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**BOARD OF EDUCATION**  
Working Meeting - April 22, 2024 - 4:05 PM  
Creekside  
16000 41st Ave N.  
Plymouth, MN 55446

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## **AGENDA**

1. **ROLL CALL/CALL TO ORDER**
  - A. **Finance and Operation Reports**
    1. Birchwood Reconstruction Storm Water Pond (45 minutes) 2
    2. Long Term Facilities Maintenance (LTFM) Program/Projects (30 minutes) 16
    3. Wayzata Special Education Finance Review and Update (20 minutes) 84
    4. Enrollment & Housing Study-Preliminary Ideas (15 minutes)
  - B. **Superintendent's Reports**
  - C. **Teaching and Learning Reports**
  - D. **Human Resource Services Reports**
  - E. **School Board Reports**
    1. Table of Contents for School Board Handbook 103
2. **ADJOURN**



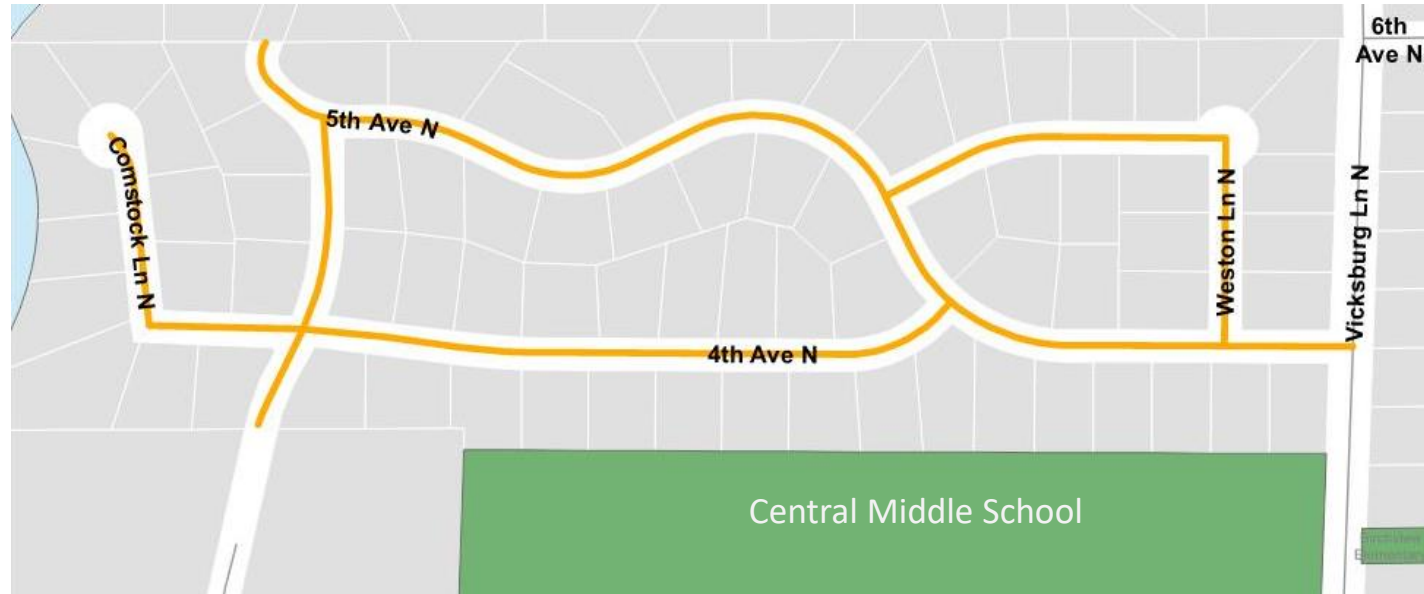
# Birchwood Estates Street Reconstruction

April 22, 2024



# Project Area & Proposed Improvements

- Birchwood Estates Neighborhood
  - 4<sup>th</sup> Ave, 5<sup>th</sup> Ave, Comstock Ln, Weston Ln, Black Oaks Ln
  - Address aged street & watermain
- Reconstruction of Streets
- Replacement of Watermain
- Installation of storm sewer
  - Replacement of storm sewer in poor condition
- Water quality improvements

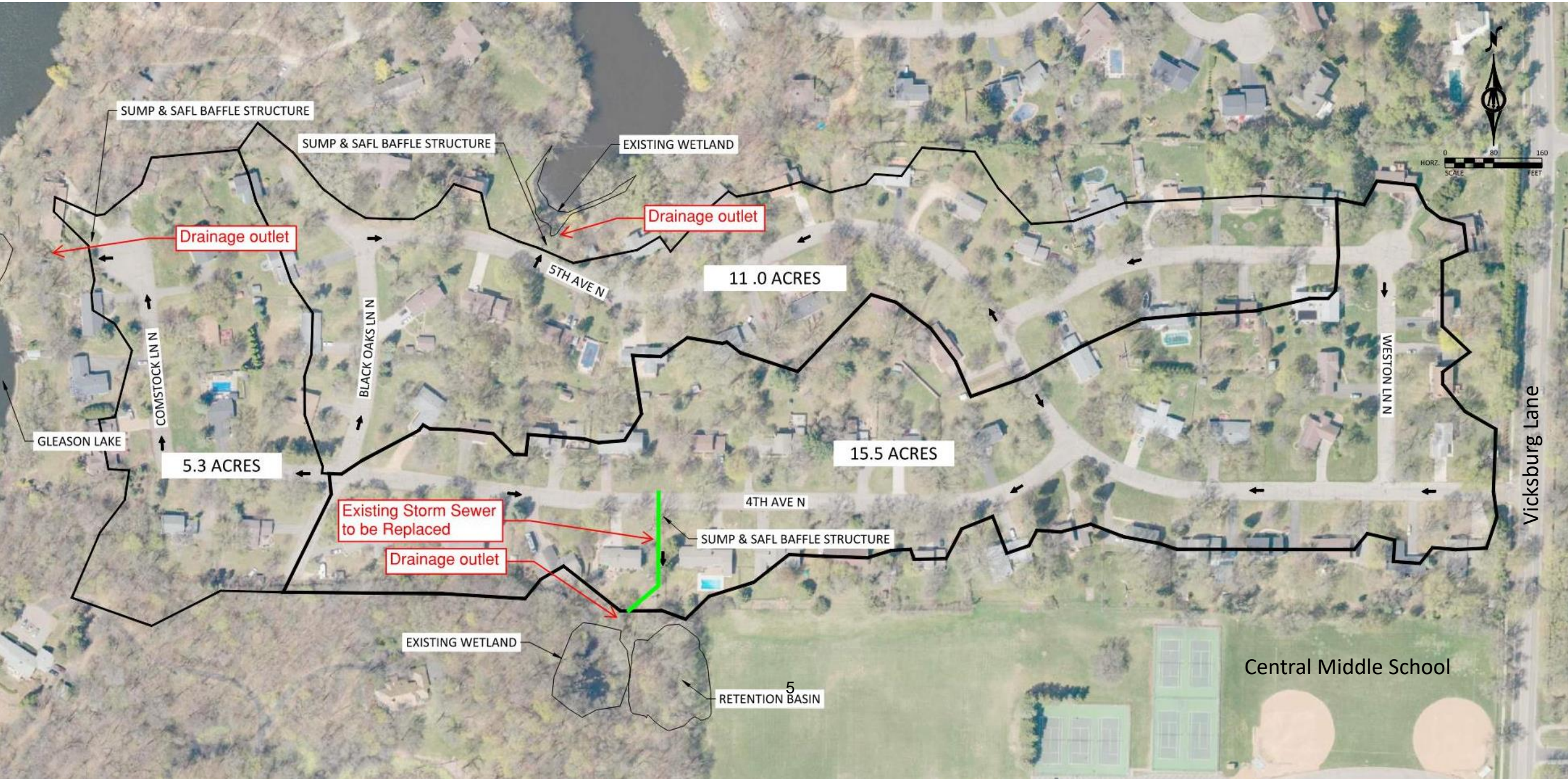


# Why Water Quality

- Permitting Requirements
  - MPCA MS4 General Permit (effective September 13, 2021)
  - Linear projects with greater than 1 acre disturbance
  - Provide treatment for greater of 1” over new impervious surface or 0.5” of new and reconstructed impervious surface
  - 8,750 cubic feet of treatment required
- Other Goals
  - Gleason Lake Total Maximum Daily Load (TMDL)
    - Listed as impaired for Phosphorus
  - Environmental Stewardship
    - 2023 council strategic theme



# Existing Site



# Stormwater Treatment Pond

- \$180,000 to construct
- Provides 15,800 cubic feet of treatment
  - Meets permitting requirements
- Removes 1,992 lbs. of Total Suspended Solids (TSS) & 6.5 lbs. of Phosphorus (TP) annually
  - Improves water quality downstream & works towards Gleason Lake TMDL reduction (Baseline 290 lbs./yr. T.P. → Goal 105 lbs./yr. T.P.)
- Simplified Maintenance
  - Inspection once every 5 years
  - Excavation once every 20-30 years
- It does require easement from the school district
- Includes replacement of storm sewer in poor condition

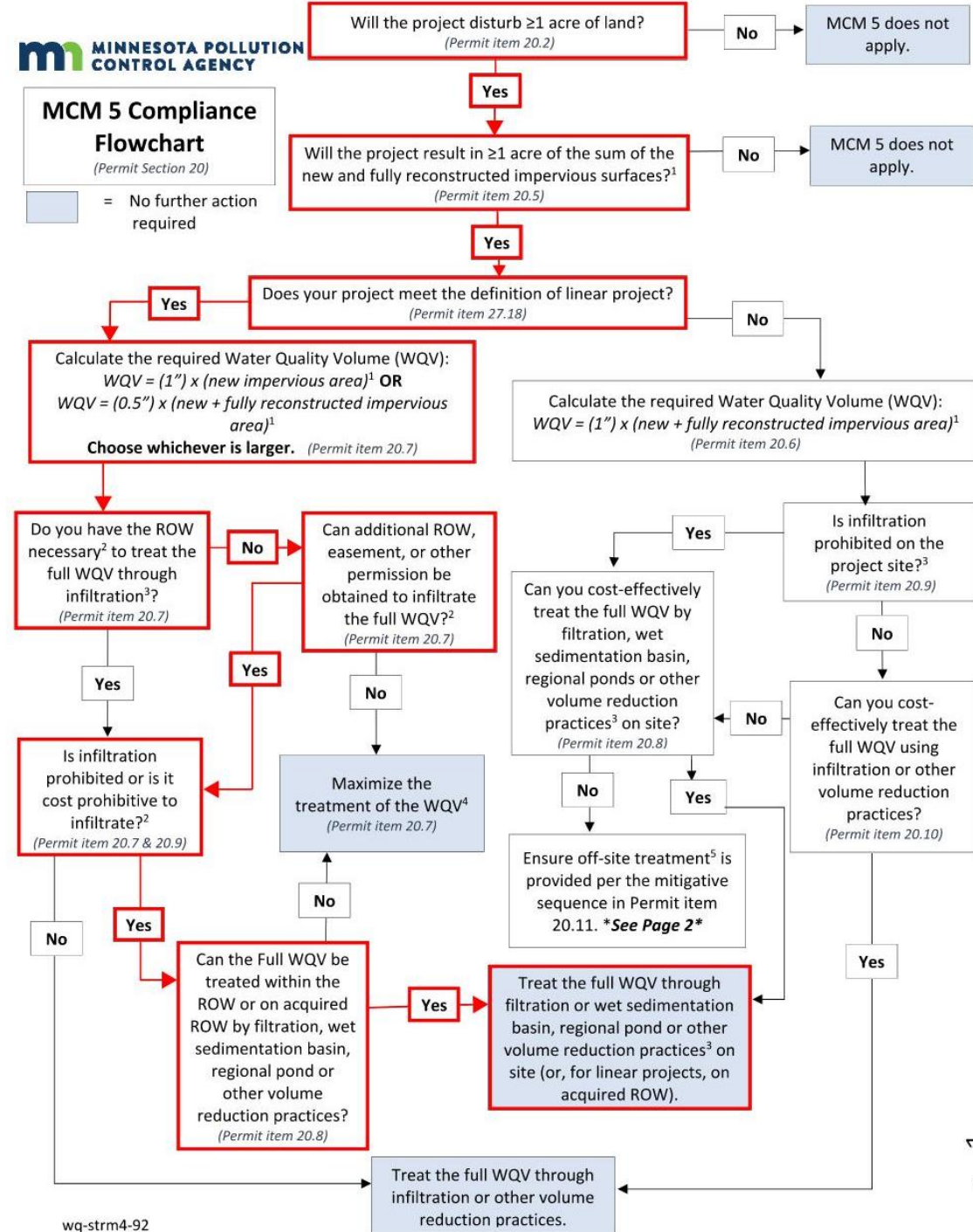


# NPDES MS4 Permit

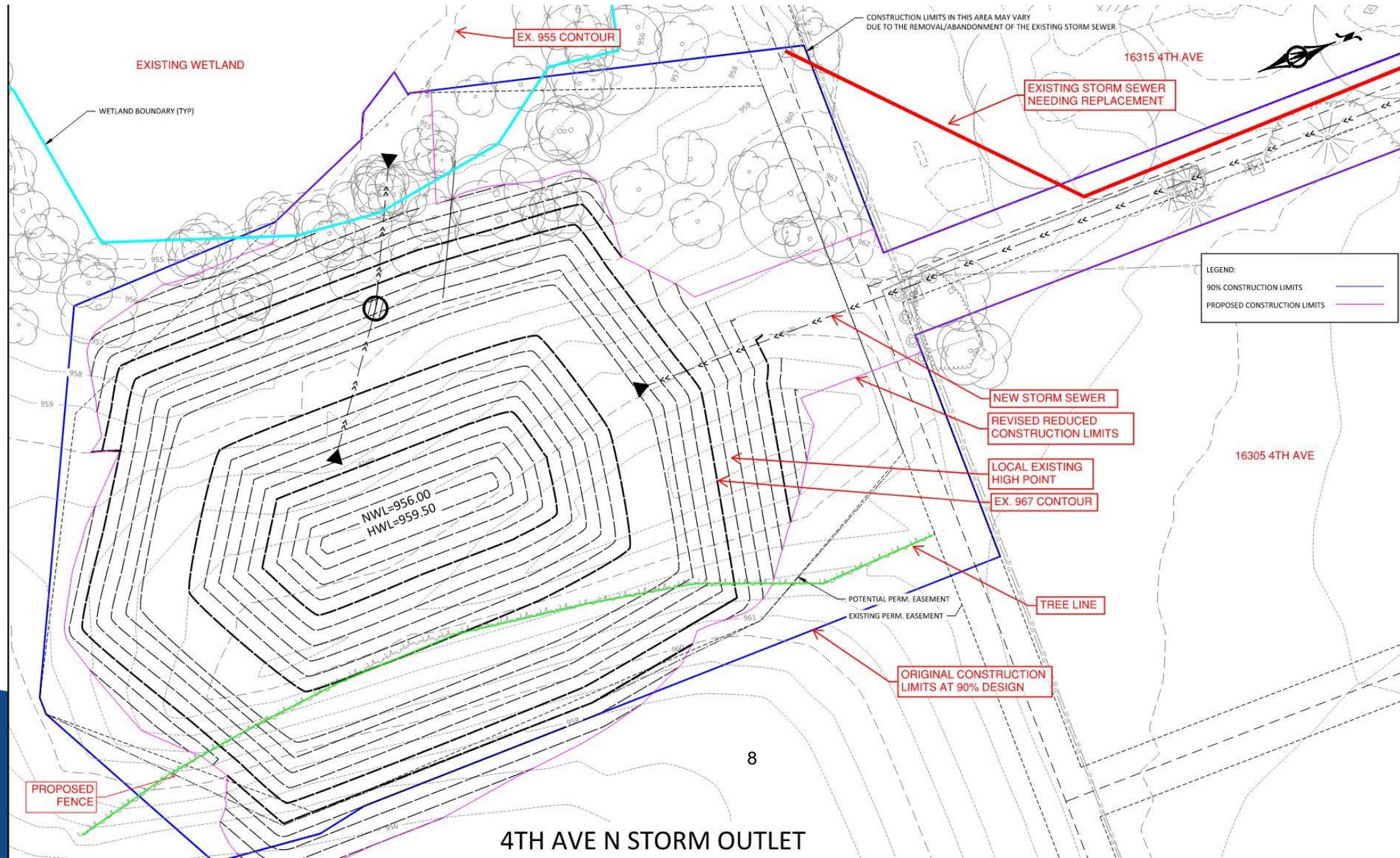
- MPCA Compliance Flowchart
- Post Construction Stormwater Management

**MCM 5 Compliance Flowchart**  
(Permit Section 20)

☐ = No further action required



# Stormwater Treatment Pond



# Birchwood Stormwater Pond Context

Eastern edge



Interior at N Entrance



Brush Piles



# Location and Condition

- Forest condition is predominantly large declining basswoods
  - Also includes elm, ash and a few oaks.
- Emerald Ash Borer is present, and the Ash are generally infested.
- Buckthorn is present in significant quantities in the understory
- The proposed pond location on the forest edge does not significantly increase the amount of forest fragmentation which is a leading factor in long term forest decline.
- Parks and forestry staff will provide recommendations for the replanting plan that includes trees and shrubs that provide screening from adjacent property

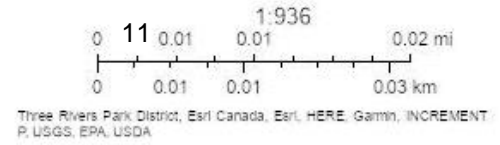


# Additional Tree Inventory



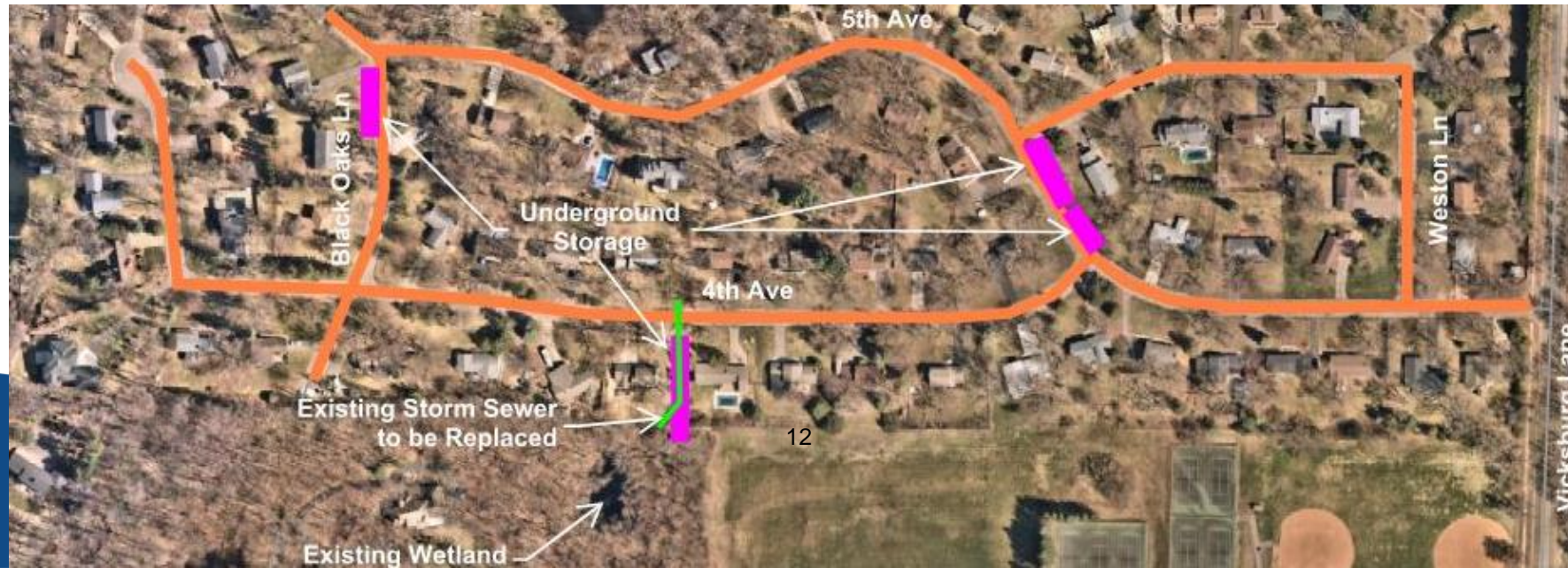
## Species Identified

- American Elm
- American Linden
- Boxelder
- Green Ash
- Siberian Elm
- Sugar Maple
- Green Ash & Siberian Elm aren't considered desirable species in this area



