

WICOMICO COUNTY, MARYLAND

FINANCIAL STATEMENTS

JUNE 30, 2005

WICOMICO COUNTY, MARYLAND

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INDEPENDENT AUDITORS' REPORT

Wicomico County, Maryland
Salisbury, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wicomico County, Maryland as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wicomico County, Maryland's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Wicomico Nursing Home, which represents 10.7% and 36.3%, respectively of the assets and revenues of business-type activities. We also did not audit the Board of Education of Wicomico County, which represents 98.0% of the aggregate discretely presented component units for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wicomico Nursing Home and the Board of Education of Wicomico County, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wicomico County, Maryland as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued a report dated January 12, 2006, on our consideration of Wicomico County, Maryland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, budgetary comparison information and schedule of pension plan funding progress on pages 5-10 and 63-67 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The supplementary schedules on pages 68-88 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pigg, Krahl, Stem & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

January 12, 2006



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Wicomico County, Maryland
Salisbury, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit (Wicomico Free Library), each major fund, and the aggregate remaining fund information of Wicomico County, Maryland ("the County"), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 12, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described as follows:

05-01 GENERAL LEDGER ACCOUNTING

Condition: The Finance Department experienced significant problems recording financial information relating to real estate, personal property and ordinary business taxes and their subsequent receipts. This was due to continuing troubles with its new billing software, including difficulty obtaining accurate and consistent information. The Finance Department was not able to record the final correct balances for real estate, personal property and ordinary business taxes and receivables for the year ended June 30, 2005 until November 2005.

Criteria: Proper understanding and implementation of any billing software is essential to the proper accounting for taxes and their related receivables. Without properly understanding the software and its implementation, it is unlikely that income and the subsequent receipts collected will be accurately recorded.

Cause: Adoption of a new billing software with inadequate training of personnel coupled with a lack of qualified IT personnel to solve problems.

Effect: Cash and receivables and real estate taxes and personal property and ordinary business taxes were not recorded correctly in the general ledger, providing no accurate information throughout the year on major accounts. This resulted in the need for significant adjustments which did not occur until November 2005.

Recommendation: The County has already hired an additional IT person which has assisted in solving the problems as well as providing additional training of the accounting staff. This IT person has also solved separate issues with the County's billing system and the new software that the software people could not resolve. We recommend the continued employment of the IT person and further training of accounting personnel. We also recommend that all transactions be posted to the general ledger on a timely basis.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

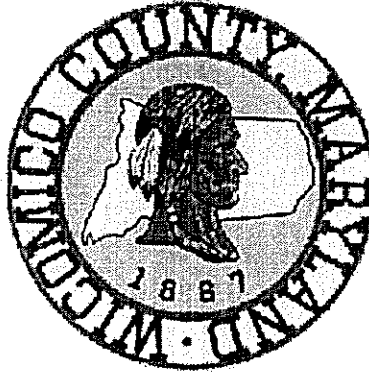
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members of the County Council of Wicomico County, management, and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Pigg, Krahl, Stem + Co., P.A.
CERTIFIED PUBLIC ACCOUNTANTS

January 12, 2006

MANAGEMENT'S DISCUSSION
AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Wicomico County's (County) financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the County's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The County's government-wide results of operations shows an increase in net assets of the primary government of about \$9.3 million, which is attributable primarily to greater than expected local income tax distributions, increased recordation revenues and excess of revenues over expenditures for the business-type activities.
- Within its main operating fund ("the general fund"), the County's results of operations shows revenues in excess of expenditures of almost \$9.6 million.
- General fund revenues increased about \$5.8 million compared to last year, and general fund expenditures, including transfers, increased almost \$3 million compared to last year.
- The County's rainy day reserves increased \$1.35 million. Total reserves increased almost \$1.2 million.
- The general fund budget for fiscal year 2005 was about \$3.1 million more than last year.

USING THESE FINANCIAL STATEMENTS

This report consists of a series of financial statements, notes, and supplementary information. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the County as a whole (i.e., government-wide) and present a longer-term view of the County's finances. Fund financial statements start on page 13 and report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds, detailing how these services were financed in the short term as well as what remains for future spending. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. Footnotes accompany the financial statements and should be read in conjunction with them. The series of supplemental schedules located at the end of the report provides more detailed information about activities that roll up into the government-wide or fund statements that may be of interest to selected segments of County citizens.

REPORTING THE RESULTS OF OPERATIONS OF THE COUNTY AS A WHOLE GOVERNMENT-WIDE FINANCIAL STATEMENTS

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

One of the most frequent questions asked about the County's finances is, "Is the County as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities beginning on page 11 reports information about the County as a whole and about its activities in a way that helps answer the question. These statements include all assets and liabilities using the accrual method of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. You can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. Of course, many other factors impact the overall health of the County, including changes in the County's property tax base, the condition of the County's roads, and the impact of the revenue cap. In addition, it should be noted that when the County borrows money to build or improve school buildings, the buildings and improvements themselves appear on the Board of Education's financial statements as an asset while the debt appears on the County's financial statements without the accompanying asset. As of June 30, 2005, the County carried about \$44.7 million in debt on its financial statements under primary government which is related to school assets that appear in the component units section under Board of Education.

On the Statement of Net Assets and the Statement of Activities, the County is divided into three kinds of activities:

- **Governmental activities** – Most of the County's basic services are reported here, including public safety, recreation, and general administration. Property taxes, other taxes, fees, and some grants finance most of these activities. Many of these activities are not intended to be self-supporting and therefore show a negative result for the year.
- **Business-type activities** – In this section, we show those activities where the County charges a fee to customers to help cover all or part of the cost of certain services it provides, such as solid waste disposal.
- **Component units** – The County includes 2 separate legal entities in its report – the Board of Education and the Wicomico County Free Library. Although legally separate, "component units" are important because the County is financially accountable for all or part of their operations. The Liquor Control Board, which was included as a component unit in prior years' financial statements has been removed because it does not fit the accounting definition of a component unit; however, the revenue the County receives from the Liquor Control Board is included in the General Fund "Intergovernmental" line item of the County's Statement of Revenues, Expenditures, and Changes in Fund Balances.

Table 1

Highlights from the primary government portion of the Statement of Net Assets as of June 30, 2005 and 2004:

	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
		(as restated)		(as restated)		(as restated)
Current and other assets	60.60	48.84	17.58	15.17	78.18	64.01
Capital assets	87.08	88.00	27.33	26.86	114.41	114.86
Total Assets	147.68	136.84	44.91	42.03	192.59	178.87
Current and other liabilities	17.34	15.09	2.72	4.30	20.06	19.39
Long-term liabilities	71.17	71.21	8.66	5.43	79.83	76.64
Total Liabilities	88.51	86.30	11.58	9.73	99.89	96.03
Invested in capital assets, net of related debt	15.29	16.03	22.63	23.24	37.92	39.27
Restricted net assets	37.00	35.02	0.31	0.30	37.31	35.32
Unrestricted net assets	6.87	(0.50)	10.59	8.76	17.46	8.26
Total Net Assets	59.16	50.55	33.53	32.30	92.69	82.85

The Statement of Net Assets for governmental activities for the fiscal year ending June 30, 2005 shows an investment in capital assets, net of related debt, of about \$15.29 million, with an unrestricted net assets amount of \$6.87 million. The County's business-type activities show \$10.59 million in unrestricted net assets, which means, after subtracting out the debt related to acquiring or building these assets, the County's business-type activities' assets are worth more than the remaining debt on them.

The net assets of business-type activities generally are not used to make up for any deficit in governmental activities. Historically, the County only uses these net assets to finance the continuing operations of the business-type activities they support.

Table 2

Selected Highlights from the Statement of Activities as of June 30, 2005 and 2004:

	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Component Units	
	2005	2004	2005	2004	2005	2004
Program Revenues						
Charges for Services	10.36	10.72	15.32	13.70	3.29	8.01
Operating & Capital Grants	10.64	8.49	2.00	2.57	33.90	29.49
General Revenues						
Property Taxes	51.12	49.18	-	-	-	-
Local Taxes	51.06	46.48	-	-	-	-
Other (including transfers)	(53.19)	(49.59)	1.24	0.26	114.97	101.87
Total Revenues	69.99	65.28	18.56	16.53	152.16	139.37
Program Expenses						
Governmental Activities						
General Government	14.55	12.49	-	-	-	-
Public Safety	20.59	19.50	-	-	-	-
Public Works	8.49	7.70	-	-	-	-
Health & Welfare	5.68	5.70	-	-	-	-
Education	6.32	5.71	-	-	-	-
Culture and Recreation	6.16	7.35	-	-	-	-
Interest on Long-term debt	1.08	1.20	-	-	-	-
Business-Type Activities						
Solid Waste	-	-	5.50	3.99	-	-
Airport	-	-	2.09	1.86	-	-
Nursing Home	-	-	6.46	5.97	-	-
Other	-	-	2.28	1.54	-	-
Component Units						
Board of Education	-	-	-	-	138.23	132.87
Library (and Other in FY04)	-	-	-	-	2.30	6.92
Total Expenses	62.87	59.65	16.33	13.36	140.53	139.79
Change in Net Assets	7.12	5.63	2.23	3.17	11.63	(0.42)
Net Assets - Beginning of year ¹	52.05	44.91	31.29	29.13	110.03	110.78
Net Assets - End of year	59.17	50.54	33.52	32.30	121.66	110.36

¹ Net Assets – Beginning of year are restated as explained in the notes to the financial statements on pages 60-61.

Table 2 shows that the County's total net assets, including component units, increased by about \$20.98 million. This increase was primarily the result of greater than expected local income tax distributions, increased recordation revenues, revenue over expenditures in the proprietary funds, and from controlling expenses.

Table 3

Net Cost of Governmental and Business-Type Activities:

	(In millions of dollars)					
	Revenues		Expenditures		Net Cost (Revenue)	
	2005	2004	2005	2004	2005	2004
Governmental						
General government	3.92	4.40	14.55	12.49	10.62	8.09
Public safety	7.46	6.12	20.59	19.50	17.13	13.38
Public works	1.06	0.66	8.49	7.70	7.43	7.04
Education	-	-	60.37	55.19	60.37	55.19
Others	8.56	8.03	14.20	15.22	5.64	7.19
Business Type	17.37	16.27	16.34	13.39	(1.03)	(2.88)

Table 3 presents the net cost of the County's governmental and business-type activities. The net cost shows the financial burden that was placed on the County's taxpayers. Transfers out, a function of general revenue in the financial statements, are included under expenditures above as they represent a cost to the general fund.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS FUND FINANCIAL STATEMENTS

The County's fund financial statements begin on page 13 and provide detailed information about the most significant funds, as opposed to the government-wide financial statements that provide information about the government as a whole. Some funds are required to be established by legislation or other restrictions, but the County Council can also establish other funds to help it manage money for particular purposes, such as grants. Under accounting standards, the County's two types of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Many of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on a separate page following the fund financial statements.
- Proprietary funds – When the County charges customers for services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The County's governmental funds (as presented on pages 13-16) report a combined fund balance of \$50,161,955.

The General Fund

For fiscal year 2005, the general fund's original budgetary appropriation, or amount authorized for expenditure, was \$102,523,738. The final budgetary appropriation, after adjusting for carryforward, Civic Center event and Tourism expenditures and transfers in was \$101,488,853. The County spent \$101,188,068, an increase over last year of about \$3 million. Revenues exceeded expectations and were \$110,761,722, an increase over last year of about \$5.8 million. Revenues exceeded expenditures by about \$9.6 million, leading to an increase in the general fund balance.

Proprietary Funds

The County has a number of proprietary funds. All of the major funds showed a positive change in net assets except the Drill Academy, which was shut down during the year. While the Airport shows an operating loss, that loss includes depreciation, a non-cash expense, and when non-operating revenues are added in, the Airport shows a net gain.

Capital Asset and Debt Administration

At the end of fiscal year 2005, the County's primary government had about \$114.4 million invested in a broad range of capital assets, including buildings, park facilities, roads & bridges, and equipment, net of depreciation. Table 4 shows highlights of the County's primary government's key capital assets, as of year end.

Table 4

Capital Assets as of June 30, 2005

	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land, Buildings & Infrastructure	230.76	227.06	59.16	55.65	289.92	282.71
Accumulated Depreciation	(143.68)	(139.06)	(31.83)	(28.79)	(175.51)	(167.85)
Total Capital Assets, Net of Depreciation	87.08	88.00	27.33	26.86	114.41	114.86

Major projects funded in 2005 include a new financial management system, school and community college projects, public works and recreation and parks activities, various projects at the Airport, and miscellaneous improvements to buildings.

The County's fiscal year 2006 capital budget calls for it to spend \$10,899,954 for capital projects, principally for school construction and repairs at both the Board of Education and Wor-Wic Community College, public works projects, and various capital improvements around the County, including various activities at Recreation and Parks and the Library. More detail about the County's capital assets is presented in the Capital Assets footnote to the financial statements beginning on page 31.

Debt

At year-end, the County had about \$76.2 million in general obligation bonds and notes outstanding subject to the County's debt limitation vs. \$74.5 million last year – an increase of about two percent – as shown in table 5. This reflects the current Council's intention to borrow approximately the same amount of debt it retires during the fiscal year.

Table 5

Outstanding Debt at Year-End (UPDATE THIS WHOLE TABLE)

	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds*	71.89	71.26	2.03	0.73	73.92	71.99
Loans	1.88	2.04	.46	0.63	2.34	2.67
Leases and notes payable	.27	0.43	.20	0.46	.47	0.89
Debt not subject to limitation	(0.38)	(0.43)	(0.19)	(0.60)	(0.57)	(1.03)
Totals	73.66	73.30	2.50	1.22	76.16	74.52

*Includes revenue bonds for businesslike activities

The County's general obligation bond rating in fiscal year 2005 was A+ from both Standard and Poor's and Fitch, and A2 from Moody's. The County was re-rated in fiscal year 2006 and retained those ratings.

The County's charter limits the amount of general obligation debt that the County can issue to 3.2 percent of the assessable base of real property plus 8 percent of the assessable base of personal property and certain operating real property of public utilities. The County's outstanding general obligation debt of \$76.2 million is significantly below this \$163.7 million limit.

**THE COUNTY AS TRUSTEE
REPORTING THE COUNTY'S FIDUCIARY RESPONSIBILITIES**

The County is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. The County has one fiduciary fund – the Inmate Welfare Fund at the Wicomico County Detention Center, which is reported in separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets on page 20. We exclude fiduciary activities from the County's other financial statements because the County cannot use these assets to finance its operation. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The County's elected and appointed officials considered many factors when setting the fiscal-year 2006 budget, tax rates, and fees that will be charged for the business-type activities, including:

- The economy. The County's unemployment rate as of June 30, 2005 was 4.2 percent versus 4.0 percent a year ago. Notwithstanding this higher unemployment rate, our local income tax revenue is expected to increase based on trend analysis and continued growth in the County. Note: the State rate was 4.3 percent and the national rate was 5.2 percent, highlighting the robust economy in the County.
- State funding. The County is required by charter to strike its fiscal year 2006 budget before the State strikes its budget, leaving the issue of State funding for certain programs uncertain.
- The revenue cap. The County is required to set the tax rate to cap revenue from real property taxes (excluding new construction) at the lesser of 2 percent or the CPI-U. As the County assessable base increases (excluding new construction) the County must lower the tax rate to conform to the cap. This also affects the personal property tax rate, which is set by law at 2.5 times the real property tax rate. For fiscal year 2006, the real property tax rate was lowered from \$1.025 to \$0.993 per \$100 of assessed value, and the personal property tax rate was therefore also lowered from \$2.563 to \$2.483 per \$100.

These factors were taken into account when adopting the general fund budget for fiscal year 2006. Amounts available for appropriation in the general fund budget are \$108.5 million, an increase of about 5.9% over the fiscal 2005 budget of \$102.5 million. The County will use this increase to finance programs we currently offer, including the effect we expect inflation to have on program costs, help offset the cuts in State funding for Roads, pay for capital projects at the Board of Education and County facilities not covered by the Capital Improvements Program, accelerate funding of the County's pension liability, and to move the negative net assets of the former Drill Academy into the General Fund.

As for the County's business-type activities, we expect the 2006 results will not be significantly different from the 2005 results.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, please contact one of the following:

Policy Decisions	County Administrator	Ted Shea	410-548-4801
Financial Results	Director of Finance	Patricia Petersen	410-548-4840
Fund Financial Statements	Chief Accountant	John Ellis	410-548-4844

BASIC FINANCIAL
STATEMENTS

WICOMICO COUNTY, MARYLAND
STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and equivalents	\$ 48,007,064	\$ 14,520,813	\$ 62,527,877
Investments	-	200,000	200,000
Receivables	3,398,712	1,409,510	4,808,222
Internal balances	(525,143)	525,143	-
Due from other governmental agencies	9,290,347	696,199	9,986,546
Inventories	276,167	52,980	329,147
Other assets	155,138	34,155	189,293
Restricted cash	-	95,000	95,000
Capital assets			
Land, improvements, and construction in progress	4,795,619	6,203,736	10,999,355
Land, disposal sites - liner costs	-	10,754,357	10,754,357
Infrastructure and infrastructure in progress	165,334,985	18,089,745	183,424,730
Buildings	45,069,333	16,280,330	61,349,663
Machinery, office furniture and equipment	7,401,565	6,448,178	13,849,743
Vehicles	8,162,728	1,388,392	9,551,120
Other capital assets	-	-	-
Less: Accumulated Depreciation	(143,686,133)	(31,832,063)	(175,518,196)
Total net capital assets	<u>87,078,097</u>	<u>27,332,675</u>	<u>114,410,772</u>
Total assets	<u>147,680,382</u>	<u>44,866,475</u>	<u>192,546,857</u>
LIABILITIES			
Accounts payable and accrued expenses	5,740,955	1,478,976	7,219,931
Accrued payroll and taxes	577,897	213,923	791,820
Due to other governmental agencies	472,386	180,818	653,204
Deferred revenues	2,427,841	140,930	2,568,771
Long-term liabilities			
Due within one year			
Capital lease obligations	136,807	116,629	253,436
Bonds, notes and loans payable	6,945,833	529,546	7,475,379
Accrued interest	457,781	17,420	475,201
Compensated absences	587,851	46,603	634,454
Due in more than one year			
Capital lease obligations	136,515	86,174	222,689
Bonds, notes and loans payable	66,825,286	3,615,689	70,440,975
Net pension obligation	2,426,461	-	2,426,461
Compensated absences	1,779,306	142,530	1,921,836
Accrued landfill closure and postclosure costs	-	4,770,266	4,770,266
Total liabilities	<u>88,514,919</u>	<u>11,339,504</u>	<u>99,854,423</u>
NET ASSETS			
Invested in capital assets, net of related debt	15,292,307	22,630,520	37,922,827
Restricted for:			
Capital projects	17,355,262	-	17,355,262
Debt Service	-	222,789	222,789
Other projects	19,648,088	83,595	19,731,683
Unrestricted	6,869,806	10,590,067	17,459,873
Total net assets	<u>\$ 59,165,463</u>	<u>\$ 33,526,971</u>	<u>\$ 92,692,434</u>

The accompanying notes are an integral part of these financial statements.

