



PROGRAM OF SERVICE AND ANNUAL OPERATING BUDGET

FISCAL YEAR OCT 1, 2016 – SEPT 30, 2017



CITY OF HASTINGS

ANNUAL OPERATING BUDGET FISCAL YEAR 2016-2017

Mayor Vern P. Powers

City Council

Kathy Duval, Council President
Everett Goebel, Council Vice President
Michael Krings, Council Member
Sarah Hoops, Council Member

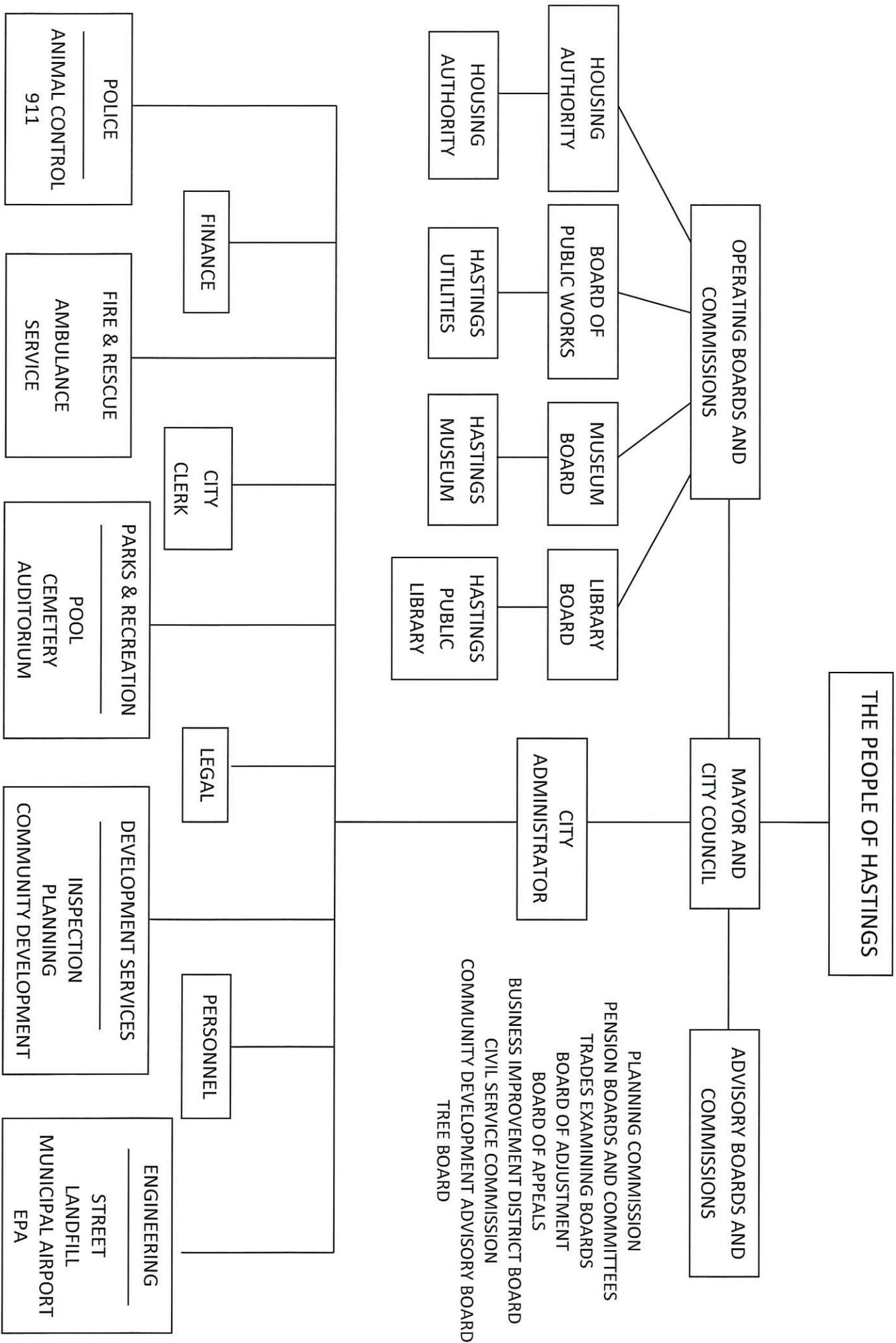
Chuck Niemeyer, Council Member
Phil Odom, Council Member
John Harrington, Council Member
Ginny Skutnik, Council Member

