

BOARD OF EDUCATION OF WICOMICO COUNTY

A Component Unit of Wicomico County, Maryland



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For fiscal year ended June 30, 2023

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

Board of Education of Wicomico County

A Component Unit of Wicomico County, Maryland

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Prepared by:

Board of Education of Wicomico County
Division of Business Support Services

Christine Bryson
Accounting Manager

Jesse Reid, CPA, MBA
Comptroller

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



Jesse Reid, CPA
Comptroller

Wicomico County Public Schools

2424 Northgate Drive, Salisbury • P.O. Box 1538, Salisbury, MD 21802-1538 • 410-677-4400

Learning Today, Leading Tomorrow

Division of Business & Operations
Department of Business Support Services

September 30, 2023

To the Board of Education and Citizens of Wicomico County:

The Board of Education of Wicomico County's (Board) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023 is submitted herewith pursuant to the Annotated Code of the State of Maryland, § 5-109. The ACFR is a thorough and detailed presentation of the Board's financial position, activities and balances for the previous fiscal year.

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 ACFR. The responsibility for both the accuracy of the data and the completeness of the ACFR 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 ACFR. 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 UHY LLP, certified public accountants, and they have issued an unmodified opinion on the Board's financial statements for the fiscal year ended June 30, 2023. The auditor's opinion is presented as the first component of the financial section of the ACFR.

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 1967 and is ranked 15th in the state of Maryland according to student enrollment, which as of September 30, 2022 was 14,900. Countywide population for Wicomico was 103,980 in 2021, which represents the most current data available.

www.wicomicoschools.org

The Wicomico County Board of Education prohibits illegal discrimination based on race, ethnicity, color, ancestry, national origin, religion, immigration status, sex, gender, gender identity, gender expression, sexual orientation, family/parental status, marital status, age, physical or mental disability, poverty and socioeconomic status, language, or other legally or constitutionally protected attributes or affiliations and provides equal access to the Boy Scouts and other Title 36 designated youth groups. Discrimination undermines our community's long-standing efforts to create, foster and promote equity, inclusion and acceptance for all.

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 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.

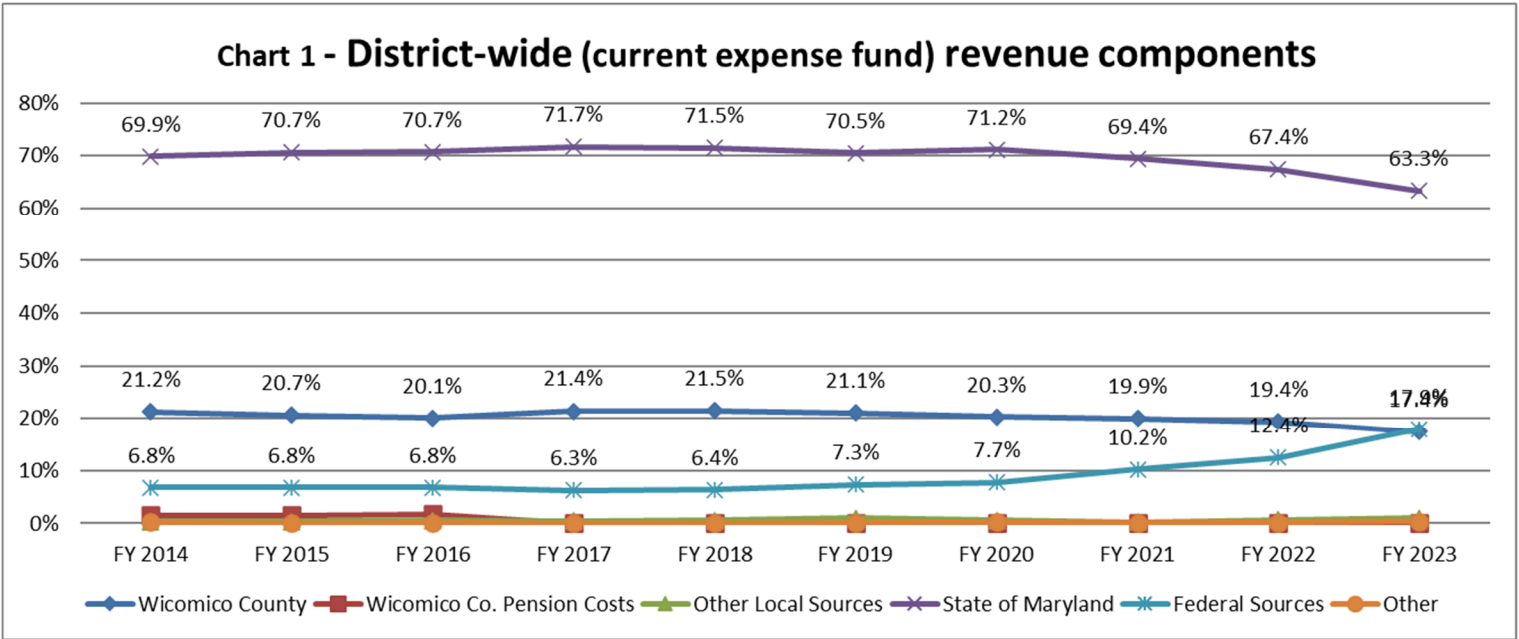
During the 2022-2023 school year, the school system served 14,900 in seventeen (17) elementary schools, seven (7) secondary schools, one career-technology high school program, one evening high school, and an alternative learning program. Enrollment for next school year is projected to increase significantly. The ratio of teachers to students for the 2022-2023 school year was approximately one staff member to 12 students. Student demographics for the 2022-2023 school year included: 59.6% students that qualified for free/reduced meals (all students eat free because we are a CEP county school system); 10.3% students with disabilities; and 10.5% students that were English Language Learners. In June 2023, the school system graduated 920 students. For school year 2022-2023 there were no public charter schools operating in the county.

In accordance with state law, the Board of Education developed in 2002 a Comprehensive Master Plan. The 2022-2023 school year marked the twentieth year of implementation of the strategic plan. The plan is organized around the school system's four (4) strategic priorities:

- Ensure students are reading on grade level by Grade 3
- Ensure that students graduate college and/or career ready
- Ensure a high-performing workforce
- Ensure all schools have a safe and positive climate for student learning

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 2023 the Board received 17.4% of its district-wide revenues for operations (current expense) from Wicomico County compared to 63.3% from the State of Maryland. Chart 1 reveals a history of district-wide revenues, comparing the sources of funds. Since FY 2014, local county aid for education has increased from \$37.8 million to \$50.2 million, an increase of \$12.4 million, or 32.8%. Federal aid has increased since FY 2014 by \$39.6 million, largely attributable to our ESSER grants. State aid during that same period increased by \$58.2 million. Overall, revenues for our school system have increased by \$110.4 million since FY 2014, or 62.1%.



Approximately 2.4 million square feet of building space is maintained by the Board. The average age of our school building inventory is now 25 years. The oldest building in use is Wicomico Middle School which has a major structure built in 1931. The newest facility in use, Beaver Run Elementary, was completed and opened for students in September, 2022. It provides approximately 98,000 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 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 both historical trends and assumptions about the future. Assumptions include consumer price index, enrollment, negotiations, student participation, and upcoming required Federal and State mandates.

Long-term Financial Planning

For FY 2024, we are projecting general fund revenues to increase by approximately \$15.8 million. On-going costs of doing business (fixed costs), additional instructional and departmental needs are projected to increase \$2.3 million, leaving the majority of the new funding to go towards the hiring of additional teachers and much-needed raises for staff.

Major School System Initiatives

Funding for the major program initiatives included for FY 2024:

- 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
- Increase positive school climate and safety by reducing the percentage of students with repeat incidents of physical aggression.
- Ensure that students graduate from Wicomico County Public Schools college and/or career ready.

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 connect student strengths, interests and needs 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 rapidly over the past 10 years from 74% to 81% of our student population. The student make-up of this population includes our English Language Learners (ELL), Special Education, and students whose family meet the federal definition of living in poverty. 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 safeguarded and transactions are executed and recorded with management's authorization. Account managers are held responsible via this system for assuring that expenditures are planned and made in accordance with approved budgets.

The Board prepares an annual Consolidated Current Expense Budget in accordance with Maryland law. The 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 (ACFR) for the fiscal year ended June 30, 2021. This is the twelfth 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 ACFR 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, 2022. 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 thirteenth consecutive year that the Board was awarded the ASBO Certificate of Excellence in Financial Reporting. We believe that our current ACFR 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, 2023. This is the thirteenth 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 UHY LLP, 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,



Brian J. Raygor, Ed.D.
Chief Finance and
Operations Officer



Jesse P. Reid, CPA
Comptroller



Christine A. Bryson
Accounting Manager

Board of Education of Wicomico County

Elected Officials for FY 2023

N. Eugene “Gene” Malone, Jr., Chairman

Allen Brown, Vice Chairman

Dr. Bonnie H. Ennis

Kristin Hazel

Susan W. Beauchamp

David A. Plotts

John Palmer

Student Members

Kara Lewis, James M. Bennett High School

Nia Matthews, Mardela High School

Daphne Min, Parkside High School

Julia Mathews, Wicomico High School

Administrative Team

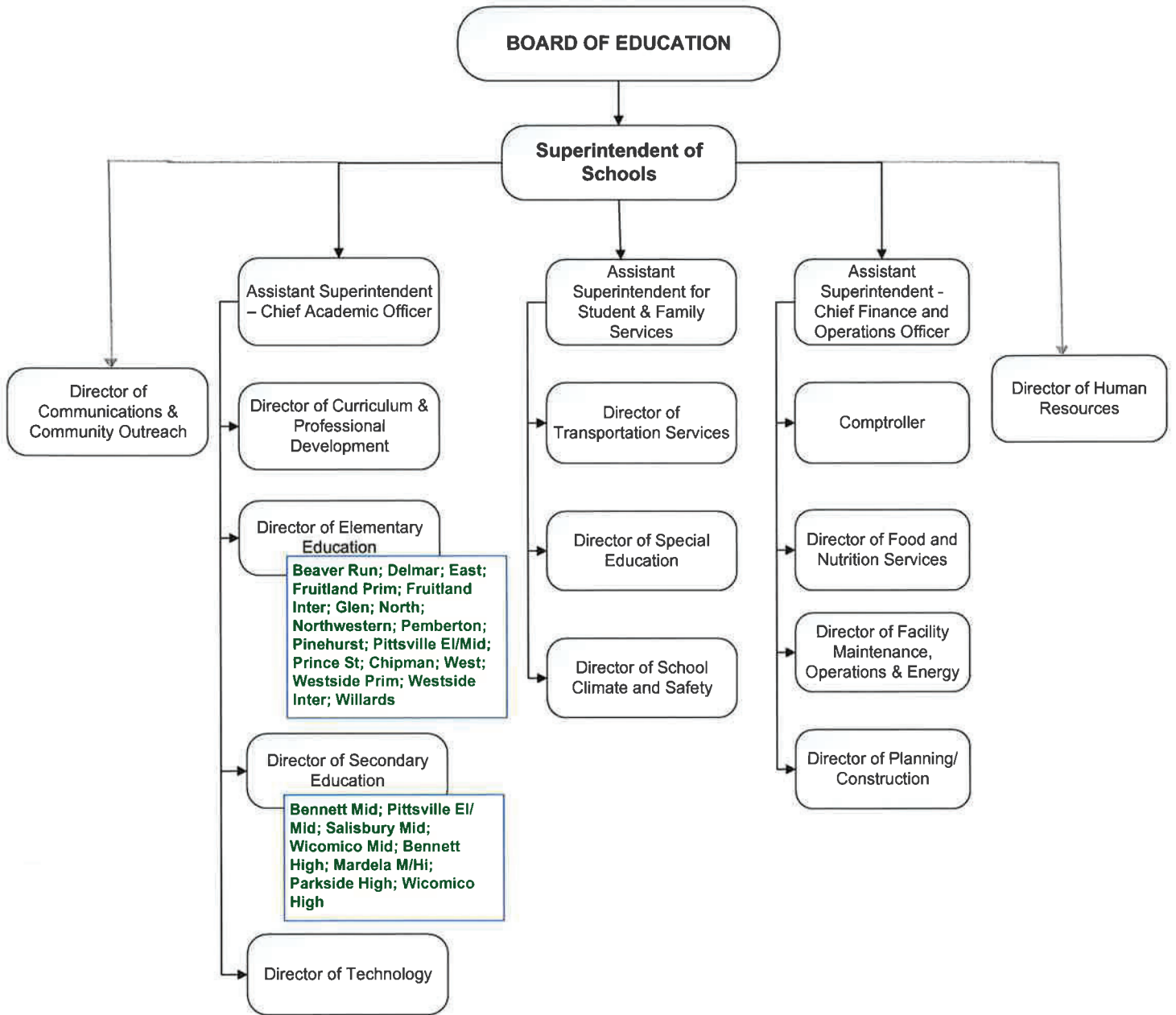
Micah C. Stauffer, Ed.D., Superintendent of Schools

Frederick “Rick” Briggs, Ed.D., Assistant Superintendent-Chief Academic Officer

Kimberly Miles, Assistant Superintendent for Student & Family Services

Brain Raygor, Ed. D., Chief Finance and Operations Officer

**Board of Education of Wicomico County
Organizational Chart FY 2023**





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Board of Education of Wicomico County

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Board of Education of Wicomico County
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021 *

Christopher P. Morrill

Executive Director/CEO

* As of the report date, the Board has not received notification from GFOA regarding the June 30, 2022 Annual Comprehensive Financial Report

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Education of Wicomico County
Salisbury, Maryland

Report on the Audit of the Financial Statements

Opinions

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 ("the Board"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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, Maryland, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education of Wicomico County, Maryland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023, the Board adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 96, "Subscription-Based Information Technology Arrangements". Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of Wicomico County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board of Education of Wicomico County, Maryland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of Wicomico County, Maryland's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 73, schedule of OPEB liability on page 74, schedule of proportionate share of net pension liability on page 75, schedule of board contributions on page 76, schedule of changes in employer's net pension liability and related ratios on page 77, schedule of revenues and expenditures – budget and actual – general fund on pages 78-79, schedule of revenues and expenditures – budget and actual – special revenue on page 80, and notes to required supplementary information on pages 81 through 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 additional supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2023, 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 solely 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 the effectiveness of the Board of Education of Wicomico County, Maryland's 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.

The logo for UHY LLP is written in a stylized, cursive font. The letters 'UHY' are larger and more prominent, with 'LLP' following in a smaller, similar script.

Salisbury, Maryland
September 30, 2023

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management’s Discussion and Analysis
Year Ended June 30, 2023

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, 2023. 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 increased during FY 2023 when compared to net position from FY 2022. It increased by \$57.9 million, or 19.2%,
 - Overall revenues were \$349.6 million and expenses \$353.3 million per the statement of revenue and expenditures.
 - Net investment in capital assets of the Board increased by \$58.3 million as the Board continues to invest in updating older school facilities.
- The Board’s total net position is \$360.1 million.
- At the end of the current fiscal year, the Board’s governmental funds reported combined fund balances of \$37.5 million, an increase of \$1.4 million from FY 2022.
- The unassigned fund balance in the General Fund for FY 2023 was \$7.8 million, a decrease of 2.1 million from the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

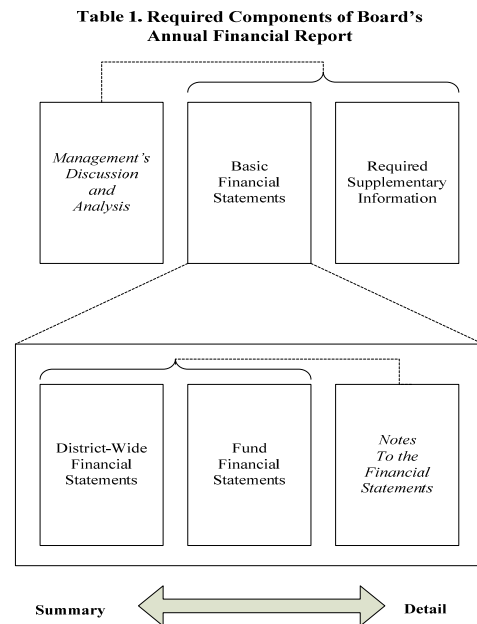
In addition to Management’s Discussion and Analysis, this section of the CAFR contains the financial statements which consist of the parts as noted in Table 1.

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. It also includes the deferred inflows and outflows of resources.



THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2023

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

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

- *Governmental activities* - Most of the Board's basic services are included here, such as regular and special education, transportation, administration, operations, maintenance, and community services. 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, 2023

- *Fiduciary funds* - The District is the trustee, or agent, for assets that belong to others, such as the Employees Retirement Plan, the 401(a) Employer Matching Plan, and the Retiree Health Insurance Plan. 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 \$360.1 million on June 30, 2023. This is an increase of 57.9 million, or 19.2%, when compared to FY 2022 net position. The Board’s unrestricted net position is negative due to the implementation of GASB 75, which 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, 2023 was \$64 million, down significantly from previous years due to a change in the retiree health plan.

THE BOARD OF EDUCATION OF WICOMICO COUNTY STATEMENT OF NET POSITION (in millions of dollars)									
	Governmental Activities		Business-Type Activities		Board of Ed Total		Change 2023 - 2022		
	2023	2022	2023	2022	2023	2022	\$	%	
Current and other assets	\$70.9	\$67.7	\$3.1	\$4.7	\$73.9	\$72.4	\$1.5	2.1%	
Capital Assets	<u>\$236.8</u>	<u>\$354.3</u>	<u>\$0.5</u>	<u>\$0.5</u>	<u>\$237.3</u>	<u>\$354.8</u>	<u>-\$117.5</u>	<u>-33.1%</u>	
TOTAL ASSETS	<u>\$307.6</u>	<u>\$422.0</u>	<u>\$3.6</u>	<u>\$5.2</u>	<u>\$311.2</u>	<u>\$427.2</u>	<u>-\$116.0</u>	<u>-27.1%</u>	
Deferred Outflows - Pensions	<u>\$27.2</u>	<u>\$37.7</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$27.2</u>	<u>\$37.7</u>	<u>-\$10.5</u>	<u>-27.8%</u>	
Current Liabilities	\$34.2	\$32.8	\$0.1	\$0.2	\$34.3	\$33.0	\$1.3	4.0%	
Long-Term Liabilities	<u>\$85.7</u>	<u>\$93.1</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$85.7</u>	<u>\$93.1</u>	<u>-\$7.4</u>	<u>-7.9%</u>	
TOTAL LIABILITIES	<u>\$119.9</u>	<u>\$125.9</u>	<u>\$0.1</u>	<u>\$0.2</u>	<u>\$120.0</u>	<u>\$126.1</u>	<u>-\$6.0</u>	<u>-4.8%</u>	
Deferred Inflows - Pensions	<u>\$36.7</u>	<u>\$36.7</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$36.7</u>	<u>\$36.7</u>	<u>\$0.0</u>	<u>0.0%</u>	
Net Position									
Net Investment in Capital Assets	\$403.8	\$345.5	\$0.5	\$0.5	\$404.3	\$346.0	\$58.3	16.9%	
Restricted	\$3.2	\$2.8	\$0.0	\$0.0	\$3.2	\$2.8	\$0.3	11.6%	
Unrestricted	<u>-\$50.3</u>	<u>-\$51.2</u>	<u>\$2.9</u>	<u>\$4.5</u>	<u>-\$47.4</u>	<u>-\$46.6</u>	<u>-\$0.7</u>	<u>1.6%</u>	
TOTAL NET POSITION	<u>\$356.6</u>	<u>\$297.2</u>	<u>\$3.5</u>	<u>\$5.0</u>	<u>\$360.1</u>	<u>\$302.2</u>	<u>\$57.9</u>	<u>19.2%</u>	

Changes in net position - the District’s total revenues were \$360.1 million for the year ended June 30, 2023 (See Table 3). The county appropriation and state formula aid accounted for approximately 59.2% of total revenue for the year. Another 40.2% came from program revenues which primarily consist of federal and state grants and capital contributions.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2023

The total cost of all programs and services was \$302.2 million. The District's expenses are predominantly related to providing direct educational services to students, 77.6%, while support services for students composes another 19.3%. The purely administrative activities of the District accounted for approximately 3.1%. Total revenue exceeded total expenses by \$57.9 million.

