



Highlights of Governor's Proposals for the 2026-27

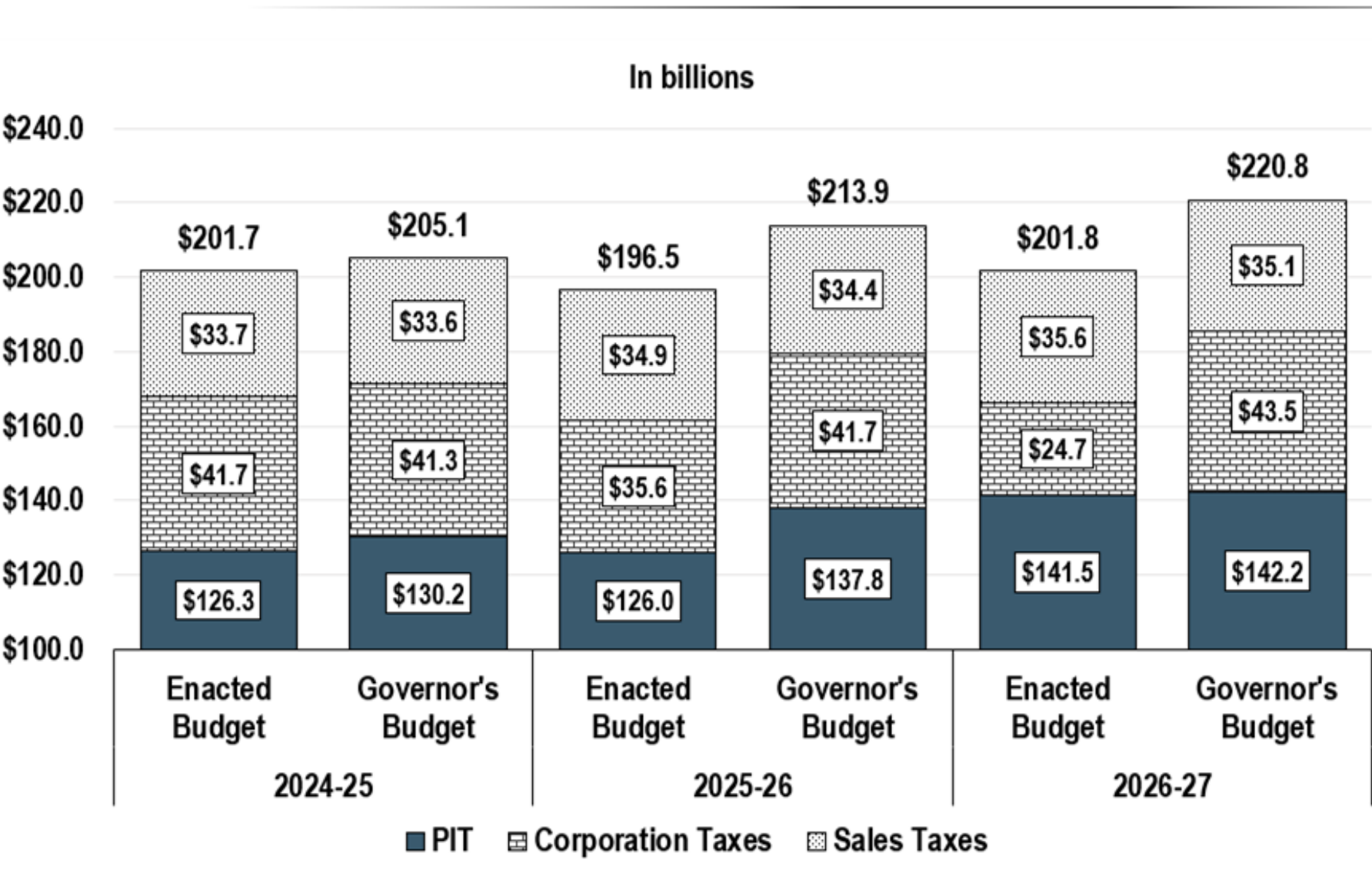
Summarized Impact For FMSD



Purpose of the Second Interim

- Realign FMSD MYP (Multi Year Projection) with State's Budget Proposal
- Summarize changes in other budget assumptions impacting MYP
 - Examples include (i) Funding updates, (ii) Staffing Changes, (iii) Carryover, etc.,
- **Board Action Required Under Ed Code**
 - School Boards are required to certify updated projection for the current year and two subsequent years twice a year (Interim Reports)
- In accordance with Ed Code 42130, 33127, 33129, AB 1200 & AB 2756
 - Typically, During December and March of each year
 - MYP include 25-26, 26-27, and 27-28

“Big Three” Taxes



Compared to the Enacted Budget, the Governor assumes “Big Three” tax revenues are higher by \$20.8 billion for 2024-25 and 2025-26 combined

- Personal income taxes (PIT) increase by \$15.7 billion
- Corporation taxes increase by \$5.7 billion

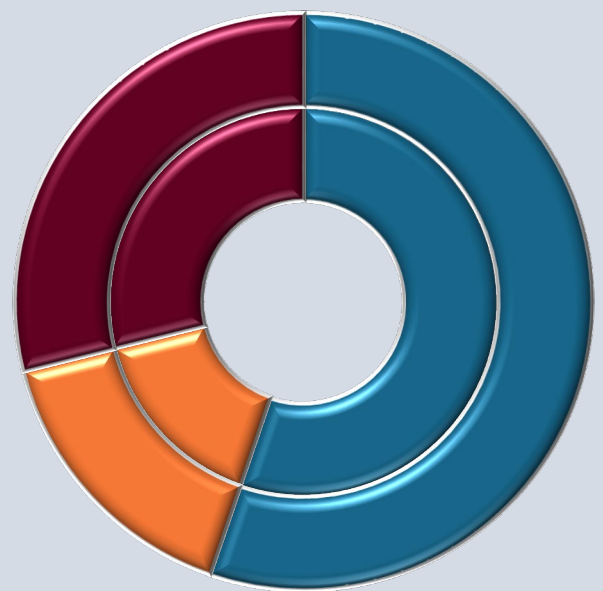
In the budget year, “Big Three” revenue is up \$19.0 billion from June estimates

Proposition 98 Manipulated Again

[\$909 per ADA lost; \$4.5 million lost for FMSD]

Governor Newsom's 2026-27 Education Priorities

■ Core Education ■ Enrichment ■ Reserves



The Governor revisits key education priorities in his **CALIFORNIA FOR ALL KIDS** campaign

71%

Over 70% of new spending is proposed for core education and key enrichment programs

29%

Nearly one-third of available funding used to replenish the Rainy Day Fund

SOMETHING BORROWED, SOMETHING BLUE

Unfortunately, he also draws from last year's playbook with a proposed **\$5.6 billion settle-up—26%** of new education funding—to address the state deficit

