Today’s Agenda

Long-Term Facilities Maintenance (LTFM) Process – Review
- LTFM, Health and Safety, Facilities Age and Square Footage, Other – Did You Know?
- 2019 – 2020 Legislative Update
- LTFM Allowable/Restricted Expenditures
- LTFM Plan Documentation
- Mid-Year Revisions
- Resources

Minnesota Department of Education Webpages – Did You Know?
1) "Click" S-T
2) Select "School Finance"
3) Main "School Finance" webpage will appear
4) Now view "School Finance" categories in gray, left column

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Long-Term Facilities Maintenance (LTFM) – Did You Know?

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4/30/2019
Long-Term Facilities Maintenance – MFR Aid Entitlement Report

Contact: Lonn Moe
Lonn.Moe@state.mn.us

H&S Revenue Application Memo
"see – Attachment 7" for NARRATIVE Guidance
Your Professional Engineer (PE)
LTFM H&S and Facilities Age and Square Footage Website – Did You Know?

1) User Name and Password for the Health and Safety website is the same for the Facilities Age and Square Footage website

LTFM H&S Data Submissions Website – Did You Know?

H&S Sections – LTFM Ten-Year Expenditure Spreadsheet

Hold Harmless and Recommend Other $100,000 or more (H&S website entries)
Health & Safety Website Entries

**Scenario:**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>District</th>
<th>Project Description</th>
<th>Status</th>
<th>Approval Date</th>
<th>Proposed Amount</th>
<th>Test Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 20-21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 21</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**LTFM Facilities Age and Square Footage – Did You Know?**

- Facilities Age and Square Footage Reporting
  - Districts are requested to make changes/corrections by December 16, 2019
  - New buildings occupied as of January 1, 2020

**Facilities Age and Square Footage Reporting (FY 2020 Reporting)**

- Operating Capital Calculations for General Education Revenue (Minn. Stat. § 126C.10)
- Long-Term Facilities Maintenance (LTFM) Revenue Calculations (Minn. Stat. § 123B.595)

- Instructional Buildings
- Administrative Buildings
- Other Buildings owned by school include all permanent, enclosed spaces that have a roof, walls and a door.

- Contact Sarah C. Miller to add or delete buildings
## LTFM Facilities and Technology – Building Age Reports FY 19
### MDE > Data Center > Data Reports and Analytics

#### Fiscal Year (FY) 2019 District Building Age Averages and Totals for Operating Capital and Long Term Facilities Maintenance (LTFM)

<table>
<thead>
<tr>
<th>#</th>
<th>Type</th>
<th>Total</th>
<th>Operating Capital</th>
<th>Operating Current</th>
<th>Operating Capital %</th>
<th>Long Term Facilities</th>
<th>Long Term Fund balance</th>
<th>Long Term Facilities %</th>
<th>Long Term Facilities Maintenance</th>
<th>LTFM %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$171,713,000</td>
<td>$13,159,669</td>
<td>$15,630,852</td>
<td>$7,388,502,121</td>
<td>$8,595,102</td>
<td>$1,392,347</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>1</td>
<td>School</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Central Office</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>Community Facilities</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>Other</td>
<td>20</td>
<td>20</td>
<td>20</td>
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<tr>
<td>7</td>
<td>Total</td>
<td>499</td>
<td>499</td>
<td>499</td>
<td>499</td>
<td>499</td>
<td>499</td>
<td>499</td>
<td>499</td>
<td>499</td>
</tr>
</tbody>
</table>

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The table above provides the averages and totals for operating capital and long-term facilities maintenance for the fiscal year 2019. The percentages indicate the distribution of funding across different categories.
Balance Sheet Account 406 – Health and Safety
Closeout FY 2019

406 – Restricted/Reserved for Health and Safety

Health & Safety (H&S) fund balance should go to zero when the final revenue adjustment (FY 2019) is recorded in UFARS.

- If the balance is not zero, the amount must be transferred to the General Fund 01 Unassigned Balance Sheet Account 422 (Minn. Stat. § 123B.79 – Permanent Fund Transfers, Subd. 9)

Subd. 9. Elimination of reserve accounts.

"Any balance in the district’s reserved account for health and safety as of June 30, 2019, shall be transferred to the unassigned fund balance account in the district’s general fund".

