

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 581**

Introduced by Albrecht, 17; Linehan, 39.

Read first time January 22, 2019

Committee:

1 A BILL FOR AN ACT relating to budgets; to amend section 84-304.01,  
2 Reissue Revised Statutes of Nebraska, and section 13-504, Revised  
3 Statutes Cumulative Supplement, 2018; to require the use of  
4 generally accepted accounting principles in preparing budgets; to  
5 harmonize provisions; to provide an operative date; and to repeal  
6 the original sections.  
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-504, Revised Statutes Cumulative Supplement,  
2 2018, is amended to read:

3 13-504 (1) Each governing body shall annually or biennially, as the  
4 case may be, prepare a proposed budget statement on forms prescribed and  
5 furnished by the auditor. The proposed budget statement shall be made in  
6 accordance with generally accepted accounting principles using the  
7 accrual basis, except that such requirement shall not apply to any  
8 political subdivision that has been granted a waiver of audit  
9 requirements pursuant to subdivision (4)(b) of section 84-304. The  
10 proposed budget statement shall be made available to the public by the  
11 political subdivision prior to publication of the notice of the hearing  
12 on the proposed budget statement pursuant to section 13-506. A proposed  
13 budget statement shall contain the following information, except as  
14 provided by state law:

15 (a) For the immediately preceding fiscal year or biennial period,  
16 the revenue from all sources, including motor vehicle taxes, other than  
17 revenue received from personal and real property taxation, allocated to  
18 the funds and separately stated as to each such source: The unencumbered  
19 cash balance at the beginning and end of the year or biennial period; the  
20 amount received by taxation of personal and real property; and the amount  
21 of actual expenditures;

22 (b) For the current fiscal year or biennial period, actual and  
23 estimated revenue from all sources, including motor vehicle taxes,  
24 allocated to the funds and separately stated as to each such source: The  
25 actual unencumbered cash balance available at the beginning of the year  
26 or biennial period; the amount received from personal and real property  
27 taxation; and the amount of actual and estimated expenditures, whichever  
28 is applicable. Such statement shall contain the cash reserve for each  
29 fiscal year or biennial period and shall note whether or not such reserve  
30 is encumbered. Such cash reserve projections shall be based upon the  
31 actual experience of prior years or biennial periods. The cash reserve

1 shall not exceed fifty percent of the total budget adopted exclusive of  
2 capital outlay items;

3 (c) For the immediately ensuing fiscal year or biennial period, an  
4 estimate of revenue from all sources, including motor vehicle taxes,  
5 other than revenue to be received from taxation of personal and real  
6 property, separately stated as to each such source: The actual or  
7 estimated unencumbered cash balances, whichever is applicable, to be  
8 available at the beginning of the year or biennial period; the amounts  
9 proposed to be expended during the year or biennial period; and the  
10 amount of cash reserve, based on actual experience of prior years or  
11 biennial periods, which cash reserve shall not exceed fifty percent of  
12 the total budget adopted exclusive of capital outlay items;

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

17 (e) A uniform summary of the proposed budget statement, including  
18 each proprietary function fund included in a separate proprietary budget  
19 statement prepared pursuant to the Municipal Proprietary Function Act,  
20 and a grand total of all funds maintained by the governing body;

21 (f) For municipalities, a list of the proprietary functions which  
22 are not included in the budget statement. Such proprietary functions  
23 shall have a separate budget statement which is approved by the city  
24 council or village board as provided in the Municipal Proprietary  
25 Function Act; and

26 (g) For school districts and educational service units, a separate  
27 identification and description of all current and future costs to the  
28 school district or educational service unit which are reasonably  
29 anticipated as a result of any contract, and any adopted amendments  
30 thereto, for superintendent services to be rendered to such school  
31 district or administrator services to be rendered to such educational

1 service unit.

2 (2) The actual or estimated unencumbered cash balance required to be  
3 included in the budget statement by this section shall include deposits  
4 and investments of the political subdivision as well as any funds held by  
5 the county treasurer for the political subdivision and shall be  
6 accurately stated on the proposed budget statement.

7 (3) The political subdivision shall correct any material errors in  
8 the budget statement detected by the auditor or by other sources.

9 Sec. 2. Section 84-304.01, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 84-304.01 It shall be the duty of the Auditor of Public Accounts to  
12 establish, by rule and regulation, minimum standards applicable to all  
13 audit, financial, or accounting reports or copies of such reports  
14 required to be filed with the Auditor of Public Accounts by any political  
15 subdivision of the State of Nebraska. Such minimum standards shall be in  
16 accordance with sound accounting principles, including generally accepted  
17 accounting principles if applicable, in conformity with generally  
18 accepted auditing standards and government auditing standards, and  
19 designed to bring about uniformity in the content and form of such  
20 reports within the same type of political subdivision. Audit reports of  
21 any political subdivision required to file such reports with the Auditor  
22 of Public Accounts shall be prepared in conformity with generally  
23 accepted auditing standards and government auditing standards.

24 In connection with his or her duties, but at his or her discretion,  
25 the Auditor of Public Accounts may conduct performance audits of all  
26 political subdivisions receiving more than twenty-five thousand dollars  
27 in the audit year in tax funds from the state including all public  
28 utilities and all counties, townships, municipalities, cities, villages,  
29 districts, authorities, and other public corporations and entities. The  
30 performance audits shall be conducted in conformity with generally  
31 accepted auditing standards and government auditing standards.

1           Sec. 3. This act becomes operative on January 1, 2020.

2           Sec. 4. Original section 84-304.01, Reissue Revised Statutes of  
3 Nebraska, and section 13-504, Revised Statutes Cumulative Supplement,  
4 2018, are repealed.