

School District Budget Instruction Manual

This Instruction Manual is provided to assist Nebraska School Districts in preparing/completing their Budget Document Forms in compliance with State Statutes. The information contained within is intended to be consistent with relevant State Statutes.

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

State Capitol, Suite 2303
PO Box 98917
Lincoln, Nebraska 68509-8917

Phone: 402-471-2111
Fax: 402-471-3301



Questions - E-Mail: Deann.Haeffner@nebraska.gov

Submit Your Budget Online: From website choose "SUBMIT your Audit or Budget" from left-hand side of screen.

Website: www.auditors.nebraska.gov

TABLE OF CONTENTS

| | |
|------------------------------------|---|
| SECTION 1 (Page 1) | Checklist of Information You Must Provide To Submit Your Budget |
| SECTION 2 (Pages 2 - 5) | Overall Basic Budget Information |
| SECTION 3 (Pages 6 - 10) | Instructions on Completing the Budget Document |
| SECTION 4 (Page 11) | Instructions for Completing Schedule A |
| SECTION 5 (Page 12) | Instructions for Completing Schedule B |
| SECTION 6 (Page 13) | Instructions for Completing Schedule C |
| SECTION 7 (Page 14) | Instructions for Completing Schedule D |

CHECKLIST OF INFORMATION YOU MUST PROVIDE

DID YOU COMPLETE AND/OR INCLUDE THE FOLLOWING?

DUE BY SEPTEMBER 20th:

1. Budget Document used by your School District (*If you utilized the School District Budget Worksheet, Please Do Not Mail It In*)
 - Page 2, Total Resources Available (Column 4) agrees to Total Requirements (Column 9).
 - Page 2, Total Beginning Balance (Column 1) agrees to Page 3 Total Ending Balance (Column 8).
 - Page 3, Total Beginning Balance (Column 1) agrees to Page 4 Total Ending Balance (Column 8).
 - Page 4, Total Beginning Balance (Column 1) agrees to the prior year School District Budget Form, Page 4, Total Ending Balance (Column 8). If it does not agree, please provide explanation.
 - Schedule B, Line 28 agrees to Schedule C District Property Tax (Column A).
2. Proof of Publication for Notice of Budget Hearing (NBH)
3. Notice of Budget Hearing (NBH) if posted. Note where posted.
4. Schedules A, B, C, and D
5. Certification of Valuation(s)
6. Lid Computation Form LC-2 and the Special Grant Fund List

If your school district has held a successful election to override the levy limits, which is in effect for this school fiscal year, you will also need:

7. Election Ballot and Certified Election Returns for the special election to override the levy limits.

REMINDER ITEM: Report of Joint Public Agency and Interlocal Agreements due on or before December 31. This report can be sent in with your budget documents; however, we request you do not attach/staple to your budget.

Overall Basic Budget Information

When submitting the budget documents **we strongly recommend** the documents be securely stapled together (in the upper left-hand corner). If the documents are too large to staple, a strong clip or rubber band should be used to keep all the documents together.

Reminder: Do not forget to make a copy for your records.

How Do I Get My Budget Forms?



Budget forms must be downloaded and printed from the Auditor of Public Accounts website at:

www.auditors.nebraska.gov

Click on “Forms” from the “Local Government Budgets” button from the list on the left side of the screen. Then select “2014-2015 Budget Forms and Information.”

Select your type of subdivision (School Districts) from the list and you will go to a webpage that includes everything you need to complete your budget filing. Including the Instruction Manual, Budget Document (includes budget, supporting schedules, Notice of Budget Hearing) and Excel Worksheet Version of the budget document.

All budget items are available in an Adobe Acrobat (PDF) format for printing. If you do not have the Adobe Acrobat Reader installed on your computer a link has been provided to the website (<http://www.adobe.com/products/reader/>) with information regarding the Reader and the information to download it for free.