2025-26 Settle-Up Proposal

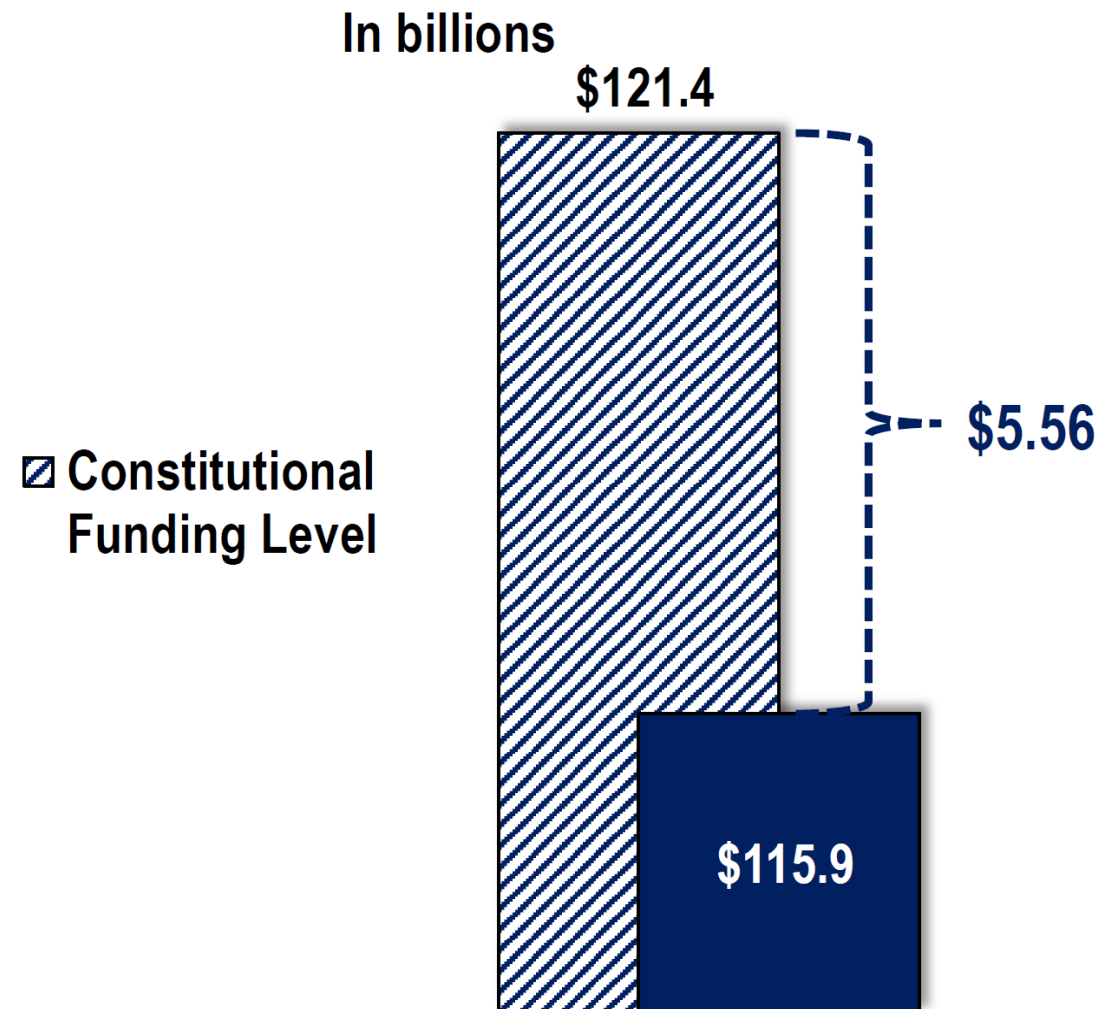
[\$4.5 million in ongoing revenue lost for FMSD]

- The Governor's Budget proposes the same withholding strategy used last year, but at a much higher amount

If the 2025-26 minimum guarantee is fully appropriated and allocated to TK-12 agencies on an equal per-ADA basis, LEAs would receive approximately

\$909
per ADA

The Governor and Legislature determine how Proposition 98 funds are allocated to LEAs



Settle-Up Versus Maintenance Factor

- Historically, when the state has not appropriated the full guarantee, it has *suspended* Proposition 98, allowing lawmakers to appropriate less than the minimum guarantee
 - Proposition 98 has been suspended just three times—in 2004-05, 2010-11, and 2023-24
 - The 2023-24 minimum guarantee was suspended as part of the 2024-25 Enacted Budget when the state could not afford the higher estimate—today’s conditions are eerily similar

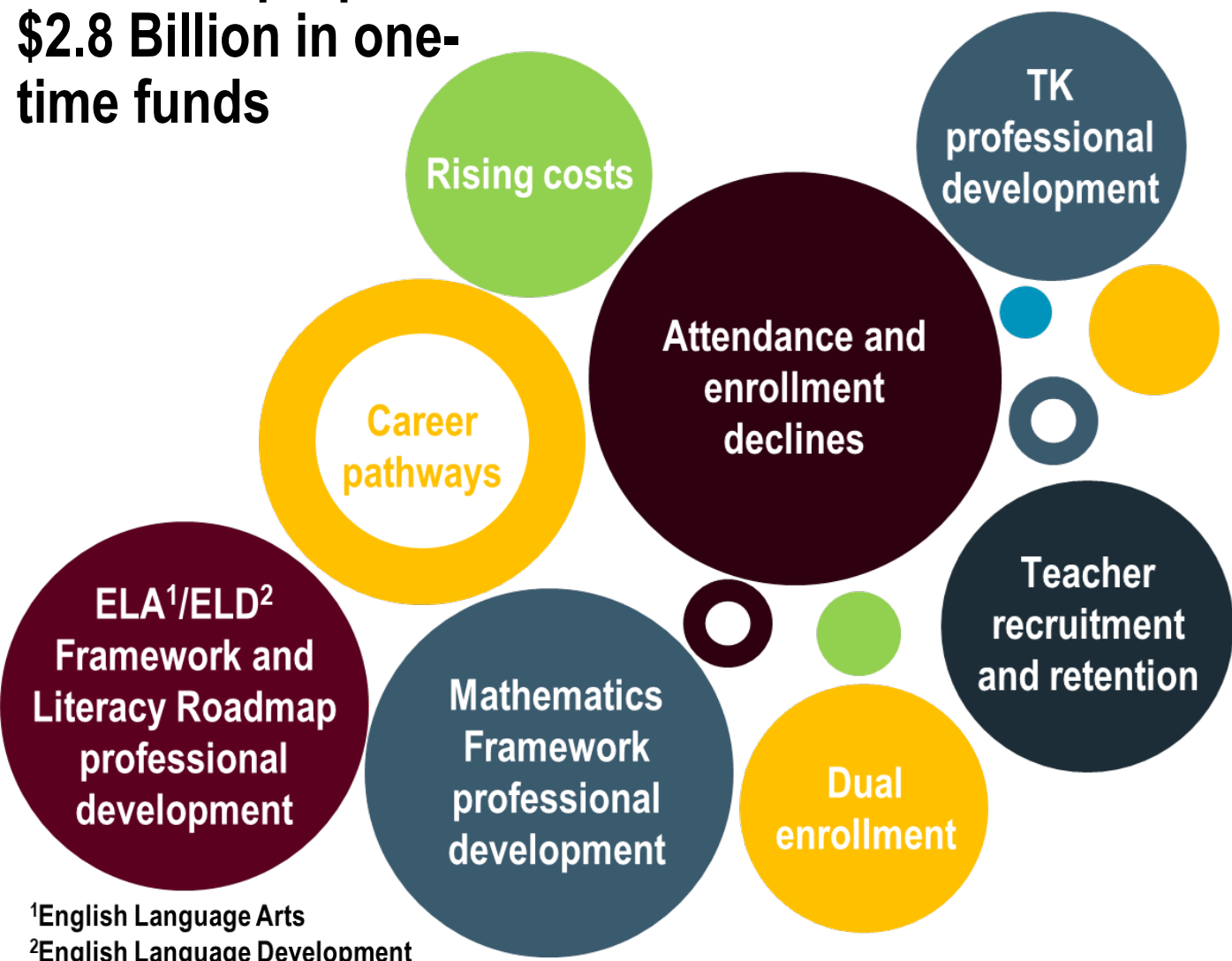
Questions	Settle-Up	Maintenance Factor
What creates the obligation?	When revised funding level is more than previously appropriated	When the state suspends Proposition 98
Is it adjusted for inflation?	No	Yes, each year, the balance is adjusted for cost-of-living adjustment (COLA) and changes in average daily attendance (ADA)
When are payments made?	Based on a Director of Finance-determined or state-adopted schedule	Constitution requires payments when General Fund revenues are outpacing personal income
What determines payment amounts?	The Director’s or state-adopted schedule	A constitutional formula

What Does the LCFF Budget Proposal Mean for FMSD?

