

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

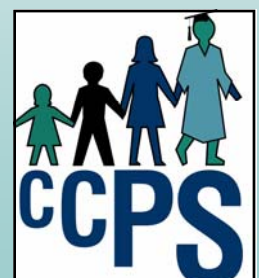


*"Continuous Improvement: Everyone.  
Every Way. Every Day."*



## 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](http://www.ccps.org)



**NONDISCRIMINATION POLICY:** The Cecil County Public Schools does not discriminate in admissions, access, treatment or employment in its programs and activities on the basis of race, color, gender, age, national origin, religion, sexual orientation or disabling condition.

# 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, 2014

### BOARD OF EDUCATION

Dawn K. Branch, President  
Wendy A. Wintersgill, Vice President  
Lauren C. Camphausen, Member  
William C. Manlove, Member  
Donna M. Zane, Member  
Kristopher J. Swanson, Student Member

D'Ette Devine, Ed.D., Superintendent of Schools and Secretary/Treasurer  
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, 2014**

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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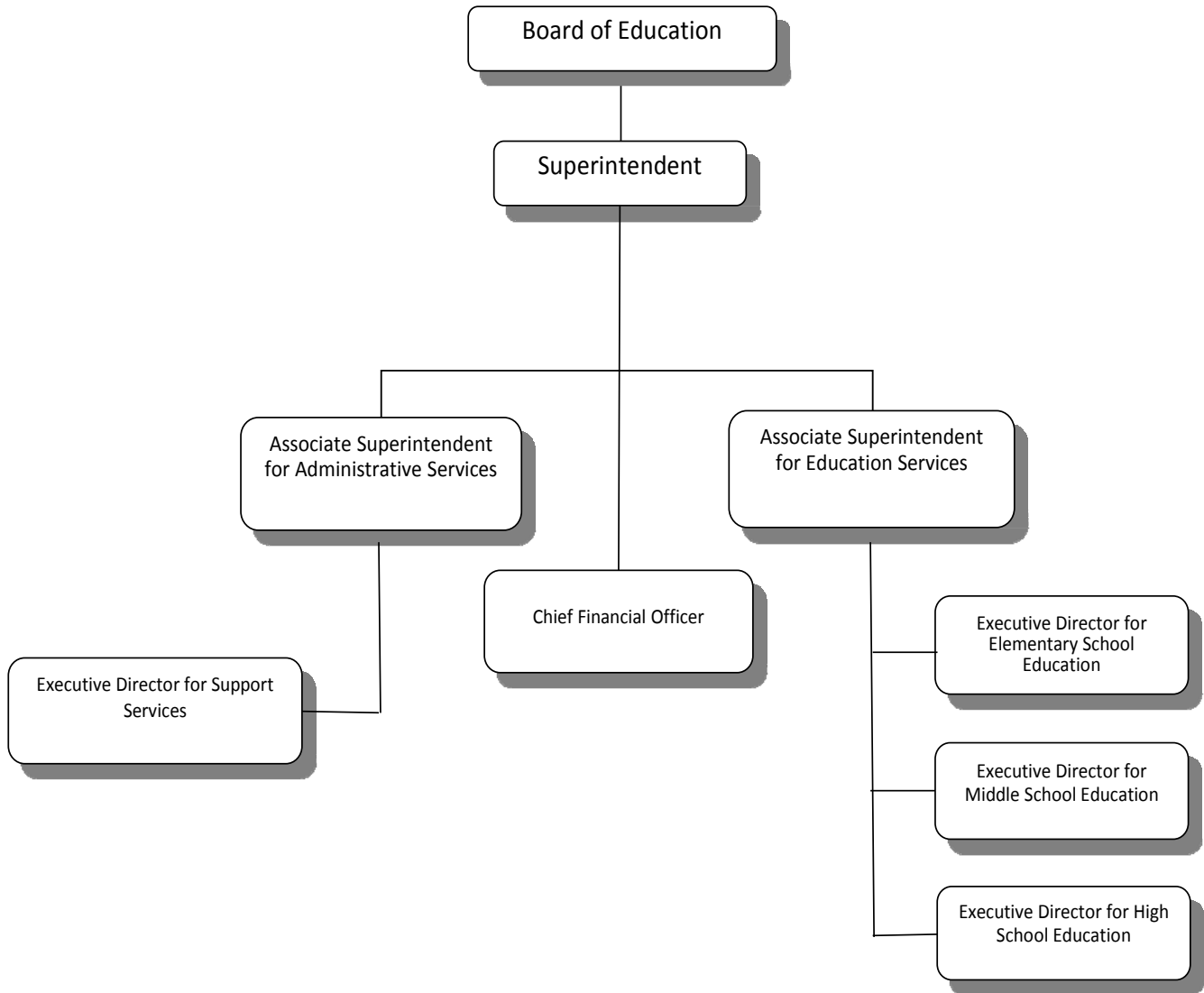
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# INTRODUCTORY SECTION





**Cecil County Public Schools  
Organization Chart  
As of June 30, 2014**



*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, 2014**

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
Perry A. Willis	Executive Director for Support Services



# CECIL COUNTY PUBLIC SCHOOLS

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

201 Booth Street, Elkton, MD 21921

September 30, 2014

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, 2014 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](http://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 preschool, elementary and secondary public school education. The School System serves

# CECIL COUNTY PUBLIC SCHOOLS

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15,824 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 million miles annually transporting students safely to and from school. Cecil County Public Schools is the 14<sup>th</sup> largest of the 24 School Systems in Maryland.

Approximately 2.4 million square feet of building space and 707 acres of land is proudly maintained to ensure a safe and secure learning environment. Since 1998, the Maryland Public School Construction Program (IAC inspection) has rated our schools "superior" a total of 31 times; nine schools have received this rating twice. Only two schools have received a rating of "adequate". 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 33 buildings have undergone renovation at some point and two more are scheduled to undergo renovation beginning in August and October 2014. The school buildings are multi-use facilities, serving many community groups and organizations for meetings and recreational use when school is not in session.

Of an estimated \$45,951,779 in deferred maintenance expense, \$10,267,139 will be eliminated with the implementation of our five-year capital improvement plan. This includes the renovation of the Perryville Elementary School and replacement of Gilpin Manor Elementary and Chesapeake City Elementary Schools.

The annual operating budget of the School System is approved by the County Council of Cecil County in June each year for the following fiscal year. The School System's approved budget for fiscal year 2015 totals \$185,342,051, funded 40.8% by the County, 54.2% by the State and 5.0% 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. The state legislature is expected to again review the current funding formulas in light of recent Federal and State mandates, including *Race to the Top* and teachers' pension funding. Current state funding formulas are based on a foundation per student amount that is capped at a maximum 1% increase annually. Preschool and pre-kindergarten students are not included in the State or County MOE funding formulas.

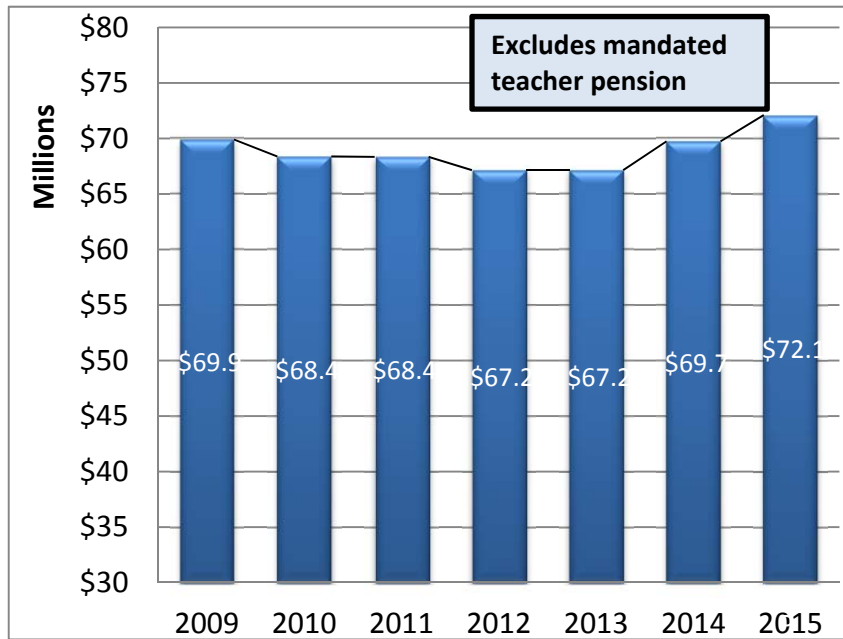
Federal funding is largely dependent on changes in student demographics among those receiving federally funded Free and Reduced Meals (FaRM) and students with Individual Education Plans (IEP). Federal funding is not expected to increase with several programs having the potential to be eliminated or reduced.

# CECIL COUNTY PUBLIC SCHOOLS

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

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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. Fiscal 2010 through fiscal 2012 were funded at the minimum MOE level. Because enrollment declined over that period, County funding was reduced by \$2,759,148.



Continued funding at this minimum level will seriously impact the School System long-term. While

enrollment has declined in recent years, the decline has not provided the School System with the basis to reduce costs or decrease current programs. Further funding by the County at the MOE level will result in the necessity to eliminate programs and increase class size. For fiscal 2015, the School System will receive a 3.5% increase in County funding for a total regular appropriation of \$72,170,967. This is the first time that the School System has received and increase in local funding above the fiscal 2009 amount. However, this amount is \$1,846,901 less than the Board’s request. Total projected revenue for fiscal year 2015 is \$185,342,051 and is partially based on an increase in enrollment of 1.2%

## ECONOMIC CONDITION AND OUTLOOK

According to the 2010 U.S. Census, the population of Cecil County is 101,108 and, as of July 2014, the Maryland Department of Planning projects that this is expected to increase by nearly 40% to 139,660 residents by 2040. Cecil County's population growth rate is expected to be the fourth highest amongst Maryland counties over the next 30 years. Student enrollment is projected to increase by 1.0 - 1.5% annually over the next 10 years.

The 2014 labor force in Cecil County is currently averaging 50,947. It has remained over 50,000 for the past five years. The number of in-county jobs has remained fairly steady at approximately 30,000. As of June 2014, the unemployment rate was 6.1% which is a decrease of from the 7.7% in July 2013. The median household income for Cecil County, as calculated by

# CECIL COUNTY PUBLIC SCHOOLS

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the United States Census Bureau Small Area Income and Poverty Estimates was \$62,443 in 2012. The American Community Survey (ACS) five year estimates from 2008-2012 reported that nearly 87% of Cecil County citizens over the age of 25 are high school graduates or higher.

The Maryland Department of Labor, Licensing and Regulation reported a total of 1,996 active businesses in Cecil County in 2013. With direct access to the major thoroughfares of I-95 and U.S. Route 40, 22.1% of the employers in Cecil County are in the trade, transportation and utility industry. The manufacturing sector in Cecil County continues to be strong, employing an average of 4,254 or 14.1% of the total workforce. The County's manufacturing sector employs over three times that of the State of Maryland, with an average weekly wage of \$1,462. Major manufacturers in the County include W.L. Gore, ATK, Terumo Medical and Terumo Cardiovascular Systems.

In addition, the combination of local government, trade and transportation, education and health services, and leisure and hospitality sectors provide employment opportunities for over 60% of those employed in the county. However, the county currently experiences an out-commute of over 19,000 persons on a daily basis, as opposed to an in-commute of roughly 7,800 persons.

The top employer in Cecil County is W.L. Gore which specializes in medical products and research and development, currently employing over 2,300 people. In March 2013, Gore announced its commitment to expand the Lovett Farm Facility on Airport Road in Elkton; a \$30 million dollar capital investment at this county site. Cecil County is also home to several large logistics and transportation organizations such as IKEA, Restoration Hardware, Burris Logistics, and Performance Food Group that all employ over 200 workers, with IKEA employing roughly 500. The county's prime location near I-95 makes it a great destination for these organizations.

Recent expansions have been made and will be made by Herr Foods and Old Dominion Electric Cooperative (ODEC). Herra recently expanded into Peninsula Industrial Park, and ODEC will begin construction in late 2014 or early 2015 on a state-of-the-art natural gas fueled electric generation facility five miles west of the town of Rising Sun. It will create approximately 600 temporary construction jobs and roughly 30 permanent jobs.

An important segment of Cecil County's economy involves the tourism industry. A Tourism Impact Study that measured tourism impact on Cecil County in 2012 revealed that visitors generated \$144 million in expenditures during 2012. This was a 7% increase from the previous year. Approximately \$22 million was created in local and state taxes from these visitors. In addition, the Cecil County tourism industry employed 2,337 people, and total wages for these employees increased from \$71 million in 2011 to \$88 million in 2012.

# CECIL COUNTY PUBLIC SCHOOLS

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Approximately 70% of Cecil County is rural. Therefore, agriculture also significantly contributes to the local economy. About 34.6% of Cecil County acreage is farmland. Much of this land is devoted to cash grain and dairy farms. Principal crops are corn, soybeans and wheat. According to the U.S. Census, agriculture product sales were \$113 million in 2012. This number is a near 18% increase in market value of production from 2007. Equally impressive is the value of equine inventory in the county. As of the 2010 Equine Census, there are 740 equine places with an inventory of 6,200 for a total value of \$94 million.

In June 2013, Cecil County received State approval to expand and renew its Enterprise Zone for an additional 10 years. This zone is an important economic development tool used to recruit businesses. Enterprise zones provide tax incentives to both property and business owners. The Cecil County Enterprise Zone encompasses 6,685 acres and eight business parks, with 19 businesses currently utilizing the tax credits. In 2011, over \$2 million in capital investment in the county's enterprise zone resulted in 48 net new jobs. In 2012, \$65 million in capital investment created 200 new jobs. In 2013, \$9.63 million in capital investment created 35 new jobs.

## **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 submits an annual update every October to its *Strategic Plan* in accordance with the Maryland *Bridge to Excellence Act* subject to the approval of the Maryland State Board of Education. It serves as the framework for the School System's continuous improvement efforts to achieve our Mission.

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,

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# CECIL COUNTY PUBLIC SCHOOLS

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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 60.7% of students taking advanced placement (AP) exams and scoring a three or better. This compares to a state average of 63.0% and a national average of 61.3%. The 4-year Cohort Graduation Rate for Cecil County students in 2013 was 86.7% compared to 85.0% for the state. Approximately 77.2% 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 educational program in a rapidly changing global society. The following are the major programmatic initiatives accomplished before or within fiscal year 2014:

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

- Implementation of Twilight School as an alternative to suspension in all secondary schools
- Half day pre-kindergarten and full day kindergarten in all 17 elementary schools
- Differentiated instruction designed to meet the needs of all students
- Curricular programs aligned with state and national standards
- Implementation of Maryland's Career and College Ready Curriculum in Reading, English Language Arts and Mathematics
- World language instruction for high school credit in every middle school
- Serving the needs of students with disabilities in an inclusive, least restrictive environment
- Revised Grading and Reporting Policy and Procedures



# CECIL COUNTY PUBLIC SCHOOLS

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

- Expansion of Positive Behavior Interventions and Supports (PBIS) programs
- Ongoing surveys of staff and parents to assess our school system efforts
- Active partnerships with business and community leaders
- Implementation of a revised Student Code of Conduct
- Regular safety reviews at each school to assess readiness to respond to incidents
- Improved communication equipment at every school

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

- Professional development in Strategic Instructional Models for Success
- Advanced Leadership Series for teachers and administrators
- A schedule of training opportunities for administrative professionals
- A wellness policy by the Food and Nutrition program to provide nutritious meals
- The development of a comprehensive wellness program for staff

## **The Future**

Funding for the following major programmatic initiatives are included in the fiscal year 2015 budget:

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

- Substitute release time for teachers to participate in professional development
- Additional special educators to provide specialized instruction
- Stipends for teachers to participate in professional development in the summer and beyond the duty day
- Step increases and COLA for employees per collective bargaining arrangements
- Social worker to support Thomson Estates Elementary and Elkton High Schools
- Teacher for Gifted and Talented program
- Stipends for five STEM lead teachers (moved from expiring grant funds)
- Increase in school-based classroom supplies
- Resources to support the implementation of new curriculum

# CECIL COUNTY PUBLIC SCHOOLS

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

201 Booth Street, Elkton, MD 21921

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

- Expansion of PBIS program to six more schools

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

- Additional various maintenance projects and small capital construction projects to reduce deferred maintenance
- Replacement vehicles and equipment for maintenance

## **FINANCIAL INFORMATION**

### **Relevant Financial Policies**

The Board of Education of Cecil County establishes and maintains fiscal oversight and control of funds appropriated to the School System. The Board must adopt an annual balanced budget (total expenditures equal to total revenues) and establish policies to implement a system of adequate internal controls and special grants management to assure fiscal accountability.

The School System has no authority to levy and collect taxes. All funding is provided by the Federal, State, and County governments.

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.

All appropriated unrestricted funds not spent at the end of the fiscal year accrue to the operating fund balance. By Board policy, the target is to maintain a total fund balance of not less than 5% of annual operating expenditures for the fiscal year. Any excess funds may be appropriated for one time expenditures or used to manage revenue shortfalls in subsequent years' budgets. All funds must remain in the fund originally appropriated.

### **Budgetary Requirements**

The School System maintains a chart of accounts that fulfills the reporting requirements of the Maryland State Department of Education and specific needs of the organization itself. The chart of accounts is composed of the following elements: fund, category, program and object to fulfill state requirements and location, activity and discipline to fulfill organizational needs.

# CECIL COUNTY PUBLIC SCHOOLS

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

201 Booth Street, Elkton, MD 21921

Revenues are classified as local, State, Federal or other. Expenses are classified by category and further classified by object.

These categories include:

Administration	Student health services
Instruction leadership and support	Student transportation
Instruction salaries	Operation of plant
Instruction materials and supplies	Maintenance of plant
Instruction other costs	Fixed charges
Special education	Community services
Student personnel services	Capital outlay

Revenues are categorized by funding source as mandated by Maryland statute. These categories are:

Local appropriation	State revenue
Federal revenue	Other revenue

A complete chart of accounts is available on the School System’s website at [ccps.org](http://ccps.org).

The School System may transfer funds between major categories with approval of the County Council. 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 Council 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.

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.

## 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.

# CECIL COUNTY PUBLIC SCHOOLS

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## **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants. The Board of Education selected the accounting firm of CohnReznick LLP to perform this audit under a contract awarded in fiscal year 2014, 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 Auditor's Report on the financial statements is included in the Financial Section of this Report. The Independent Auditor's 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 and the Independent Auditor's Report on Compliance for 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 auditor's 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, 2013. This is the eleventh 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 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, 2013. 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 eleventh 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

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# CECIL COUNTY PUBLIC SCHOOLS

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

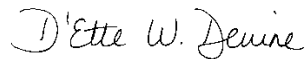
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Certificate of Excellence Program requirements and we are submitting it to ASBO International for consideration.

We would like to acknowledge the effective, valuable work of our School System employees, the commitment of parents and families to their children's education, and the support for public education by the citizens of this community and our state and local officials. All have contributed significantly to the success of our students and this School System.

