



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

2025 Budget Updates -County and Municipality Budgets

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Budget Updates

MAJOR changes !



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Resources to assist w/ Budget Preparation

auditors.nebraska.gov
-Local Government
-Budget Information

- ▶ Budget Information FAQ's
- ▶ Instructions for Amending a Budget
 - ▶ Sample Budget Amendment Publications
- ▶ Overall Budget Instructions
- ▶ Budget Timeline
- ▶ Filing Requirements
- ▶ Sample Forms
- ▶ Significant State Statutes



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Resources to assist w/ Budget Preparation

- ▶ Specific instructions and info included on actual budget forms themselves
- ▶ Forms are designed to ensure compliance if properly completed



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The screenshot shows the official website of the Nebraska Auditor of Public Accounts, Mike Foley. The page is titled "Budget Information" and states that budgets are due on or before September 30th each year. It provides information for the 2025-2026 budget forms and includes a link to "Click Here for Budget Forms". The page also lists filing options for completed budget forms: Option 1 (Submit Budget Form Online), Option 2 (Email Budget Form to: apa.audits@nebraska.gov), and Option 3 (Mail Budget Form to: Nebraska Auditor of Public Accounts, State Capitol, Suite 2303, P.O. Box 98917, Lincoln, Nebraska 68509-8917). A sidebar on the left contains links to "About Us", "APA Reports Issued", "Submit your Audit or Budget", "Local Governments", "County Information", "Interlocal Agreements", and "Bond Filings".

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The slide is titled "Legislation" and features two main items:

- LB 34**
(2024 Special Session)
- LB 647**
(2025 Regular Session)

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Lid on Restricted Funds

▶ Beginning w/ 2025-2026 budgets – “Lid on Restricted Funds” is no longer applicable to Counties, Cities & Villages

▶ Still in effect for all other governments (except schools)



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Property Tax Growth Limitation Act

- ▶ Created the “**Property Tax Growth Limitation Act**”
 - ▶ Neb. Rev. Stat. §§ 13-3401 – 13-3408
 - ▶ Intends to do the same thing as the “old” Lid on Restricted Funds (limit amount property taxes can grow year over year) – just goes about it a different way
 - ▶ Creates “Property Tax Request Authority”



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Form Updates

- ▶ Lid Computation Form and Lid Supporting Schedule replaced with:
 - ▶ 1. Property Tax Request Authority Computation Form
 - ▶ 2. Property Tax Request Authority Supporting Schedules
 - ▶ Schedule 1 – Calculation of Unused Property Tax Request Authority Carryforward
 - ▶ Schedule 2 – Declared Emergency Exception Certification
 - ▶ Schedule 3 – Description of Public Safety Services Exception



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Form Updates

Currently in progress and going through our internal review process



Expect forms to be released towards end of the month



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Key Differences between “Old Lid” and “New Cap”

- ▶ Concept of “Restricted Funds” is eliminated
 - ▶ New Cap only applies to property taxes
- ▶ Starting point for “New Cap” resets to prior year property taxes requested
- ▶ Authority under the Lid carried forward, regardless of how much you actually used
- ▶ Capital Improvements are not an exception to the New Cap
- ▶ Public Safety Services are an exception under New Cap, but weren't under the Lid.
- ▶ Any interlocal agreement was an exception under the Lid
 - ▶ Only Public Safety related interlocal agreements under the New Cap



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Simplified Property Tax Request Authority Calculation

	Prior Year Property Tax Request
Less:	Exceptions utilized in prior year
Plus:	Growth % * (Prior Year Property Taxes less prior year bond and emergency exception utilized)
Plus:	Inflation % * (Prior Year Property Taxes less prior year bond and emergency exception utilized)
Plus:	Exceptions utilized this year
Equals:	Total Property Tax Request Authority for current year



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New Calculation – Starting Point

- ▶ Property Taxes Requested from in the prior year
 - ▶ LB 647 clarifies this is property taxes requested as identified on budget document submitted to State Auditor
- ▶ Next – must subtract “exceptions utilized in the prior year” pursuant to Neb. Rev. Stat. § 13-3404
 - ▶ More on “Exceptions” later
 - ▶ Will be zero for 2025-2026 budgets because there were no exceptions utilized in the prior year



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New Calculation – Cont.