In addition to the Adobe PDF formatted items to be used for printing blank forms, we have also included the Microsoft Excel version of the forms complete with formulas. These can be downloaded for free. To utilize, you will need to click on the link for the Excel version of the budget you need. Save the file to your computer (either your hard drive or a disk will work), you should save it in a location you can find again and also name the file accordingly.

Note to MAC Users: You can use a MAC to input information but there have been issues noted in printing from the MAC. The only known solution is to print using a PC.

BUDGET FILING DATE

September 20th - A copy of the adopted budget, Lid Computation Form LC-2, Special Grant Fund List, and attachments must be filed with the County Board c/o the County Clerk, the Nebraska Department of Education, and the Auditor of Public Accounts - PO Box 98917 - Lincoln, Nebraska 68509-8917. The Auditor of Public Accounts also accepts Budgets submitted through our website and e-mails with one PDF file attached of your complete budget filing, including attachments, to apa.audits@nebraska.gov. The Department of Education also accepts Budgets electronically in PDF form, the file name for the budget document must include the county-district #, and should be filed at nde.sfos@nebraska.gov.

Overall Basic Budget Information

BUDGET ACT EXCLUSIONS

The Nebraska Budget Act shall not apply to any governing body for any fiscal year in which the governing body will not have a property tax request or receive state aid as defined in Section 13-518. This restriction is based on a year by year basis.

School Districts should contact the Auditor of Public Accounts and the Nebraska Department of Education when the Nebraska Budget Act does not apply. This will allow the State to track this information.

NOTICE REQUIREMENTS

Notice of budget hearing must be given at least five days prior to the date of the hearing.

State Statute Section 13-506 is very specific as to what needs to be included in the notice. We have provided a form for the notice of budget hearing. Any detail information will still be available for public review. ***You must include a copy of the Notice of Budget Hearing with the budget that is filed with the Auditor of Public Accounts, Nebraska Department of Education and the County Board.***

The notice can be given using one of the following methods. You must indicate on page 1 which method was used.

1. Published in a newspaper of general circulation within the governing body's jurisdiction. If the notice is published, you must submit a copy of the affidavit of publication from the printer.
2. Posted – *This is not applicable to School Districts.*

NOTE: The notice required for the special hearing to set the property tax request (as required in State Statute Section 77-1601.02) is a separate notice. There is no provision in statute to allow this notice to be posted – **it must be published.** A school district can hold the budget hearing and property tax request hearing on the same day as long as notice has been given for both hearings. We have provided a form for the Notice of Special Hearing To Set Final Tax Request.

IF THE BUDGET ADOPTED IS DIFFERENT THAN THE PREVIOUSLY PUBLISHED BUDGET

If the adopted budget statement reflects a change from that shown in the published proposed budget statement, a Notice of the Summary of Changes **must** be made within twenty days after its adoption setting forth the items changed and the reasons for such changes. This notice of the summary of changes must be provided in the same manner as the original notice of budget hearing (published or posted). No public hearing is required as long as the summary of changes is published within twenty days.

If the governing body adopts a budget which is different than was previously published, and fails to provide notice of the summary of changes within twenty days; the budget has not been legally adopted. The governing body must conduct another budget hearing, giving proper notice, and re-adopt its budget.

Overall Basic Budget Information

IF THE BUDGET CONTAINS A CLERICAL, MATHEMATICAL, OR ACCOUNTING ERROR

State Statute Section 13-511 allows certain corrections to be made without having a public hearing. Section 13-511 states within thirty days after the adoption of the budget, a governing body may, or within thirty days after notification of an error by the State Auditor, a governing body shall, correct an adopted budget which contains a clerical, mathematical, or accounting error. If the error does not affect the total amount budgeted by more than one percent, or increase the amount required from property taxes; no public hearing is required for such a correction.

AMENDING A PREVIOUSLY ADOPTED BUDGET

During the fiscal year, if it becomes apparent to a governing body there are circumstances which could not reasonably have been anticipated at the time the budget for the current year was adopted such that either, the receipts will be insufficient or additional disbursements will be necessary, such governing body may propose to revise the previously adopted budget. Some of the most common reasons for amending a budget are issuance of bonds, refunding of bonds, or being awarded a grant. By law, the total budget of disbursements and transfers per the adopted or amended budget cannot be exceeded. Keep in mind it is not possible to change the amount of property taxes after the levies are finalized.

