

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022



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

***Serving LEARNERS, FAMILIES, and the
COMMUNITY***

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 and gender identity, age, national origin, religion, sexual orientation, or disabling condition.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Cecil County Public Schools

A Component Unit of Cecil County, Maryland
George Washington Carver Education Leadership Center
201 Booth Street, Elkton, Maryland 21921

FISCAL YEAR ENDED JUNE 30, 2022



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Jennifer F. Hammer, Ed.D., Associate Superintendent for Education Services
R. Joseph Buckley, Ed.D. Associate Superintendent for Administrative Services
Sandra T. Jack, Chief Financial Officer

Prepared by the Department of Business Services

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**CECIL COUNTY PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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INTRODUCTORY SECTION

CECIL COUNTY PUBLIC SCHOOLS

STRATEGIC PLAN

MISSION STATEMENT

CCPS serves equitably through positive relationships as a safe, collaborative community. We will ensure all learners acquire the knowledge, skills, and qualities to be responsible, caring, and ethical citizens.



Serving
LEARNERS,
FAMILIES,
and the
COMMUNITY

STRATEGIC THEMES



Safe Schools



**Equitable Rigorous
Learning Opportunities**



Communication & Trust



**Recruitment and Retention
of a High-Quality Workforce**



Community and Engagement

OUR

VALUES

EQUITY

We promote fairness, access, opportunity, and inclusion.

INTEGRITY

We practice honesty, trust, and transparency.

HIGH STANDARDS

We meet each learner with expectations for growth and accountability.

COLLABORATION

We work together to strengthen our communities.

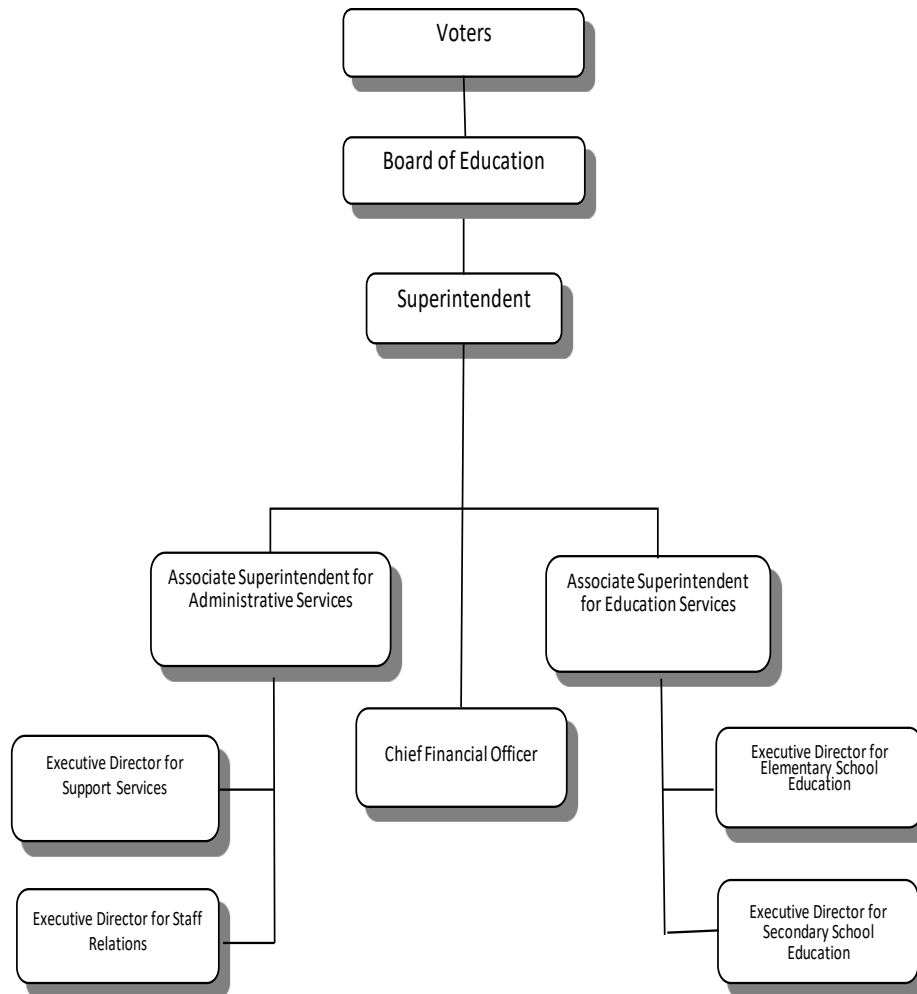
WHOLE LEARNER

We address the academic, behavioral, and social-emotional needs for each learner.

VISION STATEMENT

To educate and empower every Cecil County learner through equitable opportunities to build and strengthen our community.

**Cecil County Public Schools
Organization Chart
As of July 1, 2022**



Our Mission: CCPS serves equitably through positive relationships as a safe, collaborative community. We will ensure all learners acquire the knowledge, skills, and qualities to be responsible, caring, and ethical citizens.

**Leadership Team
As of July 1, 2022**

Jeffrey A. Lawson, Ed.D.	Superintendent of Schools and Secretary/Treasurer/Executive Officer of the Board of Education
Jennifer F. Hammer, Ed.D.	Associate Superintendent for Education Services
Robert J. Buckley, Ed.D.	Associate Superintendent for Administrative Services
Sandra T. Jack	Chief Financial Officer
David B. Foye, Ed.D.	Executive Director for Secondary School Education
Shawn M. Johnson, Ed.D.	Executive Director for Elementary School Education
Sean A. Cannon	Executive Director for Staff Relations
Theodore L. Boyer, Ed.D.	Executive Director for Administrative Services

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September 30, 2022

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

The Annual Comprehensive Financial Report of the Cecil County Public Schools (School System) for the fiscal year ended June 30, 2022 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 website 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 14,780 students in 30 schools throughout our county including 17 elementary, 6 middle, 5 high schools, a career and technology center and an alternative school. The School System projects enrollment

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to increase by 3.06% by fiscal year 2031. Our fleet of buses travel 2.3 million miles annually transporting students safely to and from school. Cecil County Public Schools is the 14th largest of the 24 school systems in Maryland. Cecil County has no charter schools.

Approximately 2.4 million square feet of building space and 733 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 37 times; thirteen schools have received this rating more than once. Since 2008, twenty schools have received a rating of "adequate". The oldest building in use by the system is a school facility built in 1923. The newest building in use is the fully renovated Chesapeake City Elementary School which opened for the 2021-2022 school year. The school was relocated beside the current Bohemia Manor High/Middle School. The old school building will be returned to the County. Twenty-one of the 32 buildings have undergone renovation at some point. The school buildings are multi-use facilities, serving many community groups and organizations for meetings and recreational use when school is not in session.

Of the total \$19.4 million in deferred maintenance expense, \$12.8 million will be eliminated with the implementation of our five-year capital improvement plan. This includes the replacement of North East Middle and High schools and the HVAC replacement at Cecil Manor Elementary School.

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 2023 totals \$240,746,324, funded 37.05% by the County, 50.03% by the State and 12.92% by Federal and other sources.

Capital projects are funded by Cecil County Government and the State of Maryland. The Board of Education has no authority to issue general obligation debt. Funds are budgeted and appropriated on both project and annual basis. Capital project funds do not lapse at the end of each year and may be expended through the duration of a project. Budget transfers between projects require the approval of the Board and the Cecil County Council.

Long-term Financial Planning

In 2016, the Maryland General Assembly created the Blueprint for Maryland's Future Act (Blueprint). The Blueprint is a product of the recommendations made by the Commission on Innovation and Excellence in Education, more commonly known as the Kirwan Commission, which met over the course of three years with the charge of making substantive recommendations to the State of Maryland on better preparing students for college or the workforce. From there, the recommendations of this commission were proposed in the form of

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education reform bills. The final recommendations are grouped into five major policy areas: (1) Early Childhood Education; (2) High-quality and Diverse Teachers and Leaders; (3) College and Career Readiness Pathways; (4) More Resources to Ensure All Students Are Successful; and (5) Accountability and Governance. Funding within the Blueprint builds on the Bridge to Excellence Act of 2002. Foundational funding by the State is maintained with adjustments based on the wealth of the local jurisdiction, along with additional funding provided for economically disadvantaged students, English language learners, and special education students. To ensure increased per pupil funding, the Blueprint specifies the annual target per pupil foundation amounts to be provided each year from FY2023 for the next ten years, and relies on inflation thereafter. Specifically, the target per pupil amount includes costs associated with implementing the Blueprint including the five major policy areas: (1) Early Childhood Education; (2) High-quality and Diverse Teachers and Leaders; (3) College and Career Readiness; (4) More Resources to Ensure that All Students Are Successful; (5) Governance and Accountability. An Accountability and Implementation Board has been established and charged with developing a Comprehensive Implementation Plan for the Blueprint for Maryland's Future. Ultimately, the Blueprint interweaves funding, accountability, and purposeful mandates to alter the way Maryland school systems plan their budgets, programs, and outcome goals over the next decade.

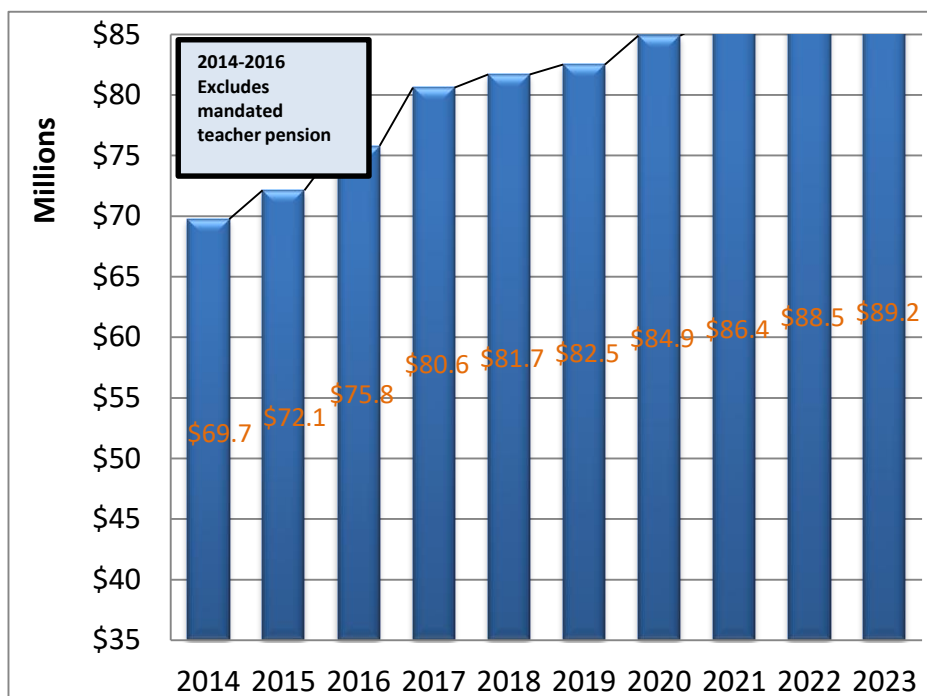
Federal funding is largely dependent on changes in student demographics among those receiving federally funded Free and Reduced Meals (FaRMs) and students with Individual Education Plans (IEP). Recent adjustments to average enrollment excluding September 2020 have been implemented due to the impact of COVID-19 and the Federal Free Meal Program. Federal funding has also increased with several programs in support of the COVID-19 pandemic.

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. Previously, enrollment was based on the prior September 30 count. For the past two years, enrollment has been averaged over the last three years excluding September 30, 2020 due to the pandemic. In addition, an escalator was applied to Counties whose education effort was below the five-year statewide average. As a result, the School System will receive a 2.2% increase in County funding for a total regular appropriation of \$89,196,266. This is an increase of \$669,240. However, this amount is \$1,855,286 less than the Board's request. Total projected revenue for fiscal year 2023 is \$239,211,937. Projected expenses of \$240,746,324 will require the use of fund balance in the amount of \$1,534,387.

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ECONOMIC CONDITION AND OUTLOOK

According to the U.S. Census Population Estimates, the population of Cecil County as of July 2020 was 102,889. The Maryland Department of Planning projects that this number will increase to 135,450 residents by 2040.

The labor force in Cecil County continues to remain around 52,000. The most recent monthly labor force number is 53,661 as of May 2022. The number of in-county jobs has increased to over 33,000, a 9% increase over five years. The July 2022 unemployment rate was 4.9%, though there is still a reduction of some 2,000 workforce participants versus at the beginning of the pandemic. Data USA reports that the median household income for Cecil County is \$79,415 in 2022 a growth of 6.5. Cecil County's median household income is \$7,000 lower than the Maryland median household income, but \$11,890 greater than the USA median household income. Cecil County's median income is, however, \$8,000 higher than the regional average. 89% of Cecil County citizens have attained a high school or higher degree.

Located in the center of the Boston-Atlanta corridor, Cecil County provides overnight access to markets of over 90 million people and one-third (\$5.7 trillion) of the nation's effective buying income. Cecil County is ideally located halfway between Baltimore and Philadelphia and halfway

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between Washington DC and New York. The Maryland Department of Labor, Licensing and Regulation reported a total of 1,985 active businesses in Cecil County in the second quarter of 2022. With direct access to the major thoroughfares of I-95 and U.S. Route 40, 22% of the employers in Cecil County are in the trade, transportation, and utility industry. 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.

The manufacturing sector in Cecil County continues to be strong, employing 5,013 positions or 15% of the total in-County jobs with increases expected over the next two years. Further, the County's manufacturing sector employment concentration is over three times that of the State of Maryland and is the highest in the region. Those employed in manufacturing earn an average weekly wage in excess of \$2,000. Major manufacturers in the County include W.L. Gore, Northrop Grumman, Terumo Medical Corporation, Terumo Cardiovascular Systems, TIM Plastics, and Clene Nanomedicine.

The top employer in Cecil County is W.L. Gore, which specializes in polymer and plastic membranes, medical products, and research and development, currently employing over 2,400 people. Cecil County is also home to several large logistics and transportation organizations such as Amazon, IKEA, Restoration Hardware, Smithfield, Medline, and KeHE. The county's prime location along the I-95 corridor makes it a great place for businesses to locate and grow. This sector has grown over 8% over the past five years, leading to new centers for Lidl, Medline, and Smithfield Foods. The average annual earnings of logistics center employees is \$58,500.

The Enterprise Zone, which provides tax incentives to both property and business owners who meet certain criteria, continues to be attractive to businesses looking to expand in or relocate to Cecil County. Other helpful tools include the Job Creation Tax Credit, More Jobs for Marylanders, More Opportunities for Marylanders, the Opportunity Zone program, the Cecil County Workforce Training Partnership Program, and the Cecil Catalyst loan program. The first three programs are offered through the Maryland Department of Commerce.

There are a number of major projects currently underway in Cecil County. First among them is the largest Great Wolf Lodge (GWL) in the US, with over 700 rooms and the company's largest indoor water park to date. Ground has been broken and we expect the GWL to open in 2023. Elkton Commerce Center, along Route 40, has broken ground on its first building of 760,000 sq ft, with two more buildings of similar size to be built within the next couple of years. After many false starts, Bainbridge's industrial development is well underway, and the developers are beginning to search for tenants for Phase I of the industrial development there. An additional 500,000 square feet is being built on Red Toad Road, which brings the total of industrial building up to over 5 million square feet. Thousands of jobs are expected to be created in data, logistics,

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and manufacturing. There are many smaller projects underway in the towns and County, and the demand for land in Cecil County is at an all-time high.

This is also a boom time for housing in Cecil County, with more starts for new homes than ever, and the demand for new land and homes continues unabated.

An important segment of Cecil County's economy involves the tourism industry. A Tourism Impact Study that measures the impact on Cecil County revealed that visitors spent \$182.6 million in 2019. This resulted in approximately \$30 million in local and state taxes. In addition, the tourism industry employed 2,576 people.

Cecil County comprises 222,824 acres, of which approximately 33% is farmland. The County's working landscapes are devoted mainly to cash grain crops (corn, soybeans, wheat, hay and barley) although its unique topography offers many other agricultural land uses including tree fruits (apples, peaches, and pears), table grapes and berries, plant nurseries and vegetables. Warwick Mushroom Farms is the largest single-site, high tech energy efficient mushroom growing operation in the Western hemisphere with over a half-million square feet of growing surface. Warwick Mushroom is currently undergoing its third expansion.

Equine is big business in Cecil County. In fact, Cecil County has the largest market value of horses sold in the state of Maryland. The County is home to equine operations of all sizes, from backyard pastures with a single pleasure riding horse to the largest Standardbred operation in North America and everything in between, including the Fair Hill Training Center, Select Breeders Services International headquarters, Hassler Dressage's world class facility at Riveredge, and Northview Stallion Station – a renowned Thoroughbred operation.

Cecil County farmers continue to diversify with value-added products, such as cheese making. The County is also home to vineyards, wineries, on-farm breweries and distilleries, pub breweries, and a growing agri-tourism sector.

STRATEGIC PLAN

Our Mission

Cecil County Public Schools serves equitably through positive relationships as a safe, collaborative community. We will ensure all learners acquire the knowledge, skills, and qualities to be responsible, caring, and ethical citizens.

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Our Vision

To educate and empower every Cecil County learner through equitable opportunities to build and strengthen our community.

Our Values



The School System has set five main themes within the *Strategic Plan* for student success:

- Safe schools - We will provide a safe, secure learning environment. Safety addresses not only physical well-being through facilities and emergency preparedness, but also effective aspects of safety, including mental health, drug and alcohol awareness, and social-emotional wellbeing. We will know we are successful by attending to the following indicators:
 1. Structural, staff, and student physical well-being
 2. Staff and student mental health wellness
 3. Student climate information
 4. Emergency preparedness
- Equitable, rigorous learning opportunities - A rigorous, relevant and culturally responsive curriculum will be in place, continually reviewed, and implemented by quality educators. We will challenge and support every learner to excel to high standards through equitable opportunities. We will know we are successful by attending to the following indicators:

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1. Rigorous, relevant, and culturally responsive curriculum
 2. Equitable student opportunity in all areas of school function
 3. High expectations
 4. Diverse workforce
- Communication and trust - We will model and foster transparency throughout the organization to promote a culture founded in mutual respect. Internal and external communication plans will encourage dialogue and show value for everyone's voice and role in the system. We will know we are successful by attending to the following indicators:
 1. Consistent communication processes
 2. Ongoing two-way communication with all learners
 3. Communicating a clear rationale for initiatives
 4. Including multiple perspectives during decision-making
 - Recruitment and retention of a high-quality workforce - A high quality workforce will be recruited and retained to support the diverse needs of every learner. They will be supported through timely and relevant professional development. We will attend to the mental, physical, and social-emotional well-being of all employees. We will know we are successful by attending to the following indicators:
 1. Strategic planning for all areas of workforce needs
 2. Excellent professional culture and staff climate
 3. Professional development for all employees
 4. Employees feel supported as a person
 5. Establish and maintain regionally competitive wages
 - Community and engagement - We will create networks of support throughout our community. We will expand and enhance mutually beneficial and purposeful partnerships, engaging our community about opportunities and decisions. We will know we are successful by attending to the following indicators:
 1. Community outreach to internal and external stakeholders
 2. Community partnerships
 3. Social media outreach
 4. Community advocacy

In a school system with nearly 15,000 students and more than 2,000 employees, establishing a path forward that is reflective of the values of our community is crucial in providing our students with a world-class education. Coordinating services and resources in alignment with the system's goals requires tremendous communication and trust among stakeholders; it will be successful only if there is a united effort to move forward towards a common goal.

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The School System submits an annual update to its *Strategic Plan* every October in accordance with the Every Student Succeeds Act (ESSA) Consolidated State plan 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.

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 2022:

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

- Professional development for all teachers and paraprofessionals on engagement and creating positive learning environments
- Summer School Program to support students at all levels
- Twilight School as an alternative to suspension in all secondary schools
- Differentiated instruction designed to meet the needs of all students
- Curricular programs aligned with state and national standards
- Serving the needs of students with disabilities in an inclusive, least restrictive environment
- Updated Grading and Reporting Policy and Procedures to communicate student progress
- Freshman Academy in each high school
- One to one chromebook initiative in all high schools
- Focus on literacy in all content areas
- Stipends for staff to provide after-school clubs/activities for students
- Implementation of virtual learning platform, Schoology, for students in grades 1-12 and SeeSaw in grades Preschool, Prekindergarten, and Kindergarten

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

- Implementation of MTSS (Multi-Tiered System of Support)
 - Ongoing implementation of Positive Behavior Interventions and Supports (PBIS) programs to all schools
 - Training in restorative practices
 - Active partnerships with business and community leaders
 - Ongoing implementation of a revised Student Code of Conduct
 - Regular safety reviews at each school to assess readiness to respond to incidents
 - Training for all schools in A.L.I.C.E. (Alert, Lockdown, Inform, Counter, Evacuate) active intruder/threat protocols
-

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- Academic supports for students with behavioral challenges available in all schools
- Restorative Practices training for administrators and all staff
- Behavioral support classrooms in 3 elementary schools and 2 middle schools
- Student Support Centers in all schools

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

- A schedule of training opportunities for administrative professionals
- A wellness policy by our Food and Nutrition Department to provide nutritious meals
- Ongoing implementation of a comprehensive wellness program for staff
- Increased access and integration to technology through the deployment of Chromebook carts in all schools
- Chromebook technology across all levels of schooling, currently in the “refresh” phase which targets replacing the oldest Chromebooks
- Over 14,000 Chromebook devices available to students for daily instruction as well as supporting online testing requirement
- 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
- Resources to support the implementation of new curricula
- Continued implementation of AVID (Advancement Via Individual Determination) in a variety of elementary, middle, and high schools
- Three high schools participated in the Equal Opportunity Schools Project to increase the participation in honors and advanced placement level course work

The Future

Funding for the following major programmatic initiatives are included in the fiscal year 2022 budget. Our efforts to improve the academic achievement and opportunities of our students include:

- Enhancement of Full-day prekindergarten for qualified students in all 17 elementary schools
- Use of Performance Matters, a data analytics resource, in all schools
- Continue Chromebook refresh
- Continue to offer a full range of athletic extracurricular opportunities
- Support and focus on more preventative maintenance work orders to save money and ensure the longevity of equipment
- Support the Blended Virtual Learning Program to support students in grades 4-12

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- Implement supports to address student learning loss due to the pandemic

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 2% with a goal of 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, object and location to fulfill state requirements and project, department, and discipline to fulfill organizational needs. Revenues are classified as local, state, federal, or other. Expenses are classified by category and further classified by object.

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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	Capital outlay
Student personnel services	Student activities
Student health services	

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 www.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.

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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 2019, 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 Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (the Uniform Guidance). 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 Required by the Uniform Guidance 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This is the nineteenth 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 ACFR. 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 ACFR 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 ACFR for the fiscal year ended June 30, 2021. 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 nineteenth consecutive year the School System was awarded the ASBO Certificate of Excellence

CECIL COUNTY PUBLIC SCHOOLS

Jeffrey A. Lawson, Ed.D., *Superintendent*

201 Booth Street, Elkton, MD 21921

in Financial Reporting. We believe our current ACFR continues to conform to the 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 Department of Business Services. 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,



Jeffrey A. Lawson, Ed.D.
Superintendent of Schools
Secretary/Treasurer



Sandra T. Jack
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cecil County Public Schools
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



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

Cecil County Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

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



A handwritten signature in black ink, appearing to read 'Will Sutter'.