Table 3

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
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2021-2020</u>
Program revenues							
Charges for services	\$4.3	\$2.7	\$0.3	\$0.2	\$4.6	\$2.9	58.6%
Federal and state grants	\$89.1	\$69.6	\$9.4	\$11.5	\$98.5	\$81.1	21.5%
Capital Contributions	\$47.5	\$19.9	\$0.0	\$0.0	\$47.5	\$19.9	138.7%
General revenues							
County Appro. for operations	\$50.2	\$48.9	\$0.0	\$0.0	\$50.2	\$48.9	2.7%
State formula aid	\$157.3	\$145.6	\$0.0	\$0.0	\$157.3	\$145.6	8.0%
Other	<u>\$2.0</u>	<u>\$0.1</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$2.0</u>	<u>\$0.1</u>	1900.0%
TOTAL REVENUE	<u>\$350.5</u>	<u>\$286.9</u>	<u>\$9.7</u>	<u>\$11.7</u>	<u>\$360.1</u>	<u>\$298.5</u>	20.6%
Expenses:							
Instruction & Special Ed	\$225.8	\$173.3	\$0.0	\$0.0	\$225.8	\$173.3	30.3%
Administration	\$9.0	\$6.3	\$0.0	\$0.0	\$9.0	\$6.3	42.9%
Support Services	<u>\$56.2</u>	<u>\$45.3</u>	<u>\$11.2</u>	<u>\$9.3</u>	<u>\$67.4</u>	<u>\$54.6</u>	23.4%
TOTAL EXPENSES	<u>\$291.0</u>	<u>\$224.9</u>	<u>\$11.2</u>	<u>\$9.3</u>	<u>\$302.2</u>	<u>\$234.2</u>	29.0%
Excess(deficiency) before contributions, special & extraordinary items and transfers	\$59.5	\$62.0	(\$1.5)	\$2.4	\$57.9	\$64.3	10.0%
Transfers:	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	0.0%
Incr. (decr.) in net position	\$59.5	\$62.0	(\$1.5)	\$2.4	\$58.0	\$64.3	9.8%
Net Position - beg. Year, as restated	<u>\$297.2</u>	<u>\$235.2</u>	<u>\$5.0</u>	<u>\$2.6</u>	<u>\$302.2</u>	<u>\$237.8</u>	27.1%
Net Position - end of year	<u>\$356.6</u>	<u>\$297.2</u>	<u>\$3.5</u>	<u>\$5.0</u>	<u>\$360.2</u>	<u>\$302.2</u>	19.2%

Governmental Activities

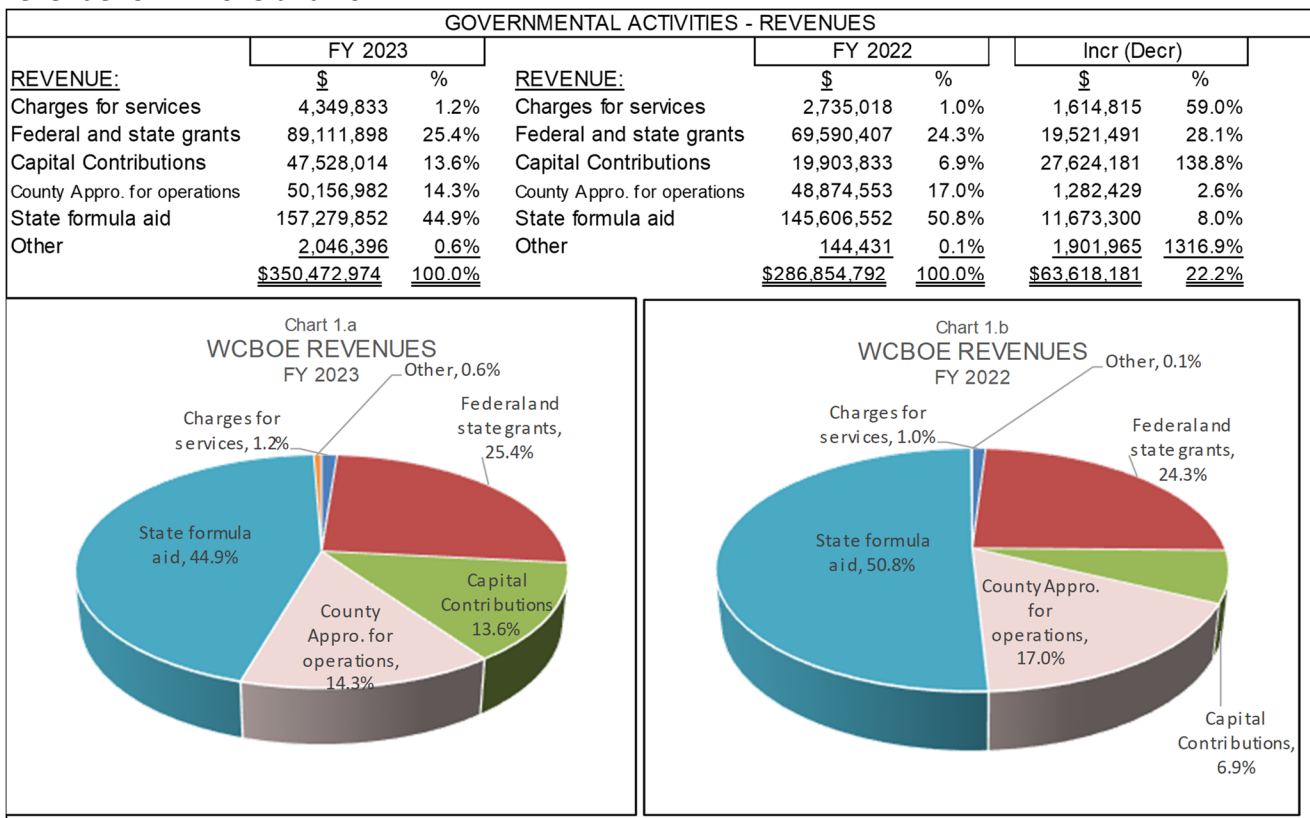
- Net position increased \$57.9 million in FY 2023 primarily attributable to:
 - Construction in progress increased \$21 million as a result of all of the HVAC projects being funded by ESSER.
 - Depreciable assets increased by \$41 million as a result of the completion of Beaver Run Elementary School.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management’s Discussion and Analysis
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- Revenues increased \$63.6 million primarily attributable to:
 - State aid increased \$11.7 million as a result of the Blueprint for MD’s future being implemented.
 - Capital contributions increased \$27.6 million as a result of the increase in state and county school construction revenue.
 - Federal and state grants increased \$19.5 million, largely attributable to our federal ESSER grants.

See Chart 1.a and 1.b below for a breakdown of the District’s revenues as a percentage of total revenue for FY 2023 and 2022.



Governmental-type Activities

Charts 2.a and 2.b disclose the breakdown of expenses for FY 2023 and 2022 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 77.6% 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 19.3% of all costs. Administration remains low at 3.1% of total expenses.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management’s Discussion and Analysis
Year Ended June 30, 2023

GOVERNMENTAL ACTIVITIES - EXPENSES					
	FY 2023			FY 2022	
EXPENSES:	\$	%	EXPENSES:	\$	%
Instruction & Special Ed	\$225,828,353	77.6%	Instruction & Special Ed	\$173,312,460	77.1%
Admin.	\$8,974,898	3.1%	Admin.	\$6,331,994	2.8%
Support Services	\$56,216,894	19.3%	Support Services	\$45,288,524	20.1%
	<u>\$291,020,145</u>	<u>100.0%</u>		<u>\$224,932,978</u>	<u>100.0%</u>

**Chart 2.a
WCBOE EXPENSES
FY 2022**

Category	Percentage
Instruction & Special Ed	77.6%
Support Services	19.3%
Admin.	3.1%

**Chart 2.b
WCBOE EXPENSES
FY 2021**

Category	Percentage
Instruction & Special Ed	77.1%
Support Services	20.1%
Admin.	2.8%

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

The District’s only business-type activity, the Food Service operation, had a decrease in net position of \$1.5 million in FY 2023, primarily as a result of a purposeful spend down to get the fund balance within acceptable state levels.

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 \$37.5 million, an increase of \$1.4 million from the prior year. Revenues for the District’s governmental funds were \$349.6 million, an increase of \$62.7 million over the prior year. There was an increase in expenditures of \$72.3 million which totaled \$353.3 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.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2023

Table 4				
<u>GENERAL FUND REVENUES AND EXPENDITURES</u>				
	FY 2023	FY 2022	\$ Incr (Decr)	% Incr. (Decr.)
<u>REVENUES</u>	\$ 239,736,412	\$ 223,402,107	\$ 16,334,305	7.3%
<u>EXPENDITURES</u>	\$ 245,249,224	\$ 219,004,907	\$ 26,244,317	12.0%
	\$ (5,512,812)	\$ 4,397,200	\$ (9,910,012)	-225.4%
<u>OTHER FINANCING SOURCES (USES)</u>				
Surplus/(Deficit) from insurance settlement	\$ 2,655,898	\$ (41,198)	\$ 2,697,096	6546.7%
Capital Lease Proceeds	2,476,295	-	2,476,295	#DIV/0!
Interfund Transfers - Special Revenue	1,451,653	1,421,554	30,099	2.1%
	\$ 6,583,846	\$ 1,380,356	\$ 5,203,490	377.0%
EXCESS (DEFICIENCY) of Revenues & Other Financing Sources (Uses) over Expenditures	\$ 1,071,034	\$ 5,777,556	\$ (4,706,522)	-81.5%

Revenues increased by \$16.3 million while expenses increased by 26.2 million.

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 expenditures under the Elementary and Secondary School Emergency Relief (ESSER) fund.

Table 5				
<u>SPECIAL REVENUE FUND</u>				
	Fiscal Year FY 2023	Fiscal Year FY 2022	Increase (Decrease)	% Incr. (Decr.)
<u>REVENUES</u>				
Federal Through State	\$ 51,661,832	\$ 31,398,823	\$ 20,263,009	64.53%
State of Maryland	7,573,482	9,752,974	(2,179,492)	-22.35%
Other	1,258,573	900,989	357,584	39.69%
TOTAL REVENUES	\$ 60,493,887	\$ 42,052,786	\$ 18,441,101	43.85%

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis Year Ended June 30, 2023

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 2023, the Board recorded PSCP state aid of \$37.4 million. These funds were used predominantly for the construction costs associated with new construction at Mardela Middle and High.

School Activities Fund

This fund is used to account for revenues and expenditures from student activities including field trips, student clubs, class funds, athletics, fund-raising and other student activities at the school level. Upon implementation of GASB No. 84, the school activities fund is reported as a governmental fund.

Proprietary Fund

Our school system has one proprietary fund, the 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. In FY 2023, net position decreased \$1.5 million. This decrease aligns with federal requirements for carry-over balances in the Food Service Fund. Some of these funds were used to support facility improvements at WCPS kitchens, such as new replacement walk-in refrigerator/freezers, at no expense to local or state revenue.

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, 2023 were approximately \$29.4 million (see footnotes 9 and 10 for more detail information).
- 401(a) Retirement Plan is a self-directed defined contribution plan. All employees, 19 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, 2023 were \$5.0 million, but it must be noted that the 401(a) has not received contributions as part of the annual budget process for the past 12 years (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, 2023 were approximately \$35.7 million (see footnote 7 and 10 for more detail information).

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2023

(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 \$237,141 as of June 30, 2023.

General Fund Budgetary Highlights

Original budget compared to final budget

The Board did not require any budget transfers needing County Council approval to revise the General Fund budget during the year.

There were several budget transfers that required Board approval. All were within category.

Final budget compared to actual results

Revenue estimates for budgetary purposes were very close to actual. The total difference was \$2.1 million over budget, primarily due to an unexpected increase in earnings on investments due to rising interest rates and higher than normal out of county tuition.

Expenditure budget estimates exceeded actuals by \$5.5 million, or about 2.3%. This excess was due in large part to cost savings from numerous vacant positions (salaries).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of FY 2023, 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 \$417.3 million. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$14.7 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 2024 CIP, submitted in September 2022, requested \$26.1 million from the county and \$24.6 million from the state for FY 2024 capital needs. The FY 2024 requests that were approved by the state and county are as follows:

- Wicomico High School – \$950,000 from the county and \$2.3 million from the State to fund systemic renovation of roofs.
- Mardela High/Middle – \$2.1 million from the county and \$15.3 million from the State to fund school renovation and addition.
- Parkside High School - \$1.2 million from the county and \$4.1 million from the State to fund systemic renovation of roof.
- Fruitland Primary School - \$1.3 million from the county to fund school replacement.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

Management's Discussion and Analysis
Year Ended June 30, 2023

- Glen Avenue School - \$1.8 million from the county to fund site paving/parking lots upgrade.

Long-Term liabilities

The Board of Education entered into a new \$2.5 million capital lease in FY 2023. The District is also still making payments on a multi-year capital leases entered into in prior years. Please refer to note 12 for specific details concerning long-term liabilities.

FACTORS BEARING ON THE DISTRICT'S FUTURE

One of the major factors that drives funding from both local and state sources is our student enrollment. Like most public school systems nationwide, we saw a dip in student enrollment during the COVID-19 pandemic. Enrollment has recovered and we expect an increase in funding in FY 2025 to address the larger number of students we are now serving. We also anticipate an increase in state aid due to continued implementation of the Blueprint for Maryland's Future.

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 21801

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THE BOARD OF EDUCATION OF WICOMICO COUNTY

STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 1,671,205	\$ 1,330	\$ 1,672,535
Investments - cash equivalents	44,980,987	-	44,980,987
Accounts receivable:			
School districts and other	819,237	17,966	837,203
Due from other governmental agencies	25,928,853	505,985	26,434,838
Internal balances	(2,536,796)	2,536,796	-
Capital assets:			
Construction in progress	71,870,802	-	71,870,802
Land	4,372,740	-	4,372,740
Other depreciable capital assets, net	340,519,232	548,547	341,067,779
TOTAL ASSETS	487,626,260	3,610,624	491,236,884
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	2,789,891	-	2,789,891
Other post-employment benefits (OPEB)	24,444,469	-	24,444,469
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,234,360	-	27,234,360
LIABILITIES			
Accounts payable:			
Retainage	4,616,851	-	4,616,851
Vendors	7,003,621	48,355	7,051,976
Payroll deductions and withholdings	13,120,881	-	13,120,881
Payable to external parties	242,516	-	242,516
Due to other governmental agencies	883,636	-	883,636
Accrued salaries	1,249,392	18,915	1,268,307
Unearned revenue	5,749,872	46,864	5,796,736
Short term portion of long term liabilities:			
Accrued compensated absences	457,782	-	457,782
Financed purchases	588,819	-	588,819
Right-to-use leases	285,987	-	285,987
Long term liabilities:			
Accrued compensated absences	3,354,434	-	3,354,434
Financed purchases	1,237,475	-	1,237,475
Right-to-use leases	2,558,290	-	2,558,290
Net pension liability	14,553,599	-	14,553,599
Net OPEB liability	64,005,996	-	64,005,996
TOTAL LIABILITIES	119,909,151	114,134	120,023,285
DEFERRED INFLOWS OF RESOURCES			
Pensions	90,524	-	90,524
Other post-employment benefits (OPEB)	38,235,293	-	38,235,293
TOTAL DEFERRED INFLOWS OF RESOURCES	38,325,817	-	38,325,817
NET POSITION			
Net investment in capital assets	403,769,637	548,547	404,318,184
Restricted for:			
Capital projects	2,228,855	-	2,228,855
Special revenue - transportation & instructional resources	463,658	-	463,658
Student activities	481,386	-	481,386
Unrestricted	(50,317,884)	2,947,943	(47,369,941)
TOTAL NET POSITION	\$ 356,625,652	\$ 3,496,490	\$ 360,122,142

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, 2023

	<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	\$ 8,974,898	\$ 53,507	\$ 1,566,290	\$ -
Instructional services	191,001,205	2,255,367	54,543,768	47,528,014
Special education	34,827,148	-	17,705,974	-
Student personnel services	8,522,846	-	3,465,676	-
Health services	3,672,759	-	1,053,519	-
Student transportation	11,823,772	-	7,143,177	-
Operation of plant and equipment	22,817,146	72,752	2,409,824	-
Maintenance of plant	6,337,593	-	589,362	-
Community services	933,934	44,574	634,309	-
Student/school activities	2,008,235	1,923,633	-	-
Interest expense	100,609	-	-	-
Total Governmental Activities	291,020,145	4,349,833	89,111,899	47,528,014
Business-Type Activities				
Food Service	11,153,740	256,657	9,359,517	-
Total Business-Type Activities	11,153,740	256,657	9,359,517	-
Totals	\$ 302,173,885	\$ 4,606,490	\$ 98,471,416	\$ 47,528,014

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
\$ (7,355,101)	\$ -	\$ (7,355,101)
(86,674,056)	-	(86,674,056)
(17,121,174)	-	(17,121,174)
(5,057,170)	-	(5,057,170)
(2,619,240)	-	(2,619,240)
(4,680,595)	-	(4,680,595)
(20,334,570)	-	(20,334,570)
(5,748,231)	-	(5,748,231)
(255,051)	-	(255,051)
(84,602)	-	(84,602)
(100,609)	-	(100,609)
(150,030,399)	-	(150,030,399)
-	(1,537,566)	(1,537,566)
-	(1,537,566)	(1,537,566)
(150,030,399)	(1,537,566)	(151,567,965)
50,156,982	-	50,156,982
157,279,852	-	157,279,852
2,046,394	-	2,046,394
209,483,228	-	209,483,228
-	-	-
59,452,829	(1,537,566)	57,915,263
297,172,823	5,034,056	302,206,879
\$ 356,625,652	\$ 3,496,490	\$ 360,122,142

