

BASICS OF SCHOOL FINANCE

Expenditures for the Novice

PRESENTERS:

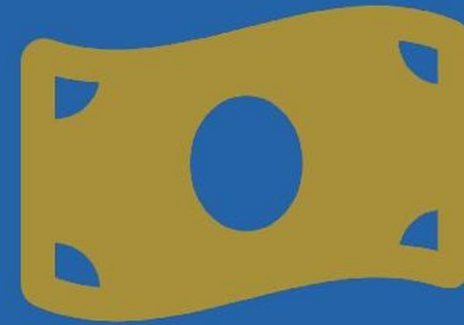
Cortnee Gutierrez, CSBO
E.F. Lindop SD #92

Griffin Sonntag, CSBO
Pleasantdale SD #107

MODERATOR:

Jessica Donato, CSBO
Northbrook SD #28

IASBO Annual Conference



X #iasboAC26

LEADING WITH
EMPATHY 

 2026
ANNUAL
CONFERENCE

WHAT WE'LL COVER TODAY

01



Expenditure Overview

Operating vs. non-operating, why coding matters

02



Fund Structure

All 9 Illinois school funds explained with examples

03



Function Codes

Instruction, support services, non-programmed charges

04



Object Codes

Salaries, benefits, purchased services, supplies & more

05



Common Mistakes

Coding errors and how to prevent them

06



Budget & Reporting

ESSA, state budget form, deficit plans, due dates

X #iasboAC26

LEADING WITH
EMPATHY 

 2026
ANNUAL
CONFERENCE

EXPENDITURES — THE BIG PICTURE

Salaries & Benefits = ~83%

The largest expenditure category for virtually every Illinois school district — includes TRS, IMRF, health insurance, and all employee pay.

Annual State Budget Form

Districts must submit estimated expenditures to ISBE annually. Expenditures are categorized by Fund, Function, and Object.

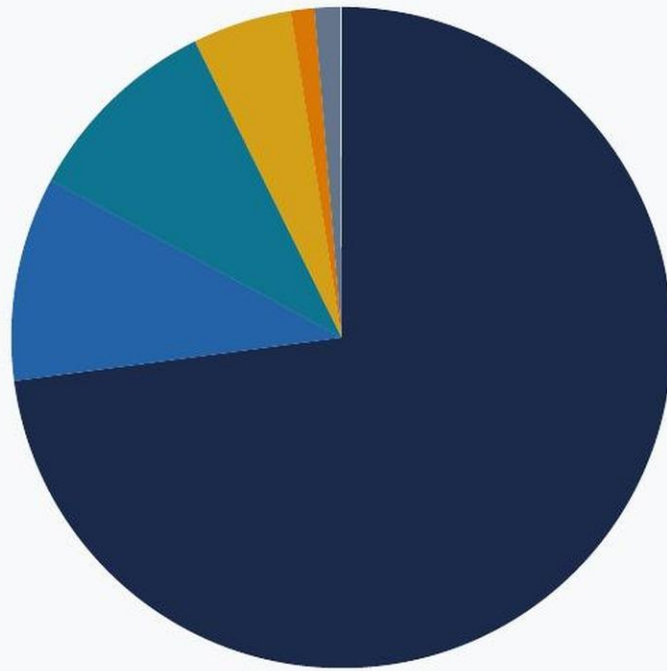
Annual Financial Report (AFR)

Expenditures are audited each year. The AFR is submitted to ISBE and is publicly available — accuracy matters!

Operating vs. Non-Operating

Operating: day-to-day costs (salaries, utilities, supplies). Non-operating: debt service, capital projects — tracked separately.

OPERATING EXPENDITURES — WHERE DOES THE MONEY GO?



