

# Building Education Buildings....

*.....Within a Budget!*

**March 2, 2019**

**Kim McPherson, C.P.A.**

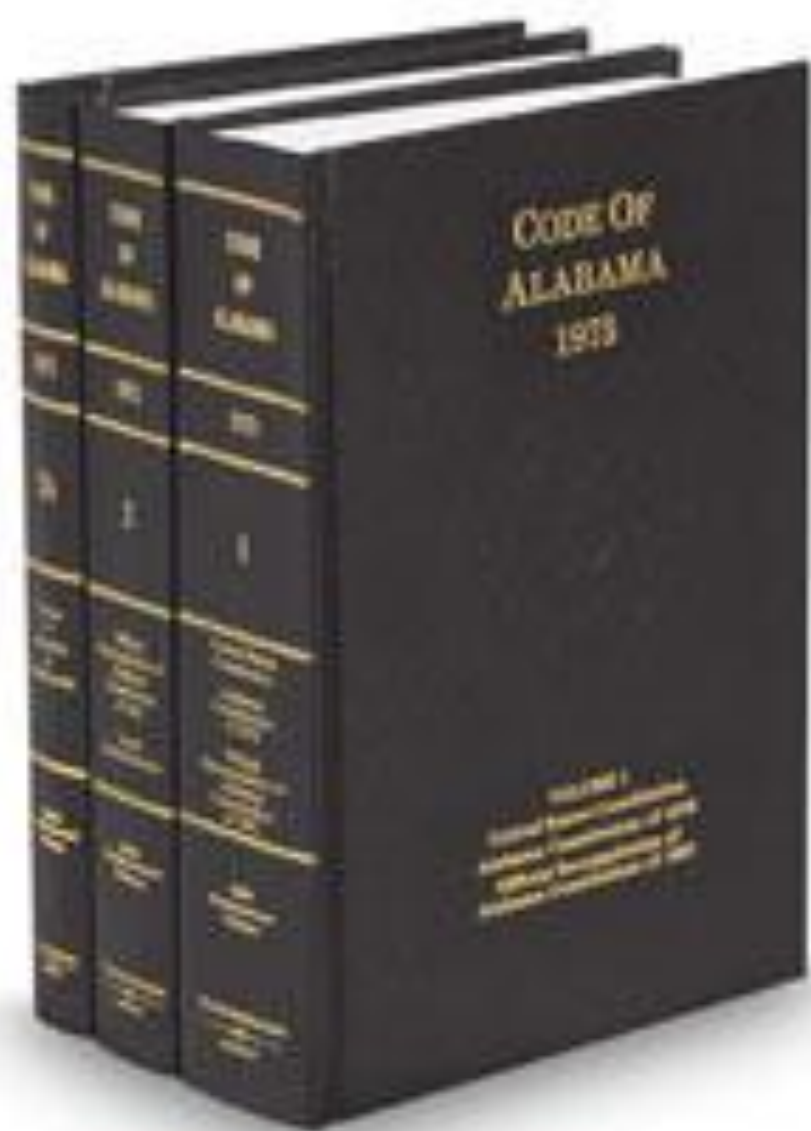
**Criterion Consulting, LLC**



# Outline: Building Education Buildings

- Legislation & Definitions
- Annual School Capital Planning Process
- Information Drivers
- Project Classifications
- Capital Asset Inventory
- Funding
- Public School Fund (PSF)
- School Site Requirements
- Resources and Information





## Section 16-8-40

**Acquisition of property; right to sue and contract; execution of process.**

(a) The county board of education shall have the right to acquire, purchase ..., lease, ...and convey the title to real and personal property for school purposes.

*(School Code 1927, §132; Acts 1933, Ex. Sess., No. 87, p. 81; Code 1940, T. 52, §99.)*

## Section 16-11-12

### **Acquisition, maintenance, etc., of property - Generally.**

The city board of education shall have the full and exclusive rights within the revenue appropriated for such purposes,..., to purchase real estate,..., and to sell the same, and to make expenditures for the maintenance and repairs of the school grounds, buildings and other property, to establish and build new schools, to superintend the erection thereof, to purchase sites therefor, to make additions, alterations and repairs to the building and other property erected for school uses, and to make necessary and proper notes, contracts and agreements in relation to such matters....

