

BOARD OF EDUCATION OF WICOMICO COUNTY

A Component Unit of Wicomico County, Maryland

Comprehensive ANNUAL FINANCIAL REPORT

For fiscal year ended June 30, 2015



SUCCESS – Every Student, Every Day

**2424 Northgate Drive, Suite 100
Salisbury, Maryland 21802-1538**

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, 2015

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, 2015

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 - 7
List of Appointed Officials	8
Organizational Chart	9
Certificate of Achievement - Government Finance Officers Association (GFOA)	10
Certificate of Excellence - Association of School Business Officials (ASBO)	11
FINANCIAL SECTION	
Independent Auditors' Report on the Financial Statements	13 - 15
Management's Discussion and Analysis	16 - 28
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	29
Statement of Activities	30 - 31
Fund Financial Statements:	
Balance Sheet - Governmental Funds	32
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	33
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Governmental Funds	35
Statement of Net Position - Proprietary Fund	36
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	37
Statement of Cash Flows - Proprietary Fund	38
Statement of Net Position - Fiduciary Funds	39
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	40
Notes to the Basic Financial Statements	41 - 68

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS
(continued)

FINANCIAL SECTION (continued)

Required Supplementary Information:

Schedule of Funding Progress and Employer Contributions - Retiree Health Insurance Plan Trust	70
Schedule of Proportionary Share of Net Pension Liability - Pension Plans - Teachers' Retirement and Pension Systems	71
Schedule of Board Contributions - Pension Plans - Teachers' Retirement and Pension Systems	72
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Pension Plan for Employees	73
Schedule of Revenues and Expenditures - Budget and Actual - General Fund	74 - 75
Schedule of Revenues and Expenditures - Budget and Actual - Special Revenue	76
Notes to Required Supplementary Information	77 - 80

Additional Supplementary Information:

Schedule of Appropriations and Expenditures - General Fund - Budgetary Basis	82 - 84
Schedule of Revenues and Expenditures - Budget to Actual - Capital Projects - Budgetary Basis	85
Schedule of Revenues and Expenditures - Budget to Actual - Food Service - Budgetary Basis	86
Combining Schedule of Fiduciary Net Position - Pension and Retiree Health Plan Trust Funds	87
Combining Schedule of Changes in Fiduciary Net Position - Pension and Retiree Health Plan Trust Funds	88
Statement of Changes in Assets and Liabilities - Agency Fund	89

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS
(continued)

STATISTICAL SECTION

Contents	91
Net Position by Component - Last Ten Fiscal Years (Accrual Basis of Accounting)	92
Changes in Net Position - Last Ten Fiscal Years (Accrual Basis of Accounting)	93 - 94
Fund Balances of Governmental Funds - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	95
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	96 - 97
Approved Operating Budgets, General Fund - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	98 - 99
Retiree Health Plan Trust (GASB No. 45) - Since Inception, Fiscal Years	100
Retirement Plan for Employees of the Board of Education of Wicomico County (GASB No. 67)	101
Ratios of Outstanding Debt - Last Ten Fiscal Years	102
Enrollment by School - Last Ten Years	103
Enrollment by Grade - Last Ten Years	104
Budgeted Full Time Equivalent Positions by Function - Last Ten Fiscal Years	105
Demographic and Economic Statistics - Last Ten Years	106
Operating Information - Last Ten Fiscal Years	107 - 108
Where the Money Comes From - General Fund & Special Revenue Fund (Current Expense Fund) - Last Ten Fiscal Years	109
Facilities Inventory	110
Capital Asset Statistics by Function	111
Insurance Summary	112

INTRODUCTORY SECTION

BOARD OF EDUCATION OF WICOMICO COUNTY



JOHN E. FREDERICKSEN, PH.D.
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KIMBERLY S. HUDSON
VICE PRESIDENT
TYRONE A. CHASE, PH.D.
CAROLYN J. ELMORE, ED.D.
JOSEPH R. OLLINGER
JOHN PALMER
RONALD O. WILLEY

September 30, 2015

To the Board of Education and Citizens of Wicomico County:

The Board of Education of Wicomico County's (Board) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015 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 position, activities and balances for the fiscal year ended.

This letter of transmittal, prepared by management, should be read in conjunction with MD&A and is intended to introduce the Board's CAFR. 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 which presents 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, 2015. 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

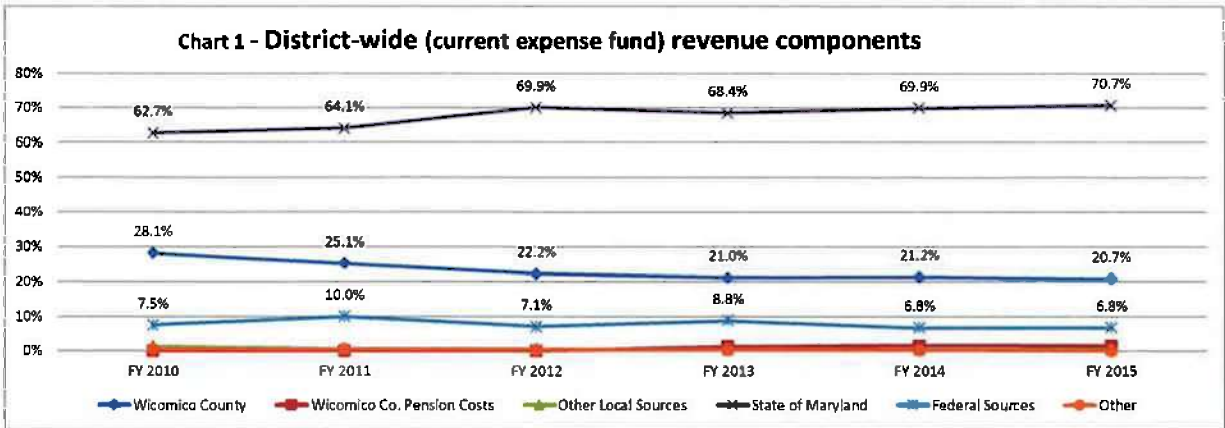
The Board of Education of Wicomico County is one of twenty-four (24) school systems established by law in the state of Maryland. The school systems consist of the twenty-three (23) counties and the City of Baltimore. Each county board of education is a body politic and corporate. The Board of Education of Wicomico County (Board) was established in 1867 and is ranked 15th in the state of Maryland according to student enrollment which as of September 30, 2014 was 14,545. Countywide population for Wicomico was 101,539 in 2014, which represents the most current data available.

The Board's 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 2014-2015 school year, the school system served 14,545 students (an increase of 114 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 (37 students). The ratio of professional staff (including administrators, teacher, counselors and therapists) to students for the 2014-2015 school year was approximately one staff member to 11 students. Student demographics for the 2014-2015 school year included: 59.5% students that qualified for free/reduced meals; 12.3% students with disabilities; and 4.7% students that were English Language Learners. In June 2015, the school system graduated 859 students. For school year 2014 -2015 there were no charter schools operating in the county.

In accordance with state law the Board of Education developed in 2002 a Comprehensive Master Plan. The 2014-2015 school year marked the twelfth year of implementation of the strategic 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.

The Board is a component unit of Wicomico County, Maryland, and is fiscally dependent on Wicomico County and the State of Maryland to appropriate funding for its operations. The Board has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the Board is impacted by the financial condition of these funding authorities. During FY 2015 the Board received 20.7% of its district-wide revenues for operations (current expense) from Wicomico County compared to 70.7% from the State of Maryland. Chart 1 reveals a history of district-wide revenues, comparing the sources of funds. Since FY 2010, local county aid for education has decreased from \$50.8 million to \$40.4 million, a decrease of \$10.4 million, or 20.5%. Federal aid has likewise decreased since FY 2010 by \$1.2 million. Fortunately, state aid during that same period increased by \$15.4 million. Overall, revenues for our school system have increased by \$1.3 million since FY 2010.



	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015		Change FY 2010 to FY 2015	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	% Change
Wicomico Co. - for Operations	\$50,781,711	28.1%	\$43,196,892	25.1%	\$36,196,892	22.2%	\$37,000,000	21.0%	\$37,765,374	21.2%	\$37,676,790	20.7%	(\$13,104,921)	-25.8%
Wicomico Co. - for Pension	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$2,173,593	1.2%	\$2,755,091	1.5%	\$2,719,329	1.5%	\$2,719,329	-
Other Local Sources	\$2,367,826	1.3%	\$1,047,033	0.6%	\$857,362	0.5%	\$536,623	0.3%	\$600,630	0.3%	\$667,270	0.4%	(\$1,700,556)	-71.8%
State of Maryland	\$113,424,856	62.7%	\$110,403,814	64.1%	\$114,249,692	69.9%	\$120,326,814	68.4%	\$124,220,505	69.9%	\$128,818,297	70.7%	\$15,393,441	13.6%
Federal Sources	\$13,556,335	7.5%	\$17,211,605	10.0%	\$11,664,252	7.1%	\$15,467,667	8.8%	\$12,069,052	6.8%	\$12,334,107	6.8%	(\$1,222,228)	-9.0%
Other	\$863,207	0.5%	\$485,988	0.3%	\$417,973	0.3%	\$384,467	0.2%	\$399,399	0.2%	\$94,928	0.1%	(\$768,279)	-89.0%
Total	\$180,993,935	100.0%	\$172,345,332	100.0%	\$163,386,171	100.0%	\$175,889,164	100.0%	\$177,810,051	100.0%	\$182,310,721	100.0%	\$1,316,786	0.7%

Approximately 2.4 million square feet of building space is maintained by the Board. Of the 27 school buildings in our inventory, 60 % of them have aged more than 25 years since either their original or last major renovation. The average age of our inventory is now 28 years. The oldest building in use is East Salisbury Elementary which has a major structure which was built in 1942. The newest facility in use was just recently completed and opened for students in August, 2015, Bennett Middle School. It provides approximately 161,000 square feet. Our school buildings are multi-purpose facilities, serving many community groups and organizations for meetings and recreational use when school is not in session.

Assessment of the School System’s Economic Condition

Wicomico County has yet to recover from the traumatic effects of the 2008 recession. The loss of jobs and the continued decline in the county’s assessable base are resulting in depressed county revenues. However, thanks to a very conservative approach to budgeting on the part of our county government, a significant unassigned fund balance has been accumulated (\$30 million) as of June 30, 2014. This is in addition to the County’s Rainy Day fund balance of \$6.4 million, which represents approximately 5% of the county government’s FY 2016 operating budget. This fund balance has been used by the county to help close budget gaps created by lagging revenues as a result of the depressed economy and enabled our county government to meet the state maintenance of effort (MOE) funding requirement for education for FY 2015 and FY 2016.

While we are thankful the county government provided MOE funding for FY 2015 and again in FY 2016, the loss of \$10.4 million of county government funding for education since FY 2010 will be extremely hard to recover when only MOE level of funding is provided by the County. Since Wicomico County Public Schools has no taxing authority and is totally dependent on contributions from the county and state along with grant funding awarded from the state and federal governments for its operating revenue, the hopes of regaining FY 2010 levels of funding remain bleak.

Therefore, the pressure placed on available funds continues. The Board must stretch existing resources to meet the needs of a very diverse and large at-risk population of students (76.5%) while at the same time continuing to challenge the gifted and talented students. To assist with this challenge, the Board continues to utilize zero-based budgeting. Requiring all divisions within the organization to provide detail, first dollar support, justification and commencing this coming year, performance data {in order to continue the funding for a program, or budget line item} enhances the likelihood of an effective budget process.

Capital projects are reflected in the planned spending of county and state funds detailed in our 5-year Capital Improvement Plan (CIP) and must be submitted annually to the county and state for their approval before any funding commitments. The Capital Projects Fund projections recognize the reality of the economic situation facing our state and county. While our 5-year CIP presents our school system's needs, the 3-year budget projections reflect the reality of what we can expect.

Long-term Financial Planning

With the advent of the new state Maintenance of Effort (MOE) law in 2012 and its stiff penalty, county governments are trending toward funding only the required MOE level. With this new approach to funding education by restricting their exposure to future funding levels, county governments are effectively limiting education funding to just MOE levels. This was in fact the case in Wicomico County for FY 2015 and FY 2016. Since the MOE calculation is based upon a prior years student count and does not factor in the impact of inflation, county funding for education is flawed and must be addressed in order for our school system to tackle growing needs within our county educational system.

Future projections for revenue remain tempered. State aid is projected to increase by approximately 2% per year over the next three (3) years, while county aid is expected to only grow at the maintenance of effort (MOE) level, less than 1% per year. MOE is the minimum level of local funding required by state law in order to receive any additional state aid allocated to a county in the ensuing year.

During FY 2016 we are projecting general fund revenues to increase by only \$7.8 million, while on-going-costs of doing business (fixed costs), additional instructional needs and one-time capital related costs are projected to increase \$8.6 million. Consequently, the school system will be forced to cut \$0.6 million of existing budget line items in order to balance the FY 2016 budget. Since FY 2010, our school system will have cut over \$23 million in operating costs from our General Fund operating budget. This process of cutting programs and existing budget line items, since adequate revenues are not available, in order to meet on-going costs of doing business (fixed costs) causes the Board great concern. Efforts continue to inform the community of the consequences of persistently balancing the General Fund budget by cutting administrative, operations, maintenance, and capital costs while attempting to avoid cuts to direct student instruction. Unfortunately, until our local economy starts to show some improvement, hopes for significant increases in education funding remain tempered.

As indicated in last year's CAFR, a very significant piece of legislation that passed in 2012 involved the state legislature pushing back pension costs to local governments. That legislation set in law

the following amounts (FY15 - \$3.5 million, FY16 - \$4.1 million) that the Board must remit to the state toward state teacher pension costs, previously 100% funded by the state. The bill also required local county governments to appropriate to local Boards of Education, in addition to MOE, established amounts as follows (FY15 - \$2.7 million, FY16 - \$3.2 million), so as to at least partially offset the additional costs imposed on local Boards of Education. In turn, county governments are to receive additional revenues to help pay these set amounts as a result of revenue enhancements enacted in the legislation. Commencing in FY 2017, Boards of Education will be required to pay the “normal cost” of retirement for all qualifying employees based upon current salaries. Recent projections indicate the Board’s pension cost for FY 2017 to be approximately \$5.1 million. Local county governments, on the other hand, will only be required to include in the minimum per pupil MOE calculation for FY 2017, \$3.2 million, which represents their FY 2016 pension contribution to the Board. Therefore, the additional funding requirement for pension costs in FY 2017 will have to come from other sources, once again placing pressure on available resources in order to fund classroom initiatives.

Major School System Initiatives

Major initiatives to be pursued include: 1) hiring a new Superintendent of Schools (current Superintendent retires effective June 30, 2016) to help chart a course to address the many funding issues and budget needs for a very diverse public school system; 2) work with the County Executive and County Council to restore the School Construction Savings Plan (terminated by the County Council on June 30, 2013), the reinstatement of which remains a very important capital savings measure and a top priority for the Board of Education; 3) implementing Senate Bill 362 to address the distinct needs of a group of students that previously were permitted to drop-out of school (the compulsory attendance age will change from 16 to 17 years of age for school year 2015-16 and from 17 to 18 years of age for school year 2017-18).

Budgetary Controls

The Board maintains a system of budgeting and accounting controls designed to assist management in meeting its responsibilities for reporting financial information. These controls 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.

The Board prepares an annual Consolidated Current Expense Budget in accordance with Maryland law. The budget document provides budgets for the Governmental Funds and Proprietary Funds of the Board. The Governmental Funds consist of the General Fund (unrestricted current expense), the Special Revenue Fund (restricted current expense) and the Capital Projects Fund. The Proprietary Fund consists of the Board’s Food Service operation.

The proposed budget is required to be submitted to the Wicomico County Executive by March 15th of each year. The Wicomico County Council provides final approval and notifies the Board of its appropriation by late May, or early June. The Board finalizes and approves its budget in late June. The General Fund (unrestricted current expense) 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 (restricted current expense) from state and federal grants must receive grantor approval. For over 95% of our grants, the state of Maryland serves as the grantor agency. The grants are also reviewed with the Board of Education upon award. Budget amendments to grants require grantor approval.

The Capital Projects Fund budget is developed after the County approves their annual Capital Improvement Plan (CIP), usually in early March, and after the state adopts their annual capital budget in early April. This budget accounts for appropriations specifically earmarked for new construction, renovations and major systemic maintenance projects in accordance with state law.

The lone proprietary budget, the Food Service Fund, is prepared and approved through a separate review process involving the Division of Food Services, the Division of Business Support Services and the Board of Education. This collaborative effort ensures compliance with all applicable federal and state laws involving accounting for USDA commodities, USDA funding for free and reduced eligible meals and local student payments.

Awards

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, 2014. This is the fifth consecutive year that the Board achieved this prestigious award. 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 it 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, 2014. This award is the highest form of recognition in school system financial reporting issued by ASBO International and is valid for one year. This is the fifth consecutive year that the Board was awarded the ASBO Certificate of Excellence in Financial Reporting. We believe that our current CAFR continues to meet the Certificate of Excellence Program's requirements and are submitting it to ASBO for consideration.

The Board of Education of Wicomico County also received from ASBO the Meritorious Budget Award (MBA) for its annual budget document for the year beginning July 1, 2014. This is the fourth consecutive year that the Board has received the MBA from ASBO International.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to the Board of Education of Wicomico County recognizing its annual budget document for the year beginning July 1, 2014. This was the second year that the Board achieved this prestigious award.

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

Ronald O. Willey, President

Donald L. Fitzgerald, Vice President

Tyrone A. Chase, Ph.D.

Carolyn J. Elmore, Ed.D.

Kimberly S. Hudson

Student Members

Kieran Murphy, James M. Bennett High School

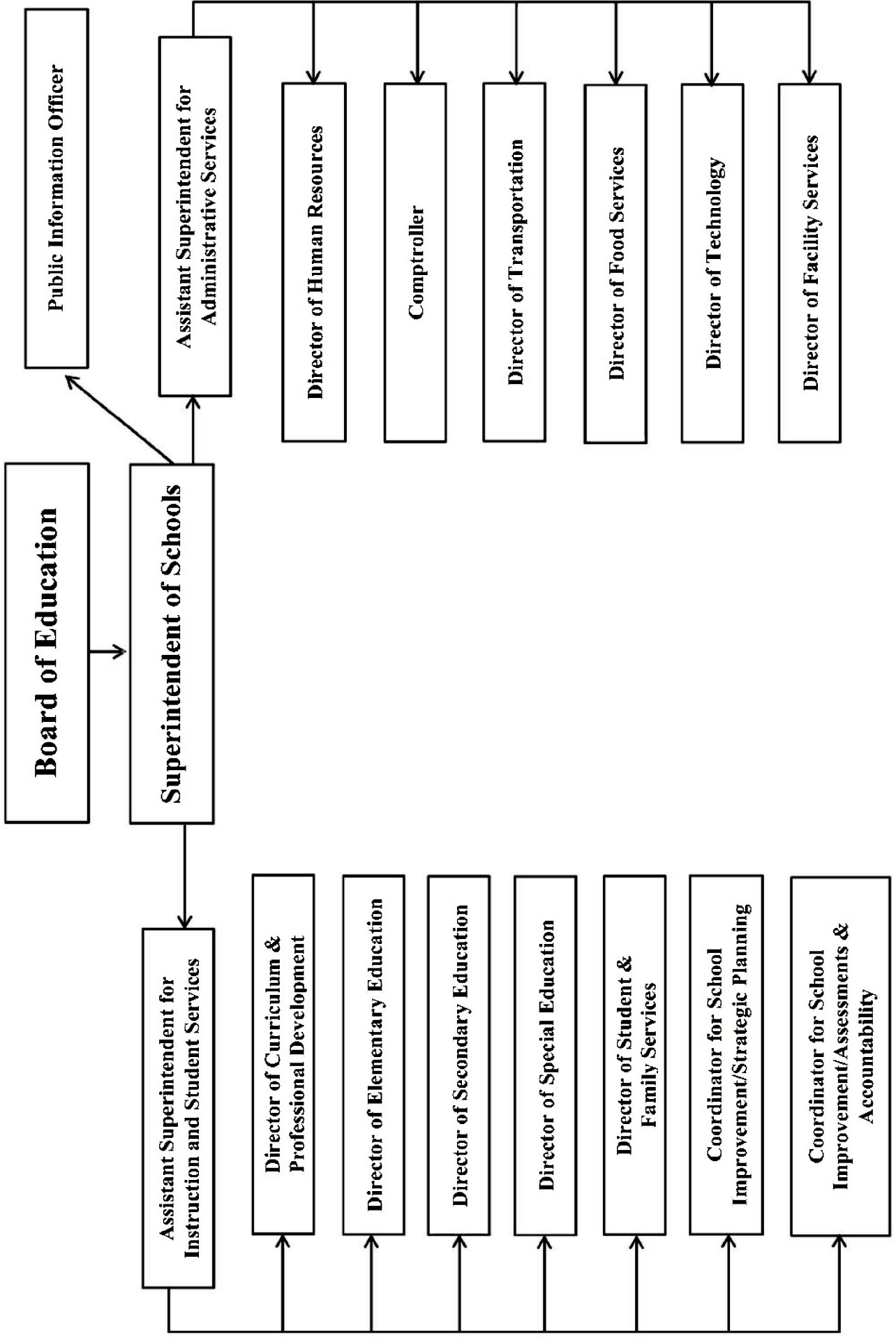
Samantha Pope, Mardela High School

Alivia Roskovich, Parkside High School

Rebecca Bizzarri, Wicomico High School

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

Board of Education of Wicomico County Organizational Chart FY 2014-15





Government Finance Officers Association

**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, 2014

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Board of Education of Wicomico County

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Education of Wicomico County
Salisbury, Maryland

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 28, schedule of funding progress and employer contributions on page 70, schedule of proportionary share of net pension liability on page 71, schedule of employer contributions on page 72, schedule of employer's net pension liability and related ratios on page 73, budgetary comparison information on pages 74 through 76, and notes to required supplementary information on pages 77 through 80 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.

