



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

### 2026 County Budget Refresher

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## Audit Reminder

- ▶ County has 1 year to complete audit
  - ▶ Due by the following June 30<sup>th</sup>
  - ▶ Statute 23-1608
  
- ▶ Federal Single Audit due 9 months after fiscal year end
  - ▶ March 31<sup>st</sup>
  - ▶ Must submit to Federal Audit Clearinghouse and to the APA

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## LB 1114 – Community Improvement Districts (CIDs)

- New type of political subdivision that has authority to levy property taxes – should be getting budgets if these are created in your County
- Purpose is a financing structure to help pay for infrastructure (streets, water/sewer systems, public spaces)
  - Cost of these items will be paid primarily by the properties that benefit from them over time through property taxes – rather than being paid all upfront by developers or municipality
- Very similar structure as Sanitary and Improvement Districts (SIDs), but CIDs are located within City/Village boundaries

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## LB 1114 – Community Improvement Districts (CIDs)

- Ordinance passed by City Council / Village Board approving formation of the CID must state the maximum levy rate the CID is allowed to levy.
- Within 30 days after creation of a CID, a statement must be filed w/ Register of Deeds, County Clerk, and Election Commissioner, that contains, among other things:
  - The CID #
  - Boundaries of the CID
  - Maximum permitted property tax levy rate
  - Statement that annual budget and audit are on file w/ the APA

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## Budget Changes for 2026

### -LB 384 – Changes to Joint Public Hearing

- In effect for 2026 budget season
- One voting member of governing body of each participating political subdivision required to attend joint public hearing
- County Assessor required to attend joint public hearing
- Joint Public Hearing still only applies to Counties, Cities, and School Districts
- More changes to JPH and Postcard process beginning in 2027 (LB 803)

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## Budget Changes for 2026

### -LB 834 (Public Safety on Tax Stmtns)

- Section 22 amends §77-1701
- Clarifies that Property Tax Statements only need to identify how much of each **County, City, Village's** total property tax request is required to fund public safety services, county attorney, public defender
  - Regardless of if it was taken as a public safety exception to the property tax cap.
- Someone at County will still need to be calculating what % of your total property tax request is going towards funding public safety
- Someone at County will still need to be getting this information from the City/Village's too.

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## Public Safety on Tax Statements

- County needs the percentage of how much of each County/City/Village's total property tax request is going towards funding public safety services.
- Percentage cannot be more than 100%
  - Ie. if total property tax request is \$100,000, a City cannot say they are using \$110,000 (110%) of property taxes to fund public safety services.
  - Issue is typically because cities may spend more on public safety than they request in property taxes
    - So they have to come up with a reasonable method to allocate property tax request to the various services they provide.
- Percentage is needed so the County Treasurer can apply that percentage to each individual tax statement

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## Budget Changes for 2026 -LB 803

- Section 13 – Will be in effect for 2026-2027 budgets
  - Adjusts calculation of “Preliminary Property Tax Request Authority”
  - Use of prior year's unused property tax request authority does not reduce Preliminary Property Tax Request Authority in the subsequent year
  - Forms will be updated for this

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## Budget Changes for 2027 -LB 803

- Section 14 (Not operative until 1/1/2027)
  - County Assessor creates notice that will be mailed to taxpayers that includes a bunch of information
  - On or before **June 1<sup>st</sup>** – Each County, City, and School District required to notify County Assessor(s) of the time and place of their first budget hearing
  - On or before **June 1<sup>st</sup>** – County Assessor sends Property Tax Administrator a report that includes various pieces of information, including time and place of each County, City, Village's budget hearing and time and place of joint public hearing
  - Department of Revenue uses this information to create postcard that is mailed by June 25<sup>th</sup>

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## Budget Changes for 2027 -LB 803

- Section 17 (Not operative until 1/1/2027)
  - County, City, Village, School District, Learning Community, SID, NRD, Comm. College must have **2/3 majority approval** to pass property tax request resolution (if increasing property tax request)
    - If seven member board – requires **4/7 majority vote**

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## Budget Changes for 2027 -LB 803 – Joint Public Hearing Changes

