



## DISCUSSION

Mr. Foster requested that the State Appeal Board direct Van Buren County to take two actions.

1. Eliminate the General Basic tax levy completely.
2. Eliminate the General Supplemental tax levy completely.

A summary of Mr. Foster's comments are as follows:

1. Van Buren County has under-budgeted ending fund balances every year during the 1990's.
2. An ending fund balance of 25% of expenditures is more than enough to cover cash flow and emergencies.
3. For FY 98, the general fund expenditures were just over \$2 million while the ending fund balance was over \$2.1 million.
4. The General Basic and General Supplemental tax levies together will generate over \$900,000 and with a projected ending General Fund balance of over \$2 million for FY00, the petitioners do not agree with the County's intent to collect additional revenues.
5. The County demonstrated a similar action with the Mental Health tax levy. The FY98 ending balance was at 125% of expenditures and for FY00 the tax levy was reduced to zero.
6. The elimination of the General Basic and General Supplemental tax levies will not impact expenditures and would result in an ending fund balance of 39% of expenditures.
7. The petitioners request quick progress be made with the excessive General Fund balance rather than slowly reducing the balance over the period of several years.

Van Buren County's responses to the petitioners' concerns were as follows:

1. The County has been diligent in efforts to ease the property tax burden on every tax paying resident in the County and has done so in a manner that creates stability in the tax rates and asking while continuing to provide the services that our citizens deserve and have come to expect.
2. The County believes a stable declining long-term tax rate will lead to more housing starts and long term economic growth.
3. The County's FY00 budget was adopted on March 9 following a public hearing at which 4 persons were present. Comments at the hearing were limited to a few expenditure items contained in the budget.

4. On March 25, Farm Bureau representatives met with the Board to request a further reduction in the property tax asking in the amount of \$451,689. The Board did not feel it could honor the request in one year and still maintain the County's long-term goal of stabilizing the tax rates and asking.
5. The Board's goals in the budget making process were as follows:
  - a. Control expenditures – from FY92 through FY98 actual expenditures have increased an average of only 1.6% per year while the County has completed a number of large capital improvement projects in that period.
  - b. Lower tax asking – The County has significantly lowered its tax asking since FY95.
7. The cash balance in the General Fund grew during the property tax freeze but this was not done without the knowledge and apparent consent of the citizens. The budgets for FY95, FY96 and FY98 each included increases in the cash balance of the General Fund.
8. Since FY96, the County has projected the ending fund balance significantly closer to the actual.
9. The Board has taken a systematic approach to lowering the cash balance over a period of years in order to stabilize and lower the tax asking and levy.
10. Van Buren County has carried a larger than normal cash balance for a number of reasons:
  - a. Van Buren County has one of the lowest assessed valuations in the State. Because of the County's philosophy of avoiding debt, it requires a stronger degree of advanced planning to accumulate a balance adequate to meet the County's capital needs.
  - b. Van Buren County has used the balance to leverage a year by year decline in total tax asking and rates primarily through the use of investment income that the balance produced.
  - c. Portions of the General Fund balance have been formally or informally encumbered for specific purposes:
    - 1) \$250,000 for capital improvements at Center Village Care Facility including an update of the present wastewater system.
    - 2) \$275,000 to \$500,000 for GIS mapping system for the County. A renewed effort has been undertaken since the passage of E-911 in November 1998.
    - 3) \$400,000 to \$450,000 for courthouse facilities. Due to age and lack of adaptability, displacement of the state court system from the courthouse is anticipated. Also, deficiencies in the county office building will need to be corrected in the near future.

**FINDINGS OF FACT**

1. Section 24.28 of the Iowa Code states in part: "At all hearings, the burden shall be upon the objectors with reference to any proposed item in the budget which was included in the budget of the previous year and which the objectors propose should be reduced or excluded; but the burden shall be upon the certifying board or levying board, as the case may be, show that any new item in the budget, or any increase in any item in the budget, is necessary, reasonable, and in the interest of the public welfare." The requested property tax levy for the general basic fund was \$28,027 higher for Fiscal Year 2000 than the tax levied in Fiscal Year 1999. Accordingly, the county bears the burden of proof to show that the property taxes in the general basic fund should be increased, and the petitioners bear the burden of proof to show that property taxes should be reduced from FY99 amounts.