■ Salaries (72.91%) ■ Benefits (9.98%) ■ Purchased Services (9.80%)
■ Supplies & Materials (4.85%) ■ Capital Outlay (1.15%) ■ Other/Tuition (1.26%)
■ Termination (0.06%)

Source: Statewide Illinois district average

X #iasboAC26



ILLINOIS SCHOOL FUNDS — OVERVIEW

Fund 10 Educational Operating	Fund 20 Operations & Maintenance Operating	Fund 30 Debt Service Non-Operating
Fund 40 Transportation Operating	Fund 50 IMRF / FICA Restricted/ Operating	Fund 60 Capital Projects Non-Operating
Fund 70 Working Cash Operating	Fund 80 Tort Liability Operating	Fund 90 Life Safety Restricted/ Non-Operating

X #iasboAC26



FUND 10 — EDUCATIONAL FUND

The LARGEST fund — typically 60-70% of all district expenditures

Direct Instruction

Teacher salaries, aides, substitute teachers, classroom supplies, textbooks, and all instructional technology used by students.

Special Education

Self-contained and resource room teachers, paraprofessionals, IEP services, assistive technology — largest growing cost for most districts.

Bilingual & EL Programs

Salaries and materials for English Learner instruction; includes bilingual teachers and interpreter services.

Gifted & Summer School

Extended learning programs — enrichment, remediation, and summer programs for at-risk students.

Food Service

Cafeteria staff wages, food costs, and kitchen supplies — even though it's 'food service,' it's coded in the Educational Fund.

Counseling / Social Work

Counselors, social workers, psychologists, and nurses — all support services within the Ed Fund.

Library & Media Services

Librarians, media specialists, library books, databases, and digital resources for students.

Superintendent's Office

Superintendent salary, district-level administration, and central office support staff.

X #iasboAC26

LEADING WITH
EMPATHY 

 2026
ANNUAL
CONFERENCE

FUND 20 — O&M | FUND 30 — DEBT SERVICE

Fund 20 — Operations & Maintenance

Custodial Staff

Wages for all custodial and maintenance employees; includes overtime for events.

Utilities

Natural gas, electricity, and water bills for all school buildings. A major cost driver.

Building Repairs

Routine repairs, preventative maintenance contracts (HVAC, elevators, roofing).

Grounds Maintenance

Lawn care, snow removal, parking lot upkeep, and equipment.

Fund 30 — Debt Service

Bond Principal Payments

The portion of the annual bond payment that reduces the underlying debt balance.

Bond Interest Payments

The interest cost owed to bondholders — NOT a programmatic expenditure.

Non-Operating Fund

Debt Service is non-operating — it does not count toward per-pupil spending calculations.

Separate Tax Levy

Districts must levy separately for debt service; the bond ordinance specifies required amounts.

FUND 40 — TRANSPORTATION | FUND 50 — IMRF/FICA

Fund 40 — Transportation

Contracted Bus Services

Payments to private transportation vendors (most common) — coded here, not in Fund 10.

District-Owned Buses

Fuel, maintenance, insurance, and depreciation on district-owned vehicles.

Special Ed Transport

Often the most expensive line — taxi, van, and specialized vehicles for IEP students.

Activity Transportation

Field trips, athletic events, and other student activity-related transportation.

Fund 50 — IMRF / FICA

IMRF (Pension)

Illinois Municipal Retirement Fund — employer contributions for non-certified staff (custodians, secretaries, paras).

Social Security (FICA)

Employer's 6.2% share of Social Security for applicable employees.

Medicare

Employer's 1.45% Medicare contribution — applies to all employees including teachers.

Restricted Fund

Money raised through the tax levy can only be used for these specific pension/tax obligations.

FUNDS 60, 70, 80 & 90 — SPECIAL PURPOSE FUNDS

Fund 60 — Capital Projects

- Bond proceeds for construction deposited here
- Land purchases and major construction costs
- Non-operating — not in per-pupil calculation
- Example: Building a new gymnasium or renovating classrooms

Fund 70 — Working Cash

- The district's 'savings account' — short-term liquidity
- Tax levy or bond proceeds fund this account
- Can loan money to other funds via board resolution
- Example: Transfer to Ed Fund before property tax distribution

Fund 80 — Tort Liability

- Workers' compensation & unemployment insurance
- Property and liability insurance premiums
- Legal services and litigation costs
- Risk management — often via a cooperative/pooled plan

Fund 90 — Life Safety

- Fire prevention, safety upgrades, security systems
- Energy conservation projects (LED lighting, HVAC)
- MUST have ISBE-approved Life Safety amendments
- Levy requires architect-certified plans submitted to ISBE

DISCUSSION — DO YOU NEED THESE FUNDS?