- “Old” joint public hearing process repealed and replaced with new process
- County, City, and School District’s will attend Joint Public Hearing every year, regardless
  - No longer based on if you exceed the allowable growth percentage

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## Budget Changes for 2027 -LB 803

- Section 18 (Not operative until 1/1/2027)
  - Each County, City, School District levying a tax shall participate in joint public hearing.
  - Designate one representative to attend joint public hearing
  - Only item on agenda is discussion on each political subdivision’s budget process and preliminary information on relevant data that would impact the budget in the current year
  - At least one voting member of the governing body shall attend
  - County Assessor shall attend
  - Presence of a quorum does not constitute a meeting per OM Act

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## Budget Changes for 2027 -LB 803

- Section 18 (Not operative until 1/1/2027)
  - Shall be held on or after July 1 and prior to July 15
    - And prior to any participating political subdivision filing their adopted with the APA
    - Held after 6:00PM local time
  - Organized by the County Clerk, or his/her designee
  - At Joint Public Hearing – representatives gives presentation on:
    - Budget process
    - How the budget affects the property tax request
    - Information about the prior year’s budget and property tax request
    - Any preliminary information about factors that may affect the current year’s budget

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## Budget Changes for 2027 -LB 803

- Section 18 (Not operative until 1/1/2027)
  - Any member of the public shall be allowed to speak at the JPH, and given a reasonable amount of time to do so
  - After JPH, County Clerk prepares report, which shall include:
    - Name of each political subdivision participating in the Joint Public Hearing
    - Names of the designated representatives
    - Name and address of each individual who spoke, and the name of any organization represented by each individual, if applicable
      - Address requirement may be waived to protect the security of the individual
    - Number of individuals who signed in to attend the JPH
    - Must be provided to participating political subdivisions within 10 days after the JPH

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# Budget Changes for 2026 – Unused Authority Carryforward Limit

- Starting this year, accumulation of “Property Tax Request Authority” will be capped at 5% of the prior year’s total property tax request authority.
- Forms will be updated for this calculation
- Example:
  - Max this county can carry forward in unused authority from 2026-2027 to 2027-2028 budget is **\$325,102.21**  
(5% of \$6,502,044.25)

Allowed Increases to Preliminary Property Tax Request Authority			
2024 Property Taxes Levied (per Taxes Levied Reports from Department of Revenue)			6,136,773.45
			(13)
<b>Growth Percentage per County Assessor</b>			
2025 Growth Value	22,611,389.00 /	2,800,859,692.00 =	0.81%
			(14a)
2024 Total Valuation			49,542.28
			(15)
<b>Inflation Percentage</b>			
			5.17%
			(15a)
			317,271.19
			(16)
<b>Allowable Exceptions Utilized (§ 13-3404)</b>			
<b>2025-2026 Property Taxes Budgeted For:</b>			
Approved Bonds	(16)		0.00
<i>Cannot exceed property tax request for the principal &amp; interest on bonds on cover page (page 1)</i>			
Response to a declared emergency in the prior year & certified to the Auditor (Must agree to total on Schedule 2)	(17)		0.00
Public Safety Services, as defined in §13-320 (Must agree to total on Schedule 3)	(18)		0.00
County Attorneys	(19)		0.00
County Public Defenders	(20)		0.00
Support of service relating to an imminent & significant threat to public safety that was not previously provided by the political subdivision & is the subject of an agreement or modification of an existing agreement executed after 08/21/2024	(21)		0.00
Support of an interlocal agreement relating to public safety	(22)		0.00
<b> voter approved increase pursuant to § 13-3405</b>	(23)		0.00
<i>(MUST attach sample ballot language and certified election results)</i>			
Prior Year's Unused Property Tax Authority Used This Year	(24)		0.00
<i>(Cannot exceed amount on Supporting Schedule 1, Line 1)</i>			
<b>Total Exceptions Utilized (Total lines 16 through 24)</b>	(25)		0.00
<b>2025-2026 Total Property Tax Request Authority (Total Lines 12, 14, 15, 25)</b>	(26)		6,502,044.25
2025-2026 ACTUAL Property Tax Request (from Cover Page - Page 1)	(27)		6,376,396.11
Unused Property Tax Request Authority Created for Future Years (To Schedule 1, Line 3)	(28)		125,648.14
<i>(Line 26 minus 27, MUST be greater than or equal to \$0.00)</i>			

## 2026-2027 Forms

- Expect updated forms to be released by **late** June.