**William A. Sutter
President**

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

**David J. Lewis
Executive Director**

FINANCIAL SECTION



Independent Auditor's Report

To the Board of Education
Cecil County, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cecil County Public Schools (the "School System"), a component unit of Cecil County, Maryland, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School System, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The School System's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 32 to 47, the Schedules of Required OPEB Related Supplementary Information on pages 97 to 98, and Schedules of Required Pension Related Supplementary Information on pages 98 to 99 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures and Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Schedule of Expenditures and Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole. I have not done

Other Information

Management is responsible for the other information included in the ACFR. The other information comprises the information included in the ACFR but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Baltimore, Maryland
September 30, 2022

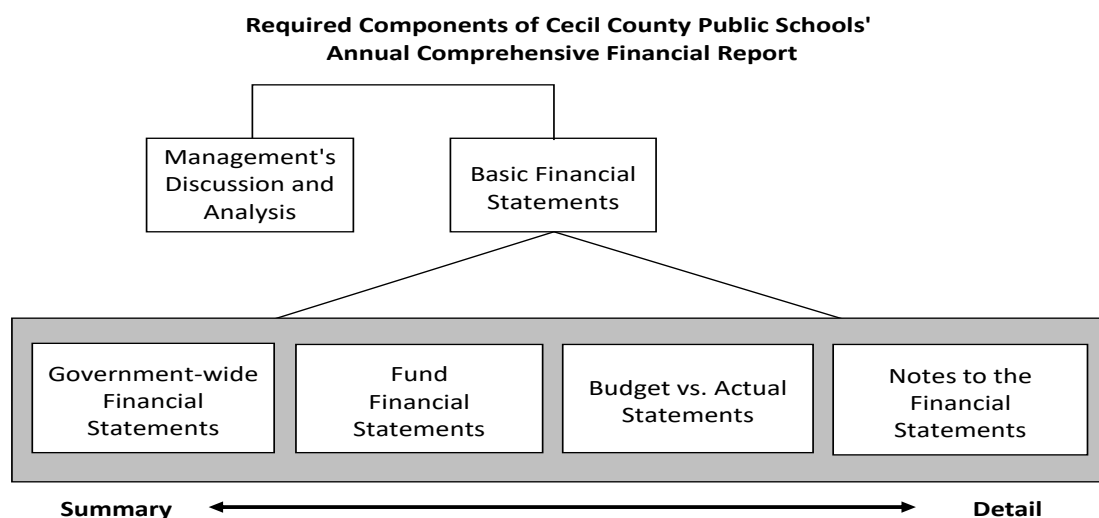
This section of Cecil County Public Schools' Annual Comprehensive Financial Report (ACFR) represents our discussion and analysis of the School System's financial performance during the fiscal year ending June 30, 2022. The Management's Discussion and Analysis, Financial Statements, and related footnotes 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 \$119,604,812 of which \$169,243,404 is a net investment in capital assets.
- Net position decreased \$5,669,909 for the year, most of which is attributable to a decrease in capital assets of \$7,644,134, an increase in cash and receivables \$5,504,798, and an increase in net OPEB liability of \$6,444,310, a decrease in net pension liability of \$3,431,839, and an increase of deferred inflow of resources of \$9,431,665.
- General revenues of \$153,664,473 account for 57.8% of all revenues; program revenues of \$112,337,671 account for 42.2%.
- The Food and Nutrition department received \$383,463 from charges for services, accounting for 3.0% of Food and Nutrition total revenue. Charges for services revenue increased slightly this year due to students returning to school buildings. While all student meals were covered by Federal funding, teacher meals and a la carte items were sold.
- The operating budget was amended during the year for a net increase of \$47,683,595. This included additional revenue from Federal grants of \$40,927,314, an increase in revenue from State grants of \$1,941,394, and additional other revenue of \$4,814,887. Additional Federal funding is still higher than normal due to COVID-19 related funding.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Government Funds	Fiduciary Funds
Scope	Entire system (except fiduciary funds)	The activities of the School System that are not proprietary or fiduciary	Instances in which the School System administers resources on behalf of someone else, such as funds held in trust for a specific purpose, such as retiree healthcare
Required financial statements	-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
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual basis and current financial resources focus	Accrual accounting and economic resources focus

Type of asset/liability information	All assets and liabilities, both fiscal and capital, short-term and long term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short term and long term; the School System's fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods and services have been received and the related liabilities are due and payable	All additions and deletions during the year, regardless of when cash is received or paid
Deferred outflows/inflows of resources	Changes in the net pension or net OPEB liability as applies to a future period and will not be recognized as an inflow or outflow of resources.	N/A	N/A

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements 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) and Actual - General Fund*, and the *Fiduciary Fund Statements: 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

During the fiscal year ended June 30, 2022, the School System adopted GASB Statement No. 87—Leases which is effective for reporting periods beginning after June 15, 2021. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Listed below are balances as restated.

	Balance at 6/30/2021, as previously stated		Adjustment	Balance at 6/30/2021, as restated	
Leased asset value	\$	-	\$ 1,072,772	\$	1,072,772
Lease amortization		-	389,693		389,693
Lease liability	\$	-	\$ 683,079	\$	683,079

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources, 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, community services, and student activities. 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 breakfast and lunch at all 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 **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* both in the Basic Financial Statements section.

Budget vs. Actual Financial Statements

A *Statement of Revenue, 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 2022 vs. 2021 is shown below:

	2022	2021, as restated	Increase/(Decrease)	
Assets				
Current assets	\$ 53,546,131	\$ 48,041,333	\$ 5,504,798	11.5%
Capital assets, net	170,133,094	177,806,076	(7,672,982)	(4.3)%
Total assets	<u>223,679,225</u>	<u>225,847,409</u>	<u>(2,168,184)</u>	<u>(1.0)%</u>
Deferred Outflow of Resources				
OPEB related	18,022,068	11,073,903	\$ 6,948,165	62.7%
Pension related	4,520,366	3,233,095	1,287,271	39.8%
	<u>22,542,434</u>	<u>14,306,998</u>	<u>8,235,436</u>	<u>57.6%</u>
Liabilities				
Other liabilities	27,648,715	28,157,001	(508,286)	(1.8)%
Long-term liabilities	84,414,456	81,600,674	2,813,782	3.4%
Total liabilities	<u>112,063,171</u>	<u>109,757,675</u>	<u>2,305,496</u>	<u>2.1%</u>
Deferred Inflow of Resources				
OPEB related	9,558,869	4,176,879	5,381,990	128.9%
Pension related	4,994,807	945,132	4,049,675	428.5%
	<u>14,553,676</u>	<u>5,122,011</u>	<u>9,431,665</u>	<u>184.1%</u>
Net Position				
Net investment in capital assets	169,243,404	176,527,252	(7,283,848)	(4.1)%
Restricted	6,756,599	32,260	6,724,339	20844.2%
Unrestricted	(56,395,191)	(51,284,791)	(5,110,400)	10.0%
Net Position, end of year	\$ 119,604,812	\$ 125,274,721	\$ (5,669,909)	(4.5)%

Change in Net Position

The School System's combined net position decreased by \$5,669,909 or 4.5% on June 30, 2022, to \$119,604,812. Current assets increased by \$5,504,798, or 11.5% mainly due to an increase in cash and cash equivalents of \$4,377,865. Capital assets decreased by \$7,672,982 or 4.3%.

Other liabilities decreased by \$508,286 or 1.8% mainly due to the decrease in accounts payables and an increase in deferred Federal revenue. Long-term liabilities increased by \$2,813,782 or 3.4% mainly due to the increase in net OPEB liability.

Statement of Activities

A comparison of revenue by source and expense by function for 2022 vs. 2021 is shown below:

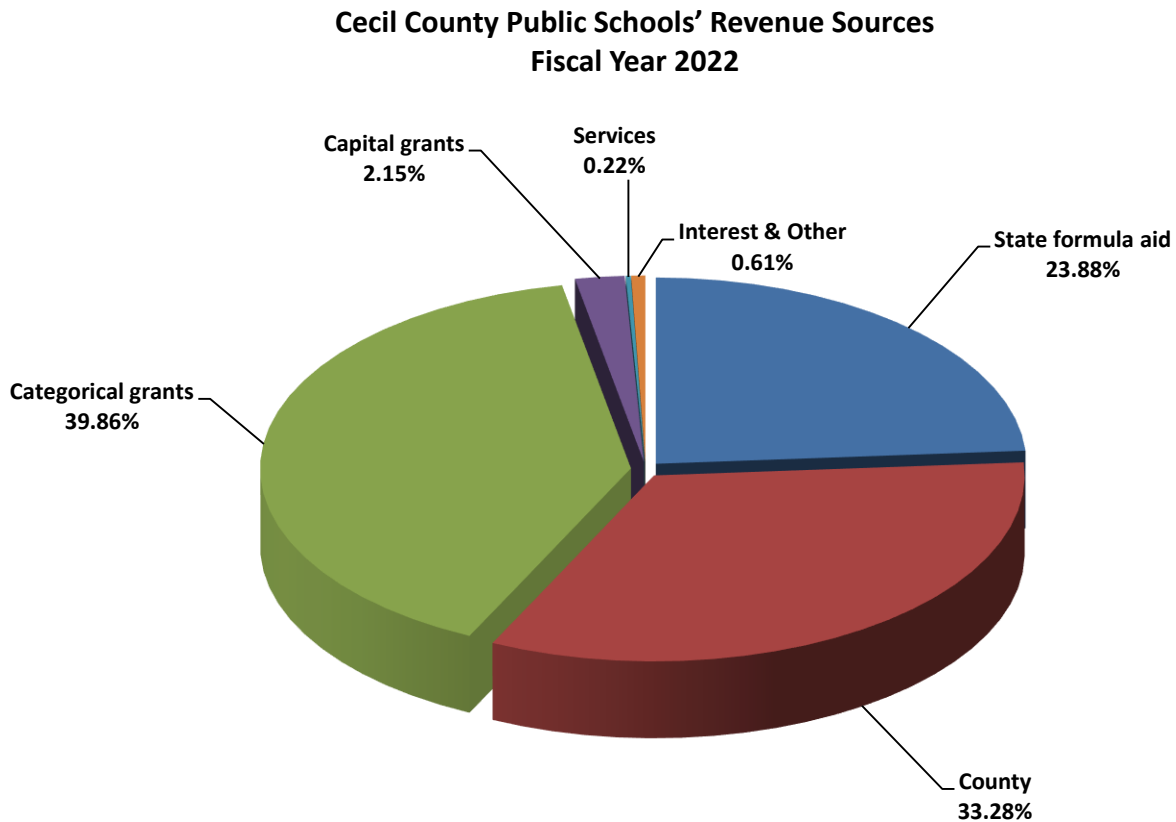
	2022	2021	Increase/(Decrease)	
Revenue				
Program Revenues				
Charges for services	\$ 589,677	\$ 329,238	\$ 260,439	79.1%
Operating grants and contributions	106,015,133	85,040,320	20,974,813	24.7%
Capital grants and contributions	5,732,861	16,868,525	(11,135,664)	-66.0%
General Revenues				
Grants and contributions not restricted to certain programs	152,040,591	152,104,295	(63,704)	0.0%
Other	1,623,882	3,367,498	(1,743,616)	-51.8%
Total revenue	<u>266,002,144</u>	<u>257,709,876</u>	<u>8,292,268</u>	3.2%
Expenses				
Administration	8,811,416	7,664,519	1,146,897	15.0%
Mid-level administration	21,961,341	20,330,749	1,630,592	8.0%
Instruction	149,103,404	141,533,496	7,569,908	5.3%
Special education	43,090,825	40,899,373	2,191,452	5.4%
Student personnel services	2,809,563	2,748,813	60,750	2.2%
Student health services	2,927,317	2,719,452	207,865	7.6%
Student transportation	12,713,177	10,225,156	2,488,021	24.3%
Operation of plant	15,327,765	14,379,276	948,489	6.6%
Maintenance of plant	5,300,701	5,091,246	209,455	4.1%
Food and nutrition	7,350,965	5,399,918	1,951,047	36.1%
Community services	936,525	536,247	400,278	74.6%
Student activities	1,296,419	602,507	693,912	115.2%
Interest on long-term debt	42,635	-	42,635	100.0%
Total expenses	<u>271,672,053</u>	<u>252,130,752</u>	<u>19,541,301</u>	7.8%
Change in net position	(5,669,909)	5,579,124	(11,249,033)	-201.6%
Net position - beginning	<u>125,274,721</u>	<u>119,695,597</u>		
Net position - ending	<u>\$ 119,604,812</u>	<u>\$ 125,274,721</u>		

Revenue (Statement of Activities)

Cecil County Public Schools' revenues from fiscal year 2022 were in the amount of \$266,002,144. Program revenue came from three major sources. These include charges for services of \$589,677, operating program grants from the State and Federal government of \$106,015,133, and capital grants from the State of Maryland and Cecil County Government of \$5,732,861. In addition to program sources, the School System received general revenue from the State of Maryland of \$63,513,565, Cecil County Government of \$88,527,026, investment earnings of \$17,731 and other miscellaneous income of \$1,606,151.

Charges for Services increased by \$260,439 or 79.1% due to increased meal sales and facility rental due reopening after closures due to COVID-19. Operating grants and contributions

increased \$20,974,813 or 24.7% mainly due to increased Federal aid for COVID-19. Capital grants and contributions decreased by \$11,135,664 or 66.0% due to the timing of construction projects.



Expenses (Statement of Activities)

The revenues received during 2022 were used to pay expenses of \$271,672,053. This is an increase of \$19,541,301 or 7.8% over 2021. 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.

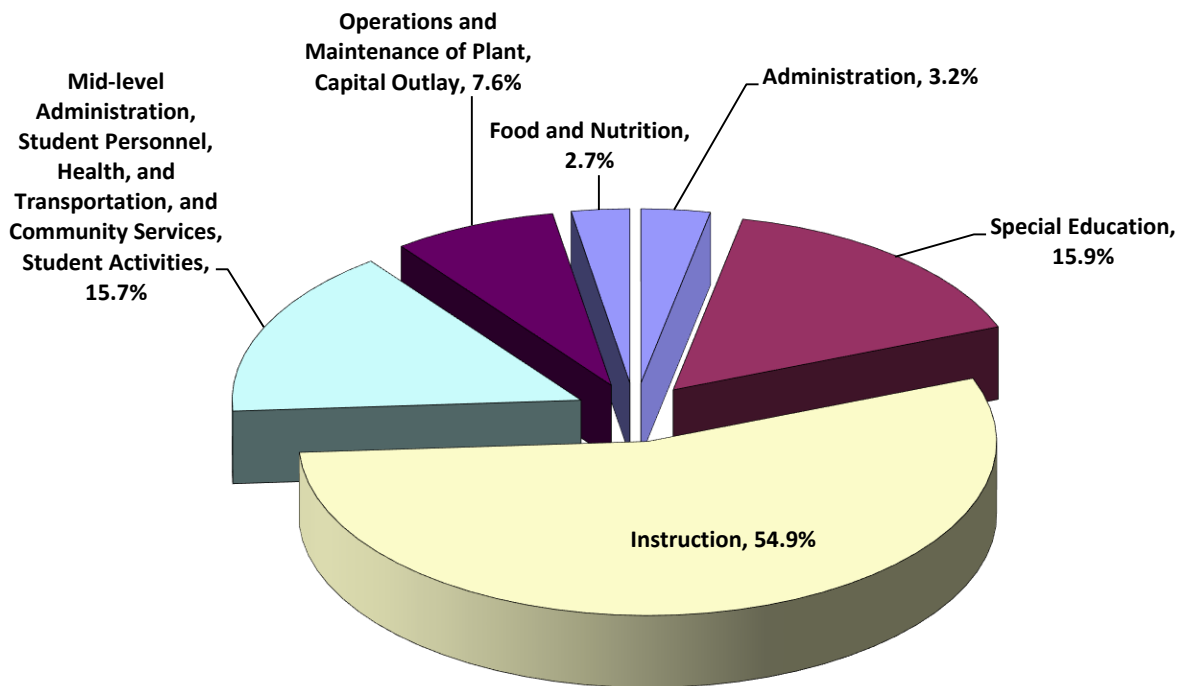
Instruction salaries and wages, supplies and materials, instruction technology and equipment resulted in an overall increase of \$7,569,908 or 5.3% in the instruction categories. Special Education increased by \$2,191,452 or 5.4%. Student transportation increased by \$2,488,021 or 24.3%. There was an increase in operations and maintenance of \$1,157,944 or 5.9%.

Overall spending increased by \$19,541,301 or 7.8% and revenue increased by \$8,292,268 or 3.2%. This resulted in a decrease in net position of \$5,669,909.

The expenses classified by the state's categorical functions can be further summarized for 2022

as follows:

**Combined Expenses for Cecil County Public Schools
for Fiscal Year 2022**



GOVERNMENT FUNDS FINANCIAL HIGHLIGHTS

The total assets of the School System's government funds exceeded liabilities at the end of the fiscal year by \$26,871,721. Total government fund revenues increased by \$9,792,268 including a \$15,932,456 increase in the General Fund due to an increase in local and federal funding and a \$11,135,662 decrease in the Capital Project Fund due to the timing of projects. The School System received \$92,670,119 or 35.0% of its governmental activities funding from the County, \$127,967,912 or 48.4% from the State, and \$41,454,717 or 15.7% from federal 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	\$ 17,828,408	\$ 2,954,557	\$ 32,260	\$ 20,815,225
Fund balance, end of year	19,917,727	6,921,677	32,317	26,871,721
Net change in fund balances	<u>\$ 2,089,319</u>	<u>\$ 3,967,120</u>	<u>\$ 57</u>	<u>\$ 6,056,496</u>

The General Fund increased \$2,089,319 from the previous year to \$19,917,727. Due to the COVID-19 pandemic, additional federal funds were received and traditional spending was decreased.

The Special Revenue Fund increased \$3,967,120 from the previous year to \$6,921,677. This represents 79.4% of total fund expenditures. This increase is attributed to increased revenue from the federal government. These additional funds will be used to update kitchen equipment in poor condition as the supply chain allows.

The Capital Projects Fund increased \$57 from the previous year to \$32,317. 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.

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:

CECIL COUNTY PUBLIC SCHOOLS
Management's Discussion and Analysis

Year Ended June 30, 2022

	Original Budget	Budget Amendments	Final Budget	Actual	Final Budget vs. Actual
Revenue					
Intergovernmental					
Cecil County, Maryland	\$ 88,527,026	\$ -	\$ 88,527,026	\$ 88,527,026	\$ -
State of Maryland	111,931,790	1,941,394	113,873,184	112,664,289	(1,208,895)
United States Government	26,810,826	40,927,314	67,738,140	28,878,830	(38,859,310)
Other sources					-
Investment interest	15,000	-	15,000	17,516	2,516
Other	4,247,891	4,814,887	9,062,778	4,557,311	(4,505,467)
Total revenue	<u>\$ 231,532,533</u>	<u>\$ 47,683,595</u>	<u>\$ 279,216,128</u>	<u>\$ 234,644,972</u>	<u>\$ (44,571,156)</u>
Expenditures					
Current					
Administration	\$ 6,731,960	\$ 1,727,905	8,459,865	\$ 6,239,646	\$ 2,220,219
Mid-level administration	16,546,044	1,476,352	18,022,396	15,827,260	2,195,136
Instruction salaries	85,751,375	14,725,130	100,476,505	86,194,767	14,281,738
Instruction materials and supplies	3,378,829	8,234,865	11,613,694	6,339,083	5,274,611
Instruction other costs	5,705,004	7,042,403	12,747,407	6,324,283	6,423,124
Special education	34,551,298	3,838,441	38,389,739	31,905,760	6,483,979
Student personnel services	2,100,972	443,792	2,544,764	2,259,191	285,573
Student health services	1,926,852	372,765	2,299,617	2,080,458	219,159
Student transportation	11,749,578	1,806,105	13,555,683	12,561,833	993,850
Operation of plant	12,931,289	518,740	13,450,029	12,813,576	636,453
Maintenance of plant	4,261,494	708,954	4,970,448	5,490,343	(519,895)
Fixed charges	44,380,884	4,299,442	48,680,326	42,047,236	6,633,090
Community services	1,056,247	558,279	1,614,526	634,399	980,127
Capital outlay	460,707	505,422	966,129	541,399	424,730
Student activity fees	-	1,425,000	1,425,000	1,296,419	128,581
Total expenditures	<u>\$ 231,532,533</u>	<u>\$ 47,683,595</u>	<u>\$ 279,216,128</u>	<u>\$ 232,555,653</u>	<u>\$ 46,660,475</u>

The General Fund is the School System's primary operating fund. The final budget of \$279,216,128 exceeded the original budget by \$47,683,595 including \$42,868,708 in Federal and State funding. Those funds are primarily in the categories of instruction salaries, instruction materials and supplies, instruction other costs, special education, and fixed charges.

Actual expenditures were less than the final budget by \$46,660,475. \$40,068,205 is related to Federal and State grants that will carry over to fiscal 2023. Unrestricted revenue exceeded expenditures by \$2,089,319. An increase in Federal restricted funding due to COVID-19 contributed to a savings in unrestricted expenditures.

Capital Assets and Long-Term Debt Activity

The School System's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$170,133,094 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress. The School System has no infrastructure assets (roads, bridges, streets, etc.).

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

Cecil County Public Schools Capital Assets
(net of depreciation and amortization)

	2022	2021, as restated
Land	\$ 7,602,491	\$ 7,602,491
Buildings	140,797,095	128,821,775
Improvements other than buildings	7,191,935	8,018,705
Furniture, fixtures, and equipment	13,265,188	11,572,989
Furniture, fixtures, and equipment - leased	556,740	683,079
Construction in progress	719,645	21,107,036
Total	<u>\$ 170,133,094</u>	<u>\$ 177,806,075</u>

The total decrease in the School System's net capital assets during the year including depreciation and amortization was \$7,644,134. Major capital project expenditures during the fiscal year ended June 30, 2022 included:

- Continuation of a new school for Chesapeake City Elementary totaling \$3,685,150
- Continuation of a new school for North East Middle/High totaling \$657,932
- Completion of Leeds Elementary boiler replacement totaling \$478,362
- Continuation of Bohemia Manor Middle/High cooling tower replacement totaling \$12,903
- Continuation of Cecil Manor Elementary HVAC replacement totaling \$33,110

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 \$1,548,530. See Note 5 for details of changes in capital assets and construction commitments and Note 6 for long-term obligations.

Leases

The School System's capital leases represent obligations incurred to finance the purchase of vehicles, security cameras, 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.

Operating leases represent obligations incurred for the right-to-use copiers for all buildings and our print and distribution department, postage machines, and vehicles. Additional information on capital leases can be found in Note 6 to the financial statements.

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 addressed 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. In 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 specifies that employers recognize their net OPEB liability, and the related deferred outflows of resources, deferred inflows of resources and OPEB expense on their books and stipulates the incremental note disclosures and Required Supplementary Information in the financial reports of employers with defined benefit OPEB plans. The School System implemented GASB Statement No. 75 in fiscal year 2018.

FUTURE FINANCIAL IMPACTS

In 2016, the Maryland General Assembly created the Blueprint for Maryland's Future Act (Blueprint). The Blueprint is a product of the recommendations made by the Commission on Innovation and Excellence in Education, more commonly known as the Kirwan Commission, which met over the course of three years with the charge of making substantive recommendations to the State of Maryland on better preparing students for college or the workforce. From there, the recommendations of this commission were proposed in the form of education reform bills. The final recommendations are grouped into five major policy areas: (1) Early Childhood Education; (2) High-quality and Diverse Teachers and Leaders; (3) College and Career Readiness Pathways; (4) More Resources to Ensure All Students Are Successful; and (5) Accountability and Governance. Funding within the Blueprint builds on the Bridge to Excellence Act of 2002. Foundational funding by the State is maintained with adjustments based on the wealth of the local jurisdiction, along with additional funding provided for economically disadvantaged students, English language learners, and special education students. To ensure increased per pupil funding, the Blueprint specifies the annual target per pupil foundation amounts to be provided each year from FY2023 for the next ten years, and relies on inflation thereafter. Specifically, the target per pupil amount includes costs associated with implementing the Blueprint including the five major policy areas: (1) Early Childhood Education; (2) High-quality and Diverse Teachers and Leaders; (3) College and Career Readiness; (4) More Resources to Ensure that All Students Are Successful; (5) Governance and Accountability. An Accountability and Implementation Board has been established and charged with developing a Comprehensive Implementation Plan for the Blueprint for Maryland's Future. Ultimately, the Blueprint interweaves funding, accountability, and purposeful mandates to alter the way Maryland school

systems plan their budgets, programs, and outcome goals over the next decade.

During fiscal year 2019, the Board of Education developed a new 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 reviewed each year, will continue to serve as a guide to the School System to monitor performance in fiscal year 2023 and plan for fiscal year 2024 and beyond.

On March 27, 2020, Congress set aside approximately \$13.2 billion of the \$30.75 billion allotted to the Education Stabilization Fund through the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the Elementary and Secondary School Emergency Relief Fund (ESSER) Fund. The Department awarded these grants to State educational agencies (SEAs) for the purpose of providing local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. ESSER Fund awards to SEAs are in the same proportion as each State received funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended, in fiscal year 2019.

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA), was signed into law on December 27, 2020 and provides an additional funding source for the Elementary and Secondary School Emergency Relief Fund (ESSER II Fund) and the Governor's Emergency Education Relief (GEER) Fund.

On March 11, 2021, the American Rescue Plan (ARP) Act was signed into law. It is unprecedented funding for the ARP Elementary and Secondary School Emergency Relief (ARP ESSER III) Fund. Funds are provided to State educational agencies and school districts to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on the nation's students.

