

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012



"Continuous Improvement: Everyone. Every Way. Every Day."



Cecil County Public Schools

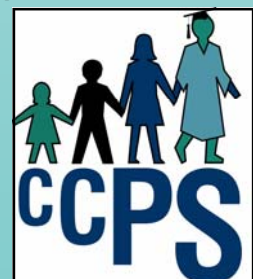
A Component Unit of Cecil County

George Washington Carver Education Leadership Center

201 Booth Street

Elkton, Maryland 21921

www.ccps.org



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Cecil County Public Schools

A Component Unit of Cecil County

George Washington Carver Education Leadership Center

201 Booth Street, Elkton, Maryland 21921

FISCAL YEAR ENDED JUNE 30, 2012

BOARD OF EDUCATION

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Carolyn Teigland, Ed.D., Associate Superintendent for Education Services

Vincent Cariello, Associate Superintendent for Administrative Services

Thomas Kappra, Chief Financial Officer

Prepared by the Department of Business Services

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**CECIL COUNTY PUBLIC SCHOOLS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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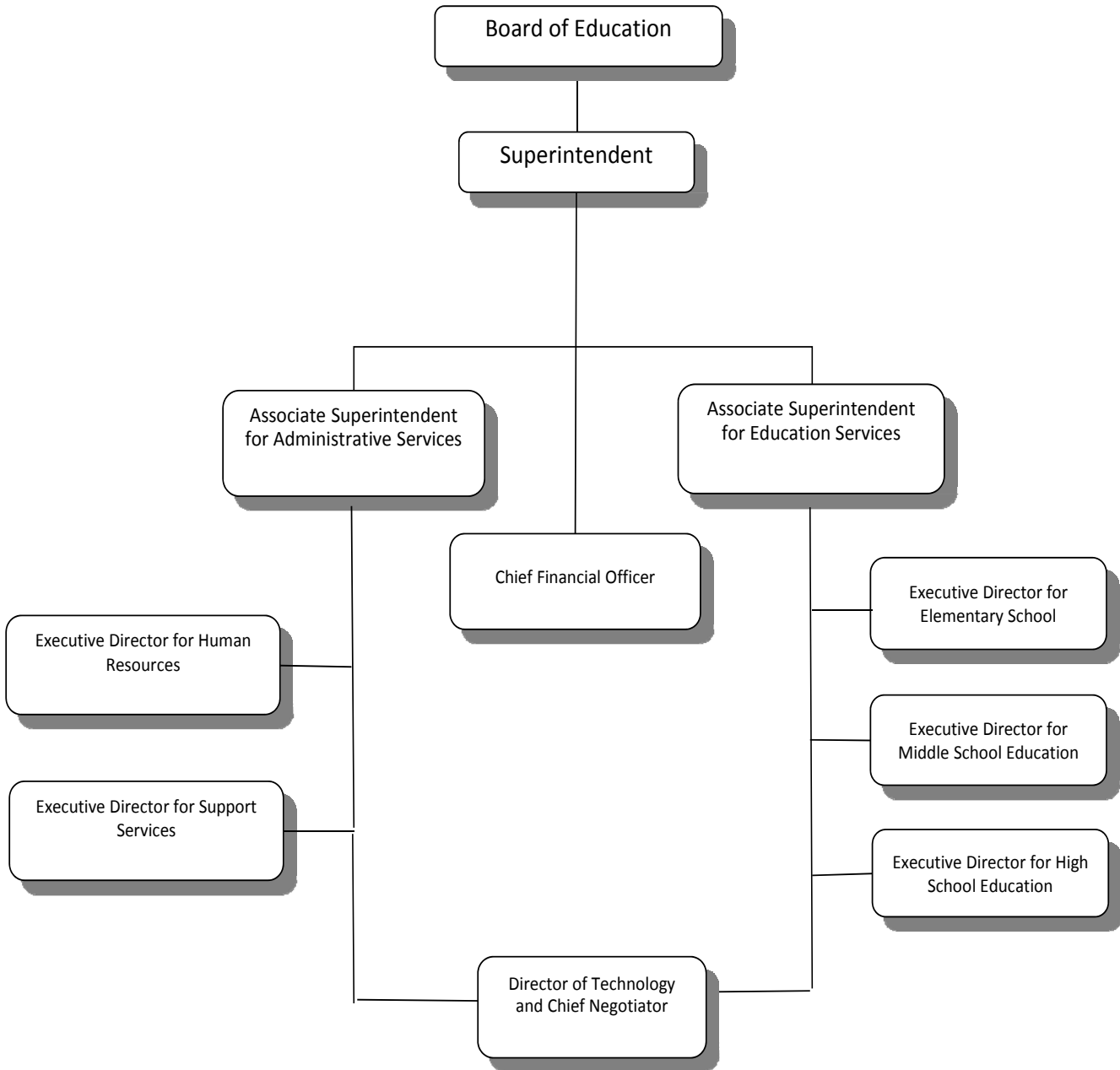
**CECIL COUNTY PUBLIC SCHOOLS
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INTRODUCTORY SECTION

**Cecil County Public Schools
Organization Chart
As of June 30, 2012**



Our mission is to provide an excellent pre-kindergarten through graduation experience that enables ALL students to demonstrate the skills, knowledge, and attitudes required for lifelong learning and productive citizenship in an ever-changing global society.

**LEADERSHIP TEAM
AS OF JULY 1, 2012**

D'Ette W. Devine, Ed.D.	Superintendent of Schools and Secretary/Treasurer of the Board of Education
Carolyn J. Teigland, Ed.D.	Associate Superintendent for Education Services
Vincent Cariello	Associate Superintendent for Administrative Services
Thomas M. Kappra	Chief Financial Officer
Jeffrey Lawson, Ed.D.	Executive Director for High School Education
Robert J. Buckley, Ed.D.	Executive Director for Middle School Education
Georgia Clark	Executive Director for Elementary School Education
Robert L. Davis	Executive Director for Human Resources
Perry A. Willis	Executive Director for Support Services
Earle L. Miller, Jr.	Director of Technology and Chief Negotiator

September 27, 2012

To the Board of Education of Cecil County and
Citizens of Cecil County,

The Comprehensive Annual Financial Report of the Cecil County Public Schools (School System) for the fiscal year ended June 30, 2012 is prepared pursuant to the requirements of Section 5-109 of the Public School Laws of Maryland.

The School System is one governed by a Board of Education (Board) consisting of five elected members pursuant to State law and to which Cecil County provides partial fiscal support. Because of this fiscal relationship and the County’s control over the budget process, the School System is a component unit of the County for financial reporting purposes, a requirement of the Governmental Accounting Standards Board (GASB).

Responsibilities for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the School System. We believe the data is accurate in all material respects and presented in a manner that fairly reflects the financial position and the results of operations of the School System. All disclosures necessary to enable the readers to gain maximum understanding of the School System’s financial affairs are provided.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). The design of this letter of transmittal complements the MD&A and should be read in conjunction with it. The School System’s MD&A can be found at the beginning of the Financial Section.

The report is available to all interested parties. Copies are forwarded to Board members, Leadership Team members, appropriate officials of the State of Maryland and Cecil County, all of the schools, and public libraries. Copies are also distributed to other school districts, individuals and organizations upon request. It is also available to the public on our web site www.ccps.org.

THE REPORTING ENTITY AND ITS SERVICES

The report includes the financial activities of the Cecil County School System, a component unit of the Cecil County Government, as they relate to the services provided for a comprehensive pre-school, elementary and secondary public school education. The School System serves 15,827 students in 30 schools throughout our county including 17 elementary, 6 middle, 5 high schools, a career and technology center and an alternative school. Our fleet of buses travel 2.4

CECIL COUNTY PUBLIC SCHOOLS

D'Ette W. Devine, Ed.D., *Superintendent*

201 Booth Street, Elkton, MD 21921

million miles annually transporting students safely to and from school. Cecil County Public Schools is the 14th largest of the 24 School Systems in Maryland.

Approximately 2.2 million square feet of building space and 616 acres of land is proudly maintained to ensure a safe and secure learning environment. Of the 32 buildings maintained, one is internally rated as adequate, twelve are rated as good and nineteen are rated superior. In fiscal year 2011, the Maryland Public School Construction Program Interagency Committee on School Construction (IAC Inspection) awarded Perryville Middle School, built in 1928 and renovated in 2008, the highest score ever for a superior rating. The oldest building in use by the system is a school facility built in 1923. The newest buildings in use are two school facilities built in 1991. Eighteen of the 32 buildings have undergone renovation at some point. The school buildings are multi-use facilities, serving many community groups and organizations for meetings and recreational use when school is not in session.

Estimated costs for FY12 Deferred Maintenance are \$6,486,700. This value is not all inclusive of deferred maintenance but represents the value of requested projects from school administrators and maintenance supervisors that were not funded for FY12. The Department of Facilities has quantified and evaluated the life expectancy of building components at each site and predicts costs for FY13 Deferred Maintenance will increase significantly.

The annual operating budget of the School System is approved by the Cecil County Board of Commissioners in May each year for the following fiscal year. The School System's approved budget for fiscal year 2013 totals \$177.8 million dollars, funded 39.2% by the County, 55.1% by the State and 5.7% by Federal and other sources.

Long-term Financial Planning

In 2002 the state legislature enacted the *Bridge to Excellence in Public Schools Act (BTE)*. This law initiated major changes in state financing of local schools to achieve adequate and equitable funding to Maryland's twenty four districts. During the phase-in of the BTE legislation, State per student funding increased from \$3,834 in fiscal 2004 to \$5,924 in fiscal 2008. Since then, the state legislature has frozen the per student appropriation for fiscal years 2009 through 2012. With adjustments due to changes in student demographics, the State per student funding for fiscal 2012 was \$6,185. Current funding formulas provide for an annual increase to the foundation per student amount tied to the Consumer Price Index capped at 1% starting in fiscal 2013. The foundation per student amount for fiscal 2013 is \$6,761. With adjustments due to changes in student demographics, the State per student funding for fiscal 2013 is \$6,255.

Relevant Financial Policies

The School System has no authority to levy and collect taxes. All funding is provided by the federal, state and county governments. The School System has authority to transfer funds

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within major categories of expenditure, as defined by statute, upon the approval of the Cecil County Board of Commissioners.

In order to receive an increase in State Foundation Aid, the County must appropriate an amount equal to, or greater than, the prior year per student appropriation. This Maintenance of Effort (MOE) calculation ensures equal funding relative to enrollment as that of prior years on a per student basis. After three years at the same MOE rate, the county has increased funding for Fiscal Year 2013 by \$32 per student to \$4,408 per student. Excluded from this calculation is the \$2,459,819 to partially fund teacher pensions previously paid by the state.

ECONOMIC CONDITION AND OUTLOOK

According to the Maryland Department of Planning, the population of Cecil County is now approximately 107,000. The county is projected to be among the fastest growing counties in Maryland through 2020 with the population expected to increase by nearly 17% to 125,100 residents during this decade.

The county's labor force has averaged nearly 50,000 for the past four years and the number of in-county jobs is 28,000. The unemployment rate has improved from an average of 10.1% during the first quarter of 2011 to 8.1% during the fourth quarter of the year. With an out-commute of 53%, a large portion of the increase in the unemployment numbers can be attributed to the closure of two automotive manufacturing plants and the shrinkage of financial service jobs in neighboring New Castle County. As with most areas of the country, the construction trades were hardest hit by the economic downturn filing nearly 16% of the unemployment claims.

Payrolls in Cecil County have yet to see the decline that the current economic conditions are causing. The weekly wage in Cecil County is \$764, the second highest wage among Maryland's sixteen smallest counties and the median household income is \$65,812, a modest increase of 1.2%. At the beginning of the base realignment and closure (BRAC) which transferred approximately 8,300 jobs from Fort Monmouth, NJ to Aberdeen Proving Ground in Harford County, 13% of the on-base jobs were held by Cecil County residents. With an average salary of \$87,000, it is good news that over 18% of the transferring employees are now calling Cecil home

Forty of the county's 1,880 businesses employ over 100 workers. The manufacturing sector in Cecil County continues to be strong, employing 4,155 or 15% of the total workforce. Cecil's manufacturing sector is nearly three times that of the State of Maryland with an average weekly wage of \$1,335. In addition, four other sectors, government, trade and transportation,

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education and health services, and leisure and hospitality together provide employment opportunities for over 67% of those employed in the county.

Employment at our three major private sector employers, W.L. Gore, Terumo Medical and ATK Elkton, has remained strong. During the past three years, Terumo Medical and Cardiovascular have taken on new projects and has increased employment at their two Cecil plants. At the beginning of last year, Terumo Medical unveiled a new 15,000 square foot clean room - wet lab costing an estimated \$1.7 million. This addition to the plants capabilities will not only increase employment at the facility but it will provide the Elkton facility the ability to be on the cutting edge in medical product development. W.L. Gore, our largest private sector employer with 2,300 employees, continues to expand or retool one of its twelve in-county plants each year.

In the Upper Chesapeake Corporate Center, Florida based Wire Mesh Corporation acquired and renovated a 63,000 square foot building beginning production at the facility earlier this year. They are expected to employ 25.

In Perryville, Penn National Gaming's Hollywood Casino has been operational for two years. The 75,000 square foot, \$97,000,000 slots facility employs 400 and, as of their last estimate, 78 percent of those employees are from Cecil and Harford counties.

Most recently, Restoration Hardware has signed a fifteen year lease on the 600,000 square feet TradeCenter@95 property in the Principio Industrial Park. After a \$3.5 million build-out, the company received their occupancy permit at the beginning of the year. Weeks Robinson, the property owner, submitted plans to construct an additional 595,000 square feet addition to the building at an estimated cost of \$23.7 million with a desired occupancy date of August 31, 2012. The facility will be Restorations Hardware's east coast distribution facility and is expected to employ upwards of 150.

MAJOR SCHOOL SYSTEM INITIATIVES

Our Mission

Our mission is to provide an excellent pre-kindergarten through graduation learning experience that enables ALL students to demonstrate the skills, knowledge and attitudes required for lifelong learning and productive citizenship in an ever-changing, global society.

The School System submitted its five year *Strategic Plan* in accordance with the Maryland *Bridge to Excellence Act*. The Maryland State Board of Education approved the Plan in December 2003. It now serves as the framework for the School System's continuous improvement efforts to achieve our Mission. Annual updates to the Plan are submitted every

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October to evaluate the effectiveness of our strategies with modifications as necessary.

The School System has set three main goals within the *Strategic Plan* for student success:

1. All students will meet or exceed high academic standards
2. All students will learn in safe, secure and inviting environments
3. All students will benefit from effective and efficient support and services provided by a learning organization

What do we want for our children? We want all students to achieve at high academic levels as demonstrated by student achievement at the proficient or advance levels on state assessments. We offer rigorous programs with technology incorporated as a tool to enhance learning, to prepare students for college and/or the world of work. We want all students to learn in safe, secure and inviting environments ready to respond to emergencies, abstaining from violent, disruptive or harmful behaviors with the support of parents, guardians and the community. We want all students to benefit from effective and efficient support services and to be taught by highly qualified professionals in well-maintained and instructionally conducive facilities.

A comprehensive, rigorous instructional program is provided for all students. Individual student needs are addressed through differentiation of instruction. Disabled students are educated in the least restrictive environment in their home school with their age appropriate peers to the degree possible. Supplemental aids and services are provided as needed to support student achievement. Students who are gifted and talented receive services through the challenge program. Cecil County students continue to demonstrate effective performance on state and national assessments with 76.1% of students taking advanced placement (AP) exams and scoring a three or better. This compares to a state average of 64.1% and a national average of 61.5%. Approximately 70% of Cecil County students report their intent to continue their education through a two or four-year college or specialized training school beyond graduation.

Recent Accomplishments

The School System is a diverse learning community where stakeholders are respected, valued and contribute to an excellent education program in an ever-changing global society. The following are the major programmatic initiatives accomplished before or within fiscal year 2013:

Our efforts to improve the academic achievement of our students included:

- Pre-kindergarten in 13 of our 17 elementary schools and full day kindergarten in all schools
- Differentiated instruction designed to meet the needs of all students
- Curriculum programs aligned with state and national standards
- Use of online teaching resources to help students meet success on high school assessments

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- Foreign language instruction for high school credit in every middle school
- Serving the needs of disabled learners in an inclusive, least restrictive environment

Our efforts to improve the learning environment of our schools included:

- Guidance and child development counselors in every school to provide first line prevention services in the areas of positive student behavior and avoidance of substance abuse
- Ongoing surveys of community members and parents to assess our School System efforts
- Active partnerships with business and community leaders
- Regular safety reviews at each school to assess readiness to respond to incidents

Our efforts to improve support and services for our students and staff included:

- Professional development in Strategic Instructional Models for Success
- Professional development on the Common Core Standards
- Implementation of a wellness policy by Food and Nutrition to provide nutritious meals

The Future

Funding for the following major programmatic initiatives were included in the annual operating budget for the fiscal year 2013:

Our efforts to improve the academic achievement of our students include:

- Alignment of our curriculum with the Common Core Standards
- The alignment of career and technology programs with state requirements
- Appropriate Assistance classes to support students not meeting HSA requirements

Our efforts to improve the learning environment of our schools include:

- Expanding partnerships with business and community leaders
- Updating safe schools CERT training to help school leaders prepare for crisis situations

Our efforts to improve support and services for our students and staff include:

- Continued recruitment and retention efforts to assure that every child is taught by highly qualified staff
- Expanding on-line staff development and collaboration
- Additional investment in technology and support services to expand integrating technology in curriculum and drive data based decision making

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FINANCIAL INFORMATION

Internal Controls

To assure the integrity of the financial records supporting the financial statements, consideration is given to the adequacy of internal accounting controls sufficient to provide reasonable assurance that assets are properly safeguarded and accounted for and are utilized only in accordance with management authorization. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The Board of Education selected the accounting firm of Reznick Group, P.C. to perform this audit under a contract awarded in fiscal year 2009, renewable for four succeeding years.

In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the OMB Circular A-133 Single Audit Act Amendments of 1996. The Independent Auditors' Report on the financial statements is included in the Financial Section of this Report. The Independent Auditors' Reports 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 and the Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 are included as Other Supplementary Information following the Statistical Section of the report.

We are pleased to report that the auditors' report on the School System's basic financial statements is without qualification, the highest possible outcome of the audit process.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cecil County Public Schools for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This is the ninth consecutive year that the School System achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are

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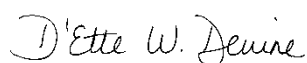
submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials (ASBO) International has awarded a Certificate of Excellence in Financial Reporting to Cecil County Public Schools for its CAFR for the fiscal year ended June 30, 2011.

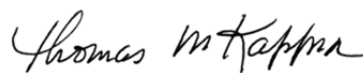
The Certificate of Excellence in Financial Reporting is the highest recognition in School System financial reporting issued by ASBO International and is only conferred to School Systems that have met or exceeded the standards of the program. This is the ninth consecutive year the School System was awarded the ASBO Certificate of Excellence in Financial Reporting. We believe our current CAFR continues to conform to the Certificate of Excellence Program requirements and we are submitting it to ASBO International for consideration.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Finance Office. The high standards to which this report conforms reflects the professional competence of all individuals responsible for its preparation. We wish to express our appreciation for a job well done.

Sincerely,



D'Ette W. Devine, Ed.D.
Superintendent of Schools
Secretary/Treasurer



Thomas M. Kappa
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cecil County Public Schools Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Dandson

President

Jeffrey R. Emmer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

CECIL COUNTY PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2011

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

President

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Education of
Cecil County, Maryland

We have audited the accompanying basic financial statements, as defined in the Management Discussion and Analysis, of the governmental activities and each major fund of Cecil County Public Schools (the School System), a component unit of Cecil County, Maryland, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the School System's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the government activities and each major fund of the School System as of June 30, 2012, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison for the general fund in accordance with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated September 26, 2012, on our consideration of the School System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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 financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 16 through 30 and the School System's actuarially determined funding progress and required contributions for the School System's Retiree Benefit Trust Fund on page 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying Schedule of Expenditures of Federal Awards on pages 95 through 98 are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and is 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purposes of forming opinions on the basic financial statements of the School System. The Introductory and Statistical Sections and the Individual Fund Financial Statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Individual Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements

taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reznick Group, P.C.

Baltimore, Maryland
September 26, 2012

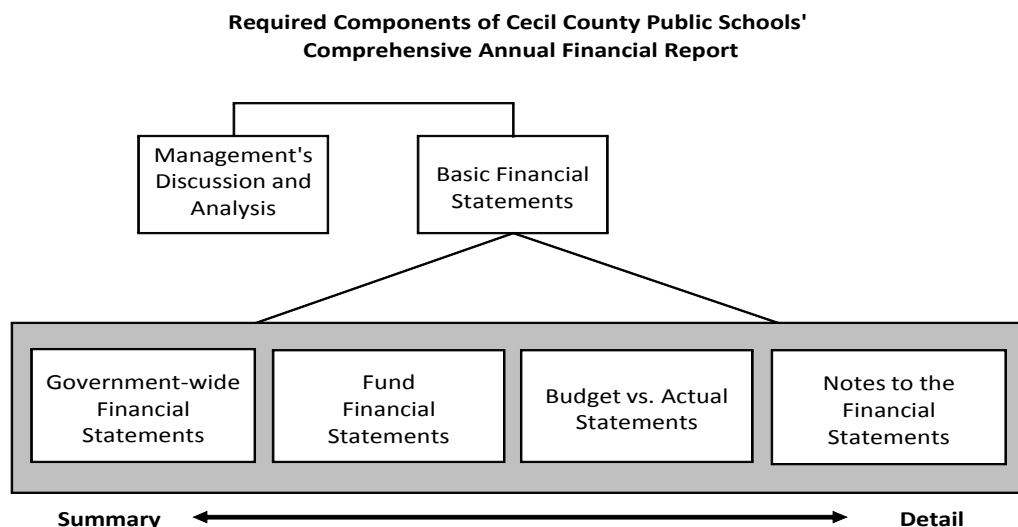
This section of Cecil County Public Schools' Comprehensive Annual Financial Report (CAFR) represents our discussion and analysis of the School System's financial performance during the fiscal year ending June 30, 2012. The management's discussion and analysis, financial statements, and related footnotes are the responsibility of management. Please read this section in conjunction with the transmittal letter, the School System's financial statements and the notes to the basic financial statements that follow.

FINANCIAL HIGHLIGHTS

- The School System's net assets at the end of the fiscal year total \$181.5 million, of which \$169.1 million is invested in capital assets, net of related debt.
- Net assets decreased \$3.6 million for the year, most of which is attributable to a reduction in capital assets of \$7.1 million as a result of reduced investment in capital improvement projects.
- General revenues of \$130.8 million account for 64.9% of all revenues; program revenues of \$70.8 million account for 35.1%.
- The food and nutrition department received \$2.2 million from charges for services, accounting for 89.6% of food and nutrition total revenue.
- The operating budget was amended during the year for a net increase of \$5.4 million. This included additional revenue from restricted State and Federal grants of \$5.0 million and an addition in other revenue of \$0.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements and provides a framework and context for understanding the information they contain. The School System's financial statements consist of four components: government-wide financial statements, fund financial statements, budget vs. actual statements, and notes to the financial statements.



