

Fiscal Procedural Manual

FOR BUSINESS OFFICIALS IN CALIFORNIA COUNTY OFFICES OF EDUCATION

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

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In Partnership with

CCSESA
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Superintendents Educational
Services Association

BASC
Business and Administration
Steering Committee

ESSCO
External Services
Subcommittee



Facility Maintenance Accounts

Procedure 3

Revised 2/2018

I. OVERVIEW

Local educational agencies (LEAs) are required to establish a restricted ongoing and major maintenance account in the general fund if they participate in the state school building programs. The requirements for establishing a routine restricted maintenance account (RRMA) for facilities are based on an LEA's participation in the old Leroy Greene Lease-Purchase Program or the School Facility Grant Program. County offices are required to verify that restricted amounts have been set aside within the LEA's general fund budget, in either resource 8100 (Leroy Green Lease-Purchase Program) or resource 8150 (School Facility Grant Program).

II. RESTRICTED MAINTENANCE ACCOUNTS

- A. Education Code 17014 (b)(2): LEAs participating in only the Leroy Greene Lease-Purchase Program Law of 1976 are required to establish a restricted (account within the district's general fund for the exclusive purpose of providing moneys for regular maintenance and routine repair of school buildings) routine repair and regular maintenance fund (RRRMF) account (SACS Resource 8100).
1. The LEA must annually deposit a minimum of at least 2% of the LEA's total general fund adopted budget for the term of the lease agreement.
 - a. Under this program, participating school districts enter into a 40-year lease-purchase agreement with the state.
 2. A contribution to the RRMA may be provided in lieu of meeting the ongoing requirements for the RRRMF, per Education Code 17070.75(b)(2)(c).
- B. Education Code 17070.75: LEAs in the 1998 School Facility Grant Program (SFP) must annually deposit at least 3% of the LEA's total general fund adopted budget expenditures and other financing uses into an ongoing and major maintenance account called the RRMA (SACS Resource 8150).
1. The RRMA must be set up for the fiscal budget year following the fiscal year any SFP project(s) receives full grant funding.
 2. The district must make the first deposit that fiscal year and make additional deposits each fiscal year for 20 years.
 3. County offices are allowed to calculate the 3% based on the total general fund unrestricted expenditures. This exemption does not apply to the Lease-Purchase program.
 4. Districts that are the administrative unit for a special education local plan area (SELPA) are allowed to exclude the pass-through funds from the expenditures when making the calculation.
 5. Education Code 17070.766 reduced the required deposit to the routine restricted maintenance account from 3% to 1% for the 2008-09 through 2014-15 fiscal years for most LEAs, and to 0% for LEAs with facilities maintained in good repair pursuant to the Williams settlement and as defined in Education Code Section 17002.

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Education Code 17070.75 reduced the required deposit to the routine restricted maintenance account for the 2015-16 and 2016-17 fiscal years to the lesser of 3% of the total general fund expenditures for that fiscal year or the amount that the school district deposited into the account in the 2014-15 fiscal year.

For the 2017-18 to 2019-20 fiscal years, the minimum amount required to be deposited shall be the greater of the following amounts:

- (a) The lesser of 3% of the general fund expenditures for that fiscal year or the amount that the school district deposited into the account in the 2014-15 fiscal year.
 - (b) Two percent of the total general fund expenditures of the applicant school district for that fiscal year.
6. Proposition 51 contains a provision to apportion funds as the Education Code read on January 1, 2015.
- (a) The RRMA requirement on January 1, 2015 for fiscal years beyond 2014-15 was to deposit 3% of total general fund expenditures.
 - (b) Therefore, in the fiscal year after it receives Proposition 51 funding, the district should deposit 3% of the total general fund expenditures.
7. The state budget software's *criteria and standards* will validate that the minimum required percentage of the LEA's adopted budget has been set aside in the RRMA.

III. EXCEPTIONS

A. There are exceptions to both of the restricted maintenance programs.

1. Small school districts are exempt from the annual minimum contribution requirement; that is, elementary districts with less than 901 ADA, high school districts with less than 301 ADA, and unified school districts with less than 1,201 ADA (E.C. 17070.75).
 - a. Every school district, regardless of size, must establish and maintain an RRMA upon receipt of funds from the State Allocation Board, and certify that they can adequately maintain their facilities.
 - b. However, small exempt school districts can base the amount of the transfer into the account on the district's needs rather than the percentage established in the Education Code by doing the following annually:
 - Developing a maintenance plan and budget that identifies how the district will meet its facility needs.
 - Designate the amount less than 3% that is to be transferred into the RRMA.

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- Certify in an open board meeting that the amount to be transferred into the RRMA is sufficient to meet the district's facility needs.

IV. ROUTINE MAINTENANCE ACCOUNT EXPENDITURES ACTIVITIES

A. Funds may be used for maintenance and upkeep of any district facilities; their use is not restricted to facilities constructed or modernized under the State School Building Lease-Purchase Program.

B. Education Code 17014(c) under the Leroy Green Lease-Purchase Program states:

For purposes of this subdivision, the term "major maintenance, repair and replacement" means roofing, siding, painting, floor and window coverings, fixtures, cabinets, heating and cooling systems, landscaping, fences, and other items designated by the governing board of the school district.

C. Education Code 17070.75(b)(1) for the most current School Facility Grant Program states:

[The district shall] establish a restricted account within the General Fund of a school district for the exclusive purpose of providing moneys for ongoing and major maintenance of school buildings . . .

D. For additional direction in determining appropriate expenditures, LEAs may want to refer to the California School Accounting Manual (CSAM) Procedure 650 for the definition of what is considered maintenance.

V. COUNTY OFFICE OF EDUCATION RESPONSIBILITIES

A. Confirm that, as disclosed in the district's budget criteria and standards, the annual contribution for facilities maintenance funding is not less than the amount required by Education Code Section 17070.75.

VI. LEGAL CITATIONS

A. Education Code

- Sections 17002(d)(1) and 17014(1) through 17014(7)(d)
- Sections 17070.75 through 17070.77