

BUDGET TRANSMITTAL LETTER

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September 13, 2016

Honorable Members of the City Council
18 East 22nd Street
Kearney, NE 68847

RE: 2016-2017 City of Kearney Budget

Dear Honorable Members of the Kearney City Council:

Pursuant to the Nebraska Budget Act, Administration is pleased to transmit to you the 2016-2017 Annual Operating Budget and Program of Services for the City of Kearney.

The purpose of the Annual Operating Budget and Program of Services document is to present to the public and the City Council a comprehensive picture of proposed operations for the budget year expressed in both verbal and statistical terms for services to meet the human and physical needs of the citizens of Kearney. The budget is intended to accomplish two things: (1) to provide Administration with the opportunity to present its recommendations for the levels of services and methods of financing of services in the coming year; (2) to provide the most effective control possible by the City Council over the expenditure of public funds. It also provides Administration with the opportunity to point out various needs within the City's services. The City Council has the opportunity to judge the adequacy of the recommended programs and to set the level of City services. The City Council must also weigh the desirability of the services proposed against the burden of taxes required to finance the programs.

The budget document is the single most important report presented to the City Council during the year. Although it is primarily intended for City Council policy determination, it also serves as an aid to the citizens in providing a better understanding of the City's operating fiscal programs. The budget has been built on conservative financial principals that reflect staff commitment to maintaining necessary services, improving the quality of the operation of the City, and keeping expenditures and taxpayer load to a minimum.

The 2016-2017 fiscal year promises to be a year of challenge as the City of Kearney continually strives to improve service delivery. Therefore, this Annual Operating Budget and Program of Services document is once again the result of a careful and objective evaluation of every facet of the City of Kearney organization. The supreme effort to enhance service delivery in the most efficient manner has been the passion of each person involved in the budget process. This budget seeks to continue an emphasis on fulfilling the goals of the Council and the citizens of Kearney, while striving to keep property taxes as reasonable as possible.

Property Taxes

General Fund Property Tax - The General Fund property tax requirement for the 2016-2017 proposed budget is \$2,954,327 and the proposed property tax levy for 2016 is \$.12209 per \$100.00 of valuation. The General Fund property tax requirement for the 2015-2016 adopted budget was \$2,722,863 and the actual tax levy was \$.12096. Therefore, the General Fund property tax requirement for 2016-2017 is \$231,464 more than the 2015-2016 General Fund property tax requirement and the General Fund tax levy for 2016-2017 is \$.00113 more than the 2015-2016 General Fund tax levy. The General Purpose Property Tax is deposited in the General Fund for the purpose of paying operational expenses of the City.

Special Property Tax - The special property tax requirement for the 2016-2017 proposed budget is \$369,504 and the proposed special property tax levy for 2016 will be \$.01527 per \$100.00 of valuation. The special property tax requirement for the 2015-2016 adopted budget was \$368,999 and the actual tax levy was \$.01639. Therefore, the special property tax requirement for 2016-2017 is \$505 less than the 2015-2016 special property tax requirement and the special property tax levy for 2016-2017 is \$.00113 less than the 2015-2016 special property tax levy. The special property tax is deposited in the Public Safety Tax Anticipation Bond Fund for the purpose of paying principal and interest on bonds issued for public safety resources.

Therefore, the proposed combined property tax levy for fiscal year 2017 is .13736 per \$100.00 of valuation, which is the same as the property tax levy that was approved by City Council for fiscal year 2016. It appears that Kearney will continue to enjoy having one of the lowest property tax levies among all first class cities in the State of Nebraska again next year.

Capital Improvements/Equipment

The 2016-2017 proposed budget includes \$32,527,928 of capital improvements/equipment in the following funds:

General Fund	\$1,261,792
Special Revenue Funds	\$1,286,000
Capital Projects Funds	\$14,159,644
Enterprise Funds	\$15,704,492
Internal Service Funds	\$116,000

A detail of the specific projects included in the above funds can be found on pages 67 through 71 of the budget document.

Compensation, Benefits and Staffing

The 2016-2017 budget includes an increase of four full-time positions as follows:

Fire

- Add one full-time Fire Engineer

Park

- Add one full-time Facilities Maintenance Worker
- Add one full-time Senior Facilities Maintenance Worker

Sanitation Collection

- Add one full-time Equipment Operator

Funds have been included to allow for a three percent adjustment to employee's salaries to keep their compensation comparable with similar positions and help offset increases in the cost of living.

Fiscal Summary

The 2016-2017 proposed budget is \$89,302,783 and the 2015-2016 adopted budget was \$90,242,238. Therefore, the 2016-2017 proposed budget is \$939,455 less than the 2015-2016 adopted budget. The following is a summary listing of the budget for each of the fund groups contained in the 2015-2016 and 2016-2017 budgets:

	<u>2015-2016</u>	<u>2016-2017</u>
General Fund	\$22,575,144	\$23,519,923
Special Revenue Funds	\$8,099,455	\$8,562,721
Capital Project Funds	\$20,274,457	\$16,288,465
Debt Service Funds	\$3,314,057	\$1,803,339
Enterprise Funds	\$28,323,224	\$30,417,118
Internal Service Funds	\$7,039,664	\$8,094,980
Fiduciary Funds	\$616,237	\$616,237
Totals	<u>\$90,242,238</u>	<u>\$89,302,783</u>

Acknowledgments

Special thanks and appreciation are extended to the Department Heads and Division Heads for their conservative and pragmatic approach to their budgets.

Additionally, I would like to thank and commend the Council for their policy direction and support throughout the budget process. We look forward to working together for another successful year for the citizens of Kearney.

Sincerely yours,

CITY OF KEARNEY



Michael W. Morgan
City Manager