

CITY OF LINCOLN COUNCIL ADOPTED BUDGET FISCAL YEAR 2005-2006 BUDGET SUMMARY

This summary addresses revenue estimates for all tax funds, expenditure information for all tax funds, and significant changes for each department from the previous year's budget for all funds.

All tax funds identifies the following:

- General Fund
- Library Fund
- Social Security Fund
- Police and Fire Pension Fund
- Unemployment Compensation Fund
- Bond Interest and Redemption Fund

The funds listed above are in this classification because each receives property taxes as a source of its revenue. However, they are not limited exclusively to property tax revenues. The term property tax revenue refers to the amount of revenue from property taxes that will be required to operate during the next fiscal year. The property tax rate refers to the rate that is levied upon property in order to raise the budgeted property tax revenue. The City Charter requires that a 10% surplus be added to the property tax revenue when the tax rate is determined. The 10% surplus is provided for by appropriating only 90% of the property tax revenues that the levy rate will generate.

In addition to the tax funds referred to above, the following funds, referred to as tax subsidized funds in this summary, receive a portion of their funding via transfers from the General Fund. These are:

- Health Fund
- 911 Communications Fund
- Animal Control Fund
- Building and Safety Fund
- Lincoln Area Agency on Aging Fund
- StarTran Fund
- Workforce Investment Act Fund

Interfund transfers are included in the Miscellaneous Budgets section of this book. There are also many funds contained in the operating budget that do not receive tax revenue. The Summary of Staffing and Operating Expenditures By Fund and Department on pages 25 and 26 of this section of the Budget provides a complete summary of all funds included in the operating budget.

BUDGET OVERVIEW

The 2005-2006 budget process began in December of 2004 with the presentation of the Five Year Budget Forecast to the City Council. The forecast projected existing revenue sources at existing rates, resulting in a anticipated shortage of revenues to expenditures of more than \$5 million to continue existing services. When several higher priority new services were included in expenditures, the projected shortfall was \$8.7 million. Additional meetings and discussions with the City Council in January, March and May of 2005 provided input that helped formulate the Mayor's Recommended Budget. The budget was balanced through a combination of cost savings, program reductions and increased revenues. New programs are limited to recreation programs that are funded with user fees. The changes to the Mayor's Recommended Budget made by the City Council were relatively insignificant compared to some recent years.

27th pay period in 2005-2006

The City pays employees every two weeks, or fourteen days. Every eleven or twelve years, depending on the number of leap years in the period, an additional pay period occurs during a fiscal year. This extra pay period falls in the 2005 – 2006 fiscal year. Rather than budgeting for the normal twenty six pay periods, it becomes necessary to

budget for twenty seven pay periods, significantly increasing the budget for the 2005 – 2006 fiscal year. The cost of this extra pay period is approximately \$3.0 million dollars for tax funds and \$4.7 million dollars for all funds. The extra pay period for tax funds is covered by using unspent bond funds from earlier bond issues to cover part of 2005 – 2006 debt service costs. This allows a similar amount of the property tax levy to be used to cover the extra payroll. The revenue being used is a one-time revenue to cover a one-time cost. The 27th pay period for non-tax funds is paid for by current revenues and balances in each fund.

The 2005-2006 Budget complies with the State imposed lid passed by the 1998 Legislature in LB 989. Key provisions of the lid include:

- Appropriations from various revenue sources (property taxes, motor vehicle taxes, sales tax, in-lieu of tax, state aid, highway allocation fees) are limited to the greater of a 2.5% increase or the percentage increase in the tax base provided by real growth and annexations. The percentage increase provided by real growth and annexations is 3.04%. The overall change in the tax base, including personal property and centrally assessed property is 3.38%. In recent years personal property in the property tax base has been dropping in value, offsetting some of the increases seen in real property. Capital improvements and debt service payments on voter approved bond issues are exempt from the lid.
- Costs associated with inter-local agreements are exempt from the lid. The City again excludes many long-standing inter-local agreements from the lid limitation.
- An additional 1% (about \$850,000) of authorization under the lid limit could be approved by a 75% vote of the City Council. The Budget does not authorize the additional 1% of lid authority.

As a result of the 2005-2006 Budget and previous budgets, the City has \$5,276,335 of unused lid authority.

