



Selected Financial Data Maryland Public Schools 2003 – 2004

Part 2 – Expenditures

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INTRODUCTION

Maryland local education agencies (LEAs) are required to annually budget and account for expenditures in accordance with the budget categories identified in Section 5-101 of the *Education Article of the Annotated Code of Maryland*. Passage of legislation in the 1996 session of the Maryland General Assembly resulted in modifications to the budget categories. Expenditures for Office of the Principal were removed from the category of instruction and expenditures for Instructional Administration and Supervision were removed from the category of Administration. A new category called Mid-Level Administration was added to account for these expenditures. Expenditures for Facilities Acquisition and Construction, which had historically been reported in the category of Administration, were moved to the Capital Outlay category. Finally, the category of Instruction was divided in three budget categories: Instructional Salaries and Wages, Textbooks and Other Instructional Supplies, and Other Instructional Costs.

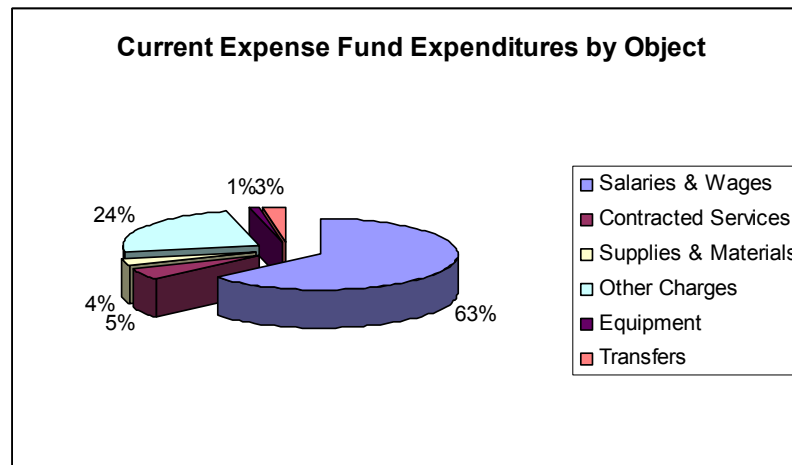
The *Financial Reporting Manual for Maryland Public Schools* provides interpretation of this law and delineates a structure for reporting expenditures. This structure includes fund accounting concepts in which resources are segregated for the purpose of carrying on specific activities or meeting specific objectives. The fund-types reported by the LEAs are the Current Expense Fund, School Construction Fund, Debt Service Fund, Food Service Fund, Student Activities Fund, and Trust and Agency Fund. Trust and Agency Funds are not included in the tables which follow. Student Activity Funds are shown for information only. Each of these fund types is defined below.

LEAs are required to adhere to generally accepted accounting principles (GAAP) in recording the receipt and expenditure of

funds. For purposes of the reporting to the Maryland State Department of Education (MSDE), however, financial data are reported on a budgetary basis where expenditures are defined as cash + payables + encumbrances, and revenue is recognized when an expenditure occurs.

HIGHLIGHTS

Total expenditures increased 2.4% at about the same rate as last year. Current Expenditures increased 3.5% over the previous year. Expenditures for salaries exceeded \$5.0 billion and represented 63% of the total current expenditures. Employee benefits and other charges accounted for 24 % of total current expenditures. Supplies and equipment amounted to almost 5% of total current expenditures.



DEFINITIONS

Administration - expenditures for the general regulation, direction, and control of the LEA and the LEA instructional programs. Activities in this category generally involve the formulation and execution of educational or financial policy for

the LEA as a whole, rather than the administration of a single building or narrow phase of school activity and includes board of education services, office of the superintendent, community relations, business services; human resources; data processing; printing and duplicating; purchasing; legal services; planning, research, and evaluation services; centralized support services, and general support services.

Capital Outlay - expenditures of current funds for directing and managing the acquisition of, or addition to, fixed assets, including money spent for land or existing buildings, improvements to grounds, construction, remodeling, or renovations.

Community Services - expenditures for activities which are provided by the LEA for the community or some segment of the community other than for public school activities and adult education. Included in this category are expenditures for community recreation programs, before and after school programs, and community transportation programs.

Current Expense Fund - the fund used to account for the basic operations of the LEA, comprised of the general fund and those special revenue funds available for general fund purposes. Expenditures in this fund are reported by expenditure category and object.

Debt Service Fund - the fund used to account for the payments of interest and principal on long-term general obligation debt and state loans, excluding obligations incurred by the State of Maryland for construction of public school facilities. Debt issuance and repayment is the responsibility of the parent government, but LEAs are required to report their portion of county debt annually.

Fixed Charges - expenditures of a generally recurrent nature which are not readily chargeable to other expenditure

categories, such as employee benefits, rent, insurance, judgements, and other such items.

Food Service Fund - expenditures for activities involving the preparation and serving of meals to students and adults.

Health Services - expenditures for physical and mental health activities which provide students with appropriate medical, dental, and nurse services.

Instructional expenditure categories - expenditures for activities which deal with teaching regular students and/or enhancing the educational experience for students. Instructional expenditures occur at the school level for classroom instruction, media services, guidance services, psychological services, co curricular activities. Also included are expenditures for instructional staff development and curriculum development provided by instructional staff.

Local Education Agency (LEA) - the entity created to provide educational services for constituents.

Maintenance of Plant - expenditures incurred to keep the grounds, buildings, and equipment in a condition of efficiency or completeness.

Mid-level Administration - expenditures for district-wide administration and supervision of instructional programs and school administration.

Operation of Plant - expenditures for keeping the physical plant open and ready for use, including cleaning services; utilities; rental of facilities; grounds maintenance; warehousing and storing services; security services; and other routine services.

Special Education - expenditures for students who, through

appropriate assessment, have been determined to have temporary or long-term special education needs arising from cognitive, emotional, and/or physical factors.

Student Activities Fund - a fund used to account for the operations of student activities that are owned, operated, and managed by the student body under the guidance and/or direction of staff members or other adults.

Student Personnel Services - expenditures for attendance services, social work services, student accounting services, etc.

Transfers - payments by one agency to another for services rendered. Transfers are differentiated from contracted services to prevent double accounting of expenditures between education service providers.