The following chart summarizes the major features of the School System's financial statements, including the portion of the School System's activities they cover and the types of information contained therein. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Government Funds	Fiduciary Funds
Scope	Entire system (except fiduciary funds)	The activities of the school system that are not proprietary or fiduciary	Instances in which the School System administers resources on behalf of someone else, such as scholarship programs, grants, and student activity fund and funds held in trust for a specific purpose, such as retiree healthcare
Required financial statements	-Statement of net assets -Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balance	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual basis and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both fiscal and capital, short term and long term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term liabilities included	All assets and liabilities, both short term and long term; the School System's fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods and services have been received and the related liabilities are due and payable	All additions and deletions during the year, regardless of when cash is received or paid

BASIC FINANCIAL STATEMENTS

The Basic Financial Statement section includes three kinds of financial statements that present different views of the School System's activities and financial position. These include the Government-wide Financial Statements: *Statement of Net Assets* and *Statement of Activities*, the Fund Financial Statements: *Balance Sheet - Governmental Funds*, *Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds*, *Statement of Fiduciary Net Assets*, *Statement of Changes in Fiduciary Net Assets* and the Budget vs. Actual Financial Statement: *Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual*. The Notes to the Basic Financial Statements are an integral part of these financial statements. They explain some of the information in the financial statements and provide more detail.

Government-wide Statements

The School System's government-wide financial statements provide both short-term and long-term information about the School System's overall financial status. Accounting methods similar to those used by private-sector companies are used to prepare these statements. They report information about the School System as a whole using the full accrual basis of accounting. They take into account all revenue and expenses associated with the fiscal year even if the cash was not received or the expenses paid. The government-wide financial statements include:

The *Statement of Net Assets* presents all of the School System's assets and liabilities with the difference between the two reported as net assets. The statement consolidates all of the School System's current financial resources with capital assets net of depreciation and total liabilities.

The *Statement of Activities* presents all of the current year's revenues and expenses regardless of when cash is received or paid. This statement also presents a comparison between direct expenses and program revenues for each program of the School System. The majority of the School System's revenue is general revenue grants and contributions from the county, state, and federal governments.

The two government-wide statements report the School System's net assets and how they have changed. Net assets, the difference between the School System's assets and liabilities, are one way to measure the School System's financial health or position. Over time, the increases or decreases in the School System's net assets can be an indicator of whether its financial position is improving or deteriorating.

To assess the School System's overall health, you need to consider additional non-financial factors such as the County's economic condition, trends in enrollment, changes to the property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the School System's activities include administration, regular instruction and special education, student personnel and health services, plant operations and maintenance, transportation, food and nutrition, and community services. County appropriations funded by taxes and other fees, as well as state formula aid, finance most of these activities.

The School System's Food and Nutrition program serves lunch at all schools and breakfast at many schools. The Food and Nutrition operation is supported by charges for meals, donated federal food commodities, and reimbursements in accordance with government food programs.

The government-wide financial statements can be found immediately following this *Management's Discussion and Analysis*.

Fund Financial Statements

The fund financial statements focus on individual parts of the School System, reporting the School System's operations in more detail than the government-wide statements using a modified accrual basis of accounting.

These statements provide more detailed information about the School System's funds focusing on its most significant or "major" funds as opposed to focusing on the School System as a whole. Funds are used by the School System to track specific sources of revenue and expenditures on a particular program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds with similar information presented in the government-wide statements. A reconciliation and description of the relationship between governmental activities (*Statement of Net Assets and Statement of Activities*) and government funds can be found in the Financial Section.

The School System uses three major funds. These funds are described below:

- The **General Fund** is used to focus upon the operation of the School System's educational and support services programs.
- The **Special Revenue Fund** is used to record the financial transactions of the food and nutrition program.
- The **Capital Projects Fund** reports the revenue and expenditures related to school construction projects ranging from site improvements to minor and major building renovation and addition projects.

The Fiduciary funds financial statements are used to account for resources held for the benefit of parties outside the School System. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the School System's own programs. Additionally, there is no analysis of the School System's fiduciary fund in this management discussion and analysis. Fiduciary funds use the accrual basis of accounting.

The School System's Fiduciary Funds consist of the following:

- The ***Student Activity Agency Fund*** consists primarily of funds raised by students, for their benefit, which are held in trust by the School System. The basic fiduciary fund statements include the *Statement of Fiduciary Assets and Liabilities* in the Basic Financial Statement section and the *Statement of Changes in Assets and Liabilities-Agency Fund-Student Activities* in the Individual Fund Financial Statement section.
- The ***Retiree Benefit Trust Fund*** consists of contributions of the School System to establish a reserve to pay for health and welfare benefits of future retirees. Contributions to the Trust qualify as contributions within the meaning of Governmental Accounting Standards Board Statement Numbers 43 and 45. The basic fiduciary fund statements include the *Statement of Fiduciary Assets and Liabilities* and the *Statement of Changes in Fiduciary Net Assets - Retiree Healthcare Benefit Trust Fund* both in the Basic Financial Statements section.

Budget vs. Actual Financial Statements

A *Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual* is presented for the General Fund which is a legally adopted budget. This statement found in the Financial Section, shows original and final adopted budgets, along with actual revenues and expenditures compared to the final budget. Open encumbrances are treated as expenditures in this statement.

The *Special Revenue Fund* does not require a legally adopted budget, and therefore, a budget vs. actual comparison is not reported here.

The *Capital Projects Fund* is used to account for revenues and expenditures associated with the acquisition or construction of major capital projects. Projects are approved by the State and County governments on a project basis. Funds are appropriated as expenditures are recognized; therefore, a budget vs. actual comparison is not reported here.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As of June 30, 2012, the School System had total assets of \$211.3 million. Of the \$34.5 million current assets, approximately 86.6% was in cash and cash equivalents and 10.0% was due from other governments. Noncurrent assets, 83.7% of the total assets, represent the value of land, buildings, furniture and equipment net of accumulated depreciation. Of the \$29.7 million in total liabilities as of June 30, 2012, 71.2% are current liabilities to settle within the next fiscal year. Non-current liabilities, 28.8% of total liabilities, include principal payments on lease-purchase agreements and accrued liability for earned annual leave for the School System's current employees.

The resulting \$181.5 million in net assets consists of \$169.1 million invested in capital assets (net of related debt), \$12.4 million unrestricted and \$47.8 thousand restricted for capital projects.

A comparison of Net Assets for 2012 vs. 2011 is shown below:

	<u>2012</u>	<u>2011</u>	<u>Increase/(Decrease)</u>	
Assets				
Current assets	\$ 34,483,580	\$ 33,729,764	\$ 753,816	2.2%
Capital assets	176,781,983	183,912,572	(7,130,589)	(3.9)%
Total assets	<u>211,265,563</u>	<u>217,642,336</u>	<u>(6,376,773)</u>	(2.9)%
Liabilities				
Current liabilities	21,174,366	22,413,304	(1,238,938)	(5.5)%
Long term liabilities	8,558,510	10,061,011	(1,502,501)	(14.9)%
Total liabilities	<u>29,732,876</u>	<u>32,474,315</u>	<u>(2,741,439)</u>	(8.4)%
Net Assets				
Investment in capital assets, net of related debt	169,073,812	174,717,150	(5,643,338)	(3.2)%
Restricted for capital projects	47,848	47,644	204	0.4%
Unrestricted (deficit)	12,411,027	10,403,227	2,007,800	19.3%
Net assets, end of year	<u>\$ 181,532,687</u>	<u>\$ 185,168,021</u>	<u>\$ (3,635,334)</u>	(2.0)%

Change in Net Assets

The School System's combined net assets decreased by \$3.6 million or 2.0% on June 30, 2012, to \$181.5 million. Current assets increased by \$0.8 million mainly due to an increase in cash and cash equivalents of \$0.2 million, a decrease in accounts receivable of \$21.7 thousand, an increase in funds due from other governmental agencies of \$0.8 million, and an increase in other current assets of \$0.2 million. Capital assets decreased by \$7.1 million or 3.9% due to depreciation expense exceeding new capital projects.

Current liabilities decreased by \$1.2 million or 5.5% largely due a reduction in deferred revenue from the State. Accrued salaries increased \$0.3 million. This represents salaries earned by 10 month employees who elect to be paid over 12 months. Accounts payable increased by \$0.3 million while estimated health care claims incurred but not reported increased by \$0.3 million. Long-term liabilities decreased by \$1.5 million or 14.9%.

Statement of Activities

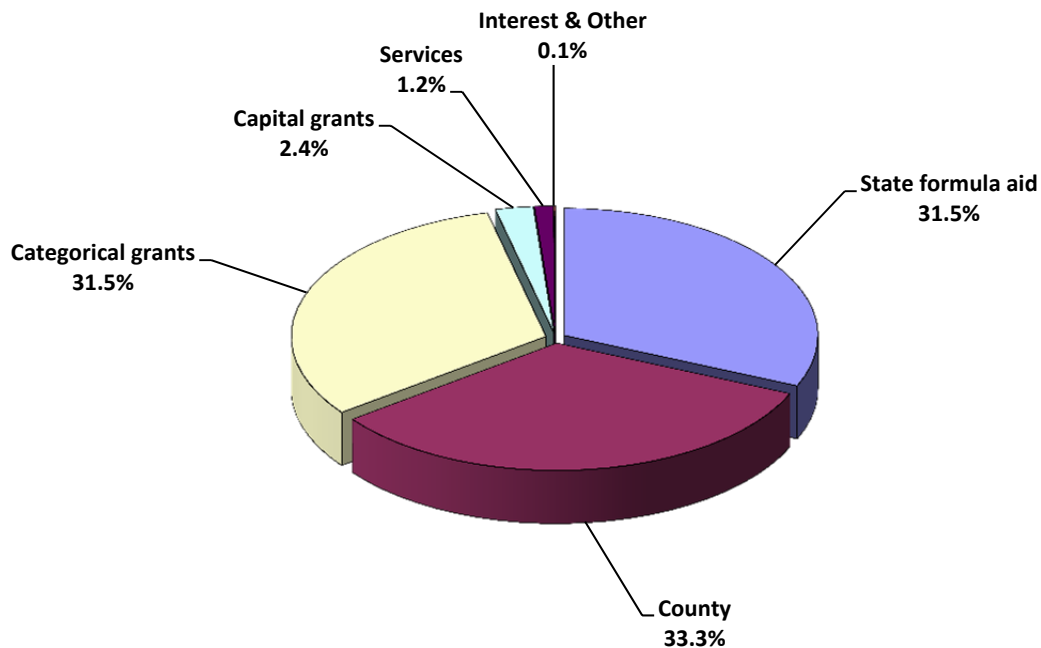
A comparison of revenue by source and expense by function for 2012 vs. 2011 is shown below:

	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>	
Revenue				
Program Revenues				
Charges for Services	\$ 2,469,932	\$ 2,732,374	\$ (262,442)	(9.6)%
Operating grants and contributions	63,533,480	66,136,117	(2,602,637)	(3.9)%
Capital grants and contributions	4,747,799	4,613,476	134,323	2.9%
General Revenues				
Grants and contributions not restricted to certain programs	130,544,486	133,949,422	(3,404,936)	(2.5)%
Other	267,261	622,656	(355,395)	(57.1)%
Total revenue	<u>201,562,958</u>	<u>208,054,045</u>	<u>(6,491,087)</u>	(3.1)%
Expenses				
Administration	5,848,216	5,894,409	(46,193)	(0.8)%
Mid-level administration	18,645,814	19,318,057	(672,243)	(3.5)%
Instruction	110,162,844	113,076,472	(2,913,628)	(2.6)%
Special education	33,206,278	33,654,336	(448,058)	(1.3)%
Student personnel services	1,351,480	1,327,915	23,565	1.8%
Student health services	2,219,629	2,172,688	46,941	2.2%
Student transportation	9,658,855	9,581,266	77,589	0.8%
Operation of plant	12,884,659	13,753,124	(868,465)	(6.3)%
Maintenance of plant	4,794,807	4,581,731	213,076	4.7%
Food and nutrition	5,816,017	5,723,356	92,661	1.6%
Community services	454,449	383,375	71,074	18.5%
Interest on long-term debt	155,244	110,918	44,326	40.0%
Total expenses	<u>205,198,292</u>	<u>209,577,647</u>	<u>(4,379,355)</u>	(2.1)%
Change in net assets	(3,635,334)	(1,523,602)	(2,111,732)	138.6%
Net assets - beginning	<u>185,168,021</u>	<u>186,691,623</u>		
Net assets - ending	<u>\$ 181,532,687</u>	<u>\$ 185,168,021</u>		

Revenue

Cecil County Public Schools' revenues from fiscal year 2012 were in the amount of \$201.6 million. Program revenue came from three major sources. These include charges for services of \$2.5 million, operating program grants from the state and federal government of \$63.5 million and capital grants from the State of Maryland and Cecil County Government of \$4.7 million. In addition to program sources, the School System received general revenue from the State of Maryland of \$63.4 million, Cecil County Government of \$67.2 million, investment earnings and other miscellaneous income of \$0.3 million.

**Cecil County Public Schools' Revenue Sources
Fiscal Year 2012**

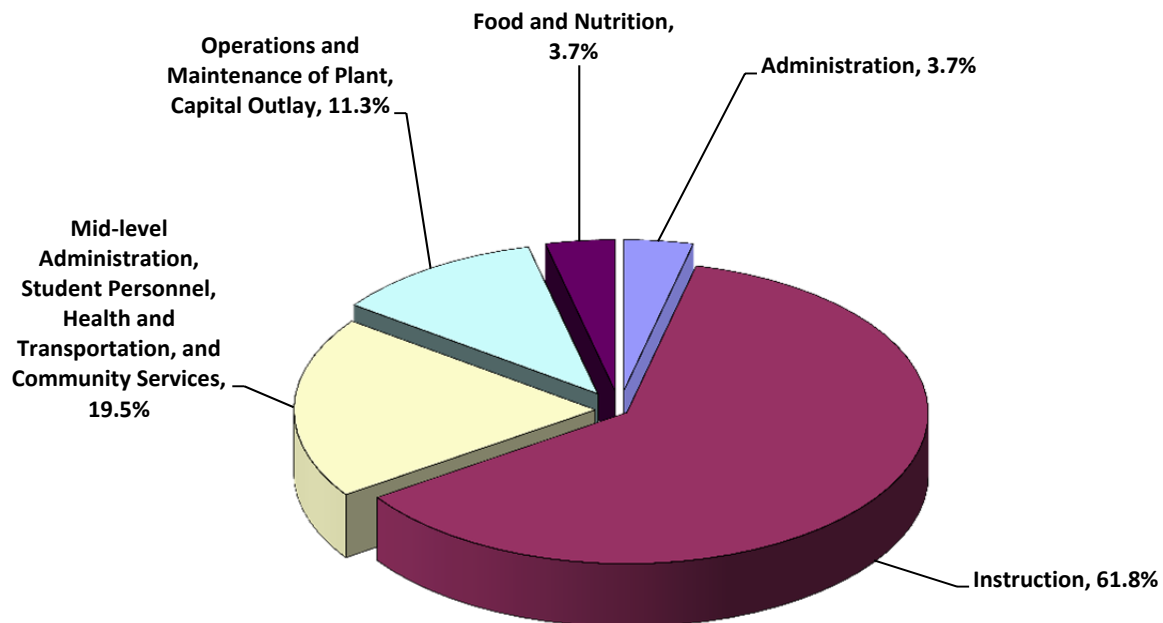


Expenses

The revenues received during 2012 were used to pay expenses of \$205.2 million. These expenses are reported by functional categories of activities established by the Maryland State Department of Education. Fringe benefit costs for employees have been distributed across each functional category to more accurately report the expenses of each function.

The expenses classified by the State's categorical functions can be further summarized for 2012 as follows:

**Combined Expenses for Cecil County Public Schools
for Fiscal Year 2012**



GOVERNMENT FUNDS FINANCIAL HIGHLIGHTS

The total assets of the School System's government funds exceeded liabilities at the end of the fiscal year by \$15.3 million. Total government fund revenues decreased by \$6.2 million, with a \$6.3 million decrease in the general fund mostly due to a reduction in Federal funding and a \$0.1 million increase in the capital project fund. The School System received \$69.4 million or 34.4% of its governmental activities funding from the county, \$115.1 million or 57.1% from the state, and \$14.0 million or 6.9% from federal entitlement grants.

GOVERNMENT FUNDS FINANCIAL ANALYSIS

Major Fund Balances

The following schedule shows the School System's change in fund balances:

	General	Special Revenue	Capital Projects	Total Governmental Funds
Fund balance, beginning of year	\$ 12,854,388	\$ 328,060	\$ 47,644	\$ 13,230,092
Fund balance, end of year	<u>14,963,539</u>	<u>260,237</u>	<u>47,848</u>	<u>15,271,624</u>
Net change in fund balances	<u>\$ 2,109,151</u>	<u>\$ (67,823)</u>	<u>\$ 204</u>	<u>\$ 2,041,532</u>

The General Fund increased \$2,109,151 from the previous year to \$14,963,539. The fiscal 2012 operating budget included an appropriation to utilize \$1,798,419 in revenue from the fund balance. System wide cost saving initiatives including not filling vacant positions, reductions in discretionary spending, and implementing long-term cost reduction strategies allowed those funds to remain in the fund balance.

The Special Revenue Fund decreased \$67,823 from the previous year to \$260,237. This represents 4.1% of total fund expenditures. This decrease is attributed to a general increase in the cost of food, an increase in the use of fresh fruits and vegetables and a decrease in a la carte and snack sales.

The Capital Projects Fund increased \$204 from the previous year to \$47,848. All capital expenditures are approved on a project basis. Any fluctuation in the fund balance is due to the timing of expenditures and miscellaneous income not related to an expenditure.

General Fund Budgetary Highlights

This measure can be useful as a measure of the general fund's liquidity. However, it is important to note that the School System is fiscally dependent on grants and appropriations from the county, state and federal governments. Once the budget is adopted through the budget process prior to the start of the fiscal year, these amounts rarely change.

The School System is authorized to transfer funds between major categories of the budget. The following schedule shows the total additions, reductions and transfers made to the original operating budget by major category:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Change</u>
Revenue					
Intergovernmental					
Cecil County, Maryland	\$ 67,156,014	\$ 67,156,014	\$ -	\$ -	\$ -
State of Maryland	97,136,757	97,712,398	575,641	-	575,641
United States government	7,897,319	12,271,233	4,373,914	-	4,373,914
Other sources					
Investment interest	93,000	93,000	-	-	-
Other	2,198,419	2,631,907	433,488	-	433,488
Total revenue	<u>\$ 174,481,509</u>	<u>\$ 179,864,552</u>	<u>\$ 5,383,043</u>	<u>\$ -</u>	<u>\$ 5,383,043</u>
Expenditures					
Current					
Administration	\$ 3,876,451	\$ 4,336,427	\$ 459,976	\$ -	\$ 459,976
Mid-level administration	13,412,139	13,701,040	288,901	-	288,901
Instruction salaries	66,970,633	67,631,258	660,625	-	660,625
Instruction materials and supplies	2,254,162	3,032,117	777,955	-	777,955
Instruction other costs	2,243,518	3,312,599	1,069,081	-	1,069,081
Special education	25,057,755	25,847,801	790,046	-	790,046
Student personnel services	1,069,437	1,098,301	28,864	-	28,864
Student health services	1,555,137	1,576,333	21,196	-	21,196
Student transportation	9,391,923	9,502,420	110,497	-	110,497
Operation of plant	10,893,088	10,924,044	30,956	-	30,956
Maintenance of plant	3,302,409	3,936,360	633,951	-	633,951
Fixed charges	33,959,913	34,323,737	363,824	-	363,824
Community services	312,176	459,768	147,592	-	147,592
Capital outlay	182,768	182,347	-	421	(421)
Total expenditures	<u>\$ 174,481,509</u>	<u>\$ 179,864,552</u>	<u>\$ 5,383,464</u>	<u>\$ 421</u>	<u>\$ 5,383,043</u>

The General Fund is the School System's primary operating fund. The final budget of \$179.9 million exceeded the original budget of \$174.5 million by \$5.4 million. This is primarily due to additional restricted grants received from federal sources of \$4.4 million and the related expenditures. Actual State revenue increased from the original budget by \$0.6 million. Restricted revenue is not recognized until it is spent and many of the state grants are awarded for a two year period. The remaining revenue will be recognized in fiscal year 2013. The increase in other revenue of \$0.4 million was due largely in part to the receipt of other donations, and purchasing card and energy rebates.

Capital Assets and Long Term Debt Activity

The School System's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$176.8 million (net of accumulated depreciation of \$121.0 million). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress. The School System has no infrastructure assets (roads, bridges, streets, etc.).

The following schedule shows the School System's capital assets by type:

Cecil County Public Schools Capital Assets (net of depreciation)		
	2012	2011
Land	\$ 1,202,153	\$ 1,202,153
Buildings	149,300,301	144,138,829
Improvements other than buildings	11,409,016	9,741,808
Furniture, fixtures, and equipment	10,326,746	12,759,273
Construction in progress	4,543,767	16,070,509
Total	\$ 176,781,983	\$ 183,912,572

The total decrease in the School System's net capital assets during the year including depreciation was \$7.1 million. Major capital project expenditures during the fiscal year ended June 30, 2012 included:

- Completion of planning/renovation project at Calvert Elementary School totaling \$0.3 million
- Completion of the stadium renovation at Elkton High School totaling \$0.2 million
- Completion of the HVAC and roof repairs at Thomson Estates Elementary School totaling \$0.9 million
- Continuation of systemic window and door repairs at North East High School totaling \$1.1 million
- Began ceiling repairs at Perryville High School totaling \$0.2 million
- Began HVAC repairs at Rising Sun High School totaling \$0.7 million

By State Statute, the School System owns assets but not the debt associated with those facilities as it is fully dependent on the state and county governments. Capital expenditures are approved and funded by the state and local governments on a project basis. Future commitments on projects in progress total \$2.6 million. Please see Note 5 for details of changes in capital assets and construction commitments and Note 6 for long-term obligations.

Agency Fund

The School System's Student Activity Agency Fund reports funds raised by students, for their benefit, which are held in trust by the School System. For the fiscal year ended June 30, 2012 the total funds held in cash and cash equivalents was \$1,470,382.

Fiduciary Fund

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, commonly referred to as Other Post-Employment Benefits (OPEB). The School System implemented GASB Statement No. 45 in fiscal year 2008. This addresses how governmental entities should account for and report their cost and obligation related to post employment healthcare and other non-pension benefits. Annual OPEB cost for employers our size will be based on actuarially determined amounts that, if paid on an ongoing basis, will provide sufficient resources to pay retiree benefits accrued during active service. The School System established an OPEB Trust and entered that Trust in a Pooled OPEB Investment Trust. Fiduciary responsibilities remain with the member Trustees serving as Trustees of the Pooled OPEB Investment Trust.

The School System contribution to the Trust in fiscal year 2012 represents the actuarial determined pre-funding amount of \$1,011,504 necessary to result in a Net OPEB Obligation (NOO) of zero at year end.