The net change in full time equivalents (fte's) for all funds is an increase of 3.05 fte's. A more thorough explanation of changes in staffing is included in the PERSONNEL CHANGES ALL FUNDS section of this summary. Further detail is included in the SIGNIFICANT BUDGET CHANGES BY DEPARTMENT and SUMMARY OF STAFFING AND OPERATING EXPENDITURES BY FUND AND DEPARTMENT.

The 2005 - 2006 Budget for all funds incorporates the following program changes and new initiatives:

Significant Program Changes:

- Funding of \$210,000 is included to provide the local match for the State Fair to receive approximately \$2 million in State Lottery proceeds as a result of a constitutional amendment passed by Nebraska voters in the November 2004 election.
- The internal auditing function for the City will be reestablished with an addition of an Internal Auditor in the Finance Department.
- Several enhancements are made to recreation programs supported by user fees. These include new k-care locations at Pershing School and the Calvert Recreation Center, a middle school program at the Belmont Summer Day Camp and Park Teen Center and establishment of Focus Summer Day Camps.
- Funding is included for the Ride For Five low income transportation program. The level of funding provided will cover additional administration, taxi brokerage, loss of full fare revenues and the number sold will not be capped. This program was included in the 2004-2005 budget as a pilot program with a cap. Funding was continued throughout the 2004-2005 fiscal year by an allocation of Contingency funds. The Budget provides full funding for the program.
- The City sought and received proposals for health insurance for City employees. A new carrier was selected resulting in a \$1.2 million dollar savings over current premiums and a much greater savings when compared to the costs that had been projected for the 2005-2006 budget.
- The sidewalk repair and maintenance budget included in the Capital Improvement Program (CIP) is reduced from \$1,000,000 funded by Street Construction funds to \$353,100 funded from the General Fund. This reverses the funding shift made for 2004 – 2005 of funding the sidewalk program from Street Construction monies.

- Funding for electricity for traffic signals and street lights, maintenance of traffic signals, and an Associate Engineering Specialist that were shifted to Street Construction funding for 2004 – 2005 are again being paid for by the General Fund.
- An additional \$500,000 is budgeted for the City contribution to the Police and Fire Pension fund, bringing the annual contribution closer to the actuarially determined normal cost.
- Staffing, supplies and equipment costs are funded for maintenance of new Parks areas and trails including the Government Square Park, Antelope Valley Downtown/Trago Park expansion, the Antelope Valley Salt Creek to Holdrege Trail, Stone Bridge mini-Park, Salt Creek Trail – Calvert to Charleston and Charleston to North 14th St, and Deadman’s Run Trail – 33rd to 40th St. The associated staffing is with seasonal personnel.
- Reductions in Parks and Recreation are made by eliminating evening hours at the Nature Center, June through August, eliminating weekday hours at the Prairie Building, eliminating an Equipment Operator I position, reducing the operating season for the Centennial Mall and Cascade fountains and increasing the ratio of students to staff at the Before and After School.
- An additional \$125,000 is added from Street funds for more durable street markings.
- An additional \$100,000 is included in the General Fund budget for anticipated shortfalls in budgeted amounts for fuel. Equipment rates for 2005-2006 were set in December of 2004 and January of 2005 when gasoline prices were lower than when the Budget was finalized.
- A 1.0 FTE Animal Control Officer position is eliminated and the animal sheltering services will transition from the Capital Humane Society to other providers.

Changes in revenues included in the 2005-2006 Budget affecting the tax and tax subsidized funds are highlighted below.

Some revenue changes involve fees charged for City services. Without periodic increases in fees, inflationary cost increases would need to be covered by additional property tax revenue or the levels of service provided would need to be reduced. The adequacy of fees charged for City services are examined each year and some fee increases are included in each annual budget.

Significant Changes to Fees and Other Revenue Sources – Tax Supported and Tax Subsidized Budget