Do you need Fund 80 (Tort)?

IF YES...

Do you need Fund 90 (Life Safety)?

IF NO...



Key insight: The fund you use determines your tax levy authority!

X #iasboAC26

LEADING WITH
EMPATHY 

 2026
ANNUAL
CONFERENCE

FUNCTION CODES — WHAT IS THE MONEY DOING?

Function codes describe the *PURPOSE* or *ACTIVITY* for which staff or resources are used.

#1000

Direct

Instruction

Teaching of pupils — all direct classroom instruction including regular ed, special ed, bilingual, vocational, summer school, gifted.

#2000

Indirect

Support Services

Administrative, technical, and logistical support: transportation, food service, library, counseling, nursing, principal office, IT, O&M.

#3000

Community

Community Services

Services for the broader community: before/after-school childcare, adult education, public forums, welfare stipends for attendance.

#4000

Inter-Agency

Non-Programmed Charges

All payments TO other LEAs (Local Education Agencies) — most common: special education tuition to cooperatives or other districts.

#5000

Non-Op

Debt Services

Bond principal and interest payments — used in Fund 30 (Debt Service). Not an operating expenditure.

#8000

Transfers

Other Financing Uses

Operating transfers between funds — e.g., Working Cash interest transferred to the Ed Fund. Reported separately, not as expenditures.

FUNCTION 1000 — INSTRUCTION

1100

Regular Education

General education classroom teachers and aides; all core subject area instruction for typical learners.

1200

Special Education

Self-contained, resource room, and co-teaching special education teachers and paraprofessionals.

1300

Vocational Programs

Career and Technical Education (CTE) teachers; applied arts, business, trades instruction.

1400

Interscholastic

Athletic coaches (if instructional), extracurricular activity stipends coded to the instruction function.

1500

Gifted Programs

Gifted and talented instruction beyond the regular curriculum; enrichment program teachers.

1600

Bilingual / EL

English Learner and bilingual classroom teachers; interpreter services directly tied to instruction.

1700

Pre-K Programs

Preschool instruction — including ECSE and state-funded pre-K programs.

1900

Summer School

Remediation, enrichment, or credit recovery programs outside the regular school year.

FUNCTION 2000 — SUPPORT SERVICES

2100

Pupil Support

Counselors, social workers, psychologists, nurses — services supporting student wellbeing & attendance.

2200

Instructional Support

Curriculum directors, instructional coaches, librarians, professional development coordinators.

2300

General Administration

Superintendent and Board of Education — executive leadership functions.

2400

School Administration

Building principals, assistant principals, and their support staff.

2500

Business Support

Finance/business office staff, accounts payable, payroll, and general financial management.

2540

Operation of Plant

Custodians, security staff, and building engineers — coded here even if paid from Fund 20.

2550

Pupil Transportation

Transportation department staff and dispatchers — even if the district contracts out bus service.

2660

Data Processing / IT

Technology staff, network administrators, help desk — any technology support services.

FUNCTION CODE CHALLENGE — TEST YOUR KNOWLEDGE

Q1: An Equity Director who oversees district equity initiatives — what function code?

A: 1100 — Regular Instruction

B: 2210 — Improvement of Instruction

C: 2320 — Executive Administration

D: 330 — Special Area Administration

Q2: Teacher laptops used for instruction AND parent communication AND admin work?

A: 1100 — Regular Instruction

B: 2210 — Improvement of Instruction

C: 2490 — Other Support: School Admin

D: 2660 — Data Processing (IT Services)

OBJECT CODES — WHAT ARE YOU BUYING?

Object codes describe the SERVICE or COMMODITY obtained — the 'what' of the purchase.