Lower COLA Projection = Lower Projected LCFF Funding		
2026-27 LCFF <u>@ First Interim</u>	<u>Change From First Interim</u>	2026-27 LCFF <u>@ Second Interim</u>
COLA @ 3%	COLA Decreased by 0.59%	COLA @ 2.41%
\$86.7 million	\$0.8 million decrease in LCFF Funding	\$85.9 million

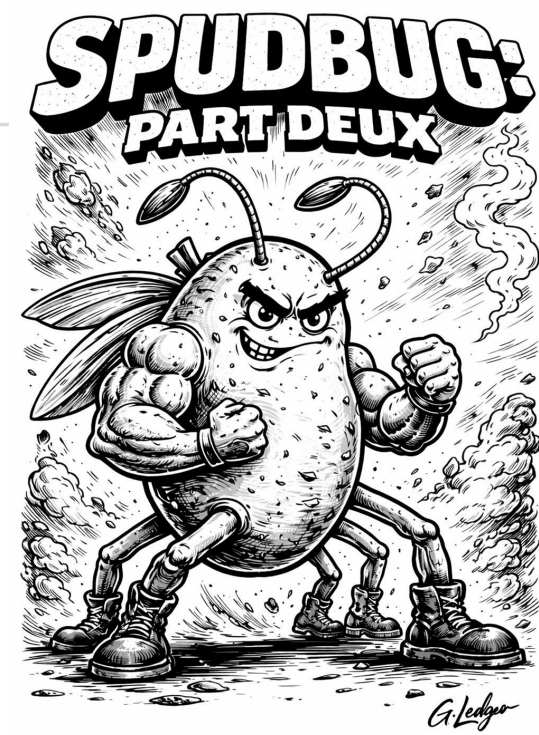
Student Support & Prof. Development Discretionary Block Grant

Governor proposes
\$2.8 Billion in one-
time funds



¹English Language Arts
²English Language Development

**\$2.56
Million
for FMSD**



- Use fully discretionary, but with statewide priorities highlighted
- Trailer bill language will include the allocation methodology, expenditure deadline, and other details
- School Services of California Inc. estimates \$512.48 per ADA,

2026-27 Learning Recovery Emergency Block Grant Funding

\$1.03 Million for FMSD

- The 2026-27 Governor's Budget proposal restores the remaining \$757.3 million to the Learning Recovery Emergency Block Grant (LREBG) that was deferred in the 2023 Budget Act, bringing the total state investment to \$7.9 billion

LREBG funding supports learning recovery initiatives through the 2027-28 school year

SSC estimates the 2026-27 LREBG investment will provide \$228 per ADA based on 2021-22 ADA and UPP

LREBG allowable uses remain the same as in 2025-26

To utilize funds, beginning in the 2025-26 school year, LEAs must perform a student needs assessment prior to spending funds and include expenditures and actions in the LCAP

Second Interim MYP Assumptions That Changed From First Interim

What's Changed?

→ For 25-26

- ◆ Updated savings based on vacant positions and spending trends
- ◆ Receipt of Literacy Coaches and Reading Specialist Grant \$1.3M (one-time)
- ◆ Added FMEA salary increase; Board approved December 2025
- ◆ Increased SERP payments by \$226K based on earlier annual payment deadline

→ For 26-27

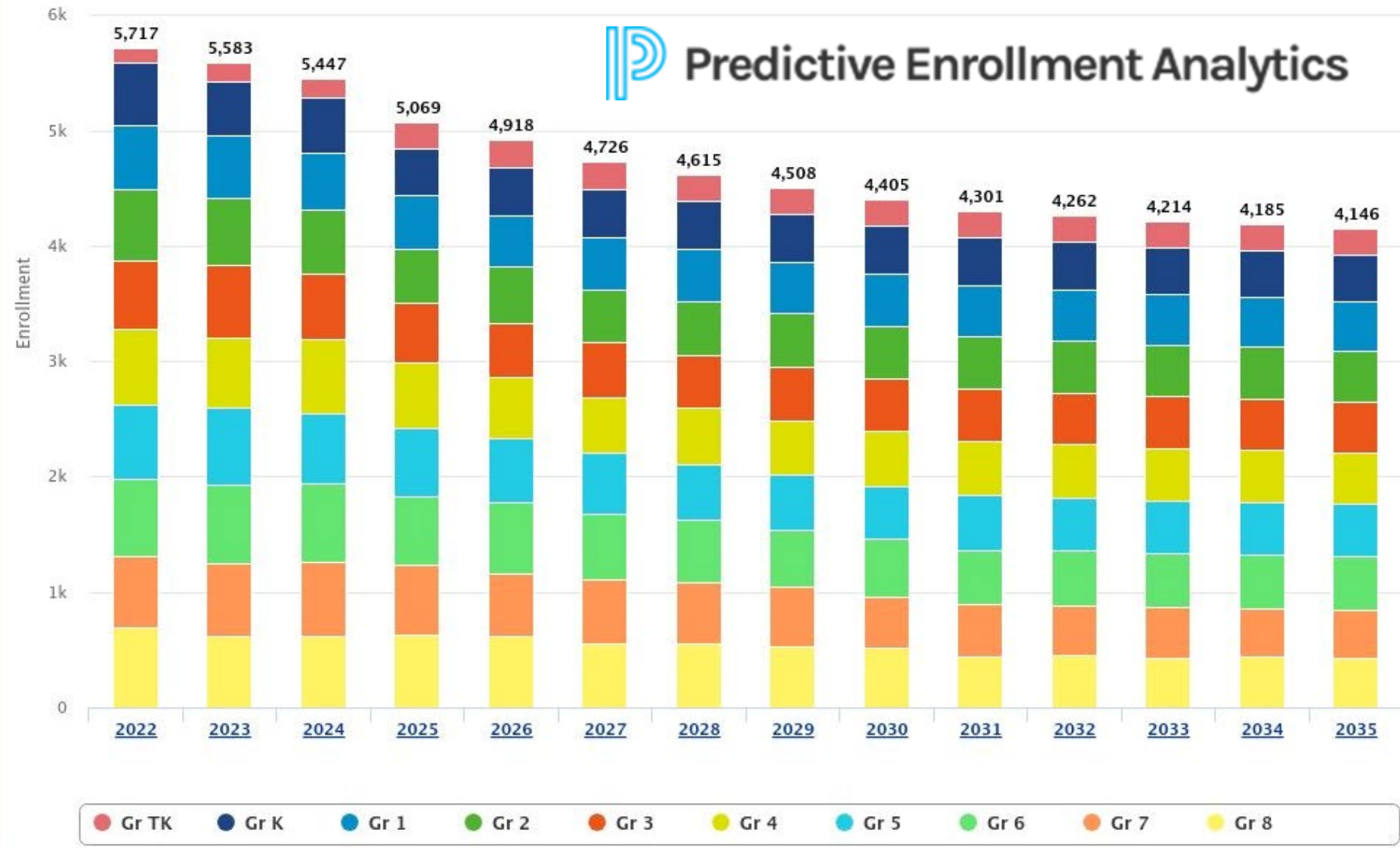
- ◆ Reduced COLA from 3% to 2.41% (Estimated loss of \$0.8M, ongoing)
- ◆ Reduced classroom teachers by 10 based on enrollment (Was previously 6)
- ◆ Increased LREBG Funding to \$1M (Previously \$0.5M)
- ◆ Elimination of 2 Bilingual Para Educators

→ For 27-28

- ◆ No longer has LREBG Funding (Previously \$0.5M)
- ◆ [Not a change from first interim but still includes a reduction of 6 teachers]

FMSD
Enrollment
Trends

DRAFT



Second Interim MYP Assumptions **Excluded**

→ For 25-26

- ◆ LCFF Equity Multiplier for Lairo of \$360K [Certified as of January 2026 (P-1)]

→ For 26-27

- ◆ Possible award of new CCSPP grants to more FMSD schools, \$190K annually for 5 yrs
- ◆ Passing a future Bond Measure and successfully issuing bonds

→ For 27-28

- ◆ Possible extension of CCSPP grants for schools currently receiving CCSPP funds

□ What does this mean? **Good News!!**

- ◆ **Revenue could increase** in future years if these funding sources come to fruition thereby **increasing services** that can be offered at the sites impacted.
 - **Equity Multiplier** - Evidence-based supports and strategies based on educational research and/or metrics of LEA, school and/or student performance.
 - **CCSPP** - Partner with community agencies and local government to align community resources to improve student outcomes.