*(School Code 1927, §201; Code 1940, T. 52, §161.)*

## **Section 16-13-301**

### **Definitions.**

The following terms as used in this article shall have the following meanings:

(1) BOARD. Any county board of education and any city board of education.

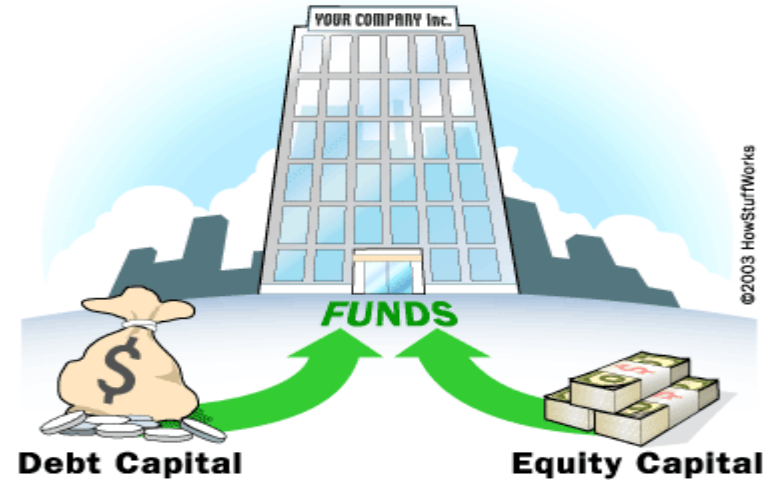
(2) COSTS. When used with reference to or in connection with any public school facility . . . ., costs of **acquiring, constructing, altering, enlarging, extending, reconstructing, or remodeling** . . . ., including (i) the costs of all lands, structures, real or personal property, . . .(ii) the costs of demolishing . . .; (iii) the costs of all machinery, equipment, . . . and (iv) the costs of architectural, engineering, financial, and legal services incurred in connection with the acquisition or construction of all or any part of such public school facility and the financing thereof, including the expenses of preparing plans, specifications, surveys, and studies to determine the financial or engineering feasibility of such public school facility . . . .

*(Act 2011-631, p. 1495, §2.)*

*Capitalized*

**CAPITAL**

*capital gain/loss*



# What is “capital”?

“**Capital**” can mean many things. Its specific definition depends on the context in which it is used. In general, as a noun, it refers to financial resources available for use to create wealth.