State Statute Section 13-511 specifies the requirements necessary to amend the budget. A public hearing must be held with notice given at least five days in advance. The notice must be given in the same manner as the original budget hearing (published or posted), and the notice must include the following:

- The time and place of the hearing.
- The amount in dollars of additional or reduced money required and its purpose.
- A statement setting forth the nature of the unanticipated circumstances and, if the budget is increased, why the previously adopted budget cannot be reduced during the remainder of the year.
- A copy of the summary of the originally adopted budget previously published.
- A copy of the summary of the proposed revised budget.

A copy of the revised budget as adopted must be filed with the County Board, Nebraska Department of Education, and the Auditor of Public Accounts.

HEADQUARTER COUNTY

Each school board shall deliver to the county clerk of the headquarter county a copy of its adopted budget statement.

CONTINGENCY FUND

By law, the disbursements from this fund shall not exceed 5% of the Total Budgeted General Fund Disbursements and Transfers of the district and may only be used for defense against losses, payment of losses and transfers to the General Fund.

Overall Basic Budget Information

ACTIVITIES FUND

School districts must complete the Activities Fund for all fiscal years on the budget.

SCHOOL LUNCH FUND

If your District does not have a School Lunch Fund, please indicate this on your budget.

COOPERATIVE FUND

These pages should only be filled out by the school acting as the fiscal agent for the Cooperative. All schools should show payment for services of a cooperative in the General Fund.

STUDENT FEE FUND

State Statute Sections 79-2,125 through 79-2,135 requires each school district that collects money from students pursuant to subdivisions (1) Participation in extracurricular activities, (3) Postsecondary education costs, and (8) Summer school or night school to establish a Student Fee Fund.

The Student Fee Fund means a separate school district fund not funded by tax revenue into which all money collected from students pursuant to such subdivisions shall be deposited and from which money shall be expended for the purposes for which it was collected from students.

Funds collected from another school district providing summer school or night school instruction to a school district's students and the related expenditures for providing such instruction shall be accounted for in the General Fund of the school district providing the instruction.

PROPERTY TAX REQUEST

The property tax request for the prior year shall be the property tax request for the current year for purposes of the levy set by the County Board of Equalization unless the governing body of the school district passes, by a majority vote, a resolution or ordinance setting the tax request at a different amount on or before October 13.

The special public hearing called for such purpose may be held after notice is published in a newspaper of general circulation in the area of the school district at least five days prior to the hearing.

Any resolution setting a tax request at a different amount than the prior year tax request shall be certified and forwarded to the County Clerk on or before October 13.

IF YOU USE THE EXCEL FILE TO COMPLETE THE BUDGET

If you download the Excel File to complete your budget, here are a few tips to overcome the most common issues. Be sure to complete your School Name and County-District number on the first sheet tab labeled "MUST COMPLETE THIS PAGE" so all pages will have identifying information. If you are going to utilize the Worksheet Pages (Fund Pages) then complete those pages first, they are the sheet tabs at the end of the document. Once the Worksheet Pages are complete the front portion of the Budget will be filled out by the information inputted on those pages.

Instructions on Completing the Budget Document

INSTRUCTIONS FOR PAGE 1 (COVER PAGE)

1. State Statute 13-508 of the Nebraska Budget Act, requires governing bodies to set out separately the amount of Personal and Real Property Tax to be levied for the payment of principal and interest on bonds issued by the governing body and the amount for all other purposes.

Enter the amount levied for the payment of principal and interest on bonds issued. (NOTE: If your School District has no bonded indebtedness, enter 0 (zero).)

Enter the amount levied for all other purposes of your School District.

The amount entered in the Total Column should equal Line D of the Personal and Real Property Tax Recap on Page 2.