Summarized Multi-Year Projection (MYP)

Combined General Fund Multi-Year Projections (amounts in dollars)	Formula Reference	Audited	Multi-Year Projections			
		Actuals				
		2024-25	2025-26	2026-27	2027-28	
Beginning Balance	(a)	\$45,153,764	\$34,312,248	\$25,694,266	\$19,112,839	
Revenue	(b)	\$119,098,129	\$127,721,144	\$122,808,348	\$117,777,732	
Expenditures	(c)	\$129,939,645	\$136,339,126	\$129,389,775	\$128,637,583	
Net Increase / (Decrease)	(b) - (c) = (d)	<u>\$(10,841,516)</u>	<u>\$ (8,617,982)</u>	<u>\$ (6,581,427)</u>	<u>\$(10,859,851)</u>	
Ending Balance	(a) + (d) = (e)	<u>\$34,312,248</u>	<u>\$25,694,266</u>	<u>\$19,112,839</u>	<u>\$8,252,988</u>	
Total Available Reserves (Unassigned & Assigned)	(f)	\$6,519,486	\$6,816,956	\$6,469,489	\$4,122,568	
Total GF Expenditures	(c)	\$129,939,645	\$136,339,126	\$129,389,775	\$128,637,583	
Reserve at Second Interim	(f) / (c)	5.0%	5.0%	5.0%	3.2%	

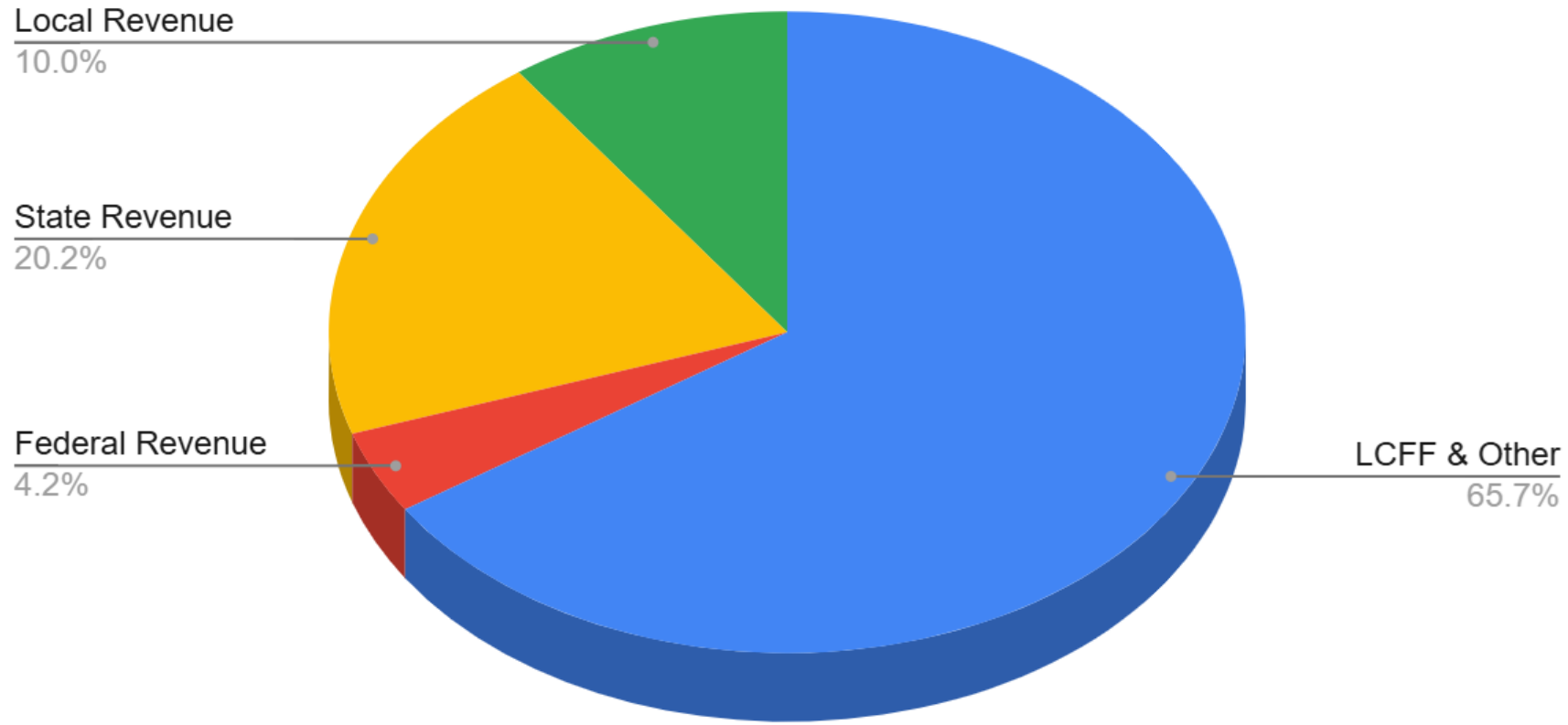
- Revenue declining over MYP due to declining enrollment, the expiration of 2 parcel tax measures, and the loss of one-time funds.
- Expenditures are declining due to net reductions in staff commiserate with declining enrollment, the loss of parcel tax funds, and the loss of one-time restricted funds.

Change From First Interim

Since the First Interim, the net change in the general fund balance has improved by **\$3.2M**. Primarily due to a new grant, savings in contracted services and updated projections of the carryover for next fiscal year.

Combined General Fund - Change from Second Interim					
		<u>2025-26</u>	<u>2025-26</u>	<u>Increase/(Decrease)</u>	<u>Percent</u>
<i>(amounts in dollars)</i>	<u>Formula Reference</u>	<u>First Interim</u>	<u>Second Interim</u>	<u>Variance</u>	<u>Change</u>
<i>Formula Reference =></i>		(A)	(B)	(B) - (A) = (C)	(C) / (A)
Revenue	(b)	\$126,026,320	\$127,721,144	\$1,694,824	1.34%
Expenditures	(c)	\$137,843,933	\$136,339,126	(\$1,504,807)	(1.09%)
Net Increase / (Decrease)	(b) - (c) = (d)	<u>\$(11,817,613)</u>	<u>\$ (8,617,982)</u>	<u>\$ 3,199,631</u>	

Components of 2025-26 Revenue at Second Interim



- The largest funding source is still LCFF. 59% of these funds are from local property tax. We still have a long way to go before we are Basic Aid.
- Local Revenue boosted by 3 Parcel Tax Measures, generating \$5.8 million. In FY 26-27, there will only be one measure generating \$3.3 million

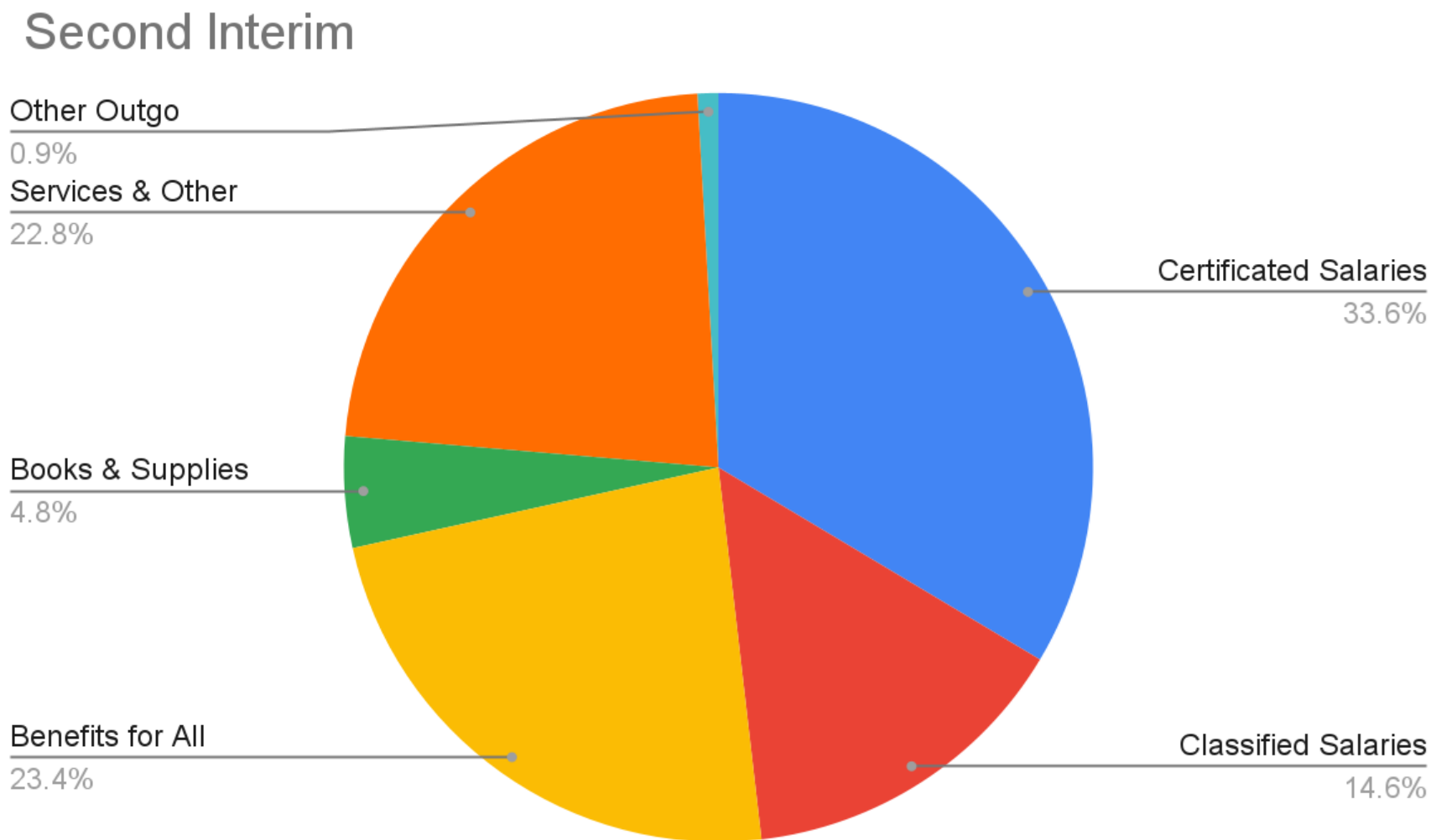
Change in 2025-26 Revenue @ Second Interim

