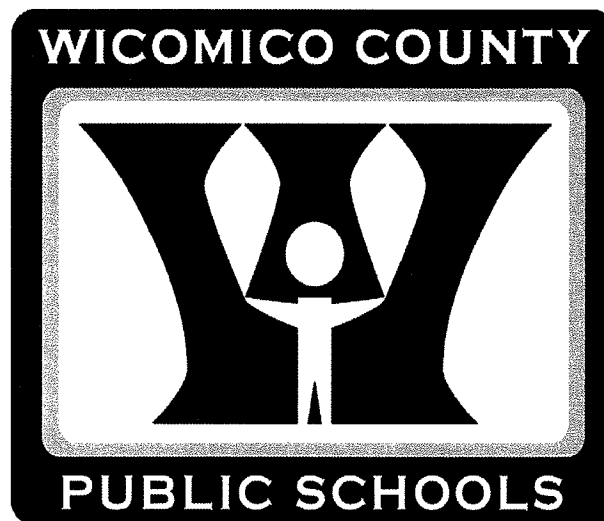


BOARD OF EDUCATION OF WICOMICO COUNTY

A Component Unit of Wicomico County, Maryland

Comprehensive ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2010



**101 Long Avenue
Salisbury, Maryland 21804**

Superintendent of Schools • John E. Fredericksen, Ph.D.

Board of Education of Wicomico County

A Component Unit of Wicomico County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Prepared by:

Board of Education of Wicomico County
Division of Business Support Services

Gary C. Green, CPA, MBA
Accounting Manager

E. Bruce Ford, CPA
Comptroller

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

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Comprehensive Annual Financial Report
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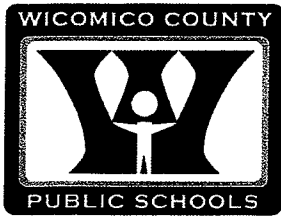
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INTRODUCTORY SECTION

BOARD OF EDUCATION OF WICOMICO COUNTY



John E. Fredericksen, Ph.D.
Superintendent of Schools

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Tyrone A. Chase, Ph.D.
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Robin H. Holloway
Ronald O. Willey

September 29, 2010

To the Members of the Board of Education
And the Citizens of Wicomico County:

The Comprehensive Annual Financial Report (CAFR) for the Board of Education of Wicomico County (the Board) for the fiscal year ended June 30, 2010 is submitted herewith pursuant to the Annotated Code of the State of Maryland, section 5-109. The CAFR is a thorough and detailed presentation of the Board's financial condition, activities and balances for the fiscal year. The CAFR includes three sections. The first section is the introductory section and includes this transmittal letter and other organizational information. The second part is the financial section which includes Management's Discussion and Analysis, the basic financial statements and supplementary information. The third part is the statistical section which includes various selected financial, demographic and operating information.

The responsibility for both the accuracy of the data and the completeness of the CAFR rests with the management of the Board. The Board's comprehensive framework of internal controls provides assurance of the accuracy of the information included in the CAFR. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. This report was prepared by the Division of Business Support Services and to the best of our knowledge and belief, the enclosed data is complete and accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the Board.

The financial statements of the Board have been audited by TGM Group LLC, certified public accountants, and they have issued an unqualified "clean" opinion on the Board's financial statements for the fiscal year ended June 30, 2010. The auditor's opinion is presented as the first component of the financial section of the CAFR.

The Board in compliance with OMB Circular A-133 has issued a separate Compliance Report. The report includes the Schedule of Expenditures of Federal Awards as well as the auditor's report on internal control over financial reporting and the report on the Board's compliance with requirements applicable to major Federal Awards.

It is the policy of the Wicomico County Board of Education to provide equal educational and employment opportunities regardless of age, gender, race, color, religion, national origin, disability or sexual orientation.

Reporting Entity Profile

The Wicomico County school system was established in 1867 and is a corporate body politic. Its mission is to provide all students an educational foundation and a set of skills which will enable them to become responsible and productive citizens in our society. The governing body of the school system is the Board of Education which is composed of seven (7) members appointed by the governor for staggered five (5) year terms. The Board of Education determines educational policy and employs a superintendent of schools for a four-year term to administer the school system.

During the 2009-2010 school year, the school system served 14,667 students (an increase of 34 students from the prior year) in seventeen (17) elementary schools, seven (7) secondary schools, one career-technology high school, one evening high school, an alternative learning program, an early learning program, and an adult learning program. Enrollment for next school year is projected to increase modestly. The ratio of professional staff (including administrators and faculty) to students for the 2009-2010 school year was approximately one staff member to 10 students. Student demographics for the 2009-2010 school year included: 49% students that qualified for free/reduced meals; 11.8% students with disabilities; and 2.3% students that were English Language Learners. In June 2010, the school system graduated 973 students.

In accordance with state law the Board of Education developed in 2002 a Comprehensive Master Plan. The 2009-2010 school year is the seventh year of implementation of that plan. The plan is organized around the school system's three (3) strategic priorities of High Student Achievement, Safe Learning Environment, and Effective and Efficient Operations. Progress is reported through annual updates of the Comprehensive Master Plan with the Maryland State Department of Education (MSDE). Such updates are available on the MSDE website.

Assessment of the School System's Economic Condition

Maryland has been impacted by the same factors that have brought on the nation's economic downturn. As with the national forecast, state and local governments are bracing for a continued weak economy, and revenue projections for future budgets have continued to be downgraded.

During fiscal year 2010, our county government and school Board cooperated to ensure that our county met the Maintenance of Effort (MOE) requirement for state aid purposes which enabled our school system to receive approximately \$4 million in additional state aid over fiscal year 2009. However, despite our county's filing for an MOE waiver for fiscal year 2011 and receiving state approval, the additional state aid for 2011 is flat. State aid has been tempered by an apparent anomaly in Wicomico's free and reduced price meal population which has a direct negative impact on our state aid.

The weak economy continues to have a negative impact on income tax revenues for our county and coupled with a two (2) percent revenue cap {a cap on our county's ability to raise revenue from real estate and personal property taxes} the county has no alternative but to cut funding for education. Therefore, fiscal year 2011 local aid for education has been reduced by 15% (\$7.6

million). This dramatic decrease in aid for education has resulted in the Board of Education implementing staffing reductions and budget cuts in almost all areas of its fiscal year 2011 operating budget. Overall, the fiscal year 2011 operating budget has been reduced by \$8.4 million.

Planning for fiscal year 2012 and beyond has been shaped by the following negative economic factors:

- Forecast of a weak recovery to extend well into 2011
- Continued unemployment rate for our county averaging 9%
- Flat housing start numbers
- Continued decrease in local property assessments
- Wicomico County's 2% revenue cap and our County's failure to identify other sources of revenue
- State of Maryland's forecast of a budget shortfall of \$1.6 billion

Consequently, we must continue to downgrade our revenue forecasts for fiscal year 2012 and beyond, and because our Board has no legal authority to raise revenues of any significant amount, the Board will most likely be faced with additional cuts to our expenditures budget.

Despite these many negative factors, there remains the one positive action that will favorably impact fiscal year 2012; the cooperation the Board received from our County government to adjust the base level of our School Construction Savings Fund (SCSF) to facilitate a budget saving measure implemented by our Superintendent in the fall of 2009. For fiscal year 2010 only, the County approved raising the base level of the SCSF to \$4 million which has enabled the Board to carryover \$4 million in unassigned fund balance to fiscal year 2012. This significant source of funds for fiscal year 2012 will assist greatly in helping the Board balance our 2012 operating budget.

Federal funding increased dramatically in fiscal year 2010 and will continue to grow in fiscal years 2011 and 2012. The American Recovery and Reinvestment Act (ARRA), which was passed in early 2009, has provided the Board with significant amounts of aid for Title I and Special Education initiatives as well as one-time capital expenditures. These funds for the most part will be obligated in fiscal years 2010 and 2011. Because these funds are what has been referred to as "cliff funding", the Board has used the majority of the funds for one-time expenditures or for contractual funded positions. This will ensure the Board avoids the pitfalls of the coming cliff (end of funding). The recent passage of the Race to the Top (RTTT) initiative and the Educations Job Fund (EJF) will result in significant additional federal aid which must be targeted to areas specified in the law.

The RTTT funds (\$3.8 million over a four year period) must be used to:

- Support the transition to enhanced standards and high-quality assessments
- Turn around the lowest performing schools
- Provide effective support to teacher and principals
- Assist in developing data systems that will effectively use data to improve instruction

The Board must submit a work plan for the use of RTTT funds to the State Department of Education by November 3, 2010.

The EJF funds (\$825,645) must be used for:

- Compensation and benefits and other expenses, such as support services, necessary to:
 - retain existing employees
 - to recall or rehire former employees
 - to hire new employees in order to provide early childhood, elementary or secondary education and related services

Major School System Initiatives

Securing funding to continue the Board's Capital Improvements Plan (CIP) remains a priority for the Board. With the recent opening of the new James M Bennett High School, a significant hurdle in our County's bonding for capital projects has been overcome. However, much remains to be done. Until such time as the Bennett Middle School project is complete, the James M Bennett project cannot be finished, nor can the appropriate HVAC systems be provided for the four remaining schools beyond Bennett Middle that currently lack adequate air quality systems. Such inequities in the learning environments for our students across our county must be overcome and our Board will continue to explore all avenues of funding and alternative financing arrangements to address these important projects. Therefore, obtaining the necessary funds both from the state and our local government to complete the Bennett Middle School project will become a major focus of the school system.

Acknowledgements

This is the first year the Board has completed a CAFR and we would like to thank our Superintendent, John Fredericksen, for providing the direction, leadership and support for the development of this comprehensive reporting tool. We would also like to express our gratitude to the firm of TGM Group, LLC, certified public accountants, for the professional manner in which they have performed the audit in accordance with state and federal law. Finally, we would like to thank the entire staff of Business Support Services. Without their assistance the Board's first CAFR would not have been completed in a timely manner.

Respectfully submitted,



E. Bruce Ford, CPA
Comptroller



Gary C. Green, CPA, MBA
Accounting Manager

Board of Education of Wicomico County

Appointed Officials

Mark Thompson, President

L. Michelle Wright, Vice President

Tyrone A. Chase, Ph.D.

Larry W. Dodd

Donald L. Fitzgerald

Robin H. Holloway

Ronald O. Willey

Student Members

Gordon Custer, James M. Bennett High School

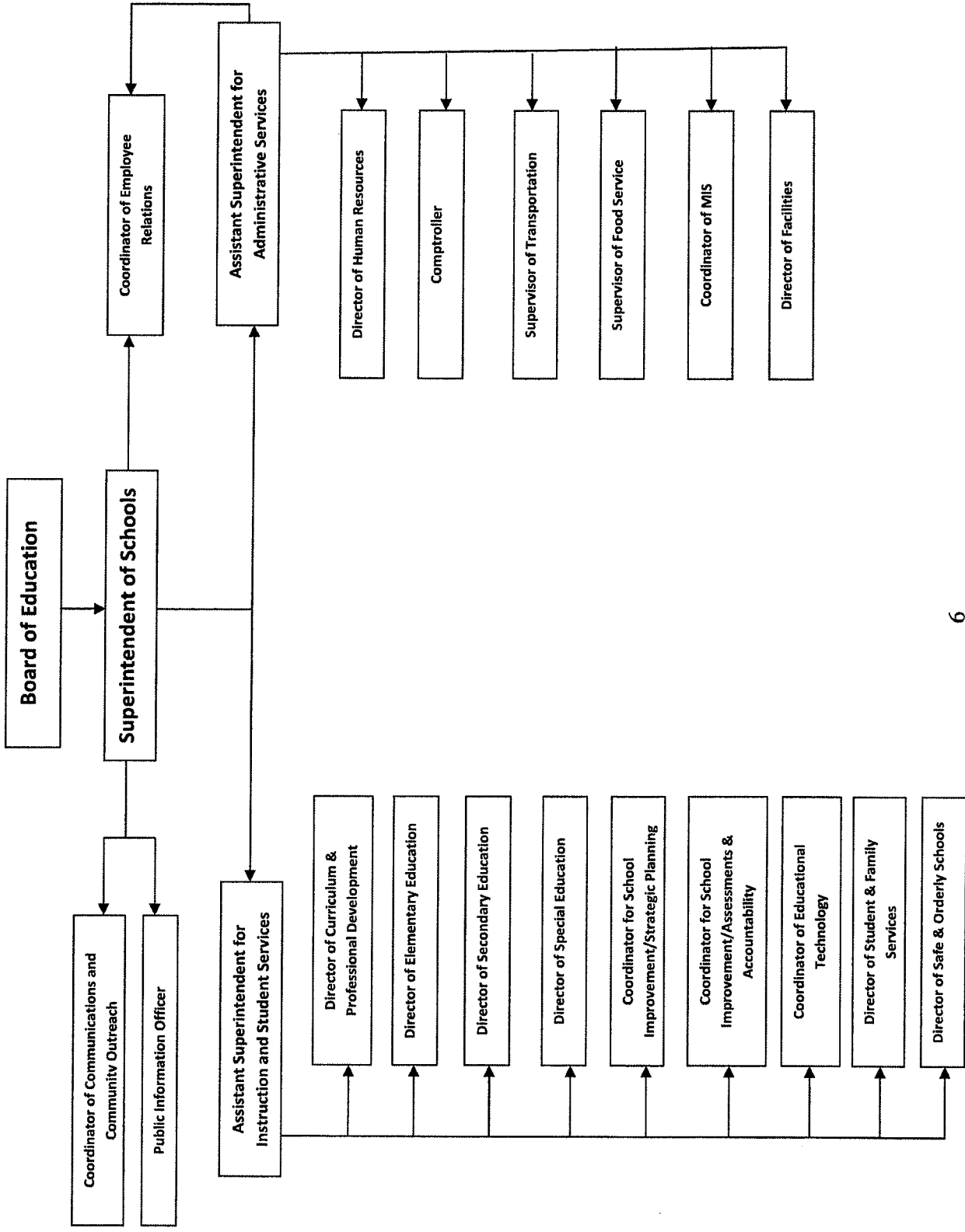
Caroline Franks, Mardela High School

Rachel McCain, Parkside High School

Caroline Hutchison, Wicomico High School

John E. Fredericksen, Ph.D., Superintendent of Schools

**Board of Education of Wicomico County
Central Office Organizational Chart FY 2009 – 2010**



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Education of Wicomico County
Salisbury, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Board of Education of Wicomico County, a component unit of Wicomico County, Maryland, as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of The Board of Education of Wicomico County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Board of Education of Wicomico County as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 22, schedules of funding progress and employer contributions on pages 57 through 58, and budgetary comparison information on pages 59 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Board of Education of Wicomico County's financial statements as a whole. The introductory section, additional supplementary information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The additional supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "JHM Group LLC". The signature is written in a cursive, flowing style.

Salisbury, Maryland
September 29, 2010

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis Year Ended June 30, 2010

This section of the Board of Education of Wicomico County's (the Board) comprehensive annual financial report (CAFR) presents our discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the Letter of Transmittal at the front of this report and the Board's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- The Board's total net assets of \$227,011,549, represents an increase of \$29.3 million (14.8%) over the prior year. This increase is attributable to the increase in Investment in Capital Assets as a result of the ongoing capital improvements at James M. Bennett High School.
- General Fund fund balance equals \$16,889,234, an increase of 4.9 million over the prior year. This is attributable to the operating budget savings plan initiated by the Superintendent to accumulate \$4.0 million in our end of year "unassigned" fund balance for the specific purpose of carrying these funds to the fiscal year 2012 operating budget as part of the long term strategic plan to help over come the anticipated shortfalls brought about by the stagnant economy.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report (opinion), required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information.

Basic Financial Statements

The basic financial statements consist of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements

The government-wide statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. There are two government-wide statements:

- 1) Statement of net assets - includes *all* of the Board's assets and liabilities and reflects the difference (net assets) between the assets and liabilities which is one way to measure the financial health of an entity.
- 2) Statement of activities which reflects the current year's revenues and expenses regardless of when cash is received or paid.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis Year Ended June 30, 2010

- Over time, increases or decreases in the Board's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Board you need to consider additional non-financial factors such as changes in the condition of school buildings and other facilities.

In the government-wide financial statements the Board's activities are divided into two categories:

- *Governmental activities* - Most of the Board's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Local county and state aid finance the majority of these activities.
- *Business-type activities* - The Board accounts for all of the Food Service activities here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds - focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law, while the Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (e.g., federal grants). The District has three kinds of funds:

- *Governmental funds* - Most of the district's basic services are included in governmental funds, which generally focus on (1) cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we have provided additional information to explain the relationship (or differences) between them.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2010

- *Proprietary funds* - The Food Service operation is the only fund accounted for as a proprietary fund. Proprietary funds are reported the same way as business-type activities in the government-wide statements.
- *Fiduciary funds* - The District is the trustee, or agent, for assets that belong to others, such as the Employees Retirement Plan and the 401(a) Employer Matching Plan. The School Activities Fund is also accounted for as a fiduciary fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

Net assets – the Board's combined net assets were \$227,011,549 on June 30, 2010. This is an increase of 14.8% over the prior year. (see Table 1.)

Table 1							
THE BOARD OF EDUCATION OF WICOMICO COUNTY STATEMENT OF NET ASSETS (in millions of dollars)							
	Governmental Activities		Business-Type Activities		Board of Ed Total		Total Percentage Change
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010- 2009</u>
Current and other assets	\$46.1	\$46.4	\$0.9	\$0.7	\$47.0	\$47.2	-0.4%
Capital Assets	<u>\$208.7</u>	<u>\$184.2</u>	<u>\$0.5</u>	<u>\$0.3</u>	<u>\$209.2</u>	<u>\$184.5</u>	<u>13.4%</u>
TOTAL ASSETS	<u>\$254.8</u>	<u>\$230.6</u>	<u>\$1.3</u>	<u>\$1.0</u>	<u>\$256.1</u>	<u>\$231.6</u>	<u>10.6%</u>
Current Liabilities	\$24.7	\$29.6	\$0.2	\$0.1	\$24.9	\$29.7	-16.2%
Long-Term Liabilities	<u>\$4.1</u>	<u>\$4.1</u>	<u>\$0.1</u>	<u>\$0.0</u>	<u>\$4.2</u>	<u>\$4.1</u>	<u>1.6%</u>
TOTAL LIABILITIES	<u>\$28.9</u>	<u>\$33.8</u>	<u>\$0.3</u>	<u>\$0.1</u>	<u>\$29.1</u>	<u>\$33.9</u>	<u>-14.0%</u>
Net Assets							
Invested in Capital Assets,							
Net of Related Debt	\$206.1	\$181.2	\$0.5	\$0.3	\$206.6	\$181.4	13.8%
Restricted	\$12.6	\$12.9	\$0.0	\$0.0	\$12.6	\$12.9	-2.0%
Unrestricted	<u>\$7.2</u>	<u>\$2.8</u>	<u>\$0.6</u>	<u>\$0.7</u>	<u>\$7.8</u>	<u>\$3.4</u>	<u>128.5%</u>
TOTAL NET ASSETS	<u>\$225.9</u>	<u>\$196.8</u>	<u>\$1.1</u>	<u>\$0.9</u>	<u>\$227.0</u>	<u>\$197.8</u>	<u>14.8%</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2010

Changes in net assets - the District's total revenues were \$229.3 million for the year ended June 30, 2010 (See Table 2). The county appropriation and state formula aid accounted for approximately 68.3% of total revenue for the year. Another 31.6% came from program revenues and the remainder from other revenue sources such as investment earnings which were down significantly because of current market conditions.

