

# 2016/17 Budget Form LC-2 Instructions

## General Information

The Lid Computation Form 2 (LC-2) verifies a district has approved a General Fund budget that does not exceed the Certified Budget Authority (§79-1023) and the Allowable Reserve Percentage (§79-1027) as certified by the Department of Education each year.

The LC-2 has been prepopulated using information from the *2016/17 Budget Authority and Allowable Reserve Percentage Certification* (certified on February 16, 2016) and data on file with NDE.

- Only line numbers that are applicable to a specific school district will be displayed in the LC-2.
- Prepopulated information displayed in the LC-2 cannot be changed by the district.

Enter amounts on Line numbers that are printed in **bold font**.

Contact information:

- Completing the LC-2:
  - Janice Eret 402-471-2248 or janice.eret@nebraska.gov
  - Bill Biven 402-471-0526 or bill.biven@nebraska.gov
- Using the NDE Portal:
  - NDE Help Desk 888-285-0556, locally at 402-471-3151, or nde.helpdesk@nebraska.gov

## Expenditure Exclusions on the LC-2

State Board of Education approval is required for each of the expenditure exclusions listed below. Once the State Board has approved these exclusions, the amount of the exclusion will be pre-populated in the LC-2.

- *Retirement Incentive Plan & Staff Development Assistance* – This exclusion is only available for the first year a school district has reorganized or unified.
  - *There are no schools involved in a new reorganization or a new unification for the 2016/17 school year.*
- *Data Transmission Networks Exclusion* – This exclusion is available for the first school fiscal year a school district will be participating in Network Nebraska for the full school fiscal year. This exclusion will include expenditures for telecommunications services, access to data transmission networks that transmit data to and from the school district, and the transmission of data on such networks.
  - A sample letter to request this exclusion is available in the Budget Text and at <http://www.education.ne.gov/FOS/SchoolFinance/Budget/Index.html>
- *Early Childhood Education Grants* – This exclusion is available for districts if 2016/17 is the first year early childhood membership is included in the district's formula students. This expenditure exclusion for the amount equal to the 2015/16 Early Childhood Education Grant increased by 2.5%.
  - *Schools eligible and amounts for the Early Childhood Education Grant Exclusion in 2016/17 are:*

06-0006 Cedar Bluffs Public	\$ 102,421	06-0075 Riverside Public	\$ 76,875
10-0009 Elm Creek Public	100,877	26-0070 Allen Consolidated	30,750
30-0054 Shickley Public	102,500	66-0111 Nebr. City Public	205,000
  - The amount of this exclusion will display on Line A-772.
  - A sample letter to request this exclusion is available in the Budget Text and at <http://www.education.ne.gov/FOS/SchoolFinance/Budget/Index.html>

- *New Elementary Attendance Site(s)* – This exclusion will be the total expenditures for the first year of operating a new elementary attendance site(s) for qualifying school districts.
  - To qualify for this exclusion the elementary attendance site(s) must have been closed for at least one school year and the elementary attendance site would most likely qualify for the elementary site allowance component in the calculation of 2016/17 State Aid.
  - The amount of this exclusion will display on Line A-775.
- *Reorganization Support Grant* – This exclusion is for reorganized Class III school districts in their first year of operation.
  - *No schools are eligible in 2016/17 for the Reorganization Support Grant.*

## **Expenditure Exclusions on Schedule A of the School District Budget Form**

State Board of Education approval is required for each of the expenditure exclusions from Schedule A listed below. School districts that have been approved to access any of these exclusions will report them on Schedule A and the total amount of these exclusions will be entered on Line B-130 General Fund Lid Exclusions in the LC-2.

