

Budget Overview — FY16

Recommended budget to be reviewed during City Council budget work sessions on July 20 & 21, 2015.

The City of La Vista

is dedicated to providing
exceptional municipal services
with the highest level of integrity,
professionalism and excellence

A

ACCOUNTABILITY

We will be responsible for our decisions and actions as stewards of the financial, informational, physical, environmental, and human resources entrusted to us.



INTEGRITY

We will maintain high ethical standards in our personal and professional conduct.

P

PUBLIC SERVICE

We are committed to providing high quality public service to the citizens through communication, teamwork, professionalism, dedication to duty, courtesy and respect

Introduction

July 11, 2015

The Honorable Mayor, City Council and Citizens of La Vista,

I am pleased to present the recommended budget for FY16 which represents the City's operating plan for the fiscal year beginning on October 1, 2015 and ending on September 30, 2016. This budget identifies a spending plan that provides for core services and addresses the City Council's Strategic Plan and Goals.

- Pursue revitalization of the 84th Street corridor & other economic development opportunities
- Provide for planned, fiscally responsible expansion of the City's boundaries
- Maintain quality of older residential neighborhoods
- Enhance La Vista's identity and raise awareness of the City's many qualities
- Improve and expand the City's quality of life amenities for residents and visitors
- Pursue action that enables the City to be more proactive on legislative issues & other areas of common interest
- Adopt and implement standards of excellence for the administration of City services
- Insure efficient, effective investment in technology to enhance service delivery

Despite the challenging economic environment over the past few years, the City has been able to weather the economic recession through the appropriate use of accumulated fund balance and reasonable expenditure controls. While it is anticipated that continued improvements in the overall economy will stabilize and invigorate financial markets, the recommended budget provides a disciplined service delivery plan that reflects community expectations aligned within existing financial realities.

Similar to prior years, the budget is planned to meet the existing and emerging needs of the City. There are no significant new programs being proposed or substantial changes in the City's financial approach. The proposed budget communicates staff ideas on how best to allocate the City's resources in order to most effectively serve the residents and businesses of La Vista.

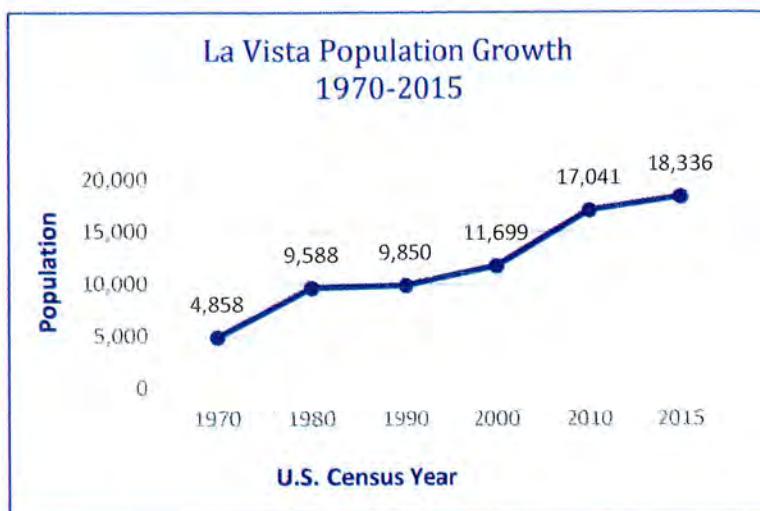
We have taken a strategic approach to balancing the need to deliver essential services to a growing community while facilitating new opportunities. We remain committed to scrutinizing funding requests for new programs, positions, projects and equipment and will continue to develop a culture of continuous improvement and innovation in order to provide as much taxpayer value as possible.

In addition to conforming to City Council priorities, the proposed budget maintains a stable property tax levy, continues to focus on providing quality services and maintaining an acceptable reserve level in the foreseeable future.

About La Vista

As seen on the table and graph below, since 2000 the City of La Vista has experienced nearly a 54% growth in population, providing municipal services to approximately 18,336 residents as a result of annexations and new development. During this same period the City platted over 900 residential acres, 280 acres of commercial and 800 acres of industrial ground. As a rapidly growing City in the highest growth area of the State, La Vista continues to face the challenges of such rapid growth and the desire to provide high quality and efficient public services.

Population Growth 1970-2015		
Year	Population	Growth Rate
1970	4,858	
1980	9,588	97%
1990	9,850	3%
2000	11,699	19%
2010	17,041	46%
2015	18,336	8%



Long-Range Financial Forecast

The purpose of preparing a long-range financial forecast is to identify financial trends, shortfalls and issues so the City can be in a position to proactively address them. By providing a forward-looking view of the budget, the governing body and staff are able to evaluate the long-term sustainability of each fund. It also provides a starting point for future decision-making regarding the balance between potential spending needs and the projected revenue outlook.

The long-range financial forecast is not intended as a budget or as a proposed plan, as the City Council is only asked to approve the FY16 budget. Rather, it sets the stage for the budget process and assists in establishing priorities, allocating resources appropriately and facilitating long-term solutions over short-run fixes.

As noted in prior years, this continues to be challenging as there are so many uncertainties, including current economic conditions, unknown State economic development incentives, commodity prices, property values, ongoing property vacancies, the rate at which growth will continue and the impact of new development.

Key Assumptions

The projections made as a part of the Long-Range Financial Forecast reflect numerous assumptions related to revenues and expenditures in FY16 and beyond. These assumptions are a reasonable starting point for estimating the long-term status of the various funds, however as we project out further in time the assumptions become broader as we have less certainty.

Regardless, the long range projections serve an essential purpose in identifying potential issues and trends to allow time for thoughtful and strategic responses. All projections included in this document are preliminary based on data available in May 2015.

The General Fund, Debt Service Fund, Lottery Fund and Sewer Fund are a primary focus in preparing the annual budget. Combined they represent more than 63% of the projected FY16 expenditures.

Key points of consideration since the previous budget cycle include:

- Property valuation increased by 4.86%
- Positive financial results for FY14 (*GF cash balance increased by \$177,423*) and FY15 year-end estimates project revenues to exceed the FY15 budget and expenditures to be less than amounts budgeted.
- Sales & Use Tax collections remain strong. While it is anticipated that the City will continue to face challenges related to the privately negotiated State economic development incentive refunds, we continue to improve our process of anticipating refund claims, reserving funds for future claims and setting aside funds in anticipation of claims from prior years.
- Full year of changes resulting from the reorganization plan.
- Implementation of new $\frac{1}{2}$ cent Sales & Use Tax to facilitate the redevelopment of 84th Street.