The total cost of all programs and services was \$200 million. The District's expenses are predominantly related to providing direct educational services to students (78.4 percent). The purely administrative activities of the District accounted for approximately 3.1% of total expenses. Total revenues exceeded expenses, thereby increasing net assets \$29.3 million over last year.

Table 2

THE BOARD OF EDUCATION OF WICOMICO COUNTY
CHANGES IN NET ASSETS
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Board of Ed Total		Total Percentage Change
	2010	2009	2010	2009	2010	2009	2010-2009
Program revenues							
Charges for services	\$2.0	\$2.3	\$1.7	\$1.8	\$3.7	\$4.2	-9.9%
Federal and state grants	\$34.4	\$29.7	\$4.4	\$4.1	\$38.7	\$33.8	14.6%
Capital Contributions	\$30.0	\$42.0	\$0.0	\$0.0	\$30.0	\$42.0	-28.6%
General revenues							
County Appropriation	\$50.8	\$50.2	\$0.0	\$0.0	\$50.8	\$50.2	1.1%
State formula aid	\$105.8	\$101.7	\$0.0	\$0.0	\$105.8	\$101.7	4.0%
Other	\$0.2	\$0.4	\$0.0	\$0.0	\$0.2	\$0.4	-39.3%
TOTAL REVENUE	\$223.2	\$226.3	\$6.1	\$5.9	\$229.3	\$232.2	-1.3%
Expenses:							
Instruction & Special Ed	\$156.8	\$148.9	\$0.0	\$0.0	\$156.8	\$148.9	5.3%
Administration	\$6.1	\$5.9	\$0.0	\$0.0	\$6.1	\$5.9	4.0%
Support Services	\$30.3	\$29.8	\$6.8	\$6.6	\$37.0	\$36.4	1.9%
TOTAL EXPENSES	\$193.2	\$184.6	\$6.8	\$6.6	\$200.0	\$191.2	4.6%
Transfers:	-\$0.9	-\$0.8	\$0.9	\$0.8	\$0.0	\$0.0	0.0%
Incr. (decr.) in net assets	\$29.1	\$41.0	\$0.1	\$0.1	\$29.3	\$41.0	-28.7%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

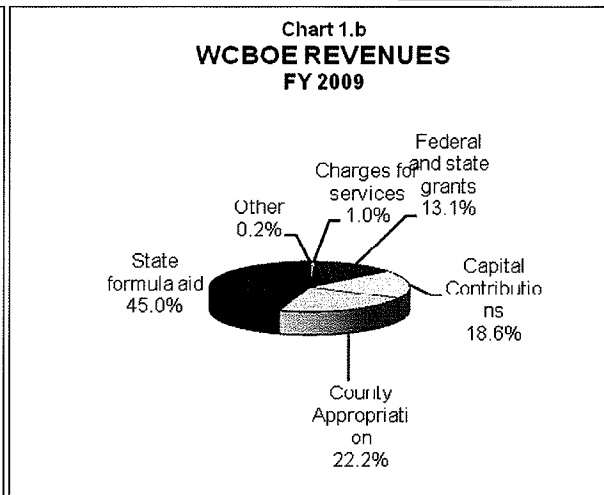
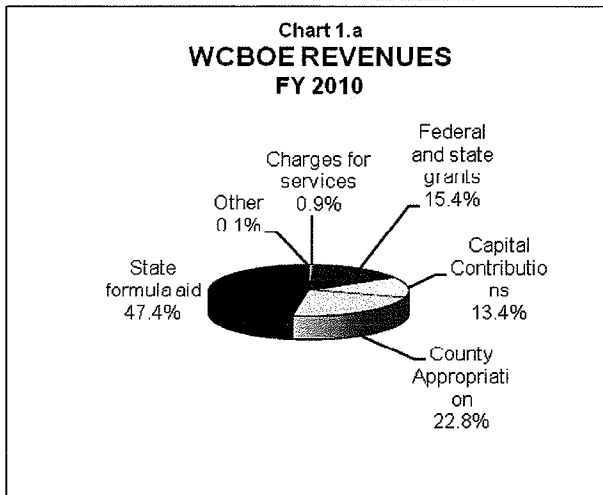
Management's Discussion and Analysis
Year Ended June 30, 2010

Governmental Activities:

The increase in net assets for governmental activities was \$29.1 million in FY 2010. Revenues decreased by \$3.1 million in FY 2010. This was attributable to the decrease of \$12 million in capital contributions from the state and the county for the James M Bennett project since the project is entering its final phase and revenue needs for the project will continue to decrease. However, the Board did experience a growth in state aid for education of approximately \$4.1 million as provided by the Bridge to Excellence in Education formulas. These formulas are driven by a county's enrollment and wealth. Wicomico's enrollment increased in comparison to other counties and was the major factor contributing to our significant growth in state aid during FY 2010. It is important to note that the securing of the additional state aid was because our county met the state required Maintenance of Effort (MOE). This was made possible by our Board's transfer of \$2 million from our School Construction Savings Plan to the County's Operating Budget which enabled the county to provide the level of funding to the Board to meet MOE (\$50.8 million).

See Chart 1.a and 1.b below for a breakdown of the District's revenues as a percentage of total revenue for FY 2010 and 2009. As you can clearly see, Capital Contributions decreased significantly as a percent of total revenue over last year. This is attributable to the James M. Bennett School renovation project entering the final stage of construction. Although the Board opened the James M. Bennett School to students in August 2010, the final phase of the total project cannot be completed until the Bennett Middle Complex is relocated to its new location in Fruitland, MD.

<u>REVENUE:</u>	<u>2010</u>		<u>REVENUE:</u>	<u>2009</u>	
Charges for services	2,039,512	0.91%	Charges for services	2,321,403	1.03%
Federal and state grants	34,350,575	15.39%	Federal and state grants	29,676,409	13.12%
Capital Contributions	29,996,468	13.44%	Capital Contributions	41,990,294	18.56%
County Appropriation	50,781,711	22.75%	County Appropriation	50,204,655	22.19%
State formula aid	105,808,156	47.40%	State formula aid	101,713,302	44.95%
Other	224,234	0.10%	Other	369,529	0.16%
	<u>\$223,200,656</u>	100.00%		<u>\$226,275,592</u>	100.00%

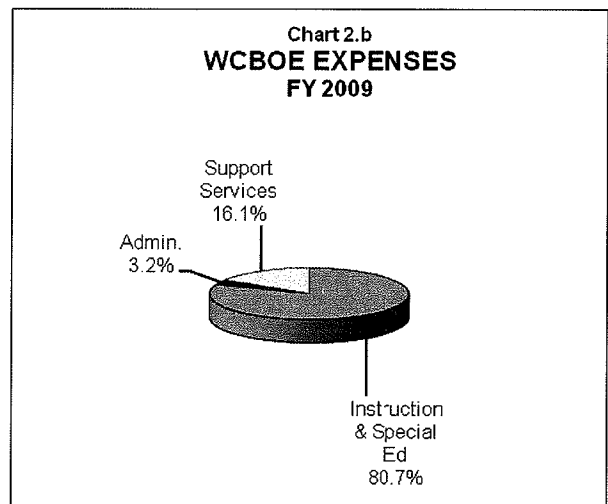
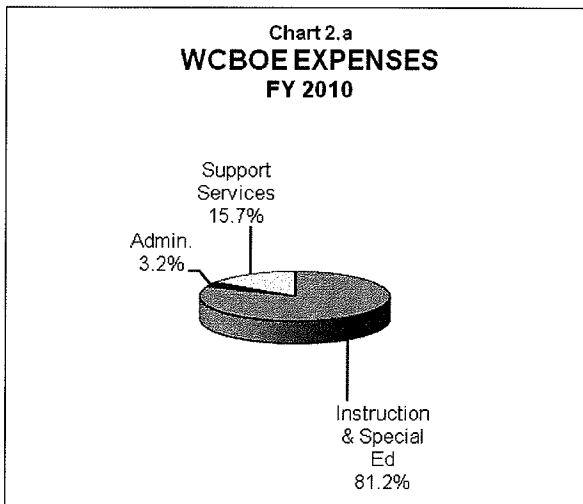


THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2010

Charts 2.a and 2.b disclose the breakdown of expenses for FY 2010 and 2009 for Governmental Activities. The Charts and expense disclosures reflect the significant increase in the expenditure of funds for Instruction and Special Education, while Administration other Support Services remained relatively flat.

<u>EXPENSES:</u>	<u>2010</u>	<u>EXPENSES:</u>	<u>2009</u>
Instruction & Special Ed	\$156,849,889	Instruction & Special Ed	\$148,931,939
Admin.	\$6,116,697	Admin.	\$5,880,904
Support Services	\$30,257,359	Support Services	\$29,752,042
	<u>\$193,223,945</u>		<u>\$184,564,885</u>



Business-type Activities:

The District's only business-type activity, the food service operation, had an increase in net assets of \$137,216 in FY 2010 {Refer to Table 1 and 2 for details}. Commencing in FY 2008, the Board's General Operating Budget provided support to the food service operation in the form of an interfund transfer of \$750,000. This transfer remained a part of the FY 2010 budget and represents the Board's commitment to cover the employer's share of Health Care costs for eligible Food Service employees which is approximately equal to \$638,000.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$21.5 million, an increase of \$4.3 million over last year's ending fund balance. Revenues for the District's governmental funds were \$206.5 million, an increase of only \$707,324 over the prior year. Total expenditures were \$217.9 million for the year, a decrease of \$7.0 million.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2010

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from pre-kindergarten through grade 12, including pupil transportation and the maintenance and operation of all school facilities. See Table 3 for a summary of General Fund revenues and expenditures.

Table 3				
GENERAL FUND REVENUES				
	FY 2010	FY 2009	\$ Incr (Decr)	% Incr (Decr)
REVENUES				
Wicomico County Appropriations	\$ 50,781,711	\$ 50,204,655	\$ 577,056	1.1%
Other Local Revenue	2,026,106	2,492,796	(466,690)	-18.7%
State of Maryland	112,228,749	108,206,374	4,022,375	3.7%
State of Maryland Share of Retirement	12,316,880	10,390,453	1,926,427	18.5%
Other	647,725	530,557	117,168	22.1%
TOTAL REVENUES	\$178,001,171	\$171,824,835	\$ 6,176,336	3.6%
GENERAL FUND EXPENDITURES				
	FY 2010	FY 2009	\$ Incr (Decr)	% Incr (Decr)
EXPENDITURES				
Administration	\$ 3,721,891	\$ 3,856,073	\$ (134,182)	-3.5%
School Management and Support	11,768,966	11,555,630	213,336	1.8%
Instructional Salaries	66,405,576	65,773,058	632,518	1.0%
Textbooks and Instructional Supplies	3,293,589	3,405,287	(111,698)	-3.3%
Other Instruction Costs	945,300	1,117,876	(172,576)	-15.4%
Special Education	14,185,682	13,946,189	239,493	1.7%
Student Personnel Services	2,190,749	2,020,300	170,449	8.4%
Health Services	1,447,269	1,380,474	66,795	4.8%
Student Transportation	7,884,571	7,730,162	154,409	2.0%
Operation of Plant and Equipment	10,647,752	10,821,202	(173,450)	-1.6%
Maintenance of Plant	2,682,147	2,839,963	(157,816)	-5.6%
Fixed Charges	27,553,287	27,180,062	373,225	1.4%
Community Services	188,774	243,666	(54,892)	-22.5%
Capital Outlay	6,585,502	8,107,359	(1,521,857)	-18.8%
State of Maryland Share of Retirement	12,316,880	10,390,453	1,926,427	18.5%
TOTAL EXPENDITURES	171,817,935	170,367,754	1,450,181	0.9%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2010

OTHER FINANCING SOURCES (USES)				
Increase in Rate Stabilization Reserve	303,611	1,856,307	(1,552,696)	-83.6%
Capital Lease Proceeds	1,554,556	1,566,000	(11,444)	-0.7%
Interfund Transfers - Print Shop	(563,537)	(356,096)	(207,441)	58.3%
Interfund Transfers - School Constr Fund	(1,807,223)	(1,707,290)	(99,933)	5.9%
Interfund Transfers - Other	(750,000)	(750,000)	-	0.0%
	<u>(1,262,593)</u>	<u>608,921</u>	<u>(1,871,514)</u>	<u>-307.3%</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES				
	<u>\$ 4,920,643</u>	<u>\$ 2,066,002</u>	<u>\$ 2,854,641</u>	<u>138.2%</u>

Revenues increased by \$6.2 million, as a result of State aid for education and the increase in the State of Maryland Share of Retirement. It is important to note the County Council funded maintenance of effort for FY 2010, as a direct result of the cooperation from the Board in the form of a transfer of funds directly from our School Construction Savings Fund, in the amount of \$2.0 million, to the County General Fund. This concerted effort enabled the Board to receive the additional state aid.

The large influx of state aid was appropriated in accordance with our Comprehensive Master Plan (CMP). However, General Fund expenditures increased by only \$1.5 million, or .9 % over FY2009 as a direct result of the Board's Operating Budget Savings measures implemented by the Superintendent in an effort to save approximately \$4 million in year end fund balance to carryover to FY 2012 to help mitigate declining revenue projections for future years.

Special Revenue Fund (Restricted Grant Funds)

These Funds are used to account for grants from Federal, State and Local sources. Grants provide a major source of revenue for specific educational programs not funded by the General Fund. Programs include initiatives for Special Education students and disadvantaged students. Table 4 below reflects a significant increase in grant funds over the prior year. Federal funding represented the lion share of the increase and is attributable to the American Recovery and Reinvestment Act of 2009, which has provided Wicomico with significant amounts of supplemental aid for Title I, Special Education and one-time Capital Projects.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2010

Table 4				
<u>RESTRICTED GRANT REVENUE</u>				
	Fiscal Year FY 2010	Fiscal Year FY 2009	Increase (Decrease)	% Incr. (Decr.)
REVENUES				
Federal Through State	\$ 13,556,335	\$ 11,028,683	\$ 2,527,652	22.92%
State of Maryland	1,089,480	1,162,892	(73,412)	-6.31%
Other	557,202	462,785	94,417	20.40%
TOTAL REVENUES	<u>\$ 15,203,017</u>	<u>\$ 12,654,360</u>	<u>\$ 2,548,657</u>	<u>20.14%</u>

Capital Projects Fund

The Board has no legal authority to borrow funds. All funds for school construction come from either the transfer of bond proceeds from our County selling Capital Bonds or from State Aid through the Maryland Public School Construction Program (PSCP). During FY 2010, the Board received county bond proceeds of \$16.7 million and PSCP aid of \$13.2 million. These funds were used predominantly for the James M. Bennett High School renovation project. The Capital Projects (School Construction) Fund expenditures exceeded revenue by only \$564,517.

Fiduciary Fund

The following funds are accounted for as Fiduciary Funds:

- (1) Pension Trust Funds:
 - Retirement Plan for Employees of the Board of Education of Wicomico County covers all Board employees not eligible for the State Teachers Retirement or Pension Systems. Total assets as of June 30, 2010 were approximately \$14.9 million (see footnote 8 for more detail information).
 - 401(a) Matching Plan is a self-directed defined contribution plan. All employees, 18 years and older, are eligible and Board contributions are based upon employees' contributions to the Board's 403(b) Tax Sheltered Annuity Program. Total assets as of June 30, 2010 were \$2.6 million (see footnote 8 for more detail information).
 - Retiree Health Insurance Plan Trust (OPEB) was established by the Board in June 2006 in order to fund the health care costs of retirees. Total assets as of June 30, 2010 were approximately \$5.3 million (see footnote 6 for more detail information).
- (2) Private Purpose Trust Funds: Funds received for specific purposes such as student scholarships and awards total \$53,344 as of June 30, 2010.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2010

- (3) Agency Funds: During FY 2010 the Board's 24 schools collected revenues and incurred expenditures for various student activities (see Table 5). The Board contracts with an independent Certified Public Accountant to perform an audit of these agency funds on an annual basis. Please refer to the separately issued audited financial statements for the School Activities Fund for specific details.

SCHOOL ACTIVITIES FUND				
	Fiscal Year FY 2010	Fiscal Year FY 2009	Increase (Decrease)	% Incr. (Decr.)
Revenues	\$ 2,501,709	\$ 2,516,718	\$ (15,009)	-0.60%
Expenditures	2,540,618	2,539,403	1,215	0.05%
Beginning Fund Balance	486,632	509,317	(22,685)	-4.45%
Ending Fund Balance	\$ 447,723	\$ 486,632	\$ (38,909)	-8.00%

General Fund Budgetary Highlights

Over the course of the year, the Board revised the annual operating budget very few times. We attribute the dramatic reduction in the number and dollar amount of transfers needed to the FY 2010 budget process. Budget managers were encouraged to submit a "zero-based" budget as part of their budget submission for FY 2010. This approach and a concerted effort on the part of all budget managers to "realign" budgets and "operate within our means" resulted in a reduced number of budget transfer requests. The few budget amendments, for which County Council approval was received included:

- Appropriation of Designated Unreserved Fund Balance:
 - \$500,000 - to pay DHMH/MSDE associated with the FY 2000 OIG audit of our Medical Assistance billing. The voluntary payment "under protest" represented the balance owed by the Board associated with the audit findings as well as offsetting the amounts that had already been withheld by the state.
- Budget Transfers/Realignments:
 - \$76,773 – transferred from Other Instructional Costs to Instructional Salaries and Wages and Textbooks and Instructional Supplies to continue the WISE after school & summer program and to acquire CTE and Family and Consumer Science materials of instruction
 - \$23,215 – transferred from various categories to provide funds to implement the FY 2010 School Improvement Plans to address MSA results

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis Year Ended June 30, 2010

- \$77,587 – transferred from various categories to provide funds for a Nursing Assistant position to accommodate a student with special needs transferred into our county and for the acquisition of technology equipment associated with the STEM Academy and for music teachers
- \$26,460 – transferred Other Instructional Costs, Professional Meetings & Conferences to Student Personnel to provide funding for the School Crossing Guard program. The Board contracted with the Sheriff's office in January 2010 to provide this service after the Sheriff's office cut the program from their budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of FY 2010, the District has invested approximately \$283.5 million in a broad range of capital assets, including land, school buildings, athletic facilities, furniture and equipment. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was \$7.2 million.