Where do we find the Revenue Projection Model?
DATA CENTER > DATA REPORTS AND ANALYTICS, locate the SCHOOL FINANCE SPREADSHEETS SECTION, select REVENUE PROJECTION MODEL
A. Deferred Maintenance Qualifying Criteria – Two categories: 1) Capital Expenditures and 2) Maintenance Projects

1. Capital Expenditures – are defined as projects that exceed $10,000

   • Roof removal and replacement
   • Tuck pointing
   • Flooring removal and replacement
   • Asbestos abatement and replacement
   • Mechanical ventilation replacement
   • Plumbing removal and replacement

   Work is considered deferred when it has been postponed beyond the time that a manager, using reasonable and prudent work scheduling practices, would accomplish the work.

2. Maintenance Projects – are defined as projects that do not exceed $10,000

   • Cleaning
   • Repainting
   • Fixing broken windows
   • Replacing or repairing minor mechanical systems
   • Repairs to plumbing systems
   • Repairs to electrical systems

   Purpose remains the same – same purpose before and after the work is completed.
1. Capital Expenditures – are defined as projects that exceed $10,000
   - No expansion or realignment of function – increased student numbers does not allow for classroom expansion
   - Planned or scheduled maintenance projects are ineligible
   - Technology is excluded from eligibility – is equipment and not part of the facility
   - Violence prevention and physical security issues – currently excluded from eligibility

   Renovation in support of educational adequacy (not allowed) - primary purpose has to be “to prevent further erosion of facilities”.

   Reasonable in-house engineering and technical administrative costs. What does the LTFM guidance say about this?
LTFM Allowable and Restricted Expenditures Review
(Minn. Stat. §123B.595, subd. 10 and 11)

2. Maintenance Projects – are defined as projects $10,000 or less
   • To keep in an existing state (as of repair, efficiency or validity)
   • To preserve from failure or decline

B. Disabled Access Qualifying Criteria
   • The project shall conform both the district’s Americans with Disabilities Act (ADA)/Section 504 disabled access transition plan, and
   • The current ADA Accessibility Guidelines for Buildings and Facilities version, and
   • Applicable state and local building and fire codes

C. Health and Safety Qualifying Criteria
   • The project shall conform to the criteria set forth in the current version of the Health and Safety (H&S) – Minnesota Statutes, section 123B.57, Subdivision 6.

LTFM Finance Dimensions – UFARS Chapter 4

<table>
<thead>
<tr>
<th>UFARS Code</th>
<th>Title</th>
<th>UFARS Code</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>347</td>
<td>Physical Hazards (Fund 01 and/or 06)</td>
<td>369</td>
<td>Building Hardware and Equipment (01 and/or 06)</td>
</tr>
<tr>
<td>348</td>
<td>Other Hazardous Materials (Fund 01 and/or 06)</td>
<td>370</td>
<td>Electrical (Fund 01 and/or 06)</td>
</tr>
<tr>
<td>352</td>
<td>Environmental Health and Safety Management (Fund 01 and/or 06)</td>
<td>379</td>
<td>Interior Surfaces (Fund 01 and/or 06)</td>
</tr>
<tr>
<td>355</td>
<td>Voluntary Pre-kindergarten Remodeling (Fund 01 and/or 06)</td>
<td>380</td>
<td>Mechanical Systems (Fund 01 and/or 06)</td>
</tr>
<tr>
<td>358</td>
<td>Asbestos Removal and Disposal (Fund 01 and/or 06)</td>
<td>381</td>
<td>Plumbing (Fund 01 and/or 06)</td>
</tr>
<tr>
<td>363</td>
<td>Fire Safety (Fund 01 and/or 06)</td>
<td>382</td>
<td>Professional Services and Salary (01 and/or 06)</td>
</tr>
<tr>
<td>366</td>
<td>Indoor Air Quality (Fund 01 and/or 06)</td>
<td>383</td>
<td>Heating Systems (Fund 01 and/or 06)</td>
</tr>
<tr>
<td>367</td>
<td>Accessibility (Fund 01 and/or 06)</td>
<td>384</td>
<td>Site Projects (Fund 01 and/or 06)</td>
</tr>
<tr>
<td>368</td>
<td>Building Envelope (excluding roof) (Fund 01 and/or 06)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**LFM – Reserve Account (Minn. Stat. § 123B.595, subd. 12)**

**Subd. 12. Reserve account.** The portion of long-term facilities maintenance revenue not recognized under subdivision 5, paragraph (c), must be maintained in a reserve account within the general fund.