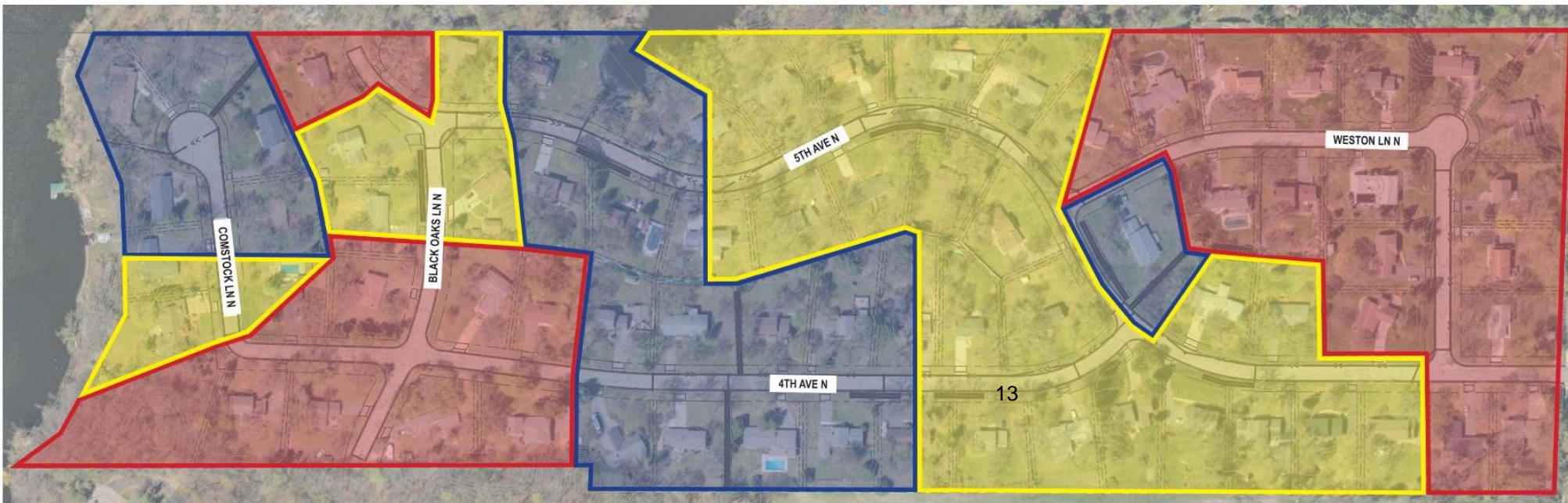
# Alternatives Evaluated

- Underground Storage
  - \$300,000 to construct
  - Provides 8,600 cubic feet of treatment (*slightly less than required*)
  - More extensive maintenance
  - Requires easements from multiple properties, including WSD for storm sewer replacement
    - City council directed further investigation of this alternative
    - Offer extended to purchase required easement from five properties
    - No affirmative response received



# Alternatives Evaluated

- Raingardens
  - Over \$285,000 to construct
  - 19 rain gardens needed to meet permitting requirements
  - Contracted maintenance
    - \$300-\$400 annually per raingarden (\$5,700 - \$7,600)
  - Right of Entries needed for temporary impacts
  - Easement needed from WSD for storm sewer replacement



**Rain Garden Viability Map**

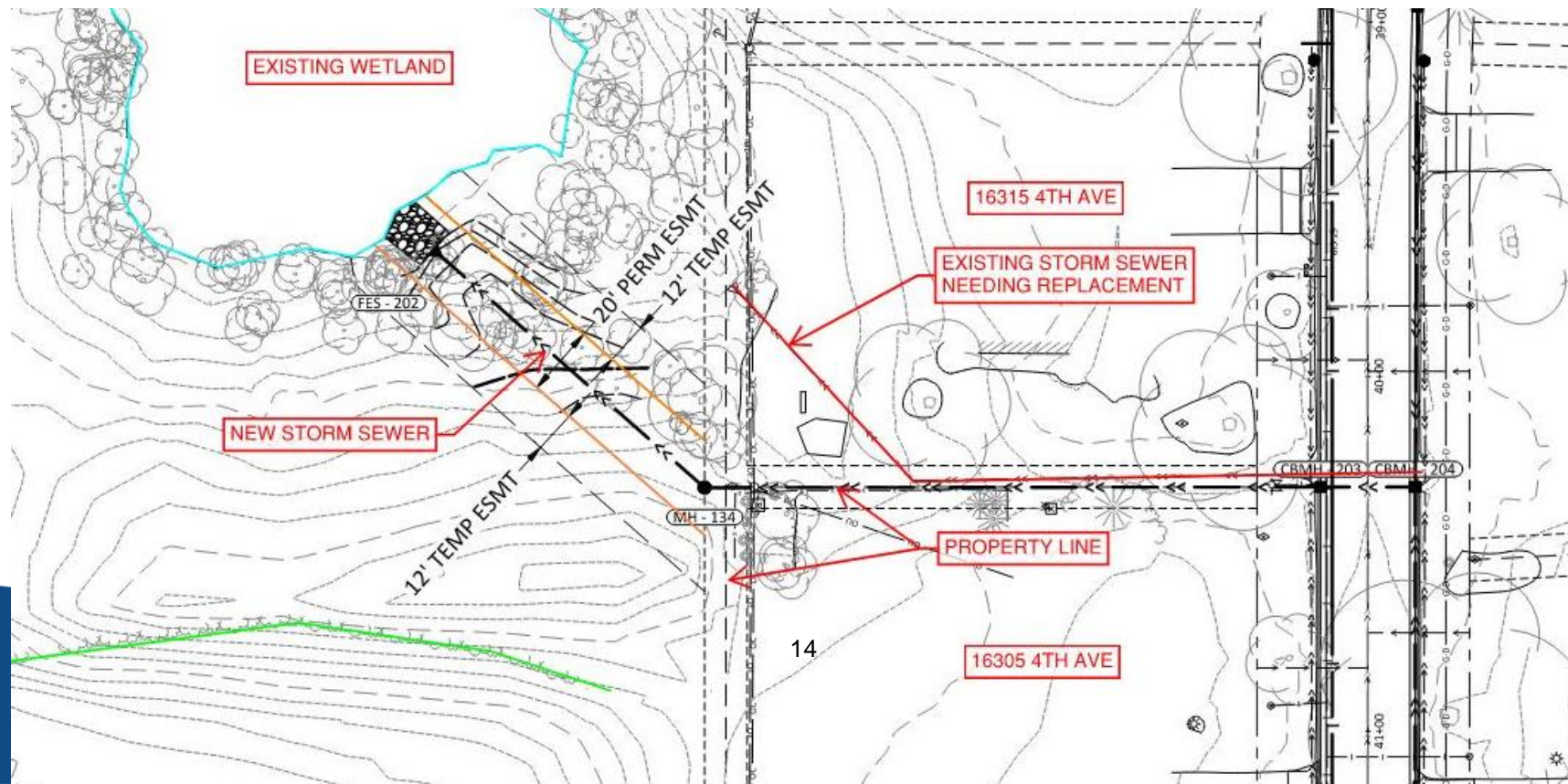
**LEGEND**

- Low probability
- Moderate probability
- High probability



# Storm Sewer Replacement - No Treatment

- Replacement of storm sewer in poor condition
- Easement still needed, but smaller impacts
- No stormwater treatment provided



# Questions or Comments?

- Next steps:
  - May 13<sup>th</sup> School Board Meeting – Consider Easement
  - Construction
    - 2024 – Substantial Completion
    - Spring 2025 – Final Completion



# Long Term Facilities Maintenance

**April 22, 2024**

**School Board Work Session**



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# What is LTFM?

- Program under Minnesota Statutes, section 123B.595, where revenue can be used by Districts for the following:
  - Deferred capital expenditures (exceeding \$10,000) and maintenance projects necessary to prevent the future erosion of facilities;
  - Increasing accessibility of school facilities;
  - Health and safety capital projects; or
  - By Board resolution, to transfer money from the general fund reserve for LTFM to the debt redemption fund to pay the amounts needed on general obligation bonds issued.



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# What is LTFM?

- Once approved by School Board, the 10-year plan is submitted to MDE.
  - Annual 3- and 5- year updates.
- The ten-year expenditure plan should show that the health and safety program is maintained, accessibility expenditures are reasonable, and that the school district is planning deferred maintenance project expenditures appropriate for the age and condition of the school district owned buildings
- The Statement of Assurances (SOA) is signed by the superintendent. By signing, the superintendent provides a written commitment that the district will operate according to state and federal laws.



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# LTFM Availability

- Historically, program was called “Alternative Facilities” and was reserved for Districts that had more than 1.5 mil SF and an average building age over 35 years.
- All District in MN now have access to LTFM.
- To qualify for LTFM revenue, school districts, cooperatives and intermediate districts (not charter schools) must have a ten-year plan adopted by the school board and approved by the commissioner.



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# UFARS Finance Codes

347 Physical Hazards

349 Other Hazardous Materials

352 Environmental Health & Safety  
Management

358 Asbestos Removal &  
Encapsulation

363 Fire Safety

366 Indoor Air Quality

367 Accessibility

368 Building Envelope (excluding roof)

369 Building Hardware and Equipment

370 Electrical

379 Interior Surfaces

380 Mechanical Systems

381 Plumbing

382 Professional Services and Salary

383 Roofing Systems

384 Site Projects



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# Initial Budget Parameters

	367ADA	\$ 1,000,000.00
	368Bldg Envelop	\$ 1,500,000.00
	369Bldg Hardware	\$ 500,000.00
	370Electrical	\$ 1,000,000.00
	379Interior Finishes	\$ 1,000,000.00
	380Mechanical	\$ 2,000,000.00
	381Plumbing	\$ 2,000,000.00
	382Prof Services	\$ 1,000,000.00
	383Roof	\$ 2,000,000.00
	384Site	\$ 2,000,000.00
Total	LTFM	\$ 14,000,000.00
	H&S	\$ 1,000,000.00



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# Long term facilities maintenance revenue may be used for the following purposes:

- Deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities
- Increase accessibility in schools
- Health & Safety projects under MN statute 2022, 123B.57
- Remodeling of gender neutral single-user restrooms at each school (FY 25 or later)



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# Long term facilities maintenance revenue may **NOT** be used for the following purposes:

- For construction of new facilities, remodeling or purchase of portable classrooms
- To finance a lease purchase agreement
- For energy efficiency projects
- For violence prevention and facility security, ergonomics, or emergency communication devices



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# Project Conception



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# Status of 10-year Plan

- Operating off of 10 year plan since 2010
- Currently in process of updating and building next 10 year plan
- Over the last 10 years, the District has expended \$90 – 100 million in LTFM funded projects (average \$8-12 mil per year)



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# Next Steps in our Budget Cycle

- May/June – Administration will submit for your approval  
FY26 budget and updated 10 yr plan



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**Thank you**



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## Long-Term Facilities Maintenance (LTFM) – 2023 Guide for Fiscal Year (FY) 2025

**Note: The 2023 guide for FY 2025 is currently based on 2022 Minnesota Statutes. Should legislation be passed in the next several weeks that affect this program, a revised version of the guide and other documentation will be published and communicated to districts.**

Minnesota Statutes 2022, section 123B.595, establishes the Long-Term Facilities Maintenance Revenue program. It replaced three programs: Deferred Maintenance (Minn. Stat. 123B.591 [2022]), Alternative Facilities (Minn. Stat. 123B.59 [2022]), and Health and Safety (Minn. Stat. 123B.57 [2022]). The LTFM program offers a comprehensive program to fund a facility ten-year plan developed by a school district, intermediate school district, cooperative, and joint powers districts. The uses of revenue, or allowable expenditures, remain the same as under the three previous programs.

This guide provides detailed information about the LTFM program to assist school districts, intermediate school districts, school district cooperatives, and charter schools in meeting the LTFM program parameters and Minnesota Department of Education (MDE) expectations for submission of the LTFM plan documents. Information from this year's plan submission will be used to determine initial LTFM aids and levies for fiscal year (FY) 2025 and to adjust LTFM revenues for FY 2024 and FY 2025.

**School districts, intermediate school districts, and school district cooperatives (including joint powers districts) are required to annually update their LTFM ten-year plan and submit the board approved plan to the commissioner for approval by July 31.**

The plan submission process this year will be the same as what was used last year except that revisions to the spreadsheets, forms and instructions mean a district should download the most current documents available prior to preparing the plan submission in summer 2023. LTFM documents are located on the MDE website using the following path:

[MDE homepage](#) > Districts, Schools and Educators > Business and Finance > School Finance > Facilities and Technology > Long-Term Facilities Maintenance. (<https://education.mn.gov/MDE/dse/schfin/fac/ltfm/>).

## Contents

The information in this guide is organized into the following sections:

- [Process and Timelines](#)
- [Revenue Uses and Restrictions](#)
- [Ten-Year Expenditure Plan Excel Spreadsheet](#)
- [Ten-Year Revenue Projection Excel Spreadsheet](#)
- [Statement of Assurances](#)
- [School Board Resolution](#)
- [Other LTFM Documents and Resources](#)
- [FY 2023 LTFM Closeout/Expenditure Reconciliation](#)
- [Mid-Year Ten-Year Plan Revisions](#)
- [UFARS Code Dimensions](#)
- [MDE Contacts for Further Information](#)
- [School Board Resolution Example Templates](#)

## Process and Timelines

### *Ten-Year Plan Overview*

To qualify for LTFM revenue, school districts, cooperatives and intermediate districts (not charter schools) must have a ten-year plan adopted by the school board and approved by the commissioner. For the 2023 payable 2024 property tax levy, the plan must be approved before the proposed levy is certified in September 2023. **All ten-year plan documentation is to be approved by the school board prior to submitting to MDE for commissioner approval. Submit board-approved ten-year plans to [LTFM staff](mailto:mde.facilities@state.mn.us) (mde.facilities@state.mn.us) by July 31, 2023.**

The plan must include provisions for implementing a health and safety program that complies with health, safety and environmental regulations and best practices, including indoor air quality management. The plan must be updated and submitted to the commissioner annually by July 31 for approval. The plan must indicate whether the district will issue bonds to finance the plan, levy on a pay-as-you-go basis, or a combination of the two. If bonds are issued to finance the plan, the plan must include a bond schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected LTFM revenue for that year. All documentation required by MDE is part of the ten-year plan to be approved by the school board and submitted to the commissioner.

The plan submitted to MDE must include the following LTFM components:

- *Ten-Year Expenditure Plan Application* (“original” Excel format, not pdf). This spreadsheet summarizes the total planned expenditures by category for each of the next ten years. Districts should update the spreadsheet and submit it as part of the ten-year plan. The spreadsheet is described in more detail in a separate section below.
- For districts with asbestos removal and encapsulation, fire safety, and indoor air quality projects costing \$100,000 or more per project, per site, per year for FY 2024 or FY 2025, a narrative is required

describing the scope and cost of each project in greater detail. Individual project approval is required as these projects generate more revenue. More detail on narrative requirements is included in the additional documentation section below.

- For districts with an approved voluntary prekindergarten (VPK) program under Minnesota Statutes 2022, section 124D.151, a narrative is required describing the scope and cost of the project to remodel existing instructional space to accommodate prekindergarten instruction. More detail on narrative requirements is included in the additional documentation section below.
- For districts with deferred maintenance projects for FY 2024 or FY 2025 costing \$2,000,000 or more per project, per site, per year a narrative is required describing the scope and cost of each project in greater detail. More information on this requirement is included in the additional documentation section below.
- *Ten-year Revenue Projection Excel Spreadsheet* (“original” Excel format, not pdf). The spreadsheet shows how the district plans to fund its proposed expenditures with LTFM revenue over the next ten years. The spreadsheet is described in more detail in a separate section below.
- If bonds are issued:
  - A table must be provided showing which projects are being funded with the bond issue.
  - A bond schedule must be included showing the interest and principal payments.
  - The annual principal and interest payments must be included in the revenue spreadsheet, documenting that the revenues are sufficient each year to fund the principal and interest payments.
  - If a bond issue includes a mix of projects eligible and not eligible for LTFM revenue, a breakdown must be provided showing the amounts attributable to LTFM projects and other projects. A separate breakdown is required for bonds issued for Health and Safety (H&S) projects costing \$100,000 or more generating additional LTFM revenue and bonds funded by LTFM per pupil formula revenue.
  - Districts are encouraged to issue bonds before levy certification if feasible, but may make a debt service levy based on a preliminary bond schedule before the bonds have been issued.
- A *Statement of Assurances* (SOA) that the district reviewed the allowable uses of LTFM revenue as outlined in state and federal law and in MDE guidelines, and that all expenditures included in the ten-year plan are eligible for revenue under Minnesota Statutes 2022, section 123B.595, Long-Term Facilities Maintenance Revenue.
- *Board Resolution*. (See page 20 below.)

In practice, each school district will maintain a detailed plan appropriate for the size and scope of the school district. The detailed plan is summarized for MDE submittal. The expenditure portion of the plan submitted to MDE is a summary by Uniform Financial Accounting and Reporting Standards (UFARS) finance code. The plan format is provided by MDE. A district will summarize its ten-year expenditure plan by finance code and enter the totals in the MDE spreadsheet. This facility plan must span at least a ten-year period to complete the MDE spreadsheet. Since MDE is to receive a summary of the district plan, a district can simplify its internal processes by identifying the district plan projects by UFARS finance code (finance code dimensions and descriptions are included in the *Long-Term Facilities Maintenance – Guide for Allowable Expenditures*). Projects in the district plan should each fit within a specific LTFM finance code to facilitate summarizing the total per finance code.

All required LTFM plan documentation must first be school board approved and then submitted to the MDE commissioner for approval. It is important for the school board to understand the ten-year plan. The school board is approving the inclusion of the costs for the plan summary in the district levy. The commissioner does not know project details but relies on the school board review and acceptance of the plan. After school board approval, the commissioner reviews the same summarized plan to provide approval.

### ***Intermediate School Districts, Cooperative Units, and Joint Powers Districts***

Upon approval through the adoption of a resolution by **each member district** school board of an intermediate district or other cooperative units under Minnesota Statutes 2022, section 123A.24, subd. 2, including joint powers districts, and the approval of the commissioner of education, a school district may include in its authority under this section a proportionate share of the long-term maintenance costs of the intermediate district or cooperative unit. The cooperative unit may issue bonds to finance the project costs or levy for the costs, using LTFM revenue transferred from member districts to make debt service payments or pay project costs. Authority under this subdivision is in addition to the authority for individual district projects.

The intermediate, cooperative, or joint powers board will approve the ten-year plan documents and submit to MDE along with a resolution adopted by **each member board** to levy for its proportionate share of the intermediate district, cooperative, or joint powers district levy. Intermediate districts, cooperatives, and joint powers districts submit the *Ten-Year Expenditure Plan* Excel spreadsheet (“original” format, not pdf), the *Cooperative Allocation Worksheet*, the *Statement of Assurances* signed by the superintendent, and resolutions/minutes of adoption by their board and all member boards (signed by the clerk). Additional documentation (narrative/bond schedule) is required for 1) issuance of bonds, 2) health and safety projects costing \$100,000 or more per project, per site, per year (asbestos removal and encapsulation, fire safety, and indoor air quality) and 3) single projects per site, per year costing \$2,000,000 or more. The ten-year plan submission to MDE must be complete to include all required school board approvals.

Under Minnesota Statutes 2022, section 123A.24, subd. 2, the following types of cooperatives are eligible:

- An education district organized under sections [123A.15](#) to [123A.19](#)
- A cooperative vocational center organized under section [123A.22](#)
- An intermediate district organized under chapter [136D](#)
- A service cooperative organized under section [123A.21](#)
- A regional management information center organized under section [123A.23](#) or as a joint powers district according to section [471.59](#)
- A special education cooperative organized under section [471.59](#)

**Note:** Under Minnesota Statutes 2023, section 123B.595, subd. 3(a), a joint powers district may pay the portion of lease costs attributable to the amortized costs of long-term facilities maintenance projects completed by the landlord.

Subdivision 3(b) – The joint powers districts resolution adopted under subdivision 3(a) may specify which member districts will share the project costs under this subdivision, except that debt service payments for bonds issued by a cooperative unit or joint powers district to finance long-term maintenance project costs **must be the responsibility of all member districts**.