2. Indicate if a successful election was held to override the levy limits, which is in effect for the current budget year.
3. Complete the Outstanding Bonded Indebtedness section as of September 1, 2014. This section should be completed only if bonds have been issued and includes bonds issued in the Qualified Capital Purpose Undertaking Fund. This section identifies the dollar amount your school district still owes for principal and interest payments.
4. The School Superintendent/Board Member **must** sign where indicated.

INSTRUCTIONS FOR COMPLETING BUDGET PAGE 2

The School District Budget Form Worksheet can be used to help you in the completion of the School District Budget Form and to identify activity if needed by fund for the local school board. The School District Budget Form Worksheet is set up to include each of your funds and allows the ability to document in detail the receipts and disbursements. The totals are then included on the School District Budget Form. The School District Budget Form Worksheet does not need to be sent to the State and counties. The School District Budget Form Worksheet is for use by your school district only. Your school district is only required to file your budget information by fund in summary format.

Total Beginning Balance (Column 1)

Total Beginning Balance is for *information purposes only* and is the total of cash, investments, and the county treasurer's balance. The Total Beginning Balance should agree to the ending balance on page 3 for each fund.

Total Available Resources Before Property Taxes (Column 2)

The Total Available Resources Before Property Taxes is the Total Beginning Balance plus anticipated receipts from local sources, county and ESU sources, state sources, federal sources and non-revenue sources for your school district.

Personal and Real Property Taxes (Column 3)

Instructions on Completing the Budget Document

List the personal and real property tax necessary to balance the budget for each fund.

Total Resources Available (Column 4)

The Total Resources Available is Column 2 plus Column 3. *Total Resources Available for each fund must agree to Total Requirements for each fund.*

Total Budget of Disbursements & Transfers – Special Education (Column 5)

The Total Budget of Disbursements & Transfers – Special Education are split out for lid purposes for the General Fund.

Total Budget of Disbursements & Transfers – Non-Special Education (Column 6)

Column 6 is the remainder of the disbursements & transfers that do not affect Special Education in the General Fund.

Total Budget of Disbursements & Transfers (Column 7)

The Total Budget of Disbursements & Transfers is Column 5 plus Column 6 for the General Fund only. By law, you may not spend more than the Total Budget of Disbursements & Transfers unless the provisions of State Statute Section 13-511 (Revised Budget Hearing) are met. Cash Reserves are not a portion of the Total Budget of Disbursements & Transfers.

Necessary Cash Reserve (Column 8)

See Lid Computation Form LC-2 for the calculation of the maximum allowable reserve.

Cash reserves are an extremely important element of budgeting since they help to provide a stable flow of cash during your fiscal year.

For the Bond, Activities, School Lunch, Qualified Capital Purpose Undertaking and Student Fee Funds, you are entitled to a cash reserve not to exceed 50% of the Total Budget of Disbursements & Transfers less capital outlay for each fund. If you have included in your budget proposal any amounts for capital outlay such as machinery, vehicular equipment, building, land acquisition, etc., you must reduce the total budget of disbursements & transfers by the amount of capital expense, and multiply this amount by 50%, to compute the allowable cash reserve.

Total Requirements (Column 9)

Total Budget of Disbursements & Transfers (Column 7) plus the Necessary Cash Reserve (Column 8) is equal to the Total Requirements of the fund.

Total Requirements must be equal to Total Resources Available for each fund.

Instructions on Completing the Budget Document

Personal and Real Property Tax Recap

The Personal and Real Property Tax Recap assumes an extremely important role in considering the tax needed to support the funds.

Line A – The amount of personal and real property tax the fund needs to receive for the upcoming budget year to operate on.

Line B – The County Treasurer receives a percentage collection fee (commission) from tax collections received in that office. For school districts, the collection fee is 1%. To more accurately reflect the amount the school will receive after the collection fee, the formula has been adjusted to calculate at 1.01 %.