As a result of the current financial outlook the recommended FY16 budget:

- Maintains a constant property tax levy (which has been held at .55 for the past four years.)
- Shifts property tax levy from General Fund to Debt Service.
 - ◆ **General Fund** Current (.49) Recommended (.41)
 - ◆ **Debt Service Fund** Current (.06) Recommended (.14)
- Identifies reserve strategy for economic development incentives offered by the State
- Maintains appropriate reserve levels in the General Fund and Sewer Fund.
- Continues to focus on providing quality city services.
- Does not add any new full time positions.
- Recommends strategies for redevelopment of 84th Street.

Revenue Outlook

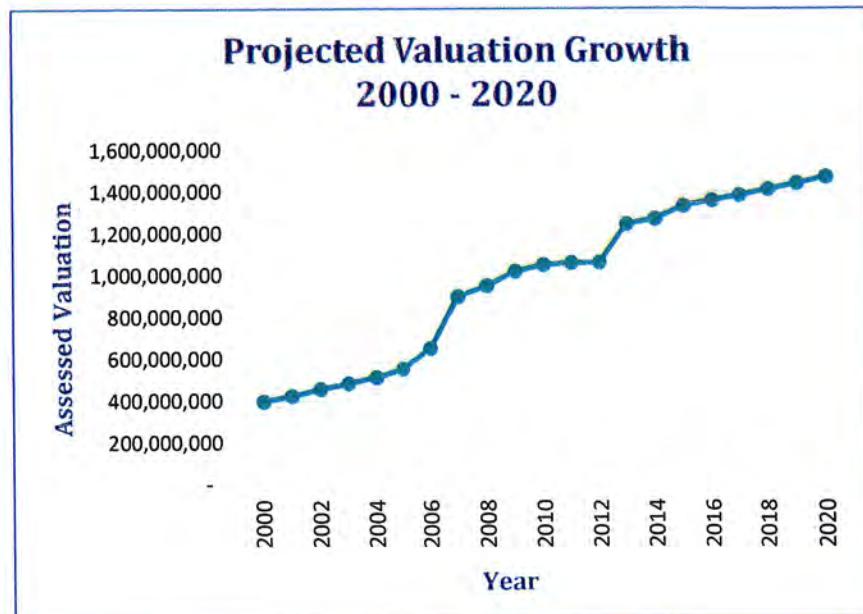
In developing the revenue forecast, special attention was given to assessed valuation (property tax), sales tax, hotel occupation tax and gross revenue tax (occupation taxes & franchise fees). Other revenues include licenses & permits, charges for services and other miscellaneous income from various funding sources which have been projected based on history and anticipated growth from development. The calculations in this forecast and analysis of results obtained are based on the following assumptions:

Assessed Valuation

Continued improvement in the overall economy appears to be evidenced via increasing property values. While the City's assessed valuation has averaged about 4.7% annual growth over the past five years, if 2013 is excluded (the year the annexation of SID 59 took effect), the average annual valuation growth rate was 1.5%. Based on preliminary information provided by the Sarpy County Assessor's office, the growth in valuation for FY16 is projected at approximately 4.86% to \$1,330,760,959. The growth of the City's tax base is positive despite several vacant commercial properties, especially in the 84th Street corridor and home values that are regaining momentum as a result of the recent economic crisis.

The following chart shows both the City's growth in valuation since 2000 and projected growth to 2020. For long range planning purposes, valuations are projected to remain fairly static. While it is anticipated that the property valuation will actually increase at a higher rate as the buildup of Southport and other areas within the corporate limits occur, there are still uncertainties and we don't want to be overly optimistic.

Valuation Growth		
Year	Growth Rate	Assessed Valuation
2000	18.03%	396,504,904
2001	6.85%	423,659,368
2002	7.45%	455,212,777
2003	6.09%	482,934,886
2004	5.99%	511,881,414
2005	8.25%	554,102,089
2006	17.61%	651,690,883
2007	37.77%	897,837,113
2008	5.88%	950,626,037
2009	7.19%	1,018,941,739
2010	3.04%	1,049,942,564
2011	0.89%	1,059,337,658
2012	0.10%	1,060,374,615
2013	17.31%	1,243,966,760
2014	2.02%	1,269,085,286
2015	4.86%	1,330,760,959
2016	2.00%	1,357,376,178
2017	2.00%	1,384,523,702
2018	2.00%	1,412,214,176
2019	2.00%	1,440,458,459
2020	2.00%	1,469,267,628



Property Tax

The City maintains two taxing funds: the General Fund and the Debt Service Fund. Real estate property taxes account for approximately 43% of the General Fund revenues and 39.7% of the Debt Service Fund. Property tax revenues have been relatively flat with modest increases occurring as a result of annexation. Over the past four years the City levy has not changed and assessed valuation has not materially grown. Assessed valuation growth of 4.86% is expected to contribute to an increase in revenues in FY16.

The following table shows the budget property tax revenue collection from FY07 — FY16 and related revenue distribution. The second table shows anticipated property tax projections during the forecast period.