To qualify for revenue, an eligible cooperative must submit the following to MDE:

1. A resolution adopted by each member school board (signed by the clerk) to levy for its proportionate share of the intermediate or cooperative levy.
2. A ten-year plan with the same information required for the school districts, including the Ten-Year Expenditure Plan Excel spreadsheet (“original” format, not pdf).

3. The *Cooperative Allocation Worksheet* showing the amount of debt service revenue and pay-as-you-go general fund revenue to be added to the LTFM revenue of each member school district. A spreadsheet template for reporting allocated revenues is posted to the [Long-Term Facilities Maintenance website](#).
4. The *Statement of Assurances* signed by the superintendent.
5. Additional documentation (narrative/bond schedule) is required for:
  - a. issuance of bonds.
  - b. health and safety projects costing \$100,000 or more per site, per year (asbestos removal and encapsulation, fire safety, and indoor air quality).
  - c. single projects per site, per year costing \$2,000,000 or more.

### **Charter Schools**

Charter schools are not required to submit a ten-year plan to MDE, and LTFM revenue may be used for any purpose related to the charter school. MDE will automatically calculate the aid entitlement for all charter schools and make payments through the Integrated Department of Education Aids System (IDEAS). The aid entitlement calculation is shown on the General Education Revenue for Charter Schools report found on the [Minnesota Funding Reports \(MFR\) webpage](#). The amount of revenue generated for FY 2023 and later is \$132 times adjusted pupil units.

## **Revenue Uses and Restrictions**

### ***Allowed Uses of Revenue (Minn. Stat. 123B.595, subd. 10)***

Long-term facilities maintenance revenue may be used for the following purposes:

- Deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities
- Increasing accessibility of school facilities
- Health and Safety projects under Minnesota Statutes 2022, section 123B.57, including health, safety and environmental management costs associated with implementing the district's health and safety program
- Remodeling or constructing a gender-neutral single-user restroom at each school site (**LTFM revenue effective for FY 2025 and later**)
- By board resolution, to transfer money from the general fund reserve for long-term facilities maintenance to the debt redemption fund to pay the amounts needed to meet, when due, principal and interest on general obligation bonds issued under Minnesota Statutes 2022, section 123B.595, subd. 5

**Note:** School districts with an approved voluntary prekindergarten program under section 124D.151 are eligible to increase LTFM revenue for the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

A charter school may use revenue for any purpose related to the school.

For more detailed information, see the “*Long-Term Facilities Maintenance Revenue – Guide for Allowable Expenses*” document located on the [Long-Term Facilities Maintenance website](#).

### **LTFM Revenue Restrictions (Minn. Stat. 123B.595, subd. 11)**

LTFM funds may **not** be used:

- For construction of new facilities, remodeling of existing facilities or the purchase of portable classrooms, **except** for the costs associated with constructing or remodeling existing facilities to include at least one gender-neutral single-user restroom authorized under subdivision 10 (**LTFM revenue effective for FY 2025 and later**).
- To finance a lease purchase agreement, installment purchase agreement or other deferred payments agreement.
- For energy-efficiency projects under Minnesota Statutes 2022, section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education.
- For violence prevention and facility security, ergonomics or emergency communication devices.

### **Ten-Year Expenditure Plan Excel Spreadsheet**

The Ten-Year Expenditure Plan spreadsheet contains the school district's best estimate of project costs that will be incurred each fiscal year for 10 years. The expenditure plan reflects how the district is using available revenue to best meet the facility needs of the district. The detail level plan maintained by the district should be summarized by finance code and the numbers entered on the MDE-provided spreadsheet.

**Note: Bond proceeds** spent on projects are included on the Ten-Year Expenditure Plan spreadsheet (**bond principal and interest are not included**).

The LTFM statute states the **Ten-Year Plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management**. The Ten-Year Expenditure Plan spreadsheet has separate sections for health and safety, accessibility and deferred maintenance projects.

The Ten-Year Expenditure Plan should show that the health and safety program is maintained, accessibility expenditures are reasonable, and that the school district is planning deferred maintenance project expenditures appropriate for the age and condition of the school district owned buildings.

Find the LTFM Ten-Year Expenditure Plan spreadsheet on the [MDE website](https://education.mn.gov/MDE/dse/schfin/fac/ltfm/) by going to Districts, Schools, and Educators > Business and Finance > School Finance > Facilities and Technology > Long-Term Facilities Maintenance (<https://education.mn.gov/MDE/dse/schfin/fac/ltfm/>). The Excel document is titled *Long-Term Facilities Maintenance Ten-Year Expenditure Plan Application*.

The expenditures included in the plan must be in accordance with Minnesota Statutes. The allowable expenditures are described in a document on the LTFM website titled *Long-Term Facilities Maintenance Revenue – Guide for Allowable Expenditures*. The guide describes parameters used for deferred maintenance projects, accessibility projects and lists Health and Safety allowed uses of revenue.

The expenditure ten-year spreadsheet summarizes the district's planned expenditures eligible for LTFM revenue for Fiscal Year FY 2023 (base year) – FY 2033 by UFARS finance code. As FY 2023 is a revised estimate for the ten-

year plan approved and levied for last year, districts should focus primarily on updating the planned expenditures for FY 2024 and FY 2025. Planned expenditures for FY 2026 through FY 2033 may be preliminary projected estimates. Data for FY 2023 may also be revised in the spreadsheet to reflect preliminary, actual expenditures. ***Each district should download the most current spreadsheet from the MDE website, make appropriate edits, and submit the completed “original” (not pdf) spreadsheet to MDE as part of the board-approved ten-year plan.***

The expenditures submitted to MDE should be only for eligible projects planned using LTFM revenue. Other capital projects from other revenue sources should not be included on the LTFM plan. The intent of the Ten-Year Expenditure Plan is to show how a district plans to spend the LTFM revenue available to it.

### ***Ten-Year Excel Expenditure Categories***

**Category 1: Health and Safety Expenditures by UFARS Finance Codes 347, 349, 352, 358, 363 and 366.** (This section excludes project costs of \$100,000 or more for which additional revenue is requested for Finance Codes 358, 363 and 366.)

A district enters estimated costs for the health and safety program. Focus on providing accuracy for anticipated projects for FY 2024 and FY 2025. The later years can be a rough estimate. Fiscal 2023 is an estimate of what the final UFARS expenditures will be. Once the FY 2023 audited financial data is complete and final UFARS data has been submitted, enter the actual FY 2023 H&S expenditures on the Health and Safety Data Submission system. Category 1 excludes projects costing \$100,000 or more for asbestos removal and encapsulation, fire safety and indoor air quality projects. Those projects will be entered under Category 2 as listed below. Also enter FY 2023, FY 2024 and FY 2025 totals per finance code in the [Health and Safety Data Submission system webpage](#) to ensure that plan expenditures changes are incorporated in the calculation of hold harmless revenue.

**Category 2: Health and Safety Expenditures by UFARS Finance Code for Asbestos Removal and Encapsulation, Fire Safety and Indoor Air Quality Projects Costing \$100,000 or more per Site, per Year.**

A district enters totals by finance code for individual projects that cost \$100,000 or more per site, per year for asbestos removal and encapsulation, fire safety, and indoor air quality as they generate additional revenue. Also, enter FY 2023, FY 2024 and FY 2025 H&S projects costing \$100,000 or more **on a separate line** in the Health and Safety Data Submission system on the MDE website. **(The project description must include the site name and whether it is financed by “pay-as-you-go” or bonded dollars.)**

**Category 3(a): Remodeling for Approved Voluntary Prekindergarten (VPK) Program**

If the district has an approved VPK program, include planned expenditures for remodeling projects

**Category 3(b): Remodeling or constructing a gender-neutral single-user restroom at each school site**

**Note:** LTFM revenue is effective for FY 2025 and later. UFARS coding is pending.

**Category 4: Americans with Disabilities Act (ADA) Accessibility Projects.** Enter approved project costs to increase accessibility to school facilities. The project shall conform to 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, as well as applicable state and local building and fire codes. **Category 5: Deferred Maintenance Projects by UFARS Finance Code.** Expenditures for deferred maintenance projects are broken into nine finance codes. The finance code breakdown is meaningful for comparing costs among school districts and to the Minnesota Legislature for assessing school facility costs and the ongoing need for facility funding.

### ***Additional Documentation***

For districts with asbestos removal and encapsulation, fire safety, and indoor air quality projects costing \$100,000 or more per project, per site, per year for FY 2024 or FY 2025 the ten-year plan includes a narrative describing the scope and cost of the project in greater detail. Individual project approval is required as these projects generate additional revenue.

- For asbestos removal and encapsulation projects, give a description of the type and amount of asbestos and the project scope including an engineer or contractor cost estimate.
- For fire safety projects, include a project description and a cost estimate from the project engineer. If a building permit has been pulled for other school construction projects, the building inspector has jurisdiction and may review and approve the fire suppression rework. If a building permit has not been pulled the fire suppression rework requires an order from the Office of the Minnesota State Fire Marshal. In either case, the Minnesota State Fire Marshal may be consulted for final review and approval.
- For indoor air quality projects, describe which American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Indoor Air Quality (IAQ) standards are not being met and indicate how the project will result in meeting ASHRAE standard 62.1. Include a project description and cost estimate from the project engineer. Also, include a floor plan/schematic to reflect classrooms affected and a report listing current cubic feet per minute (CFM) ratings and final ratings to meet ASHRAE standard 62.1.

For districts with an approved VPK program under Minnesota Statutes 2022, section 124D.151, include a narrative describing the project scope and cost to remodel existing instructional space to accommodate VPK instruction. In the narrative, describe the square footage and use of the existing instructional space, changes to be made to the facility, and the final square footage and features of the prekindergarten instructional space, for example, bathroom space, play area, and small group instruction space (include a schematic of the remodeled area). This narrative may be the same narrative submitted to MDE as part of the application to obtain approval for the VPK program.

**Effective for FY 2025:** For districts who budget for a remodeling project for a gender-neutral single user restroom at each school site, include a narrative describing the project scope and cost to remodel existing instructional space to accommodate a single-user restroom. In the narrative, describe the square footage and changes to be made to the facility, and the final square footage and features of the restroom space to include a schematic of the remodeled area.

For districts with deferred maintenance projects for FY 2024 or FY 2025 costing \$2,000,000 or more per project, per site, per year, include a narrative describing the scope and cost of each project. In the narrative, discuss the deferred capital and maintenance criteria that make the project eligible for LTFM revenue and the work necessary to prevent further erosion of facilities. Describe the scope of work in sufficient detail to indicate the change in condition of the facility and provide an indication of the improvement to useful life. Indicate the level

of deferred maintenance work needed for the facility before and after the project will be completed. Include an architect or consultant cost estimate detailing categories of work and associated cost including an estimate of fees.

### ***Updating the Health and Safety Database***

MDE will continue to use the existing health and safety database (located on the MDE website under MDE > Districts, Schools and Educators > Data Submissions, then select Health and Safety) as the statute requires the recalculation of old law Health and Safety revenue for the hold harmless component of the LTFM revenue formula. Districts enter summary data by finance code, consistent with the summary data for FY 2023, FY 2024 and FY 2025 included on their ten-year LTFM expenditure plan spreadsheet.

Detailed information by project will still be required for asbestos removal and encapsulation, fire safety, and indoor air quality projects costing \$100,000 or more per project, per site, per year since those generate additional revenue over and above the LTFM formula allowance. Do not enter information for deferred maintenance or accessibility finance codes. The health and safety amounts provide an accurate calculation of the hold harmless revenue estimate on the levy and aid entitlement reports, and either add to revenue or show complete information for persons who seek levy information.

When comfortable with data and assumptions, a district should **enter the total health and safety cost from the expenditure spreadsheet in the hold harmless section of the revenue spreadsheet into the Health and Safety Data Submission system.**

For FY 2023 – FY 2025, MDE is asking school districts to enter **H&S totals by finance code** from the expenditure spreadsheet into the **Health and Safety Data Submission system**. Instructions on how to enter H&S data on the data submissions website may be found on the [LTFM webpage](#) (MDE > Districts, Schools and Educators, Business and Finance > School Finance > Facilities and Technology > Long-Term Facilities Maintenance), then select **Health and Safety Website Instructions**. (These instructions may also be found in the Health and Safety Data Submission system.)

MDE uses the submission system to load the old law H&S revenue amounts into the Levy Limitation and Certification system and LTFM Aid Entitlement system. Without this step, the levy shows zero in the H&S line under the old law revenue and the calculation is inaccurate. In the Health and Safety Data Submission system, enter the H&S finance totals, six in all (if all are included in the ten-year planned projects) from the expenditure spreadsheet plus separately enter each individual project (asbestos removal and encapsulation, fire safety, or indoor air quality) costing \$100,000 or more per project, per site, per year for H&S. Only H&S finance codes are entered in the Health and Safety Data Submission system; **no deferred maintenance finance codes should be entered**. Districts eligible for old law alternative facilities revenue have a separate process and optional calculation worksheet to assist in determining the amount of revenue needed to finance deferred maintenance projects funded on a pay-as-you-go basis.

**Note:** School Districts should continue to update H&S expenditures in the Health and Safety Data Submission system on a regular basis to accurately estimate cost decreases or increases for applicable fiscal years.

**Make sure to update the system for final, audited UFARS H&S financial data (For FY 2023, reference the 2022-23 UFARS Turnaround Report titled *Expenditure by Finance Code Report* on the Minnesota Funding Reports (MFR) webpage located at Data Center > Data Reports and Analytics, locate the School Finance Reports section, select Minnesota Funding Reports (MFR). Choose your school, View: All Reports, Category: UFARS Turnaround Reports, Year: 22-23, Report: All. Click List Reports.**

## Ten-Year Revenue Projection Excel Spreadsheet

The Ten-Year Revenue Projection spreadsheet is used to project the funding for completing the Ten-Year Expenditure Plan. The revenue spreadsheet calculates estimated revenue available to the district for 10 years and offers an interactive method to choose among various funding scenarios. The revenue plan is used in conjunction with the expenditure plan to show when there is need for work and how the funding will be provided. **Under the LTFM per pupil formula**, options include spending the annual revenue each year, saving for a future project (in the General Fund 01 reserve account), issuing bonds for large projects and paying principal and interest over time, or a combination of these options. A district could generate a deficit in the LTFM reserve in year one or two and cover the deficit in year three using the district's available cash until the deficit is funded with LTFM revenue.

Because LTFM revenue is largely based on a per pupil-driven formula, it affords districts more flexibility in funding projects than was allowed under the old H&S and Alternative Facilities programs. Please note that districts funded by old law hold harmless revenue do not have the same level of flexibility as the new law provides. If your district is receiving revenue under the hold harmless provision, revenue authority is based on expenditures (for H&S and Alternative Facilities) and will be reconciled each fiscal year to actual expenditures as reported on UFARS.

LTFM revenue is initially calculated based on projected pupil counts, average building ages, and project cost data. Aid and levy revenues are updated as newer estimates become available and are finalized after the revenue year is closed and all data used in the calculation are finalized. Levy adjustments will be made each year based first on updated estimates, then on finalized data. Aid entitlements will be recalculated periodically to update the IDEAS payments system.

The hold harmless revenue is also based on estimated project costs. LTFM revenue each year is the greater of the amount calculated under the new law or the old law. As estimates are refined and data is finalized, the hold harmless status could change with the final adjustment. The portion of hold harmless revenue based on the old H&S formula or old law pay-as-you-go Alternative Facilities revenue not spent in the fiscal year for which the revenue was received will generate a levy adjustment to return unused funds. Conversely, if new projects are added or actual costs exceed those estimated, positive levy adjustments may be generated. Also, additional revenue for an H&S project of \$100,000 or more must be used for the approved project. The UFARS expenditures must show that added revenue and hold harmless revenue are spent in the proper UFARS codes. In general, a district is not allowed to increase revenue by keeping excess funds remaining from projects generating additional revenue.

It is important to consider future levy adjustments when acquiring new buildings or selling or demolishing old buildings. A change in average building age from over 35 years to under 35 years can cause a significant levy

adjustment if not properly estimated in the initial levy year. For example, the Payable 2024 levy (FY 2025) uses the FY 2022 building age report (January 2023) plus two (2) years for levy calculations on the Levy Limitation and Certification report. A district planning to acquire a new building or demolish an existing building should contact [Sarah C. Miller](mailto:Sarah.C.Miller@state.mn.us) (Sarah.C.Miller@state.mn.us), 651-582-8370, for assistance in providing a more accurate estimate of the building age.

### ***Revenue Projection Spreadsheet Instructions***

The revenue spreadsheet emulates the levy system and the aid entitlement system calculations. Data is seeded by MDE to begin the revenue calculation process.

Each district should download the current spreadsheet from the MDE website, make appropriate edits, and submit the completed spreadsheet (original, not pdf) to MDE as part of its board-approved ten-year plan.

1. MDE has seeded the template with the districts' current estimates of Adjusted Pupil Units (APU), average building age, estimated 2022 Adjusted Net Tax Capacity (ANTC), and pre-existing debt service levies as of May 3, 2023. For the initial seeding, MDE has assumed that APU will remain constant at the estimated FY 2024 level for FY 2025 to FY 2033. The initial seeding also assumes that both the state total and each district's ANTC, excluding 50 percent of class 2a agricultural land ("Ag Modified ANTC"), will grow annually by 4 percent. Finally, the initial seeding assumes that each district's average building age will increase by one year each year for FY 2025-FY 2033. Districts can substitute updated estimates and the template will recalculate the projected revenues accordingly.
2. Lines 5-10, show the calculation of the initial formula revenue for each district. The initial formula revenue equals the product of the current year APU times the current year LTFM formula allowance times the building age factor for the district (lesser of 1 or uncapped average building age for the current fiscal year / 35 years). The LTFM formula allowance is \$380 for FY 2023 and later.
3. Lines 11-19 show the added revenue for eligible health and safety projects for asbestos removal and encapsulation, fire safety and indoor air quality costing \$100,000 or more per site.
4. Debt service costs for existing alternative facilities bonds for health and safety projects costing \$500,000 or more per site have been seeded based on data submitted earlier by districts.
  - a. In addition, districts should enter their pay-as-you-go and debt service costs for health and safety projects for indoor air quality, fire alarm and suppression and asbestos abatement costing \$100,000 or more per site in this section.
  - b. Finally, districts should enter into this portion of the spreadsheet the amount of revenue needed to pay their share of approved costs for intermediate school districts or other cooperatives.
5. Lines 6a, 20a, and 20b allow entry of approved VPK pupil units and revenue data into the spreadsheet.
6. Lines 21-28 show the amounts the district would have qualified for each year under the old formulas in effect for FY 2016, including alternative facilities debt service and pay as you go revenue for large districts (Minn. Stat. 2014 123B.59, subd. 1(a)), alternative facilities debt service and pay as you go revenue for health and safety projects of \$500,000 or more per site for other districts (Minn. Stat. 2014 123B.59, subd. 1(b)), health and safety (Minn. Stat. 2014 123B.57), and deferred maintenance (Minn. Stat. 2014 123B.591), based on the expenditure estimates included in the district's ten-year plan expenditure spreadsheet.
7. The hold harmless section of the spreadsheet is used to determine whether the district qualifies for more revenue under the old law formulas or the new law formulas, based on estimated data. Under the "hold harmless" provision in the new law, districts are guaranteed to receive the greater of the old

formula revenue or the new formula revenue. Calculations under both the old and new formulas will be revised periodically as data is updated. Final determination of which formula generates more revenue for each district will be based on actual year-end data.

8. MDE has seeded the old law deferred maintenance revenues for each year based on the pupil units and building ages used in section one above.
9. Districts should enter their old formula health and safety revenue for each year consistent with their Ten-Year Expenditure Plan and entries into the Health and Safety Data Submission system. Old law health and safety revenue for each fiscal year equals the estimated health and safety expenditures for each current year, excluding projects with a cost per site of \$500,000, which are included under old law alternative facilities and not under Health and Safety.
10. Districts should also enter their old law alternative facilities revenues by category for each year based on their Ten-Year Expenditure Plan and anticipated financing method (e.g., pay-as-you-go, bonding). Revenue estimates for pay-as-you-go levies should match expenditures by fiscal year; otherwise adjustments will result. A separate optional calculation spreadsheet will be made available to districts qualifying for old law Alternative Facilities revenue to help show the impact that changes in planned deferred maintenance expenditures will have on pay-as-you-go levies.
11. Lines 30-34 show the total projected LTFM revenue by fiscal year for individual district projects and the district's share of eligible cooperative/intermediate project costs.
12. Lines 35-47 show the breakdown of total proposed revenues into aids and levies. The spreadsheet will calculate this breakdown based on the information provided in the earlier sections of the spreadsheet.
13. Lines 48-62 show the breakdown of total aids and levies between the general fund and the debt service fund.