Joe Patterson
City Administrator

City Clerk
City Treasurer
City Attorney
City Engineer
Development Services Interim Director
Parks and Recreation Director
Police Chief
Fire Chief
Library Director
Museum Director

Kim Jacobitz
Barb Adler
Dave Ptak
Dave Wacker
Joe Patterson
Jeff Hassenstab
Pete Kortum
Kent Gilbert
Amy Hafer
Becky Matticks

CITY GOVERNMENT OF HASTINGS





HASTINGS

Nebraska

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Joe Patterson

City Administrator

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October 27, 2016

To Persons Interested in the City of Hastings Budget:

This budget document has been prepared by City Staff and approved by the Mayor and City Council. The annual budget is the mechanism by which the City has established the Program of Service and priorities for the fiscal year. The City of Hastings budget meets all of the requirements set forth by the State of Nebraska Budget Act.

MULTI-PURPOSE DOCUMENT

The budget process and the subsequent adopted budget serve four purposes: planning, management, fiscal control and communication.

Planning is the first and most critical element of the budget process. The Mayor and Council have the lead role in the planning phase by establishing service levels, directing new programs or projects and setting priorities. Planning occurs throughout the year, but is the central focus of the Mayor and Council's annual planning retreat. In the planning element, the key concerns of citizens represented by the Mayor and City Council are discussed, and the budget is laid out in respect to those concerns.

The management element is to direct the work of the City departments in conformity with the program of service established by the Mayor and Council.

Fiscal control is the use of the budget as a tool to measure the City's financial performance. The budget sets the financial road map for the year and provides the basis for evaluating revenue receipts and expenditures for conformity with the financial management plan.

After final adoption and printing, the budget document is available to the public, serving as a method of communicating to the public the City's annual financial plan and program of service.

The City of Hastings budget is heavily reliant on sales taxes to finance general government services and operations. We monitor sales tax proceeds and net taxable sales within the City on a monthly basis.

We are fortunate that we, as a community, have much to offer in terms of educational opportunities, health care services, cultural and recreational activities, low crime rate, housing selections and quality municipal services. Recent improvements in municipal facilities have only helped improve the quality of life in our community. Our recent trail extension and Duncan Field renovation have been very well received by the community.

BUDGET DESCRIPTION

The budget corresponds to the accounting system used by the City. As a municipal government, the City practices fund accounting, which is the generally accepted accounting procedure for local government. The City budget is made up of individual fund budgets for each of the City's accounting funds. The General Fund is the general operating fund of the City, and accounts for most City services and departments. The Street Fund, the Museum Fund, and the Landfill Fund also finance municipal services.

PROPERTY TAXES

The subject of property taxes is of interest to most citizens. In the State of Nebraska, the authority to levy property taxes has been granted by the Legislature to numerous governmental subdivisions. Persons who own property in the City of Hastings pay taxes to the taxing subdivisions listed on the following page:

- Hastings Public Schools (School District 18) or Adams Central 90
- City of Hastings
- Adams County
- Central Community College
- Little Blue Natural Resources District
- Educational Service Unit Number 9
- Community Redevelopment Authority
- Adams County Agricultural Society

There are four factors that affect the amount of taxes that each property taxpayer pays. These factors are the **tax requirement** established by each taxing subdivision, the **tax rate** and the **total assessed valuation** of the taxing subdivision, and the **assessed valuation** of a property owner's property. The taxing subdivisions listed above have different geographic boundaries, so the total assessed valuation of each taxing subdivision varies.