- ▶ Next – can increase “preliminary authority” by growth and inflation:
 - ▶ LB 647 addresses calculation problem and says property tax request authority can be increased by:
 - ▶ The product of: prior year property taxes levied, less exceptions utilized in prior year for bonds and emergency response, and growth percentage
 - ▶ And, the product of: prior year property taxes levied, less exceptions utilized in prior year for bonds and emergency response, and the inflation percentage



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New Calculation – Growth & Inflation Percentage

- ▶ Growth Percentage and Inflation Percentage defined by Neb. Rev. Stat. § 13-3402
- ▶ Growth percentage determined by County Assessor; includes TIF
- ▶ LB 647 clarifies inflation Percentage equals change in the State and Local Consumption Expenditures and Gross Investment for the twelve-month period ending on December 31 of the prior year, as reported by March 31 of the current year by the United States Bureau of Economic Analysis
 - ▶ Will be determined by APA and pre-filled out on forms



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Table 3.9.5. Government Consumption Expenditures and Gross Investment

[Billions of dollars] Seasonally adjusted at annual rates

Bureau of Economic Analysis

Last Revised on: April 30, 2025 - Next Release Date May 29, 2025

Inc	2023				2024				2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
33 State and local	2,893.00	2,904.10	2,975.50	3,019.00	3,070.70	3,100.90	3,141.60	3,175.00	3,215.20
34 Consumption expenditures	2,383.30	2,374.70	2,422.40	2,434.70	2,472.70	2,485.70	2,525.00	2,549.90	2,591.50
35 Gross investment	509.70	529.40	553.20	584.30	598.00	605.10	616.60	625.10	623.70
36 Structures	386.30	404.50	425.60	454.90	466.90	471.20	479.40	486.90	490.40
37 Equipment	58.10	59.20	60.30	61.20	61.20	62.50	64.00	64.00	58.70
38 Intellectual property products	65.20	65.70	67.20	68.20	70.00	71.50	73.20	74.10	74.60
39 Software	39.30	39.50	40.60	41.20	42.40	43.60	44.80	45.30	45.50
40 Research and development	25.90	26.20	26.60	27.00	27.50	27.90	28.40	28.90	29.10

Inflation percentage for 25-26

5.17%

$$(3,175.00 - 3,019.00 = 156 / 3,019 = 5.17\%)$$



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New Calculation – “Exceptions” § 13-3404

- ▶ Next – can increase authority by “exceptions” (ie. Property taxes needed to pay for...)
- 1. Property taxes budgeted for approved bonds
- 2. Property taxes needed to respond to an emergency declared in the preceding year, as certified to the auditor (Emergency Proclamation issued under Emergency Management Act)
- 3. The amount of “unused property tax request authority” from prior years
- 4. The amount of property taxes budgeted in support of:
 - ▶ A service related to an imminent and significant threat to public safety that was not previously provided by the political subdivision, AND is the subject of an agreement or modification of an existing agreement executed after August 21, 2024
 - ▶ Or an interlocal agreement relating to public safety



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New Calculation – “Exceptions” § 13-3404

- ▶ Next – can increase authority by “exceptions” (ie. Property taxes needed to pay for...)
- 5. Increase to authority approved by legal voters
- 6. The amount of property taxes budgeted for public safety services as defined in § 13-320
- 7. The amount of property taxes budgeted for county attorneys and public defenders



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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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Emergencies

- Defined by Neb. Rev. Stat. § 13-3402:

Emergency means an emergency, as defined in section [81-829.39](#), for which a state of emergency proclamation or local state of emergency proclamation has been issued under the Emergency Management Act

- § 81-829.39 defines emergency as:

Emergency means any event or the imminent threat thereof causing serious damage, injury, or loss of life or property resulting from any natural or manmade cause which, in the determination of the Governor or the principal executive officer of a local government, requires immediate action to accomplish the purposes of the Emergency Management Act and to effectively respond to the event or threat of the event



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Increase to Authority from Election

- ▶ Neb. Rev. Stat. § 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
 - ▶ LB 647 removes requirement that election be held on the first Tuesday after the second Monday in May of an odd-numbered year



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Unused Authority Carry Forward

- ▶ Neb. Rev. Stat. § 13-3406
- ▶ Can choose not to increase property taxes by the full amount of authority
- ▶ Can carry forward unused authority to future budget years, but accumulation is limited to maximum of 5% of total property tax request authority from the prior year



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Unused Authority Carry Forward

No limit on carry-forward from 25-26 to 26-27 because this is the first year and there was no "tax request authority from the prior year".

Plan ahead – you can potentially carry-forward a lot of authority this year – but is there really a benefit if it will end up being capped next year?



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Unused Restricted Funds Authority Conversion

LB 647 provides a "bridge" between old Lid on Restricted Funds and new Cap.