Budgeted Property Tax Revenue Collection

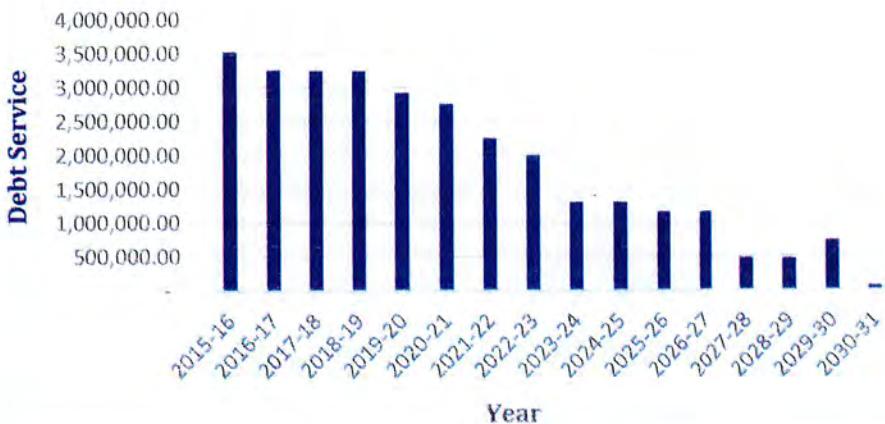
Fiscal Year	Assessed Valuation	Total					
		Tax Levy	General Fund	Debt Service	Total Tax Revenue	General Fund	Debt Service
FY07	651,690,883	\$0.50	\$0.48	\$0.02	\$ 3,248,255	\$ 3,117,917	\$ 130,338
FY08	897,837,113	\$0.52	\$0.44	\$0.08	\$ 4,700,177	\$ 3,981,908	\$ 718,270
FY09	950,626,037	\$0.52	\$0.44	\$0.08	\$ 4,976,527	\$ 4,216,026	\$ 760,501
FY10	1,018,941,739	\$0.52	\$0.44	\$0.08	\$ 5,334,160	\$ 4,519,007	\$ 815,153
FY11	1,049,942,564	\$0.52	\$0.47	\$0.05	\$ 5,496,449	\$ 4,971,478	\$ 524,971
FY12	1,059,337,658	\$0.55	\$0.50	\$0.05	\$ 5,826,357	\$ 5,296,688	\$ 529,669
FY13	1,060,374,615	\$0.55	\$0.49	\$0.06	\$ 5,832,060	\$ 5,195,836	\$ 636,225
FY14	1,243,966,760	\$0.55	\$0.49	\$0.06	\$ 6,841,817	\$ 6,095,437	\$ 746,380
FY15	1,269,085,286	\$0.55	\$0.49	\$0.06	\$ 6,979,969	\$ 6,218,518	\$ 761,451
FY16	1,330,760,959	\$0.55	\$0.41	\$0.14	\$ 7,319,185	\$ 5,456,120	\$ 1,863,065

Property Tax Projections

Fiscal Year	Assessed Valuation	Total					
		Tax Levy	General Fund	Debt Service	Total Tax Revenue	General Fund	Debt Service
FY15	1,269,085,286	\$ 0.55	\$ 0.49	\$ 0.06	6,979,969	6,218,518	761,451
FY16	1,330,760,959	\$ 0.55	\$ 0.41	\$ 0.14	7,319,185	5,456,120	1,863,065
FY17	1,357,376,178	\$ 0.55	\$ 0.41	\$ 0.14	7,465,569	5,565,242	1,900,327
FY18	1,384,523,702	\$ 0.55	\$ 0.41	\$ 0.14	7,614,880	5,676,547	1,938,333
FY19	1,412,214,176	\$ 0.55	\$ 0.41	\$ 0.14	7,767,178	5,790,078	1,977,100
FY20	1,440,458,459	\$ 0.55	\$ 0.41	\$ 0.14	7,922,522	5,905,880	2,016,642

The following chart highlights the City's current debt load in the Debt Service Fund. The table that follows shows the budget for projected debt service and the property and sales tax funds necessary to support it. The recommended FY16 budget proposes to redistribute the property tax levy to put more money towards Debt Service. A total tax levy of .55 is recommended with .41 going to the General Fund and .14 to Debt Service. If we are able to sustain this funding level it is anticipated that by FY18 the dedicated property tax and sales tax could exceed current debt service payments.

Debt Service Summary 2016-2031



Debt Service Revenue & Expenditure Projections

Fiscal Year	Debt Service Tax Rate Projections	Projected		Total	
		Property Revenue	Sales Tax	Property & Sales Tax Revenue	Principal & Interest Payments
FY15	0.06	\$761,451	\$1,788,446	\$2,549,897	\$3,443,531
FY16	0.14	\$1,863,065	\$1,725,000	\$3,588,065	\$3,708,134
FY17	0.14	\$1,900,327	\$2,009,500	\$3,909,827	\$4,102,922
FY18	0.14	\$1,938,333	\$2,049,690	\$3,988,023	\$3,757,455
FY19	0.14	\$1,977,100	\$2,090,639	\$4,067,739	\$4,063,424
FY20	0.14	\$2,016,642	\$2,132,497	\$4,149,139	\$3,747,464

Capital Improvement Program projects continue to be reviewed and evaluated based on potential impact to property tax requirements. The revenue generated by one cent of property tax in FY16 is \$ 133,076. Property taxes are calculated by multiplying the assessed valuation by the tax rate and dividing by 100. The following illustration shows the calculation of City tax liability for a home with an assessed valuation of \$200,000.



Tax Value Illustration

Based on a home valued at \$200,000

To determine City tax liability:
for general **City services**, multiply

assessed valuation by tax rate & divide by 100.
 $(\$200,000 \times .55)/100 = \$1,100$

Total City Tax Liability = \$1,100

To determine monthly expense for City services
divide tax liability by 12 months

$\$1,100/12 = \91.67

Monthly Expense for City services = \$91.67

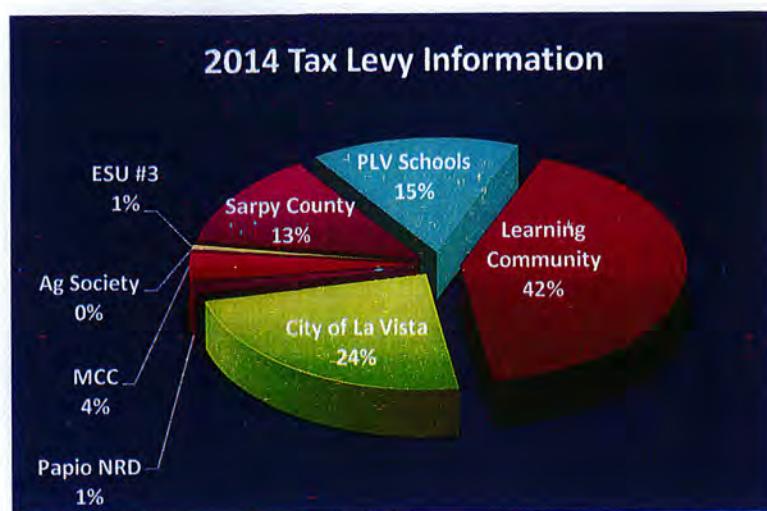
Value of Your La Vista Dollar

The following list represents a sample of the City services provided for the \$91.67 per month.

Animal Control	Fire (Protection/Prevention/Safety)	Road Maintenance
Building Inspection	Government Administration	Special Services Transportation
Community Activities	New Road Construction	Sidewalk Repair
Community Center	Police Protection	Snow Removal
Community Development	Public Library	Street Lighting
Community Newsletter	Public Parks	Traffic Control
Community Standards	Public Swimming Pool	
Debt Service	Recreation Programs	

As identified on the table and chart below, the City's tax rate of .55 per \$100 of assessed valuation represents 24% of a La Vista property owner's current tax bill.