Other Information

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 basic financial statements. The introductory section, additional supplementary information, and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated September 30, 2015 on our consideration of The Board of Education of Wicomico County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Board of Education of Wicomico County's internal control over financial reporting and compliance.

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

Salisbury, Maryland
September 30, 2015

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

This section of the Board of Education of Wicomico County's (Board) comprehensive annual financial report (CAFR) provides management's narrative, overview and analysis of the financial performance of the Board for the fiscal year that ended on June 30, 2015. Please read this analysis in conjunction with the Letter of Transmittal located in the introduction of this report and the Board's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Board's financial status improved during FY 2015 as total net position increased by \$11.8 million, or 4.5%.
 - Overall revenues were \$221.1 million and expenses \$209.3 million
 - Net investment in capital assets of the Board increased by \$16.3 million as the Board continues to invest in updating older school facilities including the replacement of the Bennett Middle School which was substantially completed by June 30, 2015
- The Board's total net position is \$276.2 million. Of this total, \$3.8 million is unrestricted and available to meet the Board's ongoing obligations
- At the end of the current fiscal year, the Board's governmental funds reported combined fund balances of \$14.0 million, a decrease of \$3.0 million largely attributable to the use of \$2.3 million of capital projects fund balance for ongoing capital projects
- The unassigned fund balance in the General fund equals \$1.6 million. This represents a decrease of \$288,786 over the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

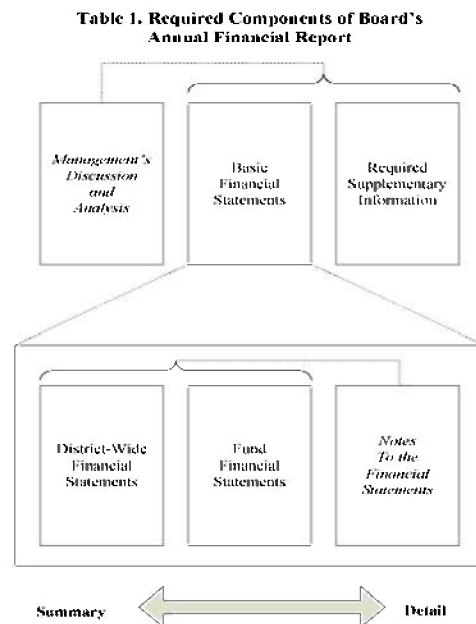
In addition to the MD&A, this section of the CAFR contains the financial statements which consist of the parts as noted in Table 1.

The basic financial statements consist of two types of statements: district-wide financial statements and fund financial statements.

District-wide financial statements

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

- 1) Statement of net position - includes all of the Board's assets and liabilities and reflects the difference (net position) between the assets and liabilities which is one way to measure the financial health of an entity.



THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

- 2) Statement of activities which reflects the current year's revenues and expenses regardless of when cash is received or paid.
 - Over time, increases or decreases in the Board's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
 - To assess the overall health of the Board additional non-financial factors such as changes in the condition of school buildings and other facilities must be considered.

In the district-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, operations, maintenance, and community services. 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, 2015

- *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. These activities are excluded 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 position – the Board's combined net position was \$276.2 million on June 30, 2015. This is an increase of \$11.8 million, or 4.5%, over the prior year. (see Table 2.)

THE BOARD OF EDUCATION OF WICOMICO COUNTY STATEMENT OF NET POSITION (in millions of dollars)								
	Governmental Activities		Business-Type Activities		Board of Ed Total		Change 2015 - 2014	
	2015	2014	2015	2014	2015	2014	\$	%
Current and other assets	\$37.7	\$47.4	\$1.7	\$1.6	\$39.4	\$49.0	-\$9.6	-19.6%
Capital Assets	\$266.8	\$251.0	\$0.4	\$0.3	\$267.2	\$251.3	\$15.9	6.3%
TOTAL ASSETS	\$304.5	\$298.4	\$2.1	\$1.9	\$306.6	\$300.3	\$6.3	2.1%
Current Liabilities	\$23.0	\$29.7	\$0.2	\$0.1	\$23.2	\$29.8	-\$6.6	-22.1%
Long-Term Liabilities	\$7.2	\$6.1	\$0.0	\$0.0	\$7.2	\$6.1	\$1.1	18.5%
TOTAL LIABILITIES	\$30.2	\$35.8	\$0.2	\$0.1	\$30.4	\$35.9	-\$5.5	-15.2%
Net Position								
Net Investment in Capital Assets	\$264.6	\$248.3	\$0.4	\$0.3	\$264.9	\$248.7	\$16.3	6.5%
Restricted	\$7.5	\$11.1	\$0.0	\$0.0	\$7.5	\$11.1	-\$3.6	-32.6%
Unrestricted	\$2.3	\$3.2	\$1.5	\$1.5	\$3.8	\$4.7	-\$0.9	-19.1%
TOTAL NET POSITION	\$274.3	\$262.6	\$1.9	\$1.8	\$276.2	\$264.4	\$11.8	4.5%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

Changes in net position - the District's total revenues were \$221.1 million for the year ended June 30, 2015 (See Table 3). The county appropriation and state formula aid accounted for approximately 70.4% of total revenue for the year. Another 29.6% came from program revenues which consist of federal and state grants and capital contributions.

The total cost of all programs and services was \$209.3 million. The District's expenses are predominantly related to providing direct educational services to students, 77.0%, while support services for students composes another 20.0%. The purely administrative activities of the District accounted for approximately 3.0%, down from 3.3% in the prior year. Total revenue exceeded total expenses by \$11.8 million. This increase is attributable to the capitalization of the expenses associated with the Bennett Middle School replacement project and other major construction projects in process.

THE BOARD OF EDUCATION OF WICOMICO COUNTY CHANGES IN NET POSITION (in millions of dollars)							
	Governmental Activities		Business-Type Activities		Board of Ed Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2015-2014
Program revenues							
Charges for services	\$0.4	\$0.4	\$1.2	\$1.3	\$1.6	\$1.7	-5.9%
Federal and state grants	\$38.3	\$36.8	\$5.5	\$5.3	\$43.8	\$42.1	4.0%
Capital Contributions	\$20.0	\$41.5	\$0.0	\$0.0	\$20.0	\$41.5	-51.8%
General revenues							
County Appro. for operations	\$37.7	\$37.8	\$0.0	\$0.0	\$37.7	\$37.8	-0.3%
County Appro. for pension	\$2.7	\$2.8	\$0.0	\$0.0	\$2.7	\$2.8	-3.6%
State formula aid	\$115.2	\$111.4	\$0.0	\$0.0	\$115.2	\$111.4	3.4%
Other	\$0.1	\$0.1	\$0.0	\$0.0	\$0.1	\$0.1	0.0%
TOTAL REVENUE	\$214.4	\$230.8	\$6.7	\$6.6	\$221.1	\$237.4	-6.9%
Expenses:							
Instruction & Special Ed	\$161.2	\$156.3	\$0.0	\$0.0	\$161.2	\$156.3	3.1%
Administration	\$6.3	\$6.6	\$0.0	\$0.0	\$6.3	\$6.6	-4.5%
Support Services	\$34.5	\$33.0	\$7.3	\$7.2	\$41.8	\$40.2	4.0%
TOTAL EXPENSES	\$202.0	\$196.0	\$7.3	\$7.2	\$209.3	\$203.1	3.1%
Excess(deficiency) before contributions, special & extraordinary items and transfers	\$12.4	\$34.8	(\$0.6)	(\$0.6)	\$11.8	\$34.3	-65.6%
Transfers:	(\$0.7)	(\$0.7)	\$0.7	\$0.7	\$0.0	\$0.0	0.0%
Incr. (decr.) in net position	\$11.7	\$34.1	\$0.1	\$0.1	\$11.8	\$34.3	-65.6%
Net Position - beg. year, restated	\$262.6	\$228.5	\$1.8	\$1.7	\$264.4	\$230.1	14.9%
Net Position - end of year	\$274.3	\$262.6	\$1.9	\$1.8	\$276.2	\$264.4	4.5%

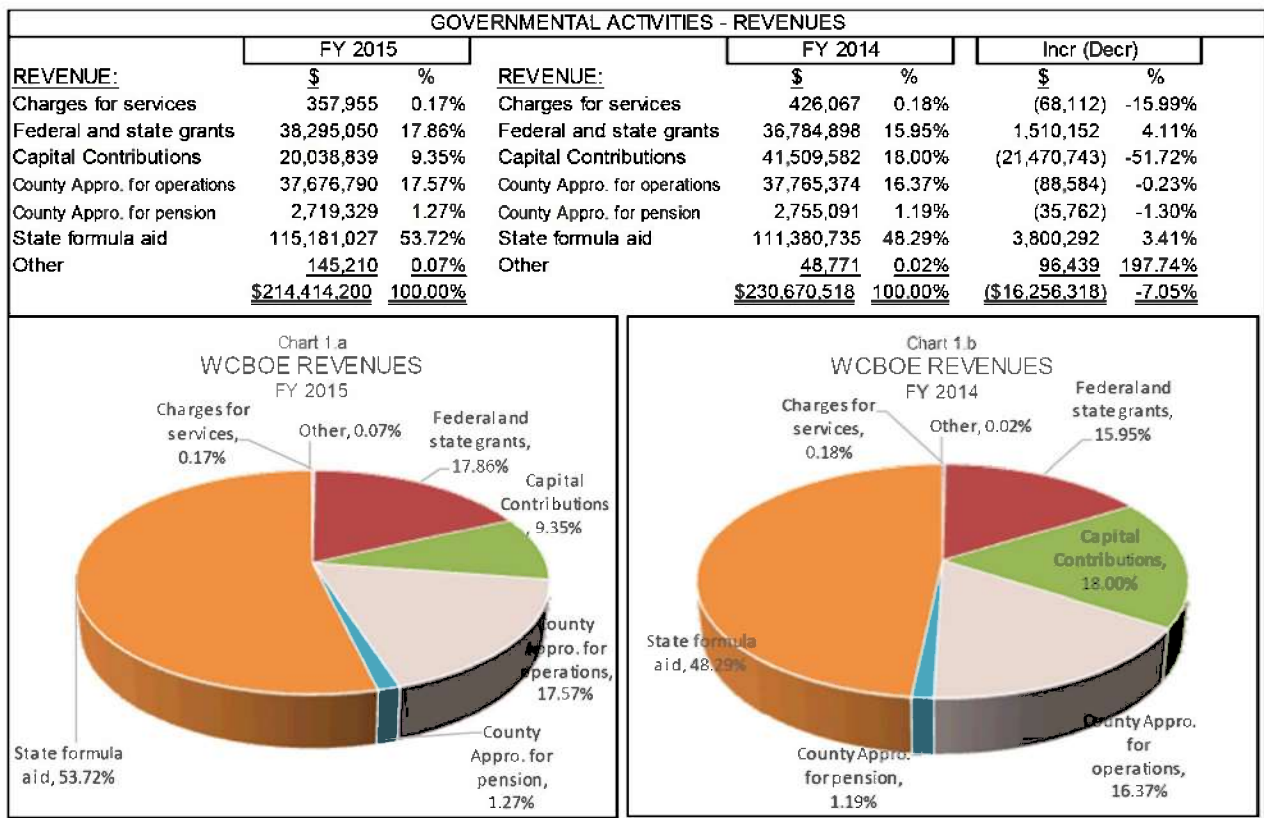
THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

Governmental Activities

- Net position increased \$11.7 million in FY 2015
- Revenues decreased by \$16.3 million, attributable to a net of:
 - capital contributions from the state decreased \$21.5 million as the Bennett Middle project was essentially completed by June 30, 2015
 - state formula aid for operations increased \$3.8 million
 - federal and state grants increased \$1.5 million

See Chart 1.a and 1.b below for a breakdown of the District's revenues as a percentage of total revenue for FY 2015 and 2014.



THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

Charts 2.a and 2.b disclose the breakdown of expenses for FY 2015 and 2014 for Governmental Activities. The Charts and line items disclose what percentage each major component of expenditures is to the total for each year. Instruction and Special Education costs make up approximately 80% of total expenses, while support services, which include expenses associated with student personnel services, student health services, facility operations and maintenance and student transportation compose another 17% of all costs. Administration decreased slightly to 3.1% of total expenses. The Board continues to closely monitor administrative costs.

GOVERNMENTAL ACTIVITIES - EXPENSES					
	FY 2015		FY 2014		
EXPENSES:	\$	%	EXPENSES:	\$	%
Instruction & Special Ed	\$161,181,227	79.8%	Instruction & Special Ed	\$156,309,001	79.8%
Admin.	\$6,342,827	3.1%	Admin.	\$6,570,263	3.3%
Support Services	\$34,539,947	17.1%	Support Services	\$33,030,939	16.9%
	<u>\$202,064,001</u>	<u>100.0%</u>		<u>\$195,910,203</u>	<u>100.0%</u>

Chart 2.a WCBOE EXPENSES FY 2015	
<p>A 3D pie chart showing the distribution of expenses for FY 2015. The largest slice is blue, representing Instruction & Special Ed at 79.8%. A smaller yellow slice represents Support Services at 17.1%, and a very thin red slice represents Admin. at 3.1%.</p>	<p>Support Services 17.1%</p> <p>Admin. 3.1%</p> <p>Instruction & Special Ed 79.8%</p>

Chart 2.b WCBOE EXPENSES FY 2014	
<p>A 3D pie chart showing the distribution of expenses for FY 2014. The largest slice is blue, representing Instruction & Special Ed at 79.8%. A yellow slice represents Support Services at 16.9%, and a red slice represents Admin. at 3.3%.</p>	<p>Support Services 16.9%</p> <p>Admin. 3.3%</p> <p>Instruction & Special Ed 79.8%</p>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

Business-type Activities {Refer to Table 2 and 3 for details}

The District's only business-type activity, the food service operation, had an increase in net position of \$98,058 in FY 2015. Since FY 2008, the Board's General Fund Budget has provided support to the food service operation in the form of an inter-fund transfer. In FY 2015 the transfer was \$675,000. This amount represents the Board's commitment to cover the employer's share of Health Care costs for eligible Food Service employees, which for FY 2015 equaled approximately \$627,602.

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 \$14.0 million, a decrease of \$3.0 million over last year's ending fund balance. This decrease was in large part attributable to the use of \$2.3 million from the Capital Projects fund balance for various capital projects and due to the utilization of approximately \$1.2 million of the Board's Healthcare Rate Stabilization Reserve to subsidize healthcare premiums for employees during September, 2014 to help mitigate the premium rate increase of 4.4%. Revenues for the District's governmental funds were \$214.4 million, a decrease of \$16.3 million over the prior year. This decrease was in large part due to a decline in state capital contributions for school construction projects of \$25.0 million (the Bennett Middle School project was essentially completed as of June 30, 2015) while county funding for capital projects increased by approximately \$3.7 million. It is the Board's practice to utilize state aid for capital projects prior to utilizing county aid for projects, which was the case in the Bennett Middle School project.

Total expenditures were \$217.9 million for the year, a decrease of \$15.0 million. Again, the decrease is attributable to the completion of the Bennett Middle School project.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

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 4 for a summary of General Fund revenues and expenditures.

Table 4				
<u>GENERAL FUND REVENUES AND EXPENDITURES</u>				
	FY 2015	FY 2014	\$ Incr (Decr)	% Incr. (Decr.)
<u>REVENUES</u>	\$ 180,183,723	\$ 176,433,804	\$ 3,749,919	2.1%
<u>EXPENDITURES</u>	\$ 182,224,818	\$ 176,978,140	\$ 5,246,678	3.0%
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,041,095)	\$ (544,336)	\$ (1,496,759)	275.0%
<u>OTHER FINANCING SOURCES (USES)</u>				
Rate Stabilization Reserve insurance settlement	\$ (74,505)	\$ 1,571,621	\$ (1,646,126)	-104.7%
Capital Lease Proceeds	1,277,114	1,759,663	(482,549)	-27.4%
Interfund Transfers - Special Revenue	802,998	(402,719)	1,205,717	-299.4%
Interfund Transfers - Other	(675,000)	(675,000)	-	0.0%
	\$ 1,330,607	\$ 2,253,565	\$ (922,958)	-41.0%
EXCESS (DEFICIENCY) of Revenues & Other Financing Sources (Uses) over Expenditures	\$ (710,488)	\$ 1,709,229	\$ (2,419,717)	141.6%

Revenues increased by \$3.7 million as a result of an increase in state aid of \$4.1 million. The increase in state aid was in large part due to our county's increase in the number of free and reduced meals (FARM) students. Our FARM population increased by 117 students, or 1.46%, as of October 1, 2013, the date upon which FY 2015 state aid is calculated for compensatory education. Also, a significant factor that contributed to our growth in state aid was our county's wealth decreased by almost 2%, or \$77 million for the FY 2015 state aid calculation. Since the state aid formula is wealth-equalized, our county's drop in wealth when compared to other school districts in the state resulted in slightly more state aid than we would have otherwise received since our full-time enrollment (FTE) student count for state aid actually decreased by 32.75 FTE.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

Special Revenue Fund (Restricted Grant Funds)

This fund is 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 5 below reflects an increase in grant funds over the prior year, largely due to an increase in state grant revenue associated with the expansion of early childhood funding.

Table 5				
<u>SPECIAL REVENUE FUND</u>				
	Fiscal Year	Fiscal Year	Increase	%
	FY 2015	FY 2014	(Decrease)	Incr. (Decr.)
<u>REVENUES</u>				
Federal Through State	\$ 12,334,107	\$ 12,069,052	\$ 265,055	2.20%
State of Maryland	1,598,720	954,070	644,650	67.57%
Other	356,933	244,649	112,284	45.90%
TOTAL REVENUES	\$ 14,289,760	\$ 13,267,771	\$ 1,021,989	7.70%

Capital Projects Fund

The Board has no legal authority to issue bonded indebtedness or 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 2015, the Board recorded PSCP aid of \$2.9 million. These funds represented the final state contributions for the new Bennett Middle School project. The Capital Projects (School Construction) Fund expenditures exceeded revenues by \$2.3 million and consequently the Board utilized the accumulated School Construction Savings Fund (SCSF) to support capital projects. During FY 2015, the Board utilized \$2.5 million of SCSF to subsidize state and county funding for capital projects. The Board's SCSF was ceased by action of the Wicomico County Council effective June 30, 2013. The Board will continue to work with the current County Executive and County Council to have the SCSF reinstated.

Proprietary Fund

Our school system has one proprietary fund and that is our Food Service Fund. This fund is accounted for as an enterprise fund in which fees are charged to external users for goods and services, much in the same way as business-type activities. Our Food Service Fund is faced with the reality of decreasing revenues and increasing expenditures in order to provide the required food and nutritional services to our students. Fortunately, in FY 2015, net position increased \$95,058 from the prior year.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

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, 2015 were approximately \$21.5 million (see footnotes 9 and 10 for more detail information).

- 401(a) Retirement 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, 2015 were \$3.8 million (see footnote 9 and 10 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, 2015 were approximately \$14.9 million (see footnote 7 and 10 for more detail information).

(2) Private Purpose Trust Funds: Assets are held and managed by the Board as a result of funds received from various sources for specific purposes such as student scholarships and awards. Total assets equaled \$174,211 as of June 30, 2015.

(3) Agency Funds: During FY 2015 the Board's 24 schools collected receipts and incurred disbursements for various student activities (see Table 6). 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 and results of the audit.

Table 6				
<u>SCHOOL ACTIVITIES FUND</u>				
	Fiscal Year FY 2015	Fiscal Year FY 2014	Increase (Decrease)	% Incr. (Decr.)
Additions	\$ 2,342,815	\$ 2,496,812	\$ (153,997)	-6.17%
Deductions	2,302,030	2,487,485	(185,455)	-7.46%
Due to School Activity Groups - Beginning	482,196	472,869	9,327	1.97%
Due to School Activity Groups - Ending	<u>\$ 522,981</u>	<u>\$ 482,196</u>	<u>\$ 40,785</u>	<u>8.46%</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

General Fund Budgetary Highlights

Original budget compared to final budget

The FY 2015 General Fund budget increased \$4.7 million. The increase was in large part made possible by \$4 million in additional state aid. Despite the revenue increase, the Board was forced to eliminate an additional \$0.6 million of budget line items in order to offset on-going costs of doing business which exceeded \$4.4 million.