May choose to convert Unused Restricted Funds Authority from 2024-2025 Budget to Unused Property Tax Request Authority in 2025-2026 budget

Amount converted cannot exceed 5% of property taxes levied in 2024

APA is providing spreadsheet that identifies max conversion allowed for each County, City, Village based on 2024-2025 budget, and taxes levied per Department of Revenue



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2025-2026
Maximum Unused Restricted Funds Authority Conversion to Unused Property Tax Request Authority

City/Village Name	2024-2025 Unused Budget Authority **	2024 Taxes Levied per Department of Revenue *	5% of Property Taxes Levied	Maximum Allowed Conversion
Abie	32,606.47	9,500.12	475.01	475.01
Adams	336,995.13	490,201.32	24,510.07	24,510.07
Ainsworth	2,846.93	604,256.64	30,212.83	2,846.93
Albion	1,510,521.61	907,260.29	45,363.01	45,363.01
Alda	53,275.99	78,841.64	3,942.08	3,942.08
Alexandria	54,652.59	25,328.48	1,266.42	1,266.42
Allen	35,962.98	89,445.18	4,472.26	4,472.26
Alliance	670,803.24	1,968,919.28	98,445.96	98,445.96
Alma	109,184.49	336,940.78	16,847.04	16,847.04
Alvo	14,603.80	47,943.93	2,397.20	2,397.20
Amherst	639.12	48,076.23	2,403.81	639.12
Anselmo	63,788.00	31,894.46	1,594.72	1,594.72
Ansley	103,337.88	132,218.95	6,610.95	6,610.95
Arapahoe	39,598.51	320,708.92	16,035.45	16,035.45
Arcadia	45,844.46	124,182.33	6,209.12	6,209.12
Arlington	208,329.29	630,233.69	31,511.68	31,511.68
Arnold	4,908.05	129,378.75	6,468.94	4,908.05

Please contact me if you think there is some type of error with the calculation for your municipality



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"Exception" Consideration

- ▶ Be careful about utilizing exceptions that you do not need to stay within your authority
- ▶ Exceptions utilized in the prior year must be subtracted from prior year tax request when determining the next year's Property Tax Request Authority
- ▶ Exceptions utilized each year can increase the amount you get to carry forward as unused authority, BUT, remember, that carry forward is capped at 5% of the total property tax request authority from the prior year
- ▶ Exceptions utilized for Bonds and Emergency Response reduce the base that growth and inflation percentages are applied to



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PROPERTY TAX GROWTH LIMITATION ACT (§§ 13-3401 - 13-1308)

City or Village of _____
 2025-2026 PROPERTY TAX REQUEST AUTHORITY COMPUTATION FORM

Calculation of Preliminary Property Tax Request Authority**2024-2025 Total Property Tax Request**

(from prior year budget - Cover Page submitted to the State Auditor)

(1) \$ -

Less: Prior Year Exceptions Utilized

(Will all be zero for 2025-2026 budget because first year of new cap)

Approved Bonds (prior year line 16)	(2)	-
Emergency Response (prior year line 17)	(3)	-
Public Safety Services (prior year line 18)	(4)	-
County Attorneys (prior year line 19)	(5)	-
County Public Defenders (prior year line 20)	(6)	-
Response to Public Safety Threat (prior year line 21)	(7)	-
Public Safety Interlocal Agreements (prior year line 22)	(8)	-
Voter Approved Increase (prior year line 23)	(9)	-
Unused authority used in the prior year (prior year line 24)	(10)	-

TOTAL Prior Year Exceptions Utilized (total line 2 thru 10)

(11) -

Preliminary Property Tax Request Authority (line 1 - line 11)

(12) -



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Allowed Increases to Preliminary Property Tax Request Authority**2024 Property Taxes Levied** (per Taxes Levied Reports from Department of Revenue)

(13) -

See instructions below for where to find this amount**Growth Percentage per County Assessor**

2025 Growth Value	/	2024 Total Valuation	=	0.00%
(Line 14 equals Line 13 minus line 2 & 3, multiplied by line 14a)				(14a)

Increase due to Growth
(14) -**Inflation Percentage**

(Line 15 equals Line 13 minus line 2 & 3, multiplied by line 15a)

5.17%

(15a)

Increase due to Inflation
(15) -**Allowable Exceptions Utilized (§ 13-3404)****2025-2026 Property Taxes Budgeted For:**Approved Bonds (16) -
(Cannot exceed property tax request for principal & interest on bonds on cover page (page 1))

Response to a declared emergency in the prior year & certified to the Auditor (Must agree to total on Schedule 2) (17) -

Public Safety Services, as defined in §13-320 (Must agree to total on Schedule 3) (18) -

County Attorneys (19) -

County Public Defenders (20) -

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 8/21/2024 (21) -

Support of an interlocal agreement relating to public safety (22) -

Voter approved increase pursuant to § 13-3405

(MUST attach sample ballot language and certified election results)

