

2016 Presentation

H&S and Long Term Facilities

Maintenance Levy (123B.595)

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_H&S Closeout FY 2016

2016 is the final year to match project approval
with UFARS



- Match project approval totals by finance code in the H&S website to total UFARS by finance code for 2016.
- If approval and UFARS match by the September preliminary levy the final adjustment will be included on the next levy.
- If you wait until after the September levy but before the December 2016 deadline the final adjustment will be on the 2017 payable 2018 levy (Fiscal 2018-19).

H&S 2016 Closeout

H&S fund balance should go to zero when the final revenue adjustment is recorded in UFARS

- If the balance is not zero the amount must be transferred to another fund balance.
- Negative balances indicate that there were H&S expenditures that did not generate revenue.
- A positive final balance is an inaccuracy. A positive balance is not available for additional Health and Safety expenditures.

H&S 2016 Closeout



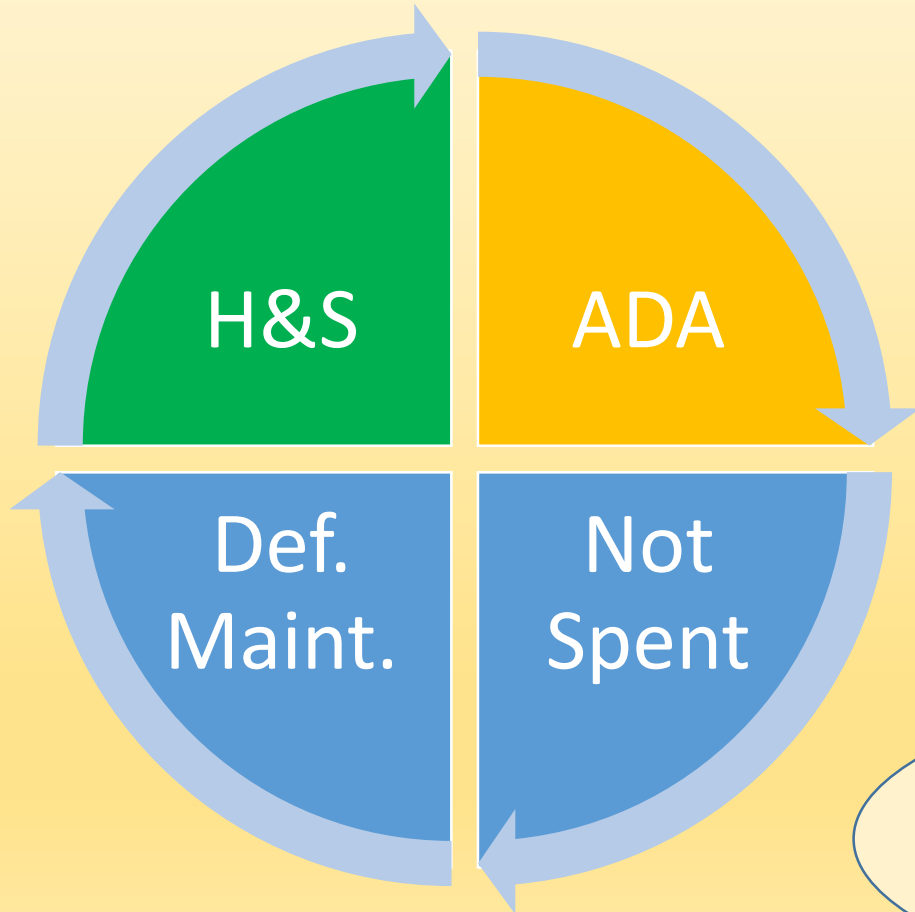
406 – Restricted/Reserved for Health and Safety

(Old law H&S fund balance reserve)

- The June 30, 2016 ending fund balance in Balance Sheet Account 406 will continue to have levy adjustments applied through June 30, 2019. A positive or negative balance at June 30, 2019 must be transferred to the General Fund 01 Unassigned Balance Sheet Account 422.
- As of July 1, 2016, no expenditures can be coded to the “old” Health and Safety UFARS codes (17 digit).

LTFM

LTFM Levy Begins July 1, 2016



One Levy with
Multiple
Components

Revenue is a three year phase in!

- Fiscal 17 is $\$193 \times \text{APU} \times < 1 \text{ or Ave Bld Age}/35$
- Fiscal 18 is $\$292 \times \text{APU} \times < 1 \text{ or Ave Bld Age}/35$
- Fiscal 19 is $\$380 \times \text{APU} \times < 1 \text{ or Ave Bld Age}/35$

LTFM Levy

1. Health & Safety



According to the law:

A district must implement a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management

Requirements remain the same for a H&S program
except no requirement to submit each project to MDE for approval

Same eligible and ineligible projects under 123B.57

Still need orders from MDH, OSHA, Fire Marshal, etc.