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



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

# Association of School Business Officials International



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

## **Cecil County Public Schools**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

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



A handwritten signature in black ink, reading 'Terrie S. Simmons', written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO  
President

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

John D. Musso, CAE, RSBA  
Executive Director

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# FINANCIAL SECTION



## Independent Auditor's Report

Board of Education of Cecil County, Maryland

Report on the Financial Statements

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, 2014, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## *Opinions*

In our opinion, the 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, 2014, and the changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the basic 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.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 18 through 34 and the School System's actuarially determined funding progress and required contributions for the School System's Retiree Benefit Trust Fund on page 67, 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.

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. 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 Schedule of Expenditures of Federal Awards on pages 101 through 103 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the basic financial statements.

The Individual Fund Financial Statements and the Schedule of Expenditures of Federal Awards 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. 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 30, 2014 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School System's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland  
September 30, 2014

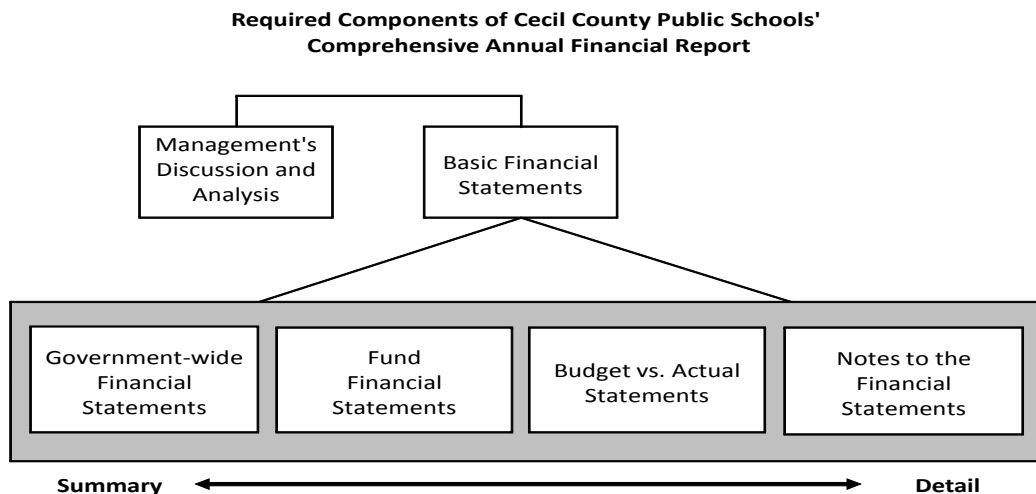
This section of Cecil County Public Schools' Comprehensive Annual Financial Report (CAFR) represents our discussion and analysis of the School System's financial performance during the fiscal year ending June 30, 2014. The management's discussion and analysis, financial statements, and related footnotes 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 position at the end of the fiscal year totaled \$166,883,595, of which \$162,961,619 is a net investment in capital assets.
- Net position decreased \$7,502,271 for the year, most of which is attributable to a reduction in cash and cash equivalents of \$5,100,082 and a reduction in net investment of capital assets of \$2,104,573. This is a result of continued lack of investment the School System's infrastructure by the County.
- General revenues of \$135,181,363 account for 65.5% of all revenues; program revenues of \$71,113,501 account for 34.5%.
- The Food and Nutrition department received \$1,949,265 from charges for services, accounting for 30.5% of Food and Nutrition total revenue.
- The operating budget was amended during the year for a net increase of \$7,256,195. This included additional revenue from restricted State and Federal grants of \$2,861,989, additional other revenue of \$373,460 and \$4,020,746 of fund balance.

**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.

<b>Major Features of the Government-wide and Fund Financial Statements</b>			
	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Government Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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
<b>Required financial statements</b>	-Statement of Net Position -Statement of Activities	-Balance Sheet -Statement of Revenues, Expenditures, and Changes in Fund Balance	-Statement of Fiduciary Net Position -Statement of Changes in Fiduciary Net Position
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resource focus	Modified accrual basis and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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 Position* and *Statement of Activities*, the Fund Financial Statements: *Balance Sheet - Governmental Funds*, *Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds*, *Budget vs. Actual Financial Statement: Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis)*, *Statement of Fiduciary Net Position*, and the *Statement of Changes in Fiduciary Net Position*. 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.

### **Recent Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that will impact future fiscal years.

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans* is effective for financial statements for fiscal years beginning after June 15, 2013. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures* related to pension plans that are administered through trusts or equivalent arrangements. The School System's Pension Plan is administered through a trust with the Maryland Association of Boards of Education (MABE). For more information see Note 11.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, is effective for periods beginning after June 15, 2014. This statement will replace the requirements of Statements No. 27 and No. 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Management has not currently determined what, if any, impact implementation this statement may have on the financial statements of the School System.

### **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 Position* presents all of the School System's assets and deferred outflows, and liabilities and deferred inflows with the difference between the two reported as net position. 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 position and how it has changed. Net position, the difference between the School System's assets and liabilities, are one way to measure the School System's financial health. Over time, the increases or decreases in the School System's net position 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, transportation, plant operations and maintenance, 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 Position* 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. It accounts for all financial resources for the School System except those resources required to be accounted for in another fund.
- The **Special Revenue Fund** is used to record the financial transactions of the Food and Nutrition program. Revenue is primarily generated from the State and Federal grants, Federal commodities, and the sale of student meals and a la carte items. The expenses are those related to providing student meals.
- 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. County and State resources primarily fund these expenditures.

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's 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 Net Position* in the Basic Financial Statements 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 Net Position* and the *Statement of Changes in Fiduciary Net Position - 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 Position**

A comparison of Net Position for 2014 vs. 2013 is shown below:

	<u>2014</u>	<u>2013</u>	<u>Increase/(Decrease)</u>	
<b>Assets</b>				
Current assets	\$ 21,995,914	\$ 27,039,504	\$ (5,043,590)	(18.7)%
Capital assets, net	<u>167,990,310</u>	<u>171,257,242</u>	<u>(3,266,932)</u>	(1.9)%
Total assets	<u>189,986,224</u>	<u>198,296,746</u>	<u>(8,310,522)</u>	(4.2)%
<b>Deferred Outflow of Resources</b>				
Unavailable revenue due from State of Maryland	990,629	1,127,203	(136,574)	(12.1)%
Unavailable revenue due from United States government	<u>2,507,404</u>	<u>2,456,001</u>	<u>51,403</u>	2.1%
	<u>3,498,033</u>	<u>3,583,204</u>	<u>(85,171)</u>	(2.4)%
<b>Liabilities</b>				
Current liabilities	19,386,165	19,632,366	(246,201)	(1.3)%
Noncurrent liabilities	<u>7,147,416</u>	<u>7,743,871</u>	<u>(596,455)</u>	(7.7)%
Total liabilities	<u>26,533,581</u>	<u>27,376,237</u>	<u>(842,656)</u>	(3.1)%
<b>Deferred Inflow of Resources</b>				
Unearned Revenue from United States government	<u>67,081</u>	<u>117,847</u>	<u>(50,766)</u>	(43.1)%
	<u>67,081</u>	<u>117,847</u>	<u>(50,766)</u>	(43.1)%
<b>Net Position</b>				
Net investment in capital assets	162,961,619	165,066,192	(2,104,573)	(1.3)%
Restricted	(156,795)	47,905	(204,700)	(427.3)%
Unrestricted (deficit)	<u>4,078,771</u>	<u>9,271,769</u>	<u>(5,192,998)</u>	(56.0)%
Net Position, end of year	<u>\$ 166,883,595</u>	<u>\$ 174,385,866</u>	<u>\$ (7,502,271)</u>	(4.3)%

**Change in Net Position**

The School System's combined net position decreased by \$7,502,271 or 4.3% on June 30, 2014, to \$166,883,595. Current assets decreased by \$5,043,590 mainly due to a decrease in cash and cash equivalents of \$5,100,082. Cash reserves were utilized to supplement the operating budget and resulted in a reduction of \$5,192,998 unrestricted fund balance. Capital assets decreased by \$3,266,932 or 1.9% due to depreciation expense exceeding new capital projects.

Current liabilities decreased by \$246,201 or 1.3% largely due to a reduction in accounts payable.

**Statement of Activities**

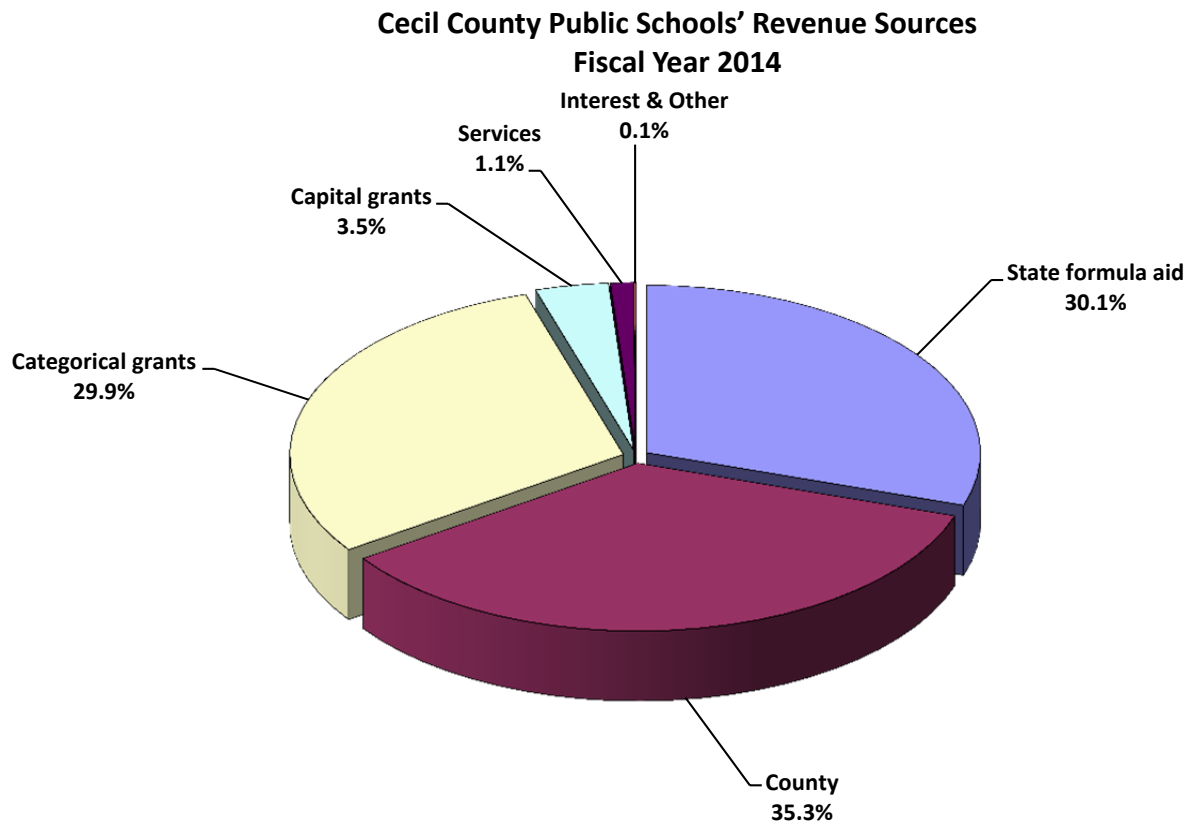
A comparison of revenue by source and expense by function for 2014 vs. 2013 is shown below:

	<u>2014</u>	<u>2013</u>	<u>Increase/ (Decrease)</u>	
<b>Revenue</b>				
Program Revenues				
Charges for Services	\$ 2,177,752	\$ 2,219,084	\$ (41,332)	(1.9)%
Operating grants and contributions	61,617,596	61,170,964	446,632	0.7%
Capital grants and contributions	7,318,153	5,298,858	2,019,295	38.1%
General Revenues				
Grants and contributions not restricted to certain programs	134,925,010	132,104,859	2,820,151	2.1%
Other	256,353	281,545	(25,192)	(8.9)%
Total revenue	<u>206,294,864</u>	<u>201,075,310</u>	<u>5,219,554</u>	2.6%
<b>Expenses</b>				
Administration	6,093,367	5,884,713	208,654	3.5%
Mid-level administration	19,109,759	19,036,087	73,672	0.4%
Instruction	116,268,434	112,413,781	3,854,653	3.4%
Special education	32,756,261	32,548,523	207,738	0.6%
Student personnel services	1,516,362	1,376,623	139,739	10.2%
Student health services	2,199,501	2,161,877	37,624	1.7%
Student transportation	9,820,844	9,895,907	(75,063)	(0.8)%
Operation of plant	14,156,260	13,553,078	603,182	4.5%
Maintenance of plant	5,745,818	5,097,180	648,638	12.7%
Food and nutrition	5,888,310	5,838,318	49,992	0.9%
Community services	242,219	406,090	(163,871)	(40.4)%
Interest on long-term debt	-	9,954	(9,954)	(100.0)%
Total expenses	<u>213,797,135</u>	<u>208,222,131</u>	<u>5,575,004</u>	2.7%
Change in net position	(7,502,271)	(7,146,821)	(355,450)	5.0%
Net position - beginning	<u>174,385,866</u>	<u>181,532,687</u>		
Net position - ending	<u>\$ 166,883,595</u>	<u>\$ 174,385,866</u>		

**Revenue (Statement of Activities)**

Cecil County Public Schools' revenues from fiscal year 2014 were in the amount of \$206,294,864. Program revenue came from three major sources. These include charges for services of \$2,177,752, operating program grants from the State and Federal government of \$61,617,596 and capital grants from the State of Maryland and Cecil County Government of \$7,318,153. In addition to program sources, the School System received general revenue from the State of Maryland of \$62,076,718, Cecil County Government of \$72,848,292, investment earnings and other miscellaneous income of \$256,353.

Charges for services decreased by \$41,332 or 1.9% largely due to a reduction in participation in food and nutrition programs. Operating grants and contributions increased \$446,632 or 0.7% due to an increase in pension cost paid on our behalf by the State of Maryland.



**Expenses (Statement of Activities)**

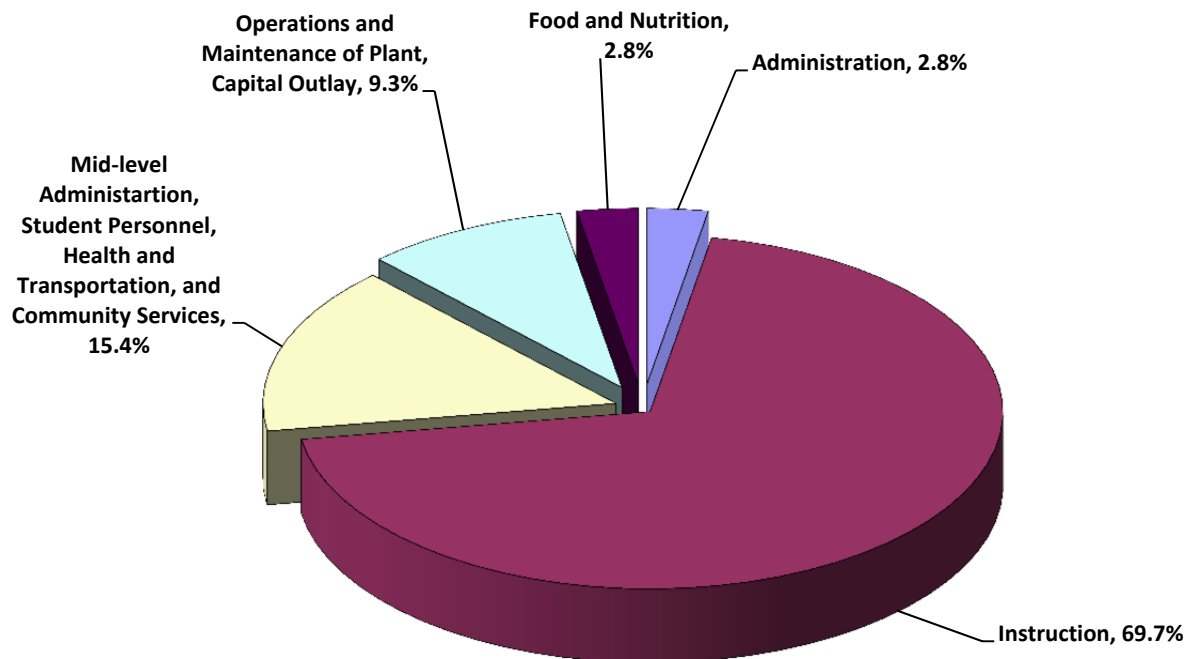
The revenues received during 2014 were used to pay expenses of \$213,797,135. These expenses are reported by functional categories of activities established by the Maryland State Department of Education. Fringe benefit costs for employees have been distributed across each functional category to more accurately report the expenses of each function.

Increases in instruction salaries and wages and instruction technology resulted in an overall increase of \$3,854,653 or 3.4% in the instruction categories. Operation of plant increased by \$603,182 or 4.5% mainly due to increased utility costs, and maintenance of plant expenses increased by \$648,638 or 12.7% to address some deferred maintenance projects.

Overall spending increased by \$5,575,004 or 2.7% and revenue increased by \$5,219,554 or 2.6%, resulting in a decrease in net position of \$7,502,271.

The expenses classified by the state's categorical functions can be further summarized for 2014 as follows:

**Combined Expenses for Cecil County Public Schools  
for Fiscal Year 2014**



**GOVERNMENT FUNDS FINANCIAL HIGHLIGHTS**

The total assets of the School System's government funds exceeded liabilities at the end of the fiscal year by \$7,029,367. Total government fund revenues increased by \$5,219,556, with a \$2,878,297 increase in the General Fund mostly due to an increase in state and local funding and a \$2,019,265 increase in the Capital Project Fund. The School System received \$77,616,523 or 37.6% of its governmental activities funding from the County, \$112,692,627 or 54.6% from the State, and \$13,167,657 or 6.4% 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	\$ 12,360,200	\$ 32,052	\$ 47,905	\$ 12,440,157
Fund balance, end of year	<u>7,127,567</u>	<u>58,595</u>	<u>(156,795)</u>	<u>7,029,367</u>
Net change in fund balances	<u>\$ (5,232,633)</u>	<u>\$ 26,543</u>	<u>\$ (204,700)</u>	<u>\$ (5,410,790)</u>

The General Fund decreased \$5,232,633 from the previous year to \$7,127,567. The fiscal 2014 operating budget included a commitment to utilize \$1,784,391 in revenue from the fund balance. Several years of reductions in discretionary spending, and deferred purchases and repairs, rising healthcare costs and increased utility costs due to the polar vortex caused a need to utilize a larger portion of the fund balance than originally planned.

The Special Revenue Fund increased \$26,543 from the previous year to \$58,595. This represents less than .01% of total fund expenditures. This increase is attributed to an increase in meal prices, a reduction of kitchen hours and changes in food preparation.

The Capital Projects Fund decreased \$204,700 from the previous year to \$(156,795). 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 expenditures.