FUTURE FINANCIAL IMPACTS

The State of Maryland *Bridge to Excellence in Public Schools* and the Federal *No Child Left Behind Acts* established a number of requirements for public school systems. Some of these requirements include full-day kindergarten for all elementary schools (completed in fiscal 2007), all teachers must be highly qualified and expanded choice options for parents. All students must reach proficiency levels on state assessments by 2014. In addition there are new certification and assessment standards for paraprofessionals and extensive data tracking and reporting requirements. All of these requirements have cost impacts. The financial well being of the State and County has a significant impact upon the School System's ability to meet the requirements of the *Bridge to Excellence* and *No Child Left Behind Acts*.

To complicate matters further, we are now required by Maryland law to comply with the comprehensive reform brought about by the Race to the Top legislation including a comprehensive principal and teacher evaluation process tied to growth in student learning, the purchase and establishment of a longitudinal student data system, and adoption of common core standards which will result in new student assessments.

During fiscal year 2012, the Board of Education used the Strategic Plan to monitor progress and school system priorities. Generally, the School System has been very successful in addressing all aspects of the Strategic Plan. The Strategic Plan, which is updated each year, will continue to serve as a guide to the School System to monitor school system performance in fiscal year 2013 and plan for fiscal year 2014 and beyond.

The fiscal year 2013 approved operating budget, adopted in June 2012, was constructed using a modified application of zero-based budgeting based upon the School System's Strategic Plan and long range fiscal plan. This budget supports the School System's mission by addressing the three primary goals and thirteen major objectives of the Board of Education.

Throughout the process of preparing the operating budget request, input is received from various stakeholders groups. All requests for additions, changes, and reductions are evaluated at the department and leadership level before the Superintendent makes a recommendation to the Board of Education for final adoption. The following lists some of the items that were considered, reduced, or included in the fiscal 2013 request:

Requests Deferred:

- Cost of Living Adjustment (COLA) for employees
- 15 staff positions requested by schools challenges, particularly to provide intervention services
- Expansion of Biomedical Project Lead the Way to other 4 high schools
- Additional Challenge (Gifted and Talented) services and positions
- Return of 3 elementary assistant principals to replace the 6 half-time assistant principals
- 3 additional social workers
- Expansion of pre-kindergarten program to the remaining 4 schools that do not host the service
- Expansion of READ 180 in the middle schools
- An additional media specialist for Bohemia Manor Middle/High
- Additional mentor teachers
- Reinstatement of summer paint crew
- Reinstatement of emergency maintenance fund
- Carpet replacements at 13 schools
- Paving repairs at 4 high schools
- Concrete repairs at 8 schools
- Additional parking at all elementary schools
- Replacement of stage curtains at all high schools except Elkton High
- Replacement of toilet partitions at North East High
- Installation of a second computer lab at Chesapeake City Elementary (28 computers)
- Additional 65 smart boards
- Additional computers in science (STEM) high school classrooms (216 computers)

Budget Reductions:

- Some paraprofessional positions through attrition
- Program Facilitator for Media Services
- Services at the Cecil Alternative Program and contracted special education placements at the High Roads School have been combined in a contracted arrangement yielding less money and more "seats" for students transitioning between levels of alternative school placements
- Assistant coaches
- Staff reorganization in Administrative Services
- Reduction of a CCPS owned bus
- Reduction of bus driver and assistant for Student Transportation
- Reduction of payroll agent and technician
- Fixed charges (active and retiree healthcare)

Programs Proposed:

- 8 instructional resource teachers to support transition to Common Core
- Professional development to support transition to Common Core
- Substitute monies to cover Individual Education Plan meetings
- Athletic equipment replacement including wrestling mats
- Upgrade of the READ 180 intervention program at 5 high schools and 2 middle schools
- Step increases for employees on scales as previously negotiated
- Saturday School services in middle and high schools
- Small increase in health room supplies
- Partial funding of North Bay
- School-based classroom supplies
- Air conditioning of new lift buses
- "Green" cleaners for maintaining buildings
- Use of facilities scheduler

Contact for Additional Information

This financial report is designed to provide our citizens, taxpayers, customers, vendors and creditors with a general overview of the School System's finances and to demonstrate the School System's accountability for the funding it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Cecil County Public Schools, George Washington Carver Education Leadership Center, 201 Booth Street, Elkton, Maryland 21921.

BASIC FINANCIAL STATEMENTS

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Current assets

Cash and cash equivalents	\$	29,872,170
Due from Cecil County, Maryland		34,630
Due from State of Maryland		1,573,010
Due from United States government		1,845,120
Accounts receivable		157,119
Prepaid items		777,885
Inventory		223,646
Total current assets		34,483,580

Noncurrent assets

Realized gain from investments		
Land		1,202,153
Buildings		149,300,301
Improvements other than buildings		11,409,016
Furniture, fixtures and equipment		10,326,746
Construction in progress		4,543,767
Total noncurrent assets		176,781,983
Total assets	\$	211,265,563

LIABILITIES

Current liabilities

Accounts payable	\$	3,115,650
Accrued salaries		13,165,096
Estimated healthcare claims incurred but not reported		1,947,000
Capital leases due within one year		1,517,121
Compensated absences due within one year		445,289
Unearned revenue - federal		109,780
Unearned revenue - state		9,969
Unearned revenue - other		864,461
Total current liabilities		21,174,366

Noncurrent liabilities

Capital leases due in more than one year		6,191,050
Compensated absences due in more than one year		2,367,460
Total noncurrent liabilities		8,558,510
Total liabilities		29,732,876

NET ASSETS

Invested in capital assets, net of related debt		169,073,812
Restricted for		
Capital projects		47,848
Unrestricted		12,411,027
Total net assets	\$	181,532,687

The notes to the basic financial statements are an integral part of this statement.

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Function/programs	Expenses	Program Revenue		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Administration	\$ 5,848,216	\$ -	\$ 869,543	\$ -	\$ (4,978,673)
Mid-level administration	18,645,814	-	1,913,242	-	(16,732,572)
Instruction salaries	94,677,121	240,862	32,604,699	-	(61,831,560)
Instruction materials and supplies	2,816,463	-	541,416	4,747,799	2,472,752
Instruction other costs	12,669,260	-	531,318	-	(12,137,942)
Special education	33,206,278	-	15,844,815	-	(17,361,463)
Student personnel services	1,351,480	-	273,114	-	(1,078,366)
Student health services	2,219,629	-	159,529	-	(2,060,100)
Student transportation	9,658,855	-	5,117,481	-	(4,541,374)
Operation of plant	12,884,659	-	752,783	-	(12,131,876)
Maintenance of plant	4,794,807	-	542,807	-	(4,252,000)
Food and nutrition	5,816,017	2,212,433	4,024,370	-	420,786
Community services	454,449	16,637	358,363	-	(79,449)
Interest on long-term debt	155,244	-	-	-	(155,244)
Total government activities	\$ 205,198,292	\$ 2,469,932	\$ 63,533,480	\$ 4,747,799	(134,447,081)
State aid not restricted to specific purposes					63,388,472
Local aid not restricted to specific purposes					67,156,014
Interest and investment earnings					25,693
Miscellaneous					241,568
Total general revenues					130,811,747
Change in net assets					(3,635,334)
Net assets - beginning					185,168,021
Net assets - ending					\$ 181,532,687

The notes to the basic financial statements are an integral part of this statement.

CECIL COUNTY PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 29,204,273	\$ 622,979	\$ 44,918	\$ 29,872,170
Due from				
Cecil County, Maryland	-	-	34,630	34,630
State of Maryland	501,822	43,776	1,027,412	1,573,010
United States government	1,733,249	111,871	-	1,845,120
Capital projects fund	118,591	-	-	118,591
Special revenue fund	569,329	-	-	569,329
Accounts receivable	145,251	11,868	-	157,119
Prepaid items	777,885	-	-	777,885
Inventory	-	223,646	-	223,646
Total Assets	\$ 33,050,400	\$ 1,014,140	\$ 1,106,960	\$ 35,171,500
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Accounts payable	2,191,547	41,862	882,241	3,115,650
Accrued salaries	13,163,369	1,727	-	13,165,096
Estimated claims incurred but not reported	1,947,000	-	-	1,947,000
Deferred revenue - federal	21,719	88,061	-	109,780
Deferred revenue - state	9,969	-	-	9,969
Deferred revenue - other	753,257	52,924	58,280	864,461
Due to general fund	-	569,329	118,591	687,920
Total liabilities	18,086,861	753,903	1,059,112	19,899,876
 Fund balance				
Non-spendable	777,885	223,646	-	1,001,531
Committed	1,588,063	-	-	1,581,862
Assigned	4,045,024	36,591	47,848	4,129,463
Unassigned	8,552,567	-	-	8,552,567
Total fund balance	14,963,539	260,237	47,848	15,271,624
 Total liabilities and fund balance	 \$ 33,050,400	 \$ 1,014,140	 \$ 1,106,960	 \$ 35,171,500

The notes to the basic financial statements are an integral part of this statement.

**CECIL COUNTY PUBLIC SCHOOLS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total fund balance	\$	15,271,624
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Amounts reported in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets	\$	297,827,347	
Accumulated depreciation		<u>(121,045,364)</u>	176,781,983

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Capital leases payable	\$	(7,708,171)	
Accrued vacation leave		<u>(2,812,749)</u>	<u>(10,520,920)</u>

Total net assets	\$	<u><u>181,532,687</u></u>
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The notes to the basic financial statements are an integral part of this statement.

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Special Revenue	Capital Projects	Total Governmental Funds
Revenue				
Intergovernmental				
Cecil County, Maryland	\$ 67,156,014	\$ -	\$ 2,205,920	\$ 69,361,934
State of Maryland	112,323,918	282,936	2,450,615	115,057,469
United States government	10,274,500	3,682,231	-	13,956,731
Other sources				
Sale of food	-	2,212,794	-	2,212,794
Investment interest	22,946	2,702	45	25,693
Other	765,778	59,581	91,263	916,622
Total revenue	<u>190,543,156</u>	<u>6,240,244</u>	<u>4,747,843</u>	<u>201,531,243</u>
Expenditures				
Current				
Administration	4,064,357	253,034	86,420	4,403,811
Mid-level administration	13,313,116	-	-	13,313,116
Instruction salaries	66,720,063	-	-	66,720,063
Instruction materials and supplies	2,798,893	-	17,570	2,816,463
Instruction other	3,076,692	-	4,642,566	7,719,258
Special education	24,921,881	-	-	24,921,881
Student personnel services	998,593	-	-	998,593
Student health services	1,565,596	-	-	1,565,596
Student transportation	9,247,557	-	1,083	9,248,640
Operation of plant	10,654,869	-	-	10,654,869
Maintenance of plant	3,784,948	-	-	3,784,948
Fixed charges	46,913,206	617,050	-	47,530,256
Community services	405,943	-	-	405,943
Food service				
Salaries and wages	-	2,380,172	-	2,380,172
Food	-	2,685,361	-	2,685,361
Contracted services	-	67,903	-	67,903
Supplies and materials	-	232,765	-	232,765
Other operating cost	-	71,782	-	71,782
Total expenditures	<u>188,465,714</u>	<u>6,308,067</u>	<u>4,747,639</u>	<u>199,521,420</u>
Excess (deficiency) of revenues over expenditures	2,077,442	(67,823)	204	2,009,823
Other financing sources (uses)				
Sale of capital assets	31,709	-	-	31,709
Capital leases	-	-	-	-
Total other financing sources (uses)	<u>31,709</u>	<u>-</u>	<u>-</u>	<u>31,709</u>
Net change in fund balances	2,109,151	(67,823)	204	2,041,532
Fund balance, beginning of year	<u>12,854,388</u>	<u>328,060</u>	<u>47,644</u>	<u>13,230,092</u>
Fund balance, end of year	<u>\$ 14,963,539</u>	<u>\$ 260,237</u>	<u>\$ 47,848</u>	<u>\$ 15,271,624</u>

The notes to the basic financial statements are an integral part of this statement.

**CECIL COUNTY PUBLIC SCHOOLS
RECONCILIATION OF NET CHANGE IN FUND BALANCE
WITH CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

Total change in fund balance	\$	2,041,532
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Amounts reported in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in government funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the combined statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$	(10,838,822)	
Capital outlays		3,979,640	
Disposal of capital assets net of depreciation		<u>(271,402)</u>	(7,130,584)

Net repayment and recognition of capital lease principal is an expenditure in the governmental funds, but these changes reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.

Repayment of existing capital leases	\$	1,487,251
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In the statement of activities, accrued leave is measured by amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used. This year, vacation used was less than the amounts earned.

(33,533)

Total change in net assets	\$	<u>(3,635,334)</u>
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The notes to the basic financial statements are an integral part of this statement.

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Intergovernmental				
Cecil County, Maryland	\$ 67,156,014	\$ 67,156,014	\$ 67,156,014	\$ -
State of Maryland	97,136,757	97,712,398	97,296,896	(415,502)
United States government	7,897,319	12,271,233	10,311,982	(1,959,251)
Other sources				
Investment interest	93,000	93,000	22,946	(70,054)
Other	2,198,419	2,631,907	797,487	(1,834,420)
Total revenue	<u>174,481,509</u>	<u>179,864,552</u>	<u>175,585,325</u>	<u>(4,279,227)</u>
Expenditures				
Current				
Administration	3,876,451	4,336,427	4,064,357	272,070
Mid-level administration	13,412,139	13,701,040	13,313,116	387,924
Instruction salaries	66,970,633	67,631,258	66,720,063	911,195
Instruction materials and supplies	2,254,162	3,032,117	2,767,490	264,627
Instruction other costs	2,243,518	3,312,599	2,955,980	356,619
Special education	25,057,755	25,847,801	24,922,960	924,841
Student personnel services	1,069,437	1,098,301	998,593	99,708
Student health services	1,555,137	1,576,333	1,565,596	10,737
Student transportation	9,391,923	9,502,420	9,247,557	254,863
Operation of plant	10,893,088	10,924,044	10,654,869	269,175
Maintenance of plant	3,302,409	3,936,360	3,778,356	158,004
Fixed charges	33,959,913	34,323,737	31,912,483	2,411,254
Community services	312,176	459,768	392,844	66,924
Capital outlay	182,768	182,347	181,910	437
Total expenditures and encumbrances	<u>174,481,509</u>	<u>179,864,552</u>	<u>173,476,174</u>	<u>6,388,378</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	2,109,151	<u>\$ 2,109,151</u>
Fund balance, beginning			<u>13,388,757</u>	
Fund balance, ending			<u>\$ 15,497,908</u>	

The notes to the basic financial statements are an integral part of this statement.

**CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012**

ASSETS	Retiree Benefit Trust Fund	Student Activity Agency Fund
	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 5,810,277	\$ 1,470,382
Total assets	<u>5,810,277</u>	<u>1,470,382</u>
 LIABILITIES AND NET ASSETS		
Due to other groups	<u>-</u>	<u>1,470,382</u>
	<u>-</u>	<u>1,470,382</u>
 NET ASSETS		
Held in trust for retiree benefits	<u>\$ 5,810,277</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
RETIREE BENEFIT TRUST FUND
YEAR ENDED JUNE 30, 2012

ADDITIONS

Contributions:	
Employer	\$ 1,011,504
Member	-
Total contributions	<u>1,011,504</u>
Investment income:	
From investment activity:	
Interest/Dividends	80,258
Realized gain from investments	37,575
Unrealized loss from investments	<u>(136,563)</u>
Total investment activity	<u>(18,730)</u>
Investment activity expenses:	
Investment custodial fees	<u>(26,904)</u>
Total investment expenses	<u>(26,904)</u>
Total net additions	965,870

DEDUCTIONS

Administration service fees	1,883
Auditing fees	3,333
Insurance expense	2,650
Consulting fees	700
General legal fees	254
Office supplies	<u>12</u>
Total deductions	<u>8,832</u>
Change in net assets	957,038
Net assets - beginning	<u>4,853,239</u>
Net assets - ending	<u>\$ 5,810,277</u>

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The School System is a body politic and corporate established through the Education Article of the Annotated Code of Maryland in 1868. Educational services are provided to students pre-kindergarten through graduation in 30 school facilities owned and operated in Cecil County, Maryland by the Board of Education of Cecil County, a five member Board elected to four-year terms and one student member who serves for one year. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all youth of Cecil County. A small number of students are placed in state-operated and non-public educational facilities to meet their special needs.

The School System is a component unit of Cecil County, Maryland and the School System's financial results are included in the County's comprehensive annual financial report. Elected County Commissioners are responsible for approving the School System's budget. The County is responsible for levying taxes and collecting and distributing funds to the School System. The School System is financially dependent upon appropriations from the County.

The financial statements of the School System are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, applicable to governmental entities, as prescribed by the Governmental Accounting Standards Board (GASB).

B. Government-wide Financial Statements

The Government-wide financial statements report on all of the non-fiduciary activities of the primary government. Activities between funds that are representative of lending borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds and are eliminated from the statements. Inter-fund charges to the Special Revenue Fund representing administrative overhead charges from the General Fund are included in direct expenses and not eliminated. The School System does not have business-type activities; therefore, the statements only include governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: 1) charges to individuals who directly benefit from the goods or services provided by the function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items not included among program revenue are reported instead as general revenue.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenue is recorded when earned and

expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government Funds Financial Statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized as soon as they are measurable and available. Generally, the School System considers revenue measurable and available when appropriated or otherwise known to be forthcoming from the funding sources. For this purpose, the School System considers revenues available if they are collected within 60 days of the end of the fiscal year. Special grant program revenue is recognized in accordance with the terms of the grant; generally, at the time program funds are expended. Principal revenue sources considered susceptible to accrual include federal and state grants and local county government appropriations. The School System, on a direct basis generates no tax revenue.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this practice include special revenue fund inventory items considered expenditures at the time the items are used and debt service recorded as an expenditure at the time payment is made by the county government.

Special Revenue Fund revenue and expenditures include the value of commodities donated by the United States Department of Agriculture which were consumed during the fiscal year. The value of donated commodities in inventory at year-end is reported as unearned revenue. Revenues are considered available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School System considers revenue to be available if they are collected within 60 days of the end of the current fiscal year.

The funds are separately accounted for in accordance with the purpose of the related revenue and expenditures. The financial statements present the results of operations of the funds with the measurement focus on the sources, uses, and balance of financial resources.

The School System uses three major funds. These funds comprise the total governmental funds as described below:

- The **General Fund** is used to focus upon the operation of the School System's educational and support services programs.
- The **Special Revenue Fund** is used to record the financial transactions of the Food and Nutrition program.

- The **Capital Projects Fund** reports the revenue and expenditures related to school construction projects ranging from site improvements to minor and major building renovation and addition projects.

The School System's Fiduciary Funds consist of the following:

- **Student Activity Agency Fund** consists primarily of funds raised by students, for their benefit, which are held in trust by the School System. Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.
- **Retiree Benefit Fiduciary Trust Fund** consists of contributions of the School System to establish a reserve to pay for health and welfare benefits of future retirees. Contributions to the Trust qualify as contributions and are reported using the economic resource measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred. Fiduciary funds are not reported in the government-wide financial statements.

D. Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

The School System's cash and cash equivalents include certificates of deposit and overnight repurchase agreements with original maturities of three months or less when acquired and are carried at cost which approximates fair value.

Investments are recorded at fair value, based on closing market prices at year-end. The fair value of the position in the Maryland Local Government Investment Pool is the same as the value of the pool shares.

The Annotated Code of Maryland authorizes the School System to invest in the following: time deposits, savings accounts, and demand deposit accounts in banks and savings and loan associations that are secured with collateral as set forth in the State Finance and Procurement Article; any investment portfolio created under the Maryland Government Investment Pool that is administered by the Office of the State Treasurer, an obligation for which the United States has pledged its full faith and credit for the payment of the principal and interest; an obligation that a federal agency or a federal instrumentality has issued in accordance with an act of congress; a repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities; bankers' acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter; commercial paper and money market mutual funds that contain only securities listed above receiving the highest possible rating.

Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business. Governmental fund type receivables consist primarily of amounts due from the county, state, or federal governments, or other Maryland Boards of Education. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year.

Inter-fund Balances/Inter-fund Activity

Inter-fund receivable and payable balances are non-interest bearing and are normally settled in the subsequent period. All governmental funds' payables are disbursed through the General Fund. Inter-fund activity consists primarily of transfers from other funds to the general fund to cover accounts payable. Most inter-fund expenditures disbursed from the General Fund are reimbursed the following period.

Inventories and Prepaid Items

The Special Revenue Fund inventories include federal government donated food commodities that are valued at estimated market value. The remaining inventories are accounted for under the consumption method and are stated at average cost.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. These payments are expended in future periods using the consumption method of accounting.

Capital Assets

Capital assets which include land, land improvements, buildings and equipment are defined by the School System as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Sensitive items, such as cameras, computers and computer peripherals are tracked similar to a fixed asset but are not capitalized or depreciated over the life of the item. Donated capital assets are recorded at estimated fair value at the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Costs of uncompleted projects are accumulated in construction-in-progress and are carried at the lower of cost or market. The School System does not incur debt for the construction of capital projects; therefore, construction period interest is not capitalized.

Land improvements, buildings and equipment with a value in excess of \$5,000 are depreciated using the straight-line method over the following estimated useful life:

<u>Assets</u>	<u>Years</u>
Improvements	15
Buildings	20 – 50
Equipment	5 – 20

Accrued Salaries

Teachers' salaries are considered earned at the completion of the school year. Teachers who are eligible may elect to be paid their ten month salary over twelve months. The salaries are paid within the first two months of the succeeding fiscal year.

Health Insurance and Estimated Claims Incurred But Not Reported

The School System participates in a "minimum premium plan" for its two healthcare insurance plans. Under these plan, the School System is responsible for paying all claims up to an agreed upon level. Individual stop loss insurance policies are responsible for claims in excess of \$200,000. The School System has provided an accrual for claims incurred for the current fiscal year but not reported.

Compensated Absences

Twelve month employees may earn annual vacation leave at various accrual rates dependent on length of service and the bargaining unit that represents them. Unused annual leave may be accrued up to a maximum of fifty days. All accrued annual leave is payable upon separation of employment. The governmental fund financial statements record expenditures when employees are paid for leave. The government-wide financial statements present the cost of accumulated vacation leave as a liability.

Employees are also eligible to earn sick leave and accrue unused balances throughout their employment. There is no liability reported for sick leave because employees are not paid their unused balance upon separation, except for up to 10 days upon retirement. Based on past experience, management does not expect such amounts to be significant.

Long-term Obligations

The School System has no authority to issue bonded debt. Debt incurred by the county or state governments to finance school construction remains a debt of the issuing government and along with the related debt service, is not reported in the School System's financial statements. The school system occasionally finances the purchase of technology equipment, school busses, maintenance vehicles and relocatable classrooms, over periods ranging from three to five

years. In addition, the School System has a fifteen year capital lease for various building improvements as part of an energy performance contract. All long-term obligations are subject to the School System's annual appropriation from the state and local governments.

Deferred/Unearned Revenue

Deferred revenue occurs when the School System receives funds before it has a legal claim to them or when funds received do not meet the criteria for recognition in the current period. Deferred revenue for governmental activities consists of tuition payments received in advance of summer school, restricted grant funds advanced to the School System and the value of donated food commodities not used.