The Board did not have to revise the General Fund budget at any time during the year through categorical transfers, which would require County Council approval. The only transfers approved involved object level transfers which only require Board of Education approval. Major object level transfers included:

- \$328,220 – to fund the purchase of three (3) new Board owned school buses, three (3) used school buses, two (2) seven passenger vans to be used to transport students
- \$161,887 – to fund needed maintenance projects for our school facilities
- \$125,000 – to fund year-end systemic renovation projects

Final budget compared to actual results

Revenue estimates for budgetary purposes were very close to actual. The total variance was only \$176,378 or .1%, of total budgeted revenues.

Expenditure budget estimates exceeded actuals by \$1.68 million, or .99%. This excess was due in large part to salaries, wages and employee benefits under budget by \$1.3 million and operational and maintenance costs for plant and equipment less than budget by \$0.14 million.

Each year estimates for salaries, wages and fringe benefits are based upon staff employed at the time budgets are developed. The reality of budgeting for over 3,000 employees (approximately 2,400 salaried, 600 hourly) so far in advance of the actual expenditures is extremely difficult. This is in great part due to a large volume of turnover. For example, turnover amongst our approximately 1,250 teacher positions occur over the summer and during the school year and can result in as many as 100 new teacher hires. This can cause a significant budget variance, which was the case in FY 2015. To help mitigate this situation, we will continue to tweak our software modules for our Enterprise Resource Planning (ERP) system, Position Control, Position Budgeting, and Aesop, our substitute management software system. We believe these programs will continue to assist us greatly in providing better budget estimates in the future.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of FY 2015, the District had invested in a broad range of capital assets, including construction in progress, land, buildings and improvements, furniture, fixtures, equipment and vehicles, which net of depreciation equaled \$267.2 million. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$9.6 million.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

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 2016 CIP, submitted in October 2014 requested \$13.0 million from the county and \$19.6 million from the state for FY 2016 capital needs. The FY 2016 requests that were approved by the state and county are as follows:

- West Salisbury Replacement Project - \$1.2 million from the county to fund architectural and engineering fees to continue with drawings in order to seek Planning approval from the state in the FY 2017 CIP.
- Systemic Renovation Projects - \$7.4 million from the state and \$6.0 million from the county to fund various roofing, HVAC, and mechanical plant projects on various schools.
- Mardela Middle & High Athletic Track, Field & Grounds Project - \$827,000

FACTORS BEARING ON THE DISTRICT'S FUTURE

(1) Funding for education continues to be a concern of the Board of Education. FY 2015 County Council funding for education dropped again this year as a percentage of overall total general fund revenues to 23.8%, compared to 24.6% in FY 2014. In FY 2016 County Council funding as a percentage of total revenues has dropped once again to 23.3% of total revenues. With the advent of the state Maintenance of Effort (MOE) law and its stiff penalty, county governments are trending toward funding only the required MOE level. With this new approach to funding education by restricting their exposure to future funding levels, county governments are effectively limiting education funding to just MOE levels. This was in fact the case in Wicomico County for FY 2015 and FY 2016. Since the MOE calculation is based upon a prior years student count and does not factor in the impact of inflation, county funding for education must be addressed in order for our school system to effectively fund even the basic level of ongoing costs of doing business.

(2) As reported last year in this space, the County Council terminated the School Construction Savings Plan effective June 30, 2013. Without this funding device to accumulate year end funds remaining from savings in the myriad general fund budget line items, the ability of the Board to address emergency repairs or systemic renovations is restricted. Even more important the ability to match available State of Maryland awards for HVAC, roofing or lighting projects will be severely constrained. The Board remains committed to working with the County Executive and County Council to have the SCSP reinstated as soon as possible.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2015

(3) With the passage of SB 1301 in a special legislative session during the summer of 2012, the state now requires Boards of Education to remit to the state set amounts for FY 2015 through FY 2016 toward teacher pension costs:

FY15 - \$3.5 million, FY16 - \$4.1 million

The bill also requires local county governments to appropriate to local Boards of Education, in addition to MOE, set amounts to assist in funding these new costs:

FY15 - \$2.7 million, FY16 - \$3.2 million

Since the county appropriations do not completely cover the costs in FY15 and FY16, the legislature authorized school systems in FY15 and FY16 to retain amounts previously submitted to the Maryland State Retirement and Pension System to assist with offsetting the shortfall. The amount retained by the Board for FY 2015 was approximately \$0.85 million. Commencing in FY 2017, Boards of Education will be required to pay the "normal cost" of retirement for all qualifying employees based upon current salaries. At this point, early projections indicate our Board's pension cost for FY 2017 to be approximately \$5.1 million. Local county governments, on the other hand, will only be required to include in the minimum per pupil MOE calculation for FY 2017, the \$3.2 million from their FY 2016 established pension contribution. Therefore, as you can see, the additional funding requirement for pension costs in FY 2017 will have to come from other sources, once again restricting the school system's ability to fund classroom initiatives.

(4) Signed into law in 2012, Senate Bill 362 changed the age requirements for compulsory school attendance. Commencing in school year 2015-2016 the compulsory age for attendance will rise from 16 to 17 and then in school year 2017-2018 the compulsory age will rise once again to 18. Attempting to address the many issues that will face our school system as a result of these state mandates has yet to be fully realized. However, our school system anticipates greater demands impacting our Department of Student Services as a result of this new law. It is anticipated that additional resources will be needed not only for the Department of Student Services, but also for the Division of Instruction as together these departments attempt to meet the instructional needs of this segment of our student population which prior to this year did not exist.

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, 2424 Northgate Drive, Suite 100, Salisbury, MD 21802-1538

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 200	\$ 1,330	\$ 1,530
Investments - cash equivalents	26,932,321	-	26,932,321
Accounts receivable:			
School districts and other	504,037	4,902	508,939
Accrued interest on investments	1,894	-	1,894
Due from other governmental agencies	9,803,196	342,338	10,145,534
Internal balances	(1,357,048)	1,357,048	-
Inventories	-	1,446	1,446
Prepaid expenses	1,850,394	-	1,850,394
Capital assets:			
Construction in progress	66,212,904	-	66,212,904
Land	4,079,740	-	4,079,740
Buildings and improvements	269,073,431	-	269,073,431
Furniture, fixtures, equipment, and vehicles	40,868,446	2,220,554	43,089,000
Less: accumulated depreciation	(113,417,113)	(1,790,222)	(115,207,335)
Total capital assets, net of accumulated depreciation	<u>266,817,408</u>	<u>430,332</u>	<u>267,247,740</u>
TOTAL ASSETS	<u>304,552,402</u>	<u>2,137,396</u>	<u>306,689,798</u>
LIABILITIES			
Accounts payable:			
Retainage	1,363,959	-	1,363,959
Vendors	4,244,572	131,234	4,375,806
Payroll deductions and withholdings	11,072,561	-	11,072,561
Payable to external parties	669,438	-	669,438
Due to other governmental agencies	26,631	1,446	28,077
Accrued salaries	1,309,002	18,915	1,327,917
Unearned revenue	2,895,996	32,888	2,928,884
Short term portion of long term liabilities:			
Accrued compensated absences	262,678	-	262,678
Capital lease payable	1,158,010	22,371	1,180,381
Long term liabilities:			
Accrued compensated absences	2,433,217	-	2,433,217
Capital lease payable	1,080,519	45,478	1,125,997
Net pension liability	3,715,000	-	3,715,000
TOTAL LIABILITIES	<u>30,231,583</u>	<u>252,332</u>	<u>30,483,915</u>
NET POSITION			
Net investment in capital assets	264,578,879	362,483	264,941,362
Restricted for:			
Rate stabilization reserve	4,414,258	-	4,414,258
Capital projects	3,042,002	-	3,042,002
Unrestricted	2,285,680	1,522,581	3,808,261
TOTAL NET POSITION	<u>\$ 274,320,819</u>	<u>\$ 1,885,064</u>	<u>\$ 276,205,883</u>

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

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
Current:				
Administration	\$ 6,342,827	\$ 19,523	\$ 813,603	\$ -
Instructional services	135,148,455	183,092	17,936,497	20,038,839
Special education	26,032,772	-	12,902,498	-
Student personnel services	2,990,897	-	164,441	-
Health services	2,186,512	-	171,528	-
Student transportation	8,997,945	-	5,393,111	-
Operation of plant and equipment	15,360,888	110,906	605,286	-
Maintenance of plant	4,621,848	-	156,207	-
Food services	44,111	-	44,111	-
Community services	307,821	44,434	107,768	-
Interest expense	29,925	-	-	-
Total Governmental Activities	202,064,001	357,955	38,295,050	20,038,839
Business-Type Activities				
Food Service	7,333,119	1,167,633	5,585,544	-
Total Business-Type Activities	7,333,119	1,167,633	5,585,544	-
Totals	\$ 209,397,120	\$ 1,525,588	\$ 43,880,594	\$ 20,038,839

General Revenues

Wicomico County appropriations
State of Maryland
Other revenue

Total General Revenues

Transfers

Change in Net Position

Net Position - beginning of year, as restated

Net Position - end of year

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

Net (Expenses) Revenue
and changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,509,701)	\$ -	\$ (5,509,701)
(96,990,027)	-	(96,990,027)
(13,130,274)	-	(13,130,274)
(2,826,456)	-	(2,826,456)
(2,014,984)	-	(2,014,984)
(3,604,834)	-	(3,604,834)
(14,644,696)	-	(14,644,696)
(4,465,641)	-	(4,465,641)
-	-	-
(155,619)	-	(155,619)
(29,925)	-	(29,925)
<u>(143,372,157)</u>	<u>-</u>	<u>(143,372,157)</u>
-	(579,942)	(579,942)
-	(579,942)	(579,942)
<u>(143,372,157)</u>	<u>(579,942)</u>	<u>(143,952,099)</u>
40,396,119	-	40,396,119
115,181,027	-	115,181,027
145,210	-	145,210
<u>155,722,356</u>	<u>-</u>	<u>155,722,356</u>
(675,000)	675,000	-
11,675,199	95,058	11,770,257
<u>262,645,620</u>	<u>1,790,006</u>	<u>264,435,626</u>
<u>\$ 274,320,819</u>	<u>\$ 1,885,064</u>	<u>\$ 276,205,883</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	Total Governmental Funds
ASSETS				
Cash	\$ 200	\$ -	\$ -	\$ 200
Investments - cash equivalents	26,932,321	-	-	26,932,321
Accounts receivable:				
School districts and other	455,074	546	48,417	504,037
Accrued interest on investments	1,894	-	-	1,894
Due from other governmental agencies	420,335	2,197,983	7,184,878	9,803,196
Due from other funds	-	1,250,997	-	1,250,997
TOTAL ASSETS	\$ 27,809,824	\$ 3,449,526	\$ 7,233,295	\$ 38,492,645
LIABILITIES AND FUND BALANCES				
Accounts payable:				
Retainage	\$ -	\$ -	\$ 1,363,959	\$ 1,363,959
Vendors	1,220,408	269,143	2,755,021	4,244,572
Payroll deductions and withholdings	11,072,561	-	-	11,072,561
Due to other funds	3,205,170	-	72,313	3,277,483
Accrued salaries and other	1,126,303	182,699	-	1,309,002
Accrued compensated absences	262,678	-	-	262,678
Deferred revenue	50,500	2,845,496	-	2,895,996
Due to other governmental agencies	-	26,631	-	26,631
TOTAL LIABILITIES	16,937,620	3,323,969	4,191,293	24,452,882
FUND BALANCES				
Restricted for fund purposes	-	125,557	3,042,002	3,167,559
Committed:				
Healthcare rate stabilization reserve	3,889,699	-	-	3,889,699
Assigned to:				
Healthcare rate stabilization reserve	524,559	-	-	524,559
Subsequent year expenditures	1,868,130	-	-	1,868,130
Other purposes (encumbrances)	3,010,472	-	-	3,010,472
Unassigned	1,579,344	-	-	1,579,344
Total fund balances	10,872,204	125,557	3,042,002	14,039,763
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,809,824	\$ 3,449,526	\$ 7,233,295	\$ 38,492,645

The Notes to the Basic 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 POSITION
GOVERNMENTAL FUNDS

June 30, 2015

Total Governmental Funds Balances \$ 14,039,763

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

Pre-payment of post-employment health care benefits 1,850,394

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the
governmental fund financial statements 266,817,408

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds

Accrued compensated absences (2,433,217)

Net pension liability (3,715,000)

Capital lease payable (2,238,529)

(8,386,746)

Net Position of Governmental Activities \$ 274,320,819

The Notes to the Basic 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, 2015

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	Total Governmental Funds
REVENUES				
Wicomico County appropriations				
Operations	\$ 37,676,790	\$ -	\$ -	\$ 37,676,790
Local share of State pension	2,719,329	-	-	2,719,329
Other local revenue	471,671	291,095	-	762,766
State of Maryland	127,213,062	1,598,720	2,928,316	131,740,098
State of Maryland retirement and pension contribution	12,071,377	-	-	12,071,377
Federal through state	-	12,334,107	-	12,334,107
Other sources	31,494	65,838	17,012,401	17,109,733
TOTAL REVENUES	180,183,723	14,289,760	19,940,717	214,414,200
EXPENDITURES				
Current:				
Administration	4,287,502	378,239	-	4,665,741
School management and support	12,011,829	187,451	-	12,199,280
Instructional salaries and wages	65,627,572	4,648,437	-	70,276,009
Textbooks and instructional supplies	2,597,333	1,486,513	-	4,083,846
Other instructional costs	1,584,421	1,194,750	-	2,779,171
Special education	15,033,960	3,148,167	-	18,182,127
Student personnel services	2,278,463	-	-	2,278,463
Health services	1,511,808	17,750	-	1,529,558
Student transportation	8,253,578	262,312	-	8,515,890
Operation of plant and equipment	12,191,814	3,814	-	12,195,628
Maintenance of plant	3,908,177	-	-	3,908,177
Fixed charges	35,560,157	1,945,699	-	37,505,856
Food services	-	42,660	-	42,660
Community services	182,494	88,240	-	270,734
Capital outlay	3,455,121	39,742	22,235,071	25,729,934
Debt service				
Capital lease principal	1,639,287	-	-	1,639,287
Capital lease interest	29,925	-	-	29,925
State of Maryland share of retirement and pension contribution	12,071,377	-	-	12,071,377
TOTAL EXPENDITURES	182,224,818	13,443,774	22,235,071	217,903,663
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	(2,041,095)	845,986	(2,294,354)	(3,489,463)
OTHER FINANCING SOURCES (USES)				
Payment for insurance settlement	(74,505)	-	-	(74,505)
Capital lease proceeds	1,277,114	-	-	1,277,114
Interfund transfers - special revenue	802,998	(802,998)	-	-
Interfund transfers - food services	(675,000)	-	-	(675,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,330,607	(802,998)	-	527,609
Net change in fund balances	(710,488)	42,988	(2,294,354)	(2,961,854)
Fund balances - beginning of year	11,582,692	82,569	5,336,356	17,001,617
Fund balances - end of year	\$ 10,872,204	\$ 125,557	\$ 3,042,002	\$ 14,039,763

The Notes to the Basic 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, 2015

Net change in fund balances-total Governmental Funds \$ (2,961,854)

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	25,392,163	
Current year depreciation	(9,510,705)	
Total	15,881,458	15,881,458

Loss on disposal of assets (4,351)

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 long-term accrued compensated absences	225,722	
Decrease in pre-funded post-employment health care benefits	(279,308)	
Increase in net pension liability	(1,548,641)	

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

362,173

Change in net position of Governmental Activities \$ 11,675,199

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

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 June 30, 2015

	<u>Business-Type Activities</u>
	<u>Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,330
Due from other funds	1,357,048
Due from other governments	342,338
Accounts receivable - other	4,902
Inventories	<u>1,446</u>
Total current assets	<u>1,707,064</u>
Capital assets, net	<u>430,332</u>
TOTAL ASSETS	<u>2,137,396</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	150,149
Due to other governmental agencies	1,446
Unearned revenue	32,888
Short term portion of capital lease payable	<u>22,371</u>
Total current liabilities	206,854
Long term portion of capital lease payable	<u>45,478</u>
TOTAL LIABILITIES	<u>252,332</u>
NET POSITION	
Net investment in capital assets	362,483
Unrestricted	<u>1,522,581</u>
TOTAL NET POSITION	<u>\$ 1,885,064</u>

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

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2015

	Business-Type Activities
	<u>Food Service</u>
OPERATING REVENUES	
Food service sales	<u>\$ 1,167,633</u>
OPERATING EXPENSES	
Salaries and wages	2,281,264
Contracted services	86,114
Supplies and materials	3,885,255
Other charges	1,030,131
Depreciation	50,355
TOTAL OPERATING EXPENSES	<u>7,333,119</u>
OPERATING LOSS	(6,165,486)
NON-OPERATING REVENUES (EXPENSES)	
State of Maryland:	
Reimbursement of food costs	170,154
Federal through State:	
Reimbursement of food costs	5,055,754
Donation of food commodities	359,636
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>5,585,544</u>
Change in net position before contributions and transfers	(579,942)
TRANSFERS IN	<u>675,000</u>
Change in net position	95,058
Net position - beginning of year	<u>1,790,006</u>
Net position - end of year	<u>\$ 1,885,064</u>

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

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user charges	\$ 1,046,799
Cash payments to employees for services, fringe benefits	(2,592,651)
Cash payments for health and other insurances	(719,627)
Cash payments to suppliers for goods and services	(3,465,913)
Cash payments for facility use and maintenance	(86,114)
Net cash used in operating activities	(5,817,506)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Nonoperating grants received	5,225,908
Interfund transfers	675,000
Net cash provided by noncapital financing activities	5,900,908
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of equipment	(151,251)
Proceeds from capital lease obligation	90,960
Principal payment on capital lease obligation	(23,111)
Net cash used in capital and related financing activities	(83,402)
Net change in cash	-
Cash and investments - beginning of year	1,330
Cash and investments - end of year	\$ 1,330

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

Operating Loss	\$ (6,165,486)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	50,355
Commodities used	359,636
(Increase) decrease in assets:	
Inventories	3,451
Receivables	(120,834)
(Decrease) increase in liabilities:	
Accounts payable and accrued liabilities	54,165
Unearned revenue and due to other governments	1,207
Total adjustments	347,980
Net cash used in operating activities	\$ (5,817,506)

Noncash items:

Donation of food commodities	\$ 359,636
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The Notes to the Basic Financial Statements are an integral part of this statement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2015

	Pension and Retiree Health Plan <u>Trust Funds</u>	Private Purpose <u>Trust Fund</u>	<u>AGENCY FUND</u> School Activities <u>Fund</u>
ASSETS			
Cash	\$ 2,539,256	\$ -	\$ 37,259
Due from other funds	-	169,502	499,936
Accounts receivable	-	-	106
Trust investments			
Government bonds	6,891,407	-	-
Commercial paper	194,474	-	-
Mortgage loans	672,374	-	-
Corporate bonds	8,126,469	-	-
Common stock	21,645,946	4,709	-
Other	95,577	-	-
Accrued contributions	98,080	-	-
	<hr/>		
Total assets	40,263,583	174,211	537,301
	<hr/>		
LIABILITIES			
Accounts payable	-	525	14,320
Due to school activity groups	-	-	522,981
	<hr/>		
Total liabilities	-	525	537,301
	<hr/>		
NET POSITION			
Held in Trust for:			
Retirement and other benefits	40,263,583	-	-
Scholarships, etc.	-	173,686	-
	<hr/>		
Total net position	\$ 40,263,583	\$ 173,686	\$ -
	<hr/>		

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

THE BOARD OF EDUCATION OF WICOMICO COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2015

	<u>Pension and Retiree Health Plan Trust Funds</u>	<u>Private Purpose Trust Fund - Scholarship Memorials</u>
ADDITIONS		
Contributions:		
Donations	\$ -	\$ 29,886
Employer contributions	1,331,327	-
Plan member contributions	381,911	-
Total contributions	1,713,238	29,886
Investment earnings:		
Interest and dividends	965,324	97
Increase in fair value of investments	-	220
Total investment earnings	965,324	317
Total additions	2,678,562	30,203
DEDUCTIONS		
Scholarships, etc.	-	33,830
Pension benefit payments	1,383,082	-
Administrative expenses	204,972	-
Decrease in fair value of investments	579,456	-
Total deductions	2,167,510	33,830
Change in net position	511,052	(3,627)
Net position - beginning of year, as restated	39,752,531	177,313
Net position - end of year	\$ 40,263,583	\$ 173,686

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

NOTES TO THE BASIC 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.

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 position 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 position 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 or borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds and are netted for presentation purposes (see Note 3).

The statement of net position 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, and grants and contributions that are restricted to meeting the operational or capital requirements of 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 program or governmental function is self-financing or draws from general revenues of the Board.

NOTES TO THE BASIC 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.

Special Revenue 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, Instructional Resource Center, and Transportation funds are also included as special revenue funds.

Capital Projects Fund - Capital Projects (School Construction) 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 position, 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 Activities 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 THE BASIC 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) Retirement Plan.

Retiree Health Plan (OPEB) Trust Fund – The Board is the trustee for the assets held in an other-post-employment benefit plan for health insurance 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 position.

