

**STATE APPEAL BOARD**

**In re: City of Waukee  
Budget Appeal**

)  
)  
)  
)  
)

**Order**

**FY1999-2000**

**May 11, 1999**

**BEFORE STATE AUDITOR, RICHARD D. JOHNSON; STATE TREASURER, MICHAEL L. FITZGERALD; AND THE DIRECTOR OF THE DEPARTMENT OF MANAGEMENT, CYNTHIA P. EISENHAUER:**

The above captioned matter was heard on April 12, 1999 before a hearing panel consisting of Ronald J. Amosson, Executive Secretary to the State Appeal Board and presiding officer; Stephen E. Larson, Executive Officer II, Office of State Treasurer, and Katherine L. Rupp, Senior Auditor II, Office of State Auditor.

The hearing was held pursuant to Section 384.19 and Chapter 24 of the Code of Iowa. The spokesperson for the petitioners was Claire Chedester. Marvin Berger, City Council Member, represented the City.

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, and after a public meeting to consider the matter, the State Appeal Board has voted to sustain the budget.

**PROCEDURAL HISTORY**

The FY2000 City of Waukee proposed budget summary was published in the Dallas County News, a weekly newspaper, on February 18, 1999. A public hearing on the proposed budget was held on March 8, 1999 which was suspended due to a snowstorm and concluded on March 10, 1999. The budget was adopted on March 10, 1999.

A petition protesting the certified FY2000 City of Waukee budget was filed with the Dallas County Auditor on March 22, 1999 and was forwarded to the State Appeal Board on March 23, 1999. The petitioners outlined seven objections on the petition document. They objected to the following: (1) detailed budget copies were not available ten days before the date set for public hearing, (2) approved/recorded City Council motion dated March 23, 1998, noting the tax rate for the 1999/2000 budget was not to exceed \$13.50 per \$1000 of assessed value, (3) the Waukee Taukee (city newsletter) for May 1998 states that "The City Council has pledged that the tax rate for the fiscal year 1999-2000 budget will not be higher than \$13.50 per \$1000 of assessed valuation, up \$1.96 from the current fiscal year." (4) typed two-page mayor veto tells the general public that the proposed budget was a done deal even before the public hearing budget meeting started, (5) proposed signing of lease for new city office space, before budget had been approved,

(6) the City fails to notify residents of true percentage of tax increase in the paper of record, when notice is given by another, it's five days before the public hearing date, and (7) the Waukee Taukee (city newsletter) for January, February, and March 1999 never notes the city tax rate for the proposed budget.

## DISCUSSION

At the public hearing, Claire Chedester, spokesperson for the petitioners, stated that the petitioners primary concern was that the budget process was flawed and not prepared in the proper manner. As evidence of this, Mr. Chedester stated that the detail budget copies were not available as required by Chapter 384.16(2) of the Code of Iowa. Petitioners presented copies of budget printouts dated March 4, 1999 which would be less than 10 days before the hearing as required. Also, Mr. Chedester noted comments from the acting city administrator during the March 10, 1999 public hearing stating that he had only one copy of detailed working papers.

Mr. Chedester notes that the City passed a motion on March 23, 1998 stating that the tax levy for fiscal year 2000 would not exceed \$13.50 per \$1000 of assessed valuation. This was also repeated in the city's newsletter. The adopted budget has a levy of \$14.24965 per \$1000 of assessed valuation.

The petitioner also pointed out that the mayor had a prepared veto prior to the actual budget hearing which indicates that the council had decided prior to the hearing that they were going to adopt the proposed budget.

Mr. Chedester also objected to the process of approving the lease of City office space. He stated that the City Council attempted to enter into the lease prior to the budget being approved. Mr. Chedester stated that he was not objecting to the lease but was objecting to the levy related to the lease.

Finally, Mr. Chedester provided numerous newspaper articles and newsletters that did not include the tax rate or the percentage increase in the tax rate.

Mr. Chedester requested that the State Appeal Board reduce the City's tax levy to the prior year's budget amount since the budget was not properly certified by March 15<sup>th</sup>.

Marvin Berger, City Council Member, responded at the public hearing on behalf of the City. The City discussed the process that the City followed when establishing the budget. The City presented exhibits showing the levy that would have been adopted if the City budgeted no growth in expenditures and how the city reduced the expenditures to arrive at the adopted tax levy.

The City stated that the budget hearing was set for March 8, 1999 and the State Budget Forms were prepared and made available February 16, 1999. Mr. Berger stated that the petitioners were confusing internal working papers with the required forms. Mr. Berger

stated that the motion adopted on March 23, 1998 noting a tax rate for the FY2000 budget would not exceed \$13.50 per \$1000 of assessed valuation was made and approved in the context of discussions of the new Public Safety Building Project. This motion was made at a special meeting on the bonding for the new public safety building. The city did not know the exact effect of the bonding on the tax rate but felt that the bonding would not increase taxes above \$13.50. There was no intent or commitment to limit an increase in operating budget or other possible debt service requirements.

In response to the mayor's veto, the City stated that the council had voted unanimously to adopt a proposed budget and submit it for public hearing. At the public hearing, the Council could not increase the proposed budget, but could reduce it or adopt the budget as proposed.

The City Council had retained an architect to conduct a space needs study and examine the alternatives available. Funds for this lease were included in the budget as proposed by the City Council. The proposed lease was not approved until the council meeting of March 15 and the budget was approved on March 10. If leased space were not available, funding in excess of that budgeted for the lease would be required for remodeling of existing space to comply with building codes and ADA requirements.

In response to newspaper articles not including a true percentage of tax increase, the City stated that newspaper articles are not intended to be legal notification. The information included in the Waukee Taukee was printed prior to having total budget figures and proposed tax levy available.

Finally, the City stated that the property tax increase was due primarily to increases in debt service requirements.

Additional information obtained from the city was that approximately 50 citizens were in attendance at the public hearing held March 8, 1999 which was suspended due to a snowstorm until March 10, 1999. At the March 10, 1999 public hearing, approximately 100 citizens attended.

## **FINDINGS OF FACT**

1. Chapter 384.16 of the Iowa Code requires "a proposed budget must show estimates of the following: a) expenditures for each program, b) income from sources other than property taxation, and c) amount to be raised by property taxation, and the property tax rate expressed in dollars per one thousand dollars assessed valuation." The publication for the budget hearing included the required information.

2. Information presented did not demonstrate that detailed budget forms required by the Iowa Department of Management were not available for public inspection during the time required by the Iowa Code.
3. Supplemental schedules used internally by the City are not covered by the time requirements of Chapter 384.16 of the Iowa Code. However, they are public records which must be made available in accordance with Chapter 22 of the Iowa Code.
4. The motion adopted on March 23, 1998 is not binding on a subsequent City Council.

### 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 384.19.

### ORDER

The Fiscal Year 2000 budget for the City of Waukee is sustained.

### STATE APPEAL BOARD

-absent-  
Richard D. Johnson  
Chairperson

Cynthia P. Eisenhauer  
Cynthia P. Eisenhauer  
Member

Michael L. Fitzgerald  
Michael L. Fitzgerald  
Vice Chairperson

May 11, 1999  
Date