### ***Data and Assumptions to Consider***

Districts should review the following data in the Ten-Year Revenue Projection spreadsheet.

- Adjusted pupil units are calculated from ADM submitted by districts through the Average Daily Membership Web Estimates (ADM WE) system, out-year district projections are then held constant.
- Average building age is assumed to increase one year annually.
- Verify debt payments for prior alternative facilities or health and safety projects over \$500,000.
- MDE assumes the district will enter each year's health and safety cost in old formula health and safety revenue.

Adjusted Net Tax Capacity (ANTC) for equalization (excludes 50 percent of class two agricultural land) is assumed to grow 4 percent annually. Districts tailor the spreadsheet to their situation; not every line is used by each district. Each district does not use each line on the spreadsheet. Lines are available to encompass all school districts so use only the lines that apply to your district. Certain lines on the spreadsheet are designated 1(a) or 1(b) originating from the alternative facilities statute qualification language in Minnesota Statutes 2022, section 123B.59, subd. 1(a), and 123B.59, subd. 1(b). A significant aspect of the spreadsheet is to maintain separate calculations for former alternative facilities districts 1(a) and districts qualified for H&S projects of \$500,000 or more under Alternative Facilities 1(b).

Find the *LTFM Ten-Year Revenue Projection* spreadsheet on the [LTFM webpage](#) (MDE homepage > Districts, Schools and Educators > Business and Finance > School Finance > Facilities and Technology > Long-Term Facilities Maintenance).

**Download a current copy of the Excel spreadsheet each year.** Enter your district number in the upper left and press enter. The per pupil calculation section will show the formula revenue. Prior-issued bond schedules should be present within the correct category of the spreadsheet. Work your way down the spreadsheet filling in (blue) **shaded** lines that apply to your district. Verify other data as you go. The lower section of the spreadsheet should show an estimate of the aid and levy mix that will appear on the district levy for the debt service fund and the general fund.

Certain data is updated between the creation of the spreadsheet in early summer and the production of the Levy Limitation and Certification Report in the fall, so the levy may vary from the revenue spreadsheet. Two processes are taking place with a gap in time; the approval of the plan and the tax levy process. The revenue spreadsheet is part of the **approval process** to receive revenue. The **levy process** uses data from the same input sources used to seed the revenue spreadsheet, the ADMWE projection system, the Health and Safety Data Submission system, and the debt service portion of the Levy Information system, but at a different point in time so levy data may be different. Once approved to receive revenue, a district should focus on the establishment of accurate data in the levy process. The two processes should produce similar revenue amounts.

### ***Using the Revenue and Expenditure Spreadsheets Together***

The expenditure spreadsheet alone does not provide a complete plan and the revenue spreadsheet alone does not provide a complete plan. Using the two spreadsheets together creates a bridge between projects that need to be completed and the funding needed to cover the cost. Projects can be prioritized by year and revenue manipulated to develop the best plan for the district facilities (within funding limits). A variety of revenue options mean project expenditures become more flexible from year-to-year to speed up the process and issue bonds or delay the process and save for future needs. The revenue and expenditure total amounts do not need to match each year, but they may. The two spreadsheets together should reveal categories of expense where district priorities lie for facility maintenance and that revenue is available to fund those expenses.

The expenditure spreadsheet should show how the revenue will be spent. Unfunded projects should not be on the spreadsheet. Technically, projects that cannot be funded are deferred beyond the ten years shown. The MDE approval process is based on finance code summary amounts over a ten-year period. Revenue use should show that the district is avoiding financial difficulty. The revenue should not be overspent over time. A district can generate a deficit, but a district needs to have cash on hand from other sources to cover the cost until LTFM revenue catches up to expenditures. The plan should not show a chronic deficit. The spreadsheets should show the actual intent of the district at the time the plan is submitted. The plan can then change throughout the year with school board approval as district priorities may change. The spreadsheets, together, include revenue supporting project expenditures over time.

### **Statement of Assurances**

The Statement of Assurances (SOA) is signed by the superintendent. By signing, the superintendent provides a written commitment that the district will operate according to state and federal laws. MDE no longer reviews each facility project to determine if it is eligible for funding. The SOA signifies the district's ten-year plan includes eligible projects. The school district submits project cost information to MDE in a summarized format by UFARS

finance codes. Detailed project information remains locally with the school districts unless additional documentation (narratives/bond schedules) is required.

The superintendent attests that in the ten-year plan:

- Expenditures are for uses allowed by law.
- No expenditures are prohibited by law.

Within the reported UFARS expenditures:

- Expenditures are for uses allowed by law.
- No expenditures are prohibited by law.

The superintendent also attests:

- A description of each project is maintained.
- A compliant H&S program is maintained.

The statement of assurances incorporates much more language than is stated here so be sure to read it before signing. It is the responsibility of the school district to understand the eligible uses of revenue and provide compliance with applicable statutes.

Please note that the project details and cost data are subject to MDE audit under Minnesota Statutes 2022, section 127A.41, subd. 3. Districts must maintain records sufficient to permit an auditor to review project eligibility and verify actual project costs. Records are required to be maintained for each project for a minimum of three years.

## School Board Resolution

### ***School Board Resolution Adopting the LTFM Ten-Year Plan***

The school board resolution adopting the plan provides MDE with verification that the school board has taken responsibility for projects to be performed and for revenue to be placed on the levy. MDE no longer performs an individual project review process to grant authority to levy. It is important for the school board to have a knowledgeable understanding of the ten-year plan. The commissioner does not know project details, but relies on the school board adoption of the plan when reviewing the summary plan submitted to MDE. School board adoption of the plan attests that expenditures will be in accordance with the allowed uses of revenue in the document *Long-Term Facilities Maintenance Revenue – Guide for Allowable Expenditures* located on the [LTFM website](#). **All ten-year plan documentation required by MDE is first approved by the school board** and then submitted to the MDE commissioner for approval.

### ***School Board Approval Options (See Example Templates, pages 21 – 26)***

- Formal Resolution (available at meeting of adoption) – signed by the school board clerk
- Adopted minutes of a motion, second and vote (second meeting to adopt minutes) – signed by the school board clerk

- Notarized extract of minutes of a motion, second and vote  
(If there is not sufficient time for a second meeting to adopt minutes) – signed by the school board clerk

### ***Assembling Documentation for Board Approval***

The school board should approve each LTFM ten-year plan document that will be sent to MDE. The documents may be in paper form for the board meeting but not for MDE submittal (see “*Submitting Documentation to the Commissioner for Approval*” below). Four documents will be required for every school district, cooperative, and intermediate district. One or more of six additional documents may be required depending on the situation. The revenue projection is not used for cooperatives and intermediate districts and is replaced with the revenue allocation to districts sheet.

#### **Documents Include**

- Long-Term Facilities Maintenance Ten-Year Expenditure Plan (“original” Excel format, not pdf).
- Ten-Year Long-Term Facilities Maintenance Revenue Projection (“original” Excel format, not pdf).
- FY 2025 Long-Term Facilities Maintenance – Statement of Assurances (signed by the superintendent).
- School board resolution/minutes adopting the LTFM ten-year plan (three options available and signed by the clerk).

Intermediates and Cooperatives replace Ten-Year LTFM Revenue Projection with:

- Long-Term Facilities Maintenance Cooperative Allocation Worksheet.

#### **Additional documentation as appropriate**

- Narrative for H&S asbestos abatement project costing \$100,000 or more
- Narrative for H&S fire safety project costing \$100,000 or more
- Narrative for H&S indoor air quality project costing \$100,000 or more
- Separate bond schedule amounts for H&S projects costing \$100,000 or more
- Separate bond schedule amounts for projects funded with regular LTFM revenue
- Narrative for deferred maintenance project costing \$2,000,000 or more
- Narrative for school districts with an approved VPK program under section 124D.151 for the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction

#### **Health and Safety Data Submissions System**

- For FY 2023, FY 2024 and FY 2025, enter totals by finance code (347, 349, 352, 358, 363, and 366) and on a separate line enter any projects costing \$100,000 or more in Finance Codes 358 – Asbestos Removal and Encapsulation 363 – Fire Safety and 366 – Indoor Air Quality.

### **Submitting Documentation to the Commissioner for Approval**

After the ten-year plan documents are approved by the school board, the plan is submitted to MDE, however a specific format is required by MDE. **Do not send forms by U.S. mail.** Send attachments by email to [LTFM staff](mailto:mde.facilities@state.mn.us) (mde.facilities@state.mn.us) by July 31, 2023. The Ten-Year Expenditure Plan, Ten-Year Revenue Projection and

Cooperative Allocation Worksheet **must be in the original Excel MDE spreadsheet format**. The remaining documents may be pdf attachments.

## Other LTFM Documents and Resources

Documents to assist with the LTFM program that are not submitted to MDE include:

- Long-Term Facilities Maintenance Revenue – Guide for Allowable Expenditures.
- School Business Bulletin No. 60.
- Health and Safety Website Instructions.
- Environmental H&S Management Model Plan.
- Safety in Science Laboratories Checklist.
- State Fire Marshal School Inspection.
- Health and Safety Management Assistance Program.

## FY 2023 LTFM Closeout/Expenditure Reconciliation

All pay-as-you-go categories of LTFM revenue authority based on actual costs will be reconciled to expenditures as reported on UFARS. These categories are approved costs for projects \$100,000 and over per project, per site per year, and for the hold harmless revenue calculations for Old Law Health and Safety and Old Law Alternative Facilities expenditures. For FY 2023, an LTFM Approved vs. UFARS Cost Reconciliation spreadsheet and Interim LTFM Aid Entitlement and memo will be sent to all school districts for review, requested additional documentation and final appeals (Review the [FY 2023 Closeout Timelines](#) on Page 16 of this document and reference MDE's [LTFM website](#) for memo and preliminary/finalized spreadsheets).

For FY 2023, the ***preliminary reconciliation process*** will begin in November 9, 2023, ahead of the last UFARS submission date. At this time, an initial LTFM Approved vs. UFARS Cost Reconciliation Report will be made available to districts that compares data from the approved revenue/costs to the UFARS expenditure data that has been submitted to date. Districts are encouraged to use this report as a tool to edit their UFARS data before final submissions are due. District staff may also review the *UFARS Expenditure by Finance Code Report* found in the UFARS Turnaround Reports section of the MDE [Minnesota Funding Reports \(MFR\) website](#). This report is updated each time the district submits UFARS data. Even after aligning UFARS expenditures and approved revenues/costs, districts with expenditures over \$2,000,000 per project (per site, per year) will still need to supply additional documentation for FY 2023 to receive revenue authority on a pay-as-you-go basis for these costs. (**Note:** A specific program code for LTFM expenditures over \$2,000,000 per project, per site, per year, is available to distinguish expenditures for Fund 6 projects financed with pay-as-you-go vs. bond financing. This alleviates the need for this extra additional documentation step.)

### ***FY 2023 Closeout Timelines***

**August 2023 through November 2023.** Districts review and reconcile FY 2023 approved revenue/costs with expenditure data reported by the district on UFARS.

**November 9, 2023. *First preliminary review*** – LTFM Approved vs. UFARS Cost Reconciliation Report will be issued to districts using submitted UFARS data and currently approved revenue and project costs.

**November 30, 2023.** Due date for Audited Final UFARS Data Submissions.

**December 7, 2023. *Second preliminary review*** – a revised LTFM Approved vs. UFARS Cost Reconciliation Report and FY 2023 LTFM Interim Aid Entitlement spreadsheet will be reissued to districts using final audited UFARS data and any updated revenue and approved project costs.

**December 15, 2023.**

- Last day for districts to modify approval of FY 2023 H&S projects. All projects identified after this date for work claimed in FY 2023 will not be honored and processed.
- ***Final Review notice*** sent for review and approvals of the FY 2023 LTFM Approved vs. UFARS Cost Reconciliation Report and LTFM Interim Aid Entitlement spreadsheet.

**January 5, 2024.** Last day for districts to submit additional information for FY 2023 LTFM reconciliation. By no later than January 5, 2024, complete, review and inform [MDE Facilities](mailto:mde.facilities@state.mn.us) (mde.facilities@state.mn.us) of one of the following:

- 1) Your school district has reviewed the FY 2023 LTFM reconciliation spreadsheets and agrees with the numbers, or
- 2) Your school district has reviewed the FY 2023 reconciliation spreadsheets but does not agree with the numbers and wishes to appeal (attach back-up documentation for appeal by the January 5, 2024 deadline).

### **Mid-Year Ten-Year Plan Revisions**

Once a ten-year plan is approved by MDE, a district is authorized to generate LTFM revenue and make eligible LTFM expenditures. A school district's priorities may change after the fiscal year plan is approved. With school board approval, eligible projects may be rearranged or substituted in the LTFM expenditure plan. Submit the revised ten-year LTFM expenditures Excel spreadsheet ("original" format, not pdf) and approved school board minutes to [LTFM staff](mailto:mde.facilities@state.mn.us) (mde.facilities@state.mn.us). If plan revisions cause a change in LTFM revenue, a district may submit a new ten-year plan, approved by the school board, for commissioner approval.

Reasons to submit a new plan include: issuance of bonds; adding a H&S project costing \$100,000 or more for asbestos, fire safety, or indoor air quality; a single project at a site costing \$2,000,000 or more; and major plan changes where a district would want to insure the plan can be approved before risking making the expenditures.

The following plan documents must be submitted to MDE when there is a mid-year revision in LTFM revenue:

1. Ten-Year Expenditure Excel spreadsheet (“original” format, not pdf)  
If applicable, additional documentation for:
  - a. Issuance of bonds – requires a preliminary bond schedule and commissioner approval
  - b. Health and Safety projects costing \$100,000 or more (per site, per year) – requires a narrative of the project scope and cost (Finance Codes 358, 363 and 366)
  - c. Deferred Maintenance projects (per site, per year) costing \$2,000,000 or more requires a narrative of the project scope and cost (Finance Codes 368, 369, 370, 379, 380, 381, 382, 383, 384)
  - d. Remodeling for approved VPK program under Minnesota Statutes 2022, section 124D.151 requires a narrative of project scope and cost (Finance Code 355)
2. Ten-year Revenue Projection Excel spreadsheet (“original” format, not pdf)
3. School Board Resolution adopting the LTFM ten-year plans and in the case of proposed bond sales, an intent resolution to sell bonds (signed by the school board clerk)
4. Statement of Assurances (SOA) signed by the superintendent.

## UFARS Code Dimensions

### *Fund Dimensions*

**Fund 01:** General Fund – all LTFM project expenditures except those coded in Fund 06

**Fund 06:** Building Construction Fund – **single** LTFM projects costing \$2,000,000 or more per project per site, per year financed by bonds and/or pay-as-you-go levy

### *Program Dimensions*

**Program Code 865:** includes project expenditures less than \$100,000 in all finance codes except those coded to Program Codes 866, 867 and 868 – **Fund 01 and/or Fund 06**

**Program Code 866:** **single** health and safety projects costing \$100,000–\$1,999,999.99 per project, per site, per year (asbestos removal and encapsulation, fire safety and indoor air quality – **Fund 01 and/or Fund 06**)

**Program Code 867:** **single** LTFM projects that are \$2,000,000 or more per project, per site, per year and financed by bonds (**Fund 06**)

**Program Code 868:** **single** LTFM projects that are \$2,000,000 or more per project, per site, per year financed on a pay-as-you-go basis (**Fund 06**)

***Finance Dimensions – Fund 01 and/or Fund 06***

**Finance Code 347** Physical Hazards

**Finance Code 349** Other Hazardous Materials

**Finance Code 352** Environmental Health and Safety Management

**Finance Code 355** Voluntary Prekindergarten Remodeling Costs

**Finance Code 358** Asbestos Removal and Encapsulation

**Finance Code 363** Fire Safety

**Finance Code 366** Indoor Air Quality

**Finance Code 367** Accessibility

**Finance Code 368** Building Envelope (excluding roof)

**Finance Code 369** Building Hardware and Equipment

**Finance Code 370** Electrical

**Finance Code 379** Interior Surfaces

**Finance Code 380** Mechanical Systems

**Finance Code 381** Plumbing

**Finance Code 382** Professional Services and Salary

**Finance Code 383** Roofing Systems

**Finance Code 384** Site Projects

***Source Dimensions***

**Source Code 001** Levy

**Source Code 317** Long Term Facilities Maintenance Aid

***Balance Sheet Accounts***

**Balance Sheet Account 467** Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (**Funds 01 and 06**)

## MDE Contacts for Further Information

Allowed uses of revenue, process and timelines, expenditure projection spreadsheet, health and safety data submissions, health and safety FY 2023 closeout: contact [Sarah C. Miller](mailto:Sarah.C.Miller@state.mn.us) (Sarah.C.Miller@state.mn.us) at 651-582-8370.

Revenue projection spreadsheet, LTFM levy adjustments, LTFM aid entitlement and levy calculations, and LTFM required debt: contact [Lonn Moe](mailto:Lonn.Moe@state.mn.us) (Lonn.Moe@state.mn.us) at 651-582-8569.

LTFM UFARS account coding questions contact [Sarah C. Miller](mailto:Sarah.C.Miller@state.mn.us) (Sarah.C.Miller@state.mn.us) at 651-582-8370 or contact [Deb Meier](mailto:debra.a.meier@state.mn.us) (debra.a.meier@state.mn.us) at 651-582-8656.

**EXAMPLE TEMPLATE (1)**

**EXTRACT OF SCHOOL BOARD MEETING MINUTES**  
**INDEPENDENT SCHOOL DISTRICT NO. \_\_\_\_\_**  
**\_\_\_\_\_ PUBLIC SCHOOLS**  
**STATE OF MINNESOTA**

Pursuant to due call and notice thereof, a School Board meeting of Independent School District No. \_\_\_\_\_, State of Minnesota, was held on \_\_\_\_\_, 2023 at \_\_\_\_\_ a.m. /p.m., for the purpose in part, of approving the District's Fiscal Year (FY) 25 Long-Term Facility Maintenance Ten-Year Plan as established in Minnesota Statutes 2022, section 123B.595.

School Board Member \_\_\_\_\_ introduced the following resolution and moved its adoption.

**RESOLUTION ADOPTING INDEPENDENT SCHOOL DISTRICT NO. \_\_\_\_\_**  
**FY 25 LONG-TERM FACILITIES MAINTENANCE TEN-YEAR PLAN**

**BE IT RESOLVED** that the School Board of Independent School District No. \_\_\_\_\_, State of Minnesota, approves the attached FY 25 Long-Term Facilities Maintenance Ten-Year Plan.

The motion for the adoption of the foregoing resolution was duly seconded by School Board Member \_\_\_\_\_ and, upon vote being thereon, the following voted in favor of the motion:

\_\_\_\_\_

And the following voted against \_\_\_\_\_.

**WHEREUPON** the resolution was declared duly passed and adopted the \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
**SCHOOL BOARD CLERK SIGNATURE**

**Disclaimer** – *This template is optional for school board use and does not constitute legal advice. For legal advice on school board resolutions and long-term facilities maintenance statutes, please consult your school district's attorney.*

**EXAMPLE TEMPLATE (2)**

**EXTRACT OF MEETING MINUTES INDEPENDENT SCHOOL DISTRICT NO. \_\_\_\_\_**

**\_\_\_\_\_ PUBLIC SCHOOLS**

**STATE OF MINNESOTA**

Pursuant to due call and notice thereof, a School Board meeting of Independent School District No. \_\_\_\_\_, State of Minnesota, was held on \_\_\_\_\_ (date), 2023 at \_\_\_\_\_ a.m. /p.m., for the purpose in part, of approving the District’s Fiscal Year (FY) 25 Long-Term Facility Maintenance Ten-Year Plan as established in Minnesota Statutes 2022, section 123B.595.

**School Board Agenda Item 10:** School Board approval of FY 25 Long-Term Facilities Maintenance Ten-Year plan in accordance with Minnesota Statutes 2022, section 123B.595.

School Board Member moved to approve the FY 25 Long-Term Facilities Maintenance Ten-Year and it was duly seconded by School Board Member \_\_\_\_\_ and, upon vote being thereon, the following voted in favor of the motion:

\_\_\_\_\_

And the following voted against \_\_\_\_\_.