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 and fiduciary 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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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 THE BASIC 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/Unearned revenue – Deferred/unearned 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 due to other governmental agencies.

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 position 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 position and in the proprietary fund statement of net position.

NOTES TO THE BASIC 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

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 Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets 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 position is 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 positions are available.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

L. Fund Balance

Fund balances are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable (i.e. inventory or long term receivables), restricted (by external parties or legislation), committed (by resolution of the Board of Education), assigned (by management approval for specific purposes) 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 (the highest level of authority). Such limitations could only be imposed with formal action of the Board of Education in the form of a vote at a regular or special Board meeting that either establishes, modifies or rescinds the limitation imposed. Assigned fund balance is a limitation imposed by a designee of the Board in accordance with Board of Education policy. Constraints imposed on the use of assigned amounts do not rise to the level required to be classified as restricted or committed. 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. The Board's procedure for fund balance spending is for committed fund balances to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Board's policy for assigned and unassigned fund balance is driven by legislation at the state and local government level. Fund balance assigned to subsequent years expenditures is governed by current state law that dictates that the unassigned fund balance from the previous year must be added to other estimated receipts to create the source of current expense revenues for the following budget year. For example, fiscal year 2015 unassigned fund balance becomes assigned fund balance for fiscal year 2017.

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 represent resources moved between funds (refer to Note 3).

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are reported as assigned fund balance in the governmental fund financial statements. As of June 30, 2015, significant encumbrances were assigned for purchases of textbooks and instructional supplies, classroom technology, and school improvement (capital outlay and maintenance). These encumbrances 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. As of June 30, 2015, encumbrances outstanding totaled \$3,010,472, compared to \$3,691,290 in the prior year, and included the following functions:

Function	Amount
Administration	\$ 235,969
School management and support	163,564
Textbooks and instructional supplies	203,873
Other instructional costs	136,546
Special education	53,001
Student personnel services	33
Health services	3,717
Student transportation	164,600
Operation of plant and equipment	375,643
Maintenance of plant	766,157
Community services	25,255
Capital outlay	879,767
Encumbrances recorded as expenditures	3,008,125
Due from schools	2,347
Total encumbrances	\$ 3,010,472

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.

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%

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

The policy requires collateralization for certificates of deposit and repurchase agreements. Such collateral must be at least 102% of fair 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, 2015, the Board's non-pension funds were invested as follows:

	Carrying Value	Bank Balance
Cash	\$ 1,530	\$ 1,923,808
Investments - cash equivalents	26,932,321	26,932,321

At June 30, 2015, the Board had bank deposits totaling \$1,923,808 with a carrying value of \$1,530. The Board is party to a security and custodial agreement with its bank wherein deposits exceeding the amounts insured by the Federal Deposit Insurance Corporation (FDIC) are collateralized by pledged securities held in the Board's name at The Bank of New York Mellon. As of June 30, 2015, the bank deposits were fully insured or collateralized. The bank balances were exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateral held by pledging bank's trust department in the Board's name	1,673,808
Uninsured and collateral held by pledging bank's trust department not in the Board's name	-
	\$ 1,923,808

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.

The fair value of the pool is the same as the value of the pool shares. Investments are recorded at cost, which approximates fair value. Investments in MLGIP totaled \$26,932,321 at June 30, 2015 with \$4,414,258 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 Bank of New York Mellon (BNY Mellon), Aetna Insurance Company and Janus in the Board's name. The Board's Retiree Health Plan Trust investments are held at BNY Mellon in the Board's name.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

Pension and other trust funds are invested as follows:

	<u>Pension Trust</u>		<u>401(a)</u>	<u>Retiree Health</u>	<u>Total</u>
	<u>BNY Mellon</u>	<u>AETNA</u>	<u>Janus</u>	<u>Plan Trust</u>	
				<u>BNY Mellon</u>	
Cash and equivalents	\$ 1,284,136	\$ 16,199	\$ 193,321	\$ 1,045,600	\$ 2,539,256
Government bonds	3,353,453	112,743	524,214	2,900,997	6,891,407
Commercial paper (less than 1 year)	-	194,474	-	-	194,474
Mortgage loans	-	307,128	365,246	-	672,374
Corporate bonds	3,794,523	1,183,806	538,970	2,609,170	8,126,469
Common stock	11,168,450	-	2,090,494	8,387,002	21,645,946
Other	-	-	95,577	-	95,577
Total	<u>\$ 19,600,562</u>	<u>\$ 1,814,350</u>	<u>\$ 3,807,822</u>	<u>\$ 14,942,769</u>	<u>\$ 40,165,503</u>

Corporate bonds held at June 30, 2015 are rated by Standard & Poor's as follows:

<u>Rating</u>	<u>Percent of Corporate Bond Portfolio</u>			
	<u>Pension Trust</u>		<u>401(a)</u>	<u>Retiree Health</u>
	<u>BNY Mellon</u>	<u>AETNA</u>	<u>Janus</u>	<u>Plan Trust</u>
				<u>BNY Mellon</u>
AAA	5.42%		37.27%	5.75%
AA+	3.59%			2.92%
AA	5.64%		17.85%	4.44%
AA-	18.34%	18.84%		23.75%
A+	15.16%			14.63%
A	41.01%	20.29%	4.00%	42.31%
A-				
BBB+	5.60%	20.29%		3.92%
BBB	5.24%		26.51%	2.28%
BBB-		40.58%		
BB			11.50%	
B			1.45%	
Not Rated			1.42%	

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

PENSION TRUST:

BNY Mellon:

Corporate bond issues held at June 30, 2015 are as follows:

Par Value	Description	Coupon Rate	Due
\$70,000	Baker Hughes Inc.	7.50%	11/15/18
\$70,000	Becton Dickinson	1.75%	11/08/16
\$80,000	Berkshire Hathaway	1.60%	05/15/17
\$85,000	BP Capital Markets	3.13%	10/01/15
\$185,000	Caterpillar Inc.	5.45%	04/15/18
\$200,000	Charles Schwab Corp	4.45%	07/22/20
\$45,000	Cisco Systems Inc.	5.50%	02/22/16
\$200,000	Cisco Systems Inc.	2.13%	03/01/19
\$95,000	Coca-Cola Co.	1.50%	11/15/15
\$95,000	Colgate-Palmolive	3.15%	08/05/15
\$45,000	ConocoPhillips Corp.	5.20%	05/15/18
\$170,000	Costco Wholesale Corp.	1.13%	12/15/17
\$25,000	Deere & Co.	8.50%	01/09/22
\$160,000	Deere Capital Corp.	2.00%	01/13/17
\$45,000	Dupont El De Nemours	6.00%	07/15/18
\$200,000	Franklin Resources Inc.	4.63%	05/20/20
\$125,000	General Electric Co.	5.25%	12/06/17
\$125,000	GTE Corp	6.84%	04/15/18
\$120,000	IBM Corp.	5.70%	09/14/17
\$70,000	Intel Corp.	1.95%	10/01/16
\$185,000	Johnson & Johnson	5.15%	07/15/18
\$100,000	Medtronic Inc.	4.75%	09/15/15
\$60,000	Nucor Corp.	5.75%	12/01/17
\$170,000	Occidental Petroleum	1.75%	02/15/17
\$150,000	PepsiCo Inc.	7.90%	11/01/18
\$30,000	Pharmacia Corp.	8.70%	10/15/21
\$135,000	Pitney Bowes Inc.	4.75%	05/15/18
\$200,000	Qualcomm Inc.	3.00%	05/20/22
\$85,000	Texas Instruments Inc.	2.38%	05/16/16
\$95,000	The Walt Disney Company	1.35%	08/16/16
\$45,000	United Parcel Service	5.50%	01/15/18
\$50,000	United Technologies Corp.	5.38%	12/15/17
\$50,000	Washington Post Co.	7.25%	02/01/19

AETNA:

Corporate bond issues held at June 30, 2015 are as follows:

	Percent of Holdings
Ford Motor Company	21.74%
Anheuser-Busch	20.29%
Republic of Italy	20.29%
Kinder Morgan Inc.	18.84%
Kingdom of Norway	18.84%

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

401(a):

Janus:

Corporate bond issues held at June 30, 2015 are as follows:

	Percent of Holdings
Janus Balanced Fund T (JABAX)	100.00%
Average duration 5.09 years	

RETIREE HEALTH PLAN TRUST:

BNY Mellon:

Corporate bond issues held at June 30, 2015 are as follows:

Par Value	Description	Coupon Rate	Due
\$20,000	Baker Hughes Inc.	7.50%	11/15/18
\$45,000	Becton Dickinson	1.75%	11/08/16
\$55,000	Berkshire Hathaway	1.60%	05/15/17
\$60,000	BP Capital Markets	3.13%	10/01/15
\$135,000	Caterpillar Inc	5.45%	04/15/18
\$150,000	Charles Schwab Corp.	4.45%	07/22/20
\$15,000	Cisco Systems Inc.	5.50%	02/22/16
\$160,000	Cisco Systems Inc.	2.13%	03/01/19
\$60,000	Coca-Cola Co.	1.50%	11/15/15
\$60,000	Colgate-Palmolive	3.15%	08/05/15
\$15,000	ConocoPhillips Corp.	5.20%	05/15/18
\$110,000	Costco Wholesale	1.13%	12/15/17
\$125,000	Deere Capital Corp	2.00%	01/13/17
\$15,000	Dupont El De Nemours	6.00%	07/15/18
\$150,000	Franklin Resources Inc.	4.63%	05/20/20
\$70,000	General Electric Co.	5.25%	12/06/17
\$50,000	GTE Corp debs	6.84%	04/15/18
\$60,000	IBM Corp.	5.70%	09/14/17
\$45,000	Intel Corp	1.95%	10/01/16
\$135,000	Johnson & Johnson	5.15%	07/15/18
\$85,000	JPMorgan Chase Bank NA	5.88%	06/13/16
\$150,000	Mastercard Inc.	2.00%	04/01/19
\$20,000	Nucor Corp	5.75%	12/01/17
\$110,000	Occidental Petroleum	1.75%	02/15/17
\$80,000	PepsiCo Inc.	7.90%	11/01/18
\$35,000	Pitney Bowes Inc.	4.75%	05/15/18
\$150,000	Qualcomm Inc.	3.00%	05/20/22
\$60,000	Texas Instruments Inc.	2.38%	05/16/16
\$60,000	The Walt Disney Company	1.35%	08/16/16
\$150,000	Toyota Motor Credit Corp	2.00%	10/24/18
\$15,000	United Parcel Service	5.50%	01/15/18
\$15,000	United Technologies Corp.	5.38%	12/15/17
\$20,000	Washington Post Co.	7.25%	02/01/19

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Interfund Receivables and Payables

At June 30, 2015, the interfund account balances are as follows:

	Due From Other Funds	Due To Other Funds
GOVERNMENTAL ACTIVITIES:		
General Fund		
Due to Food Service Fund	\$ -	\$ 1,357,048
Due to Special Revenue Fund	-	1,250,997
Due from Capital Projects Fund	72,313	-
Due to School Activities Fund	-	499,936
Due to Trust Fund	-	169,502
Special Revenue Fund		
Due from General Fund	1,250,997	-
Capital Projects Fund		
Due to General Fund	-	72,313
BUSINESS-TYPE ACTIVITIES		
Enterprise Fund		
Due from General Fund	1,357,048	-
FIDUCIARY NET POSITION		
Due from General Fund	669,438	-
TOTAL ALL FUNDS	\$ 3,349,796	\$ 3,349,796

Due to/from other funds represent advances of cash for operating needs. Transfers of \$675,000 from the General Fund to the Food Services Fund are to supplement wages and benefits and transfers of \$802,998 from the Special Revenue Fund to the General Fund are for internal services provided, including pension and indirect costs charged to restricted grants and print shop fees.

Note 4. Due to/from Other Governmental Agencies

Due to/from other governmental agencies is as follows:

	GOVERNMENTAL ACTIVITIES				BUSINESS- TYPE ACTIVITIES
	General Fund	Special Revenue	Capital Projects	Total	Food Services
Due from Federal	\$ -	\$ 1,998,849	\$ -	\$ 1,998,849	\$ 332,308
Due from State	420,335	199,134	829,703	1,449,172	10,030
Due from local and other	-	-	6,355,175	6,355,175	-
Total due from other governmental agencies	\$ 420,335	\$ 2,197,983	\$ 7,184,878	\$ 9,803,196	\$ 342,338
Due to Federal	\$ -	\$ 10,961	\$ -	\$ 10,961	\$ 1,446
Due to State	-	15,419	-	15,419	-
Due to local and other	-	251	-	251	-
Total due to other governmental agencies	\$ -	\$ 26,631	\$ -	\$ 26,631	\$ 1,446

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deductions	Transfers	Balance June 30, 2015
Governmental Activities					
Capital Assets, not being depreciated					
Land	\$ 4,079,740	\$ -	\$ -	\$ -	\$ 4,079,740
Construction in progress	48,473,622	22,613,640	-	(4,874,358)	66,212,904
Total capital assets, not being depreciated	<u>52,553,362</u>	<u>22,613,640</u>	<u>-</u>	<u>(4,874,358)</u>	<u>70,292,644</u>
Capital assets, being depreciated					
Buildings and improvements	264,328,463	215,051	-	4,529,917	269,073,431
Furniture and equipment	36,088,513	1,999,484	(50,856)	344,441	38,381,582
Vehicles	1,990,061	563,988	(67,185)	-	2,486,864
Total capital assets, being depreciated	<u>302,407,037</u>	<u>2,778,523</u>	<u>(118,041)</u>	<u>4,874,358</u>	<u>309,941,877</u>
Less accumulated depreciation:					
Buildings and improvements	(77,267,443)	(6,198,353)	-	-	(83,465,796)
Furniture and equipment	(25,503,148)	(3,118,319)	47,523	-	(28,573,944)
Vehicles	(1,249,507)	(194,033)	66,167	-	(1,377,373)
Total accumulated depreciation	<u>(104,020,098)</u>	<u>(9,510,705)</u>	<u>113,690</u>	<u>-</u>	<u>(113,417,113)</u>
Total capital assets, being depreciated, net	<u>198,386,939</u>	<u>(6,732,182)</u>	<u>(4,351)</u>	<u>4,874,358</u>	<u>196,524,764</u>
Governmental activities capital assets, net	<u>\$ 250,940,301</u>	<u>\$ 15,881,458</u>	<u>\$ (4,351)</u>	<u>\$ -</u>	<u>\$ 266,817,408</u>
Business-type activities					
Equipment	\$ 2,069,303	\$ 151,251	\$ -	\$ -	\$ 2,220,554
Accumulated depreciation	(1,739,867)	(50,355)	-	-	(1,790,222)
Business-type activities capital assets, net	<u>\$ 329,436</u>	<u>\$ 100,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,332</u>

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 99,335
Instructional services	8,553,293
Special Education	44,571
Student Personnel Services	13,738
Health Services	7,180
Student transportation	147,674
Operation of plant and equipment	590,306
Maintenance of plant	48,681
Community Services	5,927
Total governmental depreciation expense	<u>9,510,705</u>

Depreciation expense was charged to business-type functions as follows:

Food service	50,355
Total business-type depreciation expense	<u>50,355</u>
Total depreciation expense	<u>\$ 9,561,060</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 6. Health Insurance Reserves

The Board entered into a public entities health care consortium with the City of Salisbury (COS) 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. Effective September 2011, each entity agreed to increase the rate stabilization reserve to 14% of average annual premiums. The Board determines how to use the amount of reserve which exceeds 14% of average annual premiums. Each year the health care provider will produce an annual settlement for all entities. If there is an experience loss, funding will come from the entities based on their individual experience. Settlement among the group will occur within four months after August 31st each year.

For the year ended June 30, 2015, the health insurance reserve had the following activity:

Balance at July 1, 2014	\$ 5,723,272
Subsidy for rate increase	(1,180,000)
Insurance settlement - 2014	(74,505)
Interest earned	2,404
Consulting and other expenditures	<u>(56,913)</u>
Balance at June 30, 2015	<u>\$ 4,414,258</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 7% of the actual monthly premiums paid in the current fiscal year. The health insurance contract is based on a fiscal year of September 1st through August 31st. For the period ended August 31, 2014, the Board's share of the consortium's settlement was a deficit of \$74,505. These amounts were included as other financing sources (uses) during the year ended June 30, 2015.

Note 7. Post-Retirement Health Care Benefits

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.

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 730 retirees who have worked for at least five years are eligible to participate in the post-retirement benefit program.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 7. Post-Retirement Health Care Benefits (Continued)

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to pre-fund benefits as determined annually. For the current fiscal year, the Board contributed \$3.89 million, including approximately \$3.16 million for current claim costs (approximately 70% of total premiums); an additional \$609 thousand to pre-fund benefits and an estimated retiree subsidy of \$121 thousand. Plan members receiving benefits contributed approximately 30% of total premiums, through their required contributions of \$203 per month for retirees-only coverage (if under 65), \$142 per month for retirees-only coverage (if 65 or older) and \$1,091 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 No. 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		\$ 4,153,343
Interest on net OPEB obligation		(159,727)
Adjustment to annual required contribution		<u>171,800</u>
Annual OPEB cost (expense)		4,165,416
Contributions made:		
Premium equivalency & retiree subsidy payments from General Fund	(3,276,986)	
Prefunding contribution	<u>(609,122)</u>	
Total contributions made		<u>(3,886,108)</u>
Net change in OPEB obligation (asset)		279,308
Net OPEB obligation (asset) - beginning of year		<u>(2,129,702)</u>
Net OPEB obligation (asset) - end of year		<u><u>\$ (1,850,394)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 7. Post-Retirement Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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

Year Ended June 30,	Annual OPEB Cost	Annual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation {Asset}
2013	\$ 4,143,013	\$ 3,984,000	96.16%	\$ (2,304,291)
2014	4,062,589	3,888,000	95.70%	(2,129,702)
2015	4,165,416	3,886,108	93.29%	(1,850,394)

Payments for the net OPEB obligation have typically been liquidated in the General Fund in prior years.

Funding Status and Funding Progress

As of July 2014, the most recent actuarial valuation date, the plan was 22.8% funded. The actuarial accrued liability for benefits was \$62,766,537 and the actuarial value of assets was \$14,332,500 resulting in an unfunded actuarial accrued liability (UAAL) of \$48,434,037. The covered payroll (annual payroll of active employees covered by the plan) was \$107,382,505 and the ratio of the UAAL to the covered payroll was 45.1%.

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 2014 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. Implicit in the investment return, salary scale and trend rate assumption is an underlying general rate of inflation assumption of 2.5%. 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, 2014 was 30 years.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 8. 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 the 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.

Note 9. 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

Plan Description

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits. The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. Responsibility for the System's administration and operation is vested in a 15 member Board of Trustees. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at www.sra.maryland.gov.

The System's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Teachers' Retirement System and the Teachers' Pension System (continued)

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. The State of Maryland pays the unfunded liability for the Teachers' Systems. Total contributions paid by the State to the Plan for the year ended June 30, 2015 were \$12,071,377. On-behalf payments are recognized as revenues and expenditures in the Board's general fund. The Board has no contingent liability for funding deficits in the system should such occur.

In addition to the above contribution, during fiscal year 2015, in accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay the State a specified percentage of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. The specified percentage increases each fiscal year, until fiscal year 2017, when the Board will be paying 100% of the normal cost for each teacher. As contractually required, during fiscal year 2015, the Board contributed \$3,524,616 to the Teachers' Retirement and Pension System, or 85% of the normal cost.

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 and months of accumulated creditable service. A member may retire with reduced benefits after completing 25 years of creditable service regardless of age. Retirement allowances are adjusted each year based on the Consumer Price Index. Cost-of-living adjustments (COLAs) are applied to all allowances payable for the year, however, the method by which the COLA is computed depends upon elections made by members and is tied to member contributions.

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.

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 contributed \$12,071,377 on behalf of the Board while the Board contributed \$3,524,616 during fiscal year 2015 as a direct result of Maryland Senate Bill 1301. On-behalf payments are recognized as revenues and expenditures in the Board's general fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Teachers' Retirement System and the Teachers' Pension System (continued)

Significant Plan Benefits and Policies (continued)

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 pension allowance. The annual pension allowance is equal to 1.2% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued prior to July 1, 1998 and 1.8% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued on or after July 1, 1998. Members are eligible for early service pension allowances upon attaining age 55 with at least 15 years of eligibility service.

Vested Allowance:

A member terminating employment before attaining retirement age, but after completing 5 years of eligibility service, becomes eligible for a vested pension 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:

Effective July 1, 2011, members of the Teachers' Pension System are required to contribute to the systems 7% of their regular salaries and wages up to the social security wage base in the year ending June 30, 2015. The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

For members enrolled on and after July 1, 2011, the employee contribution is 7%; vesting requires ten years of eligible service; service retirement is at age 65 with ten years of eligibility service or based on the Rule of 90 (age and service must equal 90); early service retirement is age 60 with 15 years of eligibility service; average final compensation is a five year average; and the benefit multiplier per year is 1.5%.

The State of Maryland contributed \$12,071,377 on behalf of the Board while the Board contributed \$3,524,616 during fiscal year 2015 as a direct result of Maryland Senate Bill 1301. On-behalf payments are recognized as revenues and expenditures in the Board's general fund.