Taxes are paid to the Adams County Treasurer, who distributes the taxes to each taxing subdivision based on the subdivision's tax rate. The tax rate for the City of Hastings for 2016-17 is \$0.449687/\$100 of assessed valuation. The following chart shows the City's property tax rate for the past 11 years. The tax rate for each taxing subdivision is computed by dividing the total property tax requirement for each taxing subdivision by the subdivision's assessed valuation.

CITY OF HASTINGS TAX RATES

Expressed as Cents/\$100 Value

<u>Year</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Tax Rate	.5111	.4728	.4728	.4728	.4728	.4728	.4728	.4562	.4562	.4562	.4496

HOW CITY PROPERTY TAXES ARE CALCULATED

The next section describes the several steps involved in calculating City property taxes. Property owners may wish to follow these steps to project their 2016 tax bills which are paid in 2017.

The calculation of property taxes involves multiple individuals and governmental entities. The actions performed by each are as follows:

1. The Adams County Assessor establishes a value for each parcel of property within the City. These values are summed to calculate the City's total assessed valuation. The total assessed valuation is certified to the City of Hastings. The 2016 total assessed valuation is \$1,244,060,617.
2. During the development of the Annual Budget for the City, the City Council determines the City's total tax requirement. This figure is approved with the adoption of the Budget and certified to the Adams County Treasurer. The 2016-2017 total tax requirement is \$5,594,382.
3. The City of Hastings tax rate is computed by dividing the total property tax requirement by the total assessed valuation. The tax rate is expressed in cents per \$100 of valuation. For 2016-2017, the tax rate computation is \$5,594,382 divided by \$1,244,060,617 and multiplied by 100, which equals .44968. This is the City's tax rate.
4. Property owners' tax bills are prepared by the County Treasurer for all taxing jurisdictions (city, county, schools, etc.) and combined into one property tax bill that is sent to the property owner. The City portion of the tax bill is computed by multiplying the assessed valuation of the individual property by the City tax rate. For a \$100,000 home, the computation would look like this:

$$\mathbf{\$100,000 \text{ (value of home)} \times .44968 \text{ (tax rate)} / 100 = \$449.68 \text{ (City taxes)}}$$

A homeowner's tax bill will be higher than this because it will also include the taxes for the other taxing jurisdictions; schools, county, etc. This computation calculates only the City portion of the tax bill. The total taxes that will appear on a property owner's tax statement reflect levies from the following governmental units at the levy rates shown on the next page. The table on the next page represents property owners that own property in the City of Hastings and are in the Hastings Public School System (District #18). (Properties located in the Adams Central School District have a levy of \$.719454, and not the District #18 levy.)

Adams County	\$.275985 per \$100 value
Agricultural Society	\$.01767 per \$100 value
Central Community College	\$.190224 per \$100 value
Educational Service Unit Number 9	\$.015000 per \$100 value
City of Hastings	\$.449687 per \$100 value
Community Redevelopment Authority	\$.026000 per \$100 value
Hastings Public Schools (School District 18)	\$ 1.342 per \$100 value
Little Blue Natural Resources District	\$.017706 per \$100 value
TOTAL	\$ 2.334272

Source: Adams County Clerk

Using the example of the \$100,000 house, the taxpayer's total tax bill would be \$2,334.27. Of this, the City will receive \$449.68 or 19.3%. (There are a very few residences that are located in the Upper Big Blue Resources District whose levy would vary slightly from the majority that are located in the Little Blue Resources District.) The next chart shows the total taxes requested by the City, for the years shown, and the distribution of the tax dollars for specific municipal purposes. These figures represent the total property tax requirement of the City of Hastings.