THE BOARD OF EDUCATION OF WICOMICO COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	STUDENT ACTIVITIES	Total Governmental Funds
ASSETS					
Cash	\$ 1,626,715	\$ -	\$ -	\$ 44,490	\$ 1,671,205
Investments - cash equivalents	44,980,987	-	-	-	44,980,987
Accounts receivable:					
School districts and other	730,813	83,005	-	5,419	819,237
Due from other governmental agencies	2,441,242	7,290,986	16,196,625	-	25,928,853
Due from other funds	4,407,729	244,984	-	434,854	5,087,567
TOTAL ASSETS	\$ 54,187,486	\$ 7,618,975	\$ 16,196,625	\$ 484,763	\$ 78,487,849
LIABILITIES AND FUND BALANCES					
Accounts payable:					
Retainage	\$ -	\$ -	\$ 4,616,851	\$ -	\$ 4,616,851
Vendors	1,299,570	757,484	4,943,190	3,377	7,003,621
Payroll deductions and withholdings	13,120,881	-	-	-	13,120,881
Due to other funds	3,459,150	-	4,407,729	-	7,866,879
Accrued salaries and other	1,234,896	14,496	-	-	1,249,392
Accrued compensated absences	457,782	-	-	-	457,782
Unearned revenue	183,344	5,566,528	-	-	5,749,872
Due to other governmental agencies	66,827	816,809	-	-	883,636
TOTAL LIABILITIES	19,822,450	7,155,317	13,967,770	3,377	40,948,914
FUND BALANCES					
Restricted for fund purposes	-	463,658	2,228,855	481,386	3,173,899
Committed:					
Healthcare rate stabilization reserve	9,345,991	-	-	-	9,345,991
Assigned to:					
Subsequent year expenditures	9,968,170	-	-	-	9,968,170
Other purposes	7,207,536	-	-	-	7,207,536
Unassigned	7,843,339	-	-	-	7,843,339
Total fund balances	34,365,036	463,658	2,228,855	481,386	37,538,935
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,187,486	\$ 7,618,975	\$ 16,196,625	\$ 484,763	\$ 78,487,849

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, 2023

Total Governmental Funds Balances		\$ 37,538,935
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		416,762,774
Deferred outflows of resources not reported in the governmental fund financial statements:		
Pensions	2,789,891	
OPEB	<u>24,444,469</u>	
		27,234,360
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	(3,354,434)	
Net pension liability	(14,553,599)	
Net OPEB liability	(64,005,996)	
Financed purchases	(1,826,294)	
Right-to-use leases	<u>(2,844,277)</u>	
		(86,584,600)
Deferred inflows of resources not reported in the governmental fund financial statements:		
Pensions	(90,524)	
OPEB	<u>(38,235,293)</u>	
		(38,325,817)
Net Position of Governmental Activities		<u>\$ 356,625,652</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, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	STUDENT ACTIVITIES	Total Governmental Funds
REVENUES					
Wicomico County appropriations					
Operations	\$ 50,156,982	\$ -	\$ -	\$ -	\$ 50,156,982
Other local revenue	2,037,985	894,495	-	-	2,932,480
State of Maryland	174,815,295	7,573,482	37,385,225	-	219,774,002
State of Maryland retirement and pension contribution	11,990,528	-	-	-	11,990,528
Federal through state	-	51,661,832	-	-	51,661,832
Other sources	735,622	364,078	10,036,162	1,923,633	13,059,495
TOTAL REVENUES	239,736,412	60,493,887	47,421,387	1,923,633	349,575,319
EXPENDITURES					
Current:					
Administration	6,315,913	659,997	-	-	6,975,910
School management and support	15,612,684	785,191	-	-	16,397,875
Instructional salaries and wages	89,161,868	10,590,022	-	-	99,751,890
Textbooks and instructional supplies	3,976,502	6,059,809	-	-	10,036,311
Other instructional costs	2,074,763	7,939,568	-	-	10,014,331
Special education	19,642,464	5,295,253	-	-	24,937,717
Student personnel services	3,891,750	2,461,983	-	-	6,353,733
Health services	1,870,137	699,126	-	-	2,569,263
Student transportation	9,910,982	511,113	-	-	10,422,095
Operation of plant and equipment	16,039,788	1,534,131	-	-	17,573,919
Maintenance of plant	5,029,657	423,831	-	-	5,453,488
Fixed charges	48,661,328	4,010,757	-	-	52,672,085
Community services	253,477	500,642	-	-	754,119
Food services	-	23,112	-	-	23,112
Student/school activities	-	-	-	2,008,235	2,008,235
Capital outlay	8,842,892	17,396,179	47,157,392	-	73,396,463
Debt service					
Lease principal	1,873,882	-	-	-	1,873,882
Lease interest	100,609	-	-	-	100,609
State of Maryland share of retirement and pension contribution	11,990,528	-	-	-	11,990,528
TOTAL EXPENDITURES	245,249,224	58,890,714	47,157,392	2,008,235	353,305,565
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,512,812)	1,603,173	263,995	(84,602)	(3,730,246)
OTHER FINANCING SOURCES (USES)					
Surplus from insurance settlement	3,093,728	-	-	-	3,093,728
Transfer to retiree health plan trust	(437,830)	-	-	-	(437,830)
Capital lease issuance	2,476,295	-	-	-	2,476,295
Interfund transfers - special revenue	1,451,653	(1,451,653)	-	-	-
Interfund transfers - food services	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,583,846	(1,451,653)	-	-	5,132,193
Net change in fund balances	1,071,034	151,520	263,995	(84,602)	1,401,947
Fund balances - beginning of year	33,294,002	312,138	1,964,860	565,988	36,136,988
Fund balances - end of year	\$ 34,365,036	\$ 463,658	\$ 2,228,855	\$ 481,386	\$ 37,538,935

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, 2023

Net change in fund balances-total Governmental Funds \$ 1,401,947

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	77,757,207	
Current year depreciation and amortization	<u>(14,645,005)</u>	
		63,112,202

Current year loss on disposal of capital assets		(640,851)
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Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in long-term accrued compensated absences	255,159	
Decrease in net OPEB liability	8,038,086	
Increase in net pension liability	37,774	
Decrease in deferred outflows	(10,490,738)	
Increase in deferred inflows	(1,658,337)	

Lease proceeds provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position. Repayment of 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 lease borrowings and repayments was:

	<u>(602,413)</u>
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Change in net position of Governmental Activities	<u>\$ 59,452,829</u>
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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
 PROPRIETARY FUND
 June 30, 2023

	<u>Business-Type Activities</u>
	<u>Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,330
Due from other funds	2,536,796
Due from other governments	505,985
Accounts receivable - other	<u>17,966</u>
Total current assets	<u>3,062,077</u>
Capital assets, net	<u>548,547</u>
TOTAL ASSETS	<u><u>3,610,624</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	67,270
Unearned revenue	<u>46,864</u>
Total current liabilities	114,134
TOTAL LIABILITIES	<u><u>114,134</u></u>
NET POSITION	
Investment in capital assets	548,547
Unrestricted	<u>2,947,943</u>
TOTAL NET POSITION	<u><u>\$ 3,496,490</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, 2023

	Business-Type Activities
	<u>Food Service</u>
OPERATING REVENUES	
Food service sales	\$ 256,657
OPERATING EXPENSES	
Salaries and wages	3,551,981
Contracted services	720,381
Supplies and materials	5,474,841
Other charges	1,338,430
Depreciation	68,107
TOTAL OPERATING EXPENSES	<u>11,153,740</u>
OPERATING LOSS	(10,897,083)
NON-OPERATING REVENUES (EXPENSES)	
State of Maryland:	
Reimbursement of food costs	249,026
Federal through State:	
Reimbursement of food costs	8,440,602
Donation of food commodities	669,889
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>9,359,517</u>
Change in net position before contributions and transfers	(1,537,566)
Transfers	<u>-</u>
Change in net position	(1,537,566)
Net position - beginning of year	<u>5,034,056</u>
Net position - end of year	<u>\$ 3,496,490</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, 2023

	Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user charges	\$ 1,921,541
Cash payments to employees for services, fringe benefits	(4,197,718)
Cash payments for health and other insurances	(723,335)
Cash payments to suppliers for goods and services	(4,854,497)
Cash payments for facility use and maintenance	(720,381)
Net cash used in operating activities	(8,574,390)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Nonoperating grants received	8,689,628
Interfund transfers	-
Net cash provided by noncapital financing activities	8,689,628
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of equipment	(115,238)
Net cash used in capital and related financing activities	(115,238)
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	\$ (10,897,083)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	68,107
Loss on disposal of captial assets	1,650
Commodities used	669,889
(Increase) decrease in assets:	
Receivables	1,664,884
(Decrease) increase in liabilities:	
Accounts payable and accrued liabilities	(75,301)
Unearned revenue and due to other governments	(6,536)
Total adjustments	2,322,693
Net cash used in operating activities	\$ (8,574,390)
Noncash items:	
Donation of food commodities	\$ 669,889

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, 2023

	Pension and Retiree Health Plan <u>Trust Funds</u>	Private Purpose <u>Trust Fund</u>
ASSETS		
Cash	\$ 1,119,256	\$ -
Due from other governmental units	-	232,325
Accounts receivable	-	-
Trust investments		
Government bonds	313,397	-
Commercial paper	353,216	-
Mortgage loans	707,856	-
Corporate bonds	823,348	-
Common stock	3,095,877	4,816
Mutual funds	57,531,436	-
Other	6,227,779	-
	<hr/>	
Total assets	70,172,165	237,141
	<hr/>	
LIABILITIES		
Advanced contributions	1,301	-
	<hr/>	
NET POSITION		
Restricted for pensions	34,438,708	-
Restricted for other post-employment benefits	35,732,156	-
Restricted for scholarships	-	237,141
	<hr/>	
Total net position	\$ 70,170,864	\$ 237,141
	<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, 2023

	Pension and Retiree Health Plan <u>Trust Funds</u>	Private Purpose Trust Fund - Scholarship <u>Memorials</u>
ADDITIONS		
Contributions:		
Donations	\$ -	\$ 58,735
Employer contributions	5,934,574	-
Plan member contributions	589,623	-
Total contributions	6,524,197	58,735
Investment earnings:		
Interest and dividends	2,259,578	7,901
Less: investment-related expense	(122,777)	-
Change in fair value of investments	2,948,627	(2,024)
Total investment earnings	5,085,428	5,877
Total additions	11,609,625	64,612
DEDUCTIONS		
Scholarships, etc.	-	56,523
Pension benefit payments	6,196,256	-
Administrative expenses	54,280	-
Total deductions	6,250,536	56,523
Change in net position	5,359,089	8,089
Net position - beginning of year	64,811,775	229,052
Net position - end of year	\$ 70,170,864	\$ 237,141

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.

School Activities Fund – The School Activities Fund is used to account for revenues and expenditures from student activities including field trips, student clubs, class funds, athletics, fundraising, and other student activities.

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

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. Right-to-use assets are amortized. 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 2023 unassigned fund balance becomes assigned fund balance for fiscal year 2025.

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, 2023, 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, 2023, encumbrances outstanding totaled \$7,207,536, compared to \$8,335,882 in the prior year, and included the following functions:

Function	Amount
Administration	\$ 190,626
School management and support	7,292
Textbooks and instructional supplies	356,790
Other instructional costs	129,843
Special education	61,112
Student personnel services	29,379
Health services	6,104
Student transportation	392,308
Operation of plant and equipment	922,029
Maintenance of plant	1,154,288
Fixed charges	356
Community services	103,240
Capital outlay	3,854,169
Total encumbrances	<u>\$ 7,207,536</u>

R. New Accounting Policies

The Board adopted Government Accounting Standards Board's (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, at July 1, 2022. This statement's objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements. The Statement increases the usefulness of the financial statements by requiring the recognition of subscription-based assets and liabilities. It additionally requires disclosure of essential information about those arrangements. The Board did not have any arrangements that meet the definition of a right-to-use subscription-based information technology arrangement at June 30, 2023.

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:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

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%

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, 2023, the Board's non-pension funds were invested as follows:

	Carrying Value	Bank Balance
Cash	\$ 1,672,535	\$ 3,098,838
Investments - cash equivalents	44,980,987	44,980,987

At June 30, 2023, the Board had bank deposits totaling \$3,098,838 with a carrying value of \$1,672,535. 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, 2023, 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	2,848,838
Uninsured and collateral held by pledging bank's trust department not in the Board's name	-
	\$ 3,098,838

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

The fair value of the pool is the same as the value of the pool shares. Investments are recorded at cost, which approximates fair value. Investments in MLGIP totaled \$44,980,987 at June 30, 2023 with \$9,345,991 committed 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 Pension and Retiree Health Plan Trusts requires that the funds be managed as a balanced account with approximately a 65% equity, 35% fixed income 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 plan 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>	Total
	BNY Mellon	AETNA	Janus	Plan Trust BNY Mellon	
Cash and equivalents	\$ 309,184	\$ 7,453	\$ 613,857	\$ 188,762	\$ 1,119,256
Government bonds	-	18,518	294,879	-	313,397
Commercial paper (less than 1 year)	-	353,216	-	-	353,216
Mortgage loans	-	171,174	536,682	-	707,856
Corporate bonds	-	555,600	267,748	-	823,348
Common stock	-	-	3,095,877	-	3,095,877
Mutual funds	25,426,870	-	-	32,104,566	57,531,436
Other	2,606,254	-	182,697	3,438,828	6,227,779
Total	<u>\$ 28,342,308</u>	<u>\$ 1,105,961</u>	<u>\$ 4,991,740</u>	<u>\$ 35,732,156</u>	<u>\$ 70,172,165</u>

Corporate bonds held at June 30, 2023 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>
	BNY Mellon	AETNA	Plan Trust BNY Mellon
AAA			68.38%
AA+			
AA			5.00%
AA-		20.41%	
A+		38.78%	
A			12.76%
A-			
BBB+		24.49%	
BBB			12.94%
BBB-		16.33%	
BB+			0.11%
B			0.81%

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Cash and Investments (Continued)

AETNA:

Corporate bond issues held at June 30, 2023 are as follows:

	Percent of Holdings
T-Mobile	16.33%
Citigroup Inc	24.49%
Pfizer Inc	22.45%
Berkshire Hathaway	20.41%
United Health Group Inc	16.33%

401(a):

Janus:

Corporate bond issues held at June 30, 2023 are as follows:

	Percent of Holdings
American Funds American Balanced R6 (RLBGX)	100.00%
Average duration 6.67 years	

Except as previously stated as contained within the investment policy, the Board does not have a formal policy for concentration or interest rate risk.

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, 2023, the Board had the following recurring fair value measurements:

	Level 1	Level 2	Level 3	Total
Debt Securities:				
Government bonds	\$ 313,397	\$ -	\$ -	\$ 313,397
Mortgage loans	-	-	707,856	707,856
Corporate bonds	-	823,348	-	823,348
	<u>313,397</u>	<u>823,348</u>	<u>707,856</u>	<u>1,844,601</u>
Equity Securities:				
Common stock	<u>3,095,877</u>	-	-	<u>3,095,877</u>
Other investments:				
Commercial paper	353,216	-	-	353,216
Mutual funds	57,531,436	-	-	57,531,436
Other	6,045,082	-	182,697	6,227,779
	<u>63,929,734</u>	<u>-</u>	<u>182,697</u>	<u>64,112,431</u>
Total investment by fair value level	<u>\$ 67,339,008</u>	<u>\$ 823,348</u>	<u>\$ 890,553</u>	<u>\$ 69,052,909</u>

Note 3. Interfund Receivables and Payables

At June 30, 2023, the interfund account balances are as follows:

	Due From Other Funds	Due To Other Funds
GOVERNMENTAL ACTIVITIES:		
General Fund		
Due to Food Service Fund	\$ -	\$ 2,536,796
Due from Special Revenue Fund	-	244,984
Due from Capital Projects Fund	4,407,729	-
Due to School Activities Fund	-	434,854
Due to Trust Fund	-	232,325
Special Revenue Fund		
Due to General Fund	244,984	-
Capital Projects Fund		
Due to General Fund	-	4,407,729
School Activities Fund		
Due from General Fund	434,854	-
BUSINESS-TYPE ACTIVITIES		
Enterprise Fund		
Due from General Fund	2,536,796	-
FIDUCIARY NET POSITION		
Due from General Fund	232,325	-
TOTAL ALL FUNDS	<u>\$ 7,856,688</u>	<u>\$ 7,856,688</u>

Due to/from other funds represent advances of cash for operating needs. Transfers of \$1,451,653 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	\$ -	\$ 6,177,201	\$ -	\$ 6,177,201	\$ 415,992
Due from State	2,441,242	999,252	11,509,416	14,949,910	89,993
Due from local and other	-	114,533	4,687,209	4,801,742	-
Total due from other governmental agencies	\$ 2,441,242	\$ 7,290,986	\$ 16,196,625	\$ 25,928,853	\$ 505,985
Due to Federal	\$ -	\$ 654,672	\$ -	\$ 654,672	\$ -
Due to State	66,827	162,137	-	228,964	-
Total due to other governmental agencies	\$ 66,827	\$ 816,809	\$ -	\$ 883,636	\$ -

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Deductions	Transfers	Balance June 30, 2023
Governmental Activities					
Capital Assets, not being depreciated					
Land	\$ 4,372,740	\$ -	\$ -	\$ -	\$ 4,372,740
Construction in progress	50,751,656	71,233,263	-	(50,114,117)	71,870,802
Total capital assets, not being depreciated	55,124,396	71,233,263	-	(50,114,117)	76,243,542
Capital assets, being depreciated					
Buildings and improvements	430,093,615	3,146,267	(3,313,779)	49,160,770	479,086,873
Furniture and equipment	30,593,246	2,887,752	(405,303)	953,347	34,029,042
Vehicles	4,579,017	489,925	(366,797)	-	4,702,145
Total capital assets, being depreciated	465,265,878	6,523,944	(4,085,879)	50,114,117	517,818,060
Less accumulated depreciation:					
Buildings and improvements	(141,991,132)	(11,342,197)	2,702,959	-	(150,630,370)
Furniture and equipment	(24,395,841)	(2,075,690)	394,951	-	(26,076,580)
Vehicles	(3,131,558)	(464,835)	347,118	-	(3,249,275)
Total accumulated depreciation	(169,518,531)	(13,882,722)	3,445,028	-	(179,956,225)
Total capital assets, being depreciated, net	295,747,347	(7,358,778)	(640,851)	50,114,117	337,861,835
Intangible right-to-use assets					
Leased buildings, equipment, and vehicles	6,405,605	-	-	-	6,405,605
Less accumulated amortization	(2,985,925)	(762,283)	-	-	(3,748,208)
Total intangible right-to-use assets, net	3,419,680	(762,283)	-	-	2,657,397
Governmental activities capital assets, net	\$ 354,291,423	\$ 63,112,202	\$ (640,851)	\$ -	\$ 416,762,774
Business-type activities					
Equipment	\$ 1,354,774	\$ 115,238	\$ (78,053)	\$ -	\$ 1,391,959
Accumulated depreciation	(851,708)	(68,107)	76,403	-	(843,412)
Business-type activities capital assets, net	\$ 503,066	\$ 47,131	\$ (1,650)	\$ -	\$ 548,547