## “**Capital expenditure**” (adjective)

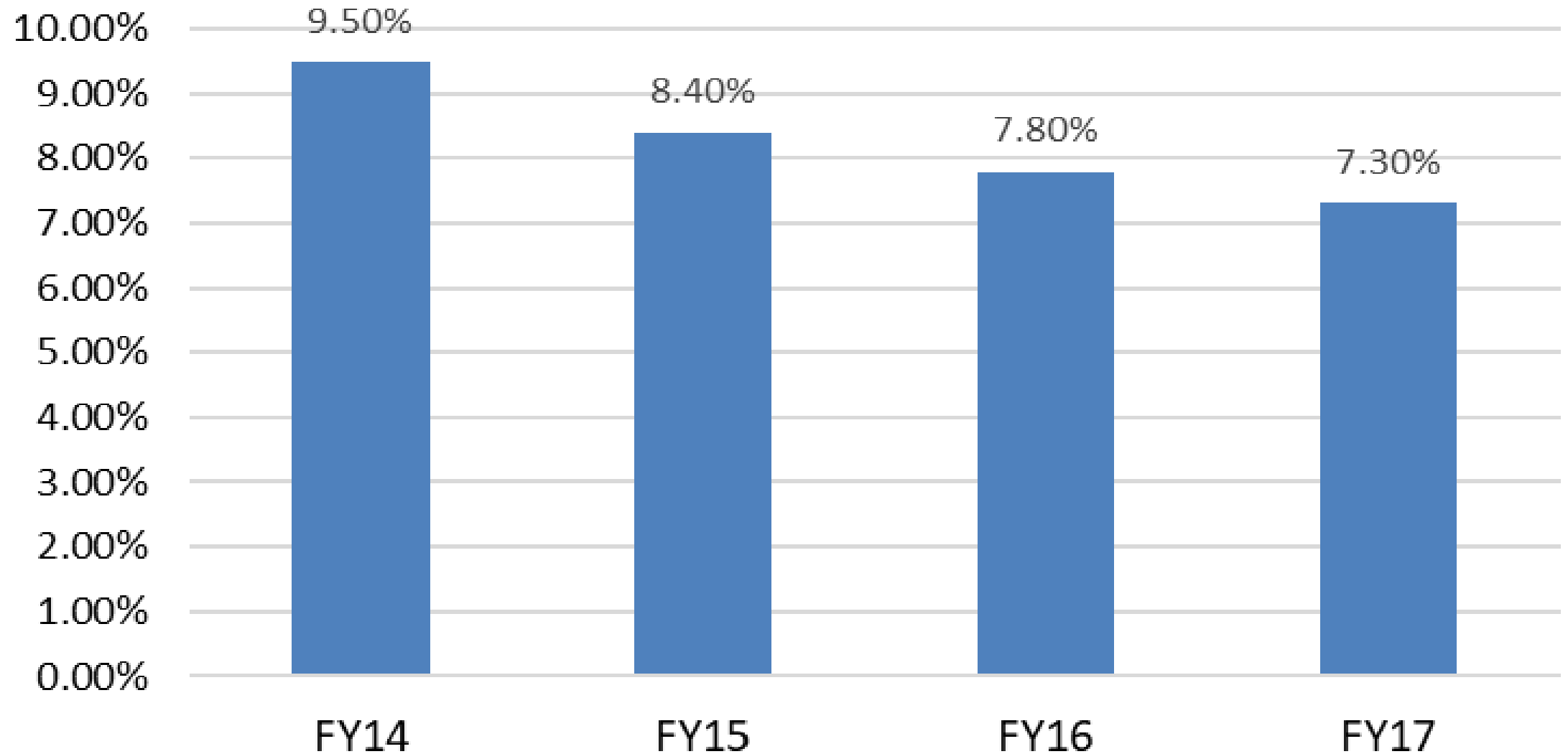
Expenditures for which the benefit is not exhausted within the current year but is enjoyed over a long time period. Such expenditure is of non-recurring nature and results in acquisition of permanent “capital” assets.



# In Alabama School Districts FY17

- Capital Expenditures represented:
  - \$518 M or 6.2% of total expenditures for real property purchases (buildings and land)
  - \$93 M or 1.1% of total expenditures for personal property (vehicles, equipment, etc.)
  - \$611 M or 7.3% of total expenditures for capital projects

## LEA % of Capital Exp to Total Exp



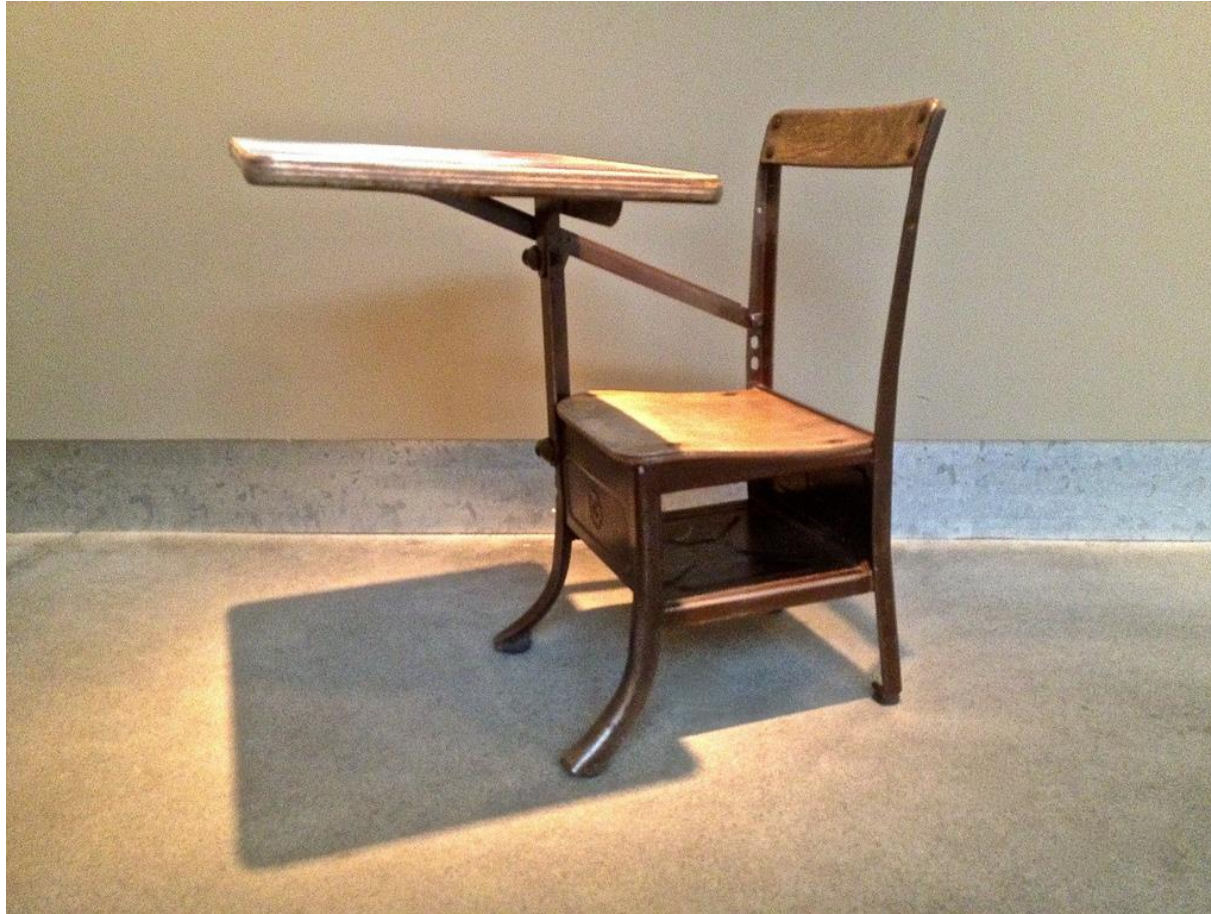
# What is a “Capital Asset”?