Net Assets and Fund Balance

In the *Statement of Net Assets*, net assets are reported as invested in capital assets (net of related debt), restricted (based on some externally imposed restrictions or use of funds, such as grant funding for a specific purpose), or unrestricted.

In the *Balance Sheet - Government Funds* the fund balance is reported in four components - non-spendable, committed, assigned and unassigned in accordance with Board adopted Fund Balance Policy. The fund balance of the Board has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a fund balance of not less than 5% of annual operating expenditures for the fiscal year.

The Board's basic goal is to maintain annual expenditure increases at a growth rate, and to limit expenditures to anticipated revenue in order to maintain a balanced budget. The decision to retain a total fund balance of not less than 5% of operating expenditures stems from the following:

- This amount provides the liquidity necessary to accommodate the Board's uneven cash flow.
- This amount provides the liquidity to respond to contingent liabilities.

The Board will spend the most restricted dollars before less restricted in the following order:

1. Non-spendable (if funds become spendable)
2. Restricted
3. Committed
4. Assigned
5. Unassigned

Non-spendable – This component includes prepaid expenses related to health care and inventory related to food services.

Committed – This component includes funds approved by the Board of Education for use on

fiscal year 2013 operating expenses in the general fund.

Assigned – This component includes a contingency for the projected maximum liability for the medical, dental, vision and drug plans in excess of established premiums, and a contingency for excessive fuel cost due to unforeseen events in the general fund. In the Special Revenue and Capital Projects Funds, this amount represents funds to be used for the specific purpose of food services and capital projects. The authority of assigning fund balance is expressed by the Superintendent and Chief Financial Officer.

Unassigned – This component consists of the amount in the general fund that have not been committed or assigned to a specific purpose.

The School System’s \$15.3 million fund balance is 8.2% of the fiscal year 2013 total budget. \$1.0 million or 6.5% is non-spendable, \$1.6 million or 10.4% is committed, \$4.1 million or 27.0% is assigned and \$8.6 million or 56.0% is unassigned. The unassigned balance is 4.6% of fiscal year 2013 general fund budget.

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Fund balance				
Non-spendable				
Inventory	\$ -	\$ 223,646	\$ -	\$ 223,646
Prepaid expenses	<u>777,885</u>	<u>-</u>	<u>-</u>	<u>777,885</u>
	777,885	223,646	-	1,001,531
Committed				
Subsequent year's expenditures	1,588,063	-	-	1,588,063
Assigned				
Reserve for food service	-	36,591	-	36,591
Reserve for capital projects	-	-	47,848	47,848
Reserve for health care	3,545,024	-	-	3,545,024
Reserve for fuel cost contingency	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
	4,045,024	36,591	47,848	4,129,463
Unassigned	<u>8,552,567</u>	<u>-</u>	<u>-</u>	<u>8,552,567</u>
Total fund balance, June 30, 2012	<u>\$ 14,963,539</u>	<u>\$ 260,237</u>	<u>\$ 47,848</u>	<u>\$ 15,271,624</u>
Total fund balance, June 30, 2011	<u>12,854,388</u>	<u>328,060</u>	<u>47,644</u>	<u>13,230,092</u>
Net change in fund balance	<u>\$ 2,109,151</u>	<u>\$ (67,823)</u>	<u>\$ 204</u>	<u>\$ 2,041,532</u>

NOTE 2 BUDGETARY INFORMATION

A. Budgetary Requirements

The School System follows the budget requirements for local school systems within the State of Maryland as specified by state law:

1. The School System must submit annual budgets for its General Fund and Capital Improvement Fund to the County Executive prior to February 12, 2013.
2. The County Executive must submit a complete County budget to the County Council by March 1, 2013.
3. Following public hearings, the County Council must approve the budgets by May 21, 2013.
4. Subsequent supplemental appropriations also require the County Executive and Council's approval.
5. The General Fund budget is prepared and approved by major expenditure categories as specified by state law. Actual expenditures may not exceed appropriations for a category. These categories include:

Administration	Student transportation
Mid-level administration	Operation of plant
Instruction salaries	Maintenance of plant
Instruction materials and supplies	Fixed charges
Instruction other costs	Community services
Special education	Food and nutrition
Student personnel services	Capital outlay
Student health services	

6. The School System has the authority to transfer funds between objects of expenditures (i.e. salaries and wages, contracted services, materials and supplies, other charges, and equipment) within major categories, but must notify the County of such action at the end of each month. In accordance with the Education Article, Title 5, §5-105, of Maryland Annotated Code, the School System may not exceed the appropriation by category.
7. The management and staff of the School System are responsible for preparing the budget, monitoring budgetary expenditures, reporting, and making recommendations for transfers between objects of expenditure and major categories.

8. Unencumbered appropriations lapse at the end of each year, except in the Capital Projects Fund where appropriations do not lapse. Encumbered appropriations are liquidated through expenditures in the subsequent fiscal year. The portion of fund balance related to lapsed appropriations must be re-appropriated.

B. Reconciliation between GAAP and Budgetary Basis

Budgets are not established on a basis consistent with Generally Accepted Accounting Principles (GAAP) in the United States of America. *The Schedule of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance – Budget (non-GAAP budgetary basis) and Actual – General Fund* has been prepared on a prescribed budgetary basis of accounting to demonstrate compliance with the legal requirements of the County, the State of Maryland, and special federal and state grant programs.

The differences between the GAAP and budgetary basis relating to the general fund are shown below.

General Fund

Fund Balance Ending, June 30, 2012 – Non-GAAP		\$ 15,497,908
Maryland State Department payments to State Retirement and Pension System on behalf of the School System for eligible employees		
	Revenue	15,000,723
	Expenditures	(15,000,723)
Current year encumbrances reported as expenditures for budget purposes and not in GAAP statements		(181,774)
Cumulative effect of encumbrances reported as expenditures in prior years		<u>(352,595)</u>
Fund Balance Ending, June 30, 2012 – GAAP Basis		<u>\$ 14,963,539</u>

NOTE 3 CASH AND CASH EQUIVALENTS

By statute, the School System is authorized to invest in obligations of the U.S. Government and agencies, bankers' acceptance agreements, repurchase agreements fully collateralized by U.S. Government securities, mutual funds which invest in U.S. Government securities and the Maryland Local Government Investment Pool.

At June 30, 2012 the carrying amount and bank balances of the School System’s deposits with financial institutions totaled \$31,342,552 and \$31,811,301 respectively. All of the bank deposits are covered by federal deposit insurance and/or collateral held in the School System’s name.

<u>Government Funds</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Deposits</u>		
Insured - Federal Deposit Insurance Corporation	\$ 1,211,044	\$ 1,211,147
Uninsured - collateral held by bank in School System's name	24,725,526	25,195,595
Certificate of Deposit due within one year - collateral held by bank in the School System's name	<u>3,702,382</u>	<u>3,700,792</u>
Total deposits	<u>29,638,952</u>	<u>30,107,534</u>
<u>Investments</u> - Maryland Local Government Investment Pool	<u>1,703,599</u>	<u>1,703,767</u>
Total cash and investments	<u>\$ 31,342,552</u>	<u>\$ 31,811,301</u>
 Reconciliation of above to the Statement of Net Assets:		
General Fund	\$ 29,204,273	\$ 29,620,030
Special Revenue Fund	622,979	621,892
Capital Projects Fund	<u>44,918</u>	<u>44,917</u>
Total cash and cash equivalents - Statement of Net Assets	<u>29,872,170</u>	<u>30,286,839</u>
Fiduciary Fund	<u>1,470,382</u>	<u>1,524,462</u>
Total cash and investments	<u>\$ 31,342,552</u>	<u>\$ 31,811,301</u>

Credit and Interest Rate Risk - The School System is bound by Maryland law (COMAR 6-222) to minimize credit and interest rate risk by investing only in the highest quality investments, and therefore, has no formal Board investment policy. The law states that permissible investments are limited to U.S. Treasury and U.S. Government Agency obligations, collateralized repurchase agreements and certificates of deposit, money market mutual funds of the highest rating and any investment portfolio created under the Maryland Local Government Investment Pool.

The Maryland Local Government Investment Pool is duly chartered, administered and subject to regulatory oversight by the State of Maryland. This pool is managed in a “Rule 2(a)-7 like” manner and has an S&P rating of AAAM. The fair value of our position in the pool is equal to the shares outstanding.

Investment in External Investment Pool - The Board has funds designated for Other Post-Employment Benefits that are held by Maryland Association of Boards of Education (MABE). As of June 30, 2012, MABE held \$5,810,277 in cash and cash equivalents in the investment pool for the Board. The investment policy of MABE is set and monitored by MABE’s Board of Trustees. MABE primarily invests in registered securities and mutual funds.

NOTE 4 INTER-FUND RECEIVABLES, PAYABLES

The composition of inter-fund balances as of June 30, 2012, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose	Amount
General	Capital Projects Fund	Deficit cash balance	\$ 118,591
General	Special Revenue	Deficit cash balance	569,329
Total			<u>\$ 687,920</u>

NOTE 5 CAPITAL ASSETS

A. Activity

The following is a summary of the changes in the capital assets owned by the School System during the fiscal year 2012:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,202,153	\$ -	\$ -	\$ 1,202,153
Construction-in-progress	16,070,509	4,747,639	(16,274,381)	4,543,767
Total capital assets not being depreciated	<u>17,272,662</u>	<u>4,747,639</u>	<u>(16,274,381)</u>	<u>5,745,920</u>
Capital assets being depreciated				
Buildings	240,021,579	12,525,554	(196,755)	252,350,378
Improvements other than buildings	12,420,733	2,301,371	(223,647)	14,498,457
Furniture, equipment and vehicles	25,852,299	679,452	(1,299,159)	25,232,592
Total capital assets being depreciated	<u>278,294,611</u>	<u>15,506,377</u>	<u>(1,719,561)</u>	<u>292,081,427</u>
Less accumulated depreciation for				
Buildings	(95,882,750)	(7,235,139)	67,813	(103,050,076)
Improvements other than buildings	(2,678,924)	(604,407)	193,890	(3,089,441)
Furniture, equipment and vehicles	(13,093,027)	(2,999,276)	1,186,456	(14,905,847)
Total accumulated depreciation	<u>(111,654,701)</u>	<u>(10,838,822)</u>	<u>1,448,159</u>	<u>(121,045,364)</u>
Total capital assets being depreciated, net	<u>166,639,910</u>	<u>4,667,555</u>	<u>(271,402)</u>	<u>171,036,063</u>
	<u>\$ 183,912,572</u>	<u>\$ 9,415,194</u>	<u>\$ (16,545,783)</u>	<u>\$ 176,781,983</u>

Depreciation expense was charged to functions/programs as follows:

<u>Government activities:</u>	<u>Amount</u>
Administration	\$ 332,710
Mid-level administration	82,829
Instruction other costs	9,871,770
Special education	119,337
Student personnel services	2,799
Student health services	17,082
Student transportation	80,440
Operation of plant	71,939
Maintenance of plant	97,076
Food and nutrition	162,596
Community service	244
	<u>\$ 10,838,822</u>

B. Construction Commitments

The School System has active construction projects as of June 30, 2012. These projects are additions and renovations to school buildings. At year-end the School System commitments with contractors are as follows:

<u>Projects</u>	<u>Spent to Date</u>	<u>Remaining Commitments</u>
North East High Windows and Doors	\$ 1,220,379	\$ 61,588
North East Middle Elevator	23,837	284,229
Perryville High Ceiling	172,377	316,333
Rising Sun High HVAC	665,212	1,981,904
Total	<u>\$ 2,081,806</u>	<u>\$ 2,644,054</u>

NOTE 6 LONG-TERM OBLIGATIONS

A. Compensated Absences

School system employees who are employed on a twelve-month basis are granted annual leave at varying rates based on years of service. Those employees may accumulate annual leave up to a maximum of fifty days. Upon termination of employment, accumulated annual leave is paid to the employee and is reported in the form of salary expenditures in the General Fund and Special Revenue Fund. Annual leave pay is accrued when incurred in the government-wide statement.

B. Capital Leases

The School System’s capital leases represent obligations incurred to finance the purchase of school maintenance vehicles, relocatables, and improvements to buildings. These lease

agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments at the inception date. Both the General Fund and the Capital Projects Fund are being used to liquidate capital leases. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Total</u>
Improvements other than buildings	\$ 6,259,485
Technology equipment (FY2010)	375,629
Technology equipment (FY2011)	<u>1,073,057</u>
	\$ 7,708,171
Less accumulated depreciation	<u>(3,213,802)</u>
	<u>\$ 4,494,369</u>

The following are the future minimum payments under the School System's capital lease agreements and represent the present value of the minimum lease payments for the amount capitalized as of the fiscal year ended June 30, 2012:

<u>Fiscal years ending June 30:</u>	<u>Total</u>
2013	\$ 1,736,036
2014	1,350,423
2015	813,910
2016	813,910
2017	813,910
2018-2021	<u>3,255,638</u>
Total payments	8,783,827
Less interest	<u>1,075,656</u>
Capitalized lease obligations	<u>\$ 7,708,171</u>

C. Changes in Long-term Liabilities

Long-term liabilities reported in the Statement of Net Assets include capital leases and compensated absences. The schedule below presents the current year activity and year-end balances for the School System's long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 9,195,422	\$ -	\$ (1,487,251)	\$ 7,708,171	\$ 1,517,121
Compensated absences	<u>2,779,216</u>	<u>477,821</u>	<u>(444,288)</u>	<u>2,812,749</u>	<u>445,289</u>
Long-term liabilities	<u>\$ 11,974,638</u>	<u>\$ 477,821</u>	<u>\$ (1,931,539)</u>	<u>\$ 10,520,920</u>	<u>\$ 1,962,410</u>

NOTE 7 OPERATING LEASES

The School System has long-term commitments as the lessee under various non-cancelable operating leases for warehouse space, office space and bus parking. Total rent expenditures incurred in fiscal year 2012 under these leases amounted to \$620,287. The aggregate future rental payments under these commitments are \$3,409,352 summarized below:

<u>Fiscal year ending June 30:</u>	<u>Building Rent</u>	<u>Office Equipment</u>
2013	\$ 245,271	\$ 429,300
2014	245,271	429,300
2015	252,629	426,453
2016	260,208	426,453
2017	268,014	426,453
Total	<u>\$ 1,271,393</u>	<u>\$ 2,137,959</u>

NOTE 8 GRANT PROGRAM REVENUE

Certain programs serving specific needs and purposes of the School System and the welfare of the students are funded by restricted federal and state grants. Monies so acquired, amounting to approximately \$68,281,279 during the fiscal year ended June 30, 2012, were used in the designated programs and did not supplant funding for the unrestricted programs. The general and special revenue funds accounted for approximately \$63,533,480 and the capital project fund accounted for approximately \$4,747,799.

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Risk Management

The School System is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and related disasters. The system is a member of the Maryland Association of Boards of Education Group Insurance Pool (MABE) and the Workers' Compensation Group Self-Insurance Fund. MABE is a public entity risk pool currently operating as a common risk management and insurance program for fourteen member counties to reduce the amount of claims expenditures incurred. Under the group insurance pool, coverage for casualty losses are at the replacement cost of the asset; general liability losses are limited to \$100,000 per incident as provided by the State of Maryland's Sovereign Immunity Law. In the event that the Sovereign Immunity Law is not applicable, the system is covered up to \$1,000,000 per incident. There have been no reductions in the insurance coverage in the current year and settlements have not exceeded insurance coverage for the last three fiscal years. The Workers' Compensation Group Self-Insurance Fund provides coverage for up to the statutory limit of each incident.

B. Healthcare Claims Incurred But Not Reported

The School System is self-insured for the core healthcare plan. Healthcare claims incurred but not reported as of June 30, 2012 are estimated to be in the amount of \$1,947,000. This amount is \$343,000 more than the claims estimated to be outstanding in the prior year and the total is expected to be paid within the next fiscal year.

Fiscal Year	Beginning Balance	Increase	Decrease	Ending Balance
2011	\$ 1,636,000	\$ -	\$ 32,000	1,604,000
2012	\$ 1,604,000	\$ 343,000		1,947,000

C. Sick Leave

As of June 30, 2012, the amount of accumulated unused sick leave was estimated to be \$27,764,561. It is not practical to estimate the portion of such amount that will ultimately be paid because payment is contingent upon employees' future illnesses. Management expects the School System's commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees.

As a condition of retirement, the School System will pay employees up to ten days accumulated sick leave. All accrued sick leave above 10 days is applied to each employee's service record. Management, based on past experience, does not expect such amounts to be significant.

D. Sick Leave Bank

As of June 30, 2012, the amount of accumulated unused sick leave included in the sick leave bank was estimated to be \$1,484,549. The sick leave bank is an extra source of sick leave available to those employees who are eligible and elect to participate. Participation is based on a formula for donating sick days to the bank based on the employees' classification and accrued sick leave. Management believes it is not practical to estimate the portion of such amount which will ultimately be paid because payment is contingent upon employees' future illnesses.

Management expects the School System's commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees.

E. Special Grants

The School System participates in a number of federal and state assisted programs. These programs are subject generally to program compliance audits by the grantors or their representatives. As of June 30, 2012, the compliance audits of certain programs have not yet been conducted and/or accepted by the appropriate authorities. Accordingly, the system's compliance with applicable program requirements for these programs will be established conclusively at some future date. The amount, if any, of expenditures which may be disallowed

by the granting agencies cannot be determined at this time. Based on past experience, the School System does not expect such amounts, if any, to be significant.

F. Labor Relations

The collective bargaining agreement with the Cecil County Classroom Teachers' Association (CCCTA) for the period July 1, 2012 thru June 30, 2013 is a one year agreement with no COLA adjustment. The built-in step increments for fiscal year 2013 were approved. A 4% improvement to retiree health care was negotiated for fiscal year 2013 for retirees at each of the service levels.

The collective bargaining agreement with the Cecil County Public Schools Administrators' and Supervisors' Association (CCPSASA) for the period July 1, 2012 thru June 30, 2013 is a one year agreement with no COLA adjustment. The built-in step increments for fiscal year 2013 were approved. A 4% improvement to retiree health care was negotiated for fiscal year 2013 for retirees at each of the service levels.

The collective bargaining agreement with the Cecil Education Support Personnel Association (CESPA) for the period July 1, 2012 thru June 30, 2013 is a one year agreement with no COLA adjustment. The built-in step increments for fiscal year 2013 were approved. A 4% improvement to retiree health care was negotiated for fiscal year 2013 for retirees at each of the service levels.

Meet and Confer discussions with the Central Office Support Services Leadership Association (COSSLA) for the period July 1, 2012 thru June 30, 2013 resulted in a one year agreement with no COLA adjustment. The built-in step increments for fiscal year 2013 were approved. A 4% improvement to retiree health care was negotiated for fiscal year 2013 for retirees at each of the service levels.

G. Litigation

The School System is a defendant in lawsuits and other claims that occur in the ordinary course of School System operations. It is the opinion of management that such lawsuits and claims will not have a material adverse impact on the School System's financial condition.

NOTE 10 RETIREMENT SYSTEMS

A. Plan Description

The employees of the School System are covered by the State Retirement and Pension System of Maryland (the System). The State Retirement Agency (the Agency) is the administrator of the State Retirement and Pension System of Maryland, a cost sharing multiple-employer public-

employee retirement system. The System was established by the State Personnel and Pension Articles of the Annotated Code of Maryland and provides retirement allowances to System members and beneficiaries. Responsibility for the administration and operation of the System is vested with a 14-member Board of Trustees (Trustees). Teachers and employees of the School System in related positions are covered by either the Teachers Retirement System or the Teachers Pension System (Teachers Systems) of the State of Maryland. The Employees Retirement and Pension Systems (Employees Systems) cover principally custodial, maintenance, cafeteria and administration employees not eligible to participate in the Teachers Systems. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Baltimore, Maryland 21202 or by calling (800) 492-5909.

B. Funding Policy

Members of the Teacher and Employee's Retirement Systems are required to contribute 5% or 7% of their earnable compensation depending on their retirement option. Members of the Employees' Pension System are required to contribute 7% of earnable compensation. Employer contribution rates are determined actuarially. The employer contribution rates for fiscal year 2012 were 15.45% for the Teacher Systems and 13.40% of covered payroll for the Employee Pension System.

The State makes a substantial portion of the School System's annual required contributions to the Teachers Systems on behalf of the School System. The State's contributions on behalf of the School System to the Teachers Systems for the year ended June 30, 2012 was \$15,000,723. The fiscal 2012 contributions made by the State on behalf of the School System have been included as both revenues and expenditures in the General Fund in the accompanying *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. The revenue is included in Intergovernmental Revenue - State of Maryland with the offsetting expense included in Fixed Charges.

The School System makes the entire employer required annual contributions to the Employees Systems as well as those that relate to positions in the Teachers Systems funded through federal and state restricted programs. The School System's contributions to the Teachers and Employees Systems for the year ended June 30, 2012, 2011, and 2010 were \$1,854,035, \$1,973,779, and \$1,632,345 respectively, all of which were 100% of the required contribution.

The computation of the pension contribution requirements for fiscal year 2012 was based on the same actuarial assumptions, benefits provisions, actuarial funding method, and other significant factors used to determine pension contributions requirements in the previous year.

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The Cecil County Public Schools Retiree Health and Welfare Plan (the "Plan") is a single employer defined benefit healthcare plan administered by the School System. The Plan provides medical, prescription drug, dental and vision benefits to eligible retirees, their spouses and eligible dependents. All classes of employees are eligible to participate in the Plan upon retirement. Participants must meet the eligibility requirements of the Maryland State Teachers' pension system, which are age 55 with 15 years of service, 30 years of service or age 62 with 5 years of service. To be eligible for continued retiree healthcare coverage, the retiree must have been enrolled in the School System's sponsored Plan for at least one full year immediately prior to retirement. In addition, eligible spouses and dependents desiring coverage through the eligible retiree's plan must be enrolled in the Plan immediately prior to the retiree's effective date of retirement. As of July 1, 2010, the date of the last actuarial valuation, approximately 514 retirees and their beneficiaries were receiving benefits, and an estimated 2,124 active employees are potentially eligible to receive future benefits.

B. Funding Policy

The School System contributes towards the retiree's healthcare premiums based on the retiree's age and years-of-service. Under 65/non-Medicare eligible retirees may receive from \$3,592 annually for 14 years-of-service up to \$7,595 annually for 30+ years of service. Over 65/Medicare eligible retirees may receive from \$2,132 annually for 14 years of service up to \$3,692 annually for 30+ years of service. The retiree pays the remaining premium for the selected plan, including the cost of eligible dependents. The amount of the subsidy may be subject to the collective bargaining process and/or the School System's determination of contribution limits. The authority to establish and amend benefit provisions of the Plan rests with the School System.

For the fiscal year 2012, retirees contributed \$2.2 million or 44.7% of the total premiums and benefits cost of \$4.9 million. In May 2008, the School System created the Retiree Benefit Trust of the Board of Education of Cecil County (the "Trust") in order to arrange for the establishment of a reserve to pay promised future health and welfare benefits for employee services that have already occurred. The School System intends the contributions to the Trust qualify as "contributions in relation to the actuarial required contribution" that the Trust will qualify as a "trust or equivalent arrangement".