**Subd. 5. Bond authorization**

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**FY 19 LTFM Fund Dimensions – UFARS Chapter 1**

<table>
<thead>
<tr>
<th>UFARS Funds</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>General Fund</td>
</tr>
</tbody>
</table>

- Revenue for Long-Term Facilities Maintenance must be recorded in the Restricted/Reserved Account for these purposes in the General Fund [GOL.467]

<table>
<thead>
<tr>
<th>UFARS Funds</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>Building Construction Fund</td>
</tr>
</tbody>
</table>

- Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds, capital loans, or major capital projects costing $2,000,000 or more.

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**FY 19 LTFM Program Dimensions – UFARS Chapter 3**

<table>
<thead>
<tr>
<th>UFARS Program Code Dimensions</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>865</td>
<td>Long-Term Facilities Maintenance (LFM) – Excluding Costs in Program Codes 866 and 867 (Fund 01 and/or Fund 06) – includes Projects &lt;$500,000 in all LTFM Finance Codes and includes H&amp;S/Deferred Maintenance projects costing less than $2,000,000 (except Finance Codes 358, 363, 366)</td>
</tr>
<tr>
<td>866</td>
<td>Long-Term Facilities Maintenance (LFM) – $100,000 – $1,999,999.99 per Site for Finance Codes 358, 363 and 366 (Fund 01 and/or 06)</td>
</tr>
<tr>
<td>867</td>
<td>Long-Term Facilities Maintenance (LFM) Projects that are $2,000,000 or More per Site and Bond Financed (Fund 06)</td>
</tr>
<tr>
<td>868</td>
<td>Long-Term Facilities Maintenance (LFM) Projects that are $2,000,000 or More per Site and Finance on a Pay-As-You-Go Basis (Fund 06)</td>
</tr>
</tbody>
</table>

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**LTFM FY 2019 Balance Sheet Account – UFARS Chapter 8**

<table>
<thead>
<tr>
<th>Title and Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>467 Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Funds 01 and/or 06)</td>
</tr>
<tr>
<td>Represents available resources to be used for LTFM projects in accordance with the 10 Year Plan (Minn. Stat. § 123B.595, subd. 12). This restricted/reserved account may go into deficit to the extent of future revenue authority.</td>
</tr>
</tbody>
</table>

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**LTFM UFARS Code Review**

**Districts Levied - Flow Through to Co-ops or Intermediates**

LTFM Flow Through Revenue from School Districts to Co-ops or Intermediates

1. **The District** should code the revenue to Source Code 001, **NO Finance Code**.
2. **The Co-op or Intermediate** should invoice the District for the portion owed the Co-op.
3. **The District** should code the Co-op or Intermediate invoice to Object Code 390, **NO Finance Code**.
4. **The Co-op or Intermediate** should code the revenue to Source Code 021 with an LTFM Finance Code and then code their expenditures to the appropriate LTFM Finance Codes.

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**LTFM Ten-Year Plan Documentation – Due July 31**

1. **Expenditures in Excel**
2. **Revenue Projections in Excel**
3. **Minutes**
4. **SOA Signed by Superintendent**
LTFM – Process for Submission to Commissioner – use MDE forms

- Costs of projects only make up the expenditure plan. This also includes bond proceeds spent on projects.
- LTFM Expenditure plan includes only Funds 01 – General Fund and 06 – Construction Fund. Do not include Fund 07 – Debt Service principal and interest payments.
- The ten-year revenue projection provides planning options for funding and aid/levy amounts. Debt payments belong on the revenue spreadsheet since LTFM revenue pays the debt.
- Use ten-year expenditure and ten-year revenue in conjunction to summarize the plan and revise annually. Spreadsheets reflect actual intentions.

LTFM Ten-Year Expenditure Application Planning for July 31, 2019 Submission

Start with Base Year 2019 - 2029

Add Lines for any NEW Finance Codes
LTFM – Ten-Year Revenue Projection Spreadsheet

LTFM Reserve Fund Balance (Fund 01 or 06 Balance Sheet 467)

LTFM Revenue Review

LTFM Revenue Includes:

- **Initial Revenue** based on per pupil funding – adjusted pupil units (APUs)
  - Currently $380 in FY 19 (and $380 beyond unless Legislative authority changes)
  - Average age of district buildings is factored in
    - Ratio of average district building age to 35 years <= 1
- **Additional revenue** for H&S projects $100,000 or over (PAY AS YOU GO)
- **Greater of revenue under old laws or new LTFM.**
  - Hold harmless: provisions so a school district will not receive less than they would have under old laws
Where do we find the Revenue Projection Model?
DATA CENTER > DATA REPORTS AND ANALYTICS, locate the SCHOOL FINANCE SPREADSHEETS SECTION, select REVENUE PROJECTION MODEL.