Construction - Next Five Years

Annually, the Board of Education prepares and submits to the State Inter-Agency Committee for School Construction and to the Wicomico County Executive a 5-Year Capital Improvement Program (CIP). The Board's FY 2011 CIP requested \$19 million from the county and \$14.6 million from the state. Our requests included \$17 million from the county for Bennett Middle and smaller amounts for various systemic renovation projects. We requested \$9.98 million from the state for the James M Bennett High School project and \$4.4 million for the Northwestern Elementary HVAC renovation project.

We have recently received state approval of \$9.98 million which represents the state's final installment for the James M Bennett High School replacement project. The High School opened a year ahead of schedule, but the final phase of the project cannot be completed until the Bennett Middle School project is complete. The Northwestern project request was not approved.

Our county executive and county council continue to voice concern about their ability to fund any capital project requests due to the ongoing economic downturn. In fact, of the \$19 million requested, the county executive only recommended \$2 million for funding associated with the Bennett Middle School relocation and construction project (est. total cost \$70 million). Continued economic concerns will delay the Bennett Middle project, which in turn will delay the completion of the James M Bennett project and force our continued deferment of millions of dollars of much needed projects.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis Year Ended June 30, 2010

During FY 2011, we are attempting to piece together various sources of funds including federal stimulus funds (ARRA), state aging school funds and Board School Construction Savings Funds in a hope to commence the Northwestern Elementary School HVAC project. Over the remaining four (4) years, FY 2012 – FY 2015, the Board's FY 2011 Capital Improvement Plan (CIP) requests \$98.8 million from the state and \$87.5 million from the county to complete or commence renovation of the following major projects in the order listed below:

- Bennett Middle School (relocation and then construction of new facility on new site)
- Parkside mechanical plant renovation
- West Salisbury Elementary renovation
- Mardela Middle/High addition
- Wicomico Middle renovations
- Glen Avenue Elementary renovation
- Add HVAC systems to schools without air conditioning (project to be completed by FY 2016)

Long-term Liabilities

At year-end, the District had \$4.1 million for amounts due or payable after one year. This amount consisted of the following:

- \$2,987,186 of accrued compensated absences which is an obligation resulting primarily from accrued annual leave which is due and payable to employees upon termination.
- \$1,153,788 payable on capital leases (see footnote 9 for more details).

FACTORS BEARING ON THE DISTRICT'S FUTURE

- (1) The Board for the first time is issuing a Comprehensive Annual Financial Report (CAFR). This report includes other statistical information not required in the basic financial statements the Board has issued in the past. The issuance of a CAFR is one of the Superintendent's initiatives to make the Board's financial information more comprehensive and informative to the community.
- (2) Current and future revenue projections for the state and county government remain flat. We have been notified by the County Executive's office to expect yet another funding reduction. Recent reports from county staff indicate the Board's reduction for FY 2012 could be as much as \$2.5 million. Word from our state government is sparse and the pressure to push down retirement costs to the local Boards of Education to help balance the state's budget will surely continue. Fortunately, the Board received approval from our County Council to carryover a savings of \$4 million from our FY 2010 Operating Budget to assist us with the development of our

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis Year Ended June 30, 2010

FY 2012 Operating Budget. The savings plan the Superintendent instituted a year ago will help us weather the economic storm through FY 2012.

- (3) Effective July 1, 2007, the WCBOE established an Early Notification Plan (ENP). The primary purpose for the plan was to retain teachers and staff through their normal retirement date by providing a longevity step equal to 10% of the salary per the appropriate negotiated salary scale for up to three (3) years. The Board elected not to offer the ENP to any further staff members after the FY 2009 sign up. At this point the Board believes it has accomplished its goals, but could consider such a plan in the future. The ENP salary turnover (savings) for FY 2012 is projected to approximate \$400,000 and will again assist the Board with the FY 2012 Operating Budget development.
- (4) Effective June 5, 2007, the Wicomico County Council enacted Resolution No. 88-2007. This resolution approved the establishment of the Board's School Construction Savings Plan. The plan established a base level undesignated fund balance of \$300,000. Any amount exceeding this base level, after completion of the Board's annual audit will be transferred to the Board's School Construction Savings Fund as a means to accumulate funds. As noted in factor (2) above, for FY 2010 the base level was raised to \$4 million to accommodate the Superintendent's Operating Budget savings plan to help the Board with their FY 2012 Operating Budget. As of June 30, 2010 a balance of \$3.9 million is in the fund. It is the Board's plan to use a portion of these funds to support the Northwestern HVAC renovation project.
- (5) The Board is an "early implementer" of Governmental Accounting Standards Board (GASB) statement number 54. This statement was issued by the GASB in February 2009 to address the reporting concerns associated with fund balance. This important new standard has left unchanged the total amount reported as fund balance, but has substantially altered the categories and terminology used to describe its components. The new categories and terminology reflect an innovative approach that focuses not on financial resources available for appropriation, but on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance office, Wicomico County Board of Education, 101 Long Ave., Salisbury, MD 21802-1538

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 1,506,757	\$ 1,345	\$ 1,508,102
Investments - cash equivalents	34,230,937	-	34,230,937
Accounts receivable:			
School districts and other	805,756	-	805,756
Accrued interest on investments	6,971	-	6,971
Due from other governmental agencies	8,718,124	318,467	9,036,591
Internal balances	(512,233)	512,233	-
Inventories	-	19,955	19,955
Prepaid expenses	1,352,300	-	1,352,300
Capital assets:			
Construction in progress	69,633,213	-	69,633,213
Land and buildings	185,159,602	-	185,159,602
Furniture, fixtures, and equipment	26,611,302	2,107,522	28,718,824
Less: accumulated depreciation	(72,711,013)	(1,614,397)	(74,325,410)
Total capital assets, net of accumulated depreciation	<u>208,693,104</u>	<u>493,125</u>	<u>209,186,229</u>
TOTAL ASSETS	<u>254,801,716</u>	<u>1,345,125</u>	<u>256,146,841</u>
LIABILITIES			
Accounts payable:			
Retainage	3,171,876	-	3,171,876
Vendors	4,998,927	99,427	5,098,354
Payroll deductions and withholdings	10,132,529	-	10,132,529
Due to fiduciary funds	575,245	-	575,245
Due to other governmental agencies	308,688	19,956	328,644
Accrued salaries	1,508,476	28,252	1,536,728
Unearned revenue	2,176,104	17,425	2,193,529
Short term portion of long term liabilities:			
Accrued compensated absences	380,568	-	380,568
Capital lease payable	1,473,268	33,317	1,506,585
Long term liabilities:			
Accrued compensated absences	2,987,186	-	2,987,186
Capital lease payable	1,153,788	70,260	1,224,048
TOTAL LIABILITIES	<u>28,866,655</u>	<u>268,637</u>	<u>29,135,292</u>
NET ASSETS			
Invested in capital assets, net of related debt	206,066,048	493,125	206,559,173
Restricted for:			
Rate stabilization reserve	8,072,947	-	8,072,947
Capital projects	4,547,767	-	4,547,767
Unrestricted	7,248,299	583,363	7,831,662
TOTAL NET ASSETS	<u>\$ 225,935,061</u>	<u>\$ 1,076,488</u>	<u>\$ 227,011,549</u>

The Notes to Financial Statements are an integral part of this statement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
Current:				
Administration	\$ 6,116,697	\$ -	\$ 1,261,966	\$ -
Instructional services	132,065,219	1,938,036	18,128,206	29,996,468
Special education	24,784,670	-	13,648,449	-
Student personnel services	2,773,204	-	169,790	-
Health services	1,967,103	-	150,005	-
Student transportation	8,304,572	-	273,704	-
Operation of plant and equipment	13,796,567	57,072	571,504	-
Maintenance of plant	3,214,936	-	143,650	-
Community services	200,977	44,404	3,301	-
Total Governmental Activities	193,223,945	2,039,512	34,350,575	29,996,468
Business-Type Activities				
Food Services	6,775,915	1,701,204	4,356,223	-
Total Business-Type Activities	6,775,915	1,701,204	4,356,223	-
Totals	\$ 199,999,860	\$ 3,740,716	\$ 38,706,798	\$ 29,996,468

General Revenues

Wicomico County appropriations
 State of Maryland
 Other revenue
 Investment Earnings

Total General Revenues

Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

The Notes to Financial Statements are an integral part of this statement.

Net (Expenses) Revenue
and changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,854,731)	\$ -	\$ (4,854,731)
(82,002,509)	-	(82,002,509)
(11,136,221)	-	(11,136,221)
(2,603,414)	-	(2,603,414)
(1,817,098)	-	(1,817,098)
(8,030,868)	-	(8,030,868)
(13,167,991)	-	(13,167,991)
(3,071,286)	-	(3,071,286)
(153,272)	-	(153,272)
(126,837,390)	-	(126,837,390)
-	(718,488)	(718,488)
-	(718,488)	(718,488)
(126,837,390)	(718,488)	(127,555,878)
50,781,711	-	50,781,711
105,808,156	-	105,808,156
203,870	-	203,870
20,364	-	20,364
156,814,101	-	156,814,101
(855,704)	855,704	-
29,121,007	137,216	29,258,223
196,814,054	939,272	197,753,326
\$ 225,935,061	\$ 1,076,488	\$ 227,011,549

THE BOARD OF EDUCATION OF WICOMICO COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	GENERAL FUND	RESTRICTED GRANTS	CAPITAL PROJECTS	Total Governmental Funds
ASSETS				
Cash	\$ 1,506,757	\$ -	\$ -	\$ 1,506,757
Investments - cash equivalents	34,230,937	-	-	34,230,937
Accounts receivable:				
School districts and other	697,290	108,466	-	805,756
Accrued interest on investments	6,971	-	-	6,971
Prepaid expenses	-	-	2,200	2,200
Due from other governmental agencies	56,673	1,745,061	6,916,390	8,718,124
Due from other funds	-	-	4,550,705	4,550,705
TOTAL ASSETS	\$ 36,498,628	\$ 1,853,527	\$ 11,469,295	\$ 49,821,450
LIABILITIES AND FUND BALANCES				
Accounts payable:				
Retainage	\$ -	\$ -	\$ 3,171,876	\$ 3,171,876
Vendors	1,015,416	233,859	3,749,652	4,998,927
Payroll deductions and withholdings	10,132,529	-	-	10,132,529
Due to other funds	5,459,696	178,487	-	5,638,183
Accrued salaries and other	1,313,207	195,269	-	1,508,476
Accrued compensated absences	380,568	-	-	380,568
Deferred revenue	1,183,299	992,805	-	2,176,104
Due to other governmental agencies	124,679	184,009	-	308,688
TOTAL LIABILITIES	19,609,394	1,784,429	6,921,528	28,315,351
COMMITMENTS AND CONTINGENCIES				
FUND BALANCES				
Restricted for fund purposes	-	69,098	4,547,767	4,616,865
Committed:				
Healthcare rate stabilization reserve	2,429,000	-	-	2,429,000
Assigned to:				
Healthcare rate stabilization reserve	5,643,947	-	-	5,643,947
Subsequent year expenditures	300,000	-	-	300,000
Other purposes (encumbrances)	4,516,287	-	-	4,516,287
Unassigned	4,000,000	-	-	4,000,000
Total fund balances	16,889,234	69,098	4,547,767	21,506,099
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,498,628	\$ 1,853,527	\$ 11,469,295	\$ 49,821,450

The Notes to Financial Statements are an integral part of this statement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2010
(continued)

Total Governmental Funds Balances		\$ 21,506,099
Amounts reported for governmental activities in the statement of net assets are different because:		
Pre-payment of post-retirement employment benefits		1,350,100
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements		208,693,104
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Accrued compensated absences	2,987,186	
Capital lease payable	<u>2,627,056</u>	
		<u>(5,614,242)</u>
Net Assets of Governmental Activities		<u><u>\$ 225,935,061</u></u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	GENERAL FUND	RESTRICTED GRANTS	CAPITAL PROJECTS	Total Governmental Funds
REVENUES				
Wicomico County appropriations	\$ 50,781,711	\$ -	\$ -	\$ 50,781,711
Other local revenue	2,026,106	341,720	-	2,367,826
State of Maryland	112,228,749	1,089,480	13,170,000	126,488,229
State of Maryland retirement and pension contribution	12,316,880	-	-	12,316,880
Federal through state	-	13,556,335	-	13,556,335
Other sources	647,725	215,482	112,770	975,977
TOTAL REVENUES	178,001,171	15,203,017	13,282,770	206,486,958
EXPENDITURES				
Administration	3,721,891	1,067,165	-	4,789,056
School management and support	11,768,966	31,146	-	11,800,112
Instructional salaries and wages	66,405,576	4,726,810	-	71,132,386
Textbooks and instructional supplies	3,293,589	1,028,517	-	4,322,106
Other instructional costs	945,300	1,663,802	-	2,609,102
Special education	14,185,683	4,135,657	-	18,321,340
Student personnel services	2,190,749	1,854	-	2,192,603
Health services	1,447,269	1,725	-	1,448,994
Student transportation	7,884,571	225,158	-	8,109,729
Operation of plant and equipment	10,647,751	1,880	-	10,649,631
Maintenance of plant	2,682,147	-	-	2,682,147
Fixed charges	27,553,287	2,872,324	-	30,425,611
Community services	188,774	16	-	188,790
Capital outlay	4,515,844	-	30,368,208	34,884,052
Debt service				
Capital lease principal	1,958,968	-	-	1,958,968
Capital lease interest	110,690	-	-	110,690
State of Maryland share of retirement and pension contribution	12,316,880	-	-	12,316,880
TOTAL EXPENDITURES	171,817,935	15,756,054	30,368,208	217,942,197
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	6,183,236	(553,037)	(17,085,438)	(11,455,239)
OTHER FINANCING SOURCES (USES)				
Increase in rate stabilization reserve	303,611	-	-	303,611
Capital lease proceeds	1,554,556	-	-	1,554,556
Interfund transfers - restricted grants	(563,537)	563,537	-	-
Interfund transfers - capital projects	(1,807,223)	-	1,807,223	-
Interfund transfers - food services	(750,000)	-	-	(750,000)
Transfer of bond proceeds from Wicomico County	-	-	16,713,698	16,713,698
Transfer of savings plan funds to Wicomico County	-	-	(2,000,000)	(2,000,000)
TOTAL OTHER FINANCING SOURCES	(1,262,593)	563,537	16,520,921	15,821,865
Net change in fund balances	4,920,643	10,500	(564,517)	4,366,626
Fund balances, beginning	11,968,591	58,598	5,112,284	17,139,473
Fund balances, ending	\$ 16,889,234	\$ 69,098	\$ 4,547,767	\$ 21,506,099

The Notes to Financial Statements are an integral part of this statement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

(continued)

Net change in fund balances-total Governmental Funds \$ 4,366,626

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Fixed asset additions	31,741,908	
Current year depreciation	(7,173,133)	
Total	24,568,775	24,568,775

Loss on disposal of assets (70,008)

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in accrued compensated absences	(329,348)
Increase in pre-funded post-retirement benefits	180,550

Capital lease proceeds provide current financial resources to governmental funds but increase long-term liabilities in the statement of net assets. Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, the net effect of capital lease borrowings and repayments was:

404,412

Change in net assets of Governmental Activities \$ 29,121,007

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF FUND NET ASSETS
 PROPRIETARY FUNDS

June 30, 2010

	<u>Business-Type Activities</u>
	<u>Food Services</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,345
Due from other funds	512,233
Due from other governments	318,467
Inventories	<u>19,955</u>
Total current assets	<u>852,000</u>
Capital assets, net	<u>493,125</u>
TOTAL ASSETS	<u>1,345,125</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	127,679
Due to other governmental agencies	19,956
Unearned revenue	17,425
Short term portion of capital lease payable	<u>33,317</u>
Total current liabilities	198,377
Long term portion of capital lease payable	<u>70,260</u>
TOTAL LIABILITIES	<u>268,637</u>
COMMITMENTS AND CONTINGENCIES	
NET ASSETS	
Invested in capital assets	493,125
Unrestricted	<u>583,363</u>
TOTAL NET ASSETS	<u>\$ 1,076,488</u>

The Notes to Financial Statements are an integral part of this statement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Business-Type Activities
	<u>Food Services</u>
OPERATING REVENUES	
Food service sales	\$ <u>1,701,204</u>
OPERATING EXPENSES	
Salaries and wages	2,247,159
Contracted services	71,007
Supplies and materials	3,361,822
Other charges	1,019,217
Depreciation	74,602
TOTAL OPERATING EXPENSES	<u>6,773,807</u>
OPERATING LOSS	(5,072,603)
NON-OPERATING REVENUES (EXPENSES)	
State of Maryland:	
Reimbursement of food costs	201,889
Federal through State:	
Reimbursement of food costs	3,918,641
Donation of food commodities	235,693
Loss on disposal of capital assets	(2,108)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,354,115</u>
Change in net assets before contributions and transfers	(718,488)
CAPITAL CONTRIBUTIONS - Equipment	105,704
TRANSFERS IN	<u>750,000</u>
Change in net assets	137,216
Net assets beginning of year	<u>939,272</u>
Net assets end of year	<u>\$ 1,076,488</u>

The Notes to Financial Statements are an integral part of this statement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2010

CASH FLOWS FROM OPERATIONS:	
Cash received from user charges	\$ 1,623,255
Cash payments to employees for services, fringe benefits	(2,510,458)
Cash payments for health and other insurances	(727,666)
Cash payments to suppliers for goods and services	(3,104,852)
Cash payments for facility use and maintenance	(71,007)
Net cash used in operating activities	(4,790,728)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Nonoperating grants received	4,120,530
Interfund transfers	750,000
Net cash provided by noncapital financing activities	4,870,530
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from capital lease	140,077
Principal payments on capital lease	(36,500)
Purchase of equipment	(183,379)
Net cash used in capital and related financing activities	(79,802)
Net increase in cash	-
Cash and investments, beginning of year	1,345
Cash and investments, end of year	\$ 1,345

Reconciliation of Operating Loss to Net Cash Used In Operating Activities:

Operating Loss	\$ (5,072,603)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	74,602
Commodities used	235,693
(Increase) decrease in assets:	
Inventories	4,282
Receivables	(77,949)
(Decrease) increase in liabilities:	
Accounts payable and accrued liabilities	38,223
Deferred revenue and due to other governments	7,024
Total adjustments	281,875
Net cash used in operating activities	\$ (4,790,728)

Noncash items:

Capital contributions of equipment	\$ 105,704
Donation of food commodities	235,693

The Notes to Financial Statements are an integral part of this statement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2010

	Pension and Retiree Health Plan <u>Trust Funds</u>	Private Purpose <u>Trust Fund</u>	<u>AGENCY FUND</u> School Activities <u>Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 2,006,158	\$ 2,180	\$ 39,255	\$ 2,047,593
Accounts receivable	423,015	-	582	423,597
Due from other funds	-	161,866	413,379	575,245
Trust investments	20,329,228	-	-	20,329,228
Total assets	22,758,401	164,046	453,216	23,375,663
LIABILITIES				
Accounts payable	-	1,500	5,493	6,993
Due to school activity groups	-	-	447,723	447,723
Total liabilities	-	1,500	453,216	454,716
NET ASSETS				
Held in Trust for:				
Retirement and other benefits	22,758,401	-	-	22,758,401
Scholarships, etc.	-	162,546	-	162,546
Total net assets	\$ 22,758,401	\$ 162,546	\$ -	\$ 22,920,947

The Notes to Financial Statements are an integral part of this statement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2010

	<u>Pension and Retiree Health Plan Trust Funds</u>	<u>Private Purpose Trust Fund - Scholarship Memorials</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Donations	\$ -	\$ 53,344	\$ 53,344
Employer contributions	2,646,195	-	2,646,195
Plan member contributions	357,791	-	357,791
Total contributions	3,003,986	53,344	3,057,330
Investment earnings:			
Interest and dividends	613,753	346	614,099
Increase in fair value of investments	1,645,447	-	1,645,447
Total investment earnings	2,259,200	346	2,259,546
Total additions	5,263,186	53,690	5,316,876
DEDUCTIONS			
Scholarships, etc.	-	62,463	62,463
Pension benefit payments	888,910	-	888,910
Administrative expenses	136,539	-	136,539
Total deductions	1,025,449	62,463	1,087,912
Change in net assets	4,237,737	(8,773)	4,228,964
Net assets beginning of year	18,520,664	171,319	18,691,983
Net assets end of year	\$ 22,758,401	\$ 162,546	\$ 22,920,947

The Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Board of Education of Wicomico County (the "Board") is empowered by Title 13A of the Code of Maryland Regulations to fulfill the elementary and secondary educational needs of students in Wicomico County, Maryland (the "County").