**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.



**CECIL COUNTY PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**

**Year Ended June 30, 2014**

The School System is authorized to transfer funds between major categories of the budget. The following schedule shows the budget amendments, the actual revenue and expenditures, and the remaining budget in each major category:

	<b>Original Budget</b>	<b>Budget Amendments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget vs. Actual</b>
<b>Revenue</b>					
Intergovernmental					
Cecil County, Maryland	\$ 72,848,292	\$ -	\$ 72,848,292	\$ 72,848,292	\$ -
State of Maryland	96,552,844	1,043,201	97,596,045	96,767,717	(828,328)
United States government	8,147,675	1,818,788	9,966,463	9,071,828	(894,635)
Other sources					
Investment interest	30,000	-	30,000	8,099	(21,901)
Other	2,509,391	4,394,206	6,903,597	680,852	(6,222,745)
<b>Total revenue</b>	<b><u>\$ 180,088,202</u></b>	<b><u>\$ 7,256,195</u></b>	<b><u>\$ 187,344,397</u></b>	<b><u>\$ 179,376,788</u></b>	<b><u>\$ (7,967,609)</u></b>
<b>Expenditures</b>					
Current					
Administration	\$ 3,966,985	\$ 330,038	\$ 4,297,023	\$ 4,221,468	\$ 75,555
Mid-level administration	13,255,496	106,422	13,361,918	13,275,794	86,124
Instruction salaries	69,046,629	1,061,924	70,108,553	69,545,018	563,535
Instruction materials and supplies	4,538,299	(259,795)	4,278,504	3,790,757	487,747
Instruction other costs	2,473,006	700,942	3,173,948	2,923,302	250,646
Special education	25,153,805	(403,776)	24,750,029	24,609,671	140,358
Student personnel services	1,019,866	76,163	1,096,029	1,073,218	22,811
Student health services	1,546,383	1,372	1,547,755	1,506,440	41,315
Student transportation	9,431,561	59,730	9,491,291	9,391,768	99,523
Operation of plant	11,192,595	451,354	11,643,949	11,638,301	5,648
Maintenance of plant	3,575,470	1,288,078	4,863,548	4,315,867	547,681
Fixed charges	34,405,317	3,582,412	37,987,729	37,690,447	297,282
Community services	292,089	45,608	337,697	235,790	101,907
Capital outlay	190,701	215,723	406,424	391,580	14,844
<b>Total expenditures</b>	<b><u>\$ 180,088,202</u></b>	<b><u>\$ 7,256,195</u></b>	<b><u>\$ 187,344,397</u></b>	<b><u>\$ 184,609,421</u></b>	<b><u>\$ 2,734,976</u></b>

The General Fund is the School System's primary operating fund. The final budget of \$187,344,397 exceeded the original budget by \$7,256,195. \$1.2 million of the remaining budget is restricted funds that will be carried over into fiscal year 2015. Those funds are primarily in the categories of Instruction Salaries and Instruction Other Costs. Healthcare claims for retirees and current employees increased, by \$2.6 million. Other Fixed Charges including wellness incentives, worker's compensation and FICA increased by \$0.8 million. Transportation costs for homeless students, Operation and Maintenance costs increased by \$1.4 million. There was a savings in Special Education of \$0.5 million.

**Capital Assets and Long Term Debt Activity**

The School System's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$167,990,310 (net of accumulated depreciation). 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:

<b>Cecil County Public Schools Capital Assets (net of depreciation)</b>		
	2014	2013
Land	\$ 1,202,153	\$ 1,202,153
Buildings	143,604,083	142,667,782
Improvements other than buildings	10,516,384	10,735,742
Furniture, fixtures, and equipment	7,036,885	8,612,498
Construction in progress	5,630,805	8,039,067
Total	\$ 167,990,310	\$ 171,257,242

The total decrease in the School System's net capital assets during the year including depreciation was \$3,266,932. Major capital project expenditures during the fiscal year ended June 30, 2014 included:

- Completion of systemic window and door repairs at North East High totaling \$21,942
- Completion of HVAC repairs at Rising Sun High totaling \$12,085
- Completion of mechanical repairs at Rising Sun Elementary totaling \$1,575,646
- Completion of mechanical repairs to Conowingo Elementary totaling \$462,138
- Completion of repairs to windows and doors at Thomson Estates Elementary totaling \$406,938
- Completion of lighting upgrades at Bohemia Manor Middle/High totaling \$130,306
- Completion of lighting upgrades at North East High totaling \$115,733
- Completion of roof repair at Rising Sun High totaling \$744,407
- Completion of security camera system installation at Elkton Middle totaling \$93,680
- Continuation of planning and design of Perryville Elementary renovations totaling \$620,183
- Began planning and design of New School of Technology renovation totaling \$1,422,685

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 \$16,893,096. Please see Note 5 for details of

changes in capital assets and construction commitments and Note 6 for long-term obligations.

### **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. Additional information on capital leases can be found in Note 6 to the financial statements.

### **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, 2014 the total funds held in cash and cash equivalents was \$1,527,723.

### **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 2014 represents the actuarial determined pre-funding amount of \$827,935 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, all teachers must be highly qualified and expanded choice options for parents. A waiver has been granted to the State from the requirement that 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 2014, 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 performance in fiscal year 2015 and plan for fiscal year 2016 and beyond.

## **THE BUDGET PROCESS**

The fiscal year 2015 approved operating budget, adopted in June 2014, 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 stakeholder 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 year 2015 budget request:

### **Requests Deferred:**

- 54 staff positions requested by schools to meet challenges
- Universal pre-kindergarten
- Teachers for class size reduction across the district
- Implementation of Drug/Alcohol Education program
- Comprehensive improvements to the Gifted and Talented program
- Reinstatement of special area teachers at the elementary school level
- Technology expansion in primary grades
- Expansion of the new teacher induction program
- Full-time band teachers for the middle schools
- Expansion of the Biomedical Project Lead the Way Course to all high schools
- World Language expansion

- Reinstatement of assistant athletic coaches
- Instructional coaches
- Replacement of technology hardware
- Restitution facilities planner in Capital Outlay
- Vestibule upgrades at Perryville High School
- Science room upgrades at Perryville High and Rising Sun High Schools
- General exterior painting of several buildings
- Upgrade and replacement of bus camera systems
- Three replacement vans for maintenance and operations
- Two replacement pickup trucks

**Budget Reductions:**

- Instructional paraprofessionals through attrition
- Three Business Education classroom teachers and one CTE classroom teacher at four high schools

**Programs Included:**

- Increase in school-based classroom supplies
- Resources to support the implementation of new curriculum
- Expansion of PBIS program to six more schools
- 1.0 teacher for Gifted and Talented program
- Stipends for five STEM lead teachers (moved from expiring grant funds)
- Athletic equipment replacement
- Expansion of the recruitment efforts in hiring certificated employees
- Purchase of riding mower
- Additional various maintenance projects to reduce deferred maintenance
- Increase in the cost of custodial supplies
- One large tractor
- One Bush Hog field cutter

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.*

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# BASIC FINANCIAL STATEMENTS





**CECIL COUNTY PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 20,473,974
Investments	45,001
Receivables (net)	721,693
Prepaid items	579,811
Inventories	<u>175,435</u>
<b>Total current assets</b>	<u>21,995,914</u>

**Noncurrent assets**

Realized gain from investments	
Land	1,202,153
Buildings	143,604,083
Improvements other than buildings	10,516,384
Furniture, fixtures and equipment	7,036,885
Construction in progress	<u>5,630,805</u>
<b>Total noncurrent assets</b>	<u>167,990,310</u>
<b>Total assets</b>	<u>189,986,224</u>

**DEFERRED OUTFLOW OF RESOURCES**

Unavailable revenue due from State of Maryland	990,629
Unavailable revenue due from United States government	<u>2,507,404</u>
<b>Total deferred outflows</b>	<u>3,498,033</u>

**LIABILITIES**

**Current liabilities**

Accounts payable and accrued expenses	17,827,003
Advances from others	570,496
Capital leases due within one year	647,404
Compensated absences due within one year	<u>341,262</u>
<b>Total current liabilities</b>	<u>19,386,165</u>

**Noncurrent liabilities**

Capital leases due in more than one year	4,381,287
Compensated absences due in more than one year	<u>2,766,129</u>
<b>Total noncurrent liabilities</b>	<u>7,147,416</u>
<b>Total liabilities</b>	<u>26,533,581</u>

**DEFERRED INFLOW OF RESOURCES**

Unearned Revenue from United States government	<u>67,081</u>
<b>Total deferred inflows</b>	<u>67,081</u>

**NET POSITION**

Net Investment in capital assets	162,961,619
Restricted for:	
Capital projects	(156,795)
Unrestricted	<u>4,078,771</u>
<b>Total net position</b>	<u>\$ 166,883,595</u>

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, 2014**

	Program Revenue			Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Function/programs</b>					
Administration	\$ 6,093,367	\$ -	\$ 713,437	\$ -	\$ (5,379,930)
Mid-level administration	19,109,759	-	1,499,484	-	(17,610,275)
Instruction salaries	100,282,010	218,990	32,624,392	-	(67,438,628)
Instruction materials and supplies	3,799,800	-	523,870	7,318,153	4,042,223
Instruction other costs	12,186,624	-	581,360	-	(11,605,264)
Special education	32,756,261	-	14,168,016	-	(18,588,245)
Student personnel services	1,516,362	-	245,612	-	(1,270,750)
Student health services	2,199,501	-	129,887	-	(2,069,614)
Student transportation	9,820,844	-	5,151,249	-	(4,669,595)
Operation of plant	14,156,260	-	653,063	-	(13,503,197)
Maintenance of plant	5,745,818	-	658,571	-	(5,087,247)
Food and nutrition	5,888,310	1,949,265	4,446,846	-	507,801
Community services	242,219	9,497	221,809	-	(10,913)
<b>Total government activities</b>	<u>\$ 213,797,135</u>	<u>\$ 2,177,752</u>	<u>\$ 61,617,596</u>	<u>\$ 7,318,153</u>	<u>(142,683,634)</u>
					62,076,718
					72,848,292
					8,178
					248,175
					<u>135,181,363</u>
					(7,502,271)
					<u>174,385,866</u>
					<u>\$ 166,883,595</u>

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

**CECIL COUNTY PUBLIC SCHOOLS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,471,264	\$ 2,710	\$ 45,001	\$ 20,518,975
Due from Cecil County, Maryland	-	-	429,856	429,856
Due from Special Revenue fund	219,226	-	-	219,226
Due from Capital Projects fund	189,491	-	-	189,491
Accounts receivable	276,551	11,161	4,125	291,837
Prepaid items	579,811	-	-	579,811
Inventory	-	175,435	-	175,435
Total assets	<u>21,736,343</u>	<u>189,306</u>	<u>478,982</u>	<u>22,404,631</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unavailable revenue due from State of Maryland	868,944	45,609	76,076	990,629
Unavailable revenue due from United States government	2,295,175	212,229	-	2,507,404
Total Deferred Outflows	<u>3,164,119</u>	<u>257,838</u>	<u>76,076</u>	<u>3,498,033</u>
Total assets and deferred outflows	<u>\$ 24,900,462</u>	<u>\$ 447,144</u>	<u>\$ 555,058</u>	<u>\$ 25,902,664</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Accounts payable	\$ 1,846,801	\$ 74,523	\$ 367,903	\$ 2,289,227
Accrued salaries	13,691,055	721	-	13,691,776
Estimated claims incurred but not reported	1,846,000	-	-	1,846,000
Advances from others	365,050	50,987	154,459	570,496
Due to General fund	-	219,226	189,491	408,717
Total liabilities	<u>17,748,906</u>	<u>345,457</u>	<u>711,853</u>	<u>18,806,216</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue from United States government	23,989	43,092	-	67,081
Total deferred inflows	<u>23,989</u>	<u>43,092</u>	<u>-</u>	<u>67,081</u>
<b>Fund balance</b>				
Non-spendable	579,811	175,435	-	755,246
Restricted	-	-	(156,795)	(156,795)
Committed	2,847,015	-	-	2,847,015
Assigned	3,700,741	-	-	3,700,741
Unassigned	-	(116,840)	-	(116,840)
Total fund balance	<u>7,127,567</u>	<u>58,595</u>	<u>(156,795)</u>	<u>7,029,367</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 24,900,462</u>	<u>\$ 447,144</u>	<u>\$ 555,058</u>	<u>\$ 25,902,664</u>

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 POSITION  
YEAR ENDED JUNE 30, 2014**

Total fund balance	\$	7,029,367
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Amounts reported in the statement of net position 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	\$	306,267,494	
Accumulated depreciation		<u>(138,277,184)</u>	167,990,310

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	\$	(5,028,691)	
Accrued vacation leave		<u>(3,107,391)</u>	<u>(8,136,082)</u>

Total net position	\$	<u><u>166,883,595</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, 2014**

	General	Special Revenue	Capital Projects	Total Governmental Funds
<b>Revenue</b>				
Intergovernmental				
Cecil County, Maryland	\$ 72,848,292	\$ -	\$ 4,765,231	\$ 77,613,523
State of Maryland	109,977,425	345,042	2,370,160	112,692,627
United States government	9,065,853	4,101,804	-	13,167,657
Other sources				
Sale of food	-	1,917,694	-	1,917,694
Investment interest	8,099	52	27	8,178
Other	680,852	31,573	182,763	895,188
Total revenue	<u>192,580,521</u>	<u>6,396,165</u>	<u>7,318,181</u>	<u>206,294,867</u>
<b>Expenditures</b>				
Current				
Administration	4,220,289	268,019	749,779	5,238,087
Mid-level administration	13,274,614	-	246	13,274,860
Instruction salaries	69,545,018	-	-	69,545,018
Instruction materials and supplies	3,790,757	-	9,043	3,799,800
Instruction other	2,803,026	-	5,949,903	8,752,929
Special education	24,583,137	-	-	24,583,137
Student personnel services	1,073,218	-	-	1,073,218
Student health services	1,506,440	-	-	1,506,440
Student transportation	9,391,768	-	-	9,391,768
Operation of plant	11,636,532	-	-	11,636,532
Maintenance of plant	4,542,525	-	-	4,542,525
Fixed charges	50,673,497	624,941	-	51,298,438
Community services	235,790	-	-	235,790
Food service				
Salaries and wages	-	2,350,508	-	2,350,508
Food	-	2,726,121	-	2,726,121
Contracted services	-	46,449	-	46,449
Supplies and materials	-	313,708	-	313,708
Other operating cost	-	39,876	-	39,876
Debt Service				
Principal	536,543	-	625,816	1,162,359
Interest	-	-	188,094	188,094
Total expenditures	<u>197,813,154</u>	<u>6,369,622</u>	<u>7,522,881</u>	<u>211,705,657</u>
Net change in fund balances	(5,232,633)	26,543	(204,700)	(5,410,790)
Fund balance, beginning of year	<u>12,360,200</u>	<u>32,052</u>	<u>47,905</u>	<u>12,440,157</u>
Fund balance, end of year	<u>\$ 7,127,567</u>	<u>\$ 58,595</u>	<u>\$ (156,795)</u>	<u>\$ 7,029,367</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 POSITION  
YEAR ENDED JUNE 30, 2014**

Total change in fund balance \$ (5,410,790)

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 position 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	\$ (10,042,613)	
Capital outlays	6,907,700	
Disposal of capital assets net of depreciation	<u>(132,019)</u>	(3,266,932)

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 position and do not affect the statement of activities.

Repayment of existing capital leases	\$ 1,162,359
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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 slightly more than the amounts earned.

13,092

Total change in net position	<u>\$ (7,502,271)</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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Intergovernmental				
Cecil County, Maryland	\$ 72,848,292	\$ 72,848,292	\$ 72,848,292	\$ -
State of Maryland	96,552,844	97,596,045	96,767,717	(828,328)
United States government	8,147,675	9,966,463	9,071,828	(894,635)
Other sources				
Investment interest	30,000	30,000	8,099	(21,901)
Other	2,509,391	6,903,597	680,852	(6,222,745)
<b>Total revenue</b>	<b>180,088,202</b>	<b>187,344,397</b>	<b>179,376,788</b>	<b>(7,967,609)</b>
Expenditures				
Current				
Administration	3,966,985	4,297,023	4,221,468	75,555
Mid-level administration	13,255,496	13,361,918	13,275,794	86,124
Instruction salaries	69,046,629	70,108,553	69,545,018	563,535
Instruction materials and supplies	4,538,299	4,278,504	3,790,757	487,747
Instruction other costs	2,473,006	3,173,948	2,923,302	250,646
Special education	25,153,805	24,750,029	24,609,671	140,358
Student personnel services	1,019,866	1,096,029	1,073,218	22,811
Student health services	1,546,383	1,547,755	1,506,440	41,315
Student transportation	9,431,561	9,491,291	9,391,768	99,523
Operation of plant	11,192,595	11,643,949	11,638,301	5,648
Maintenance of plant	3,575,470	4,863,548	4,315,867	547,681
Fixed charges	34,405,317	37,987,729	37,690,447	297,282
Community services	292,089	337,697	235,790	101,907
Capital outlay	190,701	406,424	391,580	14,844
<b>Total expenditures and encumbrances</b>	<b>180,088,202</b>	<b>187,344,397</b>	<b>184,609,421</b>	<b>2,734,976</b>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(5,232,633)</b>	<b>\$ (5,232,633)</b>
Fund balance, beginning			12,894,569	
Fund balance, ending			\$ 7,661,936	

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

**CECIL COUNTY PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014**

<b>ASSETS</b>	<u>Retiree Benefit Trust Fund</u>	<u>Student Activity Agency Fund</u>
Cash and cash equivalents	\$ 8,945,044	\$ 1,527,723
<b>Total assets</b>	<u>8,945,044</u>	<u>1,527,723</u>
<b>LIABILITIES</b>		
Due to other groups	<u>-</u>	<u>1,527,723</u>
<b>Total liabilities</b>	<u>-</u>	<u>1,527,723</u>
<b>NET POSITION</b>		
Held in trust for retiree benefits	<u>\$ 8,945,044</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 POSITION  
RETIREE BENEFIT TRUST FUND  
YEAR ENDED JUNE 30, 2014**

**ADDITIONS**

Contributions:	
Employer	\$ 827,935
Member	-
Total contributions	<u>827,935</u>
Investment income:	
Interest/Dividends	168,205
Net increase in the fair value of investments	<u>899,469</u>
Total investment activity	<u>1,067,674</u>
Investment activity expenses:	
Investment custodial fees	<u>(38,413)</u>
Total investment expenses	<u>(38,413)</u>
Total net additions	1,857,196

**DEDUCTIONS**

Administration service fees	2,390
Auditing fees	2,900
Insurance expense	3,298
General legal fees	35
Office supplies	<u>15</u>
Total deductions	<u>8,638</u>
Change in net position	1,848,558
Net position - beginning	<u>7,096,486</u>
Net position - ending	<u>\$ 8,945,044</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. An elected County Council is 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

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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 accrual 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. It accounts for all financial resources for the School System except those resources required to be accounted for in another fund. Major revenue sources are the County, State and Federal governments. Minor sources of revenue come from other sources such as rebates, tuition, and interest.

- The **Special Revenue Fund** is used to record the financial transactions of the Food and Nutrition program. Revenue is primarily generated from the State and Federal grants, Federal commodities, and the sale of student meals and a la carte items.
- 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. County and State resources primarily fund these expenditures.