<u>Component Units</u>			<u>Total</u>	
<u>Board of</u>	<u>Wicomico</u>	<u>Component</u>		<u>Total</u>
<u>Education</u>	<u>Free Library</u>	<u>Units</u>		
\$ 1,588,644	\$ 504,947	\$ 2,093,591	\$	64,621,468
9,226,814	-	9,226,814		9,426,814
1,664,106	53,313	1,717,419		6,525,641
-	-	-		-
3,195,138	-	3,195,138		13,181,684
69,967	-	69,967		399,114
-	-	-		189,293
1,857,101	-	1,857,101		1,952,101
12,308,760	80,820	12,389,580		23,388,935
-	-	-		10,754,357
-	-	-		183,424,730
138,241,422	2,305,189	140,546,611		201,896,274
17,656,458	1,246,358	18,902,816		32,752,559
910,188	109,472	1,019,660		10,570,780
-	1,774,193	1,774,193		1,774,193
(53,041,531)	(3,402,604)	(56,444,135)		(231,962,331)
<u>116,075,297</u>	<u>2,113,428</u>	<u>118,188,725</u>		<u>232,599,497</u>
<u>133,677,067</u>	<u>2,671,688</u>	<u>136,348,755</u>		<u>328,895,612</u>
9,777,762	13,135	9,790,897		17,010,828
263,815	4,585	268,400		1,060,220
-	-	-		653,204
2,159,853	652	2,160,505		4,729,276
400,490	-	400,490		653,926
-	-	-		7,475,379
-	-	-		475,201
141,846	12,647	154,493		788,947
439,943	-	439,943		662,632
-	-	-		70,440,975
-	-	-		2,426,461
1,374,934	103,654	1,478,588		3,400,424
-	-	-		4,770,266
<u>14,558,643</u>	<u>134,673</u>	<u>14,693,316</u>		<u>114,547,739</u>
115,234,864	2,113,428	117,348,292		155,271,116
362,608	-	362,608		17,717,870
-	-	-		222,789
2,398,914	14,774	2,413,688		22,145,371
1,122,038	408,813	1,530,851		18,990,727
<u>\$ 119,118,424</u>	<u>\$ 2,537,015</u>	<u>\$ 121,655,439</u>		<u>\$ 214,347,873</u>

**WICOMICO COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

<u>Functions/Programs</u>	<u>Primary Government</u>			
	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services, Fees, Fines, Forfeitures</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental Activities				
General Government	\$ 14,545,662	\$ 1,851,360	\$ 2,071,647	\$ -
Public Safety	20,592,990	4,374,168	3,085,259	-
Public Works	8,490,977	609,424	453,129	-
Health and Welfare	5,683,393	69,447	2,977,169	-
Education	6,324,306	-	-	-
Culture and Recreation	6,163,794	3,455,387	2,054,712	-
Interest on Long-term debt	1,078,658	-	-	-
Total governmental activities	<u>62,879,780</u>	<u>10,359,786</u>	<u>10,641,916</u>	<u>-</u>
Business-type Activities				
Solid Waste	5,501,719	6,505,649	-	-
Airport	2,094,540	857,265	1,976,018	-
Nursing Home	6,460,043	6,719,188	-	-
Urban Services	470,116	435,174	-	43,130
Drill Academy	1,178,924	715,598	-	-
Convention & Visitors Bureau	591,610	46,803	25,950	-
Other business-type activities	44,067	43,880	-	-
Total business-type activities	<u>16,341,019</u>	<u>15,323,557</u>	<u>2,001,968</u>	<u>43,130</u>
Total primary government	<u>\$ 79,220,799</u>	<u>\$ 25,683,343</u>	<u>\$ 12,643,884</u>	<u>\$ 43,130</u>
Component Units				
Board of Education	\$ 138,232,668	\$ 3,182,059	\$ 28,079,513	\$ 4,900,720
Wicomico County Free Library	2,302,130	107,291	920,340	-
Total component units	<u>\$ 140,534,798</u>	<u>\$ 3,289,350</u>	<u>\$ 28,999,853</u>	<u>\$ 4,900,720</u>

General revenues:

Taxes:
 Property taxes, levied for general purposes
 Income and other miscellaneous taxes
Grants and contributions not restricted to specific programs
 State of Maryland
 Unrestricted investment earnings
 Miscellaneous
Special item - gain on sale of land
Transfers
 Total general revenues, special items, and transfers
Change in net assets
Net assets, as restated - beginning
Net assets - ending

The accompanying notes are an integral part of these financial statements.

Component Units

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Board of Education</u>	<u>Wicomico Free Library</u>	<u>Total Component Units</u>	<u>Total</u>
\$ (10,622,655)		\$ (10,622,655)	\$ -	\$ -	\$ -	\$ (10,622,655)
(13,133,563)	-	(13,133,563)	-	-	-	(13,133,563)
(7,428,424)	-	(7,428,424)	-	-	-	(7,428,424)
(2,636,777)	-	(2,636,777)	-	-	-	(2,636,777)
(6,324,306)	-	(6,324,306)	-	-	-	(6,324,306)
(653,695)	-	(653,695)	-	-	-	(653,695)
(1,078,658)	-	(1,078,658)	-	-	-	(1,078,658)
<u>(41,878,078)</u>	<u>-</u>	<u>(41,878,078)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,878,078)</u>
-	1,003,930	1,003,930	-	-	-	1,003,930
-	738,743	738,743	-	-	-	738,743
-	259,145	259,145	-	-	-	259,145
-	8,188	8,188	-	-	-	8,188
-	(463,326)	(463,326)	-	-	-	(463,326)
-	(518,857)	(518,857)	-	-	-	(518,857)
-	(187)	(187)	-	-	-	(187)
-	1,027,636	1,027,636	-	-	-	1,027,636
<u>\$ (41,878,078)</u>	<u>\$ 1,027,636</u>	<u>\$ (40,850,442)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,850,442)</u>
\$ -	\$ -	\$ -	\$ (102,070,376)	\$ -	\$ (102,070,376)	\$ (102,070,376)
-	-	-	-	(1,274,499)	(1,274,499)	(1,274,499)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,070,376)</u>	<u>\$ (1,274,499)</u>	<u>\$ (103,344,875)</u>	<u>\$ (103,344,875)</u>
\$ 51,123,121	\$ -	\$ 51,123,121	\$ -	\$ -	\$ -	\$ 51,123,121
51,055,983	654,801	51,710,784	-	-	-	51,710,784
386,050	-	386,050	-	38,414	38,414	424,464
-	-	-	58,968,938	-	58,968,938	58,968,938
1,029,925	250,040	1,279,965	277,845	3,300	281,145	1,561,110
782,472	214,822	997,294	336,423	25,187	361,610	1,358,904
21,500	(6,095)	15,405	-	-	-	15,405
<u>(55,409,081)</u>	<u>92,754</u>	<u>(55,316,327)</u>	<u>54,045,306</u>	<u>1,271,021</u>	<u>55,316,327</u>	<u>-</u>
48,989,970	1,206,322	50,196,292	113,628,512	1,337,922	114,966,434	165,162,726
7,111,892	2,233,958	9,345,850	11,558,136	63,423	11,621,559	20,967,409
52,053,571	31,293,013	83,346,584	107,560,288	2,473,592	110,033,880	193,380,464
<u>\$ 59,165,463</u>	<u>\$ 33,526,971</u>	<u>\$ 92,692,434</u>	<u>\$ 119,118,424</u>	<u>\$ 2,537,015</u>	<u>\$ 121,655,439</u>	<u>\$ 214,347,873</u>

WICOMICO COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General Fund</u>	<u>Grants Funds</u>	<u>Capital Projects</u>	<u>Roads</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 25,924,305	\$ 556,343	\$ 19,153,555	\$ 1,978,020	\$ 394,841	\$ 48,007,064
Taxes receivable, net	1,098,859	-	-	-	-	1,098,859
Other receivables	542,761	1,317	-	42,915	13,440	600,433
Due from other funds	2,785,906	1,919,298	-	1,714,847	1,719,478	8,139,529
Receivable from other governments	7,038,243	2,158,333	93,771	1,066,020	-	10,356,367
Inventories	-	-	-	254,961	21,206	276,167
Prepaid expenses	155,138	-	-	-	-	155,138
Total assets	<u>37,545,212</u>	<u>4,635,291</u>	<u>19,247,326</u>	<u>5,056,763</u>	<u>2,148,965</u>	<u>68,633,557</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,966,054	1,056,485	1,862,070	725,901	130,445	5,740,955
Accrued payroll and taxes	522,914	7,956	-	46,440	587	577,897
Due to other funds	6,458,261	1,885,158	29,994	250,000	41,259	8,664,672
Payable to other governments	472,386	-	-	-	-	472,386
Deferred revenues	1,002,413	683,749	-	-	741,679	2,427,841
Accrued compensated absences	527,753	8,236	-	51,862	-	587,851
Total liabilities	<u>10,949,781</u>	<u>3,641,584</u>	<u>1,892,064</u>	<u>1,074,203</u>	<u>913,970</u>	<u>18,471,602</u>
Fund balances:						
Reserved for:						
Inventories	-	-	-	254,960	18,258	273,218
Encumbrances	300,568	329,909	555,397	276,596	7,074	1,469,544
Prepaid expenses	155,138	-	-	-	-	155,138
Other purposes	-	-	16,799,865	-	-	16,799,865
Unreserved:						
Designated for:						
Subsequent years' expenditures	4,467,075	-	-	-	-	4,467,075
Fund purposes	8,669,181	663,798	-	3,451,004	1,209,663	13,993,646
Unreserved and undesignated	13,003,469	-	-	-	-	13,003,469
Total fund balances	<u>26,595,431</u>	<u>993,707</u>	<u>17,355,262</u>	<u>3,982,560</u>	<u>1,234,995</u>	<u>50,161,955</u>
Total liabilities and fund balances	<u>\$ 37,545,212</u>	<u>\$ 4,635,291</u>	<u>\$ 19,247,326</u>	<u>\$ 5,056,763</u>	<u>\$ 2,148,965</u>	<u>\$ 68,633,557</u>

The accompanying notes are an integral part of these financial statements.

WICOMICO COUNTY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2005

Total fund balance, governmental funds	\$	50,161,955
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.</p>		87,078,097
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.</p>		633,400
<p>Long term liabilities, including bonds payable, are not due and payable from current period assets and, therefore, are not reported in the funds:</p>		
Long-term debt		(73,771,119)
Capital leases		(273,322)
Accrued interest		(457,781)
Compensated absences and net pension obligation		(4,205,767)
		(4,205,767)
Net Assets of Governmental Activities in the Statement of Net Assets	\$	59,165,463

The accompanying notes are an integral part of these financial statements.

WICOMICO COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	<u>General Fund</u>	<u>Grants Funds</u>	<u>Capital Projects</u>	<u>Roads</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 51,123,121	\$ -	\$ -	\$ -	\$ -	\$ 51,123,121
Income taxes	38,333,958	-	-	-	-	38,333,958
Other taxes	6,858,060	-	-	5,707,674	156,291	12,722,025
Licenses and permits	1,176,143	-	-	-	-	1,176,143
Intergovernmental	3,768,098	6,932,890	-	285,728	26,100	11,012,816
Charges for services	7,365,494	2,800	-	609,424	1,262,016	9,239,734
Court fines and forfeitures	587,823	-	-	-	-	587,823
Miscellaneous	601,390	179,171	-	9,762	15,462	805,785
Investment earnings	947,635	8,257	-	38,497	17,658	1,012,047
Contributions and endowments	-	-	-	-	15,150	15,150
Total revenues	<u>110,761,722</u>	<u>7,123,118</u>	<u>-</u>	<u>6,651,085</u>	<u>1,492,677</u>	<u>126,028,602</u>
EXPENDITURES						
Current:						
General government	6,625,031	-	57,136	-	-	6,682,167
Public safety	9,977,235	1,981,947	50,766	-	-	12,009,948
Detention Center	8,822,832	-	-	-	-	8,822,832
Public works	680,660	21,968	455,549	6,019,094	140,820	7,318,091
Health	2,260,513	20,525	163,232	-	-	2,444,270
Social services	83,863	3,094,336	-	-	-	3,178,199
Education	9,323,072	-	2,130,677	-	-	11,453,749
Recreation and culture	4,297,971	2,349,292	145,953	-	899,853	7,693,069
Miscellaneous	8,119,044	-	-	-	-	8,119,044
Debt Service:						
Principal	2,181,799	-	-	170,150	25,186	2,377,135
Interest and other charges	906,376	-	79,844	79,850	12,588	1,078,658
Total expenditures	<u>53,278,396</u>	<u>7,468,068</u>	<u>3,083,157</u>	<u>6,269,094</u>	<u>1,078,447</u>	<u>71,177,162</u>
Excess (deficiency) of revenues over expenditures	<u>57,483,326</u>	<u>(344,950)</u>	<u>(3,083,157)</u>	<u>381,991</u>	<u>414,230</u>	<u>54,851,440</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt, net	-	-	8,998,000	-	-	8,998,000
Other source	40,577	-	-	-	-	40,577
Transfers in	183,942	305,643	-	362,200	27,772	879,557
Transfers out	(48,134,191)	(10,629)	(7,914,233)	-	(229,585)	(56,288,638)
Total other financing sources (uses)	<u>(47,909,672)</u>	<u>295,014</u>	<u>1,083,767</u>	<u>362,200</u>	<u>(201,813)</u>	<u>(46,370,504)</u>
Net change in fund balances	9,573,654	(49,936)	(1,999,390)	744,191	212,417	8,480,936
Fund balances, as restated - beginning	17,021,777	1,043,643	19,354,652	3,238,369	1,022,578	41,681,019
Fund balances - ending	<u>\$ 26,595,431</u>	<u>\$ 993,707</u>	<u>\$ 17,355,262</u>	<u>\$ 3,982,560</u>	<u>\$ 1,234,995</u>	<u>\$ 50,161,955</u>

The accompanying notes are an integral part of these financial statements.

WICOMICO COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds: \$ 8,480,936

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which depreciation \$5,586,483 exceed capital outlays - \$5,140,142 in the current period. (446,341)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (1,810)

Governmental funds report loans as expenditures. In contrast, the Statement of Activities reports the loans as notes receivable. Governmental funds report the principal and interest payments received on those loans as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the interest payments. Thus, the change in net assets differs from the change in fund balance by the issuance of new loans and the principal payments received on all loans. 325,131

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. (1,966,537)

Revenues and expenditures are reported in the statement of activities on the accrual basis and in the governmental funds when they provide or use current financial resources. The following are differences between the governmental funds and the statement of activities:

Accrued interest not reflected on Governmental funds	392,550
Net pension obligation	338,329
Accrued compensated absences not reflected on Governmental funds	(10,366)
	(10,366)

Change in net assets of governmental activities \$ 7,111,892

WICOMICO COUNTY, MARYLAND
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
JUNE 30, 2005

	<u>Enterprise Funds</u>		
	<u>Solid Waste</u>	<u>Airport</u>	<u>Nursing Home</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,671,730	\$ 1,295,132	\$ 1,419,272
Certificates of deposit	-	-	200,000
Accounts receivable, net	531,771	48,378	606,717
Other receivables	26	-	-
Due from other funds	1,051,877	-	-
Receivables from other governments	-	671,835	-
Inventories	-	-	52,980
Deferred charges and prepaid expenses	13,673	-	19,309
Total current assets	<u>12,269,077</u>	<u>2,015,345</u>	<u>2,298,278</u>
Non-current assets:			
Restricted cash	-	-	-
Capital Assets:			
Construction in progress	-	549,295	-
Land and improvements	257,870	3,471,133	39,889
Land disposal sites - liner costs	10,754,357	-	-
Runways and ramps	-	18,089,745	-
Buildings and improvements	133,850	10,672,628	3,043,587
Equipment and furniture	3,729,662	1,219,834	1,265,833
Vehicles	1,372,202	-	8,990
Less Accumulated depreciation	<u>(10,136,822)</u>	<u>(18,122,409)</u>	<u>(1,838,570)</u>
Total non-current assets	<u>6,111,119</u>	<u>15,880,226</u>	<u>2,519,729</u>
Total assets	<u>18,380,196</u>	<u>17,895,571</u>	<u>4,818,007</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	87,348	545,613	653,611
Accrued payroll and taxes	153,978	4,379	54,886
Accrued interest payable	12,057	-	-
Due to other funds	-	-	-
Due to other governmental entities	-	-	180,818
Deferred revenues	79,661	33,366	-
Compensated absences	30,815	11,652	-
Capital lease obligation	116,629	-	-
Bonds, notes and loans payable	298,316	15,692	116,476
Total current liabilities	<u>778,804</u>	<u>610,702</u>	<u>1,005,791</u>
Non-current liabilities:			
Compensated absences	108,376	21,082	-
Capital lease obligation	86,174	-	-
Bonds, notes and loans payable	1,411,979	218,889	1,542,968
Accrued landfill closure and postclosure costs	4,770,266	-	-
Total non-current liabilities	<u>6,376,795</u>	<u>239,971</u>	<u>1,542,968</u>
Total liabilities	<u>7,155,599</u>	<u>850,673</u>	<u>2,548,759</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,198,021	15,645,645	860,285
Restricted for debt service	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	7,026,576	1,399,253	1,408,963
Total net assets	<u>\$ 11,224,597</u>	<u>\$ 17,044,898</u>	<u>\$ 2,269,248</u>

The accompanying notes are an integral part of these financial statements.

<u>Drill Academy</u>	<u>Urban Services</u>	<u>Convention & Visitors Bureau</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ -	\$ 1,125,083	\$ 200	\$ 9,396	\$ 14,520,813
-	-	-	-	200,000
-	117,790	95,450	-	1,400,106
-	9,378	-	-	9,404
29,994	47,946	192,382	75,593	1,397,792
-	24,364	-	-	696,199
-	-	-	-	52,980
-	1,173	-	-	34,155
<u>29,994</u>	<u>1,325,734</u>	<u>288,032</u>	<u>84,989</u>	<u>18,311,449</u>
-	95,000	-	-	95,000
-	-	-	-	549,295
6,795	1,878,754	-	-	5,654,441
-	-	-	-	10,754,357
-	-	-	-	18,089,745
1,878,070	-	552,195	-	16,280,330
126,421	-	106,428	-	6,448,178
-	-	7,200	-	1,388,392
(125,842)	(1,425,660)	(182,760)	-	(31,832,063)
<u>1,885,444</u>	<u>548,094</u>	<u>483,063</u>	<u>-</u>	<u>27,427,675</u>
<u>1,915,438</u>	<u>1,873,828</u>	<u>771,095</u>	<u>84,989</u>	<u>45,739,124</u>
69,218	70,212	49,506	3,468	1,478,976
-	-	-	680	213,923
2,767	1,041	1,555	-	17,420
792,517	79,096	-	1,036	872,649
-	-	-	-	180,818
-	27,903	-	-	140,930
-	-	4,136	-	46,603
-	-	-	-	116,629
59,062	40,000	-	-	529,546
<u>923,564</u>	<u>218,252</u>	<u>55,197</u>	<u>5,184</u>	<u>3,597,494</u>
-	-	13,072	-	142,530
-	-	-	-	86,174
257,907	55,000	128,946	-	3,615,689
-	-	-	-	4,770,266
<u>257,907</u>	<u>55,000</u>	<u>142,018</u>	<u>-</u>	<u>8,614,659</u>
<u>1,181,471</u>	<u>273,252</u>	<u>197,215</u>	<u>5,184</u>	<u>12,212,153</u>
1,568,475	358,094	-	-	22,630,520
-	222,789	-	-	222,789
-	83,595	-	-	83,595
(834,508)	936,098	573,880	79,805	10,590,067
<u>\$ 733,967</u>	<u>\$ 1,600,576</u>	<u>\$ 573,880</u>	<u>\$ 79,805</u>	<u>\$ 33,526,971</u>

WICOMICO COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2005

	<u>Enterprise Funds</u>		
	<u>Solid Waste</u>	<u>Airport</u>	<u>Nursing Home</u>
REVENUES			
Charges for services	\$ 6,504,049	\$ -	\$ 6,672,058
Miscellaneous	1,600	857,265	47,130
Total operating revenues	<u>6,505,649</u>	<u>857,265</u>	<u>6,719,188</u>
OPERATING EXPENSES			
Personnel services	1,819,405	329,716	4,074,889
Contractual services	886,960	16,656	881,342
Utilities	72,594	101,134	171,898
Repairs and maintenance	55,573	190,426	71,370
Other supplies and expenses	542,437	73,374	907,304
Insurance claims and expenses	-	32,670	143,850
Provision for postclosure costs	537,744	-	-
Depreciation	1,453,272	1,337,720	143,972
Total operating expenses	<u>5,367,985</u>	<u>2,081,696</u>	<u>6,394,625</u>
Operating income (loss)	<u>1,137,664</u>	<u>(1,224,431)</u>	<u>324,563</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	201,249	8,608	16,100
Miscellaneous revenue	-	-	14,938
Operating grants and contributions	-	1,976,018	-
Passenger facility charges, net of fees	-	167,895	-
Interest expense	(124,866)	(12,844)	(65,418)
Miscellaneous expenses	(8,868)	-	-
Total non-operating revenue (expenses)	<u>67,515</u>	<u>2,139,677</u>	<u>(34,380)</u>
Income (loss) before contributions and transfers	<u>1,205,179</u>	<u>915,246</u>	<u>290,183</u>
Capital contributions	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Special item - gain (loss) on sale of capital assets	3,640	(9,735)	-
Change in net assets	<u>1,208,819</u>	<u>905,511</u>	<u>290,183</u>
Total net assets, as restated - beginning	<u>10,015,778</u>	<u>16,139,387</u>	<u>1,979,065</u>
Total net assets - ending	<u>\$ 11,224,597</u>	<u>\$ 17,044,898</u>	<u>\$ 2,269,248</u>

The accompanying notes are an integral part of these financial statements.