Capitalized **Personal Property - Equipment** (Costing more than \$5,000 per unit and meeting the following criteria.)

- 1. Retains its original shape and appearance with use.
- 2. Under normal conditions is expected to serve its intended purpose for longer than one year, and;
- 3. Is non-expendable; that is, if the item is damaged or some of its parts are worn out, it is more feasible to repair the item than to replace it with a new unit.

Capitalization Threshold for **Real Property (Buildings, Improvements)** is \$50,000 (no threshold for land)

Is this a capital asset?



# Is this a capital asset?



# Is this a capital asset?



# Is this a capital asset?



Is this a capital asset?





# Is this a capital asset?



Is this a capital asset?



## When must you use an architect?

State Law requires that alterations, additions, renovations, and new construction, regardless of cost, shall utilize an architect. The system should contact the Alabama Building Commission for proper interpretation of this law as there may be projects that don't necessarily apply.



# ALSDE Capital Plan Submission Notice

*Comes to  
Superintendents  
in summer*



STATE OF ALABAMA  
DEPARTMENT OF EDUCATION



Eric G. Mackey, Ed.D.  
State Superintendent of Education

Alabama  
State Board  
of Education

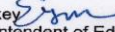
June 29, 2018

Governor Kay Ivey  
President

**MEMORANDUM**

**TO:** City and County Superintendents

Jackie Zelgler  
District I

**FROM:** Eric G. Mackey   
State Superintendent of Education

Betty Peters  
District II

**RE:** Submission of the FY 2019 Capital Plan

Stephanie Bell  
District III  
Vice President

The FY 2019 Capital Plan is due no later than **September 21, 2018**. This date is **critical!** There is conversation concerning another PSCA Bond Issue being provided by the Legislature for capital improvements. It is imperative that your Capital Plan be as accurate as possible to reflect your needs—especially in the first two years of your plan. Projects addressing severe conditions at your facilities should receive high priority within your plan. Since this is a five-year plan, it must include projects for fiscal years **2019, 2020, 2021, 2022 and 2023**. Also, it is critical that your system's inventory and building assessment data (SAFE) be accurate as this information could influence distribution of funds. Submission directions and reminders are as follows:

Yvette M. Richardson, Ed.D.  
District IV

- The Capital Plan must be developed and submitted by a Certified Capital Planner.

Ella B. Bell  
District V

- The Alabama School Capital Planning Process (ASCPP) must be followed.