Employer's Payroll Covered Under the Plan

The employer's payroll for the year ended June 30, 2015 and payroll covered under the Teachers' Retirement and Pension Systems is as follows:

Total payroll	\$ 115,826,167
Payroll covered under the plan	\$ 95,262,765

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. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at www.sra.maryland.gov.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Teachers' Retirement System and the Teachers' Pension System (continued)

Pension Liabilities and Pension Expense

Because the State of Maryland pays the unfunded liability for the Teachers' Retirement and Pension Systems and the Board pays the normal cost for the Teachers' Systems, the Board is not required to record its' share of the unfunded pension liability for the Teachers' Systems, the State of Maryland is required to record that liability. Total pension expense related to the Teachers' Systems totaled \$3,524,616 for the year ended June 30, 2015, the Board's required portion of the normal cost.

The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

	2015	
Board's proportionate share of the net pension liability (Employees' Systems)	\$	-
State's proportionate share of the net pension liability (Teachers' Systems)		<u>87,166,955</u>
Total	\$	87,166,955

Additional information, including actuarial assumptions, investment allocation, rate of returns, discount rate, sensitivity measures, and ten year historical trends, can be obtained from the separately issued State Retirement and Pension System of Maryland Annual Financial Report. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at www.sra.maryland.gov.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. 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.

The Plan's financial statements, as reported in the Schedule of Fiduciary Net Position, are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the Board of Education has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 52% equities, 6% cash and cash equivalents, and 42% fixed income securities on a cost basis valued at year end.

The annual contribution to the plan will be determined by the Wicomico County Board of Education as part of its annual budget. The contribution must be deposited monthly and the funding goal will be the greater of the following:

- 1) The level contribution required to fund all current and future benefits promised to current plan participants over the next 20 years, or
- 2) 7.00% of the salaries of eligible Plan participants

A Board of Trustees (Trustees) was established to oversee the implementation of and adherence to the Investment Policy and to oversee the Investment Manager. The Trustees will oversee the general investment philosophy; provide oversight of the Investment Manager; and inform the Employers, or designees of the Employers, of the plan performance on a quarterly basis. Compliance with the Trust Agreement will be required.

Significant Plan Benefits and Policies

The specific benefit provisions of the Board of Education's plan were established by the adoption of the plan document. The plan provides for benefits upon retirement, death, disablement and termination of employment, if certain eligibility conditions are met.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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

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, 2015 and payroll covered, as of the latest actuarial valuation, under the Plan is as follows:

Total payroll	\$ 115,826,167
Payroll covered under the plan	\$ 9,616,697

Plan membership at July 1, 2014, the date of the latest actuarial valuation, consisted of 315 active plan members, 156 retirees and beneficiaries, and 13 vested terminees.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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

Pension Liability and Pension Expense

The Board's total pension liability is an amount actuarially determined in accordance with the parameters of GASB Statement 67. The following table shows the components of the Board's total pension liability, fiduciary net position, and the resulting net pension liability as of June 30, 2015:

Total pension liability		
Service cost		842,490
Interest		1,849,338
Benefit payments		<u>(1,250,672)</u>
Net change in total pension liability		1,441,156
Total pension liability - beginning, as restated		23,786,836
Total pension liability - ending (a)		25,227,992
Plan fiduciary net position		
Contribution - employer		722,205
Contribution - plan member		381,911
Net investment income		178,057
Benefit payments		(1,250,672)
Administrative expenses		<u>(138,986)</u>
Net change in plan fiduciary net position		(107,485)
Plan fiduciary net position - beginning, as restated		21,620,477
Plan fiduciary net position - ending (b)		21,512,992
Net pension liability (a - b)		3,715,000

The Board's annual required contribution, actual employer contribution, and percentage of contribution are as follows:

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as of % of Covered Payroll
2014	569,976	705,355	(135,379)	9,186,822	7.68%
2015	595,796	722,205	(126,409)	9,616,697	7.51%

Payments for the net pension liability have typically been liquidated in the General Fund in prior years.

Funding Status and Funding Progress

As of the most recent actuarial valuation date, the plan was 85.3% funded. The total pension liability for benefits was \$25,227,992 and the plan fiduciary net position was \$21,512,992 resulting in a net pension liability of \$3,715,000. The covered payroll (annual payroll of active employees covered by the plan) was \$9,616,697 and the ratio of the net pension liability to the covered payroll was 38.6%.

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. 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 the employer's net pension liability, 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 total pension liability for benefits.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2015
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%
Mortality:	RP-2000 Mortality table (gender specific)
Retirement age:	Graded from ages 55-64; 100% at age 65

Implicit in the investment rate of return and salary scale assumptions is an underlying general rate of inflation assumption of 2.5%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-term Historical Returns</u>	<u>Building Blocks Range of Expected Returns</u>
Fixed Income	30.00% - 40.00%	4.00% - 6.00%	1.20% - 2.40%
Equities	50.00% - 60.00%	10.00% - 12.00%	5.00% - 7.20%
Other	0.00% - 10.00%	0.00% - 2.00%	0.00% - 0.20%
			6.20% - 9.80%
		Rate selected:	7.75%

Based on the current Investment Policy and Funding Policy, the Plan is projected not to deplete; therefore, the same rate of 7.75% is used for both the discount rate and the long-term rate of expected returns. The projection of cash flow to determine the discount rate assumed the contributions from plan members will be made at the current contribution rate and that contributions from the Board will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following represents the net pension liability of the Board calculated using the discount rate of 7.75%, as well as what the Board's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Net Pension Liability	6,877,401	3,715,000	1,998,343

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.08%. The money-weighted rate of return expresses investment performance, net of expense, adjusted for the change amounts actually invested.

401(a) Retirement Plan

Effective July 1, 2001, the Board implemented and began administering the Board of Education of Wicomico County 401(a) retirement plan which is a defined contribution plan. The employer's contribution is determined annually by the Board and is based on eligible participant's contributions to the Board's 403(b) retirement 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, 2015, the Board did not make a matching contribution to the plan.

Note 10. Trust Plans Condensed Financial Statements

The condensed statement of fiduciary net position for the Pension and Retiree Health Plan Trust is as follows:

CONDENSED STATEMENT OF FIDUCIARY NET POSITION

	401(a) Retirement Plan	Employees Pension	Retiree Health Plan Trust	Total
ASSETS				
Current assets	\$ 3,807,822	\$ 21,512,992	\$ 14,942,769	\$ 40,263,583
Total assets	3,807,822	21,512,992	14,942,769	40,263,583
NET POSITION				
Held in trust for retirement and other benefits	\$ 3,807,822	\$ 21,512,992	\$ 14,942,769	\$ 40,263,583

The condensed statement of changes in fiduciary net position for the Pension and Retiree Health Plan Trust is as follows:

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	401(a) Retirement Plan	Employees Pension	Retiree Health Plan Trust	Total
ADDITIONS				
Contributions	\$ -	\$ 1,104,116	\$ 609,122	\$ 1,713,238
Interest and dividends	228,701	475,015	261,608	965,324
Total additions	228,701	1,579,131	870,730	2,678,562
DEDUCTIONS				
Pension benefit payments	132,410	1,250,672	-	1,383,082
Administrative expenses	13,200	138,986	52,786	204,972
Decrease in fair value	74,877	296,958	207,621	579,456
Total deductions	220,487	1,686,616	260,407	2,167,510
Change in net position	8,214	(107,485)	610,323	511,052
Net position - beginning of year, as restated	3,799,608	21,620,477	14,332,446	39,752,531
Net position - end of year	\$ 3,807,822	\$ 21,512,992	\$ 14,942,769	\$ 40,263,583

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Capital Leases

The Board of Education has entered into several lease agreements as lessee for financing the acquisition of computers, software, and vehicles. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is an analysis of equipment currently being leased under capital leases as of June 30, 2015:

GOVERNMENTAL ACTIVITIES	Capital Assets
Vehicles:	
2014	\$ 122,611
2015	122,993
Computers:	
2013	1,614,911
2014	1,637,052
2015	1,154,121
Total	\$ 4,651,688
BUSINESS-TYPE ACTIVITIES	
Equipment:	
2015	\$ 90,960

Approximate future minimum lease commitments are as follows:

GOVERNMENTAL ACTIVITIES

Fiscal Year Ending	Computers/Vehicles			Total
	2015	2014	2013	
June 30, 2016	\$ 324,489	\$ 446,250	\$ 411,000	\$ 1,181,739
June 30, 2017	324,489	446,250	-	770,739
June 30, 2018	324,489	-	-	324,489
	973,467	892,500	411,000	2,276,967
Less: amount representing interest	(20,842)	(12,709)	(4,887)	(38,438)
Present value of future minimum lease payments	\$ 952,625	\$ 879,791	\$ 406,113	\$ 2,238,529

BUSINESS-TYPE ACTIVITIES

	Equipment
June 30, 2016	\$ 23,111
June 30, 2017	23,111
June 30, 2018	23,111
Less: amount representing interest	(1,484)
Present value of future minimum lease payments	\$ 67,849

Interest expense related to the above capital leases, with interest rates ranging from 0.94% to 1.29%, was approximately \$30,000 for the year ended June 30, 2015.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 12. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Long Term Portion
Accrued compensated absences	\$ 2,942,784	\$ (29,536)	\$ 217,353	\$ 2,695,895	\$ 262,678	\$ 2,433,217
Capital leases	2,600,702	1,277,114	1,639,287	2,238,529	1,158,010	1,080,519
Net pension liability	2,166,359	4,081,486	2,532,845	3,715,000	-	3,715,000
Total	\$ 7,709,845	\$ 5,329,064	\$ 4,389,485	\$ 8,649,424	\$ 1,420,688	\$ 7,228,736

BUSINESS-TYPE ACTIVITIES	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Long Term Portion
Capital leases	\$ -	\$ 90,960	\$ 23,111	\$ 67,849	\$ 22,371	\$ 45,478

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 13. Deferred Revenue – Special Revenue

Deferred revenue in the special revenue fund consists of federal and state grants and other revenues that have not been expended by June 30, 2015. Deferred revenue at June 30, 2015 consists of the following:

Medical assistance provider payments	\$ 2,542,377
Various other state and federal programs	<u>303,119</u>
	<u>\$ 2,845,496</u>

Note 14. 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 construction of Bennett Middle School in the amount of \$58,442,000. At June 30, 2015, \$55,070,000 had been expended on the construction of Bennett Middle School related to these contracts.

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, 2015 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 15. Prior Period Restatement

During fiscal year 2015, the Board implemented Governmental Accounting Standards Board's Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*, and in accordance, has applied its effects retroactively. The statement's objective is to improve the accounting and financial reporting for pensions as well as to improve the information provided by employers about financial support for pensions that are provided by other entities (see Note 9).

The following table is a summary of the effects of these changes on net position and change in net position as of June 30, 2014.

	GOVERNMENTAL ACTIVITIES	
	Net Position	Change in Net Position
June 30, 2014, as previously reported	\$ 264,993,018	\$ 36,432,713
Adjustment to net pension liability	(2,347,398)	(2,347,398)
June 30, 2014, as restated	\$ 262,645,620	\$ 34,085,315

Additionally, the Board restated beginning net position of the Employees' Pension Plan for the accrual of employer and employee contributions to the plan as of June 30, 2014. The following table is a summary of the effects of this change on net position and change in net position as of June 30, 2014.

	FIDUCIARY FUND Employees Pension	
	Net Position	Change in Net Position
June 30, 2014, as previously reported	\$ 21,525,147	\$ 2,364,223
Adjustment for accrued contributions	95,330	95,330
June 30, 2014, as restated	\$ 21,620,477	\$ 2,459,553

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	\$ 32,079,000	\$ 31,869,000	0.65%	\$ 104,603,000	30.47%
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	43,383,745	40,174,745	7.40%	104,503,000	38.44%
07/01/10	5,251,300	45,458,666	40,207,366	11.55%	101,419,000	39.64%
07/01/11	8,153,600	50,520,033	42,366,433	16.14%	98,246,000	43.12%
07/01/12	9,671,300	53,619,644	43,948,344	18.04%	103,261,000	42.56%
07/01/13	11,738,600	57,720,548	45,981,948	20.34%	104,796,000	43.88%
07/01/14	14,332,500	62,766,537	48,434,037	22.83%	107,382,505	45.10%

Schedule of Employer Contributions:

Year Ended June 30,	Employer Contributions	Annual Required Contribution	Annual OPEB Cost	Percentage of Annual Required Contribution Contributed	Percentage of Annual OPEB Cost Contributed
2011	4,354,000	3,591,082	3,598,819	121.24%	120.98%
2012	4,279,100	3,915,824	3,927,822	109.28%	108.94%
2013	3,984,000	4,129,061	4,143,013	96.49%	96.16%
2014	3,888,000	4,049,511	4,062,589	96.01%	95.70%
2015	3,886,108	4,153,343	4,165,416	93.57%	93.29%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONARY SHARE OF NET PENSION LIABILITY
 PENSION PLANS
 Teachers' Retirement and Pension Systems

	2015
Board's proportion of the net pension liability	0.00000%
Board's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability	<u>87,166,955</u>
Total	<u>\$ 87,166,955</u>
Board's covered-employee payroll	\$ 95,262,765
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
The total pension liability as a percentage of plan fiduciary net position	0.19%

Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
PENSION PLANS
Teachers' Retirement and Pension Systems

	2015
Contractually required contributions	\$ 3,524,616
Contributions in relation to the contractually required contribution	<u>3,524,616</u>
Contribution deficiency (excess)	<u>\$ -</u>
Board's covered-employee payroll	\$ 95,262,765
Contributions as a percentage of covered-employee payroll	3.70%

Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE EMPLOYER'S
 NET PENSION LIABILITY AND RELATED RATIOS
 Pension Plan for Employees

Schedule of Changes in Employer's Net Pension Liability:

June 30, 2015

Total pension liability	
Service cost	842,490
Interest	1,849,338
Benefit payments	<u>(1,250,672)</u>
Net change in total pension liability	1,441,156
Total pension liability - beginning, as restated	23,786,836
Total pension liability - ending (a)	25,227,992
Plan fiduciary net position	
Contribution - employer	722,205
Contribution - plan member	381,911
Net investment income	178,057
Benefit payments	(1,250,672)
Administrative expenses	<u>(138,986)</u>
Net change in plan fiduciary net position	(107,485)
Plan fiduciary net position - beginning, as restated	21,620,477
Plan fiduciary net position - ending (b)	21,512,992
Net pension liability (a - b)	3,715,000

Schedule of Employer's Net Pension Liability:

Actuarial Valuation Date	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
June 30, 2014	\$ 23,786,836	\$ 21,620,477	\$ 2,166,359	90.89%	9,186,822	23.58%
June 30, 2015	25,227,992	21,512,992	3,715,000	85.27%	9,616,697	38.63%

Schedule of Employer Contributions:

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as of % of Covered Payroll
2014	569,976	705,355	(135,379)	9,186,822	7.68%
2015	595,796	722,205	(126,409)	9,616,697	7.51%

Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Wicomico County appropriation				
Operations	\$ 37,676,790	37,676,790	37,676,790	\$ -
Local share of State pension	2,719,329	2,719,329	2,719,329	-
Total Wicomico County appropriation	40,396,119	40,396,119	40,396,119	-
Other local:				
Tuition - nonresident pupils	25,000	25,000	20,300	(4,700)
Tuition - other	38,000	38,000	33,952	(4,048)
Student payments/fees	92,000	92,000	99,750	7,750
Earnings on investments	3,500	3,500	(6,743)	(10,243)
Rental of school facilities	95,000	95,000	126,720	31,720
Miscellaneous	160,000	160,000	102,196	(57,804)
Total other local	413,500	413,500	376,175	(37,325)
State of Maryland revenues:				
Current expense aid	68,579,353	68,579,353	68,579,335	(18)
Guaranteed tax base	4,579,323	4,579,323	4,579,323	-
Special education	6,775,200	6,775,200	6,775,239	39
Transportation	5,083,976	5,083,976	5,040,571	(43,405)
Miscellaneous	10,000	10,000	-	(10,000)
Non-public placement	70,000	70,000	118,103	48,103
Aging schools	117,473	117,473	104,637	(12,836)
Limited English proficient	3,407,313	3,407,313	3,407,287	(26)
Compensatory education	38,615,082	38,615,082	38,615,082	-
Total State of Maryland revenues	127,237,720	127,237,720	127,219,577	(18,143)
Other sources:				
Out of county living	150,000	150,000	29,090	(120,910)
Total other sources	150,000	150,000	29,090	(120,910)
TOTAL REVENUES	168,197,339	168,197,339	168,020,961	(176,378)
EXPENDITURES				
Administration	4,403,522	4,403,522	4,331,064	72,458
School management and support	12,203,454	12,203,454	12,136,545	66,909
Instructional salaries	66,621,805	66,621,805	65,627,572	994,233
Textbooks and instructional supplies	2,551,901	2,551,901	2,546,618	5,283
Other instruction costs	1,745,727	1,745,727	1,700,140	45,587
Student personnel services	2,199,077	2,199,077	2,176,936	22,141
Health services	1,530,003	1,530,003	1,479,823	50,180
Student transportation	8,304,091	8,304,091	8,253,188	50,903

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2015
 (Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES (continued)				
Operation of plant and equipment	\$ 12,074,556	\$ 12,074,556	\$ 12,020,793	\$ 53,763
Maintenance of plant	3,788,329	3,788,329	3,707,082	81,247
Fixed charges	34,448,411	34,448,411	34,323,244	125,167
Community services	169,717	169,717	153,672	16,045
Capital outlay	3,744,854	3,744,854	3,743,928	926
Special education	15,134,372	15,134,372	15,041,181	93,191
Food service	675,000	675,000	675,000	-
TOTAL EXPENDITURES	169,594,819	169,594,819	167,916,786	1,678,033
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(1,397,480)	(1,397,480)	104,175	1,501,655
OTHER FINANCING SOURCES (USES)				
Appropriation from June 30, 2014 fund balance	300,000	300,000	300,000	-
Interfund transfers	1,097,480	1,097,480	1,184,031	(86,551)
TOTAL OTHER FINANCING SOURCES (USES)	1,397,480	1,397,480	1,484,031	(86,551)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ 1,588,206	\$ 1,588,206

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SPECIAL REVENUE

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
REVENUES				
Federal sources	\$ 10,015,955	\$ 10,015,955	\$ 12,334,107	\$ 2,318,152
State sources	684,416	684,416	1,598,720	914,304
Local and other sources	504,948	504,948	356,933	(148,015)
TOTAL REVENUES	11,205,319	11,205,319	14,289,760	3,084,441
EXPENDITURES				
Administration	663,428	663,428	378,239	285,189
School management and support	140,391	140,391	187,451	(47,060)
Instructional salaries	3,446,332	3,446,332	4,648,437	(1,202,105)
Textbooks and instructional supplies	252,080	252,080	1,486,513	(1,234,433)
Other instruction costs	398,034	398,034	1,194,750	(796,716)
Special education	3,284,630	3,284,630	3,148,167	136,463
Student personnel services	-	-	-	-
Health services	14,976	14,976	17,750	(2,774)
Student transportation	126,775	126,775	262,312	(135,537)
Operation of plant and equipment	15,442	15,442	3,814	11,628
Maintenance of plant	-	-	-	-
Fixed charges	2,831,766	2,831,766	1,945,699	886,067
Food services	-	-	42,660	(42,660)
Community services	31,465	31,465	88,240	(56,775)
Capital outlay	-	-	39,742	(39,742)
TOTAL EXPENDITURES	11,205,319	11,205,319	13,443,774	(2,238,455)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)				
	-	-	845,986	845,986
OTHER FINANCING SOURCES (USES)				
Interfund transfers	-	-	(802,998)	(802,998)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	\$ -	\$ -	\$ 42,988	\$ 42,988

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgetary Comparison Schedule

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 Special Revenue Fund. Amendments to the budget can be made with approval from Wicomico County and the Board for inter-category transfers, and by approval of the Board for intra-category 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 Capital Projects Fund and 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, 2015	June 30, 2015	June 30, 2015
GAAP Basis	\$ 180,183,723	\$ 182,224,818	\$ 1,330,607
Changes in asset account balances not accounted for on Budgetary Statement:			
Health insurance rate stabilization reserve activity:			
Proceeds from insurance settlement	-	-	74,505
Subsidy for rate increase	-	(1,180,000)	-
Interest earned on health care reserve	(2,404)	-	-
Other expenditures	-	(56,913)	-
Appropriation from June 30, 2014	-	-	300,000
Transfers to other funds recorded as budgetary expenditures	-	1,056,033	1,056,033
Encumbrances recorded as expenditures:			
Established in current year	-	3,008,125	-
Reversed from prior year	-	(3,691,290)	-
Revenues recorded based on encumbered expenditures:			
Established in current year	104,637	-	-
Reversed from prior year	(98,122)	-	-
State share of retirement and pension contribution	(12,071,377)	(12,071,377)	-
Donation of office furniture	(95,496)	(95,496)	-
Capital outlay funded by capital leases	-	(1,277,114)	(1,277,114)
Budgetary Basis	\$ 168,020,961	\$ 167,916,786	\$ 1,484,031

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgetary Comparison Schedule (Continued)

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 September	Board determines budget priorities and Superintendent and staff meet to review these priorities.
Late September	Budget Manager distributes request packets to all employees having budget responsibility.
October	Board members and staff make presentations of budget projections to various community groups in an effort to maintain their involvement and request their ideas and input for budget development process.
Early November	Employees with budget responsibility must turn in all budget worksheets noting new funding, reductions and/or funding realignments to Budget Manager to commence budget compilation and also to their Director for review.
Mid-November	Superintendent and Budget Team begin meetings to review/modify all budget submissions.
Late December	Comptroller reviews with Superintendent preliminary ongoing "Cost of Doing Business" submissions.
Early January	Board holds a Public Hearing to receive public input for the unrestricted operating budget.
Mid January	Superintendent instructs Budget Manager regarding budget requests to compile for submission to the Board & determines with Assistant Superintendents their priority order.
January - February	Budget work sessions with Board, Superintendent and staff.
Early March	Board adopts the Proposed Budget at their regular scheduled meeting and submits the Proposed Budget to the Wicomico County Council.
April	Wicomico County Council has a public hearing to review their budget.
Late May	Board holds a second Public Hearing to receive additional public input for the unrestricted operating budget.
Late May	Wicomico County Council adopts their Expense Budget & notifies the Board of Education of our appropriation.
Early June	Superintendent and staff begin work to revise the proposed budget (if required) based on the actual appropriation from the Wicomico County Council.
Mid-June	Superintendent and staff submit their budget recommendations to the Board of Education for their review.
Late June	Board of Education adopts the Approved Budget at a special meeting.