THE BUDGET PROCESS

The fiscal year 2023 approved operating budget, adopted in June 2022, 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 are priorities that were considered during the fiscal year 2023 budget process:

- Maintain teacher positions
- Support Student Support Centers
- Continue laptop and Chromebook refresh for staff and students
- Tutoring programs to support students' learning loss from COVID-19 pandemic
- Summer School Program
- Learning Management System for grades 3-12
- Replacement of school buses
- Maintenance of aging systems

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, 2022

ASSETS

Current assets

Cash, cash equivalents, and investments	\$ 39,718,108
Due from Cecil County, Maryland	101,384
Due from State of Maryland	2,723,275
Due from United States Government	8,727,058
Accounts receivable	1,732,311
Prepaid items	346,600
Inventories	<u>197,395</u>
Total current assets	<u>53,546,131</u>

Noncurrent assets

Land	7,602,491
Construction in progress	719,645
Buildings, net of accumulated depreciation	140,797,095
Improvements other than buildings, net of accumulated depreciation	7,191,935
Furniture, fixtures, and equipment, net of accumulated depreciation	13,265,188
Leased furniture, fixtures, and equipment, net of accumulated amortization	<u>556,740</u>
Total noncurrent assets	<u>170,133,094</u>
Total assets	<u>223,679,225</u>

DEFERRED OUTFLOW OF RESOURCES

OPEB related	18,022,068
Pension related	<u>4,520,366</u>
Total deferred outflows	<u>22,542,434</u>

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	22,742,754
Advances from others	1,949,638
Leases due within one year	541,243
Compensated absences due within one year	433,062
Unearned revenue from State of Maryland	34,171
Unearned revenue from United States Government	<u>1,947,847</u>
Total current liabilities	<u>27,648,715</u>

Noncurrent liabilities

Leases due in more than one year	348,447
Compensated absences due in more than one year	3,395,030
Net OBEP liability	71,791,275
Net pension liability	<u>8,879,704</u>
Total noncurrent liabilities	<u>84,414,456</u>
Total liabilities	<u>112,063,171</u>

DEFERRED INFLOW OF RESOURCES

OPEB related	9,558,869
Pension related	<u>4,994,807</u>
Total deferred inflows	<u>14,553,676</u>

NET POSITION

Net Investment in capital assets	169,243,404
Restricted for:	
Capital projects	32,317
Special revenue fund	6,724,282
Unrestricted	<u>(56,395,191)</u>
Total net position	<u>\$ 119,604,812</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, 2022

	Expenses	Program Revenue		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/programs				
Administration	\$ 8,811,416	\$ -	\$ 1,431,309	\$ -
Mid-level administration	21,961,341	-	3,327,958	-
Instruction salaries	122,107,406	142,222	45,742,766	-
Instruction materials and supplies	7,052,981	-	4,565,227	-
Instruction other costs	19,943,017	-	5,057,539	5,732,861
Special education	43,090,825	-	21,102,687	-
Student personal services	2,809,563	-	1,044,596	-
Student health services	2,927,317	-	660,824	-
Student transportation	12,713,177	-	6,665,144	-
Operation of plant	15,327,765	-	1,176,046	-
Maintenance of plant	5,300,701	-	674,114	-
Food and nutrition	7,350,965	383,463	12,298,289	-
Community services	936,525	63,992	844,567	-
Student activities	1,296,419	-	1,424,067	-
Interest on long-term debt	42,635	-	-	-
Total government activities	\$ 271,672,053	\$ 589,677	\$ 106,015,133	\$ 5,732,861
General revenues				
State aid not restricted to specific purposes				63,513,565
Local aid not restricted to specific purposes				88,527,026
Interest and investment earnings				17,731
Miscellaneous				1,606,151
				<u>153,664,473</u>
Change in net position				(5,669,909)
Net position - beginning				<u>125,274,721</u>
Net position - ending				<u>\$ 119,604,812</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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	\$ 39,312,866	\$ 357,410	\$ 47,832	\$ 39,718,108
Due from Cecil County, Maryland	-	-	101,384	101,384
Due from State of Maryland	2,723,275	-	-	2,723,275
Due from United States Government	4,425,393	4,301,665	-	8,727,058
Due from General fund	-	2,343,055	1,054,532	3,397,587
Accounts receivable	1,732,311	-	-	1,732,311
Prepaid items	346,600	-	-	346,600
Inventory	-	197,395	-	197,395
Total assets	<u>48,540,445</u>	<u>7,199,525</u>	<u>1,203,748</u>	<u>56,943,718</u>
LIABILITIES AND FUND BALANCE				
Accounts payable	3,642,309	162,294	88,558	3,893,161
Accrued salaries	17,132,757	3,836	-	17,136,593
Estimated claims incurred but not reported	1,713,000	-	-	1,713,000
Advances from others	773,567	93,198	1,082,873	1,949,638
Due to Special Revenue fund	2,343,055	-	-	2,343,055
Due to Capital Projects fund	1,054,532	-	-	1,054,532
Unearned revenue from State of Maryland	34,171	-	-	34,171
Unearned revenue from United States Government	<u>1,929,327</u>	<u>18,520</u>	<u>-</u>	<u>1,947,847</u>
Total liabilities	<u>28,622,718</u>	<u>277,848</u>	<u>1,171,431</u>	<u>30,071,997</u>
Fund balance				
Non-spendable				
Inventory	-	197,395	-	197,395
Prepaid expenditures	346,600	-	-	346,600
Restricted	-	6,724,282	32,317	6,756,599
Committed				
Budget contingency	3,104,684	-	-	3,104,684
Subsequent year's expenditures	1,534,387	-	-	1,534,387
Assigned				
Salaries to support increased enrollment	1,000,000	-	-	1,000,000
Substitute secretary costs	50,000	-	-	50,000
Student activities	1,717,144	-	-	1,717,144
Capital projects	2,749,123	-	-	2,749,123
Health care reserve	2,851,000	-	-	2,851,000
Unassigned	<u>6,564,789</u>	<u>-</u>	<u>-</u>	<u>6,564,789</u>
Total fund balance	<u>19,917,727</u>	<u>6,921,677</u>	<u>32,317</u>	<u>26,871,721</u>
Total liabilities and fund balance	<u>\$ 48,540,445</u>	<u>\$ 7,199,525</u>	<u>\$ 1,203,748</u>	<u>\$ 56,943,718</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
JUNE 30, 2022**

Total fund balance	\$	26,871,721
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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	\$	403,298,703	
Accumulated depreciation/amortization		<u>(233,165,609)</u>	170,133,094

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:

Net OPEB liability	\$	(71,791,275)	
Net pension liability		(8,879,704)	
Leases payable		(889,690)	
Accrued vacation leave		<u>(3,828,092)</u>	(85,388,761)

Deferred outflows related to pensions	4,520,366
Deferred outflows related to OPEB	18,022,068

Deferred inflows related to OPEB	(9,558,869)
Deferred inflows related to pensions	<u>(4,994,807)</u>

Total net position	<u><u>\$ 119,604,812</u></u>
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CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenue				
Intergovernmental				
Cecil County, Maryland	\$ 88,527,026	\$ -	\$ 4,143,093	\$ 92,670,119
State of Maryland	126,093,459	393,777	1,480,676	127,967,912
United States Government	29,550,204	11,904,513	-	41,454,717
Other sources				
Sale of food	-	383,463	-	383,463
Investment interest	17,516	158	57	17,731
Other	1,898,426	685	109,091	2,008,202
Total revenue	<u>246,086,631</u>	<u>12,682,596</u>	<u>5,732,917</u>	<u>264,502,144</u>
Expenditures				
Current				
Administration	5,994,651	486,596	109,091	6,590,338
Mid-level administration	15,746,510	-	-	15,746,510
Instruction salaries	86,194,767	-	-	86,194,767
Instruction materials and supplies	6,250,865	-	800,114	7,050,979
Instruction other costs	6,956,308	-	4,823,655	11,779,963
Special education	32,016,490	-	-	32,016,490
Student personnel services	2,074,601	-	-	2,074,601
Student health services	2,080,458	-	-	2,080,458
Student transportation	12,531,707	-	-	12,531,707
Operation of plant	12,740,137	-	-	12,740,137
Maintenance of plant	4,294,760	-	-	4,294,760
Fixed charges	55,699,322	763,615	-	56,462,937
Community services	791,118	-	-	791,118
Food service				
Salaries and wages	-	2,526,876	-	2,526,876
Food	-	3,636,376	-	3,636,376
Contracted services	-	66,796	-	66,796
Supplies and materials	-	482,264	-	482,264
Other operating cost	-	752,953	-	752,953
Capital outlay	397,461	-	-	397,461
Student activities	1,296,419	-	-	1,296,419
Debt service				
Principal	508,060	-	-	508,060
Interest	42,635	-	-	42,635
Total expenditures	<u>245,616,269</u>	<u>8,715,476</u>	<u>5,732,860</u>	<u>260,064,605</u>
Excess (deficiency) of revenue over expenditures	<u>470,362</u>	<u>3,967,120</u>	<u>57</u>	<u>4,437,539</u>
Other financing sources				
Leases	118,957	-	-	118,957
Transfers from Retiree Benefit Trust Fund	1,500,000	-	-	1,500,000
Total other financing sources (uses)	<u>1,618,957</u>	<u>-</u>	<u>-</u>	<u>1,618,957</u>
Net change in fund balances	2,089,319	3,967,120	57	6,056,496
Fund balance, beginning of year	<u>17,828,408</u>	<u>2,954,557</u>	<u>32,260</u>	<u>20,815,225</u>
Fund balance, ending	<u>\$ 19,917,727</u>	<u>\$ 6,921,677</u>	<u>\$ 32,317</u>	<u>\$ 26,871,721</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, 2022

Total change in fund balance	\$ 6,056,496
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Amounts reported in the statement of activities are different because:

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

Depreciation/amortization expense	(15,160,717)
Capital outlays	7,556,626
Disposal of capital assets net of depreciation	(40,043)

The issuance of lease obligations provide current financial resources to governmental funds, while the repayment of the principal of lease obligations consumes financial resources of governmental funds. Neither, however, has any effect on net position.

65,673

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	294,613
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Pension costs reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

669,435

OPEB costs reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(4,878,135)

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 earned was more than the amounts used.

(233,857)

Total change in net position	\$ <u>(5,669,909)</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenue				
Intergovernmental				
Cecil County, Maryland	\$ 88,527,026	\$ 88,527,026	\$ 88,527,026	\$ -
State of Maryland	111,931,790	113,873,184	112,664,289	(1,208,895)
United States Government	26,810,826	67,738,140	28,878,830	(38,859,310)
Other sources				
Investment interest	15,000	15,000	17,516	2,516
Other	4,247,891	9,062,778	4,557,311	(4,505,467)
Total revenue	<u>231,532,533</u>	<u>279,216,128</u>	<u>234,644,972</u>	<u>(44,571,156)</u>
Expenditures and encumbrances				
Current				
Administration	6,731,960	8,459,865	6,239,646	2,220,219
Mid-level administration	16,546,044	18,022,396	15,827,260	2,195,136
Instruction salaries	85,751,375	100,476,505	86,194,767	14,281,738
Instruction materials and supplies	3,378,829	11,613,694	6,339,083	5,274,611
Instruction other costs	5,705,004	12,747,407	6,324,283	6,423,124
Special education	34,551,298	38,389,739	31,905,760	6,483,979
Student personnel services	2,100,972	2,544,764	2,259,191	285,573
Student health services	1,926,852	2,299,617	2,080,458	219,159
Student transportation	11,749,578	13,555,683	12,561,833	993,850
Operation of plant	12,931,289	13,450,029	12,813,576	636,453
Maintenance of plant	4,261,494	4,970,448	5,490,343	(519,895)
Fixed charges	44,380,884	48,680,326	42,047,236	6,633,090
Community services	1,056,247	1,614,526	634,399	980,127
Capital outlay	460,707	966,129	541,399	424,730
Student activities	-	1,425,000	1,296,419	128,581
Total expenditures and encumbrances	<u>231,532,533</u>	<u>279,216,128</u>	<u>232,555,653</u>	<u>46,660,475</u>
EXCESS OF REVENUE OVER EXPENDITURES AND ENCUMBRANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,089,319</u>	<u>\$ 2,089,319</u>
Fund balance - beginning			<u>\$ 17,828,408</u>	
Fund balance, ending			<u>\$ 19,917,727</u>	

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

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

ASSETS	Retiree Benefit Trust Fund
	<hr/>
Cash and cash equivalents	\$ -
Investments	
MABE - OPEB Investment Trust	<u>14,990,405</u>
Total assets	<u>14,990,405</u>
 LIABILITIES	
Accounts payable	<u>1,500,000</u>
Total liabilities	<u>1,500,000</u>
 NET POSITION	
Restricted for other post-employment benefits	\$ 13,490,405
Individuals and organizations	<u>-</u>
	<u><u>\$ 13,490,405</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
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Retiree Benefit Trust Fund
ADDITIONS	
Interest/dividends	\$ (2,260,227)
Investment custodial fees	<u>(46,928)</u>
Total net additions	<u>\$ (2,307,155)</u>
DEDUCTIONS	
Administration service fees	1,504
Auditing fees	3,500
Insurance expense	3,130
General legal fees	54
Transfer to primary government	<u>1,500,000</u>
Total deductions	<u>1,508,188</u>
Change in net position	(3,815,343)
Net position - beginning	<u>17,305,748</u>
Net position - ending	<u><u>\$ 13,490,405</u></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 preschool 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 Annual Comprehensive 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 resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 **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 resources 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, Cash Equivalents and Investments

The School System follows Governmental Accounting Standards Board Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value.

The School System also follows Governmental Accounting Standards Board Statement 79, "Certain External Investment Pools and Pool Participants," which requires disclosure of specific criteria regarding external investment pools. The School System has an Investment Pool account with the Maryland Local Government Investment Pool (MLGIP) and other funds designated for Other Post-Employment Benefits held by the Maryland Association of Boards of Education (MABE).

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 MLGIP. No direct investment may have a maturity date of more than 13 months after its acquisition. Securities of the MLGIP are valued daily on an amortized cost basis, which approximates market value, and are held to maturity under normal circumstances.

MLGIP seeks to maintain constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the MLGIP, marked to market, is calculated and maintained on a daily basis to ensure a \$1.00 per unit constant value. Investment guidelines and limits require liquidity and diversification regarding the MLGIP. There is no formal minimum overnight liquidity position; however, it is anticipated that the MLGIP generally will operate with a minimum of 10% of the total assets in next business day maturities. Generally, the MLGIP's average life will range between 25-55 days. Maximum overnight liquidity position may be 100% of assets. The MLGIP has set standards regarding exposure to specific diversification. The limits are set to minimize risk.

The fair value of the position in the MLGIP is the same as the value of the MLGIP net assets (shares). 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. This report can be obtained in writing: Maryland Local Government Investment Pool, c/o PNC Institutional Investments Group, One East Pratt Street, Baltimore, Maryland, 21202; by calling 1-800-492-5160; or the website, www.mlgip.com.

The Board has funds designated for Other Post- Employment Benefits that are held by MABE. As of June 30, 2022, MABE held \$14,990,405 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. The MABE Trust is a Common trust fund which is comprised of shares or units in a commingled fund that is not publicly traded. Underlying assets in these funds include money market funds, U.S. government securities, fixed income securities, asset backed securities, equity securities, mutual funds and exchange traded funds and are valued at their Net Asset Values ("NAVs") calculated by the Trust Administrator. The School System may terminate its membership in the Trust and withdraw its allocated investment balance by providing written notification to the Trust six months prior to the intended withdrawal date.

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 Local 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 similarly to a capital asset but are not capitalized or depreciated over the life of the item. Donated capital assets are recorded at acquisition value at the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects when 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 expensed. Land improvements, buildings and equipment with a value in excess of \$5,000 are depreciated using the straight-line method over the following estimated useful life:

<u>Assets</u>	<u>Years</u>
Improvements	20 - 30
Buildings	10 - 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 \$275,000. 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 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 building improvements, over periods ranging from three to five years. All long-term obligations are subject to the School System's annual appropriation from the state and local governments.

Unearned Revenue

Unearned 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. Unearned 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 investment in capital assets, restricted (based on some externally imposed restrictions on use of funds, such as grant funding for a specific purpose), or unrestricted.

In the *Balance Sheet - Governmental Funds*, the fund balance is reported in five components – non-spendable, restricted, 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 2% with a goal of 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 2% with a goal of 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 2% of operating expenditures is reported as assigned or 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 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 amounts for which constraints have been imposed by the Board, using the highest level of decision-making authority via Board vote in accordance with the Fund Balance policy. In addition, these constraints can only be removed or changed through formal action by the Board. This component includes funds approved in the current fiscal year for use in the subsequent fiscal year. Board Policy states that the target is to maintain a total fund balance of not less than 2% with a goal of 5% of annual operating expenditures for the fiscal year. Any portion of the fund balance required to meet the 2% policy is automatically considered a committed balance. Any additional amount greater than 2% must be determined by Board vote prior to June 30 of the current reporting period.

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 2% 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. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

For the General Fund, the School System's \$19,917,727 fund balance is 8.6% of the fiscal year 2022 total expenditures. \$346,600 is non-spendable, \$8,367,267 is assigned, and \$4,639,071 is committed as a reserve for contingencies for fiscal year 2023 and to satisfy the fund balance policy.

CECIL COUNTY PUBLIC SCHOOLS
Notes to Basic Financial Statements

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Non-spendable				
Inventory	\$ -	\$ 197,395	\$ -	\$ 197,395
Prepaid expenditures	346,600	-	-	346,600
	<u>346,600</u>	<u>197,395</u>	<u>-</u>	<u>543,995</u>
Restricted				
Cost of operations food service	-	6,724,282	-	6,724,282
Cost of operations capital outlay	-	-	32,317	32,317
	<u>-</u>	<u>6,724,282</u>	<u>32,317</u>	<u>6,756,599</u>
Committed				
Subsequent year's expenditures	1,534,387	-	-	1,534,387
Budget contingency	3,104,684	-	-	3,104,684
	<u>4,639,071</u>	<u>-</u>	<u>-</u>	<u>4,639,071</u>
Assigned				
Salaries to support increased enrollment	1,000,000	-	-	1,000,000
Substitute secretary costs	50,000	-	-	50,000
Student activities	1,717,144	-	-	1,717,144
Capital projects	2,749,123	-	-	2,749,123
Health care	2,851,000	-	-	2,851,000
	<u>8,367,267</u>	<u>-</u>	<u>-</u>	<u>8,367,267</u>
Unassigned	<u>6,564,789</u>	<u>-</u>	<u>-</u>	<u>6,564,789</u>
Total fund balance, June 30, 2022	<u>\$ 19,917,727</u>	<u>\$ 6,921,677</u>	<u>\$ 32,317</u>	<u>\$ 26,871,721</u>
Total fund balance, June 30, 2021	<u>17,828,408</u>	<u>2,954,557</u>	<u>32,260</u>	<u>20,815,225</u>
Net change in fund balance	<u>\$ 2,089,319</u>	<u>\$ 3,967,120</u>	<u>\$ 57</u>	<u>\$ 6,056,496</u>

Recent Accounting Pronouncements

During the fiscal year ended June 30, 2022, the School System adopted GASB Statement No. 87—Leases which is effective for reporting periods beginning after June 15, 2021. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

	Balance at 6/30/2021, as previously stated	Adjustment	Balance at 6/30/2021, as restated
Lease value	\$ -	\$ 1,072,772	\$ 1,072,772
Lease amortization	-	389,693	389,693
Lease liability	\$ -	\$ 683,079	\$ 683,079

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 an annual budget for its General Fund and project budgets for its Capital Projects Fund to the County Executive prior to February 28.
2. The County Executive must submit a complete County budget to the County Council by March 31.
3. Following public hearings, the County Council must approve the budgets by June 15.
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	Capital outlay
Student personnel services	Student activities
Student health services	

During the fiscal year ended June 30, 2022, actual expenditures for Maintenance of Plant exceeded the final budget due to the recognition of the leases under GASB 87.

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 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, 2022 – Non-GAAP		\$ 19,917,727
Maryland State Department payments to State Retirement and Pension System on behalf of the School System for eligible employees		
	Revenue	13,662,744
	Expenditures	(13,662,744)
Net encumbrances reported as expenditures for budget purposes and not in GAAP statements		
	Revenue	(441,798)
	Expenditures	<u>441,798</u>
Fund Balance Ending, June 30, 2022– GAAP Basis		<u>\$ 19,917,727</u>

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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, 2022, the carrying amount and bank balances of the School System's deposits with financial institutions totaled \$54,708,513 and \$54,617,187 respectively. Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it.

As of June 30, 2022, the School System's bank balances were not exposed to any custodial risk since all deposits were either covered by the Federal Deposit Insurance Corporation ("FDIC") or fully collateralized with the collateral held by a third party in the School System's name.

Government Funds	Carrying Amount	Bank Balance
Insured-Federal Deposit Insurance Corporation	\$ 1,663,022	\$ 1,571,235
Uninsured-collateral held by bank in school system's name	25,122,122	25,122,683
Total Deposits	26,785,144	26,693,918
Petty Cash	100	-
Investments-Maryland Local Government Investment Pool	12,932,864	12,932,864
Investments-MABE OPEB Investment Trust	14,990,405	14,990,405
Total cash, cash equivalents, and Investments	<u>\$ 54,708,513</u>	<u>\$ 54,617,187</u>
Reconciliation of above to the Statement of Net Position		
General Fund	\$ 39,312,866	\$ 39,421,970
Special Revenue Fund	357,410	156,980
Capital Projects Fund	47,832	47,832
Total cash and cash equivalents-Statement of Net Position	39,718,108	39,626,782
Fiduciary Funds	14,990,405	14,990,405
Total cash, cash equivalents, and investments	<u>\$ 54,708,513</u>	<u>\$ 54,617,187</u>

Credit and Interest Rate Risk - The School System is bound by Maryland law (COMAR, Maryland State Finance and Procurement Section 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, 2022, MABE held \$14,990,405 in cash and cash equivalents in the investment pool for the Board.

Cash and cash equivalents includes cash and an investment in a money market mutual fund. At June 30, 2022 and 2021, the weighted average maturity (WAM) for the Trust's money market mutual fund investment is 1 day. At June 30, 2022 and 2021, the short-term rating of the money

market mutual fund is AAA by Standard & Poor's.

At June 30, 2022, the Trust maintained sweep accounts with Fidelity Brokerage Services LLC (Fidelity), which deposits cash in bank accounts. Such deposits may, at times, exceed federally insured limits. In the event of a financial institution's insolvency, recovery of cash on deposit may be limited to account insurance or other protection afforded such deposits.

NOTE 4 INTER-FUND RECEIVABLES, PAYABLES

The composition of inter-fund balances as of June 30, 2022, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose	Amount
Special Revenue	General	Timing of payment	\$ 2,343,055
Capital Projects	General	Timing of payment	1,054,532
		Total	<u>\$ 3,397,587</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 2022:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 7,602,491	\$ -	\$ -	\$ 7,602,491
Construction-in-progress	21,107,036	-	(20,387,391)	719,645
Total capital assets not being depreciated	<u>28,709,527</u>	<u>-</u>	<u>(20,387,391)</u>	<u>8,322,136</u>
Capital assets being depreciated and amortized				
Buildings	321,143,980	24,527,436	-	345,671,416
Improvements other than buildings	18,816,282	39,921	-	18,856,203
Furniture, equipment and vehicles	26,776,233	3,257,703	(747,870)	29,286,066
Furniture, equipment and vehicles - leased	1,072,772	118,957	-	1,191,729
Total capital assets being depreciated and amortized	<u>367,809,267</u>	<u>27,944,017</u>	<u>(747,870)</u>	<u>395,005,414</u>
Less accumulated depreciation and amortization for				
Buildings	(192,322,205)	(12,552,115)	-	(204,874,320)
Improvements other than buildings	(10,797,577)	(866,691)	-	(11,664,268)
Furniture, equipment and vehicles	(15,203,244)	(1,525,462)	678,980	(16,049,726)
Furniture, equipment and vehicles - leased	(389,693)	(216,449)	-	(606,142)
Total accumulated depreciation and amortization	<u>(218,712,719)</u>	<u>(15,160,717)</u>	<u>678,980</u>	<u>(233,194,456)</u>
Total capital assets, net of depreciation and amortization	<u>\$ 177,806,075</u>	<u>\$ 12,783,300</u>	<u>\$ (20,456,281)</u>	<u>\$ 170,133,094</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Government activities:	Amount
Administration	\$ 864,850
Mid-level administration	316
Instruction materials and supplies	2,002
Instruction other costs	13,648,980
Special education	4,844
Student transportation	77,847
Operation of plant	60,409
Maintenance of plant	350,625
Food and nutrition	139,237
Community services	11,606
	<u>\$ 15,160,717</u>

B. Construction Commitments

The School System has active construction projects as of June 30, 2022. These projects are additions and renovations to school buildings. At year-end the School System commitments with contractors are as follows:

Projects	Spent to Date	Remaining Commitments
Chesapeake City Elementary new school	\$ 24,799,903	\$ 73,640
North East Middle/High new school	2,607,484	884,063
Bohemia Manor cooling tower	34,958	587,817
Cecil Manor Elementary HVAC	52,050	3,010
Total	<u>\$ 27,494,395</u>	<u>\$ 1,548,530</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 vehicles, security cameras, maintenance and instructional equipment. 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. For the fiscal year

ended June 30, 2022, amortization expense of \$647,964 related to the assets acquired through capital leases was recognized in depreciation expense. The assets acquired through capital leases are as follows:

Asset	Total
Buildings	\$ 9,399,961
Furniture, fixtures and equipment	1,979,493
Less accumulated depreciation	<u>(7,178,771)</u>
	<u>\$ 4,200,683</u>

The following are the future minimum payments under the School System's capital lease obligations and represent the present value of the minimum lease payments for the amount capitalized as of the fiscal year ended June 30, 2022:

Fiscal years ending June 30:	Total
2023	<u>305,272</u>
Total payments	305,272
Less interest	<u>(4,141)</u>
Capitalized lease obligations	<u>\$ 301,131</u>

C. Changes in Long-term Liabilities

Noncurrent liabilities reported in the Statement of Net Position include capital leases, leases and compensated absences. A portion of the capital leases are liquidated through the capital projects fund and a portion is liquidated through the general fund. The other liabilities are liquidated through the general fund. The schedule below presents the current year activity and year-end balances for the School System's noncurrent liabilities:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 595,744	\$ -	\$ (294,613)	\$ 301,131	\$ 301,131
Leases	683,079	118,957	(213,447)	588,589	240,112
Compensated absences	3,594,235	467,714	(233,857)	3,828,092	433,062
Net OPEB liability	65,346,965	10,156,305	(3,711,995)	71,791,275	-
Net pension liability	12,311,543	-	(3,431,839)	8,879,704	-
Long-term liabilities	<u>\$ 82,531,566</u>	<u>\$ 10,742,976</u>	<u>\$ (7,885,751)</u>	<u>\$ 85,388,791</u>	<u>\$ 974,305</u>

NOTE 7 LEASES

Leases represent obligations incurred for the right-to-use copiers for all buildings and our print and distribution department, postage machines, and vehicles. Total expenditures incurred in fiscal year 2022 under these leases amounted to \$235,924. The aggregate future rental payments

under these commitments are \$588,589 summarized as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2023	\$ 240,112	\$ 22,388	\$ 262,500
2024	239,948	9,968	249,916
2025	66,680	1,805	68,485
2026	24,950	727	25,677
2027	<u>16,899</u>	<u>147</u>	<u>17,046</u>
	\$ 588,589	\$ 35,035	\$ 623,624

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 \$111,747,994 during the fiscal year ended June 30, 2022, were used in the designated programs and did not supplant funding for the unrestricted programs. The General and Special Revenue Funds accounted for \$106,015,133 and the Capital Project Fund accounted for \$5,732,861.