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow subsequent private-sector guidance. The most significant of the Board's accounting policies are described below.

B. Basis of Presentation

The Board is the basic level of government which has financial accountability and control over all activities related to public school education in Wicomico County, Maryland. The Board receives funding from local, State and Federal government sources and must comply with the requirements of these funding source entities.

The Board is a component unit of Wicomico County, Maryland and is included in the County's reporting entity. This conclusion has been reached based on the following criteria: 1) the County is responsible for approving the Board's budget and establishing spending limitations and 2) the Board cannot issue bonded debt, but the County can and does issue bonds to finance school system operations. In addition, there are no component units which are included in the Board's reporting entity.

The Board's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the Board. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end, excluding fiduciary funds. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board's governmental activities and for business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from general revenues of the Board.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

C. Fund Accounting

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's major governmental funds:

General Fund - The General Fund is the general operating fund of the Board. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund and general operating expenditures are accounted for in this fund.

Restricted Grants Fund - These funds are used to account for revenue resources that are restricted or committed to specified purposes other than debt service and capital projects, such as federal, state, and local grants. The Print Shop fund is also included as a restricted grant fund.

Capital Projects Fund - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Board administers the construction and repair of public schools and uses the School Construction Fund to record the revenues from the County and other governmental units and the expenditures in connection therewith.

PROPRIETARY FUNDS

Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as enterprise.

Enterprise funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Board's major enterprise funds are:

Food service fund - This fund accounts for the financial transactions related to the food service operations of the Board.

FIDUCIARY FUNDS

Agency Fund - The funds of the School Activity Fund are administered by the individual schools in a fiduciary capacity.

Private Purpose Trust Fund - These funds are held by the Board for scholarships and other student awards.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

C. Fund Accounting (continued)

Pension Trust Fund – The Board is the trustee for the assets held in a retirement plan for certain employees of the Board of Education and the assets held in the 401(a) matching plan.

OPEB Trust Fund – The Board is the trustee for the assets held in an other post employment benefit plan for certain employees of the Board of Education.

D. Measurement Focus

Government-wide financial statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Board are included on the statement of net assets.

Fund financial statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the Board considers revenues to be available if they are collected within sixty days of the end of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include primarily grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursable basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

E. Basis of Accounting (continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: interest, tuition, grants, fees and rentals.

Deferred revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

The budget is prepared on the budgetary basis of accounting. The budget establishes a limit on the amounts that the Board may appropriate and sets annual limits as to the amount of expenditures at a level of control selected by the Board. The legal level of control has been established by the Board at the category level within each fund.

The budget may be amended during the year if projected increases or decreases in revenue are identified. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original budget was adopted. The amounts reported in the final budgeted amounts reflect amendments approved by the County government during the year between categories and those approved by the Board within categories.

G. Inventory and Prepaid Items

On government-wide financial statements and the fund financial statements of proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Food received from the USDA is included at values stated by the USDA but is offset by a deferred credit until consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The

Board maintains a capitalization threshold of one thousand dollars. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not.

All reported capital assets except land, land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 15 years
Vehicles	8 years

I. Compensated Absences

ACCRUED LEAVE

Compensated absences are reported as accrued in the government wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by grantors, creditors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

L. Fund Balance

During fiscal year 2010, the Board implemented the Governmental Accounting Standards Board's Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under this standard, fund balance is reported as nonspendable (i.e. inventory or long term receivables), restricted (by external parties or legislation), committed (by the highest level of authority of the government), assigned (i.e. residual amounts in other funds) and unassigned.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this criteria are reported as nonoperating.

N. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Cash and Cash Equivalents

The Board's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the General Fund and Food Service Fund is pooled into one account in order to maximize investment opportunities.

Investments are stated at fair value.

P. Interfund Receivables and Payables and Transfers

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Transfers are fund balance amounts reserved and/or designated in the prior year that received County approval to be spent on capital projects.

Q. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are reported as a reservation of fund balance in the governmental fund financial statements. Encumbrances outstanding at June 30, 2010 that were provided for in the current year's budget for the budgetary basis of accounting but will be accounted for under generally accepted accounting principles in the subsequent year totaled \$4,516,287.

Note 2. Cash and Investments

Deposits and Investments Other Than Pension Funds:

The Board is authorized to invest monies for which it has custody or control. The type of investments are in accordance with Section 6-222 of the Maryland State Finance and Procurement Article.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Investments (continued)

The Board's investment policy for its non-pension funds authorizes its comptroller to invest money in any of the following types of investments:

- a. U.S. Treasury Obligations
- b. Local Government Investment Pool
- c. Repurchase Agreements
- d. Collateralized Certificates of Deposit

The policy requires that the investments be on a short-term (less than one year) basis to reduce interest rate risk and establishes maximum portfolio percentages for investments as follows:

Diversification by Instrument	Maximum Percent of Portfolio
U.S. Treasury Obligations	100%
Local Government Investment Pool	100%
Repurchase Agreements (Master Repurchase Agreements Required)	30%
Collateralized Certificates of Deposit (Only Maryland Commercial Banks)	10%

The policy requires collateralization for certificates of deposit and repurchase agreements. Such collateral must be at least 102% of market value of principal and accrued interest. The Annotated Code of Maryland (Article 95, Section 22) requires that deposits with financial institutions by local boards of education be fully collateralized. The Board's policy requires collateral to be held by a custodian in accordance with Section 6-209(c) of the State Finance and Procurement Article of the Annotated Code of Maryland and acceptable collateral as specified under Section 6-202 of the same document.

These collateralization requirements are established to reduce custodial risk which is the risk that in the event of a bank failure, the Board's deposits may not be returned to it.

At June 30, 2010, the Board's non-pension funds were invested as follows:

	Carrying Value	Bank Balance
Cash and cash equivalents	\$ 1,506,757	\$ 3,030,129

The bank balances were exposed to custodial credit risk as follows:

Insured	\$ 3,030,129
Uninsured and collateral held by pledging bank's trust department in the Board's name	-
Uninsured and collateral held by pledging bank's trust department not in the Board's name	-
	\$ 3,030,129

The Board invests in the Maryland Local Government Investment Pool (MLGIP) which was created with the passage of Article 94 22G of the Annotated Code of Maryland. The MLGIP is managed by PNC Safe Deposit and Trust Company which is under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants has been formed to review the activities of the Fund on a quarterly basis and provide suggestions to enhance the pool. The MLGIP is rated AAAM by Standard and Pools.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Investments (continued)

The fair value of the pool is the same as the value of the pool shares. Investments are recorded at cost, which approximates market value. Investments in MLGIP totaled \$34,230,937 at June 30, 2010 with \$8,072,947 committed/assigned for health insurance rate stabilization.

Pension and Other Trust Fund Investments:

The Investment policy of the Board's Retirement Plan Trust requires that the pension funds be managed as a balanced account with approximately a 60% equity, 40% government and corporate bond mix. Cash or cash equivalents are to be less than 3% on a long-term basis. The policy also has certain restrictions on types and amounts of investments that may be included in the portfolio, e.g. foreign securities, real estate, industry groups, loans, controlling interests.

The Board's pension investments are held by State Street, Aetna Insurance Company and Janus in the Board's name. The Board's Retiree Health Plan Trust investments are held at State Street in the Board's name.

Pension and other trust funds are invested as follows:

	State Street	AETNA	Janus	State Street (GASB 45)
Cash and equivalents	\$ 293,808	\$ 102,812	\$ 147,187	\$ 1,462,351
Government bonds	1,573,433	126,459	269,247	431,809
Commercial paper (less than 1 year)	-	100,262	-	-
Mortgage loans	-	359,843	-	-
Corporate bonds	3,373,398	1,981,191	650,941	1,147,124
Common stock	7,030,344	-	1,075,087	2,210,090
Total	<u>\$ 12,270,983</u>	<u>\$ 2,670,567</u>	<u>\$ 2,142,462</u>	<u>\$ 5,251,374</u>

Corporate bonds held at June 30, 2010 are rated by Standard & Poor's as follows:

Rating	Percent of Corporate Bond Portfolio			
	State Street	AETNA	Janus	State Street (GASB 45)
AAA	13.35%		29.00%	13.50%
AA+	7.47%			8.61%
AA	4.11%	17.76%	8.72%	7.11%
AA-	9.84%			7.73%
A+	6.00%	23.36%		11.61%
A	42.17%	41.12%	11.68%	45.98%
A-	2.87%	17.76%		2.25%
BBB+	12.87%			3.21%
BBB	1.32%		33.33%	
BB			12.79%	
B			4.48%	

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Investments (continued)

State Street:

Corporate bond issues held at June 30, 2010 are as follows:

			Due
\$70,000	AT&T Inc.	4.85%	02/15/14
\$15,000	Baker Hughes Inc.	6.50%	11/15/13
\$70,000	Baker Hughes Inc.	7.50%	11/15/18
\$30,000	Bank of America Corp.	4.88%	09/15/12
\$75,000	Berkshire Hathaway	4.63%	10/15/13
\$20,000	Berkshire Hathaway	5.00%	08/15/13
\$75,000	Caterpillar Inc.	7.00%	12/15/13
\$45,000	Cisco Systems Inc.	5.50%	02/22/16
\$45,000	Conoco Phillips	5.20%	05/15/18
\$85,000	Conoco Phillips	4.75%	02/01/14
\$25,000	Deere & Company	8.50%	01/09/22
\$45,000	E.I. du Pont de Nemours	6.00%	07/15/18
\$65,000	E.I. du Pont de Nemours	5.88%	01/15/14
\$60,000	Duke University	5.15%	04/01/19
\$25,000	GTE Corp.	6.84%	04/15/18
\$115,000	General Dynamics Corp.	5.25%	02/01/14
\$75,000	General Electric Co.	5.25%	12/06/17
\$100,000	General Electric Capital Corp	3.00%	12/09/11
\$50,000	Global Marine Inc.	7.00%	06/01/28
\$100,000	Goldman Sachs Group	3.25%	06/15/12
\$75,000	Hewlett Packard Co.	5.50%	03/01/18
\$35,000	Hewlett Packard Co.	6.13%	03/01/14
\$90,000	Honeywell International	4.25%	03/01/13
\$100,000	JP Morgan Chase & Co.	3.13%	12/01/11
\$100,000	Medtronic Inc.	4.75%	09/15/15
\$60,000	Merrill Lynch & Co	6.15%	04/25/13
\$60,000	Nucor Corp.	5.75%	12/01/17
\$50,000	Occidental Pete	6.75%	01/15/12
\$100,000	PPG Industries Inc.	6.88%	02/15/12
\$75,000	PepsiCo Inc.	7.90%	11/01/18
\$60,000	Pfizer Inc.	5.35%	03/15/15
\$30,000	Pharmacia Corp.	8.70%	10/15/21
\$135,000	Pitney Bowes MTN	4.75%	05/15/18
\$75,000	Pitney Bowes Inc.	4.63%	10/01/12
\$77,000	Prudential Financial Inc.	4.50%	07/15/13
\$80,000	Schering Plough Corp.	5.55%	12/01/13
\$50,000	Charles Schwab Corp.	4.95%	06/01/14
\$91,000	Tele-Communications Inc.	7.88%	08/01/13
\$30,000	Toyota Motor Credit Corp.	4.35%	12/15/10
\$45,000	United Parcel Service	5.50%	01/15/18
\$50,000	United Tech Corp.	5.38%	12/15/17
\$50,000	Washington Post Co.	7.25%	02/01/19
\$100,000	Wells Fargo & Co.	3.00%	12/09/11
\$75,000	Wells Fargo & Co.	4.38%	01/13/13

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Investments (continued)

AETNA:

Corporate bond issues held at June 30, 2010 are as follows:

	Percent of Holdings
Province of Quebec	23.36%
HSBC Holding PLC	20.56%
JP Morgan Chase & Co	20.56%
CitiGroup Inc.	17.76%
Pfizer Inc.	17.76%

Janus:

Corporate bond issues held at June 30, 2010 are as follows:

	Percent of Holdings
Janus Balanced Fund T (JABAX)	100.00%
Average duration 4.56 years	

Note 3. Interfund Receivables and Payables

At June 30, 2010, the interfund account balances are as follows:

	Due From Other Funds	Due To Other Funds
GOVERNMENTAL ACTIVITIES:		
General Fund		
Due to Food Service Fund	\$ -	\$ 512,233
Due to Restricted Funds	178,487	-
Due to Capital Projects Fund	-	4,550,705
Due to School Activities Fund	-	413,379
Due to Trust Fund	-	161,866
Restricted Grants		
Due from General Fund	-	178,487
Capital Projects Fund		
Due from General Fund	4,550,705	-
BUSINESS-TYPE ACTIVITIES		
Enterprise Fund		
Due from General Fund	512,233	-
FIDUCIARY NET ASSETS		
Due from General Fund	575,245	-
TOTAL ALL FUNDS	\$ 5,816,670	\$ 5,816,670

Due to/from balances represent advances of cash for operating needs. Transfers of \$750,000 from the General Fund to the Food Services Fund are to supplement wages and benefits.

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Deductions	Transfers	Balance June 30, 2010
Governmental Activities					
Capital Assets, not being depreciated					
Land	\$ 2,024,109	\$ 1,955,631	\$ -	\$ 100,000	\$ 4,079,740
Construction in progress	44,246,641	26,026,559	-	(639,987)	69,633,213
Total capital assets, not being depreciated	<u>46,270,750</u>	<u>27,982,190</u>	<u>-</u>	<u>(539,987)</u>	<u>73,712,953</u>
Capital assets, being depreciated					
Buildings and improvements	180,776,957	38,170	(275,252)	539,987	181,079,862
Furniture and equipment	21,808,279	3,716,506	(228,239)	-	25,296,546
Vehicles	1,336,683	5,042	(26,969)	-	1,314,756
Total capital assets, being depreciated	<u>203,921,919</u>	<u>3,759,718</u>	<u>(530,460)</u>	<u>539,987</u>	<u>207,691,164</u>
Less accumulated depreciation:					
Buildings and improvements	(52,767,578)	(4,189,908)	235,030	-	(56,722,456)
Furniture and equipment	(12,400,834)	(2,872,560)	198,453	-	(15,074,941)
Vehicles	(829,920)	(110,665)	26,969	-	(913,616)
Total accumulated depreciation	<u>(65,998,332)</u>	<u>(7,173,133)</u>	<u>460,452</u>	<u>-</u>	<u>(72,711,013)</u>
Total capital assets, being depreciated, net	<u>137,923,587</u>	<u>(3,413,415)</u>	<u>(70,008)</u>	<u>539,987</u>	<u>134,980,151</u>
Governmental activities capital assets, net	<u>\$184,194,337</u>	<u>\$ 24,568,775</u>	<u>\$ (70,008)</u>	<u>\$ -</u>	<u>\$208,693,104</u>
Business-type activities					
Equipment	\$ 1,872,006	\$ 289,083	\$ (53,567)	\$ -	\$ 2,107,522
Accumulated depreciation	(1,591,254)	(74,602)	51,459	-	(1,614,397)
Business-type activities capital assets, net	<u>\$ 280,752</u>	<u>\$ 214,481</u>	<u>\$ (2,108)</u>	<u>\$ -</u>	<u>\$ 493,125</u>

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 156,606
Instructional services	6,281,079
Special Education	18,671
Student Personnel Services	1,391
Health Services	5,481
Student transportation	15,678
Operation of plant and equipment	672,093
Maintenance of plant	21,638
Community Services	496
Total depreciation expense	<u>\$ 7,173,133</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Health Insurance Reserves

The Board entered into a public entities health care consortium with the City of Salisbury and Wicomico County Council during fiscal year 2002. The purpose of this consortium is to reduce administrative expenses. Each entity has its premium rates adjusted based on its experience and benefits. Beginning in July 2002, each entity agreed to fund a rate stabilization reserve equal to 10% of average annual premiums. The agreement was originally effective through the period ended August 31, 2004 and is currently extended on an annual basis. Each year the health care provider will produce an annual settlement for all entities. If there is an experience loss, funding will come from the entities based on their individual experience. Settlement among the group will occur within four months after August 31st each year.