I, \_\_\_\_\_, School Board Clerk, certify this to be a true and correct extract of a motion, second and vote of the from the school board minutes of the \_\_\_\_\_ (date) school board meeting of Independent School District (ISD) No. \_\_\_\_\_.

State of Minnesota

County of \_\_\_\_\_

This instrument was signed and sworn before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_ (Notary Public Signature)

**STAMPED SEAL**

Notary Public for the State of Minnesota

Residing at \_\_\_\_\_ (County)

My Commissioner expires \_\_\_\_\_ (date)

**Disclaimer** – *This template is optional for school board use and does not constitute legal advice. For legal advice on school board resolutions and long-term facilities maintenance statutes, please consult your school district’s attorney.*

**EXAMPLE TEMPLATE (3)**

**SCHOOL BOARD RESOLUTION**  
**INDEPENDENT SCHOOL DISTRICT NO. \_\_\_\_\_**  
**ADOPTING THE SCHOOL DISTRICT’S FISCAL YEAR (FY) 25**  
**LONG-TERM FACILITIES MAINTENANCE TEN-YEAR PLAN**

**WHEREAS**, to qualify for Long-Term Facilities Maintenance revenue, Minnesota Statutes 2022, section 123B.595, subd. 4 states a school district or intermediate district must annually adopt and approve a ten-year LTFM facilities plan by July 31 for commissioner approval.

**WHEREAS**, the school district has developed a ten-year Long-Term Facilities Maintenance plan consistent with this law.

School Board Member \_\_\_\_\_ moved for the resolution adoption and the motion was duly seconded by School Board Member \_\_\_\_\_ and, upon vote being thereon, the following voted in favor of the motion:

---

And the following voted against \_\_\_\_\_.

**THEREFORE, BE IT RESOLVED THAT**, the School Board of Independent School District No. \_\_\_\_\_ approves and adopts the attached ten-year Long-Term Facilities Maintenance plan for FY 25 on the \_\_\_\_\_ of \_\_\_\_\_, 2023.

---

**SCHOOL BOARD CLERK SIGNATURE**

**Disclaimer** – *This template is optional for school board use and does not constitute legal advice. For legal advice on school board resolutions and long-term facilities maintenance statutes, please consult your school district’s attorney.*

**EXAMPLE TEMPLATE (4)**  
**School District’s Proportionate Share of LTFM**  
**Intermediates/Cooperative Units**

**EXTRACT OF MINUTES OF**  
**SCHOOL BOARD MEETING**  
**SCHOOL DISTRICT No. \_\_\_\_\_**  
**(Public School Name)**  
**STATE OF MINNESOTA**

Pursuant to due call and notice thereof, a School Board meeting of School District No., State of Minnesota, was held on \_\_\_\_\_ (date), at \_\_\_\_\_ (time) for the purpose, in part, of approving the FY 25 Long-Term Facility Maintenance budget and authorizing the inclusion of a proportionate share of Intermediate School District's long-term facility maintenance projects and related debt service payments in the district's application for long-term facility maintenance.

\_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION APPROVING LONG-TERM FACILITY MAINTENANCE PROGRAM BUDGET AND AUTHORIZING THE INCLUSION OF A PROPORTIONATE SHARE OF THOSE PROJECTS IN THE DISTRICT'S APPLICATION FOR FISCAL YEAR (FY) 2025 LONG-TERM FACILITY MAINTENANCE REVENUE**

**BE IT RESOLVED** by the School Board of, \_\_\_\_\_, State of Minnesota, as follows:

1. The School Board of \_\_\_\_\_ has approved a long-term facility maintenance program budget for its facilities for the 2024-2025 school year (FY 2025) in the amount of \$ \_\_\_\_\_ of which District Number’s proportionate share is \$ \_\_\_\_\_ consisting of \$ \_\_\_\_\_ for pay as you go projects and \$ \_\_\_\_\_ for debt service payments on the \_\_\_\_\_ (bond series) Facilities Maintenance Bonds. The various components of this program budget are attached as Exhibit A hereto and are incorporated herein by reference. Said budget is hereby approved. (Exhibit A)
2. Minnesota Statutes 2022, section 123B.53, subd. 1, as amended, provides that if an intermediate school district's long-term facility maintenance budget is

approved by the school boards of each of the intermediate school district's member school districts, each member district may include its proportionate share of the costs of the intermediate school district program in its long-term facility maintenance revenue application.

- 3. The proportionate share of the costs of the intermediate school district's long-term facility maintenance program for each member school district to be included in its application shall be determined by multiplying the total cost of the intermediate school district long-term facility maintenance program times a three-year weighted average adjusted pupil units formula. For school year 2024-25 fiscal year 25), the long-term facility maintenance costs shall be funded through annual levy. The inclusion of this proportionate share in the district's long-term facility maintenance revenue application for FY 25 is hereby approved, subject to approval by the Commissioner of Education. Upon receipt of the proportionate share of long-term facility maintenance revenue attributable to the intermediate school district program, the district shall promptly pay to the intermediate school district the applicable aid or levy proceeds.
  
- 4. Pursuant to Minnesota Statutes 2022, section 123B.595, subd. 3, the intermediate district issued \$ \_\_\_\_\_ Facilities Maintenance Bonds, Series \_\_\_\_\_. Such bonds are payable from long-term maintenance revenue transferred by each member district. This district hereby covenants to adopt in each fiscal year during the term of such bonds, a resolution authorizing the inclusion in the application for long-term facilities maintenance revenue the District's proportionate share for such fiscal year of debt service on such bonds.

The motion for the adoption of the foregoing resolution was duly seconded by \_\_\_\_\_ and, upon vote being taken thereon, the following voted in favor

thereof:

\_\_\_\_\_  
\_\_\_\_\_

And the following voted against:

\_\_\_\_\_





## Long-Term Facilities Maintenance (LTFM) Finance Codes Uniform Financial Accounting and Reporting Standards (UFARS) Codes Dimensions: Fund, Program, Finance, Source

**Note:** The LTFM UFARS finance codes are currently based on 2022 Minnesota Statutes. Should legislation be passed in the next several weeks that affect this program, a revised version of the guide and other documentation will be published and communicated to districts.

**Note:** Recorded information in this guidance document may only include excerpts of UFARS dimension descriptions to include only LTFM information.

LTFM uses Finance Codes 347, 349, 352, 355, 358, 363, 366-370 and 379-384. All projects funded by the LTFM aid and levy must be restricted/reserved in Balance Sheet Code 467 and expensed in the General Fund (01).

See Source Code 317 Long-Term Facilities Maintenance Aid for revenue recording.  
A revenue transfer from Fund 01 – 467 to Fund 06 – 467 of \$2 million or more per project/site/year is required for all expenditure activity in the Construction Fund (06).

### LTFM Fund Dimensions – UFARS Chapter 1

#### Operating Funds

01 General Fund

#### Non-Operating Funds

06 Building Construction Fund  
07 Debt Service Fund

#### Code Title and Description

##### 01 General Fund LTFM Overview

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

To indicate that the expenditure is made from the Restricted/Reserved Account 467 for Long-Term Facilities Maintenance, use these Finance Codes: 347, Physical Hazards; 349, Other Hazardous Materials; 352, Environmental Health and Safety Management; 358, Asbestos Removal; 363, Fire Safety; 366, Indoor Air Quality; 368, Building Envelope; 369, Building Hardware and Equipment; 370, Electrical; 379, Interior Surfaces; 380, Mechanical Systems; 381, Plumbing; 382, Professional Services and Salary; 383, Roofing Systems; or 384, Site Projects.

When the sale of bonds is consummated with the proceeds to be used for school building construction or Long-Term Facilities projects, a Building Construction Fund must be established (see Building Construction Fund 06).

**Code Title and Description**

**06 Building Construction Fund**

When the sale of bonds is consummated with the proceeds to be used for Long-Term Facilities projects, a Building Construction Fund must be established (see Building Construction Fund 06).

Long-Term Facilities Maintenance (LTFM) Program ([Minn. Stat. 123B.595 \[2022\]](#)) expenditures that are funded by bonds or major capital projects costing \$2,000,000 or more must be recorded in the Building Construction Fund.

Where a balance from a bond issue remains in the Building Construction Fund after the project has been completed and all claims against the Building Construction Fund have been paid, the balance must be permanently transferred (residual equity transfer) by official board resolution to the Debt Service Fund and used to pay the bonded indebtedness incurred in the project ([Minn. Stat. 475.65 \[2022\]](#)). There can be no borrowing from the Building Construction Fund. Any cash balance or investment in a Building Construction Fund is held in trust for authorized building projects for which the bonds were sold and must not be used to support cash deficits in other funds ([Minn. Stat. 123B.78, subd. 4 \[2022\]](#)).

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, operating capital, long-term facilities maintenance, and whether for initial or refunding bonds.

When a bond issue is sold, the school board must levy a direct general tax upon the property of the district for the payment of principal and interest on such bonds as due. The revenue from such a tax and related state aid must be separately accounted for in the Debt Service Fund ([Minn. Stat. 475.61 \[2022\]](#)).

## LTFM Program Codes 865, 866, 867 and 868 - UFARS Chapter 3

**Note:** LTFM uses Finance Codes 347, 349, 352, 355, 358, 363, 366-370 and 379-384. All projects funded by the LTFM aid and levy must be restricted/reserved in Balance Sheet Code 467 and expensed in the General Fund (01). See Source Code 317 Long-Term Facilities Maintenance State Aid and Source Code 001 Property Tax Levy - General Fund 01 to record the revenue. A revenue transfer of \$2,000,000 or more, equal to the total expenditure, is required for all expenditure activity in the Construction Fund (06). For UFARS accounting treatment, please reference the LTFM guidance found on the LTFM webpage.

### Code Title and Description

#### **865 Long-Term Facilities Maintenance (LTFM) Projects per Site, per Year – Excluding Costs in Program Codes 866, 867 and 868 (Fund 01)**

Record costs for LTFM projects not included in Program Codes 866 or 867 or 868, which includes projects less than \$100,000 in all LTFM Finance Codes. This Program Code includes Health and Safety and Deferred Maintenance projects costing less than \$2,000,000 per site, per year. See the note above Program Code 865 for the LTFM Finance Code list and accounting treatment instructions.

See Program Code 866 for pay-as-you-go projects costing \$100,000 to \$1,999,999 per site, per year for Finance Codes 358 – Asbestos, 363 – Fire Safety and 366 – Indoor Air Quality. See Program Code 867 for projects that are bond financed. See Program Code 868 for all projects costing \$2,000,000 per site, per year or more. For more information regarding Long-Term Facilities Maintenance please see [Minnesota Statutes 2022, section 123B.595](#).

#### **866 Long-Term Facilities Maintenance (LTFM) – \$100,000-\$1,999,999.99 per Site, per Year for Finance Codes 358, 363 and 366 (Fund 01)**

Record costs for LTFM projects for **ONLY** Finance Codes 358, 363 and 366 (Asbestos, Fire Safety and Indoor Air Quality) that are \$100,000 or more per site, per year up to \$1,999,999.99.

Use Program Code 867 for all LTFM projects that are bond financed. Use Program Code 868 for LTFM Projects that are \$2,000,000 or more and financed by pay-as-you-go for all other LTFM finance codes.

#### **867 Long-Term Facilities Maintenance (LTFM) Projects per Site, per Year that are Bond Financed (Fund 06)**

This Program Code can only be used with Fund 06, Building Construction Fund, for projects that are bond financed. Use Program Code 868 for projects that are \$2,000,000 or more per site, per year and financed by pay-as-you-go basis.

**868 Long-Term Facilities Maintenance (LTFM) Projects per Site, per Year that are \$2,000,000 or More and Financed on a Pay-As-You-Go Basis (Fund 06)**

This Program Code can only be used with Fund 06, Building Construction Fund, for projects that are \$2,000,000 or more per site, per year and financed on a pay-as-you-go basis. Use Program Code 867 for projects that are bond financed.

**LTFM Finance Codes 347, 349, 352, 355, 358, 363, 366-370 and 379-384. – UFARS Chapter 4**

**Code Title and Description**

**347 Physical Hazards (Funds 01 and 06)**

Record health and safety expenditures made to correct appropriate physical hazards that are not defined by other health and safety finance codes, for example: playground resurfacing, bleacher repair or rebuilding, boiler control circuit, mechanical and power equipment-safety modification, Occupational Safety and Health Administration (OSHA) physical or electrical hazard violations and indoor air quality. Also includes costs to support Minnesota Department of Health (MDH) Food Code Requirements (see application materials).

Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. 123B.595, subd. 12[2022]).

*Payment Description – XXS317 LTFM AID FY*

**349 Other Hazardous Materials (Funds 01 and 06)**

Record expenditures according to an approved health and safety plan to clean up and dispose of polychlorinated biphenyl found in school buildings or property; wood boiler hazards, fuel tank removal/replacement, and cleanup, hazardous/infectious waste management and disposal, lead in water; testing and mitigation, local exhaust ventilation systems, radon; detection and mitigation, well capping and boiler-main supply back flow preventer, and transportation fuel. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

**352 Environmental Health and Safety Management (Funds 01 and 06)**

Record expenditures made for Environmental Health and Safety Management. Health, safety, and environmental management means school district activities necessary for a district's compliance with state statutes and rules of the Departments of Health, Labor and Industry, Public Safety and Pollution Control as well as any related federal standards.

These activities include hazards assessment, required training, recordkeeping, right-to-know, and program management. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#))

**Note:** Districts qualifying under the hold harmless provisions of the LTFM law must be aware of the reimbursable cap used and that the total expenditure activity in this code may not be fully reimbursed.

*Payment Description – XXS317 LTFM AID FY*

### **355 Voluntary Prekindergarten Remodeling Costs (Funds 01 and 06)**

For districts with an approved prekindergarten remodeling costs program per Minnesota Statutes 2022, section 123B.595, subd. 1(a), record expenditures approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

### **358 Asbestos Removal and Encapsulation (Funds 01 and 06)**

Record expenditures necessary for the removal or encapsulation of asbestos from school buildings or property, related repairs, staff training, and asbestos worker required health physicals in accordance with an approved health and safety plan. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **363 Fire Safety (Funds 01 and 06)**

Record expenditures to correct fire code violations in school buildings, in accordance with an approved health and safety plan. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **366 Indoor Air Quality (Funds 01 and 06)**

Record health/safety expenditures to correct indoor air quality code violations in school buildings, in accordance with an approved Indoor Air Quality Management Plan. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **367 Accessibility (Funds 01 and 06)**

Record expenditures for increasing accessibility of school facilities owned by the school district by removing architectural barriers to meet the needs of pupils and employees with a disability. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **368 Building Envelope (excluding roof) (Funds 01 and 06)**

Record expenditures for replacement and deferred maintenance of portions of the building that separate the indoor environment from the outdoor environment. The building envelope restricts the transfer of air, water, heat, light, and noise. Some examples include window replacement, caulking, tuck point, insulation, water barrier, air barrier, noise barrier, building walls, subfloor and exterior doors. Roof projects are coded to Finance Code 383. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **369 Building Hardware and Equipment (Funds 01 and 06)**

Record expenditures for the replacement and deferred maintenance of hardware and equipment that are integral to the building (usually attached). Included are parts of the building that are not included under specific finance codes. For example, doors and door hardware, lockers, bleachers, basketball hoops, roll down doors, public address (PA) systems, elevators, bus hoist, and permanently installed kitchen equipment. Furniture and equipment not attached to the building are excluded. Technology and phone systems are excluded. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **370 Electrical (Funds 01 and 06)**

Record expenditures related to the replacement and deferred maintenance of the building electrical power supply and distribution. Lighting systems are included. Technology and phone systems are excluded. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **379 Interior Surfaces (Funds 01 and 06)**

Record expenditures for the replacement and deferred maintenance of portions of the interior of the building that are not hardware, equipment, or systems included under a specific finance code. Some examples are flooring, wall coverings and painting, ceilings, counter tops, installed cabinetry, and attached surfaces. Furniture and equipment not attached to the building are excluded. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **380 Mechanical Systems (Funds 01 and 06)**

Record expenditures related to replacement and deferred maintenance of building mechanical systems including heating, ventilation and air-conditioning (HVAC) and control system, fire suppression and alarm system, electronic door controls and control software, fuel systems and distribution, and ventilation systems not related to HVAC. For upgrades to HVAC systems to meet ASHRAE standards, use Finance Code 366; for upgrades to fire systems to comply with state fire marshal orders, use Finance Code 363; and for upgrades to ventilation to remove hazardous fumes, use Finance Code 349. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **381 Plumbing (Funds 01 and 06)**

Record expenditures for replacement and deferred maintenance of plumbing fixtures, piping and water supply to the building. Include wash stands, toilets, showers, sinks, drains, tanks, pressure regulation, meters, and other plumbing components. For HVAC plumbing and fire suppression plumbing use Finance Code 380 – Mechanical Systems. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **382 Professional Services and Salary (Funds 01 and 06)**

Record expenditures for professional services and in-house salary for work performed on deferred capital and maintenance projects to prevent further erosion of facilities. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXS317 LTFM AID FY*

### **383 Roofing Systems (Funds 01 and 06)**

Record expenditures for replacement and deferred maintenance of roofing systems. Include all costs for a roofing project such as roof removal and replacement, insulation, flashing, materials storage and safeguarding, and temporary measures to prevent unauthorized access to the area. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

*Payment Description – XXF317 LTFM AID FY*

### **384 Site Projects (Funds 01 and 06)**

Record expenditures related to replacement and deferred maintenance for the building site. Deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities per Minnesota Statutes 123B.595, section 10, subdivision 10(a)(1). Examples include parking lots, lighting, tennis courts, fencing, playground, stadium bleachers, and field turf replacement. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) ([Minn. Stat. 123B.595, subd. 12 \[2022\]](#)).

**Note:** Major redesign and upgrade of equipment or surfaces does not qualify as deferred maintenance.

*Payment Description – XXF317 LTFM AID FY*

## **LTFM Revenue**

### **Source Dimensions – UFARS Chapter 6**

#### **Code Title and Definition**

#### **001 Property Tax Levy (Funds 01, 07)**

Record the LTFM revenue from the property tax levies. The levy breakdown by fund may be obtained by review of the Levy Certification Report.

General Fund Levy (Fund 01) Record revenue from the General Fund Levy. Include the Mobile Home Tax Revenue applicable to the General Fund. Note that capital expenditure levies are now a component of the General Fund Levy.

Debt Service Levy (Fund 07) Record revenue from the Debt Service Fund Levy. Include the Mobile Home Tax applicable to the Debt Service Fund (Minn. Stat. 475.61 [2022]).

#### **317 State Aid (Funds 01 and 07)**

Enter revenue for LTFM Aid in the General Fund. These funds are for restricted purposes and expenditures must be coded to one of the following Finance Codes: 347 Physical Hazards, 349 Other Hazardous Materials, 352 Environmental Health and Safety Management, 358 Asbestos Removal and

Encapsulation, 363 Fire Safety, 366 Indoor Air Quality, 367 Accessibility, 368 Building Envelope (excluding roof), 369 Building Hardware and Equipment, 370 Electrical, 379 Interior Surfaces, 380 Mechanical Systems, 381 Plumbing, 382 Professional Services and Salary, 383 Roofing Systems, and 384 Site Projects

## 629 Health and Safety Other Revenue

Record other revenue sources for health and safety projects beyond state aid or levy. This includes, but is not limited to: insurance and legal settlements, Petrofund reimbursements and utility rebates. This code includes FEMA proceeds related to Health and Safety projects.

**Note:** Please reference the Levy Certification Process webpage and locate the Levy Information System Instructions, page 16 for guidance on other Health and Safety Revenue (Minn. Stat. § 123B.57) reporting for insurance lawsuits recoveries, federal and state grants and utilities rebates relating to Health and Safety projects. These revenues should be reported on Line 10 of the levy system under the General Fund – Other Health and Safety Revenue section. Please send an email to [MDE.Facilities@state.mn.us](mailto:MDE.Facilities@state.mn.us) with the dollar amounts so the levy can be reduced. Assign the same finance code as the related project. Do not include Health and Safety Levy and Aid revenue, or Petrofund reimbursements.

