

MEMORANDUM

To: FEL Subcommittee

Subject: FY 2024 Budget – Lid Computation (1% Resolution)

Date: July 7, 2023

From: John Winkler, General Manager

State statutes require that no governmental unit shall adopt a budget containing a total of budgeted restricted funds more than the last prior year's total of budgeted restricted funds plus allowable increases. All political subdivisions have the ability to increase their base restricted funds by 2.5%. If a political subdivision has allowable growth due to improvement to real property as a result of new construction, additions to existing buildings, any improvements to real property, and any increase in valuation due to annexation and any personal property valuation over the prior year above 2.5%, it can use the amount over the 2.5% increase as the base of restricted funds. Growth numbers are provided by the County Assessors on the Certification of Valuation. This information is not available until mid-August.

The Board can also choose to increase the limit by an additional 1%. Approval would require a super majority of the Board members present for the vote.

An increase in restricted funds authority does not necessarily mean an increase in the tax levy or in tax dollars. The additional 1% is necessary to help cover inflation in those general costs mentioned below and to help compound the base for restricted funds in future budgets, as well as providing additional flexibility to the Board in choosing which programs and projects to fund. It could also potentially save the District money in interest expense, if equipment must be financed rather than purchased outright to help us stay within our current authority.

The 2.5% lid applies to general expenditures such as:

- Directors' per diem and expenditures
- District's insurance coverage
- Equipment/vehicles
- Salaries/payroll taxes
- Building maintenance
- Park and structure maintenance
- Conservation assistance payments
- Gas, oil and vehicle repairs
- Utilities

The following items are lid exceptions that apply to the District:

- Payments on bonded debt
- Capital Improvements (acquisition and improvements to real property)
- Interlocal Agreements/Joint Public Agency Agreements
- Repairs to infrastructure damaged by a natural disaster.

There is no special hearing or notice required to consider the additional 1% increase. Following is a history showing the Board's actions in allowing for the additional 1% increase.

FY 2020	Yes
FY 2021	No
FY 2022	Yes
FY 2023	Yes

- **It is management's recommendation that the Subcommittee recommend to the Board that the following resolution be adopted:**

BE IT RESOLVED THAT the Board of Directors of the Papio-Missouri River NRD approves an additional increase of 1% in Total Restricted Funds Authority, pursuant to Neb. Rev. State. §§ 13-518 through 13-522.