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Depreciation and amortization expense was charged to governmental functions as follows:

Administration	\$ 16,795
Instructional services	12,611,968
Special Education	66,969
Student Personnel Services	1,547
Health Services	22,017
Student transportation	408,991
Operation of plant and equipment	1,397,034
Maintenance of plant	115,521
Community Services	<u>4,163</u>
Total governmental depreciation and amortization expense	<u>14,645,005</u>

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

Food service	<u>68,107</u>
Total business-type depreciation expense	<u>68,107</u>
Total depreciation and amortization expense	<u>\$ 14,713,112</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. 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. The Board determines how to use the amount of reserve which exceeds 10% 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. 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. 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, 2022, the Board's share of the consortium's settlement was a surplus of \$3,093,728. These amounts were included as other financing sources (uses) during the year ended June 30, 2023. As of June 30, 2023, the rate stabilization reserve was calculated to be \$3,735,587 compared to an ending balance in the health care consortium account of \$9,345,991, a surplus of \$5,610,404.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 6. Health Insurance Reserves (Continued)

For the year ended June 30, 2023, the health insurance reserve had the following activity:

Balance at July 1, 2022	\$ 6,111,191
Insurance settlement - 2022	3,093,728
Interest earned	297,348
Consulting and wellness program expenditures	(156,276)
Transfer to OPEB Trust	(437,830)
Transfer from General Fund	<u>437,830</u>
Balance at June 30, 2023	<u>\$ 9,345,991</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 June 30, 2023, approximately 994 retirees were receiving benefits and 1,992 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 \$4.3 million to the plan, including approximately \$3.9 million for current claim costs (approximately 70% of total premiums). Plan members receiving benefits contributed approximately 30% of total premiums, through their required contributions of \$245/266 per month for retirees-only coverage (if under 65), \$102 per month for retirees-only coverage (if 65 or older) and \$1,314/\$1,426 for retiree and spouse coverage. These monthly premium costs are for EPO coverage/PPO coverage with Dental and Vision for those retirees who had more than 10 years of service with the Board.

Annual OPEB Cost and Net OPEB 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, 2023:

Total OPEB liability		
Service cost	\$	4,564,065
Interest cost		4,198,094
Differences between expected and actual experience		-
Changes of assumptions		(9,971,276)
Benefit payments		(3,855,809)
Other changes		-
Net change in total OPEB liability	\$	<u>(5,064,926)</u>
Total OPEB liability, beginning of year		<u>104,803,078</u>
Total OPEB liability, end of year (a)	\$	<u><u>99,738,152</u></u>
Plan fiduciary net position		
Contribution - employer	\$	4,293,639
Net investment income		2,535,330
Benefit payments		(3,855,809)
Administrative expense		-
Net change in fiduciary net position	\$	<u>2,973,160</u>
Fiduciary net position, beginning of year		<u>32,758,996</u>
Fiduciary net position, end of year (b)	\$	<u><u>35,732,156</u></u>
Net OPEB Liability (a-b)	\$	<u><u>64,005,996</u></u>
Fiduciary net position as a % of total OPEB liability		35.83%
Covered employee payroll	\$	128,429,690
Net OPEB liability as of % of payroll		49.84%

Payments for the net OPEB obligation have typically been liquidated in the General Fund in prior years. For the fiscal year ended June 30, 2023, the Board recognized OPEB expense of \$(6,898,687).

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 35.83% funded. The total OPEB liability for benefits was \$99,738,152 and the actuarial value of assets was \$35,732,156 resulting in a net OPEB liability of \$64,005,996. The covered payroll (annual payroll of active employees covered by the plan) was \$128,429,690 and the ratio of the net OPEB liability to the covered payroll was 49.84%.

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%
June 30, 2020	168,153,562	23,237,123	144,916,439	13.82%	127,445,923	113.71%
June 30, 2021	171,508,789	31,733,764	139,775,025	18.50%	132,038,660	105.86%
June 30, 2022	104,803,078	32,758,996	72,044,082	31.26%	117,523,187	61.30%
June 30, 2023	99,738,152	35,732,156	64,005,996	35.83%	128,429,690	49.84%

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 most recent actuarial valuation study, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.83% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets of 6.50% and municipal bond rates of 3.54% at the beginning of the year and 6.50% and 4.13% at the end of the year, respectively. The S&P Municipal Bond 20 Year Rate 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 to an ultimate trend of 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:

Measurement Date	June 30, 2023
Actuarial Valuation Date	June 30, 2023
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	4.83% for obligation; based on a blended rate of the long-term rate of return of 6.50% and municipal bond rates of 3.54% at the beginning of the year and 6.50% and 4.13% at the end of the year, respectively.
Medical Trend	Per capita claims costs are projected to increase by 7.50% in 2023 decreasing linearly by 0.25% to an ultimate trend rate of 4.5%.
Mortality	Pub-10 General Headcount-Weighted with scale MP-2021 generational improvement and a 3 year set forward.
Premium Equivalence	Current pre-Medicare cost equivalent rates are age-adjusted based on actual ages of enrolled participants and aging factors derived from the Society of Actuaries' 2013 study "Health Care Costs from Birth to Death."

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 an increase of the blended discount rate from 4.08% to 4.83%, and the source for the discount rate was changed from the GO Bond Buyer Index to the S&P Municipal Bond 20 Year Rate Index.

At the age when Medicare Coverage becomes mandatory, and assuming the retiree has at least ten years of service, the retiree will be eligible for Medicare supplemental health insurance coverage through the Board. The Board will continue to pay 70% of the supplement for any retiree meeting this eligibility criterion.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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 4.83%, 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:

	Discount Rate	Board's Net OPEB Liability
1% decrease	3.83%	\$ 77,644,391
Current discount rate	4.83%	\$ 64,005,996
1% increase	5.83%	\$ 52,761,358

The following table presents the Board's total and net OPEB liability using the healthcare trend rate of 4.50%, 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:

	Health Care Trend Rate	Board's Net OPEB Liability
1% decrease	3.50%	\$ 50,951,219
Current trend rate	4.50%	\$ 64,005,996
1% increase	5.50%	\$ 80,246,732

Deferred Inflows/Outflows of Resources related to OPEB

At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 23,283,627	\$ (27,044,093)
Net difference between projected and actual investment earnings on OPEB plan investments	1,160,842	-
Difference between actual and expected experience	-	(11,191,200)
Board contributions subsequent to measurement date	-	-
Total	\$ 24,444,469	\$ (38,235,293)

The deferred outflows/inflows 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 outflows/inflows of resources related to the changes in assumptions and the difference between actual and expected experience are being amortized over the service life of 7 years.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The following table shows the remaining amortization of these balances:

Year End June 30,	
2024	\$ 111,435
2025	36,395
2026	(1,383,235)
2027	(5,848,642)
2028	(5,282,309)
Thereafter	(1,424,468)
	\$ (13,790,824)

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 various 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans

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

Teachers' Retirement System and the Teachers' Pension System

Plan Description

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

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

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

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, 2023 were \$11,990,528. 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 2023, in accordance with Maryland state law, 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 2023, the Board contributed \$6,183,624 to the Teachers' Retirement and Pension System.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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.

The State of Maryland contributed \$11,990,528 on behalf of the Board while the Board contributed \$6,183,624 during fiscal year 2023. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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, 2023. 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 \$11,990,528 on behalf of the Board while the Board contributed \$6,183,624 during fiscal year 2023. 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, 2023 and payroll covered under the Teachers' Retirement and Pension Systems is as follows:

Total payroll	\$ 147,585,809
Payroll covered under the plan	\$ 120,563,278

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 \$6,183,624 for the year ended June 30, 2023, the Board's required portion of the normal cost.

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

	2023
Board's proportionate share of the net pension liability (Employees' Systems)	\$ -
State's proportionate share of the net pension liability (Teachers' Systems)	112,979,571
	112,979,571
Total	\$ 112,979,571

The net pension liability was measured as of June 30, 2022, 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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, 2023 related to the System.

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Amortization Method	Entry Age Normal
Remaining Amortization Period	Level Percentage of Payroll, Closed
Asset Valuation Method	16 years for State system
	5-year smoothed market; 40% recognized in 2021; 15% equally over next four valuations
Inflation	2.25% general, 2.75% wage
Salary Increases	Projected range from 2.75% to 11.25% per year
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018 mortality improvement scale.

Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2022 valuation:

- Salary trend assumption changed from 2.75% to 9.25% in the previous valuation to 2.75% to 11.25% in the most recent valuation.

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).

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	34%	6.0%
Private Equity	16%	8.4%
Rate Sensitive	21%	1.2%
Credit Opportunity	8%	4.9%
Real Assets	14%	5.2%
Absolute Return	7%	3.5%
Total	<u>100%</u>	

Discount rate

A single discount rate of 6.80% 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 6.80%. 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 Educations 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 62% equities, 3% cash and cash equivalents, and 35% 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Employee's Payroll Covered Under the Plan

The employee's payroll for the year ended June 30, 2023 and payroll covered, as of the latest actuarial valuation, under the Plan is as follows:

Total payroll	\$	147,585,809
Payroll covered under the plan		13,068,807

Plan membership at July 1, 2022, consisted of 308 active plan members, 192 retirees and beneficiaries receiving benefits, and 13 terminated plan participants entitled to but not yet receiving benefits.

Pension Liability and Pension Expense

The following table shows the components of the Board's total pension liability, fiduciary net position, and the resulting net pension liability:

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total pension liability					
Service cost	\$ 953,431	\$ 1,006,303	\$ 1,191,888	\$ 1,173,502	\$ 1,166,771
Interest	2,013,079	2,220,398	2,327,677	2,509,159	2,645,473
Benefit payments	(1,806,186)	(1,905,165)	(1,861,456)	(2,151,062)	(2,077,075)
Change in assumption	1,280,142	(104,223)	(111,573)	89,494	312,849
Experience (gain) loss	797,759	411,618	1,388,019	439,641	230,775
Net change in total pension liability	3,238,225	1,628,931	2,934,555	2,060,734	2,278,793
Total pension liability - beginning	31,859,329	35,097,554	36,726,485	39,661,040	41,721,774
Total pension liability - ending (a)	35,097,554	36,726,485	39,661,040	41,721,774	44,000,567
Plan fiduciary net position					
Contribution - employer	797,962	1,206,247	1,298,506	1,348,251	1,640,935
Contribution - plan member	425,044	487,198	493,699	351,960	589,623
Net investment income	808,452	(330,749)	6,959,904	(2,980,757)	2,163,710
Benefit payments	(1,806,186)	(1,905,165)	(1,861,456)	(1,984,107)	(2,031,022)
Administrative expenses	(45,957)	(42,124)	(43,052)	(47,029)	(46,679)
Net change in plan fiduciary net position	179,315	(584,593)	6,847,601	(3,311,682)	2,316,567
Plan fiduciary net position - beginning	23,999,760	24,179,075	23,594,482	30,442,083	27,130,401
Plan fiduciary net position - ending (b)	24,179,075	23,594,482	30,442,083	27,130,401	29,446,968
Net pension liability (a - b)	\$ 10,918,479	\$ 13,132,003	\$ 9,218,957	\$ 14,591,373	\$ 14,553,599

Payments for the net pension liability have typically been liquidated in the General Fund in prior years. For the fiscal year ended June 30, 2023, the Board recognized pension expense of \$3,109,102 related to the Retirement Plan for Employees at the Board of Education of Wicomico County. The Board's aggregate pension expense for the Teachers' Retirement System and the Teacher's Pension System and the Retirement Plan for Employees of the Board of Education of Wicomico County totaled \$9,292,726 for the fiscal year ended June 30, 2023.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Deferred Inflows/Outflows of Resources

At June 30, 2023, 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	\$ 517,332	\$ (90,524)
Net difference between projected and actual investment earnings on pension plan investments	859,981	-
Difference between actual and expected experience	1,412,578	-
Total	\$ 2,789,891	\$ (90,524)

Deferred Inflows/Outflows of Resources (continued)

The deferred inflows and outflows related to non-investment activity are being amortized over a service life of 5 and 6 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 June 30,	
2024	\$ 1,028,437
2025	303,268
2026	1,338,006
2027	29,656
	\$ 2,699,367

Funding Status and Funding Progress

As of the most recent actuarial valuation date, the plan was 66.92% funded. The total pension liability for benefits was \$44,000,567 and the plan fiduciary net position was \$29,446,968 resulting in a net pension liability of \$14,553,599. The covered payroll (annual payroll of active employees covered by the plan) was \$13,068,807 and the ratio of the net pension liability to the covered payroll was 111.36%.

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)

Additional information as of the latest actuarial valuation follows:

Measurement Date	June 30, 2023
Actuarial Valuation Date	June 30, 2023
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 4.0% to 6.5%
Investment Rate of Return	6.50%
Retirement Age	Graded from ages 55-70; 100% at age 70
Mortality	Pub-2010 General Table as released by the Society of Actuaries in 2019 set forward 3 years with scale MP2021 improvement.

Changes in assumptions used in the latest actuarial valuation include an update to the salary scale, retirement age, and turnover assumptions to reflect the results of the experience study completed in 2022.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

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	19,347,678	14,553,599	10,465,310

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.65%. 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, 2023, the Board did not make a matching contribution to the plan.

Note 10. Trust Plans Condensed Financial Statements

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

CONDENSED STATEMENT OF FIDUCIARY NET POSITION

	401(a) Retirement Plan	Employees Pension	Retiree Health Plan Trust	Total
ASSETS				
Current assets	\$ 4,991,740	\$ 29,448,269	\$ 35,732,156	\$ 70,172,165
Total assets	4,991,740	29,448,269	35,732,156	70,172,165
LIABILITIES				
Current liabilities	-	1,301	-	1,301
NET POSITION				
Held in trust for retirement and other benefits	\$ 4,991,740	\$ 29,446,968	\$ 35,732,156	\$ 70,170,864

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 10. Trust Plans Condensed Financial Statements (Continued)

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	\$ -	\$ 2,230,558	\$ 4,293,639	\$ 6,524,197
Net investment earnings	386,388	2,163,710	2,535,330	5,085,428
Total additions	386,388	4,394,268	6,828,969	11,609,625
DEDUCTIONS				
Pension benefit payments	309,425	2,031,022	3,855,809	6,196,256
Administrative expenses	7,601	46,679	-	54,280
Total deductions	317,026	2,077,701	3,855,809	6,250,536
Change in net position	69,362	2,316,567	2,973,160	5,359,089
Net position - beginning of year	4,922,378	27,130,401	32,758,996	64,811,775
Net position - end of year	\$ 4,991,740	\$ 29,446,968	\$ 35,732,156	\$ 70,170,864

Note 11. Financed Purchases

The Board of Education has entered into several contracts as lessee for financing the acquisition of computers, software, and vehicles. These lease agreements qualify as financed purchases 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 financed purchases as of June 30, 2023:

GOVERNMENTAL ACTIVITIES	<u>Financed Assets</u>
Computers:	
2023	2,476,295
Total	<u>\$ 2,476,295</u>

Approximate future minimum lease commitments are as follows:

GOVERNMENTAL ACTIVITIES

<u>Fiscal Year Ending</u>	<u>Computers 2023</u>
June 30, 2024	\$ 650,000
June 30, 2025	650,000
June 30, 2026	650,000
	<u>1,950,000</u>
Less: interest	<u>(123,706)</u>
Present value of future minimum lease payments	<u>\$ 1,826,294</u>

Interest expense related to the above financed purchases, with interest at 3.35%, was approximately \$10,000 for the year ended June 30, 2023.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 12. Intangible Right-To-Use Assets

In accordance with GASB Statement No. 87, *Leases*, the Board recognizes the value of right-to-use assets leased under long-term contracts along with a related lease liability (see Note 13).

The Board had a variety of lease agreements in place for vehicles. Payments under the vehicle leases total approximately \$104,000 per year. The lease agreements in place for these vehicles began during fiscal year 2021 and will expire during fiscal year 2026. For purposes of discounting future payments on these leases the Board used the imputed interest rate in the lease agreement, ranging from 0.60% to 4.10%.

The Board had a lease agreement in place for its central office location. Payments under the building lease total approximately \$250,000 per year. The lease agreement began during fiscal year 2018 and will expire during fiscal year 2035. For purposes of discounting future payments on this lease the Board used its incremental borrowing rate in place at the time of lease inception, 2.65%.

Leased building, vehicles and equipment and related accumulated amortization of the right-to-use assets are outlined in Note 5.

Lease payments over the next five years are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 285,987	\$ 71,512	\$ 357,499
2025	292,411	65,088	357,499
2026	259,487	58,641	318,128
2027	200,331	53,169	253,500
2028	205,639	47,861	253,500
2029 - 2033	1,112,886	154,614	1,267,500
Thereafter	487,536	19,464	507,000
	<u>\$ 2,844,277</u>	<u>\$ 470,349</u>	<u>\$ 3,314,626</u>

Interest expense on the above intangible right-to-use assets was approximately \$100,000 for the year ended June 30, 2023.

Note 13. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Long Term Portion
GOVERNMENTAL ACTIVITIES						
Accrued compensated absences	\$ 4,037,955	\$ 441,151	\$ 666,890	\$ 3,812,216	\$ 457,782	\$ 3,354,434
Financed purchases	457,081	2,476,295	1,107,082	1,826,294	588,819	1,237,475
Intangible right-to-use leases	3,611,077	-	766,800	2,844,277	285,987	2,558,290
Net pension liability	14,591,373	-	37,774	14,553,599	-	14,553,599
Net OPEB liability	72,044,082	-	8,038,086	64,005,996	-	64,005,996
Total	<u>\$ 94,741,568</u>	<u>\$ 2,917,446</u>	<u>\$ 10,616,632</u>	<u>\$ 87,042,382</u>	<u>\$ 1,332,588</u>	<u>\$ 85,709,794</u>

The Board does not have the authority to incur bonded debt. There were no unspent bond proceeds held by the Board at June 30, 2023. Payments for compensated absences and net pension liability have typically been liquidated in the General Fund in prior years. Payments for financed purchases and right-to-use leases are liquidated from the General Fund for governmental activities and the Food Service Fund for business-type activities.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 14. 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, 2023. Unearned revenue at June 30, 2023 consists of the following:

Medical assistance provider payments	\$	4,809,588
Various other state and federal programs		756,940
	\$	<u>5,566,528</u>

Note 15. 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 major construction contracts for the replacement of Mardela Middle & High School in the amount of approximately \$73 million. At June 30, 2023, approximately \$43 million had been expended related to these contracts, respectively.

