

MEMORANDUM

To: FEL Subcommittee
Subject: FY 2007 Budget – Lid Computation (1% Resolution)
Date: May 31, 2006
From: Marlin Petermann, Acting 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%, 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%