For the year ended June 30, 2010, the health insurance reserve had the following activity:

Balance at July 1, 2009	\$ 7,769,336
Subsidy for rate increase	(1,235,147)
Positive settlement - 2009	2,858,530
Interest earned (net of expenditures)	10,228
Other - transfer adjustment	<u>(1,330,000)</u>
Balance at June 30, 2010	<u>\$ 8,072,947</u>

The consortium's contract with its health insurance carrier requires that actual incurred claims and expenses be compared to actual premiums paid to determine whether a deposit premium deficit has been incurred each year. Under the contract, the health insurance carrier can only require payment against the deficit of up to 5% of the actual monthly premiums paid in the current fiscal year. The health insurance contract is based on a fiscal year of September 1st through August 31st. For the period ended August 31, 2009, the Board's share of the consortium's settlement was a surplus of \$2,858,530, which was included as an other financing source during the year ended June 30, 2010.

Note 6. Post-Retirement Health Care Benefits

During the year ended June 30, 2007, the Board changed its method of accounting for post-employment benefits other than pensions by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*.

For the fiscal year ended June 30, 2010, the Board funded 70% of the individual health care insurance costs for retirees who were qualified to retire on or after July 17, 2007 based on the rules of their respective pension; and who had accumulated at least 10 years of service with the Board prior to their retirement. The Board previously funded 55% of the individual health care insurance costs for eligible retirees who had accumulated at least 15 years of service with the Board prior to retirement (before July 17, 2007). Approximately 640 retirees who have worked for at least five years are eligible to participate in the post-retirement benefit program.

Plan Description

During the year ended June 30, 2007, Wicomico County and the Board of Education jointly set up the 'Retiree Health Insurance Plan Trust of the Board of Education of Wicomico County and Wicomico County' ("the trust"). A Board of Trustees ("the Board") oversees the trust. Effective June 29, 2009, the City of Salisbury was approved to join the trust. Separate financial statements for the trust are not issued.

The Plan is an agent multiple-employer plan with combined administrative functions for efficiency and each agent employer remains responsible for financing benefits of its own individual plan. Each agent employer also remains individually responsible for its own separate actuarial valuations, and expenses and obligations are measured like those of sole employers. The assets of the three entities are segregated within the trust.

The plan provides medical, prescription, dental, and vision benefits to eligible retirees and their spouses.

NOTES TO FINANCIAL STATEMENTS

Note 6. Post-Retirement Health Care Benefits (continued)

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to pre-fund benefits as determined annually. For the current fiscal year, the Board contributed \$3.746 million to the plan, including \$2.093 million for current claim costs (approximately 70% of total premiums); an additional \$1.585 million to pre-fund benefits and an estimated retiree subsidy of \$68,000. Plan members receiving benefits contributed approximately 30% of the total claim costs premiums, through their required contributions of \$172 per month for retirees-only coverage (if under 65), \$128 per month for retirees-only coverage (if 65 or older) and \$924 for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

The Board's annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation.

Annual required contribution	\$ 3,553,000
Interest on net OPEB obligation	(30,750)
Adjustment to annual required contribution	43,200
Annual OPEB cost (expense)	3,565,450
Contributions made	(3,746,000)
Net OPEB obligation (asset)	(180,550)
Net OPEB obligation (asset) at beginning of year	(1,169,550)
 Net OPEB obligation (asset) at end of year	 \$ (1,350,100)

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation (asset) were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2008	\$ 2,594,000	143.10%	\$ (410,000)
2009	2,613,450	129.06%	(1,169,550)
2010	3,565,450	105.06%	(1,350,100)

Funding Status and Funding Progress

As of July 2009, the most recent actuarial valuation date, the plan was 6.6% funded. The actuarial accrued liability for benefits was \$48,341,000 and the actuarial value of assets was \$3,209,000 resulting in an unfunded actuarial accrued liability (UAAL) of \$45,132,000. The covered payroll was \$109,000,000 and the ratio of the UAAL to the covered payroll was 41.41%.

NOTES TO FINANCIAL STATEMENTS

Note 6. Post-Retirement Health Care Benefits (continued)

Funding Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In the July 2009 actuarial valuation study, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after three years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period was 30 years.

Note 7. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has joined the Maryland Association of Boards of Education Workers' Compensation Group Insurance Fund (the "Fund"), a public entity risk pool currently providing workers compensation coverage for participating boards of education in the State of Maryland. The Board pays an annual premium to the Fund each year which is calculated based on projected payroll. The agreement for the Fund provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for claims which exceed coverage limits as specified in the agreement. Should the Fund encounter deficits in the workers compensation claims fund, this deficit may be made up from additional assessments of boards participating in the fund. The Board also joined the Maryland Association of Board of Education's Group Insurance Pool (the Pool) on July 1, 2000. The Pool is a public entity risk pool providing property and casualty insurance coverage for its participating members, who are also boards of education in the State of Maryland. The Board pays an annual premium to the Pool, based on student enrollment, vehicle inventory, insurable value of board property and insurance claims experience from previous years. The agreement for the Pool provides that it will be self sustaining through member premiums and will reinsure through commercial companies for claims that exceed coverage limits for legal liability, property, and crime exposures specified in the agreement. Should the Pool encounter deficits in either the property or casualty fund, this deficit may be made up from additional assessments of boards participating in Pool. The Board continues to carry commercial insurance for other risks, including pollution liability, retirement plan fiduciary liability, employee health and life insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plans

Substantially all of the Board's employees are covered by one of three pension plans.

Teachers Retirement System and the Teachers Pension System

General Plan Policies

Teachers and related occupations are covered by the Teachers Retirement System or the Teachers Pension System of the State of Maryland, both of which are cost-sharing, multiple-employer public employee retirement systems. Except for restricted programs as described below, the State pays virtually all of the employer's annual contribution. Total contributions paid by the State to the Plan for the year ended June 30, 2010 were \$12,316,880. For teachers and other employees whose retirement expense is reimbursed from Federal Restricted Grants, the Board remits monthly payments to the State which represent the amount of retirement expense charged to these restricted programs. The Board has no contingent liability for funding deficits in the system should such occur. The contribution and percentage of contribution for the past three years are as follows:

Year Ended June 30,	Annual Contribution	Percentage Contributed	Contribution Percentage of Salary
2008	\$ 634,040	100%	11.60%
2009	\$ 647,132	100%	11.70%
2010	\$ 774,377	100%	13.15%

The Teachers Retirement System of the State of Maryland was established on August 1, 1927 and is administered in accordance with Article 73B of the Annotated Code of Maryland for the purpose of providing retirement allowances and other benefits to teachers in the State. In addition, on January 1, 1980, the Teachers Pension System of the State of Maryland was established. In this regard, teachers hired on or after January 1, 1980 become members of the Teachers Pension System, unless they elect to join an optional retirement program. Existing members of the Teachers Retirement System have the option of remaining in the Teachers Retirement System or transferring to the Teachers Pension System.

Significant Plan Benefits and Policies

The following is a general description of the significant plan benefits and related contribution requirements for the Teachers Retirement System and the Teachers Pension System:

Teachers Retirement System

Retirement Benefits:

A member may retire with full benefits after attaining the age of 60, or after completing 30 years of creditable service regardless of age. The annual retirement allowance is equal to 1/55 of a member's average final compensation (i.e. average of the member's three highest years of annual earnable compensation) multiplied by the number of years of creditable service. A member may retire with reduced benefits after completing 25 years of creditable service regardless of age.

Vested Allowance:

A member terminating employment before attaining retirement age but after completing 5 years of creditable service becomes eligible for a vested retirement allowance, provided the member lives to the age of 60 and does not withdraw his or her accumulated contributions. Members terminating employment before attaining retirement age and before completing 5 years of creditable service are refunded their accumulated contributions plus earned interest.

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plans (continued)

Teachers Retirement System and the Teachers Pension System (continued)

Significant Plan Benefits and Policies (continued)

Employee and Employer Contributions:

Members of the Teachers Retirement System are required to contribute to the systems a fixed percentage of their regular salaries and wages (e.g. 7% or 5%, depending on the allowance option selected). The contributions are deducted from each member's salary and wage payment and are remitted to the systems on a regular, periodic basis.

The State of Maryland makes virtually all of the nonemployee contributions in amounts required by State statutes.

Teachers Pension System

Retirement Benefits:

A member may retire with full benefits after completing 30 years of eligibility service regardless of age, or at age 62 or older with specified years of eligibility service. On retirement from service, a member shall receive an annual service retirement allowance. The annual retirement allowance is equal to 1.2% of average compensation for the three highest consecutive years as an employee for years of creditable service before June 30, 1998 and 1.8% of average compensation for the three highest consecutive years as an employee for years of creditable service after June 30, 1998.

Vested Allowance:

A member terminating employment before attaining retirement age, but after completing 5 years of eligibility service, becomes eligible for a vested retirement allowance provided the member lives to age 62. Members terminating employment before attaining retirement age and before completing 5 years of eligibility service are refunded their accumulated contributions plus earned interest.

Employee and Employer Contributions:

Members of the Teachers Pension System are required to contribute to the systems 5% of their regular salaries and wages up to the social security wage base in the year ending June 30, 2010. The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

The State of Maryland makes virtually all of the nonemployee contributions in amounts required by State statutes.

Employer's Payroll Covered Under the Plan

The employer's payroll for the year ended June 30, 2010 and payroll covered under the Teachers Retirement and Pension Systems is as follows:

Total payroll	\$ 114,667,186
Payroll covered under the plans	\$ 95,724,496

Additional information and ten year historical trend information can be obtained from the separately issued State Retirement and Pension System of Maryland Annual Financial Report. The report may be obtained by writing to the State Retirement and Pension System of Maryland, 720 East Baltimore Street, Baltimore, Maryland 21202.

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plans (continued)

Retirement Plan for Employees of the Board of Education of Wicomico County

General Plan Policies

Employees not covered by the Teachers Retirement System or the Teachers Pension System of Maryland are covered by the Retirement Plan for Employees at the Board of Education of Wicomico County, a defined benefit plan. Effective January 1, 1994, this plan was merged with the Wicomico County plan to become the retirement plan for employees of Wicomico County and the Board of Education of Wicomico County. Plan provisions remained relatively unchanged. Separate financial statements are not available.

Significant Plan Benefits and Policies

The following is a summary of significant plan benefits and policies:

- 1) Eligibility – Employees are eligible if they are at least 18 years of age.
- 2) Contributions – Each year an employee is required to contribute 2% of his earnings up to \$4,800 plus 4% of his earnings in excess of \$4,800. Interest is credited at 5% per year. The Board contributes the remaining actuarially determined amounts necessary.
- 3) Retirement:
 - a. Normal retirement is available for employees who are age 65 and over and have obtained 5 years of service.
 - b. Early retirement is available for employees with five years or more experience and who are age 55 or older and are within 10 years of normal retirement date.
- 4) Benefits at Retirement:
 - a. For normal retirement, the member will receive a benefit equal to 1 2/3% of final average earnings times the years and months of service after age 18.
 - b. Early retirement benefits are determined in the same manner as the normal retirement benefits but based on service and salary accrued or earned up to date of early retirement and reduced by the appropriate early retirement factors.
- 5) Vesting – A participant is 100% vested after five years of continuous service with the employer.

Employee's Payroll Covered Under the Plan

The employee's payroll for the year ended June 30, 2010 and payroll covered under the Plan is as follows:

Total payroll	\$ 114,667,186
Payroll covered under the plans	\$ 9,925,869

Plan membership at July 1, 2009, the date of the latest actuarial valuation, consisted of 323 active plan members and 149 retirees and beneficiaries.

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plans (continued)

Retirement Plan for Employees of the Board of Education of Wicomico County (continued)

The Board's annual pension cost, annual contribution, and percentage of contribution are as follows:

Year Ended June 30,	Annual Pension Cost	Annual Contribution	Percentage Contributed
2008	\$ 446,222	\$ 513,514	115%
2009	416,267	529,564	127%
2010	516,743	591,306	114%

In management's opinion, any net pension obligation or asset is immaterial to the financial statements.

The schedule of funding progress presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, open basis
Remaining amortization period	30 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.50%

401(a) Matching Plan

Effective July 1, 2001, the Board implemented and began administering the Wicomico County Board of Education defined contribution plan. The employer's contribution is determined annually by the Board and is based on eligible participant's contributions to the 403(b) plan. The Board has the right to amend the plan at any time according to the Plan document. Eligible employees must be 18 years of age and become fully vested after five years of service. During the year ended June 30, 2010, there were 1,234 eligible participants for whom the Board contributed a total of \$423,015.

Note 9. Trust Plans Condensed Financial Statements

Condensed financial statements for the Pension and Retiree Health Plan Trust are as follows:

CONDENSED STATEMENT OF FIDUCIARY NET ASSETS

	401(A) Matching Fund	Employees Pension	Retiree Health Plan Trust	Total
ASSETS				
Current assets	\$ 2,565,477	\$ 14,941,550	\$ 5,251,374	\$ 22,758,401
Total assets	2,565,477	14,941,550	5,251,374	22,758,401
NET ASSETS				
Held in trust for retirement and other benefits	\$ 2,565,477	\$ 14,941,550	\$ 5,251,374	\$ 22,758,401

NOTES TO FINANCIAL STATEMENTS

Note 9. Trust Plans Condensed Financial Statements (continued)

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	<u>401(A)</u> <u>Matching Fund</u>	<u>Employees</u> <u>Pension</u>	<u>Retiree Health</u> <u>Plan Trust</u>	<u>Total</u>
ADDITIONS				
Contributions	\$ 423,015	\$ 996,316	\$ 1,584,655	\$ 3,003,986
Investment earnings	173,676	1,613,106	472,418	2,259,200
Total additions	596,691	2,609,422	2,057,073	5,263,186
DEDUCTIONS				
Pension benefit payments	55,501	833,409	-	888,910
Administrative expenses	-	122,026	14,513	136,539
Total deductions	55,501	955,435	14,513	1,025,449
Change in net assets	541,190	1,653,987	2,042,560	4,237,737
Net assets beginning of year	2,024,287	13,287,563	3,208,814	18,520,664
Net assets end of year	\$ 2,565,477	\$ 14,941,550	\$ 5,251,374	\$ 22,758,401

Note 10. Capital Leases

The Board of Education has entered into several lease agreements as lessee for financing the acquisition of computers, software, and vehicles. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of equipment currently being leased under capital leases as of June 30, 2010:

	<u>Capital</u> <u>Assets</u>
GOVERNMENTAL ACTIVITIES	
Vehicles	\$ 328,062
Computers:	
2007	1,761,739
2008	2,614,938
2009	1,566,000
2010	1,554,556
Total	\$ 7,825,295
BUSINESS-TYPE ACTIVITIES	
Equipment:	\$ 140,077

NOTES TO FINANCIAL STATEMENTS

Note 10. Capital Leases (continued)

Approximate future minimum lease commitments are as follows:

GOVERNMENTAL ACTIVITIES

Fiscal Year Ending	Computers			Vehicles	Total
	2010	2009	2008		
June 30, 2011	\$ 414,880	\$ 411,500	\$ 691,689	\$ 41,250	\$ 1,559,319
June 30, 2012	414,880	410,372	-	-	825,252
June 30, 2013	375,069	-	-	-	375,069
	<u>1,204,829</u>	<u>821,872</u>	<u>691,689</u>	<u>41,250</u>	<u>2,759,640</u>
Less: amount representing interest	(65,153)	(39,849)	(25,946)	(1,636)	(132,584)
Present value of future minimum lease payments	<u>\$ 1,139,676</u>	<u>\$ 782,023</u>	<u>\$ 665,743</u>	<u>\$ 39,614</u>	<u>\$ 2,627,056</u>

BUSINESS-TYPE ACTIVITIES

	Equipment
June 30, 2011	\$ 36,500
June 30, 2012	36,500
June 30, 2013	36,500
	<u>109,500</u>
Less: amount representing interest	<u>(5,923)</u>
Present value of future minimum lease payments	<u>\$ 103,577</u>

Interest expense related to the above capital leases, with interest rates ranging from 3.38% to 4.13%, was approximately \$111,000 for the year ended June 30, 2010.

Note 11. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning	Additions	Reductions	Ending	Due Within
	Balance			Balance	One Year
Accrued compensated absences	\$ 2,903,785	\$ 744,172	\$ 280,203	\$ 3,367,754	\$ 380,568
Capital leases	3,031,468	1,554,556	1,958,968	2,627,056	1,473,268
Total	<u>\$ 5,935,253</u>	<u>\$ 2,298,728</u>	<u>\$ 2,239,171</u>	<u>\$ 5,994,810</u>	<u>\$ 1,853,836</u>

BUSINESS-TYPE ACTIVITIES	Beginning	Additions	Reductions	Ending	Due Within
	Balance			Balance	One Year
Capital leases	\$ -	\$ 140,077	\$ 36,500	\$ 103,577	\$ 33,317

The Board does not have the authority to incur bonded debt. Payments for compensated absences have typically been liquidated in the General Fund in prior years.

NOTES TO FINANCIAL STATEMENTS

Note 12. Deferred Revenue – Restricted Grants

Deferred revenue in the restricted grant fund consists of federal and state grants and other revenues that have not been expended by June 30, 2010. Deferred revenue at June 30, 2010 consists of the following:

Medical assistance provider payments	\$ 754,085
Various other state and federal programs	<u>238,720</u>
	<u>\$ 992,805</u>

Note 13. Commitments and Contingencies

The Board regularly enters into contracts for goods and services during the normal course of operations. The contracts often extend over fiscal years. The Board has signed contracts for the renovation of James M. Bennett High School in the amount of \$76,812,545. At June 30, 2010, \$67,745,392 had been expended. The Board also has signed contracts for the renovation of Bennett Middle School in the amount of \$2,996,900. At June 30, 2010, \$493,134 had been expended on the renovation of Bennett Middle School.

The Board receives a substantial amount of its support from Federal, State and local agencies in the form of grants. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Board has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the Board, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Board is a defendant in various lawsuits. After considering all relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not have a material adverse effect on the financial position of the Board.

