

BOARD OF EDUCATION OF WICOMICO COUNTY

A Component Unit of Wicomico County, Maryland

Comprehensive ANNUAL FINANCIAL REPORT

For fiscal year ended June 30, 2019



SUCCESS – Every Student, Every Day

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

www.wcboe.org

Board of Education of Wicomico County

A Component Unit of Wicomico County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by:

Board of Education of Wicomico County
Division of Business Support Services

Jonathan Bailey
Accounting Manager

Jesse Reid, CPA, MBA
Comptroller

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

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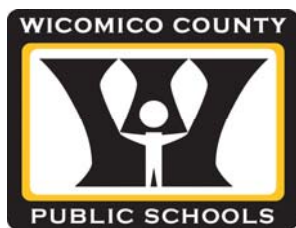
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INTRODUCTORY SECTION

BOARD OF EDUCATION OF WICOMICO COUNTY



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VICE CHAIRMAN
ALLEN C. BROWN, SR.
TONYA LAIRD LEWIS
MICHAEL G. MURRAY
JOHN PALMER
ANN B. SUTHOWSKI

September 30, 2019

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, 2019 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 then ended.

This letter of transmittal, prepared by management, should be read in conjunction with Management Discussion and Analysis 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 Department 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 unmodified opinion on the Board's financial statements for the fiscal year ended June 30, 2019. The auditor's opinion is presented as the first component of the financial section of the CAFR.

The Board, in compliance with *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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

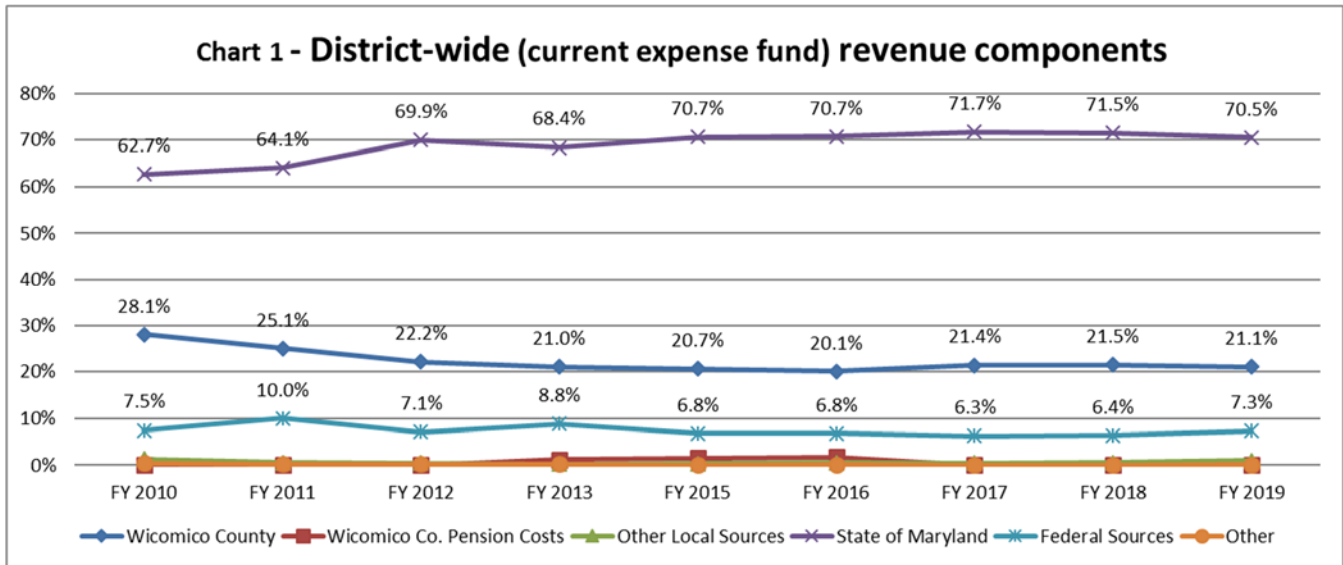
The Board of Education of Wicomico County is one of twenty-four (24) school systems established by law in the state of Maryland. The school systems consist of the twenty-three (23) counties and the City of Baltimore. Each county board of education is a body politic and corporate. The Board of Education 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, 2018 was 14,949. Countywide population for Wicomico was 103,195 in 2018, 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. As a result of a county referendum, effective December 2018 the seven (7) member board became an elected board for the first time. Five (5) of the members are elected by voters within the voters' council district and two (2) are elected at-large members. 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 2018-2019 school year, the school system served 14,949 students (a decrease of 4 students from the prior year) in seventeen (17) elementary schools, seven (7) secondary schools, one career-technology high school program, one evening high school, an alternative learning program, and an early learning program. Enrollment for next school year is projected to increase modestly (40 students). The ratio of professional staff (including administrators, teacher, counselors and therapists) to students for the 2018-2019 school year was approximately one staff member to 13 students. Student demographics for the 2018-2019 school year included: 63.3% students that qualified for free/reduced meals; 11.5% students with disabilities; and 7.5% students that were English Language Learners. In June 2019, the school system graduated 917 students. For school year 2018-2019 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 2018-2019 school year marked the sixteenth 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 2019 the Board received 21.1% of its district-wide revenues for operations (current expense) from Wicomico County compared to 70.5% 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 \$44.2 million, a decrease of \$6.6 million, or 13%. Federal aid has increased since FY 2010 by \$1.8 million. State aid during that same period increased by \$34.3 million. Overall, revenues for our school system have increased by \$28.5 million since FY 2010, or 15.8%, while national inflation during that same time period increased 18.9%.



Approximately 2.4 million square feet of building space is maintained by the Board. Of the 27 school buildings in our inventory, over half of them have aged more than 25 years since either their original or last major renovation. The average age of our inventory is now 37 years. The oldest building in use is Wicomico Middle School which has a major structure which was built in 1931. The newest facility in use, West Salisbury Elementary, was completed and opened for students in September 2018. It provides approximately 61,000 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 slowly begun to recover from the traumatic effects of the 2008 – 2009 economic tsunami, however it continues to retain its place in state-wide wealth per pupil numbers at next to last in the state. Thanks to a very conservative approach to budgeting on the part of our county government, a significant unassigned fund balance has been accumulated (\$32.7 million) as of June 30, 2018. This is in addition to the County’s Rainy-Day fund balance of \$7.6 million, which represents approximately 5.3% of the County’s FY 2018 operating budget. In prior years, the County Executive’s and County Council’s view of the large fund balance has been to utilize a portion to fund one-time capital expenditures versus funding on-going operating costs.

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. 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 budget and projections recognize the reality of the economic situation facing our state and county. While our 5-year CIP presents our school system’s major school construction needs, the 3-year budget projections in this document reflect the reality of what we can expect.

Long range planning used in our budgeting process is based on historical trends and also assumptions about the future. Assumptions include consumer price index, enrollment, negotiations, student

participation, and upcoming required Federal and State mandates.

Long-term Financial Planning

During FY 2020 we are projecting general fund revenues to increase by approximately \$11.8 million, while on-going costs of doing business (fixed costs), additional instructional and departmental needs are projected to increase \$14 million. Consequently, the school system worked to realign and reorganize \$2.2 million budgeted funds where possible as a method of cost avoidance and reduce the need to request new funding. This process was used to enable us to balance the FY 2020 budget since adequate revenues were not available to meet ongoing needs.

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 required the Board to submit \$4.1 million to the state toward state teacher pension costs in FY 2016, previously 100% funded by the state. The bill also required our local county government to appropriate, in addition to MOE, an amount of \$3.2 million for FY 2016, so as to partially offset the additional costs imposed by the state. Commencing in FY 2017, the requirement for county governments to provide funding specifically to support this mandated funding ceased. Boards of Education are now required to pay the "normal cost" of retirement for all qualifying employees based upon current salaries. The Board's pension cost for FY 2019 was \$4.6 million and the additional funding requirement for these pension costs in FY 2019 had to come from other sources, once again placing pressure on available resources in order to fund classroom initiatives.

Major School System Initiatives

Funding for the major program initiatives included for FY 2020:

- Plan for and review the implementation of the Universal Prekindergarten initiative in an effort to increase the percentage of students who enter kindergarten ready to learn as measured by the Kindergarten Readiness Assessment
- Continue our focus of recruiting and retaining a high-performing workforce to build and maintain a well-functioning school system

Discussion of ideas and continued planning to increase the percentage of students graduating from Wicomico County Public Schools college and/or career ready will continue during outlying years to:

- Develop and implement alternative career-connected pathways and signature programs for middle and high school students
- Expand alternative academic pathways that lead to graduation including online learning, dual enrollment and early college opportunities
- Create flexible learning environments for students which will promote student strengths, interests and needs connecting student interests to real-world learning opportunities
- Continue to enhance our instruction for our growing English Language Learner (ELL) student population

One of Wicomico County Public Schools' greatest challenges is the growing segment of our student population the state identifies as "At-Risk". We are working to address the social and emotional needs exhibited in this student population. Specifically, this segment of our student population as a percent of our full-time equivalent (FTE) student enrollment for state aid purposes has grown exponentially

over the past 10 years from 62.6% to 77.6% of our student population. This at-risk percentage ranks Wicomico as 5th highest in the state. The student make-up of this population includes our English Language Learners (ELL), Special Education, and students qualifying for Free and Reduced Meals (FARMS). Servicing our At-Risk students requires additional staff, instructional time, and supplies so that WCPS can effectively work towards closing achievement gaps and provide these students with every opportunity to attain proficiency in their academic achievements. With this increase comes a higher cost per pupil.

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 safe-guarded 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 Department of Food Services, the Department 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, 2018. This is the ninth 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, 2018. 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 ninth 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, 2019. This is the ninth consecutive year that the Board has received the MBA from ASBO International.

Acknowledgements

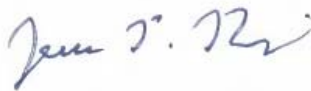
The preparation of this report could not have been accomplished without the dedicated and efficient services of the entire staff of Business Support Services and the firm of TGM Group, LLC, certified public accountants. The high standards to which this report conforms reflects the professional competence 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,



Micah C. Stauffer
CFOO



Jesse P. Reid, CPA, MBA
Comptroller



Jonathan F. Bailey
Accounting Manager

Board of Education of Wicomico County

Elected Officials for FY 2019

Donald L. Fitzgerald, Chairman

N. Eugene Malone, Jr., Vice Chairman

Allen C. Brown, Sr.

Tonya Laird Lewis

Michael G. Murray

John Palmer

Ann B. Suthowski

Student Members

Yeongju Lee, James M. Bennett High School

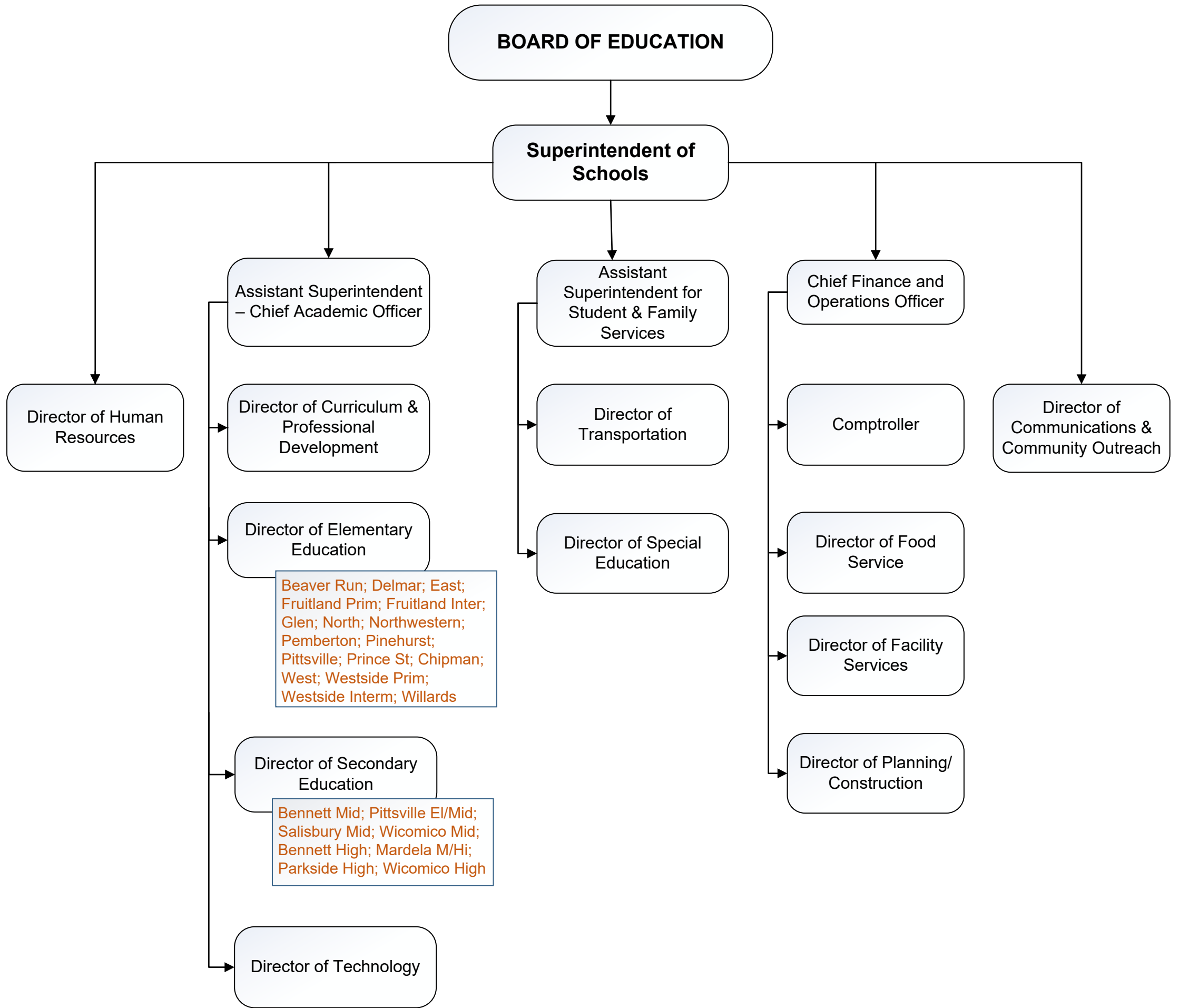
Tianna Staten, Mardela High School

Sarah Runge & Ashley Schtierman, Parkside High School

Jessica Greene, Wicomico High School

Donna C. Hanlin, Ed.D., Superintendent of Schools

**Board of Education of Wicomico County
Organizational Chart FY 2019**





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, 2018

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Board of Education of Wicomico County

for its **Comprehensive Annual Financial Report (CAFR)**
for the **Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, appearing to read 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
Executive Director

FINANCIAL SECTION

Herbert J. Geary III
Corey N. Duncan
Roy J. Geiser
Chris A. Hall
Ronald W. Hickman
Craig A. Walter
Mark A. Welsh



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, 2019, 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, 2019, 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 25, schedule of funding progress and employer contributions on page 71, schedule of OPEB liability on page 72, schedule of proportionate share of net pension liability on page 73, schedule of board contributions on page 74, schedule of changes in employer's net pension liability and related ratios on page 75, schedule of revenues and expenditures – budget and actual – general fund on pages 76-77, schedule of revenues and expenditures – budget and actual – special revenue on page 78, and notes to required supplementary information on pages 79 through 83 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, 2019 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.



Salisbury, Maryland
September 30, 2019

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management’s Discussion and Analysis
Year Ended June 30, 2019

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, 2019. 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 2019 when compared to net position from FY 2018. It increased by \$5.4 million, or 2.4%,
 - Overall revenues were \$249.3 million and expenses \$243.8 million
 - Net investment in capital assets of the Board increased by \$11.8 million as the Board continues to invest in updating older school facilities
- The Board’s total net position is \$226.3 million.
- At the end of the current fiscal year, the Board’s governmental funds reported combined fund balances of \$17.9 million, a decrease of 0.9 million from FY 2018.
- The unassigned fund balance in the General Fund of \$3.3 million, an increase of 1.1 million from the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

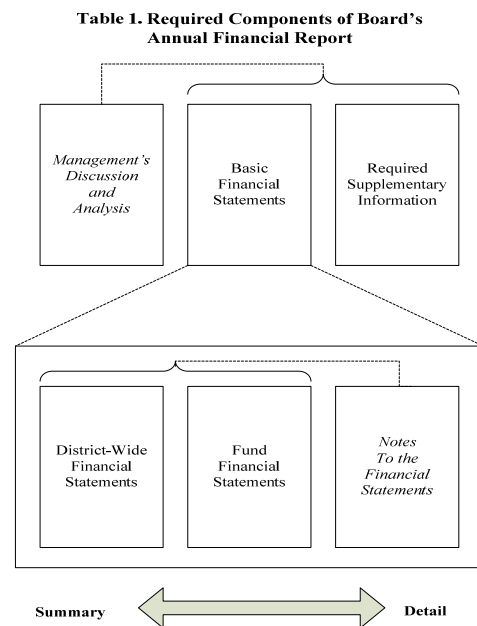
In addition to Management’s Discussion and Analysis, this section of the CAFR contains the financial statements which consist of the parts as noted in Table 1.

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.
- 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



THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2019

- 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. 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, 2019

- *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 \$226.3 million on June 30, 2019. This is an increase of 5.4 million, or 2.4 %, when compared to FY 2018 net position. The Board’s unrestricted net position is negative due to the implementation of GASB 75, which now requires state and local governments to report the liability of Other Post-Employment Benefits (OPEB). The Board’s net OPEB liability for the fiscal year ending June 30, 2019 was \$115.7 million.

	Governmental Activities		Business-Type Activities		Board of Ed Total		Change 2019 - 2018	
	2019	2018	2019	2018	2019	2018	\$	%
Current and other assets	\$40.3	\$40.4	\$3.4	\$2.7	\$43.7	\$43.1	\$0.6	1.4%
Capital Assets	\$317.1	\$305.3	\$0.6	\$0.6	\$317.7	\$305.9	\$11.8	3.9%
TOTAL ASSETS	\$357.4	\$345.7	\$4.0	\$3.3	\$361.4	\$349.0	\$12.4	3.6%
Deferred Outflows - Pensions	\$23.1	\$4.0	\$0.0	\$0.0	\$23.1	\$4.0	\$19.1	483.5%
Current Liabilities	\$23.7	\$23.0	\$0.2	\$0.2	\$23.8	\$23.2	\$0.6	2.7%
Long-Term Liabilities	\$130.3	\$106.1	\$0.0	\$0.0	\$130.3	\$106.1	\$24.2	22.8%
TOTAL LIABILITIES	\$154.0	\$129.1	\$0.2	\$0.2	\$154.1	\$129.3	\$24.8	19.2%
Deferred Inflows - Pensions	\$4.0	\$2.8	\$0.0	\$0.0	\$4.0	\$2.8	\$1.2	44.6%
Net Position								
Net Investment in Capital Assets	\$314.6	\$302.7	\$0.6	\$0.6	\$315.2	\$303.3	\$11.9	3.9%
Restricted	\$2.5	\$7.4	\$0.0	\$0.0	\$2.5	\$7.4	-\$4.9	-66.0%
Unrestricted	-\$94.6	-\$92.3	\$3.2	\$2.5	-\$91.4	-\$89.8	-\$1.6	1.8%
TOTAL NET POSITION	\$222.5	\$217.8	\$3.8	\$3.1	\$226.3	\$220.9	\$5.4	2.3%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2019

Changes in net position - the District's total revenues were \$249.3 million for the year ended June 30, 2019 (See Table 3). The county appropriation and state formula aid accounted for approximately 71.2% of total revenue for the year. Another 28.5% came from program revenues which consist of federal and state grants and capital contributions.