Contributions by the School System are solely dependent on the governmental entities that provide funding for the School System. Employee and retiree contributions are not permitted. The Chief Financial Officer, Associate Superintendent for Administrative Services and the Human Resources Benefits Manager are the trustees of the Trust with final authority in all matters pertaining to the Trust.

In May 2008, the School System entered into an agreement with the Maryland Association of Boards of Education (MABE), together with certain member Boards of Education in Maryland to establish the MABE Pooled OPEB Investment Trust (MABE Pool) in order to pool assets of the member Boards of Education for investment purposes only. Each member of the MABE Pool is required to designate a member Trustee who is a trustee of the member trust. The member trustees of the MABE Pool shall ensure that the MABE Pool keep such records as are necessary in order to maintain a separation of the assets of the Trust from the assets of trusts maintained by other governmental employers. Assets of the member trusts are reported in their respective CAFR using the economic resources measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, as available.

The Trust prohibits any part of the Trust to be used for or diverted to purposes other than providing benefits to participants and beneficiaries under the Plan. The Trust provides that in no event will the assets of the Trust be transferred to an entity that is not a state, a political subdivision or an entity the income of which is excluded from taxation under taxation under Section 115 of the IRS Code.

The Pool issues a publicly available audited GAAP-basis report that includes financial statements and required supplementary information for the Trust. This report may be obtained by writing to Steve James, Trust Administrator, Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, MD 21401 or calling (410) 841-5414.

C. Annual OPEB Cost and Net OPEB Obligation

The School System's annual other post-employment benefit (OPEB) cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined within the parameters set forth by the Governmental Accounting Standards Board (GASB). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus any unfunded liability amortized over a period not to exceed thirty years. The adjustment to the ARC is the difference between the ARC and the actual expenditures for the fiscal year. The School System pays post-retirement medical benefits (normal cost) from the General Fund, not from the Trust.

Annual required contribution	\$ 3,958,437
Adjustment to annual required contribution	<u>(390,362)</u>
Annual OPEB cost	3,568,075
Payments to retirees from general fund	(2,556,571)
Prefunding contribution	<u>(1,011,504)</u>
Increase in net OPEB obligation	-
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ -</u></u>

The School System’s OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal 2011 and 2012, are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2011	\$ 2,978,542	100.0%	\$ -
June 30, 2012	\$ 3,568,075	100.0%	\$ -

D. Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$44.1 million with an actuarial value of assets of \$3.3 million and resulting in an unfunded actuarial accrued liability (UAAL) of \$40.9 million. The annual payroll of active employees covered by the Plan was \$114.6 million and the ratio of the UAAL to covered payroll was 65.9%. The School System established the Retiree Benefit Trust Fund in May 2008 with the intention to fully fund the annual required contribution (ARC). As of June 30, 2012, there were \$5.81 million in net assets. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and Plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future. The actuarial methods and assumptions used include techniques that

are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of net assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the cost method used was the projected unit credit, with linear proration to decrement attribution. The actuarial assumptions include a 3% salary increase and an 8% investment return per annum. The projected annual healthcare cost trend rate is 10.5% initially, reduced by decrements to an ultimate rate of 5.5% after five years. The retiree benefit subsidy is increased at the same rate as the healthcare cost trend. The UAAL is being amortized with open periods over thirty years based on a level percentage of projected payrolls.

NOTE 12 INSURANCE POOLS

The School System participates in the Maryland Association of Boards of Education Group Insurance Pool (the Pool) and Workmen's Compensation Group Self-Insurance Fund (the Fund) for its general liability, property and workmen's compensation insurance coverage. Annual contributions are made based on historical loss, exposure factors and payroll levels.

The Pool and the Fund have excess loss insurance for both specific and aggregate losses. Although the Pool and the Fund maintain reserves, the School System could be assessed for its share of any future shortfalls.

The School System's Other Post Employment Benefit Plan (OPEB Plan) is administered through the School System's Retiree Benefits Trust Fund as an irrevocable trust and a member trust of the Maryland Association of Boards of Education (MABE) Pooled OPEB Investment Trust (MABE Pool). Assets of the trust fund are dedicated to providing post-retirement health insurance coverage to current and eligible future retirees.

REQUIRED SUPPLEMENTARY INFORMATION

The following schedules present the School System's actuarially determined funding progress and required contributions for the School System's Retiree Benefit Trust Fund. The School System performs an actuarial biennially.

**SCHEDULE OF FUNDING PROGRESS
 BY VALUATION DATE**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2007	\$ -	\$ 49,099,000	\$ 49,099,000	0.0%	\$ 106,223,798	46.2%
July 1, 2008	\$ 1,480,000	\$ 41,746,315	\$ 40,266,315	3.5%	\$ 111,175,780	36.2%
July 1, 2010	\$ 3,261,278	\$ 44,137,456	\$ 40,876,178	7.4%	\$ 114,560,974	35.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Percentage Contributed
June 30, 2008	\$ 3,215,737	100.0%
June 30, 2009	\$ 3,163,196	100.0%
June 30, 2010	\$ 3,412,156	100.0%
June 30, 2011	\$ 2,978,542	100.0%
June 30, 2012	\$ 3,568,075	100.0%

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**INDIVIDUAL FUND
FINANCIAL STATEMENT**

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITIES
YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and cash equivalents	\$ 1,421,980	\$ 2,597,014	\$ (2,548,612)	\$ 1,470,382
Total Assets	<u>\$ 1,421,980</u>	<u>\$ 2,597,014</u>	<u>\$ (2,548,612)</u>	<u>\$ 1,470,382</u>
Liabilities:				
Due to student groups	\$ 1,421,980	\$ 2,597,014	\$ (2,548,612)	\$ 1,470,382
Tota Realized gain from investments	<u>\$ 1,421,980</u>	<u>\$ 2,597,014</u>	<u>\$ (2,548,612)</u>	<u>\$ 1,470,382</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the Cecil County Public School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	Page
FINANCIAL	67
<i>These schedules contain trend information to help the reader understand how the School System's financial performance and well-being have changed over time.</i>	
REVENUE AND EXPENSE	70
<i>These schedules contain information to help the reader assess the School System's most significant revenue by source and expenditures by function.</i>	
DEMOGRAPHIC	80
<i>These schedules offer demographic indicators to help the reader understand the environment within which the School System's financial activities take place.</i>	
OPERATING	83
<i>These schedules contain data to help the reader understand how the information in the School System's financial report relates to the services the School System provides.</i>	

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**CECIL COUNTY PUBLIC SCHOOLS
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Invested in capital assets net of related debt	\$169,073,812	\$174,717,150	\$177,912,434	\$175,023,380	\$167,798,316	\$156,528,166	\$123,977,382	\$108,410,260	\$108,515,175	\$109,704,348
Restricted for capital projects	47,848	47,644	47,563	47,460	40,074	611,410	487,935	346,608	336,530	335,461
Unrestricted	<u>12,411,027</u>	<u>10,403,227</u>	<u>8,731,626</u>	<u>9,759,167</u>	<u>6,273,966</u>	<u>5,064,835</u>	<u>1,579,391</u>	<u>2,186,620</u>	<u>1,900,680</u>	<u>1,870,109</u>
Total governmental activities net assets	<u>\$181,532,687</u>	<u>\$185,168,021</u>	<u>\$186,691,623</u>	<u>\$184,830,007</u>	<u>\$174,112,356</u>	<u>\$162,204,411</u>	<u>\$126,044,708</u>	<u>\$110,943,488</u>	<u>\$110,752,385</u>	<u>\$111,909,918</u>

Source: Statement of Net Assets

**CECIL COUNTY PUBLIC SCHOOLS
CHANGES IN NET ASSETS
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Government activities:										
Administration	\$ 5,848,216	\$ 5,894,409	\$ 5,985,974	\$ 5,785,097	\$ 5,345,436	\$ 4,876,720	\$ 4,559,329	\$ 3,789,294	\$ 3,155,072	\$ 3,088,035
Mid-level administration	18,645,814	19,318,057	19,061,356	18,379,730	17,641,192	16,004,079	15,176,098	14,158,839	13,329,431	12,515,270
Instruction										
Salaries	94,677,121	96,947,288	96,126,396	92,771,442	88,770,368	81,836,635	76,741,777	71,729,858	66,932,297	62,776,576
Materials and supplies	2,816,463	2,411,173	2,866,679	3,554,132	3,191,191	3,101,396	2,863,712	2,763,589	2,634,229	2,897,518
Other costs	12,669,260	13,718,011	11,795,884	11,067,537	8,698,392	4,801,808	4,288,118	4,858,382	1,650,215	1,708,612
Special education	33,206,278	33,654,336	33,516,554	32,465,449	30,677,957	27,118,984	25,674,929	21,904,331	20,126,357	18,476,142
Student personnel services	1,351,480	1,327,915	1,476,303	1,562,735	1,163,427	993,420	973,329	878,333	796,439	747,294
Student health services	2,219,629	2,172,688	2,161,204	2,136,947	2,024,228	1,932,511	1,785,583	1,698,234	1,548,604	1,460,961
Student transportation	9,658,855	9,581,266	9,367,220	9,270,764	9,479,243	8,633,675	8,305,099	7,570,359	7,051,501	6,713,711
Operation of plant	12,884,659	13,753,124	13,615,550	13,531,123	14,126,567	12,366,791	11,372,420	10,644,108	9,475,506	9,117,663
Maintenance of plant	4,794,807	4,581,731	4,735,829	4,684,698	4,857,755	4,794,585	4,472,663	3,802,878	3,789,486	3,488,245
Food and nutrition	5,816,017	5,723,356	5,445,415	4,377,939	5,439,250	4,965,606	4,905,918	4,611,152	4,555,062	4,223,165
Community services	454,449	383,375	317,774	315,148	312,701	254,059	368,156	295,110	724,890	877,412
Capital outlay	-	-	-	-	1,837,886	4,737,281	4,883,382	418,741	7,012,381	7,483,438
Interest on long-term debt	155,244	110,918	119,282	102,772	834	1,612	13,672	14,030	-	-
Total governmental activities expenses	\$ 205,198,292	\$ 209,577,647	\$ 206,591,420	\$ 200,005,513	\$ 193,566,427	\$ 176,419,162	\$ 166,384,185	\$ 149,137,238	\$ 142,781,470	\$ 135,574,042
Program Revenues										
Government activities:										
Charges for services:										
Instruction salaries	\$ 240,862	\$ 245,955	\$ 470,817	\$ 454,827	\$ 589,832	\$ 571,537	\$ 478,198	\$ 571,836	\$ 526,998	\$ 174,574
Maintenance of plant	-	-	-	-	-	-	-	-	8,495	10,085
Food and nutrition	2,212,433	2,450,764	2,624,443	2,913,331	2,951,531	2,779,343	2,664,251	2,584,766	2,633,070	2,468,692
Community services	16,637	35,655	31,823	18,931	27,476	26,698	27,409	6,482	-	-
Operating grants and contributions	63,533,480	66,136,117	59,739,771	51,554,961	48,901,527	43,428,584	39,155,944	35,217,219	31,523,443	29,059,168
Capital grants and contributions	4,747,799	4,613,476	10,397,865	14,513,846	17,653,368	37,684,828	21,119,550	2,483,459	4,883,765	7,778,010
Total governmental activities program revenue	\$ 70,751,211	\$ 73,481,967	\$ 73,264,719	\$ 69,455,896	\$ 70,123,734	\$ 84,490,990	\$ 63,445,352	\$ 40,863,762	\$ 39,575,771	\$ 39,490,529
Total governmental activities net expense	(134,447,081)	(136,095,680)	(133,326,701)	(130,549,617)	(123,442,693)	(91,928,172)	(102,938,833)	(108,273,476)	(103,205,699)	(96,083,513)
General Revenue and Other Changes in Net Assets										
Government activities:										
Federal aid not restricted to specific purposes	\$ -	\$ 1,646,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State aid not restricted to specific purposes	63,388,472	63,952,691	66,376,929	69,823,348	69,088,532	61,013,725	54,793,124	49,408,575	45,748,277	43,555,339
Local aid not restricted to specific purposes	67,156,014	68,350,618	68,385,625	69,915,162	64,435,162	65,715,090	62,229,000	58,708,711	56,089,930	53,984,355
Interest and investment earnings	25,693	67,056	136,820	382,313	852,892	1,143,097	781,976	272,663	171,972	203,401
Miscellaneous	241,568	555,600	288,943	1,146,445	974,052	215,963	235,953	74,630	37,987	346,805
Total governmental activities	\$ 130,811,747	\$ 134,572,078	\$ 135,188,317	\$ 141,267,268	\$ 135,350,638	\$ 128,087,875	\$ 118,040,053	\$ 108,464,579	\$ 102,048,166	\$ 98,089,900
Change in Net Assets	\$ (3,635,334)	\$ (1,523,602)	\$ 1,861,616	\$ 10,717,651	\$ 11,907,945	\$ 36,159,703	\$ 15,101,220	\$ 191,103	\$ (1,157,533)	\$ 2,006,387

Source: Statement of Activities

Notes: Capital Outlay includes unallocated depreciation in years 2002, 2003 and 2004. Capital Outlay has been allocated to other functions since 2009.

CECIL COUNTY PUBLIC SCHOOLS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund										
Non-spendable	\$ 777,885	\$ 1,026,595	\$ 759,082	\$ 689,098	\$ 670,574	\$ 280,800	\$ 510,755	\$ 697,469	\$ 385,422	\$ 571,756
Committed	1,588,063	1,798,419	2,000,000	3,000,000	3,000,000	1,000,000	500,000	484,000	559,000	484,000
Assigned	4,045,024	3,358,296	3,178,184	3,237,484	2,782,689	4,223,048	1,807,740	2,084,171	2,132,207	1,631,000
Unassigned	<u>8,552,567</u>	<u>6,671,073</u>	<u>5,375,627</u>	<u>5,489,030</u>	<u>2,677,931</u>	<u>1,774,650</u>	<u>450,854</u>	<u>326,153</u>	<u>169,526</u>	<u>378,503</u>
Total general fund	<u>\$14,963,539</u>	<u>\$12,854,383</u>	<u>\$11,312,893</u>	<u>\$12,415,612</u>	<u>\$ 9,131,194</u>	<u>\$ 7,278,498</u>	<u>\$ 3,269,349</u>	<u>\$ 3,591,793</u>	<u>\$ 3,246,155</u>	<u>\$ 3,065,259</u>
All other governmental funds										
Special Revenue Fund:										
Non-spendable	\$ 223,646	\$ 171,597	\$ 189,107	\$ 196,398	\$ 166,937	\$ 185,835	\$ 161,574	\$ 103,596	\$ 111,886	\$ 147,689
Assigned	36,591	156,463	101,142	(45,987)	(225,802)	378,097	861,409	1,169,947	992,604	1,060,262
Capital Project Fund										
Assigned	<u>47,848</u>	<u>47,644</u>	<u>47,563</u>	<u>47,460</u>	<u>40,074</u>	<u>611,410</u>	<u>487,935</u>	<u>346,608</u>	<u>336,530</u>	<u>335,461</u>
Total all other governmental funds	<u>\$ 308,085</u>	<u>\$ 375,704</u>	<u>\$ 337,812</u>	<u>\$ 197,871</u>	<u>\$ (18,791)</u>	<u>\$ 1,175,342</u>	<u>\$ 1,510,918</u>	<u>\$ 1,620,151</u>	<u>\$ 1,441,020</u>	<u>\$ 1,543,412</u>

Source: Balance Sheet - Governmental Funds

CECIL COUNTY PUBLIC SCHOOLS
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

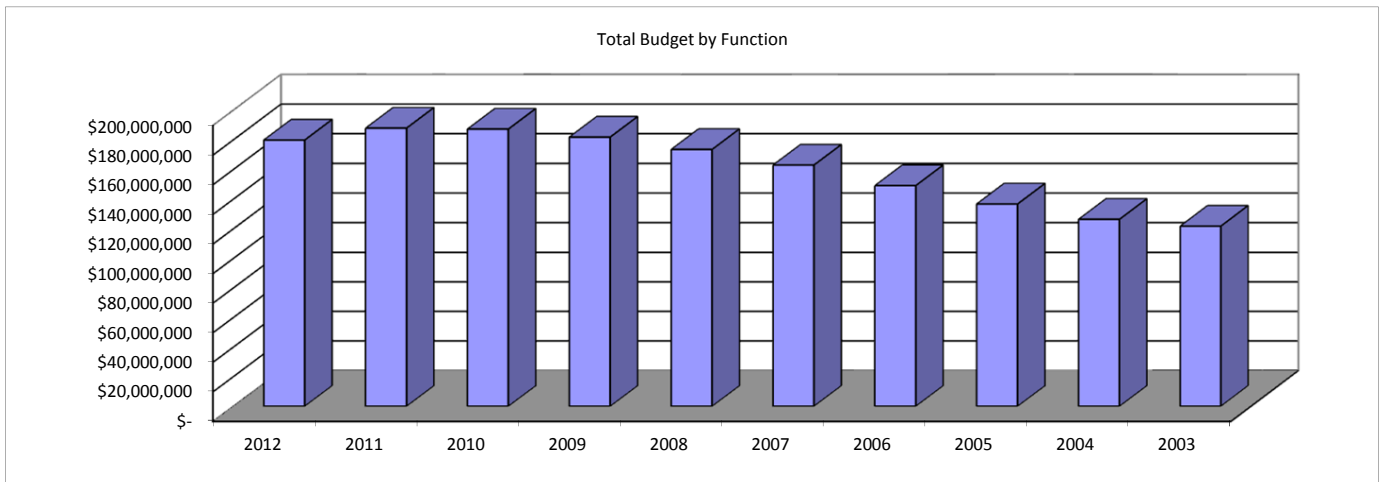
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue										
Intergovernmental										
Cecil County	\$ 69,361,935	\$ 72,619,885	\$ 74,891,456	\$ 80,676,398	\$ 79,342,555	\$ 88,968,786	\$ 68,101,426	\$ 60,897,650	\$ 60,616,197	\$ 58,175,487
State of Maryland	115,057,469	111,044,514	113,375,504	102,650,748	100,158,750	100,521,180	92,019,405	67,545,464	61,128,078	66,698,690
United States government	13,956,731	20,783,182	16,233,041	11,194,258	10,279,566	9,885,344	9,986,993	10,418,590	9,926,312	9,271,524
Other sources										
Sale of food	2,212,794	2,451,420	2,620,110	2,913,331	2,951,522	2,978,660	2,664,250	2,584,768	2,599,999	2,460,442
Investment interest	25,693	67,056	136,820	382,313	852,892	1,143,097	781,977	272,663	171,972	203,401
Other	916,622	722,397	1,196,103	1,829,221	1,664,741	1,142,843	807,592	783,004	710,791	770,885
Total revenue	<u>\$201,531,244</u>	<u>\$207,688,454</u>	<u>\$208,453,034</u>	<u>\$199,646,269</u>	<u>\$195,250,026</u>	<u>\$204,639,910</u>	<u>\$174,361,643</u>	<u>\$142,502,139</u>	<u>\$135,153,349</u>	<u>\$137,580,429</u>
Expenditures										
Administration	\$ 4,403,811	\$ 4,672,204	\$ 4,664,203	\$ 4,244,817	\$ 4,462,646	\$ 4,198,799	\$ 3,814,226	\$ 3,170,595	\$ 2,518,893	\$ 2,601,009
Mid-level administration	13,313,116	14,161,065	13,916,489	13,503,143	13,184,316	12,447,326	11,724,442	10,975,494	10,393,809	9,907,445
Instruction										
Salaries	66,720,063	69,238,303	68,835,894	67,418,883	65,284,743	62,111,692	57,924,179	54,207,475	51,033,162	48,502,455
Materials and supplies	2,816,463	4,303,967	2,866,679	4,800,674	3,191,191	3,101,396	2,863,712	2,763,589	2,634,229	2,897,518
Other costs	7,719,258	10,600,268	16,205,022	17,699,218	5,268,109	3,651,467	3,358,290	2,205,561	2,266,233	2,002,129
Special education	24,921,881	26,082,161	25,741,368	25,141,877	24,135,599	21,837,669	20,631,222	17,605,865	16,240,239	15,150,669
Student personnel services	998,593	957,021	1,078,355	1,181,589	876,693	757,159	741,104	682,552	618,698	587,119
Student health services	1,565,596	1,561,453	1,538,634	1,551,549	1,535,533	1,540,252	1,365,813	1,292,101	1,203,225	1,134,861
Student transportation	9,248,641	9,181,668	9,175,806	9,057,367	9,276,228	8,482,576	8,113,016	7,426,357	6,865,039	6,665,516
Operation of plant	10,654,869	11,549,454	11,424,861	11,455,733	12,405,004	10,979,716	9,885,513	9,226,095	8,259,725	8,005,471
Maintenance of plant	3,784,948	3,578,039	3,735,664	3,900,601	4,089,328	4,175,611	3,858,831	3,315,542	3,274,108	2,931,453
Fixed charges	47,530,256	46,911,870	46,325,393	32,002,395	29,253,910	24,729,453	24,267,210	21,784,323	19,541,851	23,316,796
Community services	405,943	350,298	304,972	303,880	304,802	247,512	359,832	288,500	658,716	783,449
Food service										
Salaries and wages	2,380,172	2,404,221	2,349,073	2,320,630	2,279,254	2,068,668	1,869,478	1,679,448	1,653,166	1,520,737
Food	2,685,361	2,435,173	2,366,052	2,358,512	2,644,705	2,363,182	2,275,904	2,025,601	2,086,816	1,885,482
Contracted services	67,903	66,763	61,155	40,293	98,591	51,788	39,740	41,033	208,977	21,804
Supplies and materials	232,765	165,428	192,814	170,666	198,850	251,665	324,717	154,796	15,555	171,084
Other operating cost	71,782	273,477	117,299	48,704	243,036	57,173	52,147	396,027	428,732	516,993
Capital outlay	-	-	-	262,921	23,780,886	37,913,233	25,401,584	3,256,972	5,033,670	8,051,743
Total expenditures	<u>\$199,521,421</u>	<u>\$208,492,833</u>	<u>\$210,899,733</u>	<u>\$197,463,452</u>	<u>\$202,513,424</u>	<u>\$200,966,337</u>	<u>\$178,870,960</u>	<u>\$142,497,926</u>	<u>\$134,934,843</u>	<u>\$136,653,733</u>
Excess of revenues over (under) expenditures	2,009,823	(804,379)	(2,446,699)	2,182,817	(7,263,398)	3,673,573	(4,509,317)	4,213	218,506	926,696
Other financing sources (uses)										
Sale of capital assets	\$ 31,709	\$ 365,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital lease proceeds	-	2,018,169	1,483,921	1,318,263	7,921,961	-	4,077,640	520,556	-	-
Net change in fund balances	<u>\$ 2,041,532</u>	<u>\$ 1,579,382</u>	<u>\$ (962,778)</u>	<u>\$ 3,501,080</u>	<u>\$ 658,563</u>	<u>\$ 3,673,573</u>	<u>\$ (431,677)</u>	<u>\$ 524,769</u>	<u>\$ 218,506</u>	<u>\$ 926,696</u>