<u>Drill Academy</u>	<u>Urban Services</u>	<u>Convention & Visitors Bureau</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ 715,598	\$ 419,165	\$ -	\$ 43,880	\$ 14,354,750
-	16,009	46,803	-	968,807
<u>715,598</u>	<u>435,174</u>	<u>46,803</u>	<u>43,880</u>	<u>15,323,557</u>
840,287	-	330,183	41,410	7,435,890
203,409	357,483	160,986	-	2,506,836
24,236	-	13,608	214	383,684
39,297	-	26,494	-	383,160
10,926	54,000	35,960	2,352	1,626,353
2,934	-	-	91	179,545
-	-	-	-	537,744
42,849	42,055	15,140	-	3,035,008
<u>1,163,938</u>	<u>453,538</u>	<u>582,371</u>	<u>44,067</u>	<u>16,088,220</u>
<u>(448,340)</u>	<u>(18,364)</u>	<u>(535,568)</u>	<u>(187)</u>	<u>(764,663)</u>
-	24,083	-	-	250,040
20,000	11,989	654,801	-	701,728
-	-	25,950	-	2,001,968
-	-	-	-	167,895
(14,986)	(16,578)	(9,239)	-	(243,931)
-	-	-	-	(8,868)
<u>5,014</u>	<u>19,494</u>	<u>671,512</u>	<u>-</u>	<u>2,868,832</u>
<u>(443,326)</u>	<u>1,130</u>	<u>135,944</u>	<u>(187)</u>	<u>2,104,169</u>
-	43,130	-	-	43,130
-	-	292,754	-	292,754
-	-	(200,000)	-	(200,000)
-	-	-	-	(6,095)
<u>(443,326)</u>	<u>44,260</u>	<u>228,698</u>	<u>(187)</u>	<u>2,233,958</u>
<u>1,177,293</u>	<u>1,556,316</u>	<u>345,182</u>	<u>79,992</u>	<u>31,293,013</u>
<u>\$ 733,967</u>	<u>\$ 1,600,576</u>	<u>\$ 573,880</u>	<u>\$ 79,805</u>	<u>\$ 33,526,971</u>

**WICOMICO COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2005**

	Solid Waste	Airport
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,548,961	\$ 1,007,280
Payments to suppliers for goods and services	(1,549,565)	(141,188)
Payments to employees for services	(1,840,791)	(330,651)
Net cash provided (used) by operating activities	3,158,605	535,441
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating contributions	-	-
Operating transfers	-	-
(Increase) decrease in due from other funds	185,569	-
Net cash provided (used) by noncapital financing activities	185,569	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on notes and bonds payable	(124,866)	(12,844)
Acquisition and construction of capital assets	(564,377)	(2,180,099)
Principal payments on notes and bonds payable	(649,700)	(15,690)
Deferred mortgage costs	-	-
Proceeds from sale of capital assets, net of expenses	3,640	8,398
Federal and state grants	-	2,414,518
Net cash provided (used) by capital and related financing activities	(1,335,303)	214,283
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	201,249	8,608
Other income (expenses)	(8,868)	-
Net cash provided by investing activities	192,381	8,608
NET INCREASE (DECREASE) IN CASH	2,201,252	758,332
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,470,478	536,800
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 10,671,730	\$ 1,295,132
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,137,664	\$ (1,224,431)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense and amortization	1,460,531	1,337,720
Passenger facility charges, net of fees	-	167,895
Provision for bad debt	-	-
Changes in assets and liabilities:		
Accounts receivable	85,165	278
Other receivables	(26)	-
Prepaid expenses	2,455	-
Due to/from other governmental agencies	27,109	-
Inventories	-	-
Accounts payable and accrued expenses	(23,101)	272,137
Landfill closure and post-closure cost	537,744	-
Deferred revenues	(68,936)	(18,158)
Net cash provided (used) by operating activities	\$ 3,158,605	\$ 535,441

The accompanying notes are an integral part of these financial statements.

<u>Nursing Home</u>	<u>Drill Academy</u>	<u>Urban Services</u>	<u>Convention & Visitors Bureau</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ 7,012,643	\$ 849,113	\$ 415,664	\$ 46,803	\$ 43,880	\$ 15,924,344
(2,380,951)	(263,647)	(397,981)	(174,013)	1,491	(4,905,854)
(3,964,426)	(840,287)	-	(347,391)	(41,410)	(7,364,956)
<u>667,266</u>	<u>(254,821)</u>	<u>17,683</u>	<u>(474,601)</u>	<u>3,961</u>	<u>3,653,534</u>
-	-	43,130	-	-	43,130
-	-	-	92,754	-	92,754
-	306,848	(43,849)	(192,382)	5,435	261,621
-	<u>306,848</u>	<u>(719)</u>	<u>(99,628)</u>	<u>5,435</u>	<u>397,505</u>
(65,418)	(14,986)	(16,578)	(9,239)	-	(243,931)
(231,733)	-	-	-	-	(2,976,209)
(77,664)	(57,041)	(45,000)	(1,633)	-	(846,728)
(21,240)	-	-	-	-	(21,240)
-	-	-	-	-	12,038
-	-	-	25,950	-	2,440,468
<u>(396,055)</u>	<u>(72,027)</u>	<u>(61,578)</u>	<u>15,078</u>	<u>-</u>	<u>(1,635,602)</u>
16,100	-	24,083	-	-	250,040
14,938	20,000	11,989	559,351	-	597,410
<u>31,038</u>	<u>20,000</u>	<u>36,072</u>	<u>559,351</u>	<u>-</u>	<u>847,450</u>
302,249	-	(8,542)	200	9,396	3,262,887
1,117,023	-	1,228,625	-	-	11,352,926
<u>\$ 1,419,272</u>	<u>\$</u>	<u>\$ 1,220,083</u>	<u>\$ 200</u>	<u>\$ 9,396</u>	<u>\$ 14,615,813</u>
\$ 324,563	\$ (448,340)	\$ (18,364)	\$ (535,568)	\$ (187)	\$ (764,663)
145,903	42,849	42,055	15,140	-	3,044,198
-	-	-	-	-	167,895
74,302	-	-	-	-	74,302
57,605	-	(13,245)	-	-	129,803
-	111,810	(1,764)	-	-	110,020
-	63,660	502	(7,605)	-	59,012
161,548	21,705	(4,501)	-	-	205,861
(8,648)	-	-	-	-	(8,648)
(88,007)	(46,505)	13,000	53,432	4,148	185,104
-	-	-	-	-	537,744
-	-	-	-	-	(87,094)
<u>\$ 667,266</u>	<u>\$ (254,821)</u>	<u>\$ 17,683</u>	<u>\$ (474,601)</u>	<u>\$ 3,961</u>	<u>\$ 3,653,534</u>

WICOMICO COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

Prison Funds

Cash and cash equivalents		<u>\$ 297,859</u>
Due to prison funds, June 30, 2004		224,549
Add:		
Receipts	549,378	
Less:		
Withdrawals	<u>(476,068)</u>	<u>73,310</u>
Due to prison funds June 30, 2005		<u>\$ 297,859</u>

The accompanying notes are an integral part of these financial statements.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SIGNIFICANT ACCOUNTING POLICIES

Wicomico County, Maryland (the County) is a political subdivision of the State of Maryland, established in 1867 and subsequently incorporated under Article 25 of the Annotated Code of the State of Maryland, and is governed by a seven-member elected County Council. The County government directly provides all basic local governmental services except for water and sewer.

The financial statements of the County are prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative literature. The following is a summary of the more significant policies.

Financial Reporting Entity

For financial reporting purposes, based on the standards established by GASB Statement No. 14, *The Financial Reporting Entity*, the County includes the various departments, agencies, and other organizational units governed directly by the County Council of Wicomico County, Maryland as the Primary Government. The component units are included in the reporting entity because the Primary Government approves budgetary requests, provides a significant amount of funding and guarantees repayment of debt issued by the various organizations.

Based on the aforementioned criteria, component units are reported in the County's basic financial statements as follows:

Blended component units reported within the Primary Government:

Enterprise Funds:

- Solid Waste Landfill
- Salisbury - Ocean City: Wicomico Regional Airport
- Wicomico County Urban Services Commission
- Wicomico Nursing Home
- Drill Academy

Discretely presented component units:

- The Board of Education of Wicomico County
- The Wicomico County Free Library, Inc.

Copies of the financial statements for each component unit can be obtained from the County administrative offices in Salisbury, Maryland.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements—Government-Wide Financial Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The following are classified as governmental activities: legislative, executive, judicial, elections, police and fire protection, detention center, health, education, parks, recreation and culture, grants, agricultural and general administrative services. The County's Solid Waste, Airport, Nursing Home, Drill Academy and Urban Services are classified as business-type activities. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions, business-type activities and component units. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, culture and recreation, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function, business-type activity or component unit) are normally covered by general revenue (property, sales or gas taxes), intergovernmental revenues, interest income, etc.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements—Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the County.

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the County.

- a. General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Grants Fund is a special revenue fund that receives monies from state and federal agencies to administer various programs, involving safety, health and welfare, and culture and recreation, within the County.
- c. Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by business-type/enterprise funds.
- d. Roads Fund is a special revenue fund that receives funding from the State Department of Transportation to be expended for the repair and improvement of County roads.

The County's nonmajor governmental funds include Recreation, Tax Ditches, and Agricultural Tax.

2. Enterprise Funds:

The focus of enterprise fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the major enterprise funds of the County.

- a. Solid Waste Fund is used to account for activities related to the safe disposal of solid waste, to meet all state, federal, and county regulations and to provide for recycling.
- b. Airport Fund is used to account for the activities at the Salisbury-Ocean City-Wicomico Regional Airport.
- c. Nursing Home Fund is used to account for the activities at the Wicomico Nursing Home.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Enterprise Funds (Continued)

- d. Convention & Visitors Bureau Fund is used to account for activities related to the enhancement of the economic impact of tourism on the County.

The County's nonmajor enterprise funds include Drill Academy, Urban Services, Local Matching, Electrical Board and Prophecy Residential. The Drill Academy Fund is shown separately on the fund financial statements at the request of the County Council. The Urban Services Commission's charter requires that the Urban Services Fund be reported separately on the fund financial statements.

3. Fiduciary Funds:

The focus of fiduciary fund measurement is to account for resources held for the benefit of parties outside the government. The County uses an agency fund to account for assets held for, and due to, prisoners of the Wicomico County Detention Center. The fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net assets and does not present a statement of changes in fiduciary net assets. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting (Continued)

The County reports deferred revenue on its statement of net assets and governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the County has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

GAAP allows governments to choose either not to implement, in enterprise funds, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 unless those pronouncements are specifically adopted by GASB (provided that this is applied on a consistent basis) or to continue to follow FASB standards for these fund types. The Primary Government has elected not to implement FASB pronouncements issued after that date for its enterprise funds.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a enterprise fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Article VII, Section 703 of the County Charter requires each department or agency financed in whole or in part by County funds to prepare and submit an annual budget. Formal budgetary accounting is employed as a management control for the County's General Fund, Roads Special Revenue Fund, Solid Waste Landfill Enterprise Fund, and the Salisbury - Ocean City: Wicomico Regional Airport. The annual budget for the General Fund and the Roads Special Revenue Fund are prepared in accordance with the basis of accounting utilized by those funds. The budgets for the Solid Waste Landfill and Airport Enterprise Funds are adopted under a basis consistent with GAAP, except that depreciation is not considered. The budgets shown in the financial statements are the budget ordinances for the year ended June 30, 2005.

The County follows these procedures in establishing the General Fund budgetary data reflected in the financial statements:

- (1) On or before March 15, the Director of Finance submits to the Administrative Director a proposed budget that includes requested expenditures and anticipated revenues for the fiscal year commencing on July 1.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

- (2) On or before April 1, the Administrative Director submits to the County Council a proposed budget that includes requested expenditures and anticipated revenues for the fiscal year commencing July 1.
- (3) A public hearing is conducted between May 20 and May 25 to obtain taxpayer comments.
- (4) No later than May 31, the budget is legally enacted by the County Council through passage of a budget resolution.
- (5) Transfers of appropriations between departments may be made during the last quarter of the fiscal year with approval of the County Council.
- (6) All annual appropriations lapse at fiscal year end.

Cash and Cash Equivalents

The reporting entity is authorized to invest in United States Government bonds or evidence of indebtedness, or in federally insured financial institutions which pledge United States Treasury bills, notes or other allowable federal obligations to secure such deposits. Cash and cash equivalents of the reporting entity consist of cash on hand, cash on deposit with financial institutions in checking and savings and deposits in the MLGIP. Certificates of deposit, if any, with original maturities of three months or less are included as cash equivalents.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Inventories

Inventories are maintained in the County's General Fund's Civic Center and Recreation and Parks operations for concessions and in the Roads Department for materials and supplies. The Board of Education of Wicomico County maintains materials, supplies, and food and related inventories. The Wicomico Nursing Home inventories consist of medical, linen and dietary supplies. All inventories are stated at the lower of cost or market under the first-in, first-out method of inventory valuation.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land improvements	15 – 20 years
Buildings and improvements	20 – 50 years
Runways and ramps	15 – 25 years
Vehicles	02 – 05 years
Infrastructure	15 – 35 years
Machinery, office furniture and equipment	03 – 10 years

Compensated Absences

The County accrues accumulated unpaid vacation, sick leave, compensatory time, holidays worked, and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Long-Term Obligations

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to enterprise funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and if the annual payment option is applied, are due and payable on or before September 30; on October 1 following the levy, unpaid taxes are in arrears. If the semiannual payment option is applied, the first payment is due and payable on or before September 30 and the second payment is due on or before December 31; failure to meet these payment dates puts the account in arrears. The County bills and collects its own taxes. Real property taxes uncollected as of 60 days after June 30, 2005 are considered unavailable to pay liabilities that are owed at the balance sheet date and therefore are included in deferred revenue in the fund statements. An allowance is established for delinquent personal property taxes to the extent that their collectibility is improbable. The tax is levied on the full real property assessable basis; however, effective for the year ending June 30, 2002 and subsequent, the taxpayers passed a revenue cap on the growth of real property tax revenues. Therefore, the Council cannot increase real property tax revenue over the previous year's revenue, excluding new construction, more than the lesser of 2% or the CPI-U.

On July 1, 2001, the County began billing and collecting property taxes for the City of Salisbury, MD. As of June 30, 2005, both local property taxes receivable and due to other governments included \$53,375 due on behalf of and to the City of Salisbury.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

Encumbrances

Primary government encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during a subsequent year.

**WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

CASH, CASH EQUIVALENTS AND INVESTMENTS

Wicomico County

With the exception of the deposits in the Maryland Local Government Investment Pool (MLGIP) and \$200,000 in certificates of deposit of the Nursing Home, Wicomico County and its blended component units do not have any investments.

At June 30, 2005, the carrying amount of the County's cash deposits including the certificates of deposit for the primary government and for its blended component units, was \$62,822,877 and the bank balance was \$63,544,963. Of the bank balance \$58,082,699 was deposited in the MLGIP. Deposits in the MLGIP comply with Article 95 of the Annotated Code of Maryland and are rated "AAAm" by Standard and Poors.

The remaining deposits of \$5,462,264 were secured as follows:

FDIC coverage	\$ 999,490
Insured with fiduciary deposit surety bond	237,455
Secured with collateral in County's name	<u>4,225,319</u>
	<u>\$ 5,462,264</u>

Custodial Credit Risk

Cash, cash equivalents and investments are fully insured or are collateralized.

Credit Risk

All the investments are either in fully insured certificates of deposit or in the MLGIP which has a Standard and Poors rating of "AAAm".

Concentration of Credit Risk

The investment policy of the County allows full investment of all available funds in the MLGIP. Investments in MLGIP represent 91% of total cash.

Interest Rate Risk

The County's primary concern related to cash and investments is security and liquidity and therefore has no long-term investments and 91% of its cash deposits in the MLGIP. For the 12 months ended June 30, 2005, the actual yield of the MLGIP was 2.15%.

Board of Education of Wicomico County

At June 30, 2005, the Board of Education had deposits of \$4,860,589 with a carrying value of \$1,588,644, which were either fully insured or collateralized with securities held in the name of the Board of Education. The Board of Education's Agency fund had deposits of \$227,014 with a carrying value of \$41,477. The Board also had investments of \$11,083,915 with the Maryland Local Government Investment Pool and \$12,897,352 held in a pension trust fund.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Wicomico County Free Library, Inc.

The Library follows Article 95, Section 22 of the Annotated Code of Maryland, which requires that deposits with financial institutions by local boards of education and public libraries be fully collateralized. Full collateralization is necessary to minimize the risk of loss of a deposit in the event of the default of a financial institution. In addition, this section of the law requires that collateral be of the types specified in the State Finance and Procurement Article, Section 6-202 of the Code.

Cash that is not fully insured by the FDIC is collateralized with a surety bond program approved by Maryland's General Assembly. The Library's financial institution uses the Excel Capital for its surety bond collateral program. Under this program, a surety bond has been issued providing continual maximum coverage of \$500,000, in case of default or failure of the Library's financial institution.

