

Agenda Item: 6.

MEMORANDUM

To: FEL Subcommittee
Subject: FY 2017 Budget – Lid Computation (1% Resolution)
Date: June 3, 2016
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. That is, at least 75% of the governing body is required to approve or 9 affirmative votes - not just 75% of those present.

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. This is especially important as valuation growth has been low over the last few years, limiting our increase.

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 2007	No
FY 2008	No
FY 2009	No
FY 2010	Yes

FY 2011	Yes
FY 2012	No
FY 2013	Yes
FY 2014	No
FY 2015	No
FY 2016	No

- **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 NRD approves an additional increase of 1% in Total Restricted Funds Authority, pursuant to Neb. Rev. State. §§ 13-518 through 13-522.