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. 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.
- The **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 Position 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 completed. 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:

Assets	Years
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 plans, 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 school buses, 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 Position and Fund Balance**

In the *Statement of Net Position*, net position is reported as net invested in capital assets, 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 is governed by Board Policy DFAA, and stems from the following:

- This amount provides the liquidity necessary to accommodate the Board's uneven cash flow.
- This amount provides the liquidity to cover contingent liabilities.
- Any amount above 5% of operating expenditures is reported as unassigned fund balance.

The Board policy states that most restricted dollars will be spent before less restricted dollars in the following order:

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

Non-spendable – Amounts that cannot be spent either because they are in a non-spendable

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form or because they are legally or contractually required to be maintained intact. This component includes prepaid expenses related to healthcare and inventory related to food services.

Restricted – This component includes funds that are constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.

Committed – This component includes funds approved in the current fiscal year for use in the subsequent fiscal year. A portion of the fund balance may be assigned to balance the subsequent year’s budget and is shown as committed. This requires formal action by the Board.

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 budget contingency due to unforeseen events in the General Fund. The authority of assigning fund balance is expressed by the Superintendent and Chief Financial Officer.

Unassigned – This component consists of the amount that has not been committed or assigned to a specific purpose and exceeds the 5% of the annual operating budget fund balance minimum requirement. A negative unassigned balance may be reported if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

For the General Fund, the School System’s \$7,127,567 fund balance is 3.8% of the fiscal year 2015 total budget. \$579,811 is non-spendable, and \$2,847,015 is committed as a reserve for contingencies for fiscal year 2015. There is no unassigned balance for the General Fund. Due to several years of flat funding and unforeseen expenditures in fiscal year 2014, the 5% fund balance required by Board policy was not attainable.



	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Fund balance</b>				
Non-spendable				
Inventory	\$ -	\$ 175,435	\$ -	\$ 175,435
Prepaid expenses	<u>579,811</u>	<u>-</u>	<u>-</u>	<u>579,811</u>
	579,811	175,435	-	755,246
Restricted	-	-	(156,795)	(156,795)
Committed				
Budget contingency	2,847,015	-	-	2,847,015
Assigned				
Health care	3,700,741	-	-	3,700,741
Unassigned	<u>-</u>	<u>(116,840)</u>	<u>-</u>	<u>(116,840)</u>
<b>Total fund balance, June 30, 2014</b>	<u>\$ 7,127,567</u>	<u>\$ 58,595</u>	<u>\$ (156,795)</u>	<u>\$ 7,029,367</u>
Total fund balance, June 30, 2013	<u>12,360,200</u>	<u>32,052</u>	<u>47,905</u>	<u>12,440,157</u>
Net change in fund balance	<u>\$ (5,232,633)</u>	<u>\$ 26,543</u>	<u>\$ (204,700)</u>	<u>\$ (5,410,790)</u>

**Recent Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that will impact future fiscal years.

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans* is effective for financial statements for fiscal years beginning after June 15, 2013. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures* related to pension plans that are administered through trusts or equivalent arrangements. The School System's Pension Plan is administered through a trust with the Maryland Association of Boards of Education (MABE). For more information see Note 11.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, is effective for periods beginning after June 15, 2014. This statement will replace the requirements of Statements No. 27 and No. 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Management has not currently determined what, if any, impact implementation this statement may have on the financial statements of the School System.

**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 Projects Fund to the County Executive prior to February 16, 2015.
2. The County Executive must submit a complete County budget to the County Council by March 2, 2015.
3. Following public hearings, the County Council must approve the budgets by May 19, 2015.
4. Subsequent supplemental appropriations also require the County Executive and County 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
Instruction leadership and support	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 legal requirements of the Cecil 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, 2014 – Non-GAAP		\$	7,661,936
Maryland State Department payments to State Retirement and Pension System on behalf of the School System for eligible employees			
	Revenue		12,983,050
	Expenditures		(12,983,050)
Current year encumbrances reported as expenditures for budget purposes and not in GAAP statements			(148,665)
Cumulative effect of encumbrances reported as expenditures in prior years			<u>(385,704)</u>
Fund Balance Ending, June 30, 2014 – GAAP Basis		\$	<u><u>7,127,567</u></u>

Encumbrances of \$148,665 were recorded in the General Fund for grant funds expected to be fully expended within 90 days.

**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, 2014 the carrying amount and bank balances of the School System's deposits with financial institutions totaled \$22,046,698 and \$22,479,041 respectively. All of the bank deposits are covered by federal deposit insurance and/or collateral held in the School System's name.

Government Funds	Carrying Amount	Bank Balance
Government Funds	Carrying Amount	Bank Balance
Insured-Federal Deposit Insurance Corporation	\$ 1,211,386	\$ 1,213,178
Uninsured-collateral held by bank in school system's name	17,536,626	17,967,215
Certificate of Deposit due within one year-collateral held by bank in the School System's name	3,086,949	3,086,911
Total Deposits	21,834,961	22,267,304
Investments-Maryland Local Government Investment Pool	211,737	211,737
Total Cash and Investments	\$ 22,046,698	\$ 22,479,041
Reconciliation of above to the Statement of Net Position		
General Fund	\$ 20,471,264	\$ 20,826,993
Special Revenue Fund	2,710	2,242
Capital Projects Fund	45,001	45,001
Total cash and cash equivalents-Statement of Net Position	20,518,975	20,874,236
Fiduciary Fund	1,527,723	1,604,805
Total cash and investments	\$ 22,046,698	\$ 22,479,041

**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, 2014, MABE held \$8,945,045 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, 2014, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose	Amount
General	Capital Projects	Deficit cash balance	\$ 189,491
General	Special Revenue	Deficit cash balance	219,226
Total			<u>\$ 408,717</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 2014:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,202,153	\$ -	\$ -	\$ 1,202,153
Construction-in-progress	8,039,066	7,522,881	(9,931,142)	5,630,805
Total capital assets not being depreciated	<u>9,241,219</u>	<u>7,522,881</u>	<u>(9,931,142)</u>	<u>6,832,958</u>
Capital assets being depreciated				
Buildings	253,183,211	7,996,449	-	261,179,660
Improvements other than buildings	14,533,028	490,566	-	15,023,594
Furniture, equipment and vehicles	24,084,239	828,950	(1,681,907)	23,231,282
Total capital assets being depreciated	<u>291,800,478</u>	<u>9,315,965</u>	<u>(1,681,907)</u>	<u>299,434,536</u>
Less accumulated depreciation for				
Buildings	(110,515,431)	(7,060,146)	-	(117,575,577)
Improvements other than buildings	(3,797,286)	(709,924)	-	(4,507,210)
Furniture, equipment and vehicles	(15,471,742)	(2,272,543)	1,549,888	(16,194,397)
Total accumulated depreciation	<u>(129,784,459)</u>	<u>(10,042,613)</u>	<u>1,549,888</u>	<u>(138,277,184)</u>
Total capital assets being depreciated, net	<u>162,016,019</u>	<u>(726,648)</u>	<u>(132,019)</u>	<u>161,157,352</u>
	<u>\$ 171,257,238</u>	<u>\$ 6,796,233</u>	<u>\$ (10,063,161)</u>	<u>\$ 167,990,310</u>

Depreciation expense was charged to functions/programs as follows:

<u>Government activities:</u>	<u>Amount</u>
Administration	\$ 449,515
Mid-level administration	41,615
Instruction other costs	9,034,355
Special education	88,822
Student personnel services	769
Student health services	13,390
Student transportation	79,551
Operation of plant	73,815
Maintenance of plant	104,471
Food and nutrition	154,229
Community service	2,081
	<u>\$ 10,042,613</u>

**B. Construction Commitments**

The School System has active construction projects as of June 30, 2014. 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>
Perryville Elementary renovations	\$ 739,259	\$ 16,423,176
New School of Technology renovations	1,422,685	34,301
Cherry Hill Middle entrance security renovations	-	101,100
Rising Sun Middle entrance security renovations	-	241,400
Perryville High track repairs	156,881	93,119
Total	<u>\$ 2,318,825</u>	<u>\$ 16,893,096</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	\$ 5,028,691
Less accumulated depreciation	<u>(891,108)</u>
	<u>\$ 4,137,583</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, 2014:

<u>Fiscal years ending June 30:</u>	<u>Total</u>
2015	813,910
2016	813,910
2017	813,910
2018	813,910
2019	813,910
2020-2021	<u>1,627,787</u>
Total payments	5,697,337
Less interest	<u>(668,646)</u>
Capitalized lease obligations	<u>\$ 5,028,691</u>

**C. Changes in Long-term Liabilities**

Noncurrent liabilities reported in the Statement of Net Position include capital leases and compensated absences. The schedule below presents the current year activity and year-end balances for the School System’s noncurrent liabilities:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Capital leases	\$ 6,191,050	\$ -	\$ (1,162,359)	\$ 5,028,691	\$ 647,404
Compensated absences	3,120,483	383,792	(396,884)	3,107,391	341,262
Long-term liabilities	<u>\$ 9,311,533</u>	<u>\$ 383,792</u>	<u>\$ (1,559,243)</u>	<u>\$ 8,136,082</u>	<u>\$ 988,666</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 2014 under these leases amounted to \$1,168,052. The aggregate future rental payments under these commitments are \$1,148,416 summarized below:

<u>Fiscal year ending June 30:</u>	<u>Building Rent</u>	<u>Office Equipment</u>
2015	250,176	279,758
2016	257,681	48,302
2017	265,412	43,465
2018	-	3,622
Total	<u>\$ 773,269</u>	<u>\$ 375,147</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 \$68,935,749 during the fiscal year ended June 30, 2014, were used in the designated programs and did not supplant funding for the unrestricted programs. The General and Special Revenue Funds accounted for \$61,617,596 and the Capital Project Fund accounted for \$7,318,153.

**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, 2014 are estimated to be in the amount of \$1,846,000. This amount is \$40,000 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.

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
2013	\$ 1,947,000	\$ -	\$ 141,000	1,806,000
2014	\$ 1,806,000	\$ 40,000	\$ -	1,846,000

**C. Sick Leave**

As of June 30, 2014, the amount of accumulated unused sick leave was estimated to be \$28,359,206. 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, 2014, the amount of accumulated unused sick leave included in the sick leave bank was estimated to be \$1,873,770. 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 generally subject to program compliance audits by the grantors or their representatives. As of June 30, 2014, 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, 2013 through June 30, 2016 is a three year agreement with a 1.8% COLA for the first year and COLA for years 2 and 3 will be based on the CPI-U not to exceed 2% as reported in November of 2013 for fiscal year 2014 and November of 2014 for fiscal year 2015. The 1.8% COLA was applied retroactively to the fiscal year 2013 pay scale at the midpoint of the pay year for this group. The fiscal year 2015 increase based on COLA is 1.2%. Incremental steps are to be funded for each of the three years. For retiree healthcare, a 5% improvement was made for those retirees who had accumulated 24 to 29 years of service in Cecil County Public Schools (CCPS) and a 13% improvement was made for those retirees who had accumulated 30 or more years of service in CCPS.

The collective bargaining agreement with the Cecil County Public Schools Administrators' and Supervisors' Association (CCPSASA) for the period July 1, 2013 through June 30, 2016 is a three year agreement with a 1.8% COLA for the first year and COLA for years 2 and 3 will be based on the CPI-U not to exceed 2% as reported in November of 2013 for fiscal year 2014 and November of 2014 for fiscal year 2015. The 1.8% COLA was applied retroactively to the fiscal year 2013 pay scale at the midpoint of the pay year for this group. The fiscal year 2015 increase based on COLA is 1.2%. Incremental steps are to be funded for each of the three years. For retiree healthcare, a 5% improvement was made for those retirees who had accumulated 24 to 29 years of service in CCPS and a 13% improvement was made for those retirees who had accumulated 30 or more years of service in CCPS.

The collective bargaining agreement with the Cecil Education Support Personnel Association (CESPA) for the period July 1, 2013 through June 30, 2016 is a three year agreement with a 1.8% COLA for the first year and COLA for years 2 and 3 will be based on the CPI-U not to exceed 2% as reported in November of 2013 for fiscal year 2014 and November of 2014 for fiscal year 2015. The 1.8% COLA was applied retroactively to the fiscal year 2013 pay scale at the midpoint of the pay year for this group. The fiscal year 2015 increase based on COLA is 1.2%. Incremental steps are to be funded for each of the three years. For retiree healthcare, a 5% improvement was made for those retirees who had accumulated 24 to 29 years of service in CCPS and a 13% improvement was made for those retirees who had accumulated 30 or more years of service in CCPS.

Meet and Confer discussions with the Central Office Support Services Leadership Association (COSSLA) for the period July 1, 2013 through June 30, 2016 resulted in a three year agreement with a 1.8% COLA for the first year and COLA for years 2 and 3 will be based on the CPI-U not to exceed 2% as reported in November of 2013 for fiscal year 2014 and November of 2014 for fiscal year 2015. The 1.8% COLA was applied retroactively to the fiscal year 2013 pay scale at

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the midpoint of the pay year for this group. The fiscal year 2015 increase based on COLA is 1.2%. Incremental steps are to be funded for each of the three years. For retiree healthcare, a 5% improvement was made for those retirees who had accumulated 24 to 29 years of service in CCPS and a 13% improvement was made for those retirees who had accumulated 30 or more years of service in CCPS.

### **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 and Employees' Pension System are required to contribute 7% of their earnable compensation. Employer contribution rates are determined actuarially. The employer contribution rates for fiscal year 2014 were 14.71% for the Teacher Systems and 14.05% 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, 2014 was \$12,983,050. Since fiscal year 2013 a portion of teacher pension costs are passed on from the State to the County. The County's contribution on behalf of the School System to the Teachers System for

the year ended June 30, 2014 was \$3,117,889. Fiscal year 2014 contributions made by the State and the County 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, 2014, 2013, and 2012, were \$1,715,303, \$1,508,489, and \$1,854,035 respectively, all of which were 100% of the required contribution.

The computation of the pension contribution requirements for fiscal year 2014 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, 2012, the date of the last actuarial valuation, approximately 566 retirees and their beneficiaries were receiving benefits, and an estimated 2,019 active employees were 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 \$8,583 annually for 30 or more 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 2014, retirees contributed \$2,973,763 or 43.2% of the total premiums and benefits cost of \$6,879,354. 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 Supervisor of Human Resources 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 Mr. Steven 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	\$ 3,510,585
Adjustment to annual required contribution	<u>491,845</u>
Annual OPEB cost	4,002,430
Payments to retirees from general fund	(3,174,495)
Prefunding contribution	<u>(827,935)</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 2013 and 2014, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 3,425,569	100.0%	\$ -
June 30, 2014	\$ 4,002,430	100.0%	\$ -

**D. Funding Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$44,200,003 with an actuarial value of assets of \$5,810,277 and resulting in an unfunded actuarial accrued liability (UAAL) of \$38,389,726. The annual payroll of active employees covered by the Plan was \$111,941,866 and the ratio of the UAAL to covered payroll was 34.3%. 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, 2014, there were \$8,945,044 in net position. 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 position, consistent with the long-term perspective of the calculations.

In the July 1, 2012 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, an 8% investment return per annum and a 3% inflation rate. 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**

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liability (AAL)</b>	<b>Unfunded Actuarial Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
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%
July 1, 2012	\$ 5,810,277	\$ 44,200,003	\$ 38,389,726	13.1%	\$ 111,941,866	34.3%

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
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%
June 30, 2013	\$ 3,425,569	100.0%
June 30, 2014	\$ 4,002,430	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, 2014**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,491,010	\$ 2,377,317	\$ (2,340,604)	\$ 1,527,723
Total Assets	<u>\$ 1,491,010</u>	<u>\$ 2,377,317</u>	<u>\$ (2,340,604)</u>	<u>\$ 1,527,723</u>
<b>Liabilities:</b>				
Due to student groups	\$ 1,491,010	\$ 2,377,317	\$ (2,340,604)	\$ 1,527,723
Total Liabilities	<u>\$ 1,491,010</u>	<u>\$ 2,377,317</u>	<u>\$ (2,340,604)</u>	<u>\$ 1,527,723</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	75
<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	77
<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	88
<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	91
<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 POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Invested in capital assets net of related debt	\$162,961,619	\$165,066,192	\$169,073,812	\$174,717,150	\$177,912,434	\$175,023,380	\$167,798,316	\$156,528,166	\$123,977,382	\$108,410,260
Restricted for capital projects	(156,795)	47,905	47,848	47,644	47,563	47,460	40,074	611,410	487,935	346,608
Unrestricted	4,078,771	9,271,769	12,411,027	10,403,227	8,731,626	9,759,167	6,273,966	5,064,835	1,579,391	2,186,620
Total governmental activities net position	<u>\$166,883,595</u>	<u>\$174,385,866</u>	<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>

