

STATE APPEAL BOARD

In Re: Ringgold County Emergency Management) Order
 Commission Budget Appeal)
 FY 2015) April 28, 2014

BEFORE THE DIRECTOR OF THE DEPARTMENT OF MANAGEMENT, DAVID ROEDERER; STATE AUDITOR MARY MOSIMAN; AND STATE TREASURER MICHAEL L. FITZGERALD

A hearing on the above captioned matter was held pursuant to the provisions of Chapter 24 of the Code of Iowa on April 10, 2014. The hearing was before a panel consisting of Mr. Luke Donahe, Investment Officer, Office of the State Treasurer and presiding Hearing Officer; Ms. Lisa Oakley, School Finance Director, Department of Management; and Ms. Suzanne Dahlstrom, Manager, Office of the State Auditor.

The primary spokesperson for the petitioners was Mr. Kevin Kilgore. The primary spokesperson for the Ringgold County Emergency Management Commission (EMC) was Teresa Jackson, EMC Coordinator.

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 the Ringgold County Emergency Management Commission's fiscal year (FY) 2015 budget as described herein.

PROCEDURAL HISTORY

The FY2015 Ringgold County EMC proposed budget summary was published in the Mount Ayr Record-News on December 25, 2013. The budget was adopted at a public meeting held on January 8, 2014.

A petition protesting the certified FY2015 Ringgold County EMC budget was filed with the Ringgold County Auditor on March 25, 2014 and was received by the State Appeal Board on March 26, 2014. The petitioners' objections and their reasons listed on the petition document are as follows:

- Objection number one stated the FY2015 adopted budget represents a 66% increase to property taxes to fund a 6.9% increase in expenditures and a 6.4% increase in personnel costs.
- Objection number two stated the correct FY2015 EMC beginning fund balance is 118% of the property taxes provided (county contribution).
- Objection number three stated the county contribution portion of the certified budget does not match the amount in the certified county budget.

The petitioners asked for the portion of the EMC budget funded from property taxes be reduced in the amount necessary to effect an EMC fund carryover balance equal to 25% of the budgeted operating expenses.

DISCUSSION

The petitioners and representatives of the Ringgold County EMC provided various written summaries, exhibits and verbal commentary in support of their positions. A summary of this information and the public hearing is as follows:

PETITIONERS

Mr. Kevin Kilgore represented the petitioners.

Mr. Kilgore began his presentation by sharing exhibits (Exhibit 5, 5A and 5B) in support of the objections for the budget protest. His statement included the following points:

- Exhibit 5 contains all of the FY2015 certified budget forms, the FY2014 notice of public hearing, the FY2014 expenditure detail and county budget detail sheet for service area 1.
- Exhibit 5A was distributed at the hearing and provides the petitioners' rebuttal to the EMC's opening remarks.
- Exhibit 5B was distributed at the hearing and is a newspaper article titled "Supervisors accept mowing bids, fund area special organizations".
- Pages 2 and 4 of Exhibit 5 show a 66% increase in County contributions to fund a 6.9% increase in expenditures and a 6.4% increase in personnel costs.
- Pages 2 and 5 of Exhibit 5 show the estimated FY2014 expenditures in the FY2015 budget are \$31,792 larger than the proposed expenditures approved in the FY2014 budget. Using the expenditures proposed in the FY2014 budget, the FY2014 carryover balance should be \$58,828 rather than \$27,036.
- Pages 2 and 5 of Exhibit 5 show the estimated FY2014 revenue in the FY2015 budget is \$50,122 larger than the proposed revenue approved in the FY2014 budget.
- Pages 2 and 7 of Exhibit 5 show the County contribution portion of the certified budget does not match the amount in the certified county budget.
- Mr. Kilgore answered various questions from the Hearing Panel.
 - The petitioners are not requesting a decrease in expenditures. They are requesting a decrease in revenue from the County's contribution.

RINGGOLD COUNTY EMC RESPONSE

Ms. Jackson, the EMC Coordinator, was the primary spokesperson for the Ringgold County EMC. In the response to the petition, she expanded upon the written remarks and the exhibits submitted.

- EMC Exhibit 1 is the EMC's response to the petitioners and includes the Ringgold County financial reports and chart of accounts.
- Ms. Jackson stated she is very proud of the fact the Emergency Management Agency (EMA) has worked hard to comply with the various state and federal requirements and, as a result, the County has received several million dollars in FEMA funds.

