

# **BOARD OF EDUCATION OF WICOMICO COUNTY**

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**A Component Unit of Wicomico County, Maryland**

## **Comprehensive ANNUAL FINANCIAL REPORT**

*For the fiscal year ended June 30, 2011*



**SUCCESS – Every Student, Every Day**

**101 Long Avenue  
Salisbury, Maryland 21804  
[www.wcboe.org](http://www.wcboe.org)**

*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, 2011

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, 2011

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## INTRODUCTORY SECTION

# BOARD OF EDUCATION OF WICOMICO COUNTY



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*SUCCESS - Every Student, Every Day*

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*President*  
Tyrone A. Chase, Ph.D.  
*Vice President*  
Marvin L. J. Blye  
Larry W. Dodd  
Carolyn J. Elmore, Ed.D.  
Donald L. Fitzgerald  
L. Michelle Wright

September 29, 2011

To the Board of Education and Citizens of Wicomico County:

The Comprehensive Annual Financial Report (CAFR) for the Board of Education of Wicomico County (Board) for the fiscal year ended June 30, 2011 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 the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements and supplementary information. The third part is the Statistical Section which includes various selected financial, demographic and operating information. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

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, 2011. 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.



## **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 2010-2011 school year, the school system served 14,382 students (a decrease of 227 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, and an early 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 2010-2011 school year was approximately one staff member to 10 students. Student demographics for the 2010-2011 school year included: 53% students that qualified for free/reduced meals; 11.8% students with disabilities; and 2.8% students that were English Language Learners. In June 2011, the school system graduated 927 students.

In accordance with state law the Board of Education developed in 2002 a Comprehensive Master Plan. The 2010 -2011 school year is the eighth 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 FY 2011, our county government cut its appropriation for education by \$7.6 million, a reduction of 15% from the prior year. This reduction, coupled with flat funding from the state, resulted in our Board of Education having to make major cuts in programs and staff. The following programs and expenditures were eliminated or reduced significantly resulting in a reduction of expenditures of \$9.2 million:

- Adult Education
- Beyond the Limits Rope Course
- Delmar Year-round education program
- Delmar Elementary 5<sup>th</sup> grade moved to the state of Delaware

- Cut 31 full time equivalent (FTE) positions
- Funding for the Board's Other Post Employment Benefit (OPEB) Trust
- Cuts exceeding \$2.8 million for supplies, textbooks, student transportation, capital outlay and technology

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, FY 2012 local aid for education has once again been significantly reduced (\$7 million cut, or 16% from the FY 2011 appropriation). The total appropriation for education from our county government for FY 2012 of \$36.2 million is on par with the level of funding we received from our county government back in FY 1999. 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 FY 2012 operating budget. In an effort to avoid draconian cuts the Board elected to utilize remaining reserves as follows: a transfer of \$1 million from our school construction savings fund, and a transfer of \$3.7 million of the available \$4 million prior year fund balance. These transfers, combined with a small increase in state funding of \$.9 million and minor decreases in other areas totaling \$.2 million, have resulted in an overall net decrease in funding for the FY 2012 operating budget of \$1.6 million.

Planning for FY 2013 and beyond has been shaped by the following negative economic factors:

- Forecast of a weak recovery to extend well into 2014
- Continued unemployment rate for our county averaging approximately 9%
- Continued flat housing start numbers
- Continued decrease in local property assessments (estimated to drop another 5%)
- Wicomico County's 2% revenue cap and our County Council's failure to raise the tax rate to the level permitted under the revenue cap law
- State of Maryland's forecast for FY 2013 of a budget shortfall of \$1 billion
- State of Maryland's continued threat to push back the cost of the Teacher's Pension and Retirement Plan on the local school systems (for FY 2011 the state paid \$13.9 million on behalf of our school system for Teacher pension and retirement costs)

Consequently, our budget forecast for FY 2013 and beyond reflects significant structural deficits even after factoring in the use of \$3.3 million in federal Education Jobs Fund monies to assist us in paying school based salaries and benefits through September 30, 2012. In an effort to bring awareness to the negative situation facing our community and our inability to deliver educational programs and services our community has come to expect, our Superintendent and Board have begun an awareness campaign to educate our parents and the greater community to the impact of the continued major budget cuts.

Federal funding continued to play an important role in providing necessary services for our most vulnerable students. The American Recovery and Reinvestment Act (ARRA) as well as other

federal grants have provided the Board with significant amounts of supplemental aid (an additional \$3.7 million in FY 2011) for Title I and Special Education initiatives as well as one-time capital expenditures. These funds for the most part have been fully obligated as of June 30, 2011. However, the Board does have until 9/30/2011 to fully expend all of the ARRA Federal dollars. 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 (\$3.1 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 received year one approval for RTTT and has submitted approval for year two's work plan to the State Department of Education. Approval is not expected until December 2011. The EJF funds (\$825,645 used in FY 2011 and \$3.3 million to be used in FY 2012) 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. Unfortunately, due to the depressed economic conditions, our county government did not approve a capital bond project for our schools in their FY 2012 Capital Improvement Plan (CIP) budget. Consequently, the Bennett Middle School project has been placed on hold. This action has resulted in our state pulling back its appropriation for the project for FY 2012. The capital projects to be completed during FY 2012 will only be completed using the remaining balance in our School Construction Saving Fund, which unfortunately has been terminated by the County Council effective June 30, 2013.

### **Budgetary Controls**

The Board prepares an annual budget for the General Fund. The proposed budget is submitted to the Wicomico County Council by March 15<sup>th</sup> of the current fiscal year. The Wicomico County

Council notifies the Board of the final appropriation by late May and the Board finalizes its budget in late June. The General Fund is adopted by categories (e.g., administration, instructional salaries, special education) as prescribed in Maryland State law. Transfers between categories during the year require Wicomico County Council approval.

Annual operating budgets for Special Revenue Funds from state and federal grants must receive state of Maryland approval. The grants are also reviewed with the Board of Education. Project and program budgets are utilized in the Capital Projects Funds and certain Special Revenue Funds where appropriations remain open and carry over to succeeding years.

The Board maintains a system of budgeting and accounting controls designed to assist management in meeting its responsibilities for reporting financial information. It is designed to provide reasonable assurance that assets are safeguarded and transactions are executed and recorded with management's authorization. Account managers are held responsible via this system for assuring that expenditures are planned and made in accordance with approved budgets.

### **Awards**

Last year, the Board of Education of Wicomico County issued its first comprehensive annual financial report which was for the fiscal year ended June 30, 2010. In its first year of publishing a CAFR, the Board was the recipient of the two prestigious awards in financial reporting as described below.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board of Education of Wicomico County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting to the GFOA to determine its eligibility for another certificate.

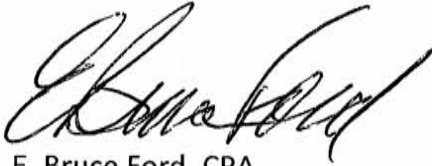
The Association of School Business Officials International (ASBO) has awarded a Certificate of Excellence in Financial Reporting to the Board of Education of Wicomico County for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This award is the highest form of recognition in school system financial reporting issued by ASBO International and is valid for one year. We believe that our current CAFR continues to meet the Certificate of Excellence Program's requirements and are submitting it to ASBO for consideration.

**Acknowledgements**

The preparation of this report could not have been accomplished without the dedicated and efficient services of the entire staff of Business Support Services and the firm of TGM Group, LLC, certified public accountants. The high standards to which this report conforms reflects the professional competence of all individuals responsible for its preparation. We wish to express our appreciation for their exemplary service.

Further appreciation is extended to each member of the School Board and the Superintendent for their interest in planning and conducting the financial operations of the School Board in a responsible manner.

Respectfully submitted,



E. Bruce Ford, CPA  
Comptroller



Gary C. Green, CPA, MBA  
Accounting Manager

## **Board of Education of Wicomico County**

### Appointed Officials

L. Michelle Wright, President

Tyrone A. Chase, Ph.D., Vice President

Marvin L. J. Blye

Larry W. Dodd

Donald L. Fitzgerald

Robin H. Holloway

Ronald O. Willey

### Student Members

Collan VanEss & Thomas Merrill, Mardela High School

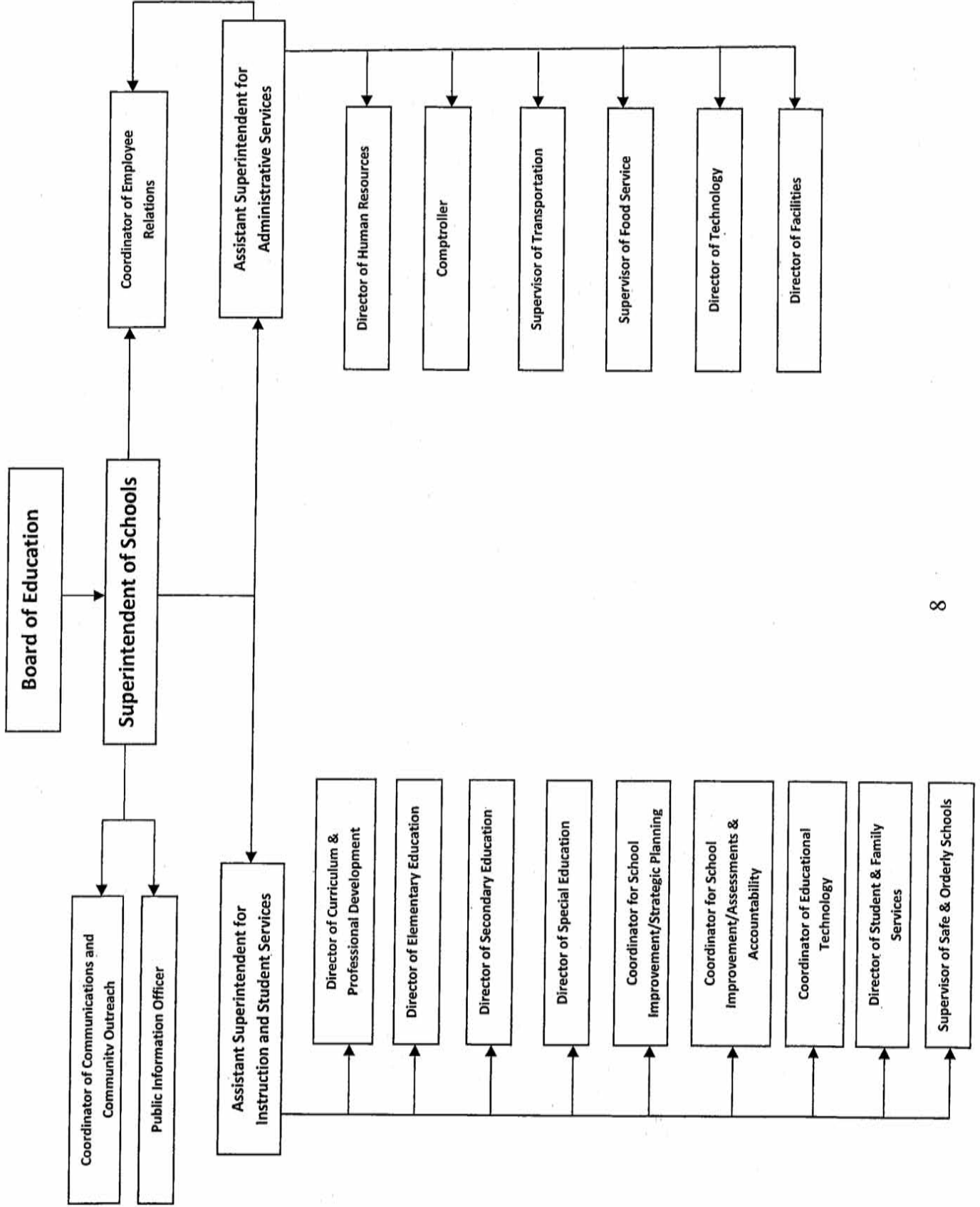
Elizabeth Weaver, James M. Bennett High School

Hailey Spinapont, Parkside High School

Olivia Overton, Wicomico High School

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

Board of Education of Wicomico County  
Organizational Chart FY 2010 – 2011



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Board of Education  
of Wicomico County  
Maryland

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

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**BOARD OF EDUCATION OF WICOMICO COUNTY**  
**For its Comprehensive Annual Financial Report (CAFR)**  
For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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, 2011, 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, 2011, 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 14 through 26, schedules of funding progress and employer contributions on pages 62 through 63, and budgetary comparison information on pages 64 through 68 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 cursive script that reads "YAM Group LLC". The signature is written in dark ink and is positioned above the typed name and date.

