

2018/19 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 *2018/19 Budget Authority and Allowable Reserve Percentage Certification* and data on file with NDE. Enter amounts on Line numbers in **bold font**.

- 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.

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.
- *Early Childhood Education Grants* – This exclusion is available for districts if 2018/19 is the first year early childhood membership is included in the district's formula students. This expenditure exclusion for the amount equal to the 2016/17 Early Childhood Education Grant increased by 1.5%.

Schools eligible and amounts for the Early Childhood Education Grant Exclusion in 2018/19 can be found at:

2017/18 Early Childhood Education Grants Exclusion for 2018/19 -

<https://www.education.ne.gov/fos/budgeting-school-district/>

- 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>

This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document. For comments regarding this document contact nde.guidance@nebraska.gov

- *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.

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 accessing 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 Agreement Incentives* §79-1028.01(g) - §79-1028.01(K)
 - Incentives paid for voluntary termination agreements which have been approved within timeframes listed below with ***certificated STAFF who are retiring prior to September 1, 2017***.
 - *Prior to July 1, 2009, or*
 - *Occurring on or after the last day of the 2010/11 school year and prior to the first day of the 2013/14 school year, or*
 - *Occurring on or after the first day of the 2013/14 school year. The request must include the net cost savings over five years.*
 - Incentives paid for voluntary termination agreements with ***certificated TEACHERS beginning September 1, 2017***, that meet the following stipulations:
 - The value of current and future incentives will not exceed \$35,000 in total.
 - All incentives must be paid within five (5) years of agreement or until the certificated teacher becomes eligible for Medicare -- whichever occurs first.
 - The voluntary termination agreement was not part of any collective bargaining agreement.
 - The payment of incentives must result in a net savings in salary and benefit to the district over a five-year period.
 - Incentives paid for agreements with ***certificated EMPLOYEES*** for voluntary terminations resulting from a collective bargaining agreement signed and in place ***prior to September 1, 2017***. The following details the amounts eligible as an expenditure exclusion for this category of Voluntary Termination Agreements:
 - For retirements occurring prior to September 1, 2017, 100% of the incentives paid by the district during the 2017/18 year are eligible for the expenditure exclusion.
 - For retirements occurring between September 1, 2017 and August 31, 2018, 75% of the total incentives paid by the district during the 2017/18 school year would be eligible for the

expenditure exclusion. (i.e. \$10,000 retirement incentive paid by district equals a \$7,500 Expenditure Exclusion for the district.)

For retirements occurring between September 1, 2018 and August 31, 2019, 50% of the total incentives paid by the district during the 2017/18 school year would be eligible for the expenditure exclusion.

- A template 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 2018/19 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 following lists the dates expenditure exclusions must be filed for the next State Board Meeting:

Exclusion Submission Deadline	State Board Meeting Date
July 13, 2018	August 3, 2018
August 17, 2018	September 7, 2018
September 7, 2018	October 5, 2018
October 12, 2018	November 2, 2018
November 16, 2018	December 7, 2018

- Submit exclusion requests to Bill Biven at bill.biven@nebraska.gov

Completing the LC-2:

Upload the school district budget directly into the LC-2. However, Section A can only be completed manually.

To minimize errors, we recommend that you upload the budget into the LC-2. Be sure to 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.
- After clicking the “Recalculate” button at the bottom of the page, Line A-780 will reflect the total allowable budget authority for the district

If unable to upload the budget into the LC-2, the following steps describe how to key in amounts from the 2018/19 Budget Adopted (page 2 of school district budget document). *Please note: For more accurate information, we recommended that the budget is uploaded into the LC-2.*

Section B: 2018/19 General Fund Budget of Disbursements & Transfers and Unused Budget Authority

- *Line B-110 – 2018/19 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 2018/19 school year. State Board Approval is not necessary for these special grants (Lines 1.01 to 1.72).
 - The last nine lines 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 – 2018/19 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 – 2018/19 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 -- 2018/19 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 -- 2018/19 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 2018/19 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.**

Section C: 2018/19 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.

Error Messages

The LC-2 online system **does not** allow “District Approval” (submission) of an LC-2 if either 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. Upload the revised budget form into the LC-2.
- **Allowable Reserves Exceeded.**
 - The School District Budget Form will need to be revised if the school district has exceeded its Allowable Reserves. Upload the revised budget form into the LC-2.

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) or Bill Biven (402-471-0526, bill.biven@nebraska.gov) to unlock the LC-2 online system.

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.

Upload Budget Documents

- When the “District Approval” button has been clicked, a new screen appears that allows the user to upload budget-related documentation to NDE.
- This documentation must be in pdf format and includes the school district budget, budget schedules, certifications of valuation, and board minutes showing board approval of the district budget.

Please note: All budgets and related documentation must be uploaded into the LC-2. Budgets sent by mail or emailed will not be accepted.

Amending the 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 inadvertently, please contact Janice Eret (402-471-2248, janice.eret@nebraska.gov) to unlock the LC-2 online system.
 - Amendments to the 2018/19 budget must be submitted through the LC-2 as described above in “Upload Budget Documents.”

Contact information:

- Janice Eret (402-471-2248 or janice.eret@nebraska.gov)
- Bill Biven (402-471-0526 or bill.biven@nebraska.gov)