

LEGISLATURE OF NEBRASKA
NINETY-SIXTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1279

Introduced by Revenue Committee: Wickersham, 49, Chairperson;
Bohlke, 33; Coordsen, 32; Dierks, 40; Hartnett, 45;
Landis, 46; Raikes, 25; Redfield, 12

Read first time January 18, 2000

Committee: Revenue

A BILL

1 FOR AN ACT relating to budgets; to amend sections 13-502 and
2 84-304, Reissue Revised Statutes of Nebraska, and
3 sections 13-501, 13-503, and 13-504, Revised Statutes
4 Supplement, 1999; to change provisions of the Nebraska
5 Budget Act; to change and eliminate provisions relating
6 to applicability of the act; to change budget and
7 examination provisions; to harmonize provisions; to
8 repeal the original sections; and to outright repeal
9 section 13-515, Reissue Revised Statutes of Nebraska.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-501, Revised Statutes Supplement,
2 1999, is amended to read:

3 13-501. Sections 2-958, 3-504, 12-914, 13-501 to 13-512,
4 ~~13-515~~, 16-702, 16-706, 16-718, 17-702, 17-703, 17-708, 17-711,
5 17-715, 17-718, 18-1006, 19-1302, 23-132, 23-904, 23-920, 23-3519,
6 23-3552, 31-513, 35-509, 39-1621, 39-1634, 46-543, 46-544, 71-1611,
7 79-1083, 79-10,126, and 79-1225 shall be known and may be cited as
8 the Nebraska Budget Act.

9 Sec. 2. Section 13-502, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 13-502. (1) The purpose of the Nebraska Budget Act is to
12 require governing bodies of this state to which the act applies to
13 follow prescribed budget practices and procedures and make
14 available to the public pertinent information pertaining to the
15 financial requirements and expectations of such governing bodies so
16 that intelligent and informed support, opposition, criticism,
17 suggestions, or observations can be made by those affected.

18 (2) The act shall not apply to governing bodies which
19 have a budget of less than five thousand dollars per year.

20 (3) The act shall not apply to proprietary functions of
21 municipalities for which a separate budget has been approved by the
22 city council or village board as provided in the Municipal
23 Proprietary Function Act.

24 (4) The act shall not apply to any governing body for any
25 fiscal year in which the governing body will have no property tax
26 request or will not receive state aid.

27 (5) The act shall not apply to any public power district
28 or public power and irrigation district organized pursuant to

1 Chapter 70, article 6, to any rural power district organized
 2 pursuant to Chapter 70, article 8, or to any agency created
 3 pursuant to sections 18-2426 to 18-2434.

4 Sec. 3. Section 13-503, Revised Statutes Supplement,
 5 1999, is amended to read:

6 13-503. For purposes of the Nebraska Budget Act, unless
 7 the context otherwise requires:

8 (1) Governing body shall mean, in the case of a city, the
 9 council, in the case of a village, cemetery district, community
 10 hospital for two or more adjoining counties, road improvement
 11 district, sanitary drainage district, or sanitary and improvement
 12 district, the board of trustees, in the case of a county, the
 13 county board, in the case of a township, the town board, in the
 14 case of a school district, the school board, in the case of a rural
 15 or suburban fire protection district, reclamation district, natural
 16 resources district, or hospital district, the board of directors,
 17 in the case of a health district, the board of health, in the case
 18 of an educational service unit, the board, in the case of a
 19 community college, the Community College Board of Governors for the
 20 area the board serves, in the case of an airport authority, the
 21 airport authority board, in the case of a weed control authority,
 22 the board, in the case of a county agricultural society, the board
 23 of directors, and in the case of an elected county fair board, the
 24 board the governing body of any county agricultural society,
 25 elected county fair board, joint airport authority formed under the
 26 Joint Airport Authorities Act, city or county airport authority,
 27 cemetery district, city, village, community college, community
 28 redevelopment authority, county, drainage or levee district,