Revenue By Major Category		First Interim	Second Interim	Increase / (Decrease)	Percent Change
LCFF & Other		\$ 83,997,389	\$83,890,854	\$ (106,535)	-0.13%
Federal Revenue		\$ 5,291,080	\$ 5,355,857	\$ 64,777	1.22%
State Revenue		\$ 24,353,521	\$25,746,603	\$1,393,082	5.72%
Local Revenue		\$ 12,384,330	\$12,727,830	\$ 343,500	2.77%
Total Revenue		\$126,026,320	\$127,721,144	\$1,694,824	1.34%

The big changes include:

- Literacy Coaches & Reading Specialists Grant (\$1.35M): To develop literacy programs & provide interventions for pupils requiring literacy support. Spend By 6-30-29. In 26-27, will pay for 3 TOSAs.
- Additional Grants: SCC Mental Health SLS Program \$100K; SJPLF (SJ Learns) \$178K & donations

Components of 2025-26 Expenditures at Second Interim



71.6% related to compensation.

Change in 2025-26 Expenditures @ Second Interim

Expenditures By Category	First Interim	Second Interim	Increase / (Decrease)	Percent Change
Certificated Salaries	\$ 43,763,917	\$ 45,772,240	\$ 2,008,323	4.59%
Classified Salaries	\$ 19,886,008	\$ 19,896,361	\$ 10,353	0.05%
Benefits for All	\$ 31,852,049	\$ 31,871,535	\$ 19,486	0.06%
Books & Supplies	\$ 7,263,085	\$ 6,539,137	\$ (723,948)	(9.97%)
Services & Other	\$ 33,861,610	\$ 31,034,696	\$ (2,826,914)	(8.35%)
Other Outgo	\$ 1,217,263	\$ 1,225,157	\$ 7,894	0.65%
Total Expenditures	\$ 137,843,932	\$ 136,339,126	\$ (1,504,806)	(1.09%)

The big changes include:

- Adding the impact of the FMEA raise and the set up of Extra Time for Attendance Recovery Program
- Reduced Books & Supplies as we are expecting carryover for LCAP, RRM, Prop 28 & UPK
- Reduced Service & Other based on expect carryover of \$1.7M in ELO-P, \$1.1M Special Ed, and \$400K in various other programs offset by increased spending in SJPLF and Bond Election costs.

Projection for FY 2025-26 (Second Interim)

	Unrestricted	Restricted	Total
	General	General	General
	Fund	Fund	Fund
Total Revenue	94,676,691	33,044,453	127,721,144
	-	-	-
Total Expenditures	72,599,034	63,740,092	136,339,126
Revenue over Expenditures	22,077,657	(30,695,639)	(8,617,982)
Total Transfers	(27,489,767)	27,489,767	0
Net Increase (Decrease)	(5,412,110)	(3,205,872)	(8,617,982)
<i>Fund Balances</i>			
Beginning Balance	27,228,413	7,083,835	34,312,248
Ending Balance	21,816,303	3,877,963	25,694,266

We must monitor the change in unrestricted funds very closely. These are the funds that dictate our reserve percentage.
Unrestricted Funds pay for our base educational program.

Components of Ending Fund Balance

Components of Projected G.F. Ending Balance As of June 30, 2026	<u>Unrestricted</u>	<u>Restricted</u>	<u>Combined</u>	<u>Percentage of Ending Balance</u>
<i>(Amounts in Dollars)</i>				
Prepaid Expenditures	\$ 723,657	\$ -	\$ 723,657	2.82%
Legally Restricted (1)	\$ -	\$ 3,877,963	\$ 3,877,963	15.09%
Committed (2)	\$ 14,275,689	\$ -	\$ 14,275,689	55.56%
Assigned (2% Board Reserve)	\$ 2,726,783	\$ -	\$ 2,726,783	10.61%
3% Economic Uncertainty	\$ 4,090,174	\$ -	\$ 4,090,174	15.92%
Ending Balance	\$ 21,816,303	\$ 3,877,963	\$ 25,694,266	100.00%

(1) - Primarily ELOP and the Literacy Coaches & Reading Specialists Grant

(2) - Deficit Spending Mitigation Measures, Committed for Curriculum Adoption, SERP payments, and OPEB payments



Buckets of the Projected Ending Balance

<u>Category</u>	<u>Amount</u>	<u>Description</u>
Ed Code Requirement	\$4.1M	3% reserve for economic uncertainty required by Ed Code
Assigned	\$2.7M	Additional 2% reserve based on board resolution 2011-25
Non-Spendable	\$0.7M	Prepaid Health Insurance Expenditures
Committed	\$1.7M	Supplemental Employment Retirement Plan (SERP) & Other Post Employment Benefits (O.P.E.B.) payments to be made
Committed	\$12.6M	Mitigations measures – To offset future deficit spending; extend positions funded with expired one-time funds.



Buckets of the Projected Ending Balance

<u>Category</u>	<u>Amount</u>	<u>Description</u>
Restricted	\$1.7M	Expanded Learning Opportunities Program – Ongoing funding that provides funding for afterschool, intersessional and summer school enrichment programs; Can't be used during the day; Focus on developing the academic, social, emotional, and physical needs and interests of pupils through hands-on, engaging learning experiences;
Restricted	\$1.4M	Literacy Coaches and Reading Specialists Grant - Funds to develop literacy programs & provide interventions for pupils requiring literacy support. Spend By 6-30-29. In 2026-27 will pay for 3 TOSAs.
Restricted	\$0.3M	Learning Recovery Emergency Block Grant - used for learning recovery initiatives through the 2027-28 school year that, at a minimum, support academic learning recovery, and staff and pupil social and emotional well-being.