Description	2005-2006 Impact
• General Expense - Utilization of forfeitures from the civilian pension plan to reduce pension appropriations.	+\$122,500
• Parks and Recreation - Increase fees for Outdoor Education including day camp fees from \$67 to \$70/week, day camp extensions from \$12 to \$13/week, Before and After School from \$70 to \$75, Auld Club transportation from \$2.75 to \$3.00/week, Aerobics punch cards for Senior Classes from \$25 to \$27.50, track and exercise equipment use fee from \$1.50 to \$1.75/visit, new gym usage fee of \$1 during open gym, new drop in fee of \$1 at Irving during after school hours, new fee for Therapeutic Rec Club of \$1/week, increase pre-school registration in Natural Resources from \$75-\$80, or \$80-\$85 per month, increase special events and some class fees \$1 to \$5 depending on the class or event, adult basketball from \$255 to \$270, 3 x 3 adult basketball from \$60 to \$70, coed volleyball \$15 from \$220 to \$235, men’s and women’s volleyball \$215 to \$230, youth fees for team sports \$32 to \$37, new inspection fee for tree sureties in new subdivisions.	+\$110,892
• Parks and Recreation - New revenue from expanded recreation programs and offering of programs at new locations in the Parks and Recreation program.	+\$213,528
• StarTran – Increase the HandiVan night fee from \$2 to \$8, Fleet Monthly Passports from \$60 to \$70, cash fare per trip from \$1.00 to \$1.25, Ride Ticket Books (20 tickets) from \$20 to \$23, HandiVan Ride Ticket Books (20 tickets) from \$40 to \$56, Big Red Express from \$3 to \$4, Holiday Light Tour from \$2 to \$4, Star Shuttle \$.25 to \$.30, Elderly and Disabled 20 ride punch pass from \$10.00 to \$12.50, Ride and Shop Ticket Book from \$20 to \$25.	+\$150,700
• Aging - Increase the Handyman program sliding payment scale.	+\$9,426
• Health Department - Fee changes include increasing immunization co-pays from \$10 to \$15, increases in Special Waste Permits for permits that previously cost \$15 to \$200 will cost \$30 to \$300, online Waste Water Treatment construction permits (\$200 to \$250) and repair (\$100 to \$125), new property transfer/loan approval program for wells/onsite sewage systems that had been voluntary (loans \$200, property transfers \$100), swimming pools \$200 to \$250, wells from \$100 every 2 years to \$75 every year, burn permits \$50 to \$100, implement noise variance permit fee \$50, increase Food Operator permit fees \$20 to \$30, increase Food Manager seminars \$25 to \$40, implement Food Permit Fee for small family child care homes of \$50 and Child Care Centers at \$100, and increase dental services co-pay from \$15 to \$20.	+\$202,675
Total Revenue Impact to the Tax Funded Budget	<hr/> +\$809,721

Utility Rate Changes

In addition to the revenue changes to the tax funds in the table above, a 7% Water rate increase and a 9% Wastewater rate increase were implemented as part of the Budget. These increases are crucial to the City being able to fund the capital improvement plan which supports the growth areas identified in the City’s Comprehensive Plan. The rate increases implemented as part of the 2005-2006 Budget will be followed by the need for more rate increases in future fiscal years in order to support infrastructure necessary to follow the Comprehensive Plan. These rate increases are proposed to be implemented January 1, 2006 and will generate \$785,000 for the six months of the fiscal year the increase will be in effect for Wastewater and \$870,000 for the same time period for Water.

Parking Rates

Increases in parking rates at various city facilities are to be implemented November 1, 2005. These proposed increases are from \$0 to \$10 per month in the parking garages increasing hourly rates anywhere from \$0.00 to \$0.25.

Other changes and amounts of revenue projected to be collected are highlighted in the REVENUE PROJECTIONS - TAX FUNDS section of this Budget Summary.

SIGNIFICANT EXPENDITURE CHANGES

TAX FUNDS

NET CHANGE IN EXPENDITURES 2004-2005 TO 2005-2006	+\$6,719,804
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The change in tax fund expenditures is a 5.3% increase over the 2004-2005 budget.

1. OPERATING EXPENDITURE CHANGES 2004-2005 TO 2005-2006 (Excludes Capital Improvements and Debt Service)	+\$5,991,855
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The net increase in the operating portion of the Tax Funds Budget is comprised of increases in Personnel +\$4,353,777, Supplies -\$113,144, Other Services and Charges +\$1,385,387 Transfers +\$428,269, and Equipment -\$62,434.

2. CHANGES IN CAPITAL IMPROVEMENTS 2004-2005 to 2005-2006	+\$176,400
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The Capital Improvement Program (C.I.P.) includes \$1,706,100 of General Fund support compared to \$1,529,700 in the 2004-2005 budget.

3. DEBT SERVICE PAYMENT CHANGES 2004-2005 to 2005-2006	+\$551,549
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Increases in debt service payments result from an increase due to passage and issuance of the 2005 Storm Sewer Bonds, partially offset by reduced costs of refinancing older bond issues at lower interest rates.

