

# 2014/15 Budget Form LC-2 Instructions

## General Information

The Lid Computation Form 2 (LC-2) verifies a school 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 *2014/15 Budget Authority and Allowable Reserve Percentage Certification* (certified on April 4, 2014) 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
- 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.
  - The amount of these exclusions will display on Line A-740 and Line A-750.
  - Four schools are eligible for this exclusion in 2014/15:
    - *Laurel-Concord-Coleridge Public Schools*
    - *Hartington-Newcastle Public Schools*
    - *Riverside Public Schools*
    - *Central Valley Public Schools*
- *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.
  - For school districts whose first full school fiscal year of participating in Network Nebraska is the 2014/15 school fiscal year, the amount of this expenditure exclusion will be the difference between 2014/15 estimated expenditures and 2012/13 actual expenditures.
  - The amount of this exclusion will display on Line A-761.
  - 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 2014/15 is the first year early childhood membership is included in the district's formula students. This expenditure exclusion for the amount equal to the 2013/14 Early Childhood Education Grant increased by 2.5%.

- Five schools are eligible for the Early Childhood Education Grant exclusion in 2014/15:
  - *Clarkson Public Schools*
  - *Howells-Dodge Consolidated Schools*
  - *Freeman Public Schools*
  - *Niobrara Public Schools*
  - *Wheeler Center Public Schools*
- 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 2014/15 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.
  - The amount is equal to \$250,000 which is the amount of the Reorganized Support Grant received by the reorganized district.
  - Four schools are eligible for this exclusion in 2014/15:
    - *Laurel-Concord-Coleridge Public Schools*
    - *Riverside Public Schools*
    - *Hartington-Newcastle Public Schools*
    - *Central Valley Public Schools*

## **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>

### State Board Approval Process

- To receive State Board approval for any of the exclusions listed above, submit a request by letter, email, or fax 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 7, 2014** to ensure the State Board will act on the exclusion request at the **August 8, 2014 meeting**.
- The request must be received by **August 4, 2014** to ensure the State Board will act on the exclusion request at the **September 5, 2014 meeting**.
- Requests for State Board Approval can be submitted after August 5, but will not be included in the original 2014/15 school district budget. The school budget may have to be amended to utilize those expenditure exclusions receiving State Board approval.

### Completing the LC-2:

The LC-2 can be completed by either keying in the amounts found on page 2 of the School District Budget Document (steps described below) or by simply uploading into the LC-2.

#### **Upload school district budget into LC-2:**

1. Click “Choose File” button beneath Section A.
2. In the dialog box that appears, locate the directory and file location of the Excel budget file.
3. 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.
  - **You must enter this amount to access as additional budget growth on Line A-355. If an amount is not entered, the school 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 the school district enters an amount greater than amount printed as “Maximum Amount” on the LC-2.

**Section B: 2014/15 General Fund Budget of Disbursements & Transfers and Unused Budget Authority**

- *Line B-100 – 2014/15 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.
  - Click the “Save” button at the bottom of the LC-2.
- *Line B-110 – 2014/15 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 2014/15 school year. State Board Approval is not necessary for these special grants (Lines 1.01 to 1.62).
    - The last nine lines (Line 1.63 to 1.71) 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”
  - Click the “Save” button at the bottom of the LC-2.
- *Line B-120 – 2014/15 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
  - Click the “Save” button at the bottom of the LC-2.
- *Line B-130 -- 2014/15 General Fund Lid Exclusions*
  - Enter the Total General Fund Lid Exclusions from Line 21 of Schedule A of the School District Budget Document.
  - Click the “Save” button at the bottom of the LC-2.

**Unused Budget Authority:**

- *Line B-150 -- 2014/15 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 2014/15 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 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 “Save” button at the bottom of the LC-2.

School districts that have 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: 2014/15 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 “Save” button 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 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**

Several buttons are located at the bottom of the LC-2 that control several functions of the 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 any time changes have been made to individual lines in the LC-2, when the Special Grant Fund List has been completed, and before logging out of the LC-2.

### 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 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

- 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)) to unlock the LC-2 online system.

### Error Messages

- The LC-2 online system **does not** allow 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 (Used When Amending an LC-2)

- 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.
- 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:

- Janice Eret (402-471-2248 or [janice.eret@nebraska.gov](mailto:janice.eret@nebraska.gov))
- NDE Help Desk at 888-285-0556, locally at 402-471-3151, or [nde.helpdesk@nebraska.gov](mailto:nde.helpdesk@nebraska.gov)