

**Community High School District 117
Explanation of Fund Accounting
And Specific Funds**

FUND ACCOUNTING

Illinois school districts are required to use the Illinois Program Accounting Manual for Local Education Agencies as issued by the Illinois State Board of Education. This document establishes the common means used by school districts for their accounting systems in order to standardize the reporting of information to the Illinois State Board of Education. Standardization of accounting and the reporting format facilitates the comparison between and among school districts in the state. These requirements make the accounting systems for school unique and different from regular business accounting.

A fund is an independent fiscal and accounting entity, requiring its own set of self-balancing books, in accordance with special regulations, restrictions and limitations that earmark each fund for specific activity or for attaining certain objectives. Each fund must operate on its own and have its accounting records separated from each other.

EXPLANATION OF FUNDS

EDUCATION FUND

The greatest variety and the largest volume of transactions shall be recorded here as the Educational Fund covers transactions that are not specifically covered in another fund. Expenditures that must be charged to this fund include the direct costs of instructional, health and attendance services, lunch programs, all costs of administration and related insurance costs.

OPERATIONS AND MAINTENANCE FUND

All costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or paying of premiums for insurance on school buildings shall be charged to the Operations and Maintenance Fund.

DEBT SERVICE FUND

Bonds are generally issued to finance the construction of buildings and may be issued for other purposes. Taxes are levied to provide cash to retire these bonds and to pay the interest on them. To protect the bondholders, these tax collections must be accounted for in the Debt Service Fund.

In addition to bonds, other long term debt is also recorded here. Other long term debt includes debt certificates, certificates of participation and long term capital leases.

TRANSPORTATION FUND

If a Local Education Agency pays for transporting pupils for any purpose, the Transportation Fund must be utilized. Costs of transportation, including purchased transportation services, the purchase of fuel and other costs associated with transporting students are to be paid from this fund. Monies received for transportation purposes from any source must be deposited into this fund.

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

This fund is created if a separate tax is levied for the purpose of providing resources for the LEA's share of retirement benefits for covered employees.

CAPITAL PROJECTS FUND

All proceeds of each construction bond issue shall be placed in a Capital Projects fund to separate these special monies from operating monies. These monies may be spent for the purposes specified in the bond indenture and on the ballot. Expenditures which would ordinarily be charged to the Educational Fund, but which may be charged to the Capital Projects Fund include election expenditures, fidelity insurance, architect's fees, legal fees, title search fees, bond legal opinion fees and other such administrative costs directly related to the construction project.

WORKING CASH FUND

If a separate tax is levied for working cash purposes or if bonds are sold for this purpose, this fund shall be created. Inter-fund loans from the Working Cash Fund may be made to any fund for which taxes are levied.

TORT FUND

Separate taxes are levied for the Tort Fund. Worker's Compensation premiums and Property/Casualty/Liability premiums are paid from this fund.

FIRE PREVENTION AND SAFETY FUND

A Fire Prevention and Safety Fund shall be created when a tax is levied or bonds issued, in accordance with 105 ILSC 5/17-2.11, for fire prevention, safety, energy conservation or school security purposes. The monies received from the levy or the proceeds of the bond issue may only be used for the purposes stipulated in Section 5/17-2.11.