Revenue Projection Model – State Aid “tab” – FY 2020
MDE > Data Center > Data Report and Analytics – Revenue Projection Model State Aid “tab” for FY 2020

- “Estimates loaded with FY 19 Aid Entitlements From IDEAS 01/30/19 data”
- Override “Yellow” column as necessary (Cells A11-A52)

LTFM – Ten-Year Expenditure Spreadsheet (Upper Section)

Expenditure – General Fund and Building Construction ONLY

DISTRICT WIDE EXPENDITURES – UFARS ORG Code 005
$1M or over REQUIRES A SPECIFIC SITE – UFARS ORG CODE
Long-Term Facilities Maintenance - Review

School Example of Detailed LTFM Expenditures on Hidden “tab”

LTFM Expenditure Planning Example

Schematic for $100,000 or more IAQ project/site/year RTUs
Revenue Projection Spreadsheet Entry – Bonded Mechanical Engineering Project

Revenue Projection Spreadsheet Entry – IAQ Project Pay-As-You-Go

Review LTFM Plan Submission Documentation

Meet the Statutory Deadline of July 31

A. Send **actual** EXCEL documentation, **not pdfs:**

1. Ten-Year LTFM Expenditures Spreadsheet from LTFM webpage
   - Complete Contact Information
   - $100,000 or more projects/site/year in FINANCE Codes 358 – Asbestos Removal and Encapsulation; 363 – Fire Safety; 366 – Indoor Air Quality and $2 million or more Deferred Maintenance projects/site/year (Needs Narrative of scope and costs of project)

2. Ten-Year LTFM Revenue Projection Spreadsheet
   - Complete all required line items (Read "Line Instructions" tab and enter all bonded or Pay as you Go information)
3. Statement of Assurances (SOA)

- Ensure it is signed by Superintendent/Director (Intermediate/Cooperative)

Certification of Statement of Assurances

Sarah C. Miller

LTFM – Health & Safety/Plan Policy

Question

- As a part of the Health and Safety/LTFM plan, do districts need to have the Health and Safety Policy annually reviewed and approved by the board?

Statement of Assurances and (Minn. Stat. § 123B.595)

- The district's plan includes procedures for implementing a health and safety program that complies with health, safety, and environmental regulations enacted by the board, including orders on quality management and facility waste handling transportation and treatment.

Certification of Statement of Assurances

Sarah C. Miller

Review LTFM 18PAY19 (FY20) Levy Submission Process

September 30 Deadline

4. Approved School Board Minutes (3 options available – Extract of Minutes/Resolution of Minutes/Actual approved minutes)

- Ensure Selected option is Signed by the CLERK

#1 MISSING

LTFM Documentation
Review LTFM 18PAY19 (FY20) Levy Submission Process
September 30 Deadline

MISSING
Additional LTFM Documentation – NARRATIVE (scope/cost)

MDE Website Address for Ten-Year LTFM Plan Submissions

Where do we email LTFM documentation?

Submit to: MDE.Facilities@state.mn.us

LTFM School Board Approved Plan Submission to mde.facilities@state.mn.us

• Submission of ten-year plans for FY 2021/Taxes Payable 2020 will be in summer 2019 (by July 31, 2019).
• A school district, intermediate district or co-operative may submit a new or revised ten-year plan throughout the year, i.e. to issue bonds or major project changes.
• Plans submitted to MDE are to be school board approved prior to sending to MDE.
• Upon commissioner approval of the ten-year plan levy revenue is authorized on the Truth in Taxation (TNT) levy.
LTFM Required Document Submission for LTFM Mid-Year Revisions

Reasons to submit a new plan include:
1. Issuance of Bonds (bond schedule required)
2. Adding a Health and Safety (H&S) Project Costing $100,000 or more for asbestos, fire safety, or indoor air quality (Finance Codes 358, 363, 366)
3. A single project at a site costing $2,000,000 and
4. Major plan changes where a district would want to ensure the plan can be approved before risking making the expenditures