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 School 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 \$400,000 per incident beginning October 1, 2016 as provided by the State of Maryland's Sovereign Immunity Law. If the Sovereign Immunity Law is not applicable, the School 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, 2022 are estimated to be in the amount of \$1,713,000. This amount

is \$74,000 more than the claims estimated to be outstanding in the prior year and the total is expected to be paid within the next fiscal year.

Fiscal Year	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2020	\$ 1,473,000	\$ 29,570,686	\$ 29,378,686	\$ 1,665,000
2021	\$ 1,665,000	\$ 27,567,710	\$ 27,593,710	\$ 1,639,000
2022	\$ 1,639,000	\$ 25,954,690	\$ 25,880,690	\$ 1,713,000

C. Sick Leave

As of June 30, 2022, the amount of accumulated unused sick leave was estimated to be \$31,257,370. 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 experience, does not expect such amounts to be significant.

D. Sick Leave Bank

As of June 30, 2022, the amount of accumulated unused sick leave included in the sick leave bank was estimated to be \$3,733,238. 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 several Federal and State assisted programs. These programs are generally subject to program compliance audits by the grantors or their representatives. As of June 30, 2022, the compliance audits of certain programs have not yet been conducted and/or accepted by the appropriate authorities. Accordingly, the School 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 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, 2022 through June 30, 2025 is a three year agreement with a restructured salary schedule that includes a COLA of 3.75% and step increases while also incorporating the Blueprint for Maryland's future funding to improve teacher salaries for year one. All provisions of the agreement shall remain in effect until June 30, 2025 with reopeners limited to salary schedules and mandatory topics of negotiations.

The collective bargaining agreement with the Cecil County Public Schools Administrators' and Supervisors' Association (CCPSASA) for the period July 1, 2022 through June 30, 2025 is a three-year agreement with a restructured salary schedule that includes a COLA of 3.75% and step increases while also incorporating the Blueprint for Maryland's future funding to improve teacher salaries for year one. All provisions of the agreement shall remain in effect until June 30, 2025 with reopeners limited to salary schedules and mandatory topics of negotiations.

The collective bargaining agreement with the Cecil Education Support Personnel Association (CESPA) for the period July 1, 2021 through June 30, 2023 is a two-year agreement. Effective July 1, 2021, in addition to Incremental Step Increases for those who qualify, the salary for all unit members, with the exception of Paraprofessionals, shall be improved at steps one (1) through ten (10) by a COLA of 3%.

Effective July 1, 2021, in addition to Incremental Step Increases for those who qualify, the salary for Paraprofessionals (General Paraprofessionals, Special Education Paraprofessionals, Intensive Needs Paraprofessionals, BSC/RISE Paraprofessionals, and MIP Paraprofessionals) shall be improved at steps one (1) through ten (10) by a COLA of 7%.

Effective July 1, 2022, in addition to Incremental Step Increases for those who qualify, the salary for all unit members, with the exception of Paraprofessionals, Kitchen Assistants, and Lead Assistants, shall be improved at steps one (1) through ten (10) by a COLA of 3.75%.

Effective July 1, 2022, in addition to Incremental Step Increases for those who qualify, the salary for Paraprofessionals (General Paraprofessionals, Special Education Paraprofessionals, Intensive Needs Paraprofessionals, BSC/RISE Paraprofessionals, and MIP Paraprofessionals) shall be improved at steps one (1) through ten (10) by a COLA of 7%.

Meet and Confer discussions with the Central Office Support Services Leadership Association (COSSLA) for the period July 1, 2022 through June 30, 2025 is a three-year agreement with a restructured salary schedule that includes a COLA of 3.75% and step increases while also incorporating the Blueprint for Maryland's future funding to improve teacher salaries for year one. All provisions of the agreement shall remain in effect until June 30, 2025 with reopeners limited to salary schedules and mandatory topics of negotiations.

G. Litigation

The School System is a defendant in lawsuits and other claims that occur in the ordinary course of school system operations. Most lawsuits and claims are covered by the Maryland Association of Boards of Education Group Insurance Pool. During the year ended June 30, 2022, the School System was named in suits that could result in a liability not covered by insurance, although such costs are not estimable and determinable due to the early stage of the case. 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.

H. Other Contingencies

In December 2019 and early 2020, the coronavirus that causes COVID-19 was reported to have surfaced in China. The spread of this virus globally, throughout 2020, 2021, and 2022 has caused business disruption in the United States and the area in which the School System primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. Therefore, while the School System expects this matter to negatively impact the School System's financial position, the extent of the financial impact and duration cannot be reasonably estimated at this time.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

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. 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 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 ACFR 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 MABE 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. Milton Nagel, CPA, Trust Administrator, Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, MD 21401 or calling (410) 841-5414.

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 June 30, 2022, the measurement date of the last actuarial valuation, approximately 707 retirees and their beneficiaries were receiving benefits and an estimated 2,133 active and no inactive employees were potentially eligible to receive future benefits.

B. Contributions

The School System contributes towards the retirees' healthcare premiums based on the retiree's age and years-of-service. Under 65/non-Medicare eligible retirees may receive from \$3,842 annually for 14 years-of-service up to \$8,833 annually for 30 or more years of service. Over age 65, Medicare eligible retirees may receive from \$2,382 annually for 14 years of service up to \$3,942 annually for 30 or more 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. The School System establishes rates based on an actuarially determined rate. For the fiscal year 2022, the School System made no contribution.

For the fiscal year 2022, retirees contributed \$3,637,817 or 45.6% of the total premiums and benefits cost of \$7,974,810. 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.

C. Net OPEB Liability

The School System's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

As of the measurement date of June 30, 2022:

- Entry Age Normal Funding Method
- Salary growth assumption:

<u>Years of Service</u>	<u>General</u>
0	9.25%
1	6.75%
2-6	5.75%
7-10	5.50%
11-12	5.25%
13-16	4.75%
17-18	4.25%
19-22	3.75%
23-27	3.25%
28 and above	2.75%

- 88% of employees with coverage are assumed to elect coverage in retirement.
- A discount rate of 4.73% was used in this valuation.
- Employer subsidy amounts are assumed to increase at a rate of 2.5% per year
- Below is a summary of decrements used in this valuation. Sample Retirement, Disability, and Termination rates are illustrated in the tables below.

<u>Mortality Decrement</u>	<u>Description</u>
Healthy Pre-Retirement	Pub-2010 Teacher Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
Healthy Post Retirement	Pub-2010 Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale

Disabled Pub-2010 Teacher Disabled Retirees Headcount-
Weighted Mortality Projected with Fully Generational
MP2021 Mortality Improvement Scale

- The actuarial determined contribution (ADC) is calculated as of June 30, 2022. Actuarial valuations are done every other year.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, (see the discussion of the MABE Trust's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Return ¹	Standard Deviation
US Large Cap Equity	19.00%	7.44%	18.03%
US Mid Cap Equity	6.50%	8.10%	19.64%
US Small Cap Equity	6.50%	8.76%	22.15%
Emerging Markets Equity	8.00%	10.71%	26.36%
Non-US Developed Large Cap Equity	15.00%	8.62%	20.11%
US Real Estate - REITs	5.00%	7.90%	20.31%
US aggregate Fixed Income	28.50%	3.17%	5.46%
US High Yield Fixed Income	5.00%	5.19%	11.45%
EM Gov't FI - Hard Currency	3.50%	5.54%	11.14%
US Cash	3.00%	2.49%	1.26%
Total (Nominal Rate of Return)	100.00%		6.04%
Expected inflation rate	2.50%		

¹The capital market assumptions referenced above were developed by Mercer and are as of June 2022. A detailed explanation of Mercer's methodology can be provided upon request.

The discount rate used to measure the total OPEB liability was 4.73%.

The discount rate was determined by using the bond rate as of June 30, 2022 to discount expected future benefits payments in years when the plan assets are projected to be exhausted and the expected rate of return of 6.75% discount expected future benefits payments when the plan is expected to remain solvent.

D. Net OPEB Plan's Fiduciary Net Position

		Increase (Decrease)	
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2021	\$ 82,652,713	\$ 17,305,748	\$ 65,346,965
Changes for the year:			
Service Cost	2,246,097	-	2,246,097
Interest	4,417,783	-	4,417,783
Changes of Benefit Terms	-	-	-
Experience Losses	(8,368,249)	-	(8,368,249)
ER Trust Contribution	-	1,788,056	(1,788,056)
Net Investment Income	-	(2,307,155)	2,307,155
Changes in Assumptions	7,621,392	-	7,621,392
Benefit Payments	(3,288,056)	(3,288,056)	-
Administrative Expense	-	(8,188)	8,188
Net Changes	<u>2,628,967</u>	<u>(3,815,343)</u>	<u>6,444,310</u>
Balance as of June 30, 2022	<u>\$ 85,281,680</u>	<u>\$ 13,490,405</u>	<u>\$ 71,791,275</u>
Funded status		15.82%	

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the School System, as well as what the School System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Discount Rate	3.73%	4.73%	5.73%
Total OPEB Liability	\$ 98,189,891	\$ 85,281,680	\$ 74,716,063
Net OPEB Liability	\$ 84,699,486	\$ 71,791,275	\$ 61,225,658

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability of the School System, as well as what the School System's net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Medical Trend	1% Increase
Ultimate Trend	1.50%	2.50%	3.50%
Total OPEB Liability	\$ 71,933,986	\$ 85,281,680	\$ 101,080,512
Net OPEB Liability	\$ 59,443,581	\$ 71,791,275	\$ 87,590,107

The elements of the OPEB Plan's basic financial statements are included within the *Statement of Fiduciary Net Position - Fiduciary Funds* and *Statement of Changes in Fiduciary Net Position - Fiduciary Funds*, in the accompanying financial statements.

E. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2022, the School System recognized OPEB expense of \$6,666,191. At June 30, 2022, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,378,208
Changes in assumptions	16,702,722	180,661
Net difference between projected and actual earnings on OPEB plan investments	1,319,346	-
Total	<u>\$ 18,022,068</u>	<u>\$ 9,558,869</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ending June 30	Measurement Date	Earnings (Inflow)/Outflow
2023	6/30/2023	\$ 1,119,754
2024	6/30/2024	1,121,093
2025	6/30/2025	998,465
2026	6/30/2026	1,553,162
2027	6/30/2027	868,282
Thereafter	6/30/2028 and after	2,802,443

NOTE 11 PENSION PLAN

A. Summary

The School System follows GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions* (GASB No. 68). The School System participates in the Maryland State Retirement and Pension System (the System) and qualifies as a Participating Governmental Unit (PGU). The State Retirement Agency (the Agency) is the Plan administrator and fiduciary. GASB No. 68 requires that a PGU recognize its proportionate share of the System's net pension liability (i.e. unfunded pension liability) and pension expense. The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement Pension System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. The School System's employees participate in both the Teachers' Retirement and Pension Systems and the Employees' Retirement and Pension Systems. The contribution requirements of the active employees and the participating governmental units are established and may be amended

by the System. The School System's proportionate share for employees participating in the Employee's Retirement and Pension Systems is based on total System contributions and approximates 0.0592% as of the measurement date of June 30, 2020, which increased 0.0047% from the prior measurement date of June 30, 2021.

The School System adopted GASB No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB No. 68*. GASB No. 71, which is only applicable during the year GASB No. 68 was adopted, requires that contributions to the pension plan subsequent to the beginning measurement date be recognized as the beginning deferred outflow of resources.

The School System's employees participate in the System and contributed 7 percent of their compensation during fiscal 2022 as stipulated by the System. For employees participating in the Employees' Retirement and Pension Systems, the School System contributed \$1,356,401 to the System for fiscal 2022 which was actuarially determined based on statutory provisions. In relation to these employees, the School System has also recognized in Pension Expense its proportionate share of the System's deferred outflows and inflows of resources attributable to the net difference between projected and actual investment earnings on pension plan assets, its proportionate share of the System's deferred inflows of resources (an increase in Pension Expense) attributable to the difference between actual and expected experience, its proportionate share of the System's deferred inflows and deferred outflows of resources attributable to the change in proportion, and its proportionate share of the System's deferred outflows and deferred inflows of resources attributable to changes in assumptions.

For employees participating in the Teachers' Retirement and Pension Systems, the State of Maryland (the non-employer contributing entity) pays the full employer pension cost, except for those employees eligible under the Teachers' Pension System working on federal grant programs. During the year ended June 30, 2022, the State of Maryland paid \$13,662,744 in pension costs, relating to employees of the School System participating in the Teachers' Retirement and Pension Systems, which equaled approximately 10.8% of the covered payroll. Therefore, any pension liability, deferred outflow of resources, deferred inflow of resources and related financial reporting disclosures, in relation to these employees are included in the State of Maryland Comprehensive Annual Financial Report.

Basis of presentation and basis of accounting

In relation to the Employee's Retirement and Pension Systems of the System:

1. Employers participating in the System's cost-sharing multiple-employer defined benefit plans are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (pension allocation schedules) provide

employers with the required information for financial reporting. The System's financial statements are prepared on the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for the fiduciary funds.

2. Actual employer contributions billed to participating government units for the year ending June 30, 2021, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. Because the State of Maryland contributed 100% of the actuarial determined contributions, there were no adjustments for the year ended June 30, 2021.
3. The components of the calculation of the net pension liability for the system of June 30, 2021, calculated in accordance with GASB Statement No. 67, are shown in the following table.

Total Pension Liability	\$ 82,606,805,000
Plan Fiduciary Net Position	<u>67,604,500,000</u>
Net Pension Liability	<u>\$ 15,002,305,000</u>
Plan fiduciary net position as a percentage of total pension liability	81.84%

Actuarial Assumptions

As of the measurement date of June 30, 2021:

- Actuarial cost method – Individual entry age
- Amortization method - Level percentage of payroll, Closed
- Amortization period – 25-year closed schedule ending June 30, 2039; 17 years remaining
- Asset valuation method – 5-year smoothed market (max. 120% and min. 80% of market value)
- Inflation - 2.25% general, 2.75% wage
- Projected salary Increases – 2.75% to 11.25%
- Investment Rate of Return – 6.80%
- Retirement Age - Experienced-based table of rates that is specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 1, 2018.
- Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale.

Investments

The long-term expected rate of return on pension plan investments was determined using a

building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Pension System's Board after considering input from the investment consultant(s) and actuary(s). For each major asset class that is included in the Pension System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	37%	4.7%
Private Equity	13%	6.5%
Rate Sensitive	19%	-4.0%
Credit Opportunity	9%	2.8%
Real Assets	14%	4.2%
Absolute Return	<u>8%</u>	2.0%
Total	<u>100%</u>	

The above was the Pension System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2021.

Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability at the measurement date of June 30, 2021. A discount rate of 7.40% was used at the prior measurement date of June 30, 2020. The single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the System's net pension liability and the School System's proportionate share of the System's net pension liability, calculated using a single discount rate of 6.80%, a single discount rate that is 1-percentage point lower (i.e. 5.80%) and a single discount rate that is 1-percentage point higher (i.e. 7.80%):

	<u>1% Lower - 5.80%</u>	<u>Current Rate - 6.80%</u>	<u>1% Higher - 7.80%</u>
The System's Net Pension Liability	\$ 25,551,028,000	\$ 15,002,305,000	\$ 6,252,209,000
The School System's Proportionate Share of Net Pension Liability for Employees' Retirement & Pension Systems	\$ 15,123,372	\$ 8,879,704	\$ 3,700,614
The School System's Proportionate Share of Net Pension Liability for Teachers' Retirement & Pension Systems	\$ -	\$ -	\$ -

Pension Plan Description

Organization

The State Retirement Agency (the Agency) is administrator of the System. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The system is made up of two cost-sharing employer pools: the "State Pool" consists of the State agencies, boards of education, community colleges, and libraries. The "Municipal Pool" consists of the participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elect to join the System (the "Municipal Pool"), share in the liabilities of the Municipal Pool only. The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The Agency is legally authorized to use all assets accumulated for the payment of benefits to pay such obligations to any plan member or beneficiary as defined by the terms of the plan. Consequently, the System is accounted for as a single plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*. Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State's reporting entity and disclosed in its financial statements as a pension trust fund. The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. The School System's employees participate in both the Teachers' Retirement and Pension System and the Employees' Retirement and Pension System.

Covered Members

The Teachers' Retirement System was established on August 1, 1927, to provide retirement allowances and other benefits to teachers in the State. Effective January 1, 1980, the Teachers'

Retirement System was closed to new members and the Teachers' Pension System was established. As a result, teachers hired after December 31, 1979, became members of the Teachers' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Teachers' Retirement System may not transfer membership to the Teachers' Pension System.

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established. As a result, State employees (other than correctional officers) and employees of participating units hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employee's Retirement System. On or after January 1, 2005, an individual who is a member of the Employee's Retirement System may not transfer membership to the Employees' Pension System. Currently, more than 150 governmental units participate in the Employees' Retirement System.

Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive years' AFC and the actual number of years accumulated creditable services. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors. The member contribution rate for members of the Teachers' Retirement Pension System and Employees' Retirement Pension System is 7% and 6%, respectively. In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation. A brief summary of the retirement eligibility requirements of and the benefits available under various systems in effect during fiscal year 2022, are as follows:

Service Retirement Allowances

A member of the Teachers' or Employee's Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable

service regardless of age. The annual retirement allowance equals $1/55$ (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service. An individual who is a member of the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and as accrued at least 10 years of eligibility service. For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employees' Pension System. Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from services.

Vested Allowances

Any individual who is a member of the System on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility services is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

Early Service Retirement

A member of the Teachers' or Employees' Retirement System may retire with reduced benefits

after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of credible service, whichever is less. The maximum reduction for a Teachers' or an Employees' Retirement System member is 30%. An individual who is a member of the Teachers' or Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as a result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's annual salary as of the date of death plus all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Adjusted Retirement Allowances (as applicable)

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems (TRS/ERS) the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were active on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two-part combination COLA depending upon the COLA election by the member. However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year market value of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have

applied and the zero COLA is fully recovered.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

In relation to employees participating in the Employees' Retirement and Pension System, at June 30, 2021, the School System reported a liability of \$8,879,704 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The School System's proportion of the net pension liability was based on a projection of the School System's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2022, the School System's proportion was approximately 0.0592%.

In relation to these employees, for the year ended June 30, 2022, the School System recognized pension change of (\$669,435). At the measurement date of June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Measurement Date of June 30, 2021	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ 1,713,143	\$ 64,183
Difference between actual and expected experience	-	746,634
Net difference between projected and actual earnings on pension plan investments	-	4,121,079
Change in proportion	1,450,822	62,911
Contributions subsequent to the measurement date	1,356,401	-
Total	\$ 4,520,366	\$ 4,994,807

The deferred outflow of resources of \$1,356,401 relating to contributions subsequent to the measurement date of June 30, 2021 will be recognized as a reduction of the School System's net pension liability during the fiscal year ended June 30, 2022. The deferred outflows and inflows of resources due to changes in assumptions, differences between actual and expected experience, change in proportion, and differences between projected and actual investment earnings represent the School System's proportionate share of the unamortized portions of the System's original amounts. The deferred inflows and outflows related to non-investment activity for 2021, 2020, 2019, 2018, and 2017 are being amortized over the remaining service lives ranging from 5.00 to 5.87 years. The deferred outflows and inflow balances related to net difference in investment earnings for 2021, 2020, 2019, 2018, and 2017 are being amortized over a closed 5-year period. These unamortized amounts will be ratably recognized in pension expense over these services lives and closed 5-year period.

The following table shows the amortization of these deferred outflows and inflows:

Fiscal Year Ending June 30,	Deferred Outflows	Deferred Inflows	Net
2023	\$ 881,783	\$ (1,335,883)	\$ (454,100)
2024	811,946	(1,148,828)	(336,882)
2025	625,055	(1,134,018)	(508,963)
2026	559,463	(1,333,309)	(773,846)
2027	285,718	(42,769)	242,949
Total	\$ 3,163,965	\$ (4,994,807)	\$ (1,830,842)

Net Pension Liability

The components of the School System's proportionate share of the Pension System's net pension liability as of the measurement date of June 30, 2021 were as follows:

	In relation to employees participating in the Employees' Retirement and Pension System	In relation to employees participating in the Teachers' Retirement and Pension System	Total
Total Pension Liability	\$ 48,894,064	\$ 512,195,751	\$ 561,089,815
Plan Fiduciary Net Position	40,014,360	419,175,365	459,189,725
Net Pension Liability	8,879,704	93,020,386	101,900,090
Plan fiduciary net position as a percentage of total pension	76.76%	85.40%	81.84%

The School System's proportionate share for the employees participating in the Employee's Retirement and Pension Systems and the State of Maryland's (the non-employer contributing entity's) proportionate share for the employees participating in the Teachers' Retirement and Pension Systems are both based on total System contributions for fiscal year 2022 approximate 0.0592% and 0.620% respectively, at a measurement date of June 30, 2021.

The Pension Plan Fiduciary

Plan Information as well as the Comprehensive Annual Financial Report the Maryland State Retirement and Pension System is available from:

State Retirement and Pension System of Maryland
120 East Baltimore Street
Baltimore, MD 21202
<https://sra.maryland.gov/annual-financial-reports>

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.