## LTFM Balance Sheet Accounts – UFARS Chapter 8

### Code Title and Description

#### 467 Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Funds 01 and 06)

Represents available resources to be used for LTFM projects in accordance with the Ten-Year Plan. ([Minn. Stat. 123B.595](#), subd. 12 [2022]). *This restricted/reserved account may go into deficit to the extent of future revenue authority*

## Arbitrage Fees – UFARS Coding Review

Arbitrage can occur when there is a delay in a construction project and the district does not spend the Construction Fund 06 revenue in a timely manner. In this case, the construction fund earns too much interest and an arbitrage penalty is due to the federal government. If you are paying a consultant for arbitrage and there is a balance remaining in Fund 06, you may use Fund 06 dollars to pay the advisor and/or the arbitrage penalty to the Internal Revenue Service (IRS). If Fund 06 does not have adequate dollars to pay for these fees, the General Fund 01 must be used for this purpose. A school district may not use the Debt Service Fund (Fund 07) to pay these costs. Object Code 896 – Taxes, Special Assessments, and Interest Penalties, should be used to record the arbitrage penalty.

If you have questions about Arbitrage Fees – UFARS Coding Review, please contact the Accounting Helpdesk at [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).



# **Long-Term Facilities Maintenance Revenue Guide for Allowable Expenditures**

## **Minnesota Statutes, section 123B.595**

Minnesota Department of Education  
Division of School Finance  
1500 Highway 36 West  
Roseville, MN 55113-4266  
651-582-8605

June 24, 2016

## A. Forward

The purpose of this document is to provide school districts, intermediate school districts and school district cooperatives with information that will assist with planning and development of a ten-year plan. To receive Long-Term Facilities Maintenance (LTFM) Revenue under Minnesota Statutes, section 123B.595 the ten-year plan must be approved by the school board and the commissioner. This document details the allowable expenditures that may be included in the ten-year plan. The statement of assurances submitted by the organization receiving revenue attests that plan expenditures are made according to the uses described in this document. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices including indoor air quality management. See the MDE website > School Support > School Finance > Facilities and Technology > [Long-Term Facilities Maintenance](#) for the ten-year plan format, revenue calculation model, and instructions regarding long-term facilities maintenance revenue.

## B. Authorized Expenditures

Minnesota Statutes, section 123B.595, Subdivision 10, Allowed uses for long-term facilities maintenance revenue.

- (a) A district may use revenue under this section for any of the following:
  - (1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;
  - (2) increasing accessibility of school facilities
  - (3) health and safety capital projects under section 123B.57; or
  - (4) by board resolution, to transfer money from the general fund reserve for long-term facilities maintenance to the debt redemption fund to pay the amounts needed to meet, when due, principal and interest on general obligation bonds issued under Minnesota Statutes, section 123B.595, Subdivision 5.
- (b) A charter school may use revenue under this section for any purpose related to the school.

Note: School districts with an approved voluntary pre-kindergarten program under section 124D.151 are eligible to increase LTFM revenue for the cost approved by the commissioner for remodeling existing instructional space to accommodate pre-kindergarten instruction.

## C. Deferred Maintenance Qualifying Criteria

1. **Qualifying Capital Expenditures and Maintenance projects.** Eligible projects are "...deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities..." This means that there are two categories of qualifying projects: Capital expenditures and maintenance projects. Broadly speaking, the meaning of "eligible projects" is work performed on an existing district-owned facility, for example: roof removal and replacement; tuck-pointing; flooring removal and replacement; asbestos abatement and replacement; mechanical ventilation replacement; plumbing removal and replacement, etc., is deferred according to the definition in C(2), and is necessary to prevent further erosion of facilities as defined in paragraph C(2), C(3) and C(4).

- a) **Capital expenditures** are defined as projects that exceed \$10,000. Capital expenditures that adhere to items C(2) through C(14) may be included in the ten-year plan.
- b) **Maintenance projects** are identified items of \$10,000 or less. Merriam Webster dictionary defines “maintain” as a verb: to keep in an existing state (as of repair, efficiency, or validity): preserve from failure or decline <maintain machinery>. Minnesota Statutes, section 123B.595 language makes eligible deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.
2. **Deferred Work**—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. This includes work that is scheduled to occur after a specific building component is reasonably expected to fail (e.g., roof is replaced 20 years after installation and its life expectancy is 15 years). Allowable deferred work also includes component(s) that the district responsible person making application for funding under the program has definite, specific knowledge of the component need for repair, its scope and its cost.
3. **The project must counteract any physical erosion** in effect restoring the component to as near to “like new” as is feasible. Portions of projects relating to additional or competing objectives (worthy as they might be) shall not be funded. These include portions of projects that have an energy or financial anticipated benefit. The exception will be for portions of projects that provide these as secondary benefits. For example, if pneumatic mechanical ventilation control logic has eroded to the point where it must be replaced but is no longer available.
4. **Erosion is not the same as obsolescence**—Facilities which function well but which do not meet service requirements are not eligible for funding. For example, swimming pool depth correction is not an eligible project.
5. **The purpose remains the same**—The use for the area and activities conducted in the area are essentially the same before and after the work. Thus, a science lab before would remain a science lab.
6. **There is no expansion or realignment of function**—Any change in the number of students served or changes in the facility to accommodate the number of students served must not be funded with long-term facilities maintenance revenue. Thus, a classroom designed for 20 students would not expand to 30, or vice versa. Also, there is no increase of space and there is no new construction. The project cannot modify the facility’s functionality or capacity, but shall restore or replace to prevent further deterioration of the facility.
7. **Planned or scheduled maintenance projects are ineligible**—For example, routine replacement of fittings, traps, filters, belts, moving components or repairs of a planned or preventative nature are excluded.
8. **Technology is excluded from eligibility**, as it is considered to be equipment and not part of a facility. Repair or replacement of telecommunications and computer installations and connectivity are excluded, except for repair/replacement of facility automation computer installations or telecommunications wiring as a result of erosion, deterioration or mechanical breakdown as the primary purpose for the work. Electrical service and lighting, clocks and

alarms/Public Address (PA) systems are allowable. Software in support of facility functions does not erode for purposes of this section.

9. **Violence prevention and physical security issues** are excluded from eligibility, because the Safe Schools Levy under Minnesota Statutes, section 126C.44 provides a dedicated source of funding for this purpose.
10. **Renovation in support of educational adequacy**—changing functionality or student loading (worthy goals in and of themselves) are not eligible for funding, since the necessary component of “...to prevent further erosion of facilities...” is missing as a primary purpose. Thus, if walls are demolished due to legitimate erosion correction but are re-installed in a different configuration for renovation purposes, the portion of costs related to any reconstruction will be excluded from allowable costs.
11. **Reasonable in-house engineering and technical administrative costs** may be charged to the program if the work hours are directed to program support activities and adequate documentation of these hours is maintained. Also, funding of out-source capacity in direct support of approved projects is allowable. Costs for accounting, bookkeeping or financial tracking activities relative to long-term facilities maintenance projects are allowed if costs are **substantial** and **well documented**. Non-technical administrative costs are excluded from funding.

## **D. Disabled Access Qualifying Criteria**

The project shall conform to 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, as well as applicable state and local building and fire codes.

## **E. 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) statute (Minn.Stat. § 123B.57).

## **Finance Code (FIN) 347—Physical Hazard Control**

### ***Playground—Resurfacing and Other Hazards***

The cost to install playground impact-attenuating surface material is an allowable Health and Safety project. Unitary and loose-fill impact-attenuating surfacing material is subject to a maximum of \$12 per square foot. See the [Consumer Product Safety Commission website](http://www.cpsc.gov) for more information (<http://www.cpsc.gov>). The cost to repair or remove (but not replace) unsafe outdoor playground equipment is allowable, as reported by a person trained in playground safety under the National Recreation and Park Association’s Certified Playground Safety Inspector Course. This evaluator does not have to be a district employee. The cost to seal wooden play sets that might leach Chromate Copper Arsenate (CCA) is allowable. Costs related to accessibility under the Americans with Disabilities Act are not allowable.

### ***Swimming Pool Hazards***

Costs to bring swimming pools up to code per Minnesota Rule Chapter 4717, capital but not operational expenses, are allowable. Basis for funding projects for removal of swimming pool

hazards shall be orders from a Minnesota state agency only (or local governmental body under contract). Cost for depth correction is excluded.

Per Minnesota Statutes, section 144.1222, Subdivision 1(c), in accordance with the “Abigail Taylor Pool Safety Act” school districts must certify that: 1) all outlets except for unblockable drains are equipped with covers in compliance with American Society of Mechanical Engineers (ASME) or American National Standards Institute (ANSI) standards; and, 2) all covers and grates have been inspected to ensure that they were properly installed and are not broken or loose. Beginning January 1, 2011, all school district pools must have: 1) an unblockable suction outlet or drain; 2) at least two suction outlets, in parallel, with approved covers; 3) a gravity outlet; or, 4) any other system determined by Minnesota Department of Health (MDH) to be effective. All pool construction plans after January 1, 2009, must be certified by a Minnesota-registered engineer. View the [MDH website](http://www.health.state.mn.us/divs/eh/pools/rule.html) (<http://www.health.state.mn.us/divs/eh/pools/rule.html>).

### ***Bleacher Repair or Rebuilding***

Bleachers were required to be brought to Minnesota Statutes, section 326B.112, safety standards by January 2002. Only those bleachers cited by building code officials as requiring work cited in Minnesota Statutes, section 326B.112 are eligible for funding. For replacement of public accommodation using bleacher seating to occur, the design professional must clearly state in writing that: (1) replacement is needed based on inadequate spacing requirements set forth in Subdivision 3 (four-inch spacing); and, (2) the cost to repair is higher than replacement, providing side-by-side repair vs. replacement cost information. Re-inspection every five years per Minnesota Statutes, section 326B.112 is allowable but repairs are not. Spacing requirements corrections must be cited by a building code official or state licensed design professional to enforce the code. Portable bleachers are not allowed. Adding fall protection safety guarding to unguarded choral risers is allowed.

### ***Mechanical and Power Equipment Safety Modification***

Equipment with unsafe design or point of operation can be modified to meet an Occupational Safety and Health Administration (OSHA) safety standard or machine guarding best practice. The district must have a specific person identified as the industrial arts equipment coordinator to determine the nature of the hazard and to provide proper machine guarding solutions. Equipment may be replaced if the documented repair cost of modification is higher than the cost of replacement. Contact the regional management assistance professional if there is difficulty locating a vendor. See Minnesota OSHA standards or best practices manual for information.

### ***OSHA Physical or Electrical Hazard Violations***

Expenses associated with correcting OSHA physical or electrical hazard violations identified by an OSHA or mock-OSHA inspection may be allowed under H&S, if they are clearly linked to an OSHA statute or standard. Power strips and installation of new permanent wiring is not permitted. UL rated boxes external to a wall may be considered when complying with OSHA inspection. Ground Fault Circuit Interrupter (GFCI) outlets may only be considered in wet or damp locations. Project management and inspection costs are eligible under FIN 352. Costs associated with electrical or building code compliance are not allowable.

### ***Food Code Safety—Minnesota Department of Health (MDH) Health Code Requirements for Kitchen Staff***

For costs to bring kitchens up to physical code per MDH Food Code Rule, capital but not operational expenses consistent with Minnesota Statutes, section 123B.57, Subdivision 6 are allowable. Basis for funding projects for removal of kitchen hazards shall be orders from a Minnesota state agency only (or local governmental body under contract). These do not include kitchen licenses or certification costs, but do include costs for MDH inspections and mandated improvements (requires MDH orders). The initial cost for kitchen equipment (as cited by a food code inspector) that currently doesn't exist may not qualify as a health and safety expenditure. Staff training for food code safety may be included under health, safety and environmental management, FIN 352.

### ***Metal Halide Lighting***

The replacement of open fixtures or wire grid fixtures with enclosed fixtures is an allowable expenditure under H&S. The replacement of indoor non self-extinguishing "R" type high-intensity metal halide and mercury vapor light bulbs in open or wire grid fixtures with self-extinguishing "T" type light bulbs or comparable lighting is also allowable. Security and outdoor metal halide lighting replacement is not eligible.

### ***Temperature in Kitchens and Other Spaces***

Expenses necessary to maintain temperatures in work areas where "moderate" or greater levels of work are performed, such as kitchens or boiler rooms, in accordance with Minnesota Rule 5205.0110, are allowed. Cost for increasing airflow, but not air conditioning, to levels called for under the state mechanical code is allowable.

### ***Elevator, Lift and Hoist Inspections***

Costs to inspect elevators and lifts are allowable under health and safety where required under OSHA 29 Code of Federal Regulations (C.F.R.) 1910. Cost for permits and elevator replacement is not allowed. Costs to meet elevator code requirements are not fundable under this program. Lift replacement is allowed if a district-owned lift can't be repaired to pass inspection.

### ***Elevator Hydraulic Cylinder Removal and Fluid Abatement***

Removal of leaking pre-1973 (approximately) single bottom hydraulic elevator cylinders and abatement of any leaked hydraulic fluid is allowed. Replacement of the hydraulic cylinder is not allowed.

### ***Personal Protective Equipment***

The cost to purchase personal protective equipment (PPE) for use by staff and students in the areas of industrial and fine arts, and science is allowable. PPE funding is allowed for employees in all areas of hazardous work per OSHA standards. The PPE equipment shall be owned by the district, remain in its possession and under its control, and shall not be used for any purpose other than allowable activities in these areas. PPE for extracurricular or athletic activities shall not be funded as there is no connection to OSHA. PPE for pandemic planning is allowable, for staff only.

## **Finance Code 349—Hazardous Substance**

### ***Lead Testing of Toys***

Lead testing of toys and furniture in classrooms and disposal of the same are allowable under this finance code. Replacement of toys and furniture are not an allowed cost.

### ***Wood Boiler Hazards***

Correcting the hazard due to particulate-emitting (e.g., wood or coal) boilers, that emit excessive particles during normal operation or which can cause life safety risks due to potential fire or explosion is allowed. Only necessary repairs to this category of boiler, but not replacement of the boiler unit or its accompanying components, are allowed. Facilities to house a replacement system cannot be built or repaired as a health and safety project.

### ***Fuel Tank Removal/Replacement and Cleanup (Underground Storage Tank (UST) and Above Ground Storage Tank (AST))***

The cost to properly clean up any petroleum product spills, and the removal but not the replacement of any underground storage tank or any above ground storage tank (including piping) is allowed. The cost for monitoring systems and their maintenance is allowed. The cost to test a UST/AST tank for leakage is allowable. Fuel oil costs for tightness testing are not allowed. Cost for cleanup should be submitted to the Minnesota Petrofund for reimbursement. Under current law, the Minnesota Petrofund expires June, 2017. In that event, further information will be provided regarding the waiver process. Fuel oil tanks may remain indefinitely—there is no mandatory limit on their use. Fuel oil tank tightness testing is recommended biennially for all UST/ASTs.

### ***Hazardous/Infectious Waste Management and Disposal***

The cost for collection and disposal of hazardous or infectious waste and payment of fees, as required by state or federal regulations, are allowable expenditures. Hazardous/infectious waste (e.g., lead and mercury abatement, electronic waste, sharps disposal, flammable, reactive, corrosive, and toxic waste) and radioactive materials are eligible expenditures.

### ***Lead in Water, Testing and Mitigation***

***See Minnesota Statutes, sections 144.9501-144.9509***

The cost of sampling and analysis of water, paint and soil due to possible lead contamination is allowed. Lead abatement due to the presence of lead is not automatically allowed. The condition of the lead must be such that either the MDH or Minnesota OSHA would cite it—this must be documented. To qualify for funding, abatement work must meet the criteria of “regulated lead work” as substantiated by lab analysis to determine the presence of lead is greater than one percent by weight or greater than one milligram per square centimeter (mg/cm<sup>2</sup>) through X-Ray Fluorescence (XRF) analysis. Especially note Minnesota Statutes, section 144.9505, Subdivision 6 for new contracting entity requirements. Districts are encouraged to perform lead in water testing every five years, or when pipes or fixtures are modified. The Reduction of Lead in Drinking Water Act went into effect on January 4, 2014. The law applies to any product used in a drinking water system. For more information visit the U.S. [Environmental Protection Agency \(EPA\)](https://www.epa.gov/ground-water-and-drinking-water) website (<https://www.epa.gov/ground-water-and-drinking-water>).

### ***Copper in Water***

The cost of sampling and analysis of water due to possible copper contamination is allowed. Copper abatement due to elevated dissolved levels is allowed if the MDH or Minnesota OSHA issues health orders.

### ***Local Exhaust Ventilation Systems***

The cost of design, materials, and installation of local exhaust systems and required make-up air that is used for the purpose of controlling regulated hazardous substances is allowed. Examples of processes that potentially generate regulated hazardous fume, vapor, or dust are: welding operations, wood processing, wood finishing, automotive parts cleaning and degreasing, sand blasting, spray painting, science experimentation, art-ceramic glaze firing, and kitchen food venting. Cost for general heating, ventilation and air conditioning is not specified here. Systems design and specifications shall be completed by an individual or company experienced in ventilation systems for industrial contaminant control, and shall be consistent with recommended practices described in the Industrial Ventilation Manual: American Conference of Governmental Industrial Hygienists or comparable references.

### ***Radon—Detection and Mitigation***

The cost to test for and remediate elevated levels of radon is allowed. See [Radon in Schools](http://www.health.state.mn.us/divs/eh/indoorair/schools/radonschool.html) for guidance (<http://www.health.state.mn.us/divs/eh/indoorair/schools/radonschool.html>). Per Minnesota Statutes, section 123B.571, a school district shall conduct the testing according to the state radon testing plan developed by the commissioners of health and education, shall report radon testing results at a school board meeting and report results to MDH.

### ***Wells and Well Capping***

The cost to reduce excessive organic or inorganic levels in wells is allowed. The cost to properly cap an abandoned well is allowed.

### ***Boiler Main Supply Back Flow Preventer and Flood Prevention Floor Drains***

The cost to test and install/replace suitable devices, which prevent the backflow of contaminated water from a boiler system to a potable source, is an allowable expenditure. In addition, the cost to test and maintain one-way drains to prevent floodwaters from backing into buildings is allowable. These should be checked annually.

## **Finance Code 352—Health, Safety and Environmental Management**

### ***Health, Safety and Environmental Management***

Per Minnesota Statutes, section 123B.56, Health, safety, and environmental management means school district activities necessary for a district's compliance with state law and rules of the Departments of Health, Labor and Industry, Public Safety, and the Pollution Control Agency as well as any related federal standards. These activities include hazard assessment, required training, record keeping, and program management. Program management shall include, at a minimum, a written plan and the name of a contact person who is on site and knowledgeable about the plan.

### ***District Staff***

If the school district funds staff time under FIN 352, the district must be able to document the time is strictly devoted to fulfill a health, safety, and environmental management function as defined per Minnesota Statutes, section 123B.56. Documentation for full-time employees solely devoted to health and safety functions may simply be the employees' job description, while other employees devoting only a portion of their time towards health, safety, and environmental management duties may need to document actual hours spent on specific activities.

### ***Health and Safety (H&S) Management Assistance (MA)***

The cost of funding H&S Management Assistance (MA) professionals is allowed. MDE continues to actively partner with and strongly support the management assistance staff at regional service cooperatives. All public schools are encouraged to support this program, which is intended to provide communication and assistance to both public schools and MDE by maintaining a strong H&S program. MA services must be provided by a trained H&S professional having significant field work experience, making the person competent to evaluate programs that make up a district's H&S program. The person providing the MA services may be an independent contractor, an employee of a private contractor, a service cooperative employee, or an H&S professional employed by the district. The person must be hired by the district (can be through the service cooperative representing the district), or if employed by a private contractor must be identified in the contract as the person providing the MA services. To avoid a conflict of interest, the person doing the management assistance work shall not be the same person or company who also does other H&S work for the district, either as Health, Safety and Environmental Management (HSEM) or as a project contractor.

### ***Safety Committee***

Costs to establish and operate school safety committees, including hourly wages of employees and substitutes, but not staff benefits, are allowable H&S expenditures under FIN 352. Estimates shall be identified as clock hours, not percentages of time. Refer to Minnesota Rule 5208 for Safety Committee requirements. Minnesota Statutes, section 182.676 states: Every public or private employer of more than 25 employees shall establish and administer a joint labor-management safety committee. A safety committee must hold regularly scheduled meetings unless otherwise provided in a collective bargaining agreement. Employee safety committee members must be selected by employees. An employer that fails to establish or administer a safety committee as required by this section may be cited by the commissioner. A citation is punishable as a serious violation under section 182.666.