TAX FUNDS CHANGES BY LINE ITEM

Some of the significant line item changes in the 2005-2006 Mayor's Recommended Budget from the 2004-2005 Budget are summarized below.

	Tax Funds Only
<u>PERSONNEL</u>	
Changes in salary and other personnel costs (excl. Health Ins.)	+\$4,772,403
Health Insurance	-\$418,626
Police and Fire Pension	+\$500,000
<u>SUPPLIES, SERVICES & CHARGES</u>	
Street Lights	+\$615,686
Criminal Justice Information System	-\$99,632
State Fair Subsidy	+\$210,000
Mileage – City Vehicles	+\$184,935
Rent of Machinery and Equipment	+\$311,022
Systems Development – Information Services	-\$118,500
Election Expense	-\$175,000
<u>DEBT SERVICE</u>	
Interest and Principal payments	+\$551,549
<u>TRANSFERS</u>	
City Share of StarTran	+\$169,483
City Share of 911 Communications	+\$175,802

PERSONNEL CHANGES - ALL FUNDS

The staffing changes below are included in the 2005-2006 Budget. The changes outlined are the more significant changes which take place although there are many other changes as a result of job audits and other routine personnel actions which can change job titles and pay ranges. For more information on staffing by department, please see the BUDGET CHANGES BY DEPARTMENT section.

**STAFFING CHANGES
IN THE 2005-2006 BUDGET
ALL FUNDS
(In Full Time Equivalents – FTE’s, Reductions are bracketed)**

<u>FTE’s/Dept./Organization/Program</u>	<u>Estimated Budgeted Personnel Cost</u>	<u>Estimated City Tax Dollars</u>
<u>Building and Safety Department</u>		
(1.00) Housing Inspector	(\$55,100)	(\$55,100)
(1.00) Para-Professional Technical Worker	(\$17,680)	(\$17,680)
<u>Health Department (City Share Of Cost)</u>		
(.25) Systems Specialist II	(\$17,584)	(\$11,080)
(1.00) Animal Control Officer	(\$34,900)	(\$34,900)
<u>Finance – Information Services</u>		
(1.00) System Analyst Programmer II	(\$83,400)	(\$0)
(2.00) Micro Support Specialist I	(\$131,400)	(\$0)
1.00 System Analyst Programmer I	\$50,700	\$0
.67 Internal Auditor (Budgeted for 1/1/06 hire)	\$68,300	\$68,300
<u>Mayor’s Department</u>		
(1.00) Office Operations Specialist – Women’s Commission	(\$41,600)	(\$20,800)
.50 Senior Office Assistant – Women’s Commission	\$14,850	\$7,425
.25 Senior Office Assistant – Aging	\$9,600	\$8,640
(1.00) Administrative Officer - Aging	(\$64,600)	(\$46,512)
(.12) Aging Specialist III – Aging	(\$6,400)	(\$5,760)
(.20) Public Health Nurse II - Aging	(\$12,100)	(\$10,890)
(.25) Food Production Manager - Aging	(\$10,400)	(\$9,360)
(1.22) Aging Specialist II – Aging	(\$56,500)	(\$50,850)
(1.00) Office Specialist - Aging	(\$46,200)	(\$33,300)
<u>Personnel</u>		
(.20) Para-Professional Technical Worker	(\$4,100)	(\$0)
1.00 Personnel Clerk	\$42,500	\$15,000
<u>Public Works and Utilities</u>		
(1.00) Bus Mechanic	(\$64,000)	(\$64,000)
(1.00) Bus Operator (2) – added for partial year in 04-05, never filled	(\$43,750)	(\$43,750)
.50 Utilities Safety/Training Specialist – Water and Wastewater	\$31,500	\$0
These positions were added during the 04-05 fiscal year, but are shown for the first time in the 05-06 budget		
1.00 Wastewater Treatment Plant Operator	\$57,471	\$0
1.00 Environmental Specialist – Wastewater	\$40,306	\$0
1.00 Associate Engineer – Wastewater	\$65,632	\$0
1.00 Meter Repair Worker - Water	\$50,390	\$0
.75 Para-Professional Technical Worker - Water	\$17,820	\$0
1.00 Utilities Security Manager - Water	\$77,000	\$0
<u>Police</u>		
(1.60) Police Records Technician	(\$72,000)	(\$72,000)