NOTE 13 FAIR VALUE MEASUREMENTS

The School System previously adopted GASB Statement No 72 - *Fair Value Measurement and Application*. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value:

- Level 1 - quoted market prices in active markets
- Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
- Level 3 - unobservable inputs

The School System currently has the following investments and maturities as of June 30, 2022:

Investment Type	Investment Maturities (Years)			
	Fair Value	Less than 1	1-5	5+
Pooled Investments				
MLGIP - Mutual Funds (General Fund)	\$ 11,921,330	\$ 11,921,330	\$ -	\$ -
MLGIP - Mutual Funds (Special Revenue Fund)	131,551	131,551	-	-
MLGIP - Mutual Funds (Capital Projects Fund)	47,832	47,832	-	-
MLGIP - Mutual Funds (Student Activities)	617,655	617,655	-	-
MLGIP - Mutual Funds (Scholarships)	214,496	214,496	-	-
MABE OPEB Trust - Mutual Funds (Fiduciary-Trust Fund)	14,990,405	14,990,405	-	-
Total Investments	<u>\$ 27,923,269</u>	<u>\$ 27,923,269</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents the financial assets that the School System measures at fair value or amortized cost:

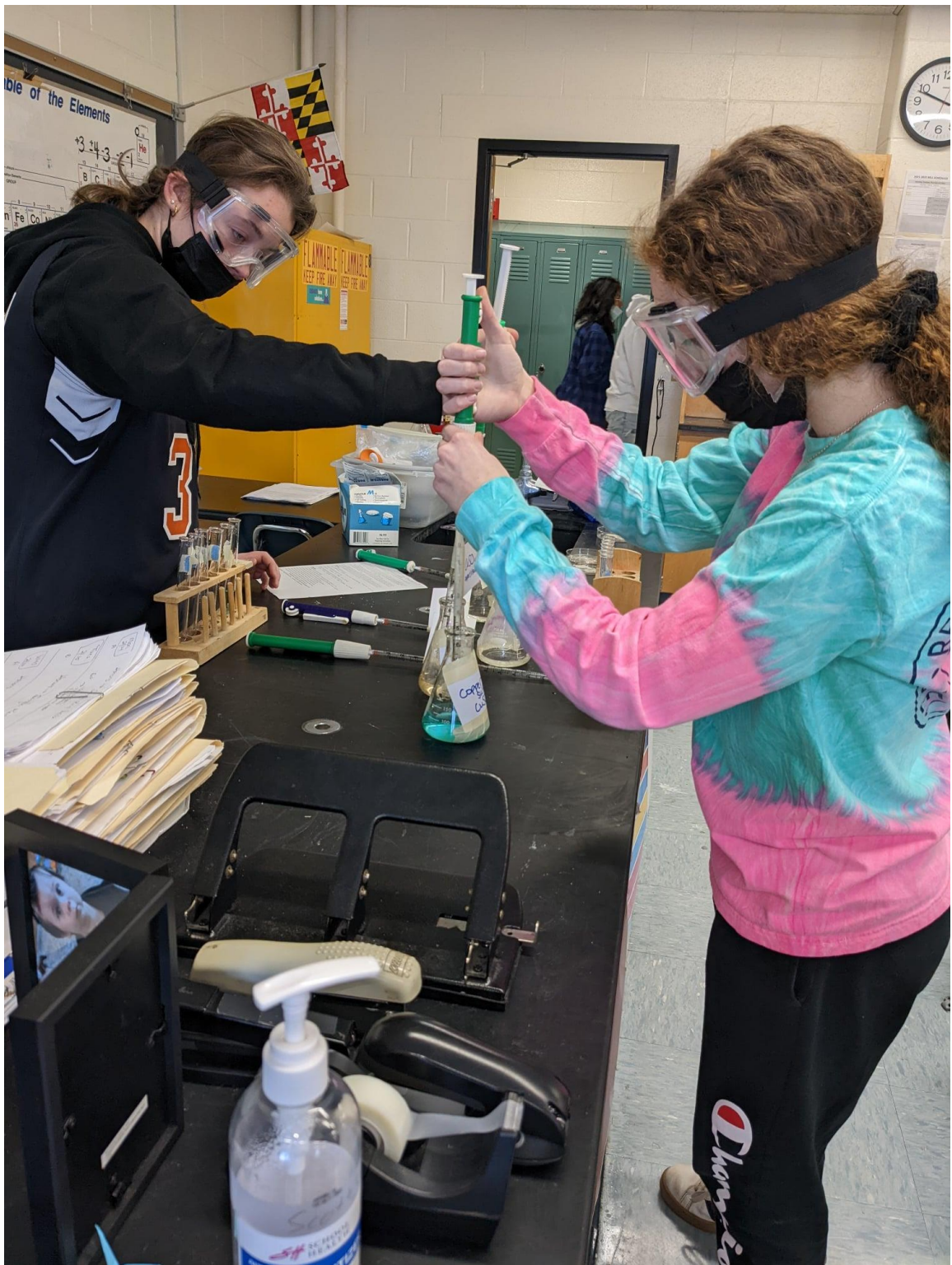
Investments carried at fair value	Level 1		Redemption	Redemption
None	\$ -	\$ -	\$ -	\$ -
Investments carried at amortized cost				
MLGIP - Mutual Funds (General Fund)				\$ 11,921,330
MLGIP - Mutual Funds (Special Revenue Fund)				131,551
MLGIP - Mutual Funds (Capital Projects Fund)				47,832
MLGIP - Mutual Funds (Student Activities)				617,655
MLGIP - Mutual Funds (Scholarships)				214,496
				<u>\$ 12,932,864</u>
Investments carried at net asset value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
MABE OPEB Trust	\$ 14,990,405	N/A	Daily	Six months

NOTE 14 PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2022, the School System adopted GASB Statement No. 87– Leases which is effective for reporting periods beginning after June 15, 2021. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Listed below are balances as restated.

	Balance at 6/30/21, as previously stated	Adjustment	Balance at 6/30/2021, as restated
Leased asset value	\$ -	\$ 1,072,772	\$ 1,072,772
Lease amortization	-	389,693	389,693
Lease liability	\$ -	\$ 683,079	\$ 683,079

REQUIRED SUPPLEMENTARY INFORMATION



Schedule of Changes in Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

Fiscal Year	Fiscal Year				
(no data for FY 2013 - 2017)	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 1,446,260	\$ 1,482,416	\$ 1,519,476	\$ 1,565,808	\$ 2,246,097
Interest	4,053,094	4,214,871	4,381,459	4,454,434	4,417,783
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(207,879)	(2,048,898)	(359,787)	(8,368,249)
Changes of assumptions	-	-	(258,088)	12,304,337	7,621,392
Benefit payments	(3,017,488)	(2,979,948)	(2,484,757)	(2,967,177)	(3,288,056)
Net change in total OPEB liability	2,481,866	2,509,460	1,109,192	14,997,615	2,628,967
Total OPEB liability - beginning	61,554,580	64,036,446	66,545,906	67,655,098	82,652,713
Total OPEB liability - ending (a)	<u>\$ 64,036,446</u>	<u>\$ 66,545,906</u>	<u>\$ 67,655,098</u>	<u>\$ 82,652,713</u>	<u>\$ 85,281,680</u>
Plan fiduciary net position					
Contributions - employer	\$ 3,895,952	\$ 4,715,305	\$ 2,484,757	\$ (32,823)	\$ 1,788,056
Net investment income	856,893	967,433	470,896	3,787,497	(2,307,155)
Benefit payments	(3,017,488)	(2,979,948)	(2,484,757)	(2,967,177)	(3,288,056)
Administrative expense	-	(7,972)	(8,405)	(8,310)	(8,188)
Net change in plan fiduciary net position	1,735,357	2,694,818	462,491	779,187	(3,815,343)
Plan fiduciary net position - beginning	11,633,904	13,369,252	16,064,070	16,526,561	17,305,748
Plan fiduciary net position - ending (b)	<u>13,369,261</u>	<u>16,064,070</u>	<u>16,526,561</u>	<u>17,305,748</u>	<u>13,490,405</u>
School System's net OPEB liability - ending (a) - (b)	<u>50,667,185</u>	<u>50,481,827</u>	<u>51,128,537</u>	<u>65,346,965</u>	<u>71,791,275</u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.88%	24.14%	24.43%	20.94%	15.82%
Covered - employee payroll ¹					
Net OPEB liability as a percentage of covered-employee payroll ¹					
Expected Average Remaining Service Years of All Participants	14	10	10	10	10
Notes to Schedule:					
Benefit changes: None					
Changes of assumptions: The discount rate was changed as follows:					
The discount rate changes year-to-year:	6.75%	6.75%	6.75%	5.46%	4.73%
The mortality assumption was updated to the latest experience study on public sector employees and retirees released by the SOA					
Methods and assumptions used to determine contribution rates:					
Valuation date	6/30/2022				
Liability cost method	Entry age normal				
Investment rate of return	6.75%				
Retirement age	State of Maryland Teachers Plan Assumptions				
Demographic	State of Maryland Teachers Plan Assumptions				
Rate of inflation	2.50%				
Healthcare cost trend rates	Employer subsidy amounts are expected to increase 2.5% per year. There is no other benefit provided.				

¹Because this OPEB plan does not depend on salary, we do not have salary information.

Schedule of Board Contributions

Last 10 Fiscal Years

Information for the fiscal year 2017

and earlier not available

	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 4,676,026	\$ 4,714,013	\$ 4,686,710	\$ 5,515,707	\$ 6,666,191
Contributions in relation to the actuarially determined contribution	<u>3,895,952</u>	<u>4,715,305</u>	<u>2,484,757</u>	<u>(32,823)</u>	<u>1,788,056</u>
Contribution deficiency (excess)	\$ 780,074	\$ (1,292)	\$ 2,201,953	\$ 5,548,530	\$ 8,454,247
Covered payroll ¹					
Contribution as a percentage of covered employee payroll ¹					

Schedule of Investment Returns

Last 10 Fiscal Years

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment					11.24%	7.36%	7.09%	2.87%	24.11%	-13.38%

Additional Information - Schedule of Required Pension Related Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability for the Employee's Retirement and Pension System

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Proportion (%) of collective net pension liability	0.0592%	0.0545%	0.0540%	0.0518%	0.0468%	0.0489%	0.0521%	0.0479%
Proportionate share (\$) of collective net pension liability	\$8,879,704	\$12,311,543	\$11,147,349	\$10,874,488	\$10,110,254	\$11,543,395	\$10,817,616	\$8,506,595
School System's covered payroll (\$) ¹	\$12,658,117	\$12,770,486	\$12,698,881	\$12,319,095	\$12,003,972	\$11,442,991	\$11,297,736	\$11,391,863
Proportionate share of collective net pension liability as a percentage of its covered payroll	70.2%	96.4%	87.8%	88.3%	82.1%	96.2%	94.5%	75.3%
Pension plan's fiduciary net position as a percentage of the total pension liability	76.76%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

1 - In accordance with GASB No. 82, amounts shown represent the payroll on which contributions to the pension plan are based.

Schedule of the Proportionate Share of Net Pension Liability for the Teachers' Retirement and Pension Systems

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Proportion (%) of collective net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Proportionate share (\$) of collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Portion of the State of Maryland's total proportionate share (\$) of collective net pension liability that is associated with the School System	\$ 93,020,386	\$ 138,098,231	\$ 133,335,709	\$ 136,183,281	\$ 134,727,764	\$ 161,402,938	\$ 128,424,705	\$ 98,871,677
Sum of the School System's and portion of the State of Maryland's total proportionate share (\$) of collective net pension liability that is associated with the School System	\$ 93,020,386	\$ 138,098,231	\$ 133,335,709	\$ 136,183,281	\$ 134,727,764	\$ 161,402,938	\$ 128,424,705	\$ 98,871,677
School System's covered payroll (\$) ¹	\$ 126,294,968	\$ 120,701,622	\$ 121,121,364	\$ 114,916,145	\$ 110,154,901	\$ 108,244,834	\$ 104,593,637	\$ 103,275,421
School System's proportionate share of collective net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pension plan's fiduciary net position as a percentage of the total pension liability	85.40%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

1 - In accordance with GASB No. 82, amounts shown represent the payroll on which contributions to the pension plan are based.

Notes to Schedule

Assumption	Measurement Date June 30, 2021
Actuarial cost method	Individual entry age
Amortization method	Level Percentage of Payroll, Closed
Amortization period	25-year closed schedule ending June 30, 2039; 17 years remaining
Inflation	2.25% general; 2.75% wage
Salary increases	2.75% to 11.25%
Cost-of-living adjustments	1.96% - 2.75% for service prior to July 1, 2011. 1.30% - 2.75% for service after June 30, 2011.
Investment rate of return	6.80%
Mortality	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 Experience Study for the period July 1, 2014 to June 30, 2018.

Changes In Assumptions

	Changes from Fiscal Year 2017 to 2018	Changes from Fiscal Year 2018 to 2019	Changes from Fiscal Year 2019 to 2020	Changes from Fiscal Year 2020 to 2021
Inflation General	2.65% to 2.60%	2.60% to 2.65%	2.65% to 2.60%	2.60%
Inflation Wages	3.15% to 3.10%	3.10% to 3.15%	3.15% to 3.10%	3.10%

The above schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

SCHEDULE OF PENSION PLAN CONTRIBUTIONS FOR THE EMPLOYEES' RETIREMENT AND PENSION SYSTEM

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,356,401	\$ 1,304,242	\$ 1,167,926	\$ 1,109,837	\$ 1,033,503	\$ 951,633	\$ 953,101	\$ 1,097,148	\$ 1,117,019	\$ 998,507
Contributions in relation to the contractually required contribution	<u>1,356,401</u>	<u>1,304,242</u>	<u>1,167,926</u>	<u>1,109,837</u>	<u>1,033,503</u>	<u>951,633</u>	<u>953,101</u>	<u>1,097,148</u>	<u>1,117,019</u>	<u>998,507</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cecil County Public Schools' covered payroll	\$ 13,170,479	\$ 12,658,117	\$ 12,770,486	\$ 12,698,882	\$ 12,319,095	\$ 12,003,972	\$ 11,442,991	\$ 11,297,736	\$ 11,192,273	\$ 11,106,870
Contributions as a percentage of covered payroll	10.30%	10.30%	9.15%	8.74%	8.39%	7.93%	8.33%	9.71%	9.98%	8.99%

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STATISTICAL SECTION



Statistical Section Contents

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	105
<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	110
<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	118
<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	121
<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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net Investment in capital assets	\$ 169,243,404	\$ 176,527,252	\$ 173,044,220	\$ 175,701,356	\$ 179,047,057	\$ 177,415,257	\$ 181,891,093	\$ 178,073,096	\$ 162,961,619	\$ 165,066,192
Restricted for capital projects	32,317	32,260	32,207	49,995	48,973	48,402	42,732	47,954	(156,795)	47,905
Special Revenue Fund	6,724,282									
Unrestricted	<u>(56,395,191)</u>	<u>(51,284,791)</u>	<u>(55,036,874)</u>	<u>(49,148,754)</u>	<u>(44,461,926)</u>	<u>4,936,382</u>	<u>608,767</u>	<u>(1,968,607)</u>	<u>(4,182,772)</u>	<u>9,271,769</u>
Total governmental activities net position	<u>\$ 119,604,812</u>	<u>\$ 125,274,721</u>	<u>\$ 118,039,553</u>	<u>\$ 126,602,597</u>	<u>\$ 134,634,104</u>	<u>\$ 182,400,041</u>	<u>\$ 182,542,592</u>	<u>\$ 176,152,443</u>	<u>\$ 158,622,052</u>	<u>\$ 174,385,866</u>

Source: Statement of Net Position

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Government activities:										
Administration	\$ 8,811,416	\$ 7,664,519	\$ 7,454,359	\$ 7,755,447	\$ 7,861,554	\$ 7,122,734	\$ 6,539,335	\$ 5,393,707	\$ 6,093,367	\$ 5,884,713
Mid-level administration	21,961,341	20,330,749	20,651,392	20,411,961	19,604,726	18,815,470	18,851,033	18,803,673	19,109,759	19,036,087
Instruction										
Salaries	122,107,406	117,362,024	115,973,150	109,002,536	102,933,141	101,825,291	100,858,425	100,348,057	100,282,010	95,861,417
Materials and supplies	7,052,981	4,228,356	2,742,889	3,512,951	4,686,226	5,077,775	3,212,396	4,806,329	3,799,800	3,653,853
Other costs	19,943,017	19,943,116	17,598,701	20,234,977	18,836,222	18,210,011	11,932,396	12,678,060	12,186,624	12,898,511
Special education	43,090,825	40,899,373	41,489,255	39,895,528	36,783,285	36,745,712	35,654,707	34,004,467	32,756,261	32,548,523
Student personnel services	2,809,563	2,748,813	2,509,375	2,615,572	2,011,960	1,790,269	1,471,433	1,521,216	1,516,362	1,376,623
Student health services	2,927,317	2,719,452	2,576,710	2,422,898	2,323,101	2,225,308	2,263,233	2,167,347	2,199,501	2,161,877
Student transportation	12,713,177	10,225,156	11,270,075	11,312,256	11,148,667	10,411,349	9,990,762	9,850,551	9,820,844	9,895,907
Operation of plant	15,327,765	14,379,276	13,842,969	13,877,598	13,377,424	13,117,398	13,246,823	14,176,769	14,156,260	13,553,078
Maintenance of plant	5,300,701	5,091,246	5,170,793	5,465,261	5,830,453	5,391,514	5,335,317	5,262,522	5,745,818	5,107,134
Food and nutrition	7,350,965	5,399,918	5,647,066	5,971,152	6,092,567	5,960,076	6,274,713	6,177,158	5,888,310	5,838,318
Community services	936,525	536,247	319,578	609,561	410,722	380,861	160,674	289,679	242,219	406,090
Student activities	1,296,419	602,507	-	-	-	-	-	-	-	-
Interest on long-term debt	42,635	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>\$ 271,672,053</u>	<u>\$ 252,130,752</u>	<u>\$ 247,246,312</u>	<u>\$ 243,087,698</u>	<u>\$ 231,900,048</u>	<u>\$ 227,073,768</u>	<u>\$ 215,791,247</u>	<u>\$ 215,479,535</u>	<u>\$ 213,797,135</u>	<u>\$ 208,222,131</u>
Program Revenues										
Government activities:										
Charges for services:										
Instruction salaries	\$ 142,222	\$ 150,108	\$ 270,171	\$ 134,116	\$ 268,614	\$ 188,538	\$ 220,719	\$ 212,633	\$ 218,990	\$ 230,547
Food and nutrition	383,463	16,865	1,448,827	2,084,543	1,921,257	1,849,130	1,824,286	1,959,515	1,949,265	1,964,488
Community services	63,992	162,265	42,676	154,244	104,687	156,390	34,120	3,773	9,497	24,049
Student activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	106,015,133	85,040,320	74,474,290	70,359,717	65,908,362	66,297,108	63,273,384	65,012,660	61,617,596	61,170,964
Capital grants and contributions	<u>5,732,861</u>	<u>16,868,525</u>	<u>10,129,147</u>	<u>12,136,008</u>	<u>15,491,330</u>	<u>10,643,736</u>	<u>13,321,048</u>	<u>25,488,817</u>	<u>7,318,153</u>	<u>5,298,858</u>
Total governmental activities program revenue	<u>\$ 112,337,671</u>	<u>\$ 102,238,083</u>	<u>\$ 86,365,111</u>	<u>\$ 84,868,628</u>	<u>\$ 83,694,250</u>	<u>\$ 79,134,902</u>	<u>\$ 78,673,557</u>	<u>\$ 92,677,398</u>	<u>\$ 71,113,501</u>	<u>\$ 68,688,906</u>
Total governmental activities net expense	(159,334,382)	(149,892,669)	(160,881,201)	(158,219,070)	(148,205,798)	(147,938,866)	(137,117,690)	(122,802,137)	(142,683,634)	(139,533,225)
General Revenue and Other Changes in Net Position										
Government activities:										
State aid not restricted to specific purposes	\$ 63,513,565	\$ 65,736,430	\$ 66,805,483	\$ 66,998,019	\$ 68,021,206	\$ 66,919,712	\$ 63,567,371	\$ 64,666,305	\$ 62,076,718	\$ 62,489,026
Local aid not restricted to specific purposes	88,527,026	86,367,865	84,905,673	82,463,528	81,688,528	80,610,438	79,750,778	75,523,845	72,848,292	69,615,833
Interest and investment earnings	17,731	14,360	290,594	533,355	316,538	87,206	18,242	7,683	8,178	10,855
Miscellaneous	<u>1,606,151</u>	<u>3,353,138</u>	<u>316,407</u>	<u>192,661</u>	<u>334,265</u>	<u>178,959</u>	<u>171,448</u>	<u>134,695</u>	<u>248,175</u>	<u>270,690</u>
Total governmental activities	<u>\$ 153,664,473</u>	<u>\$ 155,471,793</u>	<u>\$ 152,318,157</u>	<u>\$ 150,187,563</u>	<u>\$ 150,360,537</u>	<u>\$ 147,796,315</u>	<u>\$ 143,507,839</u>	<u>\$ 140,332,528</u>	<u>\$ 135,181,363</u>	<u>\$ 132,386,404</u>
Change in Net Position	<u>\$ (5,669,909)</u>	<u>\$ 5,579,124</u>	<u>\$ (8,563,044)</u>	<u>\$ (8,031,507)</u>	<u>\$ 2,154,739</u>	<u>\$ (142,551)</u>	<u>\$ 6,390,149</u>	<u>\$ 17,530,391</u>	<u>\$ (7,502,271)</u>	<u>\$ (7,146,821)</u>

Source: Statement of Activities

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General fund:										
Non-spendable	\$ 346,600	\$ 301,200	\$ 410,629	\$ 523,678	\$ 483,753	\$ 484,018	\$ 640,769	\$ 614,961	\$ 579,811	\$ 787,321
Committed	4,639,071	4,275,857	6,302,758	6,625,121	5,710,472	5,888,839	5,737,241	4,742,665	2,847,015	1,784,391
Assigned	8,367,267	4,248,754	3,079,000	3,319,000	3,873,000	3,550,000	3,418,012	3,615,469	3,700,741	6,317,721
Unassigned	6,564,789	9,002,597	-	2,169,481	7,421,672	6,416,521	2,212,204	-	-	3,470,767
Total general fund	<u>\$ 19,917,727</u>	<u>\$ 17,828,408</u>	<u>\$ 9,792,387</u>	<u>\$ 12,637,280</u>	<u>\$ 17,488,897</u>	<u>\$ 16,339,378</u>	<u>\$ 12,008,226</u>	<u>\$ 8,973,095</u>	<u>\$ 7,127,567</u>	<u>\$ 12,360,200</u>
All other governmental funds										
Special Revenue Fund:										
Non-spendable	\$ 197,395	\$ 137,272	\$ 192,936	\$ 105,236	\$ 128,645	\$ 149,762	\$ 193,823	\$ 142,032	\$ 175,435	\$ 258,595
Restricted	6,724,282	2,817,285	1,162,336	-	-	-	-	-	-	-
Unassigned	-	-	-	1,221,023	779,106	370,487	(20,693)	76,303	(116,840)	(226,543)
Assigned	-	-	-	-	-	-	-	-	-	-
Capital Project Fund:										
Restricted	32,317	32,260	32,207	49,995	48,973	48,402	42,732	47,954	(156,795)	47,905
Total all other governmental funds	<u>\$ 6,953,994</u>	<u>\$ 2,986,817</u>	<u>\$ 1,387,479</u>	<u>\$ 1,376,254</u>	<u>\$ 956,724</u>	<u>\$ 568,651</u>	<u>\$ 215,862</u>	<u>\$ 266,289</u>	<u>\$ (98,200)</u>	<u>\$ 79,957</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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue										
Intergovernmental										
Cecil County	\$ 92,670,119	\$ 97,587,339	\$ 90,378,236	\$ 89,721,741	\$ 89,881,090	\$ 86,107,741	\$ 88,050,984	\$ 92,411,466	\$ 77,613,523	\$ 73,121,775
State of Maryland	127,967,912	131,578,402	129,955,431	125,374,800	127,274,639	124,517,950	117,552,193	123,360,144	112,692,627	111,289,209
United States government	41,454,717	24,048,783	15,656,001	16,556,091	13,720,838	13,616,684	13,549,190	14,502,361	13,167,657	13,869,753
Other sources										
Sale of food	383,463	16,865	1,448,827	2,084,542	1,921,257	1,849,130	1,824,286	1,959,515	1,917,694	1,964,487
Investment interest	17,731	14,360	290,594	533,355	316,539	87,206	18,242	7,683	8,178	10,855
Other	2,008,202	1,464,127	954,178	785,662	940,424	752,506	1,186,502	768,753	895,188	819,232
Total revenue	\$ 264,502,144	\$ 254,709,876	\$ 238,683,267	\$ 235,056,191	\$ 234,054,787	\$ 226,931,217	\$ 222,181,397	\$ 233,009,922	\$ 206,294,867	\$ 201,075,311
Expenditures										
Administration	\$ 6,590,338	\$ 6,127,701	\$ 6,017,872	\$ 5,945,377	\$ 5,845,485	\$ 6,088,651	\$ 5,140,935	\$ 5,196,245	\$ 5,238,087	\$ 4,957,485
Mid-level administration	15,746,510	14,301,253	14,657,585	14,555,005	14,136,118	13,901,636	13,336,761	13,375,657	13,274,860	13,539,533
Instruction										
Salaries	86,194,767	81,150,735	81,039,544	76,319,344	73,105,335	72,519,546	70,388,331	70,323,326	69,545,018	68,237,315
Materials and supplies	7,050,979	4,226,354	2,760,748	3,469,427	4,728,922	5,077,775	3,212,396	5,102,917	3,799,800	3,653,853
Other costs	11,779,963	21,961,897	13,116,856	15,167,372	19,195,545	4,068,239	3,270,618	26,028,685	8,752,929	7,134,392
Special education	32,016,490	29,728,451	30,771,185	29,508,632	27,330,111	26,279,454	26,318,771	25,217,748	24,583,137	25,108,086
Student personnel services	2,074,601	1,993,721	1,877,257	1,965,536	1,499,819	1,321,324	1,035,422	1,071,994	1,073,218	995,116
Student health services	2,080,458	1,897,687	1,810,039	1,710,844	1,669,881	1,631,860	1,592,818	1,520,898	1,506,440	1,524,399
Student transportation	12,531,707	9,929,866	10,855,021	11,034,883	10,786,695	10,021,991	9,621,041	9,456,522	9,391,768	9,599,678
Operation of plant	12,740,137	11,801,812	11,271,550	11,398,341	11,084,642	11,114,043	10,928,625	11,900,684	11,636,532	11,284,622
Maintenance of plant	4,294,760	3,915,661	4,109,347	4,323,819	4,908,868	4,619,523	4,364,425	4,206,479	4,542,525	4,218,355
Fixed charges	56,462,937	55,155,497	55,946,057	55,815,795	50,199,827	50,077,857	51,160,478	50,518,337	51,298,438	46,076,241
Community services	791,118	533,280	266,206	534,771	317,915	358,580	145,387	281,964	235,790	388,028
Food service										
Salaries and wages	2,526,876	2,377,849	2,536,416	2,536,100	2,423,903	2,377,355	2,408,133	2,391,077	2,350,508	2,408,000
Food	3,636,376	2,268,678	2,474,015	2,653,125	2,916,677	2,746,848	3,134,844	3,084,534	2,726,121	2,718,438
Contracted services	66,796	49,595	69,650	46,874	48,553	67,642	69,757	57,648	46,449	58,193
Supplies and materials	482,264	320,587	155,204	289,003	292,904	280,868	197,128	180,388	313,708	223,287
Other operating cost	752,953	71,675	226,509	203,695	105,413	102,955	46,018	80,892	39,876	45,721
Capital outlay	397,461	301,730	1,030,658	1,364,740	1,119,804	8,792,710	12,170,838	-	-	-
Student Activity Fees	1,296,419	602,507	-	-	-	-	-	-	-	-
Debt service										
Principal	508,060	1,108,764	1,177,978	961,801	1,030,894	933,021	563,457	647,404	1,162,359	1,517,120
Interest	42,635	24,488	43,698	34,086	47,489	56,940	90,510	156,506	188,094	218,916
Total expenditures	\$ 260,064,605	\$ 249,849,788	\$ 242,213,395	\$ 239,838,570	\$ 232,794,800	\$ 222,438,818	\$ 219,196,693	\$ 230,799,905	\$ 211,705,657	\$ 203,906,778
Excess of revenues over (under) expenditures	4,437,539	4,860,088	(3,530,128)	(4,782,379)	1,259,987	4,492,399	2,984,704	2,210,017	(5,410,790)	(2,831,467)
Other financing sources (uses)										
Sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Leases	118,957	119,227	696,460	350,292	277,605	191,542	-	-	-	-
Transfers from Retiree Benefit Trust Fund	1,500,000	3,000,000	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,618,957	3,119,227	696,460	350,292	277,605	191,542	-	-	-	-
Net change in fund balances	<u>\$ 6,056,496</u>	<u>\$ 7,979,315</u>	<u>\$ (2,833,668)</u>	<u>\$ (4,432,087)</u>	<u>\$ 1,537,592</u>	<u>\$ 4,683,941</u>	<u>\$ 2,984,704</u>	<u>\$ 2,210,017</u>	<u>\$ (5,410,790)</u>	<u>\$ (2,831,467)</u>
Debt Service as a percentage of noncapital expenditures*	0.22%	0.49%	0.53%	0.44%	0.50%	0.47%	0.32%	0.39%	0.66%	0.87%