DISTRIBUTION OF CITY PROPERTY TAXES				
YEAR	GENERAL FUND	MUSEUM FUND	DEBT SERVICE	TOTAL
2005-06	\$2,520,000	\$751,065	\$1,302,000	\$4,573,065
2006-07	\$2,520,000	\$751,065	\$1,302,000	\$4,573,065
2007-08	\$2,520,000	\$751,065	\$1,302,000	\$4,573,065
2008-09	\$2,554,318	\$751,065	\$1,439,533	\$4,744,916
2009-10	\$2,554,318	\$751,065	\$1,668,138	\$4,973,521
2010-11	\$2,557,445	\$751,065	\$1,668,138	\$4,976,648
2011-12	\$2,672,643	\$751,065	\$1,668,138	\$5,091,846
2012-13	\$2,672,643	\$751,065	\$1,734,146	\$5,157,854
2013-14	\$2,567,644	\$751,065	\$1,751,397	\$5,070,106
2014-15	\$2,772,198	\$751,065	\$1,734,146	\$5,257,409
2015-16	\$2,954,385	\$806,640	\$1,734,146	\$5,495,171
2016-17	\$4,103,595	\$806,640	\$ 684,147	\$5,594,382

The assessed valuation of the City of Hastings is determined by the Adams County Assessor. This represents the sum of all the property values in the City. The Assessor establishes a value for each individual parcel of property within the City and adds up the individual property valuations to calculate the total assessed valuation for the City of Hastings. Assessed valuation is frequently called tax base.

Generally speaking, as tax base increases and grows through new residential, industrial, and commercial development, the tax rate decreases; if the increase in costs doesn't exceed the increase in property values. The following chart shows the City's assessed valuation for the past several years.

**CITY OF HASTINGS
ASSESSED VALUATION**

2005 - \$	863,631,605
2006 - \$	894,774,075
2007 - \$	967,300,310
2008 - \$	1,003,650,200
2009 - \$	1,052,004,980
2010 - \$	1,052,666,520
2011 - \$	1,077,033,045
2012 - \$	1,090,995,310
2013 - \$	1,111,290,035
2014 - \$	1,152,344,132
2015 - \$	1,204,458,000
2016 - \$	1,244,060,617

As the assessed valuation increases, the City's property tax base is broadened, allowing the property tax requirement to be spread over a larger base.

**FREQUENTLY ASKED QUESTIONS
ABOUT THE CITY BUDGET**

We, at City Hall, have compiled a list of questions that citizens frequently ask. If your question is not listed here, please call and we will provide the information to you.

Q. What is the largest single General Fund expense?

- A. The business of the City is providing municipal services; thus, employee salary and wages are the City's largest expense. The Police Department is the largest department in the General Fund in terms of number of employees (47) and total departmental budget (4,197,733).

Q. What does the City do with Wheel Tax money?

- A. Wheel Tax monies are deposited into the Street Fund of the City. Along with other Street Fund revenue sources, Wheel Tax funds are used for the operation and maintenance of the street system, which includes paying salaries for Street Department employees and purchasing materials for street patching, filling potholes, right-of-way mowing, snow removal, maintaining curbs and storm drains, cleaning and sweeping streets and municipal parking lots, traffic lights, signs and signals.

Q. What happens to the money the City gets from Keno?

- A. The City's share of Keno proceeds is deposited into the Keno Community Betterment Fund. Keno is an unpredictable source of revenue, and therefore, the City Council has chosen to save and accumulate the Keno proceeds during the current year, and authorize expenditure of the Keno proceeds that were generated the previous year. By spending one year "in arrears", the Council can be assured that there will be sufficient Keno proceeds to cover the expenses approved.

Items that will be purchased using Keno Funds in this year's budget include:

Department	Expenditure	Amount
Parks	Field 7 Scoreboard	\$ 13,000
	Field 8 Scoreboard	\$ 5,000
Recreation	Volleyball Net System	\$ 2,600
Fire	3 Desktop Computers	\$ 7,500
	AWD Response Vehicle	\$ 42,000
Police	Interceptor SUVs	\$100,000
Museum	3 Front Desk Computers	\$ 3,980
Development Services	Electrical Pickup	\$ 30,000
Unallocated		<u>\$ 61,920</u>
TOTAL		\$266,000

Total budget recommended including a \$170,000 reserve for Community Betterment is \$522,800.

