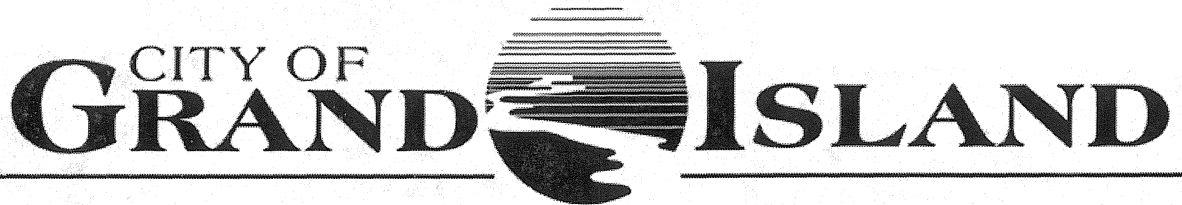


ANNUAL BUDGET

**Adopted September 10, 2013
October 1, 2013 – September 30, 2014**

**Fiscal Year 2013 – 2014
&
Program of Municipal Services**



**Working Together for a
Better Tomorrow. Today.**



October 1, 2013

*Working Together for a
Better Tomorrow. Today.*

Citizens of Grand Island:

Attached is the final 2013/2014 fiscal year budget.

For the fifth year, Program Prioritization was utilized as the budgeting methodology. This approach focuses on financial impacts in terms of the effect on community programs offered by the city.

The budget, as presented by staff and approved by council, is a forward looking budget that includes no tax increase, no employee reductions, no additional service cuts and maintenance of the cash reserve. All of these are accomplished while incorporating the following:

- Additional employees in the police department to create a safer community;
- Additional employee to perform duties related to the city becoming a Metropolitan Planning Organization (MPO);
- Public transit funding;
- Effect of becoming a Metropolitan Statistical Area (MSA) on the state's requirement that city employee wages be based on comparability;
- Increased healthcare and worker's compensation costs;
- Operational growth; and
- Initial funding for future infrastructure needs.

Council and the community concurred the first item above was a necessity in order to lower the crime rate within Grand Island. The next four items are driven by the state or federal governments' regulations and/or statutes.

The city's revenue and excess cash reserves are the source of the funding for the existing programs as well as the new costs identified above. There is no need to either raise rates on current taxes or issue any additional debt.

The General Fund, which receives the tax dollars raised through the city's taxing authority, is where citizens typically focus most of their attention, and, as a result, most of the budget documents focus on that Fund.

General Fund Specifics

The budgeted revenue is \$41,201,525. As indicated above, the revenue is based on the growth of existing tax dollars; no increased rates or new taxing authority were warranted.

Appropriations for the 2014 fiscal year total \$42,850,279, which is \$1,648,754 more than the revenue. Excess cash reserves will be used for the difference, as the City's cash reserves are forecast to end the 2013 fiscal year in excess of required levels. The excess cash will be funding one-time items in the budget as allowed by the City's fiscal policy.

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The General Fund is impacted by all of the incremental items listed on the first page. The increase to the General Fund and the specific department for each of these is as follows:

Additional police department employees	\$1,002,122
Incremental employee to support MPO activities (Public Works Dept.)	\$ 97,740
Public transit funding (transfer to Hall County)	\$ 110,000
MSA/comparability (all departments)	\$ 522,930
Increased insurance costs (healthcare and worker's comp)	\$ 938,379

These five items total an additional \$2,671,171 of expense. A qualified high deductible plan with an attached health savings account is being offered to city employees for the first time and this change allowed the City to reduce the impact of increased healthcare costs.

The sixth item on the previous page, operational growth, includes the addition of 1.5 new full time equivalent (FTE) general fund employees, as well as an increase in general operating costs. The impact of the new employees is \$130,778 and the increased general operating costs total \$339,322. The general operating increase allows for the ability to meet higher costs impacting the city – either planned through existing contracts or general price increases such as the cost of asphalt or diesel fuel.

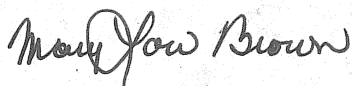
The seventh item on the previous page, initial funding of future infrastructure needs, is necessary to begin planning for the major infrastructure requirements of the city that will need to be addressed in the near future. Examples are the following: replacement of the 50 year-old Fire Station #2; update to the 20 year-old Island Oasis; downtown redevelopment; fieldhouse turf replacement; and community needs such as a city wide visioning effort. A transfer from the General Fund in the amount of \$905,000 to the 400 Fund capital projects will begin to address these needs.

The General Fund cash balance is being reduced from a beginning of the year amount of \$10,117,865 to an ending of the year amount of \$8,469,111. It is important to always keep a cash reserve somewhere between 20 – 25% of the city's appropriations and the city is within this guideline. This will enable the city to meet its expenses for a set time period in the case of an emergency where the inflow of tax revenue is severely diminished; i.e., during a natural disaster. The cash being used, \$1,648,754, will fund the purchase of General Fund equipment and contribute to the cost of city capital projects, such as the widening of Capital Avenue.

The budget is a reflection of the growth occurring in Grand Island. With growth comes the need for new programs and costs and what a great place to be in compared to other places across the country that are declining in size or facing major financial issues. There are many cities who would like to be in our position of funding city services while increasing cash reserves back to the suggested levels.

If you have any questions regarding the 2014 fiscal year budget, please contact either Finance Director Jaye Monter or myself.

Respectfully,



Mary Lou Brown
City Administrator

Grand Island Mayor and City Council

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9/26/2013

The Honorable Mayor

Jay Vavricek

Administration and Directors

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RaNae Edwards – City Clerk

Cory Schmidt – Fire Chief

Steve Lamken – Police Chief

Tim Luchsinger – Utilities Director

Jaye Monter – Finance Director

Steve A. Fosselman – Library Director

Craig A. Lewis – Building Department Director

Todd McCoy – Parks and Recreation Director

Jon Rosenlund – Emergency Management Director

John Collins – Public Works Director

Brenda Sutherland – Human Resources Director

Robert Sivick – City Attorney

Chad Nabity – Planning Director