Source: Statement of Net Position

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>										
Government activities:										
Administration	\$ 6,093,367	\$ 5,884,713	\$ 5,848,216	\$ 5,894,409	\$ 5,985,974	\$ 5,785,097	\$ 5,345,436	\$ 4,876,720	\$ 4,559,329	\$ 3,789,294
Mid-level administration	19,109,759	19,036,087	18,645,814	19,318,057	19,061,356	18,379,730	17,641,192	16,004,079	15,176,098	14,158,839
Instruction										
Salaries	100,282,010	95,861,417	94,677,121	96,947,288	96,126,396	92,771,442	88,770,368	81,836,635	76,741,777	71,729,858
Materials and supplies	3,799,800	3,653,853	2,816,463	2,411,173	2,866,679	3,554,132	3,191,191	3,101,396	2,863,712	2,763,589
Other costs	12,186,624	12,898,511	12,669,260	13,718,011	11,795,884	11,067,537	8,698,392	4,801,808	4,288,118	4,858,382
Special education	32,756,261	32,548,523	33,206,278	33,654,336	33,516,554	32,465,449	30,677,957	27,118,984	25,674,929	21,904,331
Student personnel services	1,516,362	1,376,623	1,351,480	1,327,915	1,476,303	1,562,735	1,163,427	993,420	973,329	878,333
Student health services	2,199,501	2,161,877	2,219,629	2,172,688	2,161,204	2,136,947	2,024,228	1,932,511	1,785,583	1,698,234
Student transportation	9,820,844	9,895,907	9,658,855	9,581,266	9,367,220	9,270,764	9,479,243	8,633,675	8,305,099	7,570,359
Operation of plant	14,156,260	13,553,078	12,884,659	13,753,124	13,615,550	13,531,123	14,126,567	12,366,791	11,372,420	10,644,108
Maintenance of plant	5,745,818	5,097,180	4,794,807	4,581,731	4,735,829	4,684,698	4,857,755	4,794,585	4,472,663	3,802,878
Food and nutrition	5,888,310	5,838,318	5,816,017	5,723,356	5,445,415	4,377,939	5,439,250	4,965,606	4,905,918	4,611,152
Community services	242,219	406,090	454,449	383,375	317,774	315,148	312,701	254,059	368,156	295,110
Capital outlay	-	-	-	-	-	-	1,837,886	4,737,281	4,883,382	418,741
Interest on long-term debt	-	9,954	155,244	110,918	119,282	102,772	834	1,612	13,672	14,030
<b>Total governmental activities expenses</b>	<b>\$ 213,797,135</b>	<b>\$ 208,222,131</b>	<b>\$ 205,198,292</b>	<b>\$ 209,577,647</b>	<b>\$ 206,591,420</b>	<b>\$ 200,005,513</b>	<b>\$ 193,566,427</b>	<b>\$ 176,419,162</b>	<b>\$ 166,384,185</b>	<b>\$ 149,137,238</b>
<b>Program Revenues</b>										
Government activities:										
Charges for services:										
Instruction salaries	\$ 218,990	\$ 230,547	\$ 240,862	\$ 245,955	\$ 470,817	\$ 454,827	\$ 589,832	\$ 571,537	\$ 478,198	\$ 571,836
Maintenance of plant	-	-	-	-	-	-	-	-	-	-
Food and nutrition	1,949,265	1,964,488	2,212,433	2,450,764	2,624,443	2,913,331	2,951,531	2,779,343	2,664,251	2,584,766
Community services	9,497	24,049	16,637	35,655	31,823	18,931	27,476	26,698	27,409	6,482
Operating grants and contributions	61,617,596	61,170,964	63,533,480	66,136,117	59,739,771	51,554,961	48,901,527	43,428,584	39,155,944	35,217,219
Capital grants and contributions	7,318,153	5,298,858	4,747,799	4,613,476	10,397,865	14,513,846	17,653,368	37,684,828	21,119,550	2,483,459
<b>Total governmental activities program revenue</b>	<b>\$ 71,113,501</b>	<b>\$ 68,688,906</b>	<b>\$ 70,751,211</b>	<b>\$ 73,481,967</b>	<b>\$ 73,264,719</b>	<b>\$ 69,455,896</b>	<b>\$ 70,123,734</b>	<b>\$ 84,490,990</b>	<b>\$ 63,445,352</b>	<b>\$ 40,863,762</b>
<b>Total governmental activities net expense</b>	<b>(142,683,634)</b>	<b>(139,533,225)</b>	<b>(134,447,081)</b>	<b>(136,095,680)</b>	<b>(133,326,701)</b>	<b>(130,549,617)</b>	<b>(123,442,693)</b>	<b>(91,928,172)</b>	<b>(102,938,833)</b>	<b>(108,273,476)</b>
<b>General Revenue and Other Changes in Net Position</b>										
Government activities:										
Federal aid not restricted to specific purposes	\$ -	\$ -	\$ -	\$ 1,646,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State aid not restricted to specific purposes	62,076,718	62,489,026	63,388,472	63,952,691	66,376,929	69,823,348	69,088,532	61,013,725	54,793,124	49,408,575
Local aid not restricted to specific purposes	72,848,292	69,615,833	67,156,014	68,350,618	68,385,625	69,915,162	64,435,162	65,715,090	62,229,000	58,708,711
Interest and investment earnings	8,178	10,855	25,693	67,056	136,820	382,313	852,892	1,143,097	781,976	272,663
Miscellaneous	248,175	270,690	241,568	555,600	288,943	1,146,445	974,052	215,963	235,953	74,630
<b>Total governmental activities</b>	<b>\$ 135,181,363</b>	<b>\$ 132,386,404</b>	<b>\$ 130,811,747</b>	<b>\$ 134,572,078</b>	<b>\$ 135,188,317</b>	<b>\$ 141,267,268</b>	<b>\$ 135,350,638</b>	<b>\$ 128,087,875</b>	<b>\$ 118,040,053</b>	<b>\$ 108,464,579</b>
<b>Change in Net Position</b>	<b>\$ (7,502,271)</b>	<b>\$ (7,146,821)</b>	<b>\$ (3,635,334)</b>	<b>\$ (1,523,602)</b>	<b>\$ 1,861,616</b>	<b>\$ 10,717,651</b>	<b>\$ 11,907,945</b>	<b>\$ 36,159,703</b>	<b>\$ 15,101,220</b>	<b>\$ 191,103</b>

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)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General fund										
Non-spendable	\$ 579,811	\$ 787,321	\$ 777,885	\$ 1,026,595	\$ 759,082	\$ 689,098	\$ 670,574	\$ 280,800	\$ 510,755	\$ 697,469
Committed	2,847,015	1,784,391	1,588,063	1,798,419	2,000,000	3,000,000	3,000,000	1,000,000	500,000	484,000
Assigned	3,700,741	6,317,721	4,045,024	3,358,296	3,178,184	3,237,484	2,782,689	4,223,048	1,807,740	2,084,171
Unassigned	-	3,470,767	8,552,567	6,671,073	5,375,627	5,489,030	2,677,931	1,774,650	450,854	326,153
Total general fund	<u>\$ 7,127,567</u>	<u>\$ 12,360,200</u>	<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>
All other governmental funds										
Special Revenue Fund:										
Non-spendable	\$ 175,435	\$ 258,595	\$ 223,646	\$ 171,597	\$ 189,107	\$ 196,398	\$ 166,937	\$ 185,835	\$ 161,574	\$ 103,596
Unassigned	(116,840)	(226,543)	36,591	156,463	101,142	(45,987)	(225,802)	378,097	861,409	1,169,947
Capital Project Fund										
Unassigned	(156,795)	47,905	47,848	47,644	47,563	47,460	40,074	611,410	487,935	346,608
Total all other governmental funds	<u>\$ (98,200)</u>	<u>\$ 79,957</u>	<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>

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)**

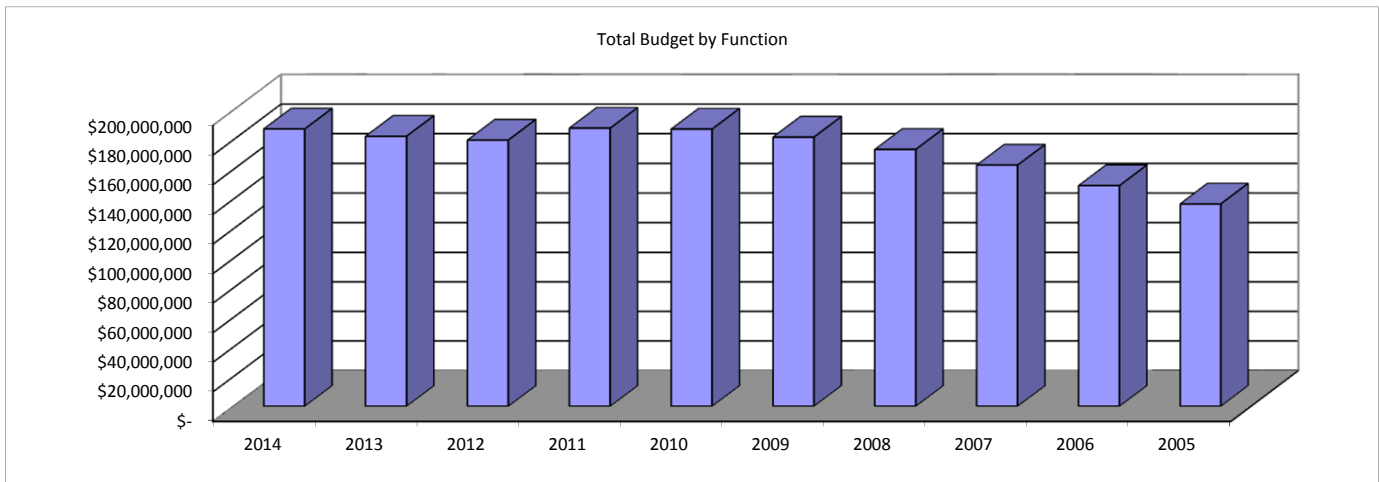
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenue</b>										
<b>Intergovernmental</b>										
Cecil County	\$ 77,613,523	\$ 73,121,775	\$ 69,361,935	\$ 72,619,885	\$ 74,891,456	\$ 80,676,398	\$ 79,342,555	\$ 88,968,786	\$ 68,101,426	\$ 60,897,650
State of Maryland	112,692,627	111,289,209	115,057,469	111,044,514	113,375,504	102,650,748	100,158,750	100,521,180	92,019,405	67,545,464
United States government	13,167,657	13,869,753	13,956,731	20,783,182	16,233,041	11,194,258	10,279,566	9,885,344	9,986,993	10,418,590
<b>Other sources</b>										
Sale of food	1,917,694	1,964,487	2,212,794	2,451,420	2,620,110	2,913,331	2,951,522	2,978,660	2,664,250	2,584,768
Investment interest	8,178	10,855	25,693	67,056	136,820	382,313	852,892	1,143,097	781,977	272,663
Other	895,188	819,232	916,622	722,397	1,196,103	1,829,221	1,664,741	1,142,843	807,592	783,004
<b>Total revenue</b>	<b>\$ 206,294,867</b>	<b>\$ 201,075,311</b>	<b>\$ 201,531,244</b>	<b>\$ 207,688,454</b>	<b>\$ 208,453,034</b>	<b>\$ 199,646,269</b>	<b>\$ 195,250,026</b>	<b>\$ 204,639,910</b>	<b>\$ 174,361,643</b>	<b>\$ 142,502,139</b>
<b>Expenditures</b>										
Administration	\$ 5,238,087	\$ 4,957,485	\$ 4,392,050	\$ 4,643,092	\$ 4,644,684	\$ 4,235,127	\$ 4,462,349	\$ 4,198,799	\$ 3,814,226	\$ 3,170,595
Mid-level administration	13,274,860	13,539,533	13,286,921	14,106,804	13,868,208	13,481,172	13,164,420	12,447,326	11,724,442	10,975,494
<b>Instruction</b>										
Salaries	69,545,018	68,237,315	66,720,063	69,238,303	68,835,894	67,418,883	65,284,743	62,111,692	57,924,179	54,207,475
Materials and supplies	3,799,800	3,653,853	2,816,463	4,303,967	2,866,679	4,800,674	3,191,191	3,101,396	2,863,712	2,763,589
Other costs	8,752,929	7,134,392	6,073,506	7,815,463	14,140,822	15,866,289	3,696,977	3,198,573	3,261,159	2,104,254
Special education	24,583,137	25,108,086	24,894,481	26,056,081	25,735,182	25,136,868	24,129,315	21,837,669	20,631,222	17,605,865
Student personnel services	1,073,218	995,116	996,861	953,701	1,075,781	1,180,715	876,693	757,159	741,104	682,552
Student health services	1,506,440	1,524,399	1,564,001	1,558,357	1,536,245	1,550,723	1,535,533	1,540,252	1,365,813	1,292,101
Student transportation	9,391,768	9,599,678	9,248,641	9,167,297	9,162,173	9,044,421	9,259,986	8,482,576	8,113,016	7,426,357
Operation of plant	11,636,532	11,284,622	10,653,100	11,548,142	11,424,861	11,455,733	12,405,004	10,979,716	9,885,513	9,226,095
Maintenance of plant	4,542,525	4,218,355	3,784,767	3,574,484	3,733,605	3,886,081	4,077,178	4,164,241	3,847,461	3,302,001
Fixed charges	51,298,438	46,076,241	47,510,605	46,824,727	46,228,500	31,921,333	29,253,078	24,727,841	24,265,598	21,784,323
Community services	235,790	388,028	405,943	350,298	304,972	303,880	304,802	247,512	359,832	288,500
<b>Food service</b>										
Salaries and wages	2,350,508	2,408,000	2,380,172	2,404,221	2,349,073	2,320,630	2,279,254	2,068,668	1,869,478	1,679,448
Food	2,726,121	2,718,438	2,685,361	2,435,173	2,366,052	2,358,512	2,644,705	2,363,182	2,275,904	2,025,601
Contracted services	46,449	58,193	67,903	66,763	61,155	40,293	98,591	51,788	39,740	41,033
Supplies and materials	313,708	223,287	232,765	165,428	192,814	170,666	198,850	251,665	324,717	154,796
Other operating cost	39,876	45,721	71,782	273,477	117,299	48,704	243,036	57,173	52,147	396,027
Capital outlay	-	-	-	-	-	262,484	23,780,886	37,913,233	25,401,584	3,256,972
<b>Debt service</b>										
Principal	1,162,359	1,517,120	1,487,251	2,671,278	1,891,358	1,610,332	1,316,454	245,697	96,441	114,848
Interest	188,094	218,916	248,785	335,777	364,376	369,932	310,379	220,179	13,672	-
<b>Total expenditures</b>	<b>\$ 211,705,657</b>	<b>\$ 203,906,778</b>	<b>\$ 199,521,421</b>	<b>\$ 208,492,833</b>	<b>\$ 210,899,733</b>	<b>\$ 197,463,452</b>	<b>\$ 202,513,424</b>	<b>\$ 200,966,337</b>	<b>\$ 178,870,960</b>	<b>\$ 142,497,926</b>
Excess of revenues over (under) expenditures	(5,410,790)	(2,831,467)	2,009,823	(804,379)	(2,446,699)	2,182,817	(7,263,398)	3,673,573	(4,509,317)	4,213
<b>Other financing sources (uses)</b>										
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
<b>Net change in fund balances</b>	<b>\$ (5,410,790)</b>	<b>\$ (2,831,467)</b>	<b>\$ 2,041,532</b>	<b>\$ 1,579,382</b>	<b>\$ (962,778)</b>	<b>\$ 3,501,080</b>	<b>\$ 658,563</b>	<b>\$ 3,673,573</b>	<b>\$ (431,677)</b>	<b>\$ 524,769</b>
Debt Service as a percentage of noncapital expenditures*	0.63%	0.83%	0.84%	1.40%	1.07%	1.03%	0.84%	0.28%	0.07%	0.08%

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 40 Reconciliation Of Net Change in Fund Balance and page 56 Notes to Basic Financial Statements 6B. \*Debt issued to finance school construction is not an obligation of the School System, therefore the debt service relating to those obligations is not included in these financial statements.



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

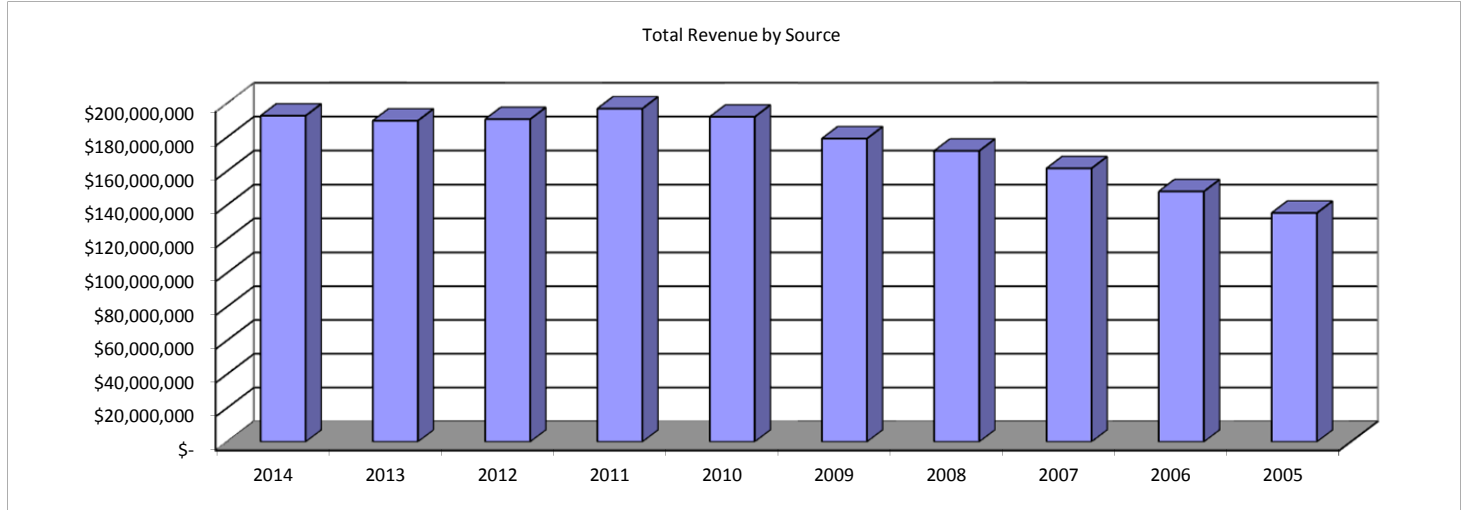
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	\$ 4,297,023	\$ 4,773,500	\$ 4,336,427	\$ 4,529,978	\$ 4,876,625	\$ 4,392,656	\$ 4,487,486	\$ 4,174,847	\$ 3,604,719	\$ 3,180,908
Mid-level administration	13,361,918	13,578,940	13,701,040	14,468,298	13,983,555	13,610,518	13,174,739	12,499,961	11,715,451	10,983,002
Instruction salaries	70,108,553	68,715,627	67,631,258	70,298,996	69,325,912	68,071,684	65,875,628	62,523,864	58,177,958	54,469,564
Instruction supplies	4,278,504	3,850,647	3,032,117	3,008,621	3,212,806	3,730,402	3,511,322	3,367,758	2,941,079	2,895,422
Instruction other costs	3,173,948	3,583,950	3,312,599	6,997,621	4,983,237	3,657,985	2,992,522	3,891,850	3,436,801	2,457,853
Special education	24,750,029	25,206,821	25,847,801	26,691,475	28,425,214	25,245,749	24,202,546	22,109,940	20,639,515	17,671,775
Student personnel services	1,096,029	999,151	1,098,301	1,074,676	1,097,652	1,179,127	1,056,848	781,833	743,728	689,043
Student health services	1,547,755	1,531,252	1,576,333	1,568,897	1,597,388	1,564,277	1,581,126	1,553,096	1,370,105	1,302,407
Pupil transportation	9,491,291	9,633,236	9,502,420	9,398,723	9,526,608	9,534,990	9,359,598	8,822,452	8,179,091	7,507,035
Operation of plant	11,643,949	11,288,368	10,924,044	11,722,226	11,874,521	12,644,815	12,467,016	11,024,182	9,885,229	9,237,863
Maintenance of plant	4,863,548	4,750,480	3,936,360	3,731,257	3,884,927	4,021,544	4,246,735	4,328,488	3,900,348	3,672,589
Fixed charges	37,987,729	33,921,087	34,323,737	33,834,872	33,824,110	33,570,528	29,921,089	27,341,300	24,031,765	22,203,877
Community services	337,697	404,215	459,768	403,152	387,912	370,676	412,116	191,454	117,788	115,704
Capital outlay	406,424	211,797	182,347	187,828	256,548	274,977	262,337	367,481	407,936	379,070
<b>Total Budget by Function</b>	<b>\$ 187,344,397</b>	<b>\$ 182,449,071</b>	<b>\$ 179,864,552</b>	<b>\$ 187,916,620</b>	<b>\$ 187,257,015</b>	<b>\$ 181,869,928</b>	<b>\$ 173,551,108</b>	<b>\$ 162,978,506</b>	<b>\$ 149,151,513</b>	<b>\$ 136,766,112</b>
Increase over prior year	\$ 4,895,326 2.7%	\$ 2,584,519 1.4%	\$ (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%



