

DEFERRED MAINTENANCE AND THE ROUTINE RESTRICTED MAINTENANCE ACCOUNT

Beginning with fiscal year 2013/14, the Deferred Maintenance program was incorporated in to the Local Control Funding Formula (LCFF) base funding. At this time, Education Code (EC) 17584, relating to the required district matching contribution, was repealed. The California Department of Education (CDE) has kept the Deferred Maintenance Fund open for districts that choose to continue operating the fund. The Deferred Maintenance Fund, Fund 14 for Standardized Account Code Structure (SACS) purposes, is classified as a special revenue fund, and requires an ongoing source of restricted or committed revenues. If the district chooses to continue using the Deferred Maintenance Fund, the governing board must commit LCFF revenue to Fund 14, and the revenue must be coded in object 8091 (LCFF Transfers – Current Year) from the General Fund to the Deferred Maintenance Fund.

Fund 14, Deferred Maintenance Fund

- A school district using Fund 14 must account for it pursuant to GAAP for special revenue funds, as previously discussed.
- If Fund 14 combined with the general fund for presentation in the audited financial statements, this is an indication that the fund does not meet GAAP. To avoid this:
 - Start using in accordance with GAAP, i.e., account for inflow correctly, or ensure ongoing inflows.
 - Close out fund; may expend remaining balance in Fund 14, but ideally should be done by the subsequent year.

E.C. 17070.75 requires school districts that receive state bond funds to establish and maintain an account for the ongoing and major maintenance of their facilities and to deposit at least 3% of their General Fund expenditures including other financing uses into a Routine Restricted Maintenance Account (RRMA) for this purpose.

Things to consider:

- i. Verify expenditures in resource 8150 to meet requirements.
 - 3% of total General Fund expenditures

- ii. 3% contribution is calculated on total General Fund expenditures, including other financing uses and inclusive of RRMA expenditures. Statute excludes the following resource codes from the total general fund expenditures calculation: 3212, 3213, 3214, 3216, 3218, 3219, 3225, 3226, 3227, 3228, 5316, 5632, 5633, 5634, 7027, and 7690. See comprehensive list below.

Automatically excluded:

Resource	Resource Name
3212	Elementary and Secondary School Emergency Relief II (ESSER II) Fund
3213	Elementary and Secondary School Emergency Relief III (ESSER III) Fund
3214	ESSER III Fund: Learning Loss
3216	Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve
3218	ELO Grant: ESSER III State Reserve Emergency Needs
3219	ELO Grant: ESSER III State Reserve Learning Loss
3225	After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve Summer Learning Program
3226	ASES Rate Increase: ESSER III State Reserve Afterschool programs
3227	21st Century Community Learning Centers (CCLC) Rate Increase: ESSER III State Reserve Afterschool Program
3228	21st CCLC: ESSER III Summer Learning Program
5316	Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement
5632	American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program
5633	ARP Homeless Children and Youth - Statewide Activities (ARP- HYC Statewide Activities)
5634	American Rescue Plan - Homeless Children and Youth II (ARP HYC II)
7027	Child Nutrition: COVID State Supplemental Meal Reimbursement
7690	STRS On-Behalf Pension Contributions

- iii. 3% contribution is developed based on budget but must be trued up using actual expenditures.
- Budget is monitored through the Criteria and Standards report.
 - Actual contribution will be audited as part of the School Facility Program Bond Audit.
- iv. If the district chooses to continue the use of Fund 14, the governing board must commit a portion of LCFF revenues.
- v. The reserve for economic uncertainties will increase if the expenditures typically incurred in Fund 14 are moved to the General Fund.

For further information, contact Roxanna Travers at roxanna.travers@sdcoe.net or your district's Business Advisor.