Salisbury, Maryland  
September 29, 2011

# THE BOARD OF EDUCATION OF WICOMICO COUNTY

## Management's Discussion and Analysis Year Ended June 30, 2011

This section of the Board of Education of Wicomico County's (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, 2011. 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 \$232,632,111, represents an increase of \$5.62 million (2.48%) over the prior year. This increase is attributable to the increase in Investment in Capital Assets as a result of the completion of the capital improvements at James M. Bennett High School.
- General Fund fund balance equals \$15,175,245, a decrease of \$1.7 million over the prior year. This is attributable in large part to the net decrease in the Healthcare Rate Stabilization Reserve (RSR) of \$804,000. The RSR was used to subsidize healthcare premium payments for the Board and employees as well as funding for the Board's OPEB Trust.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's 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, 2011

- 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.
- *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.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis  
Year Ended June 30, 2011

- *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 \$232,632,111 on June 30, 2011. This is an increase of 2.48% 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 2011-2010
	2011	2010	2011	2010	2011	2010	
Current and other assets	\$47.6	\$46.1	\$1.0	\$0.9	\$48.5	\$47.0	3.3%
Capital Assets	\$213.0	\$208.7	\$0.4	\$0.5	\$213.4	\$209.2	2.0%
<b>TOTAL ASSETS</b>	<b>\$260.5</b>	<b>\$254.8</b>	<b>\$1.4</b>	<b>\$1.3</b>	<b>\$261.9</b>	<b>\$256.1</b>	<b>2.3%</b>
Current Liabilities	\$25.8	\$24.7	\$0.1	\$0.2	\$25.9	\$24.9	4.1%
Long-Term Liabilities	\$3.3	\$4.1	\$0.0	\$0.1	\$3.4	\$4.2	-20.4%
<b>TOTAL LIABILITIES</b>	<b>\$29.1</b>	<b>\$28.9</b>	<b>\$0.2</b>	<b>\$0.3</b>	<b>\$29.3</b>	<b>\$29.1</b>	<b>0.5%</b>
<b>Net Assets</b>							
Invested in Capital Assets, Net of Related Debt	\$211.6	\$206.1	\$0.4	\$0.5	\$211.9	\$206.6	2.6%
Restricted	\$12.4	\$12.6	\$0.0	\$0.0	\$12.4	\$12.6	-2.1%
Unrestricted	\$7.5	\$7.2	\$0.9	\$0.6	\$8.3	\$7.8	6.3%
<b>TOTAL NET ASSETS</b>	<b>\$231.4</b>	<b>\$225.9</b>	<b>\$1.2</b>	<b>\$1.1</b>	<b>\$232.6</b>	<b>\$227.0</b>	<b>2.5%</b>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis  
Year Ended June 30, 2011

**Changes in net assets** - the District's total revenues were \$200.7 million for the year ended June 30, 2011 (See Table 2). The county appropriation and state formula aid accounted for approximately 72.9% of total revenue for the year. Another 27% came from program revenues and the remainder from other revenue sources such as investment earnings which are significantly depressed due to current market conditions.

The total cost of all programs and services was \$195 million. The District's expenses are predominantly related to providing direct educational services to students (77.8 percent). The purely administrative activities of the District accounted for approximately 3.2% of total expenses. Total revenue exceeded expenses, thereby increasing net assets \$5.6 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 2011-2010
	2011	2010	2011	2010	2011	2010	
Program revenues							
Charges for services	\$0.7	\$2.0	\$1.6	\$1.7	\$2.3	\$3.7	-37.4%
Federal and state grants	\$39.0	\$34.4	\$4.7	\$4.4	\$43.7	\$38.7	12.9%
Capital Contributions	\$8.2	\$30.0	\$0.0	\$0.0	\$8.2	\$30.0	-72.7%
General revenues							
County Appropriation	\$43.2	\$50.8	\$0.0	\$0.0	\$43.2	\$50.8	-14.9%
State formula aid	\$103.0	\$105.8	\$0.0	\$0.0	\$103.0	\$105.8	-2.6%
Other	\$0.2	\$0.2	\$0.0	\$0.0	\$0.2	\$0.2	-29.0%
<b>TOTAL REVENUE</b>	<b>\$194.4</b>	<b>\$223.2</b>	<b>\$6.3</b>	<b>\$6.1</b>	<b>\$200.7</b>	<b>\$229.3</b>	<b>-12.5%</b>
Expenses:							
Instruction & Special Ed	\$151.8	\$156.8	\$0.0	\$0.0	\$151.8	\$156.8	-3.2%
Administration	\$6.2	\$6.1	\$0.0	\$0.0	\$6.2	\$6.1	1.3%
Support Services	\$30.2	\$30.3	\$6.9	\$6.8	\$37.1	\$37.0	0.1%
<b>TOTAL EXPENSES</b>	<b>\$188.1</b>	<b>\$193.2</b>	<b>\$6.9</b>	<b>\$6.8</b>	<b>\$195.0</b>	<b>\$200.0</b>	<b>-2.5%</b>
Incr. (decr.) in net assets before transfers	\$6.2	\$30.0	-\$0.6	-\$0.7	\$5.6	\$29.3	-80.8%
Transfers:	-\$0.8	-\$0.9	\$0.8	\$0.9	\$0.0	\$0.0	0.0%
Incr. (decr.) in net assets	\$5.5	\$29.1	\$0.1	\$0.1	\$5.6	\$29.3	-80.8%



THE BOARD OF EDUCATION OF WICOMICO COUNTY

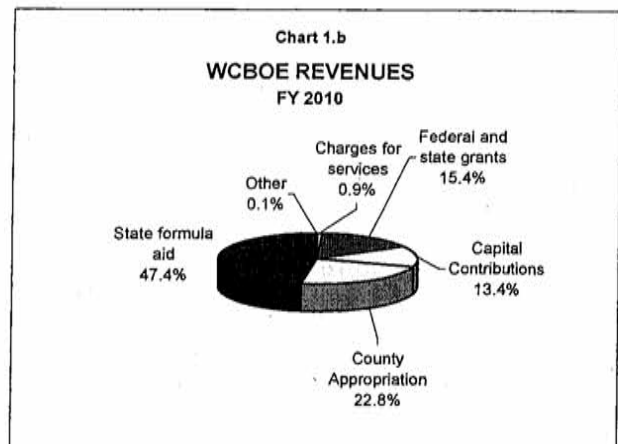
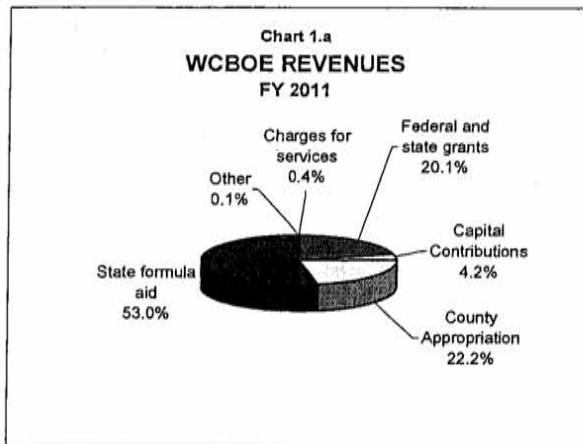
Management's Discussion and Analysis  
Year Ended June 30, 2011

*Governmental Activities*

The increase in net assets for governmental activities was \$5.5 million in FY 2011. Revenues decreased by \$28.8 million in FY 2011. This was attributable to the following significant reductions in revenue: a decrease of \$21 million in capital contributions from the state and the county as a result of the completion of the initial construction phase of the James M Bennett project; the decrease in the county appropriation for education in the amount of \$7.6 million. Despite the significant reduction in county aid for education, our County Executive was successful in securing a waiver of the State Maintenance of Effort (MOE) requirement for FY 2011. Wicomico was only one of two (2) counties in the state to request a MOE waiver.

See Chart 1.a and 1.b below for a breakdown of the District's revenues as a percentage of total revenue for FY 2011 and 2010. As you can clearly see, Capital Contributions decreased significantly as a percent of total revenue over last year (72.65%). This is attributable to the completion of the initial construction phase of the James M. Bennett School renovation project. 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. Currently due to lack of county funding support that project has been placed on hold.

REVENUE:	FY 2011		REVENUE:	FY 2010		Incr (Decr)	
	\$	%		\$	%	\$	%
Charges for services	719,495	0.37%	Charges for services	2,039,512	0.91%	(1,320,017)	-64.72%
Federal and state grants	39,045,708	20.09%	Federal and state grants	34,350,575	15.39%	4,695,133	13.67%
Capital Contributions	8,202,898	4.22%	Capital Contributions	29,996,468	13.44%	(21,793,570)	-72.65%
County Appropriation	43,196,892	22.22%	County Appropriation	50,781,711	22.75%	(7,584,819)	-14.94%
State formula aid	103,040,371	53.01%	State formula aid	105,808,156	47.40%	(2,767,785)	-2.62%
Other	159,128	0.08%	Other	224,234	0.10%	(65,106)	-29.03%
	<u>\$194,364,492</u>	100.00%		<u>\$223,200,656</u>	100.00%	<u>(\$28,836,164)</u>	-12.92%



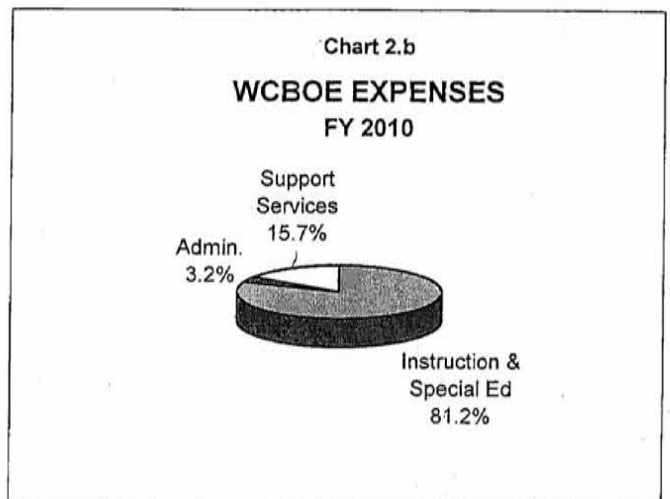
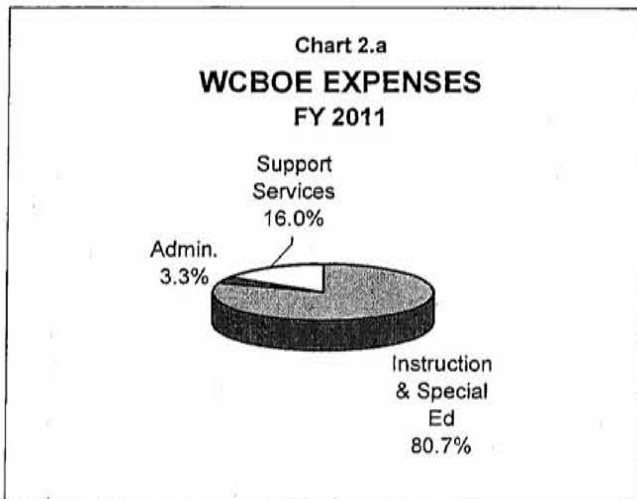
THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis  
Year Ended June 30, 2011

Charts 2.a and 2.b disclose the breakdown of expenses for FY 2011 and 2010 for Governmental Activities. The Charts and expense disclosures reflect the decrease in the expenditure of funds for Instruction and Special Education brought about by the significant decrease in county aid for education in the amount of \$7.6 million. Administration and other Support Services remained relatively flat.

<u>EXPENSES:</u>	\$
Instruction & Special Ed	\$151,764,043
Admin.	\$6,196,448
Support Services	<u>\$30,171,573</u>
	<u>\$188,132,064</u>

<u>EXPENSES:</u>	\$
Instruction & Special Ed	\$156,849,889
Admin.	\$6,116,697
Support Services	<u>\$30,257,359</u>
	<u>\$193,223,945</u>



*Business-type Activities*

The District's only business-type activity, the food service operation, had an increase in net assets of \$138,134 in FY 2011 {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 2011 budget and represents the Board's commitment to cover the employer's share of Health Care costs for eligible Food Service employees which for FY 2011 equaled approximately \$646,000.

