

SCHOOL FINANCE PRIMER

What restrictions do schools have on their spending? Public school districts operate under Dillon's Rule, a Supreme Court ruling which says that schools can spend money only for purposes expressly allowed in Iowa law. This is in contrast to city and county government, which operate under home rule and can spend money for anything not prohibited by law.

What are the sources of funding for public schools? Money from the state's general fund and local property tax are the primary sources. Other sources include federal aid, income surtaxes (with voter approval) and special grants from federal, state and nongovernmental organizations.

How are school district budgets calculated? The general operating funds for school districts are driven by enrollment (the number of students on the third Friday of each September) multiplied by a district cost per student. The district cost per student is based on the allowable growth rate state lawmakers set each year.

The allowable growth rate applies to each district's general operating fund account. The FY 2011 per student funding for the general fund is \$5,948. The general operating fund makes up the largest portion of a school district's budget, but there are other funds with restricted uses.

GENERAL FUND

Revenue Sources: State aid, property tax, income surtaxes, federal money and funding from other sources, such as tuition, interest and open enrollment tuition. What it can be used for: Employees salaries, benefits, services, supplies, equipment, utilities, vehicles such as buses, maintenance of vehicles, and basic maintenance.

What it can't be used for: Capital improvements (anything that increases the scope and use of facility).

PHYSICAL PLANT AND EQUIPMENT LEVY

Revenue Source: Local property tax, up to a maximum of \$1.67 per \$1,000 assessed valuation and income surtaxes. The board can approve 33 cents per \$1,000 assessed valuation. Voters must approve the rest.

What it can be used for: Purchase and improvement of sites, purchase of buses, and major building repair and remodeling.

ACTIVITY FUND

Revenue Sources: Student fees, gate admissions, fund-raisers.

What it can be used for: Student-related activities such as athletics, band and other extracurricular activities.

CAPITAL PROJECTS FUND

Revenue Source: Bond Sales, One-cent Sales Tax. Revenues are collected for specific projects.

What it can be used for: District determined Capital Projects, construction and remodeling as well as related debt reduction. Transfers to the Debt Service fund can be used to reduce District voted debt.

INCOME - BENTON Fiscal '11

GENERAL	
PROPERTY TAX	\$4,404,503
STATE AID	\$8,725,949
MISCELLANEOUS	\$1,447,803
CAPITAL PROJECTS	\$1,172,096
MANAGEMENT	\$ 307,152
ACTIVITY	\$ 693,715
NUTRITION	\$ 828,377
PPEL	\$ 524,546
DEBT SERVICE	\$ 734,961

SPENDING - BENTON Fiscal '11

GENERAL	\$ 14,395,599
MANAGEMENT	\$ 287,503
ACTIVITY	\$ 684,765
NUTRITION	\$ 788,625
PPEL	\$ 382,627
CAPITAL PROJECTS	\$ 2,713,612

SCHOOL NUTRITION FUND

Revenue Source: Lunch, breakfast, and ala carte sales, federal and state subsidies.

What it can be used for: Food service related costs, including purchase of food and equipment, and employees salaries and benefits.

MANAGEMENT FUND

Revenue Source: Local property tax. Board of education set as needed based on anticipated costs.

What it can be used for: Pay district unemployment charges, non-employee insurance and early retirement incentives.

DEBT SERVICE FUND

Revenue Source: Local property tax, including tax increment financing districts). Boards of education set rate as needed to make payments on bonds (loans).

What it can be used for: Payment of general long-term debt, principal and interest, accumulation of money toward voter-approved debts until payments