

**A GUIDE TO UNDERSTANDING
THE BUDGET**

A GUIDE TO UNDERSTANDING THE BUDGET OF THE CITY OF KEARNEY, NEBRASKA

Government

The City of Kearney voters adopted the Council-Manager form of government in 1950. Section 19-646 of Nebraska Revised Statutes outlines the powers and duties of the City Manager. The City Manager is charged with preparing the annual budget and keeping the Council fully advised as to the financial condition and needs of the City.

City Government Organizational Chart

A complete understanding of the relationship of the budget to City of Kearney operations requires knowledge of the operating structure. An organizational chart for the City of Kearney is shown behind the tab entitled "Organizational Charts".

Budget Process

1. Budget Guidelines

The City of Kearney Budget Policy appears in the "Summaries" section. The following is a summary of the budget policies as followed and adopted. The process of developing the Annual Operating Budget begins in February of each year. Each department prepares a five-year Long Range Goals and Capital Improvement Program for adoption during a work session with the City Council in April.

Departments worked with prior and current year budget information, estimates of revenues, and staff to develop budget proposals. Department Heads returned current budget year estimates and 2020-21 budget information to the Director of Finance by April 24, 2020. Departmental review of budgets by City Administration were conducted May 21, 2020.

The budget was presented to the City Council at a work session on July 7, 2020. A joint meeting of the City Council and Buffalo County Board of Supervisors was held on July 9, 2020 to present the budget for joint City/County operations.

2. Public Participation/Hearings

Citizen involvement is an important component of the budget process. Citizens and advisory groups worked with specific departments to ensure their concerns are addressed in the long-range goals or budget documents. The City Council conducted a public hearing on September 8, 2020 to hear all interested person's comments concerning the budget.

3. Adoption

The 2020-21 budget document was adopted on September 8, 2020 during a City Council meeting. The 2020-21 Annual Appropriation Bill was adopted by the City Council on September 8, 2020.

4. Legal Mandates

The budget document and appropriation ordinance were prepared and adopted in accordance with Nebraska Statutes (Article 5, et. seq., Nebraska Budget Act).

On April 11, 1996 and April 2, 1998, the Nebraska legislature enacted legislation intended to reduce the level of property taxation in the State. The two measures of principal impact are LB 1114 which reduces the rate of taxation for general property taxes authorized for cities and LB 989 which provides for a new overall budget limitation on certain restricted funds.

Under LB 1114, the rates for levying property taxes are to be limited for each type of governmental unit in the State of Nebraska. The rate for cities such as Kearney, after July 1, 1998, shall be no more than \$.45 per one hundred dollars (\$100) of taxable value plus an additional \$.05 for payments due under inter-local cooperation act agreements. Property tax levies to pay bonded debt are not included in such limitation.

LB 989 imposes a limitation on the growth of restricted funds of 2 1/2% plus a factor for valuation growth, if any. Restricted funds include property taxes (excluding any amounts required to pay interest and principal on bonded indebtedness), payments in lieu of taxes, local option sales taxes, state aid and fees from enterprise funds to the extent budgeted for general purposes rather than the enterprise function. The limitation imposed does not apply to capital improvements (real property acquisition, construction or extensions), revenues pledged to retire bonded indebtedness, funds used to support an inter-local cooperative agreement, natural disaster repairs, or judgements against the City. The 2 1/2% limitation may be exceeded by an additional 1% upon an affirmative vote of at least 75% of the governing body. These new limitations are to be enforced through the office of the Auditor of Public Accounts of the State of Nebraska and state aid may be withheld from governmental units which fail to comply. LB 989 became effective upon its approval by the Governor on April 7, 1998.

5. Budget Amendments

Pursuant to Nebraska Statutes, the City of Kearney may not expend more than the total budget of expenditures unless the provisions of Nebraska State Statute 13-511, R.R.S. 1943 are met. Nebraska State Statute 13-511, R.R.S. 1943 states "whenever during the current fiscal year it becomes apparent to a governing body that there are circumstances which could not reasonably have