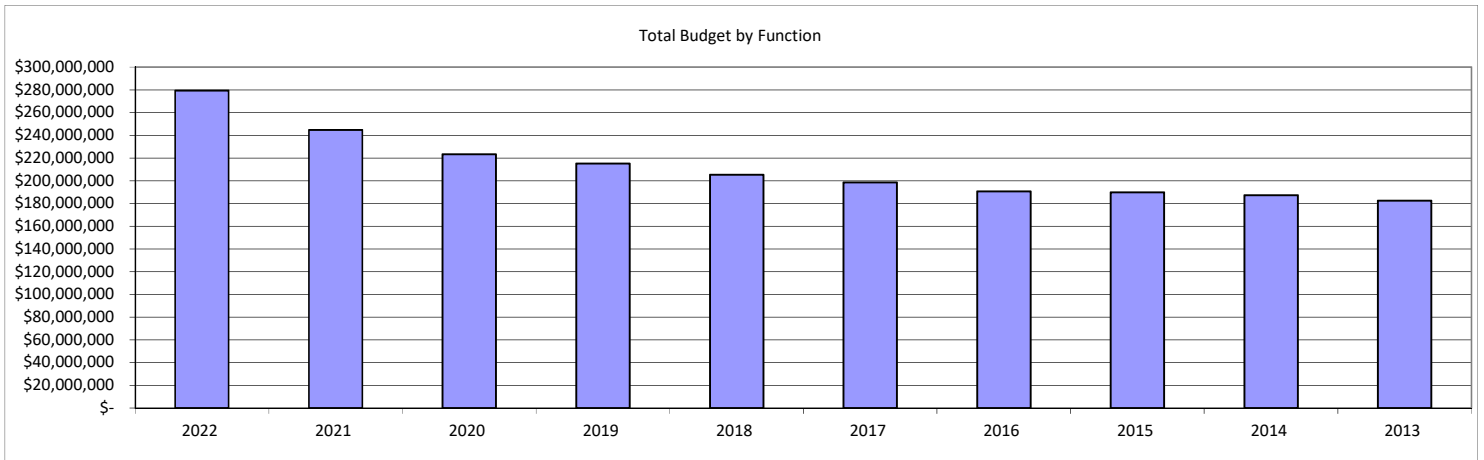
Source: Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds

Note: Capital Outlay was allocated to other functions from 2010-2015. See Reconciliation Of Net Change in Fund Balance and Note 68 to Basic Financial Statements.

*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
GENERAL FUND
FINAL APPROVED BUDGET BY FUNCTION
LAST TEN FISCAL YEARS**

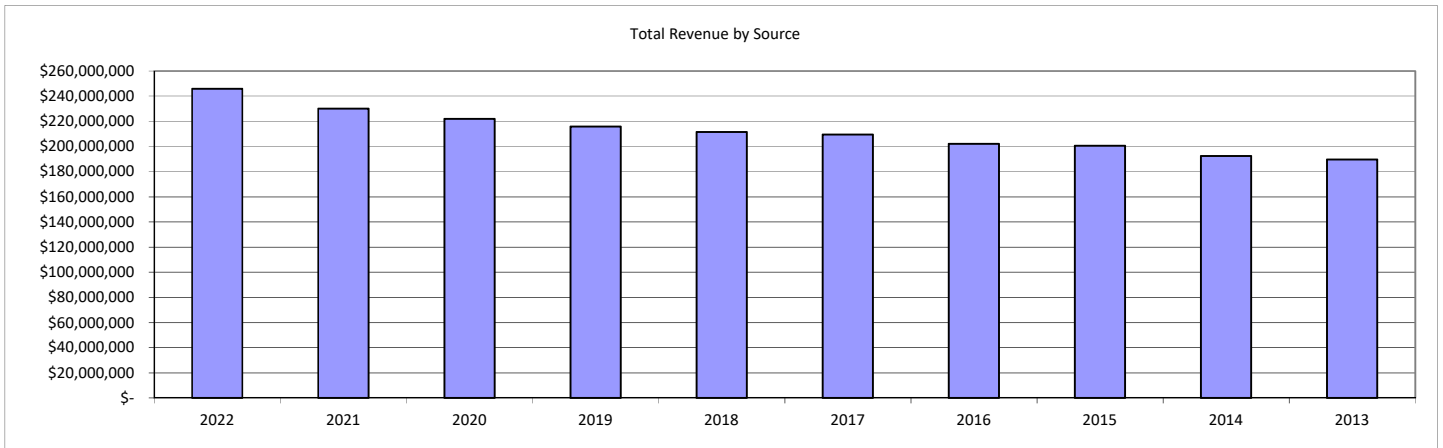
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administration	\$ 8,459,865	\$ 8,329,820	\$ 6,731,117	\$ 5,957,180	\$ 5,908,844	\$ 5,351,755	\$ 4,727,924	\$ 4,160,664	\$ 4,297,023	\$ 4,773,500
Mid-level administration	18,022,396	15,084,787	14,958,576	14,686,232	14,452,246	14,201,864	13,702,313	13,639,776	13,361,918	13,578,940
Instruction salaries	100,476,505	88,480,779	82,754,595	77,043,275	73,580,097	72,863,252	70,710,787	71,260,303	70,108,553	68,715,627
Instruction supplies	11,613,694	7,626,665	6,491,532	4,191,739	5,845,823	5,367,155	3,932,606	5,682,783	4,278,504	3,850,647
Instruction other costs	12,747,407	10,171,450	6,131,342	4,674,182	4,922,099	4,165,556	3,405,349	2,769,555	3,173,948	3,583,950
Special education	38,389,739	36,119,433	31,409,476	30,229,203	27,786,201	26,941,588	26,725,642	25,839,074	24,750,029	25,206,821
Student personnel services	2,544,764	2,965,550	2,607,544	2,442,636	1,671,314	1,363,081	1,054,619	1,084,219	1,096,029	999,151
Student health services	2,299,617	2,047,203	1,952,045	1,726,135	1,699,653	1,639,661	1,624,600	1,554,309	1,547,755	1,531,252
Student transportation	13,555,683	12,318,529	11,144,762	11,340,369	10,911,699	10,274,308	9,767,803	9,597,565	9,491,291	9,633,236
Operation of plant	13,450,029	11,907,492	11,187,264	11,536,987	11,487,301	11,469,440	11,198,162	11,965,460	11,643,949	11,288,368
Maintenance of plant	4,970,448	4,053,639	4,159,819	4,683,803	5,022,506	4,847,291	4,579,484	4,272,707	4,863,548	4,750,480
Fixed charges	48,680,326	43,860,716	42,454,528	42,638,415	39,338,254	39,088,641	38,626,623	37,360,619	37,987,729	33,921,087
Community services	1,614,526	1,373,280	512,092	642,541	415,008	414,371	274,349	410,387	337,697	404,215
Capital outlay	966,129	447,091	679,910	3,369,972	2,288,016	485,113	307,078	324,786	406,424	211,797
Student school/activity fees	1,425,000	-	-	-	-	-	-	-	-	-
Total Budget by Function	\$ 279,216,128	\$ 244,786,434	\$ 223,174,602	\$ 215,162,669	\$ 205,329,061	\$ 198,473,076	\$ 190,637,339	\$ 189,922,207	\$ 187,344,397	\$ 182,449,071
Increase over prior year	\$ 34,429,694 14.1%	\$ 21,611,832 9.7%	\$ 8,011,933 3.7%	\$ 9,833,608 4.8%	\$ 6,855,985 3.5%	\$ 7,835,737 4.1%	\$ 715,132 0.4%	\$ 2,577,810 1.4%	\$ 4,895,326 2.7%	\$ 2,584,519 1.4%



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

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

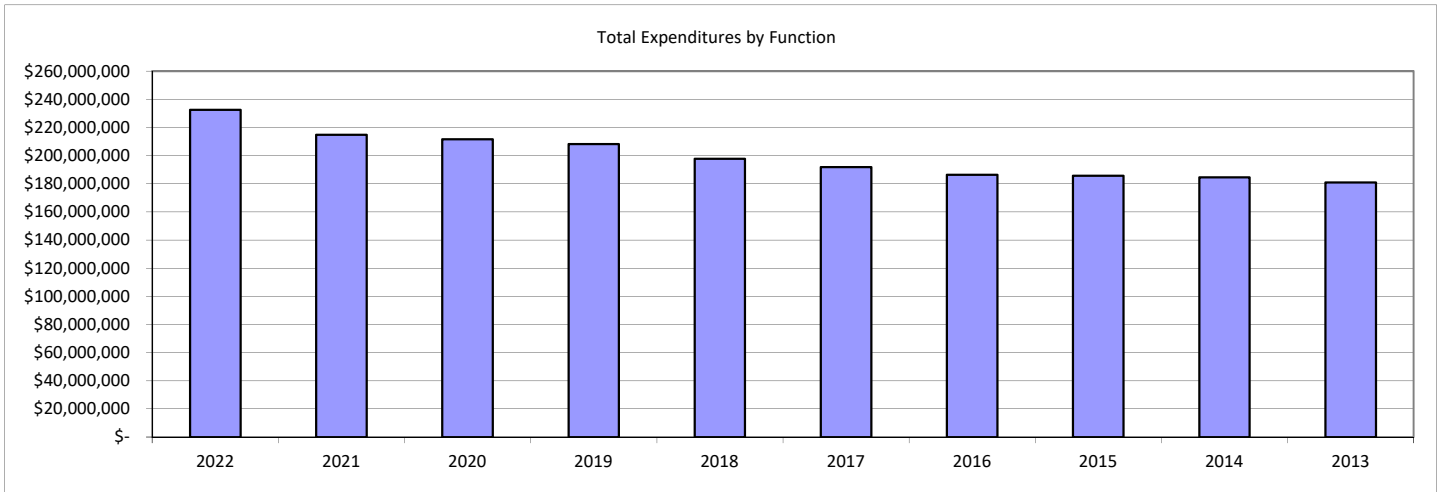
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Cecil County	\$ 88,527,026	\$ 86,367,865	\$ 84,905,673	\$ 82,463,528	\$ 81,688,528	\$ 80,610,438	\$ 79,750,778	\$ 75,523,845	\$ 72,848,292	\$ 69,615,833
State of Maryland	126,093,459	125,627,388	124,959,492	120,214,466	119,689,250	119,046,123	112,703,145	114,520,872	109,977,425	109,272,301
Federal government	29,550,204	16,713,333	10,986,159	11,862,236	8,881,924	9,031,345	8,991,912	10,009,922	9,065,853	10,022,655
Other sources										
Interest earned	17,516	14,177	289,406	531,943	315,785	86,795	18,136	7,571	8,099	9,997
Other	<u>1,898,426</u>	<u>1,431,412</u>	<u>950,905</u>	<u>781,919</u>	<u>925,538</u>	<u>728,980</u>	<u>685,434</u>	<u>614,039</u>	<u>680,852</u>	<u>781,438</u>
Total revenue by source	<u>\$ 246,086,631</u>	<u>\$ 230,154,175</u>	<u>\$ 222,091,635</u>	<u>\$ 215,854,092</u>	<u>\$ 211,501,025</u>	<u>\$ 209,503,681</u>	<u>\$ 202,149,405</u>	<u>\$ 200,676,249</u>	<u>\$ 192,580,521</u>	<u>\$ 189,702,224</u>
Increase/(decrease) over prior year	\$ 15,932,456 6.9%	\$ 8,062,540 3.6%	\$ 6,237,543 2.9%	\$ 4,353,067 2.1%	\$ 1,997,344 1.0%	\$ 7,354,276 3.6%	\$ 1,473,156 0.7%	\$ 8,095,728 4.2%	\$ 2,878,297 1.5%	\$ (840,932) -0.4%



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

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

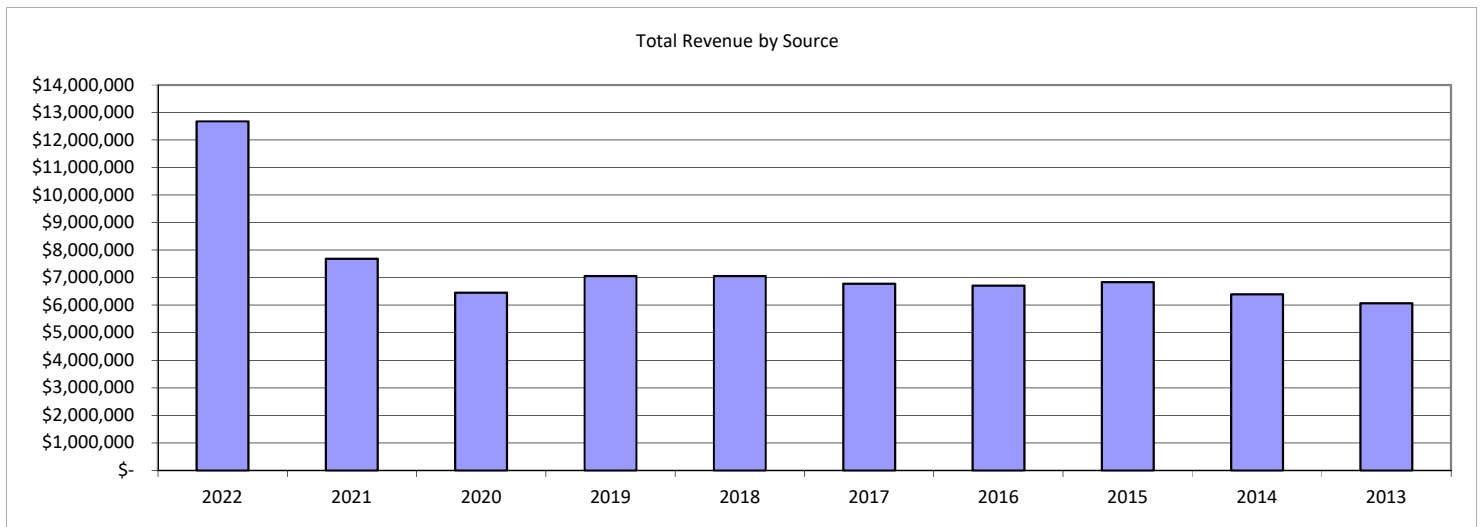
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administration	\$ 6,239,646	\$ 5,824,917	\$ 5,886,830	\$ 5,362,639	\$ 5,623,851	\$ 5,150,687	\$ 4,239,139	\$ 4,074,201	\$ 4,221,468	\$ 4,717,989
Mid-level administration	15,827,260	14,301,253	14,657,585	14,555,005	14,136,118	13,901,636	13,336,761	13,375,657	13,275,794	13,566,354
Instruction										
Salaries	86,194,767	81,150,736	81,039,544	76,319,344	73,105,335	72,519,546	70,388,331	70,323,326	69,545,018	68,237,315
Materials and supplies	6,339,083	4,170,138	2,662,529	2,978,821	4,718,208	4,679,832	3,064,304	4,631,463	3,790,757	3,643,215
Other costs	6,324,283	6,670,290	3,772,646	4,433,462	4,526,454	3,735,052	3,264,019	2,574,449	2,923,302	3,227,280
Special education	31,905,760	29,860,980	30,771,185	29,504,035	27,334,708	26,279,454	26,310,303	25,226,216	24,609,671	25,134,429
Student personnel services	2,259,191	2,048,031	1,750,915	2,130,476	1,499,819	1,321,324	1,035,422	1,071,994	1,073,218	996,891
Student health services	2,080,458	1,897,687	1,810,039	1,710,844	1,669,881	1,631,860	1,592,818	1,520,898	1,506,440	1,526,033
Student transportation	12,561,833	9,877,749	10,888,794	11,077,824	10,745,460	10,057,070	9,621,041	9,456,522	9,391,768	9,599,678
Operation of plant	12,813,576	11,840,330	11,273,037	11,398,341	11,084,642	11,114,043	10,928,625	11,900,684	11,638,301	11,286,391
Maintenance of plant	5,490,343	3,939,441	4,032,850	4,478,228	4,906,775	4,492,271	4,352,612	4,092,319	4,315,867	4,472,504
Fixed charges	42,047,236	41,317,129	41,998,540	42,233,257	36,916,283	36,163,739	37,760,931	36,882,453	37,690,447	33,796,877
Community services	634,399	738,729	266,206	534,771	317,915	358,580	122,357	304,995	235,790	388,028
Capital outlay	541,399	418,988	679,910	1,364,740	1,119,804	421,328	296,564	296,588	391,580	211,609
Student school/activity fees	1,296,419	602,507	-	-	-	-	-	-	-	-
Total expenditures by function	\$ 232,555,653	\$ 214,658,905	\$ 211,490,610	\$ 208,081,787	\$ 197,705,253	\$ 191,826,422	\$ 186,313,227	\$ 185,731,765	\$ 184,609,421	\$ 180,804,593
 Increase/(decrease) over prior year	 17,896,748 8.3%	 3,168,295 1.5%	 3,408,823 1.6%	 10,376,534 5.2%	 5,878,831 3.1%	 5,513,195 3.0%	 581,462 0.3%	 1,122,344 0.6%	 3,804,828 2.1%	 7,328,419 4.2%



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

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

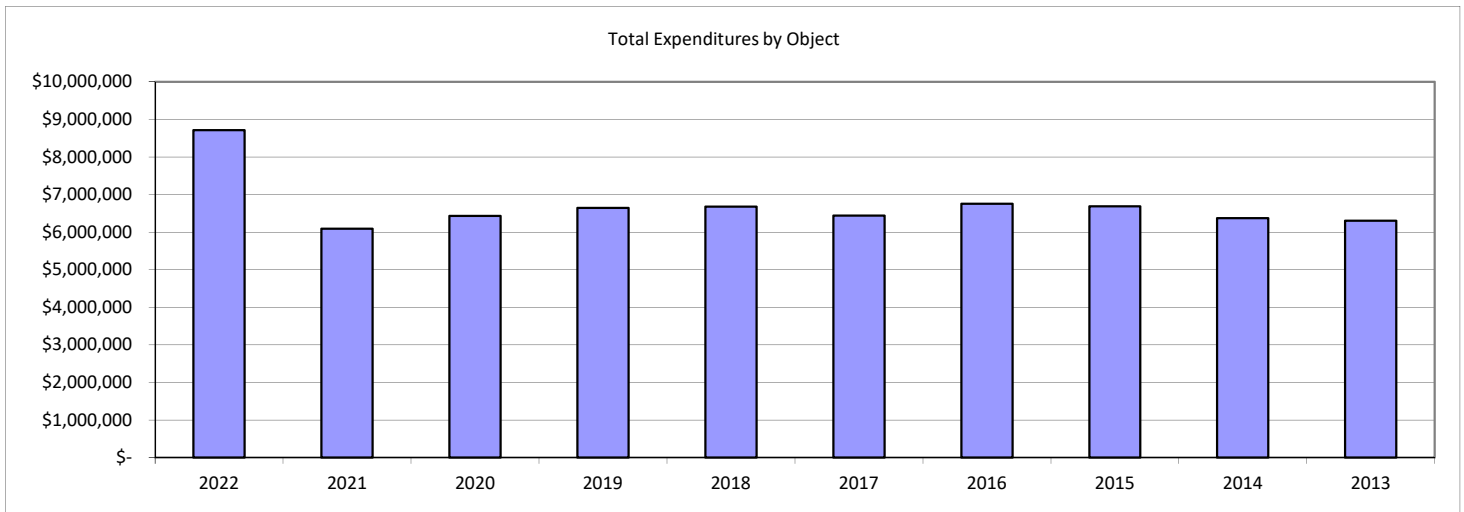
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
State of Maryland	\$ 393,777	\$ 301,962	\$ 339,356	\$ 282,539	\$ 286,621	\$ 325,394	\$ 329,274	\$ 392,790	\$ 345,042	\$ 298,946
United States government	11,904,513	7,335,450	4,669,842	4,693,855	4,838,914	4,585,339	4,557,278	4,492,439	4,101,804	3,772,143
Sale of food	383,463	16,865	1,448,827	2,084,542	1,921,257	1,849,130	1,824,286	1,959,515	1,917,694	1,964,487
Investment Interest	158	130	404	389	182	176	19	14	52	801
Other	685	32,715	3,273	3,743	14,887	23,526	-	-	31,573	37,794
Total revenue by source	\$ 12,682,596	\$ 7,687,122	\$ 6,461,702	\$ 7,065,068	\$ 7,061,861	\$ 6,783,565	\$ 6,710,857	\$ 6,844,758	\$ 6,396,165	\$ 6,074,171
Increase/(decrease) over prior year	\$ 4,995,474 64.98%	\$ 1,225,420 18.96%	\$ (603,366) -8.54%	\$ 3,207 0.05%	\$ 278,296 4.1%	\$ 72,708 1.1%	\$ (133,901) -2.0%	\$ 448,593 7.0%	\$ 321,994 5.3%	\$ (166,073) -2.7%