Cynthia McCarty, Ph.D.  
District VI  
President Pro Tem

- To access the application, Capital Planners should go to <https://aim.alsde.edu> and log in using AIM login credentials. If the Capital Planner is new to AIM, a new account must be created. Instructions are provided in the document attached. Once logged into AIM, an application inventory screen will appear with a tile for each application for which a user is granted access. If you do not see a Capital Plan tile, then verify that all personnel needing access to the report are correctly shown in the Education Directory.

Jeff Newman  
District VII

- A confirmation (sign off) is needed by the Capital Planner only. This confirmation certifies that the Capital Plan has been approved by the local Board of Education. Confirmations are also needed by the Capital Planner if changes are made after the original plan submission.

Mary Scott Hunter, J.D.  
District VIII

- All projects that are \$50,000 and greater must be in the plan, even though the funding source may be unknown. Projects less than \$50,000 are encouraged to be included in the plan but are optional.

Eric G. Mackey, Ed.D.  
Secretary and  
Executive Officer

If you have questions concerning the Capital Planning Process, contact E. Perry Taylor at (334) 242-9731.

If you have questions about the Capital Planning submittal process, contact Nancy Dailey at (334) 242-9719 or by email at [ndailey@alsde.edu](mailto:ndailey@alsde.edu).

Thank you.

EGM/EPT/NFD  
Attachment  
cc: Capital Planners  
FY18-3038

# Annual School Capital Planning Process

1995 Accountability Law required a long-range capital plan.

Due to ALSDE by **September 15** – required for participation in Public School Fund (PSF) and other funding opportunities. **Public School Funds (PSF) cannot be released until the Capital Plan has been received.**

- One certified “Capital Planner” at each LEA to guide Capital Planning Committee **(Discuss CSFO involvement)**
  - Local Superintendent (chair)
  - 2 public members (a parent and a community representative)
  - 1 local school board member
  - 2 community professionals (teachers, bankers, facilities manager)
  - Ex-officio members – community consulting experts, design and construction
- One certified “Facility Assessor” at each LEA to maintain the SAFE database, a driver for local capital planning

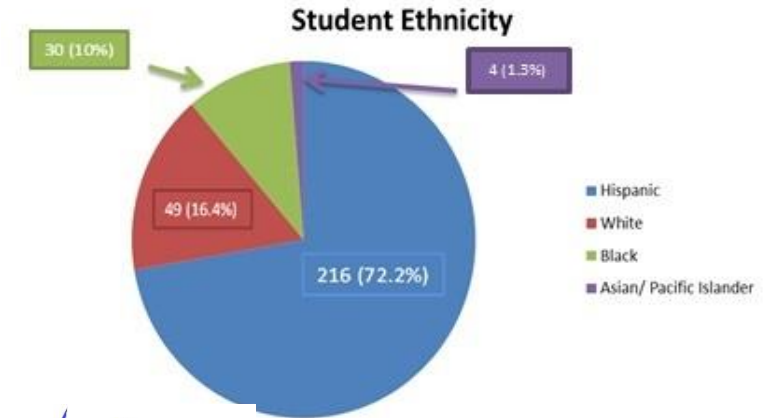
# ASPMA Conference



The Alabama School Plant Management  
Association Conference  
Perdido Beach Resort in Orange Beach,  
Alabama, April 14-17, 2019

# Information Drivers for Capital Planning

1. Student Enrollment/Demographic Data



2. Existing Facility Assessment Data



3. Educational Programming Data



# Project Classifications:

New School/Additions/Renovations

Information Technology

Roofing

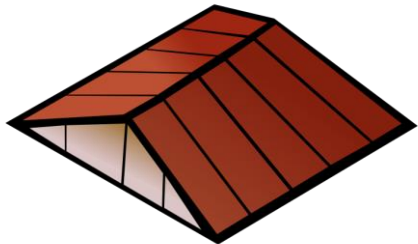
HVAC

Electrical

Land Acquisitions/Improvements

Building Replacements

Vehicles/Buses

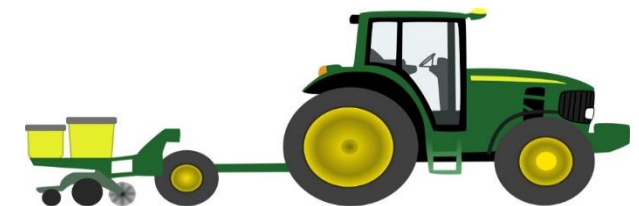




# “Capital Plan” versus “Capital Budget”

*“The Capital Plan ( by Law) is required for a system to receive PSF or capital purchase funds. It is meant to address the facility and technology needs of the system.....Buses, trucks , mowers, supplies are not ..... included in plan. A system can get as detailed as it wants to in there but it was meant to prioritize the long range facility needs in an orderly fashion. ....never intended to include every dime of capital funding.”*