The total cost of all programs and services was \$243.8 million. The District's expenses are predominantly related to providing direct educational services to students, 77.2%, while support services for students composes another 19.8%. The purely administrative activities of the District accounted for approximately 3.1%. Total revenue exceeded total expenses by \$5.5 million.

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
	2019	2018	2019	2018	2019	2018	2019-2018
Program revenues							
Charges for services	\$0.6	\$0.5	\$1.2	\$1.2	\$1.8	\$1.7	5.9%
Federal and state grants	\$42.6	\$39.5	\$6.8	\$6.4	\$49.4	\$45.9	7.6%
Capital Contributions	\$19.9	\$30.1	\$0.0	\$0.0	\$19.9	\$30.1	-33.9%
General revenues							
County Appro. for operations	\$44.2	\$43.6	\$0.0	\$0.0	\$44.2	\$43.6	1.4%
State formula aid	\$133.3	\$130.6	\$0.0	\$0.0	\$133.3	\$130.6	2.1%
Other	\$0.7	\$0.4	\$0.0	\$0.0	\$0.7	\$0.4	75.0%
TOTAL REVENUE	\$241.3	\$244.7	\$8.0	\$7.6	\$249.3	\$252.3	-1.2%
Expenses:							
Instruction & Special Ed	\$188.1	\$173.7	\$0.0	\$0.0	\$188.1	\$173.7	8.3%
Administration	\$7.5	\$7.5	\$0.0	\$0.0	\$7.5	\$7.5	0.0%
Support Services	\$40.6	\$40.7	\$7.7	\$7.9	\$48.3	\$48.6	-0.6%
TOTAL EXPENSES	\$236.1	\$221.9	\$7.7	\$7.9	\$243.8	\$229.8	6.1%
Excess(deficiency) before contributions, special & extraordinary items and transfers	\$5.2	\$22.8	\$0.3	(\$0.3)	\$5.5	\$22.5	-75.6%
Transfers:	(\$0.5)	(\$0.6)	\$0.5	\$0.6	\$0.0	\$0.0	0.0%
Incr. (decr.) in net position	\$4.7	\$22.2	\$0.8	\$0.3	\$5.5	\$22.5	-75.6%
Net Position - beg. Year	\$217.8	\$195.6	\$3.1	\$2.8	\$220.9	\$198.4	11.3%
Net Position - end of year	\$222.5	\$217.8	\$3.8	\$3.1	\$226.4	\$220.9	2.5%

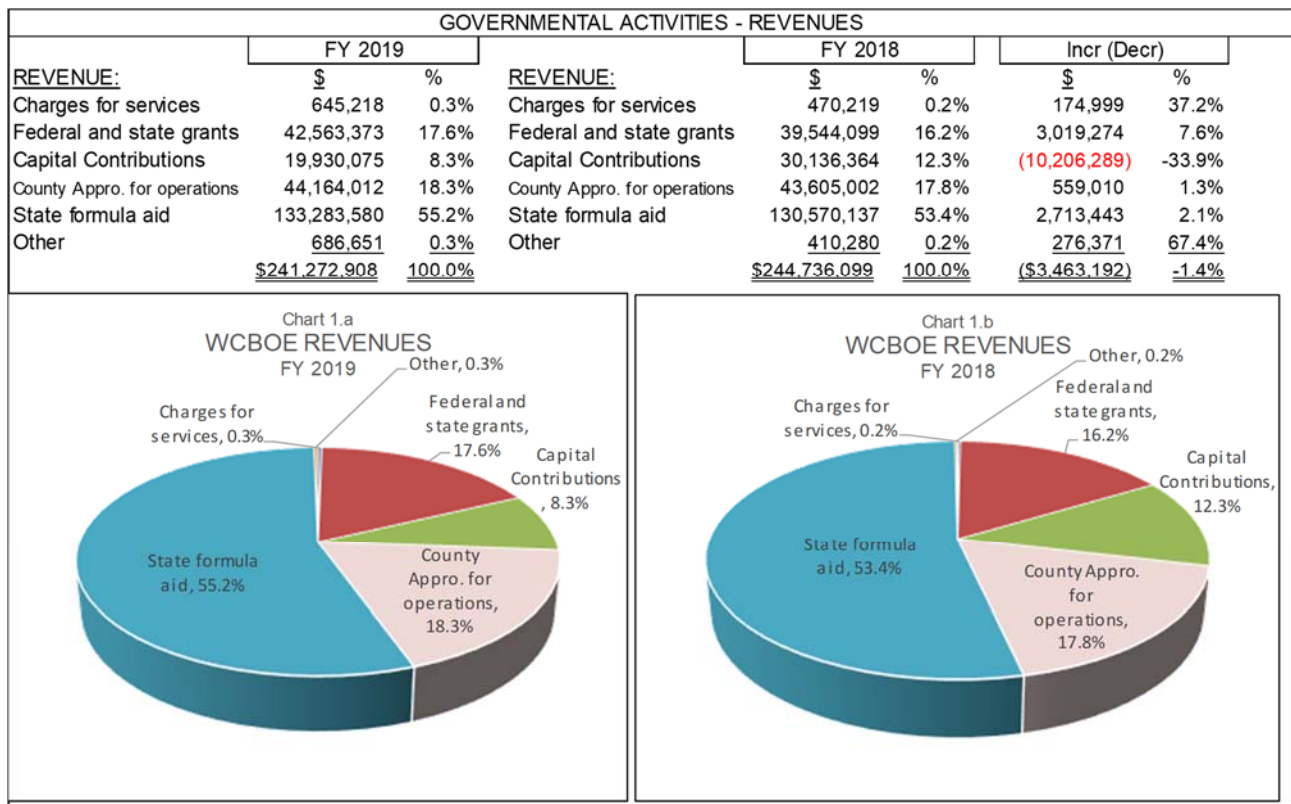
THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management’s Discussion and Analysis
Year Ended June 30, 2019

Governmental Activities

- Net position increased \$4.7 million in FY 2019
- Revenues decreased \$3,463,192 attributable to a net of:
 - capital contributions decreased \$10.2 million
 - state formula aid for operations increased \$2.7 million
 - federal and state grants increased \$3 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 2019 and 2018.



THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management’s Discussion and Analysis
Year Ended June 30, 2019

Governmental-type Activities

Charts 2.a and 2.b disclose the breakdown of expenses for FY 2019 and 2018 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 79.7% of total expenses, while support services, which includes expenses associated with student personnel services, student health services, facility operations and maintenance and student transportation compose another 17.2% of all costs. Administration remains low at 3.2% of total expenses.

GOVERNMENTAL ACTIVITIES - EXPENSES					
	FY 2019			FY 2018	
EXPENSES:	\$	%	EXPENSES:	\$	%
Instruction & Special Ed	\$188,070,340	79.7%	Instruction & Special Ed	\$173,749,967	78.3%
Admin.	\$7,470,741	3.2%	Admin.	\$7,514,341	3.4%
Support Services	\$40,563,554	17.2%	Support Services	\$40,689,995	18.3%
	<u>\$236,104,635</u>	<u>100.0%</u>		<u>\$221,954,303</u>	<u>100.0%</u>

**Chart 2.a
WCBOE EXPENSES
FY 2019**

Category	Percentage
Instruction & Special Ed	79.7%
Support Services	17.2%
Admin.	3.2%

**Chart 2.b
WCBOE EXPENSES
FY 2018**

Category	Percentage
Instruction & Special Ed	78.3%
Support Services	18.3%
Admin.	3.4%

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 \$758,707 in FY 2019. 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 2019 the transfer was \$450,000, down \$150,000 from the previous year. The inter-fund transfer was further reduced by \$300,000 (down to \$150,000) in FY 2020.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2019

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 \$17.9 million, a decrease of \$0.9 million over last year's ending fund balance. Revenues for the District's governmental funds were \$241.3 million, a decrease of \$3.5 million over the prior year. There was a decrease in expenditures of \$3.7 million which totaled \$241.8 million.

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 2019	FY 2018	\$	%
			Incr (Decr)	Incr. (Decr.)
<u>REVENUES</u>	\$ 203,253,681	\$ 200,180,163	\$ 3,073,518	1.5%
<u>EXPENDITURES</u>	\$ 204,361,647	\$ 201,867,205	\$ 2,494,442	1.2%
	\$ (1,107,966)	\$ (1,687,042)	\$ 579,076	-34.3%
<u>OTHER FINANCING SOURCES (USES)</u>				
Increase in Rate Stabilization Reserve	\$ (1,509,020)	\$ 32,353	\$ (1,541,373)	-4764.2%
Capital Lease Proceeds	1,653,624	1,681,686	(28,062)	-1.7%
Interfund Transfers - Special Revenue	1,250,265	976,394	273,871	28.0%
Interfund Transfers - Capital Projects	-	-	-	100.0%
Interfund Transfers - Other	(450,000)	(600,000)	150,000	-25.0%
	\$ 944,869	\$ 2,090,433	\$ (1,145,564)	-54.8%
EXCESS (DEFICIENCY) of Revenues & Other Financing Sources (Uses) over Expenditures	\$ (163,097)	\$ 403,391	\$ (566,488)	140.4%

Revenues increased by \$3.1 million largely as a result of an increase in state aid of \$2 million. The increase in state aid was in large part due to the increase in the consumer price index multiplier of 0.75%, and the fact that Wicomico County has the second lowest wealth per pupil in the state. Wicomico's 9/30/2017 full time equivalent (FTE) enrollment, which determined our FY 2019 state aid, increased by 0.5 students over 9/30/2016.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management’s Discussion and Analysis
Year Ended June 30, 2019

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 increased Title I, Part A, Pre-Kindergarten Expansion, and Science, Technology, Research, Environment, Art, & Math (STREAM) grant expenditures.

Table 5				
<u>SPECIAL REVENUE FUND</u>				
	Fiscal Year	Fiscal Year	Increase	%
	FY 2019	FY 2018	(Decrease)	Incr. (Decr.)
<u>REVENUES</u>				
Federal Through State	\$ 15,343,287	\$ 12,909,267	\$ 2,434,020	18.85%
State of Maryland	1,766,464	1,077,390	689,074	63.96%
Other	979,401	432,915	546,486	126.23%
TOTAL REVENUES	<u>\$ 18,089,152</u>	<u>\$ 14,419,572</u>	<u>\$ 3,669,580</u>	<u>25.45%</u>

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 2019, the Board recorded PSCP aid of \$11.6 million. These funds were used predominantly for the construction costs associated with the multiple systemic renovation projects at Parkside High School and Delmar Elementary School. During FY 2019, the Board utilized approximately \$184,000 of School Construction Savings Funds (SCSF) to subsidize state and county funding for capital projects. The remaining balance in the SCSF at June 30, 2019 is \$1.16 million. This balance is currently allocated to future projects as follows: \$575,000 for Delmar Elementary limited renovation, \$200,000 for Parkside High limited renovation, and \$385,000 for deferred maintenance projects.

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 2019, net position increased \$758,707 in large part due to the subsidy from the Board’s General Fund. This increase in net position has resulted in the Board reducing its subsidy in FY 2020 by \$300,000.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management’s Discussion and Analysis
Year Ended June 30, 2019

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, 2019 were approximately \$24.2 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, 2019 were \$4.4 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, 2019 were approximately \$22.75 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 \$204,537 as of June 30, 2019.

(3) Agency Funds: During FY 2019 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 2019	Fiscal Year FY 2018	Increase (Decrease)	% Incr. (Decr.)
Additions	\$ 2,503,383	\$ 2,586,219	\$ (82,836)	-3.20%
Deductions	2,385,634	2,494,030	(108,396)	-4.35%
Due to School Activity Groups - Beginning	525,216	433,027	92,189	21.29%
Due to School Activity Groups - Ending	<u>\$ 642,965</u>	<u>\$ 525,216</u>	<u>\$ 117,749</u>	<u>22.42%</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis Year Ended June 30, 2019

General Fund Budgetary Highlights

Original budget compared to final budget

The FY 2019 General Fund budget increased \$2.7 million. The increase was in large part made possible by \$2.4 million in additional state aid. With this revenue increase, the Board was able to fund the increase in on-going cost of doing business of \$2.2 million and 10.0 instructional positions to address phase 1 of Wicomico County Public Schools' Prekindergarten initiative.

The Board did require one budget transfer needing County Council approval to revise the General Fund budget during the year: \$265,000 – to fund four COMAR required contractual one-on-one nurses.

Other budget transfers approved involved object level transfers which only require Board of Education approval. Major object level transfers included:

- \$97,500 – to realign funding into proper state object for replacement of school vision machines (13) for the testing of student eyesight
- \$90,000 – for replacement of failed technology in school classrooms

Final budget compared to actual results

Revenue estimates for budgetary purposes were very close to actual. The total variance was only \$200,282 or 0.10% of budget.

Expenditure budget estimates exceeded actuals by \$3.1 million, or about 1.6%. This excess was due in large part to actual transfers coming in under budget by \$1.3 million, comprised of a positive Delaware Tuition Exchange in FY2019 and very few required special education non-public placements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of FY 2019, 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 \$317.7 million. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$12.1 million.

Construction - Next Five Years

Annually, the Board of Education prepares and submits to the State Inter-Agency Commission for School Construction and to the Wicomico County Executive a 5-Year Capital Improvement Program (CIP). The Board's FY 2020 CIP, submitted in October 2018, requested \$9.9 million from the county and \$13.8 million from the state for FY 2020 capital needs. The FY 2020 requests that were approved by the state and county are as follows:

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2019

- Beaver Run Elementary – \$7 million from the county and \$7.4 million from the State to fund complete school replacement construction
- Delmar Elementary – \$3.3 million from the state to fund limited renovation – multiple systemics
- Mardela High/Middle – \$291,000 from the county to fund renovation/addition – studies/planning

FACTORS BEARING ON THE DISTRICT'S FUTURE

The most recent legislative session resulted in an important piece of legislation regarding the future funding of education in Maryland. Senate Bill 1030 establishes The Blueprint for Maryland's Future as State education policy, based on the recommendations of the Commission on Innovation and Excellence in Education (Commission). The bill establishes specified programs and entities; provides funding in fiscal 2020; and mandates funding in fiscal 2021 and 2022, as specified, including for The Blueprint for Maryland's Future Fund, which succeeds the Commission's special fund. The bill also establishes a Maryland Office of the Inspector General for Education, contingent on the release of specified funds. Any funds restricted for purposes of the bill in the fiscal 2020 budget that are not transferred or released by the Governor must be distributed in fiscal 2021, in addition to other funds required to be distributed by the bill in fiscal 2021. The bill took effect June 1, 2019.

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

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THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 294,401	\$ 1,330	\$ 295,731
Investments - cash equivalents	33,196,450	-	33,196,450
Accounts receivable:			
School districts and other	1,304,953	56,162	1,361,115
Accrued interest on investments	77,126	-	77,126
Due from other governmental agencies	8,436,013	322,602	8,758,615
Internal balances	(2,986,736)	2,986,736	-
Capital assets:			
Construction in progress	35,421,371	-	35,421,371
Land	4,372,740	-	4,372,740
Other depreciable capital assets, net	277,297,914	623,738	277,921,652
TOTAL ASSETS	357,414,232	3,990,568	361,404,800
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	5,004,791	-	5,004,791
Other post-employment benefits (OPEB)	18,059,067	-	18,059,067
TOTAL DEFERRED OUTFLOWS OF RESOURCES	23,063,858	-	23,063,858
LIABILITIES			
Accounts payable:			
Retainage	1,187,402	-	1,187,402
Vendors	4,713,717	94,228	4,807,945
Payroll deductions and withholdings	10,522,970	-	10,522,970
Payable to external parties	829,298	-	829,298
Due to other governmental agencies	142,411	-	142,411
Accrued salaries	902,442	18,915	921,357
Unearned revenue	3,812,399	46,316	3,858,715
Short term portion of long term liabilities:			
Accrued compensated absences	310,266	-	310,266
Capital lease payable	1,238,425	-	1,238,425
Long term liabilities:			
Accrued compensated absences	2,411,933	-	2,411,933
Capital lease payable	1,250,578	-	1,250,578
Net pension liability	10,918,479	-	10,918,479
Net OPEB liability	115,720,946	-	115,720,946
TOTAL LIABILITIES	153,961,266	159,459	154,120,725
DEFERRED INFLOWS OF RESOURCES			
Pensions	574,946	-	574,946
Other post-employment benefits (OPEB)	3,446,310	-	3,446,310
TOTAL DEFERRED INFLOWS OF RESOURCES	4,021,256	-	4,021,256
NET POSITION			
Net investment in capital assets	314,603,022	623,738	315,226,760
Restricted for:			
Capital projects	2,153,490	-	2,153,490
Special revenue	346,577	-	346,577
Unrestricted	(94,607,521)	3,207,371	(91,400,150)
TOTAL NET POSITION	\$ 222,495,568	\$ 3,831,109	\$ 226,326,677

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, 2019

	<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	\$ 7,470,741	\$ 131,695	\$ 1,100,402	\$ -
Instructional services	158,619,765	316,293	20,369,516	19,930,075
Special education	29,450,575	-	13,732,073	-
Student personnel services	4,370,816	-	773,431	-
Health services	2,542,324	-	159,590	-
Student transportation	10,545,513	-	5,550,688	-
Operation of plant and equipment	17,416,841	152,657	685,360	-
Maintenance of plant	5,397,468	-	161,321	-
Food services	11,534	-	11,523	-
Community services	240,154	44,574	19,468	-
Interest expense	38,904	-	-	-
Total Governmental Activities	236,104,635	645,219	42,563,372	19,930,075
Business-Type Activities				
Food Service	7,732,529	1,193,756	6,847,480	-
Total Business-Type Activities	7,732,529	1,193,756	6,847,480	-
Totals	\$ 243,837,164	\$ 1,838,975	\$ 49,410,852	\$ 19,930,075

