

STATE APPEAL BOARD

In Re:	Ringgold County Budget Appeal FY 2010)))	Order April 30, 2009
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BEFORE THE DIRECTOR OF THE DEPARTMENT OF MANAGEMENT, CHARLES J. KROGMEIER; STATE AUDITOR DAVID A. VAUDT; AND STATE TREASURER MICHAEL L. FITZGERALD.

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 8, 2009. The hearing was before a panel consisting of Luke Donahe, Investment Officer, Office of the State Treasurer and presiding Hearing Officer; James Nervig, County Budget Director, Department of Management; and David Voy, Manager, Office of the State Auditor.

The spokesperson for the petitioners was Kevin Kilgore. The spokesperson for Ringgold County was Laurie Greenman, County Auditor.

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 fiscal year (FY) 2010 budget as described herein.

PROCEDURAL HISTORY

The FY 2010 Ringgold County proposed budget summary was published in the Mount Ayr Record News on February 26, 2009. The budget was adopted at a public meeting held on March 10, 2009.

A petition protesting the certified FY 2010 Ringgold County budget was filed with the Ringgold County Auditor on March 26, 2009, and was received by the State Appeal Board on March 30, 2009. The petitioners' objections and their reasons listed on the petition document are as follows:

- The petitioners requested a reduction in expenditures to the FY 2008 actual expenditure levels and a commensurate reduction in property tax levy rates.
- Also, the petitioners objected to the adopted budget as it represents significant expenditures beyond revenues without addressing the additional \$550,000 in annual operating expenditures associated with the new jail nor does the budget include the expenditure for debt service for construction of the new jail.
- In addition, the petitioners objected to the County budget forms as they do not differentiate between unrestricted and restricted use funds and do not differentiate between operational and administrative expenses related to county government.

DISCUSSION

The petitioners and the representatives of Ringgold County 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. In his presentation, he provided certain comments with regard to the Ringgold County budget, summarized as follows:

1. The petitioners believe the FY 2010 Ringgold County budget continues an unsustainable pattern of taxing and spending and represents "business as usual", the latest in a series of budgets which use growth in revenues due to increases in property valuations to fund larger permanent expenditures. General fund expenditures have exceeded revenues for at least four years. To continue to budget this way can only be viewed as fiscally irresponsible.
2. Mr. Kilgore stated the adopted FY 2010 budget includes jail project funds in the revenue portion of the budget but no operating costs in the expenditure portion and still overspends revenues by \$400,000.
3. The petitioners ask for a FY 2010 budget which reflects zero growth from FY 2008 actual expenditures and a reduction of property tax levy rates commensurate with the decrease in expenditures. They suggest the actual FY 2008 expenditures line entries be used as the beginning line entries for developing the FY 2010 budget and the FY 2008 tax revenue should be used as the FY 2010 budget property tax revenue.
4. The adopted budget represents pay raises for county employees ranging from 2% to 3.1%, growth in insurance costs 20% larger than last year and overall expenditure growth of 5% from the FY 2009 budget and 11% from the FY 2008 actual amounts.
5. Mr. Kilgore expressed concerns about county budget forms which report by type of county service being provided and the inability to identify expenditures by specific budget line item.
6. The County only publishes wage rates for hourly employees and does not publish actual wages paid to those employees.

RINGGOLD COUNTY RESPONSE

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

1. Ms. Greenman stated the petitioners want the County to freeze its expenditures at figures from two years ago. Unfortunately, few expenditures are the same as they were two years ago. General operational business costs are up due to inflation, such as: utilities, fuel and insurance. Also, the citizens voted to approve a public measure for a sales tax to fund the building of a jail; substantial increases in material and project costs in the past year and a half have prevented the County from finding any contractors who are willing to build the jail for the costs determined a year and a half ago.

2. Although the petitioners have asked for a reduction of property tax levy rates and give the impression the County has been increasing tax levies to fund the growth in the budget, levy rates have gone down each year from FY 2008 to FY 2010.
3. The Board of Supervisors' have limited control over wage increases for most county employees. Of the 78 county employees, the Board has direct control over the salaries of only 24 of those employees. The majority of the county's employees fall under collective bargaining agreements or are governed directly by other boards and commissions. Traditionally, the Board of Supervisors has honored the decisions these other boards and commissions have made concerning the appropriate salaries for the employees they oversee. The Board of Supervisors has entered into a binding labor contract with requires them to provide a wage increase of 3.15% for Secondary Road employees. Most of the remaining 24 employees are elected officials or deputies whose salaries are directly tied to those of the elected officials. The Ringgold County Compensation Board unanimously recommended the Board of Supervisors award a 3% pay increase to elected officials, but the Board of Supervisors reduced this recommendation by one-third and only approved and budgeted for a 2% salary increase. The Board of Supervisors feels the best way to maintain good, long-term employees is to pay them a fair salary, including salary increases which enable them to keep up with the cost of living.
4. The petitioners have specific objections to the budget regarding a jail. The County does not have an approved jail building plan, and even if our jail project moves forward, it looks unlikely a jail will be built and ready to staff within FY 2010. In light of these circumstances, it would not be appropriate for the Board to budget for any operational expenses for the new jail in the FY 2010 budget.
5. The County uses budget forms prescribed by the Iowa Department of Management. If those forms do not provide the detail sought by the petitioners, the additional information may be available by accessing other county documents or discussing form concerns with the Department of Management.

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 Sections 24.28 and 24.29, a hearing was scheduled and conducted.
2. Ringgold County does not have a finalized building plan for the new jail. Therefore, the FY 2010 budget does not include any expenditures for the operation of a new jail.
3. Iowa Code Section 331.434 requires counties to submit budgets in the detail and form prescribed by the Director of the Iowa Department of Management.
4. The County publishes wage rates for hourly employees as required by Iowa Code Section 331.324(1)(o). Also, Iowa Code Section 349.18(2)(b) requires "The salaries paid to persons regularly employed by the county shall only be published annually showing the total amount of the annual salary." In addition, Iowa Attorney General's Opinion No. 82-4-10(L) dated April 19, 1982 requires salary publications include the name and amount for each employee.

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.

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 petitioners did not adequately satisfy this requirement to justify a change in the FY 2010 budget. The County did adequately satisfy the increases in the FY 2010 budget.

ORDER

Based on the information provided by the parties involved and the Iowa Code, the State Appeal Board sustains the FY 2010 Ringgold County Budget as adopted. Also, the County should publish the total amount of actual salaries and wages paid to each employee annually.

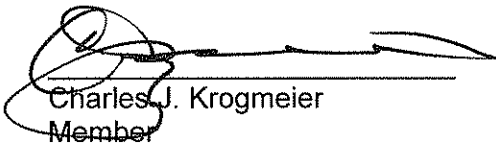
STATE APPEAL BOARD



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Vice Chairperson



Charles J. Krogmeier
Member

April 30, 2009
Date