Line C – Delinquent tax allowance allows for you to budget for delinquent taxes. There will always be some taxes that are not paid in full. To maintain proper flow of personal and real property tax dollars, as nearly as possible, for the period in which needed, you are authorized to include a delinquent tax allowance. The delinquent tax allowance may not exceed 5% of personal and real property tax requested plus the actual percentage of prior year delinquency. If you apply a percentage greater than 5%, you must provide supporting documentation of the actual delinquency rate.

Line D – This amount is the total property tax plus the county treasurer's commission and the delinquent tax allowance. This is the amount that should be included as the personal and real property tax request on Page 1.

Certified State Aid to Schools

State Statute Section 79-1022 requires the Certified State Aid to Schools amount be shown in the budget document.

County Treasurer's Balance

State Statute Section 13-504 requires any funds held by the county treasurer shall be accurately stated on the proposed budget statement. This amount should be included in the Total Beginning Balance (Column 1).

Motor Vehicle Taxes

Document the amount of motor vehicle taxes budgeted. This amount should be included in Total Available Resources Before Property Taxes (Column 2).

INSTRUCTIONS FOR COMPLETING BUDGET PAGES 3 AND 4

Fund Pages 3 and 4 are documenting prior year activity for your school district. Page 3 should contain actual/estimated amounts for fiscal year 2013-2014. Page 4 should contain actual amounts for fiscal year 2012-2013.

Instructions on Completing the Budget Document

Total Beginning Balance (Column 1)

Total Beginning Balance is for *information purposes only* and is the total of cash, investments, and the county treasurer's balance. The Total Beginning Balance should agree to the ending balance for the prior year. The Total Beginning Balance on Page 4 should agree to the beginning balance reflected in your audit report.

Total Available Resources Before Property Taxes (Column 2)

The Total Available Resources Before Property Taxes is the Total Beginning Balance plus receipts from local sources, county and ESU sources, state sources, federal sources and non-revenue sources for your school district.

Personal and Real Property Taxes (Column 3)

In column 3, list the personal and real property tax collected for your school district.

Total Resources Available (Column 4)

The Total Resources Available is Column 2 plus Column 3. *Total Resources Available for each fund must agree to Total Disbursements & Transfers (Column 7) plus Total Ending Balance (Column 8).*

Total Disbursements & Transfers – Special Education (Column 5)

The Total Disbursements & Transfers – Special Education are split out for the General Fund.

Total Disbursements & Transfers – Non-Special Education (Column 6)

Column 6 is the remainder of the disbursements & transfers that do not affect Special Education in the General Fund.

Total Disbursements & Transfers (Column 7)

Total Disbursements & Transfers is Column 5 plus Column 6 for the General Fund only.

Total Ending Balance (Column 8)

Total Ending Balance is equal to Column 4 minus Column 7.

Instructions on Completing the Budget Document

Motor Vehicle Taxes

Document the amount of motor vehicle taxes collected. This amount should be included in Total Available Resources Before Property Taxes (Column 2).

Correspondence Information (Page 5)

- **Board Chairperson** – include name and address of the Board Chairperson.
- **Correspondence Address** – include the name and address of the individual that should receive correspondence from our office. This will be the individual contacted regarding the budget information for the following year.
- **E-Mail Address** – In an effort to reduce costs, the Auditor of Public Accounts intends to notify political subdivisions by e-mail whenever possible. Please provide an e-mail address on the Front Page for the School Superintendent/Board Member and also on Page 5 - Correspondence Information in all sections. If there is a change in any of the Correspondence Information or you obtain a new e-mail address after submitting your budget form, please contact our office so we can maintain the most current Contact for Correspondence. It will also make it easier to contact subdivisions with important information about new legislation, significant changes, or due dates that will be coming up.
- **Preparer** – include the name and address of the individual who prepared the budget document.

Instructions For Completing Schedule A

Schedule A is provided to account for the General Fund Lid Exclusions.