- *Infrastructure Damaged by Natural Disaster* – This exclusion is available to school districts with expenditures for repairs to infrastructure damaged by a natural disaster.
  - The Governor or the Federal Emergency Management Agency (FEMA) must declare a disaster emergency pursuant to the Emergency Management Act.
- *Judgments Not Paid by Liability Insurance* – This exclusion is available to a school district that has a judgment entered against it that requires or obligates the school district to pay such judgment.
  - The exclusion is limited to the amount not paid by the liability insurance coverage of the school district. This exclusion does not apply to judgments or orders from the Commission of Industrial Relations (CIR).
- *Distance Education Courses* – This exclusion will be the amount received from educational entities for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities.
  - Educational entities are defined in §79-1201.01.
- *Voluntary Termination Agreements with Certificated Employees* - This exclusion is for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment are available to school districts. These payments may be paid out over a span of several years as detailed in the specific agreement and must be receive state board approval each year to access this expenditure exclusion. Those voluntary termination agreements must in place within any of the following three separate qualifying “timelines:”
  - Prior to July 1, 2009.
  - On or after the last day of the 2010/11 school year (August 31, 2011) and prior to the first day of school for the 2013/14 school year (August 31, 2013).
  - On or after the first day of the 2013/14 school year if the school can show a net savings in salary and benefit costs over a five-year period. (*This is the only qualifying timeline that requires information showing the five-year cost benefit of the retirements.*)
    - A sample letter to request this exclusion is available in the Budget Text and at <http://www.education.ne.gov/FOS/SchoolFinance/Budget/Index.html>
- *Retirement Contribution Increase* – This exclusion allows a school district to exceed the expenditure limitation by a specific dollar amount not to exceed the difference between the employer’s contribution rate of 9.88% and 7.35% of the budgeted amount of employee salaries subject to retirement.

- The expenditure exclusion for Class V school districts will be the difference between the employer's contribution rate and 7.37%
- A sample letter to request this exclusion is available in the Budget Text and at <http://www.education.ne.gov/FOS/SchoolFinance/Budget/Index.html>
- *Native American Impact Aid* – This exclusion is only available to schools districts with Indian land within its boundaries and receive Impact Aid due to children residing on the Indian land attending the district. Eligible districts should request this exclusion in the amount of Impact Aid that they anticipate to receive during the 2016/17 school year.

## State Board Approval Process

- To receive State Board approval for any of the exclusions listed above, submit a request by email to the Department of Education, School Finance & Organization Services.
- The request should provide details regarding the purpose of the exclusion and the requested exclusion amount. The Office of School Finance & Organization Services will notify the school district of the approval, modification, or denial of the requested exclusion.
- The request must be received by **July 11, 2016** to ensure the State Board will act on the exclusion request at the **August 5, 2016 meeting**.
- The request must be received by **August 15, 2016** to ensure the State Board will act on the exclusion request at the **September 2, 2016 meeting**.
- Submit exclusion requests to Bill Biven at [bill.biven@nebraska.gov](mailto:bill.biven@nebraska.gov)

## Completing the LC-2:

The LC-2 can be completed in two ways. However, Section A can only be completed manually. Here are the two ways you can complete your LC-2:

- upload the school district budget directly into the LC-2 **or**
- key in the amounts found on the 2016/17 Budget Adopted page of the School District Budget Document (page 2).

To minimize errors, we recommend that you upload the budget but make sure you save each time you upload.

### **Steps to upload school district budget into LC-2:**

1. Click "Browse" button beneath Section A.
2. In the dialog box that appears, locate the directory and file location of the Excel budget file.
3. Double click on the file name of the school district budget.
4. Click "Upload Budget Data" button.

### **Section A: Access to Prior Year's Unused Budget Authority**

*Line A-355 – Access to Prior Year's Unused Budget Authority:*

- The maximum access is displayed on the LC-2 to the right of Line A-355 ("Maximum Amount: \_\_\_\_").
- ***This amount must be entered on A-355 to access as additional budget growth. If an amount is not entered, the district will not be able to increase their total allowable budget authority available.***