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**

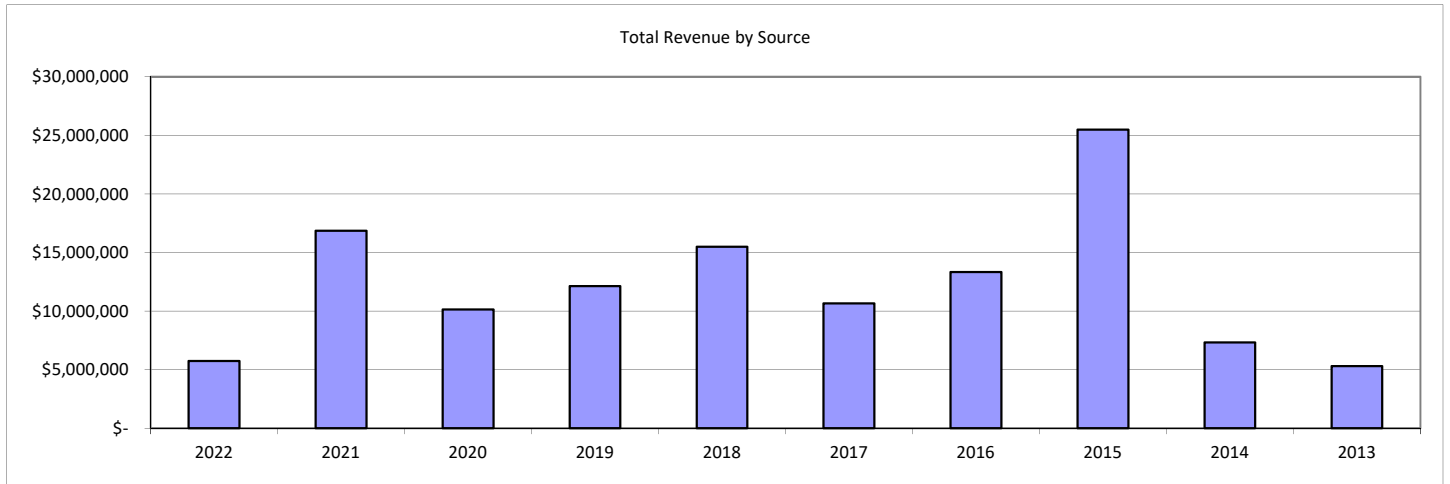
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Salaries and wages	\$ 2,526,876	\$ 2,377,849	\$ 2,536,416	\$ 2,536,100	\$ 2,423,903	\$ 2,377,355	\$ 2,408,133	\$ 2,391,077	\$ 2,350,508	\$ 2,408,000
Food	3,636,376	2,268,678	2,474,015	2,653,125	2,916,677	2,746,848	3,134,844	3,084,534	2,726,121	2,718,438
Contracted services	66,796	49,595	69,650	46,874	48,553	67,642	69,757	57,648	46,449	58,193
Supplies and materials	482,264	320,587	155,204	289,003	292,904	280,868	197,128	180,388	313,708	223,287
Other operating cost	1,260,374	1,008,459	1,000,103	961,945	913,666	887,047	930,701	925,743	921,611	872,758
Equipment	<u>742,790</u>	<u>62,669</u>	<u>197,301</u>	<u>159,513</u>	<u>78,656</u>	<u>76,686</u>	<u>15,499</u>	<u>45,628</u>	<u>11,225</u>	<u>21,680</u>
Total expenditures by object	<u>\$ 8,715,476</u>	<u>\$ 6,087,837</u>	<u>\$ 6,432,689</u>	<u>\$ 6,646,560</u>	<u>\$ 6,674,359</u>	<u>\$ 6,436,446</u>	<u>\$ 6,756,062</u>	<u>\$ 6,685,018</u>	<u>\$ 6,369,622</u>	<u>\$ 6,302,356</u>
Increase/(decrease) over prior year	\$ 2,627,639 43.2%	\$ (344,852) -5.4%	\$ (213,871) -3.2%	\$ (27,799) -0.4%	\$ 237,913 3.7%	\$ (319,616) -4.7%	\$ 71,044 1.1%	\$ 315,396 5.0%	\$ 67,266 1.1%	\$ (5,711) -0.1%



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

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

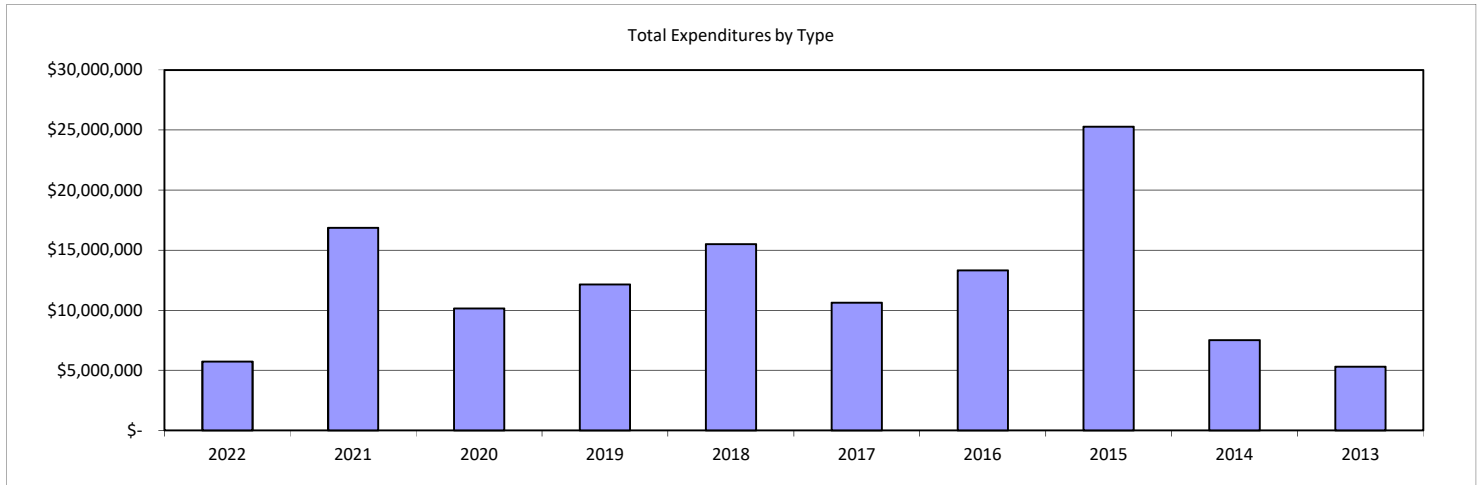
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Cecil County	\$ 4,143,093	\$ 11,219,474	\$ 5,472,563	\$ 7,258,213	\$ 8,192,562	\$ 5,497,303	\$ 8,300,206	\$ 16,887,621	\$ 4,765,231	\$ 3,505,942
State of Maryland	1,480,676	5,649,052	4,656,583	4,877,795	7,298,768	5,146,433	4,519,774	8,446,482	2,370,160	1,717,962
United States government	-	-	-	-	-	-	-	-	-	74,955
Investment interest	57	53	784	1,023	571	235	87	98	27	57
Other	109,091	-	-	-	-	-	501,068	154,714	182,763	-
Total	\$ 5,732,917	\$ 16,868,579	\$ 10,129,930	\$ 12,137,031	\$ 15,491,901	\$ 10,643,971	\$ 13,321,135	\$ 25,488,915	\$ 7,318,181	\$ 5,298,916
Increase/(decrease) over prior year	\$ (11,135,662)	\$ 6,738,649	\$ (2,007,101)	\$ (3,354,870)	\$ 4,847,930	\$ (2,677,164)	\$ (12,167,780)	\$ 18,170,734	\$ 2,019,265	\$ 551,072
	-66.0%	66.5%	-16.5%	-21.7%	45.5%	-20.1%	-47.7%	248.3%	38.1%	11.6%



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**

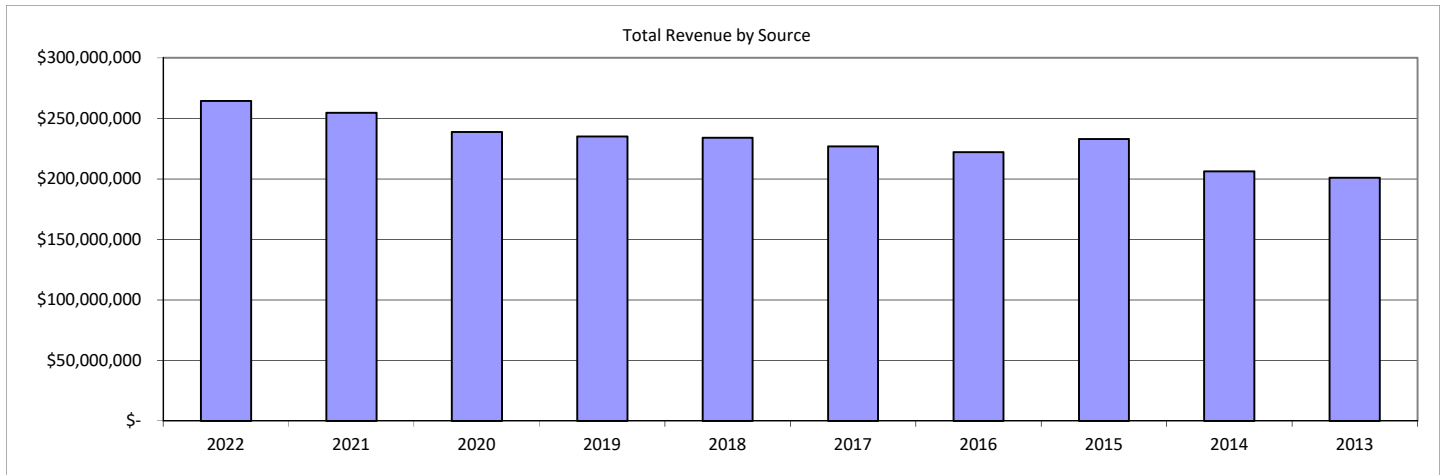
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Land	\$ -	\$ 1,858,733	\$ -	\$ 164,305	\$ 18,000	\$ -	\$ -	\$ 4,359,300	\$ -	\$ -
Building	-	803,913	803,913	803,913	803,913	3,572,593	1,250,687	6,712,725	5,083,238	4,039,217
Site improvement	109,091	-	-	-	503,511	448,505	222,487	609,423	396,775	1,140,566
Remodeling	5,243,464	14,041,973	8,619,840	10,492,899	14,165,906	6,592,128	11,685,030	13,362,079	2,042,868	119,075
Equipment	<u>380,305</u>	<u>163,907</u>	<u>723,966</u>	<u>674,891</u>	<u>-</u>	<u>25,075</u>	<u>168,153</u>	<u>240,639</u>	<u>-</u>	<u>-</u>
Total expenditures by type	<u>\$ 5,732,860</u>	<u>\$ 16,868,526</u>	<u>\$ 10,147,719</u>	<u>\$ 12,136,008</u>	<u>\$ 15,491,330</u>	<u>\$ 10,638,301</u>	<u>\$ 13,326,357</u>	<u>\$ 25,284,166</u>	<u>\$ 7,522,881</u>	<u>\$ 5,298,858</u>
Increase/(decrease) over prior year	\$ (11,135,666) -66.0%	\$ 6,720,807 66.2%	\$ (1,988,289) -16.4%	\$ (3,355,322) -21.7%	\$ 4,853,029 45.6%	\$ (2,688,056) -20.2%	\$ (11,957,809) -47.3%	\$ 17,761,285 236.1%	\$ 2,224,023 42.0%	\$ 551,218 11.6%



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**

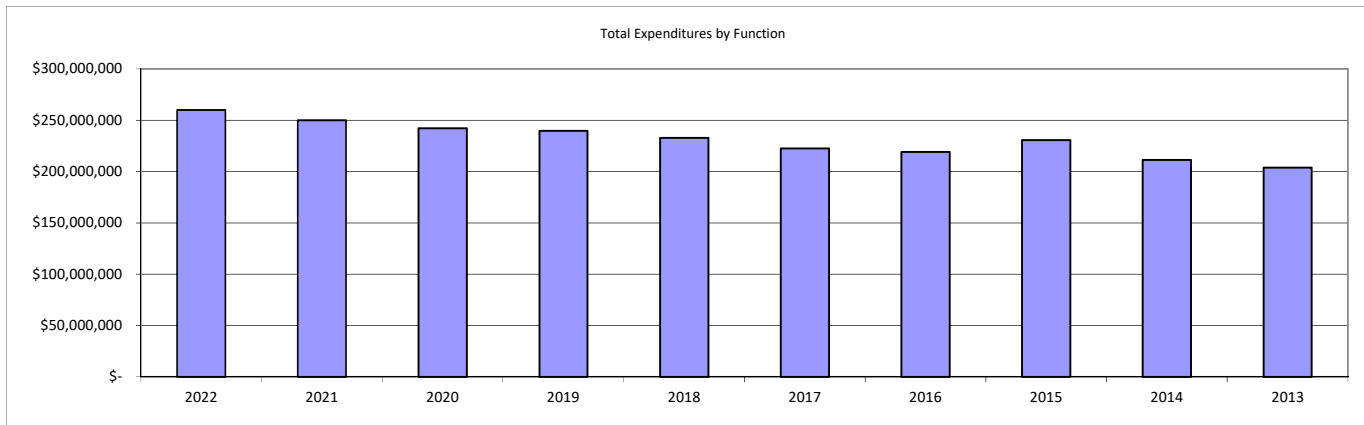
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Cecil County	\$ 92,670,119	\$ 97,587,339	\$ 90,378,236	\$ 89,721,741	\$ 89,881,090	\$ 86,107,741	\$ 88,050,984	\$ 92,411,466	\$ 77,613,523	\$ 73,121,775
State of Maryland	127,967,912	131,578,402	129,955,431	125,374,800	127,274,639	124,517,950	117,552,193	123,360,144	112,692,627	111,289,209
Federal government	41,454,717	24,048,783	15,656,001	16,556,091	13,720,838	13,616,684	13,549,190	14,502,361	13,167,657	13,869,753
Sale of meals	383,463	16,865	1,448,827	2,084,542	1,921,257	1,849,130	1,824,286	1,959,515	1,917,694	1,964,487
Interest earned	17,731	14,360	290,594	533,355	316,539	87,206	18,242	7,683	8,178	10,855
Other	<u>2,008,202</u>	<u>1,464,127</u>	<u>954,178</u>	<u>785,662</u>	<u>940,424</u>	<u>752,506</u>	<u>1,186,502</u>	<u>768,753</u>	<u>895,188</u>	<u>819,232</u>
Total revenue by source	<u>\$ 264,502,144</u>	<u>\$ 254,709,876</u>	<u>\$ 238,683,267</u>	<u>\$ 235,056,191</u>	<u>\$ 234,054,787</u>	<u>\$ 226,931,217</u>	<u>\$ 222,181,397</u>	<u>\$ 233,009,922</u>	<u>\$ 206,294,867</u>	<u>\$ 201,075,311</u>
Increase/(decrease) over prior year	\$ 9,792,268 3.8%	\$ 16,026,609 6.7%	\$ 3,627,076 1.5%	\$ 1,001,404 0.4%	\$ 7,123,570 3.1%	\$ 4,749,820 2.1%	\$ (10,828,525) -4.6%	\$ 26,715,055 12.9%	\$ 5,219,556 2.6%	\$ (455,933) -0.2%



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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administration	\$ 6,590,338	\$ 6,127,701	\$ 6,017,872	\$ 5,945,377	\$ 5,845,485	\$ 6,088,651	\$ 5,140,935	\$ 5,196,245	\$ 5,238,087	\$ 4,969,511
Mid-level administration	15,746,510	14,301,253	14,657,585	14,555,005	14,136,118	13,901,636	13,336,761	13,375,657	13,274,860	13,566,354
Instruction										
Salaries	86,194,767	81,150,735	81,039,544	76,319,344	73,105,335	72,519,546	70,388,331	70,323,326	69,545,018	68,237,315
Materials and supplies	7,050,979	4,226,354	2,760,748	3,469,427	4,728,922	5,077,775	3,212,396	5,102,917	3,799,800	3,653,853
Other costs	11,779,963	21,961,897	13,116,856	15,167,372	19,195,545	4,068,239	3,270,618	26,028,685	8,752,929	8,788,310
Special education	32,016,490	29,728,451	30,771,185	29,508,632	27,330,111	26,279,454	26,318,771	25,217,748	24,583,137	25,135,508
Student personnel services	2,074,601	1,993,721	1,877,257	1,965,536	1,499,819	1,321,324	1,035,422	1,071,994	1,073,218	996,891
Student health services	2,080,458	1,897,687	1,810,039	1,710,844	1,669,881	1,631,860	1,592,818	1,520,898	1,506,440	1,526,033
Student transportation	12,531,707	9,929,866	10,855,021	11,034,883	10,786,695	10,021,991	9,621,041	9,456,522	9,391,768	9,599,678
Operation of plant	12,740,137	11,801,812	11,271,550	11,398,341	11,084,642	11,114,043	10,928,625	11,900,684	11,636,532	11,286,391
Maintenance of plant	4,294,760	3,915,661	4,109,347	4,323,819	4,908,868	4,619,523	4,364,425	4,206,479	4,542,525	4,219,071
Fixed charges	56,462,937	55,155,497	55,946,057	55,815,795	50,199,827	50,077,857	51,160,478	50,518,337	51,298,438	46,086,196
Community services	791,118	533,280	266,206	534,771	317,915	358,580	145,387	281,964	235,790	388,028
Food and nutrition	7,465,265	5,088,384	5,461,794	5,728,797	5,787,450	5,575,668	5,855,880	5,794,539	5,476,662	5,453,639
Capital outlay	397,461	301,730	1,030,658	1,364,740	1,119,804	8,792,710	12,170,838	-	-	-
Student activity fees	1,296,419	602,507	-	-	-	-	-	-	-	-
Debt service	550,695	1,133,252	1,221,676	995,887	1,078,383	989,961	653,967	803,910	813,910	-
Total expenditures by function	\$ 260,064,605	\$ 249,849,788	\$ 242,213,395	\$ 239,838,570	\$ 232,794,800	\$ 222,438,818	\$ 219,196,693	\$ 230,799,905	\$ 211,169,114	\$ 203,906,778
Increase/(decrease) over prior year	\$ 10,214,817 4.1%	\$ 7,636,393 3.2%	\$ 2,374,825 1.0%	\$ 7,043,770 3.0%	\$ 10,355,982 4.7%	\$ 3,242,125 1.5%	\$ (11,603,212) -5.0%	\$ 19,630,791 9.3%	\$ 7,262,336 3.6%	\$ 4,385,357 2.2%



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

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

	2022 Capacity	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
County Population		103,905	103,419	102,855	102,826	102,746	102,603	102,382	102,383	101,108	101,696
<u>Elementary Schools</u>											
Bainbridge Elementary	428	293	265	284	287	311	313	532	515	358	402
Bay View Elementary	608	443	413	464	513	542	591	609	617	571	619
Calvert Elementary	433	393	404	432	443	455	472	479	483	516	420
Cecil Manor Elementary	522	397	374	408	439	424	453	470	450	462	501
Cecilton Elementary	350	282	282	319	285	301	324	345	309	303	297
Charlestown Elementary	271	272	254	257	235	249	246	436	406	224	213
Chesapeake City Elementary	541	356	349	349	347	323	314	343	357	337	314
Conowingo Elementary	533	391	407	464	462	451	466	474	476	480	527
Elk Neck Elementary	499	409	430	443	440	443	446	408	428	434	412
Gilpin Manor Elementary	547	427	392	425	404	405	412	466	457	490	429
Holly Hall Elementary	643	410	392	430	470	512	578	650	629	625	632
Kenmore Elementary	306	287	303	305	309	317	310	339	331	346	326
Leeds Elementary	408	332	350	423	378	393	384	407	402	404	396
North East Elementary	545	542	520	542	548	561	564	527	524	486	512
Perryville Elementary	500	407	371	393	394	405	407	-	-	371	371
Rising Sun Elementary	716	625	634	681	719	703	699	755	690	665	615
Thomson Estates Elementary	614	461	453	493	509	495	527	456	469	510	491
Elementary School Total	8,464	6,727	6,593	7,112	7,182	7,290	7,506	7,696	7,543	7,582	7,477
<u>Middle Schools</u>											
Bohemia Manor Middle	601	421	470	495	499	494	502	506	472	473	473
Cherry Hill Middle	775	385	414	431	456	412	426	416	442	465	439
Elkton Middle	711	574	574	571	556	547	557	554	551	554	569
North East Middle	711	787	798	786	773	753	750	732	754	780	726
Perryville Middle	860	578	585	590	589	558	554	556	550	558	565
Rising Sun Middle	818	650	685	702	684	674	649	679	677	718	713
Middle School Total	4,476	3,395	3,526	3,575	3,557	3,438	3,438	3,443	3,446	3,548	3,485
<u>High Schools</u>											
Bohemia Manor High	643	652	632	647	670	643	650	656	620	629	641
Elkton High	1,380	1,058	1,061	1,004	983	993	982	1,026	1,067	1,124	1,105
North East High	1,009	1,028	1,020	1,016	1,029	1,098	1,083	1,065	1,028	1,005	1,037
Perryville High	860	833	810	801	764	763	802	802	810	789	775
Rising Sun High	924	1,087	1,076	1,100	1,122	1,139	1,172	1,171	1,167	1,147	1,114
High School Total	4,816	4,658	4,599	4,568	4,568	4,636	4,689	4,720	4,692	4,694	4,672
<u>Other Schools</u>											
Cecil County High School*	106	65	15	67	98	79	87	75	97	71	72
School of Technology*	657	750	814	796	726	744	674	387	258	247	253
Grand Total	18,519	14,780	14,718	15,255	15,307	15,364	15,633	15,859	15,681	15,824	15,634
Increase / (Decrease)		62	(537)	(52)	(57)	(269)	(226)	178	(143)	190	(193)
% Increase / Decrease		0.4%	-3.5%	-0.3%	-0.4%	-1.7%	-1.4%	1.1%	-0.9%	1.2%	-1.2%
High School Graduates		1,012	1,060	1,068	1,031	1,097	1,071	1,143	1,059	1,082	1,085

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

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

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

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
W. L. Gore & Associates, Inc.	2,405	1	4.85%	2,387	1	4.67%
Cecil County Board of Education	2,058	2	4.15%	2,038	2	3.99%
Perry Point V.A. Medical Center	1,500	3	3.03%	1,125	4	2.20%
Christiana Care / Union Hospital	1,235	4	2.49%	1,236	3	2.42%
Terumo Corporation**	1,030	5	2.08%	*		
Amazon	810	6	1.63%	*		
Cecil County Government	633	7	1.28%	532	5	1.04%
IKEA	625	8	1.26%	370	9	0.72%
Cecil College	565	9	1.14%	485	7	0.95%
Northrop Grumman (formerly Orbital ATK, Inc.)	550	10	1.11%	436	8	0.85%
Wal-Mart Stores, Inc.***	***			500	6	0.98%
Penn National Gaming	*			350	10	0.69%
Totals	<u>11,411</u>		<u>23.02%</u>	<u>9,459</u>		<u>18.51%</u>

*Note: Employer is not one of the ten largest employers during the year noted

**Terumo Medical and Terumo Cardiovascular totals are combined under Terumo Corporation

***Confidential data no longer available

Source: Maryland Department of Commerce, Cecil County Public Schools Approved Budget, Cecil County Government

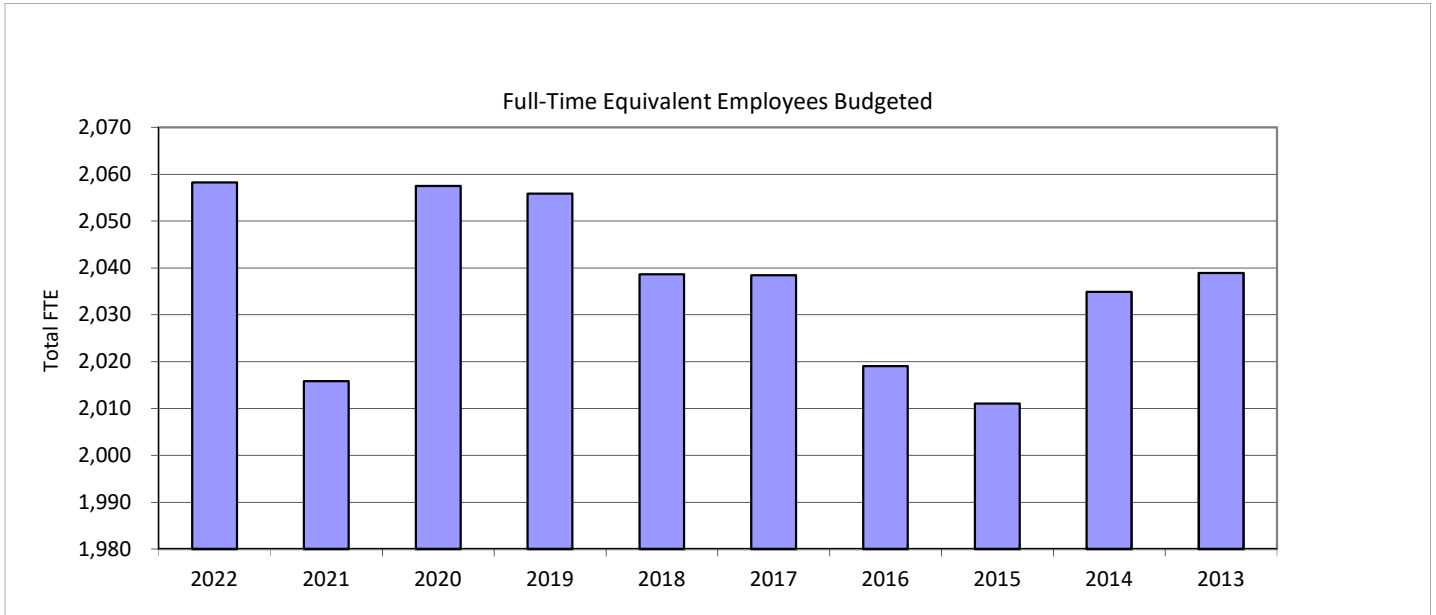
**CECIL COUNTY, MARYLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population	Personal Income (amounts expressed in			Unemployment Rate	Median	School
		thousands)	Per Capita Income	Employment		Price of Housing Sales	
2021	103,905	\$ 3,728,839	\$ 35,887	49,595	5.2%	\$ 286,500	14,780
2020	103,419	3,600,015	34,810	53,741	5.9%	257,500	14,718
2019	102,855	3,391,746	32,976	51,323	4.0%	229,900	15,255
2018	102,826	3,346,164	32,542	50,558	4.8%	225,308	15,307
2017	102,746	3,151,836	30,676	50,558	4.8%	216,484	15,364
2016	102,603	3,030,687	29,538	49,918	5.1%	194,765	15,633
2015	102,382	2,971,638	29,025	50,042	6.0%	197,902	15,859
2014	102,383	3,022,141	29,518	48,665	6.6%	194,000	15,681
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