RECEIVABLES

Receivables as of year end for the government-wide financial statements, including the applicable allowances for uncollectible accounts are as follows:

	Governmental				Total
	General Fund	Grants Fund	Roads	Other	
Receivables					
Taxes receivable	\$ 2,544,108	\$ -	\$ -	\$ -	\$ 2,544,108
Notes receivable	-	-	-	633,400	633,400
Due from other governments	7,038,243	2,158,333	-	93,771	9,290,347
Other receivables	542,761	1,317	1,108,935	13,440	1,666,453
Gross receivable	10,125,112	2,159,650	1,108,935	740,611	14,134,308
Less allowance for uncollectibles	1,445,249	-	-	-	1,445,249
Net total receivables	<u>\$ 8,679,863</u>	<u>\$ 2,159,650</u>	<u>\$ 1,108,935</u>	<u>\$ 740,611</u>	<u>\$ 12,689,059</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

RECEIVABLES (Continued)

	Business-Type				Total
	Solid Waste	Airport	Nursing Home	Other	
Receivables					
Accounts receivable	\$ 535,205	\$ 48,378	\$ 606,717	\$ 213,240	\$ 1,403,540
Receivables from other governments	-	671,835	-	24,364	696,199
Other receivables	26	-	-	9,378	9,404
Gross receivable	535,231	720,213	606,717	246,982	2,109,143
Less allowance for uncollectibles	3,434	-	-	-	3,434
Net total receivables	<u>\$ 531,797</u>	<u>\$ 720,213</u>	<u>\$ 606,717</u>	<u>\$ 246,982</u>	<u>\$ 2,105,709</u>

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government:

	Balance, as Restated June 30, 2004	Additions	Deletions	Balance June 30, 2005
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated				
Land	\$ 4,465,486	\$ 85,000	\$ -	\$ 4,550,486
Construction in progress	2,964,619	116,952	(2,949,610)	131,961
Total capital assets, not being depreciated	<u>7,430,105</u>	<u>201,952</u>	<u>(2,949,610)</u>	<u>4,682,447</u>
Capital assets being depreciated				
Infrastructure	160,865,734	4,469,251	-	165,334,985
Land improvements	-	113,172	-	113,172
Buildings and improvements	43,950,270	1,119,063	-	45,069,333
Machinery, office furniture and equipment	5,839,824	1,666,323	(104,582)	7,401,565
Vehicles	8,326,698	527,492	(691,462)	8,162,728
Total capital assets being depreciated	<u>218,982,526</u>	<u>7,895,301</u>	<u>(796,044)</u>	<u>226,081,783</u>
Total capital assets	<u>\$ 226,412,631</u>	<u>\$ 8,097,253</u>	<u>\$ (3,745,654)</u>	<u>\$ 230,764,230</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CAPITAL ASSETS (Continued)

Primary government (continued)

	Balance, as Restated June 30, 2004	Additions	Deletions	Balance June 30, 2005
GOVERNMENTAL ACTIVITIES:				
Accumulated depreciation				
Infrastructure	\$ (105,007,671)	\$ (3,148,353)	\$ -	\$ (108,156,024)
Land improvements	-	(1,912)	-	(1,912)
Buildings and improvements	(22,653,348)	(1,128,274)	-	(23,781,622)
Machinery, office furniture and equipment	(4,329,880)	(563,965)	102,136	(4,791,709)
Vehicles	(6,902,348)	(743,980)	691,462	(6,954,866)
Total accumulated depreciation	<u>(138,893,247)</u>	<u>(5,586,484)</u>	<u>793,598</u>	<u>(143,686,133)</u>
Governmental activities capital assets, net	<u>\$ 87,519,384</u>	<u>\$ 2,510,769</u>	<u>\$ (2,952,056)</u>	<u>\$ 87,078,097</u>
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated				
Land	\$ 2,640,278	\$ 14,457	\$ -	\$ 2,654,735
Construction in progress	21,878	527,417	-	549,295
Total capital assets not being depreciated	<u>2,662,156</u>	<u>541,874</u>	<u>-</u>	<u>3,204,030</u>
Capital assets being depreciated				
Land improvements	2,739,305	260,401	-	2,999,706
Land disposal sites – liner costs	10,754,357	-	-	10,754,357
Runways and ramps	17,285,418	804,327	-	18,089,745
Buildings and improvements	16,179,911	101,231	(812)	16,280,330
Machinery, office furniture and equipment	5,630,150	930,993	(112,965)	6,448,178
Vehicles	1,114,488	273,904	-	1,388,392
Total capital assets being depreciated	<u>53,703,629</u>	<u>2,370,856</u>	<u>(113,777)</u>	<u>55,960,708</u>
Total capital assets	<u>\$ 56,365,785</u>	<u>\$ 2,912,730</u>	<u>\$ (113,777)</u>	<u>\$ 59,164,738</u>
Accumulated depreciation				
Land improvements	\$ (1,603,900)	\$ (70,875)	\$ -	\$ (1,674,775)
Land disposal sites – liner costs	(5,944,673)	(706,911)	-	(6,651,584)
Runways and ramps	(9,472,986)	(931,310)	-	(10,404,296)
Buildings and improvements	(7,952,794)	(349,638)	606	(8,301,826)
Machinery, office furniture and equipment	(3,423,327)	(769,760)	158,359	(4,034,728)
Vehicles	(558,340)	(206,514)	-	(764,854)
Total accumulated depreciation	<u>\$ (28,956,020)</u>	<u>\$ (3,035,008)</u>	<u>\$ 158,965</u>	<u>\$ (31,832,063)</u>
Business-type activities capital assets, net	<u>\$ 27,409,765</u>	<u>\$ (122,278)</u>	<u>\$ 45,188</u>	<u>\$ 27,332,675</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:

General Government	\$ 273,605
Public Safety	1,083,963
Public Works	3,465,950
Health & Welfare	178,546
Culture & Recreation	581,833
Education	2,587
Total depreciation exp – governmental activities	<u>\$ 5,586,484</u>

BUSINESS-TYPE ACTIVITIES:

Solid Waste	746,361
Solid Waste – land disposal sites	706,911
Airport	1,337,720
Nursing Home	143,972
Drill Academy	42,849
Convention & Visitors Bureau	15,140
Urban Services	42,055
Total depreciation expense – business-type activities	<u>\$ 3,035,008</u>

Idle Property and Equipment

Included in Business-type activities above, under capital assets being depreciated, is land improvements, building and equipment of \$2,011,286 representing assets of the Drill Academy which are currently not being used as of June 30, 2005 and would therefore be considered idle assets under GASB 42.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CAPITAL ASSETS (Continued)

Board of Education of Wicomico County (discretely presented component unit):

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated				
Land	\$ 380,062	\$ -	\$ -	\$ 380,062
Construction in progress	11,843,727	12,411,284	(12,326,313)	11,928,698
Total capital assets not being depreciated	<u>12,223,789</u>	<u>12,411,284</u>	<u>(12,326,313)</u>	<u>12,308,760</u>
Capital assets being depreciated				
Buildings and improvements	126,110,452	12,407,220	(276,250)	138,241,422
Machinery, office furniture and equipment	15,146,826	874,885	(86,178)	15,935,533
Vehicles	917,362	7,450	(14,624)	910,188
Total capital assets being depreciated	<u>142,174,640</u>	<u>13,289,555</u>	<u>(377,052)</u>	<u>155,087,143</u>
Total capital assets	<u>\$ 154,398,429</u>	<u>\$ 25,700,839</u>	<u>\$ (12,703,365)</u>	<u>\$ 167,395,903</u>
Accumulated depreciation				
Buildings and improvements	\$ (36,935,904)	(3,021,632)	276,250	(39,681,286)
Machinery, office furniture and equipment	(10,167,031)	(1,108,615)	59,096	(11,216,550)
Vehicles	(575,496)	(88,637)	14,624	(649,509)
Total accumulated depreciation	<u>(47,678,431)</u>	<u>(4,218,884)</u>	<u>349,970</u>	<u>(51,547,345)</u>
Governmental activities capital assets, net	<u>\$ 106,719,998</u>	<u>\$ 21,481,955</u>	<u>\$ (12,353,395)</u>	<u>\$ 115,848,558</u>
BUSINESS-TYPE ACTIVITIES:				
Capital assets being depreciated				
Machinery, equipment and vehicles	\$ 1,730,070	\$ 38,770	\$ (47,915)	\$ 1,720,925
Accumulated depreciation	<u>(1,497,528)</u>	<u>(40,522)</u>	<u>43,864</u>	<u>(1,494,186)</u>
Business-type activities capital assets, net	<u>\$ 232,542</u>	<u>\$ (1,752)</u>	<u>\$ (4,051)</u>	<u>\$ 226,739</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CAPITAL ASSETS (Continued)

Board of Education of Wicomico County (discretely presented component unit) - continued:

Depreciation expense was charged to the functions/programs of the Board as follows:

GOVERNMENTAL ACTIVITIES

Depreciation – unallocated \$ 4,218,884

BUSINESS-TYPE ACTIVITIES:

Food services \$ 40,522

Wicomico County Free Library, Inc. (discretely presented component unit):

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
<u>GOVERNMENTAL ACTIVITIES:</u>				
Capital assets not being depreciated				
Land	\$ 80,820	-	-	\$ 80,820
Capital assets being depreciated				
Buildings and improvements	2,246,399	58,790	-	2,305,189
Machinery, office furniture and equipment	1,244,932	51,557	(50,131)	1,246,358
Vehicles – bookmobile	109,472	-	-	109,472
Library collections	1,723,420	247,452	(196,679)	1,774,193
Total capital assets being depreciated	<u>5,324,223</u>	<u>357,799</u>	<u>(246,810)</u>	<u>5,435,212</u>
Total capital assets	\$ 5,405,043	357,799	(246,810)	\$ 5,516,032
Accumulated depreciation	<u>(3,247,601)</u>	<u>(401,813)</u>	<u>246,810</u>	<u>(3,402,604)</u>
Governmental activities capital assets, net	<u>\$ 2,157,442</u>	<u>(44,014)</u>	<u>-</u>	<u>\$ 2,113,428</u>

Depreciation expense of \$401,813 was charged to Library services.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

INTERFUND RECEIVABLES AND PAYABLES - FUND STATEMENTS

Outstanding balances between funds are reported as “due to/from other funds” and are the result of the County’s central cash management and disbursement system. Other activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are also referred to in the fund statements as “due to/from other funds”.

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government		
General	Grants	\$ 1,885,158
	Recreation	28,097
	Drill Academy	792,517
	Urban Services	79,096
	Prophecy Residual Trust	1,036
Grants	General	1,919,298
Roads	General	1,714,847
Recreation	General	853,361
Tax Ditches	General	78,479
Agricultural Tax	General	787,638
Solid Waste	General	801,877
Urban Services	General	47,946
Convention & Visitors Bureau	General	192,382
Electrical Board	General	40,593
Local Matching	General	21,838
Solid Waste	Roads	250,000
Drill Academy	Capital Projects	29,994
Local Matching	Recreation	13,162
		<u>\$ 9,537,319</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

INTERFUND TRANSACTIONS

A summary of interfund transfers follows:

Fund	Operating Transfers In	Operating Transfers Out
General Fund:		
Grants	\$	\$ 70,000
Roads		362,200
Recreation	183,942	17,143
Convention & Visitors Bureau		282,754
Board of Education		46,131,073
Free Library		1,271,021
Grants		
General Fund	70,000	
Recreation	35,643	10,629
Convention & Visitors Bureau	200,000	
Capital Projects		
Board of Education		7,914,233
Roads		
General Fund	362,200	
Recreation		
General Fund	17,143	183,942
Grants	10,629	35,643
Convention & Visitors Bureau		10,000
Convention & Visitors Bureau		
General Fund	282,754	
Grants		200,000
Recreation	10,000	
Board of Education		
General Fund	46,131,073	
Capital Projects	7,914,233	
Free Library		
General Fund	1,271,021	
	<u>\$ 56,488,638</u>	<u>\$ 56,488,638</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

The County issued debt in the form of general obligation bonds, revenue bonds of the Wicomico County Urban Service Commission, and State loans under the Maryland Industrial and Commercial Redevelopment Fund (MICRF), and the Maryland Supplemental Public Schools Construction and Capital Improvement Loan programs. General obligation bonds have been issued for both general government and enterprise activities. These bonds are reported in the enterprise funds if they are expected to be paid from enterprise fund revenues. The original amount of general obligation bonds issued in prior years was \$98,845,896. During the year, general obligation bonds totaling \$8,998,000 were issued for new projects.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 15 – 20 year serial bonds with different amounts of principal maturing each year.

The County's debt is limited to 3.2% of total assessed value of real property plus 8% of total assessed value of personal property located within the County. The debt margin permitted at June 30, 2005 amounted to \$86,844,906 after considering various debt obligations of \$76,161,912 as listed in the following schedule.

As shown on the combined statement of net assets, total debt of the primary government including all blended component units is \$78,392,481. However, based on information from the County, and as reported in the audited financial statements of the Wicomico Nursing Home, there is no recourse to the County on the mortgage payable of that facility. Therefore, the amount of that indebtedness, or \$1,659,444, is removed from total primary government debt below and is also excluded from the County's limitation on bonded debt.

The bonded indebtedness of the Wicomico County Urban Services Commission is to be paid first from the various charges which the Commission is authorized to levy but for which indebtedness the full faith and credit of the County is unconditionally pledged. Commission debt outstanding at any one time may not exceed 4% of the County's total assessable base of real property plus 4% of the total assessable base of personal property.

By its character, debt of the Wicomico County Urban Services Commission, although supported by the full faith and credit of the County, is excluded from the County's 3.2% and 8% limitations on bonded debt as described above.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

Long-term debt of the Primary Government consists of the following as of June 30, 2005:

	Interest Rate	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Current Portion
<u>GOVERNMENTAL ACTIVITIES</u>						
Bonds payable						
General obligation						
bonds	2.0-5.9%	\$ 69,611,687	\$ 8,998,000	\$ (6,716,231)	\$ 71,893,456	\$ 6,778,906
Other loans payable						
Maryland Water						
Quality loans	4.89%	278,848	-	(29,312)	249,536	30,746
State loans	5.5%	274,135	-	(20,508)	253,627	21,659
Other loans	4.9-6.1%	1,484,026	-	(109,526)	1,374,500	114,522
Other loans payable		2,037,009	-	(159,346)	1,877,663	166,927
Total bonds and loans payable		71,648,696	8,998,000	(6,875,577)	73,771,119	6,945,833
Capital lease obligations	*	429,210	-	(155,888)	273,322	136,807
Governmental activity long-term liabilities		72,077,906	8,998,000	(7,031,465)	74,044,441	7,082,640
<u>BUSINESS-TYPE ACTIVITIES</u>						
Bonds payable						
General obligation						
bonds	3.5-5.9%	2,237,325	-	(304,383)	1,932,942	198,513
Revenue bonds	6.0-7.0%	140,000	-	(45,000)	95,000	40,000
		2,377,325	-	(349,383)	2,027,942	238,513
Other loans payable						
Maryland Water						
Quality loans	3.5-4.9%	631,578	-	(173,727)	457,851	174,557
Mortgage payable	4.36%	1,737,108	-	(77,664)	1,659,444	116,476
		2,368,686	-	(251,391)	2,117,295	291,033
Total bonds and loans payable		4,746,011	-	(600,774)	4,145,237	529,546
Capital lease obligations	*	456,369	-	(253,566)	202,803	116,629
Business-type activity long-term liabilities		5,202,380	-	(854,340)	4,348,040	646,175
Less: Nursing Home		(1,737,108)	-	77,664	(1,659,444)	(116,476)
Business-type activity long-term liabilities, primary government		3,465,272	-	(776,676)	2,688,596	529,699
Total debt, primary government		75,543,178	8,998,000	(7,808,141)	76,733,037	7,612,339
* Debt not subject to limitation		(1,025,579)	-	454,454	(571,125)	(293,436)
Debt subject to limitation		\$ 74,517,599	\$ 8,998,000	\$ (7,353,687)	\$ 76,161,912	\$ 7,318,903

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

LONG-TERM AND CAPITAL LEASE OBLIGATIONS (Continued)

Summary of remaining debt service requirements for the years ended June 30 are as follows:

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 6,945,833	\$ 3,075,017	\$ 413,070	\$ 102,558
2007	6,418,540	2,813,652	423,953	85,439
2008	5,946,213	2,560,047	239,597	69,864
2009	6,093,355	2,312,050	267,140	60,518
2010-2014	29,680,868	7,523,190	909,862	166,250
2015-2019	15,691,843	2,471,681	216,638	21,363
2020-2022	2,994,467	222,734	15,533	447
	<u>\$ 73,771,119</u>	<u>\$ 20,978,371</u>	<u>\$ 2,485,793</u>	<u>\$ 506,439</u>

In December, 2001 the Wicomico County Urban Services Commission and Wicomico County entered into an agreement with the City of Fruitland for the purpose of providing water and/or sewer services to areas designated as the service area for the City of Fruitland in the "Wicomico County Comprehensive Water and Sewer Plan". Under this agreement, the City of Fruitland agrees to construct and maintain all lines and charge 150% of their current City rate for services, with 2% of the gross revenue being remitted to the Commission by the City. As of June 30, 2005 there were no charges for services under this agreement. As part of the agreement, the County paid the City of Fruitland \$1,800,000 for expansion and upgrade of the City's existing water treatment and wastewater treatment plant and contracted to pay the City an amount equal to a portion of the City's current debt on these facilities or \$1,678,234 plus interest. This payment will be made, in installments, over the existing life of the current loans. Total payment in the current year was \$180,586.

The County has entered into leases for the acquisition of various equipment which transfers ownership at the end of the lease. Accordingly, the present value of the future minimum lease payments and the related assets has been recorded in the appropriate funds.

Future minimum lease payments under capital leases are as follows:

Year ending June 30	Primary Government	
	General Long-Term Debt	Solid Waste Landfill Enterprise Fund
2006	\$ 148,031	\$ 122,531
2007	142,044	74,156
2008	-	13,743
	<u>290,075</u>	<u>210,430</u>
Amounts representing interest	<u>(16,753)</u>	<u>(7,627)</u>
Present value of future minimum lease payments	<u>\$ 273,322</u>	<u>\$ 202,803</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

LONG-TERM AND CAPITAL LEASE OBLIGATIONS (Continued)

Long-term debt of the Board of Education consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
Health Insurance Deposit:					
2001 Settlement	\$ 296,800	\$ -	\$ 296,800	\$ -	\$ -
2003 Settlement	211,966	-	211,966	-	-
Capital Leases	<u>1,079,326</u>	<u>383,950</u>	<u>622,843</u>	<u>840,433</u>	<u>400,490</u>
	<u>\$ 1,588,092</u>	<u>\$ 383,950</u>	<u>\$ 1,131,609</u>	<u>\$ 840,433</u>	<u>\$ 400,490</u>

The Board's contract with its health insurance carrier requires that actual incurred claims and expenses be compared to actual premiums paid to determine whether a deposit premium deficit has been incurred each year. Under the contract, the health insurance carrier can only require payment against the deficit of up to 5% of the actual monthly premiums paid in the current fiscal year. The health insurance contract is based on a fiscal year of September 1st through August 31st. For the period ended August 31, 2004, the Board's share of the consortium's settlement was a surplus of \$1,505,404, which was recognized as an other financing source during the year ended June 30, 2005.

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

Future minimum lease payments under capital leases are as follows:

Year ending June 30	<u>Board of Education</u>
2006	\$ 421,550
2007	355,777
2008	<u>100,000</u>
	877,327
Amounts representing interest	<u>(36,894)</u>
Present value of future minimum lease payments	<u>\$ 840,433</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

ACCRUED COMPENSATED ABSENCES

Changes in accrued compensated absences for the year ended June 30, 2005 are as follows:

	<u>June 30, 2004</u>	<u>Increase</u>	<u>June 30, 2005</u>
Primary government:			
Governmental activities	\$ 2,362,728	\$ 4,429	\$ 2,367,157
Business-type activities	186,210	2,923	189,133
Total Primary government	<u>\$ 2,548,938</u>	<u>\$ 7,352</u>	<u>\$ 2,556,290</u>
	<u>June 30, 2004</u>	<u>Increase</u>	<u>June 30, 2005</u>
Component units:			
Board of Education of Wicomico Co.	1,403,829	112,951	1,516,780
Wicomico County Free Library	102,035	14,266	116,301
Total Component Units	<u>\$ 1,505,864</u>	<u>\$ 127,217</u>	<u>\$ 1,633,081</u>

ARBITRAGE PAYABLE

Wicomico County's arbitrage consultant has advised the County that there is no rebate liability due that must be paid to the federal government. Such rebate liability is subject to change, however, pursuant to computations undertaken up to and including the payment due dates.

PENSION AND RETIREMENT PLANS

Retirement Plan for the Employees of Wicomico County, Maryland

Plan Description

The County, through the authority of the County Commissioners, provides pension and retirement benefits through a single employer public employee retirement system (the "County Plan") for its employees. The County Plan has a group pension disbursement contract with the Aetna Life Insurance Company and an investment manager contract with Croft-Leominster, Inc. A Board of Trustees holds title to the assets of the plan and controls the operation and record keeping of the trust.

The Board of Education of Wicomico County, certain other employees participating in the Maryland State Employees Retirement System, and substantially all full-time County employees who are meeting the eligibility requirements, are eligible for participation in the County's pension system.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Retirement Plan for the Employees of Wicomico County, Maryland (Continued)

Plan Description (Continued)

Membership in the pension plan is comprised of the following for the plan year beginning July 1, 2003.