**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 \$20.3 million, a decrease of \$1.7 million over last year's ending fund balance. Revenues for the District's governmental funds were \$194.4 million, a decrease of \$12.1 million over the prior year. Total expenditures were \$197 million for the year, a decrease of \$20.9 million.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis  
Year Ended June 30, 2011

**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.

<b>Table 3</b>				
<b>GENERAL FUND REVENUES</b>				
	FY 2011	FY 2010	\$ Incr (Decr)	% Incr. (Decr.)
<b>REVENUES</b>				
Wicomico County Appropriations	\$ 43,196,892	\$ 50,781,711	\$ (7,584,819)	-14.9%
Other Local Revenue	733,172	2,026,106	(1,292,934)	-63.8%
State of Maryland	109,676,487	112,228,749	(2,552,262)	-2.3%
State of Maryland Share of Retirement	13,893,333	12,316,880	1,576,453	12.8%
Other sources	478,180	664,893	(186,713)	-28.1%
<b>TOTAL REVENUES</b>	<b>\$ 167,978,064</b>	<b>\$ 178,018,339</b>	<b>\$ (10,040,275)</b>	<b>-5.6%</b>
<b>GENERAL FUND EXPENDITURES</b>				
	FY 2011	FY 2010	\$ Incr (Decr)	% Incr. (Decr.)
<b>EXPENDITURES</b>				
Administration	\$ 3,892,693	\$ 3,721,891	\$ 170,802	4.6%
School Management and Support	11,524,648	11,768,966	(244,318)	-2.1%
Instructional Salaries	63,080,090	66,405,576	(3,325,486)	-5.0%
Textbooks and Instructional Supplies	2,801,821	3,293,589	(491,768)	-14.9%
Other Instruction Costs	1,054,434	945,300	109,134	11.5%
Special Education	13,301,029	14,185,682	(884,653)	-6.2%
Student Personnel Services	2,154,935	2,190,749	(35,814)	-1.6%
Health Services	1,464,812	1,447,269	17,543	1.2%
Student Transportation	7,874,923	7,884,571	(9,648)	-0.1%
Operation of Plant and Equipment	10,642,708	10,647,752	(5,044)	0.0%
Maintenance of Plant	2,555,192	2,682,147	(126,955)	-4.7%
Fixed Charges	29,908,574	30,125,374	(216,800)	-0.7%
Community Services	159,171	188,774	(29,603)	-15.7%
Capital Outlay	4,086,941	4,513,433	(426,492)	-9.4%
Debt Service - Lease Principal Pymts	1,542,110	1,958,969	(416,859)	-21.3%
Debt Service - Lease Interest Pymts	84,209	113,100	(28,891)	-25.5%
State of Maryland Share of Retirement	13,893,333	12,316,880	1,576,453	12.8%
<b>TOTAL EXPENDITURES</b>	<b>170,021,623</b>	<b>174,390,022</b>	<b>(4,368,399)</b>	<b>-2.5%</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from insurance settlement	1,917,095	2,858,530	(941,435)	-32.9%
Capital Lease Proceeds	300,779	1,554,556	(1,253,777)	-80.7%
Interfund Transfers - Print Shop	(360,673)	(563,537)	202,864	-36.0%
Interfund Transfers - School Constr Fund	(777,631)	(1,807,223)	1,029,592	-57.0%
Interfund Transfers - Other	(750,000)	(750,000)	-	0.0%
	<b>329,570</b>	<b>1,292,326</b>	<b>(962,756)</b>	<b>-74.5%</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES</b>				
	<b>\$ (1,713,989)</b>	<b>\$ 4,920,643</b>	<b>\$ (6,634,632)</b>	<b>-134.8%</b>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis  
Year Ended June 30, 2011

Revenues decreased by \$10 million as a result of the county cutting its appropriation for education by \$7.6. State aid for education decreased by \$2.6 million, but this was as a result of the Governor's withholding state aid earmarked for FY 2011 in the amount of \$3.3 million in order to carryover to FY 2012 to help cover education funding for FY 2012. The Governor allocated federal Education Jobs Fund (EJF) grant funds to the local school systems to provide the local level with flexibility in allocating funds since the federal EJF funds does not expire until 9/30/2012. It is important to note the County Executive was successful in obtaining a waiver of the state MOE requirement, despite not funding Maintenance of Effort (MOE) for FY 2011. General Fund expenditures decreased by \$4.4 million over FY2010, whereas the cost of the State of Maryland pension costs rose by \$1.6 million.

**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.

<b>RESTRICTED GRANT REVENUE</b>				
	Fiscal Year FY 2011	Fiscal Year FY 2010	Increase (Decrease)	% Incr. (Decr.)
REVENUES				
Federal Through State	\$ 17,211,605	\$ 13,556,335	\$ 3,655,270	26.96%
State of Maryland	833,954	1,089,480	(255,526)	-23.45%
Other	333,017	557,202	(224,185)	-40.23%
<b>TOTAL REVENUES</b>	<b>\$ 18,378,576</b>	<b>\$ 15,203,017</b>	<b>\$ 3,175,559</b>	<b>20.89%</b>

**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 2011, the Board received PSCP aid of \$7.6 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 \$237,502.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis  
Year Ended June 30, 2011

**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, 2011 were approximately \$17.7 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, 2011 were \$3.1 million (see footnote 8 for more detail information).
  - Retiree Health Insurance Plan Trust (OPEB Trust) was established by the Board in June 2006 in order to fund the health care costs of retirees. Total assets as of June 30, 2011 were approximately \$8.2 million (see footnote 6 for more detail information).
- (2) Private Purpose Trust Funds represent funds received for specific purposes such as student scholarships and awards. Total assets as of June 30, 2011 were \$159,361.
- (3) Agency Funds: During FY 2011 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.

<b>Table 5</b>				
<b>SCHOOL ACTIVITIES FUND</b>				
	Fiscal Year FY 2011	Fiscal Year FY 2010	Increase (Decrease)	% Incr. (Decr.)
Additions	\$ 2,362,037	\$ 2,520,983	\$ (158,946)	-6.30%
Deductions	2,325,755	2,560,789	(235,034)	-9.18%
Beginning Total Assets	453,216	493,022	(39,806)	-8.07%
Ending Total Assets	<u>\$ 489,498</u>	<u>\$ 453,216</u>	<u>\$ 36,282</u>	<u>8.01%</u>

# THE BOARD OF EDUCATION OF WICOMICO COUNTY

## Management's Discussion and Analysis Year Ended June 30, 2011

### **General Fund Budgetary Highlights**

The FY 2011 budget was reduced \$8.4 million from the prior year in large part due to the \$7.6 million reduction in county aid for education. Over the course of the year, the Board revised the annual operating budget only once as indicated below to record a state appropriation for aging schools. We attribute the elimination of between category budget transfers to our budget managers doing a better job realigning their budgets and operating with significantly reduced appropriations. During the fiscal year the County Council approved the following:

- Appropriation of Unanticipated State Revenue
  - \$61,792 - the state of Maryland's Aging School's program allocated this amount after the Board's Budget was completed for FY 2011. The funds were appropriated to the category, Capital Outlay.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

By the end of FY 2011, the District had invested approximately \$293.5 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 \$7.9 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 2012 CIP requested \$19 million from the county and \$14.6 million from the state for FY 2012 capital needs. The FY 2012 request included \$16 million from the county and \$13 million from the state for the new Bennett Middle school project. However, because of the financial landscape, our County Council failed to approve the sale of any bonds for the project. Consequently, the state was notified of this action and the project has been temporarily placed on hold.

The state did provide \$1.6 million for 3 small scale systemic renovation projects. The Board is matching these state funds with \$501,000 from the Board's School Construction Savings Fund.

Because of the poor economic climate in Wicomico and around the state, we do not foresee any major projects commencing in the near future. However, utilizing the Board's School Construction Savings Fund, we are hoping to receive state funds for much needed systemic renovation projects.

# THE BOARD OF EDUCATION OF WICOMICO COUNTY

## Management's Discussion and Analysis Year Ended June 30, 2011

Continued economic concerns have delayed 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 FY 2012 CIP also included requests totaling \$171.4 million from state and county sources for the next five years, FY 2013 – FY 2017, \$83.8 million from the state and \$87.6 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)
- Mardela Middle/High addition
- West Salisbury Elementary renovation
- Wicomico Middle renovations
- Glen Ave. Elementary renovation
- Parkside High School Mechanical Plant renovations

### **Long-term Liabilities**

At year-end, the District had \$3.4 million for amounts due or payable after one year. This amount consisted of the following:

- \$2,783,526 of accrued compensated absences which is an obligation resulting primarily from accrued annual leave which is due and payable to employees upon termination.
- \$568,851 payable on capital leases (see footnote 11 for more details).

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

- (1) The Board, for the second year in a row, 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. As a result of the initial submission of the CAFR, the Board has received two awards of recognition for excellence in financial reporting. The "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association and the "Certificate of Excellence in Financial Reporting" from the Association of School Business Officials International. The issuance of a CAFR was a major initiative of the Superintendent and has helped to create transparency in financial reporting for the Board.

# THE BOARD OF EDUCATION OF WICOMICO COUNTY

## Management's Discussion and Analysis Year Ended June 30, 2011

- (2) Current and future revenue projections for the state and county government remain depressed. In fact, the FY 2012 budget reflects another major reduction in county aid for education of \$7 million. Over the past two fiscal years we have lost approximately \$15 million in county aid for education. The level of county funding for FY 2012 of \$36.2 million is on par with the FY 1999 county funding level and represents a decrease of approximately 28% in aid for education from the FY 2010 level. As a result of these major cuts, the Board has been forced to exhaust all available reserve funds, including the Rate Stabilization Reserve for Healthcare, \$2.2 million to be used in FY 2012, and significantly tapped the School Construction Savings Fund, \$1 million to be used in FY 2012, in an effort to delay or soften the impact on the cuts to program expenditures. However, budget projections for FY 2013 and beyond disclose major structural budget deficits which will require major budget cuts. We have been notified by the County Executive's office to expect flat funding at best for the out years and coupled with the state structural budget deficit of \$1 billion, our budget forecasts must reflect major expenditure reductions in order to balance our budget.
- (3) During FY 2011, the Board instituted yet another voluntary retirement incentive option. The VRIO was established for the primary purpose of offering to employees an incentive to notify us early of their intention to retire. The plan provided a budget savings for FY 2012 of approximately \$562,000 and assisted the Board in balancing the FY 2012 Operating Budget. It is expected that the Superintendent will recommend another VRIO type retirement incentive for FY 2013 to assist the Board with balancing the FY 2013 budget.
- (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 (SCSF) as a means to accumulate funds. During FY 2011, the Board transferred \$777,631 into the SCSF. Prior to the transfer the SCSF had an uncommitted balance of \$1.8 million. As noted in note 2 above, the Board has committed \$1 million of the SCSF to the FY 2012 operating budget in order to help balance the budget. Unfortunately, the County Council on June 7, 2011 passed resolution 71-2011, terminating the School Construction Savings Plan effective on June 30, 2013.



# THE BOARD OF EDUCATION OF WICOMICO COUNTY

## Management's Discussion and Analysis Year Ended June 30, 2011

- (5) The issue of Pension push back remains a significant issue that Boards of Education are continuing to monitor. Word out of Annapolis is that we should expect some form of push-back. The level of the push-back is yet to be determined. However, for FY 2011 the state of Maryland contributed on-behalf of Wicomico County Board of Education \$13.9 million for the portion of retirement costs for our employees. The Board needs to be prepared for some portion of this amount to be pushed back on the locals as the state continues to struggle with an estimated \$1 billion structural budget deficit.

### 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

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THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 245,463	\$ 1,330	\$ 246,793
Investments - cash equivalents	35,633,496	-	35,633,496
Accounts receivable:			
School districts and other	676,748	-	676,748
Accrued interest on investments	3,508	-	3,508
Due from other governmental agencies	9,450,611	198,501	9,649,112
Internal balances	(761,309)	761,309	-
Inventories	-	764	764
Prepaid expenses	2,303,638	-	2,303,638
Capital assets:			
Construction in progress	5,260,789	-	5,260,789
Land	4,079,740	-	4,079,740
Buildings and improvements	253,565,179	-	253,565,179
Furniture, fixtures, and equipment	28,450,975	2,108,713	30,559,688
Less: accumulated depreciation	(78,379,098)	(1,681,217)	(80,060,315)
Total capital assets, net of accumulated depreciation	212,977,585	427,496	213,405,081
<b>TOTAL ASSETS</b>	<b>260,529,740</b>	<b>1,389,400</b>	<b>261,919,140</b>
<b>LIABILITIES</b>			
Accounts payable:			
Retainage	2,533,489	-	2,533,489
Vendors	4,346,470	59,371	4,405,841
Payroll deductions and withholdings	10,288,896	-	10,288,896
Due to fiduciary funds	602,335	-	602,335
Due to other governmental agencies	3,188,304	764	3,189,068
Accrued salaries	1,590,397	24,449	1,614,846
Unearned revenue	2,075,567	19,934	2,095,501
Short term portion of long term liabilities:			
Accrued compensated absences	317,542	-	317,542
Capital lease payable	852,597	34,537	887,134
Long term liabilities:			
Accrued compensated absences	2,783,526	-	2,783,526
Capital lease payable	533,128	35,723	568,851
<b>TOTAL LIABILITIES</b>	<b>29,112,251</b>	<b>174,778</b>	<b>29,287,029</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	211,591,860	357,236	211,949,096
Restricted for:			
Rate stabilization reserve	7,268,706	-	7,268,706
Capital projects	5,087,896	-	5,087,896
Unrestricted	7,469,027	857,386	8,326,413
<b>TOTAL NET ASSETS</b>	<b>\$ 231,417,489</b>	<b>\$ 1,214,622</b>	<b>\$ 232,632,111</b>