## Property Tax Cap – Inflation Percentage for 2026

- Inflation Percentage for 2026-2027 budgets is **5.26%**.
- Q4 2024: **3,200.8**
- Q4 2025: **3,369.2**
- Increase: 168.4 or 5.26%
  
- Reminder – data used is as of 3/31/26. Does not consider any changes to data subsequent to this date so if you look it up today you'll see different amounts.

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## Property Tax Request Authority Calculation

- 2025-2026 Total Property Tax Request (from last year's budget – cover page submitted to State Auditor)
- Less: Exceptions Utilized in 2025-2026 for:
  - Bonds
  - Emergencies
  - Public Safety Threats
  - Voter approved increases
  - Public Safety Services
  - County Attorneys & County Public Defenders
- Equals: Preliminary Property Tax Request Authority

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# Property Tax Request Authority Calculation

- Preliminary Property Tax Request Authority increased by:
  - Product of: 1) Property Taxes **levied** in the prior year, less exceptions utilized in prior year for bonds and emergencies; and 2) Growth Percentage per County Assessor
  - Product of: 1) ) Property Taxes **levied** in the prior year, less exceptions utilized in prior year for bonds and emergencies; and 2) Inflation Percentage (5.26%)
  - Exceptions utilized in the current year for:
    - Bonds
    - Emergencies
    - Public Safety Services
    - County Attorney / Public Defenders
    - Services related to threats to Public Safety
    - Interlocal Agreements related to Public Safety
    - Voter approved increases
    - Prior year unused authority USED this year

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# Property Tax Request Authority Calculation

- Equals Total Property Tax Request Authority
- Property Tax Request must be within authority
- Excess authority gets added to “Unused Authority Available for Future Years” bucket
  - Capped at 5% of last year’s total property tax request authority

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## Public Safety

- Defined by Neb. Rev. Stat. § 13-320:

*[P]ublic safety services means crime prevention, offender detention, and firefighter, police, medical, ambulance, or other emergency services.*

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## Increases to Authority From Election

- Statute 13-3405
  - Can be put on ballot upon recommendation from governing body of the political subdivision
  - Or, by petition of at least 5% of legal voters of the political subdivision
  - Put on ballot at the next regularly scheduled election or special election
- Increase to authority from election is good for **one year only**
  - Considered an “exception” that must be subtracted out when calculating the next year’s preliminary property tax request authority

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# Unused Authority

- 2025-2026 Unused Authority (from last years budget – Schedule 1, Line 4)
- Less: Amount used this year (from Computation Form, Line 24)
- Add: Unused Authority created this year
- Equals: Unused Authority available for future year's

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<b>EXAMPLE 1</b>	
Unused Authority from 2025-2026 Budget Schedule 1, line 4 from last year's budget)	1,438,334.84
Unused Authority from prior years, USED this year	(500,000.00)
Unused Authority created this year	2,500.00
<b>2026-2027 Unused Authority subject to limit</b>	<b>940,834.84</b>
2025-2026 Total Property Tax Request Authority	29,292,402.91
5% Carryover Limit	5%
<b>Maximum Carryover</b>	<b>1,464,620.15</b>
<b>Final Carryover</b>	<b>940,834.84</b>

Can carryover full amount; 5% limit does not apply

## Unused Authority Example

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EXAMPLE 2	
Unused Authority from 2025-2026 Budget Schedule 1, line 4 from last year's budget)	1,438,334.84
Unused Authority from prior years, USED this year	(500,000.00)
Unused Authority created this year	2,500.00
<b>2026-2027 Unused Authority subject to limit</b>	<b>940,834.84</b>
2025-2026 Total Property Tax Request Authority	15,248,235.00
5% Carryover Limit	5%
<b>Maximum Carryover</b>	<b>762,411.75</b>
<b>Final Carryover</b>	<b>762,411.75</b>

5% limit applies, cannot carry over full amount of unused authority

## Unused Authority Example

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## Levy Authority / Levy Allocation

- County has total **\$0.50** of levy authority
  - Set by NE Constitution – require vote of the people to change
  - Can allocate up to **\$0.15** of this authority to other smaller governments in the County who do not have their own levy authority.
- **Must provide resolution requesting levy authority to County by August 1<sup>st</sup>**

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## Who has levy authority?