REQUIRED SUPPLEMENTARY INFORMATION

THE BOARD OF EDUCATION OF WICOMICO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 Retiree Health Insurance Plan Trust

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
07/01/07	\$ 210,000	\$ 30,475,000	\$ 30,265,000	0.69%	\$ 104,603,000	28.93%
07/01/08	2,181,000	34,046,000	31,865,000	6.41%	109,000,000	29.23%
07/01/09	3,209,000	48,341,000	45,132,000	6.64%	109,000,000	41.41%

Schedule of Employer Contributions:

Year Ended June 30,	Employer Contributions	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2008	\$ 3,713,000	\$ 2,594,000	143.10%
2009	3,373,000	2,613,450	129.06%
2010	3,746,000	3,565,450	105.06%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 Pension Plan for Employees

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
07/01/00	\$ 9,801,306	\$ 9,610,680	\$ (190,626)	101.98%	\$ 4,831,638	-3.95%
07/01/01	10,513,887	10,125,989	(387,898)	103.83%	5,418,831	-7.16%
07/01/02	9,889,757	10,932,388	1,042,631	90.46%	5,677,963	18.36%
07/01/03	10,066,394	11,637,837	1,571,443	86.50%	5,951,447	26.40%
07/01/04	11,230,846	12,556,267	1,325,421	89.44%	6,353,085	20.86%
07/01/05	12,113,245	13,883,815	1,770,570	87.25%	6,708,737	26.39%
07/01/06	13,375,529	14,610,973	1,235,444	91.54%	7,034,996	17.56%
07/01/07	15,284,191	15,820,246	536,055	96.61%	7,538,827	7.11%
07/01/08	15,642,697	16,870,084	1,227,387	92.72%	8,484,889	14.47%
07/01/09	13,369,971	18,200,762	4,830,791	73.46%	9,168,811	52.69%

Schedule of Employer Contributions:

Year Ended June 30,	Employer Contributions	Annual Pension Cost	Percentage of Annual Pension Cost Contributed
2008	\$ 513,514	\$ 446,222	115%
2009	529,564	416,267	127%
2010	591,306	516,743	114%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
County appropriation	\$ 50,781,711	\$ 50,781,711	\$ 50,781,711	\$ -
Other local:				
Tuition - Delaware nonresident pupils	1,200,000	1,200,000	1,664,663	464,663
Tuition - other	40,000	40,000	23,592	(16,408)
Student payments/fees	8,000	8,000	11,544	3,544
Earnings on investments	250,000	250,000	20,364	(29,636)
Rental of school facilities	120,000	120,000	101,476	(18,524)
Miscellaneous	76,500	76,500	204,467	127,967
Total other local	1,694,500	1,694,500	2,026,106	331,606
State of Maryland revenues:				
Current expense aid	63,976,548	63,976,548	63,977,413	865
Guaranteed tax base	6,758,330	6,758,330	6,759,311	981
Special education	6,047,198	6,047,198	6,047,577	379
Transportation	4,573,339	4,573,339	4,336,438	(236,901)
Miscellaneous	15,000	15,000	10,700	(4,300)
Non-public placement	80,000	80,000	32,316	(47,684)
Aging schools	106,627	106,627	106,627	-
Limited English proficient	1,794,457	1,794,457	1,794,512	55
Compensatory education	29,268,843	29,268,843	29,270,482	1,639
Total State of Maryland revenues	112,620,342	112,620,342	112,335,376	(284,966)
Other sources:				
Out of county living	210,000	210,000	238,237	28,237
Administrative costs reimbursements	200,000	200,000	409,488	209,488
Total other sources	410,000	410,000	647,725	237,725
TOTAL REVENUES	165,506,553	165,506,553	165,790,918	284,365
EXPENDITURES				
Administration	4,256,832	4,261,178	3,954,646	306,532
School management and support	11,854,495	11,850,148	11,769,855	80,293
Instructional salaries	67,331,217	67,356,839	66,405,576	951,263
Textbooks and instructional supplies	3,517,604	3,619,643	3,432,817	186,826
Other instruction costs	1,861,023	1,703,404	1,288,640	414,764
Student personnel services	2,281,787	2,308,247	2,237,766	70,481
Health services	1,488,602	1,502,285	1,449,456	52,829
Student transportation	8,238,009	8,241,509	7,969,842	271,667
Operation of plant and equipment	11,333,964	11,333,963	10,692,722	641,241
Maintenance of plant	3,037,970	3,037,970	2,757,014	280,956
Fixed charges	28,643,620	28,669,441	27,528,447	1,140,994
Community services	217,361	217,361	203,667	13,694
Capital outlay	6,823,277	6,823,277	5,806,440	1,016,837
Special education	14,170,792	14,631,288	14,430,180	201,108
Food service	750,000	750,000	750,000	-
TOTAL EXPENDITURES	\$ 165,806,553	\$ 166,306,553	\$ 160,677,068	\$ 5,629,485

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ (300,000)	\$ (800,000)	\$ 5,113,850	\$ 5,913,850
OTHER FINANCING SOURCES (USES)				
Appropriation to school construction fund	-	-	(1,807,223)	1,807,223
Appropriation from designated medicaid fund balance	-	500,000	500,000	-
Appropriation from June 30, 2009 fund balance	300,000	300,000	300,000	-
TOTAL OTHER FINANCING SOURCES (USES)	300,000	800,000	(1,007,223)	1,807,223
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ 4,106,627	\$ 4,106,627

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL

RESTRICTED GRANTS

Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Federal sources	\$ 16,827,236	\$ 13,556,335	\$ (3,270,901)
State sources	976,321	1,089,480	113,159
Local and other sources	806,735	557,202	(249,533)
TOTAL REVENUES	18,610,292	15,203,017	(3,407,275)
EXPENDITURES			
Administration	954,871	1,067,165	(112,294)
School management and support	35,928	31,146	4,782
Instructional salaries	4,613,059	4,726,810	(113,751)
Textbooks and instructional supplies	579,261	1,028,517	(449,256)
Other instruction costs	3,335,131	1,663,802	1,671,329
Special education	4,801,209	4,135,657	665,552
Student personnel services	-	1,854	(1,854)
Health services	72,539	1,725	70,814
Student transportation	323,585	225,158	98,427
Operation of plant and equipment	1,197	1,880	(683)
Fixed charges	2,673,915	2,872,324	(198,409)
Community services	-	16	(16)
Capital outlay	1,219,597	-	1,219,597
TOTAL EXPENDITURES	18,610,292	15,756,054	2,854,238
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	-	(553,037)	553,037
OTHER FINANCING SOURCES (USES)			
Interfund transfers	-	563,537	(563,537)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 10,500	\$ (10,500)

NOTES TO BUDGETARY COMPARISON SCHEDULE

Note 1. Summary of Significant Accounting Policies

The original budget, subsequent supplements and major transfers are approved by the Wicomico County Council. Appropriations are for one year and lapse at year end.

A legally adopted budget is prepared for the General Fund and Restricted Grants. Amendments to the budget can be made with approval from Wicomico County and the Board for intercategory transfers, and by approval of the Board for intracategory transfers. By law, actual expenditures for each category and for each account within categories may not exceed budgeted expenditures. The budgeted amounts presented include all budget revisions. A budget is adopted for the Food Service Fund for internal purposes only.

The Board of Education prepares its budget and accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). Thus, there are two statements of revenues and expenditures for the general fund in these statements; the first is prepared in accordance with GAAP and the second is prepared on the budgetary basis in order to compare revenues and expenditures with budget. One of the differences between the two statements is that increases (decreases) in asset account balances for prepaid expenditures and inventories are accounted for as expenditure reductions or sources (increases or uses) on the GAAP basis financial statements, but not on the budgetary financial statements. In addition, the appropriation from prior year fund balance is accounted for as additional sources for budgetary purposes. Encumbrances are recorded as expenditures for budgetary purposes but as a reservation of fund balance in the GAAP basis financial statements. Finally, the State's share of the pension and retirement fund contribution is recorded as revenue and expenditures on the GAAP basis financial statements, but is not included on the budgetary financial statements.

Adjustments necessary to convert the results of operations and fund balances at the end of the year on the GAAP basis to the budgetary basis are as follows:

	Revenues	Expenditures	Other Financing Sources (Uses)
	General Fund	General Fund	General Fund
	June 30, 2010	June 30, 2010	June 30, 2010
GAAP Basis	\$ 178,001,171	\$ 171,817,935	\$ (1,262,593)
Changes in asset account balances not accounted for on Budgetary Statement:			
Increase in Rate Stabilization Reserve	-	-	(303,611)
Appropriation from designated Medicaid fund balance	-	-	500,000
Appropriation from June 30, 2009	-	-	300,000
Transfers to other funds recorded as budgetary expenditures	-	1,313,537	1,313,537
Encumbrances recorded as expenditures:			
Established in current year	-	4,516,287	-
Reversed from prior year	-	(3,099,255)	-
Revenues recorded based on encumbered expenditures	106,627	-	-
State share of retirement and pension contribution	(12,316,880)	(12,316,880)	-
Capital outlay funded by capital leases	-	(1,554,556)	(1,554,556)
	<u>\$ 165,790,918</u>	<u>\$ 160,677,068</u>	<u>\$ (1,007,223)</u>
Budgetary Basis			

NOTES TO BUDGETARY COMPARISON SCHEDULE

Note 2. Budget Calendar

The following calendar reflects the general sequence of events for the preparation and adoption of the operating budget of The Board of Education of Wicomico County:

Approximate Date	Procedure Performed
Early December	Department heads review and submit requests based upon needs as outlined in the Board's comprehensive master plan
Early January	Review compilation of departmental budget requests with the Superintendent, Asst Superintendent and Directors, and establish priority listing
Late January	Public meeting to review proposed budget
February	Board meets with supervisors and staff to review all requests and develop priority lists
Mid-March	Regular meeting - Board meets for final adoption of the proposed budget
March	Submission of proposed budget to county council
Late May	County council notifies Board of appropriation for education
June	Board works on revised budget based on actual appropriation
Early June	Public meeting held to review actual budget allocations
June	Board adopts budget

ADDITIONAL SUPPLEMENTARY INFORMATION

THE BOARD OF EDUCATION OF WICOMICO COUNTY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND - BUDGETARY BASIS
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Administration:				
Salaries and wages	\$ 3,112,945	\$ 3,112,944	\$ 3,033,351	\$ 79,593
Contracted services	756,721	824,839	689,621	135,218
Supplies and materials	138,307	97,148	59,498	37,650
Other charges	160,983	151,672	113,451	38,221
Equipment	36,000	22,699	7,021	15,678
Transfers	51,876	51,876	51,704	172
Total administration	4,256,832	4,261,178	3,954,646	306,532
School management and support:				
Salaries and wages	10,492,396	10,554,396	10,546,674	7,722
Contracted services	796,936	786,936	775,188	11,748
Supplies and materials	137,699	136,724	129,530	7,194
Other charges	383,962	327,144	278,709	48,435
Equipment	14,200	15,646	11,205	4,441
Transfers	29,302	29,302	28,549	753
Total school management and support	11,854,495	11,850,148	11,769,855	80,293
Instructional salaries and wages	67,331,217	67,356,839	66,405,576	951,263
Textbooks and instructional supplies	3,517,604	3,619,643	3,432,817	186,826
Other instructional costs:				
Contracted services	978,253	943,790	662,960	280,830
Other charges	311,684	266,252	172,215	94,037
Equipment	183,679	115,485	101,641	13,844
Transfers	387,407	377,877	351,824	26,053
Total other instructional costs	1,861,023	1,703,404	1,288,640	414,764
Special education:				
Salaries and wages	13,327,053	13,356,202	13,356,202	-
Contracted services	183,280	189,280	188,637	643
Supplies and materials	150,108	150,108	139,517	10,591
Other charges	81,220	83,220	57,600	25,620
Equipment	7,815	7,815	7,689	126
Transfers	421,316	844,663	680,535	164,128
Total special education	\$ 14,170,792	\$ 14,631,288	\$ 14,430,180	\$ 201,108

THE BOARD OF EDUCATION OF WICOMICO COUNTY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND - BUDGETARY BASIS
Year Ended June 30, 2010
(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Student personnel services:				
Salaries and wages	\$ 1,536,274	\$ 1,536,274	\$ 1,519,039	\$ 17,235
Contracted services	686,018	700,848	669,516	31,332
Supplies and materials	26,925	19,750	9,842	9,908
Other charges	25,433	23,838	12,273	11,565
Equipment	-	20,400	20,250	150
Transfers	7,137	7,137	6,846	291
Total student personnel services	2,281,787	2,308,247	2,237,766	70,481
Health services				
Salaries and wages	1,386,381	1,381,064	1,334,123	46,941
Contracted services	37,576	55,576	54,855	721
Supplies and materials	50,970	51,970	51,385	585
Other charges	2,267	2,267	564	1,703
Equipment	9,471	9,471	6,798	2,673
Transfers	1,937	1,937	1,731	206
Total health services	1,488,602	1,502,285	1,449,456	52,829
Student transportation:				
Salaries and wages	447,396	464,896	439,116	25,780
Contracted services	7,427,887	7,378,787	7,154,419	224,368
Supplies and materials	24,682	58,282	55,023	3,259
Other charges	201,143	201,143	183,858	17,285
Equipment	135,170	135,170	134,445	725
Transfers	1,731	3,231	2,981	250
Total pupil transportation	8,238,009	8,241,509	7,969,842	271,667
Operation of plant:				
Salaries and wages	5,418,747	5,314,010	5,144,699	169,311
Contracted services	606,426	738,946	608,107	130,839
Supplies and materials	658,978	664,195	652,421	11,774
Other charges	4,579,354	4,549,353	4,225,875	323,478
Equipment	64,490	61,490	55,653	5,837
Transfers	5,969	5,969	5,967	2
Total operation of plant	11,333,964	11,333,963	10,692,722	641,241
Maintenance of plant:				
Salaries and wages	1,336,152	1,336,152	1,299,369	36,783
Contracted services	594,262	599,262	568,428	30,834
Supplies and materials	1,023,596	1,018,596	823,362	195,234
Other charges	14,209	14,209	11,204	3,005
Equipment	69,751	69,751	54,651	15,100
Total maintenance of plant	\$ 3,037,970	\$ 3,037,970	\$ 2,757,014	\$ 280,956

THE BOARD OF EDUCATION OF WICOMICO COUNTY
 SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND - BUDGETARY BASIS
 Year Ended June 30, 2010
 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Fixed charges:				
Insurance and employee benefits	\$ 28,643,620	\$ 28,669,441	\$ 27,528,447	\$ 1,140,994
Community services:				
Salaries and wages	29,514	30,014	29,716	298
Contracted services	69,010	69,010	61,497	7,513
Supplies and materials	19,421	19,521	19,380	141
Other charges	49,416	48,666	43,015	5,651
Equipment	50,000	50,150	50,059	91
Total community services	217,361	217,361	203,667	13,694
Capital outlay:				
Salaries and wages	532,632	536,632	486,346	50,286
Contracted services	2,192,224	2,186,224	1,695,308	490,916
Supplies and materials	364,450	364,950	239,954	124,996
Equipment	3,733,971	3,735,471	3,384,832	350,639
Total capital outlay	6,823,277	6,823,277	5,806,440	1,016,837
Food service:				
Transfers	750,000	750,000	750,000	-
 TOTAL APPROPRIATIONS AND EXPENDITURES	 \$ 165,806,553	 \$ 166,306,553	 \$ 160,677,068	 \$ 5,629,485

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
 FOOD SERVICES FUND - BUDGETARY BASIS
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Local sources	\$ 1,865,561	\$ 1,701,204	\$ (164,357)
State sources	184,908	201,889	16,981
Federal sources	3,986,029	4,154,334	168,305
	<hr/>		
TOTAL REVENUES	6,036,498	6,057,427	20,929
<hr/>			
EXPENDITURES			
Salaries and wages	2,304,309	2,247,159	57,150
Contracted services	41,950	60,982	(19,032)
Supplies and materials	3,379,356	3,314,652	64,704
Other charges	1,058,155	1,017,008	41,147
Capital outlay	46,728	82,011	(35,283)
	<hr/>		
TOTAL EXPENSES	6,830,498	6,721,812	108,686
<hr/>			
OPERATING LOSS	(794,000)	(664,385)	129,615
OTHER RESOURCES			
Interfund Transfer	750,000	750,000	-
Appropriation from June 30, 2009 net assets	44,000	-	(44,000)
	<hr/>		
TOTAL OTHER RESOURCES	794,000	750,000	(44,000)
<hr/>			
EXCESS OF REVENUES AND OTHER RESOURCES OVER EXPENDITURES	\$ -	\$ 85,615	\$ 85,615
	<hr/> <hr/>		

THE BOARD OF EDUCATION OF WICOMICO COUNTY
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
 PENSION AND RETIREE HEALTH PLAN TRUST FUNDS
 June 30, 2010

	401(A) Matching <u>Fund</u>	Employees <u>Pension</u>	Retiree Health <u>Plan Trust</u>	Total Pension and Retiree Health Plan <u>Trust Funds</u>
ASSETS				
Cash	\$ 147,187	\$ 396,620	\$ 1,462,351	\$ 2,006,158
Accounts receivable	423,015	-	-	423,015
Trust investments	1,995,275	14,544,930	3,789,023	20,329,228
	<hr/>			
Total assets	2,565,477	14,941,550	5,251,374	22,758,401
	<hr/>			
NET ASSETS				
Held in Trust for:				
Retirement and other benefits	2,565,477	14,941,550	5,251,374	22,758,401
	<hr/>			
Total net assets	\$ 2,565,477	\$ 14,941,550	\$ 5,251,374	\$ 22,758,401
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THE BOARD OF EDUCATION OF WICOMICO COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION AND RETIREE HEALTH PLAN TRUST FUNDS
 Year Ended June 30, 2010

	401(A) Matching <u>Fund</u>	Employees <u>Pension</u>	Retiree Health <u>Plan Trust</u>	Total Pension and Retiree Health Plan <u>Trust Funds</u>
ADDITIONS				
Contributions:				
Employer contributions	\$ 423,015	\$ 638,525	\$ 1,584,655	\$ 2,646,195
Plan member contributions	-	357,791	-	357,791
Total contributions	<u>423,015</u>	<u>996,316</u>	<u>1,584,655</u>	<u>3,003,986</u>
Investment earnings:				
Interest and dividends	42,665	476,860	94,228	613,753
Increase in fair value of investments	131,011	1,136,246	378,190	1,645,447
Total investment earnings	<u>173,676</u>	<u>1,613,106</u>	<u>472,418</u>	<u>2,259,200</u>
Total additions	<u>596,691</u>	<u>2,609,422</u>	<u>2,057,073</u>	<u>5,263,186</u>
DEDUCTIONS				
Pension benefit payments	55,501	833,409	-	888,910
Administrative expenses	-	122,026	14,513	136,539
Total deductions	<u>55,501</u>	<u>955,435</u>	<u>14,513</u>	<u>1,025,449</u>
Change in net assets	541,190	1,653,987	2,042,560	4,237,737
Net assets beginning of year	<u>2,024,287</u>	<u>13,287,563</u>	<u>3,208,814</u>	<u>18,520,664</u>
Net assets end of year	<u>\$ 2,565,477</u>	<u>\$ 14,941,550</u>	<u>\$ 5,251,374</u>	<u>\$ 22,758,401</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Cash	\$ 60,369	\$ 2,520,401	2,541,515	\$ 39,255
Accounts receivable	6,592	582	6,592	582
Due from other funds	426,061	-	12,682	413,379
Total assets	493,022	2,520,983	2,560,789	453,216
LIABILITIES				
Accounts payable	6,390	5,493	6,390	5,493
Due to school activity groups	486,632	2,515,490	2,554,399	447,723
Total liabilities	\$ 493,022	\$ 2,520,983	\$ 2,560,789	\$ 453,216

STATISTICAL SECTION

STATISTICAL SECTION

This section of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial health.