1 educational service unit, rural or suburban fire protection
2 district, historical society, hospital district, irrigation
3 district, natural resources district, public building commission,
4 railroad safety transportation district, reclamation district, road
5 improvement district, rural water district, school district,
6 sanitary and improvement district, township, offstreet parking
7 district, transit authority, metropolitan utilities district, and
8 political subdivision with the authority to have a property tax
9 request or that receives state aid;

10 (2) Levying board shall mean any governing body which has
11 the power or duty to levy a tax;

12 (3) Fiscal year shall mean the twelve-month period used
13 by each governing body in determining and carrying on its financial
14 and taxing affairs;

15 (4) Tax shall mean any general or special tax levied
16 against persons, property, or business for public purposes as
17 provided by law but shall not include any special assessment;

18 (5) Auditor shall mean the Auditor of Public Accounts;

19 (6) Cash reserve shall mean funds required for the period
20 before revenue would become available for expenditure but shall not
21 include funds held in any special reserve fund;

22 (7) Public funds shall mean all money, including nontax
23 money, used in the operation and functions of governing bodies.
24 For purposes of a county, city, or village which has a lottery
25 established under the Nebraska County and City Lottery Act, only
26 those net proceeds which are actually received by the county, city,
27 or village from a licensed lottery operator shall be considered
28 public funds, and public funds shall not include amounts awarded as

1 prizes;

2 (8) Adopted budget statement shall mean a proposed budget
3 statement which has been adopted or amended and adopted as provided
4 in section 13-506. Such term shall include additions, if any, to
5 an adopted budget statement made by a revised budget which has been
6 adopted as provided in section 13-511; ~~and~~

7 (9) Special reserve fund shall mean any special fund set
8 aside by the governing body for a particular purpose and not
9 available for expenditure for any other purpose. Funds created for
10 (a) the retirement of bonded indebtedness, (b) the funding of
11 employee pension plans, (c) the purposes of the Political
12 Subdivisions Self-Funding Benefits Act, (d) the purposes of the
13 Local Option Municipal Economic Development Act, (e) voter-approved
14 sinking funds, or (f) statutorily authorized sinking funds shall be
15 considered special reserve funds; and

16 (10) Sanitary and improvement district shall mean any
17 sanitary and improvement district, including any district annexed
18 after the fiscal year end of June 30 in order to document activity
19 until the annexation date.

20 Sec. 4. Section 13-504, Revised Statutes Supplement,
21 1999, is amended to read:

22 13-504. (1) Each governing body shall prepare in writing
23 and file with its secretary or clerk, in the year of its
24 organization and each year thereafter, not later than the first day
25 of August of each year on forms prescribed and furnished by the
26 auditor, a proposed budget statement containing the following
27 information, except as provided by state law:

28 (a) For the immediate two prior fiscal years, the revenue

1 from all sources, including motor vehicle taxes, other than revenue
 2 received from personal and real property taxation, allocated to
 3 ~~each of the several~~ the funds and separately stated as to each such
 4 source: ~~7 and for each fund.~~ The unencumbered cash balance of
 5 ~~such fund~~ at the beginning and end of the year; the amount received
 6 by taxation of personal and real property; ~~allocated to each fund,~~
 7 and the amount of actual ~~expenditure for each fund~~ expenditures;

8 (b) For the current fiscal year, actual and estimated
 9 revenue from all sources, including motor vehicle taxes, allocated
 10 to ~~each of the several~~ the funds and separately stated as to each
 11 such source: ~~7 and for each fund.~~ The actual unencumbered cash
 12 balance available ~~for such fund~~ at the beginning of the year; the
 13 amount received from personal and real property taxation; ~~allocated~~
 14 ~~to each fund,~~ and the amount of actual and estimated ~~expenditure~~
 15 expenditures, whichever is applicable. Such statement shall
 16 contain the cash reserve ~~for each such fund~~ for each fiscal year
 17 and shall note whether or not such reserve is encumbered. Such
 18 cash reserve projections shall be based upon the actual experience
 19 of prior years. The cash reserve shall not exceed fifty percent of
 20 the total budget adopted ~~for such fund~~ exclusive of capital outlay
 21 items;