- An error message indicating “*Line A-355 cannot exceed the Maximum Prior Year's Unused Budget Authority amount*” will appear if an amount greater than amount indicated as “Maximum Amount” on the LC-2 is entered.
- If the district has received State Board Approval for any of the following expenditure exclusions, they will appear beneath A-361:
  - Data Transmission
  - 2015/16 Early Childhood Grants
  - New Elementary Site
  - Reorganization Support Grant
- After clicking the “Recalculate” button at the bottom of the page, Line A-780 will reflect the total allowable budget authority for the district

## Steps to key in amounts from the 2016/17 Budget Adopted (page 2 of school district budget document)

### Section B: 2016/17 General Fund Budget of Disbursements & Transfers and Unused Budget Authority

- *Line B-110 – 2016/17 Special Grant Fund*
  - Clicking on “*Special Grant Funds*” takes you to the list of special grants that have been approved by the State Board.
    - Enter estimated amounts you are expecting to receive for the 2016/17 school year. State Board Approval is not necessary for these special grants (Lines 1.01 to 1.64).
    - The last nine lines (Line 1.65 to 1.73) of the Special Grant Fund List are items that are district specific and must be submitted to the State Board for approval.
  - When all of the district’s special grants have been entered, click the “Save Grants” button and “Print Grants” for a copy of the Special Grant Fund List.
  - Click the “Return to LC-2” link.
  - Click the “Recalculate LC-2” and “Save LC-2” buttons at the bottom of the LC-2.
- *Line B-100 – 2016/17 General Fund Budget of Disbursements & Transfers:*
  - Enter the Total Budget of Disbursements & Transfers from Line 1 Column 7 on page 2 of the School District Budget Document.
- *Line B-120 – 2016/17 Special Education Budget of Disbursements & Transfers:*
  - Enter the Total Budget of Disbursements & Transfers – Special Education from Line 1 Column 5 on page 2 of the School District Budget Document
- *Line B-130 -- 2016/17 General Fund Lid Exclusions*
  - Enter the Total General Fund Lid Exclusions from Line 22 of Schedule A of the School District Budget Document.

Once all the information has been entered into the LC-2, click the “Recalculate LC-2” and “Save LC-2” buttons at the bottom of the LC-2. The “Recalculate” Button has to be clicked *each time* a change is made. Click “Save” before exiting the LC-2 to retain the information.

### Unused Budget Authority:

- Line B-150 -- 2016/17 Unused Budget Authority
  - An amount on Line B-150 appears when the Total Adjusted General Fund Budget of Disbursements and Transfers (Line B-140) is less than Total Allowable Budget Authority Line A-780).

If the Certified Budget Authority has been exceeded, the 2016/17 Unused Budget Authority amount on Line B-150 will appear as a negative number in red and an error message indicating “**Budget Authority Exceeded**” will display on the screen.

- The School District Budget Form will need to be revised if the school district has exceeded its Budget Authority.
    - Lines B-100, B-120, B-130 and/or the Special Grant Fund List will need to be reduced to correct this error message.
  - The LC-2 cannot be approved (submitted) with error messages.
- *Line B-180 – Did you hold a successful special election for additional Budget Authority? (Not a levy override)*
    - *If no special election was held, continue completing the LC-2 by moving to the Allowable Reserves and Total Reserves section found on Line C-170 through Line C-340.*
    - If the school district held a special election for additional budget authority, click on “Yes”.
    - Enter the Voter Approved Dollar Increase on B-310.
    - Click the “Recalculate LC-2” and “Save LC-2” buttons at the bottom of the LC-2.

Please note: Districts that received voter approval for additional budget authority **must include** the entire amount of additional budget authority in the General Fund Total Disbursements and Transfers **in order to maximize the additional budget authority and carry forward into future school fiscal years.**

***A special election for additional budget authority is only applicable for one school fiscal year, but does carry forward into future years.***

### **Section C: 2016/17 Allowable Reserves and Total Reserves**

- *Line C-300 – General Fund Necessary Cash Reserves*
  - Enter the General Fund Necessary Cash Reserve amount from Line 1 Column 8 of Page 2 of the School District Budget Document.
- *Line C-310 – Depreciation Fund Total Requirements*
  - Enter the Total Budget of Disbursements & Transfers for the Depreciation Fund from Line 2 Column 8 of Page 2 of the School District Budget Document.
- *Line C-320 – Employee Benefit Fund Necessary Cash Reserves*
  - Enter the Employee Fund Necessary Cash Reserve amount from Line 3 Column 8 of Page 2 of the School District Budget Document.
  - Click the “Recalculate LC-2” and “Save LC-2” buttons at the bottom of the LC-2 after completing Section C..