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Financial Trends

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

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Debt Capacity

This schedule presents information to help the reader assess the affordability of the Board's current level of outstanding debt. The Board has no authority to issue bond debt. Wicomico County, Maryland may incur bond debt on behalf of the Board to fund capital improvements.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services it provides and activities it performs.

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Schedule 1
The Board of Education of Wicomico County
Net Assets by Component, Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 99,863,488	\$ 105,902,691	\$ 105,640,672	\$ 115,008,125	\$ 123,226,436	\$ 136,743,977	\$ 144,045,972	\$ 181,162,869	\$ 206,066,048
Restricted for rate stabilization reserve	-	353,389	332,055	1,861,694	4,298,571	5,365,692	5,854,309	7,769,336	8,072,947
Restricted for capital projects	252,815	355,895	492,453	362,608	468,089	1,597,173	3,153,550	5,112,284	4,547,767
Unrestricted	787,891	677,622	270,677	1,122,038	1,628,533	3,866,009	2,799,516	2,769,565	7,248,299
Total governmental activities net assets	\$ 100,904,194	\$ 107,289,597	\$ 106,735,857	\$ 118,354,465	\$ 129,621,629	\$ 147,572,851	\$ 155,853,347	\$ 196,814,054	\$ 225,935,061
Business-type activities									
Invested in capital assets, net of related debt	\$ 286,407	\$ 254,526	\$ 232,542	\$ 226,739	\$ 298,456	\$ 327,040	\$ 295,680	\$ 280,752	\$ 493,125
Restricted for food service activities	430,688	639,963	591,889	537,220	387,316	129,736	566,153	658,520	583,363
Total business-type activities net assets	\$ 717,095	\$ 894,489	\$ 824,431	\$ 763,959	\$ 685,772	\$ 456,776	\$ 861,833	\$ 939,272	\$ 1,076,488
Primary government									
Invested in capital assets, net of related debt	\$ 100,149,895	\$ 106,157,217	\$ 105,873,214	\$ 115,234,864	\$ 123,524,892	\$ 137,071,017	\$ 144,341,652	\$ 181,443,621	\$ 206,559,173
Restricted	683,503	1,349,247	1,416,397	2,761,522	5,153,976	7,092,601	9,574,012	13,540,140	13,204,077
Unrestricted	787,891	677,622	270,677	1,122,038	1,628,533	3,866,009	2,799,516	2,769,565	7,248,299
Total primary government net assets	\$ 101,621,289	\$ 108,184,086	\$ 107,560,288	\$ 119,118,424	\$ 130,307,401	\$ 148,029,627	\$ 156,715,180	\$ 197,753,326	\$ 227,011,549

Note: Accrual-basis financial information for the Board as a whole is available back to 2002 only, the year GASB Statement 34 was implemented.

Source: The Board of Education of Wicomico County records.

Schedule 2

The Board of Education of Wilcomico County
Changes in Net Assets, Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
Administration	\$ 2,974,711	\$ 3,312,326	\$ 3,740,656	\$ 4,065,040	\$ 5,167,384	\$ 5,141,270	\$ 5,931,980	\$ 5,880,904	\$ 6,116,697
Instructional services	78,188,070	83,059,688	90,090,631	92,425,615	99,245,781	110,288,438	122,072,051	126,106,246	132,065,219
Special education	13,771,168	14,638,087	15,764,296	16,535,110	17,638,722	19,767,456	21,990,580	22,825,699	24,784,670
Student personnel services	851,697	892,773	926,969	1,183,137	1,344,148	1,892,281	2,251,338	2,409,881	2,773,204
Health services	998,834	1,067,657	1,145,130	1,198,424	1,325,911	1,499,688	1,601,456	1,773,931	1,967,103
Student transportation	5,324,051	5,532,349	5,864,271	6,178,553	6,675,840	7,116,149	8,260,409	8,387,408	8,304,572
Operation of plant and equipment	7,091,578	7,816,401	8,421,122	9,463,971	10,127,074	11,301,209	13,031,357	13,692,942	13,796,567
Maintenance of plant	1,825,006	1,922,460	2,066,341	2,048,876	2,127,087	2,366,685	2,901,076	3,243,012	3,214,936
Food service	12,457	30,367	14,912	19,075	19,075	-	-	-	-
Community services	139,949	143,427	107,227	115,434	167,997	111,493	247,113	244,869	200,977
Total governmental activities expenses	\$ 111,177,524	\$ 118,415,534	\$ 128,141,553	\$ 133,233,234	\$ 143,839,021	\$ 159,484,668	\$ 178,287,359	\$ 184,564,885	\$ 193,223,945
Business-type activities:									
Food services	\$ 3,955,586	\$ 4,198,408	\$ 4,728,085	\$ 4,999,434	\$ 5,496,468	\$ 5,940,165	\$ 6,112,423	\$ 6,606,955	\$ 6,775,915
Total business-type activities expenses	\$ 3,955,586	\$ 4,198,408	\$ 4,728,085	\$ 4,999,434	\$ 5,496,468	\$ 5,940,165	\$ 6,112,423	\$ 6,606,955	\$ 6,775,915
Total primary government expenses	\$ 115,133,110	\$ 122,613,942	\$ 132,869,638	\$ 138,232,668	\$ 149,335,489	\$ 165,424,833	\$ 184,399,782	\$ 191,171,840	\$ 199,999,860
Program Revenues									
Governmental activities:									
Charges for services									
Instructional services	\$ 798,324	\$ 941,721	\$ 895,861	\$ 1,184,213	\$ 833,467	\$ 1,398,601	\$ 1,014,472	\$ 2,182,980	\$ 1,938,036
Operation of plant and equipment	43,178	68,083	50,400	58,309	35,966	67,481	84,759	94,019	57,072
Community services	47,800	47,800	47,800	47,800	47,800	47,800	44,404	44,404	44,404
Operating grants and contributions									
Administration	632,611	658,705	590,456	560,884	641,546	710,442	1,150,719	1,140,928	1,261,966
Instructional services	14,304,134	15,614,029	13,662,712	12,618,222	12,828,773	13,562,319	14,863,777	15,835,981	18,128,206
Special education	4,808,403	5,215,888	6,346,795	7,379,034	8,063,913	9,309,779	11,121,652	11,262,398	13,648,449
Student personnel services	77,357	86,142	91,265	91,516	102,868	108,231	124,776	132,563	169,790
Health services	103,372	116,715	89,613	91,028	97,280	121,326	126,822	133,715	150,005
Student transportation	2,916,512	2,987,159	3,634,597	3,726,489	3,967,670	4,132,788	397,323	394,968	273,704
Operation of plant and equipment	408,049	438,268	449,770	457,748	479,754	509,308	603,010	646,365	571,504
Maintenance of plant	78,301	87,782	86,599	100,257	92,480	100,154	120,026	128,784	143,650
Community services	54,385	39,644	5,936	12,226	13,705	6,118	8,847	707	3,301
Capital grants and contributions	8,396,477	10,456,009	4,592,194	12,814,953	12,475,654	17,082,630	10,646,255	41,990,294	29,996,468
Total governmental activities program revenues	\$ 32,668,904	\$ 36,757,946	\$ 30,543,997	\$ 39,142,680	\$ 39,680,875	\$ 47,156,977	\$ 40,306,843	\$ 73,988,106	\$ 66,386,555

Schedule 2

The Board of Education of Wilcomico County
Changes in Net Assets, Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues (continued)									
Business-type activities:									
Charges for services	\$ 1,787,150	\$ 1,787,712	\$ 1,845,057	\$ 1,891,737	\$ 2,017,530	\$ 1,997,126	\$ 1,925,846	\$ 1,829,434	\$ 1,701,204
Operating grants and contributions	2,389,601	2,587,935	2,812,513	3,042,108	3,338,523	3,648,575	3,841,634	4,104,960	4,356,223
Total business-type activities program revenues	4,126,751	4,374,747	4,657,570	4,933,845	5,356,053	5,645,701	5,767,480	5,934,394	6,057,427
Total primary government program revenues	\$ 36,795,655	\$ 41,132,693	\$ 35,201,567	\$ 44,076,525	\$ 45,036,928	\$ 52,802,678	\$ 46,074,323	\$ 79,922,500	\$ 72,443,982
Net (Expense)/Revenue									
Governmental activities	\$ (78,508,620)	\$ (81,657,588)	\$ (97,597,556)	\$ (94,090,554)	\$ (104,158,146)	\$ (112,327,691)	\$ (137,980,516)	\$ (110,576,779)	\$ (126,837,390)
Business-type activities	171,165	176,339	(70,515)	(65,589)	(140,415)	(294,464)	(344,943)	(672,561)	(718,488)
Total primary government net expense	\$ (78,337,455)	\$ (81,481,249)	\$ (97,668,071)	\$ (94,156,143)	\$ (104,298,561)	\$ (112,622,155)	\$ (138,325,459)	\$ (111,249,340)	\$ (127,555,878)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
State of Maryland	\$ 39,514,643	\$ 42,779,495	\$ 50,977,607	\$ 58,968,938	\$ 68,052,447	\$ 80,408,857	\$ 96,633,962	\$ 101,713,302	\$ 105,808,156
Wilcomico County appropriation	43,743,788	44,665,088	45,679,815	46,131,073	46,925,458	48,329,815	49,443,053	50,204,655	50,781,711
Other revenue	366,450	436,897	262,713	336,423	339,652	597,026	74,303	91,273	203,870
Loss on disposal of assets	-	-	-	-	(511,311)	-	-	-	-
Investment earnings	343,188	161,511	123,681	272,728	676,947	1,006,215	859,694	278,256	20,364
Transfers	-	-	-	-	(57,883)	(63,000)	(750,000)	(750,000)	(855,704)
Total governmental activities	83,968,069	88,042,991	97,043,816	105,709,162	115,425,310	130,278,913	146,261,012	151,537,486	155,958,397
Business-type activities:									
Investment earnings	\$ 2,482	\$ 1,055	\$ 457	\$ 5,117	\$ 4,345	\$ 2,468	\$ -	\$ -	\$ -
Transfers	-	-	-	-	57,883	63,000	750,000	750,000	855,704
Total business-type activities	2,482	1,055	457	5,117	62,228	65,468	750,000	750,000	855,704
Total primary government	\$ 83,970,551	\$ 88,044,046	\$ 97,044,273	\$ 105,714,279	\$ 115,487,538	\$ 130,344,381	\$ 147,011,012	\$ 152,287,486	\$ 156,814,101
Change in Net Assets									
Governmental activities	\$ 5,459,449	\$ 6,385,403	\$ (553,740)	\$ 11,618,608	\$ 11,267,164	\$ 17,951,222	\$ 8,280,496	\$ 40,960,707	\$ 29,121,007
Business-type activities	173,647	177,394	(70,958)	(60,472)	(78,187)	(228,956)	405,057	77,439	137,216
Total primary government	\$ 5,633,096	\$ 6,562,797	\$ (623,798)	\$ 11,558,136	\$ 11,188,977	\$ 17,722,226	\$ 8,685,553	\$ 41,038,146	\$ 29,258,223

Note: Accrual-basis financial information for the Board as a whole is only available back to 2002, the year GASB Statement 34 was implemented.

Source: The Board of Education of Wilcomico County records.

Schedule 3
The Board of Education of Wicomico County
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Committed:									
Healthcare rate stabilization reserve	\$ -	\$ 152,089	\$ 234,132	\$ 801,222	\$ 1,849,987	\$ 2,309,247	\$ 2,519,534	\$ 3,343,709	\$ 2,429,000
Assigned to:									
Healthcare rate stabilization reserve	-	201,300	309,889	1,060,472	2,448,584	3,056,445	3,334,775	4,425,627	5,643,947
Other purposes (encumbrances)	1,455,188	1,004,278	955,881	1,338,318	2,376,370	3,805,446	2,948,280	3,099,255	4,516,287
Subsequent year expenditures	565,014	1,011,399	11,527	610,020	376,647	2,047,232	800,000	800,000	300,000
Unassigned	104,212	11,527	310,020	496,647	547,232	300,000	300,000	300,000	4,000,000
Total General Fund	\$ 2,124,414	\$ 2,380,593	\$ 1,821,449	\$ 4,306,679	\$ 7,598,820	\$ 11,518,370	\$ 9,902,589	\$ 11,968,591	\$ 16,889,234
All Other Governmental Funds									
Restricted for fund purposes:									
Restricted grants	\$ 26,744	\$ 38,466	\$ 59,055	\$ 51,987	\$ 32,730	\$ 28,738	\$ 43,205	\$ 58,598	\$ 69,098
Capital projects	252,815	355,895	492,453	362,608	468,089	1,597,173	3,153,550	5,112,284	4,547,767
Total all other governmental funds	\$ 279,559	\$ 394,361	\$ 551,508	\$ 414,595	\$ 500,819	\$ 1,625,911	\$ 3,196,755	\$ 5,170,882	\$ 4,616,865
Total Governmental Funds	\$ 2,403,973	\$ 2,774,954	\$ 2,372,957	\$ 4,721,274	\$ 8,099,639	\$ 13,144,281	\$ 13,099,344	\$ 17,139,473	\$ 21,506,099

Schedule 4

The Board of Education of Wicomico County
Changes in Fund Balances, Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
Wicomico County appropriations	\$ 43,743,788	\$ 44,665,088	\$ 45,679,815	\$ 46,131,073	\$ 46,925,458	\$ 48,329,815	\$ 49,443,053	\$ 50,204,655	\$ 50,781,711
Other local revenue	1,667,229	1,096,528	1,011,540	1,539,214	1,421,971	2,418,267	2,171,015	2,821,160	2,367,826
State of Maryland	52,091,818	56,339,908	59,553,240	71,068,248	80,503,974	98,070,438	104,449,544	130,213,841	126,488,229
State of Maryland share of retirement and pension contribution	5,481,917	5,915,912	6,194,533	6,468,103	6,782,478	7,477,982	9,495,371	10,390,453	12,316,880
Federal through State	8,131,426	9,561,708	10,236,035	10,693,101	11,121,115	11,029,854	10,797,952	11,028,683	13,556,335
Other	723,673	1,596,286	1,112,151	1,038,072	1,171,376	1,430,189	1,114,783	1,120,842	975,977
Total revenues	111,839,851	119,175,430	123,787,314	136,937,811	147,926,372	168,756,545	177,471,718	205,779,634	206,486,958
Expenditures									
Administration	2,262,814	2,514,593	2,843,968	3,162,009	4,020,634	3,840,529	4,592,010	4,619,335	4,789,056
School management and support	7,788,338	8,350,612	9,138,193	9,214,007	10,029,634	10,589,576	11,091,829	11,668,634	11,800,112
Instructional salaries	47,193,623	49,052,634	51,722,387	53,875,201	57,629,455	63,072,206	66,784,095	70,340,938	71,132,386
Textbooks and instructional supplies	2,677,324	2,156,027	3,477,174	3,219,608	3,602,972	4,273,226	4,457,826	4,073,265	4,322,106
Other instructional costs	1,476,336	2,065,609	1,731,744	1,797,745	1,791,788	1,966,141	2,869,544	2,213,619	2,609,102
Special education	10,607,443	11,112,379	11,784,642	12,556,596	13,454,837	14,895,106	16,332,931	16,979,678	18,321,340
Student personnel services	643,714	661,155	665,390	921,878	1,066,349	1,568,721	1,875,961	2,024,214	2,192,603
Health services	790,850	836,039	883,551	937,165	1,048,112	1,176,128	1,223,954	1,385,540	1,448,994
Student transportation	5,116,068	5,300,731	5,602,692	5,917,294	6,398,041	6,792,589	7,883,977	7,996,481	8,109,729
Operation of plant and equipment	5,655,900	6,195,353	6,609,444	7,621,036	8,429,392	9,322,114	10,300,491	10,824,322	10,649,631
Maintenance of plant	1,617,023	1,896,907	1,890,957	1,817,382	1,849,288	2,043,125	2,509,984	2,840,098	2,682,147
Fixed charges	15,231,448	17,221,093	19,873,596	21,288,787	23,104,824	25,334,145	29,372,737	29,654,508	30,425,611
Food service	12,457	30,367	14,912	19,075	19,075	-	-	-	-
Community services	139,949	143,427	107,227	115,434	167,997	111,492	246,618	244,373	188,790
Capital outlay	8,815,889	11,186,838	5,949,891	14,614,735	15,946,320	21,631,477	19,079,079	47,623,941	34,884,052
Debt service									
Capital lease principal	135,482	206,065	254,325	622,843	866,369	1,226,399	1,671,072	1,898,132	1,958,968
Capital lease interest	7,929	12,060	14,884	36,451	50,703	71,773	84,308	130,239	110,690
State of Maryland share of retirement and pension contribution	5,481,917	5,915,912	6,194,533	6,468,103	6,782,478	7,477,982	9,495,371	10,390,453	12,316,880
Total expenditures	115,654,504	124,857,801	128,759,510	144,205,349	156,258,268	175,392,729	189,871,787	224,907,770	217,942,197
Excess of revenues over (under) expenditures	(3,814,653)	(5,682,371)	(4,972,196)	(7,267,538)	(8,331,896)	(6,636,184)	(12,400,069)	(19,128,136)	(11,455,239)

Schedule 4 (continued)

The Board of Education of Wilcomico County
 Changes in Fund Balances, Governmental Funds,
 Last Nine Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses)									
Capital lease proceeds	-	427,845	769,700	383,950	1,582,263	1,934,359	2,770,378	1,566,000	1,554,556
Rate stabilization adjustment	(168,005)	-	-	1,317,672	2,436,876	1,067,121	488,617	1,856,307	303,611
Transfers to other funds	-	-	-	-	(57,883)	(63,000)	(750,000)	(750,000)	(750,000)
Transfer of savings plan funds to Wilcomico County	-	-	-	-	-	-	-	-	(2,000,000)
Transfer of bond proceeds from Wilcomico County	4,797,122	5,625,507	3,800,499	7,914,233	7,749,005	8,742,346	9,846,137	20,495,958	16,713,698
Total other financing sources (uses)	4,629,117	6,053,352	4,570,199	9,615,855	11,710,261	11,680,826	12,355,132	23,168,265	15,821,865
Net change in fund balances	\$ 814,464	\$ 370,981	\$ (401,997)	\$ 2,348,317	\$ 3,378,365	\$ 5,044,642	\$ (44,937)	\$ 4,040,129	\$ 4,366,626
Debt service as a percentage of noncapital expenditures	0.1%	0.2%	0.2%	0.5%	0.7%	0.9%	1.0%	1.2%	1.1%

Schedule 5
The Board of Education of Wicomico County
General Fund
Approved Operating Budgets
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Administration	School Management and Support	Instructional Salaries and Wages	Textbooks and Instructional Supplies	Other Instructional Costs	Special Education	Student Personnel	Student Health Services
2001	\$ 1,648,567	\$ 7,701,057	\$ 40,052,696	\$ 2,037,703	\$ 638,282	\$ 7,790,052	\$ 601,189	\$ 703,582
2002	1,668,258	7,550,868	40,925,481	1,849,408	578,262	8,152,420	648,012	735,371
2003	1,959,503	8,120,259	42,418,062	1,851,623	634,412	8,411,824	655,032	787,230
2004	2,280,755	8,975,664	47,519,555	2,392,015	865,934	8,616,660	695,697	838,072
2005	2,861,533	9,022,129	49,836,560	2,583,378	950,835	9,386,651	911,344	896,624
2006	3,345,900	10,054,218	54,252,635	3,006,113	1,188,978	10,497,171	894,675	968,912
2007	3,607,043	10,478,756	59,678,297	3,684,836	1,320,144	12,048,647	1,652,042	1,150,826
2008	3,897,300	11,091,778	63,356,841	3,962,227	2,753,638	13,281,561	1,868,045	1,179,171
2009	4,151,663	11,777,792	65,373,614	3,502,555	1,796,680	14,471,643	1,999,685	1,340,535
2010	4,256,832	11,854,495	67,331,217	3,517,604	1,861,023	14,170,792	2,281,787	1,488,602

Source: The Board of Education of Wicomico County records.