### • Has their OWN levy authority (Statute 77-3442)

- City / Village
- Community Colleges
- ESU
- Natural Resource Districts
- School Districts
- Sanitary & Improvement Districts
- Fire Districts (if certain criteria met)
- Learning Community

### • Gets their levy authority thru allocation from the County or Municipality (Statute 77-3443)

- Everyone else, such as
- Fire Districts
- Townships
- Ag Society
- Historical Society
- Airport Authorities
- Road Improvement Districts
- Cemetery Districts
- Hospital Districts

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## Fire Districts

- Fire Districts may have 10.5 cent levy without vote if:
  - County levy is over 40 cents in previous year, or
  - County Board denied the District levy authority in any of the 3 previous years
- If Fire District obtains levy authority through 10.5 cent provision – does not count against County's \$0.50 levy limit

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## Levy Authority / Levy Allocation

- Authority allocated to other districts counts against County's \$0.50 of authority.
  - Example: \$0.10 to Townships, \$0.01 to Ag Society, and \$0.04 to Fire Districts – **only \$0.35 left for County budget**
- County Board must pass resolution by 9/1 notifying how much authority was allocated – Approve as requested, deny completely, or approve different amount
  - DO THIS RESOLUTION EVERY YEAR!
- **Must go to vote if they do not like authority given to them by County**
  - If authority obtained through a vote, does not count against County's \$0.50

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## Levy Limit

- Included in the 50 cents:
  - County Budget
  - Fire Districts (unless quality for 10.5 cent provision)
  - Townships
  - Ag Society
  - Historical Society
  - Any other small subdivision that does not have a levy limit in Statute 77-3442
- **Determination is based on each tax district**
- No property owner should be paying more than \$0.50 when levies of all these entities are added together, unless additional authority obtained through Vote or Townhall meeting.

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## Bonds

- Property taxes for bonds do not count against \$.50 levy limit (§ 77-3442(12)(c))
- Do bonds require a vote of the people?
  - Depends on under what statutory authority the bonds are being issued
  - Example: § 23-120 Bonds do not require vote if levy is within certain thresholds
  - Consult with Bond underwriter / Bond counsel to assist with this question
  - Specific bond issuance statutes may place specific levy limits on the issuance

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## Levy Authority / Levy Allocation

- County needs to have good procedures to review budgets after they are submitted to you by other taxing subdivisions
- Make sure tax request on budget is within levy limit (for those entities who have their own levy authority)
- Or
- Within levy allocation approved by the County Board (for those entities who do not have their own levy authority)
- Statute 77-1601(1)

*The county board of equalization shall each year, on or before October 20, levy the necessary taxes for the current year **if within the limit of the law.** . . .*

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## Role of County Board and Officials

- Counties are subject to both the Nebraska Budget Act (Chapter 13, Article 5) AND the County Budget Act of 1937 (Chapter 23, Article 9)
- Statute 23-906
  - Finance Committee is considered the budget-making authority, unless the Board appoints someone else
  - On or before August 1<sup>st</sup> budget-making authority shall prepare the county budget and provide to County Board
  - Summary of proposed budget must be published four days prior to budget hearing (can include day of publication, but not day of hearing)

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## Role of County Board and Officials

### Statute 23-908

- Full County Board shall review the budget prepared by the budget-making authority
- Can make changes, but must have a hearing with the office or Department affected

### Statute 23-909

- Budget must be adopted on or before September 30<sup>th</sup>

### Statute 23-913

- Budget must show changes made by the County Board during it's review, revision, and adoption of the budget (Officials Request, Proposed, Adopted)

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## Role of County Board and Officials

- Each Official and Department Head needs to be thinking about what their budget needs are for the upcoming year
  - Do you need new computers? Other new equipment?
  - Legislative changes that are going to result in additional costs? Or additional revenue?
  - Other changes that need to be accounted for in the budget?
- Typically start thinking about filling out Official's budget requests in April, May, June timeframe, but should be always kept in the back of your head.

