

**NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:**  
**REQUIRING SCHOOL DISTRICTS TO INCLUDE MORE DATA IN THEIR BUDGETS.**

**BACKGROUND.** Approximately 55%-60% of our property taxes fund our local school districts. If you want to closely examine a school district budget to find waste, inefficiencies, bloated administrations, and duplication of services, you will become frustrated. Under NE law, school districts must include only a finite number of specific data in their annual budgets, e.g., number of students, property tax rate, etc. Oftentimes the budgetary information provided is so skimpy that it is impossible for taxpayers to understand the entire financial underpinnings of the budget or analyze it. Taxpayers then unable to criticize negative aspects or compliment efficiencies and frugality. School districts must recognize that taxpayers are a major constituency group, even if some have no children in the schools. Taxpayers are voters and have the same rights afforded other constituents. School boards and administrators must recognize their fiduciary responsibilities to all residents. They must never forget that a public school district is an institution dependent upon taxpayer support and utilize fiscal prudence in its use of tax money. Therefore, school districts have an obligation to provide detailed, comprehensive budgetary information.

**GENERAL SUGGESTIONS FOR SPECIFIC BUDGET INCLUSIONS.**

Line items should show expenditures for the following categories, comparing their cost from the current fiscal year to the next fiscal year.

- School Board: Activities of the elected body, created according to state law and vested with responsibilities for educational activities as an administrative unit.
- Superintendent Services: Activities associated with directing and managing the overall administration of a school district. The superintendent, business administrator, and associated support personnel included in this account.
- Administration. Includes costs for district leadership, administrative support services and staff. Activities concerned with directing and managing the operation. Included are principals, assistant principals, and other staff involved in the general supervision of the district.
- Operations & Maintenance. Pertaining to the physical operating and maintaining of the facilities.
- Instruction. Includes all activities dealing directly with the interaction between teachers and students. Included are the activities of aides or classroom assistants like graders and paraprofessionals who assist in the instructional process.
- Curriculum costs.
- Curriculum and Staff Development. Curriculum, training, and instructional support to ensure teachers can provide students with necessary knowledge and skills. Staff services include activities associated with assisting, supporting, advising, and directing the instructional staff on the content and process of providing learning experiences for students.
- Student Support Services include guidance and counseling.
- Regular instruction. Regular Programs designed to provide grades K-12 students with learning experiences to prepare them for higher education opportunities.
- Full-time students enrolled.
- Per pupil cost for elementary, middle school, and high school.
- Ratio of Students to Classroom Teachers.
- Ratio of Students to Educational Support Personnel.
- Ratio of Students to Administrative Personnel.
- Comparison of Budgeted General Fund balance to actual balance.
- General Fund Excess Surplus.
- Library & Media Services.
- Computer Technology.
- Certificated Salaries by grade: includes teachers and certified pupil support.
- Classified Salaries by grade: includes instructional assistants, athletics staff, clerical and office staff, maintenance staff, librarians, and resource center staff.
- Substitute teacher number and payments.
- Employee Benefits: Health insurance, Worker compensation, and other employee benefits.
- Other Services include safety, security, and data processing services. Also, travel and conferences, dues and memberships, rentals, and leases.
- Purchase and repair of equipment.