Source: Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds

Note: Capital Outlay was allocated to other functions beginning in 2010. See page 36 Reconciliation Of Net Change in Fund Balance and page 51 Notes to Basic Financial Statements 6B

**CECIL COUNTY PUBLIC SCHOOLS
CURRENT EXPENSE FUND
FINAL APPROVED BUDGET BY FUNCTION
LAST TEN FISCAL YEARS**

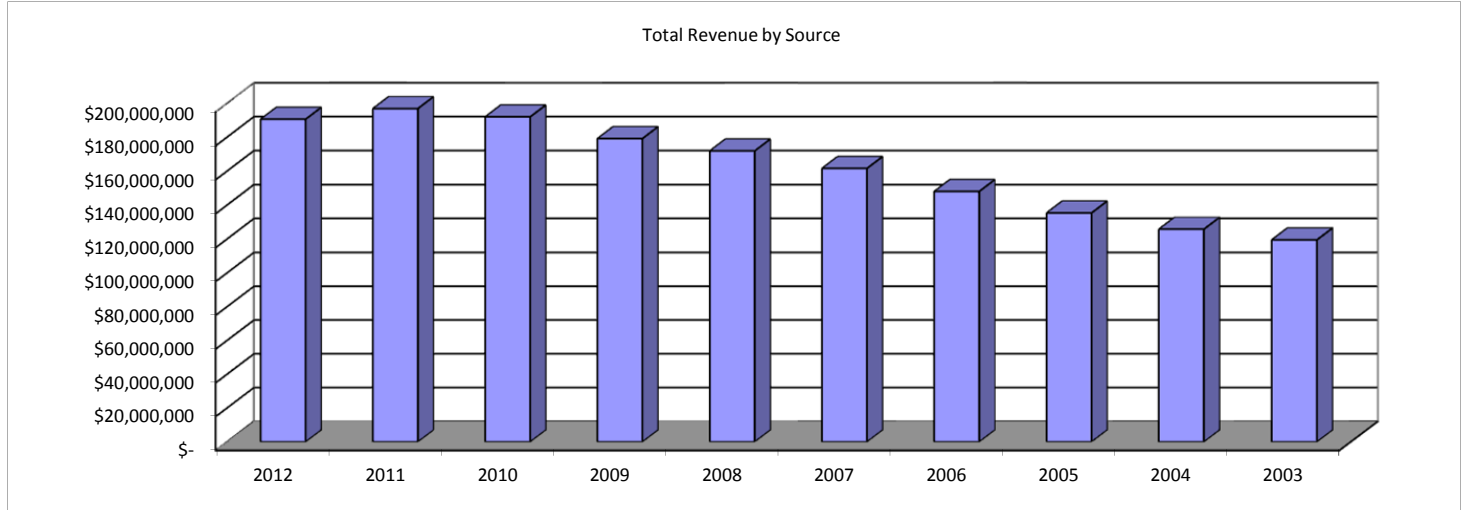
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration	\$ 4,336,427	\$ 4,529,978	\$ 4,876,625	\$ 4,392,656	\$ 4,487,486	\$ 4,174,847	\$ 3,604,719	\$ 3,180,908	\$ 2,632,936	\$ 2,672,814
Mid-level administration	13,701,040	14,468,298	13,983,555	13,610,518	13,174,739	12,499,961	11,715,451	10,983,002	10,423,900	9,907,757
Instruction salaries	67,631,258	70,298,996	69,325,912	68,071,684	65,875,628	62,523,864	58,177,958	54,469,564	51,194,879	49,364,096
Instruction supplies	3,032,117	3,008,621	3,212,806	3,730,402	3,511,322	3,367,758	2,941,079	2,895,422	2,659,247	2,961,365
Instruction other costs	3,312,599	6,997,621	4,983,237	3,657,985	2,992,522	3,891,850	3,436,801	2,457,853	2,331,456	2,008,488
Special education	25,847,801	26,691,475	28,425,214	25,245,749	24,202,546	22,109,940	20,639,515	17,671,775	16,516,837	15,522,133
Student personnel services	1,098,301	1,074,676	1,097,652	1,179,127	1,056,848	781,833	743,728	689,043	660,188	588,348
Student health services	1,576,333	1,568,897	1,597,388	1,564,277	1,581,126	1,553,096	1,370,105	1,302,407	1,204,205	1,134,861
Pupil transportation	9,502,420	9,398,723	9,526,608	9,534,990	9,359,598	8,822,452	8,179,091	7,507,035	6,865,705	6,685,441
Operation of plant	10,924,044	11,722,226	11,874,521	12,644,815	12,467,016	11,024,182	9,885,229	9,237,863	8,273,751	7,852,195
Maintenance of plant	3,936,360	3,731,257	3,884,927	4,021,544	4,246,735	4,328,488	3,900,348	3,672,589	3,277,800	3,076,805
Fixed charges	34,323,737	33,834,872	33,824,110	33,570,528	29,921,089	27,341,300	24,031,765	22,203,877	19,628,607	18,896,050
Community services	459,768	403,152	387,912	370,676	412,116	191,454	117,788	115,704	659,912	104,807
Capital outlay	182,347	187,828	256,548	274,977	262,337	367,481	407,936	379,070	104,816	1,002,137
Total Budget by Function	\$ 179,864,552	\$ 187,916,620	\$ 187,257,015	\$ 181,869,928	\$ 173,551,108	\$ 162,978,506	\$ 149,151,513	\$ 136,766,112	\$ 126,434,239	\$ 121,777,297
Increase over prior year	\$ (8,052,068) -4.3%	\$ 659,605 0.4%	\$ 5,387,087 3.0%	\$ 8,318,820 4.8%	\$ 10,572,602 6.5%	\$ 13,826,993 9.3%	\$ 12,385,401 9.1%	\$ 10,331,873 8.2%	\$ 4,656,942 3.8%	\$ 7,945,950 7.0%



Source: Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

**CECIL COUNTY PUBLIC SCHOOLS
CURRENT EXPENSE FUND
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

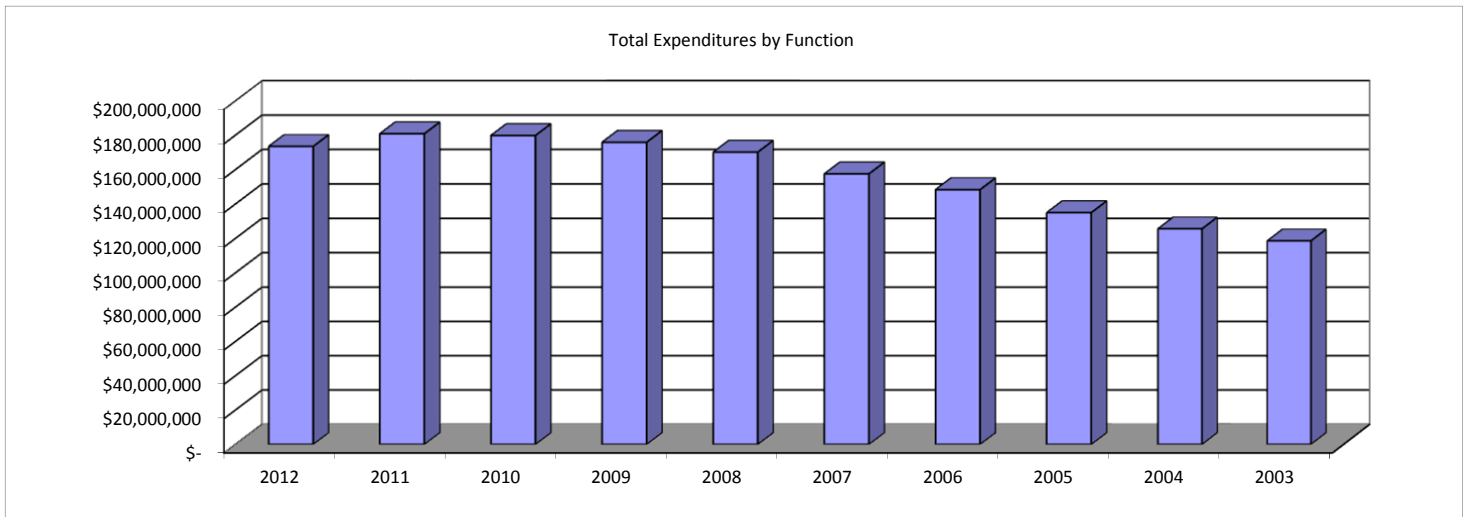
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Cecil County	\$ 67,156,014	\$ 68,350,618	\$ 68,385,625	\$ 69,915,162	\$ 64,435,162	\$ 65,715,090	\$ 62,229,000	\$ 58,708,711	\$ 56,089,930	\$ 53,984,355
State of Maryland	112,323,918	110,534,963	109,451,038	98,716,390	97,140,744	85,994,422	76,628,427	67,216,157	60,752,254	57,085,082
Federal government	10,274,500	17,289,329	13,040,030	8,421,734	7,897,822	7,921,279	7,840,748	8,520,909	8,179,000	7,697,118
Other sources										
Interest earned	22,946	62,361	126,983	360,840	782,377	968,642	557,947	234,895	152,894	174,169
Other	765,778	578,159	946,757	1,769,954	1,641,233	1,006,559	771,363	668,173	584,830	531,463
Total revenue by source	\$ 190,543,156	\$ 196,815,430	\$ 191,950,433	\$ 179,184,080	\$ 171,897,338	\$ 161,605,992	\$ 148,027,485	\$ 135,348,845	\$ 125,758,908	\$ 119,472,187
Increase over prior year	\$ (6,272,274) -3.2%	\$ 4,864,997 2.5%	\$ 12,766,353 7.1%	\$ 7,286,742 4.2%	\$ 10,291,346 6.4%	\$ 13,578,507 9.2%	\$ 12,678,640 9.4%	\$ 9,589,937 7.6%	\$ 6,286,721 5.3%	\$ 2,153,765 1.8%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
CURRENT EXPENSE FUND
EXPENDITURES BY FUNCTION
BUDGETARY BASIS (non-GAAP)
LAST TEN FISCAL YEARS**

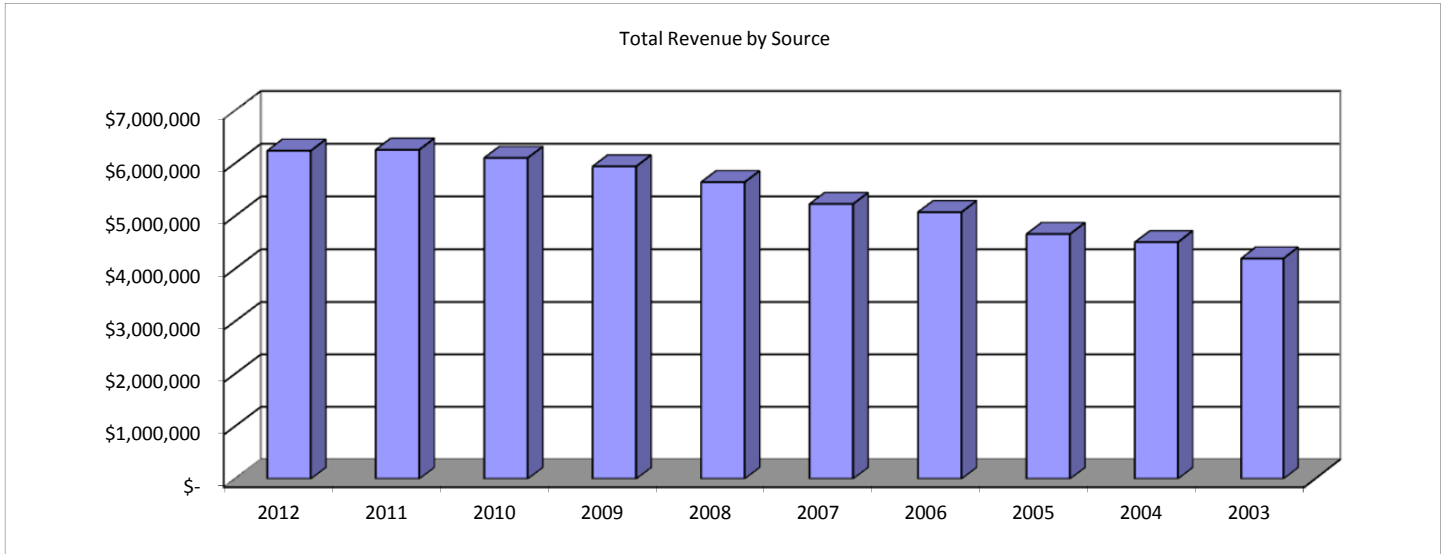
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration	\$ 4,064,357	\$ 4,404,543	\$ 4,278,297	\$ 3,972,509	\$ 4,205,829	\$ 3,945,416	\$ 3,592,672	\$ 3,170,595	\$ 2,518,893	\$ 2,601,222
Mid-level administration	13,313,116	14,126,804	13,802,737	13,463,355	13,110,617	12,447,326	11,701,656	10,975,494	10,393,809	9,907,445
Instruction										
Salaries	66,720,063	69,238,303	68,835,894	67,418,883	65,284,748	62,111,692	57,924,179	54,207,475	51,033,162	48,502,455
Materials and supplies	2,767,490	2,266,800	2,780,870	3,342,175	3,196,670	3,095,071	2,866,571	2,767,818	2,638,926	2,910,376
Other costs	2,955,980	5,967,724	4,483,947	3,417,105	2,745,854	3,566,308	3,356,482	2,205,561	2,266,233	2,006,043
Special education	24,922,960	25,980,955	25,737,862	25,141,877	24,112,326	21,837,451	20,631,440	17,605,865	16,240,490	15,151,180
Student personnel services	998,593	957,021	1,071,343	1,178,331	876,691	757,159	741,104	682,552	618,698	587,348
Student health services	1,565,596	1,561,453	1,532,178	1,548,471	1,535,541	1,540,252	1,365,813	1,292,101	1,203,225	1,134,861
Student transportation	9,247,557	9,181,668	9,175,806	9,057,367	9,216,073	8,482,576	8,113,016	7,426,357	6,865,039	6,670,916
Operation of plant	10,654,869	11,549,454	11,424,861	11,455,733	12,404,997	10,979,716	9,883,587	9,226,095	8,259,725	8,005,471
Maintenance of plant	3,778,356	3,606,893	3,754,132	3,894,868	4,178,169	4,136,816	3,894,402	3,260,405	3,274,108	2,931,453
Fixed charges	31,912,483	31,457,110	32,443,812	31,443,817	28,706,198	24,218,125	23,842,208	21,784,323	19,541,851	17,271,338
Community services	392,844	363,398	304,971	302,251	304,801	247,512	359,832	288,500	658,716	783,449
Capital outlay	181,910	186,338	223,969	262,921	261,222	187,698	117,227	114,296	70,085	80,542
Total expenditures by function	\$ 173,476,174	\$ 180,848,464	\$ 179,850,679	\$ 175,899,663	\$ 170,139,736	\$ 157,553,118	\$ 148,390,189	\$ 135,007,437	\$ 125,582,960	\$ 118,544,099
Increase over prior year	(7,372,290) -4.1%	997,785 0.6%	3,951,016 2.2%	5,759,927 3.4%	12,586,618 8.0%	9,162,929 6.2%	13,382,752 9.9%	9,424,477 7.5%	7,038,861 5.9%	7,224,600 6.5%



Source: Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

**CECIL COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

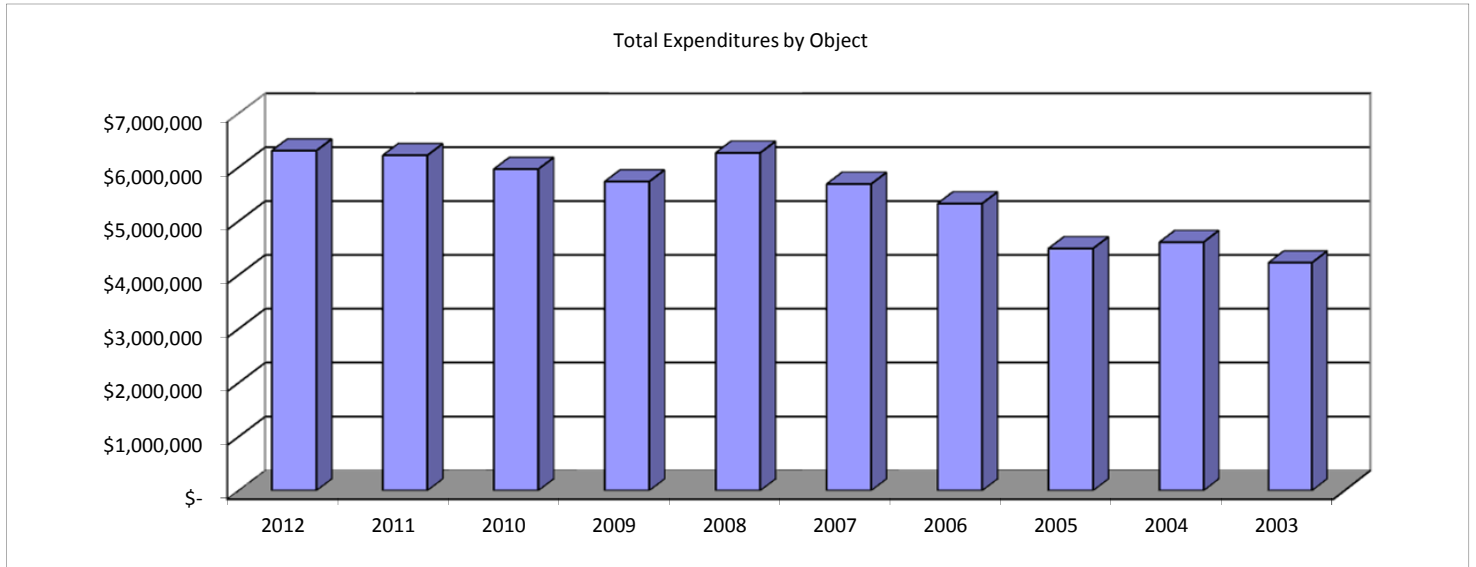
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
State of Maryland	\$ 282,936	\$ 263,863	\$ 253,811	\$ 241,016	\$ 272,031	\$ 226,256	\$ 176,781	\$ 146,114	\$ 144,287	\$ 129,944
United States government	3,682,231	3,493,853	3,193,011	2,772,524	2,381,744	2,163,320	1,859,263	1,897,681	1,747,312	1,574,406
Sale of food	2,212,794	2,451,420	2,620,110	2,913,331	2,951,522	2,779,343	2,951,232	2,584,768	2,599,999	2,460,442
Investment Interest	2,702	4,614	9,734	16,858	38,294	55,430	85,202	28,814	14,826	23,325
Other	59,581	45,716	27,967	-	1,032	5,717	3,302	3,504	-	8,250
Total revenue by source	\$ 6,240,244	\$ 6,259,466	\$ 6,104,633	\$ 5,943,729	\$ 5,644,623	\$ 5,230,066	\$ 5,075,780	\$ 4,660,881	\$ 4,506,424	\$ 4,196,367
Increase over prior year	\$ (19,222) -0.3%	\$ 154,833 2.5%	\$ 160,904 2.7%	\$ 299,106 5.3%	\$ 414,557 7.9%	\$ 154,286 3.0%	\$ 414,899 8.9%	\$ 154,457 3.4%	\$ 310,057 7.4%	\$ 135,398 3.3%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
EXPENDITURES BY OBJECT
LAST TEN FISCAL YEARS**

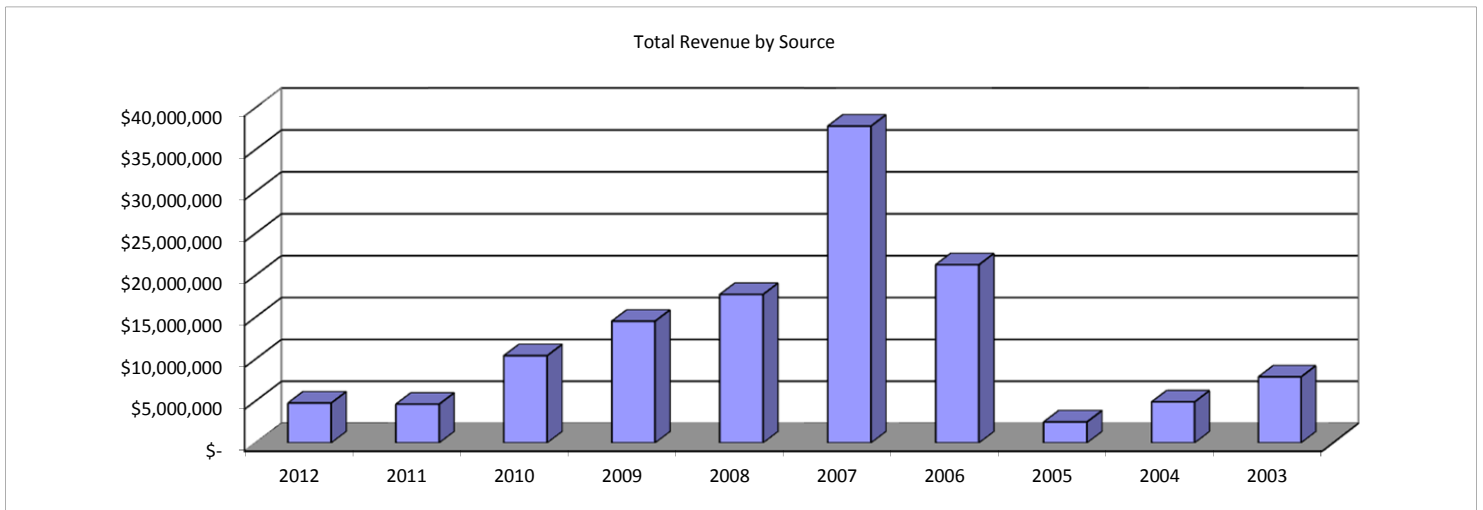
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Salaries and wages	\$2,380,172	\$2,404,221	\$2,349,073	\$2,320,630	\$2,279,254	\$2,068,668	\$1,869,478	\$1,679,448	\$1,653,166	\$1,520,737
Food	2,685,361	2,435,173	2,366,052	2,358,512	2,644,705	2,363,182	2,275,904	2,025,601	2,086,816	1,885,482
Contracted services	67,903	66,763	61,155	40,293	98,591	51,788	39,740	41,033	208,977	21,804
Supplies and materials	232,765	165,428	192,814	170,666	198,850	251,665	324,717	154,796	155,557	171,084
Other operating cost	897,140	1,065,984	907,279	828,941	844,184	784,448	696,407	396,027	428,732	516,993
Equipment	44,726	84,086	88,422	15,411	201,836	169,366	120,094	194,923	76,636	110,330
Total expenditures by object	\$6,308,067	\$6,221,655	\$5,964,795	\$5,734,453	\$6,267,420	\$5,689,117	\$5,326,340	\$4,491,828	\$4,609,884	\$4,226,430
Increase over prior year	\$ 86,412 1.4%	\$ 256,860 4.3%	\$ 230,342 4.0%	\$ (532,967) -8.5%	\$ 578,303 10.2%	\$ 362,777 6.8%	\$ 834,512 18.6%	\$ (118,056) -2.6%	\$ 383,454 9.1%	\$ 279,595 7.1%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
CAPITAL PROJECT FUND
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