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, 2023 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.

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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-Employee Payroll (c)	Net OPEB Liability Percentage of Covered-Employee 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%
June 30, 2020	168,153,562	23,237,123	144,916,439	13.82%	127,445,923	113.71%
June 30, 2021	171,508,789	31,733,764	139,775,025	18.50%	132,038,660	105.86%
June 30, 2022	104,803,078	32,758,996	72,044,082	31.26%	117,523,187	61.30%
June 30, 2023	99,738,152	35,732,156	64,005,996	35.83%	128,429,690	49.84%

Schedule of Employer Contributions:

	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 7,257,099	\$ 7,395,195	\$ 9,206,855	\$ 10,869,925	\$ 10,233,460	\$ 7,271,306
Contribution in relation to actuarially-determined contribution	4,516,695	4,714,139	4,985,727	5,383,540	8,711,803	4,293,639
Contribution deficiency (excess)	2,740,404	2,681,056	4,221,128	5,486,385	1,521,657	2,977,667
Covered-employee payroll	115,383,585	116,827,713	127,445,923	132,038,660	117,523,187	128,429,690
Contributions as a percentage of covered-employee payroll	3.91%	4.04%	3.91%	4.08%	7.41%	3.34%

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	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 3,600,890	\$ 3,649,771	\$ 4,983,260	\$ 6,460,689	\$ 6,027,155	\$ 4,564,065
Interest cost	4,816,701	5,064,042	5,295,502	4,451,390	4,420,708	4,198,094
Differences between expected and actual experience	-	(2,136,794)	-	(16,565,169)	(1,560,826)	-
Changes of assumptions	(2,260,680)	20,060,124	23,422,245	13,149,600	(25,444,061)	(9,971,276)
Benefit payments	(3,830,557)	(3,883,057)	(4,020,624)	(4,141,283)	(4,293,709)	(3,855,809)
Other changes	-	-	-	-	(45,854,978)	-
Net change in total OPEB liability	\$ 2,326,354	\$ 22,754,086	\$ 29,680,383	\$ 3,355,227	\$ (66,705,711)	\$ (5,064,926)
Total OPEB liability, beginning of year	113,392,739	115,719,093	138,473,179	168,153,562	171,508,789	104,803,078
Total OPEB liability, end of year (a)	\$ 115,719,093	\$ 138,473,179	\$ 168,153,562	\$ 171,508,789	\$ 104,803,078	\$ 99,738,152
Plan fiduciary net position						
Contribution - employer	\$ 4,516,695	\$ 4,714,139	\$ 4,985,727	\$ 5,383,540	\$ 8,711,803	\$ 4,293,639
Net investment income	1,184,552	724,230	(480,213)	7,254,384	(3,392,862)	2,535,330
Benefit payments	(3,830,557)	(3,883,057)	(4,020,624)	(4,141,283)	(4,293,709)	(3,855,809)
Administrative expense	(72,003)	-	-	-	-	-
Net change in fiduciary net position	\$ 1,798,687	\$ 1,555,312	\$ 484,890	\$ 8,496,641	\$ 1,025,232	\$ 2,973,160
Fiduciary net position, beginning of year	19,398,234	21,196,921	22,752,233	23,237,123	31,733,764	32,758,996
Fiduciary net position, end of year (b)	\$ 21,196,921	\$ 22,752,233	\$ 23,237,123	\$ 31,733,764	\$ 32,758,996	\$ 35,732,156
Net OPEB Liability (a-b)	\$ 94,522,172	\$ 115,720,946	\$ 144,916,439	\$ 139,775,025	\$ 72,044,082	\$ 64,005,996
Fiduciary net position as a % of total OPEB liability	18.32%	16.43%	13.82%	18.50%	31.26%	35.83%
Covered employee payroll	\$ 115,383,585	\$ 116,827,713	\$ 127,445,923	\$ 132,038,660	\$ 117,523,187	\$ 128,429,690
Net OPEB liability as of % of payroll	81.92%	99.05%	113.71%	105.86%	61.30%	49.84%
Annual money-weighted rate of return	5.84%	3.30%	-2.09%	26.39%	-10.52%	7.40%

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	2020	2021	2022	2023
Board's proportion of the net pension liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
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	118,939,860	130,526,735	81,391,721	112,979,571
Total	\$ 87,166,955	\$ 119,020,880	\$ 144,047,412	\$ 131,826,350	\$ 124,339,367	\$ 118,939,860	\$ 130,526,735	\$ 81,391,721	\$ 112,979,571
Board's covered payroll	\$ 95,262,765	\$ 98,572,456	\$ 100,247,573	\$ 103,580,906	\$ 105,031,941	\$ 113,951,771	\$ 118,570,617	\$ 121,092,597	\$ 120,563,278
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%	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%	0.22%	0.24%	0.12%	0.18%

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	2020	2021	2022	2023
Contractually required contributions	\$ 3,524,616	\$ 4,052,348	\$ 4,223,295	\$ 4,537,812	\$ 4,567,172	\$ 4,663,780	\$ 4,691,684	\$ 4,914,144	\$ 6,183,624
Contributions in relation to the contractually required contribution	3,524,616	4,052,348	4,223,295	4,537,812	4,567,172	4,663,780	4,691,684	4,914,144	6,183,624
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 95,262,765	\$ 98,572,456	\$ 100,247,573	\$ 103,580,906	\$ 105,031,941	\$ 113,951,771	\$ 118,570,617	\$ 121,092,597	\$ 120,563,278
Contributions as a percentage of covered payroll	3.70%	4.11%	4.21%	4.38%	4.35%	4.09%	3.96%	4.06%	5.13%

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	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total pension liability									
Service cost	\$ 842,490	\$ 854,284	\$ 772,678	\$ 775,125	\$ 953,431	\$ 1,006,303	\$ 1,191,888	\$ 1,173,502	\$ 1,166,771
Interest	1,849,338	1,898,022	1,850,305	1,960,374	2,013,079	2,220,398	2,327,677	2,509,159	2,645,473
Benefit payments	(1,250,672)	(1,502,818)	(1,456,131)	(1,558,362)	(1,806,186)	(1,905,165)	(1,861,456)	(2,151,062)	(2,077,075)
Change in assumption	-	(260,240)	-	2,233,672	1,280,142	(104,223)	(111,573)	89,494	312,849
Experience (gain) loss	-	19,531	401,563	643,334	797,759	411,618	1,388,019	439,641	230,775
Net change in total pension liability	1,441,156	1,008,779	1,568,415	4,054,143	3,238,225	1,628,931	2,934,555	2,060,734	2,278,793
Total pension liability - beginning	23,786,836	25,227,992	26,236,771	27,805,186	31,859,329	35,097,554	36,726,485	39,661,040	41,721,774
Total pension liability - ending (a)	25,227,992	26,236,771	27,805,186	31,859,329	35,097,554	36,726,485	39,661,040	41,721,774	44,000,567
Plan fiduciary net position									
Contribution - employer	722,205	753,562	759,739	788,359	797,962	1,206,247	1,298,506	1,348,251	1,640,935
Contribution - plan member	381,911	399,334	403,598	338,571	425,044	487,198	493,699	351,960	589,623
Net investment income	88,504	(400,584)	2,646,737	1,402,062	808,452	(330,749)	6,959,904	(2,980,757)	2,163,710
Benefit payments	(1,250,672)	(1,502,591)	(1,456,131)	(1,476,723)	(1,806,186)	(1,905,165)	(1,861,456)	(1,984,107)	(2,031,022)
Administrative expenses	(49,433)	(65,984)	(52,785)	(50,396)	(45,957)	(42,124)	(43,052)	(47,029)	(46,679)
Net change in plan fiduciary net position	(107,485)	(816,263)	2,301,158	1,001,873	179,315	(584,593)	6,847,601	(3,311,682)	2,316,567
Plan fiduciary net position - beginning	21,620,477	21,512,992	20,696,729	22,997,887	23,999,760	24,179,075	23,594,482	30,442,083	27,130,401
Plan fiduciary net position - ending (b)	21,512,992	20,696,729	22,997,887	23,999,760	24,179,075	23,594,482	30,442,083	27,130,401	29,446,968
Net pension liability (a - b)	\$ 3,715,000	\$ 5,540,042	\$ 4,807,299	\$ 7,859,569	\$ 10,918,479	\$ 13,132,003	\$ 9,218,957	\$ 14,591,373	\$ 14,553,599
Annual money-weighted rate of return	0.41%	-1.90%	12.11%	5.97%	3.36%	-1.38%	25.76%	-10.35%	7.65%

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%
June 30, 2020	36,726,485	23,594,482	13,132,003	64.24%	10,750,277	122.16%
June 30, 2021	39,661,040	30,442,083	9,218,957	76.76%	12,628,172	73.00%
June 30, 2022	41,721,774	27,130,401	14,591,373	65.03%	12,788,361	114.10%
June 30, 2023	44,000,567	29,446,968	14,553,599	66.92%	13,068,807	111.36%

Schedule of Employer Contributions:

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % 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%
2020	1,079,035	1,206,247	(127,212)	10,750,277	11.22%
2021	1,286,532	1,298,506	(11,974)	12,628,172	10.28%
2022	1,253,602	1,348,251	(94,649)	12,788,361	10.54%
2023	1,712,143	1,640,935	71,208	13,068,807	12.56%

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, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Wicomico County appropriation	\$ 49,135,024	\$ 50,156,982	\$ 50,156,982	\$ -
Total Wicomico County appropriation	49,135,024	50,156,982	50,156,982	-
Other local:				
Tuition - nonresident pupils	30,000	30,000	442,780	412,780
Tuition - other	350	350	850	500
Student payments/fees	65,000	65,000	61,722	(3,278)
Earnings on investments	100,000	100,000	1,275,097	1,175,097
Rental of school facilities	22,000	22,000	80,915	58,915
Miscellaneous	133,000	133,000	176,621	43,621
Total other local	350,350	350,350	2,037,985	1,687,635
State of Maryland revenues:				
Current expense aid	86,463,756	86,463,756	86,463,756	-
Compensatory education	46,939,872	46,939,872	47,453,318	513,446
Special education	9,231,409	9,231,409	9,256,170	24,761
Guaranteed tax base	7,760,081	7,760,081	7,760,081	-
Limited English proficient	9,649,499	9,649,499	9,627,995	(21,504)
College and career readiness	439,691	439,691	439,691	-
Transportation	6,316,701	6,316,701	6,462,497	145,796
Blueprint for Maryland's Future	5,750,066	5,750,066	5,723,043	(27,023)
Transitional supplemental instruction	1,509,953	1,509,953	1,509,953	-
Non-public placement	130,000	130,000	12,163	(117,837)
Aging schools	106,627	106,627	106,627	-
Miscellaneous	-	-	-	-
Total State of Maryland revenues	174,297,655	174,297,655	174,815,294	517,639
Other sources:				
Out of county living	60,000	60,000	445	(59,555)
Total other sources	60,000	60,000	445	(59,555)
TOTAL REVENUES	223,843,029	224,864,987	227,010,706	2,145,719
EXPENDITURES				
Administration	6,441,593	6,441,593	6,345,001	96,592
School management and support	16,067,773	16,067,773	15,600,912	466,861
Instructional salaries	89,199,442	89,199,442	89,161,868	37,574
Textbooks and instructional supplies	3,748,095	3,748,095	3,727,469	20,626
Other instruction costs	2,317,778	2,317,778	2,174,616	143,162
Student personnel services	3,978,515	3,978,515	3,865,007	113,508
Health services	1,939,729	1,939,729	1,875,690	64,039
Student transportation	9,316,512	9,316,512	9,179,520	136,992

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 Year Ended June 30, 2023
 (Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES (continued)				
Operation of plant and equipment	\$ 16,211,119	\$ 16,211,119	\$ 16,102,795	\$ 108,324
Maintenance of plant	5,167,127	5,167,127	5,038,931	128,196
Fixed charges	50,824,793	50,824,793	48,502,366	2,322,427
Community services	312,319	312,319	305,504	6,815
Capital outlay	7,110,395	8,132,353	8,121,675	10,678
Special education	21,486,598	21,486,598	19,638,942	1,847,656
Food service	-	-	-	-
TOTAL EXPENDITURES	234,121,788	235,143,746	229,640,296	5,503,450
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(10,278,759)	(10,278,759)	(2,629,590)	7,649,169
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	8,878,759	8,878,759	8,878,759	-
Interfund transfers	1,400,000	1,400,000	1,594,170	(194,170)
TOTAL OTHER FINANCING SOURCES (USES)	10,278,759	10,278,759	10,472,929	(194,170)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	-	7,843,339	7,843,339
Assigned to subsequent year expenditures	-	-	(9,968,170)	(9,968,170)
FUND BALANCE, BUDGETARY BASIS, BEGINNING OF YEAR	-	-	9,968,170	9,968,170
FUND BALANCE, BUDGETARY BASIS, END OF YEAR	\$ -	\$ -	\$ 7,843,339	\$ 7,843,339

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
 SPECIAL REVENUE - BUDGETARY BASIS
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 65,218,485	\$ 65,218,485	\$ 51,661,832	\$ (13,556,653)
State sources	4,390,191	4,390,191	7,573,482	3,183,291
Local and other sources	621,453	621,453	1,258,573	637,120
TOTAL REVENUES	70,230,129	70,230,129	60,493,887	(9,736,242)
EXPENDITURES				
Administration	1,062,460	1,062,460	659,997	402,463
School management and support	139,112	139,112	785,191	(646,079)
Instructional salaries	8,711,963	8,711,963	10,590,022	(1,878,059)
Textbooks and instructional supplies	4,213,300	4,213,300	6,059,809	(1,846,509)
Other instruction costs	9,833,801	9,833,801	7,939,568	1,894,233
Special education	6,120,282	6,120,282	5,295,253	825,029
Student personnel services	1,757,894	1,757,894	2,461,983	(704,089)
Health services	720,270	720,270	699,126	21,144
Student transportation	120,441	120,441	511,113	(390,672)
Operation of plant and equipment	30,711,802	30,711,802	1,534,131	29,177,671
Maintenance of plant	-	-	423,831	(423,831)
Fixed charges	5,978,157	5,978,157	4,010,757	1,967,400
Community services	476,095	476,095	500,642	(24,547)
Food services	384,552	384,552	23,112	361,440
Capital outlay	-	-	17,396,179	(17,396,179)
TOTAL EXPENDITURES	70,230,129	70,230,129	58,890,714	11,339,415
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	-	-	1,603,173	1,603,173
OTHER FINANCING SOURCES (USES)				
Interfund transfers	-	-	(1,451,653)	(1,451,653)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	-	151,520	151,520
FUND BALANCE, BUDGETARY BASIS, BEGINNING OF YEAR	-	-	312,138	312,138
FUND BALANCE, BUDGETARY BASIS, END OF YEAR	\$ -	\$ -	\$ 463,658	\$ 463,658

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, the General Fund 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:

	Revenues	Expenditures	Other Financing Sources (Uses)
	General Fund	General Fund	General Fund
	June 30, 2023	June 30, 2023	June 30, 2023
GAAP Basis	\$ 239,736,412	\$ 245,249,224	\$ 6,583,846
Changes in asset account balances not accounted for on Budgetary Statement:			
Health insurance rate stabilization reserve activity:			
Surplus from insurance settlement	-	-	(3,093,728)
Transfer to rate stabilization reserve	(437,830)	-	-
Interest earned on health care reserve	(297,348)	-	-
Other expenditures	-	(156,276)	-
Transfer to Retiree Health Plan Trust	-	-	437,830
Appropriation from June 30, 2022	-	-	8,878,759
Transfers to other funds recorded as budgetary expenditures	-	142,517	142,517
Encumbrances recorded as expenditures:			
Established in current year	-	7,207,536	-
Reversed from prior year	-	(8,335,882)	-
State share of retirement and pension contribution	(11,990,528)	(11,990,528)	-
Capital outlay funded by lease obligations	-	(2,476,295)	(2,476,295)
Budgetary Basis	\$ 227,010,706	\$ 229,640,296	\$ 10,472,929

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgetary Comparison Schedule (Continued)

Budget Calendar

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

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

Special Revenue Fund

The expenditures under restricted programs may exceed budgeted amounts. The grants included in this category are not part of budget categories subject to the spending limitations of the operating budget. Expenditures under these programs are limited to the amounts of the respective grants.

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.

At the age when Medicare Coverage becomes mandatory, and assuming the retiree has at least ten years of service, the retiree will be eligible for Medicare supplemental health insurance coverage through the Board. The Board will continue to pay 70% of the supplement for any retiree meeting this eligibility criterion.

Changes in Assumptions:

- The blended discount rate changed from 4.08% to 4.83%
- The source for the discount rate was changed from the GO Bond Buyer Index to the S&P Municipal Bond 20 Year Rate Index

Method and Assumptions used in Calculations of Actuarially Determined Contributions:

Measurement Date	June 30, 2023
Actuarial Valuation Date	June 30, 2023
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	4.83% for obligation; based on a blended rate of the long-term rate of return of 6.50% and municipal bond rates of 3.54% at the beginning of the year and 6.50% and 4.13% at the end of the year, respectively.
Medical Trend	Per capita claims costs are projected to increase by 7.50% in 2023 decreasing linearly by 0.25% to an ultimate trend rate of 4.5%.
Mortality	Pub-10 General Headcount-Weighted with scale MP-2021 generational improvement and a 3 year set forward.
Premium Equivalence	Current pre-Medicare cost equivalent rates are age-adjusted based on actual ages of enrolled participants and aging factors derived from the Society of Actuaries' 2013 study "Health Care Costs from Birth to Death."

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 2022 valuation:

- Salary trend assumption changed from 2.75% to 9.25% in the previous valuation to 2.75% to 11.25% in the most recent valuation.

Method and Assumptions used in Calculations of Actuarially Determined Contributions:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	16 years for State system
Asset Valuation Method	5-year smoothed market; 40% recognized in 2021; 15% equally over next four valuations
Inflation	2.25% general, 2.75% wage
Salary Increases	Projected range from 2.75% to 11.25% per year
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018 mortality improvement scale.

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:

- The salary scale, retirement age, and turnover assumptions were updated from last year to reflect the results of the experience study completed in 2022.