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, 2011

	<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>
<b>Governmental Activities</b>				
Current:				
Administration	\$ 6,195,389	\$ -	\$ 1,309,717	\$ -
Instructional services	127,288,521	623,603	21,933,669	8,202,898
Special education	24,399,942	-	14,208,723	-
Student personnel services	2,746,168	-	189,101	-
Health services	2,018,788	-	178,180	-
Student transportation	8,401,296	-	368,789	-
Operation of plant and equipment	13,711,183	51,488	683,368	-
Maintenance of plant	3,113,546	-	169,993	-
Community services	173,022	44,404	4,168	-
Interest expense	84,209	-	-	-
<b>Total Governmental Activities</b>	<b>188,132,064</b>	<b>719,495</b>	<b>39,045,708</b>	<b>8,202,898</b>
<b>Business-Type Activities</b>				
Food Services	6,898,766	1,622,832	4,664,068	-
<b>Total Business-Type Activities</b>	<b>6,898,766</b>	<b>1,622,832</b>	<b>4,664,068</b>	<b>-</b>
<b>Totals</b>	<b>\$ 195,030,830</b>	<b>\$ 2,342,327</b>	<b>\$ 43,709,776</b>	<b>\$ 8,202,898</b>

**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
\$ (4,885,672)	\$ -	\$ (4,885,672)
(96,528,351)	-	(96,528,351)
(10,191,219)	-	(10,191,219)
(2,557,067)	-	(2,557,067)
(1,840,608)	-	(1,840,608)
(8,032,507)	-	(8,032,507)
(12,976,327)	-	(12,976,327)
(2,943,553)	-	(2,943,553)
(124,450)	-	(124,450)
(84,209)	-	(84,209)
(140,163,963)	-	(140,163,963)
-	(611,866)	(611,866)
-	(611,866)	(611,866)
(140,163,963)	(611,866)	(140,775,829)
43,196,892	-	43,196,892
103,040,371	-	103,040,371
131,922	-	131,922
27,206	-	27,206
146,396,391	-	146,396,391
(750,000)	750,000	-
5,482,428	138,134	5,620,562
225,935,061	1,076,488	227,011,549
\$ 231,417,489	\$ 1,214,622	\$ 232,632,111

THE BOARD OF EDUCATION OF WICOMICO COUNTY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

	GENERAL FUND	RESTRICTED GRANTS	CAPITAL PROJECTS	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 245,463	\$ -	\$ -	\$ 245,463
Investments - cash equivalents	35,633,496	-	-	35,633,496
Accounts receivable:				
School districts and other	591,555	85,193	-	676,748
Accrued interest on investments	3,508	-	-	3,508
Due from other governmental agencies	100,522	5,152,510	4,197,579	9,450,611
Due from other funds	-	-	4,958,919	4,958,919
<b>TOTAL ASSETS</b>	<b>\$ 36,574,544</b>	<b>\$ 5,237,703</b>	<b>\$ 9,156,498</b>	<b>\$ 50,968,745</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable:				
Retainage	\$ -	\$ -	\$ 2,533,489	\$ 2,533,489
Vendors	1,098,484	1,712,873	1,535,113	4,346,470
Payroll deductions and withholdings	10,288,896	-	-	10,288,896
Due to other funds	5,261,909	1,060,654	-	6,322,563
Accrued salaries and other	1,451,314	139,083	-	1,590,397
Accrued compensated absences	317,542	-	-	317,542
Deferred revenue	253,648	1,821,919	-	2,075,567
Due to other governmental agencies	2,727,506	460,798	-	3,188,304
<b>TOTAL LIABILITIES</b>	<b>21,399,299</b>	<b>5,195,327</b>	<b>4,068,602</b>	<b>30,663,228</b>
<b>COMMITMENTS AND CONTINGENCIES</b>				
<b>FUND BALANCES</b>				
Restricted for fund purposes		42,376	5,087,896	5,130,272
Committed:				
Healthcare rate stabilization reserve	2,602,354	-	-	2,602,354
Assigned to:				
Healthcare rate stabilization reserve	4,666,352	-	-	4,666,352
Subsequent year expenditures	4,000,000	-	-	4,000,000
Other purposes (encumbrances)	3,606,539	-	-	3,606,539
Unassigned	300,000	-	-	300,000
<b>Total fund balances</b>	<b>15,175,245</b>	<b>42,376</b>	<b>5,087,896</b>	<b>20,305,517</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 36,574,544</b>	<b>\$ 5,237,703</b>	<b>\$ 9,156,498</b>	<b>\$ 50,968,745</b>

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

THE BOARD OF EDUCATION OF WICOMICO COUNTY

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS

June 30, 2011

<b>Total Governmental Funds Balances</b>		<b>\$ 20,305,517</b>
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>		
Pre-payment of post-retirement employment benefits		2,303,638
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements		212,977,585
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Accrued compensated absences	2,783,526	
Capital lease payable	<u>1,385,725</u>	
		<u>(4,169,251)</u>
<b>Net Assets of Governmental Activities</b>		<b><u><u>\$ 231,417,489</u></u></b>

*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, 2011

	GENERAL FUND	RESTRICTED GRANTS	CAPITAL PROJECTS	Total Governmental Funds
<b>REVENUES</b>				
Wicomico County appropriations	\$ 43,196,892	\$ -	\$ -	\$ 43,196,892
Other local revenue	733,172	313,861	-	1,047,033
State of Maryland	109,676,487	833,954	7,550,423	118,060,864
State of Maryland retirement and pension contribution	13,893,333	-	-	13,893,333
Federal through state	-	17,211,605	-	17,211,605
Other sources	478,180	19,156	457,429	954,765
<b>TOTAL REVENUES</b>	<b>167,978,064</b>	<b>18,378,576</b>	<b>8,007,852</b>	<b>194,364,492</b>
<b>EXPENDITURES</b>				
Current:				
Administration	3,892,693	776,877	-	4,669,570
School management and support	11,524,648	41,756	-	11,566,404
Instructional salaries and wages	63,080,090	4,476,894	-	67,556,984
Textbooks and instructional supplies	2,801,821	1,165,741	-	3,967,562
Other instructional costs	1,054,434	1,252,986	-	2,307,420
Special education	13,301,029	4,346,258	-	17,647,287
Student personnel services	2,154,935	152	-	2,155,087
Health services	1,464,812	3,395	-	1,468,207
Student transportation	7,874,923	311,826	-	8,186,749
Operation of plant and equipment	10,642,708	20,177	-	10,662,885
Maintenance of plant	2,555,192	372	-	2,555,564
Fixed charges	29,908,574	2,908,364	-	32,816,938
Community services	159,171	-	-	159,171
Capital outlay	4,086,941	3,461,173	8,245,354	15,793,468
Debt service				
Capital lease principal	1,542,110	-	-	1,542,110
Capital lease interest	84,209	-	-	84,209
State of Maryland share of retirement and pension contribution	13,893,333	-	-	13,893,333
<b>TOTAL EXPENDITURES</b>	<b>170,021,623</b>	<b>18,765,971</b>	<b>8,245,354</b>	<b>197,032,948</b>
<b>EXCESS (DEFICIENCY) OF</b>				
REVENUES OVER EXPENDITURES	(2,043,559)	(387,395)	(237,502)	(2,668,456)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from insurance settlement	1,917,095	-	-	1,917,095
Capital lease proceeds	300,779	-	-	300,779
Interfund transfers - restricted grants	(360,673)	360,673	-	-
Interfund transfers - capital projects	(777,631)	-	777,631	-
Interfund transfers - food services	(750,000)	-	-	(750,000)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>329,570</b>	<b>360,673</b>	<b>777,631</b>	<b>1,467,874</b>
Net change in fund balances	(1,713,989)	(26,722)	540,129	(1,200,582)
Fund balances, beginning	16,889,234	69,098	4,547,767	21,506,099
Fund balances, ending	\$ 15,175,245	\$ 42,376	\$ 5,087,896	\$ 20,305,517

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



THE BOARD OF EDUCATION OF WICOMICO COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2011

Net change in fund balances-total Governmental Funds \$ (1,200,582)

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	13,205,571.	
Current year depreciation	<u>(7,947,222)</u>	
Total		5,258,349

Loss on disposal of assets (973,868)

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.

Decrease in accrued compensated absences	203,660
Increase in pre-funded post-retirement benefits	953,538

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:

1,241,331

Change in net assets of Governmental Activities \$ 5,482,428

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

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF FUND NET ASSETS  
 PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities
	<u>Food Services</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,330
Due from other funds	761,309
Due from other governments	198,501
Inventories	<u>764</u>
Total current assets	<u>961,904</u>
Capital assets, net	<u>427,496</u>
<b>TOTAL ASSETS</b>	<u><u>1,389,400</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	83,820
Due to other governmental agencies	764
Unearned revenue	19,934
Short term portion of capital lease payable	<u>34,537</u>
Total current liabilities	139,055
Long term portion of capital lease payable	<u>35,723</u>
<b>TOTAL LIABILITIES</b>	<u><u>174,778</u></u>
<b>COMMITMENTS AND CONTINGENCIES</b>	
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	357,236
Unrestricted	<u>857,386</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 1,214,622</u></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, 2011

	Business-Type Activities
	<u>Food Services</u>
OPERATING REVENUES	
Food service sales	<u>\$ 1,622,832</u>
OPERATING EXPENSES	
Salaries and wages	2,242,109
Contracted services	56,084
Supplies and materials	3,531,406
Other charges	996,291
Depreciation	<u>72,756</u>
TOTAL OPERATING EXPENSES	<u>6,898,646</u>
OPERATING LOSS	(5,275,814)
NON-OPERATING REVENUES (EXPENSES)	
State of Maryland:	
Reimbursement of food costs	189,651
Federal through State:	
Reimbursement of food costs	4,145,101
Donation of food commodities	329,316
Loss on disposal of capital assets	<u>(120)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,663,948</u>
Change in net assets before contributions and transfers	(611,866)
TRANSFERS IN	<u>750,000</u>
Change in net assets	138,134
Net assets beginning of year	<u>1,076,488</u>
Net assets end of year	<u>\$ 1,214,622</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, 2011

CASH FLOWS FROM OPERATIONS:

Cash received from user charges	\$ 1,493,722
Cash payments to employees for services, fringe benefits	(2,510,376)
Cash payments for health and other insurances	(703,575)
Cash payments to suppliers for goods and services	(3,267,890)
Cash payments for facility use and maintenance	(56,084)
Net cash used in operating activities	(5,044,203)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Nonoperating grants received	4,334,752
Interfund transfers	750,000
Net cash provided by noncapital financing activities	5,084,752

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Principal payments on capital lease	(33,317)
Purchase of equipment	(7,247)
Net cash used in capital and related financing activities	(40,564)

Net change in cash	(15)
Cash and investments, beginning of year	1,345
Cash and investments, end of year	\$ 1,330

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

Operating Loss	\$ (5,275,814)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	72,756
Commodities used	329,316
(Increase) decrease in assets:	
Inventories	19,190
Receivables	(129,110)
(Decrease) increase in liabilities:	
Accounts payable and accrued liabilities	(43,859)
Deferred revenue and due to other governments	(16,682)
Total adjustments	231,611
Net cash used in operating activities	\$ (5,044,203)

Noncash items:

Donation of food commodities	\$ 329,316
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*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, 2011

	Pension and Retiree Health Plan <u>Trust Funds</u>	Private Purpose <u>Trust Fund</u>	<u>AGENCY FUND</u> School Activities <u>Fund</u>
<b>ASSETS</b>			
Cash	\$ 1,796,807	\$ -	\$ 41,204
Accounts receivable	406,620	-	2,513
Due from other funds	-	156,553	445,781
Trust investments			
Government bonds	4,025,105	-	-
Commercial paper	118,853	-	-
Mortgage loans	415,999	-	-
Corporate bonds	7,539,991	-	-
Common stock	14,703,148	2,808	-
	<hr/>	<hr/>	<hr/>
Total assets	29,006,523	159,361	489,498
<b>LIABILITIES</b>			
Accounts payable	-	411	55
Due to school activity groups	-	-	489,443
	<hr/>	<hr/>	<hr/>
Total liabilities	-	411	489,498
<b>NET ASSETS</b>			
Held in Trust for:			
Retirement and other benefits	29,006,523	-	-
Scholarships, etc.	-	158,950	-
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 29,006,523	\$ 158,950	\$ -

*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, 2011

	<u>Pension and Retiree Health Plan Trust Funds</u>		<u>Private Purpose Trust Fund - Scholarship Memorials</u>
<b>ADDITIONS</b>			
Contributions:			
Donations	\$ -	-	\$ 35,206
Employer contributions	2,710,491		-
Plan member contributions	351,718		-
Total contributions	3,062,209		35,206
Investment earnings:			
Interest and dividends	937,617		285
Increase in fair value of investments	3,589,784		628
Total investment earnings	4,527,401		913
Total additions	7,589,610		36,119
<b>DEDUCTIONS</b>			
Scholarships, etc.	-		39,715
Pension benefit payments	1,195,233		-
Administrative expenses	146,255		-
Total deductions	1,341,488		39,715
Change in net assets	6,248,122		(3,596)
Net assets beginning of year	22,758,401		162,546
Net assets end of year	\$ 29,006,523	-	\$ 158,950

*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. Activities between funds that are representative of lending borrowing arrangements outstanding at the end of the fiscal year are referred to as due to as due to/from other funds and are eliminated from the statements.