LTFM Levy

2. Accessibility

Projects that meet district's ADA/Sec. 504 plan and the current ADA Accessibility Guidelines for Buildings



LTFM Levy

3. Deferred Maintenance (“Like for Like”)

Deferred capital projects and maintenance projects necessary to prevent further erosion of facilities

Include costs to restore district owned facilities to a like new condition:

- Protect the public investment in the existing facility
- Functionality and use of the space **stay the same**
- **Purpose of work is for deferred maintenance** and only provides incidental benefit for other purposes
- Some upgrades are provided through H&S and accessibility when that is their authorized purpose



Deferred Maintenance

The entire facilities fit within these DM categories *

368 Building Envelope (excluding roof)

369 Building Hardware & Equipment

370 Electrical

379 Interior Surfaces

380 Mechanical Systems

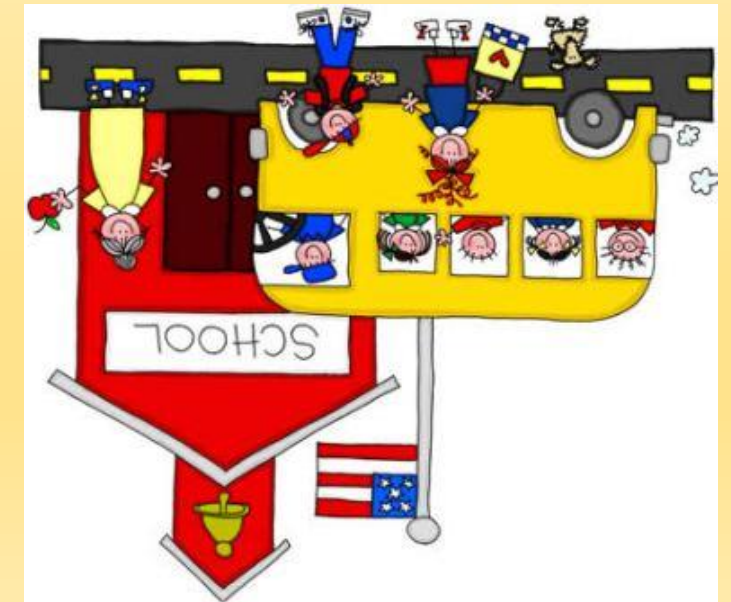
381 Plumbing

382 Professional Services and Salary

383 Roofing Systems

384 Site Projects

* Equipment not attached to building or site is not LTFM



LTFM Levy

4. Remodel for pre-K - New this year!

“...plus (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction,”



LTFM Levy

Does not cover:

- Construction of new facilities
- Remodeling of existing facilities (except approved Pre-K spaces)
- Purchase of portable classrooms
- Finance a lease purchase agreement, installment purchase agreement
- Energy-efficiency projects under 123B.65
- Space used for postsecondary instruction or administration
- Space used for purpose unrelated to elementary & secondary education
- Violence prevention
- Facility Security
- Ergonomics
- Emergency Communication Devices

LTFM Updates Passed in Supplemental Budget Bill

- Biennial Submission of ten year plan changed to annual submission
- Added remodeling of instructional space to accommodate Pre-K instruction
- Projects included in the LTFM ten-year plan are exempt from Review and Comment
- Clarifies that Radon Testing should be included in the LTFM ten year plan
- Allows districts to transfer LTFM revenue to the debt service fund to pay LTFM debt payments
- Cleaned up equalization language
- Allowed for transfer of fund balances for deferred maintenance and alt facilities to LTFM
- Allowed for transfer of fund balance for H&S to unassigned general fund balance by June 30, 2019

New Workflow Starts Fiscal Year 2017

Districts need to:

- ✓ Complete the projected revenue spreadsheet from MDE
- ✓ Create a ten year plan of projected expenditures – place totals in MDE Revenue Application Spreadsheet
- ✓ Maintain a project list with descriptions of work, costs and criteria for approval (H&S, Deferred Maintenance, Accessibility...)
- ✓ Maintain documentation for each project sufficient to satisfy an audit
- ✓ Get School Board approval annually

AND...

✓ Ten Year Plan Submission to MDE

Expenditure and Revenue Spreadsheets (live Excel)

Statement of Assurances

Additional narrative if H&S \geq \$100,000

Additional narrative if project \geq \$2,000,000

Bond schedules – for each category of bonds

Minutes of board approval

All documentation sent to MDE is board approved first

E-mail only: live Excel spreadsheets for revenue and expenditure, pdf for other documentation

To: MDE.facilities@state.mn.us by **July 31, 2016**

**NOW ANNUAL
SUBMISSION
REQUIRED**



UFARS Codes

July 1, 2016 start using UFARS codes with the same H&S finance codes but different program codes.

No longer use Program 850, USE PROGRAMS:

- **865 All LTFM except programs 866 & 867**
- **866 H&S \geq \$100,000 in finance 358, 363, 366**
- **867 Single LTFM project \geq \$2 million at a site**

MDE does not require site based ORG codes for LTFM.

For Health and Safety Projects Only:

Continue to put the total by finance code amounts in the H&S website until further notice, by July 31 of each year.

(Enter H&S amounts only: as the amounts are used in the levy “hold harmless” calculation.)

Enter projects \geq \$100,000 in finance 358, 363 and 366 separately in H&S website. Adds to levy revenue!

(Include narratives with 10 year plan submission)

Maintain support documentation from all H&S projects within the district in case you are audited.

Summary

TO DO: June – July 2016

2016 H&S Close Out

Close out “old” H&S - match actual project costs to costs coded to UFARS
Check for negative balance in H&S – if yes, make a plan for zeroing H&S balance

Prepare for MDE Document Submission – By July 31, 2016

Download new Revenue Application and Statement of Assurances
Update 10 year Plan; Complete Revenue Application
Present Revenue Projection and Application to School Board for Approval
Email Excel Spreadsheets, Statement of Assurance, Additional Narratives & Bond Schedules with Board Minutes to MDE

Change Program Codes

Prepare to track projects

MDE> School Support> School Finance> Facilities and Technology

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