Method and Assumptions used in Calculations of Actuarially Determined Contributions:

Measurement Date	June 30, 2023
Actuarial Valuation Date	June 30, 2023
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 4.0% to 6.5%
Investment Rate of Return	6.50%
Retirement Age	Graded from ages 55-70; 100% at age 70
Mortality	Pub-2010 General Table as released by the Society of Actuaries in 2019 set forward 3 years with scale MP2021 improvement.

ADDITIONAL SUPPLEMENTARY INFORMATION

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND - BUDGETARY BASIS
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Administration:				
Salaries and wages	\$ 4,601,095	\$ 4,601,095	\$ 4,517,682	\$ 83,413
Contracted services	1,449,597	1,449,597	1,449,407	190
Supplies and materials	175,525	175,525	173,676	1,849
Other charges	172,280	172,280	163,710	8,570
Equipment	-	-	-	-
Transfers	43,096	43,096	40,526	2,570
Total administration	6,441,593	6,441,593	6,345,001	96,592
School management and support:				
Salaries and wages	14,030,087	14,030,087	13,582,389	447,698
Contracted services	1,277,974	1,277,974	1,276,984	990
Supplies and materials	163,903	163,903	152,863	11,040
Other charges	571,251	571,251	564,517	6,734
Equipment	-	-	-	-
Transfers	24,558	24,558	24,159	399
Total school management and support	16,067,773	16,067,773	15,600,912	466,861
Instructional salaries and wages	89,199,442	89,199,442	89,161,868	37,574
Textbooks and instructional supplies	3,748,095	3,748,095	3,727,469	20,626
Other instructional costs:				
Contracted services	1,201,745	1,201,745	1,170,463	31,282
Other charges	356,408	356,408	261,647	94,761
Equipment	-	-	-	-
Transfers	759,625	759,625	742,506	17,119
Total other instructional costs	2,317,778	2,317,778	2,174,616	143,162
Special education:				
Salaries and wages	20,281,434	20,281,434	19,002,310	1,279,124
Contracted services	362,557	362,557	362,508	49
Supplies and materials	145,173	145,173	130,370	14,803
Other charges	91,200	91,200	86,629	4,571
Equipment	-	-	-	-
Transfers	606,234	606,234	57,125	549,109
Total special education	\$ 21,486,598	\$ 21,486,598	\$ 19,638,942	\$ 1,847,656

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND - BUDGETARY BASIS
 Year Ended June 30, 2023
 (Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Student personnel services:				
Salaries and wages	\$ 3,114,917	\$ 3,032,917	\$ 2,947,238	\$ 85,679
Contracted services	812,550	894,550	891,593	2,957
Supplies and materials	15,800	15,800	14,976	824
Other charges	32,250	32,250	8,554	23,696
Equipment	-	-	-	-
Transfers	2,998	2,998	2,646	352
Total student personnel services	3,978,515	3,978,515	3,865,007	113,508
Health services				
Salaries and wages	1,864,405	1,864,405	1,806,316	58,089
Contracted services	14,000	14,000	10,341	3,659
Supplies and materials	52,891	52,891	51,779	1,112
Other charges	6,585	6,585	5,406	1,179
Equipment	-	-	-	-
Transfers	1,848	1,848	1,848	-
Total health services	1,939,729	1,939,729	1,875,690	64,039
Student transportation:				
Salaries and wages	1,573,396	2,073,396	1,997,482	75,914
Contracted services	6,950,081	6,310,081	6,260,466	49,615
Supplies and materials	275,850	415,850	405,570	10,280
Other charges	161,337	161,337	161,270	67
Equipment	350,000	350,000	348,886	1,114
Transfers	5,848	5,848	5,846	2
Total pupil transportation	9,316,512	9,316,512	9,179,520	136,992
Operation of plant:				
Salaries and wages	7,987,191	7,980,191	7,975,858	4,333
Contracted services	2,102,867	2,173,867	2,140,581	33,286
Supplies and materials	1,353,050	1,531,950	1,530,760	1,190
Other charges	4,548,836	4,401,036	4,331,523	69,513
Equipment	215,500	120,400	120,398	2
Transfers	3,675	3,675	3,675	-
Total operation of plant	16,211,119	16,211,119	16,102,795	108,324
Maintenance of plant:				
Salaries and wages	1,915,851	1,787,851	1,786,833	1,018
Contracted services	2,375,576	2,605,376	2,484,069	121,307
Supplies and materials	656,000	656,000	655,348	652
Other charges	17,000	17,000	14,037	2,963
Equipment	202,700	100,900	98,644	2,256
Total maintenance of plant	\$ 5,167,127	\$ 5,167,127	\$ 5,038,931	\$ 128,196

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND - BUDGETARY BASIS
 Year Ended June 30, 2023
 (Continued)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Fixed charges:				
Insurance and employee benefits	\$ 50,824,793	\$ 50,824,793	\$ 48,502,366	\$ 2,322,427
Community services:				
Salaries and wages	42,282	42,282	39,546	2,736
Contracted services	57,650	57,650	56,280	1,370
Supplies and materials	15,471	15,471	13,469	2,002
Other charges	46,916	46,916	46,209	707
Equipment	150,000	150,000	150,000	-
Total community services	312,319	312,319	305,504	6,815
Capital outlay:				
Salaries and wages	971,328	811,328	806,380	4,948
Contracted services	1,484,400	1,569,400	1,567,499	1,901
Supplies and materials	897,990	173,000	169,629	3,371
Other charges	11,900	11,900	11,609	291
Equipment	3,744,777	5,566,725	5,566,558	167
Transfers	-	-	-	-
Total capital outlay	7,110,395	8,132,353	8,121,675	10,678
Food service:				
Transfers	-	-	-	-
TOTAL EXPENDITURES	234,121,788	235,143,746	229,640,296	5,503,450
TOTAL APPROPRIATIONS AND EXPENDITURES	\$ 234,121,788	\$ 235,143,746	\$ 229,640,296	\$ 5,503,450

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
 CAPITAL PROJECTS - BUDGETARY BASIS
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
State sources	\$ 34,864,606	\$ 34,864,606	\$ 37,385,225	\$ 2,520,619
Local and other sources	11,959,000	11,959,000	10,036,162	(1,922,838)
TOTAL REVENUES	46,823,606	46,823,606	47,421,387	597,781
EXPENDITURES				
Capital outlay	47,383,100	47,383,100	47,157,392	225,708
TOTAL EXPENDITURES	47,383,100	47,383,100	47,157,392	225,708
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	559,494	559,494	559,494	-
	559,494	559,494	559,494	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ 823,489	\$ 823,489

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	\$ 47,421,387	\$ 47,157,392	\$ -
Appropriation from fund balance	-	-	559,494
Budgetary Basis	\$ 47,421,387	\$ 47,157,392	\$ 559,494

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
 FOOD SERVICE - BUDGETARY BASIS
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local sources	\$ 200,000	\$ 200,000	\$ 256,657	\$ 56,657
State sources	250,000	250,000	249,026	(974)
Federal sources	8,271,603	8,271,603	9,110,491	838,888
TOTAL REVENUES	8,721,603	8,721,603	9,616,174	894,571
EXPENDITURES				
Salaries and wages	3,020,120	3,020,120	3,551,981	(531,861)
Contracted services	124,600	124,600	132,106	(7,506)
Supplies and materials	4,258,800	4,258,800	5,478,331	(1,219,531)
Other charges	1,682,128	1,682,128	1,935,246	(253,118)
Capital outlay	50,000	50,000	107,781	(57,781)
TOTAL EXPENDITURES	9,135,648	9,135,648	11,205,445	(2,069,797)
OPERATING INCOME (LOSS)	(414,045)	(414,045)	(1,589,271)	(1,175,226)
OTHER RESOURCES				
Interfund Transfer	-	-	-	-
Appropriation from fund balance	414,045	414,045	414,045	-
TOTAL OTHER RESOURCES	414,045	414,045	414,045	-
EXCESS OF REVENUES AND OTHER RESOURCES OVER EXPENDITURES	\$ -	\$ -	\$ (1,175,226)	\$ (1,175,226)

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	\$ 9,616,174	\$ 11,153,740	\$ -
Appropriation from fund balance	-	-	414,045
Encumbrances established in current year	-	139,726	-
Encumbrances reversed from prior year	-	(133,502)	-
Loss on disposal of capital assets	-	(1,650)	-
Depreciation of capital assets	-	(68,107)	-
Capital asset current year additions	-	115,238	-
Budgetary Basis	\$ 9,616,174	\$ 11,205,445	\$ 414,045

THE BOARD OF EDUCATION OF WICOMICO COUNTY
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PENSION AND RETIREE HEALTH PLAN TRUST FUNDS
 June 30, 2023

	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	\$ 613,857	\$ 316,637	\$ 188,762	\$ 1,119,256
Trust investments				
Government bonds	294,879	18,518	-	313,397
Commercial paper	-	353,216	-	353,216
Mortgage loans	536,682	171,174	-	707,856
Corporate bonds	267,748	555,600	-	823,348
Common stock	3,095,877	-	-	3,095,877
Mutual funds	-	25,426,870	32,104,566	57,531,436
Other	182,697	2,606,254	3,438,828	6,227,779
Total assets	<u>4,991,740</u>	<u>29,448,269</u>	<u>35,732,156</u>	<u>70,172,165</u>
LIABILITIES				
Advanced contributions	-	1,301	-	1,301
NET POSITION				
Held in Trust for:				
Retirement and other benefits	<u>4,991,740</u>	<u>29,446,968</u>	<u>35,732,156</u>	<u>70,170,864</u>
Total net position	<u>\$ 4,991,740</u>	<u>\$ 29,446,968</u>	<u>\$ 35,732,156</u>	<u>\$ 70,170,864</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, 2023

	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>
ADDITIONS				
Contributions:				
Employer contributions	\$ -	\$ 1,640,935	\$ 4,293,639	\$ 5,934,574
Plan member contributions	-	589,623	-	589,623
Total contributions	-	2,230,558	4,293,639	6,524,197
Investment earnings:				
Interest and dividends	96,317	986,099	1,177,162	2,259,578
Less: investment-related expense	-	(52,477)	(70,300)	(122,777)
Change in fair value of investments	290,071	1,230,088	1,428,468	2,948,627
Net investment earnings	386,388	2,163,710	2,535,330	5,085,428
Total additions	386,388	4,394,268	6,828,969	11,609,625
DEDUCTIONS				
Pension benefit payments	309,425	2,031,022	3,855,809	6,196,256
Administrative expenses	7,601	46,679	-	54,280
Total deductions	317,026	2,077,701	3,855,809	6,250,536
Change in net position	69,362	2,316,567	2,973,160	5,359,089
Net position - beginning of year	4,922,378	27,130,401	32,758,996	64,811,775
Net position - end of year	\$ 4,991,740	\$ 29,446,968	\$ 35,732,156	\$ 70,170,864

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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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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Schedule 1

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

	Fiscal Year									
	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities										
Net investment in capital assets	\$ 248,339,599	\$ 264,578,879	\$ 272,294,206	\$ 277,889,290	\$ 302,685,408	\$ 314,603,022	\$ 317,755,548	\$ 331,334,560	\$ 345,485,204	\$ 403,769,637
Restricted for rate stabilization reserve	5,723,272	4,414,258	4,114,595	4,194,695	4,484,708	-	-	-	-	-
Restricted	5,336,356	3,042,002	3,054,494	3,012,813	2,869,038	2,153,490	2,217,041	2,829,282	2,842,986	3,173,899
Unrestricted	<u>3,246,393</u>	<u>2,285,680</u>	<u>3,997,594</u>	<u>5,960,764</u>	<u>(92,261,859)</u>	<u>(94,260,944)</u>	<u>(100,920,376)</u>	<u>(98,735,613)</u>	<u>(51,155,367)</u>	<u>(50,317,884)</u>
Total governmental activities net position	<u>\$ 262,645,620</u>	<u>\$ 274,320,819</u>	<u>\$ 283,460,889</u>	<u>\$ 291,057,562</u>	<u>\$ 217,777,295</u>	<u>\$ 222,495,568</u>	<u>\$ 219,052,213</u>	<u>\$ 235,428,229</u>	<u>\$ 297,172,823</u>	<u>\$ 356,625,652</u>
Business-type activities										
Net investment in capital assets	\$ 329,436	\$ 362,483	\$ 410,432	\$ 429,044	\$ 602,381	\$ 623,738	\$ 573,312	\$ 514,805	\$ 503,066	\$ 548,547
Unrestricted for food service activities	<u>1,460,570</u>	<u>1,522,581</u>	<u>1,805,360</u>	<u>2,343,193</u>	<u>2,470,021</u>	<u>3,207,371</u>	<u>2,732,514</u>	<u>2,072,738</u>	<u>4,530,990</u>	<u>2,947,943</u>
Total business-type activities net position	<u>\$ 1,790,006</u>	<u>\$ 1,885,064</u>	<u>\$ 2,215,792</u>	<u>\$ 2,772,237</u>	<u>\$ 3,072,402</u>	<u>\$ 3,831,109</u>	<u>\$ 3,305,826</u>	<u>\$ 2,587,543</u>	<u>\$ 5,034,056</u>	<u>\$ 3,496,490</u>
Primary government										
Net investment in capital assets	\$ 248,669,035	\$ 264,941,362	\$ 272,704,638	\$ 278,318,334	\$ 303,287,789	\$ 315,226,760	\$ 318,328,860	\$ 331,849,365	\$ 345,988,270	\$ 404,318,184
Restricted	11,059,628	7,456,260	7,169,089	7,207,508	7,353,746	2,153,490	2,217,041	2,829,282	2,842,986	3,173,899
Unrestricted	<u>4,706,963</u>	<u>3,808,261</u>	<u>5,802,954</u>	<u>8,303,957</u>	<u>(89,791,838)</u>	<u>(91,053,573)</u>	<u>(98,187,862)</u>	<u>(96,662,875)</u>	<u>(46,624,377)</u>	<u>(47,369,941)</u>
Total primary government net position	<u>\$ 264,435,626</u>	<u>\$ 276,205,883</u>	<u>\$ 285,676,681</u>	<u>\$ 293,829,799</u>	<u>\$ 220,849,697</u>	<u>\$ 226,326,677</u>	<u>\$ 222,358,039</u>	<u>\$ 238,015,772</u>	<u>\$ 302,206,879</u>	<u>\$ 360,122,142</u>

Source: The Board of Education of Wicomico County records.

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

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

	Fiscal Year									
	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses										
Governmental activities:										
Administration	\$ 6,562,899	\$ 6,342,827	\$ 6,782,626	\$ 7,070,838	\$ 7,514,341	\$ 7,470,741	\$ 8,026,142	\$ 7,781,010	\$ 6,331,994	\$ 8,974,898
Instructional services	131,092,689	135,148,455	136,120,507	141,470,915	145,259,804	158,619,765	173,067,455	177,897,191	149,297,380	191,001,205
Special education	25,399,267	26,032,772	27,053,349	27,529,358	28,490,163	29,450,575	31,972,840	32,081,647	24,015,080	34,827,148
Student personnel services	2,804,877	2,990,897	3,145,310	3,564,242	3,925,616	4,370,816	5,351,024	5,643,644	5,293,522	8,522,846
Health services	2,092,763	2,186,512	2,129,723	2,151,653	2,160,034	2,542,324	2,973,886	3,112,486	2,820,776	3,672,759
Student transportation	9,016,351	8,997,945	9,579,044	10,103,015	10,039,390	10,545,513	10,041,641	8,291,477	10,327,102	11,823,772
Operation of plant and equipment	14,546,798	15,360,888	15,582,241	16,258,186	18,537,712	17,416,841	18,790,732	19,560,096	19,526,425	22,817,146
Maintenance of plant	4,026,748	4,621,848	4,486,567	5,556,582	4,882,614	5,397,468	5,654,539	5,762,159	4,961,043	6,337,593
Food services	14,543	44,111	22,887	3,574	-	11,534	-	-	-	-
Community services	322,234	307,821	378,034	777,353	1,111,875	240,154	217,278	562,135	798,109	933,934
Student/school activities	-	-	-	-	-	-	-	707,917	1,442,246	2,008,235
Interest expense	31,034	29,925	23,729	31,256	32,754	38,904	55,325	60,336	119,301	100,609
Total governmental activities expenses	195,910,203	202,064,001	205,304,017	214,516,972	221,954,303	236,104,635	256,150,862	261,460,098	224,932,978	291,020,145
Business-type activities:										
Food services	\$ 7,229,719	\$ 7,333,119	\$ 7,729,465	\$ 7,633,108	\$ 7,932,409	\$ 7,732,529	\$ 7,578,318	\$ 5,291,800	\$ 9,252,410	\$ 11,153,740
Total business-type activities expenses	7,229,719	7,333,119	7,729,465	7,633,108	7,932,409	7,732,529	7,578,318	5,291,800	9,252,410	11,153,740
Total primary government expenses	\$ 203,139,922	\$ 209,397,120	\$ 213,033,482	\$ 222,150,080	\$ 229,886,712	\$ 243,837,164	\$ 263,729,180	\$ 266,751,898	\$ 234,185,388	\$ 302,173,885
Program Revenues										
Governmental activities:										
Charges for services										
Administration	\$ 22,133	\$ 19,523	\$ 27,822	\$ 24,250	\$ 122,209	\$ 131,695	\$ 485,040	\$ 419,873	\$ 467,921	\$ 53,507
Instructional services	301,483	183,092	551,875	204,722	181,777	316,293	228,484	91,665	577,077	2,255,367
Operation of plant and equipment	58,017	110,906	86,286	124,562	121,659	152,657	79,263	52,202	75,811	72,752
Community services	44,434	44,434	44,511	44,542	44,574	44,574	44,574	44,574	44,574	44,574
Student/school activities	-	-	-	-	-	-	-	433,853	1,569,635	1,923,633
Operating grants and contributions										
Administration	1,131,134	813,603	859,567	905,083	972,091	1,100,402	1,122,213	1,480,024	1,318,886	1,566,290
Instructional services	16,576,218	17,936,497	17,269,149	16,961,940	16,214,511	20,369,518	27,219,159	29,482,674	39,101,368	54,543,768
Special education	12,863,189	12,902,498	14,049,331	13,666,645	13,935,205	13,732,073	13,733,103	15,437,861	15,123,697	17,705,974
Student personnel services	154,491	164,441	249,836	552,706	731,298	773,431	951,404	1,198,403	1,899,489	3,465,676
Health services	168,140	171,528	166,130	161,855	154,853	159,590	481,272	643,906	1,298,360	1,053,519
Student transportation	265,147	5,393,111	5,655,997	5,672,422	5,826,816	5,550,688	5,332,883	5,226,889	8,058,258	7,143,177
Operation of plant and equipment	597,958	605,286	600,984	590,787	563,573	685,360	953,513	2,391,524	1,822,861	2,409,824
Maintenance of plant	141,642	156,207	130,157	145,095	155,122	161,321	166,264	173,362	302,940	589,362
Food Services	14,308	44,111	22,887	2,814	-	11,523	-	-	-	-
Community services	120,173	107,768	182,716	594,685	990,629	19,468	3,377	394,563	664,549	634,309
Capital grants and contributions	41,509,582	20,038,839	13,946,306	14,819,234	30,136,364	19,930,075	13,007,889	26,234,449	19,903,833	47,528,014
Total governmental activities program revenues	\$ 73,968,049	\$ 58,691,844	\$ 53,843,554	\$ 54,471,342	\$ 70,150,681	\$ 63,138,666	\$ 63,808,437	\$ 83,705,821	\$ 92,229,258	\$ 140,989,745