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**

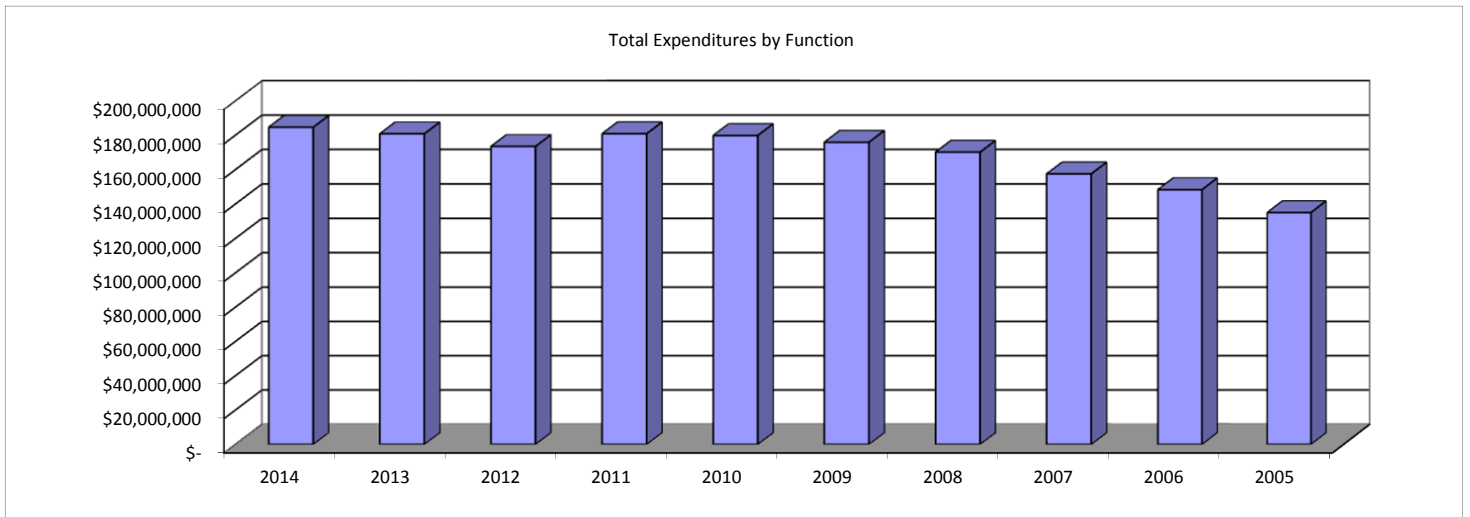
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cecil County	\$ 72,848,292	\$ 69,615,833	\$ 67,156,014	\$ 68,350,618	\$ 68,385,625	\$ 69,915,162	\$ 64,435,162	\$ 65,715,090	\$ 62,229,000	\$ 58,708,711
State of Maryland	109,977,425	109,272,301	112,323,918	110,534,963	109,451,038	98,716,390	97,140,744	85,994,422	76,628,427	67,216,157
Federal government	9,065,853	10,022,655	10,274,500	17,289,329	13,040,030	8,421,734	7,897,822	7,921,279	7,840,748	8,520,909
Other sources										
Interest earned	8,099	9,997	22,946	62,361	126,983	360,840	782,377	968,642	557,947	234,895
Other	680,852	781,438	765,778	578,159	946,757	1,769,954	1,641,233	1,006,559	771,363	668,173
<b>Total revenue by source</b>	<b>\$192,580,521</b>	<b>\$189,702,224</b>	<b>\$190,543,156</b>	<b>\$196,815,430</b>	<b>\$191,950,433</b>	<b>\$179,184,080</b>	<b>\$171,897,338</b>	<b>\$161,605,992</b>	<b>\$148,027,485</b>	<b>\$135,348,845</b>
<b>Increase over prior year</b>	<b>\$ 2,878,297</b> 1.5%	<b>\$ (840,932)</b> -0.4%	<b>\$ (6,272,274)</b> -3.2%	<b>\$ 4,864,997</b> 2.5%	<b>\$ 12,766,353</b> 7.1%	<b>\$ 7,286,742</b> 4.2%	<b>\$ 10,291,346</b> 6.4%	<b>\$ 13,578,507</b> 9.2%	<b>\$ 12,678,640</b> 9.4%	<b>\$ 9,589,937</b> 7.6%



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**

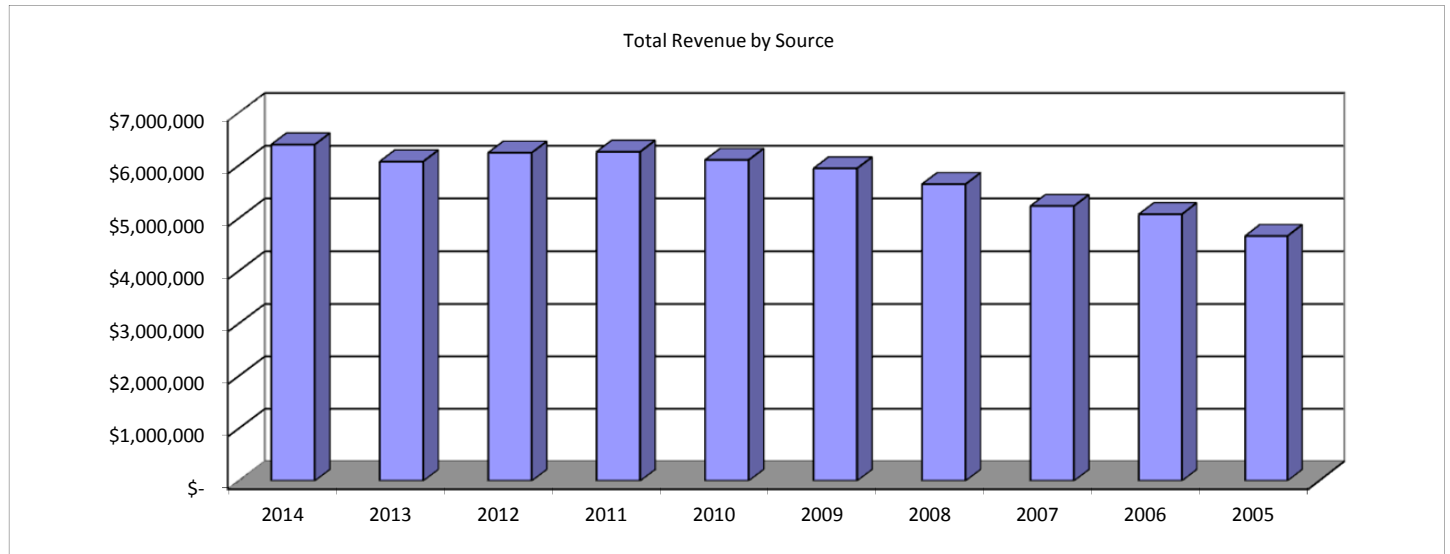
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	\$ 4,221,468	\$ 4,717,989	\$ 4,064,357	\$ 4,404,543	\$ 4,278,297	\$ 3,972,509	\$ 4,205,829	\$ 3,945,416	\$ 3,592,672	\$ 3,170,595
Mid-level administration	13,275,794	13,566,354	13,313,116	14,126,804	13,802,737	13,463,355	13,110,617	12,447,326	11,701,656	10,975,494
Instruction										
Salaries	69,545,018	68,237,315	66,720,063	69,238,303	68,835,894	67,418,883	65,284,748	62,111,692	57,924,179	54,207,475
Materials and supplies	3,790,757	3,643,215	2,767,490	2,266,800	2,780,870	3,342,175	3,196,670	3,095,071	2,866,571	2,767,818
Other costs	2,923,302	3,227,280	2,955,980	5,967,724	4,483,947	3,417,105	2,745,854	3,566,308	3,356,482	2,205,561
Special education	24,609,671	25,134,429	24,922,960	25,980,955	25,737,862	25,141,877	24,112,326	21,837,451	20,631,440	17,605,865
Student personnel services	1,073,218	996,891	998,593	957,021	1,071,343	1,178,331	876,691	757,159	741,104	682,552
Student health services	1,506,440	1,526,033	1,565,596	1,561,453	1,532,178	1,548,471	1,535,541	1,540,252	1,365,813	1,292,101
Student transportation	9,391,768	9,599,678	9,247,557	9,181,668	9,175,806	9,057,367	9,216,073	8,482,576	8,113,016	7,426,357
Operation of plant	11,638,301	11,286,391	10,654,869	11,549,454	11,424,861	11,455,733	12,404,997	10,979,716	9,883,587	9,226,095
Maintenance of plant	4,315,867	4,472,504	3,778,356	3,606,893	3,754,132	3,894,868	4,178,169	4,136,816	3,894,402	3,260,405
Fixed charges	37,690,447	33,796,877	31,912,483	31,457,110	32,443,812	31,443,817	28,706,198	24,218,125	23,842,208	21,784,323
Community services	235,790	388,028	392,844	363,398	304,971	302,251	304,801	247,512	359,832	288,500
Capital outlay	391,580	211,609	181,910	186,338	223,969	262,921	261,222	187,698	117,227	114,296
<b>Total expenditures by function</b>	<b>\$ 184,609,421</b>	<b>\$ 180,804,593</b>	<b>\$ 173,476,174</b>	<b>\$ 180,848,464</b>	<b>\$ 179,850,679</b>	<b>\$ 175,899,663</b>	<b>\$ 170,139,736</b>	<b>\$ 157,553,118</b>	<b>\$ 148,390,189</b>	<b>\$ 135,007,437</b>
Increase over prior year	3,804,828 2.1%	7,328,419 4.2%	(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%



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**

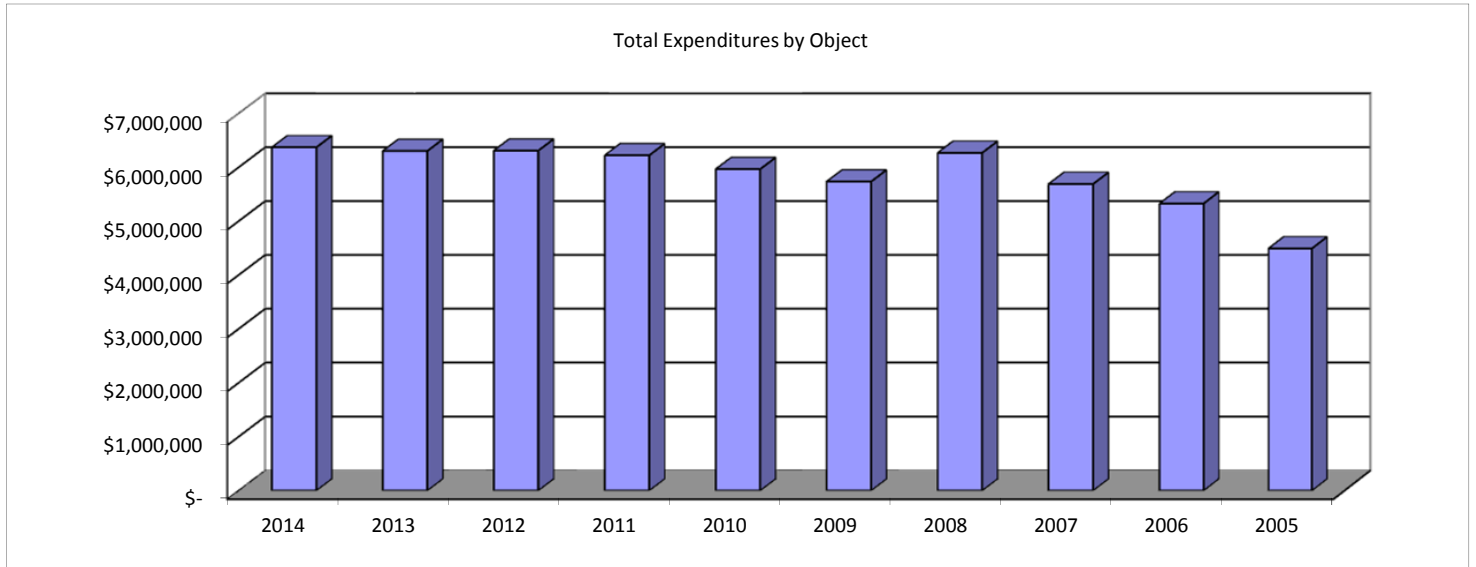
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
State of Maryland	\$ 345,042	\$ 298,946	\$ 282,936	\$ 263,863	\$ 253,811	\$ 241,016	\$ 272,031	\$ 226,256	\$ 176,781	\$ 146,114
United States government	4,101,804	3,772,143	3,682,231	3,493,853	3,193,011	2,772,524	2,381,744	2,163,320	1,859,263	1,897,681
Sale of food	1,917,694	1,964,487	2,212,794	2,451,420	2,620,110	2,913,331	2,951,522	2,779,343	2,951,232	2,584,768
Investment Interest	52	801	2,702	4,614	9,734	16,858	38,294	55,430	85,202	28,814
Other	31,573	37,794	59,581	45,716	27,967	-	1,032	5,717	3,302	3,504
<b>Total revenue by source</b>	<b>\$ 6,396,165</b>	<b>\$ 6,074,171</b>	<b>\$ 6,240,244</b>	<b>\$ 6,259,466</b>	<b>\$ 6,104,633</b>	<b>\$ 5,943,729</b>	<b>\$ 5,644,623</b>	<b>\$ 5,230,066</b>	<b>\$ 5,075,780</b>	<b>\$ 4,660,881</b>
Increase over prior year	\$ 321,994 5.3%	\$ (166,073) -2.7%	\$ (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%



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**

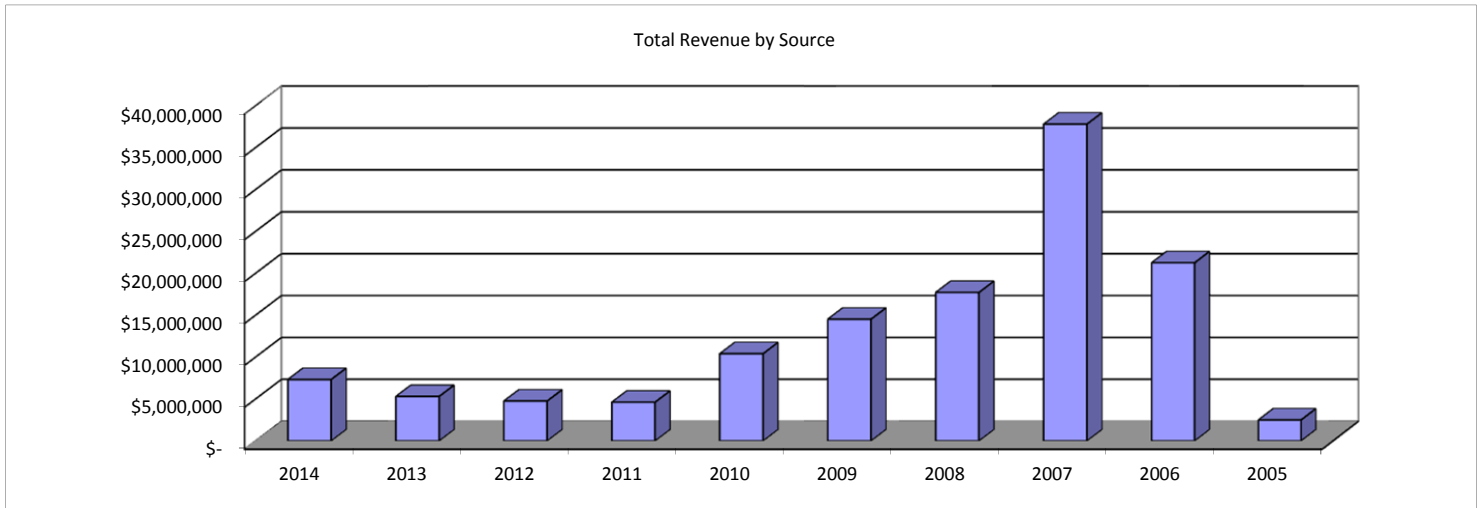
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Salaries and wages	\$2,350,508	\$2,408,000	\$2,380,172	\$2,404,221	\$2,349,073	\$2,320,630	\$2,279,254	\$2,068,668	\$1,869,478	\$1,679,448
Food	2,726,121	2,718,438	2,685,361	2,435,173	2,366,052	2,358,512	2,644,705	2,363,182	2,275,904	2,025,601
Contracted services	46,449	58,193	67,903	66,763	61,155	40,293	98,591	51,788	39,740	41,033
Supplies and materials	313,708	223,287	232,765	165,428	192,814	170,666	198,850	251,665	324,717	154,796
Other operating cost	921,611	872,758	897,140	1,065,984	907,279	828,941	844,184	784,448	696,407	396,027
Equipment	11,225	21,680	44,726	84,086	88,422	15,411	201,836	169,366	120,094	194,923
<b>Total expenditures by object</b>	<b>\$6,369,622</b>	<b>\$6,302,356</b>	<b>\$6,308,067</b>	<b>\$6,221,655</b>	<b>\$5,964,795</b>	<b>\$5,734,453</b>	<b>\$6,267,420</b>	<b>\$5,689,117</b>	<b>\$5,326,340</b>	<b>\$4,491,828</b>
Increase over prior year	\$ 67,266 1.1%	\$ (5,711) -0.1%	\$ 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%



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**

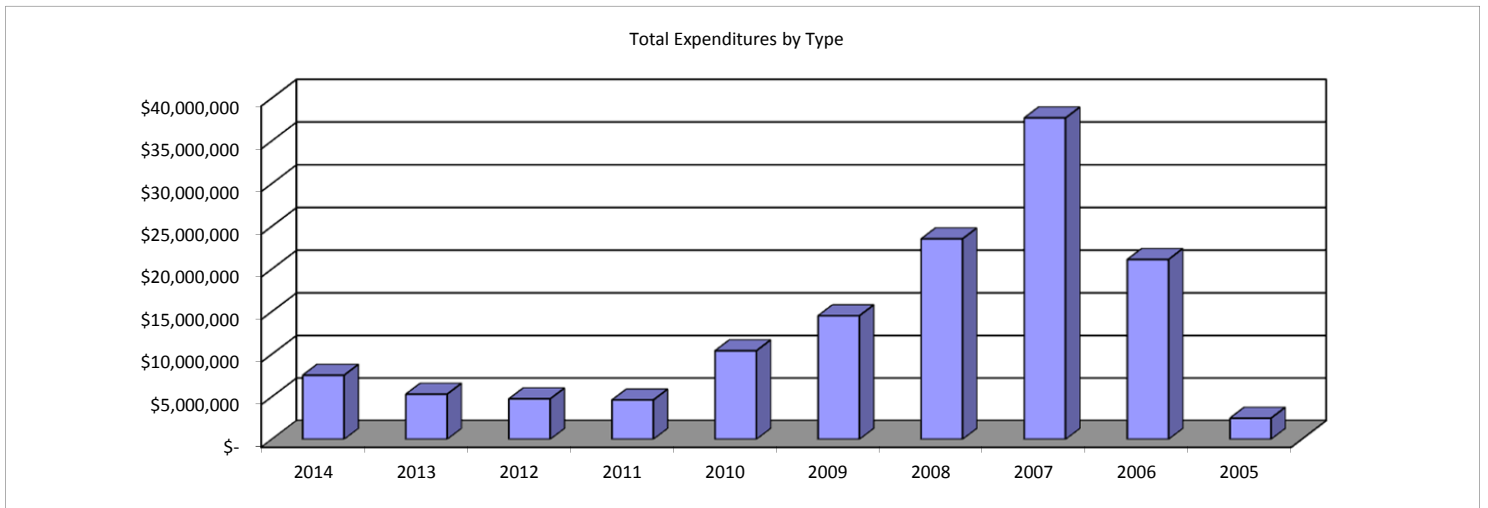
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cecil County	\$ 4,765,231	\$ 3,505,942	\$ 2,205,921	\$ 4,269,267	\$ 6,505,831	\$ 10,761,236	\$ 14,907,393	\$ 23,253,696	\$ 5,872,426	\$ 2,188,939
State of Maryland	2,370,160	1,717,962	2,450,615	245,688	3,670,655	3,693,342	2,745,975	14,300,564	15,214,197	183,193
United States government	-	74,955	-	-	-	-	-	-	-	-
Investment interest	27	57	45	81	103	4,615	32,221	119,025	138,828	8,953
Other	182,763	-	91,263	98,522	221,379	59,267	22,476	130,567	32,927	111,327
<b>Total</b>	<b>\$ 7,318,181</b>	<b>\$ 5,298,916</b>	<b>\$ 4,747,844</b>	<b>\$ 4,613,558</b>	<b>\$ 10,397,968</b>	<b>\$ 14,518,460</b>	<b>\$ 17,708,065</b>	<b>\$ 37,803,852</b>	<b>\$ 21,258,378</b>	<b>\$ 2,492,412</b>
Increase over prior year	\$ 2,019,265 38.1%	\$ 551,072 11.6%	\$ 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%