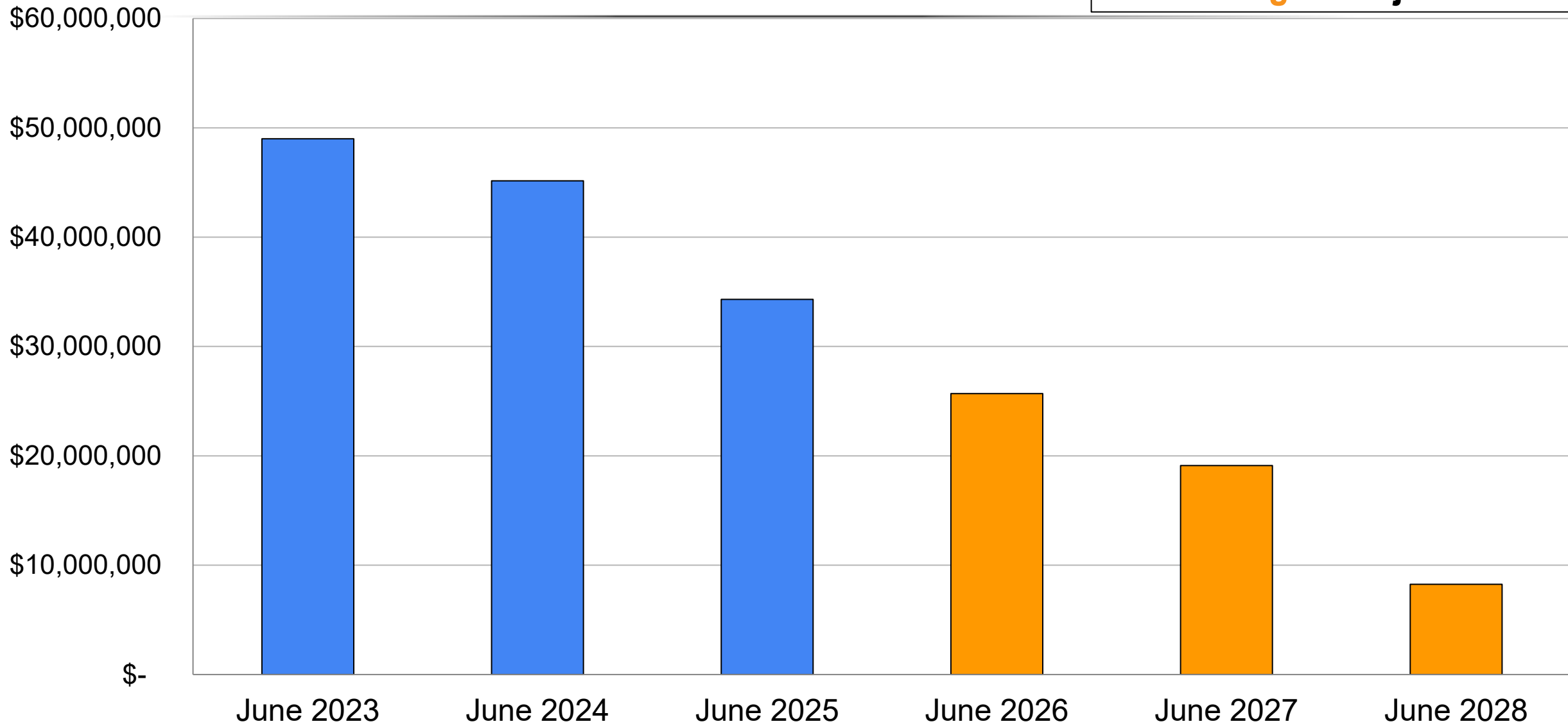


Buckets of the Projected Ending Balance

<u>Category</u>	<u>Amount</u>	<u>Description</u>
Restricted	\$0.2M	Routine Repairs and Maintenance - For the purposes of ongoing and major maintenance. Per EC Section 17070.75(b)(2)(C), for FYs 2017-18 to 2019-20, LEAs are required to deposit three percent of the total general fund expenditures for that fiscal year.
Restricted	\$0.1M	Special Ed / Mental Health Related Services - funds are used to provide mental health-related services for pupils with or without an individualized education program as described in the California Education Code (EC) Section 56836.07. These funds are allocated to the Special Education Program.
Restricted	\$0.1M	Lottery: Instructional Materials – Shall only be used for the purchase of instructional materials.

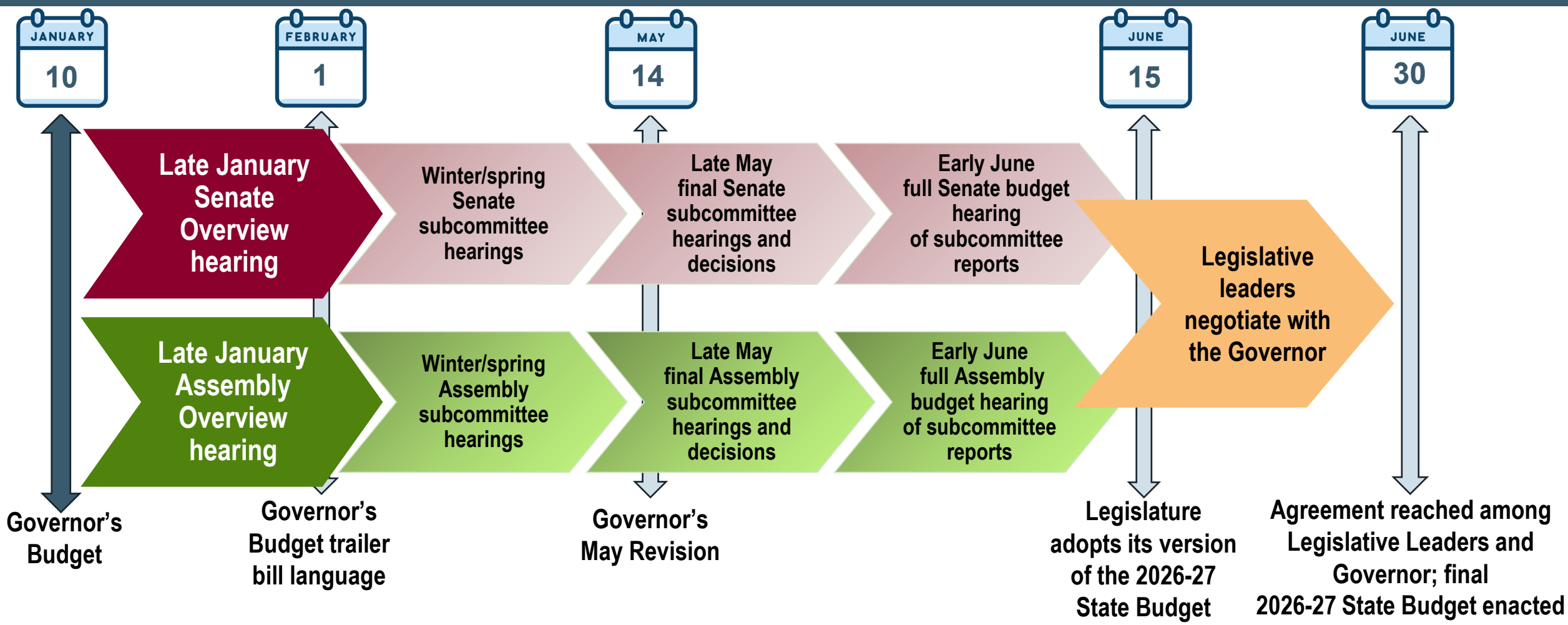
Fund Balance Trend

Blue - Historical & Audited
Orange - Projected



The Road Ahead—From January to June

The next steps in the State Budget process are controlled by the Legislature, which has the responsibility to examine the Governor’s proposals during budget hearings



NEXT STEPS

- ❖ **Action Item For Board Tonight** – Approval Interim, as presented
- ❖ Staff submits Interim to County for review – March 2026
- ❖ Assumptions for Adopted Budget finalized – April 2026
- ❖ Present Governor's May Revise to FMUSD Board – June 2026
- ❖ Present District Budget Proposal to FMUSD Board – June 2026
- ❖ Board Adopts Next Year's Budget – June 2026
- ❖ State Adopts Its Budget – Late June 2026
- ❖ 45-Day Budget Revision – August 2026

Thank you



Thank you

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Appendix

(Providing More Context and Impact of the Governor's Proposal and Summarizing Changes in Other Funds)

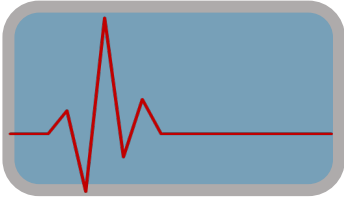
Themes for the 2026-27 Governor's Budget



- The day before releasing his final proposed budget, Governor Gavin Newsom delivered his last State of the State address amidst his legislative colleagues, reminiscing on his accomplishments as California's chief executive officer
 - Environmental resilience
 - A robust global economic competitor and engine of innovation
 - Pre-K for All
 - Affordable housing
- His accomplishments have been accompanied by mounting state deficits as budget makers outspend state revenues—leading to innovative and concerning budget approaches, directly affecting public education

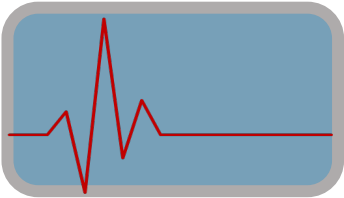
Risks to Proposition 98 and Local Budgets

