounts |
|-------------|-----------|------------------|--------------------|--------------------------|
| 1996        | \$ 6,221  | 5,020            | -19.306%           | County                   |
| 1997        | 6,622     | 5,862            | -11.477%           | County                   |
| 1998        | 82        | 5,956            | 7163.415%          | County                   |
| 1999        | 5,100     | 5,773            | 13.196%            | County                   |
| 2000        | 1,305,100 | 1,590,161        | 21.842%            | Estimated (1)            |
| 2001        | 1,675,095 | 1,605,775        | -4.138%            | Estimated (1)            |

- (1) Estimated at Department of Revenue and Finance estimates for FY2000 and FY2001.

**Non-tax Receipts**

| Fiscal Year | Budget    | Actual/Estimated | Percent Difference | Source of Actual Amounts | Transfers In |
|-------------|-----------|------------------|--------------------|--------------------------|--------------|
| 1996        | \$ 94,907 | 216,641          | 128.267%           | County                   | \$ 1,373     |
| 1997        | 118,810   | 117,013          | -1.512%            | County                   | -            |
| 1998        | 114,123   | 131,395          | 15.135%            | County                   | -            |
| 1999        | 111,913   | 126,011          | 12.597%            | County                   | -            |
| 2000        | 143,759   | 156,094          | 8.580%             | Estimated (1)            | -            |
| 2001        | 476,141   | 516,994          | 8.580%             | Estimated (1)            | -            |

- (1) Estimated at 108.58% of budget which is the average of 1997 through 1999.



**Story County  
Fiscal 2001 Budget Protest  
Rural Services Fund Analysis**

Exhibit B

**Disbursements**

| Fiscal Year | Budget     | Actual/<br>Estimated | Percent<br>Difference | Source of<br>Actual<br>Amounts | Transfers<br>Out |
|-------------|------------|----------------------|-----------------------|--------------------------------|------------------|
| 1996        | \$ 388,858 | 382,561              | -1.619%               | County                         | \$ 1,230,933     |
| 1997        | 503,203    | 480,601              | -4.492%               | County                         | 1,143,378        |
| 1998        | 516,761    | 506,288              | -2.027%               | County                         | 1,111,027        |
| 1999        | 582,258    | 578,222              | -0.693%               | County                         | 1,040,000        |
| 2000        | 909,818    | 889,984              | -2.180%               | Estimated (1)                  | 1,391,979        |
| 2001        | 2,902,306  | 2,839,036            | -2.180%               | Estimated (1)                  | 1,371,919        |
| 2001 - Alt  | 2,825,446  | 2,763,851            | -2.180%               | Estimated (1) (2)              | 1,371,919        |

(1) Estimated at 97.82% of budget which is the average of 1995 through 1999.

(2) Disbursements reduced by \$76,860 which is special needs program. Disbursement is funded with LOST receipts so there is no corresponding reduction in receipts.

**Fund Balances**

| Fiscal<br>Year Ended<br>June 30, | Budget    | Actual/<br>Estimated | Difference  | % Budgeted<br>Balance to<br>Disbursements | % Actual<br>Balance to<br>Disbursements |
|----------------------------------|-----------|----------------------|-------------|---|---|
| 1996                             | \$ 63,510 | 89,591               | (26,081)    | 5.367%                                    | 5.553%                                  |
| 1997                             | 22,400    | 62,298               | (39,898)    | 1.696%                                    | 3.836%                                  |
| 1998                             | 53,483    | 142,107              | (88,624)    | 3.468%                                    | 8.787%                                  |
| 1999                             | 217,368   | 279,603              | (62,235)    | 13.368%                                   | 17.278%                                 |
| 2000 - Org                       | 243,146   | 1,403,909            | (1,160,763) | 11.046%                                   | 61.522%                                 |
| 2000 - Adj                       | 766,146   | 1,103,909            | (337,763)   | 18.269%                                   | 26.215%                                 |
| 2001                             | 331,595   | 1,154,331            | (822,736)   | 7.791%                                    | 27.413%                                 |
| 2001 - Alt.                      | (125,665) | 768,225              | (893,890)   | -2.940%                                   | 18.575%                                 |

**Story County  
Fiscal 2001 Budget Protest**

Exhibit C

| <u>Calculation of Maximum Rural Property Tax Levying Authority</u>                | <u>Amount Budgeted for Rural Property Tax Plus LOST Property Tax Relief</u> |                                |
|---|---|--------------------------------|
| Maximum Levy Rate X Rural Valuation Without Utilities                             |   |                                |
| 3.95000 X 566,782,895*** =  | \$2,238,792.44  | Property Taxes \$ 2,238,792.44 |
| Plus:   |   | LOST @ 60% 960,000.00          |
| Disbursement eligible for Rural Supplemental Levy                                 |   |                                |
| FICA and IPERS for salaries paid from<br>Rural Services and Secondary Roads Funds | 498,710.00  |                                |
| Total Rural Services Tax Levying Authority  | \$2,737,502.44  | Total \$ 3,198,792.44          |
| Difference  | \$ 461,290.00   |                                |

\*\*\* Source is Valuation amended on 5/17/00 from DOM