Active eligible	514
Terminated with vested rights	20
Retired	75
	609

The Plan does not issue separate financial statements.

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the County Commissioners. Employees who are at least 21 years of age, have not attained the age of 65, and have successfully completed their initial probationary period are required to participate in the County Plan as a condition of their employment and to make contributions amounting to 5.625% of earnings. A participant is 100% vested after five years of service. The County is required to contribute an actuarially determined amount; for the year ended June 30, 2005 that amount was \$2,379,154.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 2,379,154
Interest on net pension obligation	221,183
Adjustment to annual required contribution	(118,508)
Annual pension cost	2,481,829
Contributions made	2,820,158
Decrease in net pension obligation	(338,329)
Net pension obligation beginning of year	2,764,790
Net pension obligation end of year	\$ 2,426,461

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Retirement Plan for the Employees of Wicomico County, Maryland (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

The annual required contribution for the current year was determined as part of the July 1, 2004 actuarial valuation using the frozen entry age normal (fresh start as of July 1, 1995). The actuarial assumptions include an 8% investment rate of return, 1% administrative expense and projected salary increase and rate of inflation of 5.5%.

The actuarial value of assets was determined using asset information as of June 30, 2004 provided by the plan sponsors and designees at market value.

The assumptions do not include post-retirement benefits. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period used at June 30, 2004 was thirty years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
June 30, 2003	\$ 1,979,898	66.9%	\$ 2,451,242
June 30, 2004	2,318,726	81.9%	2,764,790
June 30, 2005	2,481,829	113.6%	2,426,461

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as percentage of covered Payroll
7/1/1998	\$ 7,421,560	\$ 13,871,588	\$ 6,450,028	53.50%	\$ 7,751,167	83.21%
7/1/1999	8,459,699	15,292,570	6,832,871	55.32%	9,725,665	70.26%
7/1/2000	8,863,400	16,907,529	8,044,129	52.42%	9,582,409	83.95%
7/1/2001	10,877,778	19,172,778	8,295,000	56.74%	12,301,827	67.43%
7/1/2002	11,413,790	21,938,101	10,524,311	52.03%	13,695,865	76.84%
7/1/2003	13,161,165	24,385,191	11,224,026	53.97%	15,822,985	70.93%
7/1/2004	16,427,909	27,290,585	10,862,676	60.20%	17,541,485	61.93%

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Retirement Plan for the Employees of Wicomico County, Maryland (Continued)

Schedule of Funding Progress (Continued)

In 1998 the plan was amended to include employees of the Wicomico Nursing Home effective July 1, 1998. The plan was also amended in 1998 by reducing the normal retirement age from age 65 and over and having obtained five years of service to the earlier of participant's 55th birthday, or 25 years of service.

Retirement Plan for Certain Employees of Wicomico County, Maryland Participating in the Maryland State Employees Retirement System

When the County implemented its present pension program, a certain number of its employees who were covered by the Employees Retirement and Pension System, a plan administered by the State of Maryland, elected to remain in the State plan. The County's contribution to the State plan consists of two elements: a current contribution equal to 9.6% of the employee's earnings (subject to certain limitations with respect to overtime) and a contribution to cover the unfunded accrued liability for the plan. In fiscal year 2005, the County's total contribution amounted to \$28,201 which includes a portion sufficient to amortize the unfunded accrued liability by the year 2020.

The Employees Retirement System of the State of Maryland was established on October 1, 1941 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 State employees and the employees of participating municipal corporations. In addition, on January 1, 1980, the Employees Pension System of the State of Maryland was established. Employees hired on or after January 1, 1980 become members of the Employees Pension System. Existing members of the Employees Retirement System, unless exempted by law, have the option of remaining in the Employees Retirement System or transferring to the Employees Pension System.

The significant plan benefits and policies of the Maryland State Employees Retirement System parallel that of the Maryland State Teachers Retirement System, are disclosed below.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Pension Plans for the Board of Education of Wicomico County

Substantially all of the Board's employees are covered by one of three pension plans - the Teachers Retirement System, the Teachers Pension System or the Retirement Plan for Employees of the Board of Education of Wicomico County.

General Plan Policies: Teachers Retirement System and the Teachers Pension System

Teachers and related occupations are covered by the Teachers Retirement System or the Teachers Pension System of the State of Maryland, both of which are cost-sharing, multiple-employer public employee retirement systems. Except for restricted programs as described below, the State pays virtually all the employer's annual contribution. Total contributions paid by the State to the Plan for the year ended June 30, 2005 were \$6,468,103. For teachers and other employees whose retirement expense is reimbursed from Federal Restricted Grants, the Board remits monthly payments to the State which represent the amount of retirement expense charged to these restricted programs. The Board has no contingent liability for funding deficits in the system should such occur.

The contribution and percentage of contribution for the past three years are as follows:

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2003	\$ 664,551	100%
2004	\$ 498,066	100%
2005	\$ 539,196	100%

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.

**WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

PENSION AND RETIREMENT PLANS (Continued)

Pension Plans for the Board of Education of Wicomico County (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

A. Retirement Benefits

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

B. Vested Allowance

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

C. Employee and Employer Contributions

Members of the Teachers Retirement Systems 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 payments and are remitted to the systems on a regular, periodic basis.

The State of Maryland makes virtually all of the non-employee contributions in amounts required by State statutes.

Teachers Pension Systems

A. 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 creditable service. On retirement from service, a member shall receive an annual service retirement allowance. The annual retirement allowance is equal to .8% of average compensation for the three highest consecutive years as an employee up to the Social Security integration level plus 1.5% of average compensation over the integration level for each year of creditable service. A member may retire with reduced benefits after attaining age 55 and completing 15 years of eligibility service.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Pension Plans for the Board of Education of Wicomico County (Continued)

Teachers Pension Systems (Continued)

B. Vested Allowance

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

C. Employee and Employer Contributions

Members of the Teachers Pension Systems are required to contribute to the systems 2% of their regular salaries and wages up to the social security wage base. The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

The State of Maryland makes virtually all of the non-employee contributions in amounts required by State statutes.

Employer's Payroll Covered Under the Plan

The employer's payroll for the year ended June 30, 2005 and payroll covered under the Teachers Retirement and Pension Systems is as follows:

Total payroll	\$ 85,283,298
Payroll covered under the plans	\$ 79,939,876

Additional information and ten-year historical trend information can be obtained from the separately issued State Retirement and Pension system of Maryland Annual Financial Report.

Retirement Plan For Employees At The Board of Education of Wicomico County

General Plan Policies

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

**WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

PENSION AND RETIREMENT PLANS (Continued)

Retirement Plan For Employees At The Board of Education of Wicomico County (Continued)

Significant Plan Benefits and Policies

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

- A) Eligibility - Employees who have not attained age 65 are eligible if they are at least 18 years of age with three months of continuous service, and they have agreed in writing to make contributions.
- B) Employee Contributions - Each year an employee is required to contribute 2% of earnings up to \$4,800, plus 4% of earnings in excess of \$4,800. Interest is credited at 5% per year.
- C) 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.
- D) Benefit 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.
- E) Vesting - A participant is 100% vested after five years of continuous service with the employer.

Employer's Payroll Covered Under the Plan

The employer's payroll for the year ended June 30, 2005 and payroll covered under the Plan is as follows:

Total payroll	\$ 85,283,298
Payroll covered under the plans	\$ 6,681,095

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Retirement Plan For Employees At The Board of Education of Wicomico County (Continued)

Employer's Payroll Covered Under the Plan (Continued)

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
1995	\$ 185,757	100%
1996	\$ 175,022	100%
1997	\$ 169,100	100%
1998	\$ 157,937	100%
1999	\$ 101,350	100%
2000	\$ 142,195	100%
2001	\$ 242,949	100%
2002	\$ 254,142	100%
2003	\$ 418,903	89%
2004	\$ 479,018	80%
2005	\$ 460,582	92%

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

Valuation date	July 1, 2004
Actuarial cost method	Frozen Initial Entry Age
Amortization method	Level Percent
Remaining amortization period	30 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.5%

Annual Pension Cost and Net Pension Obligation

The Board's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 410,577
Interest on net pension obligation	-
Adjustment to annual required contribution	49,975
Annual pension cost	<u>460,552</u>
Contributions made	<u>425,472</u>
Increase in net pension obligation	<u>\$ 35,080</u>
Net pension obligation at beginning of year	<u>\$ -</u>
Net pension obligation at end of year	<u>\$ -</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Retirement Plan For Employees At The Board of Education of Wicomico County (Continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll
7/1/1995	\$ 7,555,030	\$ 7,527,577	\$ (27,453)	100%	\$ 3,596,166	(0.76%)
7/1/1996	8,228,185	8,090,918	(137,267)	102%	3,639,454	(3.77%)
7/1/1997	8,854,185	8,597,270	(256,915)	103%	3,944,900	(6.51%)
7/1/1998	9,544,099	8,519,778	(1,024,321)	112%	4,225,210	(24.24%)
7/1/1999	9,832,269	9,042,973	(789,296)	109%	4,725,072	(16.70%)
7/1/2000	9,801,306	9,610,680	(190,626)	102%	4,831,638	(3.95%)
7/1/2001	10,513,887	10,125,989	(387,898)	104%	5,418,831	(7.16%)
7/1/2002	9,889,757	10,932,388	1,042,631	90%	5,677,963	18.36%
7/1/2003	10,066,394	11,637,837	1,571,443	86%	5,951,447	26.40%
7/1/2004	11,230,846	12,556,267	1,325,421	89%	6,353,085	20.86%

Data not available for years prior to 7/1/1995.

**WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

PENSION AND RETIREMENT PLANS (Continued)

Retirement Plan For Employees At The Board of Education of Wicomico County (Continued)

401(a) Matching Plan

Effective July 1, 2001, the Board implemented a self-directed defined contribution plan. The employer's contribution is determined annually by the Board and is based on eligible participants' contributions to the 403(b) plan. Eligible employees must be 18 years of age.

The vesting schedule is as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1-4	0%
5	100%

During the year ended June 30, 2005, there were 1,028 eligible participants for whom the Board contributed a total of \$230,287.

Pension Plan for the Employees of the Wicomico County Free Library, Inc.

General Plan Policies

All full-time personnel employed in a Library position participate in the Teachers' Retirement System or the Teachers' Pension System of the State of Maryland which are cost-sharing multiple employer public retirement funds. The State funds substantially all the employer's annual contributions. The Library has no contingent liability for funding deficits in the system should they occur.

Certain on-behalf payments are made by the State of Maryland that represent contributions to a pension plan for which the employer government is not legally responsible. The total of these on-behalf payments, which are recorded by the Library as revenues and expenditures, was \$90,217 and \$87,277 for the years ended June 30, 2005 and 2004, respectively.

All other eligible permanent employees excluded above are enrolled in the Maryland State Employees' Retirement System or the Employees' Pension System.

The Teachers' Retirement System of the State of Maryland was established on July 27, 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. 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.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Pension Plan for the Employees of the Wicomico County Free Library, Inc. (Continued)

General Plan Policies (Continued)

The Employees' Retirement System of the State of Maryland was established on October 1, 1941 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 State employees and the employees of participating municipal corporations. In addition, on January 1, 1980, the Employees' Pension System of the State of Maryland was established. Employees hired on or after January 1, 1980 become members of the Employees' Pension System. Existing members of the Employees' Retirement System, unless exempted by law, have the option of remaining in the Employees' Retirement System or transferring to the Employees' Pension System.

Employees' and Teachers' Retirement Systems

The following is a general description of the significant plan benefits available to the members of the Employees' and Teachers' Retirement System.

A. 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 1/45th of a member's average final compensation (i.e., average of the member's three highest years of creditable service.) multiplied by the number of years of accumulated credible service, up to 25 years. A member may retire with reduced benefits after completing 25 years of creditable service regardless of age.

B. Vested Allowance

A member terminating employment before attaining retirement age but after completing five 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 five years of creditable service are refunded their accumulated contributions plus earned interest.

C. Employee and Employer Contributions

Members of the Employees' and Teachers' Retirement Systems are required to contribute to the systems a fixed percentage of their regular salaries and wages (e.g., 7%). The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PENSION AND RETIREMENT PLANS (Continued)

Pension Plan for the Employees of the Wicomico County Free Library, Inc. (Continued)

Employees and Teachers' Pension Systems

The following is a general description of the significant plan benefits available to the members of the Employees' and Teachers' Pension Systems, and the related contribution requirements:

A. Retirement Benefits

A member may retire with full benefits after completing 30 years of creditable service regardless of age, or at age 62 or older with specified years of creditable service. On retirement from service, a member shall receive an annual service retirement allowance based on the member's average final compensation (i.e., average annual earnable compensation during any three consecutive years that provide the highest average earnable compensation) and years of creditable service with a provision for additional benefits for compensation earned in excess of the Social Security wage base. A member may retire with reduced benefits after attaining age 55 and completing 15 years of creditable service.

B. Vested Allowance

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

C. Employee and Employer Contributions

Members of the Employees' and Teachers' Pension Systems are required to contribute to the Systems 2% of their regular salaries and wages which exceed the Social Security wage base. The contributions are deducted from each member's salary and wage payments and are remitted to the Systems on a regular, periodic basis.

The State of Maryland makes virtually all of the non-employee contributions in amounts required by State statutes.

Further information on the pension plans can be found in the *Comprehensive Annual Financial Report of the State Retirement and Pension System of Maryland*. Copies can be obtained by contacting the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21201-2363.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

DEFERRED COMPENSATION PLAN

The County offers certain employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all eligible County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred amounts are invested in various annuity contracts. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the deferred compensation plan participants. The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. In accordance with GASB Statement No. 32, adopted by the County in 1998, the plan's assets are not reported on the statement of net assets of the County.

DEATH BENEFITS

The County provides a death benefit equivalent to a deceased employee's current annual salary, regardless of length of service. Expenditures for death benefits are funded from a combination of the reservation of fund balance and insurance.

POST-RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described above, the County provides post-retirement health care benefits as approved by the County Council to all retirees (and their dependents) who are eligible to retire under the County Pension System. The post-retirement health care benefit is also offered to certain County employees who retire under the State Retirement System, are at the age to receive Social Security benefits and have at least ten years service with the County (public safety employees are eligible at age 60 with nine years service). The employee may retire and retain their health insurance coverage while paying the same percentage of contract cost as while employed which as of June 30, 2005 was 15% of employee cost and 25% of dependent coverage.

For the year ended June 30, 2005 there were 97 participants receiving post-retirement health care benefits at a cost to the County of \$444,334.

For the year ended June 30, 2005, the Board of Education of Wicomico County funded 55% of the health care insurance for retirees who had accumulated at least 15 years of service with the Board prior to their retirement. Approximately 600 retirees, who have worked for at least five years are eligible to participate in the post-retirement benefit program. For the year ended June 30, 2005, the Board incurred an expense for post-retirement health care benefits of \$1,367,625.

LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

LANDFILL CLOSURE AND POSTCLOSURE CARE COST (Continued)

site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The \$4,770,266 reported as landfill closure and post closure care cost liability at June 30, 2005, represents the cumulative amount reported to date based upon attaining 20% of the estimated capacity of open cell #1, 70% of cell #2 and 75% of the estimated capacity of open cells #3 and #4 at the landfill and monitoring all cells, including closed cells, for thirty years. The County will recognize the remaining estimated cost of closure and post closure care estimated to be \$1,576,300 as the remaining capacity is filled. The estimated remaining life is 32 years. These amounts are based on estimated cost to perform all closure and post closure care. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Though there are currently no legal restrictions on available funds, the County has approximately \$7,000,000 of currently available unrestricted net assets which may be used for landfill closure and post closure costs.

RESERVED AND DESIGNATED FUND EQUITY

Reservations of fund equity show amounts that are not available for current appropriations or are legally restricted for specific uses. Within unreserved fund equity, designations are used to show the amounts which are intended to be used for specific purposes but are not legally restricted. The purpose for each reservation or designation of fund equity as indicated by the account title on the face of the governmental funds balance sheet is as follows:

Capital projects	\$ 16,199
Self - insurance	746,874
Reserve for contingencies and emergencies	5,044,229
Death benefits	373,932
Circuit court	75,929
Arbitrage	101,649
Chamber improvements	90,647
Wicomico River Dredging	97,624
Rate stabilization	1,140,933
Health department	73,000
Offset for 2005 income tax windfall	907,165
Working capital, Detention Center vending	1,000
	<hr/>
	\$ 8,669,181

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

COMMITMENTS AND CONTINGENCIES

Wicomico County, Maryland

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

The County receives Federal and State grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, will not be significant to the County's financial statements.

The Wicomico County Urban Services Commission continues to abide by an expired contract with the City of Salisbury to purchase water and sewer supplied to a district. The Wicomico County Urban Services Commission is required to charge this district 150% of the City's standard rate and remit 80% of the billings to the City. Total collections and payments for the year ended June 30, 2005 were \$364,981. The Wicomico County Urban Services Commission also purchased services from the Town of Delmar for two other districts. Total collections and payments for the districts for 2005 were \$45,780.

In February 2002, the Wicomico County Urban Services Commission established a lighting district in the Westwood/Westover Hills area. The cost of power is borne by Delmarva Power which then bills the Commission on a monthly basis. The Commission then bills the property owners.

Wicomico Nursing Home

The Wicomico Nursing Home (the "Facility") was built with the financial assistance of a grant under the Hill – Burton Program (Public Health Service Act). Federal regulations governing this program provide that the Wicomico Nursing Home must budget for the support of, and make available, uncompensated services to eligible persons meeting predefined criteria as stipulated by regulation. The Facility's cumulative obligation for uncompensated services, as determined by the Department of Health and Human Services (DHHS), is carried forward each year and is adjusted by the change in the Consumer Price Index (CPI) for medical care.

Correspondence has been received from DHHS stating that the Wicomico Nursing Home has a deficit for uncompensated services. The amount of the cumulative deficit, as determined by the DHHS and adjusted for the CPI through June 30, 2005, is approximately \$447,593. In the opinion of management, the Wicomico Nursing Home is financially unable to fulfill its uncompensated services obligation through the provision of the Hill-Burton services.

Based on a recent review of compliance that was conducted by the DHHS, the Facility was encouraged to request that its deficit obligation be converted to a period of time under the unrestricted availability compliance alternative (UACA) provision of the Hill-Burton regulations. This conversion would require that the Facility continue to make available uncompensated services to eligible persons, but that the obligation would have an expiration date. In March 2003, the DHHS approved the request by providing notification that it had certified that the Facility could operate under the UACA to the Hill-Burton uncompensated services regulations. As a result of the "deficit to time" conversion calculation, the Facility's new Hill-Burton uncompensated services obligation expires on September 2, 2011.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

COMMITMENTS AND CONTINGENCIES (Continued)

Wicomico Nursing Home (Continued)

Based on the historical record of the Facility's inability to fulfill the uncompensated services obligation and considering the expiration date, no accrual has been made on these financial statements to reflect this contingent liability.

The Board of Education of Wicomico County

The Board is a defendant in various lawsuits. Although the outcome of these claims is not presently determinable, the Board feels the resolution of these matters will not have a material effect on the financial condition of the Board.

The Board has signed contracts for the construction contract and architectural fees for North Salisbury Elementary in the amount of \$15,564,317. At June 30, 2005, \$7,326,878 had been expended on architectural and construction management fees.

The Board has signed contracts for the construction contract and architectural fees for Willards Elementary four classroom addition in the amount of \$1,369,291. At June 30, 2005, \$1,075,003 had been expended on architectural and construction fees.

The Board has signed contract for the renovation of Wicomico County Early Learning Center in the amount of \$716,900. At June 30, 2005, \$0 had been expended on renovation fees.

The Wicomico County Free Library, Inc.

The Library receives a substantial amount of its support from the state government. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities.