- In addition to the larger effects that the national and state economy could have on education funding and local budgets, historical risks persist alongside one relatively new risk



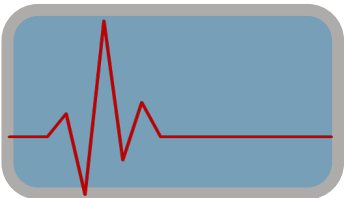
Declining Enrollment

Protracted declines in student enrollment continue to pressure local budgets—trends are expected to continue



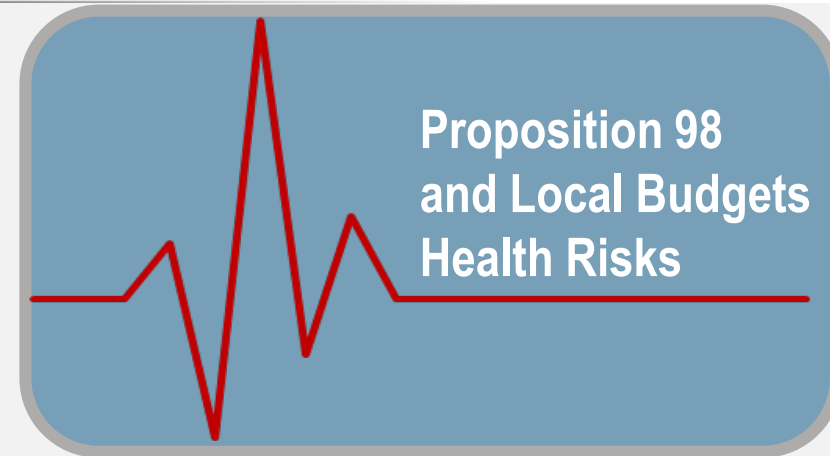
Deficit Spending

A growing number of local educational agencies (LEAs) are deficit spending, which, when coupled with declining enrollment, can create fiscal crises if unaddressed



Proposition 98 Settle-Up

The state's reliance on Proposition 98 borrowing is concerning as deficits mount

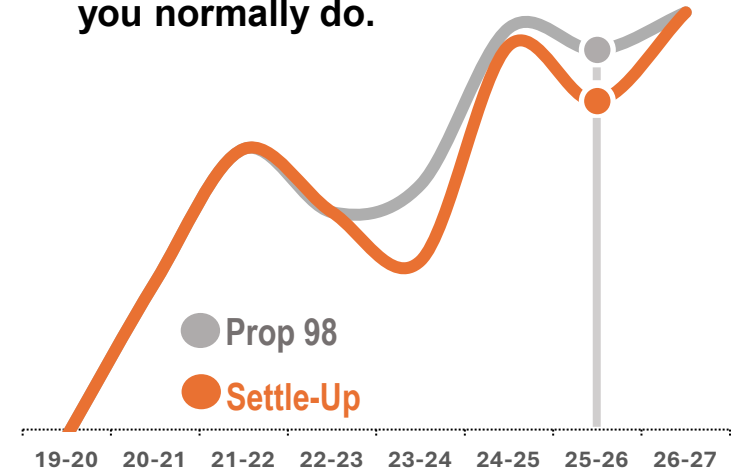


Highlights

[Show All](#)

Funding

So far, you're borrowing more than you normally do.



2024-25 Settle-Up

For the first time since voters approved Proposition 98 almost 40 years ago, the Enacted Budget withheld appropriating \$1.9 billion from the minimum guarantee calculated for the 2024-25 fiscal year without suspending Proposition 98 with a two-thirds vote of the California Legislature and approval of the Governor

Lawmakers referred to this new State Budget tool as “settle-up”
Importantly, this is not a traditional use of Proposition 98’s settle-up mechanism

California Constitution specifies that the state is required to “set apart the moneys to be applied” to local educational agencies (LEAs) each fiscal year, but does not specify timing of appropriation

Law requires the Director of the DOF to provide written notice of “a schedule for the allocation” of settle-up payments to the State Controller unless there is a state-adopted alternative schedule

The Enacted Budget specified that the 2024-25 settle-up had to be used to pay for ongoing costs, reduce outstanding deferrals, and avoid future deferrals

2026-27 LCFF¹ Funding Factors

Grade Span	TK-3	4-6	7-8	9-12
2025-26 Base Grant per ADA	\$10,256	\$10,411	\$10,719	\$12,423
2.41% COLA	\$247	\$251	\$258	\$299
2026-27 Base Grant per ADA	\$10,503	\$10,662	\$10,977	\$12,722
Grade Span Adjustment	\$1,092	-	-	\$331
2026-27 Adjusted Base Grant per ADA	\$11,595	\$10,662	\$10,977	\$13,053
20% Supplemental Grant per ADA ²	\$2,319	\$2,132	\$2,195	\$2,611
65% Concentration Grant per ADA ³	\$3,392	\$3,119	\$3,211	\$3,818
TK Add-On per ADA (inclusive of COLA)	\$5,679	—	—	—

¹Local Control Funding Formula (LCFF)

²Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 20% and unduplicated pupil percentage (UPP)

³Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 65% and UPP above 55%

Financial Projection Dartboard {Factors that changed @ 2nd Interim highlighted}

Revenue Planning Factors						
		2025-26	2026-27	2027-28	2028-29	2029-30
DOF ¹ Planning COLA		2.30%	2.41%	3.06%	3.34%	3.14%
California Lottery	Unrestricted per ADA	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00
	Restricted per ADA	\$82.00	\$82.00	\$82.00	\$82.00	\$82.00
MBG ² (District)	Grades K-8 per ADA	\$39.09	\$40.03	\$41.25	\$42.63	\$43.97
	Grades 9-12 per ADA	\$76.48	\$78.32	\$80.72	\$83.42	\$86.04
MBG (Charter)	Grades K-8 per ADA	\$20.52	\$21.01	\$21.65	\$22.37	\$23.07
	Grades 9-12 per ADA	\$58.21	\$59.61	\$61.43	\$63.48	\$65.47
Expenditure Planning Factors						
California Consumer Price Index		3.37%	3.08%	2.75%	2.68%	2.74%
CalSTRS ³ Employer Rate		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS ⁴ Employer Rate		26.81%	26.40%	26.90%	26.10%	25.30%
Minimum Wage ⁵		\$16.90	\$17.40	\$17.90	\$18.40	\$18.90