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

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

	Fiscal Year									
	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Program Revenues (continued)										
Business-type activities:										
Charges for services	\$ 1,276,246	\$ 1,167,633	\$ 1,174,965	\$ 1,151,593	\$ 1,171,569	\$ 1,193,756	\$ 886,674	\$ 192,019	\$ 157,028	\$ 256,657
Operating grants and contributions	5,267,377	5,585,544	6,183,311	6,381,918	6,461,005	6,847,480	6,016,361	3,923,157	11,541,895	9,359,517
Capital grants and contributions	-	-	26,917	6,042	-	-	-	-	-	-
Total business-type activities program revenues	<u>6,543,623</u>	<u>6,753,177</u>	<u>7,385,193</u>	<u>7,539,553</u>	<u>7,632,574</u>	<u>8,041,236</u>	<u>6,903,035</u>	<u>4,115,176</u>	<u>11,698,923</u>	<u>9,616,174</u>
Total primary government program revenues	<u>\$ 80,511,672</u>	<u>\$ 65,445,021</u>	<u>\$ 61,228,747</u>	<u>\$ 62,010,895</u>	<u>\$ 77,783,255</u>	<u>\$ 71,179,902</u>	<u>\$ 70,711,472</u>	<u>\$ 87,820,997</u>	<u>\$ 103,928,181</u>	<u>\$ 150,605,919</u>
Net (Expense)/Revenue										
Governmental activities	\$ (121,942,154)	\$ (143,372,157)	\$ (151,460,463)	\$ (160,045,631)	\$ (151,803,622)	\$ (172,965,969)	\$ (192,342,425)	\$ (177,754,277)	\$ (132,703,720)	\$ (150,030,400)
Business-type activities	(686,096)	(579,942)	(344,272)	(93,555)	(299,835)	308,707	(675,283)	(1,176,624)	2,446,513	(1,537,566)
Total primary government net expense	<u>\$ (122,628,250)</u>	<u>\$ (143,952,099)</u>	<u>\$ (151,804,735)</u>	<u>\$ (160,139,186)</u>	<u>\$ (152,103,457)</u>	<u>\$ (172,657,262)</u>	<u>\$ (193,017,708)</u>	<u>\$ (178,930,901)</u>	<u>\$ (130,257,207)</u>	<u>\$ (151,567,966)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
State of Maryland	\$ 116,133,233	\$ 115,181,027	\$ 119,866,714	\$ 126,153,350	\$ 130,570,137	\$ 133,283,580	\$ 142,406,369	\$ 146,133,334	\$ 145,606,552	\$ 157,279,852
Wicomico County appropriation	40,520,465	40,396,119	41,306,646	41,933,294	43,605,002	44,164,012	46,151,803	47,682,518	48,874,552	50,156,982
Other revenue	48,771	145,210	102,173	205,659	410,279	686,650	490,897	60,117	144,430	2,046,395
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	(675,000)	(675,000)	(675,000)	(650,000)	(600,000)	(450,000)	(150,000)	(458,341)	-	-
Total governmental activities	<u>156,027,469</u>	<u>155,047,356</u>	<u>160,600,533</u>	<u>167,642,303</u>	<u>173,985,418</u>	<u>177,684,242</u>	<u>188,899,069</u>	<u>193,417,628</u>	<u>194,625,534</u>	<u>209,483,229</u>
Business-type activities:										
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	675,000	675,000	675,000	650,000	600,000	450,000	150,000	458,341	-	-
Total business-type activities	<u>675,000</u>	<u>675,000</u>	<u>675,000</u>	<u>650,000</u>	<u>600,000</u>	<u>450,000</u>	<u>150,000</u>	<u>458,341</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 156,702,469</u>	<u>\$ 155,722,356</u>	<u>\$ 161,275,533</u>	<u>\$ 168,292,303</u>	<u>\$ 174,585,418</u>	<u>\$ 178,134,242</u>	<u>\$ 189,049,069</u>	<u>\$ 193,875,969</u>	<u>\$ 194,625,534</u>	<u>\$ 209,483,229</u>
Change in Net Position										
Governmental activities	\$ 34,085,315	\$ 11,675,199	\$ 9,140,070	\$ 7,596,672	\$ 22,181,796	\$ 4,718,273	\$ (3,443,356)	\$ 15,663,351	\$ 61,921,814	\$ 59,452,829
Business-type activities	(11,096)	95,058	330,728	556,445	300,165	758,707	(525,283)	(718,283)	2,446,513	(1,537,566)
Total primary government	<u>\$ 34,074,219</u>	<u>\$ 11,770,257</u>	<u>\$ 9,470,798</u>	<u>\$ 8,153,117</u>	<u>\$ 22,481,961</u>	<u>\$ 5,476,980</u>	<u>\$ (3,968,639)</u>	<u>\$ 14,945,068</u>	<u>\$ 64,368,327</u>	<u>\$ 57,915,263</u>

Source: The Board of Education of Wicomico County records.

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

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

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Committed:										
Healthcare rate stabilization reserve	\$ 3,828,238	\$ 3,889,699	\$ 4,114,595	\$ 4,194,695	\$ 4,484,708	\$ 3,122,332	\$ 3,256,001	\$ 5,872,949	\$ 6,111,191	\$ 9,345,991
Assigned to:										
Healthcare rate stabilization reserve	1,895,034	524,559	550,802	1,716,930	691,932	-	-	-	-	-
Other purposes (encumbrances)	3,691,290	3,010,472	4,024,693	4,496,904	5,864,774	6,723,571	6,025,420	7,764,114	8,335,882	7,207,536
Subsequent year expenditures	300,000	1,868,130	1,579,344	2,935,983	2,316,429	2,206,489	4,283,843	5,000,624	8,878,759	9,968,170
Unassigned	<u>1,868,130</u>	<u>1,579,344</u>	<u>1,816,134</u>	<u>1,816,429</u>	<u>2,206,489</u>	<u>3,348,843</u>	<u>5,000,624</u>	<u>8,878,759</u>	<u>9,968,170</u>	<u>7,843,339</u>
Total General Fund	<u>\$ 11,582,692</u>	<u>\$ 10,872,204</u>	<u>\$ 12,085,568</u>	<u>\$ 15,160,941</u>	<u>\$ 15,564,332</u>	<u>\$ 15,401,235</u>	<u>\$ 18,565,888</u>	<u>\$ 27,516,446</u>	<u>\$ 33,294,002</u>	<u>\$ 34,365,036</u>
All Other Governmental Funds										
Restricted for fund purposes:										
Special Revenue	\$ 82,569	\$ 125,557	\$ 169,673	\$ 230,645	\$ 332,469	\$ 346,577	\$ 380,816	\$ 331,189	\$ 312,138	\$ 463,658
Capital projects	5,336,356	3,042,002	3,054,494	3,012,813	2,869,038	2,153,490	2,217,041	2,059,494	1,964,860	2,228,855
Student Activities	-	-	-	-	-	-	-	438,599	565,988	481,386
Total all other governmental funds	<u>\$ 5,418,925</u>	<u>\$ 3,167,559</u>	<u>\$ 3,224,167</u>	<u>\$ 3,243,458</u>	<u>\$ 3,201,507</u>	<u>\$ 2,500,067</u>	<u>\$ 2,597,857</u>	<u>\$ 2,829,282</u>	<u>\$ 2,842,986</u>	<u>\$ 3,173,899</u>
Total Governmental Funds	<u>\$ 17,001,617</u>	<u>\$ 14,039,763</u>	<u>\$ 15,309,735</u>	<u>\$ 18,404,399</u>	<u>\$ 18,765,839</u>	<u>\$ 17,901,302</u>	<u>\$ 21,163,745</u>	<u>\$ 30,345,728</u>	<u>\$ 36,136,988</u>	<u>\$ 37,538,935</u>

Schedule 4

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

(modified accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues										
Wicomico County appropriations										
Operations	\$ 37,765,374	\$ 37,676,790	\$ 38,067,637	\$ 41,933,294	\$ 43,605,002	\$ 44,164,012	\$ 46,151,803	\$ 47,682,518	\$ 48,874,552	\$ 50,156,982
Pension	2,755,091	2,719,329	3,239,009	-	-	-	-	-	-	-
Other local revenue	600,630	762,766	1,053,001	1,026,479	1,156,390	2,054,088	1,280,802	488,544	1,663,991	2,932,480
State of Maryland	152,603,256	131,740,098	137,571,120	144,431,694	164,760,373	159,313,722	170,565,226	179,103,767	183,117,252	219,774,002
State of Maryland share of retirement and pension contribution	11,446,078	12,071,377	11,893,532	12,408,217	11,817,123	11,841,729	12,382,332	11,954,737	12,887,183	11,990,528
Federal through State	12,069,052	12,334,107	12,887,634	12,254,027	12,909,267	15,343,287	17,634,065	24,463,199	31,398,823	51,661,832
Transfer of bond proceeds from										
Wicomico County	12,883,315	16,785,646	9,937,140	10,071,018	9,306,833	6,934,304	3,778,259	12,584,703	6,421,407	9,073,676
Other	547,722	324,087	470,014	638,917	1,181,111	1,621,766	1,066,071	1,304,323	2,458,527	3,985,819
Total revenues	<u>230,670,518</u>	<u>214,414,200</u>	<u>215,119,087</u>	<u>222,763,646</u>	<u>244,736,099</u>	<u>241,272,908</u>	<u>252,858,558</u>	<u>277,581,791</u>	<u>286,821,735</u>	<u>349,575,319</u>
Expenditures										
Administration	4,967,876	4,665,741	5,036,234	5,206,414	5,565,894	5,458,274	5,722,259	5,633,723	5,846,434	6,975,910
School management and support	12,003,691	12,199,280	12,789,419	12,499,139	12,812,876	13,302,015	14,111,267	14,293,694	14,298,136	16,397,875
Instructional salaries	68,562,377	70,276,009	71,782,468	72,806,633	74,962,922	77,405,786	82,237,755	83,891,461	87,358,393	99,751,890
Textbooks and instructional supplies	3,726,620	4,083,846	3,432,970	3,639,512	3,675,004	5,294,877	9,413,393	10,949,863	10,035,399	10,036,311
Other instructional costs	2,442,893	2,779,171	2,364,421	2,507,883	2,781,407	3,132,289	3,044,872	5,709,663	10,890,473	10,014,331
Special education	17,862,939	18,182,127	19,214,236	19,408,794	19,676,527	19,794,956	21,054,146	21,621,052	21,686,050	24,937,717
Student personnel services	2,148,974	2,278,463	2,386,334	2,665,942	2,859,563	3,133,029	3,754,358	4,013,774	4,868,345	6,353,733
Health services	1,469,714	1,529,558	1,492,944	1,512,542	1,486,767	1,757,762	1,948,794	2,127,969	2,560,227	2,569,263
Student transportation	8,668,457	8,515,890	8,879,375	9,088,290	8,983,405	9,194,407	8,677,276	6,955,983	9,366,980	10,422,095
Operation of plant and equipment	11,511,247	12,195,628	12,167,778	12,736,164	14,992,262	13,378,666	14,228,667	15,028,034	16,716,624	17,573,919
Maintenance of plant	3,381,811	3,908,177	3,855,606	4,837,153	4,133,897	4,502,601	4,649,190	4,756,891	4,611,834	5,453,488
Fixed charges	36,188,943	37,505,856	40,168,300	39,931,948	41,972,113	43,329,955	46,384,142	48,778,482	48,932,545	52,672,085
Food service	10,667	42,660	22,887	2,576	-	11,028	-	-	-	23,112
Community services	281,756	270,734	318,433	606,815	847,553	210,329	191,288	447,492	753,797	754,119
Student/school activities	-	-	-	-	-	-	-	707,917	1,442,246	2,008,235
Capital outlay	46,760,861	25,729,934	19,209,256	20,473,829	37,236,146	28,292,345	21,497,287	32,807,549	27,000,546	73,396,463
Debt service										
Capital lease principal	1,380,687	1,639,287	1,656,260	1,668,983	1,652,485	1,753,097	1,705,425	1,269,164	1,614,764	1,873,882
Capital lease interest	31,034	29,925	23,729	31,256	32,754	38,904	55,325	60,336	119,301	100,609
State of Maryland share of retirement and pension contribution	11,446,078	12,071,377	11,893,532	12,408,217	11,817,123	11,841,729	12,382,332	11,954,737	12,887,183	11,990,528
Total expenditures	<u>232,846,625</u>	<u>217,903,663</u>	<u>216,694,182</u>	<u>222,032,090</u>	<u>245,488,698</u>	<u>241,832,049</u>	<u>251,057,776</u>	<u>271,007,784</u>	<u>280,989,277</u>	<u>353,305,565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,176,107)</u>	<u>(3,489,463)</u>	<u>(1,575,095)</u>	<u>731,556</u>	<u>(752,599)</u>	<u>(559,141)</u>	<u>1,800,782</u>	<u>6,574,007</u>	<u>5,832,458</u>	<u>(3,730,246)</u>

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									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Other Financing Sources (Uses)										
Capital lease proceeds	1,571,621	1,277,114	1,952,722	1,693,267	1,681,686	1,653,624	1,809,324	-	-	2,476,295
Rate stabilization adjustment	1,759,663	(74,505)	1,567,345	1,319,841	32,353	(1,509,020)	(197,663)	2,353,654	(41,198)	2,655,898
Transfers to other funds	<u>(675,000)</u>	<u>(675,000)</u>	<u>(675,000)</u>	<u>(650,000)</u>	<u>(600,000)</u>	<u>(450,000)</u>	<u>(150,000)</u>	<u>(458,341)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,656,284</u>	<u>527,609</u>	<u>2,845,067</u>	<u>2,363,108</u>	<u>1,114,039</u>	<u>(305,396)</u>	<u>1,461,661</u>	<u>1,895,313</u>	<u>(41,198)</u>	<u>5,132,193</u>
Net change in fund balances	<u>\$ 480,177</u>	<u>\$ (2,961,854)</u>	<u>\$ 1,269,972</u>	<u>\$ 3,094,664</u>	<u>\$ 361,440</u>	<u>\$ (864,537)</u>	<u>\$ 3,262,443</u>	<u>\$ 8,469,320</u>	<u>\$ 5,791,260</u>	<u>\$ 1,401,947</u>
Debt service as a percentage of noncapital expenditures	0.8%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.6%	0.7%	0.7%

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
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
2020	5,386,482	14,035,455	77,351,393	3,762,297	2,271,563	18,437,350	3,372,995	1,911,069
2021	5,662,188	14,434,804	81,142,793	3,593,724	2,398,076	18,670,259	3,720,126	1,867,749
2022	5,730,361	14,656,745	81,539,023	3,593,724	2,348,076	18,836,018	3,789,575	1,775,470
2023	6,645,760	16,713,666	95,804,552	3,843,970	3,029,338	22,021,891	5,614,565	2,312,455

Source: The Board of Education of Wicomico County records.

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
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
2020	9,215,484	14,273,380	4,939,410	43,570,453	150,000	185,386	7,796,425	206,659,141
2021	9,281,724	14,611,490	4,721,376	46,756,875	-	183,162	7,318,900	214,363,245
2022	9,489,531	14,553,707	4,724,007	64,652,029	-	183,162	7,330,170	215,201,598
2023	9,942,752	17,511,326	5,374,736	53,367,173	-	361,329	7,404,519	248,948,032

Source: The Board of Education of Wicomico County records.