- Books and supplies: Includes approved textbooks, core curricula materials, other reference materials, materials, and supplies.
- Utilities.
- Contracts.
- Legal costs.
- Food Service Program.
- Social Services.
- Health services include physical and mental health services which are not direct instruction. Services that provide students with appropriate medical, dental, and nursing services.
- Special Education Programs. Instructional activities designed to deal with students having special needs.
- Extra-curricular school activities include athletics, band, chorus, theater, debate, and student clubs and associations.
- Guidance Services. Activities involving counseling with students and parents, providing consultation with other staff members on learning problems, evaluating the abilities of pupils, assisting students in making their own educational and career plans and choices, assisting students in personal and social development, providing referral assistance and working with other staff members in planning and conducting guidance programs for students.
- Speech Pathology and Audiology Services. Activities that identify, assess, and treat students with speech, hearing, and language impairments.
- Physical and Occupational Therapy Services. Activities that assess the need for and provide treatment to increase the physical, communication, and occupational skills of students.
- Transportation Services. Activities connected with the conveyance of students to and from school and trips to school activities. Includes fuel and vehicle maintenance costs.
- Facility Services. Includes custodial services. To ensure students attend schools that are clean and well-maintained. Keeping buildings open, comfortable, and safe for use, and keeping the grounds clean and equipment in effective working condition. Operating the heating, lighting, and ventilating systems, and repair and replacement of maintenance equipment. Insurance on the school buildings. Facilities expenditures include the initial purchase of land and buildings, construction, remodeling, additions, and improvements to buildings, and initial installation, replacement, or extension of service systems and other built-in equipment. Also, improvements to sites.
- Support Services. These activities include planning, research, development, evaluation, and information services. Logistical support to facilitate and enhance instruction.
- Business Services include activities regarding paying for purchases and services, transporting, exchanging, and maintaining goods and services.
- Professional Services require persons with specialized skills and knowledge. Included are the services of architects, engineers, auditors, lawyers, consultants, accountants, etc.
- Payment of principal and interest on bonds and other borrowed funds.
- Glossary of terms.

## **REQUIRED FUNDS.**

- General Fund. Accounts for all financial resources except those accounted for in another fund. It is the main operating fund used by school districts to account for funds used to manage the school system.
- Operating Fund. To pay for the daily expenses of managing a school district, like salaries, supplies, transportation, and utilities. Operating expenses paid from the General Fund.
- Capital Fund. Financial resources used for the acquisition, design, construction, or renovation of capital facilities and other capital assets. Capital expenses paid from the district Building Fund or Capital Fund using bonds. Bonds paid for over a number of years by property taxes.
- Debt Service Fund. Account for the accumulation of monies for and the payment of general long-term debt principal and interest.
- Federal and State Grant Funds. Pay for expenses from state and federal grants awarded to the school district on an annual basis. Districts must meticulously maintain and account for grants using a specified format outlined by the government.
- Reserve Fund. In addition to the appropriations made to each of the functions, it is sound management practice to provide for operating contingencies through a Reserve Fund. Instead of providing for such contingencies by padding the functional appropriations, it is preferable to limit the functional appropriations to amounts supportable by estimates based upon financial, enrollment, and other statistics related to the more definite

educational plans and programs for the budget year and set aside a reserve for less predictable requirements. This fund should total a reasonable amount and in proper proportion to the known operating requirements.

- Interfund transfers represent contributions of monies from one fund to another for expenditure in the receiving fund. These operating transfers, although included in estimated revenues, considered a financing source. Transfers base on management decisions and must fall within applicable legal authority. In total, transfers in should equal transfers out.
- Bond funds. General obligation bonds normally used for facility construction, renovation, expansion, etc.

Each fund must have balance sheet accounts consisting of assets, liabilities, and fund balance, and revenue and expenditure accounts. A fund balance increases when fund revenues exceed fund expenditures for a fiscal period, providing an operating budget surplus. A fund balance decreased if fund expenditures exceed fund revenues. The balance sheet accounts identify the assets that belong to a fund, such as cash or a grant payment receivable, and what liabilities owed, such as accounts payable to a supplier. The difference between the fund assets and liabilities equals the fund balance.

**REVENUE.** School districts should list incoming revenue from local property taxes, other local sources, state aid, federal aid, and other revenues in columns comparing at least the current fiscal year dollar figures to the estimated future fiscal year dollar figures.