Special Revenue Fund

The Special Revenue Fund had an excess of actual expenditures over budgeted expenditures of \$2,238,455 for the year ended June 30, 2015 attributable to an increase in restricted grant funds. Additional revenue of \$3,084,441 provided for the excess expenditures.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 2. Post-Employment Health Care Benefits

Changes in Benefit Terms:

There were no significant benefit changes during the year.

Changes in Assumptions:

There were no significant changes in assumptions during the year.

Method and Assumptions used in Calculations of Actuarially Determined Contributions:

Actuarial	Projected Unit Credit method
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	4.50%
Investment Rate of Return	7.50%
Medical Trend	Annual healthcare cost trend of 8%, reduced by decrements to an ultimate rate of 5% after three years.
Mortality	RP-2000 gender-specific

Note 3. Pension Plans

Teachers Retirement System and the Teachers Pension System

Changes in Benefit Terms:

There were no significant benefit changes during the year.

Changes in Assumptions:

Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2014 valuation:

- Investment return assumption changed from 7.70% to 7.65%
- Inflation assumption changed from 2.95% to 2.90%

Method and Assumptions used in Calculations of Actuarially Determined Contributions:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.90% general, 3.40% wage
Salary Increases	3.40% to 11.90% including inflation
Investment Rate of Return	7.65%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006-2010.
Mortality	RP-2000 Combined Healthy Mortality Table projected to the year 2025

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 3. Pension Plans (Continued)

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

Changes in Benefit Terms:

There were no significant benefit changes during the year.

Changes in Assumptions:

There were no significant changes in assumptions during the year.

Method and Assumptions used in Calculations of Actuarially Determined Contributions:

Actuarial	Entry Age Normal
Amortization Method	Level Dollar, open basis
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	4.50%
Investment Rate of Return	7.75%
Retirement Age	Graded from ages 55-64; 100% at age 65
Mortality	RP-2000 Mortality table (gender specific)

Schedule of Investment Returns:

The actual money weighted rate of return, net of investment expense is as follows:

Year Ended	Net Rate
<u>June 30,</u>	<u>of Return</u>
2014	9.08%
2015	0.08%

ADDITIONAL SUPPLEMENTARY INFORMATION

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND - BUDGETARY BASIS
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Administration:				
Salaries and wages	\$ 3,291,534	\$ 3,256,234	\$ 3,252,365	\$ 3,869
Contracted services	847,800	837,800	791,852	45,948
Supplies and materials	68,196	68,196	56,225	11,971
Other charges	134,952	134,952	132,297	2,655
Equipment	10,000	55,300	50,659	4,641
Transfers	51,040	51,040	47,666	3,374
Total administration	4,403,522	4,403,522	4,331,064	72,458
School management and support:				
Salaries and wages	10,854,507	10,848,507	10,824,147	24,360
Contracted services	865,085	871,085	843,541	27,544
Supplies and materials	113,302	113,302	110,366	2,936
Other charges	338,086	338,086	327,255	10,831
Equipment	2,000	2,000	1,509	491
Transfers	30,474	30,474	29,727	747
Total school management and support	12,203,454	12,203,454	12,136,545	66,909
Instructional salaries and wages	66,621,805	66,621,805	65,627,572	994,233
Textbooks and instructional supplies	2,551,901	2,551,901	2,546,618	5,283
Other instructional costs:				
Contracted services	709,185	713,585	697,742	15,843
Other charges	213,487	209,793	203,160	6,633
Equipment	117,405	212,405	209,813	2,592
Transfers	705,650	609,944	589,425	20,519
Total other instructional costs	1,745,727	1,745,727	1,700,140	45,587
Special education:				
Salaries and wages	14,274,200	14,269,200	14,231,803	37,397
Contracted services	118,457	99,457	96,502	2,955
Supplies and materials	135,858	126,988	111,232	15,756
Other charges	87,700	76,700	73,075	3,625
Equipment	7,815	-	-	-
Transfers	510,342	562,027	528,569	33,458
Total special education	\$ 15,134,372	\$ 15,134,372	\$ 15,041,181	\$ 93,191

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND - BUDGETARY BASIS
 Year Ended June 30, 2015
 (Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Student personnel services:				
Salaries and wages	\$ 1,546,869	\$ 1,542,569	\$ 1,535,505	\$ 7,064
Contracted services	598,758	604,426	604,228	198
Supplies and materials	32,210	32,547	27,742	4,805
Other charges	16,114	16,464	10,740	5,724
Equipment	-	-	(4,077)	4,077
Transfers	5,126	3,071	2,798	273
Total student personnel services	2,199,077	2,199,077	2,176,936	22,141
Health services				
Salaries and wages	1,441,534	1,446,534	1,426,130	20,404
Contracted services	28,000	17,730	(703)	18,433
Supplies and materials	53,426	53,426	48,490	4,936
Other charges	4,417	4,687	3,751	936
Equipment	-	5,000	-	5,000
Transfers	2,626	2,626	2,155	471
Total health services	1,530,003	1,530,003	1,479,823	50,180
Student transportation:				
Salaries and wages	631,498	722,820	687,217	35,603
Contracted services	7,420,551	6,964,309	6,953,261	11,048
Supplies and materials	70,686	93,886	93,842	44
Other charges	130,230	126,030	123,401	2,629
Equipment	46,000	391,920	391,771	149
Transfers	5,126	5,126	3,696	1,430
Total pupil transportation	8,304,091	8,304,091	8,253,188	50,903
Operation of plant:				
Salaries and wages	5,665,014	5,630,014	5,616,152	13,862
Contracted services	827,492	873,458	847,776	25,682
Supplies and materials	1,002,795	965,629	965,512	117
Other charges	4,496,997	4,479,197	4,471,629	7,568
Equipment	76,000	120,000	115,038	4,962
Transfers	6,258	6,258	4,686	1,572
Total operation of plant	12,074,556	12,074,556	12,020,793	53,763
Maintenance of plant:				
Salaries and wages	1,571,034	1,515,034	1,458,612	56,422
Contracted services	1,212,768	1,294,655	1,283,640	11,015
Supplies and materials	855,711	819,824	819,471	353
Other charges	24,816	24,116	10,689	13,427
Equipment	124,000	134,700	134,670	30
Total maintenance of plant	\$ 3,788,329	\$ 3,788,329	\$ 3,707,082	\$ 81,247

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND - BUDGETARY BASIS
 Year Ended June 30, 2015
 (Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Fixed charges:				
Insurance and employee benefits	\$ 34,448,411	\$ 34,448,411	\$ 34,323,244	\$ 125,167
Community services:				
Salaries and wages	39,578	39,578	32,976	6,602
Contracted services	60,026	52,176	45,122	7,054
Supplies and materials	9,971	10,551	10,523	28
Other charges	43,416	43,416	43,416	-
Equipment	16,726	23,996	21,635	2,361
Total community services	169,717	169,717	153,672	16,045
Capital outlay:				
Salaries and wages	612,196	434,726	434,203	523
Contracted services	550,431	710,781	710,747	34
Supplies and materials	72,404	72,404	72,103	301
Equipment	2,509,823	2,526,943	2,526,875	68
Total capital outlay	3,744,854	3,744,854	3,743,928	926
Food service:				
Transfers	675,000	675,000	675,000	-
TOTAL EXPENDITURES	169,594,819	169,594,819	167,916,786	1,678,033
TOTAL APPROPRIATIONS AND EXPENDITURES	\$ 169,594,819	\$ 169,594,819	\$ 167,916,786	\$ 1,678,033

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
 CAPITAL PROJECTS - BUDGETARY BASIS
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
REVENUES				
State sources	\$ 12,013,000	\$ 12,013,000	\$ 2,928,316	\$ (9,084,684)
Local and other sources	7,615,500	7,615,500	17,012,401	9,396,901
TOTAL REVENUES	19,628,500	19,628,500	19,940,717	312,217
EXPENDITURES				
Capital outlay	19,628,500	19,628,500	22,235,071	(2,606,571)
TOTAL EXPENDITURES	19,628,500	19,628,500	22,235,071	(2,606,571)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ (2,294,354)	\$ (2,294,354)

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
 FOOD SERVICE - BUDGETARY BASIS
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local sources	\$ 1,385,463	\$ 1,385,463	\$ 1,167,633	\$ (217,830)
State sources	152,586	152,586	170,154	17,568
Federal sources	4,933,131	4,933,131	5,415,390	482,259
TOTAL REVENUES	6,471,180	6,471,180	6,753,177	281,997
EXPENDITURES				
Salaries and wages	2,413,063	2,413,063	2,281,264	131,799
Contracted services	88,400	88,400	86,533	1,867
Supplies and materials	3,992,596	3,992,596	3,885,426	107,170
Other charges	1,269,652	1,269,652	1,022,567	247,085
Capital outlay	80,000	80,000	87,708	(7,708)
TOTAL EXPENDITURES	7,843,711	7,843,711	7,363,498	480,213
OPERATING LOSS	(1,372,531)	(1,372,531)	(610,321)	762,210
OTHER RESOURCES				
Interfund Transfer	675,000	675,000	675,000	-
Appropriation from fund balance	697,531	697,531	697,531	-
TOTAL OTHER RESOURCES	1,372,531	1,372,531	1,372,531	-
EXCESS OF REVENUES AND OTHER RESOURCES OVER EXPENDITURES	\$ -	\$ -	\$ 762,210	\$ 762,210

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

	Revenues	Expenditures	Other Resources
GAAP Basis	\$ 6,753,177	\$ 7,333,119	\$ 675,000
Appropriation from fund balance	-	-	697,531
Encumbrances established in current year	-	33,837	-
Encumbrances reversed from prior year	-	(36,505)	-
Capital lease proceeds	-	(90,960)	-
Principal payments on capital lease obligation	-	23,111	-
Depreciation of capital assets	-	(50,355)	-
Capital asset current year additions	-	151,251	-
Budgetary Basis	\$ 6,753,177	\$ 7,363,498	\$ 1,372,531

THE BOARD OF EDUCATION OF WICOMICO COUNTY

COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PENSION AND RETIREE HEALTH PLAN TRUST FUNDS

June 30, 2015

	401(a) Retirement <u>Plan</u>	Employees <u>Pension</u>	Retiree Health <u>Plan Trust</u>	Total Pension and Retiree Health Plan <u>Trust Funds</u>
ASSETS				
Cash	\$ 193,321	\$ 1,300,335	\$ 1,045,600	\$ 2,539,256
Trust investments				
Government bonds	524,214	3,466,196	2,900,997	6,891,407
Commercial paper	-	194,474	-	194,474
Mortgage loans	365,246	307,128	-	672,374
Corporate bonds	538,970	4,978,329	2,609,170	8,126,469
Common stock	2,090,494	11,168,450	8,387,002	21,645,946
Other	95,577	-	-	95,577
Accrued contributions	-	98,080	-	98,080
Total assets	<u>3,807,822</u>	<u>21,512,992</u>	<u>14,942,769</u>	<u>40,263,583</u>
NET POSITION				
Held in Trust for:				
Retirement and other benefits	<u>3,807,822</u>	<u>21,512,992</u>	<u>14,942,769</u>	<u>40,263,583</u>
Total net position	<u>\$ 3,807,822</u>	<u>\$ 21,512,992</u>	<u>\$ 14,942,769</u>	<u>\$ 40,263,583</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND RETIREE HEALTH PLAN TRUST FUNDS

Year Ended June 30, 2015

	401(a) Retirement Plan	Employees Pension	Retiree Health Plan Trust	Total Pension and Retiree Health Plan Trust Funds
ADDITIONS				
Contributions:				
Employer contributions	\$ -	\$ 722,205	\$ 609,122	\$ 1,331,327
Plan member contributions	-	381,911	-	381,911
Total contributions	-	1,104,116	609,122	1,713,238
Investment earnings:				
Interest and dividends	228,701	475,015	261,608	965,324
Total investment earnings	228,701	475,015	261,608	965,324
Total additions	228,701	1,579,131	870,730	2,678,562
DEDUCTIONS				
Pension benefit payments	132,410	1,250,672	-	1,383,082
Administrative expenses	13,200	138,986	52,786	204,972
Decrease in fair value of investments	74,877	296,958	207,621	579,456
Total deductions	220,487	1,686,616	260,407	2,167,510
Change in net position	8,214	(107,485)	610,323	511,052
Net position - beginning of year, as restated	3,799,608	21,620,477	14,332,446	39,752,531
Net position - end of year	\$ 3,807,822	\$ 21,512,992	\$ 14,942,769	\$ 40,263,583

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash	\$ 33,951	\$ 2,320,159	\$ 2,316,851	\$ 37,259
Accounts receivable	1,560	106	1,560	106
Due from other funds	463,066	36,870	-	499,936
	<hr/>			
Total assets	498,577	2,357,135	2,318,411	537,301
<hr/>				
LIABILITIES				
Accounts payable	16,381	14,320	16,381	14,320
Due to school activity groups	482,196	2,342,815	2,302,030	522,981
	<hr/>			
Total liabilities	\$ 498,577	\$ 2,357,135	\$ 2,318,411	\$ 537,301
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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.

CONTENTS

Page

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 Position by Component - Last Ten Fiscal Years	92
Changes in Net Position - Last Ten Fiscal Years	93 - 94
Fund Balances of Governmental Funds - Last Ten Fiscal Years	95
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	96 - 97
Approved Operating Budgets, General Fund - Last Ten Fiscal Years	98 - 99
Retiree Health Plan Trust (GASB No. 45) - Since Inception	100
Retirement Plan for Employees of the Board of Education of Wicomico County (GASB No. 67)	101

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 - Last Ten Fiscal Years	102
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Demographic and Economic Information

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

Enrollment by School - Last Ten Years	103
Enrollment by Grade - Last Ten Years	104
Budgeted Full Time Equivalent Positions by Function - Last Ten Fiscal Years	105
Demographic and Economic Statistics - Last Ten Years	106
Operating Information - Last Ten Fiscal Years	107 - 108
Where the Money Comes From - General Fund & Special Revenue Fund (Current Expense Fund) - Last Ten Fiscal Years	109

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	110
Capital Asset Statistics by Function	111
Insurance Summary	112

Schedule 1

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental activities										
Net investment in capital assets	\$ 123,226,436	\$ 136,743,977	\$ 144,045,972	\$ 181,162,869	\$ 206,066,048	\$ 211,591,860	\$ 209,358,061	\$ 212,243,676	\$ 248,339,599	\$ 264,578,879
Restricted for rate stabilization reserve	4,298,571	5,365,692	5,854,309	7,769,336	8,072,947	7,268,706	5,288,561	5,045,300	5,723,272	4,414,258
Restricted for capital projects	468,089	1,597,173	3,153,550	5,112,284	4,547,767	5,087,896	6,359,455	6,608,505	5,336,356	3,042,002
Unrestricted	1,628,533	3,866,009	2,799,516	2,769,565	7,248,299	7,469,027	4,742,389	4,662,824	3,246,393	2,285,680
Total governmental activities net position	\$ 129,621,629	\$ 147,572,851	\$ 155,853,347	\$ 196,814,054	\$ 225,935,061	\$ 231,417,489	\$ 225,748,466	\$ 228,560,305	\$ 262,645,620	\$ 274,320,819
Business-type activities										
Net investment in capital assets	\$ 298,456	\$ 327,040	\$ 295,680	\$ 280,752	\$ 493,125	\$ 357,236	\$ 375,722	\$ 355,062	\$ 329,436	\$ 362,483
Unrestricted for food service activities	387,316	129,736	566,153	658,520	583,363	857,386	1,347,187	1,446,040	1,460,570	1,522,581
Total business-type activities net position	\$ 685,772	\$ 456,776	\$ 861,833	\$ 939,272	\$ 1,076,488	\$ 1,214,622	\$ 1,722,909	\$ 1,801,102	\$ 1,790,006	\$ 1,885,064
Primary government										
Net investment in capital assets	\$ 123,524,892	\$ 137,071,017	\$ 144,341,652	\$ 181,443,621	\$ 206,559,173	\$ 211,949,096	\$ 209,733,783	\$ 212,598,738	\$ 248,669,035	\$ 264,941,362
Restricted	4,766,660	6,962,865	9,007,859	12,881,620	12,620,714	12,356,602	11,648,016	11,653,805	11,059,628	7,456,260
Unrestricted	2,015,849	3,995,745	3,365,669	3,428,085	7,831,662	8,326,413	6,089,576	6,108,864	4,706,963	3,808,261
Total primary government net position	\$ 130,307,401	\$ 148,029,627	\$ 156,715,180	\$ 197,753,326	\$ 227,011,549	\$ 232,632,111	\$ 227,471,375	\$ 230,362,407	\$ 264,435,626	\$ 276,205,883

Source: The Board of Education of Wicomico County records.

During fiscal year 2013, the Board implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

* As restated for implementation of GASB No. 67, Financial Reporting for Pension Plans.

Schedule 2

**The Board of Education of Wicomico County
Changes in Net Position - Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Expenses										
Governmental activities:										
Administration	\$ 5,167,384	\$ 5,141,270	\$ 5,931,980	\$ 5,880,904	\$ 6,116,697	\$ 6,195,389	\$ 6,221,005	\$ 6,396,885	\$ 6,562,899	\$ 6,342,827
Instructional services	99,245,781	110,288,438	122,072,051	126,106,246	132,065,219	127,288,521	125,417,605	127,631,747	131,092,689	135,148,455
Special education	17,638,722	19,767,456	21,990,580	22,825,693	24,789,670	24,399,942	24,337,038	24,512,359	25,399,267	26,052,772
Student personnel services	1,344,148	1,892,281	2,251,338	2,409,881	2,773,204	2,746,168	2,614,709	2,741,544	2,804,877	2,990,897
Health services	1,325,911	1,499,688	1,601,456	1,773,931	1,967,103	2,018,788	1,892,599	1,931,135	2,092,763	2,186,512
Student transportation	6,675,840	7,116,149	8,260,409	8,387,408	8,304,572	8,401,296	8,291,355	8,465,480	9,016,351	8,997,945
Operation of plant and equipment	10,127,074	11,301,209	13,031,357	13,692,942	13,796,567	13,711,183	12,659,036	13,361,681	14,546,798	15,360,888
Maintenance of plant	2,127,087	2,366,685	2,901,076	3,243,012	3,214,936	3,113,546	3,173,492	3,756,713	4,026,748	4,621,848
Food services	19,075	-	-	-	-	-	-	-	14,543	44,111
Community services	167,997	111,493	247,113	244,869	200,977	173,022	189,562	252,724	322,234	307,821
Interest expense	-	-	-	-	-	84,209	39,654	36,646	31,034	29,925
Total governmental activities expenses	143,839,021	159,484,668	178,287,359	184,564,885	193,223,945	188,132,064	184,836,055	189,086,914	195,910,203	202,064,001
Business-type activities:										
Food services	\$ 5,495,468	\$ 5,940,155	\$ 6,112,423	\$ 6,606,955	\$ 6,775,915	\$ 6,898,766	\$ 6,749,074	\$ 7,241,209	\$ 7,229,719	\$ 7,333,119
Total business-type activities expenses	5,495,468	5,940,155	6,112,423	6,606,955	6,775,915	6,898,766	6,749,074	7,241,209	7,229,719	7,333,119
Total primary government expenses	\$ 149,334,489	\$ 165,424,833	\$ 184,399,782	\$ 191,171,840	\$ 199,999,860	\$ 195,030,830	\$ 191,585,129	\$ 196,328,123	\$ 203,139,922	\$ 209,397,120

Program Revenues

Governmental activities:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	833,467	1,398,601	1,014,472	2,182,980	1,938,036	623,603	518,654	277,821	301,483	183,092
Instructional services	35,966	67,481	84,759	94,019	57,072	51,488	15,218	41,736	58,017	110,906
Operation of plant and equipment	47,800	47,800	44,404	44,404	44,404	44,404	44,404	44,434	44,434	44,434
Community services	641,546	710,442	1,150,719	1,140,928	1,261,966	1,309,717	1,113,104	1,204,957	1,131,134	813,603
Operating grants and contributions	12,828,773	13,562,319	14,863,777	15,835,981	18,128,206	21,933,669	17,948,143	16,743,347	16,576,218	17,936,497
Administration	8,063,913	9,309,779	11,121,652	11,262,398	13,648,449	14,208,723	12,714,671	13,256,070	12,863,189	12,902,498
Instructional services	102,868	108,231	124,776	132,563	169,790	189,101	182,023	168,667	154,491	164,441
Special education	97,280	121,326	126,822	133,715	150,005	178,180	167,820	138,869	168,140	171,528
Student personnel services	3,967,670	4,132,788	397,323	394,968	273,704	368,789	363,994	300,212	265,147	5,393,111
Health services	479,754	509,308	603,010	646,365	571,504	683,368	676,380	1,773,778	597,958	605,286
Student transportation	92,480	100,154	120,026	128,784	143,650	169,993	166,840	461,233	141,642	156,207
Operation of plant and equipment	-	-	-	-	-	-	-	-	-	-
Maintenance of plant	-	-	-	-	-	-	-	-	-	-
Food services	13,705	6,118	8,847	707	3,301	4,168	4,710	62,590	120,173	107,768
Community services	12,475,654	17,082,630	10,646,255	41,990,294	29,996,468	8,202,898	2,729,726	6,888,005	41,509,582	20,038,839
Capital grants and contributions	\$ 39,680,875	\$ 47,156,977	\$ 40,306,843	\$ 73,988,106	\$ 66,386,555	\$ 47,968,101	\$ 36,666,632	\$ 41,331,648	\$ 73,968,049	\$ 58,691,844
Total governmental activities program revenues										

Source: The Board of Education of Wicomico County records.

