

**IOWA AREA EDUCATION AGENCIES
PROCEDURES FOR FACILITIES APPROVAL
BY THE STATE BOARD OF EDUCATION OR DESIGNEE**

In submitting facility and site proposals for consideration, a three-week lead time should be provided to the Department of Education for review of the materials and a notice of final action to the Area Education Agency. The Department will attempt to process requests in less than this time frame; however, a minimum of three weeks should be anticipated by the Area Education Agency on any requests requiring approval by the State Board of Education or Director of Education as designee.

The authority and responsibility for approval of Lease Purchase Agreements lies with the State Board of Education or its designee as stated in Section 273.3 (7), Code of Iowa.

The following information must be provided to the Department on all sites and/or facility requests:

1. A statement of justification of the need for the proposed new facility or remodeling of an existing facility, including anticipated use. If there is an old facility being replaced by a new building, provide the rationale for the replacement and what will be done with the old facility.
2. A statement, supported by a survey, that no school facilities are available in the area to be used for this purpose. The AEA should provide a written notification to all districts in the AEA of its intent to replace or expand the office space to determine if any suitable facilities are available for use. This survey should be included with the request for approval.
3. The source of funds used to complete the project and a draft copy of the Lease/Purchase Document. Facility improvement projects that are approved can be financed in accordance with the guidance from the Department on June 6, 2011. That guidance stated that the Department would continue to review leases, purchases or lease-purchases of AEA facilities and buildings, including repairing, remodeling, reconstruction, improvements, or additions, but would no longer require that the AEA finance construction or repairs via lease-purchase agreements. Routine maintenance performed primarily by custodial or maintenance staff would continue to be exempt from Department review. The full text of that memorandum can be found on the Department's website.

AEAs will need to make the necessary transfers when appropriate according to budget instructions, *Uniform Administrative Procedures*, and *Uniform Financial Accounting for Iowa School Districts and AEAs*. Funds should not be transferred before payments are required and should not be budgeted prior to Department approval. A summary of the accounting procedures is included at the end of this document.

4. The estimated cost of the proposed new or remodeled facility. If new construction and remodeling are part of one proposal, these costs should be separated into separate projects. The costs should be reflected as square foot costs and should be broken down to show site, architectural, legal costs, etc.

The following state/federal requirements must be met:

- Chapter 104A, Code of Iowa, Handicapped Accessibility, and PL 94-142, Rehabilitation Act of 1973, Section 504, Program Accessibility, and the Americans With Disabilities Act of 1990.
- Fire and Life Safety regulations for schools and colleges. (Letters required)
- Chapter 104B, Code of Iowa, relating to Minimum Plumbing Facilities, if applicable.
- Chapter 470, Code of Iowa, "*Life Cycle Cost Analysis of Public Facilities*" (include a copy of this analysis and assurance statement, if applicable).

If the actual project cost exceeds the estimated cost by more than ten percent, please contact the Department.

5. Project information about the new or remodeled facility should include specifications and drawings of the proposed construction project.

Staff of the Department will review this material and a recommendation will be made to the Director. The Director may make a decision to approve, disapprove, or give conditional approval to the proposal. The Director may call for a conference with representatives from the Area Education Agency if it is felt there is a need for clarification or additional information.

A letter will be sent to the Area Education Agency by the Director of the Department indicating the action taken on the facility approval request proposal.

Accounting and Budgeting for the Project

AEAs do not have bonding or taxing authority. The primary source of revenue for either a capital project or for debt service for an AEA is a transfer from General Fund where the loan or lease-purchase proceeds and controlled funding are deposited and accounted for. Transfers from the General Fund to a Capital Projects Fund for a capital project, and transfers from General Fund to Debt Service Fund for repayment of long-term debt instruments, cannot be made until payments are due and payable and cannot be included on the budget until approval has been granted by the Department for the project prior to the budget publication date.

Prior to Department approval, the amount anticipated to be expended for the project may be recorded on the General Fund balance sheet as assigned to the extent funds exist in the General Fund to be assigned, provided the board or designee has expressed the intent to use existing funds toward the project. After Department approval, but before payments are due, the amount anticipated to be expended for the project or for debt service may be recorded on the General Fund balance sheet as committed, if committed by the board as the highest level of decision-making prior to June 30, to the extent funds exist in the General Fund to be committed.

Iowa Administrative Code includes the following pertinent information:

Appropriate expenditures in the general fund include, but are not limited to, the following:

- l. Transferring interest and principal to the debt service fund when due for loans to purchase equipment authorized under Iowa Code section 279.48 and loans to be used for energy conservation measures under Iowa Code section 473.20, in the case of a school district, where the original proceeds were accounted for in the general fund.
- m. Transferring interest and principal to the debt service fund when due for lease purchase agreements related to capital projects authorized under Iowa Code subsection 273.3(7), in the case of an area education agency.
- q. Transferring to a capital projects fund as funds are due to be expended on a capital project authorized under Iowa Code subsection 273.3(7), in the case of an area education agency.
(IAC 281--98.61(2)).

Inappropriate expenditures in the general fund include the following:

- b. Purchasing or constructing buildings or for capital improvements to real property except under special circumstances authorized by the school budget review committee, in the case of a school district, or except as authorized under Iowa Code subsection 273.3(7), in the case of an area education agency.
(IAC 281--98.61(3)).

In the case of an AEA, there should not be any balance remaining in a capital projects fund because none should have been transferred from the general fund until expenditures were due for payment. If there had been any balance remaining, it would be returned to the general fund immediately following the completion of the capital project. Section 278.1"e" does not apply to an AEA.

In the case of an AEA, there should not be any balance remaining in a debt service fund because none should have been transferred from the general fund until principal and interest payments were due for payment. If there had been any balance remaining, it would be returned to the general fund immediately following each payment of principal and interest in the fiscal year. Section 278.1"e" does not apply to an AEA.