1.00	Comm. Outreach Spec. (Grant Funded)	\$51,060	\$0
.50	Prof/Tech. Worker (Grant Funded)	\$13,254	\$0

Parks and Recreation

(1.00)	Equipment Operator I	(\$49,500)	(\$49,500)
.50	Parks Operations Coordinator (budgeted for partial yr. 04-05)	\$38,000	\$38,000
.12	Senior Office Assistant	\$3,740	\$3,740
(.52)	Recreation Aide I	(\$7,700)	(\$7,700)
(.13)	Account Clerk II	(\$5,100)	(\$5,100)
(.12)	Account Clerk III	(\$5,800)	(\$5,800)
1.00	Grant Coordinator (previously grant funded)	\$58,100	\$58,100
.09	Aging Specialist I	\$3,600	\$3,600
1.00	Aging Specialist III	\$59,700	\$59,700
(.63)	Assistant Center Supervisor	(\$26,000)	(\$26,000)
2.00	Learning Center Supervisor (from grant funding)	\$91,500	\$91,500
.65	Recreation Aide II	\$11,900	\$11,900
(.56)	Recreation Aide I	(\$16,300)	(\$16,100)
(1.02)	Laborer I	(\$34,100)	(\$19,026)
(.09)	Administrative Officer	(\$7,500)	(\$5,800)
(.76)	Assistant Golf Course Superintendent	(\$37,400)	(\$12,700)
(.53)	Laborer I positions	(\$19,000)	(\$0)
7.44	Seasonal workers – Department-wide	\$126,000	\$113,500
<u>(0.72)</u>	All other net changes - Citywide	<u>(\$10,000)</u>	<u>(\$10,000)</u>
3.05	Net Change in FTE's	(\$2,191)	(\$159,303)

**REVENUE PROJECTIONS
TAX FUNDS**

Following is a schedule of revenue sources used by tax and tax subsidized funds. Further details on the various revenue sources and significant changes from the prior year follow the schedule. Revenue projections were based on a combination of historical trends, changes identified by City departments collecting the revenues, and program changes included in this budget.

TAX FUNDS REVENUE

	<u>2004-2005 Council Adopted</u>	<u>2005-2006 Council Adopted</u>	<u>% Change</u>
Property Taxes-Debt Service	\$4,999,468	\$2,541,561	-49.2%
Property Taxes-Operations	\$29,880,926	\$34,244,459	+14.6%
Sales Tax	\$54,628,325	\$55,404,929	+1.4%
Occupation Tax	\$9,192,053	\$9,795,376	+6.7%
In-Lieu Of Tax (State)	\$1,478,913	\$1,480,059	+0.1%
Motor Vehicle Tax	\$4,102,755	\$4,458,758	+8.7%
Permits and Fees	\$2,883,795	\$2,925,641	+2.4%
2005-2006 Debt Service	\$0	\$2,750,175	+100.0%
In-Lieu Of Tax (LES)	\$1,225,000	\$1,274,000	+4.0%
Intergovernmental	\$1,658,014	\$1,570,600	-5.3%
Reimbursement for Services	\$2,286,157	\$2,141,745	-5.6%
Recreation Receipts	\$1,999,753	\$2,233,870	+11.7%
Parking Meter Revenue	\$835,000	\$835,000	+0.0%
County Library Tax	\$633,983	\$649,118	+2.4%
Earned Interest	\$548,400	\$600,500	+9.5%
Interest Property Tax	\$107,000	\$110,500	+3.3%
Rent	\$407,994	\$525,367	+28.8%
Administrative Fees	\$758,400	\$681,300	-10.2%
Sundry Taxes	\$42,476	\$35,448	-16.5%
Miscellaneous	\$333,581	\$414,493	+24.2%
Revenue Before Balances	<u>\$118,001,993</u>	<u>\$124,672,899</u>	<u>+5.6%</u>
Appropriated Balances	<u>\$6,842,765</u>	<u>\$6,891,653</u>	<u>+0.7%</u>
Total Revenue	\$124,844,758	\$131,564,562	+5.4%

SIGNIFICANT NET CHANGES IN REVENUE AND BALANCES	
2004-2005 TO 2005-2006	+\$6,719,804

Property Tax (Operating)	+\$4,363,533
Property Tax (Debt Service)	-\$2,457,907
Sales Tax	+\$776,604
2005-2006 Debt Service	+\$2,750,175
Recreation Fees	+\$234,117
Occupation Taxes	+\$603,323
Rent	+\$117,373
Reimbursement for Services	-\$144,412
Miscellaneous	+\$80,912
Balances	+\$48,888
All Other Tax Fund Revenues (net)	+\$347,198

PROPERTY TAX

Property Tax revenue required to fund the 2005-2006 Budget increases \$1,905,626 or 5.46%, over that required for the 2004-2005 Budget. Total growth in the tax base is 3.38%. The following table illustrates the impact of the 2005-2006 Budget on the property tax rate and property tax revenue, based on the 3.38% increase in the property tax base.