* As restated for implementation of GASB No. 67, Financial Reporting for Pension Plans.

Schedule 2 (continued)
The Board of Education of Wilcomico County
Changes in Net Position - Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Program Revenues (continued)										
Business-type activities:										
Charges for services	\$ 2,017,530	\$ 1,997,126	\$ 1,925,846	\$ 1,829,434	\$ 1,701,204	\$ 1,622,832	\$ 1,561,106	\$ 1,416,122	\$ 1,276,246	\$ 1,167,633
Operating grants and contributions	3,338,523	3,648,575	3,841,634	4,104,960	4,356,223	4,664,068	4,946,255	5,228,280	5,267,377	5,585,544
Total business-type activities program revenues	5,356,053	5,645,701	5,767,480	5,934,394	6,057,427	6,286,900	6,507,361	6,644,402	6,543,623	6,753,177
Total primary government program revenues	\$ 45,036,928	\$ 52,802,678	\$ 46,074,323	\$ 79,922,500	\$ 72,443,982	\$ 54,255,001	\$ 43,173,993	\$ 47,976,050	\$ 80,511,672	\$ 65,445,021
Net (Expense)/Revenue										
Governmental activities	\$ (104,158,146)	\$ (112,327,691)	\$ (137,980,516)	\$ (110,576,779)	\$ (126,837,390)	\$ (140,163,963)	\$ (148,169,423)	\$ (147,755,266)	\$ (121,942,154)	\$ (143,372,157)
Business-type activities	(140,415)	(294,464)	(344,943)	(672,561)	(718,488)	(611,866)	(241,713)	(596,807)	(686,096)	(579,942)
Total primary government net expense	\$ (104,298,561)	\$ (112,622,155)	\$ (138,325,459)	\$ (111,249,340)	\$ (127,555,878)	\$ (140,775,829)	\$ (148,411,136)	\$ (148,352,073)	\$ (122,628,250)	\$ (143,952,099)
General Revenues and Other Changes in Net Position										
Governmental activities:										
State of Maryland	\$ 68,052,447	\$ 80,408,857	\$ 96,633,962	\$ 101,713,302	\$ 105,808,156	\$ 103,040,371	\$ 106,945,873	\$ 111,997,661	\$ 116,133,233	\$ 115,181,027
Wilcomico County appropriation	46,925,458	48,329,815	49,443,053	50,204,655	50,781,711	43,196,892	36,196,892	39,173,593	40,520,465	40,396,119
Other revenue	339,652	597,026	74,303	91,273	203,870	131,922	100,364	60,150	48,771	145,210
Loss on disposal of assets	(511,311)	-	-	-	-	-	-	-	-	-
Investment earnings	676,947	1,006,215	859,694	276,256	20,364	27,206	7,271	10,701	-	-
Transfers	(57,883)	(63,000)	(750,000)	(750,000)	(855,704)	(750,000)	(750,000)	(675,000)	(675,000)	(675,000)
Total governmental activities	115,425,310	130,278,913	146,261,012	151,537,486	155,958,397	145,646,351	142,500,400	150,567,105	156,027,469	155,047,356
Business-type activities:										
Investment earnings	\$ 4,345	\$ 2,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	57,883	63,000	750,000	750,000	855,704	750,000	750,000	675,000	675,000	675,000
Total business-type activities	62,228	65,468	750,000	750,000	855,704	750,000	750,000	675,000	675,000	675,000
Total primary government	\$ 115,487,538	\$ 130,344,381	\$ 147,011,012	\$ 152,287,486	\$ 156,814,101	\$ 146,396,351	\$ 143,250,400	\$ 151,242,105	\$ 156,702,469	\$ 155,722,356
Change in Net Position										
Governmental activities	\$ 11,267,164	\$ 17,951,222	\$ 8,280,496	\$ 40,960,707	\$ 29,121,007	\$ 5,482,428	\$ (5,669,023)	\$ 2,811,839	\$ 34,085,315	\$ 11,675,199
Business-type activities	(78,187)	(228,996)	405,057	77,439	137,216	138,134	508,287	78,193	(11,096)	95,058
Total primary government	\$ 11,188,977	\$ 17,722,226	\$ 8,685,553	\$ 41,038,146	\$ 29,258,223	\$ 5,620,562	\$ (5,160,736)	\$ 2,890,032	\$ 34,074,219	\$ 11,770,257

Source: The Board of Education of Wilcomico County records.

* As restated for implementation of GASB No. 67, Financial Reporting for Pension Plans.

Schedule 3

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Committed:										
Healthcare rate stabilization reserve	\$ 1,849,987	\$ 2,309,247	\$ 2,519,534	\$ 3,343,709	\$ 2,429,000	\$ 2,602,354	\$ 3,646,226	\$ 3,751,594	\$ 3,828,238	\$ 3,889,699
Assigned to:										
Healthcare rate stabilization reserve	2,448,584	3,056,445	3,334,775	4,425,627	5,643,947	4,666,352	1,642,335	1,293,706	1,895,034	524,559
Other purposes (encumbrances)	2,376,370	3,805,446	2,948,280	3,099,255	4,516,287	3,606,539	4,124,687	4,228,163	3,691,290	3,010,472
Subsequent year expenditures	376,647	2,047,232	800,000	800,000	300,000	4,000,000	300,000	300,000	300,000	1,868,130
Unassigned	547,232	300,000	300,000	300,000	4,000,000	300,000	300,000	300,000	1,868,130	1,579,344
Total General Fund	\$ 7,598,820	\$ 11,518,370	\$ 9,902,589	\$ 11,968,591	\$ 16,889,234	\$ 15,175,245	\$ 10,013,248	\$ 9,873,463	\$ 11,582,692	\$ 10,872,204
All Other Governmental Funds										
Restricted for fund purposes:										
Special revenue	\$ 32,730	\$ 28,738	\$ 43,205	\$ 58,598	\$ 69,098	\$ 42,376	\$ 70,148	\$ 39,472	\$ 82,569	\$ 125,557
Capital projects	468,089	1,597,173	3,153,550	5,112,284	4,547,767	5,087,896	6,359,455	6,608,505	5,336,356	3,042,002
Total all other governmental funds	\$ 500,819	\$ 1,625,911	\$ 3,196,755	\$ 5,170,882	\$ 4,616,865	\$ 5,130,272	\$ 6,429,603	\$ 6,647,977	\$ 5,418,925	\$ 3,167,559
Total Governmental Funds	\$ 8,099,639	\$ 13,144,281	\$ 13,099,344	\$ 17,139,473	\$ 21,506,099	\$ 20,305,517	\$ 16,442,851	\$ 16,521,440	\$ 17,001,617	\$ 14,039,763

During fiscal year 2010, the Board implemented GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

Schedule 4

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Wicomico County appropriations										
Operations	\$ 46,925,458	\$ 48,329,815	\$ 49,443,053	\$ 50,204,655	\$ 50,781,711	\$ 43,196,892	\$ 36,196,892	\$ 37,000,000	\$ 37,765,374	\$ 37,676,790
Pension	-	-	-	-	-	-	-	2,173,593	2,755,091	2,719,329
Other local revenue	1,421,971	2,418,267	2,171,015	2,821,160	2,367,826	1,047,033	857,362	536,623	600,630	762,766
State of Maryland	80,303,974	98,070,438	104,449,544	130,213,841	126,488,229	118,060,864	115,359,047	124,203,503	152,603,256	131,740,098
State of Maryland share of retirement and pension contribution	6,782,478	7,477,982	9,495,371	10,390,453	12,316,880	13,893,333	13,945,688	10,331,627	11,446,078	12,071,377
Federal through State	11,121,115	11,029,854	10,797,952	11,028,683	13,556,335	17,211,605	11,664,252	15,467,667	12,069,052	12,334,107
Transfer of bond proceeds from Wicomico County	7,749,005	8,742,346	9,846,137	20,495,958	16,713,698	209,865	1,220,677	2,288,891	12,883,315	16,785,646
Other	1,171,376	1,430,189	1,114,783	1,120,842	975,977	744,900	673,112	571,849	547,722	324,087
Total revenues	155,675,377	177,498,891	187,317,855	226,275,592	223,200,656	194,364,492	179,917,030	192,573,753	230,670,518	214,414,200
Expenditures										
Administration	4,020,634	3,840,529	4,592,010	4,619,335	4,789,056	4,669,570	4,791,193	4,966,020	4,967,876	4,665,741
School management and support	10,029,634	10,589,576	11,091,829	11,668,634	11,800,112	11,566,404	11,313,730	11,619,652	12,003,691	12,199,280
Instructional salaries	57,629,455	63,072,206	66,784,095	70,340,938	71,132,386	67,556,984	66,298,498	67,649,688	68,562,377	70,276,009
Textbooks and instructional supplies	3,602,972	4,273,226	4,457,826	4,073,265	4,322,106	3,967,562	2,862,722	3,407,290	3,726,620	4,083,846
Other instructional costs	1,791,788	1,966,141	2,869,544	2,213,619	2,609,102	2,307,420	2,338,990	3,519,058	2,442,893	2,779,171
Special education	13,454,837	14,895,106	16,332,931	16,979,678	18,321,340	17,647,287	17,257,503	17,619,858	17,862,939	18,182,127
Student personnel services	1,066,349	1,588,721	1,875,961	2,024,214	2,192,603	2,155,087	2,023,139	2,145,444	2,148,974	2,278,463
Health services	1,048,112	1,176,128	1,223,954	1,385,540	1,448,994	1,468,207	1,373,412	1,388,666	1,469,714	1,529,558
Student transportation	6,398,041	6,792,589	7,883,977	7,996,481	8,109,729	8,186,749	8,086,102	8,249,467	8,668,457	8,515,890
Operation of plant and equipment	8,429,392	9,322,114	10,300,491	10,824,322	10,649,631	10,662,885	9,674,217	10,558,126	11,511,247	12,195,628
Maintenance of plant	1,849,288	2,043,125	2,509,984	2,840,098	2,682,147	2,555,564	2,610,900	3,164,438	3,381,811	3,908,177
Fixed charges	23,104,824	25,334,145	29,372,737	29,654,508	30,425,611	32,816,938	33,117,698	35,278,602	36,188,943	37,505,856
Food service	19,075	-	-	-	-	-	-	-	10,667	42,660
Community services	167,997	111,492	246,618	244,373	188,790	159,171	174,484	228,780	281,756	270,734
Capital outlay	15,946,320	21,631,477	19,079,079	47,623,941	34,884,052	15,793,468	8,926,647	13,383,341	46,760,861	25,729,934
Debt service										
Capital lease principal	866,369	1,226,399	1,671,072	1,898,132	1,958,968	1,542,110	1,340,070	1,343,707	1,380,687	1,639,287
Capital lease interest	50,703	71,773	84,308	130,239	110,690	84,209	39,654	36,646	31,034	29,925
State of Maryland share of retirement and pension contribution	6,782,478	7,477,982	9,495,371	10,390,453	12,316,880	13,893,333	13,945,688	10,331,627	11,446,078	12,071,377
Total expenditures	156,258,268	175,392,729	189,871,787	224,907,770	217,942,197	197,032,948	186,174,647	194,890,410	232,846,625	217,903,663
Excess (deficiency) of revenues over (under) expenditures	(582,891)	2,106,162	(2,553,932)	1,367,822	5,258,459	(2,668,456)	(6,257,617)	(2,316,657)	(2,176,107)	(3,489,463)

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Capital lease proceeds	1,582,263	1,934,359	2,770,378	1,566,000	1,554,556	300,779	1,904,867	1,614,911	1,759,663	1,277,114
Rate stabilization adjustment	2,436,876	1,067,121	488,617	1,856,307	303,611	1,917,095	1,240,084	1,455,335	1,571,621	(74,505)
Transfers to other funds	(57,883)	(63,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(675,000)	(675,000)	(675,000)
Transfer of savings plan funds to Wicomico County	-	-	-	-	(2,000,000)	-	-	-	-	-
Total other financing sources (uses)	3,961,256	2,938,480	2,508,995	2,672,307	(891,833)	1,467,874	2,394,951	2,395,246	2,656,284	527,609
Net change in fund balances	\$ 3,378,365	\$ 5,044,642	\$ (44,937)	\$ 4,040,129	\$ 4,366,626	\$ (1,200,582)	\$ (3,862,666)	\$ 78,589	\$ 480,177	\$ (2,961,854)
Debt service as a percentage of noncapital expenditures	0.7%	0.9%	1.0%	1.2%	1.1%	0.9%	0.8%	0.8%	0.8%	0.9%

Schedule 5

The Board of Education of Wicomico County

Approved Operating Budgets,

General Fund (Unrestricted Current Expense)

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
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
2012	3,853,959	11,345,272	63,045,385	2,500,755	1,735,610	14,352,493	2,253,489	1,369,058
2013*	3,956,231	11,488,743	64,577,521	2,593,469	1,727,293	14,334,501	2,186,141	1,459,768
2014	4,119,802	11,830,885	65,599,010	2,504,332	1,992,762	14,905,977	2,269,850	1,504,444
2015	4,403,522	12,203,454	66,621,805	2,551,901	1,745,727	15,134,372	2,199,077	1,530,003

Source: The Board of Education of Wicomico County records.

* Includes allocation of Education Jobs Fund (one-time Federal funding) across functions.

Schedule 5 (continued)

The Board of Education of Wilcomico County
Approved Operating Budgets,
General Fund (Unrestricted Current Expense)

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Student Transportation	Operation of Plant	Maintenance of Plant	Fixed Charges	Food Services	Community Services	Capital Outlay	Total
2006	\$ 6,116,014	\$ 8,296,250	\$ 1,985,829	\$ 20,753,180	\$ 19,075	\$ 151,762	\$ 3,339,172	\$ 124,869,884
2007	6,587,581	10,112,643	2,228,370	22,894,756	30,000	208,162	4,285,077	139,967,180
2008	7,135,738	10,553,085	2,542,557	27,186,357	112,000	216,162	7,175,751	156,312,211
2009	8,750,349	11,179,932	2,949,929	27,148,830	750,000	216,933	6,448,431	161,858,571
2010	8,238,009	11,333,964	3,037,970	28,643,620	750,000	217,361	6,823,277	165,806,553
2011	8,009,947	11,594,795	2,819,892	27,176,925	750,000	207,361	5,150,473	157,387,564
2012	8,218,206	11,344,815	3,070,479	27,099,348	750,000	192,087	4,642,877	155,773,833
2013*	8,318,945	11,299,827	3,163,038	31,401,674	675,000	200,219	5,082,487	162,464,857
2014	8,206,147	11,275,313	3,613,999	32,577,219	675,000	178,333	3,638,583	164,891,656
2015	8,304,091	12,074,556	3,788,329	34,448,411	675,000	169,717	3,744,854	169,594,819

Source: The Board of Education of Wilcomico County records.

* Includes allocation of Education Jobs Fund (one-time Federal funding) across functions.

Schedule 6

The Board of Education of Wilcomico County
 Retiree Health Plan Trust (GASB No. 45)
 Since Inception, Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Annual Required Contribution (ARC)	2,432,000	2,541,000	2,601,000	3,508,021	3,591,082	3,915,824	4,129,061	4,049,511	4,153,343	
Interest on Net OPEB Obligation	-	53,000	(30,750)	(76,616)	(101,763)	(158,402)	(184,748)	(172,822)	(159,727)	
Adjustment to Annual Required Contribution	-	-	43,200	77,000	109,500	170,400	198,700	185,900	171,800	
Annual OPEB Cost (Expense)	2,432,000	2,594,000	2,613,450	3,508,405	3,598,819	3,927,822	4,143,013	4,062,589	4,165,416	
Direct Costs and Contributions	(1,723,000)	(3,713,000)	(3,225,000)	(3,843,700)	(4,354,000)	(4,279,100)	(3,984,000)	(3,888,000)	(3,886,108)	
Increase (Decrease) in Net Obligation	709,000	(1,119,000)	(611,550)	(335,295)	(755,181)	(351,278)	159,013	174,589	279,308	
Net OPEB Obligation (Asset) [BOY]	-	709,000	(410,000)	(1,021,550)	(1,356,845)	(2,112,026)	(2,463,304)	(2,304,291)	(2,129,702)	
Net OPEB Obligation (Asset) [EOY]	709,000	(410,000)	(1,021,550)	(1,356,845)	(2,112,026)	(2,463,304)	(2,304,291)	(2,129,702)	(1,850,394)	
Total Assets	210,000	2,181,000	3,209,000	5,251,300	8,153,600	9,671,300	11,738,600	14,332,500	14,942,800	
Total Actuarial Accrued Liabilities	30,475,000	32,079,000	34,046,000	43,383,745	45,458,666	50,520,033	53,619,644	57,720,548	62,766,537	
% Funded	0.69%	6.80%	9.43%	12.10%	17.94%	19.14%	21.89%	24.83%	23.81%	
Employer Contributions to the Trust	210,000	2,000,000	1,558,000	1,584,700	1,671,800	1,551,500	1,052,000	856,000	609,000	
Pay-go Premium Payments	1,513,000	1,713,000	1,667,000	2,259,000	2,682,200	2,727,600	2,932,000	3,032,000	3,277,108	
Employee Participants	2,007	2,021	2,076	2,083	2,055	2,006	2,027	2,026	2,009	
Retiree Participants	524	532	560	660	752	835	813	783	869	
Total Participants	2,531	2,553	2,636	2,743	2,807	2,841	2,840	2,809	2,878	
Actuarial Accrued Liabilities per Participant	\$ 12,041	\$ 12,565	\$ 12,916	\$ 15,816	\$ 16,195	\$ 17,782	\$ 18,880	\$ 20,548	\$ 21,809	

Note: The Retiree Health Plan Trust (OPEB Trust) was first established in FY2007.

Source: The Board of Education of Wilcomico County records.

Schedule 7

The Board of Education of Wicomico County
 Retirement Plan for Employees of the Board of Education of Wicomico County (GASB 67)
 as of June 30,

	Year	
	<u>2014</u>	<u>2015</u>
Active Participants	315	315
Retirees and Beneficiaries	156	156
Vested Terminees	13	13
Required New Contribution	569,976	595,796
Fiduciary Net Position	21,620,477	21,512,992
Current Year Employers Contribution	705,355	722,205
Current Year Contribution Less Required	135,379	126,409
Current Year Employees Contribution	372,056	381,911
Total Pension Liability (TPL)	23,786,836	25,227,992
Net Pension Liability (NPL)	2,166,359	3,715,000
Fiduciary Net Position as a % of TPL	90.89%	85.27%
Payroll Covered	9,186,822	9,616,697
NPL as a % of covered payroll	23.58%	38.63%
Employer Contribution per Employees	2,239	2,293
Employee Contribution per Employees	1,181	1,212
Employer Contribution per Payroll Covered	7.68%	7.51%
Employee Contribution per Payroll Covered	4.05%	3.97%

Source: The Board of Education of Wicomico County records.

During fiscal year 2015, the Board implemented GASB No. 67, Financial Reporting for Pension Plans.