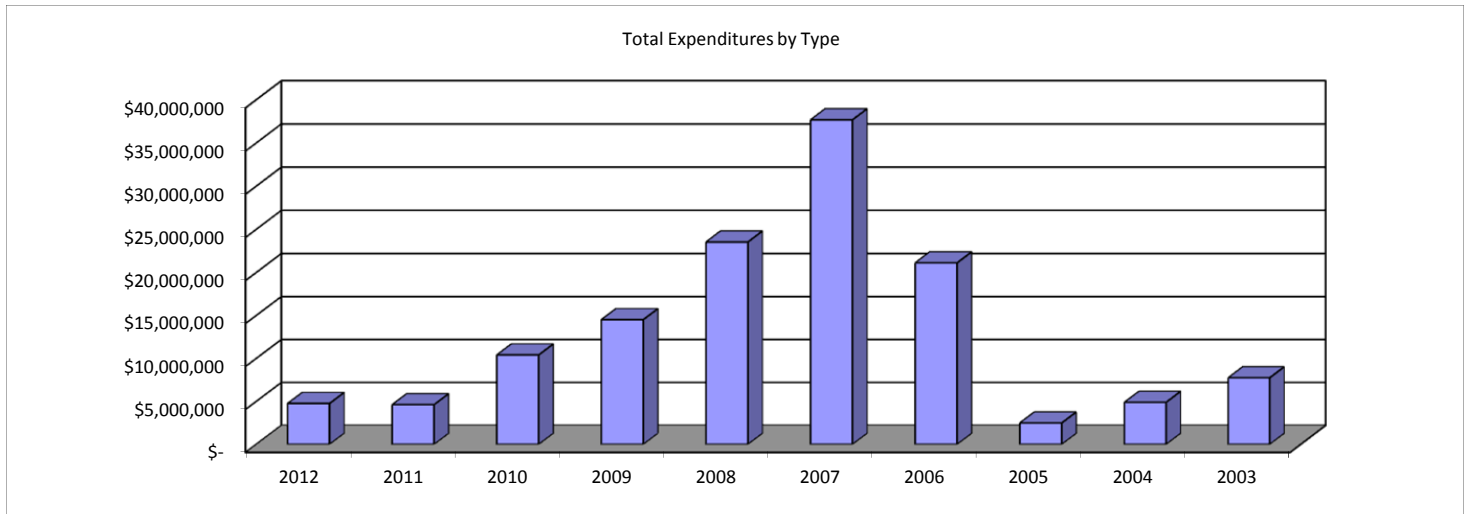
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Cecil County	\$ 2,205,921	\$ 4,269,267	\$ 6,505,831	\$ 10,761,236	\$ 14,907,393	\$ 23,253,696	\$ 5,872,426	\$ 2,188,939	\$ 4,526,267	\$ 4,191,132
State of Maryland	2,450,615	245,688	3,670,655	3,693,342	2,745,975	14,300,564	15,214,197	183,193	231,537	3,438,206
United States government	-	-	-	-	-	-	-	-	-	-
Investment interest	45	81	103	4,615	32,221	119,025	138,828	8,953	4,253	5,907
Other	91,263	98,522	221,379	59,267	22,476	130,567	32,927	111,327	125,961	231,172
Total	\$ 4,747,844	\$ 4,613,558	\$ 10,397,968	\$ 14,518,460	\$ 17,708,065	\$ 37,803,852	\$ 21,258,378	\$ 2,492,412	\$ 4,888,018	\$ 7,866,417
Increase over prior year	\$ 134,286 2.9%	\$ (5,784,410) -55.6%	\$ (4,120,492) -28.4%	\$ (3,189,605) -18.0%	\$ (20,095,787) -53.2%	\$ 16,545,474 77.8%	\$ 18,765,966 752.9%	\$ (2,395,606) -49.0%	\$ (2,978,399) -37.9%	\$ (917,884) -10.4%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
CAPITAL PROJECT FUND
EXPENDITURES BY TYPE
LAST TEN FISCAL YEARS**

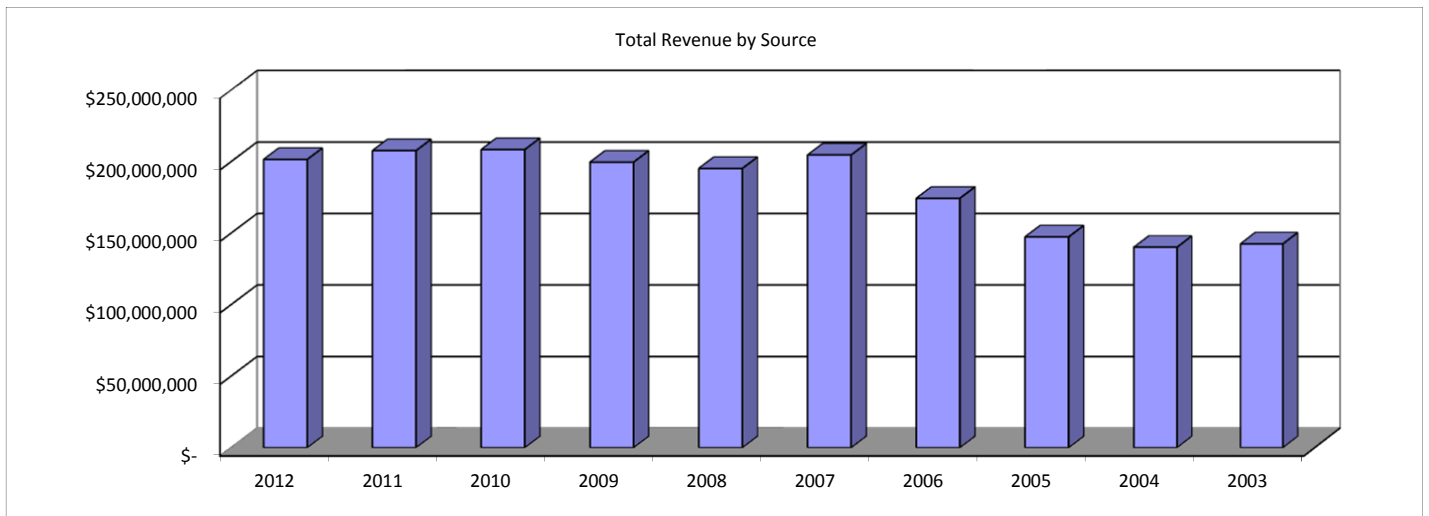
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building	4,087,168	4,209,123	9,971,247	14,312,335	23,503,181	37,516,954	21,086,622	2,274,853	1,729,853	6,052,049
Site improvement	191,162	3,542	8,000	64,539	16,482	37,306	-	-	-	89,780
Remodeling	235,136	305,832	205,239	77,703	-	-	-	-	2,772,467	1,044,782
Equipment	234,174	94,980	213,379	56,497	10,893	126,117	30,428	207,480	384,629	554,527
Total expenditures by type	\$ 4,747,640	\$ 4,613,477	\$ 10,397,865	\$ 14,511,074	\$ 23,530,556	\$ 37,680,377	\$ 21,117,050	\$ 2,482,333	\$ 4,886,949	\$ 7,741,138
Increase over prior year	\$ 134,163 2.9%	\$ (5,784,388) -55.6%	\$ (4,113,209) -28.3%	\$ (9,019,482) -38.3%	\$ (14,149,821) -37.6%	\$ 16,563,327 78.4%	\$ 18,634,717 750.7%	\$ (2,404,616) -49.2%	\$ (2,854,189) -36.9%	\$ (1,381,969) -15.1%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
GOVERNMENT-WIDE
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

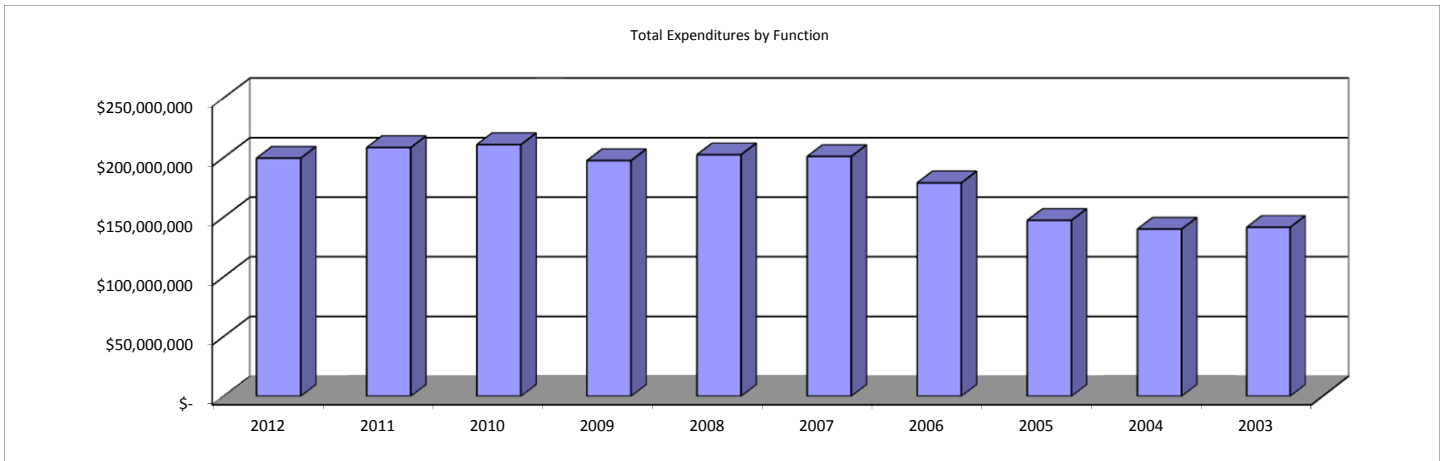
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Cecil County	\$ 69,361,935	\$ 72,619,885	\$ 74,891,456	\$ 80,676,398	\$ 79,342,555	\$ 88,968,786	\$ 68,101,426	\$ 65,762,152	\$ 65,565,985	\$ 63,044,845
State of Maryland	115,057,469	111,044,514	113,375,504	102,650,748	100,158,750	100,521,242	92,019,405	67,545,464	61,128,078	66,698,690
Federal government	13,956,731	20,783,182	16,233,041	11,194,258	10,279,566	10,084,599	9,700,011	10,418,590	9,926,312	9,271,524
Sale of meals	2,212,794	2,451,420	2,620,110	2,913,331	2,951,522	2,779,343	2,951,232	2,584,768	2,599,999	2,460,442
Interest earned	25,693	67,056	136,820	382,313	852,892	1,143,097	781,977	272,662	171,972	203,401
Other	916,622	722,397	1,196,103	1,829,221	1,664,741	1,142,843	807,592	783,004	710,790	770,885
Total revenue by source	\$ 201,531,244	\$ 207,688,454	\$ 208,453,034	\$ 199,646,269	\$ 195,250,026	\$ 204,639,910	\$ 174,361,643	\$ 147,366,640	\$ 140,103,136	\$ 142,449,787
Increase over prior year	\$ (6,157,210) -3.0%	\$ (764,580) -0.4%	\$ 8,806,765 4.4%	\$ 4,396,243 2.3%	\$ (9,389,884) -4.6%	\$ 30,278,267 17.4%	\$ 26,995,003 18.3%	\$ 7,263,504 5.2%	\$ (2,346,651) -1.6%	\$ 7,779,534 5.8%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
GOVERNMENT-WIDE
EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration	\$ 4,403,811	\$ 4,672,204	\$ 4,664,203	\$ 4,244,817	\$ 4,462,646	\$ 4,198,799	\$ 3,814,226	\$ 3,170,595	\$ 2,518,893	\$ 2,601,009
Mid-level administration	13,313,116	14,161,065	13,916,489	13,503,143	13,184,316	12,447,326	11,724,442	10,975,494	10,393,809	9,907,445
Instruction										
Salaries	66,720,063	69,238,303	68,835,894	67,418,883	65,284,743	62,111,692	57,924,179	54,207,475	51,033,162	48,502,455
Materials and supplies	2,816,463	4,303,967	2,866,679	4,800,674	3,191,191	3,101,396	2,863,712	2,763,589	2,634,229	2,897,518
Other costs	7,719,258	10,600,268	16,205,022	17,699,218	5,268,109	3,651,467	3,358,290	2,205,561	2,266,233	2,002,129
Special education	24,921,881	26,082,161	25,741,368	25,141,877	24,135,599	21,837,669	20,631,222	17,605,865	16,240,239	15,150,669
Student personnel services	998,593	957,021	1,078,355	1,181,589	876,693	757,159	741,104	682,552	618,698	587,119
Student health services	1,565,596	1,561,453	1,538,634	1,551,549	1,535,533	1,540,252	1,365,813	1,292,101	1,203,225	1,134,861
Student transportation	9,248,641	9,181,668	9,175,806	9,057,367	9,276,228	8,482,576	8,113,016	7,426,357	6,865,039	6,665,516
Operation of plant	10,654,869	11,549,454	11,424,861	11,455,733	12,405,004	10,979,716	9,885,513	9,226,095	8,259,725	8,005,471
Maintenance of plant	3,784,948	3,578,039	3,735,664	3,900,601	4,089,328	4,175,611	3,858,831	3,315,542	3,274,108	2,931,453
Fixed charges	47,530,256	46,911,870	46,325,393	32,002,395	29,253,910	24,729,453	24,267,210	21,784,323	19,541,851	23,316,796
Community services	405,943	350,298	304,972	303,880	304,802	247,512	359,832	288,500	658,716	783,449
Food and nutrition	5,437,983	5,345,062	5,086,393	4,938,805	5,464,436	4,792,476	4,561,986	4,296,905	4,533,248	4,116,100
Capital outlay	-	-	-	262,921	23,780,886	37,913,233	25,401,584	3,256,972	5,033,670	8,051,743
Debt service	-	-	-	-	-	-	-	4,864,502	4,949,788	4,869,358
Total expenditures by function	\$ 199,521,421	\$ 208,492,833	\$ 210,899,733	\$ 197,463,452	\$ 202,513,424	\$ 200,966,337	\$ 178,870,960	\$ 147,362,428	\$ 140,024,633	\$ 141,523,091
Increase over prior year	\$ (8,971,412) -4.3%	\$ (2,406,900) -1.1%	\$ 13,436,281 6.8%	\$ (5,049,972) -2.5%	\$ 1,547,087 0.8%	\$ 22,095,377 12.4%	\$ 31,508,532 21.4%	\$ 7,337,795 5.2%	\$ (1,498,458) -1.1%	\$ 7,060,102 5.3%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Note: Capital Outlay was allocated to other functions beginning in 2010.

**CECIL COUNTY PUBLIC SCHOOLS
ENROLLMENTS BY SCHOOL
LAST TEN FISCAL YEARS**

	2012 Capacity	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
County Population:		101,694	101,108	103,850	99,926	103,490	99,506	97,796	95,536	92,955	90,335
<u>Elementary Schools:</u>											
Bainbridge Elementary	449	396	410	424	383	259	240	264	278	292	301
Bay View Elementary	608	641	618	621	615	609	602	595	540	503	466
Calvert Elementary	284	323	325	332	321	338	334	341	355	360	364
Cecil Manor Elementary	523	530	474	488	454	472	473	460	478	524	539
Cecilton Elementary	350	319	322	338	339	311	327	337	319	309	336
Charlestown Elementary	292	205	184	211	200	196	206	198	184	168	184
Chesapeake City Elementary	353	306	311	315	307	291	290	302	301	286	305
Conowingo Elementary	534	542	567	560	567	553	552	544	528	512	534
Elk Neck Elementary	501	424	430	433	446	443	418	418	423	479	605
Gilpin Manor Elementary	416	405	439	423	431	372	405	424	455	463	469
Holly Hall Elementary	624	633	610	603	619	577	547	587	579	531	490
Kenmore Elementary	306	331	314	306	315	329	316	296	307	326	337
Leeds Elementary	408	406	411	394	402	404	417	395	407	426	440
North East Elementary	542	501	507	478	492	493	524	521	515	487	373
Perryville Elementary	593	368	369	397	375	387	366	370	430	438	450
Rising Sun Elementary	715	665	669	681	721	823	830	839	798	754	726
Thomson Estates Elementary	614	473	490	512	533	535	548	598	619	683	662
Elementary School Total:	8,112	7,468	7,450	7,516	7,520	7,392	7,395	7,489	7,516	7,541	7,581
<u>Middle Schools:</u>											
Bohemia Manor Middle	601	477	487	479	478	488	508	513	551	544	522
Cherry Hill Middle	775	479	501	532	494	498	524	571	565	536	560
Elkton Middle	712	589	585	593	626	652	663	662	662	636	593
North East Middle	712	725	727	776	753	769	831	826	822	822	797
Perryville Middle	860	597	597	572	615	627	686	709	721	767	771
Rising Sun Middle	818	714	695	708	688	717	714	712	710	743	747
Middle School Total:	4,478	3,581	3,592	3,660	3,654	3,751	3,926	3,993	4,031	4,048	3,990
<u>High Schools:</u>											
Bohemia Manor High	643	635	664	740	733	742	739	717	671	658	580
Elkton High	1,380	1,097	1,087	1,141	1,112	1,120	1,109	1,097	1,066	1,039	1,012
North East High	1,009	1,078	1,121	1,138	1,084	1,143	1,114	1,110	1,094	1,079	991
Perryville High	944	812	846	899	905	948	972	986	1,039	1,039	1,019
Rising Sun High	903	1,156	1,177	1,177	1,201	1,194	1,166	1,129	1,117	1,068	1,027
High School Total:	4,879	4,778	4,895	5,095	5,035	5,147	5,100	5,039	4,987	4,883	4,629
<u>Other Schools:</u>											
Cecil County High School*	48	62	58	84	90	85	29	-	1	3	3
School of Technology*	475	254	255	254	240	275	256	229	232	279	259
Grand Total	17,992	15,827	15,937	16,271	16,209	16,290	16,421	16,521	16,535	16,475	16,203
High School Graduates:		1,132	1,122	1,137	1,080	1,106	950	945	1,015	929	891

*Includes schools that are not home based. Students are taken from their primary location for a period of time during the school day.

Source: U.S. Census Bureau, Cecil County Public Schools Department of Student Services

**CECIL COUNTY, MARYLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
W. L. Gore & Associates, Inc.	2,387	1	5.17%	2,000	1	5.00%
Cecil County Board of Education	2,052	2	4.44%	1,933	2	4.83%
Perry Point V.A. Hospital	1,500	3	3.25%	1,173	3	2.93%
Union Hospital	1,236	4	2.68%	864	4	2.16%
Wal-Mart Stores, Inc.	500	5	1.08%	300	9	0.75%
Cecil County Government	479	6	1.04%	500	6	1.25%
ATK Taktical Systems (formerly Thiokol Corp.)	436	7	0.94%	359	7	0.90%
IKEA/Genco	370	8	0.80%	*	N/A	N/A
Terumo Medical Corporation	342	9	0.74%	550	5	1.37%
Terumo Cardiovascular Systems	297	10	0.64%	*		
Basell North America, Inc. (formerly Montell USA)	*			250	10	0.62%
Moon Nurseries	*			250	10	0.62%
Fleming Companies, Inc.	*			348	8	0.87%
Totals	9,599		20.78%	8,527		21.30%

Source: Cecil County Department of Economic Development
*Note: Employer is not one of the ten largest employers during the year noted.

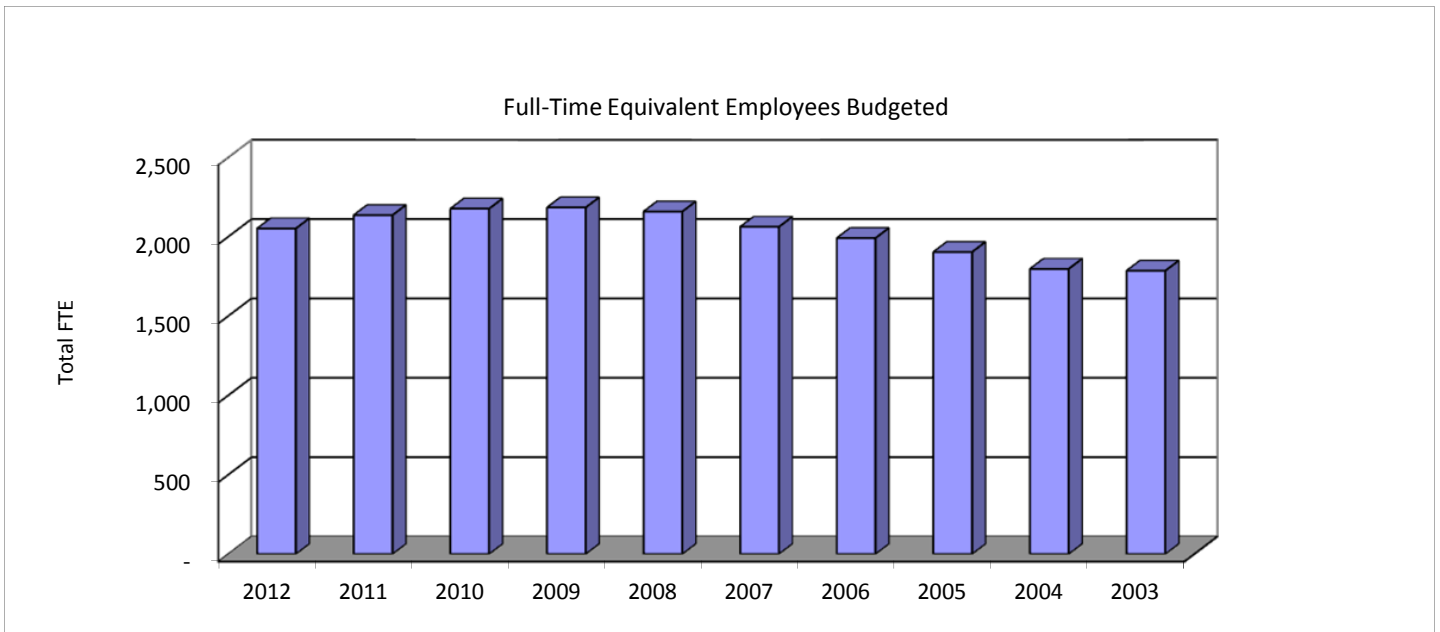
**CECIL COUNTY, MARYLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Income	Employment	Unemployment Rate	Median Price of Housing Sales	School Enrollment
2011	101,694	\$ 3,916,033	\$ 38,508	46,188	8.9%	\$ 199,900	15,827
2010	101,108	\$ 2,896,845	\$ 28,651	45,326	9.6%	\$ 242,500	15,937
2009	103,850	3,370,452	32,455	46,259	9.0%	225,000	16,271
2008	99,926	3,206,925	32,093	48,310	5.3%	235,000	16,290
2007	103,490	3,229,405	31,205	51,558	4.0%	279,157	16,421
2006	99,506	3,304,992	33,214	50,960	4.4%	299,000	16,521
2005	97,796	3,027,764	30,960	49,105	4.0%	225,000	16,535
2004	95,536	3,034,128	31,759	44,585	4.4%	199,000	16,475
2003	92,955	2,807,334	30,201	40,008	7.2%	167,000	16,203
2002	90,335	2,633,265	29,150	40,168	6.0%	150,000	16,095