2014 LA VISTA TAX LEVY INFORMATION		
1	COUNTY LEVY	0.2999
127	PAP/LV SCHOOL	0.118861
185	SCHL DIST 27 BOND 3	0.112456
186	SCHL DIST 27 BOND 4	0.059558
187	SCHL DIST 27 BOND 5	0.062234
199	LEARN COMM-GENERAL	0.95
202	ELEM LEARN COM	0.01
425	LAVISTA CITY	0.49
426	LAVISTA CITY BOND	0.06
501	PAPIO NRD	0.024526
502	PAPIO NRD BOND	0.008227
801	METRO COMM COLL	0.095
901	AGRICULTURAL SOCIETY	0.002241
1003	ED SERVICE UNIT 3	0.015
	Total Levy	2.308003



Sales & Use Tax

Budgeting for sales and use tax revenue to be challenging as a result of the lack of transparency in the State of Nebraska's economic development incentive refund programs. For example, in FY15 the budgeted sales tax for all funds (*General, Debt, & Redevelopment*) was \$4.8M. The year-end estimate is \$6,076,384, or 26.6% higher than the budget. The budget was extremely conservative because in FY14 the City was unexpectedly hit with \$2.46M in sales tax refunds and subsequently went five months without receiving a sales tax payment.

The FY16 budget anticipates \$683,549 in refunds based on year-to-date letters from the Nebraska Department of Revenue. The projected refund amount in FY17 is \$1.56M based on current letters from the Department of Revenue. These are not final numbers as there may be other refunds that they aren't obligated to make us aware of.

We have been reserving funds to make ourselves whole in years that we anticipate that there will be months in which we don't receive sales tax and we continue to refine our efforts to plan for and mitigate the impact of such significant occurrences. We believe that one of the primary indicators is the consumer use tax and have determined that consumer use tax receipts in excess of \$20,000 should be allocated to a reserve. We are also setting aside additional funds to try to make up for not having established a reserve many years ago.

What is consumer use tax? Unlike a sales tax which is imposed on gross receipts at the time of sale, a consumer's use tax is imposed "after" the sale has taken place only on goods and services that have not been subjected to sales tax. In most cases these purchases are made from an out-of-state supplier not collecting Nebraska taxes. The consumer use tax is charged at the same rate and for same transactions as sales tax.

The exhibit below identifies a sales tax reserve strategy for future sales tax rebates.

Sales Tax Incentive Reserve					
		General Fund	Debt Service Fund	Redevelopment Fund	Total
FY2015	9/30/2015	990,725	495,363	495,363	1,981,451
Use of Reserve for Refunds					
		(341,775)	(170,887)	(170,887)	(683,549)
Additional Reserve					
		600,000	300,000	300,000	1,200,000
FY2016	9/30/2016	1,248,950	624,476	624,476	2,497,902
Use of Reserve for Refunds					
		(782,104)	(391,052)	(391,052)	(1,564,208)
Additional Reserve					
		600,000	300,000	300,000	1,200,000
FY2017	9/30/2017	1,066,846	533,424	533,424	2,133,694
Use of Reserve for Refunds					
		(600,000)	(300,000)	(300,000)	(1,200,000)
Additional Reserve					
		600,000	300,000	300,000	1,200,000
FY2018	9/30/2018	1,066,846	533,424	533,424	2,133,694
Use of Reserve for Refunds					
		(600,000)	(300,000)	(300,000)	(1,200,000)
Additional Reserve					
		600,000	300,000	300,000	1,200,000
FY2019	9/30/2019	1,066,846	533,424	533,424	2,133,694
Use of Reserve for Refunds					
		(600,000)	(300,000)	(300,000)	(1,200,000)
Additional Reserve					
		600,000	300,000	300,000	1,200,000
FY2020	9/30/2020	1,066,846	533,424	533,424	2,133,694

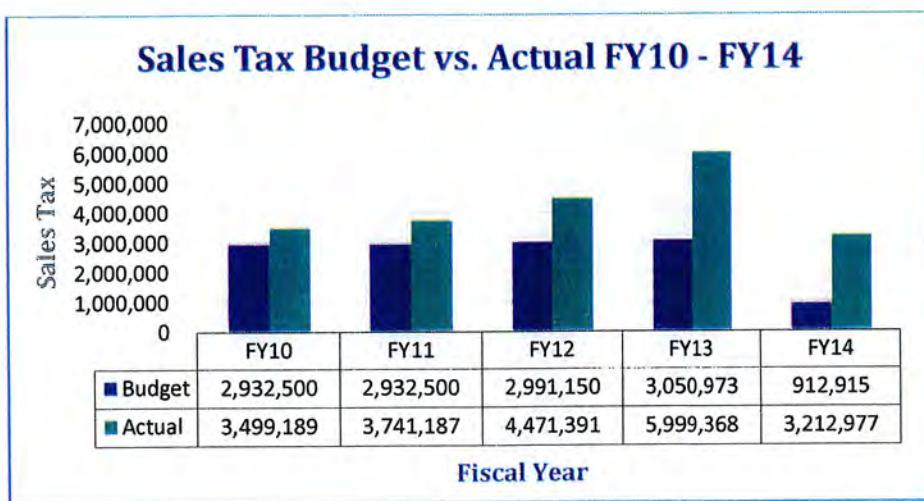
On October 1, 2014, the City began collecting an additional ½ of 1 percent (.5) sales tax for the redevelopment of 84th Street. This is a result of the May 2014 ballot initiative overwhelmingly passed by voters. This brought the City's total sales tax rate to 2%.

Sales tax growth for the duration of the forecast period is projected in the table below. We continue to be optimistic and believe that sales tax revenues will increase as the economy improves. Our projections take into account anticipated new business growth and 2% annual increases.