#100 72.91%	Salaries All pay for district employees on payroll — regular, temporary, substitute, and overtime pay.	#200 9.98%	Employee Benefits TRS/IMRF, FICA/Medicare, health insurance, dental, vision, disability, life — paid BY the district.
#300 9.80%	Purchased Services Services from non-employees: auditors, attorneys, consultants, utilities (phone, water).	#400 4.85%	Supplies & Materials Consumable items: paper, textbooks, gasoline, natural gas, electricity, office supplies.
#500 1.15%	Capital Outlay Fixed assets over the capitalization threshold: building improvements, major equipment, vehicles.	#600 1.26%	Other Objects Fund transfers, bond principal/interest, special ed tuition to other districts, dues & fees.
#700 <1%	Non-Capitalized Equipment Items below the capitalization threshold but above the minimum for per-capita cost tracking.	#800 0.06%	Termination Benefits Payments to retiring/terminated employees for unused sick days or vacation payout.

OBJECTS 100 & 200 — SALARIES & BENEFITS (83% OF BUDGET)

Object 100 — Salaries (72.91%)

110

Regular Salaries

Full-time employees on the regular payroll — the most common object code for all staff.

120

Temporary Salaries

Short-term or seasonal staff — summer positions, temporary part-time hires.

130

Overtime Salaries

Overtime pay for non-exempt staff (custodians, maintenance workers).

140

Substitute Salaries

Payments to substitute teachers and aides covering for absent permanent employees.

Object 200 — Employee Benefits (9.98%)

210

Retirement Contributions

Employer TRS (teachers) and IMRF (non-certified staff) pension contributions.

220

Social Security / Medicare

Employer FICA (6.2% SS + 1.45% Medicare) — applies to non-TRS staff.

230

Group Insurance

Health, dental, vision, disability, and life insurance premiums paid by the district.

290

Other Benefits

Workers' comp, tuition reimbursement, flexible spending contributions, and other fringe benefits.

OBJECTS 300, 400 & 500 — SERVICES, SUPPLIES & CAPITAL

#300 — Purchased Services

310 — Official/Admin Services

Legal, auditing, election costs, and other official district services.

320 — Professional Services

Consultants, therapists (OT/PT/speech), psychologists contracted from outside.

330 — Technical Services

Data processing, technology management, and specialized technical consulting.

340 — Utilities

Telephone, water — NOT gas or electric (those are Object 420, a Supply).

#400 — Supplies & Materials

410 — Consumable Supplies

Office supplies, paper, custodial supplies, athletic supplies, and gasoline.

420 — Energy Supplies

Natural gas and electricity — these are SUPPLIES in Illinois school accounting.

430 — Library Materials

Books, periodicals, audiovisual materials for library/media centers.

440 — Textbooks

Instructional textbooks and workbooks — a significant line item in Ed Fund.

#500 — Capital Outlay

510 — Land

Purchase of land; includes legal fees tied directly to the land acquisition.

520 — Buildings & Improvements

New construction; major improvements that extend building life significantly.

530 — Equipment

Furniture, equipment, vehicles over the capitalization threshold (often \$5,000+).

⚠️ KEY RULE

Capital outlay is EXCLUDED from per-pupil spending calculations in the AFR — don't inflate your ed fund supplies line.

OBJECT CODE CHALLENGE — TEST YOUR KNOWLEDGE

Q1: Teacher tuition reimbursement — paid directly to the teacher as reimbursement?

A: 200 — Employee Benefits

B: 300 — Purchased Services

C: 600 — Other Objects (Tuition)

When the district reimburses the employee directly, it's a benefit — coded to Object 200. If the district pays the university directly, it may be Object 300 instead.

Q2: Monthly electric bill for the middle school building?

A: 300 — Purchased Services (Utilities)

B: 410 — Consumable Supplies

C: 420 — Energy Supplies

In Illinois school accounting, electricity and natural gas are SUPPLIES (Object 420), not Purchased Services. Water and telephone are Object 340 (Purchased Services).

COMMON CODING MISTAKES — AND HOW TO AVOID THEM



Coding where there's budget, not where ISBE requires

Impact: Creates inaccurate AFR data; errors flow to the ISBE school report card and per-pupil calculations.

Fix: Train all departments on proper codes. Lock your system so payroll can only use salary codes and purchasing uses non-salary codes.