General Revenues

Wicomico County appropriations

State of Maryland

Other revenue

Total General Revenues

Transfers

Change in Net Position

Net Position - beginning of year

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
\$ (6,238,644)	\$ -	\$ (6,238,644)
(118,003,881)	-	(118,003,881)
(15,718,502)	-	(15,718,502)
(3,597,385)	-	(3,597,385)
(2,382,734)	-	(2,382,734)
(4,994,825)	-	(4,994,825)
(16,578,824)	-	(16,578,824)
(5,236,147)	-	(5,236,147)
(11)	-	(11)
(176,112)	-	(176,112)
(38,904)	-	(38,904)
<hr/>		
(172,965,969)	-	(172,965,969)
<hr/>		
-	308,707	308,707
<hr/>		
-	308,707	308,707
<hr/>		
(172,965,969)	308,707	(172,657,262)
<hr/>		
44,164,012	-	44,164,012
133,283,580	-	133,283,580
686,650	-	686,650
<hr/>		
178,134,242	-	178,134,242
<hr/>		
(450,000)	450,000	-
<hr/>		
4,718,273	758,707	5,476,980
<hr/>		
217,777,295	3,072,402	220,849,697
<hr/>		
\$ 222,495,568	\$ 3,831,109	\$ 226,326,677

THE BOARD OF EDUCATION OF WICOMICO COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	Total Governmental Funds
ASSETS				
Cash	\$ 294,401	\$ -	\$ -	\$ 294,401
Investments - cash equivalents	33,196,450	-	-	33,196,450
Accounts receivable:				
School districts and other	919,260	385,693	-	1,304,953
Accrued interest on investments	77,126	-	-	77,126
Due from other governmental agencies	501,557	2,465,693	5,468,763	8,436,013
Due from other funds	-	1,709,408	929,134	2,638,542
TOTAL ASSETS	\$ 34,988,794	\$ 4,560,794	\$ 6,397,897	\$ 45,947,485
LIABILITIES AND FUND BALANCES				
Accounts payable:				
Retainage	\$ -	\$ -	\$ 1,187,402	\$ 1,187,402
Vendors	1,111,433	545,279	3,057,005	4,713,717
Payroll deductions and withholdings	10,522,970	-	-	10,522,970
Due to other funds	6,454,576	-	-	6,454,576
Accrued salaries and other	809,471	92,971	-	902,442
Accrued compensated absences	310,266	-	-	310,266
Unearned revenue	378,752	3,433,647	-	3,812,399
Due to other governmental agencies	91	142,320	-	142,411
TOTAL LIABILITIES	19,587,559	4,214,217	4,244,407	28,046,183
FUND BALANCES				
Restricted for fund purposes	-	346,577	2,153,490	2,500,067
Committed:				
Healthcare rate stabilization reserve	3,122,332	-	-	3,122,332
Assigned to:				
Healthcare rate stabilization reserve	-	-	-	-
Subsequent year expenditures	2,206,489	-	-	2,206,489
Other purposes (encumbrances)	6,723,571	-	-	6,723,571
Unassigned	3,348,843	-	-	3,348,843
Total fund balances	15,401,235	346,577	2,153,490	17,901,302
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,988,794	\$ 4,560,794	\$ 6,397,897	\$ 45,947,485

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, 2019

Total Governmental Funds Balances \$ 17,901,302

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements 317,092,025

Deferred outflows of resources not reported in the governmental fund financial statements:

Pensions	5,004,791	
OPEB	<u>18,059,067</u>	
		23,063,858

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements:

Accrued compensated absences	(2,411,933)	
Net pension liability	(10,918,479)	
Net OPEB liability	(115,720,946)	
Capital lease payable	<u>(2,489,003)</u>	
		(131,540,361)

Deferred inflows of resources not reported in the governmental fund financial statements:

Pensions	(574,946)	
OPEB	<u>(3,446,310)</u>	
		<u>(4,021,256)</u>

Net Position of Governmental Activities \$ 222,495,568

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, 2019

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	Total Governmental Funds
REVENUES				
Wicomico County appropriations				
Operations	\$ 44,164,012	\$ -	\$ -	\$ 44,164,012
Other local revenue	1,163,072	891,016	-	2,054,088
State of Maryland	145,916,073	1,766,464	11,631,185	159,313,722
State of Maryland retirement and pension contribution	11,841,729	-	-	11,841,729
Federal through state	-	15,343,287	-	15,343,287
Other sources	168,795	88,385	8,298,890	8,556,070
TOTAL REVENUES	203,253,681	18,089,152	19,930,075	241,272,908
EXPENDITURES				
Current:				
Administration	4,998,760	459,514	-	5,458,274
School management and support	13,106,356	195,659	-	13,302,015
Instructional salaries and wages	72,211,231	5,194,555	-	77,405,786
Textbooks and instructional supplies	2,727,297	2,567,580	-	5,294,877
Other instructional costs	1,500,237	1,632,052	-	3,132,289
Special education	16,637,796	3,157,160	-	19,794,956
Student personnel services	2,742,433	390,596	-	3,133,029
Health services	1,746,603	11,159	-	1,757,762
Student transportation	8,854,277	340,130	-	9,194,407
Operation of plant and equipment	13,255,074	123,592	-	13,378,666
Maintenance of plant	4,481,677	20,924	-	4,502,601
Fixed charges	40,771,409	2,558,546	-	43,329,955
Community services	197,999	12,330	-	210,329
Food services	-	11,028	-	11,028
Capital outlay	7,496,768	149,954	20,645,623	28,292,345
Debt service				
Capital lease principal	1,753,097	-	-	1,753,097
Capital lease interest	38,904	-	-	38,904
State of Maryland share of retirement and pension contribution	11,841,729	-	-	11,841,729
TOTAL EXPENDITURES	204,361,647	16,824,779	20,645,623	241,832,049
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,107,966)	1,264,373	(715,548)	(559,141)
OTHER FINANCING SOURCES (USES)				
Deficit from insurance settlement	(1,509,020)	-	-	(1,509,020)
Capital lease issuance	1,653,624	-	-	1,653,624
Interfund transfers - special revenue	1,250,265	(1,250,265)	-	-
Interfund transfers - food services	(450,000)	-	-	(450,000)
TOTAL OTHER FINANCING SOURCES (USES)	944,869	(1,250,265)	-	(305,396)
Net change in fund balances	(163,097)	14,108	(715,548)	(864,537)
Fund balances - beginning of year	15,564,332	332,469	2,869,038	18,765,839
Fund balances - end of year	\$ 15,401,235	\$ 346,577	\$ 2,153,490	\$ 17,901,302

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, 2019

Net change in fund balances-total Governmental Funds \$ (864,537)

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.

Capital asset additions	23,904,008	
Current year depreciation	<u>(12,068,099)</u>	
		11,835,909
Current year loss on disposal of capital assets		(17,768)

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		51,210
Increase in net OPEB liability		(21,198,774)
Increase in net pension liability		(3,058,910)
Increase in deferred outflows		19,111,371
Increase in deferred inflows		(1,239,701)

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:

		<u>99,473</u>
Change in net position of Governmental Activities		<u><u>\$ 4,718,273</u></u>

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, 2019

	Business-Type Activities
	<u>Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,330
Due from other funds	2,986,736
Due from other governments	322,602
Accounts receivable - other	<u>56,162</u>
Total current assets	<u>3,366,830</u>
Capital assets, net	<u>623,738</u>
TOTAL ASSETS	<u><u>3,990,568</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	113,143
Unearned revenue	<u>46,316</u>
Total current liabilities	159,459
TOTAL LIABILITIES	<u>159,459</u>
NET POSITION	
Net investment in capital assets	623,738
Unrestricted	<u>3,207,371</u>
TOTAL NET POSITION	<u><u>\$ 3,831,109</u></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, 2019

	Business-Type Activities
	<u>Food Service</u>
OPERATING REVENUES	
Food service sales	<u>\$ 1,193,756</u>
OPERATING EXPENSES	
Salaries and wages	2,481,420
Contracted services	65,878
Supplies and materials	3,992,615
Other charges	1,119,038
Depreciation	73,578
TOTAL OPERATING EXPENSES	<u>7,732,529</u>
OPERATING LOSS	(6,538,773)
NON-OPERATING REVENUES (EXPENSES)	
State of Maryland:	
Reimbursement of food costs	203,284
Federal through State:	
Reimbursement of food costs	6,178,755
Donation of food commodities	465,441
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>6,847,480</u>
Change in net position before contributions and transfers	308,707
Transfers	<u>450,000</u>
Change in net position	758,707
Net position - beginning of year	<u>3,072,402</u>
Net position - end of year	<u><u>\$ 3,831,109</u></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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user charges	\$ 477,899
Cash payments to employees for services, fringe benefits	(2,844,917)
Cash payments for health and other insurances	(767,502)
Cash payments to suppliers for goods and services	(3,536,706)
Cash payments for facility use and maintenance	(65,878)
Net cash used in operating activities	(6,737,104)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Nonoperating grants received	6,382,039
Interfund transfers	450,000
Net cash provided by noncapital financing activities	6,832,039
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of equipment	(94,935)
Principal payment on capital lease obligation	-
Net cash used in capital and related financing activities	(94,935)
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	\$ (6,538,773)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	73,578
Commodities used	465,441
(Increase) decrease in assets:	
Inventories	-
Receivables	(715,857)
(Decrease) increase in liabilities:	
Accounts payable and accrued liabilities	(26,818)
Unearned revenue and due to other governments	5,325
Total adjustments	(198,331)
Net cash used in operating activities	\$ (6,737,104)

Noncash items:

Donation of food commodities	\$ 465,441
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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, 2019

	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	\$ 687,444	\$ -	\$ 33,265
Due from other governmental units	-	198,882	630,416
Accounts receivable	-	-	3,197
Trust investments			
Government bonds	434,253	-	-
Commercial paper	294,350	-	-
Mortgage loans	750,118	-	-
Corporate bonds	1,592,104	-	-
Common stock	2,576,516	6,372	-
Mutual funds	41,413,188	-	-
Other	3,543,841	-	-
	<hr/>		
Total assets	51,291,814	205,254	666,878
	<hr/>		
LIABILITIES			
Accounts payable	183	717	23,913
Due to school activity groups	-	-	642,965
	<hr/>		
Total liabilities	183	717	666,878
	<hr/>		
NET POSITION			
Restricted for pensions and other post-employment benefits	51,291,631	-	-
Restricted for scholarships	-	204,537	-
	<hr/>		
Total net position	\$ 51,291,631	\$ 204,537	\$ -
	<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, 2019

	Pension and Retiree Health Plan <u>Trust Funds</u>		Private Purpose Trust Fund - Scholarship <u>Memorials</u>
ADDITIONS			
Contributions:			
Donations	\$	-	\$ 33,762
Employer contributions		5,512,101	-
Plan member contributions		425,044	-
Total contributions		5,937,145	33,762
Investment earnings:			
Interest and dividends		2,137,275	5,382
Less: investment-related expense		(108,319)	-
Change in fair value of investments		(88,535)	-
Total investment earnings		1,940,421	5,382
Total additions		7,877,566	39,144
DEDUCTIONS			
Scholarships, etc.		-	46,261
Pension benefit payments		5,843,492	-
Administrative expenses		54,686	-
Total deductions		5,898,178	46,261
Change in net position		1,979,388	(7,117)
Net position - beginning of year		49,312,243	211,654
Net position - end of year	\$	51,291,631	\$ 204,537

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 – The Special Revenue fund is 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, planetarium, solar facilities, and transportation revenue resources are also included in the special revenue fund.

Capital Projects Fund – The Capital Projects (School Construction) Fund is 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 fiduciary 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 fiduciary 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, except agency funds which have no measurement focus, 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 unearned 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.

Unearned revenue – 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 unearned revenue.

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

The governmental activities of the government-wide financial statements and the fund financial statements of governmental funds record inventories of supplies at cost. The business-type activities of the government-wide financial statements and the fund financial statements of proprietary funds record food inventories at the lower of cost or market on a first-in, first-out basis and are expensed when used or sold. Food received from the USDA is included at values stated by the USDA but is offset by an unearned 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 under the consumption method.

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 capital assets are recorded at their acquisition value as of the date received. The Board maintains a capitalization threshold of five 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, as an incentive for employees not to abuse sick leave, 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. A deficit unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes. 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 year's 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 2019 unassigned fund balance becomes assigned fund balance for fiscal year 2021.

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, 2019, 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, 2019, encumbrances outstanding totaled \$6,723,571, compared to \$5,864,774 in the prior year, and included the following functions:

Function	Amount
Administration	\$ 148,571
School management and support	57,762
Textbooks and instructional supplies	341,447
Other instructional costs	108,026
Special education	58,564
Student personnel services	9,288
Health services	3,926
Student transportation	445,368
Operation of plant and equipment	586,525
Maintenance of plant	853,669
Fixed charges	44,134
Community services	52,737
Capital outlay	4,013,554
Total encumbrances	\$ 6,723,571

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 to reduce concentration risk:

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, 2019, the Board's non-pension funds were invested as follows:

	Carrying Value	Bank Balance
Cash	\$ 295,731	\$ 5,629,931
Investments - cash equivalents	33,196,450	33,196,450

At June 30, 2019, the Board had bank deposits totaling \$5,629,931 with a carrying value of \$295,731. 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, 2019, 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	5,379,931
Uninsured and collateral held by pledging bank's trust department not in the Board's name	-
	\$ 5,629,931

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.

At June 30, 2019, the Board's School Activities Fund, an agency fund, had bank deposits totaling \$242,087 with a carrying value of \$33,265. As of June 30, 2019, these bank deposits were fully insured.

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 \$33,196,450 at June 30, 2019 with \$3,122,332 committed/assigned for health insurance rate stabilization.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

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. Cash deposits of pension and other trust funds in excess of amounts insured by the FDIC are subject to custodial credit risk.

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. The Trustees review, on an annual basis, the financial status, objectives and guidelines, and current, short term and long term capital market expectations to manage interest rate risk and credit risk.

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	\$ 81,077	\$ 11,771	\$ 168,308	\$ 426,288	\$ 687,444
Government bonds	-	61,445	372,808	-	434,253
Commercial paper (less than 1 year)	-	294,350	-	-	294,350
Mortgage loans	-	233,420	516,698	-	750,118
Corporate bonds	-	870,471	721,633	-	1,592,104
Common stock	-	-	2,576,516	-	2,576,516
Mutual funds	20,832,243	-	-	20,580,945	41,413,188
Other	1,794,481	-	4,360	1,745,000	3,543,841
Total	<u>\$ 22,707,801</u>	<u>\$ 1,471,457</u>	<u>\$ 4,360,323</u>	<u>\$ 22,752,233</u>	<u>\$ 51,291,814</u>

Corporate bonds held at June 30, 2019 are rated by Standard & Poor's as follows:

Rating	<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		20.00%	51.93%	
AA+				
AA			0.26%	
AA-				
A+				
A			9.15%	
A-				
BBB+		42.00%		
BBB		20.00%	27.26%	
BBB-		18.00%		
BB			10.03%	
B			1.37%	

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

AETNA:

Corporate bond issues held at June 30, 2019 are as follows:

	Percent of Holdings
AT&T Inc.	20.00%
African Development Bank	20.00%
Credit Suisse	24.00%
Campbell Soup Co.	18.00%
Morgan Stanley	18.00%

401(a):

Janus:

Corporate bond issues held at June 30, 2019 are as follows:

	Percent of Holdings
Janus Balanced Fund T (JABAX)	100.00%
Average duration 6.34 years	

INVESTMENTS AT FAIR VALUE:

Government Accounting Standards Board Statement (GASB) No. 72, *Fair Value Measurements and Application*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. GASB 72 established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 – that are observable for the asset or liability, either directly or indirectly (for example, quoted prices in active markets for similar assets or liabilities)
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a combination of prevailing market prices and interest payments that are discounted at prevailing interest rates for similar instruments. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

As of June 30, 2019, the Board had the following recurring fair value measurements:

	Level 1	Level 2	Level 3	Total
Debt Securities:				
Government bonds	\$ 434,253	\$ -	\$ -	\$ 434,253
Mortgage loans	-	-	750,118	750,118
Corporate bonds	-	1,592,104	-	1,592,104
	434,253	1,592,104	750,118	2,776,475
Equity Securities:				
Common stock	2,576,516	-	-	2,576,516
Other investments:				
Commercial paper	294,350	-	-	294,350
Mutual funds	41,413,188	-	-	41,413,188
Other	3,539,481	-	4,360	3,543,841
	45,247,019	-	4,360	45,251,379
Total investment by fair value level	\$ 48,257,788	\$ 1,592,104	\$ 754,478	\$ 50,604,370

Note 3. Interfund Receivables and Payables

At June 30, 2019, the interfund account balances are as follows:

	Due From Other Funds	Due To Other Funds
GOVERNMENTAL ACTIVITIES:		
General Fund		
Due to Food Service Fund	\$ -	\$ 2,986,736
Due to Special Revenue Fund	-	1,709,408
Due from Capital Projects Fund	-	929,134
Due to School Activities Fund	-	630,416
Due to Trust Fund	-	198,882
Special Revenue Fund		
Due from General Fund	1,709,408	-
Capital Projects Fund		
Due to General Fund	929,134	-
BUSINESS-TYPE ACTIVITIES		
Enterprise Fund		
Due from General Fund	2,986,736	-
FIDUCIARY NET POSITION		
Due from General Fund	829,298	-
TOTAL ALL FUNDS	\$ 6,454,576	\$ 6,454,576

Due to/from other funds represent advances of cash for operating needs. Transfers of \$450,000 from the General Fund to the Food Services Fund are to supplement wages and benefits. Transfers of \$1,250,265 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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	\$ -	\$ 2,042,742	\$ -	\$ 2,042,742	\$ 312,763
Due from State	501,557	316,345	1,691,908	2,509,810	9,839
Due from local and other	-	106,606	3,776,855	3,883,461	-
Total due from other governmental agencies	<u>\$ 501,557</u>	<u>\$ 2,465,693</u>	<u>\$ 5,468,763</u>	<u>\$ 8,436,013</u>	<u>\$ 322,602</u>
Due to Federal	\$ -	\$ 106,920	\$ -	\$ 106,920	\$ -
Due to State	91	35,170	-	35,261	-
Due to local and other	-	230	-	230	-
Total due to other governmental agencies	<u>\$ 91</u>	<u>\$ 142,320</u>	<u>\$ -</u>	<u>\$ 142,411</u>	<u>\$ -</u>

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deductions	Transfers	Balance June 30, 2019
Governmental Activities					
Capital Assets, not being depreciated					
Land	\$ 4,271,740	\$ 101,000	\$ -	\$ -	\$ 4,372,740
Construction in progress	44,118,814	19,595,469	-	(28,292,912)	35,421,371
Total capital assets, not being depreciated	<u>48,390,554</u>	<u>19,696,469</u>	<u>-</u>	<u>(28,292,912)</u>	<u>39,794,111</u>
Capital assets, being depreciated					
Buildings and improvements	347,931,335	180,715	(21,199)	28,292,912	376,383,763
Furniture and equipment	37,710,569	3,353,691	(8,712,980)	-	32,351,280
Vehicles	3,876,361	673,133	(122,649)	-	4,426,845
Total capital assets, being depreciated	<u>389,518,265</u>	<u>4,207,539</u>	<u>(8,856,828)</u>	<u>28,292,912</u>	<u>413,161,888</u>
Less accumulated depreciation:					
Buildings and improvements	(102,284,763)	(8,503,960)	21,199	-	(110,767,524)
Furniture and equipment	(28,361,469)	(3,114,969)	8,703,114	-	(22,773,324)
Vehicles	(1,988,703)	(449,170)	114,747	-	(2,323,126)
Total accumulated depreciation	<u>(132,634,935)</u>	<u>(12,068,099)</u>	<u>8,839,060</u>	<u>-</u>	<u>(135,863,974)</u>
Total capital assets, being depreciated, net	<u>256,883,330</u>	<u>(7,860,560)</u>	<u>(17,768)</u>	<u>28,292,912</u>	<u>277,297,914</u>
Governmental activities capital assets, net	<u>\$ 305,273,884</u>	<u>\$ 11,835,909</u>	<u>\$ (17,768)</u>	<u>\$ -</u>	<u>\$ 317,092,025</u>
Business-type activities					
Equipment	\$ 1,586,966	\$ 94,935	\$ -	\$ -	\$ 1,681,901
Accumulated depreciation	(984,585)	(73,578)	-	-	(1,058,163)
Business-type activities capital assets, net	<u>\$ 602,381</u>	<u>\$ 21,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,738</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 103,052
Instructional services	10,880,925
Special Education	23,663
Student Personnel Services	14,650
Health Services	9,165
Student transportation	395,760
Operation of plant and equipment	560,197
Maintenance of plant	76,860
Community Services	<u>3,827</u>
Total governmental depreciation expense	<u>12,068,099</u>

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

Food service	<u>73,578</u>
Total business-type depreciation expense	<u>73,578</u>
Total depreciation expense	<u><u>\$ 12,141,677</u></u>

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. Effective September 2018, each entity agreed to decrease the rate stabilization reserve to 12% of average annual premiums. The Board determines how to use the amount of reserve which exceeds 12% 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.