22 (c) For the immediately ensuing fiscal year, an estimate
 23 of revenue from all sources, including motor vehicle taxes, other
 24 than revenue to be received from taxation of personal and real
 25 property, separately stated as to each such source: ~~7 to be~~
 26 ~~allocated to each of the several funds, and for each fund.~~ The
 27 actual or estimated unencumbered cash balances, whichever is
 28 applicable, to be available at the beginning of the year; the

1 amounts proposed to be expended during the year; and the amount of
2 cash reserve, based on actual experience of prior years, which cash
3 reserve shall not exceed fifty percent of the total budget adopted
4 exclusive of capital outlay items;

5 (d) A statement setting out separately the amount sought
6 to be raised from the levy of a tax on the taxable value of real
7 property (i) for the purpose of paying the principal or interest on
8 bonds issued by the governing body and (ii) for all other purposes;

9 (e) A uniform summary of the proposed budget statement,
10 ~~which shall include a separate total for each fund,~~ including each
11 proprietary function fund included in a separate proprietary budget
12 statement prepared pursuant to the Municipal Proprietary Function
13 Act, and a grand total of all funds maintained by the governing
14 body; and

15 (f) For municipalities, a list of the proprietary
16 functions which are not included in the budget statement. Such
17 proprietary functions shall have a separate budget statement which
18 is approved by the city council or village board as provided in the
19 Municipal Proprietary Function Act.

20 (2) Any governing body required by a final order of a
21 court, the State Board of Equalization and Assessment, the Tax
22 Commissioner, the Tax Equalization and Review Commission, or the
23 Property Tax Administrator from which no appeal is taken to
24 reimburse property taxes to a taxpayer may certify to the county
25 clerk of the county in which any part of the political subdivision
26 is situated, not later than September 10, an itemized estimate of
27 the amount necessary to be expended to reimburse the property
28 taxes. Such amounts shall be levied by the county board of

1 equalization. The taxes shall be collected by the county treasurer
2 at the same time and in the same manner as county taxes are
3 collected and, when collected, shall be paid to the treasurer of
4 the political subdivision and used to cover the reimbursement of
5 the property taxes.

6 Any governing body which submits an itemized estimate
7 shall establish a property tax reimbursement fund. Taxes collected
8 pursuant to this section shall be credited to such fund to cover
9 the reimbursement of the property taxes.

10 The authority conferred by this section shall apply only
11 to reimbursements made during fiscal years 1993-94 through
12 1999-2000.

13 (3) The actual or estimated unencumbered cash balance ~~of~~
14 ~~each fund~~ required to be included in the budget statement by this
15 section shall include deposits and investments of the political
16 subdivision as well as any funds held by the county treasurer for
17 the political subdivision and shall be accurately stated on the
18 proposed budget statement.

19 (4) The political subdivision shall correct any material
20 errors in the budget statement detected by the auditor or by other
21 sources.

22 Sec. 5. Section 84-304, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 84-304. It shall be the duty of the Auditor of Public
25 Accounts:

26 (1) To give information in writing to the Legislature,
27 whenever required, upon any subject relating to the fiscal affairs
28 of the state or with regard to any duty of his or her office;

1 (2) To furnish offices for himself or herself and all
2 fuel, lights, books, blanks, forms, paper, and stationery required
3 for the proper discharge of the duties of his or her office;

