

School Finance Basics

School district budgeting is not an easy topic to understand, however it's important to understand how the USD #365 school budget is funded.

Budget Basics

The following explains the district's four basic funds:

- **General Fund.** Or the Operating Fund, the district uses this fund to pay yearly operational expenses including salaries, benefits, program offerings for students, supplies, utilities, and to cover other basic costs associated with running schools. The total amount each district receives for the General Fund to operate its educational program is determined through the school finance formula which is governed by state legislative actions. There are several sub-budgets, funded from the general fund including: special education, vocational education, at-risk programs, etc. All the revenue generated from the 20 mill levy for the general fund goes to the state of Kansas general fund and is then re-distributed to schools.
- **Local Option Budget.** Also known as the LOB and General Supplemental Budget, the district uses this fund to supplement the General Fund. It also supports all of the operational expenses listed above for the General Fund. The LOB is funded by a local property tax levy along with a state aid component. The district can raise 33% of its total operating revenue through this local property tax levy. School districts are limited to 33% of its general fund total for the LOB, if the district passes a resolution to allow it to do so. USD #365 current LOB percentage is 31%. This mill levy can fluctuate depending on state aid and district assessed value changes.
- **Capital Outlay.** This fund supports construction, maintenance, equipment and technology expenditures in the district. Capital Outlay funds are supported by a local property tax and partially by state aid. One of the most important points to understand about Capital Outlay fund is that they *cannot* be used as Operational Funds, except for maintenance type items and those items allowed by statute. There is a state imposed cap on capital outlay of eight (8) mills.
- **Bond and Interest.** This fund is for larger building or maintenance projects and requires a vote of the district patrons. The bond and interest fund is supported by local tax dollars and some state aid. The revenue and expenditures in this fund can only be used to pay for the bond issue.

Remember, it is the Operational Fund (General Fund and Local Option Budget) that financially supports the daily work we do with students in providing their education.