Perry Taylor, ALSDE School Architect



# Boaz City 5-Year Capital Plan

## System: Boaz City

Project Name	Project Classification	Project Budget	Funding Year
BES Flooring	Renovations	\$275,000.00	2019
BHS Resurfacing & Paving	Land Improvements	\$80,000.00	2019
BHS VIP Parking, Striping, & Drainage	Land Improvements	\$80,000.00	2019
BMS Expansion/Portables	Additions	\$10,000,000.00	2020
CES/BES/BIS (reconfiguration)	Additions & Renovations	\$20,000,000.00	2023
BHS Expansion	Additions	\$12,000,000.00	2023
CES HVAC Replacement	HVAC Only	\$100,000.00	2019
BHS Electrical	Electrical Only	\$50,000.00	2021
BHS Auditorium/Theatre	Renovations	\$4,000,000.00	2022

# Capital Asset Inventory

Should be performed annually.



ALSDE can provide Age of Buses Comparison report.

Fiscal Year End Financial Statements should reflect totals that have been reconciled to verified subsidiary listings of land, buildings, vehicles, equipment and construction in progress.

**STATE OF ALABAMA**  
**For Fiscal Year Ended September 30, 2018**

**Exhibit F-I-A**

Description	GOVERNMENTAL			PROPRIETARY	FIDUCIARY	ACCOUNT	
	General	Special Revenue	Debt Service	Capital Projects	Enterp/ Internal	Trust Agency	GROUPS F/A L/T Dept
<b>Assets and Other Debits:</b>							
<b>Assets:</b>							
Cash	\$4,177,743.17	\$954,118.07	\$2,085,739.78	\$5,344,954.64	\$0.00	\$263,436.62	\$0.00
Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,508.93	\$0.00
Receivables	\$230,984.73	\$352,293.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Receivables	\$84,871.09	\$61,014.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Inventories	\$0.00	\$61,791.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Assets							
<b>Fixed Assets</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$36,295,517.17</b>
Construction In Progress							
<b>Other Debits:</b>							
Amounts Available	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,944,072.44
Amounts to be Provided	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,537,367.49
Other Debits							
<b>Total Assets and Other Debits:</b>	<b>\$4,493,598.99</b>	<b>\$1,429,217.15</b>	<b>\$2,085,739.78</b>	<b>\$5,344,954.64</b>	<b>\$0.00</b>	<b>\$266,945.55</b>	<b>\$54,776,957.10</b>
<b>Liabilities and Fund Equity:</b>							
<b>Liabilities:</b>							
Claims Payable	\$13,629.92	\$1,405.36	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Payable	\$48,626.75	\$97,259.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Liabilities	\$2,625.63	\$22,997.17	\$141,447.32	\$2,312.01	\$0.00	\$0.00	\$0.00
Long-Term Liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18,481,439.93
<b>Total Liabilities:</b>	<b>\$64,882.30</b>	<b>\$121,661.62</b>	<b>\$141,447.32</b>	<b>\$2,312.01</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$18,481,439.93</b>
<b>Fund Equity:</b>							
Investments in General Fixed Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$36,295,517.17
Contributed Capital							
Reserved Fund Balance	\$191,391.49	\$61,791.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Unreserved Fund balance	\$4,237,325.20	\$1,245,764.26	\$1,944,292.46	\$5,342,642.63	\$0.00	\$266,945.55	\$0.00
<b>Total Fund Equity:</b>	<b>\$4,428,716.69</b>	<b>\$1,307,555.53</b>	<b>\$1,944,292.46</b>	<b>\$5,342,642.63</b>	<b>\$0.00</b>	<b>\$266,945.55</b>	<b>\$36,295,517.17</b>
<b>Total Liabilities and Fund Equity:</b>	<b>\$4,493,598.99</b>	<b>\$1,429,217.15</b>	<b>\$2,085,739.78</b>	<b>\$5,344,954.64</b>	<b>\$0.00</b>	<b>\$266,945.55</b>	<b>\$54,776,957.10</b>