- Funding for Emergency Management is predominantly governed by Iowa Code Chapter 29C. EMA is one of the few county departments able to carry over funds to the next year. These funds can be used for emergency purposes in the case of a disaster.
- In response to objection number one, the 66% increase in the County contribution is because the Board of Supervisors had reduced its annual contribution for the past 3 years in order to use the reserve monies to fund the annual expenses for those years. Now that this reserve has been reduced, the Board of Supervisors has resumed funding EMA at substantially the level it had previously done for the FY2015 budget.
- In addition, overall budgeted expenditures have decreased nearly 22% from the FY2014 budget to the FY2015 budget despite a 3% salary increase for the Coordinator and health insurance increases.
- Following discussion with the State Auditor's Office, the County Auditor removed the 2 general supplemental line items from the EMA budget and moved them to non-departmental as shown in the EMC Exhibit 1, pages 5, 6 and 7.
- In response to objection number two, Ms. Jackson stated EMA was fortunate to receive a couple of grants during FY2014 that were not expected to be awarded and, therefore, were not included in the FY2014 budget. The lion's share of these grant monies will be spent by the end of FY2014. No significant amount of the grants will be available to be added to the FY2015 beginning fund balance.
- In response to objection number three, the County is only taxing \$50,000 for the EMA budget as shown in Exhibit 1, page 8. The County separately budgets the contribution to the Southern Iowa Response Group, which is a Hazmat organization. Exhibit 1, page 9 shows this additional \$5,500 is to be listed under Emergency Management, function 1210.
- Ms. Jackson answered various questions from the Hearing Panel.
 - Ms. Jackson understands from previous conversations with state staff a budget amendment is not required if the EMC receives additional grants. If an amendment is required, she will do one.

MEMBERS OF THE PUBLIC

No members of the public spoke during the public comment time.

FINDINGS OF FACT

1. Iowa Code section 24.27 provides persons who are affected by any proposed budget, expenditure or levy, or by an item thereof, may appeal. The petitioners met the requirements and, pursuant to Iowa Code sections 24.28 and 24.29, a hearing was scheduled and conducted.
2. The Ringgold County EMC's budget was adopted as required by law, including the requirements for a public hearing.
3. The EMC is not authorized to levy property tax. Its sources of revenue can include County and/or City contributions, grants and other miscellaneous income.
4. The County's contribution to EMC increased 66%, from \$30,000 in FY2014 to \$50,000 in FY2015.

5. The EMC's FY2015 beginning fund balance of \$27,038 is 54.1% of the County contribution of \$50,000. Estimated revenue in the FY2014 re-estimated budget is higher than the original FY2014 budgeted revenue.
6. The County's chart of accounts show Emergency Management code 1210 is used to account for not only the County's contribution for the local EMC, but also County Hazmat expenditures.
7. The Ringgold County EMC's FY2015 budget reflects \$27,192 (27.7%) less in expenditures than the re-estimated budget for FY2014, \$4,600 (6.9%) more than originally budgeted for FY2014 and 11.8% more than in FY2013. Budgeted expenditures for salaries and benefits increased 6.4%.

FY 2013 actual expenditures	\$63,500
FY 2014 budgeted expenditures	\$66,400
FY 2014 re-estimated expenditures	\$98,192
FY 2015 budgeted expenditures	\$71,000

8. The Ringgold County EMC's FY2014 re-estimated expenditures show an increase of \$31,792 over the original FY2014 budgeted expenditures. In accordance with Iowa Code Chapter 24.9, if expenditures are expected to exceed the adopted budget, the budget must be amended.

FY 2014 budgeted expenditures	\$66,400
FY 2014 re-estimated expenditures	\$98,192

9. The FY2014 ending (carryover) fund balance, based on re-estimated expenditures of \$98,192, is \$27,036. The FY2015 ending (carryover) fund balance is budgeted at \$7,036. For FY2015, this is 9.9% of the budgeted expenditures of \$71,000.
10. Mr. Kilgore stated petitioners - on behalf of what he believes are the majority of the citizens in Ringgold County - believe the interests of the taxpayers in Ringgold County will be best served by minimizing the costs of government - limiting budget growth - in order to minimize property tax increases. However, Mr. Kilgore serves as a spokesperson only for himself and those individuals who signed the various budget protest petitions.

CONCLUSIONS OF LAW

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

BASIS OF DECISION

Iowa Code section 24.28 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 previous year and which the objectors propose should be reduced or excluded...". The Code continues: "...the

burden shall be upon the certifying board or the levying board, as the case may be, to show 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 EMC’s budget was adopted by the Board in accordance with statutory provisions. The increase in expenditures for salaries and benefits appears to be necessary, reasonable and in the interest of the public welfare.


The petitioners did not adequately satisfy the burden of proof requirement to justify a change in the FY2015 budget. The EMC Coordinator adequately satisfied the burden of proof requirement for the increases in the FY2015 budget.


The Ringgold County EMC re-estimated expenditures for FY2014 are \$31,792 higher than originally budgeted. Iowa Code Chapter 24.9 allows budget estimates adopted and certified to be amended and increased to permit expenditure during the fiscal year from sources of revenue other than taxation which had not been estimated during the fiscal year.


ORDER

Based on the information provided by the parties involved and the Iowa Code, the State Appeal Board sustains the FY2015 Ringgold County Emergency Management Commission budget as adopted. Also, the State Appeal Board reminds the Ringgold County Emergency Management Commission budget amendments should be adopted, if necessary, before expenditures exceed the budget.

STATE APPEAL BOARD


Mary Mosiman
Chairperson


Michael L. Fitzgerald
Vice Chairperson


David Roederer
Member

4/29/14
Date