(23) -

Prior Year's Unused Property Tax Request Authority used this year

(Cannot exceed amount on Supporting Schedule 1, line 1)

(24) -

Total Exceptions Utilized (Total lines 16 thru 24)

(25) -

2025-2026 Total Property Tax Request Authority (Total lines 12, 14, 15, 25)

(26) -

2025-2026 ACTUAL Property Tax Request (from Cover Page - Page 1)

(27) -

Unused Property Tax Request Authority Created for Future Years (To Schedule 1, line 3)

(28) -

(Line 26 - Line 27, MUST be greater than or equal to \$0.00)



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PROPERTY TAX GROWTH LIMITATION ACT (§§ 13-3401 - 13-1308)

City or Village of _____
 2025-2026 PROPERTY TAX REQUEST AUTHORITY SUPPORTING SCHEDULES

Schedule 1 - Calculation of Unused Property Tax Request Authority Carryforward

	Line No.	
Converted 2024-2025 Unused Restricted Funds Authority (See instructions below for how to determine this amount)	(1)	\$ -
Less: Amount used this year (from Computation Form, line 24) (cannot exceed line 1)	(2)	-
Add: Unused Authority created this year (from Computation Form, line 28)	(3)	-
Total Unused Property Tax Request Authority available for future years (cannot be less than \$0.00)	(4)	-



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Schedule 2 - DECLARED EMERGENCY EXCEPTION CERTIFICATION

If using a declared emergency response exception on the Property Tax Request Authority Computation Form, line 17, the following must be completed. Additionally, supporting documentation for the emergency declaration must be attached to the budget submission if the emergency was declared by the principal executive of the local government.

Description of Emergency (Column A)	Date of Emergency Declaration (Column B)	Emergency Declared by Who? (Column C)	Amount Used as Exception (Column D)
			\$ -
			-
			-
			-
			-
			-
Total Emergency Response Exception (must agree to Computation Form, line 17)			-



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Schedule 3 - DESCRIPTION OF PUBLIC SAFETY SERVICES EXCEPTION

If using a public safety services exception on the Property Tax Request Authority Computation Form, line 18, the following must be completed:

Description of Public Safety Services Exception (Column A)	Amount Used as Exception (Column B)
	\$ -
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
Total Public Safety Exception (must agree to Computation Form, line 18)	-



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LB 647 – Public Safety on Tax Statements

- ▶ Property Tax Statements now must include:
 - ▶ For each political subdivision, the amount of property taxes due to fund any and all public safety services as defined in section 13-320, county attorneys, and public defenders, regardless of whether such amount is taken as an exception to the political subdivisions property tax request authority under section 13-3404
 - ▶ Everyone will need to determine this amount and report to County for inclusion on the property tax statements



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Budget Timeline

- ▶ Late June – State Auditor releases updated budget forms
- ▶ August 1st – Political Subdivisions who receive levy authority through the Municipality must submit preliminary request to Village Board / City Council
- ▶ September 1st – Village Board / City Council determines final levy allocation of levy authority for its political subdivisions.
- ▶ September 4th – Deadline for Joint Public Hearing participants to provide information to County Assessor electronically. Deadline for County Clerk to inform County Assessor of Date, Time, and Location of Joint Public Hearing
- ▶ September 14 -23rd – Joint Public Hearings held



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Budget Timeline

- ▶ 10 days after hearing – County Clerk provides Joint Public Hearing Report to participating subdivisions
- ▶ September 30th – Budgets filed with County and State Auditor
- ▶ September 30th – Interlocal Agreement Report filed with State Auditor
- ▶ October 15th – Deadline for subdivisions to submit Property Tax Request Resolution to County Clerk
- ▶ October 20th – County Board sets levies
- ▶ No change to final date to make corrections to levies – still November 5th
 - ▶ Subdivisions need to have good procedures to verify levy set by County for their subdivision was correct
 - ▶ Every year, it is identified that several levies were set incorrectly



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Budget Hearings

- ▶ Everyone holds Budget Hearing (§ 13-506)
 - ▶ Publication must be at least four days prior to date of hearing
 - ▶ Only allowed to post notice if budgeting to spend less than \$10k
 - ▶ Cannot be part of regular meeting or limited by time
- ▶ Tax Request Hearing (Held if not participating in Joint Public Hearing) (§ 77-1632)
 - ▶ Notice must be published four days in advance of hearing; no provision for posting notice
- ▶ Joint Public Hearing (§77-1633)
 - ▶ Held if County / City / School property tax request exceeds allowable growth percentage
 - ▶ County provides notice for this hearing



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Adopted Budget Different than Publication

Statute 13-506

If budget adopted is different than what was published, need to publish a summary in same manner as original publication within 20 days after adoption



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QUESTIONS?

