

Finance Glossary

*Resource: Nebraska Department of Education - School Finance and Organization Services
2014/15 Budget Text for NE Public School Districts*

Access to Prior Year's Unused Budget Authority – an amount equal to the lesser of 2% of the prior year's adjusted general fund expenditures or the prior year's total unused budget authority. This amount is calculated by the Department of Education.

Adopted Budget– the document adopted by a board of education. Provides the authority for a school district to make expenditures and generate tax dollars. Contains the estimated amounts of receipts and expenditures for each fund. Required by the Nebraska Budget Act. May also be referred to as the budget.

Amended Budget– the document that reflects a change in expenditures for any fund. Budgets may be amended through the last day of the school fiscal year (August 31). An amendment should occur whenever it has been determined the amount of budgeted expenditures originally adopted will not meet the financial needs of the school district.

Applicable Allowable Reserve Percentage determined by §79-1027. The percentage is based on the average daily membership (ADM) of a school district. Places a limitation on the amount of funds that may be budgeted as necessary cash reserves in the General Fund and Employee Benefit Fund and the total requirements in the Depreciation Fund.

Assessed Valuation– certified by the county assessor on or before August 20. Includes all real, personal and centrally assessed valuation in a school district. Used by the county board of equalization to determine the tax levy for each taxing fund in a school district.

Basic Allowable Growth Rate– determined by §77-3446 and §79-1025. The basic allowable growth rate for 2014/15 is 2.5%. May also be referred to as BAGR.

Budget– the document that provides the authority for a school district to make expenditures and generate tax dollars. Contains the estimated amounts of receipts and expenditures for each fund. Required by the Nebraska Budget Act. May also be referred to as the adopted budget or the School District Budget Form.

Budget Authority– the total amount of funds that may be budgeted to be expended during a school fiscal year. In the General Fund, this includes special education expenditures, special grant funds and non-special education expenditures.

Budget Based Calculation – a method for determining certified budget authority found in §79-1023(4). This calculation uses the prior year's budget information, and the ensuing year's Formula Needs.

Budget Factors Certification– a document provided by the Department of Education. Includes required information for preparing the LC-2 for the ensuing school fiscal year.

Certification of Taxable Value– the document from the county assessor that certifies the amount of assessed valuation for the school district. A school district that has land in more than one county will receive this document from each county assessor.

Certified Budget Authority - the greater of the Budget Based Calculation, the Student Growth Adjustment, or the Formula Needs Calculation. Certified budget authority plus Access to Prior Year's Unused Budget Authority is the amount that must stay within the expenditure limitation.

Exclusions– items that are removed from the levy limitation or the expenditure limitation. Levy limitation exclusions are found in §77-3442 and expenditure limitation exclusions are found in §79-1003(39) and §79-1028.01.

Expenditure Limitation– a restriction or limit in budgeted expenditures for a school district. May also be referred to as the spending lid.

Formula Needs Based Calculation – a method for determining certified budget authority found in §79-1023(3). This calculation uses the total formula needs certified for the ensuing school fiscal year and the budgeted special education expenditures from the prior school fiscal year.

General Fund Budget of Disbursements and Transfers– the total amount of disbursements a school district estimates spending during a school fiscal year. A school district may not exceed this total amount. May also be referred to as General Fund Budget of Expenditures or General Fund Expenditures.

LC-2– the Lid Computation form. The LC-2 assists a school district in preparing the budget to stay within the statutory expenditure limitation. The LC-2 is available as an online data collection through the NDE Portal. May also be referred to as the Lid Computation Form or the Budget Form LC-2.

Levy– the rate at which property is taxed based on each \$100 of assessed valuation. Restricted by §77-3442. School districts are under a statutory maximum levy plus exclusions. May also be referred to as the tax rate.

Levy Exclusions– items that are removed from the statutory maximum levy calculation. Levy limitation exclusions are found in §77-3442.

Levy Limitation– a restriction on the growth in tax dollars for a school district. The statutory maximum levy is \$1.05 plus exclusions per \$100 of assessed valuation for school fiscal year 2014/15 for school districts that are not members of a learning community. School districts that are members of a learning community are limited to a combined General Fund and Special Building Fund levy that will be the difference between \$1.05 and the amount a learning community coordinating council levies for the General Fund and Special Building Fund of its member school districts. May also be referred to as the levy lid.

Local System– a learning community, a unified system or a Class II, III, IV or V school district.

Minimum Levy Adjustment– a component of State Aid. Applied to any local system that is a member of a learning community that has a general fund levy that is 5¢ less than the statutory maximum levy for a learning community. For all other local systems, applied if the general fund levy is 10¢ less than the statutory maximum levy.

Nebraska Budget Act– the portions of state statute (§13-501 through §13-512) that refer to the budget practices and procedures that all political subdivisions must follow.

Necessary Cash Reserve(s)– an amount of budgeted funds to provide a stable cash flow during a school fiscal year. Limited by the Applicable Allowable Reserve Percentage (only impacts the General, Depreciation and Employee Benefit Funds) or by 50% of the total expenditures in a budgeted fund less capital outlay.