# Funding for Capital Expenditures

1. Local Funds (public and non-public)
2. Public School Fund (PSF) for capital improvement (3 mill property tax)
  - a. Annual allotment (Match Requirement)
  - b. PSF Leverage
3. Fleet Renewal Funds
4. Borrowed Funds

“A Board shall obtain the prior written approval of the State Superintendent for the issuance of any warrants under [Act 2011-631].”
5. State or Federal Grants – Discuss PSCA

**NOTE: “Planning” DOES NOT NECESSITATE “funding”!**

# PSF – Capital Purchase Funds

Annual allocations...may be carried over to spend in subsequent fiscal years. Debt payments on capital projects, purchased and leased equipment (and service agreements), and any “public works” expenditures under Public Works Law are allowable costs.

## *(Discuss Flexibility)*

**Code of Alabama 1975**, S 16-13-234 provides that these funds be used by local boards of education *“for capital outlay projects, including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school facilities, for the purchase of land for public school facilities and for the acquisition and/or purchase of education technology and equipment.”*

# School Site Requirements

The school grounds must be large enough to provide outdoor areas for physical education and recreation. The minimum requirements for school sites are as follows:

- (1) elementary school (any combination of Grades K-8)
  - (a) base of five acres of land plus one acre for each 100 students
- (2) middle school (a combination of grades 4-9, but not including both grades 4 and 9)
  - (a) base of ten acres of land plus one acre for each 100 students
- (3) secondary school (any combination of grades 5-12 but must contain a grade above eight)
  - (a) existing - base of 15 acres of land plus one acre for each 100 students.
  - (b) proposed - base of 30 acres of land plus one acre for each 100 students.
- (4) unit school -includes grades below five and above eight with a principal on a single campus.
  - (a) existing - minimum of 25 acres of land
  - (b) proposed - minimum base of 30 acres of land plus one acre for each 100 students.
- (5) Area Vocational Schools.
  - (a) minimum of 10 acres of land

# Classroom Design: Square Ft. Per Student

- 1<sup>st</sup> gr – 12<sup>th</sup> gr 27 to 30 square feet per student
- Kindergarten 45 square feet per student





<http://www.alsde.edu/sec/sarch/Pages/home.aspx>

Web Site for ALSDE School Facilities:



Perry Taylor

Asst. State Supt. of Education  
LEA Auxiliary Support Services

P. O. Box 302101

Montgomery, AL 36130-2101

Telephone: 334-694-4602

Fax: 334-694-4976

Email: [ptaylor@alsde.edu](mailto:ptaylor@alsde.edu)



# Alabama State Department of Education

Application Login

- Department Offices
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- Support Systems
- Education Professionals
- Schools & Systems
- Data Center
- Communications
- Calendar

Every Child a Graduate. Every Graduate Prepared.

**Department Offices**

...for College/Work/Adulthood in the 21st Century

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ALABAMA SCHOOL ARCHITECT

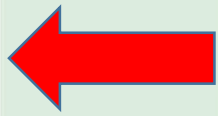
Superintendent Memoranda

or exchange of state-owned property by county systems.



Mortimer Jordan High School

- Capital Plan Report
- LEA Capital Plan Contacts
- LEA SAFE Contacts
- Portables
- FAQs



- Public Works Law
- Deeds and Leases
- Site Requirements
- Contacts
- Construction Approval Form

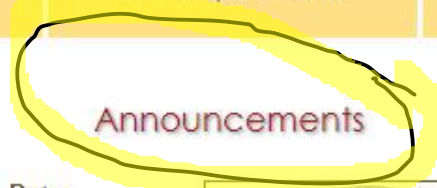


STATE OF ALABAMA BUILDING COMMISSION

Welcome to the Alabama Building Commission

The Commission's primary function involves promulgating and enforcing the State Building Code through plan reviews, inspections and serving as the state's contract administrator for state-funded construction. The State Building Code applies to the following:

- State Buildings and Construction
- Schools (Public and Private)



Announcements

ASPMA Dates

The Alabama School Plant Management Association Conference will be at the Perdido Beach Resort in Orange Beach, Alabama, April 15-18, 2019!