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## Role of County Board and Officials

### Statute 23-916

- No officer, department, or other expending agency can exceed adopted budget

### Statute 23-919

- Guilty of Class IV misdemeanor and subject to removal from office if budget is exceeded

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## Level of Budgetary Control

- **General Fund:**
  - At Function level (ie. Treasurer, Clerk, Assessor, etc.).
  - Each office is held to their **total** budget
    - Board does not get to dictate how much other elected officials spend on individual line items within their budget
  - Can reallocate budget authority within fund by Resolution of County Board
- **Other Funds:**
  - At Fund level, unless separate functions (budgets) are adopted in these other funds, then it would be at function level
    - Cannot exceed total budgeted disbursements for the fund
  - **NOT** a line-item budget
  - Increasing total budget authority for any fund requires budget amendment (publication, hearing, re-adoption of amended budget)

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## “Put money back in my budget”

County Budget is prepared on cash basis and must reflect all receipts and disbursements of the County

Reimbursements received cannot offset original expenditures

Expected reimbursements should be accounted for when originally preparing budget by budgeting for offsetting revenues and expenditures

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# Budget Amendments

- Can reallocate budget authority within General Fund by resolution of the County Board
  - Does not require publication, hearing, etc. as long as total General Fund budget does not increase
- If total budget of any County fund will not be sufficient – must follow amendment procedures of §13-511
  - Publish Notice, Hold Hearing, Board adopts amended budget
- Amendment must be approved PRIOR to the end of the fiscal year
- Amended budget must be filed w/ State Auditor's Office
  - Pages of the budget that changed
  - Proof of Publication for Budget Amendment Notice
  - Board minutes approving the amended budget

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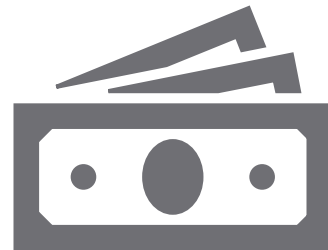
# Cash Reserves

## Budget ≠ Money in the Bank

- **Just because you have budget authority does not mean you have money in the bank to pay the bills.**
- Budget may say you can buy a new motor grader, but if the Road Fund does not have actual money, you cannot pay for it.
- Treasurer has the Fund Balances, need to make sure how much money is in the Funds (Bank) prior to approving claims
- May need to pay for it out of a fund that does have money, or transfer money from another fund.

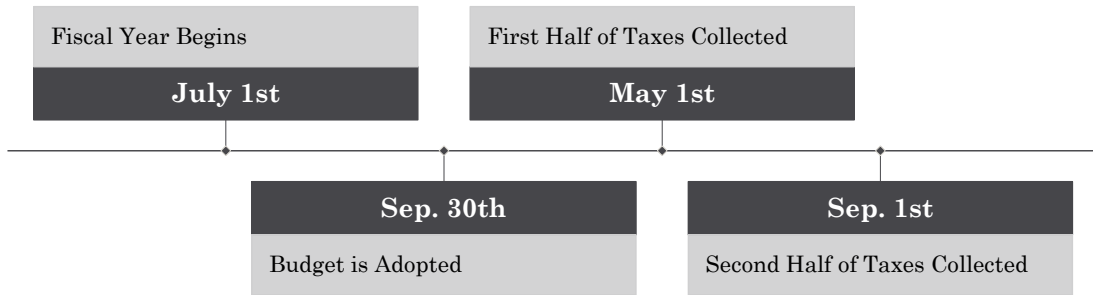
### Must consider:

- Do you have budget authority to make purchase?
- Does Treasurer have enough money in the fund to pay for purchase?