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. Annual leave for eligible employees is accrued on a monthly basis and range from 10 to 25 days depending on the employee's years of service. Additionally, upon retirement, employees of the Board receive payment for unused sick leave at varying rates for the number of unused days exceeding 150 or 200 days based on the employees position and tenure.

#### 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. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board. Assigned fund balance is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Proprietary fund equity is classified the same as in the government-wide statements.

#### 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, 2011 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 \$3,606,539.

### 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, 2011, the Board's non-pension funds were invested as follows:

	Carrying Value	Bank Balance
Cash and cash equivalents	\$ 245,463	\$ 1,778,527

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

Insured	\$ 1,778,527
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	-
	\$ 1,778,527

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 Poor's.

## 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 \$35,633,496 at June 30, 2011 with \$7,268,706 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	\$ 1,145,682	\$ 46,559	\$ 115,105	\$ 489,461
Government bonds	1,958,906	139,678	132,806	1,793,715
Commercial paper (less than 1 year)	-	118,853	-	-
Mortgage loans	-	325,915	90,085	-
Corporate bonds	3,582,037	1,815,810	831,964	1,310,180
Common stock	8,572,196	-	1,570,634	4,560,318
Total	<u>\$ 15,258,821</u>	<u>\$ 2,446,815</u>	<u>\$ 2,740,593</u>	<u>\$ 8,153,674</u>

Corporate bonds held at June 30, 2011 are rated by Standard & Poor's as follows:

Rating	Percent of Corporate Bond Portfolio			
	State Street	AETNA	Janus	State Street (GASB 45)
AAA	11.35%		22.43%	9.31%
AA+	6.72%			10.03%
AA	7.85%		5.90%	8.74%
AA-	6.72%			3.70%
A+	14.22%	42.00%		24.41%
A	33.28%	17.00%	16.32%	32.34%
A-	5.63%	41.00%		4.04%
BBB+	14.23%			7.43%
BBB			32.56%	
BB			19.24%	
B			3.55%	

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Cash and Investments (continued)

State Street:

Corporate bond issues held at June 30, 2011 are as follows:

Par Value	Description	Coupon Rate	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
\$135,000	BHB Billiton Ltd.	5.50%	04/01/14
\$85,000	BP Capital Markets	3.13%	10/01/15
\$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
\$11,000	E.I. du Pont de Nemours	5.88%	01/15/14
\$25,000	GTE Corp.	6.84%	04/15/18
\$115,000	General Dynamics Corp.	5.25%	02/01/14
\$125,000	General Electric Co.	5.25%	12/06/17
\$100,000	General Electric Capital Corp	3.00%	12/09/11
\$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
\$120,000	IMB Corp.	5.70%	09/14/17
\$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
\$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.	5.30%	12/01/13
\$50,000	Charles Schwab Corp.	4.95%	06/01/14
\$80,000	Shell Int'l Finance BV	4.00%	03/21/14
\$91,000	Tele-Communications Inc.	7.88%	08/01/13
\$85,000	Texas Instruments Inc.	2.38%	05/16/16
\$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
\$80,000	Wells Fargo & Co.	5.13%	09/01/12
\$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, 2011 are as follows:

	Percent of Holdings
Province of Quebec	25.00%
Goldman Sachs Group Inc.	24.00%
Corp Andina De Formento	17.00%
Rio Tinto PLC	17.00%
JP Morgan Chase & Co.	17.00%

Janus:

Corporate bond issues held at June 30, 2011 are as follows:

	Percent of Holdings
Janus Balanced Fund T (JABAX)	100.00%
Average duration 4.45 years	

**Note 3. Interfund Receivables and Payables**

At June 30, 2011, the interfund account balances are as follows:

	Due From Other Funds	Due To Other Funds
<b>GOVERNMENTAL ACTIVITIES:</b>		
General Fund		
Due to Food Service Fund	\$ -	\$ 761,309
Due to Restricted Funds	1,060,654	-
Due to Capital Projects Fund	-	4,958,919
Due to School Activities Fund	-	445,781
Due to Trust Fund	-	156,553
Restricted Grants		
Due from General Fund	-	1,060,654
Capital Projects Fund		
Due from General Fund	4,958,919	-
<b>BUSINESS-TYPE ACTIVITIES</b>		
Enterprise Fund		
Due from General Fund	761,309	-
<b>FIDUCIARY NET ASSETS</b>		
Due from General Fund	602,334	-
<b>TOTAL ALL FUNDS</b>	<b>\$ 7,383,216</b>	<b>\$ 7,383,216</b>



NOTES TO FINANCIAL STATEMENTS

**Note 3. Interfund Receivables and Payables (continued)**

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, transfers of \$360,673 from the General Fund to the Restricted Grants Fund are for internal services provided, and transfers of \$777,631 from the General Fund to the Capital Projects Fund are in accordance with the school construction savings plan established by resolution between the Board and Wicomico County, Maryland.

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Deductions	Transfers	Balance June 30, 2011
<b>Governmental Activities</b>					
<b>Capital Assets, not being depreciated</b>					
Land	\$ 4,079,740	\$ -	\$ -	\$ -	\$ 4,079,740
Construction in progress	69,633,213	10,677,932	-	(75,050,356)	5,260,789
Total capital assets, not being depreciated	<u>73,712,953</u>	<u>10,677,932</u>	<u>-</u>	<u>(75,050,356)</u>	<u>9,340,529</u>
<b>Capital assets, being depreciated</b>					
Buildings and improvements	181,079,862	355,440	(2,920,479)	75,050,356	253,565,179
Furniture and equipment	25,296,546	2,117,925	(307,921)	-	27,106,550
Vehicles	1,314,756	54,274	(24,605)	-	1,344,425
Total capital assets, being depreciated	<u>207,691,164</u>	<u>2,527,639</u>	<u>(3,253,005)</u>	<u>75,050,356</u>	<u>282,016,154</u>
Less accumulated depreciation:					
Buildings and improvements	(56,722,456)	(4,922,153)	1,969,817	-	(59,674,792)
Furniture and equipment	(15,074,941)	(2,918,668)	284,715	-	(17,708,894)
Vehicles	(913,616)	(106,401)	24,605	-	(995,412)
Total accumulated depreciation	<u>(72,711,013)</u>	<u>(7,947,222)</u>	<u>2,279,137</u>	<u>-</u>	<u>(78,379,098)</u>
Total capital assets, being depreciated, net	<u>134,980,151</u>	<u>(5,419,583)</u>	<u>(973,868)</u>	<u>75,050,356</u>	<u>203,637,056</u>
Governmental activities capital assets, net	<u>\$208,693,104</u>	<u>\$ 5,258,349</u>	<u>\$ (973,868)</u>	<u>\$ -</u>	<u>\$212,977,585</u>
<b>Business-type activities</b>					
Equipment	\$ 2,107,522	\$ 7,247	\$ (6,056)	\$ -	\$ 2,108,713
Accumulated depreciation	(1,614,397)	(72,756)	5,936	-	(1,681,217)
Business-type activities capital assets, net	<u>\$ 493,125</u>	<u>\$ (65,509)</u>	<u>\$ (120)</u>	<u>\$ -</u>	<u>\$ 427,496</u>

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 99,947
Instructional services	7,102,244
Special Education	30,645
Student Personnel Services	1,225
Health Services	5,821
Student transportation	25,292
Operation of plant and equipment	661,746
Maintenance of plant	19,806
Community Services	496
Total depreciation expense	<u>\$ 7,947,222</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 through a memorandum of understanding 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 31<sup>st</sup> each year.

For the year ended June 30, 2011, the health insurance reserve had the following activity:

Balance at July 1, 2010	\$ 8,072,947
Subsidy for rate increase	(1,402,684)
Positive settlement - 2010.	1,917,095
Interest earned (net of expenditures)	11,348
Other - transfer adjustment	<u>(1,330,000)</u>
Balance at June 30, 2011	<u>\$ 7,268,706</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 1<sup>st</sup> through August 31<sup>st</sup>. For the period ended August 31, 2010, the Board's share of the consortium's settlement was a surplus of \$1,917,095, which was included as an other financing source during the year ended June 30, 2011.

### 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*.

Beginning in 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 630 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 \$4.354 million to the plan, including \$2.484 million for current claim costs (approximately 70% of total premiums); an additional \$1.672 million to pre-fund benefits and an estimated retiree subsidy of \$198,000. Plan members receiving benefits contributed approximately 30% of the total claim costs premiums, through their required contributions of \$181 per month for retirees-only coverage (if under 65), \$128 per month for retirees-only coverage (if 65 or older) and \$1,187 for retiree and spouse coverage. These monthly premium costs are for PPO coverage with Dental and Vision for those retirees who had more than 10 years of service with the Board.

#### 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	\$ 3,584,337
Interest on net OPEB obligation	(101,763)
Adjustment to annual required contribution	109,500
Annual OPEB cost (expense)	3,592,074
Contributions made	(4,354,000)
Net OPEB obligation (asset)	(761,926)
Net OPEB obligation (asset) at beginning of year	(1,350,100)
Net OPEB obligation (asset) at end of year	\$ (2,112,026)

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:

#### Funding Status and Funding Progress

As of July 2010, the most recent actuarial valuation date, the plan was 11.6% funded. The actuarial accrued liability for benefits was \$45,458,666 and the actuarial value of assets was \$5,251,300 resulting in an unfunded actuarial accrued liability (UAAL) of \$40,207,366. The covered payroll (annual payroll of active employees covered by the plan) was \$101,419,000 and the ratio of the UAAL to the covered payroll was 39.6%.

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2007	\$ 2,432,000	70.80%	\$ 709,000
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)
2011	3,592,074	121.21%	(2,112,026)

## 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 2010 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 at July 1, 2010 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, and there have been no significant reductions in insurance coverage from the prior year.

## 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, 2011 were \$13,893,333. On-behalf payments are recognized as revenues and expenditures in the Board's general fund. 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
2009	\$ 647,132	100%	11.70%
2010	774,377	100%	13.15%
2011	841,309	100%	14.34%

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, 2011. 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, 2011 and payroll covered under the Teachers Retirement and Pension Systems is as follows:

Total payroll	\$ 110,062,991
Payroll covered under the plans	\$ 91,297,463

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 single-employer, 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. Benefits and refunds of the postemployment defined benefit plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan are financed by contributions made and income earned from investments. 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, 2011 and payroll covered under the Plan is as follows:

Total payroll	\$110,062,991
Payroll covered under the plans	\$ 9,579,850

Plan membership at July 1, 2010, the date of the latest actuarial valuation, consisted of 314 active plan members and 156 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)

##### Annual Pension Cost and Net Pension Obligation

The Board's annual pension 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 27. 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 pension cost for the year, the amount actually contributed to the plan, and changes in the Board's net pension obligation.

Annual required contribution	\$ 848,391
Interest on net pension obligation	(61,021)
Annual pension cost (expense)	787,370
Contributions made	(640,980)
Net pension obligation (asset)	146,390
Net pension obligation (asset) at beginning of year	(338,002)
 Net pension obligation (asset) at end of year	 \$ (191,612)

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
2009	\$ 416,267	\$ 529,564	127%
2010	516,743	591,306	114%
2011	787,370	640,980	81%

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, 2010
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, open basis
Remaining amortization period	30 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.50%
Inflation rate	2%

#### 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, 2011, there were 1,173 eligible participants for whom the Board contributed a total of \$406,620.