The Library is the recipient of various Federal and State and other grants. The Library may be under obligation to repay these grant funds if upon final review by the respective granting agencies, the funds expended did not meet the established program objectives. Management is not aware of any repayment requests affecting these financial statements.

RISK MANAGEMENT

Wicomico County, Maryland

The Primary Government is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County carries commercial insurance for these and other risks of loss. Additionally, the County designates a portion of its unreserved fund balance for self-insurance for losses arising from vandalism, automobile damage, boiler replacement, and disability insurance. Settled claims resulting from these risks have not exceeded commercial insurance in the last three years.

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

RISK MANAGEMENT (Continued)

The Board of Education of Wicomico County

The Board of Education of Wicomico County is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In July 1995, the Board of Education of Wicomico County 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 of Education of Wicomico County pays an annual premium to the Fund 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 its casualty and/or property funds, this deficit may be made up from additional assessments of boards participating in the deficit fund. The Board of Education of Wicomico County continues to carry commercial insurance for other risks of loss, including general liability, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in the last three years.

The Wicomico County Free Library, Inc.

The Wicomico County Free Library, Inc. is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are primarily mitigated by coverage from commercial insurance companies. The Wicomico County Free Library, Inc. is essentially self-insured for purposes of funding unemployment claims, and earmarks a portion of the General Fund budget each year for potential claims.

As of June 30 of each year, expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The Library anticipates no additional liabilities for potential claims against the Library as of June 30, 2005. Therefore the Statement of Net Assets contains no provision for, and it also does not present, estimated claims. There were no unemployment claims for the year ended June 30, 2005.

There have been no significant reductions in commercial insurance coverage as compared with the coverage for the previous year. There were no settlements that exceeded insurance coverage in any of the past three years.

The Wicomico County Urban Services Commission

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters. Wicomico County, Maryland carries commercial insurance for these and other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance in the last three years.

CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities and equipment deemed to be in the public interest. The bonds are secured by the

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CONDUIT DEBT OBLIGATIONS (Continued)

property financed and are payable solely from revenues to be received in connection with the financing and from any other monies made available to the user for such purposes. Upon repayment of the bonds, ownership of the acquired facilities and equipment transfers to the private - sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

PRIOR PERIOD ADJUSTMENTS

Fund equity at June 30, 2004 has been restated for the governmental funds as follows:

	General Fund	Grants Funds	Capital Projects	Roads	Other Governmental Funds	Total Governmental Funds
Fund equity at June 30,2004 as previously reported	\$ 16,930,070	\$ 869,237	\$ 19,354,651	\$ 3,219,239	\$ 989,140	\$ 41,362,337
Correction to prepaid insurance	199,326	-	-	-	-	199,326
Record 401(k) match to proper year	(83,531)	-	-	-	-	(83,531)
Reclassification of Electrical Board to an Enterprise Fund	(46,029)	-	-	-	-	(46,029)
Reclassification of health department reserve	22,896	-	-	-	-	22,896
(Over) under accrual of accounts receivable	(9,542)	-	-	-	-	(9,542)
Transfer of compensated absences	(32,810)	137,502	-	-	-	104,692
Reverse accounts payable which were expensed in a prior year	-	-	-	19,130	34,146	53,276
Transfer of personnel costs from grants funds	34,257	34,527	-	-	-	68,784
Other adjustments	7,140	2,377	1	-	(708)	8,810
Fund equity at June 30,2004 as restated	<u>\$ 17,021,777</u>	<u>\$ 1,043,643</u>	<u>\$ 19,354,652</u>	<u>\$ 3,238,369</u>	<u>\$ 1,022,578</u>	<u>\$ 41,681,019</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

PRIOR PERIOD ADJUSTMENTS (Continued)

Fund equity at June 30, 2004 has been restated for the enterprise funds as follows:

	Solid Waste	Airport	Nursing Home	Drill Academy	Urban Services & Other Funds	Total Enterprise Funds
Fund equity at June 30, 2004 as previously reported	\$ 11,231,240	\$ 16,389,658	\$ 1,979,065	\$ 1,113,633	\$ 1,590,280	\$ 32,303,876
Reclassification of reserve	-	-	-	63,660	-	63,660
Reclassification of Convention, & Visitors Bureau to an Enterprise fund						
Record beginning prepaid expenses	-	-	-	-	35,206	35,206
Record beginning fixed assets	-	-	-	-	498,203	498,203
Record beginning debt & other liabilities	-	-	-	-	(188,227)	(188,227)
Reclassification of Electrical Board to an Enterprise fund						
Beginning fund balance	-	-	-	-	46,028	46,028
Reallocation of debt service from General Fund (recorded at government-wide level only for General Fund purposes)	(1,262,787)	(250,271)	-	-	-	(1,513,058)
Reclassify insurance proceeds	47,325	-	-	-	-	47,325
Fund equity at June 30, 2004 as restated	<u>\$ 10,015,778</u>	<u>\$ 16,139,387</u>	<u>\$ 1,979,065</u>	<u>\$ 1,177,293</u>	<u>\$ 1,981,490</u>	<u>\$ 31,293,013</u>

Total net assets at June 30, 2004 have been restated for the governmental and business type activities in the government-wide financial statements as follows:

	Governmental Activities	Business-Type Activities
Net assets at June 30, 2004 as previously reported	\$ 50,547,137	\$ 32,303,876
Net changes to governmental funds (on previous page)	318,682	
Additional capitalization of fixed assets	23,269	
Reclassification of reserve		63,660
Reallocation of debt service from governmental to business-type activities	1,513,058	(1,513,058)
Reclassification of Convention & Visitors Bureau to an Enterprise Fund	(348,575)	345,182
Reclassification of Electrical Board to an Enterprise Fund		46,028
Reclassify insurance proceeds		47,325
Fund equity at June 30, 2004 as restated	<u>\$ 52,053,571</u>	<u>\$ 31,293,013</u>

WICOMICO COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SEGMENTS OF ENTERPRISE ACTIVITIES

Services designed to be financed through user charges by the Reporting Entity include solid waste disposal, airport services, water and sewer services, a nursing home, a drill academy. The Convention and Visitors Bureau is financed through a hotel/motel room tax. Key financial data for these services as of and for the year ended June 30, 2005 are as follows:

	Enterprise Funds			
	<u>Solid Waste</u>	<u>Airport</u>	<u>Nursing Home</u>	<u>Drill Academy</u>
CONDENSED STATEMENT OF NET ASSETS				
Assets				
Due from other funds	\$ 1,051,877	\$ -	\$ -	\$ 29,994
Other current assets	11,217,200	2,015,345	2,298,278	-
Capital assets	6,111,119	15,880,226	2,519,729	1,885,444
Other assets	-	-	-	-
Total assets	<u>18,380,196</u>	<u>17,895,571</u>	<u>4,818,007</u>	<u>1,915,438</u>
Liabilities				
Due to other funds	-	-	-	792,517
Other current liabilities	778,804	610,702	1,005,791	131,047
Non-current liabilities	6,376,795	239,971	1,542,968	257,907
Total liabilities	<u>7,155,599</u>	<u>850,673</u>	<u>2,548,759</u>	<u>1,181,471</u>
Net assets				
Invested in capital assets, net of related debt	4,198,021	15,645,645	860,285	1,568,475
Restricted for debt service	-	-	-	-
Restricted for other purposes	-	-	-	-
Unrestricted	7,026,576	1,399,253	1,408,963	(834,508)
Total net assets	<u>\$ 11,224,597</u>	<u>\$ 17,044,898</u>	<u>\$ 2,269,248</u>	<u>\$ 733,967</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS				
Operating revenues	\$ 6,505,649	\$ 857,265	\$ 6,719,188	\$ 715,598
Depreciation	1,453,272	1,337,720	143,972	42,849
Other operating expenses	3,914,713	743,976	6,250,653	1,121,089
Operating income (loss)	<u>1,137,664</u>	<u>(1,224,431)</u>	<u>324,563</u>	<u>(448,340)</u>
Non-operating revenues (expenses)				
Interest and investment revenue	201,249	8,608	16,100	-
Operating grants and contributions	-	1,976,018	-	-
Interest expense	(124,866)	(12,844)	(65,418)	(14,986)
Other non-operating revenues (expenses), net	(8,868)	167,895	14,938	20,000
Capital contributions, transfers, and special items	3,640	(9,735)	-	-
Change in net assets	<u>1,208,819</u>	<u>905,511</u>	<u>290,183</u>	<u>(443,326)</u>
Total net assets, as restated - beginning	<u>10,015,778</u>	<u>16,139,387</u>	<u>1,979,065</u>	<u>1,177,293</u>
Total net assets - ending	<u>\$ 11,224,597</u>	<u>\$ 17,044,898</u>	<u>\$ 2,269,248</u>	<u>\$ 733,967</u>
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by:				
Operating activities	\$ 3,158,605	\$ 535,441	\$ 667,266	\$ (254,821)
Noncapital financing activities	185,569	-	-	306,848
Capital and related financing activities	(1,335,303)	214,283	(396,055)	(72,027)
Investing activities	192,381	8,608	31,038	20,000
Net increase (decrease)	<u>2,201,252</u>	<u>758,332</u>	<u>302,249</u>	<u>-</u>
Cash and cash equivalents at beginning of year	<u>8,470,478</u>	<u>536,800</u>	<u>1,117,023</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 10,671,730</u>	<u>\$ 1,295,132</u>	<u>\$ 1,419,272</u>	<u>\$ -</u>

<u>Urban Services</u>	<u>Convention & Visitors Bureau</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ 47,946	\$ 192,382	\$ 75,593	\$ 1,397,792
1,277,788	95,650	9,396	16,913,657
453,094	483,063	-	27,332,675
95,000	-	-	95,000
<u>1,873,828</u>	<u>771,095</u>	<u>84,989</u>	<u>45,739,124</u>
79,096	-	1,036	872,649
139,156	55,197	4,148	2,724,845
55,000	142,018	-	8,614,659
<u>273,252</u>	<u>197,215</u>	<u>5,184</u>	<u>12,212,153</u>
358,094	-	-	22,630,520
222,789	-	-	222,789
83,595	-	-	83,595
936,098	573,880	79,805	10,590,067
<u>\$ 1,600,576</u>	<u>\$ 573,880</u>	<u>\$ 79,805</u>	<u>\$ 33,526,971</u>
\$ 435,174	\$ 46,803	\$ 43,880	\$ 15,323,557
42,055	15,140	-	3,035,008
411,483	567,231	44,067	13,053,212
<u>(18,364)</u>	<u>(535,568)</u>	<u>(187)</u>	<u>(764,663)</u>
24,083	-	-	250,040
-	25,950	-	2,001,968
(16,578)	(9,239)	-	(243,931)
11,989	654,801	-	860,755
43,130	92,754	-	129,789
44,260	228,698	(187)	2,233,958
1,556,316	345,182	79,992	31,293,013
<u>\$ 1,600,576</u>	<u>\$ 573,880</u>	<u>\$ 79,805</u>	<u>\$ 33,526,971</u>
\$ 17,683	\$ (474,601)	\$ 3,961	\$ 3,653,534
(719)	(99,628)	5,435	397,505
(61,578)	15,078	-	(1,635,602)
36,072	559,351	-	847,450
(8,542)	200	9,396	3,262,887
1,228,625	-	-	11,352,926
<u>\$ 1,220,083</u>	<u>\$ 200</u>	<u>\$ 9,396</u>	<u>\$ 14,615,813</u>

REQUIRED SUPPLEMENTARY
INFORMATION

**WICOMICO COUNTY, MARYLAND
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 50,220,173	\$ 50,220,173	\$ 51,123,121	\$ 902,948
Income taxes	32,900,000	32,900,000	38,333,958	5,433,958
Other taxes	4,290,992	4,290,992	6,858,060	2,567,068
Licenses and permits	944,985	944,985	1,176,143	231,158
Intergovernmental	4,408,644	4,408,644	3,768,098	(640,546)
Charges for services	8,020,894	8,020,894	7,365,494	(655,400)
Court fines and forfeitures	110,000	110,000	587,823	477,823
Miscellaneous	146,823	146,823	601,390	454,567
Investment earnings	275,000	275,000	947,635	672,635
Total revenues	<u>101,317,511</u>	<u>101,317,511</u>	<u>110,761,722</u>	<u>9,444,211</u>
EXPENDITURES				
General government				
Legislative and executive	<u>537,906</u>	<u>586,770</u>	<u>538,055</u>	<u>48,715</u>
Judicial				
Circuit Court	784,325	859,495	804,007	55,488
Orphans' Court	20,379	20,379	20,092	287
State's Attorney	1,184,795	1,217,742	1,217,742	-
Total Judicial	<u>1,989,499</u>	<u>2,097,616</u>	<u>2,041,841</u>	<u>55,775</u>
Elections	<u>520,541</u>	<u>520,541</u>	<u>425,396</u>	<u>95,145</u>
Management information systems	<u>347,475</u>	<u>358,985</u>	<u>325,480</u>	<u>33,505</u>
Financial administration				
Finance	900,703	837,379	756,650	80,729
Public Accountant	55,500	57,400	50,676	6,724
Purchasing	98,452	98,452	96,916	1,536
Total financial administration	<u>1,054,655</u>	<u>993,231</u>	<u>904,242</u>	<u>88,989</u>
Human resources	<u>130,348</u>	<u>260,605</u>	<u>235,253</u>	<u>25,352</u>
Legal	<u>211,000</u>	<u>261,634</u>	<u>261,634</u>	<u>-</u>

WICOMICO COUNTY, MARYLAND
 BUDGET AND ACTUAL (WITH VARIANCES)
 GENERAL FUND
 YEAR ENDED JUNE 30, 2005
 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES (Continued)				
General government (continued)				
Community promotion				
Tourism and convention	25,395	25,395	17,297	8,098
Other	215,024	215,024	215,024	-
Total community promotion	<u>240,419</u>	<u>240,419</u>	<u>232,321</u>	<u>8,098</u>
Planning and zoning	<u>831,518</u>	<u>937,562</u>	<u>797,831</u>	<u>139,731</u>
Tri county council	<u>184,793</u>	<u>184,793</u>	<u>184,793</u>	<u>-</u>
General services	<u>687,380</u>	<u>708,341</u>	<u>678,068</u>	<u>30,273</u>
County buildings				
Courthouse	-	3,664	117	3,547
Government office building	-	1,780	-	1,780
Other government buildings	-	1,033	-	1,033
Total County buildings	<u>-</u>	<u>6,477</u>	<u>117</u>	<u>6,360</u>
Total general government	<u>6,735,534</u>	<u>7,156,974</u>	<u>6,625,031</u>	<u>531,943</u>
Public safety				
Sheriff's Department	6,559,100	6,702,365	5,373,076	1,329,289
School Crossing Guards	69,344	69,344	42,192	27,152
Fire Department	4,381,262	4,399,797	4,213,104	186,693
Liquor License Board	144,751	144,751	144,064	687
Protection of animals	<u>204,799</u>	<u>204,799</u>	<u>204,799</u>	<u>-</u>
Total public safety	<u>11,359,256</u>	<u>11,521,056</u>	<u>9,977,235</u>	<u>1,543,821</u>
Detention Center	<u>8,717,023</u>	<u>9,036,913</u>	<u>8,822,832</u>	<u>214,081</u>
Public works				
Supervision	500,513	500,513	497,768	2,745
Weed control	3,500	3,500	2,306	1,194
Sanitation, water and sewer	<u>180,586</u>	<u>180,586</u>	<u>180,586</u>	<u>-</u>
Total public works	<u>684,599</u>	<u>684,599</u>	<u>680,660</u>	<u>3,939</u>

WICOMICO COUNTY, MARYLAND
 BUDGET AND ACTUAL (WITH VARIANCES)
 GENERAL FUND
 YEAR ENDED JUNE 30, 2005
 (Continued)

EXPENDITURES (Continued)	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Favorable (Unfavorable)
Health				
Public Health	2,166,640	2,172,432	2,171,859	573
Mosquito control	95,000	92,912	86,130	6,782
Gypsy Moth control	3,500	3,500	2,524	976
Total health	2,265,140	2,268,844	2,260,513	8,331
Social services	83,863	83,863	83,863	-
Education				
Board of Education	6,583,427	6,583,427	6,519,605	63,822
School Building Comm	1,500	1,042	344	698
Community College - grant	2,712,593	2,712,593	2,712,593	-
Extension Service	90,655	90,655	90,530	125
Total education	9,388,175	9,387,717	9,323,072	64,645
Recreation and culture				
Department of Recreation and Parks	1,507,746	1,527,077	1,476,732	50,345
Wicomico Youth and Civic Center	2,864,816	2,973,623	2,821,239	152,384
Convention and Visitors Bureau	-	8,435	-	8,435
Total recreation and culture	4,372,562	4,509,135	4,297,971	211,164
Miscellaneous				
Social Security	1,360,401	1,294,566	1,294,566	-
Funded retirement plan	1,986,036	2,462,683	2,462,683	-
Provision for compensated absences	-	-	5,422	(5,422)
Hospitalization	2,604,888	3,159,741	3,159,741	-
Disability	72,796	53,566	53,566	-
Unemployment compensation	40,560	98,482	98,482	-
Death benefit sinking	80,000	58,657	58,657	-
Blood bank	1,150	-	-	-
Workers' compensation	596,700	477,721	477,721	-
Liability insurance	775,000	521,085	508,206	12,879
Total miscellaneous	7,517,531	8,126,501	8,119,044	7,457

WICOMICO COUNTY, MARYLAND
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
YEAR ENDED JUNE 30, 2005
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES (Continued)				
Debt Service				
Principal	2,176,191	2,181,799	2,181,799	-
Interest	872,433	860,321	860,321	-
Agent fees	35,000	46,055	46,055	-
Total debt service	<u>3,083,624</u>	<u>3,088,175</u>	<u>3,088,175</u>	<u>-</u>
Total expenditures	<u>54,207,307</u>	<u>55,863,777</u>	<u>53,278,396</u>	<u>2,585,381</u>
Excess of revenues over expenditures	<u>47,110,204</u>	<u>45,453,734</u>	<u>57,483,326</u>	<u>12,029,592</u>
OTHER FINANCING SOURCES (USES)				
Other source	32,283	32,283	40,577	8,294
Transfers in	171,342	171,342	183,942	12,600
Transfers out	(47,396,479)	(47,764,294)	(48,134,191)	(369,897)
Appropriations of fund equity	1,232,650	2,182,547	-	(2,182,547)
Other uses	(1,150,000)	(75,612)	-	75,612
Total other financing uses	<u>(47,110,204)</u>	<u>(45,453,734)</u>	<u>(47,909,672)</u>	<u>(2,455,938)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,573,654</u>	<u>\$ 9,573,654</u>

WICOMICO COUNTY, MARYLAND
SCHEDULE OF PENSION PLAN FUNDING PROGRESS
JUNE 30, 2005

<u>Date of Actuarial Report</u>	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Net Assets Expressed as Percentage AAL</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation as a percentage of covered Payroll</u>
7/1/1995	\$ 5,105,675	\$ 5,927,547	\$ 821,872	86.13%	\$ 4,701,095	17.48%
7/1/1996	5,753,119	7,754,617	2,001,498	74.19%	4,767,724	41.98%
7/1/1997	6,680,501	8,675,866	1,995,365	77.00%	6,351,914	31.41%
7/1/1998	7,421,560	13,133,300	5,711,740	56.51%	7,751,167	73.69%
7/1/1999	8,459,699	14,129,784	5,670,085	59.87%	9,725,665	58.30%
7/1/2000	8,863,400	15,654,123	6,790,723	56.62%	9,582,409	70.87%
7/1/2001	10,877,778	17,633,377	6,755,599	61.69%	12,301,827	54.92%
7/1/2002	11,413,790	20,085,761	8,671,971	56.83%	13,695,865	63.32%
7/1/2003	13,161,165	22,103,272	8,942,107	59.54%	15,822,985	56.51%
7/1/2004	16,427,909	24,322,330	7,894,421	67.54%	17,541,485	49.89%

