

**Long-Term Facilities Maintenance (LTFM) Revenue
New Uniform Financial Accounting and Reporting Standards (UFARS)
Codes available for use July 1, 2016**

June 16, 2016

New *finance codes* for accessibility and deferred maintenance provide facility component categories to track expenditures that are comparable with other school districts. New *program codes* provide separation by LTFM funding status to record expenditures funded by formula revenue, additional Health and Safety (H&S) revenue, and by major capital project (Fund 06). A new *source code* is used to record state aid. A new *balance sheet account code* is provided for revenue reserve requirements. Also, see the note for recording of arbitrage fees and penalties.

Finance Codes:

367 – Accessibility

Record expenditures for increasing accessibility of school facilities owned by the school district by removing architectural barriers to meet the needs of persons with a disability.

368 – Building Envelope (excluding roof)

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 383.

369 – Building Hardware and Equipment

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.

370 – Electrical

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.

379 – Interior Surfaces

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.

380 – Mechanical Systems

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 366. For upgrades to fire systems to comply with state fire marshal orders, use Finance 363. For upgrades to ventilation to remove hazardous fumes use, Finance 349.

381 – Plumbing

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 380, Mechanical Systems.

382 – Professional Services and Salary

Record expenditures for professional services and in-house salary for work performed on deferred capital and maintenance projects to prevent further erosion of facilities.

383 – Roofing Systems

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.

384 – Site Projects

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 are authorized in Minnesota Statutes, section 123B.595. Examples include parking lots, lighting, tennis courts, fencing, playground, stadium bleachers, and field turf replacement.

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

Program Codes:

865 – LTFM Excluding Costs in Program Codes 866 and 867 (Fund 01 and/or Fund 06)

Record costs for LTFM projects not included in Program Code 866 and 867 including all Deferred Maintenance projects, all Health and Safety projects in Finance Codes 347, 349, and

352 and Health and Safety projects costing less than \$100,000 per site in Finance Codes 358,363 and 366 (Fire Safety, Asbestos and Indoor Air Quality).

**866 – LTFM – \$100,000 to \$1,999,999
per site for Finance Codes 358, 363 and 366 (Fund 01 and/or Fund 06)**

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

867 – Long-term Facilities Maintenance (LTFM) - \$2,000,000 or more per Site (Fund 06)

Record costs for LTFM projects that are \$2,000,000 or more per site. Program Code 867 can only be used with Fund 06 – Building Construction Fund.

Source Code:

317 –LTFM Aid

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.

Balance Sheet Account:

467 – Restricted/Reserved for LTFM

Represents available resources to be used for LTFM projects in accordance with the Ten-Year Plan.

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.