State Statute Section 79-1028.01 provides exceptions to the budgeted General Fund limitation for:

- (a) repairs to infrastructure damaged by a natural disaster,
- (b) judgments,
- (c) a specific dollar amount not to exceed the amount received during such school fiscal year from educational entities for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities,
- (d) employer contributions pursuant to Statute 79-958(2) to the School Retirement System to the extent such contributions exceed a contribution rate of seven and thirty-five hundredths percent,
- (e) school district contributions pursuant to Statute 79-9,113(1)(b) to the Class V School Employees Retirement System to the extent such contributions exceed the contribution rate of seven and thirty-seven hundredths percent, and
- (f) sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination.

List the amount your School District has budgeted for these types of disbursements. The budgeted disbursements are used on the LC-2 Lid Computation Form.

Instructions For Completing Schedule B

Schedule B is provided to account for exclusions from the levy limitation.

- Line 1 - This amount will be the Total Personal and Real Property Tax Requirement, which is **Line D** of the Personal and Real Property Tax Recap on Page 2.
- Lines 4 through 24 - These amounts will be the allowable exclusions from the levy limitation. List the exclusions. You must be able to provide documentation upon request.
- State Statute § 77-3442(10) eliminated general obligation bonds used for insurance that were approved on or after April 2, 2008, as an allowable exclusion.
- Line 25 - This amount is the total of lines 4 through 24.
- Line 26 - This amount is calculated by multiplying the amount on line 25 by 0.0101. To more accurately reflect the amount the school will receive after the collection fee, the formula has been adjusted to calculate at 1.01 %.
- Line 27 - This amount will be the total of lines 25 + 26.
- Line 28 - This amount is calculated by subtracting line 27 from line 1. (This amount cannot be less than zero.) **This is the Total Personal and Real Property Tax Requirement Subject to the \$1.05 Levy Limitation.**

NOTE: Taxes levied by a school district on or after April 2, 2008, for the payment of the principal of, premium of, or interest on such a general obligation bond of such school district and the payment of all costs associated with membership in a risk management pool shall be subject to the levy limit.

Instructions For Completing Schedule C

Schedule C is provided to calculate if the levy limitation has been met. **Schedule C is not provided for levy setting purposes.** The levy limit for school districts is \$1.05.

Column A - The amount on lines 1 through 9 will be the district's property tax request less exclusions from Schedule B, line 28.

Column B - The amount on lines 1 through 9 will be the district's assessed valuation associated with each fund.

Column C - The amount on lines 1 through 9 is calculated by dividing Column A by Column B and multiplying the result by 100. This amount must be carried out to 6 decimal places.

Line 12 is the sum of lines 1 through 11. **This amount is not to be used for levy setting purposes.** This amount is the total district levy subject to the \$1.05 limitation. **If line 12 is greater than \$1.05, please refer to the note on this Schedule.**

Qualified Capital Purpose Undertaking Fund levy. A district may only exceed the maximum levy of five and one-fifth cents per one hundred dollars of taxable valuation in any year if (i) the taxable valuation of the district is lower than the taxable valuation in the year in which the district last issued capital purpose undertaking bonds or (ii) such maximum levy is insufficient to meet the annual principal and interest obligations for all capital purpose undertaking bonds. (Statute 79-10,110).

Lines 10 and 11 are only used by those district's who are members of a Learning Community. The Learning Community levies will be set by the Learning Community.

There are more than one Bond Fund and Qualified Capital Purpose Undertaking Fund line items for school districts that have different valuations for different bond issues.

REMINDER: School districts that have combined levies greater than \$1.20 or the combined levies that exceeded the maximum levy approved at a special election may be subject to petitions for the free holding of territory. Combined levies do not include levies for bonded indebtedness approved by the voters of a school district or levies for the refinancing of such bonded indebtedness.

Instructions For Completing Schedule D

Schedule D is provided to comply with LB 470, passed in 2014.

LB 470, passed in 2014, requires the school district to attach a separate identification and description of all current and future costs to the district which are reasonably anticipated as a result of any contract, and any adopted amendments thereto, for superintendent services to be rendered to such school district. See more detailed instructions on the budget page.