Sales Tax Projections					
Fiscal Year	Increase	General Fund (1.5%)	Debt Service (.5%)	Redevelopment (.5%)	Total Receipts
*FY15		\$2,816,000	\$1,788,446	\$1,471,938	\$6,076,384
FY16	13.55%	\$3,450,000	\$1,725,000	\$1,725,000	\$6,900,000
FY17	16.49%	\$4,019,000	\$2,009,500	\$2,009,500	\$8,038,000
FY18	2.00%	\$4,099,380	\$2,049,690	\$2,049,690	\$8,198,760
FY19	2.00%	\$4,181,368	\$2,090,684	\$2,090,684	\$8,362,736
FY20	2.00%	\$4,264,995	\$2,132,497	\$2,132,467	\$8,529,959

* Year-end estimate
 * Redevelopment FY15 1/2 cent effective October, received December

As evidenced in the chart below, over the past five years the City's sales tax revenues have exceeded the budget considerably.

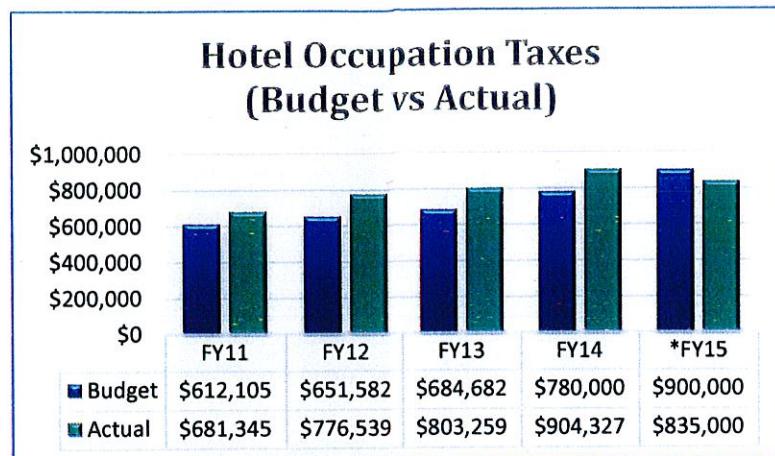


Hotel Occupancy Tax

The City of La Vista has taken pride in having three top notch hotels including a JQH Embassy Suites, a JQH Marriott Courtyard and Hampton Inn to total 623 rooms. In the spring of 2015, My Place opened a 64 room extended stay hotel and plans are underway for a 72 room Comfort Inn & Suites. The City's Hotel Occupancy tax rate is 5% per room, per night.

The year-end estimate for FY15 is slightly less than the budgeted amount of \$875,000 which is based on receipts through May, 2015. It is possible that we will make budget given that some of the busiest months are ahead. There continue to be new hotels built in the metro area, thus increasing competition. Despite the competition the projected hotel occupancy tax revenues are expected to continue to increase because of new hotels and more activity in the City.

Hotel Occupation Tax Revenue		
Fiscal Year	Budget	Actual
FY10	\$474,407	\$637,686
FY11	\$612,105	\$681,345
FY12	\$651,582	\$776,539
FY13	\$684,682	\$803,259
FY14	\$780,000	\$904,327
*FY15	\$900,000	\$835,000
FY16	\$900,000	
FY17	\$945,000	
FY18	\$992,250	
FY19	\$1,041,863	
FY20	\$1,093,956	

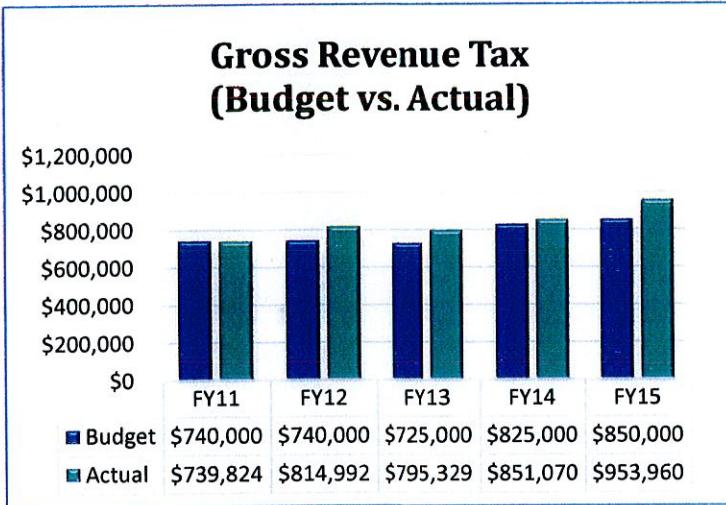


*estimate

Gross Revenue Tax

Another critical source of revenue for the City is the Gross Revenue Tax. The Gross Revenue Tax includes Franchise Fees and Occupation Taxes (*excluding Hotel Occupation Tax*) which are established by Franchise Agreements and the Master Fee Ordinance. The budgeted amount for the current FY15 is \$925,000 and the year-end estimate is \$915,000. As a result, the recommended budget for FY16 is \$920,000. This revenue source must continue to be monitored as the legislature reviews it from time to time and contemplated changes could have significant impact. The projections for this revenue source are conservatively estimated at 4% annually.

Gross Revenue Tax		
Fiscal Year	Budget	Actual
FY09	\$585,000	\$800,700
FY10	\$740,000	\$739,824
FY11	\$740,000	\$814,992
FY12	\$725,000	\$795,329
FY13	\$825,000	\$851,070
FY14	\$850,000	\$953,960
*FY15	\$925,000	\$915,000
FY16	\$920,000	
FY17	\$956,800	
FY18	\$955,072	
FY19	\$1,034,875	
FY20	\$1,076,270	



*estimate

Future Expenditures

The projections prepared for future expenditures take into account that future economic prosperity is not a given and we continue to base our budget estimates on maintaining the best possible services at the least possible cost. Assumptions about pay increases, utility rates, and funding priorities will change as the Mayor and Council establish their budget plans each year. Consequently, the estimates incorporated herein represent projections and should not be viewed as an official or proposed spending plan for any other year than FY16.

Assumptions

- A projected salary increase of 2.5% is included for all employees in each year FY17 —FY20.
- Salary increases of 2.75% for FY17 and 3.75% for FY18 as contained within the current contract with the La Vista Fraternal Order of Police.
- Funding for health benefits is projected to increase by 6% annually for years FY17—FY20
- Operating budgets reflect 2.5% increases in years FY17—FY20
- Capital expenditures in the General Fund are projected at \$400,000 annually in years FY17—FY20
- FY17 anticipates complete repayment of JQH Economic Development Program loan
- Closing the swimming pool in FY19
- Closing the golf course in FY17 to begin initial construction of Civic Park.