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 or 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. Settlement among the group will occur within four months after August 31st each year. For the period ended August 31, 2018, the Board's share of the consortium's settlement was a deficit of \$1,509,020. These amounts were included as other financing sources (uses) during the year ended June 30, 2019. As of June 30, 2019, the rate stabilization reserve was calculated to be \$3,963,201 compared to an ending balance in the health care consortium account of \$3,122,332, a deficit of \$840,869 subject to the call provisions.

In May 2019, the entities agreed to revert back to the original rate stabilization reserve equal to 10% of average annual premiums, effective beginning September 1, 2019. It was also agreed that the health insurance carrier will only require payment against a deficit of up to 5% of the actual monthly premiums paid in the current fiscal year.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 6. Health Insurance Reserves (Continued)

For the year ended June 30, 2019, the health insurance reserve had the following activity:

Balance at July 1, 2018	\$ 5,176,640
Insurance settlement - 2018	(1,509,020)
Interest earned	89,729
Consulting and wellness program expenditures	(235,017)
Transfer to Retiree Health Plan	<u>(400,000)</u>
Balance at June 30, 2019	<u>\$ 3,122,332</u>

Note 7. Post-Retirement Health Care Benefits

Plan Description

During the year ended June 30, 2007, the Board of Education set up the Retiree Health Plan of the Board of Education of Wicomico County ("the plan"). The Board joined with Wicomico County to form the 'Retiree Health Insurance Plan Trust of the Board of Education of Wicomico County and Wicomico County' ("the trust"). Effective June 29, 2009, the City of Salisbury was approved to join the trust. The trust was established to pool assets of its members for investment purposes only. Each member of the trust is required to designate a member trustee.

The Plan is administered as a single-employer defined benefit plan with combined administrative functions for efficiency. Each employer remains responsible for financing benefits of its own individual plan. Each 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. Separate financial statements for the trust are not issued.

Assets of each member are reported in their respective financial statements using the economic resources measurement focus and the accrual basis of accounting, under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, if available.

The plan provides medical, prescription, dental, and vision benefits to eligible retirees and their spouses. Beginning in 2017, the Board funds 70% of the individual health care insurance costs for retirees who were hired prior to July 1, 2016 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. For employees hired on or after July 1, 2016, the Board funds 50% of the individual health care insurance costs for Unit 1, 3, and 4 retirees with 15-19 years of service; 60% of the individual health care insurance costs for Unit 1, 3, and 4 retirees with 20-24 years of service; and 70% of the individual health care insurance costs for Unit 1, 3, and 4 retirees with 25 or more years of service. The Board contributes 70% of the individual health care insurance costs for Unit 2 and Executive retirees with at least 10 years of service.

The Board previously funded 70% of the individual health care insurance costs for eligible retirees who were qualified to retire on or after July 17, 2007 and who had accumulated at least 10 years of service, and 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). As of July 1, 2018, approximately 890 retirees were receiving benefits and 1,882 active employees are participating in the plan. There were no terminated plan participants entitled to but not yet receiving benefits.

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 \$4.71 million to the plan, including approximately \$3.88 million for current claim costs (approximately 70% of total premiums) and an additional \$830 thousand to pre-fund benefits. Plan members receiving benefits contributed approximately 30% of total premiums, through their required contributions of \$221 per month for retirees-only coverage (if under 65), \$147 per month for retirees-only coverage (if 65 or older) and \$1,186 for retiree and spouse coverage. These monthly premium costs are for PPO coverage or EPO 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 Liability

The Board's total OPEB liability is an amount actuarially determined. The following table shows the components of the Board's total OPEB liability, fiduciary net position, and the resulting net OPEB liability as of June 30, 2019:

Total OPEB liability		
Service cost	\$	3,649,771
Interest cost		5,064,042
Changes in benefit terms		-
Differences between expected and actual experience		(2,136,794)
Changes of assumptions		20,060,124
Benefit payments		<u>(3,883,057)</u>
Net change in total OPEB liability	\$	22,754,086
Total OPEB liability, beginning of year		<u>115,719,093</u>
Total OPEB liability, end of year (a)	\$	<u><u>138,473,179</u></u>
Plan fiduciary net position		
Contribution - employer	\$	4,714,139
Net investment income		724,230
Benefit payments		(3,883,057)
Administrative expense		-
Net change in fiduciary net position	\$	<u>1,555,312</u>
Fiduciary net position, beginning of year		<u>21,196,921</u>
Fiduciary net position, end of year (b)	\$	<u><u>22,752,233</u></u>
Net OPEB Liability (a-b)	\$	<u><u>115,720,946</u></u>
Fiduciary net position as a % of total OPEB liability		16.43%
Covered employee payroll	\$	116,827,713
Net OPEB liability as of % of payroll		99.05%

Payments for the net OPEB obligation have typically been liquidated in the General Fund in prior years. For the fiscal year ended June 30, 2019, the Board recognized an OPEB expense of \$9,617,039.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Funding Status and Funding Progress

As of the most recent actuarial valuation date, the plan was 16.43% funded. The total OPEB liability for benefits was \$138,473,179 and the actuarial value of assets was \$22,752,233 resulting in a net OPEB liability of \$115,720,946. The covered payroll (annual payroll of active employees covered by the plan) was \$116,827,713 and the ratio of the net OPEB liability to the covered payroll was 99.05%.

The Board's funding progress is summarized as follows:

Measurement Date	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	Net OPEB Liability as a Percentage of Covered Payroll (a-b)/c
June 30, 2017	\$ 113,392,739	\$ 19,398,234	\$ 93,994,505	17.11%	\$ 111,445,147	84.34%
June 30, 2018	115,719,093	21,196,921	94,522,172	18.32%	115,383,585	81.92%
June 30, 2019	138,473,179	22,752,233	115,720,946	16.43%	116,827,713	99.05%

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 2018 actuarial valuation study, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.45% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets of 7.25% and municipal bond rates of 3.6% at the beginning of the year and 6.50% and 3.9% at the end of the year, respectively. The GO Bond Buyer Index was used to approximate the yields on the 20-year municipal bonds rated AA or higher. The healthcare cost trend rate assumes subsequent premiums increasing 4.5% annually. Implicit in the investment return, salary scale and trend rate assumption is an underlying general rate of inflation assumption of 2.5%.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Additional information as of the latest actuarial valuation follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	Age banded values ranging from 2.5% to 5.5%
Investment Rate of Return	4.45% for expense; based on a blended rate of the long-term rate of return of 6.50% and municipal bond rates of 3.9% at the end of the year.
Medical Trend	Per capita claims costs are projected to increase by 7.0% in 2019 decreasing linearly by 0.5% to an ultimate trend rate of 4.5%.
Mortality	Pub-10 General Headcount-Weighted with scale MP-2018 generational improvement and a 3 year set forward.
Premium Equivalence	Current pre-Medicare cost equivalent rates are adjusted by age adjusting rates based on the Society of Actuaries' 2013 study "Health Care Costs - From Birth to Death." Medicare supplement rates are assumed to be age adjusted.

Retirement Age	<u>Age at the beginning of year</u>	<u>Retirement Rate</u>	<u>Probability of Electing Coverage</u>
	55	20%	50%
	56 - 61	10%	50%
	62	40%	50%
	63 - 64	20%	50%
	65	100%	50%

Changes in assumptions in the latest actuarial valuation include a reduction of the investment rate of return from 7.25% to a blended rate of the long-term rate of return of 6.50% and municipal bond rates of 3.9%.

Sensitivity of the Total and Net OPEB Liability

The following table presents the Board's total and net OPEB liability using the discount rate of 4.45%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>Discount Rate</u>	<u>Board's Net OPEB Liability</u>
1% decrease	3.45%	\$ 138,700,621
Current discount rate	4.45%	\$ 115,720,946
1% increase	5.45%	\$ 97,337,385

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The following table presents the Board's total and net OPEB liability using the healthcare trend rate of 5.0%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>Health Care Trend Rate</u>	<u>Board's Net OPEB Liability</u>
1% decrease	3.50%	\$ 95,679,500
Current trend rate	4.50%	\$ 115,720,946
1% increase	5.50%	\$ 141,456,856

Deferred Inflows/Outflows of Resources related to OPEB

At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 17,194,392	\$ (1,614,772)
Net difference between projected and actual investment earnings on OPEB plan investments	864,675	-
Difference between actual and expected experience	-	(1,831,538)
Board contributions subsequent to measurement date	-	-
Total	<u>\$ 18,059,067</u>	<u>\$ (3,446,310)</u>

The deferred outflows of resources related to the net difference between projected and actual investment earnings on OPEB plan investments are being amortized over the service life of 5 years. The deferred inflows of resources related to the changes in assumptions are being amortized over the service life of 7 years. The following table shows the remaining amortization of these balances:

Year End June 30,	
2020	\$ 2,469,603
2021	2,469,603
2022	2,469,604
2023	2,405,953
2024	2,237,520
Thereafter	<u>2,560,474</u>
	<u>\$ 14,612,757</u>

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.

In 2015, senior management created a Risk Management Committee, with the initial purpose to review reported employee injuries and varies insurance claims involving Board property, with a goal to identify underlying risks and primary cause of injuries or loss. As all entities face uncertainty and risk, the future mission of the committee will be to institute a formal program of Enterprise Risk Management (ERM). ERM is a continuous process to identify potential events that may affect the school system, determine what level of risk can be assumed and provide reasonable assurance that objectives can be achieved.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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.

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, 2019 were \$11,841,729. 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 2019, in accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay the State 100% 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. As contractually required, during fiscal year 2019, the Board contributed \$4,567,172 to the Teachers' Retirement and Pension System.

Significant Plan Benefits and Policies

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

Teachers' Retirement System

Retirement Benefits:

A member may retire with full benefits after attaining the age of 60, or after completing 30 years of creditable service regardless of age. The annual retirement allowance is equal to $1/55$ of a member's average final compensation (i.e. average of the member's three highest years of annual earnable compensation) multiplied by the number of years 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 10 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 10 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

The State of Maryland contributed \$11,841,729 on behalf of the Board while the Board contributed \$4,567,172 during fiscal year 2019 as a direct result of Maryland Senate Bill 1301. On-behalf payments are recognized as revenues and expenditures in the Board's general fund.

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 10 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 10 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, 2019. 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 \$11,841,729 on behalf of the Board while the Board contributed \$4,567,172 during fiscal year 2019 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, 2019 and payroll covered under the Teachers' Retirement and Pension Systems is as follows:

Total payroll	\$ 128,129,160
Payroll covered under the plan	\$ 105,031,941

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 \$4,567,172 for the year ended June 30, 2019, the Board's required portion of the normal cost.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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:

		2019
Board's proportionate share of the net pension liability (Employees' Systems)	\$	-
State's proportionate share of the net pension liability (Teachers' Systems)		124,339,367
Total	\$	124,339,367

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was calculated as follows by the System(s):

1. Net pension liability for the entire System was calculated. For purposes of funding the System, all calculations are determined on an actuarial basis and are completed through the development of rates based on two separate asset pools, one for employees of the State of Maryland and one for primary government employees.
2. Determined the total contributions to the System by the State and by the primary governments, inclusive of any underfunding of contributions.
3. Based on the number of participants at each Board of Education, calculate the difference between what each Board would have contributed if they funded at the rate of all other participating governments and what the Board actually contributed. The difference between what the Board contributed and what they would have contributed if they funded at the rate of the other participating governments, is then added to the total contribution to the System, to calculate the System's adjusted contribution.
4. Calculated for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each primary government contribution. Since the Board has no contingent liability for funding deficits in the Teachers' Retirement and Pension Systems, the Board did not record a proportionate share of the net pension liability as of June 30, 2019 related to the System.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 9.10% including inflation
Investment Rate of Return	7.45%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2018 valuation:

- Salary increase assumption changed from 3.15% - 9.15% to 3.10% - 9.10%, including inflation
- Inflation assumption changed from 2.65% to 2.60% for general and 3.15% to 3.10% for wage
- Investment rate of return assumption changed from 7.50% to 7.45%

Investments

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	5.8%
Private Equity	13%	6.7%
Rate Sensitive	19%	1.1%
Credit Opportunity	9%	3.6%
Real Assets	14%	4.8%
Absolute Return	8%	3.2%
Total	100%	

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Discount rate

A single discount rate of 7.45% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.45%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

Additional information, including 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.

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. 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 72% equities, 1% cash and cash equivalents, and 27% 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 Employer, or designees of the Employer, of the plan performance on a quarterly basis. Compliance with the Trust Agreement will be required.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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.

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/her 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, 2019 and payroll covered, as of the latest actuarial valuation, under the Plan is as follows:

Total payroll	\$ 128,129,160
Payroll covered under the plan	\$ 10,456,011

Plan membership at July 1, 2018, the date of the latest actuarial valuation, consisted of 301 active plan members, 166 retirees and beneficiaries receiving benefits, and 21 terminated plan participants entitled to but not yet receiving benefits.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (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:

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Total pension liability					
Service cost	\$ 842,490	\$ 854,284	\$ 772,678	\$ 775,125	\$ 953,431
Interest	1,849,338	1,898,022	1,850,305	1,960,374	2,013,079
Benefit payments	(1,250,672)	(1,502,818)	(1,456,131)	(1,558,362)	(1,806,186)
Change in assumption	-	(260,240)	-	2,233,672	1,280,142
Experience (gain) loss	-	19,531	401,563	643,334	797,759
Net change in total pension liability	1,441,156	1,008,779	1,568,415	4,054,143	3,238,225
Total pension liability - beginning	23,786,836	25,227,992	26,236,771	27,805,186	31,859,329
Total pension liability - ending (a)	25,227,992	26,236,771	27,805,186	31,859,329	35,097,554
Plan fiduciary net position					
Contribution - employer	722,205	753,562	759,739	788,359	797,962
Contribution - plan member	381,911	399,334	403,598	338,571	425,044
Net investment income	88,504	(400,584)	2,646,737	1,402,062	808,452
Benefit payments	(1,250,672)	(1,502,591)	(1,456,131)	(1,476,723)	(1,806,186)
Administrative expenses	(49,433)	(65,984)	(52,785)	(50,396)	(45,957)
Net change in plan fiduciary net position	(107,485)	(816,263)	2,301,158	1,001,873	179,315
Plan fiduciary net position - beginning	21,620,477	21,512,992	20,696,729	22,997,887	23,999,760
Plan fiduciary net position - ending (b)	21,512,992	20,696,729	22,997,887	23,999,760	24,179,075
Net pension liability (a - b)	\$ 3,715,000	\$ 5,540,042	\$ 4,807,299	\$ 7,859,569	\$ 10,918,479

Payments for the net pension liability have typically been liquidated in the General Fund in prior years. For the fiscal year ended June 30, 2019, the Board recognized pension expense of \$2,281,076 related to the Retirement Plan for Employees at the Board of Education of Wicomico County.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Deferred Inflows/Outflows of Resources

At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to the retirement plan for employees from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 2,555,899	\$ (111,532)
Net difference between projected and actual investment earnings on pension plan investments	1,146,149	(463,414)
Difference between actual and expected experience	1,302,743	-
Total	\$ 5,004,791	\$ (574,946)

The deferred inflows and outflows related to non-investment activity are being amortized over the remaining service life of 6 and 7 years. The net difference in investment earnings for is being amortized over a closed five year period. The following table shows the amortization of these balances:

Year End <u>June 30,</u>	
2020	\$ 1,233,509
2021	823,106
2022	1,054,814
2023	972,100
2024	346,316
	\$ 4,429,845

Funding Status and Funding Progress

As of the most recent actuarial valuation date, the plan was 68.89% funded. The total pension liability for benefits was \$35,097,554 and the plan fiduciary net position was \$24,179,075 resulting in a net pension liability of \$10,918,479. The covered payroll (annual payroll of active employees covered by the plan) was \$10,456,011 and the ratio of the net pension liability to the covered payroll was 104.42%.

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)

Actuarial Assumptions

Additional information as of the latest actuarial valuation follows:

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	Age banded values ranging from 2.5% to 5.5%
Investment Rate of Return	6.50%
Retirement Age	Graded from ages 55-64; 100% at age 65
Mortality	Pub-2010 General Table as released by the Society of Actuaries in 2019 set forward 3 years with scale MP2018 improvement.

Changes in assumptions used in the latest actuarial valuation include an update to the mortality tables for governmental employers.

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.