- ✓ Revenue limits such as revenue lids or caps.
- ✓ Equalization formula.
- ✓ Federal revenues include all money received for the No Child Left Behind Act (Title I, Title II, etc.) plus Special Education and other federal programs.
- ✓ State aid to education.
- ✓ Option-in funding from the state.
- ✓ Other State Revenues include lottery and state categories, e.g., Gifted and Talented.
- ✓ Property tax revenue.
- ✓ Local revenues include interest, donations, reimbursements, rents, leases, and other local sources.
- ✓ Fines and forfeitures fines represent revenues derived from fines, penalties, forfeitures, and fees imposed by local courts.
- ✓ Miscellaneous revenues include refunds of prior year expenditures, carry over funds, gifts and donations, and specific other revenues not classified elsewhere. Such revenues usually insignificant and vary from year to year. Sales of unneeded equipment generally not significant, though sales of surplus land or buildings can generate significant revenues.

#### **COMMON SCHOOL DISTRICT BUDGET PROBLEMS THAT DESERVE SCRUTINY.**

Failure to recognize annual trends and projections.

Flawed average daily attendance (ADA) projections.

Failure to maintain reserves.

Insufficient consideration of long-term bargaining agreement effects beyond state cost-of-living adjustment (COLA).

Inaccurate revenue and expenditure estimates.

Lack of regular monitoring of categorical programs.

#### **THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD.**

The GASB is an independent, non-profit organization formed in 1984 that establishes and improves financial accounting and reporting standards for state and local government entities like school districts. Its 7 Board members drawn from a diverse constituency, including preparers and auditors of government financial statements, users of those statements, and members of the academic community. More information about the GASB available at its website, [www.gasb.org](http://www.gasb.org).

Determine that your school district uses these standards.



**NEW NEBRASKA LEGISLATURE LAWS.** If a district school board approves a total property tax request that exceeds the prior year request, a school district must disclose the following additional information in the Property Tax Resolution and the Hearing Notice for the Special Hearing to Set Property Tax Request:

- Percentage change in the Certified Taxable Valuation over prior year.

Percentage change in property tax levy over prior year.

Percentage change in operating budget for taxing funds over prior year.

The Basic Allowable Growth Rate at 2.5%.

#### TYPICAL CHART IN A SCHOOL DISTRICT BUDGET.

Budget heading	Total budget	Projected to date	Projected to date %	Actual to date	Actual to date %	Variance
Teaching staff	1,795,086	1,795,086	100	1,795,086	100	0
Supply teachers	50,350	16,783	33.3	24,360	48.4	7576.67
Education support staff	800,000	800,000	100	800,000	100	0
Technicians	352,640	352,640	100	352,640	100	0
Admin and clerical staff	626,430	626,430	100	626,430	100	0
Caretakers	51,066	51,066	100	51,066	100	0
Cleaners	37,222	37,222	100	37,222	100	0
Building refurbishment	320,919	256,735	80	230,220	71.7	-26,515.20
Maintenance	104,640	34,880	33.3	40,000	38.2	5120
Energy	87,609	24,000	27.4	26,600	30.4	2600
Catering	69,482	69,482	100	69,482	100	0
Classroom supplies	94,000	37,600	40	37,600	40	0
Other resources	220,000	110,000	50	110,000	50	0
<b>Total</b>	<b>4,609,444</b>	<b>4,211,924.53</b>		<b>4,200,706</b>		<b>-11,218.53</b>

**CONCLUSION.** Unfortunately, many school districts place only the bare minimum required by state law in their annual budgets, not enough information that will allow taxpayers to examine and scrutinize a budget for problems, needs for improvement, or even praise. Taxpayer watchdogs should lobby their school board administration and board members to pump up the yearly school district budget with as much of the above content as possible and make it available online and in hard copy. This improvement then would allow taxpayers to analyze the budget in detail and access information allowing them to provide advisory commentary at school board budget hearings. Email [netaxpayers@gmail.com](mailto:netaxpayers@gmail.com) to find your specific school district and join our NTF *Education Watch Project*.

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