Sources: Cecil County Department of Economic Development, Maryland Association of Realtors, U.S. Census Bureau

**CECIL COUNTY PUBLIC SCHOOLS
FULL-TIME EQUIVALENT EMPLOYEES BUDGETED BY FUNCTION
GENERAL FUND
LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration	49.75	49.75	49.75	50.75	49.75	47.75	46.75	43.75	40.25	38.75
Mid-level administration	201.25	206.25	208.00	206.25	204.25	197.00	196.00	192.00	162.50	159.50
Instruction salaries	1,131.56	1,190.16	1,213.23	1,217.94	1,212.84	1,182.53	1,135.85	1,071.72	1,032.00	1,041.16
Special education	412.70	424.30	434.46	434.97	419.41	368.60	349.55	337.05	313.45	305.00
Student personnel services	14.60	15.00	15.00	14.00	14.00	14.00	20.00	20.00	12.00	11.25
Student health services	32.00	32.00	34.00	34.00	34.00	33.00	32.56	32.50	30.50	30.38
Student transportation	27.00	27.00	27.00	27.00	28.00	27.00	26.00	28.00	28.50	28.50
Operation of plant	132.00	139.50	140.00	142.00	141.00	138.00	136.50	130.50	125.00	124.00
Maintenance of plant	47.50	49.50	51.50	53.00	51.00	51.00	46.00	46.00	45.00	45.00
Community services	1.00	-	-	-	-	-	-	-	6.00	-
Capital outlay	2.50	2.50	3.50	4.00	4.00	3.00	2.00	2.00	2.00	2.00
Total by function	<u>2,051.86</u>	<u>2,135.96</u>	<u>2,176.44</u>	<u>2,183.91</u>	<u>2,158.25</u>	<u>2,061.88</u>	<u>1,991.21</u>	<u>1,903.52</u>	<u>1,797.20</u>	<u>1,785.54</u>
Increase over prior year	-84.10 -3.9%	-40.48 -1.9%	-7.47 -0.3%	25.66 1.2%	96.37 4.7%	70.67 3.5%	87.69 4.6%	106.32 5.9%	11.66 0.7%	20.67 1.2%



Source: Cecil County Public Schools, Approved Budget

**CECIL COUNTY PUBLIC SCHOOLS
COST PER STUDENT
BUDGETARY BASIS (non-GAAP)
LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total student enrollment	15,827	15,937	16,271	16,209	16,290	16,421	16,521	16,535	16,475	16,203
Administration	\$ 257	\$ 276	\$ 263	\$ 245	\$ 258	\$ 240	\$ 217	\$ 192	\$ 153	\$ 161
Mid-level administration	841	886	848	831	805	758	708	664	631	611
Instruction										
Salaries	4,216	4,345	4,231	4,159	4,008	3,782	3,506	3,278	3,098	2,993
Materials and supplies	175	142	171	206	196	188	174	167	160	180
Other costs	187	374	276	211	169	217	203	133	138	124
Special education	1,575	1,630	1,582	1,551	1,480	1,330	1,249	1,065	986	935
Student personnel services	63	60	66	73	54	46	45	41	38	36
Student health services	99	98	94	96	94	94	83	78	73	70
Student transportation	584	576	564	559	566	517	491	449	417	412
Operation of plant	673	725	702	707	762	669	598	558	501	494
Maintenance of plant	239	226	231	240	256	252	236	197	199	181
Fixed charges	2,016	1,974	1,994	1,940	1,762	1,475	1,443	1,317	1,186	1,066
Community services	25	23	19	19	19	15	22	17	40	48
Capital outlay	11	12	14	16	16	11	7	7	4	5
Total cost per student	<u>\$ 10,961</u>	<u>\$ 11,347</u>	<u>\$ 11,055</u>	<u>\$ 10,853</u>	<u>\$ 10,445</u>	<u>\$ 9,594</u>	<u>\$ 8,982</u>	<u>\$ 8,163</u>	<u>\$ 7,624</u>	<u>\$ 7,316</u>
Increase over prior year	\$ (386) -3.4%	\$ 292 2.6%	\$ 202 1.9%	\$ 408 3.9%	\$ 851 8.9%	\$ 612 6.8%	\$ 819 10.0%	\$ 539 7.1%	\$ 308 4.2%	\$ 401 5.8%

Source: Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

**CECIL COUNTY PUBLIC SCHOOLS
OTHER OPERATING DATA
LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total student enrollment:	15,827	15,937	16,271	16,209	16,290	16,421	16,521	16,535	16,475	16,203
<u>FOOD & NUTRITION</u>										
Number of days lunch served	179	180	179	180	179	180	180	180	179	178
Average number of lunches served daily:										
Free lunch	4,023	3,803	3,475	3,054	2,595	2,460	2,453	2,295	2,144	2,052
Reduced price	547	606	660	680	690	685	671	628	589	544
Regular price	2,740	3,158	3,358	3,883	4,662	4,755	4,613	4,274	3,897	3,766
Total average number of lunches served daily:	7,310	7,567	7,493	7,617	7,947	7,900	7,737	7,197	6,630	6,362
Percentage of student participation:										
Students receiving free lunch	25.4%	23.9%	21.4%	18.8%	15.9%	15.0%	14.8%	13.9%	13.0%	12.7%
Students paying reduced price	3.5%	3.8%	4.1%	4.2%	4.2%	4.2%	4.1%	3.8%	3.6%	3.4%
Students paying regular price	17.3%	19.8%	20.6%	24.0%	28.6%	29.0%	27.9%	25.8%	23.7%	23.2%
Total percentage of student participation	46.2%	47.5%	46.1%	47.0%	48.7%	48.2%	46.8%	43.5%	40.3%	39.3%
Cost per lunch to student:										
Elementary	\$2.15	\$2.10	\$2.10	\$2.10	\$1.60	\$1.45	\$1.35	\$1.35	\$1.35	\$1.35
Secondary	\$2.30	\$2.25	\$2.25	\$2.25	\$1.75	\$1.60	\$1.50	\$1.50	\$1.50	\$1.50
<u>STUDENT TRANSPORTATION</u>										
Number of students eligible to ride the bus	14,664	14,820	14,971	14,841	15,187	15,169	15,062	14,911	14,324	14,219
Number of school bus riders daily	11,390	11,087	11,858	10,935	11,136	10,974	11,119	10,578	10,604	10,171
Percentage of student participation	72.0%	69.6%	72.9%	67.5%	68.4%	66.8%	67.3%	64.0%	64.4%	62.8%
Number of school bus routes:										
County	9	10	10	10	10	11	10	10	13	13
Private contractor	147	147	147	147	147	145	142	138	127	125
<u>TEACHER DATA</u>										
Total number of budgeted teachers	1,175.60	1,216.30	1,235.33	1,238.66	1,234.16	1,190.30	1,156.50	1,110.87	1,067.25	1,052.93
Minimum salary	\$ 42,890	\$ 42,890	\$ 42,132	\$ 41,674	\$ 40,061	\$ 38,336	\$ 36,862	\$ 35,788	\$ 34,412	\$ 33,088
Maximum salary *	\$ 77,193	\$ 77,193	\$ 76,003	\$ 70,284	\$ 67,692	\$ 64,986	\$ 67,673	\$ 64,889	\$ 62,480	\$ 60,404
Average annual salary	\$ 60,440	\$ 59,789	\$ 58,189	\$ 56,885	\$ 54,519	\$ 52,646	\$ 51,048	\$ 49,800	\$ 48,635	\$ 46,946
Increase over prior year	1.1%	2.7%	2.3%	4.3%	3.6%	3.1%	2.5%	2.4%	3.6%	3.9%
Percentage of teachers with Master's and/or APC	71.7%	70.4%	68.4%	66.2%	55.1%	54.8%	55.0%	55.8%	56.4%	55.6%
Percentage of teachers with Master's plus credits	6.6%	6.5%	5.9%	5.6%	5.2%	5.6%	6.3%	6.2%	7.1%	7.2%
Percentage of teachers with Doctorate	0.3%	0.4%	0.4%	0.4%	0.4%	0.3%	0.4%	0.2%	0.3%	0.3%
Student/Teacher ratio	13.5	13.1	13.2	13.1	13.2	13.8	14.3	14.9	15.4	15.4

*Includes additional stipends for advanced training and longevity

Source: Cecil County Public Schools Department of Food Services, Department of Student Transportation, Department of Human Resources

**CECIL COUNTY PUBLIC SCHOOLS
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2012**

	Square Feet	Acres	Capacity	Year Constructed
<u>Central Offices:</u>				
G.W. Carver Center	32,357	6	N/A	1953
Facilities Department	14,752	6	N/A	1925
<u>Elementary Schools:</u>				
Bainbridge Elementary	51,818	15	449	1956
Bay View Elementary	61,884	15	608	1961
Calvert Elementary	58,857	16	433	1981
Cecil Manor Elementary	49,586	10	523	1955
Cecilton Elementary	35,321	8	350	1939
Charlestown Elementary	42,522	20	292	1959
Chesapeake City Elementary	42,727	10	353	1939
Conowingo Elementary	48,946	19	534	1955
Elk Neck Elementary	52,706	29	501	1991
Gilpin Manor Elementary	54,435	9	416	1952
Holly Hall Elementary	61,711	15	624	1963
Kenmore Elementary	37,775	11	306	1985
Leeds Elementary	42,964	17	408	1968
North East Elementary	61,396	11	542	1951
Perryville Elementary	62,520	10	500	1955
Rising Sun Elementary	69,296	12	715	1957
Thomson Estates Elementary	70,130	17	614	1976
<u>Middle Schools:</u>				
Bohemia Manor Middle*	N/A	N/A	601	1958
Cherry Hill Middle	92,990	39	775	1968
Elkton Middle	72,600	14	712	1937
North East Middle	103,750	10	712	1932
Perryville Middle	102,746	26	860	1928
Rising Sun Middle	104,765	20	818	1931
<u>High Schools:</u>				
Bohemia Manor High*	141,124	35	643	1958
Elkton High	187,046	37	1,380	1958
North East High	129,840	50	1,009	1970
Perryville High	135,772	39	944	1978
Rising Sun High	124,600	42	924	1991
<u>Other Schools:</u>				
Cecil County High School	16,645	9	106	1923
School of Technology	76,700	50	500	1965
Total:	2,240,281	627	18,152	

*See Bohemia Manor High School, Bohemia Manor Middle School and Bohemia Manor High School share the same building

Source: Educational Facilities Master Plan

Notes: G. W. Carver Center and the Facilities Department share the same parcel and there is no State Rated Capacity

**CECIL COUNTY PUBLIC SCHOOLS
STUDENT ACADEMIC PERFORMANCE
AS OF JUNE 30, 2012**

Maryland School Assessment (MSA) Percentage of Students Passing

		Reading		Math	
		CECIL		CECIL	
		COUNTY	STATE	COUNTY	STATE
Grade 3	Advanced	21.5	20.6	31.1	38.7
	Proficient	67.5	64.4	56.2	49.0
	Basic	11.1	15.0	12.7	12.2
Grade 4	Advanced	31.8	34.2	44.0	51.2
	Proficient	59.9	55.6	46.2	38.6
	Basic	8.3	10.2	9.8	10.1
Grade 5	Advanced	53.5	55.1	22.1	30.5
	Proficient	37.5	34.9	63.5	54.8
	Basic	9.0	10.1	14.4	14.7
Grade 6	Advanced	38.3	41.8	29.4	35.5
	Proficient	46.6	42.7	53.6	47.6
	Basic	15.1	15.5	17.0	17.0
Grade 7	Advanced	39.0	45.7	26.8	26.9
	Proficient	37.2	35.5	54.2	49.5
	Basic	23.8	18.8	19.1	23.7
Grade 8	Advanced	37.4	44.2	33.4	33.1
	Proficient	38.7	36.6	39.1	36.2
	Basic	23.9	19.2	27.5	30.7

High School Assessment - Percentage of Students Passing*

	English	Biology	Government	Algebra
Grade 10 Cecil County	79.0	83.3	91.0	90.2
Grade 10 State of Maryland	77.9	81.4	84.8	83.2
Grade 11 Cecil County	86.2	86.6	94.8	95.0
Grade 11 State of Maryland	84.4	84.7	88.9	87.0
Grade 12 Cecil County	86.5	87.1	93.4	93.9
Grade 12 State of Maryland	85.2	84.7	89.8	87.9

Scholastic Assessment Test - Average Score*

	CECIL		
	COUNTY	STATE	NATION
Reading	492	492	497
Math	503	497	514
Writing	477	483	489

*2012 test results are not available, 2011 test results are presented

Source: Department of Assessment and Accountability

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OTHER SUPPLEMENTARY INFORMATION

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

Board of Education of
Cecil County, Maryland

We have audited the basic financial statements of Cecil County Public Schools (the School System), as of and for the year ended June 30, 2012, and have issued our report thereon dated September 26, 2012. 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

Management of the School System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School System's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's basic 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 those 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.

We noted certain matters that we reported to management of the School System in a separate letter dated September 26, 2012.

This report is intended for the information of the school board, management, the federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Reznick Group, P.C.

Baltimore, Maryland
September 26, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education of
Cecil County, Maryland

Compliance

We have audited Cecil County Public School's (the School System) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have direct and material effect on each of the School System's major federal programs for the year ended June 30, 2012. The School System's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs - Financial Reporting. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School System's management. Our responsibility is to express an opinion on the School System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School System's compliance with those requirements.

In our opinion, the School System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the school board, management, the federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Reznick Group, P.C.

Baltimore, Maryland
September 26, 2012

Board of Education of Cecil County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL REPORTING

Year ended June 30, 2012

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMG Circular A-133? Yes No

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Improving Teacher Quality State Grants	84.367
Education Technology State Grants Cluster	84.318, 84.386
Child Nutrition Cluster	10.553, 10.555, 10.559
State Fiscal Stabilization - Race-to-the-Top Incentive Grants	84.395
Education Jobs Fund	84.410

Dollar threshold used to distinguish between type A and type B programs \$377,624

Auditee qualified as low-risk auditee? X Yes No

II. Financial Statement Findings

NONE

III. Federal Award Findings and Questioned Costs

NONE

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012

Grant Name	CFDA Number	Grant Number	Federal Expenditures
United States Department of Agriculture			
Federal Programs administered through the Maryland State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 1,034,816
National School Lunch Program	10.555	N/A	2,353,130
National School Lunch Program	10.555	N/A	279,156
Summer Food Service Program for Children	10.559	N/A	<u>12,065</u>
			<u>3,679,167</u>
Child and Adult Care Food Program	10.558	N/A	<u>3,064</u>
State Administrative Expenses for Child Nutrition	10.560	125678-02	<u>-</u>
Team Nutrition Grants	10.574	114296-01	10,500
Team Nutrition Grants	10.574	125678-01	<u>-</u>
			<u>10,500</u>
Total United States Department of Agriculture			<u>3,692,731</u>
United States Department of Education			
Federal programs administered through the Maryland State Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	104795-01	5,790
Title I Grants to Local Educational Agencies	84.010	114463-01	171,841
Title I Grants to Local Educational Agencies	84.010	116047-01	67
Title I Grants to Local Educational Agencies	84.010	124353-01	4,641
Title I Grants to Local Educational Agencies	84.010	124530-01	<u>2,249,309</u>
			2,431,648
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	104780-01	<u>7,106</u>
			<u>2,438,754</u>
Special Education (IDEA) Cluster			
Special Education Grants to States	84.027	114108-02	-
Special Education Grants to States	84.027	114645-02	16,584
Special Education Grants to States	84.027	114646-01	7,247
Special Education Grants to States	84.027	114647-01	190,372
Special Education Grants to States	84.027	114647-02	1,487
Special Education Grants to States	84.027	114647-05	2,391
Special Education Grants to States	84.027	114647-06	-
Special Education Grants to States	84.027	114647-07	705
Special Education Grants to States	84.027	114647-08	253
Special Education Grants to States	84.027	114647-09	6,255
Special Education Grants to States	84.027	114648-01	-
Special Education Grants to States	84.027	114649-01	5,127
Special Education Grants to States	84.027	114698-01	7,888
Special Education Grants to States	84.027	124169-02	17,520
Special Education Grants to States	84.027	124250-01	3,285,482
Special Education Grants to States	84.027	124250-02	17,628
Special Education Grants to States	84.027	124250-04	7,492
Special Education Grants to States	84.027	124250-05	2,500
Special Education Grants to States	84.027	124250-06	513
Special Education Grants to States	84.027	124250-07	14,626

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012

Grant Name	CFDA Number	Grant Number	Federal Expenditures
United States Department of Education (continued)			
Federal programs administered through the Maryland State Department of Education (continued)			
Special Education (IDEA) Cluster (continued)			
Special Education Grants to States	84.027	124577-01	\$ 16,074
Special Education Grants to States	84.027	124578-01	38,245
Special Education Grants to States	84.027	125113-01	67,073
Special Education Grants to States	84.027	125422-01	55,925
Special Education Grants to States	84.027	125422-02	5,961
Special Education - Preschool Grants	84.173	114108-03	-
Special Education - Preschool Grants	84.173	114586-02	2,208
Special Education - Preschool Grants	84.173	114647-03	-
Special Education - Preschool Grants	84.173	114647-04	-
Special Education - Preschool Grants	84.173	124169-03	7,000
Special Education - Preschool Grants	84.173	124250-03	102,903
Special Education - Preschool Grants	84.173	124552-02	1,925
			<u>3,881,384</u>
ARRA - Special Education Grants to States, Recovery Act	84.391	104326-02	-
ARRA - Special Education Grants to States, Recovery Act	84.391	104326-06	-
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	104326-03	-
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	104326-04	-
			<u>-</u>
			<u>3,881,384</u>
Career and Technical Education - Basic Grants to States	84.048	124716-01	162,859
Career and Technical Education - Basic Grants to States	84.048	125142-01	12,286
			<u>175,145</u>
Early Intervention Services (IDEA) Cluster			
Special Education - Grants for Infants and Families	84.181	114108-01	26,287
Special Education - Grants for Infants and Families	84.181	124169-01	101,696
			<u>127,983</u>
ARRA - Special Education - Grants for Infants and Families, Recovery Act	84.393	104669-01	-
ARRA - Special Education - Grants for Infants and Families, Recovery Act	84.393	104669-02	48,595
			<u>48,595</u>
			<u>176,578</u>
Tech-Prep Education	84.243	124716-02	<u>880</u>
Educational Technology State Grants Cluster			
Education Technology State Grants	84.318	105016-01	10,040
Education Technology State Grants	84.318	115141-01	153,746
Education Technology State Grants	84.318	115141-02	10,948
Education Technology State Grants ¹	84.318	N/A	3,300
Education Technology State Grants ¹	84.318	N/A	8,893
			<u>186,927</u>
ARRA - Education Technology State Grants, Recovery Act ²	84.386	N/A	132,188
			<u>319,115</u>
English Language Acquisition State Grants	84.365A	104620-01	5,070
English Language Acquisition State Grants	84.365A	104620-02	-
English Language Acquisition State Grants	84.365A	115185-01	14,711
English Language Acquisition State Grants	84.365A	124288-01	3,013

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012

Grant Name	CFDA Number	Grant Number	Federal Expenditures
United States Department of Education (continued)			
Federal programs administered through the Maryland State Department of Education (continued)			
English Language Acquisition State Grants	84.365A	124288-02	\$ 5,248
			<u>28,042</u>
Mathematics and Science Partnerships	84.366	125618-01	<u>13,585</u>
Improving Teacher Quality State Grants	84.367	114273-01	1,960
Improving Teacher Quality State Grants	84.367	124205-01	439,666
			<u>441,626</u>
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	105669-01	<u>4,568</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	104337-02	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	104337-03	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	104337-04	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	104337-06	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	114073-02	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	114073-03	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	114073-06	-
			<u>-</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-01	200,143
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-02	5,938
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-03	66,645
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-04	4,027
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-05	31,382
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-06	9,944
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-07	86,587
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-08	10,594
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-09	90,358
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-10	1,417
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-99	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	116162-01	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	124626-01	33,750
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	124626-02	42,435
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	124626-04	750
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	125238-01	8,029
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	125373-01	10,000
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	125373-02	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	125639-01	29,141
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	125639-02	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	125705-01	-
			<u>631,140</u>
ARRA - Education Jobs Fund	84.410	115722-02	726,071
ARRA - Education Jobs Fund	84.410	125598-01	53,757
			<u>779,828</u>
Total United States Department of Education			<u>8,890,645</u>

**CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012**

Grant Name	CFDA Number	Grant Number	Federal Expenditures
United States Department of Health and Human Services			
Federal programs administered through the Maryland State Department of Education			
Preventive Health and Health Services Block Grant	93.991	115792-01	\$ <u>887</u>
Federal programs administered through the Maryland Department of Health and Mental Hygiene			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	MH 501 OTH	205
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	<u>1,152</u>
			1,357
Total United States Department of Health and Human Services			<u>2,244</u>
United States Corporation for National and Community Service			
Federal programs administered through the Maryland State Department of Education			
Learn and Serve America - School and Community Based Programs	94.004	114381-01	<u>1,865</u>
Total United States Corporation for National and Community Service			<u>1,865</u>
Total Federal Expenditures			<u>\$ 12,587,485</u>

Notes:

- 1 Denotes grant funding received from Montgomery County Public Schools which was pass-through funding from the Maryland State Department of Education.
- 2 Denotes grant funding received from Anne Arundel County Public Schools which was pass-through funding from the Maryland State Department of Education.

NOTE A - SCOPE OF SINGLE AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal financial assistance programs operated by the Cecil County Public Schools are included in the scope of the OMB Circular A-133 audit. This Single Audit was conducted in accordance with the provisions of the Office of Management and Budget’s Compliance Supplement (Provisional) and amended by the Maryland State Department of Education (MSDE) and in accordance with COMAR 13A.02.07 “Annual Audits of Financial Accounts and Federal Assistance.” Compliance testing of all requirements, as described in the Compliance Supplement and MSDE amendments, was performed.

The Maryland State Department of Education has been designated as the cognizant audit agency for the OMB Circular A-133 audit.

NOTE B - FISCAL PERIOD AUDIT

Single Audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2012 for the following major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>	<u>Expenditures</u>
Improving Teacher Quality State Grants	84.367	\$ 441,626
Education Technology State Grants Cluster	84.318, 84.386	319,115
Child Nutrition Cluster	10.553, 10.555, 10.559	3,679,167
State Fiscal Stabilization - Race-to-the-Top Incentive Grants	84.395	631,140
Education Jobs Fund	84.410	779,828
		<u>\$ 5,850,876</u>

NOTE C - MEDICAL ASSISTANCE BUDGET

The Medical Assistance Budget is considered to be charges for services and is not considered a grant; therefore, these grants are not included in the Schedule of Expenditures of Federal Awards. During fiscal year 2012, Cecil County Public Schools received \$1,369,246 in Medical Assistance monies.

Total Federal Grant Expenditures per Financial Statements	\$ 13,956,731
Medical Assistance Program	<u>(1,369,246)</u>
Total Schedule of Expenditures of Federal Awards	<u>\$ 12,587,485</u>

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