Asset Class	Target Allocations	Long-term Historical Returns	Building Blocks Range of Expected Returns
Fixed Income	30.00% - 40.00%	3.00% - 4.00%	0.90% - 1.60%
Equities	50.00% - 60.00%	8.00% - 10.00%	4.00% - 6.00%
Other	0.00% - 10.00%	0.00% - 1.00%	0.00% - 0.10%
			4.90% - 7.70%
		Rate selected:	6.50%

Based on the current Investment Policy and Funding Policy, the Plan is projected not to deplete; therefore, the same rate of 6.50% is used for both the discount rate and the long-term rate of expected investment 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 6.50%, 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:

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	14,743,254	10,918,479	7,675,764

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.36%. The money-weighted rate of return expresses investment performance, net of expense, adjusted for the change in 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, 2019, 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) <u>Retirement Plan</u>	Employees <u>Pension</u>	Retiree Health <u>Plan Trust</u>	<u>Total</u>
ASSETS				
Current assets	\$ 4,360,323	\$ 24,179,258	\$ 22,752,233	\$ 51,291,814
Total assets	4,360,323	24,179,258	22,752,233	51,291,814
LIABILITIES				
Current liabilities	-	183	-	183
NET POSITION				
Held in trust for retirement and other benefits	\$ 4,360,323	\$ 24,179,075	\$ 22,752,233	\$ 51,291,631

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) <u>Retirement Plan</u>	Employees <u>Pension</u>	Retiree Health <u>Plan Trust</u>	<u>Total</u>
ADDITIONS				
Contributions	\$ -	\$ 1,223,006	\$ 4,714,139	\$ 5,937,145
Net investment earnings	407,739	808,452	724,230	1,940,421
Total additions	407,739	2,031,458	5,438,369	7,877,566
DEDUCTIONS				
Pension benefit payments	154,249	1,806,186	3,883,057	5,843,492
Administrative expenses	8,729	45,957	-	54,686
Total deductions	162,978	1,852,143	3,883,057	5,898,178
Change in net position	244,761	179,315	1,555,312	1,979,388
Net position - beginning of year	4,115,562	23,999,760	21,196,921	49,312,243
Net position - end of year	\$ 4,360,323	\$ 24,179,075	\$ 22,752,233	\$ 51,291,631

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, 2019:

GOVERNMENTAL ACTIVITIES	Capital Assets
Vehicles:	
2016	\$ 121,179
2017	121,109
2018	119,360
Computers:	
2016	1,831,543
2017	1,572,158
2018	1,562,326
Total	<u>\$ 5,327,675</u>

Approximate future minimum lease commitments are as follows:

GOVERNMENTAL ACTIVITIES

Fiscal Year Ending	Computers/Vehicles			Total
	2019	2018	2017	
June 30, 2020	\$ 431,250	\$ 431,250	\$ 431,250	\$ 1,293,750
June 30, 2021	431,250	431,250	-	862,500
June 30, 2022	431,250	-	-	431,250
	1,293,750	862,500	431,250	2,587,500
Less: interest	(71,376)	(21,786)	(5,335)	(98,497)
Present value of future minimum lease payments	<u>\$ 1,222,374</u>	<u>\$ 840,714</u>	<u>\$ 425,915</u>	<u>\$ 2,489,003</u>

Interest expense related to the above capital leases, with interest rates ranging from 1.18% to 3.17%, was approximately \$39,000 for the year ended June 30, 2019.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 12. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Long Term Portion
GOVERNMENTAL ACTIVITIES						
Accrued compensated absences	\$ 2,750,206	\$ 317,777	\$ 345,784	\$ 2,722,199	\$ 310,266	\$ 2,411,933
Capital leases	2,588,476	1,653,624	1,753,097	2,489,003	1,238,425	1,250,578
Net pension liability	7,859,569	3,058,910	-	10,918,479	-	10,918,479
Net OPEB liability	94,522,172	21,198,774	-	115,720,946	-	115,720,946
Total	<u>\$ 107,720,423</u>	<u>\$ 26,229,085</u>	<u>\$ 2,098,881</u>	<u>\$ 131,850,627</u>	<u>\$ 1,548,691</u>	<u>\$ 130,301,936</u>

The Board does not have the authority to incur bonded debt. Payments for compensated absences and net pension liability have typically been liquidated in the General Fund in prior years. Payments for capital leases are liquidated from the General Fund for governmental activities and the Food Service Fund for business-type activities.

Note 13. Unearned Revenue – Special Revenue

Unearned revenue in the special revenue fund consists of federal and state grants and other revenues that have not been expended by June 30, 2019. Unearned revenue at June 30, 2019 consists of the following:

Medical assistance provider payments	\$ 3,156,852
Various other state and federal programs	<u>276,795</u>
	<u>\$ 3,433,647</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 HVAC systems renovation at Parkside High School in the amount of \$18,157,543. At June 30, 2019, \$15,228,503 had been expended 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, 2019 may be impaired. In the opinion of the Board, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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

REQUIRED SUPPLEMENTARY INFORMATION

THE BOARD OF EDUCATION OF WICOMICO COUNTY

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

Schedule of Funding Progress:

Measurement Date	Total OPEB Liability (a)	Fiduciary Net Position (b)	Unfunded Net OPEB Liability (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2017	\$ 113,392,739	\$ 19,398,234	\$ 93,994,505	17.11%	\$ 111,445,147	84.34%
June 30, 2018	115,719,093	21,196,921	94,522,172	18.32%	115,383,585	81.92%
June 30, 2019	138,473,179	22,752,233	115,720,946	16.43%	116,827,713	99.05%

Schedule of Employer Contributions:

	2018	2019
Actuarially determined contribution	\$ 7,257,099	7,395,195
Contribution in relation to actuarially-determined contribution	4,516,695	4,714,139
Contribution deficiency (excess)	2,740,404	2,681,056
Covered-employee payroll	115,383,585	116,827,713
Contributions as a percentage of covered-employee payroll	3.91%	4.04%

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 OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
Retiree Health Insurance Plan Trust

	2018	2019
Total OPEB liability		
Service cost	\$ 3,600,890	\$ 3,649,771
Interest cost	4,816,701	5,064,042
Changes in benefit terms	-	-
Differences between expected and actual experience	-	(2,136,794)
Changes of assumptions	(2,260,680)	20,060,124
Benefit payments	(3,830,557)	(3,883,057)
Net change in total OPEB liability	\$ 2,326,354	\$ 22,754,086
Total OPEB liability, beginning of year	113,392,739	115,719,093
Total OPEB liability, end of year (a)	\$ 115,719,093	\$ 138,473,179
Plan fiduciary net position		
Contribution - employer	\$ 4,516,695	\$ 4,714,139
Net investment income	1,184,552	724,230
Benefit payments	(3,830,557)	(3,883,057)
Administrative expense	(72,003)	-
Net change in fiduciary net position	\$ 1,798,687	\$ 1,555,312
Fiduciary net position, beginning of year	19,398,234	21,196,921
Fiduciary net position, end of year (b)	\$ 21,196,921	\$ 22,752,233
Net OPEB Liability (a-b)	\$ 94,522,172	\$ 115,720,946
Fiduciary net position as a % of total OPEB liability	18.32%	16.43%
Covered employee payroll	\$ 115,383,585	\$ 116,827,713
Net OPEB liability as of % of payroll	81.92%	99.05%
Annual money-weighted rate of return	5.84%	3.30%

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 PROPORTIONATE SHARE OF NET PENSION LIABILITY

PENSION PLANS

Teachers' Retirement and Pension Systems

	2015	2016	2017	2018	2019
Board's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Board's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability	87,166,955	119,020,880	144,047,412	131,826,350	124,339,367
Total	\$ 87,166,955	\$ 119,020,880	\$ 144,047,412	\$ 131,826,350	\$ 124,339,367
Board's covered payroll	\$ 95,262,765	\$ 98,572,456	\$ 100,247,573	\$ 103,580,906	\$ 105,031,941
Board's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
The total pension liability as a percentage of plan fiduciary net position	0.19%	0.26%	0.32%	0.27%	0.24%

Schedules are intended to provide 10-year trend information. Additional years will be displayed as available. Information presented is for the liability as of the ending of the prior fiscal year.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF BOARD CONTRIBUTIONS
PENSION PLANS

Teachers' Retirement and Pension Systems

	2015	2016	2017	2018	2019
Contractually required contributions	\$ 3,524,616	\$ 4,052,348	\$ 4,223,295	\$ 4,537,812	\$ 4,567,172
Contributions in relation to the contractually required contribution	3,524,616	4,052,348	4,223,295	4,537,812	4,567,172
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 95,262,765	\$ 98,572,456	\$ 100,247,573	\$ 103,580,906	\$ 105,031,941
Contributions as a percentage of covered payroll	3.70%	4.11%	4.21%	4.38%	4.35%

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 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	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Total pension liability					
Service cost	\$ 842,490	\$ 854,284	\$ 772,678	\$ 775,125	\$ 953,431
Interest	1,849,338	1,898,022	1,850,305	1,960,374	2,013,079
Benefit payments	(1,250,672)	(1,502,818)	(1,456,131)	(1,558,362)	(1,806,186)
Change in assumption	-	(260,240)	-	2,233,672	1,280,142
Experience (gain) loss	-	19,531	401,563	643,334	797,759
Net change in total pension liability	1,441,156	1,008,779	1,568,415	4,054,143	3,238,225
Total pension liability - beginning	23,786,836	25,227,992	26,236,771	27,805,186	31,859,329
Total pension liability - ending (a)	25,227,992	26,236,771	27,805,186	31,859,329	35,097,554
Plan fiduciary net position					
Contribution - employer	722,205	753,562	759,739	788,359	797,962
Contribution - plan member	381,911	399,334	403,598	338,571	425,044
Net investment income	88,504	(400,584)	2,646,737	1,402,062	808,452
Benefit payments	(1,250,672)	(1,502,591)	(1,456,131)	(1,476,723)	(1,806,186)
Administrative expenses	(49,433)	(65,984)	(52,785)	(50,396)	(45,957)
Net change in plan fiduciary net position	(107,485)	(816,263)	2,301,158	1,001,873	179,315
Plan fiduciary net position - beginning	21,620,477	21,512,992	20,696,729	22,997,887	23,999,760
Plan fiduciary net position - ending (b)	21,512,992	20,696,729	22,997,887	23,999,760	24,179,075
Net pension liability (a - b)	\$ 3,715,000	\$ 5,540,042	\$ 4,807,299	\$ 7,859,569	\$ 10,918,479
Annual money-weighted rate of return	0.41%	-1.90%	12.11%	5.97%	3.36%

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%
June 30, 2016	26,236,771	20,696,729	5,540,042	78.88%	10,005,366	55.37%
June 30, 2017	27,805,186	22,997,887	4,807,299	82.71%	10,146,618	47.38%
June 30, 2018	31,859,329	23,999,760	7,859,569	75.33%	10,069,862	78.05%
June 30, 2019	35,097,554	24,179,075	10,918,479	68.89%	10,456,011	104.42%

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	\$ 615,285	\$ 705,355	\$ (90,070)	\$ 9,186,822	7.68%
2015	569,976	722,205	(152,229)	9,616,697	7.51%
2016	683,328	753,562	(70,234)	10,005,366	7.53%
2017	578,971	759,739	(180,768)	10,146,618	7.49%
2018	496,192	788,359	(292,167)	10,069,862	7.83%
2019	831,297	797,962	33,335	10,456,011	7.63%

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, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Wicomico County appropriation	\$ 44,164,012	\$ 44,164,012	\$ 44,164,012	\$ -
Total Wicomico County appropriation	44,164,012	44,164,012	44,164,012	-
Other local:				
Tuition - nonresident pupils	20,000	20,000	108,329	88,329
Tuition - other	33,000	33,000	51,565	18,565
Student payments/fees	84,000	84,000	77,333	(6,667)
Earnings on investments	200,000	200,000	635,156	435,156
Rental of school facilities	90,000	90,000	129,670	39,670
Miscellaneous	112,000	112,000	161,019	49,019
Total other local	539,000	539,000	1,163,072	624,072
State of Maryland revenues:				
Current expense aid	75,746,910	75,746,910	75,746,910	-
Compensatory education	44,251,113	44,251,113	44,251,113	-
Special education	7,565,233	7,565,233	7,565,233	-
Guaranteed tax base	7,089,884	7,089,884	7,089,884	-
Limited English proficient	5,992,703	5,992,703	5,992,703	-
Transportation	5,379,459	5,379,459	5,095,754	(283,705)
Non-public placement	260,000	260,000	(28,494)	(288,494)
Aging schools	106,627	106,627	202,970	96,343
Miscellaneous	4,000	4,000	-	(4,000)
Total State of Maryland revenues	146,395,929	146,395,929	145,916,073	(479,856)
Other sources:				
Out of county living	23,000	23,000	79,066	56,066
Total other sources	23,000	23,000	79,066	56,066
TOTAL REVENUES	191,121,941	191,121,941	191,322,223	200,282
EXPENDITURES				
Administration	5,142,396	5,142,396	4,992,598	149,798
School management and support	13,372,210	13,372,210	13,101,541	270,669
Instructional salaries	72,525,507	72,525,507	72,211,231	314,276
Textbooks and instructional supplies	2,875,273	2,875,273	2,861,588	13,685
Other instruction costs	2,359,123	2,242,963	1,666,994	575,969
Student personnel services	2,796,837	2,796,837	2,720,777	76,060
Health services	1,589,238	1,845,234	1,746,598	98,636
Student transportation	9,126,641	9,126,641	8,784,214	342,427

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2019
(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES (continued)				
Operation of plant and equipment	\$ 13,666,850	\$ 13,666,510	\$ 13,291,825	\$ 374,685
Maintenance of plant	4,416,948	4,416,948	4,374,350	42,598
Fixed charges	40,170,123	40,179,127	40,177,964	1,163
Community services	173,666	173,666	170,985	2,681
Capital outlay	8,656,697	8,656,697	8,613,438	43,259
Special education	17,516,861	17,368,361	16,561,349	807,012
Food service	450,000	450,000	450,000	-
TOTAL EXPENDITURES	194,838,370	194,838,370	191,725,452	3,112,918
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(3,716,429)	(3,716,429)	(403,229)	3,313,200
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,316,429	2,316,429	2,316,429	-
Interfund transfers	1,400,000	1,400,000	1,435,643	(35,643)
TOTAL OTHER FINANCING SOURCES (USES)	3,716,429	3,716,429	3,752,072	(35,643)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ 3,348,843	\$ 3,348,843

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL

SPECIAL REVENUE

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 15,431,028	\$ 15,431,028	\$ 15,343,287	\$ (87,741)
State sources	1,759,533	1,759,533	1,766,464	6,931
Local and other sources	571,893	571,893	979,401	407,508
TOTAL REVENUES	17,762,454	17,762,454	18,089,152	326,698
EXPENDITURES				
Administration	868,991	868,991	459,514	409,477
School management and support	162,659	162,659	195,659	(33,000)
Instructional salaries	5,172,229	5,172,229	5,194,555	(22,326)
Textbooks and instructional supplies	1,922,414	1,922,414	2,567,580	(645,166)
Other instruction costs	1,402,803	1,402,803	1,632,052	(229,249)
Special education	3,713,538	3,713,538	3,157,160	556,378
Student personnel services	450,851	450,851	390,596	60,255
Health services	11,810	11,810	11,159	651
Student transportation	329,282	329,282	340,130	(10,848)
Operation of plant and equipment	-	-	123,592	(123,592)
Maintenance of plant	-	-	20,924	(20,924)
Fixed charges	3,727,877	3,727,877	2,558,546	1,169,331
Community services	-	-	12,330	(12,330)
Food services	-	-	11,028	
Capital outlay	-	-	149,954	(149,954)
TOTAL EXPENDITURES	17,762,454	17,762,454	16,824,779	948,703
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)				
	-	-	1,264,373	1,264,373
OTHER FINANCING SOURCES (USES)				
Interfund transfers	-	-	(1,250,265)	(1,250,265)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	\$ -	\$ -	\$ 14,108	\$ 14,108

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 assigned 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:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
	<u>General Fund</u>	<u>General Fund</u>	<u>General Fund</u>
	<u>June 30, 2019</u>	<u>June 30, 2019</u>	<u>June 30, 2019</u>
GAAP Basis	\$ 203,253,681	\$ 204,361,647	\$ 944,869
Changes in asset account balances not accounted for on Budgetary Statement:			
Health insurance rate stabilization reserve activity:			
Proceeds from insurance settlement	-	-	1,509,020
Transfer to OPEB trust	-	(400,000)	-
Interest earned on health care reserve	(89,729)	-	-
Other expenditures	-	(235,017)	-
Appropriation from June 30, 2018	-	-	2,316,429
Transfers to other funds recorded as budgetary expenditures	-	635,378	635,378
Encumbrances recorded as expenditures:			
Established in current year	-	6,723,571	-
Reversed from prior year	-	(5,864,774)	-
Revenues recorded based on encumbered expenditures:			
Established in current year	-	-	-
Reversed from prior year	-	-	-
State share of retirement and pension contribution	(11,841,729)	(11,841,729)	-
Capital outlay funded by capital leases	-	(1,653,624)	(1,653,624)
Budgetary Basis	<u><u>\$ 191,322,223</u></u>	<u><u>\$ 191,725,452</u></u>	<u><u>\$ 3,752,072</u></u>

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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 2. Post-Employment Health Care Benefits

Changes in Benefit Terms:

There were no significant changes to benefit terms during the year.

Changes in Assumptions:

- Investment rate of return was changed from a blended rate of the long-term rate of return of 7.25% and municipal bond rates of 3.6% at the beginning of the year to a blended rate of the long-term rate of return of 6.50% and municipal bond rates of 3.9% at the end of the year.
- Update to the most recent mortality tables
- Trend rate: per-capita claims are projected to increase by 7.0% in 2019 decreasing linearly by 0.5% to an ultimate trend rate of 4.50%.

Method and Assumptions used in Calculations of Actuarially Determined Contributions:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	Age banded values ranging from 2.5% to 5.5%
Investment Rate of Return	4.45% for expense; based on a blended rate of the long-term rate of return of 6.50% and municipal bond rates of 3.9% at the end of the year.
Medical Trend	Per capita claims costs are projected to increase by 7.0% in 2019 decreasing linearly by 0.5% to an ultimate trend rate of 4.5%.
Mortality	Pub-10 General Headcount-Weighted with scale MP-2018 generational improvement and a 3 year set forward.
Premium Equivalence	Current pre-Medicare cost equivalent rates are adjusted by age adjusting rates based on the Society of Actuaries' 2013 study "Health Care Costs - From Birth to Death." Medicare supplement rates are assumed to be age adjusted.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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 2018 valuation:

- Salary increase assumption changed from 3.15% - 9.15% to 3.10% - 9.10%, including inflation
- Inflation assumption changed from 2.65% to 2.60% for general and 3.15% to 3.10% for wage
- Investment rate of return assumption changed from 7.50% to 7.45%

Method and Assumptions used in Calculations of Actuarially Determined Contributions:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 9.10% including inflation
Investment Rate of Return	7.45%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

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:

- Update to the most recent mortality tables

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	Age banded values ranging from 2.5% to 5.5%
Investment Rate of Return	6.50%
Retirement Age	Graded from ages 55-64; 100% at age 65
Mortality	Pub-2010 General Table as released by the Society of Actuaries in 2019 set forward 3 years with scale MP2018 improvement.