Estimated Property Tax Revenue and Rate Changes				
	Adopted 2004-05	Council Adopted 2005-06	Change	% Change
Total Property Tax Revenue	\$34,880,394	\$36,786,020	\$1,905,626	+5.46%
Revenue required to pay for additional debt service on voter approved bonds.		\$724,335	\$724,335	+2.08%
Revenue required without bond issues		\$36,061,685	\$1,181,291	+3.39%
Final Tax rate per \$100 – city services	.29498	.30091	+.00593	+2.01%
Property tax rate after factoring out bond issues		.29494	-.00004	+0.00%
Tax on a \$125,000 property including bonds	\$368.72	\$376.13	+\$7.41	+2.01%

SALES TAX

Sales tax collections for the 2004-2005 fiscal year were \$1,911,732, or 3.69% greater than the prior year. However, the actual amount collected was \$847,115 or 1.55% below what was projected. The amount projected for the 2005-2006 budget represents a projected increase of 3.02% over the actual collections for the 2004-2005 fiscal year. The 2005 Legislature passed an economic development incentive package for businesses that exempted manufacturing equipment from both the State and Local Option sales tax. For the six month period this exemption will be in place during the 2005-2006 fiscal year, it is estimated that this exemption of manufacturing equipment will reduce Lincoln’s sales tax collections by \$275,000, or .5%. This reduction was built into the projected revenues budgeted for 2005-2006.

	2004-2005 Projected Collections	2004-2005 Actual Collections	2003-2004 Refunds	2004-2005 Refunds	2005-2006 Projected Collections
September	\$4,515,734	\$4,512,303	(\$69,997)	(\$135,858)	\$4,521,210
October	\$4,727,381	\$4,541,471	(\$110,193)	(\$165,219)	\$4,738,362
November	\$4,759,942	\$4,586,261	(\$219,454)	(\$101,531)	\$4,743,930
December	\$4,303,478	\$4,174,828	(\$390,445)	(\$325,510)	\$4,420,986
January	\$4,547,686	\$4,043,044	(\$59,315)	(\$220,967)	\$4,632,570
February	\$5,600,491	\$5,692,517	(\$323,218)	(\$394,324)	\$5,740,599
March	\$4,156,954	\$4,059,634	(\$22,759)	(\$99,240)	\$4,191,410
April	\$3,907,319	\$4,028,088	(\$199,018)	(\$69,900)	\$3,957,554
May	\$4,536,832	\$4,608,034	(\$155,787)	(\$122,283)	\$4,620,145
June	\$4,357,746	\$4,522,924	(\$194,593)	(\$34,811)	\$4,464,241
July	\$4,477,137	\$4,356,468	(\$42,086)	(\$162,998)	\$4,536,625
August	\$4,737,625	\$4,655,637	(\$531,884)	(\$148,028)	\$4,837,297
Total	\$54,628,325	\$53,781,209	(\$2,318,749)	(\$1,980,669)	\$55,404,929

Other revenue sources showing notable changes for next year are highlighted below.

OCCUPATION TAX

This category increases \$603,323 (+6.7%) because of increases in amounts projected from the Telecommunications occupation tax.

RECREATION RECEIPTS

This source of revenue increases \$234,117 (+11.7%). The increase is due to both rates being increased on a number of existing programs and some new self-supporting recreation programs that are proposed.

2005 – 2006 DEBT SERVICE

This account was established to coincide with the fiscal year that the City has an extra pay period. This occurs due to paydays being on both the first and last day of the fiscal year for the City's bi-weekly payrolls. The \$2,750,175 appropriated for 2005 – 2006 is money available from earlier bond issues that was not needed to finish the projects for which the bonds were issued to build. Since leftover bond proceeds and interest earnings on those proceeds can only be used to retire debt, the City Council in 2002 established a fund for the purpose of using this money for debt service in 2005 – 2006. This allows a portion of the property tax levy that would otherwise need to go to debt service to be reallocated for one year to the other tax funds to pick up the cost of the extra pay period.