SUPPLEMENTARY INFORMATION

WICOMICO COUNTY, MARYLAND
REVENUE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Real and personal property taxes			
Real property	\$ 42,103,041	\$ 42,513,619	\$ 410,578
Railroads and public utilities	3,542,365	3,337,877	(204,488)
Ordinary business corporations	8,183,976	8,530,226	346,250
	<u>53,829,382</u>	<u>54,381,722</u>	<u>552,340</u>
Interest on delinquent taxes	250,000	394,017	144,017
	<u>54,079,382</u>	<u>54,775,739</u>	<u>696,357</u>
Manufacturing exemptions	(2,800,000)	(2,074,037)	725,963
Amount due subdivision (financial tax)	(21,209)	(21,209)	-
Net additions and abatements	(270,000)	(324,187)	(54,187)
Tax credits	(123,000)	(195,590)	(72,590)
Deferred and uncollected taxes	(320,000)	(713,801)	(393,801)
Discounts allowed	(325,000)	(323,794)	1,206
Total real and personal property taxes	<u>50,220,173</u>	<u>51,123,121</u>	<u>902,948</u>
Income taxes	<u>32,900,000</u>	<u>38,333,958</u>	<u>5,433,958</u>
Other taxes			
Hotel and motel room tax	8,200	10,765	2,565
Admission and amusement	200,000	250,828	50,828
Recordation tax	3,300,000	5,721,406	2,421,406
911 telephone surcharge tax	522,792	571,776	48,984
Trailer park	260,000	303,285	43,285
Total other taxes	<u>4,290,992</u>	<u>6,858,060</u>	<u>2,567,068</u>
Total taxes	<u>87,411,165</u>	<u>96,315,139</u>	<u>8,903,974</u>
Licenses and permits			
Alcoholic beverages	160,485	152,965	(7,520)
Amusement	5,000	8,458	3,458
Traders	60,000	73,839	13,839
Animal	-	1,560	1,560
Building, equipment and electrical	235,000	328,237	93,237
Marriage	20,000	23,500	3,500
Cable TV franchise	460,000	582,139	122,139
Other	4,500	5,445	945
Total licenses and permits	<u>944,985</u>	<u>1,176,143</u>	<u>231,158</u>

WICOMICO COUNTY, MARYLAND
REVENUE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005
(Continued)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Intergovernmental			
General government - states' attorney office	-	52,927	52,927
General government - circuit courts	42,000	30,325	(11,675)
Public safety - police	1,241,317	1,015,738	(225,579)
Public safety - emergency management	604,752	43,286	(561,466)
Public safety - detention center	-	16,053	16,053
Public health	51,445	89,162	37,717
Parks, recreation and culture - Waterway Improvement	21,500	18,521	(2,979)
Conservation of natural resources - Chesapeake Bay Critical Areas	-	36,357	36,357
Environmental planning	104,580	68,366	(36,214)
Liquor board	386,050	386,050	-
Disparity grant	1,957,000	1,957,309	309
Payments in lieu of taxes	-	54,004	54,004
Total intergovernmental	4,408,644	3,768,098	(640,546)
Service charges and fees			
Zoning and subdivision fees	107,000	170,773	63,773
General service charges	3,500	8,399	4,899
Urban Services - administrative fee	54,000	54,000	-
City of Salisbury - share of building expenses	61,143	65,846	4,703
City of Salisbury - shared Planning & Zoning expenses	150,000	150,000	-
State's attorney	45,000	66,165	21,165
Sheriff's fees	1,757,985	320,569	(1,437,416)
Sheriff's services - Board of Education	72,864	74,030	1,166
Fire safety fees	100,000	228,137	128,137
Detention Center - local charges	340,198	408,018	67,820
Detention Center - reimbursement for inmates	2,539,015	2,908,175	369,160
Health - mosquito control fees	80,000	69,447	(10,553)
Recreation program fees	40,123	45,847	5,724
Youth and Civic Center rental	84,800	84,800	-
Youth and Civic Center concession and catering revenue	362,208	444,916	82,708
Youth and Civic Center event revenue	1,866,208	1,934,919	68,711
Youth and Civic Center non-event revenue	356,850	318,437	(38,413)
Miscellaneous fees, rentals and sales	-	13,016	13,016
Total service charges and fees	8,020,894	7,365,494	(655,400)

WICOMICO COUNTY, MARYLAND
REVENUE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005
 (Continued)

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Court fines and forfeitures	<u>110,000</u>	<u>587,823</u>	<u>477,823</u>
Miscellaneous	<u>146,823</u>	<u>601,390</u>	<u>454,567</u>
Interest	<u>275,000</u>	<u>947,635</u>	<u>672,635</u>
Total revenues	<u>\$ 101,317,511</u>	<u>\$ 110,761,722</u>	<u>\$ 9,444,211</u>

WICOMICO COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
General government			
Legislative and executive			
Salaries - County Council	\$ 115,797	\$ 115,797	\$ -
Council travel	10,000	8,433	1,567
Salaries - general	309,521	302,984	6,537
Advertising	65,571	58,163	7,408
Travel	3,000	2,005	995
Operating expenditures	61,086	28,878	32,208
Capital outlay	21,795	21,795	-
Total legislative and executive	<u>586,770</u>	<u>538,055</u>	<u>48,715</u>
Judicial			
Circuit Court			
Salaries - general	355,623	355,623	-
Salaries - court stenographer	153,579	153,579	-
Salaries - law clerk	27,944	27,944	-
Salaries - board members	43,211	30,446	12,765
Grand jury and jurors	139,100	139,100	-
Operating expenditures	46,186	41,549	4,637
Stenographer expenditures	19,545	19,545	-
Capital outlay	74,307	36,221	38,086
Total Circuit Court	<u>859,495</u>	<u>804,007</u>	<u>55,488</u>
Orphans' Court			
Salaries - general	9,600	9,600	-
Retirement	1,536	1,536	-
Operating expenditures	9,243	8,956	287
Total Orphans' Court	<u>20,379</u>	<u>20,092</u>	<u>287</u>
State's Attorney			
Salaries - general	1,005,143	1,005,143	-
Salaries - attorneys	100,985	100,985	-
Operating expenditures	88,904	88,904	-
Capital outlay	22,710	22,710	-
Total State's Attorney	<u>1,217,742</u>	<u>1,217,742</u>	<u>-</u>
Total judicial	<u>2,097,616</u>	<u>2,041,841</u>	<u>55,775</u>
Elections			
Salaries - general	221,927	198,770	23,157
Retirement	12,000	7,317	4,683
Health insurance	25,000	22,259	2,741
Operating expenditures	170,474	147,105	23,369
Capital outlay	91,140	49,945	41,195
Total elections	<u>520,541</u>	<u>425,396</u>	<u>95,145</u>

WICOMICO COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005
(Continued)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
General government (Continued)			
Management information systems			
Salaries - general	189,375	175,756	13,619
Operating expenditures	113,600	97,873	15,727
Capital outlay	56,010	51,851	4,159
Total management information systems	<u>358,985</u>	<u>325,480</u>	<u>33,505</u>
Financial administration			
Finance			
Salaries - general	626,693	598,476	28,217
Operating expenditures	190,343	137,921	52,422
Capital outlay	20,343	20,253	90
Total finance	<u>837,379</u>	<u>756,650</u>	<u>80,729</u>
Public Accountant			
Auditors' services	42,400	42,400	-
Special services	15,000	8,276	6,724
Total public accountant	<u>57,400</u>	<u>50,676</u>	<u>6,724</u>
Purchasing			
Salaries - general	86,059	86,059	-
Operating expenditures	8,243	6,830	1,413
Capital outlay	4,150	4,027	123
Total purchasing	<u>98,452</u>	<u>96,916</u>	<u>1,536</u>
Total financial administration	<u>993,231</u>	<u>904,242</u>	<u>88,989</u>
Human resources			
Salaries - general	127,704	111,447	16,257
Operating expenditures	130,601	121,884	8,717
Capital outlay	2,300	1,922	378
Total human resources	<u>260,605</u>	<u>235,253</u>	<u>25,352</u>
Legal			
Salary - Attorney to the County Council	5,019	5,019	-
Operating expenditures	256,615	256,615	-
Total legal	<u>261,634</u>	<u>261,634</u>	<u>-</u>
Community promotion			
Tourism and convention			
Dues and subscriptions	15,500	15,038	462
Operating expenditures	9,895	2,259	7,636
Total community promotion - tourism	<u>25,395</u>	<u>17,297</u>	<u>8,098</u>
Other			
Economic Development	125,586	125,586	-
Community Access Channel	89,438	89,438	-
Total community promotion -other	<u>215,024</u>	<u>215,024</u>	<u>-</u>
Total community promotion	<u>240,419</u>	<u>232,321</u>	<u>8,098</u>

WICOMICO COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005
(Continued)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
General government (Continued)			
Planning and zoning			
Salaries	629,649	613,708	15,941
Operating expenditures	298,286	177,924	120,362
Capital outlay	9,627	6,199	3,428
Total planning and zoning	<u>937,562</u>	<u>797,831</u>	<u>139,731</u>
Tri County Council			
Operating expenditures	167,393	167,393	-
Capital outlay	17,400	17,400	-
Total Tri County Council	<u>184,793</u>	<u>184,793</u>	<u>-</u>
General services			
Salaries	243,080	243,080	-
Operating expenditures	465,261	434,988	30,273
Total general services	<u>708,341</u>	<u>678,068</u>	<u>30,273</u>
County buildings			
Courthouse			
Courthouse annex	2,336	-	2,336
Facilities expenditures	1,328	117	1,211
Total courthouse	<u>3,664</u>	<u>117</u>	<u>3,547</u>
Government office building			
Facilities expenditures	1,780	-	1,780
Other government buildings			
Public Safety Building	1,033	-	1,033
Total other government office buildings	<u>1,033</u>	<u>-</u>	<u>1,033</u>
Total County buildings	<u>6,477</u>	<u>117</u>	<u>6,360</u>
Total general government	<u>7,156,974</u>	<u>6,625,031</u>	<u>531,943</u>
Public safety			
Sheriff's Department			
Salary - Sheriff	80,000	79,885	115
Salaries - general	5,855,211	4,599,776	1,255,435
Operating expenditures	559,741	492,264	67,477
Capital outlay	207,413	201,151	6,262
Total Sheriff's Department	<u>6,702,365</u>	<u>5,373,076</u>	<u>1,329,289</u>
School Crossing Guards			
Salaries - general	69,344	42,192	27,152

WICOMICO COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005
(Continued)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Public safety (continued)			
Fire Department			
City of Salisbury contributions			
Ambulance	99,918	99,918	-
Fire Department	486,534	486,534	-
Emergency services			
Salaries - general	845,739	821,885	23,854
Operating expenditures	515,610	464,875	50,735
Capital outlay	38,996	27,651	11,345
Volunteer Ambulance	1,017,000	943,053	73,947
Volunteer Fire Companies			
Workers' compensation insurance	100,000	100,000	-
LOSAP committee	60,000	55,896	4,104
Grants	980,000	980,000	-
Sinking fund	224,000	224,000	-
Hepatitis vaccine	5,000	1,287	3,713
Respiratory protection	27,000	8,005	18,995
Total Fire Department	<u>4,399,797</u>	<u>4,213,104</u>	<u>186,693</u>
Liquor License Board			
Salaries - general	93,480	93,480	-
Salaries - Board members	12,444	12,444	-
Salaries - attorneys	6,029	6,029	-
Operating expenditures	32,798	32,111	687
Total Liquor License Board	<u>144,751</u>	<u>144,064</u>	<u>687</u>
Protection of animals			
Contractual services - Humane Society	204,799	204,799	-
Total public safety	<u>11,521,056</u>	<u>9,977,235</u>	<u>1,543,821</u>
Detention Center			
Salaries - general	5,557,672	5,527,452	30,220
Contract services	541,607	494,802	46,805
Hospitals, doctors and drugs	711,618	641,588	70,030
Contracted food services	675,580	675,580	-
Operating expenditures	684,708	630,614	54,094
Medical contractual	852,280	843,577	8,703
Pre-trial/home	1,000	-	1,000
Capital outlay	12,448	9,219	3,229
Total detention center	<u>9,036,913</u>	<u>8,822,832</u>	<u>214,081</u>

WICOMICO COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005
(Continued)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Public works			
Supervision			
Salaries - general	465,094	465,094	-
Operating expenditures	23,419	22,611	808
Capital outlay	12,000	10,063	1,937
Total supervision	<u>500,513</u>	<u>497,768</u>	<u>2,745</u>
Weed control			
Salaries - general	3,500	2,306	1,194
Total weed control	<u>3,500</u>	<u>2,306</u>	<u>1,194</u>
Sanitation, water and sewer			
Fruitland water and sewer	180,586	180,586	-
Total public works	<u>684,599</u>	<u>680,660</u>	<u>3,939</u>
Health			
Public Health			
Salaries - general	140,008	140,008	-
Operating expenditures	1,957,025	1,956,452	573
Non-matching	75,399	75,399	-
Total public health	<u>2,172,432</u>	<u>2,171,859</u>	<u>573</u>
Mosquito control			
Operating expenditures	92,912	86,130	6,782
Gypsy Moth control			
Operating expenditures	3,500	2,524	976
Total health	<u>2,268,844</u>	<u>2,260,513</u>	<u>8,331</u>
Social services			
Teen Adult Center - grant	61,363	61,363	-
Maintenance of Aged in Community - grant	10,000	10,000	-
Life Crisis Center - grant	12,500	12,500	-
Total social services	<u>83,863</u>	<u>83,863</u>	<u>-</u>

WICOMICO COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005
(Continued)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Education			
Board of Education			
Bond principal	4,391,646	4,391,646	-
Bond interest	2,191,781	2,127,959	63,822
Total Board of Education	<u>6,583,427</u>	<u>6,519,605</u>	<u>63,822</u>
School Building Comm	1,042	344	698
Community College - grant	<u>2,712,593</u>	<u>2,712,593</u>	-
Extension Service			
Operating expenditures	<u>90,655</u>	<u>90,530</u>	<u>125</u>
Total education	<u>9,387,717</u>	<u>9,323,072</u>	<u>64,645</u>
Recreation and culture			
Department of Recreation and Parks			
Salaries - general	1,101,109	1,093,321	7,788
Operating expenditures	409,264	366,768	42,496
Capital outlay	16,704	16,643	61
Total Department of Recreation and Parks	<u>1,527,077</u>	<u>1,476,732</u>	<u>50,345</u>
Wicomico Youth and Civic Center			
Salaries - general	699,040	689,204	9,836
Direct cost of events	495,767	438,193	57,574
Direct cost of catering and concessions	1,374,108	1,321,774	52,334
Operating expenditures	362,208	362,208	-
Capital outlay	42,500	9,860	32,640
Total Wicomico Youth and Civic Center	<u>2,973,623</u>	<u>2,821,239</u>	<u>152,384</u>
Convention and Visitors Bureau			
Operating expenditures	<u>8,435</u>	-	<u>8,435</u>
Total Convention and Visitors Bureau	<u>8,435</u>	-	<u>8,435</u>
Total recreation and culture	<u>4,509,135</u>	<u>4,297,971</u>	<u>211,164</u>
Miscellaneous			
Social Security	1,294,566	1,294,566	-
Funded retirement plan	2,462,683	2,462,683	-
Provision for compensated absences	-	5,422	(5,422)
Hospitalization	3,159,741	3,159,741	-
Disability	53,566	53,566	-
Unemployment compensation	98,482	98,482	-
Death benefit sinking	58,657	58,657	-

WICOMICO COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005
(Continued)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous (continued)			
Workers' compensation	477,721	477,721	-
Liability insurance	521,085	508,206	12,879
Total miscellaneous	<u>8,126,501</u>	<u>8,119,044</u>	<u>7,457</u>
Debt service			
Principal	2,181,799	2,181,799	-
Interest	860,321	860,321	-
Agent Fees	46,055	46,055	-
Total debt service	<u>3,088,175</u>	<u>3,088,175</u>	<u>-</u>
Total expenditures	<u>\$ 55,863,777</u>	<u>\$ 53,278,396</u>	<u>\$ 2,585,381</u>

WICOMICO COUNTY, MARYLAND
OTHER FINANCING SOURCES (USES) DETAIL
BUDGET AND ACTUAL—GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Notes receivable receipts	\$ 32,283	\$ 40,577	\$ 8,294
Operating transfers in			
Wicomico County Recreation Fund	171,342	183,942	12,600
Total operating transfers in	<u>171,342</u>	<u>183,942</u>	<u>12,600</u>
Operating transfers out			
Board of Education	(46,131,073)	(46,131,073)	-
Wicomico County Free Library	(1,271,021)	(1,271,021)	-
Wicomico County other	(362,200)	(732,097)	(369,897)
Total operating transfers out	<u>(47,764,294)</u>	<u>(48,134,191)</u>	<u>(369,897)</u>
Appropriations of fund equity			
Fund balance reappropriated	2,582,650	-	(2,582,650)
Supplemental fund equity appropriations	(400,103)	-	400,103
Total appropriations of fund equity	<u>2,182,547</u>	<u>-</u>	<u>(2,182,547)</u>
Other uses			
Contingency	(75,612)	-	75,612
Total other uses	<u>(75,612)</u>	<u>-</u>	<u>75,612</u>
 Total other financing uses	 <u>\$ (45,453,734)</u>	 <u>\$ (47,909,672)</u>	 <u>\$ (2,455,938)</u>

**WICOMICO COUNTY, MARYLAND
BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2005**

	<u>Recreation</u>	<u>Tax Ditches</u>	<u>Agricultural Tax</u>	<u>Total-Other Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 30,265	\$ 364,576	\$ -	\$ 394,841
Other receivables	12,730	710	-	13,440
Due from other funds	853,361	78,479	787,638	1,719,478
Inventories	21,206	-	-	21,206
Total assets	917,562	443,765	787,638	2,148,965
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	82,780	989	46,676	130,445
Accrued payroll	587	-	-	587
Due to other funds	41,259	-	-	41,259
Deferred revenue	250	467	740,962	741,679
Total liabilities	124,876	1,456	787,638	913,970
 Fund balances:				
Reserved for:				
Inventories	18,258	-	-	18,258
Encumbrances	7,074	-	-	7,074
Unreserved:				
Designated for:				
Fund purposes	767,354	442,309	-	1,209,663
Total fund balances	792,686	442,309	-	1,234,995
Total liabilities and fund balances	\$ 917,562	\$ 443,765	\$ 787,638	\$ 2,148,965

WICOMICO COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	<u>Recreation</u>	<u>Tax Ditches</u>	<u>Agricultural Tax</u>	<u>Total-Other Governmental Funds</u>
REVENUES				
Other taxes	\$ -	\$ 118,517	\$ 37,774	\$ 156,291
Intergovernmental	1,050	25,050	-	26,100
Charges for services	1,262,016	-	-	1,262,016
Miscellaneous	15,462	-	-	15,462
Investment earnings	8,958	8,700	-	17,658
Contributions and endowments	15,150	-	-	15,150
Total revenues	<u>1,302,636</u>	<u>152,267</u>	<u>37,774</u>	<u>1,492,677</u>
EXPENDITURES				
Public works	-	140,820	-	140,820
Recreation and culture	899,853	-	-	899,853
Principal	-	-	25,186	25,186
Interest and other charges	-	-	12,588	12,588
Total expenditures	<u>899,853</u>	<u>140,820</u>	<u>37,774</u>	<u>1,078,447</u>
Excess of revenues over expenditures	<u>402,783</u>	<u>11,447</u>	<u>-</u>	<u>414,230</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	27,772	-	-	27,772
Transfers out	<u>(229,585)</u>	<u>-</u>	<u>-</u>	<u>(229,585)</u>
Total other financing uses	<u>(201,813)</u>	<u>-</u>	<u>-</u>	<u>(201,813)</u>
SPECIAL ITEM				
Net change in fund balances	200,970	11,447	-	212,417
Fund balances - beginning	591,716	430,862	-	1,022,578
Fund balances - ending	<u>\$ 792,686</u>	<u>\$ 442,309</u>	<u>\$ -</u>	<u>\$ 1,234,995</u>