ADDITIONAL SUPPLEMENTARY INFORMATION

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND - BUDGETARY BASIS
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Administration:				
Salaries and wages	\$ 3,740,451	\$ 3,740,451	\$ 3,671,645	\$ 68,806
Contracted services	1,045,617	1,045,617	986,756	58,861
Supplies and materials	140,400	140,400	133,878	6,522
Other charges	170,282	170,282	155,730	14,552
Equipment	-	-	-	-
Transfers	45,646	45,646	44,589	1,057
Total administration	5,142,396	5,142,396	4,992,598	149,798
School management and support:				
Salaries and wages	11,727,947	11,727,947	11,544,784	183,163
Contracted services	949,974	949,974	927,015	22,959
Supplies and materials	148,679	148,679	141,169	7,510
Other charges	518,952	518,952	462,976	55,976
Equipment	-	-	-	-
Transfers	26,658	26,658	25,597	1,061
Total school management and support	13,372,210	13,372,210	13,101,541	270,669
Instructional salaries and wages	72,525,507	72,525,507	72,211,231	314,276
Textbooks and instructional supplies	2,875,273	2,875,273	2,861,588	13,685
Other instructional costs:				
Contracted services	983,243	983,243	903,983	79,260
Other charges	309,989	309,989	240,935	69,054
Equipment	7,700	7,700	6,393	1,307
Transfers	1,058,191	942,031	515,683	426,348
Total other instructional costs	2,359,123	2,242,963	1,666,994	575,969
Special education:				
Salaries and wages	15,959,932	15,959,932	15,886,122	73,810
Contracted services	170,357	228,357	207,327	21,030
Supplies and materials	140,173	140,173	122,704	17,469
Other charges	90,200	90,200	68,583	21,617
Equipment	-	-	-	-
Transfers	1,156,199	949,699	276,613	673,086
Total special education	\$ 17,516,861	\$ 17,368,361	\$ 16,561,349	\$ 807,012

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

GENERAL FUND - BUDGETARY BASIS

Year Ended June 30, 2019

(Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Student personnel services:				
Salaries and wages	\$ 2,032,584	\$ 2,032,584	\$ 1,999,777	\$ 32,807
Contracted services	731,400	731,400	697,882	33,518
Supplies and materials	12,600	12,600	7,863	4,737
Other charges	17,305	17,305	12,421	4,884
Equipment	-	-	-	-
Transfers	2,948	2,948	2,834	114
Total student personnel services	2,796,837	2,796,837	2,720,777	76,060
Health services				
Salaries and wages	1,514,514	1,547,760	1,502,862	44,898
Contracted services	14,000	139,250	89,609	49,641
Supplies and materials	54,026	54,026	51,144	2,882
Other charges	4,850	4,850	3,700	1,150
Equipment	-	97,500	97,435	65
Transfers	1,848	1,848	1,848	-
Total health services	1,589,238	1,845,234	1,746,598	98,636
Student transportation:				
Salaries and wages	1,164,634	1,239,634	1,198,311	41,323
Contracted services	7,284,560	7,162,560	6,890,505	272,055
Supplies and materials	154,500	201,500	178,695	22,805
Other charges	155,599	155,599	153,882	1,717
Equipment	362,500	362,500	358,364	4,136
Transfers	4,848	4,848	4,457	391
Total pupil transportation	9,126,641	9,126,641	8,784,214	342,427
Operation of plant:				
Salaries and wages	6,033,765	5,933,765	5,886,904	46,861
Contracted services	1,975,535	1,742,895	1,736,118	6,777
Supplies and materials	1,195,805	1,448,955	1,443,682	5,273
Other charges	4,378,070	4,375,545	4,059,881	315,664
Equipment	80,000	161,150	161,042	108
Transfers	3,675	4,200	4,198	2
Total operation of plant	13,666,850	13,666,510	13,291,825	374,685
Maintenance of plant:				
Salaries and wages	1,543,702	1,508,702	1,480,128	28,574
Contracted services	2,010,946	1,985,946	1,985,318	628
Supplies and materials	677,500	717,500	714,996	2,504
Other charges	17,500	17,500	7,257	10,243
Equipment	167,300	187,300	186,651	649
Total maintenance of plant	\$ 4,416,948	\$ 4,416,948	\$ 4,374,350	\$ 42,598

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND - BUDGETARY BASIS
 Year Ended June 30, 2019
 (Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Fixed charges:				
Insurance and employee benefits	\$ 40,170,123	\$ 40,179,127	\$ 40,177,964	\$ 1,163
Community services:				
Salaries and wages	42,038	37,538	37,454	84
Contracted services	50,881	50,881	49,292	1,589
Supplies and materials	15,471	10,471	9,892	579
Other charges	46,916	39,416	38,988	428
Equipment	18,360	35,360	35,359	1
Total community services	173,666	173,666	170,985	2,681
Capital outlay:				
Salaries and wages	780,821	780,821	743,871	36,950
Contracted services	1,530,120	1,530,120	1,527,948	2,172
Supplies and materials	178,500	304,500	304,334	166
Other charges	11,200	11,200	10,855	345
Equipment	6,156,056	6,030,056	6,026,430	3,626
Transfers	-	-	-	-
Total capital outlay	8,656,697	8,656,697	8,613,438	43,259
Food service:				
Transfers	450,000	450,000	450,000	-
TOTAL EXPENDITURES	194,838,370	194,838,370	191,725,452	3,112,918
TOTAL APPROPRIATIONS AND EXPENDITURES	\$ 194,838,370	\$ 194,838,370	\$ 191,725,452	\$ 3,112,918

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
CAPITAL PROJECTS - BUDGETARY BASIS
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
State sources	\$ 9,972,000	\$ 9,972,000	\$ 11,631,185	\$ 1,659,185
Local and other sources	7,865,000	7,865,000	8,298,890	433,890
TOTAL REVENUES	17,837,000	17,837,000	19,930,075	2,093,075
EXPENDITURES				
Capital outlay	19,349,812	19,349,812	20,645,623	(1,295,811)
TOTAL EXPENDITURES	19,349,812	19,349,812	20,645,623	(1,295,811)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,512,812	1,512,812	1,512,812	-
	1,512,812	1,512,812	1,512,812	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ 797,264	\$ 797,264

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 Financing Sources (Uses)
GAAP Basis	\$ 19,930,075	\$ 20,645,623	\$ -
Appropriation from fund balance	-	-	1,512,812
Budgetary Basis	\$ 19,930,075	\$ 20,645,623	\$ 1,512,812

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
 FOOD SERVICE - BUDGETARY BASIS
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local sources	\$ 1,138,497	\$ 1,138,497	\$ 1,193,756	\$ 55,259
State sources	160,000	160,000	203,284	43,284
Federal sources	6,461,803	6,461,803	6,644,196	182,393
TOTAL REVENUES	7,760,300	7,760,300	8,041,236	280,936
EXPENDITURES				
Salaries and wages	2,649,188	2,649,188	2,481,420	167,768
Contracted services	144,600	144,600	68,437	76,163
Supplies and materials	4,260,321	4,260,321	3,960,259	300,062
Other charges	1,347,829	1,347,829	1,085,987	261,842
Capital outlay	90,000	90,000	102,895	(12,895)
TOTAL EXPENDITURES	8,491,938	8,491,938	7,698,998	792,940
OPERATING INCOME (LOSS)	(731,638)	(731,638)	342,238	1,073,876
OTHER RESOURCES				
Interfund Transfer	450,000	450,000	450,000	-
Appropriation from fund balance	281,638	281,638	281,638	-
TOTAL OTHER RESOURCES	731,638	731,638	731,638	-
EXCESS OF REVENUES AND OTHER RESOURCES OVER EXPENDITURES	\$ -	\$ -	\$ 1,073,876	\$ 1,073,876

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	\$ 8,041,236	\$ 7,732,529	\$ 450,000
Appropriation from fund balance	-	-	281,638
Encumbrances established in current year	-	103,167	-
Encumbrances reversed from prior year	-	(158,055)	-
Principal payments on capital lease obligation	-	-	-
Depreciation of capital assets	-	(73,578)	-
Capital asset current year additions	-	94,935	-
Budgetary Basis	\$ 8,041,236	\$ 7,698,998	\$ 731,638

THE BOARD OF EDUCATION OF WICOMICO COUNTY
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PENSION AND RETIREE HEALTH PLAN TRUST FUNDS
 June 30, 2019

	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	\$ 168,308	\$ 92,848	\$ 426,288	\$ 687,444
Trust investments				
Government bonds	372,808	61,445	-	434,253
Commercial paper	-	294,350	-	294,350
Mortgage loans	516,698	233,420	-	750,118
Corporate bonds	721,633	870,471	-	1,592,104
Common stock	2,576,516	-	-	2,576,516
Mutual funds	-	20,832,243	20,580,945	41,413,188
Other	4,360	1,794,481	1,745,000	3,543,841
Total assets	<u>4,360,323</u>	<u>24,179,258</u>	<u>22,752,233</u>	<u>51,291,814</u>
LIABILITIES				
Advanced contributions	-	183	-	183
NET POSITION				
Held in Trust for:				
Retirement and other benefits	<u>4,360,323</u>	<u>24,179,075</u>	<u>22,752,233</u>	<u>51,291,631</u>
Total net position	<u>\$ 4,360,323</u>	<u>\$ 24,179,075</u>	<u>\$ 22,752,233</u>	<u>\$ 51,291,631</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, 2019

	401(a) Retirement Plan	Employees Pension	Retiree Health Plan Trust	Total Pension and Retiree Health Plan Trust Funds
ADDITIONS				
Contributions:				
Employer contributions	\$ -	\$ 797,962	\$ 4,714,139	\$ 5,512,101
Plan member contributions	-	425,044	-	425,044
Total contributions	-	1,223,006	4,714,139	5,937,145
Investment earnings:				
Interest and dividends	272,670	979,971	884,634	2,137,275
Less: investment-related expense	-	(57,748)	(50,571)	(108,319)
Change in fair value of investments	135,069	(113,771)	(109,833)	(88,535)
Net investment earnings	407,739	808,452	724,230	1,940,421
Total additions	407,739	2,031,458	5,438,369	7,877,566
DEDUCTIONS				
Pension benefit payments	154,249	1,806,186	3,883,057	5,843,492
Administrative expenses	8,729	45,957	-	54,686
Total deductions	162,978	1,852,143	3,883,057	5,898,178
Change in net position	244,761	179,315	1,555,312	1,979,388
Net position - beginning of year	4,115,562	23,999,760	21,196,921	49,312,243
Net position - end of year	\$ 4,360,323	\$ 24,179,075	\$ 22,752,233	\$ 51,291,631

THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash	\$ 40,749	\$ 2,408,882	\$ 2,416,366	\$ 33,265
Accounts receivable	2,250	3,197	2,250	3,197
Due from other funds	515,199	115,217	-	630,416
	<hr/>			
Total assets	558,198	2,527,296	2,418,616	666,878
	<hr/>			
LIABILITIES				
Accounts payable	32,982	23,913	32,982	23,913
Due to school activity groups	525,216	2,503,383	2,385,634	642,965
	<hr/>			
Total liabilities	\$ 558,198	\$ 2,527,296	\$ 2,418,616	\$ 666,878
	<hr/>			

STATISTICAL SECTION

STATISTICAL SECTION

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

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Financial Trends

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

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Debt Capacity

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

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Demographic and Economic Information

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

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Operating Information

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 206,066,048	\$ 211,591,860	\$ 209,358,061	\$ 212,243,676	\$ 248,339,599	\$ 264,578,879	\$ 272,294,206	\$ 277,889,290	\$ 302,685,408	\$ 314,603,022
Restricted for capital projects	4,547,767	5,087,896	6,359,455	6,608,505	5,336,356	3,042,002	3,054,494	3,012,813	2,869,038	2,153,490
Restricted for special revenue	69,098	42,376	70,148	39,472	82,569	125,557	169,673	230,645	332,469	346,577
Unrestricted	15,252,148	14,695,357	9,960,802	9,668,652	8,887,096	6,574,381	7,942,516	9,924,814	(88,109,620)	(94,607,521)
Total governmental activities net position	\$ 225,935,061	\$ 231,417,489	\$ 225,748,466	\$ 228,560,305	\$ 262,645,620	\$ 274,320,819	\$ 283,460,889	\$ 291,057,562	\$ 217,777,295	\$ 222,495,568
Business-type activities										
Net investment in capital assets	\$ 493,125	\$ 357,236	\$ 375,722	\$ 355,062	\$ 329,436	\$ 362,483	\$ 410,432	\$ 429,044	\$ 602,381	\$ 623,738
Unrestricted for food service activities	583,363	857,386	1,347,187	1,446,040	1,460,570	1,522,581	1,805,360	2,343,193	2,470,021	3,207,371
Total business-type activities net position	\$ 1,076,488	\$ 1,214,622	\$ 1,722,909	\$ 1,801,102	\$ 1,790,006	\$ 1,885,064	\$ 2,215,792	\$ 2,772,237	\$ 3,072,402	\$ 3,831,109
Primary government										
Net investment in capital assets	\$ 206,559,173	\$ 211,949,096	\$ 209,733,783	\$ 212,598,738	\$ 248,669,035	\$ 264,941,362	\$ 272,704,638	\$ 278,318,334	\$ 303,287,789	\$ 315,226,760
Restricted	4,616,865	5,130,272	6,429,603	6,647,977	5,418,925	3,167,559	3,224,167	3,243,458	3,201,507	2,500,067
Unrestricted	15,835,511	15,552,743	11,307,989	11,114,692	10,347,666	8,096,962	9,747,876	12,268,007	(85,639,599)	(91,400,150)
Total primary government net position	\$ 227,011,549	\$ 232,632,111	\$ 227,471,375	\$ 230,361,407	\$ 264,435,626	\$ 276,205,883	\$ 285,676,681	\$ 293,829,799	\$ 220,849,697	\$ 226,326,677

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.
 During fiscal year 2015, the Board implemented GASB No. 67, Financial Reporting for Pension Plans
 During fiscal year 2018, the Board implemented GASB No. 74, Financial Reporting for Postemployment Benefit Plans Other Than 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
Administration	\$ 6,116,697	\$ 6,195,389	\$ 6,221,005	\$ 6,396,885	\$ 6,562,899	\$ 6,342,827	\$ 6,782,626	\$ 7,070,838	\$ 7,514,341	\$ 7,470,741
Instructional services	132,065,219	127,288,521	125,417,605	127,631,747	131,092,689	135,148,455	136,120,507	141,470,915	145,259,804	158,619,765
Special education	24,784,670	24,399,942	24,337,038	24,512,359	25,399,267	26,032,772	27,053,349	27,529,358	28,490,163	29,450,575
Student personnel services	2,773,204	2,746,168	2,614,709	2,741,544	2,804,877	2,990,897	3,145,310	3,564,242	3,925,616	4,370,816
Health services	1,967,103	2,018,788	1,892,599	1,931,135	2,092,763	2,186,512	2,129,723	2,151,653	2,160,034	2,542,324
Student transportation	8,304,572	8,401,296	8,291,355	8,465,480	9,016,351	8,997,945	9,579,044	10,103,015	10,039,390	10,545,513
Operation of plant and equipment	13,796,567	13,711,183	12,659,036	13,361,681	14,546,798	15,360,888	15,582,241	16,258,186	18,537,712	17,416,841
Maintenance of plant	3,214,936	3,113,546	3,173,492	3,756,713	4,026,748	4,621,848	4,486,567	5,556,582	4,882,614	5,397,468
Food services					14,543	44,111	22,887	3,574	-	11,534
Community services:	200,977	173,022	189,562	252,724	322,234	307,821	378,034	777,353	1,111,875	240,154
Interest expense		84,209	39,654	36,646	31,034	29,925	23,729	31,256	32,754	38,904
Total governmental activities expenses	193,223,945	188,132,064	184,836,055	189,086,914	195,910,203	202,064,001	205,304,017	214,516,972	221,954,303	236,104,635
Business-type activities:										
Food services	\$ 6,775,915	\$ 6,898,766	\$ 6,749,074	\$ 7,241,209	\$ 7,229,719	\$ 7,333,119	\$ 7,729,465	\$ 7,633,108	\$ 7,932,409	\$ 7,732,529
Total business-type activities expenses	6,775,915	6,898,766	6,749,074	7,241,209	7,229,719	7,333,119	7,729,465	7,633,108	7,932,409	7,732,529
Total primary government expenses	199,999,860	195,030,830	191,585,129	196,328,123	203,139,922	209,397,120	213,033,482	222,150,080	229,886,712	243,837,164
Program Revenues										
Governmental activities:										
Charges for services										
Administration	\$ -	\$ -	\$ 20,945	\$ 19,929	\$ 22,133	\$ 19,523	\$ 27,822	\$ 24,250	\$ 122,209	\$ 131,695
Instructional services	1,938,036	623,603	518,654	227,821	301,483	183,092	551,875	204,722	181,777	316,293
Operation of plant and equipment	57,072	51,488	15,218	41,736	58,017	110,906	86,286	124,562	121,659	152,657
Community services	44,404	44,404	44,404	44,434	44,434	44,434	44,511	44,542	44,574	44,574
Operating grants and contributions										
Administration	1,261,966	1,309,717	1,113,104	1,204,957	1,131,134	813,603	859,567	905,083	972,091	1,100,402
Instructional services	18,128,206	21,933,669	17,948,143	16,743,347	16,576,218	17,936,497	17,269,149	16,961,940	16,214,511	20,369,518
Special education	13,648,449	14,208,723	12,714,671	13,256,070	12,863,189	12,902,498	14,049,331	13,666,645	13,935,205	13,732,073
Student personnel services	169,790	189,101	182,023	168,667	154,491	164,441	249,836	552,706	731,298	773,431
Health services	150,005	178,180	167,820	138,869	168,140	171,528	166,130	161,855	154,853	159,590
Student transportation	273,704	368,789	363,994	300,212	265,147	5,393,111	5,655,997	5,672,422	5,826,816	5,550,688
Operation of plant and equipment	571,504	683,368	676,380	1,773,778	597,958	605,286	600,984	590,787	563,573	685,360
Maintenance of plant	143,650	169,993	166,840	461,233	141,642	156,207	130,157	145,095	155,122	161,321
Food Services					14,308	44,111	22,887	2,814	-	11,523
Community services	3,301	4,168	4,710	62,590	120,173	107,768	182,716	594,685	990,629	19,468
Capital grants and contributions	29,996,468	8,202,898	2,729,726	6,888,004	41,509,582	20,038,839	13,946,306	14,819,234	30,136,364	19,930,075
Total governmental activities program revenues	\$ 66,386,555	\$ 47,968,101	\$ 36,666,632	\$ 41,331,647	\$ 73,968,049	\$ 58,691,844	\$ 53,843,554	\$ 54,471,342	\$ 70,150,681	\$ 63,138,666

