

#### 2016 Labor Relations

School Finance: A Better Understanding

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# Special Hearing and Tax Request Resolution

- Must be filed with County Clerk on or before October 13
- List the tax dollars requested in each fund
- Property tax requests final on Nov 5th.



# School Fund Review

- User's Manual When you are unsure what fund to use check the user's manual.
- Building Projects (Cannot use General Fund)
  - Bond Proceeds
  - FEMA/NEBA receipts
  - Donations
- Cooperative Fund
  - Teacher
  - Facilities shared with City
- Making the funds work for your situation.
  - Example: Roof, Track



### Qualified Capital Purpose Undertaking Fund

- Maximum levy now 3¢ for projects approved after April 22, 2016
- Maximum levy for projects approved prior to that date is still 5.2¢
- Can exceed max levy if valuation less than when last levied and additional taxes are needed to meet principal & interest obligation
- Indoor Air quality no longer qualifies as a QCPUF project.



# **Borrowing Funds**

- Issue promissory notes
  - Up to 70% of districts unexpended balance of anticipated receipts for the current and following year.
  - Must be repaid within 2 years.
- Loans from financial institutions.
  - Up to 70% of districts unexpended balance of current levy.
  - Must be repaid within 1 year.
- · Lease Purchase
  - 7 year max repayment period.
  - May be paid from Special Building or General Fund
  - Levy to repay will be counted towards the \$1.05 max levy.



# Annual Financial Report and Audit

- Deadline for the Annual Financial Report submission is Nov 1.
- Deadline for audit submissions is Nov 7.
- New AFR upload system this year.
- Audits will have to be in PDF format and uploaded in AFR system.





# Annual Financial Report and Audit

- 2015/16 and 2016/17 AFRs and audits will be submitted through this AFR Online System
- 2017/18 AFR will be expanded to collect all object codes. By Feb 2017, expanded coding will be posted on NDE website. (released to school districts, ESUs, software companies.)
- Technical Advisory Group from schools/ESUs to provide input as we develop the expanded collection for 2017/18

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# **District Audits**

- Student membership/attendance must be audited by your independent auditors.
  - Template available for auditors.
- School District must have individual capable of overseeing financial statement preparation otherwise:
  - Must hire acct firm to prepare f/s that is different from the firm that audits the f/s.

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# Legislative Changes

#### Legislative Bill 958 Senator Floor at the request of the Governor

- Increases funds for Property Tax Credit Act
- Credit allocation will include agriculture land at 120% of taxable value
- Separate rate of credit for all non-agricultural
- Appropriations: 2016 \$204 Million

2017 \$224 Million





# 2017 Legislation and Beyond

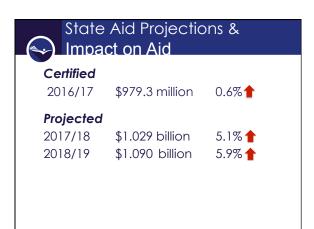
- Term Limits Turnover of 11\*
  - Speaker Galen Hadley
  - Appropriations Committee Chair Heath Mello
  - Education Chair Kate Sullivan
  - Health and Human Resources Chair Kathy Campbell
  - Natural Resources Chair Ken Schilz
  - Revenue Chair Mike Gloor
  - Senator's Dave Bloomfield, Tanya Cook, Beau McCoy, Colby Coash and Ken Haar
- 13 Senators are up for re-election in 2016.



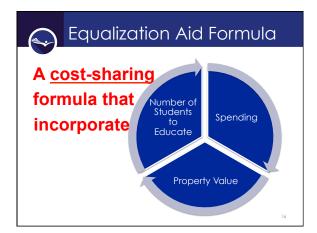
# State Revenue Receipts

- Press release in June forecasts \$95 million below forecast
- Actual \$120 million below forecast since Sine Die.
- So what does this mean for schools?

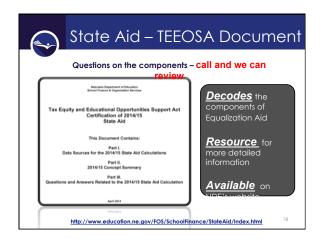
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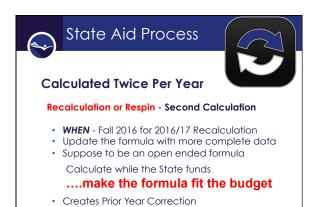














### 2015/16 State Aid 2014/15 Prior Year Correction

Minus

2016/17 Recalculated State Aid 2016/17 Certified State Aid

= Prior Year Correction on 2017/18 Certification

#### Example

AFR can be amended and captured in recalculation

....funding delayed for a year



# Look Ahead

#### Recalculation of the 2016/17 State Aid

- Data collections closed June 30, 2016
- Amendments to the 2014/15 Annual Financial Report must be received by July 31, 2016
  • Posted When Complete (last week in October 2016)

#### 2017/18 State Aid Certification

- Data Collections opening Sept 1, 2016
- Due date is October 15<sup>th</sup>.
- Audit window closes on October 31st.
- Complete collections you must apply for to receive



# Common Questions

# I am a non-equalized district ....does state aid matter?

Yes, even if you are a non-equalized district—you may still receive:

Net Option Funding Income Tax Rebate



# SPED Program Funding

- Three Sources of Funding
  - Federal IDEA Program
    - Does reimburse Below Age Five costs
    - 100% reimbursement rate
  - State School Age Program
    - Does not reimburse Below Age Five costs
    - 54.06% reimbursement rate for SY2014-15
  - Local Funds
    - Covers all remaining School Age and Below Age Five costs



# **Innovative Grants**

- School Districts and ESU's are eligible.
- Pre-Application and RFP on website this month.
- Best practices will be incorporated into the state aid calculation as allowances starting in 2021.



# Twitter Feed

#### bryce wilson @NDE\_Finance

- School finance related reminders
- Upcoming school finance due dates
- Legislative updates

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