### ***Three-year Asbestos Re-inspection***

Cost for Asbestos Hazard Emergency Response Act (AHERA) required three-year re-inspections are fundable under FIN 352. Six-month AHERA periodic inspections are fundable under FIN 358.

### ***Science Lab—Inventory and Other Safety Compliance***

Costs to maintain a Chemical Hygiene Plan to comply with the OSHA Laboratory Safety Standard, 29 CFR 1910.1450 are allowed. The cost to inventory all chemicals is allowed. Costs to clean out non-hazardous or otherwise maintain chemicals are not allowable. See General Science Safety Considerations on the MDE website / School Support / School Finance / Facilities and Technology / Long-term Facilities Maintenance.

### ***Employee Right-to-Know***

Expenses for Employee Right-to-Know training and supplies (not including the wages of attendees) under Minnesota Rules 5206.0700 are allowed. In an effort to standardize hazardous information, the United Nations Globally Harmonized System (GHS) of Classification and Labeling of Chemicals was adopted by Minnesota OSHA on September 10, 2012. New training, labeling and safety data sheet requirements are affected. The revised standard and GHS system requirements are found on the [OSHA Hazard Communication website](http://www.osha.gov/dsg/hazcom/index.html) (<http://www.osha.gov/dsg/hazcom/index.html>), or contact Minnesota OSHA for regulatory compliance inquiries. As of June 1, 2015, districts must comply with all labeling and safety data sheet requirements. As of June 1, 2016, districts must fully implement the OSHA Hazard Communication Standard.

### ***Bloodborne Pathogen Standard Compliance***

The cost to develop and maintain a written program, train employees (not including the wages of attendees), maintain records, provide vaccinations and titers confirmation, and purchase preventative supplies as required by OSHA 29 C.F.R. 1910.1030 are allowable expenditures. Vaccines should be purchased for employees whose exposure puts them under the coverage of this standard. The employer must determine which employees have job duties involving a reasonably anticipated risk of exposure to blood, especially first-aid duties. Post-exposure medical evaluation expenses are also allowed (up to the point of medical determination of infectivity or non-infectivity).

### ***Integrated Pest Management***

Notification costs to implement the Janet B. Johnson Parents' Right-to-Know Act for pesticide application are allowed. See the MDH website for guidance on pesticides at MDH > Environments and your health > School environmental health > [Pests](#) and [Minnesota Statutes, section 121A.30](#) for additional details. Costs to apply pesticides (including management costs) are not allowable.

### ***Computer-Based Management Support Programs***

Computer-based management support programs that are used for H&S management and record keeping are eligible. Those used for facilities support are not eligible. A district using a system that includes both capabilities must apportion costs. The district shall own all rights to the data and shall be provided with a proper method of obtaining it upon request. Data entry costs and periodic software upgrades to keep the system current for the H&S portion only are allowed; non-H&S maintenance and entry costs are not allowed.

### ***Indoor Air Quality (IAQ) Management Plan and IAQ Coordinator Expenses***

Costs related to the development and implementation of the IAQ management plan, including those associated with IAQ Coordinator activities, shall be funded under FIN 352.

### ***Automated External Defibrillators and Other Emergency Plan Equipment and Supplies***

Funding is allowed for equipment and supplies that are identified as needed for proper emergency plan operation, if they are specifically named in the district's emergency plan developed under the H&S program. Large capital items such as vehicles, emergency people-moving devices, remodeling or renovating spaces to accommodate emergency activities are not eligible. Building public announcement systems and emergency communication devices are not allowed. Emergency plan costs for violence prevention, building security, and for pandemic planning are not allowed. Please see the [MDE Model Crisis Management Policy](http://education.state.mn.us/MDE/Welcome/Policies/index.html) (<http://education.state.mn.us/MDE/Welcome/Policies/index.html>) at Welcome to MDE > Model School and District Policies > Model Crisis Management Policy.

### **Finance Code 358—Asbestos**

#### ***Asbestos Removal***

Asbestos-containing building materials should be maintained in-place whenever possible. Removal should be limited to those materials that are damaged or require removal in order to enable another facility project, or when its location and condition presents an unacceptable risk of exposure to building occupants.

#### ***Six-Month Periodic Asbestos Inspection***

Cost for Asbestos Hazard Emergency Response Act (AHERA) required six-month AHERA periodic inspections are allowed. Three-year re-inspections AHERA periodic inspections are fundable under FIN 352.

#### ***Asbestos Removal and/or Encapsulation***

All asbestos removal, repair and encapsulation projects are allowed expenditures. Repair and maintenance costs include supplies, labor and contracted services. H&S cannot be used for any replacement materials.

#### ***Asbestos Repair and/or Maintenance***

Repair and maintenance costs for Operations and Maintenance (O&M) activities (e.g., glove-bag and mini-enclosure) including supplies, labor, and contracted services are allowed. For districts using in-house resources, a detailed record of work-hours dedicated to such work shall be maintained: a blanket percentage is not adequate.

#### ***Asbestos Ceiling Tile Removal and Replacement***

Replacement materials following abatement are not eligible.

#### ***Asbestos Floor Tile Removal***

Asbestos containing flooring (tile and linoleum) may be removed. Replacement materials are not eligible.

#### ***Asbestos Roof Repair***

Where a school building is constructed with a roof system containing asbestos materials, assessment and removal but not replacement of materials is allowed.

### ***Asbestos—Staff Training***

Training costs as required by AHERA for school district employees who participate in operations and maintenance are allowed. These include Designated Person, 14-hour Operations and Maintenance (O&M) and two-hour awareness training. EPA accredited course training is not included unless there is a documented history of activities for which the individual is accredited.

### ***Asbestos Worker Required Health Physicals***

The cost for respirator fit testing and physical examinations, including pulmonary function testing and chest x-rays required for persons working with asbestos are allowed.

## **Finance Code 363—Fire and Life Safety**

### ***Fire and Life Safety Expenditures***

Fire and life safety expenditures in support of Minnesota Uniform Fire Code (MUFC) and International Fire Code (IFC) shall be allowed under health and safety **based on orders from the State Fire Marshal (SFM), school inspection division**. Note that the MUFC has been replaced with the IFC. Orders from local municipalities are only honored if operating under written agreement with the SFM's office.

### ***Three-Year Fire Inspection***

The cost of funding the state-mandated fire inspection required of each school building every three years is an allowed expenditure under Finance Code 363. Only state fire marshal and contracted local governmental agency (15 municipalities) school inspections are eligible for funding. See Minnesota Statutes, section 299F.47 for more information.

### ***Fire Safety Self Inspection Check for Schools***

See Health and Safety – State Fire Marshal Division on the MDE website at School Support / School Finance / Facilities and Technology / Long-term Facilities Maintenance; and/or [State Fire Marshal School Inspection website](https://dps.mn.gov/divisions/sfm/programs-services/inspections/Pages/school-inspection.aspx) (<https://dps.mn.gov/divisions/sfm/programs-services/inspections/Pages/school-inspection.aspx>) for more information.

### ***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 Extinguisher Inspection and Maintenance***

The cost of inspection, required testing and subsequent recharging of fire extinguishers following hydrostatic testing is allowed. Cost for replacement or recharging resulting from any use, accidental or intentional, is also allowed.

### ***Fire Marshal Orders***

Costs for compliance with state fire marshal orders are allowed. Costs for local fire chief orders not required by the SFM program shall not be included unless issued under written agreement with the SFM's office. For projects exceeding \$20,000, a fire marshal plan review is recommended. Contact SFM [John Swanson](mailto:john.swanson@state.mn.us) ([john.swanson@state.mn.us](mailto:john.swanson@state.mn.us)) at 651-334-3217 for guidance. Costs for local fire chief orders exceeding \$20,000 should not be included unless

either reviewed by the SFM's office or based on orders and a plan review consistent with SFM criteria, based on a current contract between the local fire chief and the SFM. The SFM plan review helps the district avoid doing work where subsequent fire inspection orders require the work be redone or corrected. Please allow the plan reviewer at least 30 days to evaluate your plans. Plans for new construction should also be submitted to the SFM's office for plan review (but not funded under H&S).

### ***Lighting—Emergency or Egress***

The cost to purchase, install, and maintain emergency lighting components are allowed. Lighting project costs exceeding \$20,000 should be submitted to the state fire marshal school plan reviewer for plan review. Emergency lighting length of time operating capacity shall meet minimum fire marshal criteria, at least 30 minutes. Entire building replacement of emergency lighting will require SFM written orders to substantiate system failure.

### ***Facility—Modification***

Costs of modifications or repairs to existing school facilities that are necessary to correct a safety or health hazard, unless allowed under Minnesota Statutes, section 123B.57 are not allowed. Consideration may be given to hazards that violate Minnesota Rule 5205.0660 and are based on Minnesota OSHA orders (Minn. Stat § 123B.57).

### ***Combustible and Hazardous Materials Storage***

Based on SFM orders, a district may construct a space within existing facilities to store combustible materials, or may purchase equipment for this purpose. A district may purchase or construct a space outside existing facilities to store flammable materials and small machinery so long as costs are reasonable (not greater than 300 square feet in size or costing more than \$9,500).

### **Finance Code 366—Indoor Air Quality (IAQ)**

#### **IAQ Management Plan and IAQ Coordinator Expenses**

Costs related to the development and implementation of the IAQ management plan, including those associated with IAQ coordinator activities, shall be funded under FIN 352 (Minn. Stat § 123B.57).

**Requirement for IAQ Management Plan**—The requirement for school districts to implement an IAQ management plan has been in effect since 1997. The district must include indoor air quality best practices in the district health and safety policy and have an operational IAQ management plan. IAQ training is offered through the Minnesota Department of Health (MDH). If a district does not have an IAQ coordinator, the district may schedule training at Mankato, St. Cloud, Bemidji, or St. Paul. Check with MDH in spring/fall for the [training schedule and locations](http://www.health.state.mn.us/divs/eh/indoorair/schools/index.html) (<http://www.health.state.mn.us/divs/eh/indoorair/schools/index.html>); contact [Dan Tranter](mailto:daniel.tranter@state.mn.us) ([daniel.tranter@state.mn.us](mailto:daniel.tranter@state.mn.us)) or 651-201-4618 to register for the training.

### ***Indoor Air Quality***

Engineering, design and project management evaluation (including sampling) fees for an indoor air quality investigation are allowed.

### ***Indoor Air Quality Coordinator—Funded Under FIN 352***

The IAQ coordinator is not required to be an employee; however, the person must be based at the district or spend the preponderate portion of his/her time there. The following criteria must be met:

- A specific person must be identified as the IAQ Coordinator.
- The person should be MDH-certified (attended MDH-sponsored training and received a certificate).
- The person must be able to answer the four basic questions for parents (see below) in a timely manner, and possess the wherewithal to administer the district's IAQ management plan for the district.
- The person must have authority to receive and respond to (for the district) parents and local complaints as well as problems and complaints forwarded by state agencies.
- Authority and responsibilities of the person shall be included with the IAQ management plan.
- The function of IAQ coordinator shall be separate from that of buildings systems maintenance expert. This position is not intended to circumvent the separation of IAQ management and facilities maintenance management/preventive maintenance functions.

### ***Indoor Air Quality Management Plan***

The person who is functioning in the capacity of IAQ coordinator shall be able to answer parents' four basic questions (see below) and to respond to parent complaints received by state agencies. Wage costs needed to provide this capacity are allowed.

- Where can parents go to find answers to their IAQ questions and concerns?
- Where can a parent obtain checklists or other self-help information so they can properly evaluate their child's home or other out-of-school situation, including information provided by their child's physician? (Parents want to do their part in working toward solutions.)
- How can a parent obtain information about school facility construction, maintenance and housekeeping practices, chemicals used, mold and HVAC-related information, chemical-producing academic subjects, pesticides and herbicides, and the like to determine the extent to which school activities contribute to a child's symptoms?
- What can a parent do—how can a parent effect change—upon discovering questionable activities occurring within schools? Examples might be poor ventilation in the auto maintenance shop resulting in exhaust fumes or construction fumes leaking into the occupied portion of a building.

### ***Mechanical Ventilation***

After an engineering study by a professional engineer (PE) a one-time cost is allowed for: (1) replacement of an existing mechanical ventilation system to the current Minnesota State Mechanical Code/American Society of Heating, Refrigerating, and Air-Conditioning Engineers

(ASHRAE) guidelines; or, (2) provide a level of approximately 15 Cubic Foot per Minute (CFM) per person.

Costs to remove humidity are allowable to meet ASHRAE guidelines and state mechanical code only if humidistats are connected to the system control logic to not exceed 55 percent relative humidity. The cost to air-condition through Direct Expansion (DX) in a pure cooling mode without consideration for humidity control is not. Projects specific to achieving energy efficiency/cost-savings, including a thermal recovery system as defined under Minnesota Statutes, section 123B.65, are strictly prohibited. Costs for Direct Digital Control (DDC), and DX systems are allowable only if the HVAC system is being replaced or if an HVAC system upgrade results in a significant ventilation rate improvement. Maintenance and maintenance management costs (including testing for these) are not allowed. Excluded from funding are building HVAC supplies, maintenance, cleaning, testing and calibration (e.g., TAB and commissioning) activities. Airflow measurement activities not in support of a replacement/upgrade project may be funded under FIN 352.

For mechanical ventilation projects, work funded under H&S shall not cause the room noise level to exceed a Noise Criteria (NC) greater than NC 35 at any location where students are seated listening to presentation/discussion or locations where teachers are ordinarily present. NC 35 roughly corresponds to 45 dBA. Sound-level measurements shall be made at the location of the closest student or teacher “stations” to confirm the standard is met, and payment be withheld until it does. For H&S, this shall be inserted as performance criteria in the relevant contract language and verified by the commissioning agent under Minnesota Statutes, section 123B.72.

All approved HVAC upgrade/replacement work will be verified using reliable quantitative measuring techniques done by a third-party entity. “Third-party entity” means that the third party (the verifiers) cannot be financially influenced by the ventilation contractor. A suggested method is to employ school facility commissioning guidelines.

View [school facility commissioning guidelines](#)

(<http://education.state.mn.us/MDE/SchSup/SchFin/FacTech/SchCon/index.html>) together with the requirement to verify the mechanical ventilation rate for each occupied space over the expected outside temperature range. Work which does not meet code and contract should be rejected until it does, and measures to compel proper completion be employed, such as withholding final payment, performance bond, errors and omissions insurance and/or a directly worded letter from the district’s attorney.

### ***Mold Cleanup and Abatement***

After an engineering study by an architect or engineer is conducted and written report received, costs to remove contaminated building components and subsequent cleanup is allowed. Where the amount of mold or water damage is minor the project is considered routine maintenance and not approved for H&S expenditure. Replacement of building materials or facilities is not allowed. Fixes of external causes leading to water intrusion (e.g., leaking walls, windows and roofs, poor drainage, poor site) are ineligible for H&S funding.

Trained persons shall abate impacted areas using mold abatement containment procedures and adequate personal protective equipment. Wherever feasible, the [MDH’s best practices manuals](#) (<http://www.health.state.mn.us/divs/eh/indoorair/schools/mold.html>) shall be followed.

## **Costs Toward Testing and Balancing and Retro-Commissioning Mechanical Ventilation Systems**

Testing and balancing or retro-commissioning are allowed at intervals of no less than five years. Retro-commissioning includes measurement, air-flow balancing and system adjustment for air flow only. Retro-commissioning does not include repairs, replacement or software changes.

## **F. Additional Requirements Regarding Health and Safety**

### **New Construction or Re-Locatables**

H&S projects are not allowed to include costs for construction or betterment of facilities or the purchase of portable classrooms. Construction that changes the function of an existing space or results in an increase in square footage of the school facility is not allowed, with the exception of square footage in lieu of roof construction for mechanical ventilation systems that result in reduced costs and for a SFM-ordered storage area. Consideration is given for additional square footage for mechanical ventilation that results in substituting similar space, so long as size and functionality remain the same, and an independent architect/engineer certifies that the solution results in reduced costs. Project funding which would have been used for hazards in existing buildings cannot be re-directed to new facilities. Storage sheds for hazardous materials are allowed if supported by SFM orders.

### **Facility—Demolition**

Project cost to demolish a facility is not allowed except for abatement of that portion of the demolition that contains hazardous materials (e.g., asbestos, PCB). The cost to repair exterior finish, re-roof or remodel the remaining portion is not allowed. Districts shall ensure the property is not listed on any historical building register. View list of historical buildings on the [Minnesota Historical Society's website](http://nrhp.mnhs.org) (<http://nrhp.mnhs.org>).

### **Facility Evaluation for Structural Safety**

The cost for a structural evaluation of a facility by architect or engineer to determine if it is safe is not allowed.

### **Professional Fees**

Engineering, design, project management and commissioning fees for abatement, remediation, or mechanical ventilation improvements are allowed. All assessments, investigations, inventories, and support equipment not leading to the engineering or construction of a project shall be included in the health, safety, and environmental management costs (under FIN 352). Once a project has been identified, fees for these services should be identified and charged to the same finance code as the project.

### **Science Lab Safety Audit-Related Costs**

The cost to modify a science lab to meet standards pursuant to Minnesota Statutes, section 121A.31, is allowed with written SFM orders and SFM plan review. Health and Safety Environmental Management Program—General Science Safety Considerations on the MDE website at School Support / School Finance / Facilities and Technology / Long-Term Facilities Maintenance provides guidance to districts. Safety in science labs projects should be integrated with the district's Laboratory Safety Standard Chemical Hygiene Plan.

## **Health, Safety and Environmental Management**

Per Minnesota Statutes, section 123B.56, Health, Safety and Environmental Management means activities necessary for a district's compliance with state law and rules of the Departments of Health, Labor and Industry (MNOSHA), Public Safety (State Fire Marshal) and Pollution Control Agency (MPCA) as well as any related federal standards. These activities are: (1) hazard assessment; (2) required training; (3) record keeping; and, (4) program management. A district's cost to assess compliance and develop written management plans for health, safety and environmental regulations/standards is allowed under FIN 352. A district should evaluate its hazards and adopt written plans and policies. A district may fund safety committee activities to assist administration with managing a district's safety hazards through identifying, prioritizing and scheduling approved projects.

## **Health and Safety Deficit Spending**

Long-term facilities maintenance revenue may not be used to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement. The reserve for long-term facilities maintenance revenue is allowed to be negative.

## **Guaranteed Energy Savings Contracts—Energy Performance Contracts**

Long-term facilities maintenance revenue may not be used to fund energy efficiency projects under section Minnesota Statutes, section 123B.65, the guaranteed energy saving or "performance" contract section.

## **Weather/Flood-Related Damage**

Generally, costs for cleanup from major weather-related natural disasters are eligible for H&S. Agency weather/flood responses are coordinated through MDE, including those warranting consideration for extraordinary funding consideration, under a variety of programs.

## **Transportation/Bus Driver Drug and Alcohol Prevention Program**

Transportation expenses relating to these and other transportation issues are not eligible for funding under H&S. Cost to repair or replace unsafe buses or other transportation vehicles is not allowed.

## **G. Long-Term Facilities Maintenance Reserve Transfer to Debt Service Qualifying Criteria**

By board resolution money may be transferred from the general fund reserve for LTFM to the debt redemption fund to pay the amounts needed to meet, when due, principal and interest on general obligation bonds issued for LTFM bonds issued under Minnesota Statutes, section 123B.595, Subdivision 5.

## **H. Remodeling for Pre-K Instruction Qualifying Criteria**

A school district with an approved voluntary pre-kindergarten program under Minnesota Statutes, section 124D.151, is eligible to include the cost approved by the commissioner for remodeling existing instructional space to accommodate pre-kindergarten instruction.