**CONCLUSIONS OF LAW**

The State Appeal Board has jurisdiction over the parties and the subject matter of this appeal, pursuant to Iowa Code sections 24.28 and 331.436.

**ORDER**

Based on the financial position of the County, information provided by the parties involved, and in reviewing the historical data of Van Buren County, the State Appeal Board orders the following action:

**General Fund:**

Reduce the General Supplemental tax levy by \$225,000. This reduction is made because of the significant ending fund balance (92% of the estimated expenditures) in the General Fund as estimated by the County. The reduction of \$225,000 reduces the estimated fund balance to 75% of the estimated expenditures. The County has identified plans for three projects with a total cost ranging from \$925,000 to \$1,200,000, however uncertainty exists as to the timing of these projects.

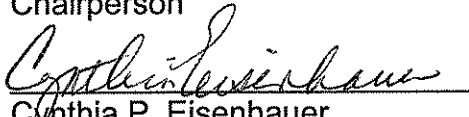
**STATE APPEAL BOARD**



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Vice Chairperson



Cynthia P. Eisenhauer  
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6-1-99  
Date

**Van Buren County  
Fiscal 2000 Budget Protest  
General Fund Analysis**

**Property Taxes Levied:**

Fiscal Year	Taxes Levied	Dollar Change Prior Year	Percent Change Prior Year	Percent Change from 1995		Net Current Property Taxes
1995	\$ 1,724,385					\$ 1,523,321
1996	1,760,202	35,817	2.077%	2.077%		1,452,590
1997	984,619	(775,583)	-44.062%	-42.900%	(1)	878,739
1998	879,619	(105,000)	-10.664%	-48.989%		785,577
1999	894,269	14,650	1.665%	-48.140%		796,769
2000	922,296	28,027	3.134%	-46.514%		824,796
2000 - Alt 1	697,296	(196,973)	-22.026%	-59.563%	(2)	599,796 (2)

(1) Beginning in FY97, mental health is budgeted in the MH-DD Services Fund.

(2) Levied amount reduced by \$225,000

**Non Property Tax Receipts**

Fiscal Year	Budget	Actual/Estimated	Percent Difference	Source of Actual Amounts	Transfers In
1995	\$ 1,059,564	1,338,897	26.363%	County	\$ 5,410
1996	1,154,150	1,407,898	21.986%	County	-
1997	1,002,575	1,024,054	2.142%	County	13,413
1998	979,534	1,097,974	12.091%	County	4,126
1999	1,303,140	1,512,164	16.040%	Estimated (1)	8,400
2000	1,261,823	1,464,219	16.040%	Estimated (1)	8,400

(1) Estimated at 16.040% higher than budget (average difference 1995 through 1998)

**Disbursements**

Fiscal Year	Budget	Actual/Estimated	Percent Difference	Source of Actual Amounts	Transfers Out
1995	\$ 2,300,711	2,499,687	8.648%	County	\$ 1,500
1996	2,367,845	2,271,220	-4.081%	County	-
1997	1,639,899	2,083,065	27.024%	County	250,000
1998	1,720,911	2,000,206	16.229%	County	-
1999	2,154,493	2,375,803	10.272%	Estimated (1)	-
2000	2,165,665	2,388,122	10.272%	Estimated (1)	-

(1) Estimated at 10.272% higher than budget (average of 1995 through 1998)

**Van Buren County  
Fiscal 2000 Budget Protest  
General Fund Analysis**

<b>Fund Balances</b>					
Fiscal Year Ended June 30,	Budget	Actual/ Estimated	Difference	% Budgeted Balance to Disbursements	% Actual Balance to Disbursements
1995	\$ 1,705,903	2,094,574	(388,671)	74.147%	83.793%
1996	2,003,599	2,683,842	(680,243)	84.617%	118.167%
1997	2,176,778	2,266,983	(90,205)	132.739%	108.829%
1998	2,174,829	2,154,454	20,375	126.377%	107.712%
1999	1,889,442	2,095,984	(206,542)	87.698%	88.222%
2000	2,000,625	2,005,277	(4,652)	92.379%	83.969%
2000 - Alt 1	1,550,625	1,780,277	(229,652)	71.600%	74.547%