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## Cash Reserves - Timeline



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## Cash Reserves - Timeline

Property Taxes to fund the budget do not start coming in until fiscal year is almost over

Authority to spend the money is there right away, but that doesn't mean the actual money is in the bank to spend

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# Cash Reserves

- **Budgeted Cash Reserve** = Beginning Fund Balance + Budgeted Receipts – Budgeted Disbursements
- **Actual Fund Balance** = Beginning Fund Balance + Actual Receipts – Actual Disbursements
- Variance between budgeted receipts/disbursements and actual receipts/disbursements impact actual fund balance
- How to increase cash reserve?
  - Budget to receive more money than you are budgeting to spend

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# Budget Formula

- Focus of budget discussion is commonly on disbursements, but budgeting revenue is also a very important component of the budget process
- If budgeted receipts are too high, or too low – Property Tax request could be too high or too low
- **Example:**
  - Budgeted receipts other than property taxes of \$2,000,000, and a cash reserve of \$1,000,000
  - If actual receipts other than property taxes come in at \$1,500,000 – cash reserve goes down to only \$500,000
  - If actual receipts other than property taxes come in at \$2,500,000 – Property tax request could have been lowered by \$500,000 and still maintained the same cash reserve

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# Levy Setting Reminders

- Statute 77-1601 primary statute addressing levy setting
- Can only set levy for political subdivisions that have filed their budget with the County
  - If no budget received, no authority to set a levy for that entity
  - No longer authority to set levy at prior year amount
- Implement good review procedures to ensure County is calculating levies correctly
  - Every year, APA hears from multiple Counties that realized they set a levy wrong
- Send levies to all subdivisions in your County for them to review
  - Consider requiring them to respond stating they agree with the levy that was set for their entity
- November 5<sup>th</sup> – last day to correct a clerical error that resulted in the calculation of an incorrect levy

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## Budget Hearing Reminders

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Statute 13-506 primary statute addressing budget hearing requirements

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Must be held separately from any regularly scheduled hearing and cannot be limited by time

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Purpose of hearing is to get input from the taxpayers – and then go back and finalize budget after considering their input

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Intent of the statute is not to have hearing and adopt the budget on the same day

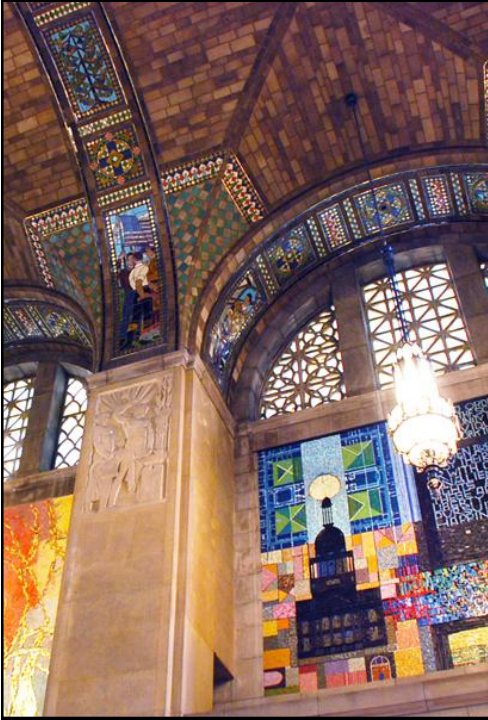
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Schedule budget hearing as early as possible

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Preliminary budget should be done by 8/1 – so can hold hearing in early August

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## APA Website

- All budgets are uploaded to APA website for anyone to review.
  - Local Government > Search Budgets
- Additional budget instructions and other guidance materials available
  - FAQ's, Instruction Manual, Significant State Statutes, Budget Timeline, Sample Forms, etc.
- Updated Forms and other guidance materials should be available by end of June

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## Budget Submission to State Auditor

- Two options for submitting budget to State Auditor's Office:
  - Hardcopy through the mail
  - Electronic PDF copy submitted through APA's website
- Submissions through website receive a confirmation of receipt
- We do not provide confirmation receipts for budgets received in the mail
- No news is good news – we do not contact you notifying you that the budget has been reviewed with no issues noted
  - Only contact you if corrections are needed, or if there are other items we need to bring to your attention.



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## Questions?

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