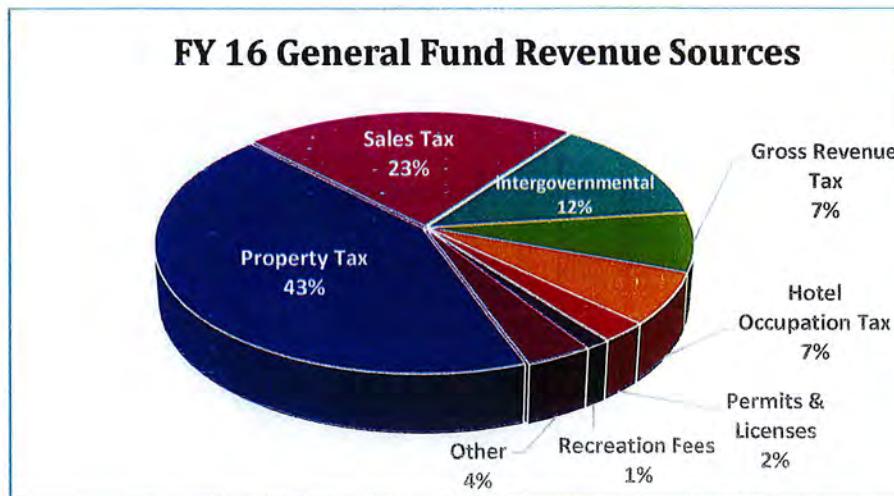
General Fund Revenues

In FY16, total General Fund revenues are projected to be \$12,964,231 (including grants of \$240,917) as compared to the \$12,878,251 in revenues estimated to be received in FY15 which exceeds the budget by \$505,344. The primary reason for higher than budgeted revenues in FY15 is the result of receiving considerably more sales tax revenue than originally budgeted.

Property tax (*including Real Estate taxes, Back Year taxes, Homestead Exemption, Motor Vehicle Taxes & Real Estate Tax Credit*), accounts for 43% of the General Fund revenue. Other significant General Fund revenues include: Sales Tax, Intergovernmental allocations, Hotel Occupation Tax and Gross Revenue Tax. The total of real estate property taxes projected in the General Fund is \$5,976,120 for FY16 based on \$1,330,760,959 in assessed valuation. A .41 cent General Fund property tax levy is being recommended. (*A more accurate estimate of the property tax required will be known after the City receives the final assessed valuation figures from the County Assessor on or around August 20, 2015*).

The General Fund Source of Funds Summary below highlights the recent revenue trends.

General Fund Source of Revenue Summary				
	2013 Actual	2014 Actual	2015 YEE	FY16 Recommended
Beginning Balance	\$5,030,719	\$7,692,421	\$7,869,844	\$6,811,230
Revenues				
Property Tax	5,574,256	6,437,053	6,845,518	5,976,120
Sales Tax	3,999,579	2,145,478	2,816,000	3,108,225
Payment in lieu of taxes	210,273	249,676	275,000	275,000
State Revenue	1,331,203	1,495,675	1,550,300	1,513,300
Occupation & Franchise tax	945,136	1,072,483	1,035,000	1,030,000
Hotel Occupation Tax	803,259	904,327	835,000	900,000
Permits & Licenses	399,154	419,217	371,000	341,300
Interest Income	15,506	17,095	15,381	12,466
Recreation Fees	165,586	157,325	156,100	156,100
Special Services	22,885	22,790	21,900	22,500
Grant Income	185,584	181,167	58,500	240,917
Transfers	52,978	(872,535)	(1,298,582)	(852,562)
Other	290,935	378,452	197,135	240,865
Operating Revenues	13,996,334	12,608,203	12,878,252	12,964,231
Total Available Resources	19,027,053	20,300,624	20,748,096	19,775,461



General Fund Expenditures

Maintaining existing services continues to be a priority in the year ahead. Providing support for the personnel who deliver the services the community expects comprises the majority of the City's operating budget.

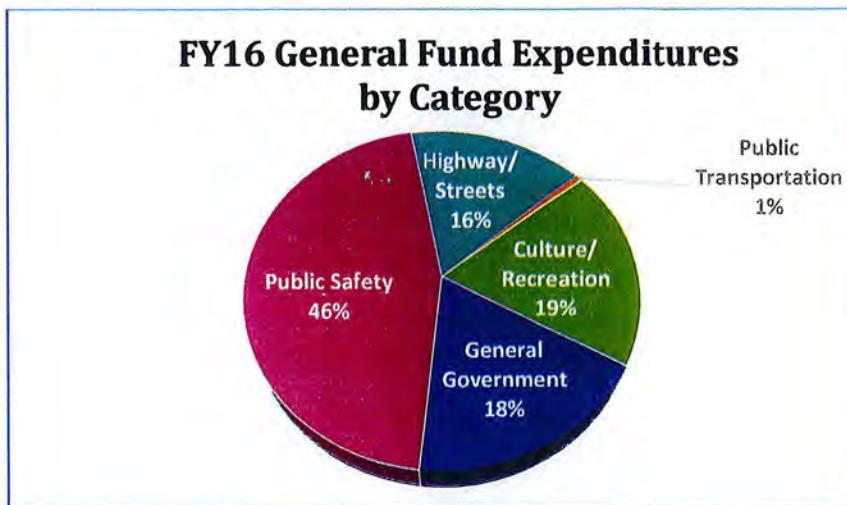
The General Fund expense forecast (FY17—FY20) is based upon 2.5% annual growth in personnel costs, 6% increase in health & dental insurance and 2.5% increase in operations. (*Personnel costs, including insurance have averaged about 4.1% over the past several years*).

The base budget represents the cost of maintaining the level of service to residents that is currently being offered. Wages and benefits are set and operating expenditures have to adapt to the budget. The departments were given a base budget from which to prepare their budget and were advised to request additional funding for increases that their base budgets would not accommodate. The additional requests represent proposed new personnel, programs, service enhancements, projects and equipment purchases.

The recommended FY16 General Fund budgeted operating expenditures are about a 3.8% increase over FY15.

Transfers to the Economic Development Program (EDP), Off-Street Parking (OSP) and Capital Improvement Program Funds amount to \$1,265,000. Historically, General Fund budgets have shown actual operational savings at the end of the year. The FY15 year-end-estimate projects a savings of approximately \$129,000 in operations and capital expenditures.

The growth in General Fund expenditures has averaged about 3.9% over the past five years. As you can see in the chart below, Public Safety (Police, Fire & EMS, Animal Control and Community Development) requires the most significant expenditures (46%). This is followed by Culture/Recreation (Parks, Recreation, Library, Sports Complex and Pool) at 19%, General Government (Mayor & Council, Boards & Commissions, Administration, Administrative Services and Human Resources) at 18%, Public Works at 16%, and Public Transportation at 1%.