Treating an employee as a contractor (Object 300 vs. 100)

Impact: Total salary totals won't reconcile with W-2s and 941 payroll tax filings — audit red flag.

Fix: If they're on your payroll, they're Object 100. If they invoice you as a business, they're Object 300.



Coding capital outlay (Object 500) as supplies (Object 400)

Impact: Overstates operating expenditures per pupil — capital is backed out of the per-pupil calculation in the AFR.

Fix: Establish a written capitalization policy (e.g., \$5,000 threshold) and train your purchasing team.



Wrong function code for instructional vs. support staff

Impact: ISBE school report card shows inaccurate % spent on instruction vs. administration — affects public perception.

Fix: Review your org chart annually. A para in a classroom = Function 1200. A para in the office = Function 2490.

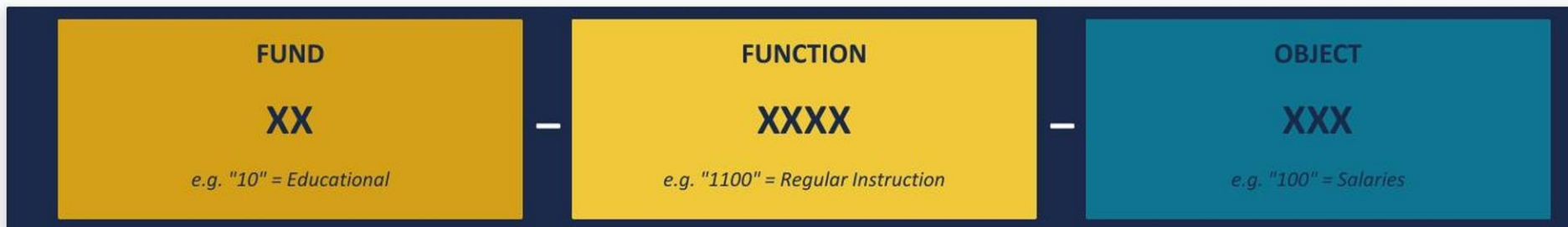


Missing grant expenditure subject codes

Impact: Auditors cannot verify grant compliance without accurate subject code identifiers — potential findings.

Fix: Add a grant tracking dimension to your chart of accounts and reconcile grant spending monthly.

HOW EXPENDITURES ARE CODED



REAL-WORLD EXAMPLES

10 – 1100 – 100	Educational Fund → Regular Instruction → Salaries <i>e.g. A 3rd grade teacher's salary</i>
10 – 2310 – 410	Educational Fund → Board of Education → Supplies <i>e.g. Paper purchased for the board meeting</i>
40 – 4120 – 300	Transportation Fund → Pupil Transport → Purchased Services <i>e.g. Payment to a contracted bus company</i>
20 – 2540 – 320	O&M Fund → Operation of Plant → Utilities <i>e.g. Monthly electric bill for the school building</i>

ESSA SITE-BASED EXPENDITURE REPORTING

$$\text{Per-Pupil Expenditure} = (\text{Site-Level Spending} + \text{Site's Share of District Centralized Costs}) \div \text{Number of Students}$$

HOW TO ALLOCATE CENTRALIZED COSTS TO SITES:

Per Pupil	Examples: Consulting fees, curriculum materials, professional development <i>Divide total cost by district enrollment; allocate proportionally to each school's student count.</i>
Per Employee	Examples: HR costs, payroll processing fees, employee relations <i>Divide by total district employees; allocate based on each school's headcount.</i>
Per Route	Examples: Transportation costs, bus maintenance <i>Divide by number of bus routes or route miles; allocate to the schools served.</i>
Per Sq. Foot	Examples: Custodial, HVAC maintenance, janitorial supplies <i>Divide by total district square footage; allocate to each building's size.</i>
Direct Alloc.	Examples: Pre-K programs, EL students, IEP services <i>Certain costs can be allocated directly to specific programs or student populations.</i>

⚠ Half-day students count as 0.5 FTE. Out-of-district tuition reported separately or added to centralized costs.