## NOTES TO FINANCIAL STATEMENTS

### 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) <u>Matching Fund</u>	Employees <u>Pension</u>	Retiree Health <u>Plan Trust</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets	\$ 3,147,213	\$ 17,705,636	\$ 8,153,674	\$ 29,006,523
Total assets	3,147,213	17,705,636	8,153,674	29,006,523
<b>NET ASSETS</b>				
Held in trust for retirement and other benefits	\$ 3,147,213	\$ 17,705,636	\$ 8,153,674	\$ 29,006,523

#### CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	401(A) <u>Matching Fund</u>	Employees <u>Pension</u>	Retiree Health <u>Plan Trust</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions	\$ 416,620	\$ 973,773	\$ 1,671,816	\$ 3,062,209
Investment earnings	417,201	2,852,041	1,258,159	4,527,401
Total additions	833,821	3,825,814	2,929,975	7,589,610
<b>DEDUCTIONS</b>				
Pension benefit payments	252,085	943,148	-	1,195,233
Administrative expenses	-	118,580	27,675	146,255
Total deductions	252,085	1,061,728	27,675	1,341,488
Change in net assets	581,736	2,764,086	2,902,300	6,248,122
Net assets beginning of year	2,565,477	14,941,550	5,251,374	22,758,401
Net assets end of year	\$ 3,147,213	\$ 17,705,636	\$ 8,153,674	\$ 29,006,523

### 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.

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Capital Leases (continued)

The following is an analysis of equipment currently being leased under capital leases as of June 30, 2011:

Vehicles	\$ 155,441
Computers:	
2008	2,614,938
2009	1,566,000
2010	1,554,556
2011	<u>300,779</u>
Total	<u>\$ 6,191,714</u>

#### BUSINESS-TYPE ACTIVITIES

Equipment:	<u>\$ 140,077</u>
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Approximate future minimum lease commitments are as follows:

#### GOVERNMENTAL ACTIVITIES

Fiscal Year Ending	Computers			Total
	2011	2010	2009	
June 30, 2012	\$ 67,000	\$ 414,880	\$ 410,372	\$ 892,252
June 30, 2013	67,000	414,880	-	481,880
June 30, 2014	67,000	-	-	67,000
	201,000	829,760	410,372	1,441,132
Less: amount representing interest	(8,874)	(33,116)	(13,417)	(55,407)
Present value of future minimum lease payments	<u>\$ 192,126</u>	<u>\$ 796,644</u>	<u>\$ 396,955</u>	<u>\$ 1,385,725</u>

#### BUSINESS-TYPE ACTIVITIES

	Equipment
June 30, 2012	\$ 36,500
June 30, 2013	<u>36,500</u>
	73,000
Less: amount representing interest	(2,740)
Present value of future minimum lease payments	<u>\$ 70,260</u>

Interest expense related to the above capital leases, with interest rates ranging from 2.29% to 3.92%, was approximately \$89,000 for the year ended June 30, 2011.

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2011 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensated absences	\$ 3,367,754	\$ 88,508	\$ 355,194	\$ 3,101,068	\$ 317,542
Capital leases	2,627,056	300,779	1,542,110	1,385,725	852,597
Total	<u>\$ 5,994,810</u>	<u>\$ 389,287</u>	<u>\$ 1,897,304</u>	<u>\$ 4,486,793</u>	<u>\$ 1,170,139</u>

BUSINESS-TYPE ACTIVITIES	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 103,577	\$ -	\$ 33,317	\$ 70,260	\$ 34,537

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.

**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, 2011. Deferred revenue at June 30, 2011 consists of the following:

Medical assistance provider payments	\$ 1,609,358
Various other state and federal programs	<u>212,561</u>
	<u>\$ 1,821,919</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 Bennett Middle School in the amount of \$2,996,900. At June 30, 2011, \$996,680 had been expended on the renovation of Bennett Middle School. The Board also has signed contracts for HVAC projects at several schools totaling \$3,511,920. At June 30, 2011, \$2,975,172 had been expended on the HVAC projects.

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, 2011 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 Liability (AAL) Projected Unit Credit (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%
07/01/10	5,251,300	45,458,666	40,207,366	11.55%	101,419,000	39.64%

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%
2011	4,354,000	3,592,074	121.21%

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
07/01/01	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%
07/01/10	15,030,395	19,424,052	4,393,657	77.38%	9,242,654	47.54%

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%
2011	640,980	787,370	81%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
County appropriation	\$ 43,196,892	\$ 43,196,892	\$ 43,196,892	\$ -
Other local:				
Tuition - Delaware nonresident pupils	298,000	298,000	453,110	155,110
Tuition - other	37,000	37,000	21,595	(15,405)
Student payments/fees	8,000	8,000	14,324	6,324
Earnings on investments	40,000	40,000	27,206	(12,794)
Rental of school facilities	100,000	100,000	95,892	(4,108)
Miscellaneous	76,500	76,500	121,045	44,545
Total other local	559,500	559,500	733,172	173,672
State of Maryland revenues:				
Current expense aid	64,967,339	64,967,339	61,664,758	(3,302,581)
Guaranteed tax base	6,954,053	6,954,053	6,954,053	-
Special education	6,129,949	6,129,949	6,129,949	-
Transportation	5,415,780	5,415,780	5,461,971	46,191
Miscellaneous	-	-	12,103	12,103
Non-public placement	60,000	60,000	20,018	(39,982)
Aging schools	26,627	88,419	88,419	-
Limited English proficient	1,985,599	1,985,599	1,985,599	-
Compensatory education	27,252,990	27,252,990	27,252,990	-
Total State of Maryland revenues	112,792,337	112,854,129	109,569,860	(3,284,269)
Other sources:				
Out of county living	210,000	210,000	122,471	(87,529)
Administrative costs reimbursements	328,835	328,835	344,361	15,526
Total other sources	538,835	538,835	466,832	(72,003)
TOTAL REVENUES	157,087,564	157,149,356	153,966,756	(3,182,600)
EXPENDITURES				
Administration	4,115,795	4,115,795	3,787,297	328,498
School management and support	11,545,115	11,545,115	11,540,983	4,132
Instructional salaries	63,904,627	63,904,627	63,080,090	824,537
Textbooks and instructional supplies	3,003,242	3,003,242	2,570,228	433,014
Other instruction costs	1,530,325	1,530,325	1,294,979	235,346
Student personnel services	2,230,039	2,230,039	2,120,505	109,534
Health services	1,538,817	1,538,817	1,484,028	54,789
Student transportation	8,009,947	8,009,947	7,782,076	227,871
Operation of plant and equipment	11,594,795	11,594,795	10,649,198	945,597
Maintenance of plant	2,819,891	2,819,891	2,604,732	215,159
Fixed charges	27,176,925	27,176,925	27,175,552	1,373
Community services	207,361	207,361	151,337	56,024
Capital outlay	5,150,473	5,212,265	5,026,052	186,213
Special education	13,810,212	13,810,212	13,278,695	531,517
Food service	750,000	750,000	750,000	-
TOTAL EXPENDITURES	\$ 157,387,564	\$ 157,449,356	\$ 153,295,752	\$ 4,153,604

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND

Year Ended June 30, 2011

(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ (300,000)	\$ (300,000)	\$ 671,004	\$ 971,004
OTHER FINANCING SOURCES (USES)				
Appropriation to school construction fund	-	-	(777,631)	777,631
Appropriation from June 30, 2010 fund balance	300,000	300,000	300,000	-
TOTAL OTHER FINANCING SOURCES (USES)	300,000	300,000	(477,631)	777,631
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ 193,373	\$ 193,373



THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL  
 RESTRICTED GRANTS  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>REVENUES</b>			
Federal sources	\$ 15,078,184	\$ 17,211,605	\$ 2,133,421
State sources	523,265	833,954	310,689
Local and other sources	452,297	333,017	(119,280)
<b>TOTAL REVENUES</b>	<b>16,053,746</b>	<b>18,378,576</b>	<b>2,324,830</b>
<b>EXPENDITURES</b>			
Administration	760,988	776,877	(15,889)
School management and support	226,353	41,756	184,597
Instructional salaries	3,897,041	4,476,894	(579,853)
Textbooks and instructional supplies	566,036	1,165,741	(599,705)
Other instruction costs	780,988	1,252,986	(471,998)
Special education	4,368,365	4,346,258	22,107
Student personnel services	-	152	(152)
Health services	4,480	3,395	1,085
Student transportation	377,856	311,826	66,030
Operation of plant and equipment	1,197	20,177	(18,980)
Fixed charges	2,870,442	2,908,364	(37,922)
Capital outlay	2,200,000	3,461,173	(1,261,173)
<b>TOTAL EXPENDITURES</b>	<b>16,053,746</b>	<b>18,765,599</b>	<b>(2,711,853)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(387,023)</b>	<b>387,023</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers	-	360,673	(360,673)
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ -</b>	<b>\$ (26,350)</b>	<b>\$ 26,350</b>

## 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, 2011	June 30, 2011	June 30, 2011
GAAP Basis	\$ 167,978,064	\$ 170,021,623	\$ 329,570
Changes in asset account balances not accounted for on Budgetary Statement:			
Proceeds from insurance settlement	-	-	(1,917,095)
Subsidy for rate increase	-	(1,402,684)	-
Contribution to Retiree Health Plan Trust	-	(1,330,000)	-
Interest earned on health care reserve	(11,348)	-	-
Appropriation from June 30, 2010	-	-	300,000
Transfers to other funds recorded as budgetary expenditures	-	1,110,673	1,110,673
Encumbrances recorded as expenditures:			
Established in current year	-	3,606,539	-
Reversed from prior year	-	(4,516,287)	-
Revenues recorded based on encumbered expenditures	(106,627)	-	-
State share of retirement and pension contribution	(13,893,333)	(13,893,333)	-
Capital outlay funded by capital leases	-	(300,779)	(300,779)
<b>Budgetary Basis</b>	<b>\$ 153,966,756</b>	<b>\$ 153,295,752</b>	<b>\$ (477,631)</b>

## 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, 2011

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Administration:</b>				
Salaries and wages	\$ 3,135,900	\$ 3,135,900	\$ 3,010,490	\$ 125,410
Contracted services	667,398	517,615	362,187	155,428
Supplies and materials	108,298	258,081	229,772	28,309
Other charges	133,623	133,623	120,540	13,083
Equipment	21,000	19,250	15,921	3,329
Transfers	49,576	51,326	48,387	2,939
Total administration	4,115,795	4,115,795	3,787,297	328,498
<b>School management and support:</b>				
Salaries and wages	10,226,142	10,406,142	10,403,600	2,542
Contracted services	781,360	725,260	725,172	88
Supplies and materials	129,849	121,849	120,755	1,094
Other charges	374,622	262,622	262,305	317
Equipment	3,840	2,940	2,898	42
Transfers	29,302	26,302	26,253	49
Total school management and support	11,545,115	11,545,115	11,540,983	4,132
Instructional salaries and wages	63,904,627	63,904,627	63,080,090	824,537
Textbooks and instructional supplies	3,003,242	3,003,242	2,570,228	433,014
<b>Other instructional costs:</b>				
Contracted services	849,879	849,879	755,553	94,326
Other charges	228,709	229,509	145,050	84,459
Equipment	79,845	79,545	69,213	10,332
Transfers	371,892	371,392	325,163	46,229
Total other instructional costs	1,530,325	1,530,325	1,294,979	235,346
<b>Special education:</b>				
Salaries and wages	13,035,126	13,035,126	12,727,880	307,246
Contracted services	188,280	188,280	163,243	25,037
Supplies and materials	150,108	146,108	124,476	21,632
Other charges	76,220	80,220	78,939	1,281
Equipment	7,815	7,815	6,505	1,310
Transfers	352,663	352,663	177,652	175,011
Total special education	\$ 13,810,212	\$ 13,810,212	\$ 13,278,695	\$ 531,517

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES  
GENERAL FUND - BUDGETARY BASIS

Year Ended June 30, 2011

(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Student personnel services:				
Salaries and wages	\$ 1,433,386	\$ 1,462,086	\$ 1,462,000	\$ 86
Contracted services	729,658	708,773	627,321	81,452
Supplies and materials	25,466	21,666	12,498	9,168
Other charges	20,548	21,348	8,760	12,588
Equipment	10,000	5,185	5,185	-
Transfers	10,981	10,981	4,741	6,240
Total student personnel services	2,230,039	2,230,039	2,120,505	109,534
Health services				
Salaries and wages	1,388,446	1,388,446	1,341,342	47,104
Contracted services	99,197	99,197	96,197	3,000
Supplies and materials	46,970	46,970	43,810	3,160
Other charges	2,223	2,223	698	1,525
Transfers	1,981	1,981	1,981	-
Total health services	1,538,817	1,538,817	1,484,028	54,789
Student transportation:				
Salaries and wages	447,396	447,396	439,915	7,481
Contracted services	7,365,305	7,365,305	7,186,506	178,799
Supplies and materials	27,992	37,542	24,744	12,798
Other charges	139,303	139,303	110,756	28,547
Equipment	27,970	17,970	17,753	217
Transfers	1,981	2,431	2,402	29
Total pupil transportation	8,009,947	8,009,947	7,782,076	227,871
Operation of plant:				
Salaries and wages	5,386,189	5,386,189	5,144,422	241,767
Contracted services	683,472	681,545	541,900	139,645
Supplies and materials	762,439	752,290	722,179	30,111
Other charges	4,697,710	4,682,935	4,192,357	490,578
Equipment	59,016	85,867	43,580	42,287
Transfers	5,969	5,969	4,760	1,209
Total operation of plant	11,594,795	11,594,795	10,649,198	945,597
Maintenance of plant:				
Salaries and wages	1,226,702	1,311,993	1,311,648	345
Contracted services	602,628	781,428	697,717	83,711
Supplies and materials	916,992	705,496	576,545	128,951
Other charges	10,826	6,101	5,393	708
Equipment	62,743	14,873	13,429	1,444
Total maintenance of plant	\$ 2,819,891	\$ 2,819,891	\$ 2,604,732	\$ 215,159

