

A similar conclusion can be drawn on the animal control expenditures. The additional exhibits submitted by the petitioners are not persuasive in justifying a change in the Order. In fact, the article regarding the animal shelter indicates that a number of the cities in the County have their own animal control departments and residents of those cities should contact their police department for assistance. Others cities contract with the County for these services. Any reimbursements received from these cities for this purpose must be placed in the Rural Services Fund if the expenditures are paid from the Rural Services Fund. In addition, the increase in expenditures for animal control is justified because of the increase in the number of animals serviced. If the numbers increase, the County is justified to increase staff to provide these services.

Local Option Sales and Services Tax Property Tax Relief

The petitioners believe the County did not use 60% of Local Option Sales Taxes (LOST) for property tax relief. The State Appeal Board has previously stated that there is no standard definition for the term "property tax relief". However, the petitioners contend that the maximum property tax that can be levied is limited to \$3.95 per \$1,000 of assessed valuation minus the amount of LOST designated for property tax relief. This is not accurate. Each county may, as provided in Section 331.424(2), levy beyond \$3.95 per \$1,000 of assessed valuation for specific services, such as employee benefits. In this case, employee benefits could be paid from a rural services supplemental levy (beyond the \$3.95 per \$1,000 of assessed valuation basic levy), totaling more than \$250,000. This exceeds the \$37,446 which the petitioners allege is being levied beyond the allowable maximum levy.

Mental Health

The petitioners argue that the State Appeal Board should reconsider its decision regarding the mental health issue because of "...procedural flaws during the appeal hearing and established precedent."

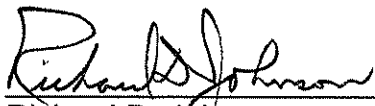
The petitioners request that the comments of the 25 persons who spoke at the hearing who were Human Services and Mental Health advocates be stricken from the record. The petitioners believe these persons were not a proper party to the appeal, did not file a request to intervene, were not granted intervention status, took away from the County's and petitioners' time to present their cases, and their testimony was irrelevant, immaterial and unduly repetitive. At the hearing, the hearing panel viewed these persons as "interested citizens" and not interveners or part of the County's presentation. The time used by these citizens in no way reduced the County's or petitioners' time to present their concerns. Neither the County nor the petitioners were restricted to thirty minutes of testimony. These were suggested time limits, but the hearing officer also indicated that if either party needed more time, they would receive it.

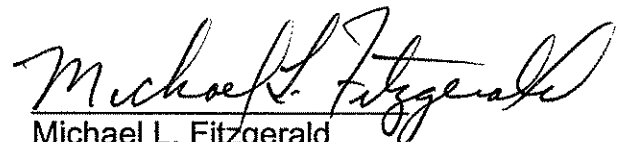
The State Appeal Board recognizes the "citizens" comments were directed to sustaining budgeted mental health expenditures, but the State Appeal Board also recognizes the petitioners did not ask for an expenditure reduction. The issue was the size of the ending fund balance. The State Appeal Board followed established precedent in considering the County's initiative to significantly reduce property taxes, which is a key element of reducing the ending fund balance. The State Appeal Board has consistently held that where significant reductions in ending fund balances are warranted, the reductions need not all be made in one year. Continuation of current services and taxing levels should result in an orderly reduction of the ending fund balance within a reasonable time period. The ending fund balance and taxing level are also subject to appeal in future years.


Order

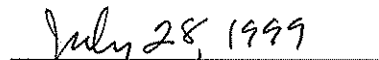
The State Appeal Board believes that adequate "reasons for decisions" were contained in its Order on the Story County Budget Appeal for FY1999-2000. However, in the interest of further explanation, for the reasons cited above, the State Appeal Board denies the petitioners' request for a rehearing.

STATE APPEAL BOARD


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