MEMORANDUM

To: FEL Subcommittee

Subject: FY 2007 Budget – Lid Computation (1% Resolution)

Date: May 31, 2006

From: Marlin Petermann, Acting General Manager

State statues 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%, you can use the amount over the 2.5% increase as the base of restricted funds. Additional growth used for FY 2006 budget was 1.13%. Growth numbers are provided by the County Assessors on the Certification of Valuation. These numbers are not available until mid-August.

The Board approved the additional 1% increase for the FY 2006 budget. At least 75% of the governing body is required to approve the additional 1% increase (this is 75% of the authorized board [9 votes] and not just 75% of those present). FY 2006 total allowable percentage increase was 4.63% (see attached chart).

Base Limitation	2.50%
Additional Growth (3.63% - 2.5% =	
1.13%)	1.13%
Additional 1% Approved by Board	1.00%
Total Allowable Percent Increase	4.63%

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 1998 Yes FY 1999 Yes FY 2000 No FY 2001 Yes FY 2002 No FY 2003 Yes

FY 2004 No

FY 2005 No

FY 2006 Yes

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

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

The 2.5% lid applies to General expenditures such as:

- Directors' per diem and expenditures
- District's insurance coverage
- Equipment/vehicles
- Salaries
- Gas, oil and vehicle repairs
- Utilities

It would be beneficial to the District if the Board approves the additional 1% to help cover increases to those general costs and to help build the base for restricted funds for the FY 2008 budget.

It is the 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 the Total Funds Subject to Limitation, pursuant to Neb. Rev. State. §§ 13-518 through 13-522.

/budget/FY 2007/memo 1%

PMRNRD Restricted Fund Authority FY 2006 Budget

	2005 Value Attributed	Total Taxable	
County	to Growth	Value (last year)	% of Growth
Sarpy	\$553,396,620	\$7,262,349,503	7.62%
Douglas	\$727,611,430	\$26,658,670,840	2.73%
Washington	\$31,423,750	\$1,579,855,556	1.99%
Dodge	\$0	\$2,014,771	0.00%
Burt	\$4,434,180	\$311,692,972	1.42%
Thurston	\$2,740,725	\$126,182,534	2.17%
Dakota	\$17,022,902	\$927,998,176	1.83%
TOTALS	\$1,336,629,607	\$36,868,764,352	3.63%

-2.50%

Additional Growth

1.13%

If a political subdivision has allowable growth due to improvements to real property as a result of new construction, additions to existing buildings, any improvements to real property which increase the value of such property, and any increase in valuation due to annexation and any personal property valuation over the prior year above 2.5%, the District can use the amount over the 2.5% to increase the base of restricted funds. The County Assessor will include a growth number on the Certification of Valuation (see attached). The growth number is divided by last year's valuations to determine the percentage of growth.

Base Limitation	2.50%
Additional Growth (3.63% - 2.5% = 1.13%)	1.13%
Additional 1% Approved by Board	1.00%
Total Allowable Percent Increase	1 63%

Total Unused Restricted Funds Authority for FY 2006 =

\$351,350.62

Attached -Certification of Valuations from Sarpy, Douglas, Washington, Dodge, Burt, Thurston and Dakota Counties

Computation of Limit for Fiscal Year 2005-2006