THE BOARD OF EDUCATION OF WICOMICO COUNTY  
 SCHEDULE OF APPROPRIATIONS AND EXPENDITURES  
 GENERAL FUND - BUDGETARY BASIS  
 Year Ended June 30, 2011  
 (Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Fixed charges:				
Insurance and employee benefits	\$ 27,176,925	\$ 27,176,925	\$ 27,175,552	\$ 1,373
Community services:				
Salaries and wages	29,514	32,555	32,555	-
Contracted services	64,010	60,969	50,808	10,161
Supplies and materials	19,421	19,421	18,282	1,139
Other charges	49,416	49,416	38,900	10,516
Equipment	45,000	45,000	10,792	34,208
Total community services	207,361	207,361	151,337	56,024
Capital outlay:				
Salaries and wages	480,134	480,134	472,802	7,332
Contracted services	1,201,548	1,201,548	1,143,822	57,726
Supplies and materials	243,210	202,494	202,023	471
Equipment	3,225,581	3,328,089	3,207,405	120,684
Total capital outlay	5,150,473	5,212,265	5,026,052	186,213
Food service:				
Transfers	750,000	750,000	750,000	-
 TOTAL APPROPRIATIONS AND EXPENDITURES	 \$ 157,387,564	 \$ 157,449,356	 \$ 153,295,752	 \$ 4,153,604

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL  
FOOD SERVICES FUND - BUDGETARY BASIS

Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>REVENUES</b>			
Local sources	\$ 1,746,984	\$ 1,622,832	\$ (124,152)
State sources	203,249	189,651	(13,598)
Federal sources	4,116,854	4,474,417	357,563
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	6,067,087	6,286,900	219,813
<b>EXPENDITURES</b>			
Salaries and wages	2,231,987	2,242,109	(10,122)
Contracted services	77,150	56,331	20,819
Supplies and materials	3,385,650	3,531,537	(145,887)
Other charges	1,029,300	993,108	36,192
Capital outlay	93,000	64,144	28,856
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	6,817,087	6,887,229	(70,142)
OPERATING LOSS	(750,000)	(600,329)	149,671
<b>OTHER RESOURCES</b>			
Interfund Transfer	750,000	750,000	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER RESOURCES	750,000	750,000	-
<b>EXCESS OF REVENUES AND OTHER RESOURCES OVER EXPENDITURES</b>			
	<hr/>	<hr/>	<hr/>
	\$ -	\$ 149,671	\$ 149,671
	<hr/>	<hr/>	<hr/>



THE BOARD OF EDUCATION OF WICOMICO COUNTY  
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS  
 PENSION AND RETIREE HEALTH PLAN TRUST FUNDS  
 June 30, 2011

	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>
<b>ASSETS</b>				
Cash	\$ 115,105	\$ 1,192,241	\$ 489,461	\$ 1,796,807
Accounts receivable	406,620	-	-	406,620
Trust investments				
Government bonds	132,806	2,098,584	1,793,715	4,025,105
Commercial paper	-	118,853	-	118,853
Mortgage loans	90,085	325,915	-	415,999
Corporate bonds	831,964	5,397,847	1,310,180	7,539,991
Common stock	1,570,634	8,572,196	4,560,318	14,703,148
	<hr/>			
Total assets	3,147,213	17,705,636	8,153,674	29,006,523
	<hr/>			
<b>NET ASSETS</b>				
Held in Trust for:				
Retirement and other benefits	3,147,213	17,705,636	8,153,674	29,006,523
	<hr/>			
Total net assets	\$ 3,147,213	\$ 17,705,636	\$ 8,153,674	\$ 29,006,523
	<hr/>			

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, 2011

	401(A) Matching Fund	Employees Pension	Retiree Health Plan Trust	Total Pension and Retiree Health Plan Trust Funds
<b>ADDITIONS</b>				
Contributions:				
Employer contributions	\$ 416,620	\$ 622,055	\$ 1,671,816	\$ 2,710,491
Plan member contributions	-	351,718	-	351,718
Total contributions	416,620	973,773	1,671,816	3,062,209
Investment earnings:				
Interest and dividends	138,438	613,932	185,247	937,617
Increase in fair value of investments	278,763	2,238,109	1,072,912	3,589,784
Total investment earnings	417,201	2,852,041	1,258,159	4,527,401
Total additions	833,821	3,825,814	2,929,975	7,589,610
<b>DEDUCTIONS</b>				
Pension benefit payments	252,085	943,148	-	1,195,233
Administrative expenses	-	118,580	27,675	146,255
Total deductions	252,085	1,061,728	27,675	1,341,488
Change in net assets	581,736	2,764,086	2,902,300	6,248,122
Net assets beginning of year	2,565,477	14,941,550	5,251,374	22,758,401
Net assets end of year	\$ 3,147,213	\$ 17,705,636	\$ 8,153,674	\$ 29,006,523

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND  
Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>ASSETS</b>				
Cash	\$ 39,255	\$ 2,327,122	2,325,173	\$ 41,204
Accounts receivable	582	2,513	582	2,513
Due from other funds	413,379	32,402	-	445,781
<b>Total assets</b>	<b>453,216</b>	<b>2,362,037</b>	<b>2,325,755</b>	<b>489,498</b>
<b>LIABILITIES</b>				
Accounts payable	5,493	55	5,493	55
Due to school activity groups	447,723	2,361,982	2,320,262	489,443
<b>Total liabilities</b>	<b>\$ 453,216</b>	<b>\$ 2,362,037</b>	<b>\$ 2,325,755</b>	<b>\$ 489,498</b>

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.

<u>CONTENTS</u>	<u>Page</u>
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.	
Net Assets by Component	79
Changes in Net Assets	80 - 81
Fund Balances of Governmental Funds	82
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Approved Operating Budgets	85 - 86
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.	
Ratios of Outstanding Debt	87
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.	
Facilities Inventory	93
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Schedule 1

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>										
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	\$ 211,591,860
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	7,268,706
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	5,087,896
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	7,469,027
<b>Total governmental activities net assets</b>	<b>\$ 100,904,194</b>	<b>\$ 107,289,597</b>	<b>\$ 106,735,857</b>	<b>\$ 118,354,465</b>	<b>\$ 129,621,629</b>	<b>\$ 147,572,851</b>	<b>\$ 155,853,347</b>	<b>\$ 196,814,054</b>	<b>\$ 225,935,061</b>	<b>\$ 231,417,489</b>
<b>Business-type activities</b>										
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	\$ 357,236
Restricted for food service activities	430,688	639,963	591,889	537,220	387,316	129,736	566,153	658,520	583,363	857,386
<b>Total business-type activities net assets</b>	<b>\$ 717,095</b>	<b>\$ 894,489</b>	<b>\$ 824,431</b>	<b>\$ 763,959</b>	<b>\$ 685,772</b>	<b>\$ 456,776</b>	<b>\$ 861,833</b>	<b>\$ 939,272</b>	<b>\$ 1,076,488</b>	<b>\$ 1,214,622</b>
<b>Primary government</b>										
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	\$ 211,949,096
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	13,213,988
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	7,469,027
<b>Total primary government net assets</b>	<b>\$ 101,621,289</b>	<b>\$ 108,184,086</b>	<b>\$ 107,560,288</b>	<b>\$ 119,118,424</b>	<b>\$ 130,307,401</b>	<b>\$ 148,029,627</b>	<b>\$ 156,715,180</b>	<b>\$ 197,753,326</b>	<b>\$ 227,011,549</b>	<b>\$ 232,632,111</b>

Source: The Board of Education of Wicomico County records.

Schedule 2

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

Expenses	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	6,196,448
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	127,363,776
Special education	13,771,168	14,638,087	15,764,296	16,535,110	17,638,722	19,767,456	21,990,580	22,825,693	24,784,670	24,400,267
Student personnel services	831,697	892,773	926,969	1,183,137	1,344,148	1,892,281	2,251,338	2,409,881	2,773,204	2,746,181
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	2,018,850
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	8,401,564
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	13,718,195
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	3,113,756
Food service	12,457	30,367	14,912	19,075	19,075	19,075	19,075	19,075	19,075	19,075
Community services	139,949	143,427	107,227	115,434	167,997	111,493	247,113	244,869	200,977	173,027
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	188,132,064
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	6,898,766
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	6,898,766
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	195,030,830
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	623,603
Operation of plant and equipment	43,178	68,083	50,400	58,309	35,966	67,481	84,759	94,019	57,072	51,488
Community services	47,800	47,800	47,800	47,800	47,800	47,800	44,404	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	1,309,717
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	21,933,669
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	14,208,723
Student personnel services	77,357	86,142	91,265	91,516	102,868	108,231	124,776	132,563	169,790	189,101
Health services	103,372	116,715	89,613	91,028	97,280	121,326	126,822	133,715	150,005	178,180
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	368,789
Operation of plant and equipment	408,049	438,268	449,770	457,748	479,754	509,308	603,010	646,365	571,504	683,368
Maintenance of plant	78,301	87,782	86,599	100,257	92,480	100,154	120,026	128,784	143,650	169,993
Community services	54,385	39,644	5,936	12,226	13,705	6,118	8,847	707	3,301	4,168
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	8,202,898
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	47,968,101

Schedule 2

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Program Revenues (continued)</b>										
Business-type activities:										
Charges for services	\$ 1,737,150	\$ 1,787,712	\$ 1,845,057	\$ 1,891,737	\$ 2,017,530	\$ 1,997,126	\$ 1,925,846	\$ 1,829,434	\$ 1,701,204	\$ 1,622,832
Operating grants and contributions	2,389,601	2,587,035	2,812,513	3,042,108	3,338,523	3,648,575	3,841,634	4,104,960	4,356,223	4,664,068
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	6,286,900
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	\$ 54,255,001
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (78,508,620)	\$ (81,657,588)	\$ (97,597,588)	\$ (94,090,554)	\$ (104,158,146)	\$ (112,327,691)	\$ (137,980,516)	\$ (110,576,779)	\$ (126,837,390)	\$ (140,163,963)
Business-type activities	171,165	176,339	(70,515)	(65,589)	(140,415)	(294,464)	(344,943)	(672,561)	(718,488)	(611,866)
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)	\$ (140,775,829)
<b>General Revenues and Other Changes in Net Assets</b>										
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	\$ 103,040,371
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	43,196,892
Other revenue	366,450	436,897	262,713	336,423	339,652	597,026	74,303	91,273	203,870	131,922
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	27,206
Transfers	-	-	-	-	(57,883)	(63,000)	(750,000)	(750,000)	(855,704)	(750,000)
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	145,646,391
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	750,000
Total business-type activities	2,482	1,055	457	5,117	62,228	65,468	750,000	750,000	855,704	750,000
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	\$ 146,396,391
<b>Change in Net Assets</b>										
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	\$ 5,482,428
Business-type activities	173,647	177,394	(70,058)	(60,472)	(78,187)	(228,996)	405,057	77,439	137,216	138,134
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	\$ 5,620,562

Source: The Board of Education of Wilcomico County records.