General Fund Expenditure Summary by Department					
Total Expenditures Including Capital	FY14 Actual	FY15 Budget	FY15 YEE	FY16 Recommended	FY15-17 Budget Change
*Administrative Services	121,012	538,333	525,916	590,974	9.8%
Mayor and Council	114,518	179,722	220,089	191,343	6.5%
Boards and Commissions	10,714	8,882	8,882	9,160	3.1%
Building Maintenance	509,804	515,368	511,493	510,328	-1.0%
*Administration	758,569	484,557	465,126	500,043	3.2%
Police	3,926,993	4,279,306	4,222,540	4,439,186	3.7%
Animal Control	47,191	49,900	49,400	51,750	3.7%
Fire	1,153,319	1,530,297	1,580,722	1,599,155	4.5%
Community Development	551,168	574,868	541,579	598,448	4.1%
Street Administration	216,264	227,727	227,727	241,129	5.9%
Street Operating	1,982,271	2,115,986	2,060,923	2,152,947	1.7%
Parks	859,096	856,604	788,389	920,402	7.4%
Recreation	528,029	542,907	542,907	549,198	1.2%
Sports Complex	309,851	434,050	423,062	462,318	6.5%
Library	701,316	736,275	739,264	764,084	3.8%
Information Technology	0	204200	196700	208,485	2.1%
Swimming Pool	104,370	119,248	119,248	121,147	1.6%
Human Resources	461,713	562,675	619,007	681,497	21.1%
Public Transportation	5,621	5200	5,400	5,400	3.8%
Special Services Bus	68,960	99,742	88,492	89,277	-10.5%
Total Expenditures	12,430,779	14,065,847	13,936,866	14,686,271	4.4%

* Split Administrative Services from Administration in FY15 and for FY14 Year-end estimate

Cash Reserve

One of the objectives of the long-range financial forecast is to maintain an acceptable reserve level. Ideally it is recommended that the municipal budget maintain a General Fund cash reserve of 20-25%. The recommended FY16 budget maintains a cash reserve of 36% and subsequent projections generally fall within the desired reserve range until the end of the forecast period which is typical because the estimates are much broader.

PERSONNEL

In the recommended General Fund budget, payroll costs cover 99 full-time positions as well as 28.32 full-time equivalent positions (FTEs) and .25 FTE intern positions.

- A base factor of 2.5% is being recommended for the PFP compensation system which covers all employees not a part of a collective bargaining agreement. This recommendation is based on market conditions.
- The proposed budget anticipates a 6% increase in health insurance premiums. In January 2014 the City implemented a new approach to health insurance delivery by purchasing a high deductible plan (lowering the City's premiums) and self-insuring the portion between the higher deductible and the deductible offered to employees. The intent is to utilize the premium savings to fund the difference and begin to build a reserve, with an ultimate goal of setting aside enough funding from premium savings to offset the City's entire potential

liability and provide additional flexibility regarding health insurance options. During the first year of implementation a savings of over \$17,000 was realized.

- Currently, all employees who elect to participate in the City's group health/dental insurance pay a portion of the premium. Specifically, employees who elect single coverage pay 10% of the cost of that premium. Current year costs for an employee with single health and dental coverage are: City pays \$6,134 to United Health Care and Standard plus the difference between the employee deductible and the health plan deductible for any employee who meets their deductible. The employee pays \$778. The total single coverage cost is \$6,912.
- Employees who elect any tier of benefit other than single coverage pay 20% of the cost of that premium. Current year costs for an employee with family health and dental coverage are: City pays \$17,944 to United Health Care and Standard plus the difference between the employee deductible and the health plan deductible for any employee who meets their deductible. The employee pays \$4,560. The total family coverage cost is \$22,504.
- The employee's contribution is calculated on a combination of the United Health Care payment and the City's deductible liability.
- The following table summarizes the personnel requests throughout the proposed budget document.

Personnel Requests					
Position	Department/Division	Request	Current Range	Proposed Range	Recommended
PT Accountant	Administrative Services	New PT position	145	145	Yes
Deputy City Clerk/Administrative Assistant	Administrative Services	New position	130	130	No
PT HR Clerical	Administrative Services	Reassign to PT Clerk's Office Clerical	115	115	Yes
Maintenance Worker 1	Parks	Reclassify to Maintenance Worker II	130	140	Yes
Maintenance Worker 1	Street Operating	New position	130	130	No
Administrative Assistant	Public Works	Reclassify to Executive Assistant	130	140	Yes

OTHER

- Travel and training requests are 1% of the general fund budget.
- In FY16 \$1,266,249 was requested in the General Fund for capital expenditures. Funding of \$482,999 is recommended by the Managing Directors.

Summary of Revenue & Expenditures by Fund

	2014 Actual	2015 Budget	2015 Estimate	2016 Recommended
Revenues by Fund				
General	12,608,203	12,372,908	12,878,252	12,964,231
Sewer	2,660,807	3,198,238	3,633,275	4,178,495
Debt Service	2,592,057	3,112,002	3,724,330	14,773,778
Capital	535,618	2,260,089	2,260,089	29,731,170
Lottery	1,327,663	2,146,700	2,292,776	1,309,047
Golf	479,712	348,250	350,369	352,004
Economic Development	1,786,746	1,786,573	1,787,292	1,786,839
Off-Street Parking	615,006	615,000	615,048	615,045.00
Redevelopment	-	1,200,000	1,473,484	16,728,269
TOTAL	22,605,811	27,039,761	29,014,916	82,438,879
Expenditures by Fund				
General	12,430,779	14,065,847	13,936,866	14,686,271
Sewer	2,681,581	3,296,879	3,308,930	4,401,689
Debt Service	4,571,325	4,856,791	4,744,935	13,970,769
Capital	724,018	4,185,089	3,657,260	29,730,062
Lottery	2,214,329	2,135,292	1,844,227	1,837,277
Golf	336,830	334,128	357,543	357,543
Economic Development	2,007,110	1,998,854	1,998,854	2,006,426
Off-Street Parking	606,402	619,027	615,727	613,547
Redevelopment	-	200,000	-	16,557,500
TOTAL	25,572,374	31,691,907	30,464,342	84,161,084
Transfers by Fund				
General	(875,000)	(1,305,400)	(1,298,582)	(1,194,337)
Sewer	0	(28,000)	(28,000)	(50,000)
Debt Service	(264,070)	(653,576)	(941,589)	(9,537,254)
Capital	535,618	2,260,089	2,260,089	26,105,962
Lottery	(1,710,436)	(1,613,113)	(1,271,948)	(1,114,371)
Golf	250,000	125,000	125,000	125,000
Economic Development	600,000	600,000	600,000	600,000
Off-Street Parking	615,000	615,000	615,000	615,000
Redevelopment	-	-	-	(15,550,000.00)
NET TRANSFERS	(848,888)	0	59,970	0

Strategic Planning Initiatives

The Strategic Plan establishes the foundation for long-range planning processes and outlines the City's vision for the future. The budget focuses on implementation of the plan. The Governing Body has established eight (8) strategic priorities that guide the City's activity and align with the following financial recommendations included in the annual budget and CIP.