Schedule 5
 The Board of Education of Wicomico County
 General Fund
 Approved Operating Budgets (continued)
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Student Transportation	Operation of Plant	Maintenance of Plant	Fixed Charges	Food Services	Community Services	Capital Outlay	Total
\$ 4,999,377	\$ 5,613,262	\$ 1,806,593	\$ 11,735,179	\$ 25,000	\$ 86,332	\$ 1,085,935	\$ 86,524,806
5,096,495	6,005,995	1,722,417	13,006,133	20,000	96,012	916,544	88,971,676
5,279,655	6,333,996	1,812,987	14,045,640	15,000	97,012	931,319	93,353,554
5,507,055	6,721,956	1,824,567	17,042,599	15,000	97,262	1,046,542	104,439,333
5,761,542	7,525,163	1,760,281	19,029,238	19,075	149,762	2,324,380	113,018,495
6,116,014	8,296,250	1,985,829	20,753,180	19,075	151,762	3,339,172	124,869,884
6,587,581	10,112,643	2,228,370	22,894,756	30,000	208,162	4,285,077	139,967,180
7,135,738	10,553,085	2,542,557	27,186,357	112,000	216,162	7,175,751	156,312,211
8,750,349	11,179,932	2,949,929	27,148,830	750,000	216,933	6,448,431	161,858,571
8,238,009	11,333,964	3,037,970	28,643,620	750,000	217,361	6,823,277	165,806,553

Schedule 6**The Board of Education of Wicomico County****Ratios of Outstanding Debt****Last Ten Fiscal Years**

Fiscal Year	Governmental Activities	Business Activities	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	Capital Leases	Capital Leases			
2001	\$ 244,543	\$ -	\$ 244,543	0.01%	2.87
2002	342,171	-	342,171	0.01%	3.98
2003	563,951	-	563,951	0.02%	6.46
2004	1,079,326	-	1,079,326	0.04%	12.17
2005	840,433	-	840,433	0.03%	9.29
2006	1,556,334	-	1,556,334	0.05%	16.88
2007	2,264,294	-	2,264,294	0.07%	24.26
2008	3,363,600	-	3,363,600	0.10%	35.84
2009	3,031,468	-	3,031,468	N/A	32.17
2010	2,627,056	103,577	2,730,633	N/A	N/A

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

N/A Not available

Schedule 7

The Board of Education of Wicomico County
Enrollment by School Last Ten Years
as of June 30,

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary Schools										
Beaver Run	451	486	498	522	533	534	514	523	570	610
Chipman	421	406	399	400	406	422	422	429	432	436
Delmar	925	972	984	987	952	910	948	945	975	974
East Salisbury	384	390	362	346	379	381	354	361	357	363
Fruitland Intermediate	399	387	381	376	363	368	385	408	396	371
Fruitland Primary	472	410	408	432	439	467	493	485	477	474
Glen Avenue	286	305	322	307	297	280	309	314	285	285
North Salisbury	680	693	552	428	422	423	469	473	522	545
Northwestern	297	293	278	292	280	271	268	260	257	287
Pemberton	334	380	563	594	595	613	623	621	637	654
Pinehurst	552	487	481	421	383	404	395	422	415	438
Pittsville	418	417	420	233	209	210	219	212	231	236
Prince Street	456	430	447	441	422	482	447	472	548	561
West Salisbury	277	260	238	254	304	307	305	316	299	295
Westside Intermediate	443	432	448	412	464	440	434	448	451	474
Westside Primary	229	238	261	256	255	267	281	272	268	261
Wicomico Early Learning	-	-	-	-	-	-	-	-	-	-
Willards	111	103	112	285	290	302	281	299	287	276
Total Elementary Schools	7,135	7,089	7,154	6,986	6,993	7,081	7,147	7,260	7,407	7,540
Middle Schools										
Bennett	964	998	1,012	977	998	983	905	843	868	886
Mardela	286	293	315	323	312	301	292	267	281	269
Pittsville	234	230	250	252	272	246	236	216	209	231
Salisbury	819	843	837	907	913	959	924	883	879	848
Wicomico	743	707	777	769	771	762	723	693	683	713
Total Middle Schools	3,046	3,071	3,191	3,228	3,266	3,251	3,080	2,902	2,920	2,947
High Schools										
Bennett	1,300	1,320	1,370	1,358	1,388	1,381	1,303	1,346	1,313	1,282
Mardela	318	333	339	374	389	405	412	424	415	380
Parkside	1,120	1,108	1,102	1,116	1,140	1,149	1,223	1,214	1,256	1,217
Wicomico	1,194	1,168	1,182	1,201	1,142	1,139	1,179	1,182	1,209	1,188
Wicomico County Evening	25	27	57	138	69	85	83	71	70	65
Total High Schools	3,957	3,956	4,050	4,187	4,128	4,159	4,200	4,237	4,263	4,132
Total All Schools	14,138	14,116	14,395	14,401	14,387	14,491	14,427	14,399	14,590	14,619

Schedule 8

The Board of Education of Wicomico County
Enrollment by Grade Last Ten Years
as of June 30,

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary School										
Pre-Kindergarten	464	531	532	480	493	478	439	458	457	567
Kindergarten	850	926	993	961	1,032	1,119	1,137	1,133	1,191	1,151
Grade 1	1,187	1,059	1,138	1,198	1,116	1,124	1,164	1,144	1,152	1,204
Grade 2	1,122	1,067	992	1,014	1,103	1,081	1,085	1,147	1,143	1,130
Grade 3	1,142	1,125	1,112	1,006	1,043	1,127	1,100	1,131	1,178	1,154
Grade 4	1,153	1,158	1,166	1,134	1,043	1,068	1,148	1,105	1,146	1,171
Grade 5	1,117	1,155	1,221	1,193	1,163	1,084	1,074	1,142	1,140	1,163
Special Education	100	68	-	-	-	-	-	-	-	-
Total Elementary School	7,135	7,089	7,154	6,986	6,993	7,081	7,147	7,260	7,407	7,540
Middle School										
Grade 6	1,004	1,026	1,045	1,105	1,073	1,039	938	934	1,017	998
Grade 7	998	1,027	1,074	1,072	1,127	1,096	1,037	958	955	1,015
Grade 8	1,020	995	1,053	1,051	1,066	1,116	1,105	1,010	948	934
Special Education	24	23	19	-	-	-	-	-	-	-
Total Middle School	3,046	3,071	3,191	3,228	3,266	3,251	3,080	2,902	2,920	2,947
High School										
Grade 9	1,115	1,159	1,177	1,199	1,208	1,177	1,242	1,239	1,167	1,057
Grade 10	1,027	983	987	1,061	1,053	1,047	1,050	1,085	1,086	1,065
Grade 11	871	933	918	979	1,000	1,001	972	976	1,038	1,032
Grade 12	868	807	892	948	867	934	936	937	972	978
Special Education	76	74	76	-	-	-	-	-	-	-
Total High School	3,957	3,956	4,050	4,187	4,128	4,159	4,200	4,237	4,263	4,132
Total enrollment	14,138	14,116	14,395	14,401	14,387	14,491	14,427	14,399	14,590	14,619
Number of teachers	980	998	1,013	1,020	1,027	1,048	1,079	1,076	1,083	1,087
Ratio of students to teachers	14:1	14:1	14:1	14:1	14:1	14:1	13:1	13:1	13:1	13:1

Source: The Board of Education of Wicomico County records.

Schedule 9

The Board of Education of Wicomico County
Full-Time Equivalent Positions by Function
Last Ten Fiscal Years

General Fund:	Full-time Equivalent Employees as of June 30										Percentage Change 2001-2010
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Administration	29.55	28.55	32.55	38.55	42.55	46.30	48.55	49.55	50.55	53.30	80.37%
School management and support	151.55	146.91	155.41	165.16	163.09	189.34	191.49	191.49	197.14	192.60	27.09%
Instructional salaries	978.20	964.60	965.25	1,064.88	1,088.68	1,120.18	1,152.79	1,153.13	1,161.28	1,184.49	21.09%
Special education	210.95	212.42	212.18	215.54	224.42	252.67	283.57	287.57	320.27	320.35	51.86%
Student personnel services	10.60	10.95	10.95	11.95	20.95	15.70	17.70	20.70	21.70	23.70	123.58%
Health services	25.00	25.00	26.00	27.00	28.00	29.00	30.00	32.00	34.00	34.00	36.00%
Student transportation	10.50	10.00	10.00	10.00	11.00	11.00	7.41	9.41	9.41	8.91	-15.14%
Operation of plant and equipment	125.10	119.10	123.60	118.50	137.50	143.50	149.50	150.50	152.50	153.50	22.70%
Maintenance of plant	24.25	23.25	24.25	24.25	24.25	25.25	26.25	26.25	26.25	26.25	8.25%
Food service	-	-	-	-	0.50	0.50	-	-	-	-	0.00%
Community services	-	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.00%
Capital outlay	6.75	6.75	6.75	6.75	7.75	7.75	7.75	8.75	8.75	7.75	14.81%
Total	1,572.45	1,548.03	1,567.44	1,683.08	1,749.19	1,841.69	1,915.51	1,929.85	1,982.35	2,005.35	27.53%
Restricted Funds	N/A	N/A	266.29	223.00	23.65	224.81	217.65	210.56	203.49	206.62	100.00%
Total all funds	1,572.45	1,548.03	1,833.73	1,906.08	1,772.84	2,066.50	2,133.16	2,140.41	2,185.84	2,211.97	40.67%

Source: The Board of Education of Wicomico County records.

N/A - Not Available

Schedule 10
The Board of Education of Wicomico County
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Personal Income (2) <i>(thousands of dollars)</i>	Per Capita Personal Income (2)	Civilian Labor Force (3)	Unemployment Rate (3)
2001	85,304	2,237,463	26,229	47,247	4.8%
2002	85,995	2,320,480	26,984	48,278	4.8%
2003	87,346	2,404,704	27,531	48,362	4.8%
2004	88,665	2,615,071	29,494	50,021	4.4%
2005	90,489	2,800,695	30,951	52,096	4.2%
2006	92,224	2,936,136	31,837	52,885	4.0%
2007	93,343	3,103,288	33,246	52,872	4.0%
2008	93,859	3,226,603	34,377	53,179	5.3%
2009	94,222	N/A	N/A	51,745	8.3%
2010	N/A	N/A	N/A	50,969	* 9.1% *

Sources:

- (1) Population Estimates are from the U.S. Census Bureau and represent estimates as of July 1st of each year.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce. (Income data for 2009 and 2010 is not currently available.)
- (3) Bureau of Labor Statistics, U.S. Department of Labor.

* Civilian Labor Force and Unemployment Rate for 2010 are based on information thru July 1, 2010.
N/A - Not Available

Schedule 11
The Board of Education of Wicomico County
Operating Information
Last Ten Fiscal Years

Fiscal Year	Per Pupil Expenditures		Number of School Bus Riders	Food Services	
	Dollars	State Rank *		Breakfasts Served	Lunches Served
2001	\$7,686	10	10,884	382,997	1,020,288
2002	\$7,948	10	10,831	442,645	1,038,020
2003	\$8,299	12	10,930	467,206	1,068,727
2004	\$8,659	14	10,667	500,247	1,116,938
2005	\$8,998	15	10,622	576,652	1,189,711
2006	\$9,692	15	10,600	578,540	1,252,107
2007	\$10,611	13	12,548	606,973	1,268,481
2008	\$11,754	10	12,698	644,090	1,274,807
2009	N/A	N/A	12,458	679,238	1,291,867
2010	N/A	N/A	12,481	629,746	1,280,451

Source: Maryland State Department of Education. (FY 2010 Number of School Bus Riders provided by WCBOE Transportation Dept.)

* Ranking of the State's 24 School Systems.
N/A Not Available

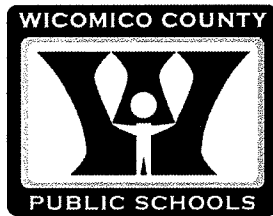
Schedule 12

The Board of Education of Wicomico County
Facilities Inventory

	Year Constructed	Acreage	Sq Ft. area
<u>SCHOOLS:</u>			
BEAVER RUN ELEMENTARY	1958	16.14	58,893
CHIPMAN ELEMENTARY	1986	6.5	40,752
DELMAR ELEMENTARY	1978	10.2	80,810
EAST SALISBURY ELEMENTARY	1942	12.1	61,889
FRUITLAND INTERMEDIATE	1937	10	43,712
FRUITLAND PRIMARY	1955	18	56,308
GLEN AVENUE ELEMENTARY	1964	15	55,068
NORTH SALISBURY ELEMENTARY	2006	8	76,999
NORTHWESTERN ELEMENTARY	1966	10.4	26,800
PEMBERTON ELEMENTARY	2002	18.78	73,917
PINEHURST ELEMENTARY	1937	8.9	76,224
PRINCE STREET ELEMENTARY	2008	14.8	73,830
WEST SALISBURY ELEMENTARY	1964	15.35	25,919
WESTSIDE INTERMEDIATE	1999	10.5	54,797
WESTSIDE PRIMARY	1956	18	20,569
WILLARDS ELEMENTARY	2003	42	51,247
BENNETT MIDDLE	1966	24.3	129,335
PITTSVILLE ELEM./MIDDLE	1956	13.46	79,335
WICOMICO MIDDLE	1931	16	135,750
SALISBURY MIDDLE SCHOOL	1999	50	143,519
J.M. BENNETT HIGH	1963	34.46	158,955
"NEW" J.M. BENNETT BUILDING	Under Construction		Under Construction
MARDELA MIDDLE/HIGH	1958	39.79	87,633
PARKSIDE HIGH SCHOOL	1974	49.74	164,178
WICOMICO HIGH	1951	60	195,941
<u>CENTRAL OFFICES:</u>			
Jersey Road	various		37,629
Morris Street	various		9,537
Mt Hermon and Long Avenue Site-MIS	various		4,416
Mt Hermon and Long Avenue Site-Annex 2-4	various		21,109
Mt Hermon and Long Avenue Site-Central	various		15,486
Mt Hermon and Long Avenue Site-Facility	various		20,019
Mt Hermon and Long Avenue Site-Maintenance	various		4,704
Mt Hermon and Long Avenue Site-Warehouse	various		8,640
Civic Avenue-County Stadium	various		4,000
Schumaker Drive-Instructional Resource Center	various		2,012
<u>OTHER SCHOOLS:</u>			
Adventist Drive-Choices Facility	various		29,152
Beaglin Park Drive-Tech Ed.	1997		113,546
Holly Center -Infant Toddlers	Leased		
Philmore Commons Building-Adult Ed	Leased		
Roberts Street-Early Learning Center	various		11,321

Schedule 13
The Board of Education of Wicomico County
Insurance Summary
7/1/09 - 6/30/10 policy dates

Type of Coverage	Name of Company	Policy Number	Policy Period	Limits
Workers' Compensation	MABE Workers' Compensation Group Self-Insurance Fund	N/A	7/01/09-6/30/10	Statutory up to \$400,000
Excess Workers' Compensation	Safety National	SP4042244	7/01/09-6/30/10	Statutory up to \$400,000
Comprehensive General Liability	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal & Advertising Injury Liability	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$100,000 each claim with \$250,000 annual maximum
Automobile Liability	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$100,000 combined single limit \$1 million combined single limit for contracted buses
Excess School Bus Liability	Lexington Insurance Company	6390126	7/01/09-6/30/10	\$2 million excess of \$1 million **contracted buses only
Personal Injury Protection - MD	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$2,500 per covered person for any one accident
Maryland Uninsured Motorist	MABE Group Insurance Pool	N/A		\$50,000 per accident
Automobile Physical Damage	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	actual cash value
Garage Keepers liability	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$100,000 per loss
Criminal Proceeding and Intentional Conduct Defense Fund	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$50,000 per covered person \$100,000 annual aggregate
Property and Boiler and Machinery	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$500,000 per occurrence
Excess Property and Boiler Machinery	PEPIP	PEP0910	7/01/09-6/30/10	\$1 billion per occurrence excess of \$500,000
Crime	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$10,000 per occurrence
Crime - Excess	Travelers Casualty	103910757	7/01/09-6/30/10	\$2,500,000 per loss in excess of \$10,000
Crime - Excess	Axis, Inc.	MON719382012010	7/01/09-6/30/10	\$5,000,000 per loss in excess of \$2,500,000
School Board Legal Liability	MABE Group Insurance Pool	N/A	7/01/09-6/30/10	\$250,000 per occurrence \$5 million per occurrence should sovereign immunity be abrogated
School Board Legal Liability Reinsurance	United Educators	RCN20100430701	7/01/09-6/30/10	\$5,000,000 per occurrence excess of \$250,000
Catastrophic Student Accident	AIG	SRG 0009100979	7/01/09-6/30/10	\$5,000,000 Medical Expense \$1,000,000 Catastrophic Cash
Fiduciary Responsibility Liability	Travelers	104341178	8/1/09-8/1/10	\$3,000,000 per occurrence
Pollution Liability - Mardela WWTP	Endurance Insurance	EIL101008462-00	7/11/09-7/11/12	\$1,000,000 per accident
Pollution Liability - above ground storage tanks	Zurich Insurance	USC 3508566-09	7/01/09-6/30/10	\$1,000,000 per claim \$2,000,000 Total for all



Board of Education of Wicomico County
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