Mid-Year Ten-Year Plan Revisions - LTFM

LTFM Plan Revisions
School’s priorities change after the initial plan is approved
1) Plan changes only impact LTFM expenditures
   - Eligible projects may be rearranged or substituted in the LTFM expenditure plan
     - Allowed with school board approval
     - Submit revised school board approved expenditure plan to MDE
     - Submit board minutes approving the new expenditure plan to MDE – signed by the Clerk
Mid-Year Ten-Year Plan Revisions - LTFM

LTFM Plan Revisions
2) Plan changes impact LTFM revenues
   ➢ District may submit new ten-year plan documentation to MDE
     ▪ School board approved board minutes (signed by the Clerk)
     ▪ Statement of Assurances (signed by the Superintendent)
     ▪ Revised LTFM ten-year revenue projections, actual Excel spreadsheet
     ▪ Revised LTFM ten-year expenditure, actual Excel spreadsheet

LTFM – Fund Transfers/School Business Bulletin 60

State Fire Code Proposed Changes for June 2020
• 907.2.3.3 Notification. Activation of the fire alarm system or automatic sprinkler system shall initiate a general evacuation signal—emergency voice/alarm communication system meeting the requirements of Section 907.5.2.2 and installed in accordance with Section 907.6.
• Exception: An emergency voice/alarm communication system is not required in Group E occupancies with occupant loads of 100 or less. In such cases, activation of the fire alarm system or automatic sprinkler system shall initiate a general evacuation signal.
LTFM – Allowable or Restricted Expenditure Questions

- **Unallowable** – If the fire alarm system is still in an operative condition (no fire marshal citing for inoperative system), a school is not able to use LTFM revenue to replace with the voice evacuation system. Other financial resources must be considered for this scenario.

- **Allowable** – The state fire marshal has written an order to replace the existing, non-compliant fire alarm system and it is allowable to replace with the voice activated communication system.

- **Unallowable** – Existing fire alarm systems in an operative condition will be grandfathered in and not required to be replaced with the new, voice activated fire alarm system until the state fire marshal cites the school.

Continue to Obtain SFM Plan Review

**Fire Alarm Equipment**

- The cost to purchase, install and maintain components of a fire alarm system as required to comply with fire and life safety code is allowed. Entire building replacement of a fire alarm component will require SFM written orders to substantiate system failure.

- **Fire Suppression Re-work Review** – If the school has pulled a building permit for other building construction or remodeling (not LTFM related) and the building inspector has been involved in the fire suppression re-work, still obtain State Fire Marshal review by John Swanson.

Continue to Obtain SFM Plan Review

- Contractors can send plans of the building layout showing the scope of work to:

  State Fire Marshal Division  
  Attn: John Swanson  
  8321 168th Street W  
  Lakeville, MN 55044

- Contact John if there are any questions: john.swanson@state.mn.us or (651)‐334‐3217
Currently, radon testing is not mandatory – pending 2019-2020 Legislative session.

School Districts may include radon testing as a part of its ten-year LTFM plan under Minnesota Statute, section 123B.595. If included in an approved LTFM plan, the district shall conduct the testing according to the radon testing plan developed by the commissioners of health and education.

See "Health and Safety Environmental Management Program Guidance" on the MDE Health and Safety webpage dated 06/16/16.

Related offsite resources:
- Minnesota Department of Health (MDH) Drinking Water in Schools
- Reducing Lead in Drinking Water Technical Guidance – Revised March 2019
- Education and Communication Toolkit
- 2017 Lead Legislation FAQs

EPA WIIN Grant
- Water Infrastructure Improvements for the Nation (WIIN) nationwide grants.
- Grant Objective: Assist with voluntary testing for lead in drinking water at schools and child care programs.
- EPA estimates Minnesota grant to be around $400,000. Grant criteria is pending and being reviewed by MDH and MDE.

Long-Term Facilities Maintenance – FY 2019

LTFM Questions:
Allowed uses of LTFM revenue, process and timelines, LTFM expenditure projection spreadsheet, health and safety data base, LTFM UFARS coding, Facilities Age and Square Footage Reporting - adding new buildings or deleting buildings: contact Sarah C. Miller at sarah.c.miller@state.mn.us or (651)582-8370.

Revenue Projection spreadsheet, Levy Limitation and Certification report adjustments, LTFM aid entitlement and levy calculations, LTFM required debt: contact Lonn Moe at lonn.moe@state.mn.us or (651) 582-8569.

Thank you!
Sarah Miller
sarah.c.miller@state.mn.us (651)582-8370