Q. How does this budget compare to last year's

- A. The total adopted budget for 2016-17 is \$51,560,205 as compared to \$49,413,552 for the previous year's amended budget. A comparison of individual funds is shown on the chart on the next page.

Fund	2015-2016	2016-2017
General Fund	\$19,923,564	\$21,581,007
Street Fund	\$3,563,849	\$4,137,534
Museum Fund	\$1,484,045	\$1,504,915
Community Development Fund	\$1,015,104	\$1,032,000
Self-Insured Health Fund	\$4,150,000	\$4,183,900
Public Safety Grant Fund	\$225,500	\$455,000
Aquatic Center Fund	\$1,022,000	\$1,012,514
Pioneer Spirit Trail Phase III	\$0	\$0
Various Purpose	\$3,143,094	\$694,500
Special Assessments	\$500,000	\$290,000
Landfill	\$5,360,792	\$5,593,624
Cemetery Perpetual Care Fund	\$55,062	\$77,062
Business Improvement District	\$61,875	\$113,800
NE Wireless 911	\$147,000	\$147,000
Keno Community Betterment Fund	\$600,800	\$522,800
Library Grant Fund	\$205,000	\$205,000
Natural Disaster Fund	\$83,519	\$64,919
Diversion Fund	\$52,800	\$54,438
Economic Development Revolving Loan Fund	\$287,474	\$368,793
Park Grant Fund	\$145,000	\$140,000
BAN/Street Construction	\$2,718,250	\$2,851,000
Police Equipment Sinking Fund	\$609,864	\$612,164
South Landfill Cap Fund	\$44,885	\$31,908
Street Sales Tax	\$1,789,075	\$1,711,010
Park Sales Tax	\$575,000	\$400,000
Library Sales Tax	\$1,435,000	\$3,675,317
CANDO Fund	\$215,000	\$100,000

Q. Where in the budget can I find the Lied Super Screen Theatre ticket money, and what does the City do with this money?

- A. Proceeds from Lied Super Screen Theatre ticket sales and admission charges to the Hastings Museum are a revenue source to the Museum Fund. Both of these revenue sources provide operating capital to the Museum Fund, which is used to cover costs associated with the Museum and Lied Super Screen Theatre such as salaries, utilities, supplies, maintenance, film rental and royalties, and repayment of loans incurred for start-up costs not covered by the donations made during the fund drive. Property taxes are also used to support the Hastings Museum.

Q. What is the City's bonded debt, and where does the City get the money to make debt payments?

- A. Funding for the City's Debt Service is provided from property taxes and from special assessment payments for water, sewer, and/or paving projects that were constructed by the City.

The following table shows the City's bonded debt as of October 1, 2016, the beginning of the 2016-2017 Fiscal Year.

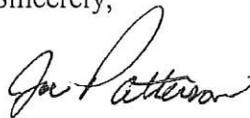
Bond Issue	Original Principal Amount	Outstanding Principal Amount
2013 Refunding Bonds	\$ 1,000,000	\$ 600,000
2013B Refunding Bonds	\$ 1,500,000	\$ 1,300,000
2013 Highway Allocation Bonds	\$ 700,000	\$ 450,000
Total	\$ 3,200,000	\$ 2,350,000

Source: City Treasurer

ADDITIONAL INFORMATION

I hope this information was helpful to your understanding of the budget process and the budget document. Your comments and feedback are welcome and encouraged. To share your views or to obtain additional information, please do not hesitate to contact me. I can be reached by phone at (402) 461-2309, or by e-mail at jpatterson@cityofhastings.org. I invite you to learn more about the City of Hastings by visiting our website at www.cityofhastings.org. As always, I welcome any suggestions or concerns you may have.

Sincerely,



Joe Patterson
City Administrator