- **Pursue revitalization of the 84th Street Corridor & other economic development opportunities**
 - a. Attendance at annual ICSC conference — \$13,420 (travel), \$12,000 (booth)
 - b. Brentwood Crossing Land Acquisition — \$15,050,000
 - c. Civic Center Park Phase 1 Engineering — \$500,000
 - d. City Center Parking Lot Service Road — \$1,500,000
 - e. Multisport Complex Public Infrastructure — \$10,000,000
- **Provide for planned, fiscally responsible expansion of the city's boundaries**
 - a. Comprehensive Plan Update & Community-wide Strategic Plan — \$50,000
- **Maintain the quality of older residential neighborhoods**
 - a. Thompson Creek-Phase IV (Part 2) — \$256,000
- **Enhance La Vista's identity and raise awareness of the City's many qualities**
 - a. Increase citizen-council engagement
 - 1. Youth Leadership Council — \$500
 - 2. Provide funding for update of community marketing materials
 - i. CityWise quarterly newsletter — \$35,394 (printing, design & postage)
 - ii. Annual report to residents — \$8,000
 - iii. Salute to Summer & other event marketing — \$22,600
 - 3. Develop community branding strategy
 - i. Rebranding study — \$50,000
 - 4. Identify opportunities for cooperative efforts with outside agencies
 - i. Fuel Island w/City of Papillion — \$50,000
 - ii. MAPA 2050 Heartland Implementation — \$2,500
- **Improve and expand the City's Quality of life amenities for residents and visitors to the community**
 - a. Create opportunities that bring residents together for celebration, leisure pursuits or civic engagement
 - Taste of La Vista — \$6,500
 - Summer Concert Series & Movie Nights — \$9,800
 - Recreation Events (*Splash Bash, Urban Race & other new*) — \$10,000
 - Salute to Summer Festival — \$24,835
 - Various community events — \$9,290 (*i.e. Halloween Safe Night, Tree Lighting & Chili Feed, etc.*)
 - Marketing (*all events*) — \$22,600
 - Employee Activity Committee — \$1,500
 - b. Civic Center Park Phase 1 Engineering — \$500,000 (same as above)

- b. Civic Center Park Phase 1 Engineering — \$500,000 (same as above)
 - c. Winter Holiday Decorations — \$50,000
- **Maintain and enhance City's existing and future park areas and green spaces**
 - a. Adoption & implementation of 1&4 Year Tree Plan — \$5,000
 - b. Budget allocation for park item replacements, ex. grills, picnic tables, etc. — \$10,000
 - d. Civic Center Park Phase 1 Engineering — \$500,000 (same as above)
- **Pursue action that enables the City to be more proactive on legislative issues**
 - a. Continue funding lobbyist in collaboration with other Sarpy County municipalities for issues of common interest — \$10,219
 - Identify legislative issues of specific interest to La Vista and allocate resources for lobbying efforts — \$10,000
- **Adopt and implement standards of excellence for the administration of city services**
 - a. Fire & EMS service Agreement City of Papillion — \$1,367,000
 - b. Utilize technology to create more efficient financial processes — \$380,000
 - c. Expand formal learning opportunities for employee development
 - i. Provide and fund training opportunities — \$151,019 General Fund
 - ii. Succession planning and training
 - ICMA Conference (Kansas City) — \$10,346
 - Employee Development — \$4,500
 - Leadership Development — \$1,000
 - d. Identify opportunities for developing Boards & Commissions
 - i. Provide training opportunities for members — \$3,895
 - e. Begin process of developing a high performance work culture
 - i. Employee Development — \$4,500 (*same as above*)
 - ii. Leadership Development — \$1,000 (*same as above*)
 - iii. Organizational performance measure program (ICMA-CPM) — \$5,595
 - f. Ensure that citizen feedback is solicited and utilized in the evaluation and development of programs and services
 - i. Comprehensive Plan Update & Strategic Planning — \$50,000 (*same as above*)
 - ii. National Citizen Survey — \$15,066
- **Ensure efficient, effective investment in technology to enhance service delivery**
 - i. Financial Software — \$380,000

Summary

Developing the budget is a team effort and I wish to thank all of the departments for their collaboration. I especially want to thank the City's new Finance Director Cindy Miserez, Administrative Services Director Kevin Pokorny and City Clerk Pam Buethe for their committed efforts in planning and developing this budget document. This process is an evolution and we continue to improve.

The City of La Vista will continue to face issues that present both challenges and opportunities over the next several years. The good news is that the challenges we face are manageable and the opportunities abundant. Similar to past fiscal years the budget is designed to meet existing and emerging needs of the City through implementation of the Strategic Plan, while largely maintaining current service levels.

Disciplined, sustainable growth does not occur without vision and strategic leadership of the governing body for which the Mayor & City Council of La Vista have become well known. Good decisions result when policy leaders keep their focus on the long term and avoid hasty reactions to immediate crises.

The proposed budget recognizes the economic environment and difficult budget choices that the City has made over the last several years, as well as the significant issues that relate to the predictability of sales tax. It is fiscally conservative and does not fund all desired City services or projects.

The uncertain economic environment has reinforced the need to ensure that the City's resources are allocated most effectively. We must continue to think more broadly and creatively about how to maintain high levels of service which means looking beyond simply waste reduction. Continuous process improvement strategies, reinventing service delivery and tough prioritized decision-making will be essential to ensure that our services can continue to meet the responsiveness and high quality expectations of our citizens.

Respectfully Submitted,

Brenda S. Gunn
City Administrator