Source: Cecil County Office 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administration	45.50	44.50	47.50	47.50	47.50	47.00	47.00	47.00	47.00	47.50
Mid-level administration	191.50	178.00	191.00	194.60	194.60	195.10	197.10	196.10	196.10	196.60
Instruction salaries	1,120.50	1,081.00	1,104.70	1,102.40	1,099.70	1,102.40	1,101.10	1,103.40	1,120.66	1,126.86
Special education	450.40	454.40	453.90	451.90	437.40	437.50	419.90	411.10	418.20	414.20
Student personnel services	11.00	16.50	18.50	14.90	15.90	13.90	15.90	15.90	15.90	14.70
Student health services	32.00	32.00	32.00	31.00	32.00	31.00	31.00	31.00	31.00	32.00
Student transportation	19.80	20.90	21.40	23.00	23.00	23.00	23.00	25.00	25.00	25.00
Operation of plant	137.50	135.50	136.50	135.50	134.50	134.50	132.00	130.50	131.00	131.00
Maintenance of plant	46.00	47.00	48.00	48.00	48.00	48.00	49.00	48.50	47.50	47.50
Community services	-	2.00	1.00	3.00	3.00	3.00	-	-	-	1.00
Capital outlay	4.00	4.00	3.00	4.00	3.00	3.00	3.00	2.50	2.50	2.50
Total by function	2,058.20	2,015.80	2,057.50	2,055.80	2,038.60	2,038.40	2,019.00	2,011.00	2,034.86	2,038.86
Increase/(decrease) over prior year	42.40 2.1%	-41.70 -2.0%	1.70 0.1%	17.20 0.8%	0.20 0.0%	19.40 1.0%	8.00 0.4%	-23.86 -1.2%	-4.00 -0.2%	-13.00 -0.6%



Source: Cecil County Public Schools, Approved Budget

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total student enrollment	14,780	14,718	15,255	15,307	15,364	15,633	15,859	15,681	15,824	15,634
Administration	\$ 422	\$ 396	\$ 386	\$ 350	\$ 366	\$ 329	\$ 267	\$ 260	\$ 267	\$ 302
Mid-level administration	1,071	972	961	951	920	889	841	853	839	868
Instruction										
Salaries	5,832	5,514	5,312	4,986	4,758	4,639	4,438	4,485	4,395	4,365
Materials and supplies	429	283	175	195	307	299	193	295	240	233
Other costs	428	453	247	290	295	239	206	164	185	206
Special education	2,159	2,029	2,017	1,927	1,779	1,681	1,659	1,609	1,555	1,608
Student personnel services	153	139	115	139	98	85	65	68	68	64
Student health services	141	129	119	112	109	104	100	97	95	98
Student transportation	850	671	714	724	699	643	607	603	594	614
Operation of plant	867	804	739	745	721	711	689	759	735	722
Maintenance of plant	371	268	264	293	319	287	274	261	273	286
Fixed charges	2,845	2,807	2,753	2,759	2,403	2,313	2,381	2,352	2,382	2,162
Community services	43	50	17	35	21	23	8	19	15	25
Capital outlay	37	28	45	89	73	27	19	19	25	14
Student school/activity fees	88	41	-	-	-	-	-	-	-	-
Total cost per student	<u>\$ 15,736</u>	<u>\$ 14,584</u>	<u>\$ 13,864</u>	<u>\$ 13,595</u>	<u>\$ 12,868</u>	<u>\$ 12,269</u>	<u>\$ 11,747</u>	<u>\$ 11,844</u>	<u>\$ 11,668</u>	<u>\$ 11,567</u>
Increase/(decrease) over prior year	\$ 1,152 7.9%	\$ 720 5.2%	\$ 269 2.0%	\$ 727 5.6%	\$ 599 4.9%	\$ 522 4.4%	\$ (97) -0.8%	\$ 176 1.5%	\$ 101 0.9%	\$ 606 5.5%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total student enrollment	14,780	14,718	15,255	15,307	15,364	15,633	15,859	15,681	15,824	15,634
<u>FOOD & NUTRITION</u>										
Number of days lunch served	224*	260**	123***	180	180	180	180	178	177	179
Average number of lunches served daily:										
Free lunch	7,548	3,991	4,148	3,964	4,186	4,041	4,156	4,182	4,100	3,841
Reduced price	-	-	608	475	429	471	508	523	504	519
Regular price	-	-	2,349	2,281	2,194	2,109	2,209	2,291	2,269	2,449
Total average number of lunches served daily	7,548	3,991	7,105	6,720	6,809	6,621	6,873	6,996	6,873	6,809
Percentage of student participation:										
Students receiving free lunch	51.1%	27.1%	27.2%	25.9%	27.2%	25.8%	26.2%	26.7%	25.9%	24.6%
Students paying reduced price	0.0%	0.0%	4.0%	3.1%	2.8%	3.0%	3.2%	3.3%	3.2%	3.3%
Students paying regular price	0.0%	0.0%	15.4%	14.9%	14.3%	13.5%	13.9%	14.6%	14.3%	15.7%
Total percentage of student participation	51.1%	27.1%	46.6%	43.9%	44.3%	42.3%	43.3%	44.6%	43.4%	43.6%
Cost per lunch to student:										
Elementary	\$ -	\$ -	\$ 2.75	\$ 2.75	\$ 2.60	\$ 2.60	\$ 2.50	\$ 2.50	\$2.45	\$2.25
Secondary	\$ -	\$ -	\$ 2.75	\$ 2.60	\$ 2.60	\$ 2.75	\$ 2.65	\$ 2.65	\$2.60	\$2.40
<u>STUDENT TRANSPORTATION</u>										
Number of students eligible to ride the bus	13,189	13,710	13,998	14,430	14,731	14,286	14,373	14,735	14,565	14,673
Number of school bus riders daily	7,819	11,511	11,457	10,859	10,091	10,718	11,355	10,914	10,459	11,117
Percentage of student participation	52.9%	78.2%	75.1%	70.9%	65.7%	68.6%	71.6%	69.6%	66.1%	71.1%
Number of school bus routes:										
County	7	8	8	8	8	8	8	8	9	9
Private contractor	131	139	146	144	144	235	145	143	142	142
<u>TEACHER DATA</u>										
Total number of budgeted teachers	1,302.60	1,278.60	1,341.60	1,336.80	1,330.60	1,328.40	1,310.50	1,296.50	1,296.90	1,299.20
Minimum salary (190 days)	\$ 49,984	\$ 49,245	\$ 48,232	\$ 46,804	\$ 45,886	\$ 45,208	\$ 44,760	\$ 44,186	\$ 43,662	\$ 42,890
Maximum salary **** (190 days)	\$ 92,149	\$ 90,963	\$ 89,337	\$ 86,092	\$ 84,638	\$ 83,563	\$ 80,829	\$ 79,919	\$ 79,089	\$ 77,866
Average annual salary	\$ 74,410	\$ 73,788	\$ 70,406	\$ 68,140	\$ 65,535	\$ 64,373	\$ 63,100	\$ 63,520	\$ 61,061	\$ 60,943
Increase/decrease over prior year	0.8%	4.8%	3.3%	4.0%	1.8%	2.0%	-0.7%	4.0%	0.2%	0.8%
Percentage of teachers with Master's and/or APC	76.7%	78.5%	70.5%	70.7%	66.6%	66.4%	65.9%	68.7%	67.8%	67.0%
Percentage of teachers with Master's plus credits	9.4%	8.9%	7.9%	7.5%	6.2%	5.6%	6.0%	6.3%	6.4%	6.2%
Percentage of teachers with Doctorate	1.4%	1.3%	1.0%	0.9%	0.4%	0.5%	0.3%	0.3%	0.5%	0.5%
Student/Teacher ratio	11.3	11.5	11.4	11.5	11.5	11.8	12.1	12.1	12.2	12.0

*Seamless Summer Option from July 1, 2021 through June 30, 2022

**Breakfast and lunch were provided Monday through Friday from July 2020 through June 2021.

***Due to COVID-19 closure, lunch served for 123 days between 9/2/2019 and 3/13/2020. 135,955 lunches were served from 3/16/2020 through 6/30/2020 at no cost to all children 18 and under regardless of whether they were students or not.

****Includes additional stipends for advanced training and longevity

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

**CECIL COUNTY PUBLIC SCHOOLS
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2022**

	Square Feet	Acres	Capacity	Year Constructed	Most Recent Total Reno
<u>Central Offices</u>					
G.W. Carver Center	32,357	3	N/A	1953	2008
Administrative Services Center	76,700	50	500	1965	1965
<u>Elementary Schools</u>					
Bainbridge Elementary	51,818	15	428	1956	2001
Bay View Elementary	61,884	15	608	1961	2003
Calvert Elementary	58,857	16	433	1981	2012
Cecil Manor Elementary	49,586	10	522	1955	1995
Cecilton Elementary	35,321	8	350	1939	1997
Charlestown Elementary	42,522	20	271	1959	2003
Chesapeake City Elementary	65,749	4	541	2021	-
Conowingo Elementary	44,696	19	533	1955	1993
Elk Neck Elementary	50,156	29	499	1991	1991
Gilpin Manor Elementary	65,749	9	547	2018	-
Holly Hall Elementary	61,711	15	643	1963	2000
Kenmore Elementary	35,225	11	306	1985	1985
Leeds Elementary	40,414	17	408	1968	1968
North East Elementary	61,396	11	545	1951	2002
Perryville Elementary	69,649	10	500	1955	2016
Rising Sun Elementary	62,496	12	716	1957	1991
Thomson Estates Elementary	70,130	17	614	1976	1976
<u>Middle Schools</u>					
Bohemia Manor Middle*	N/A	N/A	601	1958	1995
Cherry Hill Middle	92,990	39	775	1968	1968
Elkton Middle	72,600	14	711	1937	1998
North East Middle	101,200	10	711	1932	1932
Perryville Middle	102,746	26	860	1928	2008
Rising Sun Middle	104,765	20	818	1931	1999
<u>High Schools</u>					
Bohemia Manor High*	136,024	35	643	1958	1995
Elkton High	187,046	37	1,380	1958	2008
North East High	123,890	50	1,009	1970	1970
Perryville High	130,672	39	860	1978	1978
Rising Sun High	114,400	42	924	1991	1991
<u>Other Schools</u>					
Providence	16,645	9	106	1923	1994
School of Technology	167,571	90	657	1991	2015
Total:	2,386,965	702	19,019		

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

Source: Educational Facilities Master Plan

**CECIL COUNTY PUBLIC SCHOOLS
STUDENT ACADEMIC PERFORMANCE
AS OF JUNE 30, 2021***

**Maryland Comprehensive Assessment Program (MCAP)
Percentage of Students Meeting Proficiency - 2021****

		English/Language Arts		Math	
		CECIL COUNTY	STATE	CECIL COUNTY	STATE
Grade 3	Proficient	12.9	24.1	7.0	14.5
Grade 4	Proficient	15.7	23.4	15.2	20.9
Grade 5	Proficient	14.9	25.2	18.1	23.0
Grade 6	Proficient	46.8	53.3	15.2	20.8
Grade 7	Proficient	25.0	31.6	7.3	6.8
Grade 8	Proficient	23.6	31.0	<5.0	3.2

**Maryland Comprehensive Assessment Program (MCAP)
Percentage of Students Meeting Proficiency - 2021****

		CECIL COUNTY	STATE
English 10	Proficient	51.2	56.6
Algebra 1	Proficient	<5.0	7.0

Scholastic Assessment Test - Average Score, 2022 Data Reported

	CECIL COUNTY	STATE OF MARYLAND	NATION
Evidence-Based Reading and Writing	501	536	571
Math	493	524	559
Total	994	1,060	1,130

*Due to the COVID-19 pandemic, Spring 2021 MCAP testing took place in Early Fall of 2021 and students took the previo

**CECIL COUNTY PUBLIC SCHOOLS
OUTSTANDING LEASES**

Fiscal year ending	
June 30:	Various Equipment
2023	\$ 240,112
2024	239,948
2025	66,680
2026	24,950
2027	16,899
	<u>588,589</u>

**CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF CAPITAL LEASES
AS OF JUNE 30, 2022**

Fiscal Year	Principal	Interest	Total Debt Service
2023	\$ 301,131	\$ 4,141	\$ 305,272
2024	-	-	-
2025	-	-	-
	<u>\$ 301,131</u>	<u>\$ 4,141</u>	<u>\$ 305,272</u>

Source: Notes 6 and 7 to Financial Statements

INDEPENDENT AUDITOR'S REPORTS AND 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

To the Board of Education
Cecil County, Maryland

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cecil County Public Schools (the "School System"), a component unit of Cecil County, Maryland, as of and for the year ended June 30, 2022, 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, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School System's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's financial statements are free from 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 financial statements. 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*.

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.

CohnReznick LLP

Baltimore, Maryland
September 30, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and
on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Education
Cecil County, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cecil County Public Schools' (the "School System") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Cecil County Public Schools' major federal programs for the year ended June 30, 2022. 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.

In our opinion, the School System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School System and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School System's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School System's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School System's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School System's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CohnReznick LLP".

Baltimore, Maryland
September 30, 2022

Cecil County Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

I. Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
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Identification of Major Programs

Name of federal program or cluster	Federal assistance listing number(s)	Federal expenditures
Child Nutrition Cluster	10.553; 10.555; 10.556; 10.559; 10.582	\$11,820,005
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	\$1,560,077
COVID-19 Education Stabilization Fund	84.425	\$15,777,670

Dollar threshold used to distinguish between type A and type B programs \$1,197,136

Auditee qualified as low-risk auditee? X Yes No

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Grant Name	Federal Assistance Listing Number	Grant Number	Passed Through to Subrecipients	Federal Expenditures
United States Department of Agriculture				
Federal Programs administered through the Maryland State Department of Education				
Child Nutrition Cluster				
National School Lunch Program	10.555	07	\$ -	\$ 1,065,201
National School Lunch Program	10.555	07	-	190,000
Total National School Lunch Program			-	1,255,201
Summer Food Service Program for Children	10.559	07	-	10,564,804
Total Child Nutrition Cluster			-	11,820,005
State Administrative Expenses for Child Nutrition	10.560	07	-	14,910
Total United States Department of Agriculture			-	11,834,915
United States Department of Justice				
Federal programs administered through the University of Maryland, Baltimore				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2017-CK-BX-0014	-	424,652
Total United States Department of Justice			-	424,652
United States Department of the Treasury				
Federal Programs administered through the Maryland State Department of Education				
COVID - 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	211764-01	-	170,688
COVID - 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	211786-01	-	196,072
COVID - 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	211822-01	-	206,812
COVID - 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	211847-01	-	523,933
COVID - 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	211857-01	-	134,045
COVID - 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	211886-01	-	71,368
COVID - 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	211908-01	-	257,159
Total United States Department of the Treasury			-	1,560,077
United States Federal Communications Commission				
Federal Programs administered through the Universal Service Administrative Company				
Emergency Connectivity Fund Program	32.009	ECF222121020	-	124,000
Total United States Federal Communications Commission			-	124,000
United States Department of Education				
Federal programs administered through the Maryland State Department of Education				
Title I Grants to Local Educational Agencies	84.010	200986-01	-	332,772
Title I Grants to Local Educational Agencies	84.010	211090-01	-	795,999
Title I Grants to Local Educational Agencies	84.010	221517-01	-	2,371,951
			-	3,500,722
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	190276-06	-	18,630
Special Education Grants to States	84.027	200434-03	-	5,632
Special Education Grants to States	84.027	201098-01	-	27,127
Special Education Grants to States	84.027	201098-02	-	53,392
Special Education Grants to States	84.027	201098-03	-	30,121
Special Education Grants to States	84.027A	210295-01	-	33,671
Special Education Grants to States	84.027	210402-01	-	674,861

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2022

Grant Name	Federal Assistance Listing Number	Grant Number	Passed Through to Subrecipients	Federal Expenditures
United States Department of Education (continued)				
Federal programs administered through the Maryland State Department of Education (continued)				
Special Education Cluster (IDEA) (continued)				
Special Education Grants to States	84.027	210402-02	\$ -	\$ 31,626
Special Education Grants to States	84.027	210402-03	-	1,151
Special Education Grants to States	84.027	210402-04	-	3,622
Special Education Grants to States	84.027	210402-05	-	1,438
Special Education Grants to States	84.027	210402-06	-	250
Special Education Grants to States	84.027	211025-01	-	24,412
Special Education Grants to States	84.027	211025-02	-	50,684
Special Education Grants to States	84.027	211025-03	-	116,334
Special Education Grants to States	84.027A	220411-01	-	2,384,285
Special Education Grants to States	84.027A	220411-03	-	505,057
Special Education Grants to States	84.027A	220411-04	-	273
Special Education Grants to States	84.027A	220411-05	-	6,177
Special Education Grants to States	84.027A	220411-06	-	33,412
Special Education Grants to States	84.027A	221166-01	-	125,047
Special Education Grants to States	84.027X	221239-01	-	616,168
Special Education Grants to States	84.027X	221239-03	-	104,642
Total Special Education Grants to States			-	4,848,012
Special Education Preschool Grants	84.173	210410-01	-	913
Special Education Preschool Grants	84.173	210410-02	-	615
Special Education Preschool Grants	84.173A	220386-01	-	72,666
Special Education Preschool Grants	84.173A	220386-02	-	671
Special Education Preschool Grants	84.173A	220386-03	-	14,198
Special Education Preschool Grants	84.173A	220506-01	-	4,165
Special Education Preschool Grants	84.173A	220506-02	-	4,643
Special Education Preschool Grants	84.173X	221237-01	-	12,579
Special Education Preschool Grants	84.173X	221237-03	-	6,482
Total Special Education Preschool Grants			-	116,932
Total Special Education Cluster (IDEA)			-	4,964,944
Career and Technical Education - Basic Grants to States	84.048A	210522-01	-	19,836
Career and Technical Education - Basic Grants to States	84.048A	220692-02	-	13,779
Career and Technical Education - Basic Grants to States	84.048A	220861-02	-	176,736
			-	210,351
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	211674-01	-	77,308
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	221852-01	-	38,551
			-	115,859
Special Education - Grants for Infants and Families	84.181A	210317-06	-	535
Special Education - Grants for Infants and Families	84.181A	210317-07	-	18,434
Special Education - Grants for Infants and Families	84.181A	220330-01	-	109,719
Special Education - Grants for Infants and Families	84.181A	220330-02	-	29,657
Special Education - Grants for Infants and Families	84.181X	221219-01	-	289
Special Education - Grants for Infants and Families	84.181X	221756-01	-	4,600
			-	163,234
Education for Homeless Children and Youth	84.196A	221567-01	-	161,746
			-	161,746
English Language Acquisition State Grants	84.365A	210475-01	-	29,295
English Language Acquisition State Grants	84.365A	220672-01	-	19,104
			-	48,399

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Grant Name	Federal Assistance Listing Number	Grant Number	Passed Through to Subrecipients	Federal Expenditures
United States Department of Education (continued)				
Federal programs administered through the Maryland State Department of Education (continued)				
Supporting Effective Instruction State Grants	84.367	191353-01	\$ -	\$ 5,733
Supporting Effective Instruction State Grants	84.367	201063-01	-	21,147
Supporting Effective Instruction State Grants	84.367	210788-01	-	52,815
Supporting Effective Instruction State Grants	84.367	221039-01	-	412,973
			-	492,668
Comprehensive Literacy Development	84.371C	201315-01	-	121,007
			-	121,007
Student Support and Academic Enrichment Program	84.424A	191280-01	-	7,512
Student Support and Academic Enrichment Program	84.424A	201568-01	-	15,785
Student Support and Academic Enrichment Program	84.424A	211375-01	-	161,894
Student Support and Academic Enrichment Program	84.424A	220846-01	-	20,000
Student Support and Academic Enrichment Program	84.424A	221528-01	-	75,389
			-	280,580
COVID - 19 Education Stabilization Fund	84.425D	201790-01	-	611,247
COVID - 19 Education Stabilization Fund	84.425C	201886-01	-	104,036
COVID - 19 Education Stabilization Fund	84.425D	202038-01	-	4,126
COVID - 19 Education Stabilization Fund	84.425D	202107-01	-	69,598
COVID - 19 Education Stabilization Fund	84.425D	202238-01	-	4,686,708
COVID - 19 Education Stabilization Fund	84.425U	211947-01	-	10,097,944
COVID - 19 Education Stabilization Fund	84.425D	221094-01	-	5,724
COVID - 19 Education Stabilization Fund	84.425W	221587-01	-	9,620
COVID - 19 Education Stabilization Fund	84.425U	221860-01	-	498
COVID - 19 Education Stabilization Fund	84.425U	221860-03	-	20,490
			-	15,609,991
Federal programs administered through the Maryland Department of Housing and Community Development, Office of Statewide Broadband				
COVID - 19 Education Stabilization Fund	84.425C	2207305A	-	167,679
			-	167,679
Total COVID-19 Education Stabilization Fund				15,777,670
Total United States Department of Education			-	25,837,180
United States Department of Health and Human Services				
Federal Programs administered through the Cecil County Health Department				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	n/a	-	18,395
			-	18,395
Federal Programs administered through the Maryland State Department of Education				
Every Student Succeeds Act / Preschool Development Grants	93.434	211329-01	-	9,877
Every Student Succeeds Act / Preschool Development Grants	93.434	211404-01	-	31
Every Student Succeeds Act / Preschool Development Grants	93.434	221682-01	-	10,208
Every Student Succeeds Act / Preschool Development Grants	93.434	221732-01	-	10,902
			-	31,018

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2022

Grant Name	Federal Assistance Listing Number	Grant Number	Passed Through to Subrecipients	Federal Expenditures
United States Department of Health and Human Services (continued)				
Federal programs administered through the Maryland State Department of Education (continued)				
CCDF Cluster				
Child Care and Development Block Grant	93.575	220241-02	\$ -	\$ 74,283
Total CCDF Cluster			<u>-</u>	<u>74,283</u>
 Total United States Department of Health and Human Services			 <u>-</u>	 <u>123,696</u>
 Total Federal Expenditures			 <u>\$ -</u>	 <u>\$ 39,904,520</u>

See Notes to Schedule of Expenditures of Federal Awards.

CECIL COUNTY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2022

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cecil County Public Schools under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Cecil County Public Schools ("the School System"), it is not intended to and does not present the financial position, changes in net position, or cash flows of the School System.

NOTE B - SCOPE OF SINGLE AUDIT PURSUANT TO UNIFORM GUIDANCE

All federal financial assistance programs operated by the Cecil County Public Schools are included in the scope of the Uniform Guidance audit. The Maryland State Department of Education has been designated as the cognizant audit agency for the Uniform Guidance audit.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The School System has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE D - FISCAL PERIOD AUDIT

Single Audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2022 for the following programs:

Name of federal program or cluster	Federal assistance listing number(s)	Federal expenditures
Child Nutrition Cluster	10.553; 10.555; 10.556; 10.559; 10.582	\$11,820,005
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	\$1,560,077
COVID-19 Education Stabilization Fund	84.425	\$15,777,670

CECIL COUNTY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2022

NOTE E - 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 2022, Cecil County Public Schools received \$1,550,197 in Medical Assistance monies.

Total Federal Grant Expenditures per financial statements	\$ 41,454,717
Medical Assistance Program	<u>(1,550,197)</u>
Total Schedule of Expenditures of Federal Awards	<u><u>\$ 39,904,520</u></u>