During fiscal year 2013, the Board implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
During fiscal year 2015, the Board implemented GASB No. 67, Financial Reporting for Pension Plans
During fiscal year 2018, the Board implemented GASB No. 74, Financial Reporting for Postemployment Benefit Plans Other Than 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues (continued)										
Business-type activities:										
Charges for services	\$ 1,701,204	\$ 1,622,832	\$ 1,561,106	\$ 1,416,122	\$ 1,276,246	\$ 1,167,633	\$ 1,174,965	\$ 1,151,593	\$ 1,171,569	\$ 1,193,756
Operating grants and contributions	4,356,223	4,664,068	4,946,255	5,228,280	5,267,377	5,585,544	6,183,311	6,381,918	6,461,005	6,847,480
Capital grants and contributions	-	-	-	-	-	-	26,917	6,042	-	-
Total business-type activities program revenues	6,057,427	6,286,900	6,507,361	6,644,402	6,543,623	6,753,177	7,385,193	7,539,553	7,632,574	8,041,236
Total primary government program revenues	\$ 72,443,982	\$ 54,255,001	\$ 43,173,993	\$ 47,976,049	\$ 80,511,672	\$ 65,445,021	\$ 61,228,747	\$ 62,010,895	\$ 77,783,255	\$ 71,179,902
Net (Expense)/Revenue										
Governmental activities	\$ (126,837,390)	\$ (140,163,963)	\$ (148,169,423)	\$ (147,755,267)	\$ (121,942,154)	\$ (143,372,157)	\$ (151,460,463)	\$ (160,045,631)	\$ (151,803,622)	\$ (172,965,969)
Business-type activities	(718,488)	(611,866)	(241,713)	(596,807)	(686,096)	(579,942)	(344,272)	(93,555)	(299,835)	308,707
Total primary government net expense	\$ (127,555,878)	\$ (140,775,829)	\$ (148,411,136)	\$ (148,352,074)	\$ (122,628,250)	\$ (143,952,099)	\$ (151,804,735)	\$ (160,139,186)	\$ (152,103,457)	\$ (172,657,262)
General Revenues and Other Changes in Net Position										
Governmental activities:										
State of Maryland	\$ 105,808,156	\$ 103,040,371	\$ 106,945,873	\$ 111,997,661	\$ 116,133,233	\$ 115,181,027	\$ 119,866,714	\$ 126,153,350	\$ 130,570,137	\$ 133,283,580
Wicomico County appropriation	50,781,711	43,196,892	36,196,892	39,173,593	40,520,465	40,396,119	41,306,646	41,933,294	43,605,002	44,164,012
Other revenue	203,870	131,922	100,364	60,151	48,771	145,210	102,173	205,659	410,279	686,650
Investment earnings	20,364	27,206	7,271	10,701	-	-	-	-	-	-
Transfers	(855,704)	(750,000)	(750,000)	(675,000)	(675,000)	(675,000)	(675,000)	(650,000)	(600,000)	(450,000)
Total governmental activities	155,958,397	145,646,391	142,500,400	150,567,106	156,027,469	155,047,356	160,600,533	167,642,303	173,985,418	177,684,242
Business-type activities:										
Investment earnings	\$ 855,704	\$ 750,000	\$ 750,000	\$ 675,000	\$ 675,000	\$ 675,000	\$ 675,000	\$ 650,000	\$ 600,000	\$ 450,000
Transfers	855,704	750,000	750,000	675,000	675,000	675,000	675,000	650,000	600,000	450,000
Total business-type activities	\$ 1,566,814,101	\$ 1,466,396,391	\$ 1,432,500,400	\$ 1,512,421,106	\$ 1,567,702,469	\$ 1,557,722,356	\$ 1,612,275,533	\$ 1,682,292,303	\$ 1,745,885,418	\$ 1,781,344,242
Change in Net Position										
Governmental activities	\$ 29,121,007	\$ 5,482,428	\$ (5,669,023)	\$ 2,811,839	\$ 34,085,315	\$ 11,675,199	\$ 9,140,070	\$ 7,596,672	\$ 22,181,796	\$ 4,718,273
Business-type activities	137,216	138,134	508,287	78,193	(11,096)	95,058	330,728	556,445	300,165	758,707
Total primary government	\$ 29,258,223	\$ 5,620,562	\$ (5,160,736)	\$ 2,890,032	\$ 34,074,219	\$ 11,770,257	\$ 9,470,798	\$ 8,153,117	\$ 22,481,961	\$ 5,476,980

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.

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

During fiscal year 2018, the Board implemented GASB No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

Schedule 3

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

(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Committed:										
Healthcare rate stabilization reserve	\$ 2,429,000	\$ 2,602,354	\$ 3,646,226	\$ 3,751,594	\$ 3,828,238	\$ 3,889,699	\$ 4,114,595	\$ 4,194,695	\$ 4,484,708	\$ 3,122,332
Assigned to:										
Healthcare rate stabilization reserve	5,643,947	4,666,352	1,642,335	1,293,706	1,895,034	524,559	550,802	1,716,930	691,932	-
Other purposes (encumbrances)	4,516,287	3,606,539	4,124,687	4,228,163	3,691,290	3,010,472	4,024,693	4,496,904	5,864,774	6,723,571
Subsequent year expenditures	300,000	4,000,000	300,000	300,000	300,000	1,868,130	1,579,344	2,935,983	2,316,429	2,206,489
Unassigned	4,000,000	300,000	300,000	300,000	1,868,130	1,579,344	1,816,134	1,816,429	2,206,489	3,348,843
Total General Fund	\$ 16,889,234	\$ 15,175,245	\$ 10,013,248	\$ 9,873,463	\$ 11,582,692	\$ 10,872,204	\$ 12,085,568	\$ 15,160,941	\$ 15,564,332	\$ 15,401,235
All Other Governmental Funds										
Restricted for fund purposes:										
Special Revenue	\$ 69,098	\$ 42,376	\$ 70,148	\$ 39,472	\$ 82,569	\$ 125,557	\$ 169,673	\$ 230,645	\$ 332,469	\$ 346,577
Capital projects	4,547,767	5,087,896	6,359,455	6,608,505	5,336,356	3,042,002	3,054,494	3,012,813	2,869,038	2,153,490
Total all other governmental funds	\$ 4,616,865	\$ 5,130,272	\$ 6,429,603	\$ 6,647,977	\$ 5,418,925	\$ 3,167,559	\$ 3,224,167	\$ 3,243,458	\$ 3,201,507	\$ 2,500,067
Total Governmental Funds	\$ 21,506,099	\$ 20,305,517	\$ 16,442,851	\$ 16,521,440	\$ 17,001,617	\$ 14,039,763	\$ 15,309,735	\$ 18,404,399	\$ 18,765,839	\$ 17,901,302

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, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Wicomico County appropriations	\$ 50,781,711	\$ 43,196,892	\$ 36,196,892	\$ 37,000,000	\$ 37,765,374	\$ 37,676,790	\$ 38,067,637	\$ 41,933,294	\$ 43,605,002	\$ 44,164,012
Operations	-	-	-	2,173,593	2,755,091	2,719,329	3,239,009	-	-	-
Pension	2,367,826	1,047,033	857,362	536,623	600,630	762,766	1,026,479	1,026,479	1,156,390	2,054,088
Other local revenue	126,488,229	118,060,864	115,359,047	124,203,503	152,603,256	131,740,098	137,571,120	144,431,694	164,760,373	159,313,722
State of Maryland share of retirement and pension contribution	12,316,880	13,893,333	13,945,688	10,331,627	11,446,078	12,071,377	11,893,532	12,408,217	11,817,123	11,841,729
Federal through State	13,556,335	17,211,605	11,664,252	15,467,667	12,069,052	12,334,107	12,887,634	12,254,027	12,909,267	15,343,287
Transfer of bond proceeds from Wicomico County	16,713,698	209,865	1,220,677	2,288,891	12,883,315	16,785,646	9,937,140	10,071,018	9,306,833	6,934,304
Other	975,977	744,900	673,112	571,849	547,722	324,087	470,014	638,917	1,181,111	1,621,766
Total revenues	223,200,656	194,364,492	179,917,030	192,573,753	230,670,518	214,414,200	215,119,087	222,763,646	244,736,099	241,272,908
Expenditures										
Administration	4,789,056	4,669,570	4,791,193	4,966,020	4,967,876	4,665,741	5,036,234	5,206,414	5,565,894	5,458,274
School management and support	11,800,112	11,566,404	11,313,730	11,619,652	12,003,691	12,199,280	12,789,419	12,499,139	12,812,876	13,302,015
Instructional salaries	71,132,386	67,556,984	66,298,498	67,649,688	68,562,377	70,276,009	71,782,468	72,806,633	74,962,922	77,405,786
Textbooks and instructional supplies	4,322,106	3,967,562	2,862,722	3,407,290	3,726,620	4,083,846	3,432,970	3,639,512	3,675,004	5,294,877
Other instructional costs	2,609,102	2,307,420	2,338,990	3,519,058	2,442,893	2,779,171	2,364,421	2,507,883	2,781,407	3,132,289
Special education	18,321,340	17,647,287	17,257,503	17,619,858	17,862,939	18,182,127	19,214,236	19,408,794	19,676,527	19,794,956
Student personnel services	2,192,603	2,155,087	2,023,139	2,145,444	2,148,974	2,278,463	2,386,334	2,665,942	2,859,563	3,133,029
Health services	1,448,994	1,468,207	1,373,412	1,388,666	1,469,714	1,529,558	1,492,944	1,512,542	1,486,767	1,757,762
Student transportation	8,109,729	8,186,749	8,086,102	8,249,467	8,668,457	8,515,890	8,879,375	9,088,290	8,983,405	9,194,407
Operation of plant and equipment	10,649,631	10,662,885	9,674,217	10,538,126	11,511,247	12,195,628	12,167,778	12,736,164	14,992,262	13,378,666
Maintenance of plant	2,682,147	2,555,564	2,610,900	3,164,438	3,381,811	3,908,177	3,855,606	4,837,153	4,133,897	4,502,601
Fixed charges	30,425,611	32,816,938	33,117,698	35,278,602	36,188,943	37,505,856	40,168,300	39,931,948	41,972,113	43,329,955
Food service	-	-	-	-	10,667	42,660	22,887	2,576	-	11,028
Community services	188,790	159,171	174,484	228,780	281,756	270,734	318,433	606,815	847,553	210,329
Capital outlay	34,884,052	15,793,468	8,926,647	13,383,341	46,760,861	25,729,934	19,209,256	20,473,829	37,236,146	28,292,345
Debt service	-	-	-	-	-	-	-	-	-	-
Capital lease principal	1,958,968	1,542,110	1,340,070	1,343,707	1,380,687	1,639,287	1,656,260	1,668,983	1,652,485	1,753,097
Capital lease interest	110,690	84,209	39,654	36,646	31,034	29,925	23,729	31,256	32,754	38,904
State of Maryland share of retirement and pension contribution	12,316,880	13,893,333	13,945,688	10,331,627	11,446,078	12,071,377	11,893,532	12,408,217	11,817,123	11,841,729
Total expenditures	217,942,197	197,032,948	186,174,647	194,890,410	232,846,625	217,903,663	216,694,182	222,032,090	245,488,698	241,832,049
Excess (deficiency) of revenues over (under) expenditures	5,258,459	(2,668,456)	(6,257,617)	(2,316,657)	(2,176,107)	(3,489,463)	(1,575,095)	731,556	(752,599)	(559,141)

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Capital lease proceeds	1,554,556	300,779	1,904,867	1,614,911	1,571,621	1,277,114	1,952,722	1,693,267	1,681,686	1,653,624
Rate stabilization adjustment	303,611	1,917,095	1,240,084	1,455,335	1,759,663	(74,505)	1,567,345	1,319,841	32,353	(1,509,020)
Transfers to other funds	(750,000)	(750,000)	(750,000)	(675,000)	(675,000)	(675,000)	(675,000)	(650,000)	(600,000)	(450,000)
Transfer of savings plan funds to Wicomico County	(2,000,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(891,833)	1,467,874	2,394,951	2,395,246	2,656,284	527,609	2,845,067	2,363,108	1,114,039	(305,396)
Net change in fund balances	\$ 4,366,626	\$ (1,200,582)	\$ (3,862,666)	\$ 78,589	\$ 480,177	\$ (2,961,854)	\$ 1,269,972	\$ 3,094,664	\$ 361,440	\$ (864,537)
Debt service as a percentage of noncapital expenditures	1.1%	0.9%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.8%	0.8%

Schedule 5

**The Board of Education of Wicomico County
General Fund (Unrestricted Current Expense)**

Approved Operating Budgets

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Administration	School Management and Support	Instructional Salaries and Wages	Textbooks and Instructional Supplies	Other Instructional Costs	Special Education	Student Personnel	Student Health Services
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
2016	4,553,013	12,597,594	68,327,952	2,637,803	1,809,701	15,589,980	2,346,408	1,565,842
2017	5,007,385	12,372,641	70,103,129	2,715,984	1,969,744	16,744,589	2,471,198	1,546,928
2018	5,169,784	13,033,749	71,621,217	2,906,184	2,017,488	16,887,296	2,608,627	1,590,321
2019	5,142,396	13,372,210	72,525,507	2,875,273	2,359,123	17,516,861	2,796,837	1,589,238

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 Wicomico County
General Fund (Unrestricted Current Expense)
Approved Operating Budgets
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
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
2016	8,718,364	13,084,013	4,125,690	36,650,544	675,000	169,979	4,525,541	177,377,424
2017	8,721,624	13,542,103	4,699,582	37,727,112	650,000	175,881	5,994,941	184,442,841
2018	9,165,601	14,187,621	4,416,985	39,058,706	600,000	176,486	8,702,768	192,142,832
2019	9,126,642	13,666,850	4,416,948	40,170,123	450,000	173,666	8,656,697	194,838,370

Source: The Board of Education of Wicomico County records.

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

Schedule 6

The Board of Education of Wicomico County
Retiree Health Plan Trust

as of June 30,

(modified accrual basis of accounting)

	Fiscal Year	
	<u>2017</u>	<u>2018</u>
Total OPEB liability	\$113,392,739	\$115,719,093
Fiduciary Net Position	\$19,398,234	\$21,196,921
Net OPEB Liability	\$93,994,505	\$94,522,172
Net Position as a % of total OPEB liability	17.11%	18.32%
Covered Payroll	\$111,445,147	\$115,383,585
UAAL as a % of covered payroll	84.34%	81.92%
Actuarially determined contribution	\$7,601,764	\$7,257,099
Contribution in relation to actuarially-determined contribution	\$4,152,290	\$4,516,695
Contribution deficiency (excess)	\$3,449,474	\$2,740,404
Contributions as a percentage of covered-employee payroll	3.73%	3.91%
Active employees participating	1,789	1,913
Retirees and Beneficiaries receiving benefits	742	850
Total Participants		1,882
		890

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

Source: The Board of Education of Wicomico County records.

Schedule 7

**The Board of Education of Wicomico County
Retirement Plan for Employees of the Board of Education of Wicomico County
as of June 30,**

	Year					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Active Participants	315	315	312	307	297	301
Retirees and Beneficiaries	156	156	155	156	163	166
Vested Terminees	13	13	20	17	21	21
Required New Contribution	615,285	569,976	683,328	578,971	496,192	831,297
Fiduciary Net Position	21,620,477	21,512,992	20,696,729	22,997,887	23,999,760	24,179,075
Current Year Employers Contribution	705,355	722,205	753,562	759,739	788,359	797,962
Current Year Contribution Less Required	90,070	152,229	70,234	180,768	292,167	(33,335)
Current Year Employees Contribution	372,056	381,911	399,334	403,598	420,210	425,044
Total Pension Liability (TPL)	23,786,836	25,227,992	26,236,771	27,805,186	31,859,329	35,097,554
Net Pension Liability (NPL)	2,166,359	3,715,000	5,540,042	4,807,299	7,859,569	10,918,479
Fiduciary New Position as a % of TPL	90.89%	85.27%	78.88%	82.71%	75.33%	68.89%
Payroll Covered	9,186,822	9,616,697	10,005,366	10,146,618	10,069,862	10,456,011
NPL as a % of covered payroll	23.58%	38.63%	55.37%	47.38%	78.05%	104.42%
Employer Contribution per Employees	2,239	2,293	2,415	2,475	2,654	2,651
Employee Contribution per Employees	1,181	1,212	1,280	1,315	1,415	1,412
Employer Contribution per Payroll Covered	7.68%	7.51%	7.53%	7.49%	7.83%	7.63%
Employee Contribution per Payroll Covered	4.05%	3.97%	3.99%	3.98%	4.17%	4.07%

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	Percentage of	Debt Per
	Capital Leases	Capital Leases	Primary Government	Personal Income (1)	Capita (1)
2010	2,627,056	103,577	2,730,633	0.08%	27.66
2011	1,385,725	70,260	1,455,985	0.04%	14.55
2012	1,950,522	35,723	1,986,245	0.06%	19.75
2013	2,221,726	-	2,221,726	0.06%	22.03
2014	2,600,702	-	2,600,702	0.07%	25.66
2015	2,238,529	67,849	2,306,378	0.06%	22.66
2016	2,534,991	45,477	2,580,468	0.06%	25.27
2017	2,559,275	22,862	2,582,137	0.06%	25.23
2018	2,588,476	-	2,588,476	N/A	25.08
2019	2,489,003	-	2,489,003	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									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Elementary Schools</u>										
Beaver Run	610	612	666	722	715	705	666	632	609	598
Chipman	436	426	399	373	380	418	322	429	405	276
Delmar	974	831	827	826	809	825	853	881	857	875
East Salisbury	363	370	403	387	391	444	445	461	499	464
Fruitland Intermediate	371	392	379	382	412	413	436	462	470	477
Fruitland Primary	474	485	506	533	503	531	509	485	468	431
Glen Avenue	285	273	334	317	266	268	415	425	415	423
North Salisbury	545	514	501	440	429	432	445	625	624	472
Northwestern	287	289	286	307	325	311	302	309	328	318
Pemberton	654	608	616	636	649	539	565	540	563	578
Pinehurst	438	462	491	496	483	494	514	522	564	570
Pittsville	236	211	220	217	226	140	147	166	178	173
Prince Street	561	581	493	544	600	651	711	747	786	761
West Salisbury	295	303	295	310	312	310	314	-	-	332
Westside Intermediate	474	465	496	484	437	451	406	411	406	211
Westside Primary	261	269	245	256	250	234	252	244	223	409
Wicomico Early Learning	-	-	-	-	-	-	-	-	-	-
Willards	276	291	303	292	329	411	390	362	350	300
Total Elementary Schools	<u>7,540</u>	<u>7,382</u>	<u>7,460</u>	<u>7,522</u>	<u>7,516</u>	<u>7,577</u>	<u>7,692</u>	<u>7,701</u>	<u>7,745</u>	<u>7,668</u>
<u>Middle Schools</u>										
Bennett	886	923	930	908	911	970	990	1,058	1,049	964
Mardela	269	282	292	294	285	283	288	293	317	296
Pittsville	231	236	260	247	247	232	241	232	234	241
Salisbury	848	849	925	927	871	838	795	752	656	760
Wicomico	713	708	639	655	660	657	700	710	729	817
Total Middle Schools	<u>2,947</u>	<u>2,998</u>	<u>3,046</u>	<u>3,031</u>	<u>2,974</u>	<u>2,980</u>	<u>3,014</u>	<u>3,045</u>	<u>2,985</u>	<u>3,078</u>
<u>High Schools</u>										
Bennett	1,282	1,307	1,374	1,406	1,351	1,405	1,477	1,499	1,542	1,567
Mardela	380	370	363	351	366	374	379	368	375	380
Parkside	1,217	1,137	1,125	1,095	1,130	1,114	1,151	1,158	1,191	1,140
Wicomico	1,188	1,126	1,087	1,036	1,034	1,029	1,016	1,059	1,043	1,039
Wicomico County Evening	65	62	65	48	60	66	61	59	72	77
Total High Schools	<u>4,132</u>	<u>4,002</u>	<u>4,014</u>	<u>3,936</u>	<u>3,941</u>	<u>3,988</u>	<u>4,084</u>	<u>4,143</u>	<u>4,223</u>	<u>4,203</u>
Total All Schools	<u>14,619</u>	<u>14,382</u>	<u>14,520</u>	<u>14,489</u>	<u>14,431</u>	<u>14,545</u>	<u>14,790</u>	<u>14,889</u>	<u>14,953</u>	<u>14,949</u>