**FY 26 LTFM DRAFT Projects**

Budget	Building Description	FIN Code	Project Description	FY 26
LTFM	Birchview	383	Roof Replacement - (C1-95)	350,000.00
LTFM	Birchview	370	Replace Lighting Gym & Classroom	80,000.00
LTFM	Birchview	379	Paint Interior	20,000.00
LTFM	Birchview	384	Pavement Rehabilitation	15,000.00
LTFM	Central Middle School	383	Roof replacement (A4,A7,A12,A11,)	550,000.00
LTFM	Central Middle School	380	Mechanical -CUH D wing	75,000.00
LTFM	Central Middle School	379	Paint Lockers	40,000.00
LTFM	Central Middle School	370	Lower C Transformer & Lighting	105,000.00
LTFM	Central Middle School	379	Flooring Replacement - front office	45,000.00
LTFM	Central Middle School	384	Pavement Rehabilitation	15,000.00
LTFM	Central Middle School	384	Concrete Replacement	20,000.00
LTFM	Central Service Facility	370	Lighting Replacement	20,000.00
LTFM	Dist Service Center	384	Pavement Rehabilitation	40,000.00
LTFM	Dist Service Center	367	ADA Accessibility	40,000.00
LTFM	Dist Service Center	370	Paint Interior	35,000.00
LTFM	Dist Service Center	379	Carpet Replacement	40,000.00
LTFM	Dist Service Center	381	Electrical Panels & lighting	35,000.00
LTFM	Transition Building	384	Irrigation repair	10,000.00
LTFM	District Project Manager	382	Design/Testing/Fees	650,000.00
LTFM	District Project Manager	382	District Project Manager	150,000.00
LTFM	DW ADA	367		200,000.00
LTFM	DW Exterior Walls	368		300,000.00
LTFM	DW Bldg. Hardware/Equipment	369		350,000.00
LTFM	DW Electrical	370		300,000.00

**FY 26 LTFM DRAFT Projects**

LTFM	DW Interior Finishes	379		100,000.00
LTFM	DW HVAC	380		700,000.00
LTFM	DW Plumbing	381		400,000.00
LTFM	DW Roofing	383	Roof Replacement	600,000.00
LTFM	DW Athletics/Grounds	384		164,000.00
LTFM	DW Site	384	Pavement Rehabilitation	277,000.00
LTFM	DW Site	384	Concrete Replacement	200,000.00
LTFM	East Middle School	379	Replace classroom Flooring LL	125,000.00
LTFM	East Middle School	384	Concrete Replacement	30,000.00
LTFM	East Middle School	380	BAS Controls	75,000.00
LTFM	East Middle School	370	Lighting Replacement	45,000.00
LTFM	Gleason Lake	370	Lighting Replacement	45,000.00
LTFM	Gleason Lake	379	Flooring Replacement/Repair	50,000.00
LTFM	Gleason Lake	379	Painting - gym	75,000.00
LTFM	Greenwood	370	Lighting Replacement	120,000.00
LTFM	Greenwood	369	Flooring Replacement	120,000.00
LTFM	Greenwood	384	Pavement Rehabilitation	175,000.00
LTFM	Greenwood	384	Concrete Replacement	30,000.00
LTFM	Kimberly Lane	380	Replace AHUs, VAVs and DX Units	500,000.00
LTFM	Kimberly Lane	380	Exhaust Fan Replacement	100,000.00
LTFM	Kimberly Lane	381	Replace Original Drinking Fountains (4)	30,000.00
LTFM	Kimberly Lane	381	Plumbing Fixtures Replacement	80,000.00
LTFM	Kimberly Lane	380	Replace Victolic Fittings in Hydronic System	150,000.00
LTFM	Kimberly Lane	379	Replace classroom components, cabinets, counters sinks, faucet, etc.	150,000.00
LTFM	Kimberly Lane	370	Replace Eletrical Panels & Lighting	150,000.00

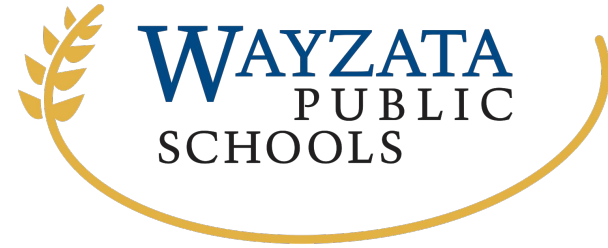
**FY 26 LTFM DRAFT Projects**

LTFM	Kimberly Lane	367	Replace deteriorated bathroom fixtures, ADA s - 1989	150,000.00
LTFM	Kimberly Lane	379	Operable wall replacement - classrooms	150,000.00
LTFM	Kimberly Lane	379	Flooring Replacement	150,000.00
LTFM	Kimberly Lane	369	Basketball Backboards and Rigging Replacement	50,000.00
LTFM	Kimberly Lane	379	Replace Ceiling Tiles.	40,000.00
LTFM	Kimberly Lane	379	Interior door & hardware replacement	25,000.00
LTFM	Kimberly Lane	379	Operable wall replacement - classrooms	90,000.00
LTFM	Kimberly Lane	379	Painting	75,000.00
LTFM	Kimberly Lane	379	Replace Gym Wall	250,000.00
LTFM	Kimberly Lane	384	Irrigation Replacement - Original Install Late 80's	15,000.00
LTFM	Meadow Ridge	379	Flooring Replacement	50,000.00
LTFM	Meadow Ridge	368	Masonry restoration-walls, exterior windows & doors replaced	15,000.00
LTFM	Northwoods	384	Pavement Rehabilitation	15,000.00
LTFM	Oakwood	379	Flooring Replacement	150,000.00
LTFM	Oakwood	370	Lighting Replacement	50,000.00
LTFM	Oakwood	379	Painting	70,000.00
LTFM	Plymouth Creek	367	Replace deteriorated bathroom fixtures, ADA in eight public restrooms - 1989	270,000.00
LTFM	Plymouth Creek	379	Replace classroom components, cabinets, counters sinks, faucet, etc.	135,000.00
LTFM	Plymouth Creek	370	Electrical and new lighting	200,000.00
LTFM	Plymouth Creek	379	Painting	100,000.00
LTFM	Plymouth Creek	369	Basketball Backboards and Rigging Replacement	50,000.00
LTFM	Plymouth Creek	379	Painting	40,000.00
LTFM	Plymouth Creek	380	BAS Replacement	85,000.00
LTFM	Plymouth Creek	380	VAV replacement	80,000.00
LTFM	Plymouth Creek	383	Roof Replacement (A2,3&10-01)	840,000.00

**FY 26 LTFM DRAFT Projects**

LTFM	Plymouth Creek	384	Pavement Rehabilitation	10,000.00
LTFM	Sunset Hill	383	<b>Roof replacement (A5,A6,B13 &amp; B14)</b>	660,000.00
LTFM	Sunset Hill	370	Lighting replacement	50,000.00
LTFM	Sunset Hill	379	Classroom/Hallway Flooring Replacenet	75,000.00
LTFM	Wayzata High School	383	<b>Roof Replacement - B Wing (B1-B7)</b>	<b>950,000.00</b>
LTFM	Wayzata High School	381	Water Heater Replacement	100,000.00
LTFM	Wayzata High School	379	Classroom/Hallway Flooring Replacenet	100,000.00
LTFM	Wayzata High School	370	Lighting replacement	150,000.00
LTFM	Wayzata High School	384	Concrete Replacement	30,000.00
LTFM	Wayzata High School	384	Fencing Replacement	50,000.00
LTFM	Wayzata High School	380	BAS Replacement	110,000.00
LTFM	West Middle School	383	<b>Roof Replacement - D2,D3,D4</b>	350,000.00
LTFM	West Middle School	368	Exterior Masonry,Window,Door Replacement	375,000.00
LTFM	West Middle School	370	Lighting replacement - Classrooms	75,000.00
LTFM	West Middle School	379	Classroom/Hallway Flooring Replacenet	75,000.00
				15,000,000.00

# State Special Education Funding 101 Review & Update



April 22, 2024  
School Board Work Session

**Presented by:**  
Scott LeSage, Executive Director, Finance & Operations  
Jen Welk, Finance Manager



# Agenda

**Budget Team for State Special Education (Fin 740)**

**Quick background (101) on state special education funding**

**Past & current State Special Education (Fin 740) costs & counts**

Special Education

# Government Fund Structure

## General Fund

Used to account for the general operations of the school district. This fund includes salaries and benefits for teachers, principals, custodians, secretaries, paraprofessionals, and administrators; cost of supplies, textbooks, transportation contracts, utilities, repairs, and equipment. This fund is also used for long-term facility maintenance projects of less than \$2,000,000 and for the capital projects (technology) levy.

## Food Service Fund

Used for all expenditures related to operating Wayzata Cafés, including food, salaries, benefits, supplies, and equipment. Food Service revenues typically come primarily from the sale of meals to students and adults. This year, the Minnesota Legislature enacted free meals for all students. State aid now provides a greater portion of revenue.

## Community Services Fund

Used for expenditures related to community education programs such as Early Childhood Family Education, Adult Basic Education, Wayzata Kids (afterschool and summer childcare programs), youth classes and Community Ed programs.

Community Services revenue primarily comes from fees charged for the programs and property tax revenue dedicated to community services.

## Building Construction Fund

Used for expenditures of major building projects. Proceeds from the sale of bonds authorized in an election are placed in this fund. This fund is also used for long-term facility maintenance projects exceeding \$2,000,000.

## Debt Service Fund

Used to accumulate and account for resources that fund principal and interest payments on bonds sold to finance construction. These are akin to a homeowner's payments on a mortgage.

# Budget Planning for the State Special Education (Fin 740) Budget

## Team that work on Special Education Budgets:

- Finance: Jen Welk/Scott LeSage
- Special Services Director: Ginny Nyhus

## How the team budgets and work on Special Education:

- Description of collaboration between departments
- Description of how these costs are tracked and how they generate revenue.

How are these costs different from a regular teacher?

- SEDRA (updated periodically, closes November 30 each year)
- Licensure or working directly with Special Education Students
- Time & Effort

# MASBO: Special Education Funding Video



[Link: https://www.mnasbo.org/page/spedvideo](https://www.mnasbo.org/page/spedvideo)

*NOTE: The video highlighted above done prior to the new Cross Subsidy Aid Legislation that started in FY2023-24*

# Overview of Special Education

- All children who participate in public education in Minnesota, including children and youth with disabilities, generate general education revenue.
- In addition to the general education revenue, Minnesota provides state special education aid to partially fund LEAs for the specialized instruction and services provided to children and youth with disabilities.
- In general, state special education aid partially pays for direct expenditures that are necessary and essential to meet the LEA's obligation to provide special instruction and services to children with a disability and special transportation.
- The remaining unfunded costs are covered either by federal, third-party or local funds.

# State Special Education Funds

- Regular state special education aid is based on a combination of formula types. The types include percentage reimbursement, census-based and multiple student weights with an adjustment, either positive or negative, for students with IEPs served outside of the student's district of resident (referred to as the tuition adjustment). Although there are several components in the aid formula, the calculations will yield one amount of state special education aid.
- Cooperatives, education districts and intermediate districts receive state special education aid directly.
- There are six components to the state special education aid formula:
  1. Initial aid
  2. Excess cost aid
  3. Special transportation
  4. Tuition adjustment
  5. Hold harmless (applies only to school districts)
  6. Cross subsidy aid
- State special education aid, including aid for special transportation, is based on prior year expenditures.
- The tuition adjustment is based on current year expenditures and the hold harmless is based on SFY 2016 expenditures, adjusted for current year enrollment changes and a program growth factor. The hold harmless component establishes a minimum aid.

# Uses of Special Education Funds

- The use of special education funds is restricted to the unique needs of students with disabilities and may not be used to provide services that are identical or similar to those provided to general education students.
  - Just because a student with a disability uses or is impacted by a particular service or material does not necessarily qualify that service for special education funding.
- In order for a cost to be reimbursable with special education funds, the product/service must be:
  - Contained in the student's IEP as a specialized service, equipment, or supplies that are not typically available in the public school setting;  
OR
  - A requirement of the special education program that is needed to provide the individualized instruction for the students to meet their IEP goals and objectives.

# Other Special Education Resources

- General education revenue provides the major share of funding for LEAs.
  - It includes basic, compensatory, operating capital, and many other revenue components.
  - Most of the basic revenue is unrestricted general purpose funding that can be used for any general operating purpose, including covering special education costs that are not covered by other sources.
  - Compensatory revenue is generated based on the poverty index of each LEA, and must be used to meet the educational needs of pupils, who are under-prepared to learn and whose progress toward meeting state or local content standards is below the level that is appropriate for learners of their age or grade.
    - Compensatory revenue *may be used to cover some of the costs of special education that are not covered by other sources* (Minn. Stat. sections 126C.10-126C.15 [2021]).

# Maintenance of Effort (MOE)

- The local MOE requirement obligates any LEA receiving IDEA, Part B, funds to budget and spend at least the same amount of local – or state and local – funds for the education of children with disabilities on a year-to-year basis.
  - The intent behind the MOE requirement is to help ensure that the SEA and LEAs are expending at least a certain level of non-federal funds for the education of students with disabilities.
  - The required MOE levels for budgeting and spending are referred to, respectively, as the “eligibility standard” (also known as initial MOE) and the “compliance standard” (also known as year-end MOE).
- The purpose of federal special education funds is to supplement the level of state and local funds and not supplant. Failure to meet MOE requirements may result in the LEA losing eligibility to receive federal funding, or a reduction in the amount the LEA would receive, or a repayment of funds.

# Allowed Exceptions to Maintaining Local Effort (MOE)

- Voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
- A decrease in the enrollment of children with disabilities.
- The termination of the obligation of the agency for exceptionally costly program specific to one student because:
  - student left the district
  - student reached the age at which the obligation to provide FAPE has terminated; or
  - student no longer needs the program of special education
- Termination of costly expenditure for long-term purchases.

# Tuition Billing Adjustment

- Effective SFY 2007, MDE assumed the responsibility of calculating state special education aid adjustments for students with IEPs that are served in school districts other than their resident district.
- During the regular school year, if a student is reported in the Minnesota Automated Reporting Student System (MARSS) with:
  - a special education evaluation status (SEES) 4 or 6, which indicates the student is receiving special education services,
  - and the student is a nonresident of the serving district,
  - the MDE tuition billing system will invoice the resident district for the unreimbursed costs for providing special education services, special education transportation and the general education revenue.

# Cross-Subsidy Reduction Aid

- This Cross-Subsidy Reduction Aid component began in SFY 2020, and was created to limit the difference between the amount districts spend on special education and the revenue provided to districts specifically for special education purposes.
- The amount of *general education dollars used to cover this difference* is referred to as the “cross-subsidy.”
- The initial cross-subsidy is the total special education expenditures (including transportation), minus the total special education aid (with the tuition billing adjustment), minus the general education revenue generated by students receiving special education services if receiving more than 60 percent of their special education services outside of a regular classroom (i.e., a federal instructional setting greater than two).
- The cross-subsidy reduction aid is calculated by first determining a district’s initial cross-subsidy from the previous fiscal year; then applying 6.43 percent.
  - This percent increased for SFYs 2024 through 2026 to 44 percent, and 50 percent starting in SFY 2027 and later.

# Comparison with Other Districts

We should not compare our special education expenditures, including per pupil amounts, with other districts because;

- Teacher costs could be higher
- They may have more students attending intermediate/coop
- Programming structure may be different
- They could be using federal funds to cover tuition billing
- Their transportation costs may be lower
- Maintenance of Effort (MOE)

# Quick review of WPS SpEd (Fin 740) Expenditures

Row Labels	Actual	Actual	Actual	Actual	Actual	Original Budget	Revised Budget
740	2018-19 FYTD Activity	2019-20 FYTD Activity	2020-21 FYTD Activity	2021-22 FYTD Activity	2022-23 FYTD Activity	2023-24 Original Budget	2023-24 Revised Budget
Expense for Fin 740 ONLY	\$17,125,796.74	\$18,371,328.66	\$18,946,521.80	\$18,811,141.54	\$20,631,855.55	\$22,276,650.76	\$22,757,835.66
\$ Change Year to Year		\$1,245,531.92	\$575,193.14	-\$135,380.26	\$1,820,714.01	\$1,644,795.21	\$2,125,980.11
% Change Year to Year		7.27%	3.13%	-0.71%	9.68%	7.97%	10.30%
Estimated "Cross Subsidy" amount covered by General Education Revenue:		\$485,757.45	\$224,325.32	* N/A	\$710,078.46	\$411,198.80	\$531,495.03

- \* NOTE(s):
- Only looking at State Special Education Expenditures (Fin 740)
  - Cross Subsidy estimates go from roughly 39% through FY2022-23 to an estimated 25% in FY2023-24 (per previous slide)
  - Utilizing Federal dollars starting in FY2024 to cover Tuition Billings. Will reduce cross subsidy impact covered by general education revenue
  - Delay in receiving aid for Special Education State expenditures (Fin 740)
    - State special education aid, including aid for special transportation, is based on prior year expenditures
    - Typically, Special Education State Aid for the current fiscal year won't be received until after January of the following fiscal year

# YOY Student Count Data

Child count: Wayzata Residents attending IN or OUT of Wayzata Public Schools																	
12/1/07-12/1/23																	As of 1/17/2024
	12/1/2007	12/1/2008	12/1/2009	12/1/2010	12/1/2011	12/1/2012	12/1/2013	12/1/2014	12/1/2015	12/1/2016	12/1/2017	12/1/2018	12/1/2019	12/1/2020	12/1/2021	12/1/2022	12/1/2023
Total Child Count	880	965	935	986	1,010	1,005	981	979	1,024	1,091	1,136	1,185	1,262	1,325	1,368	1,583	1,743
Public													1,245	1,294	1,333	1,550	1,710
Non-Public													17	31	35	33	32
Public Enrollment	9,456	9,543	9,749	9,956	10,078	10,399	10,581	10,842	11,130	11,608	12,044	12,373	12,735	12,549	12,724	13,032	13,347
Non-Public Enrollment	1,802	1,803	1,719	1,763	1,757	1,712	1,609	1,578	1,582	2,307	1,599	2,072	2,364	1,814	1,863	2,147	1,827
Total Enrollment	11,258	11,346	11,468	11,719	11,835	12,111	12,190	12,420	12,712	13,915	13,643	14,445	15,099	14,363	14,587	15,179	15,174
Percentage SPED	7.82%	8.51%	8.15%	8.41%	8.53%	8.30%	8.05%	7.88%	8.06%	7.84%	8.33%	8.20%	8.36%	9.23%	9.38%	10.43%	11.49%

# YOY Student Count Data

TOTAL Sped Served (includes resident and non-resident)

Data pulled from MARSS07 Report FINAL EOY Report

		2016-17	2017-18	2018-19**	2019-20	2020-21	2021-22	2022-23	2023-24
<b>MARSS07</b>	Fall FINAL	1,071	1,135	1,114	1,256	1,291	1,380	1,570	1,774
<b>MARSS07</b>	EOY FINAL	1,249	1,297	1,340	1,412	1,489	1,607	1,860	
				** Fall from November submission					
	Difference Fall to Fall		64	-21	142	35	89	190	204
	Difference EOY to EOY		48	43	72	77	118	253	
	Difference from Fall to EOY	178	162	226	156	198	227	290	
	Difference EOY to Fall		-114	-183	-84	-121	-109	-37	-86

*Note: MARSS07 would be any student SERVED during the school year, even if for one day*

# 2024-25 Next Steps for State Special Education Budgeting Planning

- Continued planning/working on the FY2024-25 Preliminary Budget for Special Education
- Will be part of the budget the School Board adopts 2024-25 before July 1<sup>st</sup>



# QUESTIONS

Scott LeSage, Executive Director, Finance & Operations  
Jen Welk, Finance Manager

## **DRAFT Version 1.0 WPS Board Handbook Table of Contents**

1. School Board Members and Superintendent
2. Strategic Roadmap
3. District Equity Commitment
4. District Organizational Chart
5. Role and Responsibilities of the School Board
  - a. Governance and Management
  - b. Who reports to the School Board
6. What is governance? (Throughline of Educational Leadership)
7. School Board Policies
  - a. Policy 201 - School Board Powers and Duties
  - b. Policy 204 - School Board Member Code of Ethics
  - c. Policy 210 - School Board Meetings - Open and Closed
  - d. Policy 212 - Public Participation in School Board Meetings
8. Standard Operating Procedures
9. Expectations and Guidelines of a School Board Member:
  - a. School Board Meetings
  - b. Committees of the Board
  - c. Leadership
  - d. Characteristics of Effective School Boards
  - e. Interaction, Working Professionally & Respectfully
  - f. Legal Obligations
  - g. Communication Norms
  - h. Community Engagement
10. Election and Role of Board Officers
11. Committees of the Board
  - a. Facilities Development and Long Range Planning
  - b. Finance and Operations
  - c. Human Resources
  - d. Policy and Regulation Review
  - e. Community Relations
  - f. Superintendent's Evaluation, School Board Compensation, and Board Development
  - g. Teaching and Learning
  - h. Ad Hoc - Diversity, Equity, and Inclusion
12. School Board Member Appointments and Other Assignments
13. References