

BUDGET TRANSMITTAL LETTER

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September 8, 2015

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

RE: 2015-2016 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 2015-2016 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 2015-2016 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 2015-2016 proposed budget is \$2,722,863 and the proposed property tax levy for 2015 is \$.12096 per \$100.00 of valuation. The General Fund property tax requirement for the 2014-2015 adopted budget was \$2,623,216 and the actual tax levy was \$.13262. Therefore, the General Fund property tax requirement for 2015-2016 is \$99,647 more than the 2014-2015 General Fund property tax requirement and the General Fund tax levy for 2015-2016 is \$.01166 less than the 2014-2015 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 2015-2016 proposed budget is \$368,999 and the proposed special property tax levy for 2015 will be \$.01639 per \$100.00 of valuation. The special property tax requirement for the 2014-2015 adopted budget was \$321,459 and the actual tax levy was \$.01625. Therefore, the special property tax requirement for 2015-2016 is \$47,540 more than the 2014-2015 special property tax requirement and the special property tax levy for 2015-2016 is \$.00014 more than the 2014-2015 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 2016 is .13736 per \$100.00 of valuation, which is 7.74% less than the property tax levy that was approved by City Council for fiscal years 2008, 2009, 2010, 2011, 2012, 2013, 2014, and 2015. It appears that Kearney will continue to enjoy having one of the lowest property tax levy's among all first class cities in the State of Nebraska again next year.

Capital Improvements/Equipment

The 2015-2016 proposed budget includes \$34,520,792 of capital improvements/equipment in the following funds:

General Fund	\$1,476,650
Special Revenue Funds	\$567,000
Capital Projects Funds	\$18,347,043
Enterprise Funds	\$14,054,599
Internal Service Funds	\$75,500

A detail of the specific projects included in the above funds can be found on pages 67 through 72 of the budget document.

Compensation, Benefits and Staffing

The 2015-2016 budget includes an increase of four full-time positions as follows:

Development Services

- Remove full-time Administrative Assistant

Park

- Add one full-time Facilities Maintenance Worker

Sanitation Collection

- Add two full-time Recycling Processors

Sanitary Sewer Collection

- Add one full-time Utilities Maintenance Worker

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 2015-2016 proposed budget is \$90,242,238 and the 2014-2015 adopted budget was \$78,640,798. Therefore, the 2015-2016 proposed budget is \$10,489,092 more than the 2014-2015 adopted budget. The following is a summary listing of the budget for each of the fund groups contained in the 2014-2015 and 2015-2016 budgets:

	<u>2014-2015</u>	<u>2015-2016</u>
General Fund	\$20,510,717	\$22,575,144
Special Revenue Funds	\$6,116,271	\$8,099,455
Capital Project Funds	\$14,862,044	\$20,274,457
Debt Service Funds	\$1,776,601	\$3,314,057
Enterprise Funds	\$26,880,635	\$28,323,224
Internal Service Funds	\$6,928,293	\$7,039,664
Fiduciary Funds	\$566,237	\$616,237
Totals	\$78,640,798	\$90,242,238

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