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**

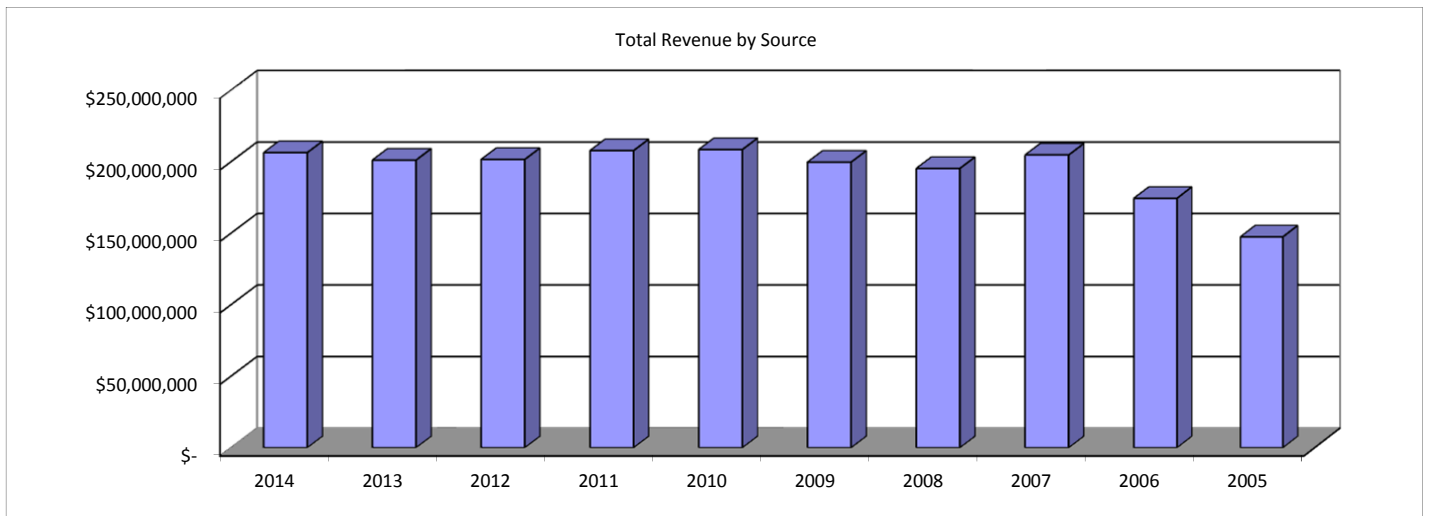
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building	5,083,238	4,039,217	4,087,168	4,209,123	9,971,247	14,312,335	23,503,181	37,516,954	21,086,622	2,274,853
Site improvement	396,775	1,140,566	191,162	3,542	8,000	64,539	16,482	37,306	-	-
Remodeling	2,042,868	119,075	235,136	305,832	205,239	77,703	-	-	-	-
Equipment	-	-	234,174	94,980	213,379	56,497	10,893	126,117	30,428	207,480
<b>Total expenditures by type</b>	<b>\$ 7,522,881</b>	<b>\$ 5,298,858</b>	<b>\$ 4,747,640</b>	<b>\$ 4,613,477</b>	<b>\$ 10,397,865</b>	<b>\$ 14,511,074</b>	<b>\$ 23,530,556</b>	<b>\$ 37,680,377</b>	<b>\$ 21,117,050</b>	<b>\$ 2,482,333</b>
Increase over prior year	\$ 2,224,023 42.0%	\$ 551,218 11.6%	\$ 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%



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**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cecil County	\$ 77,613,523	\$ 73,121,775	\$ 69,361,935	\$ 72,619,885	\$ 74,891,456	\$ 80,676,398	\$ 79,342,555	\$ 88,968,786	\$ 68,101,426	\$ 65,762,152
State of Maryland	112,692,627	111,289,209	115,057,469	111,044,514	113,375,504	102,650,748	100,158,750	100,521,242	92,019,405	67,545,464
Federal government	13,167,657	13,869,753	13,956,731	20,783,182	16,233,041	11,194,258	10,279,566	10,084,599	9,700,011	10,418,590
Sale of meals	1,917,694	1,964,487	2,212,794	2,451,420	2,620,110	2,913,331	2,951,522	2,779,343	2,951,232	2,584,768
Interest earned	8,178	10,855	25,693	67,056	136,820	382,313	852,892	1,143,097	781,977	272,662
Other	895,188	819,232	916,622	722,397	1,196,103	1,829,221	1,664,741	1,142,843	807,592	783,004
<b>Total revenue by source</b>	<b>\$ 206,294,867</b>	<b>\$ 201,075,311</b>	<b>\$ 201,531,244</b>	<b>\$ 207,688,454</b>	<b>\$ 208,453,034</b>	<b>\$ 199,646,269</b>	<b>\$ 195,250,026</b>	<b>\$ 204,639,910</b>	<b>\$ 174,361,643</b>	<b>\$ 147,366,640</b>
<b>Increase over prior year</b>	<b>\$ 5,219,556</b> 2.6%	<b>\$ (455,933)</b> -0.2%	<b>\$ (6,157,210)</b> -3.0%	<b>\$ (764,580)</b> -0.4%	<b>\$ 8,806,765</b> 4.4%	<b>\$ 4,396,243</b> 2.3%	<b>\$ (9,389,884)</b> -4.6%	<b>\$ 30,278,267</b> 17.4%	<b>\$ 26,995,003</b> 18.3%	<b>\$ 7,263,504</b> 5.2%

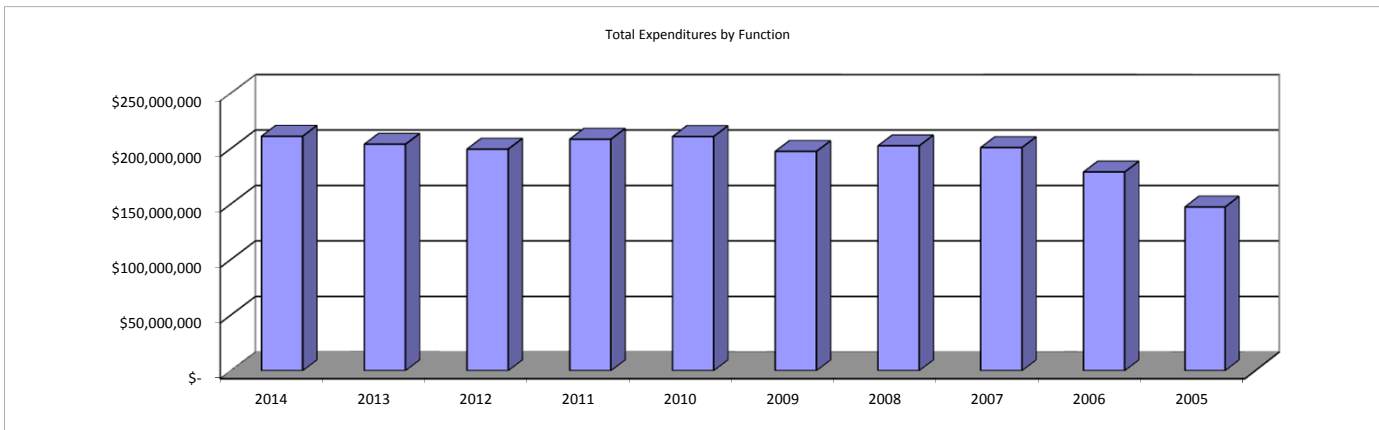


Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds



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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	\$ 5,238,087	\$ 4,969,511	\$ 4,403,811	\$ 4,672,204	\$ 4,664,203	\$ 4,244,817	\$ 4,462,646	\$ 4,198,799	\$ 3,814,226	\$ 3,170,595
Mid-level administration	13,274,860	13,566,354	13,313,116	14,161,065	13,916,489	13,503,143	13,184,316	12,447,326	11,724,442	10,975,494
Instruction										
Salaries	69,545,018	68,237,315	66,720,063	69,238,303	68,835,894	67,418,883	65,284,743	62,111,692	57,924,179	54,207,475
Materials and supplies	3,799,800	3,653,853	2,816,463	4,303,967	2,866,679	4,800,674	3,191,191	3,101,396	2,863,712	2,763,589
Other costs	8,752,929	8,788,310	7,719,258	10,600,268	16,205,022	17,699,218	5,268,109	3,651,467	3,358,290	2,205,561
Special education	24,583,137	25,135,508	24,921,881	26,082,161	25,741,368	25,141,877	24,135,599	21,837,669	20,631,222	17,605,865
Student personnel services	1,073,218	996,891	998,593	957,021	1,078,355	1,181,589	876,693	757,159	741,104	682,552
Student health services	1,506,440	1,526,033	1,565,596	1,561,453	1,538,634	1,551,549	1,535,533	1,540,252	1,365,813	1,292,101
Student transportation	9,391,768	9,599,678	9,248,641	9,181,668	9,175,806	9,057,367	9,276,228	8,482,576	8,113,016	7,426,357
Operation of plant	11,636,532	11,286,391	10,654,869	11,549,454	11,424,861	11,455,733	12,405,004	10,979,716	9,885,513	9,226,095
Maintenance of plant	4,542,525	4,219,071	3,784,948	3,578,039	3,735,664	3,900,601	4,089,328	4,175,611	3,858,831	3,315,542
Fixed charges	51,298,438	46,086,196	47,530,256	46,911,870	46,325,393	32,002,395	29,253,910	24,729,453	24,267,210	21,784,323
Community services	235,790	388,028	405,943	350,298	304,972	303,880	304,802	247,512	359,832	288,500
Food and nutrition	5,476,662	5,453,639	5,437,983	5,345,062	5,086,393	4,938,805	5,464,436	4,792,476	4,561,986	4,296,905
Capital outlay	-	-	-	-	-	262,921	23,780,886	37,913,233	25,401,584	3,256,972
Debt service	813,910	-	-	-	-	-	-	-	-	4,864,502
<b>Total expenditures by function</b>	<b>\$ 211,169,114</b>	<b>\$ 203,906,778</b>	<b>\$ 199,521,421</b>	<b>\$ 208,492,833</b>	<b>\$ 210,899,733</b>	<b>\$ 197,463,452</b>	<b>\$ 202,513,424</b>	<b>\$ 200,966,337</b>	<b>\$ 178,870,960</b>	<b>\$ 147,362,428</b>
<b>Increase over prior year</b>	<b>\$ 7,262,336</b> 3.6%	<b>\$ 4,385,357</b> 2.2%	<b>\$ (8,971,412)</b> -4.3%	<b>\$ (2,406,900)</b> -1.1%	<b>\$ 13,436,281</b> 6.8%	<b>\$ (5,049,972)</b> -2.5%	<b>\$ 1,547,087</b> 0.8%	<b>\$ 22,095,377</b> 12.4%	<b>\$ 31,508,532</b> 21.4%	<b>\$ 7,337,795</b> 5.2%



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**

	2014 Capacity	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
County Population:		101,108	101,696	101,694	101,108	103,850	99,926	103,490	99,506	97,796	95,536
<b><u>Elementary Schools:</u></b>											
Bainbridge Elementary	449	358	402	396	410	424	383	259	240	264	278
Bay View Elementary	608	571	619	641	618	621	615	609	602	595	540
Calvert Elementary	433	516	420	323	325	332	321	338	334	341	355
Cecil Manor Elementary	523	462	501	530	474	488	454	472	473	460	478
Cecilton Elementary	350	303	297	319	322	338	339	311	327	337	319
Charlestown Elementary	292	224	213	205	184	211	200	196	206	198	184
Chesapeake City Elementary	353	337	314	306	311	315	307	291	290	302	301
Conowingo Elementary	534	480	527	542	567	560	567	553	552	544	528
Elk Neck Elementary	501	434	412	424	430	433	446	443	418	418	423
Gilpin Manor Elementary	416	490	429	405	439	423	431	372	405	424	455
Holly Hall Elementary	624	625	632	633	610	603	619	577	547	587	579
Kenmore Elementary	306	346	326	331	314	306	315	329	316	296	307
Leeds Elementary	408	404	396	406	411	394	402	404	417	395	407
North East Elementary	542	486	512	501	507	478	492	493	524	521	515
Perryville Elementary	500	371	371	368	369	397	375	387	366	370	430
Rising Sun Elementary	715	665	615	665	669	681	721	823	830	839	798
Thomson Estates Elementary	614	510	491	473	490	512	533	535	548	598	619
Elementary School Total:	8,168	7,582	7,477	7,468	7,450	7,516	7,520	7,392	7,395	7,489	7,516
<b><u>Middle Schools:</u></b>											
Bohemia Manor Middle	601	473	473	477	487	479	478	488	508	513	551
Cherry Hill Middle	775	465	439	479	501	532	494	498	524	571	565
Elkton Middle	712	554	569	589	585	593	626	652	663	662	662
North East Middle	712	780	726	725	727	776	753	769	831	826	822
Perryville Middle	860	558	565	597	597	572	615	627	686	709	721
Rising Sun Middle	818	718	713	714	695	708	688	717	714	712	710
Middle School Total:	4,478	3,548	3,485	3,581	3,592	3,660	3,654	3,751	3,926	3,993	4,031
<b><u>High Schools:</u></b>											
Bohemia Manor High	643	629	641	635	664	740	733	742	739	717	671
Elkton High	1,380	1,124	1,105	1,097	1,087	1,141	1,112	1,120	1,109	1,097	1,066
North East High	1,009	1,005	1,037	1,078	1,121	1,138	1,084	1,143	1,114	1,110	1,094
Perryville High	944	789	775	812	846	899	905	948	972	986	1,039
Rising Sun High	924	1,147	1,114	1,156	1,177	1,177	1,201	1,194	1,166	1,129	1,117
High School Total:	4,900	4,694	4,672	4,778	4,895	5,095	5,035	5,147	5,100	5,039	4,987
<b><u>Other Schools:</u></b>											
Cecil County High School*	106	71	72	62	58	84	90	85	29	-	1
School of Technology*	500	247	253	254	255	254	240	275	256	229	232
<b>Grand Total</b>	18,152	15,824	15,634	15,827	15,937	16,271	16,209	16,290	16,421	16,521	16,535
High School Graduates:		1,082	1,085	1,132	1,122	1,137	1,080	1,106	950	945	1,015

\*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	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
W. L. Gore & Associates, Inc.	2,387	1	4.66%	2,324	1	5.21%
Cecil County Board of Education	2,038	2	3.98%	2,132	2	4.78%
Perry Point V.A. Hospital	1,500	3	2.93%	1,173	3	2.63%
Union Hospital	1,236	4	2.41%	864	4	1.94%
Cecil County Government	532	5	1.04%	500	7	1.12%
Wal-Mart Stores, Inc.	500	6	0.98%	300	9	0.67%
Cecil College	485	7	0.95%	*		
ATK Taktical Systems (formerly Thiokol Corp.)	464	8	0.91%	560	6	1.26%
IKEA/Genco	500	9	0.98%	295	10	
Penn National Gaming	405	10	0.79%	*		
Terumo Medical Corporation	*			600	5	1.35%
Basell North America, Inc. (formerly Montell USA)	*			350	8	0.79%
<b>Totals</b>	<b>10,047</b>		<b>19.63%</b>	<b>9,098</b>		<b>19.75%</b>

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

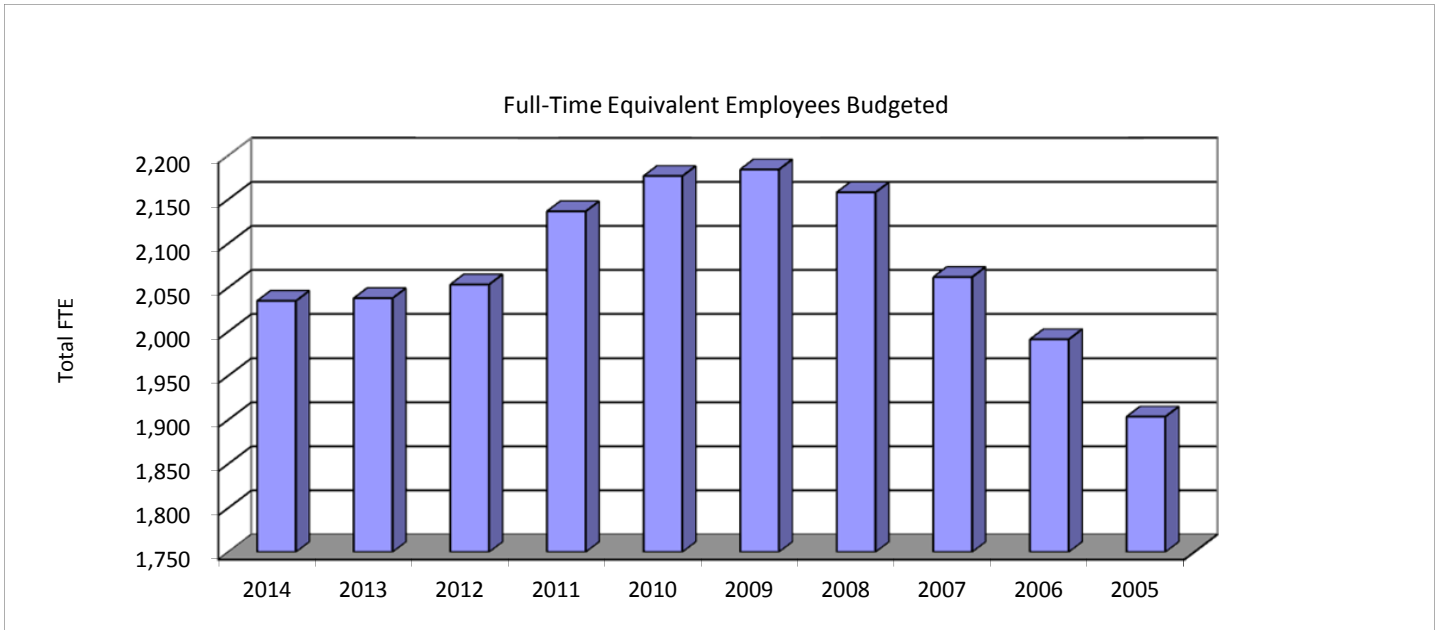
**CECIL COUNTY, MARYLAND  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