Schedule 3

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 2,602,354
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	4,666,352
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	3,606,339
Subsequent year expenditures	565,014	1,011,399	11,527	610,020	376,647	2,047,232	800,000	800,000	300,000	4,000,000
Unassigned	104,212	11,527	310,020	496,647	547,232	300,000	300,000	300,000	4,000,000	300,000
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	\$ 15,175,245
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	\$ 42,376
Capital projects	252,815	355,895	492,453	362,608	468,089	1,597,173	3,153,550	5,112,284	4,547,767	5,087,896
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	\$ 5,130,272
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	\$ 20,305,517

Schedule 4

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
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	\$ 43,196,892
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	1,047,033
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	118,060,864
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	13,893,333
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	17,211,605
Transfer of bond proceeds from Wicomico 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	209,865
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	744,900
<b>Total revenues</b>	<b>116,636,973</b>	<b>124,800,937</b>	<b>127,587,813</b>	<b>144,852,044</b>	<b>155,675,377</b>	<b>177,498,891</b>	<b>187,317,855</b>	<b>226,275,592</b>	<b>223,200,656</b>	<b>194,364,492</b>
<b>Expenditures</b>										
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	4,669,570
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	11,566,404
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	67,556,984
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	3,967,562
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	2,307,420
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	17,647,287
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	2,155,087
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	1,468,207
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	8,186,749
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	10,662,885
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	2,555,564
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	32,816,938
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	159,171
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	15,793,468
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	1,542,110
Capital lease interest	7,929	12,060	14,884	36,451	50,703	71,773	84,308	130,239	110,690	84,209
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	13,893,333
<b>Total expenditures</b>	<b>115,654,504</b>	<b>124,857,801</b>	<b>128,759,510</b>	<b>144,205,349</b>	<b>156,258,268</b>	<b>175,392,729</b>	<b>189,871,787</b>	<b>224,907,770</b>	<b>217,942,197</b>	<b>197,032,948</b>
<b>Excess of revenues over (under) expenditures</b>	<b>982,469</b>	<b>(56,864)</b>	<b>(1,171,697)</b>	<b>646,695</b>	<b>(582,891)</b>	<b>2,106,162</b>	<b>(2,553,932)</b>	<b>1,367,822</b>	<b>5,258,459</b>	<b>(2,668,456)</b>

Schedule 4 (continued)

The Board of Education of Wicomico County  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other Financing Sources (Uses)</b>										
Capital lease proceeds	-	427,845	769,700	383,950	1,582,263	1,934,359	2,770,378	1,566,000	1,554,556	300,779
Rate stabilization adjustment	(168,005)	-	-	1,317,672	2,436,876	1,067,121	488,617	1,856,307	303,611	1,917,095
Transfers to other funds	-	-	-	-	(57,883)	(63,000)	(750,000)	(750,000)	(750,000)	(750,000)
Transfer of savings plan funds to Wicomico County	-	-	-	-	-	-	-	-	(2,000,000)	-
Total other financing sources (uses)	<u>(168,005)</u>	<u>427,845</u>	<u>769,700</u>	<u>1,701,622</u>	<u>3,961,256</u>	<u>2,938,480</u>	<u>2,508,995</u>	<u>2,672,307</u>	<u>(891,833)</u>	<u>1,467,874</u>
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	\$ (1,200,582)
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%	0.9%

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
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
2011	4,115,795	11,545,115	63,904,626	3,003,242	1,530,325	13,810,212	2,230,039	1,538,817

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
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
8,009,947	11,594,795	2,819,892	27,176,925	750,000	207,361	5,150,473	157,387,564

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			
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
2011	1,385,725	70,260	1,455,985	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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Elementary Schools</b>										
Beaver Run	486	498	522	533	534	514	523	570	610	612
Chipman	406	399	400	406	422	422	429	432	436	426
Delmar	972	984	987	952	910	948	945	975	974	831
East Salisbury	390	362	346	379	381	354	361	357	363	370
Fruitland Intermediate	387	381	376	363	368	385	408	396	371	392
Fruitland Primary	410	408	432	439	467	493	485	477	474	485
Glen Avenue	305	322	307	297	280	309	314	285	285	273
North Salisbury	693	552	428	422	423	469	473	522	545	514
Northwestern	293	278	292	280	271	268	260	257	287	289
Pemberton	380	563	594	595	613	623	621	637	654	608
Pinehurst	487	481	421	383	404	395	422	415	438	462
Pittsville	417	420	233	209	210	219	212	231	236	211
Prince Street	430	447	441	422	482	447	472	548	561	581
West Salisbury	260	238	254	304	307	305	316	299	295	303
Westside Intermediate	432	448	412	464	440	434	448	451	474	465
Westside Primary	238	261	256	255	267	281	272	268	261	269
Wicomico Early Learning	-	-	-	-	-	-	-	-	-	-
Willards	103	112	285	290	302	281	299	287	276	291
Total Elementary Schools	7,089	7,154	6,986	6,993	7,081	7,147	7,260	7,407	7,540	7,382
<b>Middle Schools</b>										
Bennett	998	1,012	977	998	983	905	843	868	886	923
Mardela	293	315	323	312	301	292	267	281	269	282
Pittsville	230	250	252	272	246	236	216	209	231	236
Salisbury	843	837	907	913	959	924	883	879	848	849
Wicomico	707	777	769	771	762	723	693	683	713	708
Total Middle Schools	3,071	3,191	3,228	3,266	3,251	3,080	2,902	2,920	2,947	2,998
<b>High Schools</b>										
Bennett	1,320	1,370	1,358	1,388	1,381	1,303	1,346	1,313	1,282	1,307
Mardela	333	339	374	389	405	412	424	415	380	370
Parkside	1,108	1,102	1,116	1,140	1,149	1,223	1,214	1,256	1,217	1,137
Wicomico	1,168	1,182	1,201	1,142	1,139	1,179	1,182	1,209	1,188	1,126
Wicomico County Evening	27	57	138	69	85	83	71	70	65	62
Total High Schools	3,956	4,050	4,187	4,128	4,159	4,200	4,237	4,263	4,132	4,002
Total All Schools	14,116	14,395	14,401	14,387	14,491	14,427	14,399	14,590	14,619	14,382

Schedule 8

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Elementary School</b>										
Pre-Kindergarten	531	532	480	493	478	439	458	457	567	572
Kindergarten	926	993	961	1,032	1,119	1,137	1,133	1,191	1,151	1,174
Grade 1	1,059	1,138	1,198	1,116	1,124	1,164	1,144	1,152	1,204	1,165
2	1,067	992	1,014	1,103	1,081	1,085	1,147	1,143	1,130	1,154
3	1,125	1,112	1,006	1,043	1,127	1,100	1,131	1,178	1,154	1,138
4	1,158	1,166	1,134	1,043	1,068	1,148	1,105	1,146	1,171	1,165
5	1,155	1,221	1,193	1,163	1,084	1,074	1,142	1,140	1,163	1,014
Special Education	68	-	-	-	-	-	-	-	-	-
Total Elementary School	7,089	7,154	6,986	6,993	7,081	7,147	7,260	7,407	7,540	7,382
<b>Middle School</b>										
Grade 6	1,026	1,045	1,105	1,073	1,039	938	934	1,017	998	1,012
7	1,027	1,074	1,072	1,127	1,096	1,037	958	955	1,015	980
8	995	1,053	1,051	1,066	1,116	1,105	1,010	948	934	1,006
Special Education	23	19	-	-	-	-	-	-	-	-
Total Middle School	3,071	3,191	3,228	3,266	3,251	3,080	2,902	2,920	2,947	2,998
<b>High School</b>										
Grade 9	1,159	1,177	1,199	1,208	1,177	1,242	1,239	1,167	1,057	1,043
10	983	987	1,061	1,053	1,047	1,050	1,085	1,086	1,065	962
11	933	918	979	1,000	1,001	972	976	1,038	1,032	1,029
12	807	892	948	867	934	936	937	972	978	968
Special Education	74	76	-	-	-	-	-	-	-	-
Total High School	3,956	4,050	4,187	4,128	4,159	4,200	4,237	4,263	4,132	4,002
Total enrollment	14,116	14,395	14,401	14,387	14,491	14,427	14,399	14,590	14,619	14,382
Number of teachers	998	1,013	1,020	1,027	1,048	1,079	1,076	1,083	1,087	1,072
Ratio of students to teachers	14:1	14:1	14:1	14:1	14:1	13:1	13:1	13:1	13:1	13:1

Source: The Board of Education of Wicomico County records.



Schedule 9

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

General Fund:	Full-time Equivalent Employees as of June 30										Percentage Change 2002-2011
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Administration	28.55	32.55	38.55	42.55	46.30	48.55	49.55	50.55	53.30	54.80	91.94%
School management and support	146.91	155.41	165.16	163.09	189.34	191.49	191.49	197.14	192.60	189.20	28.79%
Instructional salaries	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	1,163.86	20.66%
Special education	212.42	212.18	215.54	224.42	252.67	283.57	287.57	320.27	320.35	317.05	49.26%
Student personnel services	10.95	10.95	11.95	20.95	15.70	17.70	20.70	21.70	23.70	24.20	121.00%
Health services	25.00	26.00	27.00	28.00	29.00	30.00	32.00	34.00	34.00	35.00	40.00%
Student transportation	10.00	10.00	10.00	11.00	11.00	7.41	9.41	9.41	8.91	8.91	-10.90%
Operation of plant and equipment	119.10	123.60	118.50	137.50	143.50	149.50	150.50	152.50	153.50	154.50	29.72%
Maintenance of plant	23.25	24.25	24.25	24.25	25.25	26.25	26.25	26.25	26.25	27.25	17.20%
Food service	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.00%
Community services	6.75	6.75	6.75	7.75	7.75	7.75	8.75	8.75	7.75	6.75	0.00%
Capital outlay											
<b>Total</b>	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	1,982.02	28.03%
<b>Restricted Funds</b>	N/A	266.29	223.00	230.65	224.81	217.65	210.56	203.49	206.62	203.07	100.00%
<b>Total all funds</b>	1,548.03	1,833.73	1,906.08	1,979.84	2,066.50	2,133.16	2,140.41	2,185.84	2,211.97	2,185.09	41.15%

Source: The Board of Education of Wilcomico 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) (thousands of dollars)	Per Capita Personal Income (2)	Civilian Labor Force (3)	Unemployment Rate (3)		
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	52,951	4.0%	+	+
2007	93,343	3,103,288	33,246	52,977	4.0%	+	+
2008	93,859	3,226,603	34,377	53,351	5.4%	+	+
2009	94,222	3,278,842	34,799	51,908	8.5%	+	+
2010	98,733	N/A	N/A	51,641	8.8%	+	+
2011	N/A	N/A	N/A	52,126	8.6%	*	*

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 2010 and 2011 is not currently available.)
- (3) Bureau of Labor Statistics, U.S. Department of Labor.

+ Reflects revised inputs, reestimation, and new statewide controls

\* Civilian Labor Force and Unemployment Rate for 2011 are based on information thru July 1, 2011.

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
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	\$12,054	13	12,458	679,238	1,291,867
2010	N/A	N/A	12,481	629,746	1,280,451
2011	N/A	N/A	12,493	720,920	1,295,622

Source: Maryland State Department of Education. (FY 2011 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
<b><u>SCHOOLS:</u></b>			
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	2010	34.46	247,202
MARDELA MIDDLE/HIGH	1958	39.79	87,633
PARKSIDE HIGH SCHOOL	1974	49.74	164,178
WICOMICO HIGH	1951	60	195,941
<b><u>CENTRAL OFFICES:</u></b>			
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
<b><u>OTHER SCHOOLS:</u></b>			
Adventist Drive-Choices Facility	various		29,152
Beaglin Park Drive-Tech Ed.	1997		113,546
Northwood Drive- Infant/Toddler	Leased		
Roberts Street-Early Learning Center	various		11,321

Source: The Board of Education of Wicomico County records.

Schedule 13  
The Board of Education of Wicomico County  
Insurance Summary  
7/1/10 - 6/30/11 policy dates

Type of Coverage	Name of Company	Policy Number	Policy Period	Limits
Workers' Compensation	MABE Workers' Compensation Group Self-Insurance Fund	N/A	7/01/10-6/30/11	Statutory up to \$400,000 - the self insured limit
Excess Workers' Compensation	Safety National	SP4042244	7/01/10-6/30/11	Statutory above the Fund's \$400,000 self insured retention
Comprehensive General Liability	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal & Advertising Injury Liability	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$100,000 each claim with \$250,000 annual maximum
Automobile Liability	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$100,000 combined single limit \$1 million combined single limit for contracted buses
Personal Injury Protection - MD	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$2,500 per covered person for any one accident
Maryland Uninsured Motorist	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$50,000 per accident
Automobile Physical Damage	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	actual cash value above a \$500 deductible
Garage Keepers liability	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$100,000 per loss
Criminal Proceeding and Intentional Conduct Defense Fund	MABE Group Insurance Pool	N/A	7/01/1-6/30/11	\$50,000 per covered person \$100,000 annual aggregate
Property and Boiler and Machinery	MABE Group Insurance Pool	N/A	7/01/1-6/30/11	\$500,000 per occurrence
Excess Property and Boiler Machinery	PEPIP	P101654-020	7/01/1-6/30/11	\$1 billion per occurrence excess of \$500,000
Crime	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$10,000 per occurrence
Crime - Excess	Travelers Casualty	103910757	7/01/10-6/30/11	\$2,500,000 per loss in excess of \$10,000
Crime - Excess	Axis, Inc.	MON719382012010	7/01/10-6/30/11	\$5,000,000 per loss in excess of \$2,500,000
School Board Legal Liability	MABE Group Insurance Pool	N/A	7/01/10-6/30/11	\$250,000 per occurrence
School Board Legal Liability Reinsurance	United Educators	RCN20100430701	7/01/10-6/30/11	\$5,000,000 per occurrence excess of \$250,000
Catastrophic Student Accident	National Union Fire Insurance	SRG 0009100887-B	8/1/10-8/1/11	\$5,000,000 Medical Expense \$1,000,000 Catastrophic Cash
Fiduciary Responsibility Liability	Travelers	104341178	8/1/10-8/1/11	\$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	Endurance Insurance	EIL1010108170	6/30/10-6/30/13	\$1,000,000 per claim \$2,000,000 Total for all

Source: The Board of Education of Wicomico County records.







SUCCESS – Every Student, Every Day

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