Schedule 8

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	Debt Per Capita (1)
	Capital Leases	Capital Leases		Personal Income (1)	
2006	1,556,334	-	1,556,334	0.05%	16.19
2007	2,264,294	-	2,264,294	0.07%	23.32
2008	3,363,600	-	3,363,600	0.10%	34.30
2009	3,031,468	-	3,031,468	0.09%	30.65
2010	2,627,056	103,577	2,730,633	0.07%	27.30
2011	1,385,725	70,260	1,455,985	0.04%	14.48
2012	1,950,522	35,723	1,986,245	0.05%	19.69
2013	2,221,726	-	2,221,726	N/A	21.88
2014	2,600,702	-	2,600,702	N/A	N/A
2015	2,238,529	67,849	2,306,378	N/A	N/A

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

N/A - Not available

Schedule 9

**The Board of Education of Wicomico County
Enrollment by School - Last Ten Years
as of September 30,**

	Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary Schools										
Beaver Run	534	514	523	570	610	612	666	722	715	705
Chipman	422	422	429	432	436	426	399	373	380	418
Delmar	910	948	945	975	974	831	827	826	809	825
East Salisbury	381	354	361	357	363	370	403	387	391	444
Fruitland Intermediate	368	385	408	396	371	392	379	382	412	413
Fruitland Primary	467	493	485	477	474	485	506	533	503	531
Glen Avenue	280	309	314	285	285	273	334	317	266	268
North Salisbury	423	469	473	522	545	514	501	440	429	432
Northwestern	271	268	260	257	287	289	286	307	325	311
Pemberton	613	623	621	637	654	608	616	636	649	539
Pinehurst	404	395	422	415	438	462	491	496	483	494
Pittsville	210	219	212	231	236	211	220	217	226	140
Prince Street	482	447	472	548	561	581	493	544	600	651
West Salisbury	307	305	316	299	295	303	295	310	312	310
Westside Intermediate	440	434	448	451	474	465	496	484	437	451
Westside Primary	267	281	272	268	261	269	245	256	250	234
Wicomico Early Learning	-	-	-	-	-	-	-	-	-	-
Willards	302	281	299	287	276	291	303	292	329	411
Total Elementary Schools	7,081	7,147	7,260	7,407	7,540	7,382	7,460	7,522	7,516	7,577
Middle Schools										
Bennett	983	905	843	868	886	923	930	908	911	970
Mardela	301	292	267	281	269	282	292	294	285	283
Pittsville	246	236	216	209	231	236	260	247	247	232
Salisbury	959	924	883	879	848	849	925	927	871	838
Wicomico	762	723	693	683	713	708	639	655	660	657
Total Middle Schools	3,251	3,080	2,902	2,920	2,947	2,998	3,046	3,031	2,974	2,980
High Schools										
Bennett	1,381	1,303	1,346	1,313	1,282	1,307	1,374	1,406	1,351	1,405
Mardela	405	412	424	415	380	370	363	351	366	374
Parkside	1,149	1,223	1,214	1,256	1,217	1,137	1,125	1,095	1,130	1,114
Wicomico	1,139	1,179	1,182	1,209	1,188	1,126	1,087	1,036	1,034	1,029
Wicomico County Evening	85	83	71	70	65	62	65	48	60	66
Total High Schools	4,159	4,200	4,237	4,263	4,132	4,002	4,014	3,936	3,941	3,988
Total All Schools	14,491	14,427	14,399	14,590	14,619	14,382	14,520	14,489	14,431	14,545

Schedule 10

**The Board of Education of Wicomico County
Enrollment by Grade - Last Ten Years
as of September 30,**

	Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary School										
Pre-Kindergarten	478	439	458	457	567	572	654	611	591	574
Kindergarten	1,119	1,137	1,133	1,191	1,151	1,174	1,150	1,331	1,233	1,216
Grade 1	1,124	1,164	1,144	1,152	1,204	1,165	1,164	1,144	1,317	1,277
2	1,081	1,085	1,147	1,143	1,130	1,154	1,150	1,150	1,120	1,279
3	1,127	1,100	1,131	1,178	1,154	1,138	1,183	1,148	1,137	1,127
4	1,068	1,148	1,105	1,146	1,171	1,165	1,161	1,150	1,139	1,135
5	1,084	1,074	1,142	1,140	1,163	1,014	998	988	979	969
Total Elementary School	7,081	7,147	7,260	7,407	7,540	7,382	7,460	7,522	7,516	7,577
Middle School										
Grade 6	1,039	938	934	1,017	998	1,012	1,027	1,006	985	1,012
7	1,096	1,037	958	955	1,015	980	1,042	996	997	974
8	1,116	1,105	1,010	948	934	1,006	977	1,029	992	994
Total Middle School	3,251	3,080	2,902	2,920	2,947	2,998	3,046	3,031	2,974	2,980
High School										
Grade 9	1,177	1,242	1,239	1,167	1,057	1,043	1,127	1,081	1,116	1,107
10	1,047	1,050	1,085	1,086	1,065	962	963	1,016	962	1,031
11	1,001	972	976	1,038	1,032	1,029	901	926	947	905
12	934	935	937	972	978	968	1,023	913	916	945
Total High School	4,159	4,200	4,237	4,263	4,132	4,002	4,014	3,936	3,941	3,988
Total enrollment	14,491	14,427	14,399	14,590	14,619	14,382	14,520	14,489	14,431	14,545
Number of teachers ¹	1,048	1,079	1,076	1,083	1,087	1,072	1,078	1,084	1,084	1,095
Ratio of students to teachers	14:1	13:1	13:1	13:1	13:1	13:1	13:1	13:1	13:1	13:1

Source: The Board of Education of Wicomico County records.

¹ - Maryland State Department of Education, Staff Publications, Table 2: Staff Employed by Position.

Schedule 11

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

	Budgeted Full-time Equivalent Employees as of June 30										Percentage Change 2006-2015	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
General Fund:												
Administration	46.30	48.55	49.55	50.55	53.30	54.80	51.80	51.80	51.80	52.30	52.30	12.96%
School management and support	189.34	191.49	191.49	197.14	192.60	189.20	184.20	184.70	187.30	187.80	187.80	-0.81%
Instructional salaries	1,120.18	1,152.79	1,153.13	1,161.28	1,184.49	1,163.86	1,161.01	1,170.45	1,164.10	1,166.70	1,166.70	4.15%
Special education	252.67	283.57	287.57	320.27	320.35	317.05	317.05	326.30	331.27	332.77	332.77	31.70%
Student personnel services	15.70	17.70	20.70	21.70	23.70	24.20	25.20	25.50	27.16	26.50	26.50	68.79%
Health services	29.00	30.00	32.00	34.00	34.00	35.00	33.00	34.00	34.00	34.00	34.00	17.24%
Student transportation	11.00	7.41	9.41	9.41	8.91	8.91	7.00	7.00	7.00	8.00	8.00	-27.27%
Operation of plant and equipment	143.50	149.50	150.50	152.50	153.50	154.50	154.50	153.50	156.50	159.00	159.00	10.80%
Maintenance of plant	25.25	26.25	26.25	26.25	26.25	27.25	27.25	27.25	29.25	31.75	31.75	25.74%
Food service	0.50	-	-	-	-	-	-	-	-	-	-	-100.00%
Community services	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.00%
Capital outlay	7.75	7.75	8.75	8.75	7.75	6.75	6.75	7.75	7.75	7.75	7.75	0.00%
Total	1,841.69	1,915.51	1,929.85	1,982.35	2,005.35	1,982.02	1,968.26	1,988.75	1,996.63	2,007.07	2,007.07	8.98%
Special Revenue Funds	224.81	217.65	210.56	203.49	206.62	203.07	202.87	168.55	168.46	159.03	159.03	-29.26%
Total all funds	2,066.50	2,133.16	2,140.41	2,185.84	2,211.97	2,185.09	2,171.13	2,157.30	2,165.09	2,166.10	2,166.10	4.82%

Source: The Board of Education of Wilcomico County records.

Schedule 12**The Board of Education of Wicomico County****Demographic and Economic Statistics****Last Ten Years**

Year	Population (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Civilian Labor Force (3)	Unemployment Rate (3)		
2006	94,621	3,086,045	32,615	52,187	4.1%		
2007	96,110	3,284,283	34,172	52,137	3.9%		
2008	97,111	3,467,938	35,711	52,749	5.2%		
2009	98,069	3,451,066	35,190	52,443	8.3%		
2010	98,905	3,507,087	35,459	50,455	9.7%		
2011	100,026	3,651,306	36,504	50,545	9.7%		
2012	100,521	3,712,656	36,934	50,447	9.2%		
2013	100,896	3,790,538	37,569	50,002	8.6%		
2014	101,539	N/A	N/A	49,856	7.6%		
2015	N/A	N/A	N/A	47,674	7.8%	*	*

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 2014 and 2015 is not currently available.)
- (3) Bureau of Labor Statistics, U.S. Department of Labor.

* Civilian Labor Force and Unemployment Rate for 2015 are preliminary based on information through April 30, 2015
N/A Not Available

Schedule 13
The Board of Education of Wicomico County
Operating Information
Last Ten Fiscal Years

Fiscal Year	Per Pupil Expenditures #			Education Effort^			
	Dollars	State Average	State Rank *	Local Appropriation	Local Wealth	Education Effort (EE)	State EE Average
2006	\$9,692	\$10,371	15	46,479,989	3,268,716,504	0.0142	0.0146
2007	\$10,611	\$11,398	13	48,329,815	3,570,979,940	0.0135	0.0150
2008	\$11,754	\$12,509	10	49,443,053	3,941,396,385	0.0130	0.0140
2009	\$12,054	\$13,013	13	50,204,655	4,325,142,980	0.0120	0.0130
2010	\$12,457	\$13,297	11	50,781,711	4,416,144,536	0.0110	0.0130
2011	\$12,577	\$13,453	13	43,196,892	4,319,315,727	0.0100	0.0130
2012	\$12,241	\$13,375	17	36,196,892	4,101,088,530	0.0090	0.0130
2013	\$12,610	\$13,572	16	39,173,593	4,004,514,022	0.0098	0.0122
2014	N/A	N/A	N/A	40,520,465	3,945,200,647	0.0103	0.0128
2015	N/A	N/A	N/A	40,396,119	3,892,943,379	0.0104	0.0131

Per Pupil Expenditures is calculated by the Maryland State Department of Education: see selected Financial Data Maryland Public Schools, Part 3 - Analysis of Costs, Table 1: Cost per Public Elementary and Secondary Pupil Belonging for Current Expenses.

^ Education effort is calculated by dividing local education appropriation by local wealth and indexing to State average.

* Ranking of the State's 24 School Systems.

N/A - Not Available

Schedule 13 (continued)
The Board of Education of Wicomico County
Operating Information (continued)
Last Ten Fiscal Years

Fiscal Year	Transportation				Food Services						% FARM Students per Enrollment
	Total Miles Traveled	Number of School Bus Riders	Per Pupil Cost	State Average Per Pupil Cost	Breakfast		Lunches		% Free & Reduced		
					# Served	% Paid	% Free & Reduced	# Served	% Paid	% Free & Reduced	
2006	1,926,540	10,600	568	751	578,540	26%	74%	1,252,107	30%	70%	47.20%
2007	1,893,780	12,548	516	822	606,973	28%	74%	1,268,481	29%	71%	45.58%
2008	2,020,500	12,698	544	867	644,080	24%	76%	1,274,807	26%	74%	47.43%
2009	1,971,720	12,458	640	951	679,238	23%	77%	1,291,867	23%	77%	51.05%
2010	2,010,312	12,481	653	951	692,746	23%	77%	1,280,451	21%	79%	49.01%
2011	1,978,053	12,493	593	747	720,920	20%	80%	1,295,622	20%	80%	53.46%
2012	1,936,980	12,596	589	773	733,074	18%	82%	1,329,555	17%	83%	58.61%
2013	1,885,320	12,687	601	792	731,148	14%	86%	1,268,374	14%	86%	59.22%
2014	1,867,102	12,700	625	834	761,818	14%	86%	1,204,020	13%	87%	59.98%
2015	1,866,825	12,982	N/A	N/A	820,905	16%	84%	1,280,882	15%	85%	59.50%

Source: Maryland State Department of Education. (FY 2015 Number of School Bus Riders provided by WCBOE Transportation Dept. and FY2015 Food Service numbers provided by WCBOE Food Service Dept.)

N/A - Not Available

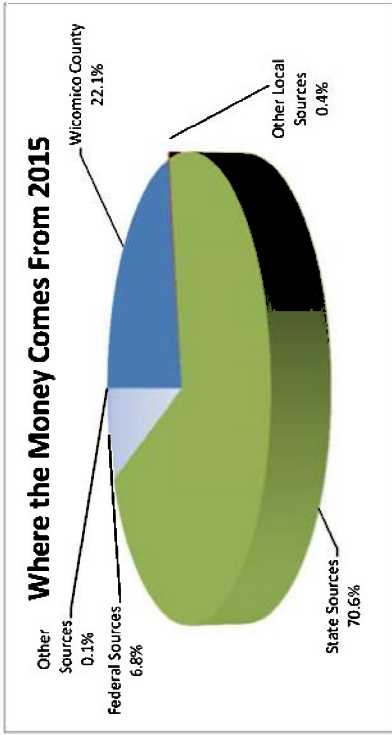
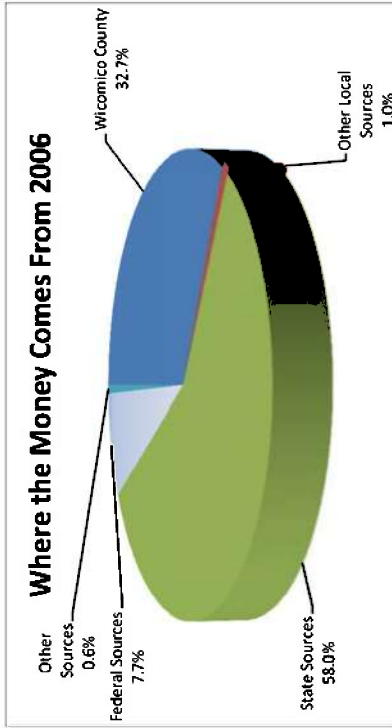
Schedule 14

The Board of Education of Wilcomico County
Where the Money Comes From - General Fund & Special Revenue Fund (Current Expense Fund)

Last Ten Fiscal Years

(Budgetary basis of accounting)

	Fiscal Years									
	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wilcomico County Appropriations for Operations	\$ 46,925,458	\$ 48,329,815	\$ 49,443,053	\$ 50,204,655	\$ 50,781,711	\$ 43,196,892	\$ 36,196,892	\$ 37,000,000	\$ 37,765,374	\$ 37,676,790
for Local Share of State Pension	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-total	46,925,458	48,329,815	49,443,053	50,204,655	50,781,711	43,196,892	36,196,892	37,000,000	37,765,374	37,676,790
Other Local Sources	1,421,971	2,418,267	2,171,015	2,821,160	2,367,826	1,047,033	857,362	556,623	600,650	667,270
State Sources	83,176,760	90,332,735	104,180,544	109,369,266	113,424,856	110,403,814	114,249,692	120,328,814	124,220,505	128,818,297
Federal Sources	11,121,115	11,029,851	10,797,952	11,028,683	13,556,335	17,211,605	11,664,252	15,467,667	12,069,052	12,334,107
Other Sources	876,669	1,158,883	720,695	664,978	863,207	485,988	417,973	384,467	399,399	94,928
Total	143,523,973	153,269,554	167,323,260	174,088,742	180,993,935	172,345,332	163,386,171	175,889,164	177,810,051	182,310,721
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Schedule 15

The Board of Education of Wicomico County

Facilities Inventory

	Year		
	Constructed	Acreage	Sq Ft. area
<u>SCHOOLS:</u>			
BEAVER RUN ELEMENTARY	1958	16.14	58,893
CHIPMAN ELEMENTARY	1986	6.5	40,752
DELMAR ELEMENTARY	1978	10.2	80,810
EAST SALISBURY ELEMENTARY	1942	12.1	61,889
FRUITLAND INTERMEDIATE	1990 *	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	11.1	26,800
PEMBERTON ELEMENTARY	2002	18.78	73,917
PINEHURST ELEMENTARY	1988 *	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 ¹	2015	35.4	161,304
PITTSVILLE ELEM./MIDDLE	1956	13.46	79,335
WICOMICO MIDDLE	1978 *	16	135,750
SALISBURY MIDDLE SCHOOL	1999	75.68	143,519
J.M. BENNETT HIGH	2010	34.46	247,202
MARDELA MIDDLE/HIGH	1958	39.79	87,633
PARKSIDE HIGH SCHOOL	1974	50.02	164,178
WICOMICO HIGH	1996 *	60	195,941
<u>CENTRAL OFFICES:</u>			
Jersey Road	various		44,202
Morris Street	various		9,379
Mt Hermon and Long Avenue Site-MIS	various		4,416
Mt Hermon and Long Avenue Site-Annex 2-4	various		17,104
Mt Hermon and Long Avenue Site-Annex 5	various		960
Mt Hermon and Long Avenue Site-Central	various		15,486
Mt Hermon and Long Avenue Site-Facility	various		16,439
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		3,600
Schumaker Drive-Instructional Resource Center	various		2,012
Northgate Drive-Central	Leased		
<u>OTHER SCHOOLS:</u>			
Adventist Drive-Choices Facility	various		28,802
Beaglin Park Drive-Tech Ed.	1997		113,546
Northwood Drive- Infant/Toddler	Leased		
Roberts Street-Early Learning Center	various		11,321

*Year constructed has been adjusted to year of last major renovation.

¹New Facility to open August 31, 2015 for students.

Source: The Board of Education of Wicomico County records.

Schedule 16

The Board of Education of Wicomico County
Capital Asset Statistics by Function

	Fiscal Year											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
Instructional Buildings												
Elementary Schools ¹	17	17	17	17	17	17	17	17	17	17	17	17
Middle Schools	3	3	3	3	3	3	3	3	3	3	3	3
High Schools ²	4	4	4	4	4	4	4	4	4	4	4	4
Alternative Education Center/Choices	1	1	1	1	1	1	1	1	1	1	1	1
Career and Technology Center	1	1	1	1	1	1	1	1	1	1	1	1
Early Learning Center	1	1	1	1	1	1	1	1	1	1	1	1
Total	27	27	27	27	27	27	27	27	27	27	27	27
Support Buildings												
Central Administration & Annex Buildings	8	8	8	8	8	8	8	8	8	8	8	8
Facilities/Warehouses	4	4	4	4	4	4	4	4	4	4	4	4
Food Services/Transportation Facility	1	1	1	1	1	1	1	1	1	1	1	1
Instructional Resource Center	1	1	1	1	1	1	1	1	1	1	1	1
County Stadium	1	1	1	1	1	1	1	1	1	1	1	1
Total	15	15	15	15	15	15	15	15	15	15	15	15

¹Pittsville Elementary/Middle School is a joint building and is reflected in only the Elementary School count.

²Mardela Middle and High School is a joint building and is reflected in only the High School count.

Schedule 17

**The Board of Education of Wicomico County
Insurance Summary**

7/1/14 - 6/30/15 policy dates

Type of Coverage	Name of Company	Policy Number	Policy Period	Major Limits
Workers' Compensation and Employers Liability	MABE Workers' Compensation Group Self-Insurance Fund	N/A	7/01/14 - 6/30/15	Workers Compensation - Statutory Benefits; Employers Liability - \$1 million
Comprehensive General Liability	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal & Advertising Injury Liability	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$100,000 each claim with \$250,000 annual maximum
Automobile Liability	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$100,000 per accident, \$1 million per accident should sovereign immunity be abrogated, \$1 million per accident for independent bus contractors and drivers
Personal Injury Protection - MD	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$2,500 per covered person for any one accident
Maryland Uninsured Motorist	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$50,000 per accident
Automobile Physical Damage	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	actual cash value
Garage Keepers Legal Liability	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$100,000 per loss
Criminal Proceeding and Intentional Conduct Defense Fund	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$50,000 per covered person \$100,000 annual aggregate
Property	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$1 billion per occurrence
Equipment Breakdown	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$100 million per occurrence
Crime	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$2,500,000 per loss
Crime - Excess	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$2,500,000 per loss in excess of \$2,500,000 primary
School Board Legal Liability	MABE Group Insurance Pool	N/A	7/01/14 - 6/30/15	\$5,000,000 per claim \$5,000,000 annual aggregate
Catastrophic Student Accident	AIG	SRG 0009100887	8/01/14 - 8/01/15	\$6,000,000 Medical Expense \$1,000,000 Catastrophic Cash
Fiduciary Responsibility Liability	Travelers	105970202	8/01/14 - 8/01/15	\$3,000,000 per claim
Pollution Liability - Mardela WWTP	Endurance Insurance	EIL101008462-01	7/11/12 - 7/11/15	\$1,000,000 per accident
Pollution Liability - above ground storage tanks	Admiral Insurance	FEI EIL 16272 00	6/30/13 - 6/30/16	\$1,000,000 per claim \$2,000,000 annual aggregate
Student Accident Insurance - football	K& K Insurance	6AJXS0000026467000	8/01/14-8/01/15	\$25,000 per claim
Student Accident Insurance - voluntary	K& K Insurance	6AJXS0000026222900	8/01/14-8/01/15	\$25,000 per claim

Source: The Board of Education of Wicomico County Records



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