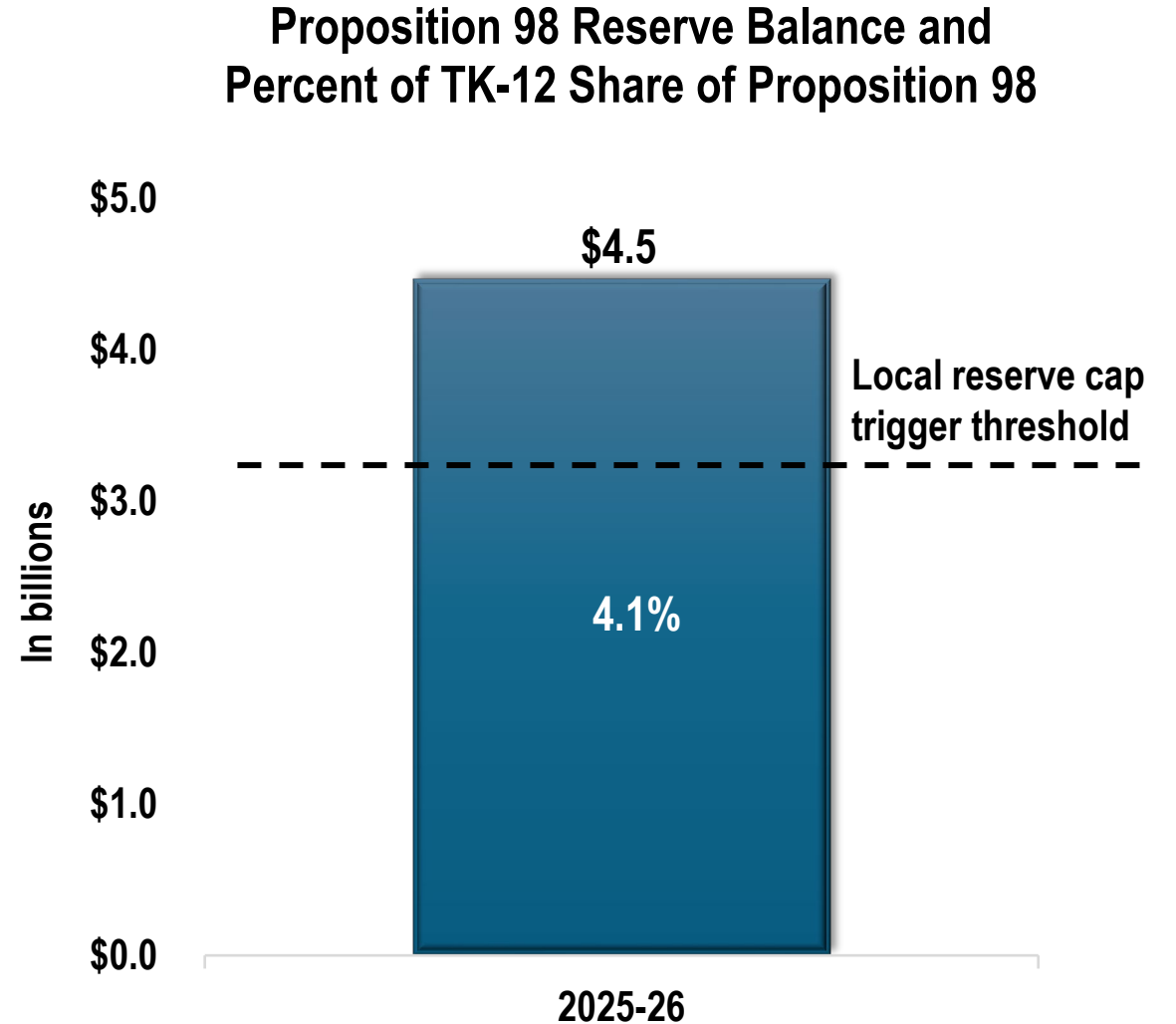
¹ Department of Finance (DOF); ²Mandate Block Grant (MBG); ³California State Teachers' Retirement System (CalSTRS)
⁴California Public Employees' Retirement System (CalPERS); ⁵Minimum wage rates are effective January 1 of the respective year
Red Means It Got Worse; **Green** Means It Got Better

Local Reserve Cap

The Governor's Budget triggers the reserve cap in 2025-26

- Importantly, 2025-26 budget adoption and 45-day revision windows have passed; therefore, the reserve cap becoming operative will not impact local 2025-26 budgets

The Proposition 98 reserve balance of \$4.5 billion at the end of 2025-26 is 4.1% of transitional kindergarten (TK)-12 agencies' share of the minimum guarantee and will trigger the local reserve cap in 2026-27



Community Schools

\$4.1 billion in one-time funds have been invested in the California Community Schools Partnership Program (CCSPP) in prior years, funding approximately 2,500 schools

The budget proposal also would reappropriate the \$485 million in existing funding set aside for extension grants to supplement the proposed \$1.0 billion in ongoing funds in 2026-27



The Governor’s Budget proposes \$1.0 billion new, ongoing funds to expand the community schools model

The ongoing investment will support both existing grantees and additional community schools that have large concentrations of students who are low-income, English learners, or in foster care

Community Schools

- Eligible schools:
 - At least 65% unduplicated pupils and serve ten or more pupils
 - Existing CCSPP grantees (including those with less than 65% unduplicated pupils)
- For existing grantees, annual allocation will be the greater of their existing annual amount or the new funding level for the period of the implementation grant
- LEAs would need to opt in by November 1, 2026
- LEAs may retain the lesser of \$500,000 or 10% of their total CCSPP funds to administer the program
- New accountability and quality components also proposed

Proposed annual funding for eligible schools starting in 2026-27:

School Site Enrollment	Funding
10 to 24	\$75,000
25 to 150	\$115,000
151 to 400	\$190,000
401 to 1,000	\$230,000
1,001 to 2,000	\$305,000
2,000 or more	\$400,000

LAO vs. DOF

The LAO (Legislative Analyst Office) is a nonpartisan office serving the Legislature and produces independent revenue and budget projections that deliberately incorporate downside economic risks (e.g., potential stock market downturns)

The DOF (Department of Finance) works for the Governor and produces revenue forecasts tied to the Administration's budget proposal and tends to use assumptions that reflect its own economic outlook and policy proposal

Differences are common but if the LAO's forecast is higher than the DOF, revenue then to come in higher than the DOF.

Summary of Other Funds

2025-26 Funds (In Millions)	Cafeteria	Building	Capital Facilities	Capital Outlay	Bond Interest & Redemption	Self Insurance
Beginning Balance	\$ 8.08	\$ 26.27	\$ 10.52	\$ 1.49	\$ 13.33	\$ 1.81
Revenue	\$ 7.87	\$ -	\$ 0.64	\$ -	\$ 15.33	\$ 1.39
Expenditures	\$ <u>8.64</u>	\$ <u>17.70</u>	\$ <u>0.03</u>	\$ <u>-</u>	\$ <u>14.23</u>	\$ <u>1.28</u>
Change	\$ <u>(0.77)</u>	\$ <u>(17.70)</u>	\$ <u>0.61</u>	\$ <u>-</u>	\$ <u>1.10</u>	\$ <u>0.11</u>
Ending Balance	\$ 7.31	\$ 8.57	\$ 11.13	\$ 1.49	\$ 14.43	\$ 1.92

Other Restricted Funds - Purpose

- **Cafeteria Fund** - Accounts for federal, state, and local resources to operate the food service program (Education Code sections 38090 and 38093). The Cafeteria Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (Education Code sections 38091 and 38100).
- **Building Fund** - Accounts for proceeds received and use of proceeds from the sale of bonds (Education Code Section 15146 and 16058) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund (Fund 21) are revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (Education Code Section 41003).

Other Restricted Funds - Purpose

- **Capital Facilities Fund** - Accounts for moneys received from fees levied on development projects (“Developer Fees”) as a condition of approval (Education Code sections 17620–17626 and Government Code Section 65995 et seq.). Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code Section 66006). Expenditures in Capital Facilities Fund are restricted to the purposes specified in Government Code sections 65970–65981 or Government Code Section 65995 et seq., or to the items specified in agreements with the developer (Government Code Section 66006). Costs of justifying and adopting developer fees may be paid from Fund 25 (Education Code Section 17620). Administrative costs of collecting fees may be reimbursed from Fund 25 (Education Code Section 17620).

Other Restricted Funds - Purpose

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- **Capital Outlay Fund** – Accounts for general fund moneys for capital outlay purposes (Education Code Section 42840). This fund may also account for any revenues specifically for capital projects that are not restricted to other funds. Other authorized resources that may be deposited to the Fund are rentals and leases of real property (Education Code Section 41003). Authorized transfers from the general fund to Fund 40 must be expended for capital outlay purposes. Proceeds from the sale or lease-with-option-to-purchase may be spent for capital outlay purposes, costs of maintenance of the LEA's property, and future maintenance and renovation of school sites (Education Code Section 17462). Salaries of employees working directly on projects financed by Fund 40 revenues are capitalized as a part of the capital facilities project.

Other Restricted Funds - Purpose

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- **Bond Interest and Redemption Fund** - Used for the repayment of bonds issued (Education Code sections 15125–15262). Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund (Fund 51) of the LEA. The county auditor maintains control over the Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller. Expenditures in this fund are limited to bond interest, redemption, and related costs. Any money remaining in this fund after the payment of all bonds shall be transferred to the general fund upon order of the county auditor (Education Code Section 15234).

Other Restricted Funds - Purpose

- **Self-Insurance Fund** – Used to separate moneys received for self-insurance activities from other operating funds of an LEA. We use this fund for the dental and vision self-insurance (Education Code Section 17566). Expenses in the Self-Insurance Fund (Fund 67) include the payment of claims, estimates of costs relating to incurred but not reported (IBNR) claims, administrative costs, deductible insurance amounts, cost of excess insurance, and other related costs. Amounts contributed to Fund 67, Self-Insurance Fund, are lawfully restricted for insurance purposes (Education Code Section 17566 and Government Code Section 53205).