ALABAMA STATE DEPARTMENT OF EDUCATION

CONSTRUCTION REQUIREMENTS FOR COUNTY AND CITY PUBLIC SCHOOLS

PROJECTS TOTALLY FUNDED WITH LOCAL FUNDS AND SUBMITTAL OF ALL PLANS AND SPECIFICATIONS

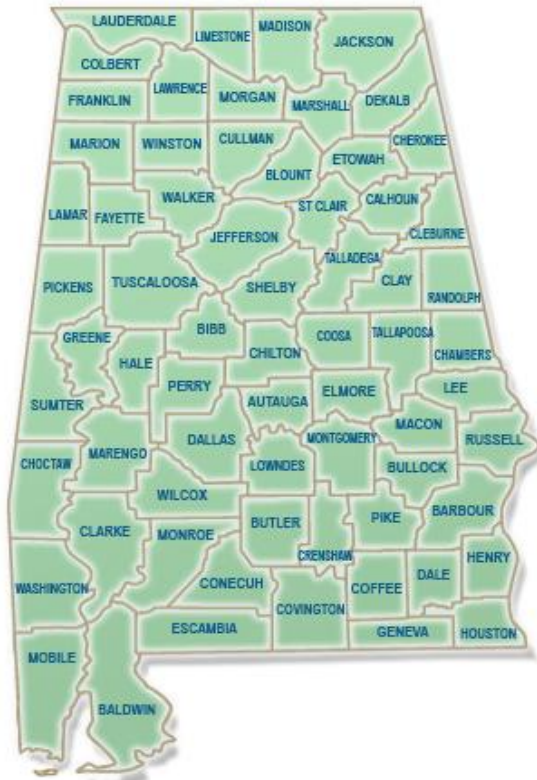


Every Child a Graduate. Every Graduate Prepared.

Search...



School Architect > Capital Planners: Randolph County



Click on a county on the map to see Capital Planner information for that county. Hover over the map to display county names.

**Randolph County Capital Planner(s):**

**John Jacobs**

Email: [jjacobs@randolphboe.org](mailto:jjacobs@randolphboe.org)

Phone: 256-357-4611

**Roanoke City Capital Planner(s):**

**Chuck Marcum**

Email: [cmarcum@roanokecityschools.org](mailto:cmarcum@roanokecityschools.org)

Phone: 334-539-5170

**Jamie Taylor**

Email: [jtaylor@roanokecityschools.org](mailto:jtaylor@roanokecityschools.org)

Phone: 334-539-5278

<http://www.bc.alabama.gov/>

Web Site for Alabama Building Commission



**Frank Barnes  
Director**

**RSA Plaza**

**Mailing Address:  
P O Box 301150  
Montgomery, Al 36130-1150**

**Street Address:  
770 Washington Ave Suite 444 Montgomery Al 36104**

**Phone: (334) 242-4082**

**Fax: (334) 242-4182**

# Alabama Risk Management (ARMS)

<http://www.riskmgt.alabama.gov/insfund.aspx>

## **Survey of Property**

All properties insured by the State Insurance Fund are surveyed to determine condition, correctable hazards and value. The appropriate official of the insured will be contacted to briefly outline the purpose and procedure for the survey. A DORM Loss Control Specialist will then physically inspect, measure, value, and photograph each building/structure. It is important that access be given to each building and any available blueprints. The specialist will provide the appropriate official a weekly summary of survey work until the work is complete. At completion of the survey, the specialist will make recommendations for corrective actions. The insured should provide a status on recommended actions within thirty days.

# Certification of Properties

- Pursuant to §41-15-4(b), Code of Alabama 1975, "the officer or person having charge by law of insuring any public building shall annually certify to the Department of Finance the description and value of all buildings and equipment under his supervision or control on forms prescribed by the department for the purpose of showing the character of the risk and determining the rate of premium. No coverage shall be issued unless such certificate is on file in the office of the Department of Finance or the Director has waived, in writing, the filing of the same."
- Property Certifications are mailed in May of each year. The Insured is requested to review the list of properties, make changes, deletions, or additions, and return the certification to DORM. The Certifications must be returned to DORM prior to June 30.

# Questions?



[kmcpherson@criterionk12.com](mailto:kmcpherson@criterionk12.com)

(205) 915-0603