WICOMICO COUNTY, MARYLAND
SCHEDULE OF TAXES RECEIVABLE
JUNE 30, 2005

	Tax Rate	Total Assessed		Collected ²		Balance at June 30, 2005
		Value of Taxable Property	Tax Levy ¹	Amount	Percent	
Real Property Taxes						
Prior levies	Various	\$ -	\$ -	\$ -	-	\$ 83
1990-91	2.15	861,227,869	18,350,292	18,350,164	100.00	128
1991-92	2.15	928,996,867	19,802,836	19,802,681	100.00	155
1992-93	2.15	998,736,875	21,227,692	21,227,684	100.00	8
1993-94	2.15	1,044,268,544	22,243,382	22,243,374	100.00	8
1994-95	2.15	1,074,434,642	22,919,246	22,919,238	100.00	8
1995-96	2.25	1,099,409,172	24,571,773	24,571,538	100.00	235
1996-97	2.25	1,134,321,930	25,340,307	25,306,144	99.87	34,163
1997-98	2.25	1,172,423,636	26,253,912	26,220,024	99.87	33,888
1998-99	2.25	1,221,277,679	27,291,181	27,256,870	99.87	34,311
1999-00	2.25	1,277,373,284	28,596,715	28,560,777	99.87	35,938
2000-01	2.71	1,345,440,205	36,268,766	36,225,808	99.88	42,958
2001-02	1.07	3,504,860,271 ³	37,290,769	37,246,057	99.88	44,712
2002-03	1.047	3,678,558,438 ³	38,132,946	38,081,512	99.87	51,434
2003-04	1.041	3,864,962,665 ³	40,234,261	40,165,790	99.83	68,471
2004-05	1.025	4,142,852,149 ³	42,464,235	42,224,969	99.44	239,266
Personal Property Taxes						
1990-91	2.15	11,401,738	243,593	243,148	99.82	445
1991-92	2.15	11,296,346	240,202	239,775	99.82	427
1992-93	2.15	11,137,792	235,175	234,802	99.84	373
1993-94	2.15	11,574,840	245,034	244,760	99.89	274
1994-95	2.15	12,181,900	255,791	255,473	99.88	318
1995-96	2.25	12,724,760	271,466	267,612	98.58	3,854
1996-97	2.25	12,301,650	269,077	261,458	97.17	7,619
1997-98	2.25	11,762,810	255,579	249,752	97.72	5,827
1998-99	2.25	14,291,840	310,993	309,058	99.38	1,935
1999-00	2.25	11,959,239	257,501	255,224	99.12	2,277
2000-01	2.71	14,003,250	370,056	363,910	98.34	6,146
2001-02	2.675	10,527,470	264,908	257,201	97.09	7,707
2002-03	2.617	11,529,541	291,813	273,024	93.56	18,789
2003-04	2.603	14,274,106	334,008	303,427	90.84	30,581
2004-05	2.563	10,435,869	267,472	211,221	78.97	56,251
Corporate Taxes						
1994-95	2.15	269,832,392	5,747,374	5,747,134	100.00	240
1995-96	2.25	285,169,690	6,372,252	6,372,252	100.00	-
1996-97	2.25	296,956,153	6,621,022	6,615,640	99.92	5,382
1997-98	2.25	314,045,725	6,927,898	6,886,652	99.40	41,246
1998-99	2.25	312,868,950	7,002,275	6,972,677	99.58	29,598
1999-00	2.25	325,491,215	7,414,974	7,371,955	99.42	43,019
2000-01	2.71	354,541,620	9,862,706	9,737,804	98.73	124,902
2001-02	2.675	362,661,478	9,699,441	9,498,002	97.92	201,439
2002-03	2.617	365,407,250	9,523,898	9,301,490	97.66	222,408
2003-04	2.603	354,411,608	9,179,402	8,952,625	97.53	226,777
2004-05	2.563	370,065,278	9,440,259	8,573,125	90.81	867,134
Total Wicomico County Taxes Receivable						2,490,733
Due on behalf of the City of Salisbury						53,375
Total Taxes Receivable						\$ 2,544,108

Notes: ¹ Includes six months levy.

² Prior years levy and collections have been adjusted for subsequent additions, abatements and refunds.

³ Expressed as full year basis equivalent.

**WICOMICO COUNTY, MARYLAND
GENERAL FUND
ASSESSED VALUES AND DEBT RATIOS
FIVE YEARS ENDED JUNE 30, 2005**

Year Ended June 30,	Assessed Values ³				
	Real Property ⁴	Personal Property	Corporations		Total
			Ordinary	Railroads & Utilities	
2005	\$ 4,142,710,176	\$ 10,435,869	\$ 238,095,288	\$ 131,969,990	\$ 4,523,211,323
2004	3,864,962,677	14,274,106	217,906,748	137,590,220	4,234,733,751
2003	3,678,931,499	11,529,541	230,619,549	142,119,280	4,063,199,869
2002	3,504,943,673	10,527,470	231,463,567	143,944,820	3,890,879,530
2001	1,345,842,582	14,003,250	232,527,030	140,943,670	1,733,316,532

Notes:

- ¹ Includes general obligation bonds issued for school construction and general County capital improvement programs and State loans for airport improvements and industrial buildings. Debt service associated with the general obligation debt of the Solid Waste Landfill is included. Does not include debt of the Wicomico County Urban Services Commission which, although supported by the full faith and credit of the County, is excluded from the limitation by Article III, Section 310 of the Wicomico County Code. Also excluded are State loans for school construction which are deemed self-liquidating and likewise excluded from the limitation.
- ² Expenditures—General Fund including budgeted transfers out.
- ³ Assessed values for prior years have not been adjusted for subsequent additions, abatements, and refunds.
- ⁴ The legal debt limitation changed in 2002 to 3.2% of assessed value of real property plus 8% of assessed value of personal property. The assessable base of real property was valued at 100% starting in 2002, as opposed to 40% in previous years.

General Obligation Debt ¹	Ratio General Obligation Debt to Assessed Values	Legal Debt Limitation ⁴	Legal Debt Margin	Total General Obligation Debt Service	Total Expenditures General Fund ²	Ratio General Obligation Debt Service to Total Expenditures
\$ 76,161,912	1.68	\$ 163,006,818	\$ 86,844,906	\$ 10,491,322	\$ 101,412,587	10.35
74,517,597	1.76	153,260,492	78,742,895	10,544,053	98,731,701	10.68
74,432,658	1.83	148,467,278	74,034,620	10,950,332	97,161,229	11.27
74,842,539	1.92	143,033,066	68,190,527	12,179,629	94,407,097	12.90
75,577,688	4.37	138,292,838	62,715,150	10,881,293	90,783,958	11.99

WICOMICO COUNTY, MARYLAND
GENERAL FUND
PROPERTY TAX LEVIES AND COLLECTIONS
FIVE YEARS ENDED JUNE 30, 2005

Fiscal Year Ended June 30	Tax Rate		Assessable Base ²	Tax Levy ³	Current Collections	Percent of Levy Collected in Year of Levy
	County	State				
2005	\$ 1	\$ 0.33	\$ 4,523,263,296	\$ 52,171,966	\$ 51,009,315	97.77%
2004	1	0.33	4,233,598,341	49,782,534	49,266,939	98.96%
2003	1	0.21	4,063,608,942	48,155,060	47,479,231	98.60%
2002	1	0.21	3,892,470,823	47,339,489	46,657,532	98.56%
2001	2.71	0.21	1,728,660,470	46,653,305	45,956,864	98.51%

Notes:

- ¹ For the fiscal year ended June 30, 2005, the tax rate was \$1.025 for real estate taxes and \$2.563 for personal property and corporate taxes. The assessable base of real property was valued at 100% in 2002, 2003, 2004, and 2005 as opposed to 40% in previous years.
- ² Includes six month basis expressed as a full year equivalent.
- ³ Prior years tax levy and collections have not been adjusted for subsequent additions, abatements and refunds.
- ⁴ Collections are net of refunds.

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections⁴</u>	<u>Total Collections as a Percent of Current Levy</u>	<u>Outstanding Delinquent County Taxes</u>	<u>Outstanding Delinquent County Taxes as a Percent of Current Levy</u>
\$ 181,577	\$ 51,190,892	98.12%	\$ 2,490,733	4.77%
207,220	49,474,159	99.38%	1,598,513	3.21%
401,925	47,881,156	99.43%	1,546,538	3.21%
360,559	47,018,091	99.32%	1,913,511	4.04%
261,139	46,218,003	99.07%	2,023,662	4.34%

**WICOMICO COUNTY, MARYLAND
SUPPLEMENTARY DEBT INFORMATION
JUNE 30, 2005**

	Interest Rate
Governmental activities	
General obligation bonds	
Consolidated Public Improvement Bonds of 1993	4.0-5.0
Public Improvement Bonds of 1996	4.25-4.5
Public Improvement Bonds of 1997	3.75-5.0
Consolidated Public Improvement Bonds of 1998	3.5-5.0
Public Improvement Bonds of 1999	5.0-5.875
Public Improvement Bonds of 2001	4.0-4.9
Public Improvement Bonds of 2002	4.0-5.0
Public Improvement Bonds of 2002 "A"	3.62
Public Improvement Bonds of 2003 "B"	4.0
Public Improvement Bonds of 2003 "2 nd "	2.0-3.85
Public Improvement Bonds of 2004 "1 st "	3.25
Public Improvement Bonds of 2004 "2 nd "	2.5-3.5
General Obligation Bond 2004 Series	4.98
Public Improvement Bonds of 2005 "1 st "	3.9
Total general obligation bonds	
Maryland Water Quality loans	
Water Quality Bond of 1990, Series A	4.89
State loans	
Maryland Industrial and Commercial Redevelopment Fund Loan	5.50
Other loans	
City of Salisbury Inter-Agency Agreement	4.89
City of Fruitland Inter-Agency Agreement Water	5.00
City of Fruitland Inter-Agency Agreement Sewer	5.00
City of Fruitland Inter-Agency	6.10
Total Other loans	
Capital lease obligations	
*Police Telephone System	18.16
*Police Intercept Vehicles	4.05
Total Capital Lease Obligations	
Total Governmental activity long-term liabilities	

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Original Balance</u>	<u>June 30, 2005 Balance</u>
December 1, 1993	December 1, 2005	7,660,000	635,000
November 1, 1996	November 1, 2006	6,250,000	1,250,000
December 1, 1997	December 1, 2012	15,745,000	9,690,000
December 1, 1998	February 1, 2015	23,898,570	17,258,606
December 1, 1999	December 1, 2019	9,561,963	7,165,420
February 1, 2001	February 1, 2021	7,205,000	5,765,000
February 1, 2002	February 1, 2022	6,970,000	6,250,000
November 20, 2002	November 1, 2017	2,000,000	1,790,000
January 7, 2003	January 1, 2018	5,980,000	5,295,000
December 1, 2003	December 1, 2018	3,800,000	3,585,000
February 11, 2004	February 1, 2019	4,450,000	4,211,430
September 1, 2004	September 1, 2016	5,000,000	5,000,000
December 28, 2004	January 1, 2017	500,000	500,000
April 12, 2005	March 1, 2020	3,498,000	3,498,000
		<u>102,518,533</u>	<u>71,893,456</u>
March 21, 1990	March 21, 2012	<u>864,569</u>	<u>249,536</u>
September 19, 1994	September 19, 2014	<u>400,205</u>	<u>253,627</u>
March 21, 1990	March 21, 2012	76,146	23,252
December 2001	May 2, 2018	1,173,623	997,681
December 2001	January 1, 2011	342,000	243,000
December 2001	September 9, 2009	162,611	110,567
		<u>1,754,380</u>	<u>1,374,500</u>
February 15, 2001	January 15, 2006	30,536	5,606
July 21, 2004	July 21, 2006	409,760	267,716
		<u>440,296</u>	<u>273,322</u>
		<u>105,977,983</u>	<u>74,044,441</u>

WICOMICO COUNTY, MARYLAND
 SUPPLEMENTARY DEBT INFORMATION
 JUNE 30, 2005
 (Continued)

	Interest Rate
Business-type activities	
General obligation bonds	
Consolidated Public Improvement Bonds of 1998	3.5-5.0
Public Improvement Bonds of 1999	5.0-5.875
Drill Academy 2002	3.54
Total General obligation bonds	
Revenue bonds	
*Urban Services District Bonds of 1976	6.0-6.25
*Urban Services Commission Bonds of 1979	6.5-7.0
Total Revenue bonds	
Maryland Water Quality loans	
Water Quality Bond of 1990, Series A	4.89
Water Quality Bond of 1994	3.46
Total Maryland Water Quality loans	
Mortgage payable	
Nursing Home	4.36
Capital lease obligations	
*Caterpillar Financial Service Corporation Track Loader	6.15
*Caterpillar Financial Service Corporation Crawler with Dozer	6.15
*Compactor	6.15
*Caterpillar Financial Service Corporation Wheel Loader	6.15
*Excavator	4.57
*Caterpillar Financial Service Corporation 938G Wheel Loader	3.925
Total Capital lease obligations	
Total Business-type activity long-term liabilities	
Less: Nursing Home	
Total Business-type activity long-term liabilities, primary government	
Total debt, primary government	
* Debt not subject to limitation	
Debt subject to limitation	

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Original Balance</u>	<u>June 30, 2005 Balance</u>
December 1, 1998	February 1, 2015	1,336,430	1,381,394
December 1, 1999	December 1, 2019	313,037	234,580
December 30, 2002	July 1, 2009	430,000	316,968
		<u>2,079,467</u>	<u>1,932,942</u>
October 1, 1976	October 1, 2006	430,000	60,000
January 1, 1979	January 1, 2009	315,000	35,000
		<u>745,000</u>	<u>95,000</u>
March 21, 1990	March 21, 2012	500,000	144,295
October 31, 1994	February 1, 2007	1,881,327	313,556
		<u>2,381,327</u>	<u>457,851</u>
April 1, 1999	October 1, 2004	<u>2,180,000</u>	<u>1,659,444</u>
September 18, 2000	September 18, 2005	89,995	5,184
September 18, 2000	September 18, 2005	132,594	7,640
November 13, 2000	November 13, 2005	309,519	29,572
September 7, 2000	September 7, 2005	38,515	2,219
March 15, 2002	June 15, 2007	258,431	107,621
January 31, 2003	February 17, 2008	93,283	50,567
		<u>922,337</u>	<u>202,803</u>
		8,308,131	4,348,040
		<u>(2,180,000)</u>	<u>(1,659,444)</u>
		<u>6,128,131</u>	<u>2,688,596</u>
		112,106,114	76,733,037
		<u>(2,107,633)</u>	<u>(571,125)</u>
		<u>\$ 109,998,481</u>	<u>\$ 76,161,912</u>

WICOMICO COUNTY, MARYLAND
 SUPPLEMENTARY DEBT INFORMATION
 JUNE 30, 2005
 (Continued)

The annual debt service requirements (principal and interest) of the Primary Government for general obligation bonds, state loans, other loans, and revenue bonds are as follows:

Fiscal Year Ending June 30	General Obligation Bonds	State Loans	Other Loans	Total Debt Service on Debt Subject to Limitation
2006	\$ 10,272,096	\$ 35,167	\$ 184,059	\$ 10,491,322
2007	9,489,545	35,167	184,259	9,708,971
2008	8,594,520	35,167	184,359	8,814,046
2009	8,487,861	35,167	183,360	8,706,388
2010	8,387,397	35,167	183,310	8,605,874
2011	8,219,245	35,166	156,778	8,411,189
2012	8,121,000	35,167	109,528	8,265,695
2013	7,956,357	35,167	105,304	8,096,828
2014	4,760,114	35,167	105,304	4,900,585
2015	4,663,308	8,792	105,304	4,777,404
2016	3,809,451	-	105,304	3,914,755
2017	3,760,007	-	105,304	3,865,311
2018	3,241,819	-	105,102	3,346,921
2019	2,497,133	-	-	2,497,133
2020	1,756,908	-	-	1,756,908
2021	926,335	-	-	926,335
2022	549,938	-	-	549,938
Total	95,493,034	325,294	1,817,275	97,635,603
Less interest	20,959,249	71,667	442,775	21,473,691
Outstanding principal	<u>\$ 74,533,785</u>	<u>\$ 253,627</u>	<u>\$ 1,374,500</u>	<u>\$ 76,161,912</u>

	Revenue	Total Debt
	Bonds	Service
	\$ 45,158	\$ 10,536,480
	32,613	9,741,584
	1,675	8,815,721
	26,675	8,733,063
	-	8,605,874
	-	8,411,189
	-	8,265,695
	-	8,096,828
	-	4,900,585
	-	4,777,404
	-	3,914,755
	-	3,865,311
	-	3,346,921
	-	2,497,133
	-	1,756,908
	-	926,335
	-	549,938
	106,121	97,741,724
	11,121	21,484,812
	<u>\$ 95,000</u>	<u>\$ 76,256,912</u>

WICOMICO COUNTY, MARYLAND

BALANCE SHEET
LOCAL MANAGEMENT BOARD

JUNE 30, 2005
(WITH COMPARATIVE TOTALS FOR 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
Grants receivable	\$ 360,705	\$ 343,998
Interfund receivable	<u>132,648</u>	<u>373,226</u>
Total assets	<u>\$ 493,353</u>	<u>\$ 717,224</u>
 LIABILITIES AND FUND BALANCE		
Accounts payable	\$ 404,107	\$ 487,620
Deferred revenue	10,119	5,604
Accrued payroll and taxes	7,956	
Accrued compensated absences	8,236	5,339
Total liabilities	<u>430,418</u>	<u>498,563</u>
Unreserved fund balance	<u>62,935</u>	<u>218,661</u>
Total liabilities and fund balance	<u>\$ 493,353</u>	<u>\$ 717,224</u>

WICOMICO COUNTY, MARYLAND

SCHEDULE OF REVENUES AND EXPENDITURES
LOCAL MANAGEMENT BOARD

YEAR ENDED JUNE 30, 2005
(WITH COMPARATIVE TOTALS FOR 2004)

	2005	2004
Revenues		
Subcabinet fund	\$ 1,392,026	\$ 1,430,589
Federal grants	222,227	220,454
Other state grants	388,473	452,611
Total revenues	<u>2,002,726</u>	<u>2,103,654</u>
Expenditures		
Subcabinet Fund		
Administrative expenditures	100,405	97,446
Interagency Family Preservation Services	69,285	127,036
Community Service Initiative - In-State		
In-State	6,814	19,006
Local Coordinating Council	69,830	
School Based Health Centers	99,055	96,159
GCAP-Community Incentive Grants	36,600	38,734
ICAPPP	4,971	7,815
Education Block		37,204
Home Visiting	297,588	295,661
After School	90,000	49,417
Teen Needs Assessment		20,586
Children's Justice Act	10,389	
Child Advocacy Center	89,552	42,217
Juvenile Alternatives	39,766	3,369
Early Child Development	100,000	97,518
Community Care Intensive	365,544	373,604
States Attorney	4,400	1,540
Earned Reinvestment	37,396	120,458
OTO Community Partnership	177,154	186,808
Total subcabinet fund	<u>1,598,749</u>	<u>1,614,578</u>
Federal grants	205,877	220,067
Other state grant	400,091	456,217
Salaries - general	18,826	
Total expenditures	<u>2,223,543</u>	<u>2,290,862</u>
Deficit of revenues over expenditures	<u>(220,817)</u>	<u>(187,208)</u>
Other financing sources		
Interest income	<u>3,982</u>	<u>2,420</u>
Deficit of revenues and other financing sources over expenditures	<u>\$ (216,835)</u>	<u>\$ (184,788)</u>