If the amount on Line C-340 is greater than the amount on Line C-180, the school district has exceeded the Total Allowable Reserves and an “**Allowable Reserves Exceeded**” message will appear on the screen. The LC-2 cannot be approved (submitted) with this error message.

- The School District Budget Form will need to be revised if the school district has exceeded its Allowable Reserves.
  - Enter the revised budget data in Lines C-300, C-310 or C-320.

### **LC-2 Action Buttons located at bottom of LC-2**

#### **Recalculate LC-2**

- The “Recalculate LC-2” button is located at the bottom of the LC-2 and is available at all times.
- Clicking on this button will recalculate all totals including unused budget authority and total unused budget authority.
- Clicking on this button **will not save** the information in the LC-2.
- Use the “Recalculate LC-2” button **every time changes have been made to the LC-2:**
  - individual lines in the LC-2,
  - when the Special Grant Fund List has been completed,

## Save LC-2

- The “Save LC-2” button is located at the bottom of the LC-2 and will be available until the LC-2 has been approved (submitted).
- Clicking on the “Save LC-2” button will save all the information in the LC-2 but will not submit the LC-2 to NDE.
- Use this button before moving to the Special Grant Fund List or logging out of the LC-2.

## District Approval (Submission to NDE)

- When the LC-2 has been completed and is ready to submit to NDE, click on the “District Approval” button.
- A screen will display indicating the LC-2 has been submitted to NDE.
- The school district will receive an email when the LC-2 has been received by NDE.
- If the LC-2 has been submitted in error, contact Janice Eret (402-471-2248, [janice.eret@nebraska.gov](mailto:janice.eret@nebraska.gov)) or Bill Biven (402-471-0526, [bill.biven@nebraska.gov](mailto:bill.biven@nebraska.gov)) to unlock the LC-2 online system.

## Error Messages

The LC-2 online system **does not** allow “District Approval” (submission) of an LC-2 if any of the following error messages appear:

- **Budget Authority Exceeded.**
  - The School District Budget Form will need to be revised if the school district has exceeded its Budget Authority. Enter the revised figures on Lines B-100, B-120, or B-130.
- **Allowable Reserves Exceeded.**
  - The School District Budget Form will need to be revised if the school district has exceeded its Allowable Reserves. Enter the revised figures on Lines C-300, C-310, or C-320.

## District Approval

If a school district needs to amend their General Fund, Depreciation Fund or Employee Benefit Fund, the LC-2 will also have to be amended to reflect those changes.

- The “District Approval” button located at the bottom of the LC-2 will be used to submit an amended LC-2 to the Department.
  - The function of the “District Approval” button will change after the LC2 has been submitted by the school district and the LC-2 has been reviewed and approved by NDE.

## Amending LC-2

To amend an LC-2, enter the amended amounts on the necessary lines of the LC-2.

- Click the “Recalculate LC-2” button.
- Click the “District Approval” button.
- Clicking the “District Approval” button will submit the amended LC-2 to NDE.
  - This will lock the LC-2 online system on the Portal.
  - If you have clicked the “District Approval” button before the amended LC-2 information has been entered, please contact Janice Eret (402-471-2248, [janice.eret@nebraska.gov](mailto:janice.eret@nebraska.gov)) to unlock the LC-2 online system.

## Contact information:

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- Bill Biven (402-471-0526 or [bill.biven@nebraska.gov](mailto:bill.biven@nebraska.gov))