Schedule 10

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

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Elementary School</u>										
Pre-Kindergarten	567	572	654	611	591	574	587	599	665	646
Kindergarten	1,151	1,174	1,150	1,331	1,233	1,216	1,194	1,156	1,135	1,131
Grade 1	1,204	1,165	1,164	1,144	1,317	1,277	1,265	1,210	1,172	1,170
2	1,130	1,154	1,150	1,150	1,120	1,279	1,253	1,238	1,173	1,150
3	1,154	1,138	1,183	1,148	1,137	1,127	1,264	1,244	1,244	1,210
4	1,171	1,165	1,161	1,150	1,139	1,135	1,125	1,270	1,253	1,253
5	1,163	1,014	998	988	979	969	1,004	983	1,103	1,108
Special Education	-	-	-	-	-	-	-	-	-	-
Total Elementary School	7,540	7,382	7,460	7,522	7,516	7,577	7,692	7,701	7,745	7,668
<u>Middle School</u>										
Grade 6	998	1,012	1,027	1,006	985	1,012	1,010	998	970	1,119
7	1,015	980	1,042	996	997	974	1,022	1,011	1,004	957
8	934	1,006	977	1,029	992	994	982	1,037	1,011	1,001
Special Education	-	-	-	-	-	-	-	-	-	-
Total Middle School	2,947	2,998	3,046	3,031	2,974	2,980	3,014	3,046	2,985	3,077
<u>High School</u>										
Grade 9	1,057	1,043	1,127	1,081	1,116	1,107	1,132	1,137	1,193	1,161
10	1,065	962	963	1,016	962	1,031	1,044	1,058	1,074	1,069
11	1,032	1,029	901	926	947	905	995	964	993	987
12	978	968	1,023	913	916	945	913	983	963	987
Special Education	-	-	-	-	-	-	-	-	-	-
Total High School	4,132	4,002	4,014	3,936	3,941	3,988	4,084	4,142	4,223	4,204
Total enrollment	14,619	14,382	14,520	14,489	14,431	14,545	14,790	14,889	14,953	14,949
Number of teachers ¹	1,087	1,072	1,078	1,084	1,084	1,095	1,109	1,124	1,139	1,140
Ratio of students to teachers	13:1	13:1	13:1	13:1	13:1	13:1	13:1	13:1	13:1	13:1

Sources: 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 Wicomico County
Budgeted Full-Time Equivalent Positions by Function
Last Ten Fiscal Years

General Fund:	Budgeted Full-time Equivalent Employees as of June 30										Percentage Change 2010-2019
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Administration	53.30	54.80	51.80	51.80	51.80	52.30	52.30	53.30	54.30	53.90	1.13%
School management and support	192.60	189.20	184.20	184.70	187.30	187.80	187.80	190.20	191.10	193.70	0.57%
Instructional salaries	1,184.49	1,163.86	1,161.01	1,170.45	1,164.10	1,166.70	1,171.90	1,195.90	1,211.35	1,218.35	2.86%
Special education	320.35	317.05	317.05	326.30	331.27	332.77	330.77	337.37	344.47	344.37	7.50%
Student personnel services	23.70	24.20	25.20	25.50	27.16	26.50	27.50	28.00	30.00	30.50	28.69%
Health services	34.00	35.00	33.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	0.00%
Student transportation	8.91	8.91	7.00	7.00	7.00	8.00	8.00	8.00	9.00	9.00	1.01%
Operation of plant and equipment	153.50	154.50	154.50	153.50	156.50	159.00	159.00	159.00	160.00	161.15	4.98%
Maintenance of plant	26.25	27.25	27.25	27.25	29.25	31.75	31.75	31.00	31.00	30.15	14.86%
Food service	-	-	-	-	-	-	-	-	-	-	-
Community services	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	6.75	6.75	7.75	7.75	7.75	7.75	9.50	8.50	9.60	23.87%
Total	2,005.35	1,982.02	1,968.26	1,988.75	1,996.63	2,007.07	2,011.27	2,046.77	2,074.22	2,085.22	3.98%
Special Revenue Funds	206.62	203.07	202.87	168.55	168.46	159.03	170.08	174.60	178.08	187.36	-9.32%
Total all funds	2,211.97	2,185.09	2,171.13	2,157.30	2,165.09	2,166.10	2,181.35	2,221.37	2,252.30	2,272.58	2.74%

Source: The Board of Education of Wicomico 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)
2010	98,733	3,393,429	34,312	50,382	9.8%
2011	100,051	3,488,778	34,884	50,546	9.8%
2012	100,556	3,536,872	35,203	50,476	9.4%
2013	100,850	3,606,193	35,719	50,137	8.7%
2014	101,368	3,775,965	37,187	50,032	7.8%
2015	101,800	3,973,609	38,816	50,195	6.8%
2016	102,136	4,074,577	39,722	50,465	6.3%
2017	102,363	4,209,176	40,896	50,747	5.9%
2018	103,195	N/A	N/A	51,040	5.3%
2019	N/A	N/A	N/A	51,578	5.0%

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 2018 and 2019 is not currently available.)
- (3) Bureau of Labor Statistics, U.S. Department of Labor.

* Civilian Labor Force and Unemployment Rate for 2019 are preliminary based on information through July 31, 2019.

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 Efforts			
	Dollars	State Average	State Rank *	Local Appropriation	Local Wealth	Education Effort (EE)	State EE Average
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	3,945,200,647	0.0099	0.0140
2014	\$12,901	\$13,745	16	40,520,465	3,868,116,751	0.0105	0.0125
2015	\$13,094	\$13,893	15	40,396,119	3,824,721,607	0.0106	0.0127
2016	\$13,321	\$13,966	13	41,306,646	3,882,135,176	0.0106	0.0129
2017	\$13,358	\$14,256	15	41,933,294	3,986,712,303	0.0105	0.0129
2018	\$13,843	\$14,484	13	43,605,002	4,072,824,511	0.0107	0.0129
2019	N/A	N/A	N/A	44,164,012	4,196,612,536	0.0105	0.0129

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.

s 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
Last Ten Fiscal Years

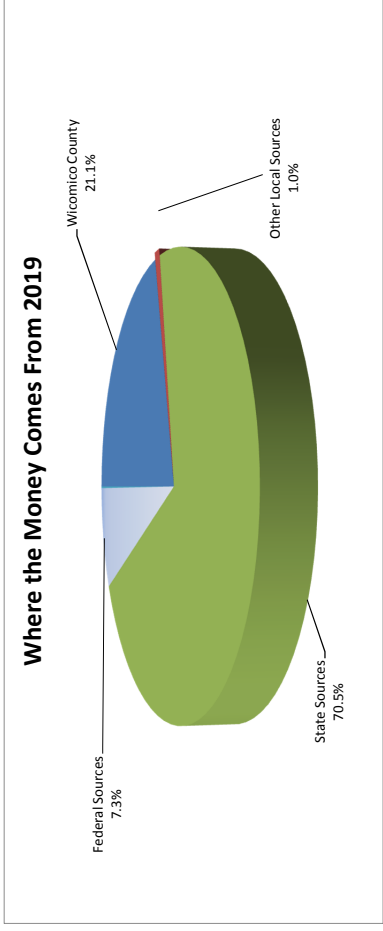
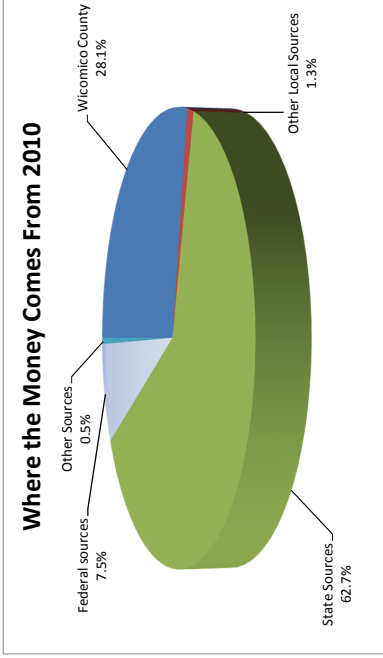
Fiscal Year	Transportation				Food Services				% FARM Students per Enrollment		
	Total Miles Traveled	Number of School Bus Riders	Per Pupil Cost	State Average Per Pupil Cost	# Served	% Paid	% Free & Reduced	# Served		% Paid	% Free & Reduced
2010	2,010,312	12,481	653	951	692,746	23%	77%	1,280,451	21%	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	1,896,719	12,700	626	834	761,818	14%	86%	1,204,020	13%	87%	59.98%
2015	1,866,825	12,773	613	812	820,905	16%	84%	1,280,882	15%	85%	59.50%
2016	1,903,289	12,687	617	698	899,122	14%	86%	1,325,315	14%	86%	61.62%
2017	2,096,832	13,086	619	721	918,360	14%	86%	1,327,695	13%	87%	60.66%
2018	1,929,677	12,752	652	739	966,381	15%	85%	1,334,374	13%	87%	59.83%
2019	2,083,684	13,117	N/A	N/A	985,858	17%	83%	1,364,533	13%	87%	60.27%

Source: Maryland State Department of Education. (FY 2018 Number of School Bus Riders provided by WCBOE Transportation Dept. and FY2018 Food Service numbers provided by WCBOE Food Service Dept.)

N/A - Not Available

Schedule 14
The Board of Education of Wicomico County
Where the Money Comes From General Fund & Special Revenue Fund Combined (Current Expense)
as of June 30,
(budgetary basis of accounting)

	Fiscal Years												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	%	%	
Wicomico County Appropriations for Operations	\$ 50,781,711	\$ 43,196,892	\$ 36,196,892	\$ 37,000,000	\$ 37,765,374	\$ 37,676,790	\$ 38,067,637	\$ 41,933,294	\$ 43,605,002	\$ 44,164,012	20.8%	20.8%	21.1%
for Local Share of State Pension	-	-	-	2,173,593	2,755,091	2,719,329	3,239,009	-	-	-	0.0%	0.0%	0.0%
	\$ 50,781,711	\$ 43,196,892	\$ 36,196,892	\$ 39,173,593	\$ 40,520,465	\$ 40,396,119	\$ 41,306,646	\$ 41,933,294	\$ 43,605,002	\$ 44,164,012	20.8%	20.8%	21.1%
Other Local Sources	2,367,826	1,047,033	857,362	536,623	600,630	667,270	1,053,001	1,026,479	1,156,390	2,054,088	0.6%	0.6%	1.0%
State Sources	113,424,856	62,791,100	114,249,692	120,326,814	124,220,505	128,818,297	133,885,606	140,311,029	144,954,931	147,682,537	69.2%	69.2%	70.5%
Federal Sources	13,556,335	7,591,605	11,664,252	15,467,667	12,069,052	12,334,107	12,887,634	12,254,027	12,909,267	15,343,287	6.2%	6.2%	7.3%
Other Sources	863,207	485,988	417,973	384,467	399,399	94,928	240,153	117,994	157,022	257,180	0.1%	0.1%	0.1%
Total	\$ 180,993,935	\$ 172,345,332	\$ 163,386,171	\$ 175,889,164	\$ 177,810,051	\$ 182,310,721	\$ 189,373,040	\$ 195,642,823	\$ 202,782,612	\$ 209,501,104	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	76,832
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	11.48	26,800
PEMBERTON ELEMENTARY	2001	18.78	73,917
PINEHURST ELEMENTARY	1988 *	8.9	76,224
PRINCE STREET ELEMENTARY	2008	14.8	73,830
WEST SALISBURY ELEMENTARY*1	2018	14.11	60,833
WESTSIDE INTERMEDIATE	1999	10.5	54,797
WESTSIDE PRIMARY	1956	18	20,569
WILLARDS ELEMENTARY	2003	42	51,247
BENNETT MIDDLE ¹	2015	35.38	161,304
PITTSVILLE ELEM./MIDDLE	1956	13.46	79,335
WICOMICO MIDDLE	1931	16	135,750
SALISBURY MIDDLE SCHOOL	1999	75.68	143,519
J.M. BENNETT HIGH	2010	69.26	247,202
MARDELA MIDDLE/HIGH	1958	39.79	87,633
PARKSIDE HIGH SCHOOL	1974	55.60	164,178
WICOMICO HIGH	1996 *	62.1	195,941
<u>CENTRAL OFFICES:</u>			
Jersey Road Warehouse (Bldg D)	various		17,555
Morris Street (Transportation, Bldg H)	various		9,960
Site Grounds Shop (Bldg I)	various		22,730
Mt Hermon and Long Avenue Site-Annex 4	various		960
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>			
Calloway Street-Choices Facility	various		20,860
Beaglin Park Drive-Tech Ed.	1997		113,546
Roberts Street-Wicomico Early Learning Center	various		11,321

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

¹New facility opens August 2018 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									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instructional Buildings										
Elementary Schools ¹	17	17	17	17	17	17	17	17	17	17
Middle Schools	3	3	3	3	3	3	3	3	3	3
High Schools ²	4	4	4	4	4	4	4	4	4	4
Alternative Education Center/Choices	1	1	1	1	1	1	1	1	1	1
Career and Technology Center	1	1	1	1	1	1	1	1	1	1
Early Learning Center	1	1	1	1	1	1	1	1	1	1
Total	27	27	27	27	27	27	27	27	27	27
Support Buildings										
Central Administration & Annex Buildings	8	8	8	8	8	8	5	5	5	5
Facilities/Warehouses	4	4	4	4	4	4	4	4	4	4
Food Services/Transportation Facility	1	1	1	1	1	1	1	1	1	1
Instructional Resource Center	1	1	1	1	1	1	1	1	1	1
County Stadium	1	1	1	1	1	1	1	1	1	1
Total	15	15	15	15	15	15	12	12	12	12

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
7/01/18 - 6/30/19 policy dates

Type of Coverage	Name of Company	Policy Number	Policy Period	Limits
Workers' Compensation and Employers Liability	MABE Workers' Compensation Group Self-Insurance Fund	N/A	7/01/18 - 6/30/19	Workers Compensation - Statutory Benefits; Employers Liability - \$1 million
Comprehensive General Liability	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal & Advertising Injury Liability	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$400,000 each claim with \$400,000 annual maximum
Automobile Liability	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$400,000 combined single limit \$1 million combined single limit for contracted buses
Personal Injury Protection - MD	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$2,500 per covered person for any one accident
Maryland Uninsured Motorist	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$50,000 per accident
Automobile Physical Damage	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	actual cash value
Garage Keepers Legal Liability	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$100,000 per loss
Criminal Proceeding and Intentional Conduct Defense Fund	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$50,000 per covered person \$100,000 annual aggregate
Property	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$1 billion per occurrence with various sublimits
Equipment Breakdown	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$100 million per occurrence with various sublimits
Crime	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$2,500,000 per loss
Crime - Excess	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$2,500,000 per loss in excess of \$2,500,000 primary
School Board Legal Liability	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$5,000,000 per claim \$5,000,000 annual aggregate
Cyber	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$2,000,000 per claim
Excess Cyber	MABE Group Insurance Pool	N/A	7/01/18 - 6/30/19	\$3,000,000 per claim
Catastrophic Student Accident	AIG	SRG 0009151309	8/01/18 - 8/01/19	\$6,000,000 Medical Expense
Fiduciary Responsibility Liability	Travelers	105970192	8/01/18 - 8/01/19	\$3,000,000 per claim
Pollution Liability - Mardela WWTP	Admiral Insurance	FEI EIL 21767 00	7/11/18 - 7/11/21	\$1,000,000 per accident
Pollution Liability - above ground storage tanks	Admiral Insurance	FEI EIL 16272 00	6/30/19 - 6/30/22	\$1,000,000 per claim \$2,000,000 Total for all
Student Accident Insurance - football	K& K Insurance	JXS0000028675000	8/01/18 - 8/01/19	\$25,000 per claim

Source: The Board of Education of Wicomico County Records

Schedule 18
Wicomico County, Maryland
Property Tax Levies and Collections
Last Ten Fiscal Years

This schedule presents Revenue Capacity Schedule for Wicomico County, Maryland. Its purpose is to provide readers with statements of additional information concerning the Board of Education's most significant local revenue source, i.e. local appropriations. Our county derives approximately 42% of its revenues from Real Property taxes.

Fiscal Year	Tax Rate			Assessable Base ¹	Tax Levy ²	Current Collections	Percent of Levy Collected in Year of Levy	Delinquent Tax Collections	Total Tax Collections ³	Total Collections as a Percent of Current Levy	Outstanding Delinquent County Taxes	Outstanding Delinquent County Taxes as a Percent of Current Levy
	County		State									
	Real	Personal/Corporate	Real/Pers/Corp									
2009	0.814	2.035	0.392	7,128,269,617	63,510,155	62,915,011	99.06%	280,940	60,897,564	95.89%	1,742,696	2.74%
2010	0.759	1.898	0.392	7,732,061,329	63,313,645	61,659,738	97.39%	508,971	63,423,982	100.17%	2,769,556	4.37%
2011	0.759	1.898	0.392	7,570,127,719	62,308,718	61,818,028	99.06%	508,971	63,423,982	99.86%	2,769,556	4.36%
2012	0.759	1.923	0.392	7,019,044,486	58,772,350	58,259,815	99.21%	1,589,755	63,407,783	101.76%	1,794,119	2.88%
2013	0.840	2.101	0.392	6,849,325,529	60,740,284	60,266,937	99.13%	471,077	58,730,892	99.93%	1,573,130	2.68%
2014	0.909	2.137	0.392	6,209,787,907	61,273,778	60,706,421	99.22%	585,766	60,852,703	100.19%	1,461,908	2.41%
2015	0.952	2.172	0.392	6,061,149,203	62,448,031	62,108,479	99.07%	485,075	61,191,496	99.87%	1,379,711	2.25%
2016	0.952	2.172	0.392	6,089,313,230	62,627,784	61,865,995	99.46%	289,158	62,397,637	99.92%	1,878,184	3.01%
2017	0.952	2.172	0.392	6,132,606,224	63,030,541	62,805,371	99.64%	648,498	63,453,869	100.67%	1,461,711	2.32%
2018	0.940	2.172	0.392	6,274,310,458	63,730,855	62,800,602	98.54%	105,511	62,906,113	98.71%	2,016,919	3.16%
2019 ⁴												

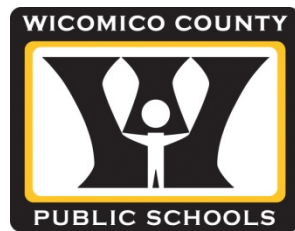
Notes:

¹ Includes six month basis expressed as a full year equivalent.

² Prior years tax levy and collections have been adjusted for their applicable year's additions, abatements and refunds, but not for any additions, abatements or refunds that occurred subsequent to that year.

³ Collections are net of refunds.

⁴ 2019 information is currently unavailable.



SUCCESS – Every Student, Every Day

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