4 (3)(a) To examine or cause to be examined, at such time
5 as he or she shall determine, books, accounts, vouchers, records,
6 and expenditures of all state officers, state bureaus, state
7 boards, state commissioners, the state library, societies and
8 associations supported by the state, state institutions, state
9 colleges, and the University of Nebraska, except when required to
10 be performed by other officers or persons, (b) to examine or cause
11 to be examined, at the expense of the political subdivision, when
12 the Auditor of Public Accounts determines such examination
13 necessary or when requested by the political subdivision, the
14 books, accounts, vouchers, records, and expenditures of an
15 agricultural association formed under Chapter 2, article 20, county
16 agricultural society, joint airport authority formed under the
17 Joint Airport Authorities Act, city or county airport authority,
18 cemetery district, development district, ~~regional council~~, drainage
19 district, fire protection district, health district, historical
20 society, hospital authority or district, county hospital,
21 irrigation district, county or municipal library, community mental
22 health center, railroad transportation safety district, rural water
23 district, township, ~~or the~~ volunteer department as defined in
24 section 35-901, Wyuka Cemetery, any political subdivision with the
25 authority to levy a property tax, or any entity created pursuant to
26 the Interlocal Cooperation Act or the Joint Public Agency Act, and
27 (c) to report promptly to the Director of Administrative Services
28 and the appropriate standing committee of the Legislature the

1 fiscal condition shown by such examinations, including any
2 irregularities or misconduct of officers or employees, any
3 misappropriation or misuse of public funds or property, and any
4 improper system or method of bookkeeping or condition of accounts.
5 An examination of any volunteer department as defined in section
6 35-901 shall not include an examination of the volunteer department
7 trust fund. Whenever the expenditures of a fire protection
8 district are less than one hundred fifty thousand dollars per
9 fiscal year, the fire protection district shall be audited no more
10 than once every five years except as directed by the board of
11 directors of the fire protection district or unless the Auditor of
12 Public Accounts receives a verifiable report from a third party
13 indicating any irregularities or misconduct of officers or
14 employees of the fire protection district, any misappropriation or
15 misuse of public funds or property, or any improper system or
16 method of bookkeeping or condition of accounts of the fire
17 protection district. In the absence of such a report, the Auditor
18 of Public Accounts may waive the five-year audit requirement upon
19 the submission of a written request by the fire protection district
20 in a form prescribed by the Auditor of Public Accounts. The
21 Auditor of Public Accounts shall notify the fire protection
22 district in writing of the approval or denial of a request for
23 waiver. The Auditor of Public Accounts shall appoint two assistant
24 deputies (i) whose entire time shall be devoted to the service of
25 the state as directed by the auditor, (ii) who shall be certified
26 public accountants with at least five years' experience, (iii) who
27 shall be selected without regard to party affiliation or to place
28 of residence at the time of appointment, (iv) who shall promptly

1 report in duplicate to the auditor the fiscal condition shown by
2 each examination, including any irregularities or misconduct of
3 officers or employees, any misappropriation or misuse of public
4 funds or property, and any improper system or method of bookkeeping
5 or condition of accounts, and it shall be the duty of the auditor
6 to file promptly with the Governor a duplicate of such report, and
7 (v) who shall qualify by taking an oath which shall be filed in the
8 office of the Secretary of State; and

9 (4) Conduct audits and related activities for state
10 agencies, political subdivisions of this state, or grantees of
11 federal funds disbursed by a receiving agency on a contractual or
12 other basis for reimbursement to assure proper accounting by all
13 such agencies, political subdivisions, and grantees for funds
14 appropriated by the Legislature and federal funds disbursed by any
15 receiving agency. The Auditor of Public Accounts may contract with
16 any political subdivision to perform the audit of such political
17 subdivision required by or provided for in section 23-1608 or
18 79-1229 or this section and charge the political subdivision for
19 conducting the audit. The fees charged by the auditor for
20 conducting audits on a contractual basis shall be in an amount
21 sufficient to pay the cost of the audit. The fees remitted to the
22 auditor for such audits and services shall be deposited in the
23 Auditor of Public Accounts Cash Fund.

24 All the audits and examinations conducted by the Auditor
25 of Public Accounts shall be conducted in a timely manner and in
26 accordance with the standards for audits of governmental
27 organizations, programs, activities, and functions published by the
28 Comptroller General of the United States.

1 Sec. 6. Original sections 13-502 and 84-304, Reissue
2 Revised Statutes of Nebraska, and sections 13-501, 13-503, and
3 13-504, Revised Statutes Supplement, 1999, are repealed.

4 Sec. 7. The following section is outright repealed:
5 Section 13-515, Reissue Revised Statutes of Nebraska.