X #iasboAC26

LEADING WITH
EMPATHY 

 2026
ANNUAL
CONFERENCE

STATE BUDGET FORM — PROCESS & REQUIREMENTS

1

Prepare

Gather prior year actuals; work with department heads to build estimates; input into ISBE budget form.

2

BOE Adoption

Budget must be adopted within 90 days of fiscal year end — September 30th for July 1 FY start districts.

3

Public Notice

Post the adopted budget on the district website; notify parents via any communication means.

4

County Clerk

File certified copy with county clerk within 30 days — they verify deficit summary, reduction plan, and public vendor contracts.

5

ISBE Filing

File electronically with ISBE within 30 days of adoption. Budget must balance or include a deficit reduction plan.

Budget reports summarize all expenditure accounts by Fund × Function × Object. Only enter amounts on detail lines, not formula-driven totals.

X #iasboAC26

LEADING WITH
EMPATHY 

 2026
ANNUAL
CONFERENCE

DEFICIT BUDGET SUMMARY & REDUCTION PLAN

TRIGGERED WHEN: Expenditures exceed revenues AND fund balances are insufficient to cover the gap

FUNDS INCLUDED IN DEFICIT CALCULATION:

Fund 10 — Educational

Fund 20 — O&M

Fund 40 — Transportation

Fund 70 — Working Cash

WHAT THE DEFICIT REDUCTION PLAN MUST INCLUDE:

Four-Year Projection

Revenues and expenditures summary for the current year plus 3 future years — showing the path to balance.

Foundation Level / EBF

Narrative on state aid assumptions — Evidence-Based Funding formula and general state aid expectations.

EAV & Tax Rate Assumptions

Equalized assessed valuation trends and projected tax rates for each levy fund.

Salary & Benefits Projections

Multi-year projections tied to collective bargaining agreements and benefit cost trends.

Borrowing Strategy

Any planned short-term (TANs) or long-term (bonds) borrowing to address cash flow or structural deficit.

Educational Impact Narrative

How deficit reduction measures will affect programs and students — required by ISBE.

The plan requires Board of Education approval. Involves Superintendent, business office, and often an external financial advisor.

BEST PRACTICES & QUICK TIPS FOR SUCCESS



Lock Your Financial System

Configure your system so payroll staff can only post to Object 100/200 and purchasing staff to Object 300-800. Prevent wrong-fund entries at the source.



Reconcile Monthly

Review fund balances and expenditure reports every month. Catch coding errors before they appear in the AFR. Monthly reconciliation = no audit surprises.



Train Your Team Annually

Run an annual coding refresher for all staff who touch the financial system. Include real examples from your own district's most common errors.



Align Budget to Strategic Plan

Ensure every budget line ties back to a district goal. Boards and community members ask 'what are we buying?' — have the answer ready.



Document Your Decisions

When a coding decision is a gray area, write a brief memo explaining your rationale. Auditors appreciate consistency and documentation over perfection.



Partner with Your Auditor

Build a relationship with your external auditor before fieldwork begins. Ask about common findings they see across Illinois districts — learn from others' mistakes.

RESOURCES & THANK YOU

KEY RESOURCES:

IASBO (IL Assoc. of School Business Officials)

www.iasbo.org

ASBO International

www.asbointl.org

Government Finance Officers Assoc. (GFOA)

www.gfoa.org

Governmental Accounting Standards Board (GASB)

www.gasb.org

Illinois State Board of Education (ISBE)

www.isbe.net

YOUR PRESENTERS:

CORTNEE GUTIERREZ

CHIEF SCHOOL BUSINESS OFFICIAL

E.F. LINDOP SD #92

cgutierrez@lindop92.net

GRIFFIN SONNTAG

ASST. SUPERINTENDENT BUSINESS & OPERATIONS

PLEASANTDALE SD #107

gsonntag@d107.org

JESSICA DONATO

CHIEF SCHOOL BUSINESS OFFICIAL

NORTHBROOK SD #28

jdonato@northbrook28.net

IASBO Annual Conference | Questions welcome!

 #iasboAC26

LEADING WITH
EMPATHY 

 **2026**
ANNUAL
CONFERENCE