

School Finance 101

FUNDS

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories of governmental and fiduciary.

Governmental Funds

The School District classifies funds from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. Funds included here that are established by Bethel Local Schools include:

General Fund – This fund is used to account for all financial resources, except for those required to be accounted for in another fund. The general fund is available to the School District for any purpose, provided it is expended or transferred according to general laws of Ohio. General Fund is used to show all ordinary operations in a school system. **(Included in Five Year Forecast)**

Bond Retirement Fund – This fund accounts for and reports the accumulation of restricted resources and the payment of long-term obligations such as bonds or notes.

Permanent Improvement Fund – This fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements of a school district.

Building Fund – A fund used to account for the receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, notes or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Food Service Fund – A fund used to record financial transactions related to food service operations.

Emergency Levy Fund – A fund provided to account for the proceeds from a special levy. Such levy is necessary to satisfy a district's emergency needs or to prevent the school closings. **(Included in Five Year Forecast)**

Public School Support – A fund provided to account for specific local revenue sources, other than taxes or expendable trusts (i.e. profits from vending machines, sales of pictures, etc.) that are restricted to expenditures for specific purposes. The principal funds for each building are under this type of fund.

Capital Projects – A fund used to accumulate money for one or more capital projects.

District Managed Student Activity - A fund provided to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

State Grants Fund – a fund used to account for various monies received from state agencies to be used for a specific purpose.

Federal Grants Fund – A fund used to account for various monies received through state from the federal government or directly from the federal government to be used for a specific purpose.

Fiduciary Funds

The School District also have funds that are referred to as Fiduciary funds. These funds include private-purpose trust funds and agency funds.

Trust Fund - is used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is private purpose trust that accounts for scholarship programs for students. The scholarship programs currently established at Bethel Local Schools include:

Triple A Scholarship
Arthur D and Mable M. Flick Scholarship
Bethel Women's Community Club
Bethel Grange Scholarship
Brent Clendening Scholarship
Holston Scholarship

Agency Fund – is used to account for assets held by the School District where the School District is the custodial of the funds and the funds are not involved in the measurement of results of operations. The School District's agency fund accounts for numerous student managed activities such as national honor society, student council, senior class fund, etc.

REVENUES

Revenue is the acknowledgment of monies obtained by the district. Revenues are classified by source and type for the various funds to which they are applied. Below are types of revenues a school district can receive.

Receipts from Local Sources

Taxes – compulsory charges levied by a government unit for the purpose of financing services performed for the common benefit. Taxes that can be assessed are property taxes and income taxes.

Tuition – money received from patrons for education provided in the schools of the district. Tuition can include regular school, summer school, special education, and adult ed.

Earnings of Investments – money received as profit from holdings for savings or speculation. Earnings can include interest, dividends, and rental of real property held.

Food Service – money received for dispensing of food to students and adults.

Extracurricular (Student) Activities – money received from school sponsored activities. This includes admission (gate) receipts, sales, and dues/fees.

Classroom Materials and Fees – Money received from pupils from the sale of classroom supplies, workbooks, and textbooks. Also includes monies received from the collection of class (student) fees.

Miscellaneous Receipts – other money received from local sources which is not classified above such as fines.

Receipts from Intermediate Sources

Revenue in Lieu of Taxes – money received from an intermediate governmental unit to the school district in lieu of taxes that would have been paid had its property, or other tax base, been subject to taxation by the school district on the same basis as privately owned property.

Receipts from State Sources

School Foundation – money received through the state's Foundation program that is not restricted to a particular use.

Property Tax Allocation – money received from state as a result of homestead exemption legislation, property tax rollback legislation, and personal property tax exemption.

Revenue in Lieu of Taxes – money received from a state agency to the school district in lieu of taxes it would have had to pay if its property or other tax base had been subject to the taxation by the school district on the same basis as privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the state.

Receipts from Federal Sources – money received from federal source which are contributions made by the federal government to school district and are not related to specific revenue source of the federal government. This includes currently what the school district receives but not limited to following programs:

Title IA

Title IIA (Improving Teacher Quality)

Idea B Part B

Title IV-a (Student Support and Academic Enrichment)

Title III (Language Instruction for English Learner)

Other Revenue Receipts

Transfer In – money received by a fund as a result of a transfer from another fund

Advance In – money received by a fund as a result of an advance from another fund, in anticipation of future revenue.

Refund of Prior Year's Expenditures – money received in refund of an expenditure charged to a prior fiscal year's budget.

EXPENDITURES

Personal Services – expenditures included here included employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.

Employees' Retirement and Insurance Benefits – Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.

Purchased Services – Amounts paid for personal services rendered by personnel who are not on the payroll of the school district and other services which the school district may purchase. Services included

- Professional and Technical Services**
- Property Services**
- Travel Mileage/Meeting Expense**
- Communications**
- Utilities Services**
- Contracted Craft or Trade Services**
- Tuition and Other Similar Payments**
- Pupil Transportation**

Supplies and Materials – expenditures included but are not limited to the following

- General Supplies – classroom, office, software, computer**
- Textbooks**
- Library Books**
- Newspapers, Periodicals, Films and Filmstrips**
- Supplies and Materials for Resale – i.e. workbooks, textbooks, supplies**
- Food and Related Supplies and Materials**
- Transportation supplies – bus fuel and tires**
- Maintenance**

Capital Outlay – expenditures here are for items for having a least a five-year life expectancy such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, buses, and vehicles.

Other Expenditures

Dues and Fees – expenditures included are expenditures for memberships in authorized organizations and those payments made to paying agents for services rendered (i.e. County Auditor for collection of property tax payments)

Transfer Out – expenditure by a fund as a result of a transfer to another fund

Advance Out – expenditure by a fund as a result of an advance to another fund, in anticipation of future revenue.