

# 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



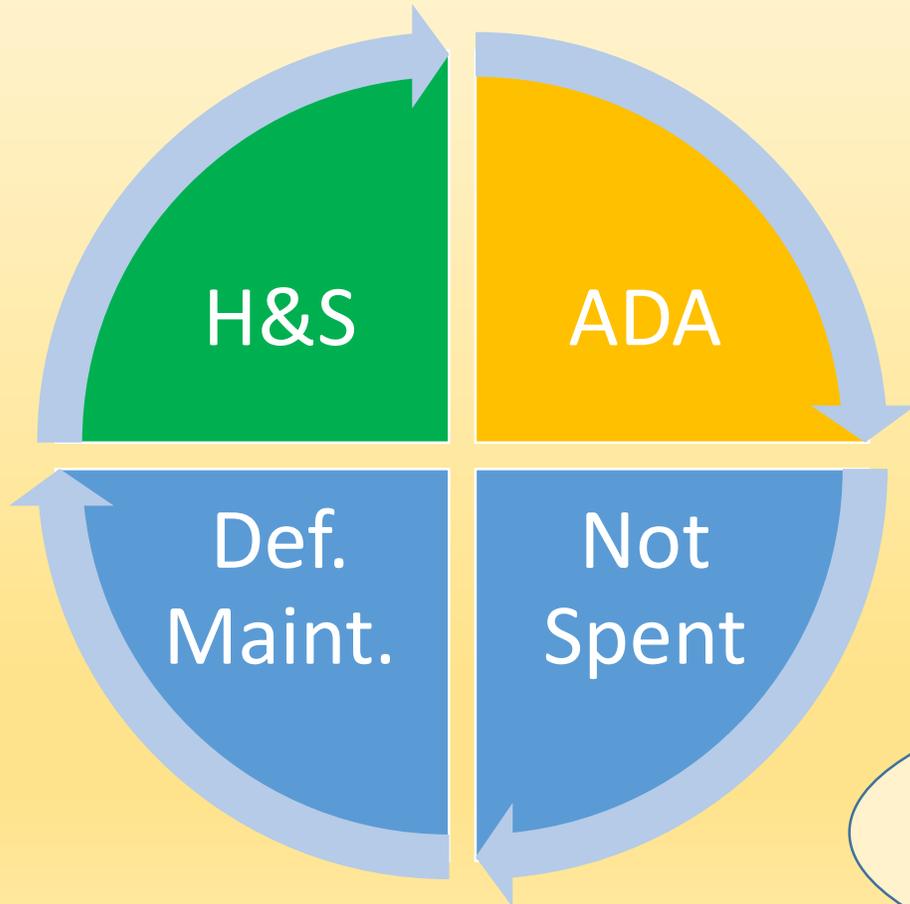
406 – Restricted/Reserved for Health and Safety

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

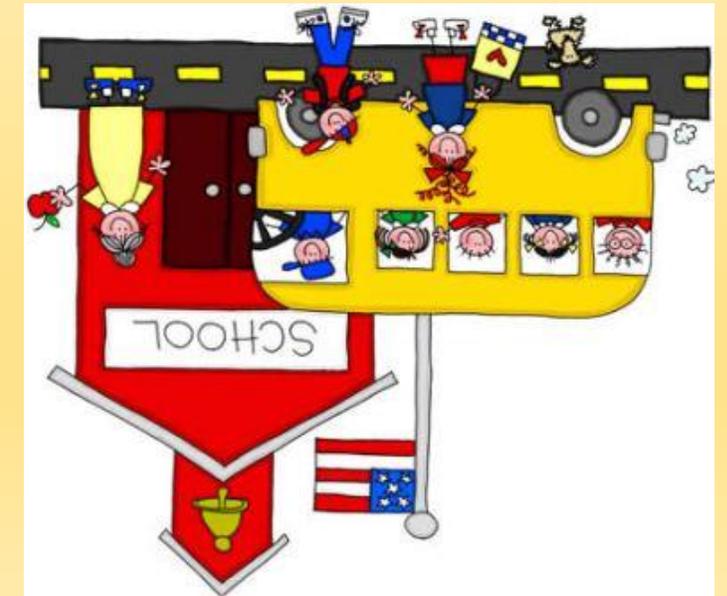
381 Plumbing

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](mailto: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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