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>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB liability	\$113,392,739	\$115,719,093	\$138,473,179	\$168,153,562	\$171,508,789	\$104,803,078	\$99,738,152
Fiduciary Net Position	\$19,398,234	\$21,196,921	\$22,752,233	\$23,237,123	\$31,733,764	\$32,758,996	\$35,732,156
Net OPEB Liability	\$93,994,505	\$94,522,172	\$115,720,946	\$144,916,439	\$139,775,025	\$72,044,082	\$64,005,996
Net Position as a % of total OPEB liability	17.11%	18.32%	16.43%	13.82%	18.50%	31.26%	35.83%
Covered Payroll	\$111,445,147	\$115,383,585	\$116,827,713	\$127,445,923	\$139,775,025	\$117,523,187	\$128,429,690
UAAL as a % of covered payroll	84.34%	81.92%	99.05%	113.71%	105.86%	61.30%	49.84%
Actuarially determined contribution	\$7,601,764	\$7,257,099	\$7,395,195	\$9,206,855	\$10,869,925	\$10,233,460	\$7,271,306
Contribution in relation to actuarially-determined contribution	\$4,152,290	\$4,516,695	\$4,714,139	\$4,985,727	\$5,383,540	\$8,711,803	\$4,293,639
Contribution deficiency (excess)	\$3,449,474	\$2,740,404	\$2,681,056	\$4,221,128	\$5,486,385	\$1,521,657	\$2,977,667
Contributions as a percentage of covered-employee payroll	3.73%	3.91%	4.04%	3.91%	4.08%	7.41%	3.34%
Active employees participating	1789	1913	1882	1882	2057	1992	1992
Retirees and Beneficiaries receiving benefits	742	850	890	890	937	994	994
Total Participants							

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

Source: The Board of Educaiton 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,

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Active Participants	315	315	312	307	297	301	302	311	303	308
Retirees and Beneficiaries	156	156	155	156	163	166	179	183	182	192
Vested Terminees	13	13	20	17	21	21	14	13	17	13
Required New Contribution	615,285	569,976	683,328	578,971	496,192	831,297	1,079,035	1,286,532	1,253,602	1,712,143
Fiduciary Net Position	21,620,477	21,512,992	20,696,729	22,997,887	23,999,760	24,179,075	23,594,482	30,442,083	27,130,401	29,446,968
Current Year Employers Contribution	705,355	722,205	753,562	759,739	788,359	797,962	1,206,247	1,298,506	1,348,251	1,640,935
Current Year Contribution Less Required	90,070	152,229	70,234	180,768	292,167	(33,335)	127,212	11,974	94,649	(71,208)
Current Year Employees Contribution	372,056	381,911	399,334	403,598	420,210	425,044	487,198	493,699	518,915	635,676
Total Pension Liability (TPL)	23,786,836	25,227,992	26,236,771	27,805,186	31,859,329	35,097,554	36,726,485	39,661,040	41,721,774	44,000,567
Net Pension Liability (NPL)	2,166,359	3,715,000	5,540,042	4,807,299	7,859,569	10,918,479	13,123,003	9,218,957	14,591,373	14,553,599
Fiduciary New Position as a % of TPL	90.89%	85.27%	78.88%	82.71%	75.33%	68.89%	64.24%	76.76%	65.03%	66.92%
Payroll Covered	9,186,822	9,616,697	10,005,366	10,146,618	10,069,862	10,456,011	10,750,277	12,628,172	12,788,361	13,068,807
NPL as a % of covered payroll	23.58%	38.63%	55.37%	47.38%	78.05%	104.42%	122.07%	73.00%	114.10%	111.36%
Employer Contribution per Employees	2,239	2,293	2,415	2,475	2,654	2,651	3,994	4,175	4,450	5,328
Employee Contribution per Employees	1,181	1,212	1,280	1,315	1,415	1,412	1,613	1,587	1,713	2,064
Employer Contribution per Payroll Covered	7.68%	7.51%	7.53%	7.49%	7.83%	7.63%	11.22%	10.28%	10.54%	12.56%
Employee Contribution per Payroll Covered	4.05%	3.97%	3.99%	3.98%	4.17%	4.07%	4.53%	3.91%	4.06%	4.86%

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 Capital Leases	Business Activities Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
2014	2,600,702	-	2,600,702	0.07%	25.69
2015	2,238,529	67,849	2,306,378	0.06%	22.70
2016	2,534,991	45,477	2,580,468	0.06%	25.30
2017	2,559,275	22,862	2,582,137	0.06%	25.27
2018	2,588,476	-	2,588,476	0.06%	25.05
2019	2,489,003	-	2,489,003	0.06%	24.03
2020	2,592,902	-	2,592,902	0.06%	25.06
2021	1,323,738	-	1,323,738	0.03%	12.73
2022	457,081	-	457,081	N/A	4.73
2023	1,826,294	-	1,826,294	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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Elementary Schools</u>										
Beaver Run	715	705	666	632	609	598	605	546	641	669
Chipman	380	418	322	429	405	276	301	217	252	296
Delmar	809	825	853	881	857	875	932	843	894	858
East Salisbury	391	444	445	461	499	464	451	399	397	421
Fruitland Intermediate	412	413	436	462	470	477	416	378	400	475
Fruitland Primary	503	531	509	485	468	431	492	417	438	393
Glen Avenue	266	268	415	425	415	423	416	409	409	379
North Salisbury	429	432	445	625	624	472	467	471	471	505
Northwestern	325	311	302	309	328	318	334	308	332	341
Pemberton	649	539	565	540	563	578	562	517	507	546
Pinehurst	483	494	514	522	564	570	534	489	479	486
Pittsville	226	140	147	166	178	173	144	126	119	134
Prince Street	600	651	711	747	786	761	824	731	782	854
West Salisbury	312	310	314	-	-	332	350	307	317	361
Westside Intermediate	437	451	406	411	406	409	390	363	340	343
Westside Primary	250	234	252	244	223	211	229	181	187	192
Wicomico Early Learning	-	-	-	-	-	-	-	-	-	-
Willards	329	411	390	362	350	300	323	260	276	309
Total Elementary Schools	<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>7,770</u>	<u>6,962</u>	<u>7,241</u>	<u>7,562</u>
<u>Middle Schools</u>										
Bennett	911	970	990	1,058	1,049	964	965	980	952	906
Mardela	285	283	288	293	317	296	300	297	338	306
Pittsville	247	232	241	232	234	241	262	261	235	195
Salisbury	871	838	795	752	656	760	820	897	900	873
Wicomico	660	657	700	710	729	817	875	829	824	819
Total Middle Schools	<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>3,222</u>	<u>3,264</u>	<u>3,249</u>	<u>3,099</u>
<u>High Schools</u>										
Bennett	1,351	1,405	1,477	1,499	1,542	1,567	1,567	1,362	1,333	1,343
Mardela	366	374	379	368	375	380	375	377	390	385
Parkside	1,130	1,114	1,151	1,158	1,191	1,140	1,083	1,113	1,136	1,160
Wicomico	1,034	1,029	1,016	1,059	1,043	1,039	1,079	1,190	1,254	1,325
Wicomico County Evening	60	66	61	59	72	77	107	86	61	26
Total High Schools	<u>3,941</u>	<u>3,988</u>	<u>4,084</u>	<u>4,143</u>	<u>4,223</u>	<u>4,203</u>	<u>4,211</u>	<u>4,128</u>	<u>4,174</u>	<u>4,239</u>
Total All Schools	<u>14,431</u>	<u>14,545</u>	<u>14,790</u>	<u>14,889</u>	<u>14,953</u>	<u>14,949</u>	<u>15,203</u>	<u>14,354</u>	<u>14,664</u>	<u>14,900</u>

Schedule 10

The Board of Education of Wicomico County

Enrollment by Grade Last Ten Years

as of September 30,

		Fiscal Year									
		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Elementary School</u>											
	Pre-Kindergarten	591	574	587	599	665	646	734	470	716	777
	Kindergarten	1,233	1,216	1,194	1,156	1,135	1,131	1,175	943	1,081	1,101
	Grade 1	1,317	1,277	1,265	1,210	1,172	1,170	1,197	1,109	1,081	1,200
	2	1,120	1,279	1,253	1,238	1,173	1,150	1,182	1,132	1,114	1,137
	3	1,137	1,127	1,264	1,245	1,244	1,210	1,167	1,117	1,147	1,146
	4	1,139	1,135	1,125	1,270	1,253	1,253	1,231	1,129	1,112	1,180
	5	979	969	1,004	983	1,103	1,108	1,084	1,062	990	1,021
	Special Education	-	-	-	-	-	-	-	-	-	-
	Total Elementary School	<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>7,770</u>	<u>6,962</u>	<u>7,241</u>	<u>7,562</u>
<u>Middle School</u>											
	Grade 6	985	1,012	1,010	998	970	1,119	1,153	1,054	1,073	986
	7	997	974	1,022	1,011	1,004	957	1,098	1,103	1,053	1,078
	8	992	994	982	1,037	1,011	1,001	971	1,107	1,122	1,034
	Special Education	-	-	-	-	-	-	-	-	-	-
	Total Middle School	<u>2,974</u>	<u>2,980</u>	<u>3,014</u>	<u>3,046</u>	<u>2,985</u>	<u>3,077</u>	<u>3,222</u>	<u>3,264</u>	<u>3,248</u>	<u>3,098</u>
<u>High School</u>											
	Grade 9	1,116	1,107	1,132	1,137	1,193	1,161	1,163	1,056	1,298	1,288
	10	962	1,031	1,044	1,058	1,074	1,069	1,071	1,076	955	1,137
	11	947	905	995	964	993	987	1,013	1,013	945	917
	12	916	945	913	983	963	987	964	983	977	898
	Special Education	-	-	-	-	-	-	-	-	-	-
	Total High School	<u>3,941</u>	<u>3,988</u>	<u>4,084</u>	<u>4,142</u>	<u>4,223</u>	<u>4,204</u>	<u>4,211</u>	<u>4,128</u>	<u>4,175</u>	<u>4,240</u>
	Total enrollment	14,431	14,545	14,790	14,889	14,953	14,949	15,203	14,354	14,664	14,900
	Number of teachers¹	1,084	1,095	1,109	1,124	1,139	1,140	1,163	1,171	1,178	1,286
	Ratio of students to teachers	13:1	13:1	13:1	13:1	13:1	13:1	13:1	12:1	12:1	12:1

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

	Budgeted Full-time Equivalent Employees as of June 30										Percentage Change 2014-2023
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
General Fund:											
Administration	51.80	52.30	52.30	53.30	54.30	53.90	53.90	53.90	53.90	55.40	6.95%
School management and support	187.30	187.80	187.80	190.20	191.10	193.70	196.70	197.70	197.70	198.70	6.09%
Instructional salaries	1,164.10	1,166.70	1,171.90	1,195.90	1,211.35	1,218.35	1,228.35	1,268.90	1,268.90	1,296.90	11.41%
Special education	331.27	332.77	330.77	337.37	344.47	344.37	344.37	346.37	346.37	383.37	15.73%
Student personnel services	27.16	26.50	27.50	28.00	30.00	30.50	35.50	40.50	40.50	40.50	49.12%
Health services	34.00	34.00	34.00	34.00	34.00	34.00	38.00	36.00	36.00	37.00	8.82%
Student transportation	7.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00	30.00	328.57%
Operation of plant and equipment	156.50	159.00	159.00	159.00	160.00	161.15	161.15	162.15	162.15	167.65	7.12%
Maintenance of plant	29.25	31.75	31.75	31.00	31.00	30.15	30.15	31.15	31.15	32.65	11.62%
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	7.75	7.75	9.50	8.50	9.60	10.60	10.60	10.60	10.60	36.77%
Total	1,996.63	2,007.07	2,011.27	2,046.77	2,074.22	2,085.22	2,108.22	2,156.77	2,156.77	2,253.27	12.85%
Special Revenue Funds	168.46	159.03	170.08	174.60	178.08	187.36	221.08	230.39	230.39	214.00	27.03%
Total all funds	2,165.09	2,166.10	2,181.35	2,221.37	2,252.30	2,272.58	2,329.30	2,387.16	2,387.16	2,467.27	13.96%

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)	
2014	101,243	3,795,556	37,490	50,050	7.6%	
2015	101,601	3,958,262	38,959	50,182	6.7%	
2016	101,983	3,990,783	39,132	50,359	6.0%	
2017	102,162	4,116,941	40,298	51,490	5.5%	
2018	103,340	4,174,481	40,513	51,770	5.1%	
2019	103,597	4,203,949	40,580	52,369	4.4%	
2020	103,473	4,516,340	43,648	50,011	7.2%	
2021	103,980	4,875,986	46,893	50,306	5.6%	
2022	104,664	N/A	N/A	51,069	3.8%	*
2023	N/A	N/A	N/A	51,294	2.3%	*

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 2022 and 2023 is not currently available.)
- (3) Bureau of Labor Statistics, U.S. Department of Labor.

* Civilian Labor Force and Unemployment Rate for 2023 are preliminary based on information through July 31, 2023.

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
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	\$14,235	\$14,881	13	44,164,012	4,196,612,536	0.0105	0.0129
2020	\$16,208	\$15,226	7	46,151,803	4,294,889,977	0.0107	0.0130
2021	\$18,030	\$17,451	5	47,682,518	4,513,676,652	0.0106	1.2700
2022	\$18,689	\$18,400	9	48,874,552	4,663,988,806	0.0105	0.0129
2023	N/A	N/A	N/A	49,135,024	4,832,486,101	0.0102	0.0124

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

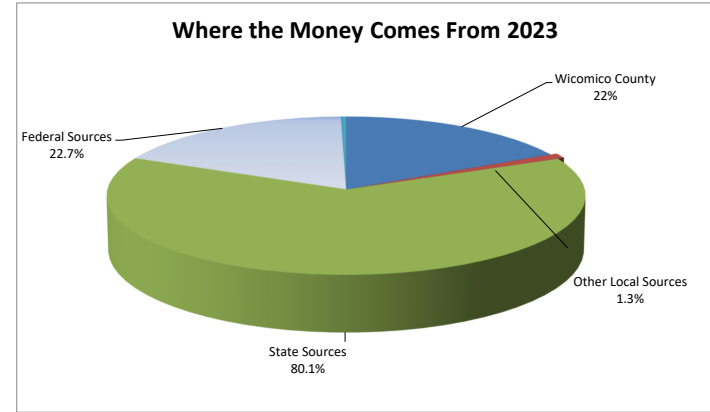
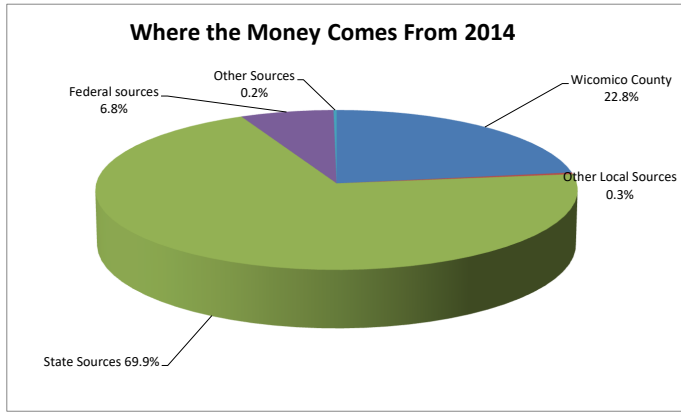
Fiscal Year	Transportation				Food Services						
	Total Miles Traveled	Number of School Bus Riders	Per Pupil Cost	State Average Per Pupil Cost	Breakfast			Lunches			% FARM Students per Enrollment
					# Served	% Paid	% Free & Reduced	# Served	% Paid	% Free & Reduced	
2014	1,896,719	12,700	626	834	761,818	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	638	772	985,858	17%	83%	1,364,533	13%	87%	60.27%
2020	1,407,801	13,542	599	734	801,901	0*	100*	1,033,674	0%	100*	56.70%
2021	962,713	758	496	599	455,518	0*	100*	472,200	0%	100*	59.64%
2022	1,773,394	13,467	644	778	1,022,444	0*	100*	1,461,701	0%	100*	59.64%
2023	1,820,153	10,645	N/A	N/A	1,087,550	0*	100*	1,584,728	0%	100*	59.64%

Source: Maryland State Department of Education. (FY 2023 Number of School Bus Riders provided by WCBOE Transportation Dept. and FY2023 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)

	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Wicomico County Appropriations for Operations	37,765,374	21.2%	37,676,790	20.7%	38,067,637	20.1%	41,933,294	21.4%	43,605,002	21.5%	44,164,012	21.1%	46,151,803	20.3%	47,682,518	21.0%	48,874,552	21.5%	50,156,982	22.0%
for Local Share of State Pension	2,755,091	1.5%	2,719,329	1.5%	3,239,009	1.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other Local Sources	600,630	0.3%	667,270	0.4%	1,053,001	0.6%	1,026,479	0.5%	1,156,390	0.6%	2,054,088	1.0%	1,280,802	0.6%	488,544	0.2%	1,663,991	0.7%	2,932,480	1.3%
State Sources	124,220,505	69.9%	128,818,297	70.7%	133,885,606	70.7%	140,311,029	71.7%	144,954,931	71.5%	147,682,537	70.5%	162,010,250	71.2%	165,966,404	72.9%	170,116,592	74.7%	182,388,777	80.1%
Federal Sources	12,069,052	6.8%	12,334,107	6.8%	12,887,634	6.8%	12,254,027	6.3%	12,909,267	6.4%	15,343,287	7.3%	17,634,065	7.7%	24,463,199	10.7%	31,398,823	13.8%	51,661,832	22.7%
Other Sources	399,399	0.2%	94,928	0.1%	240,153	0.1%	117,994	0.1%	157,022	0.1%	257,180	0.1%	509,077	0.2%	464,713	0.2%	513,752	0.2%	1,099,700	0.5%
Total	177,810,051	100.0%	182,310,721	100.0%	189,373,040	100.0%	195,642,823	100.0%	202,782,612	100.0%	209,501,104	100.0%	227,585,997	100.0%	239,065,378	105.0%	252,567,710	111.0%	288,239,771	126.7%



Schedule 15**The Board of Education of Wicomico County
Facilities Inventory**

	Year Constructed	Acreage	Sq Ft. area
<u>SCHOOLS:</u>			
BEAVER RUN ELEMENTARY	2022	17.92	98,193
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	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	2015	35.38	161,304
PITTSVILLE ELEM./MIDDLE	1956	13.46	79,335
WICOMICO MIDDLE	1937	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.

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<i>Instructional Buildings</i>										
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
<i>Support Buildings</i>										
Central Administration & Annex Buildings	8	8	5	5	5	5	5	5	5	5
Facilities/Warehouses	4	4	4	4	4	4	5	6	6	6
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	12	12	12	12	13	14	14	14

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
7/01/23 - 6/30/24 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	7/01/23 - 6/30/24	Workers Compensation - Statutory Benefits; Employers Liability - \$1 million
Comprehensive General Liability	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal & Advertising Injury Liability	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$400,000 each claim with \$400,000 annual maximum
Automobile Liability	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$400,000 combined single limit \$1 million combined single limit for contracted buses
Personal Injury Protection - MD	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$2,500 per covered person for any one accident
Maryland Uninsured Motorist	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$50,000 per accident
Automobile Physical Damage	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	actual cash value
Garagekeepers Legal Liability	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$100,000 per loss
Criminal Proceeding and Intentional Conduct Defense Fund	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$50,000 per covered person \$100,000 annual aggregate
Sexual Abuse or Molestation	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$400,000 per claim, exclusive of defense costs \$4,000,000 annual aggregate
School Board Legal Liability	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$400,000 per claim \$5,000,000 per claim should
Security and Law Enforcement Liability	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$400,000 per occurrence
Property	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$1 billion per occurrence with various sublimits
Equipment Breakdown	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$100 million per occurrence with various sublimits
Crime	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$2,500,000 per loss
Crime - Excess	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$2,500,000 per loss in excess of
Cyber	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$2,000,000 per occurrence with
Excess Cyber	MABE Group Insurance Pool	N/A	7/01/23 - 6/30/24	\$3,000,000 per occurrence with various sublimits \$3,000,000 annual aggregate
Fiduciary Responsibility Liability	Travelers	105970202	8/01/23 - 7/31/24	\$3,000,000 per claim \$3,000,000 annual aggregate
Pollution Liability - above ground storage tanks & Mardela WWTP	Admiral Insurance	FEI EIL 16272	7/21/23 - 7/21/24	\$1,000,000 per incident \$3,000,000 policy aggregate
Catastrophic Student Accident	AIG	SRG 0009151309	8/01/23 - 8/01/24	\$6,000,000 Medical Expense \$1,000,000 Catastrophic Cash
Student Accident Insurance - all sports	Chubb - Federal Insurance Co.	9908-9271	8/01/23 - 8/01/24	\$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									
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	0.940	2.172	0.392	6,472,203,427	65,419,913	65,063,449	99.46%	729,338	65,792,787	100.57%	1,955,005	2.99%
2020	0.935	2.172	0.392	6,678,875,577	67,240,623	66,198,759	98.45%	510,916	66,709,675	99.21%	2,496,533	3.71%
2021	0.929	2.172	0.392	6,928,288,731	69,224,284	68,517,930	98.98%	1,009,169	69,527,099	100.44%	2,314,627	3.34%
2022	0.920	2.172	0.392	7,174,616,000	71,293,014	70,791,413	99.30%	865,618	71,657,031	100.51%	2,054,309	2.88%
2023 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 2023 information is currently unavailable.



Board of Education of Wicomico County
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