Notice of Amended Budget Hearing– information that must be published in a newspaper of general circulation in a school district. Notifies the public of the time, day and place of a hearing to amend the current school fiscal year budget, the dollar amount of the amendment, and the reason for amending the budget. Must be published 5 days before the hearing. The Auditor of Public Accounts considers the day of publication and the day of the hearing in the 5-day requirement. Contains the proposed amendment to the current school fiscal year budget and also contains a copy of the originally published budget summary. May also be referred to as the Notice of Amended Budget Hearing and Budget Summary.

Notice of Budget Hearing– the form that must be published in a newspaper of general circulation in a school district. Notifies the public of the time, day and place of a hearing on the ensuing school fiscal year budget. Must be published 5 days before the hearing. The Auditor of Public Accounts considers the day of publication and the day of the hearing in the 5-day requirement. Details the total receipts, expenditures, cash reserves, and property tax request for the school district. May also be referred to as the Notice of Budget Hearing and Budget Summary.

Notice of Special Hearing to Set Final Tax Request– required by §77-1601.02. Provides notice to the taxpayer of the opportunity to provide input on the amount of property taxes being requested for the upcoming school fiscal year.

Notice of Summary of Changes– information that must be published if the budget that was adopted is different from the budget information that was published in the Notice of Budget Hearing and Budget Summary. If this form is published within 20 days after the budget is adopted, no additional hearing is required.

Proof of Publication– the document received from the newspaper that provides documentation the notice of hearing was published. May also be referred to as the Affidavit of Publication.

Property Tax Request– the total dollar amount of funds that will need to be generated through taxes to meet the operating needs for the upcoming school fiscal year. Includes county treasurer’s commission and an amount for delinquent taxes.

Schedule A – an attachment to the School District Budget Form. Provides the amount of general fund expenditure exclusions for repairs to infrastructure damaged by a natural disaster, judgments not paid for by a school district’s liability insurance, voluntary termination agreements, the retirement contribution increase, and distance education courses.

Schedule B– an attachment to the School District Budget Form. Provides the amount of the total personal and real property tax request that is excluded from the levy limitation for voluntary termination agreements, Special Building Fund projects commenced prior to April 1, 1996, judgments, lease-purchase agreements entered into between July 1, 1996 and July 1, 1997, and bond principal and interest. It does not include the repayment of principal, premium, or interest on general obligation bonds issued for insurance premium costs and the payment

of all costs and expenses associated with membership in a risk management pool that are effective after April 2, 2008.

Schedule C– an attachment to the School District Budget Form. A worksheet to assist schools in calculating the amount of the personal and real property tax request that is under the levy limitation.

School District Budget Form– the document that provides the authority for a school district to make expenditures and generate tax dollars. Contains the estimated amounts of receipts and expenditures for each taxing fund. Required by the Nebraska Budget Act. Also referred to as the budget or budget document.

Special Education Budget of Disbursements and Transfers– the estimated expenditures for special education activities. Includes instructional and transportation costs. May also be referred to as Special Education Budget of Expenditures or Special Education Expenditures.

School Fiscal Year –begins on September 1 and ends on August 31.

Special Grant Funds– exclusions to the expenditure limitation. State Board of Education approves the list of special grant funds for each school fiscal year. Special Grants are funds received and expended for a specific purpose. Special grant funds do not increase the property tax request for a school district.

Spending Authority– the total amount of expenditures actually budgeted in each fund on the School District Budget Form.

Statutory Maximum Levy – the maximum levy per \$100 of taxable value. The maximum General Fund levy for school districts that are not members of a learning community is \$1.05 plus exclusions. The maximum levy for schools that are members of a learning community will be the difference between \$1.05 and the amount a learning community coordinating council levies for the General Fund and Special Building Fund of its member school districts.

Student Growth Adjustment – a method for determining certified budget authority found in §79-1023(3). This calculation uses the prior year’s budget information and the ensuing year’s Student Growth Adjustment component of State Aid.

Student Growth Correction – a State Aid data component used to determine Student Growth Adjustment budget authority. The difference between the Student Growth Adjustment component of State Aid and the average daily membership for the most recently available complete data year.

Tax Equity and Educational Opportunities Support Act– the statutory provisions for calculating and certifying State Aid and Budget Factors to school districts. May also be referred to as TEEOSA.

Property Tax Request Resolution– a document adopted by a board of education and forwarded to the county clerk. Includes the total amount of tax dollars requested for each taxing fund of a school district.

Total Budget of Disbursements and Transfers– the total amount of expenditures required to operate a school district for a school fiscal year. This amount is the maximum a school district may expend. May also be referred to as Total Budget of Expenditures.

Total Unused Budget Authority– the prior year’s unused budget authority reduced by access to the prior year’s unused budget authority and increased by the current year’s unused budget authority. Total unused budget authority is calculated on the LC-2 and carries forward into future school fiscal years.

Unused Budget Authority– the difference between total allowable budget authority and total adjusted general fund budget of disbursements and transfers. Unused budget authority is calculated on the LC-2 and is a component of Total Unused Budget Authority.