Calendar Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Income	Employment	Unemployment Rate	Median Price of Housing Sales	School Enrollment
2013	101,108	\$ 2,934,660	\$ 29,025	51,202	6.1%	\$ 195,000	15,824
2012	101,696	\$ 2,864,776	\$ 28,170	51,078	8.2%	\$ 199,900	15,634
2011	101,694	\$ 2,957,160	\$ 29,079	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

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**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	47.00	47.50	49.75	49.75	49.75	50.75	49.75	47.75	46.75	43.75
Mid-level administration	196.10	196.60	201.25	206.25	208.00	206.25	204.25	197.00	196.00	192.00
Instruction salaries	1,120.66	1,126.86	1,132.00	1,190.00	1,213.23	1,217.94	1,213.00	1,182.53	1,135.85	1,071.72
Special education	418.20	413.20	413.00	424.00	434.46	434.97	419.00	368.60	349.55	337.05
Student personnel services	15.90	14.70	15.00	15.00	15.00	14.00	14.00	14.00	20.00	20.00
Student health services	31.00	32.00	32.00	32.00	34.00	34.00	34.00	33.00	32.56	32.50
Student transportation	25.00	25.00	27.00	27.00	27.00	27.00	28.00	27.00	26.00	28.00
Operation of plant	131.00	131.00	132.00	140.00	140.00	142.00	141.00	138.00	136.50	130.50
Maintenance of plant	47.50	47.50	48.00	50.00	51.50	53.00	51.00	51.00	46.00	46.00
Community services	-	1.00	1.00	-	-	-	-	-	-	-
Capital outlay	2.50	2.50	2.50	2.50	3.50	4.00	4.00	3.00	2.00	2.00
<b>Total by function</b>	<b><u>2,034.86</u></b>	<b><u>2,037.86</u></b>	<b><u>2,053.50</u></b>	<b><u>2,136.50</u></b>	<b><u>2,176.44</u></b>	<b><u>2,183.91</u></b>	<b><u>2,158.00</u></b>	<b><u>2,061.88</u></b>	<b><u>1,991.21</u></b>	<b><u>1,903.52</u></b>
Increase over prior year	-3.00 -0.1%	-15.64 -0.8%	-83.00 -3.9%	-39.94 -1.8%	-7.47 -0.3%	25.91 1.2%	96.12 4.7%	70.67 3.5%	87.69 4.6%	106.32 5.9%



Source: Cecil County Public Schools, Approved Budget

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total student enrollment	15,824	15,634	15,827	15,937	16,271	16,209	16,290	16,421	16,521	16,535
Administration	\$ 267	\$ 302	\$ 257	\$ 276	\$ 263	\$ 245	\$ 258	\$ 240	\$ 217	\$ 192
Mid-level administration	839	868	841	886	848	831	805	758	708	664
Instruction										
Salaries	4,395	4,365	4,216	4,345	4,231	4,159	4,008	3,782	3,506	3,278
Materials and supplies	240	233	175	142	171	206	196	188	174	167
Other costs	185	206	187	374	276	211	169	217	203	133
Special education	1,555	1,608	1,575	1,630	1,582	1,551	1,480	1,330	1,249	1,065
Student personnel services	68	64	63	60	66	73	54	46	45	41
Student health services	95	98	99	98	94	96	94	94	83	78
Student transportation	594	614	584	576	564	559	566	517	491	449
Operation of plant	735	722	673	725	702	707	762	669	598	558
Maintenance of plant	273	286	239	226	231	240	256	252	236	197
Fixed charges	2,382	2,162	2,016	1,974	1,994	1,940	1,762	1,475	1,443	1,317
Community services	15	25	25	23	19	19	19	15	22	17
Capital outlay	25	14	11	12	14	16	16	11	7	7
Total cost per student	<u>\$ 11,668</u>	<u>\$ 11,567</u>	<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>
Increase over prior year	\$ 101 0.9%	\$ 606 5.5%	\$ (386) -3.4%	\$ 292 2.6%	\$ 202 1.9%	\$ 408 3.9%	\$ 851 8.9%	\$ 612 6.8%	\$ 819 10.0%	\$ 539 7.1%

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**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total student enrollment:	15,824	15,634	15,827	15,937	16,271	16,209	16,290	16,421	16,521	16,535	16,475
<b><u>FOOD &amp; NUTRITION</u></b>											
Number of days lunch served	177	179	179	180	179	180	179	180	180	180	179
Average number of lunches served daily:											
Free lunch	4,100	3,841	4,023	3,803	3,475	3,054	2,595	2,460	2,453	2,295	2,144
Reduced price	504	519	547	606	660	680	690	685	671	628	589
Regular price	2,269	2,449	2,740	3,158	3,358	3,883	4,662	4,755	4,613	4,274	3,897
Total average number of lunches served daily:	6,873	6,809	7,310	7,567	7,493	7,617	7,947	7,900	7,737	7,197	6,630
Percentage of student participation:											
Students receiving free lunch	25.9%	24.6%	25.4%	23.9%	21.4%	18.8%	15.9%	15.0%	14.8%	13.9%	13.0%
Students paying reduced price	3.2%	3.3%	3.5%	3.8%	4.1%	4.2%	4.2%	4.2%	4.1%	3.8%	3.6%
Students paying regular price	14.3%	15.7%	17.3%	19.8%	20.6%	24.0%	28.6%	29.0%	27.9%	25.8%	23.7%
Total percentage of student participation	43.4%	43.6%	46.2%	47.5%	46.1%	47.0%	48.7%	48.2%	46.8%	43.5%	40.3%
Cost per lunch to student:											
Elementary	\$2.45	\$2.25	\$2.15	\$2.10	\$2.10	\$2.10	\$1.60	\$1.45	\$1.35	\$1.35	\$1.35
Secondary	\$2.60	\$2.40	\$2.30	\$2.25	\$2.25	\$2.25	\$1.75	\$1.60	\$1.50	\$1.50	\$1.50
<b><u>STUDENT TRANSPORTATION</u></b>											
Number of students eligible to ride the bus	14,565	14,673	14,664	14,820	14,971	14,841	15,187	15,169	15,062	14,911	14,324
Number of school bus riders daily	10,459	11,117	11,390	11,087	11,858	10,935	11,136	10,974	11,119	10,578	10,604
Percentage of student participation	66.1%	71.1%	72.0%	69.6%	72.9%	67.5%	68.4%	66.8%	67.3%	64.0%	64.4%
Number of school bus routes:											
County	9	9	9	10	10	10	10	11	10	10	13
Private contractor	142	142	147	147	147	147	147	145	142	138	127
<b><u>TEACHER DATA</u></b>											
Total number of budgeted teachers	1,296.90	1,299.20	1,280.20	1,328.70	1,347.80	1,347.30	1,349.60	1,311.60	1,269.03	1,209.90	1,180.90
Minimum salary	\$ 43,662	\$ 42,890	\$ 42,890	\$ 42,890	\$ 42,132	\$ 41,674	\$ 40,061	\$ 38,336	\$ 36,862	\$ 35,788	\$ 34,412
Maximum salary *	\$ 79,089	\$ 77,866	\$ 77,866	\$ 77,193	\$ 76,003	\$ 70,284	\$ 67,692	\$ 64,986	\$ 67,673	\$ 64,889	\$ 62,480
Average annual salary	\$ 61,061	\$ 60,943	\$ 60,440	\$ 59,789	\$ 58,189	\$ 56,885	\$ 54,519	\$ 52,646	\$ 51,048	\$ 49,800	\$ 48,635
Increase over prior year	0.2%	0.8%	1.1%	2.7%	2.3%	4.3%	3.6%	3.1%	2.5%	2.4%	3.6%
Percentage of teachers with Master's and/or APC	67.8%	67.0%	65.9%	64.4%	62.7%	60.9%	55.1%	54.8%	55.0%	55.8%	56.4%
Percentage of teachers with Master's plus credits	6.4%	6.2%	6.1%	5.9%	5.4%	5.1%	5.2%	5.6%	6.3%	6.2%	7.1%
Percentage of teachers with Doctorate	0.5%	0.5%	0.3%	0.4%	0.4%	0.4%	0.4%	0.3%	0.4%	0.2%	0.3%
Student/Teacher ratio	12.2	12.0	12.4	12.0	12.1	12.0	12.1	12.5	13.0	13.7	14.0

\*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, 2014**

	Square Feet	Acres	Capacity	Year Constructed
<b><u>Central Offices:</u></b>				
G.W. Carver Center	32,357	6	N/A	1953
Facilities Department	14,752	6	N/A	1925
<b><u>Elementary Schools:</u></b>				
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	41,027	10	353	1939
Conowingo Elementary	44,696	19	534	1955
Elk Neck Elementary	50,156	29	501	1991
Gilpin Manor Elementary	51,035	9	416	1952
Holly Hall Elementary	61,711	15	624	1963
Kenmore Elementary	35,225	11	306	1985
Leeds Elementary	40,414	17	408	1968
North East Elementary	61,396	11	542	1951
Perryville Elementary	63,074	10	500	1955
Rising Sun Elementary	62,496	12	715	1957
Thomson Estates Elementary	70,130	17	614	1976
<b><u>Middle Schools:</u></b>				
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	101,200	10	712	1932
Perryville Middle	102,746	26	860	1928
Rising Sun Middle	104,765	20	818	1931
<b><u>High Schools:</u></b>				
Bohemia Manor High*	136,024	35	643	1958
Elkton High	187,046	37	1,380	1958
North East High	123,890	50	1,009	1970
Perryville High	130,672	39	944	1978
Rising Sun High	114,400	42	924	1991
<b><u>Other Schools:</u></b>				
Providence	16,645	9	106	1923
School of Technology	76,700	50	500	1965
<b>Total:</b>	<b>2,188,135</b>	<b>627</b>	<b>18,152</b>	

\*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, 2014**

**Maryland School Assessment (MSA) Percentage of Students Passing**

		Reading		Math	
		CECIL COUNTY	STATE	CECIL COUNTY	STATE
Grade 3	Advanced	7.4	14.8	9.1	19.4
	Proficient	61.5	62.3	62.7	54.8
	Basic	31.1	22.8	28.2	25.8
Grade 4	Advanced	25.4	30.8	17.8	32.2
	Proficient	61.5	55.5	61.8	48.4
	Basic	13.1	13.7	20.4	19.4
Grade 5	Advanced	51.5	54.4	7.0	19.9
	Proficient	36.7	34.5	63.2	52.9
	Basic	11.7	11.0	29.8	27.2
Grade 6	Advanced	33.2	43.7	8.7	21.4
	Proficient	47.2	39.5	52.4	46.4
	Basic	19.6	16.8	38.8	32.2
Grade 7	Advanced	39.4	42.8	14.0	19.6
	Proficient	38.3	35.9	51.2	43.5
	Basic	22.3	21.2	34.8	36.9
Grade 8	Advanced	30.8	40.3	19.4	25.9
	Proficient	40.4	36.6	34.7	32.8
	Basic	28.8	23.1	45.9	41.3

**High School Assessment - Percentage of Students Passing\***

	English	Biology	Government	Algebra
Grade 10 Cecil County	75.3	86.0	58.3	88.1
Grade 10 State of Maryland	77.0	84.0	74.8	84.4
Grade 11 Cecil County	81.0	90.8	85.2	93.7
Grade 11 State of Maryland	85.8	88.2	83.5	88.7
Grade 12 Cecil County	84.3	88.5	90.9	93.9
Grade 12 State of Maryland	86.4	85.8	84.6	88.3

**Scholastic Assessment Test - Average Score\***

	CECIL		
	COUNTY	STATE	NATION
Reading	487	487	496
Math	490	493	514
Writing	468	476	488

\*2014 test results are not available, 2013 test results are presented

Source: Maryland Report Card

**CECIL COUNTY PUBLIC SCHOOLS  
OUTSTANDING CAPITAL LEASES  
AS OF JUNE 30, 2014**

Fiscal Year	Principal	Interest	Total Debt Service
2015	\$ 647,404	\$ 166,506	\$ 813,910
2016	669,737	144,173	813,910
2017	692,839	121,071	813,910
2018	716,739	97,171	813,910
2019	741,463	72,447	813,910
2020	767,040	46,869	813,909
2021	793,469	20,409	813,878
	<u>\$ 5,028,691</u>	<u>\$ 668,646</u>	<u>\$ 5,697,337</u>

Capital lease is for a system-wide performance contract.

**OTHER SUPPLEMENTARY  
INFORMATION**



Independent Auditor's 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, in accordance with the 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, the 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, 2014, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements, and have issued our report thereon dated September 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School System's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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 30, 2014.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland  
September 30, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and  
on Internal Control over Compliance Required by OMB Circular A-133

Board of Education of Cecil County, Maryland

Report on Compliance for Each Major Federal Program

We have audited Cecil County Public School's (the "School System") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School System's major federal programs for the year ended June 30, 2014. The School System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the School System's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School System's compliance.

*Opinion on Each Major Federal Program*

In our opinion, the School System complied, in all material respects, with the types of 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, 2014.

## Report on Internal Control over Compliance

Management of the School System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on 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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland  
September 30, 2014



**Board of Education of Cecil County**  
**Schedule of Findings and Questioned Costs**  
**Financial Reporting**  
**Year ended June 30, 2014**

**I. Summary of Independent Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

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: Unmodified

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

*Identification of Major Programs*

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Child Nutrition Cluster	10.553, 10.555, 10.559
Title I, Part A Cluster	84.010
Special Education Cluster (IDEA)	84.027, 84.173
State Fiscal Stabilization - Race-to-the-Top Incentive Grants	84.395

Dollar threshold used to distinguish between type A and type B programs  
\$355,047

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, 2014**

Grant Name	CFDA Number	Grant Number	Federal Expenditures
<b>United States Department of Agriculture</b>			
Federal Programs administered through the Maryland State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 1,148,987
National School Lunch Program	10.555	N/A	2,565,101
National School Lunch Program	10.555	N/A	346,994
Summer Food Service Program for Children	10.559	N/A	11,445
			<u>4,072,527</u>
Child and Adult Care Food Program	10.558	N/A	19,509
State Administrative Expenses for Child Nutrition	10.560	135369-01	6,010
Team Nutrition Grants	10.574	145369-01	128
Total United States Department of Agriculture			<u>4,098,174</u>
<b>United States Department of Commerce</b>			
Federal Programs administered through the National Oceanic and Atmospheric Administration			
Chesapeake Bay Studies	11.457	NA12NMF4570012	72,000
Total United States Department of Commerce			<u>72,000</u>
<b>United States Department of Education</b>			
Federal programs administered through the Maryland State Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	134393-01	175,410
Title I Grants to Local Educational Agencies	84.010	135044-02	31,920
Title I Grants to Local Educational Agencies	84.010	135172-02	11,709
Title I Grants to Local Educational Agencies	84.010	144484-01	2,418,844
Title I Grants to Local Educational Agencies	84.010	145212-01	72,847
			<u>2,710,730</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	134264-05	2,143
Special Education - Grants to States	84.027	134264-07	5,686
Special Education - Grants to States	84.027	134264-08	20,540
Special Education - Grants to States	84.027	134372-05	7,649
Special Education - Grants to States	84.027	144203-01	3,011,795
Special Education - Grants to States	84.027	144203-02	47,806
Special Education - Grants to States	84.027	144203-05	2,500
Special Education - Grants to States	84.027	144206-06	98,110
Special Education - Grants to States	84.027	144204-01	99,784
Special Education - Grants to States	84.027	144200-02	8,357
Special Education - Grants to States	84.027	144220-05	63,247
Special Education - Grants to States	84.027	145076-01	813
Special Education - Grants to States	84.027	145076-02	8
Special Education - Preschool Grants	84.173	134264-03	2,411
Special Education - Preschool Grants	84.173	134523-03	7,582
Special Education - Preschool Grants	84.173	144203-03	98,988
Special Education - Preschool Grants	84.173	144203-04	2,492

**CECIL COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2014**

Grant Name	CFDA Number	Grant Number	Federal Expenditures
<b>United States Department of Education (continued)</b>			
Federal programs administered through the Maryland State Department of Education (continued)			
Special Education Cluster (IDEA) (continued)			
Special Education - Preschool Grants	84.173	144204-02	\$ 1,156
Special Education - Preschool Grants	84.173	144220-03	7,000
Special Education - Preschool Grants	84.173	144560-02	6,581
			<u>3,494,648</u>
Career and Technical Education - Basic Grants to States	84.048	144507-01	165,248
Career and Technical Education - Basic Grants to States	84.048	144667-01	13,364
			<u>178,612</u>
Early Intervention Services (IDEA) Cluster			
Special Education - Grants for Infants and Families	84.181	144220-01	98,905
			<u>98,905</u>
English Language Acquisition State Grants			
English Language Acquisition State Grants	84.365A	124288-01	6,170
English Language Acquisition State Grants	84.365A	134213-01	19,104
English Language Acquisition State Grants	84.365A	144359-01	11,652
English Language Acquisition State Grants	84.365A	144583-01	911
			<u>37,837</u>
Mathematics and Science Partnerships			
Mathematics and Science Partnerships	84.366B	135039-01	19,458
Mathematics and Science Partnerships	84.366B	145117-01	2,924
			<u>22,382</u>
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	134589-02	115,846
Improving Teacher Quality State Grants	84.367	144765-01	451,350
Improving Teacher Quality State Grants	84.367	154804-01	2,430
			<u>569,626</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act			
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-01	167,986
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-02	5,917
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-03	147,097
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	115746-06	3,675
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	135304-01	60,789
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	144088-01	29,314
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	144515-01	17,500
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	144941-01	46,391
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	145177-01	29,912
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	145383-01	25,184
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	145383-02	750
			<u>534,515</u>
Race to the Top - Early Learning Challenge	84.412A	145105-01	6,409
Total United States Department of Education			<u>7,653,664</u>

**CECIL COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2014**

Grant Name	CFDA Number	Grant Number	Federal Expenditures
<b>United States Department of Health and Human Services</b>			
Federal programs administered through the Maryland State Department of Education			
Head Start Cluster			
ARRA - Head Start	93.708	135085-01	\$ 2,950
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	N/A	8,125
Total United States Department of Health and Human Services			<u>11,075</u>
<b>Total Federal Expenditures</b>			<u>\$ 11,834,913</u>

**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, 2014 for the following major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>	<u>Expenditures</u>
Child Nutrition Cluster	10.553, 10.555, 10.559	\$ 4,072,527
Title I, Part A Cluster	84.010	2,710,730
Special Education Cluster (IDEA)	84.027, 84.173	3,494,648
State Fiscal Stabilization - Race-to-the-Top Incentive Grants	84.395	534,515
		<u>\$ 10,812,420</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 2014, Cecil County Public Schools received \$1,332,744 in Medical Assistance monies.

Total Federal Grant Expenditures per financial statements	\$ 13,167,657
Medical Assistance Program	<u>(1,332,744)</u>
Total Schedule of Expenditures of Federal Awards	<u>\$ 11,834,913</u>