Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2026



Cecil County Public Schools

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

Cecil County Public Schools

Serving LEARNERS, FAMILIES, and the COMMUNITY

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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, 2026

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Prepared by the Department of Business Services

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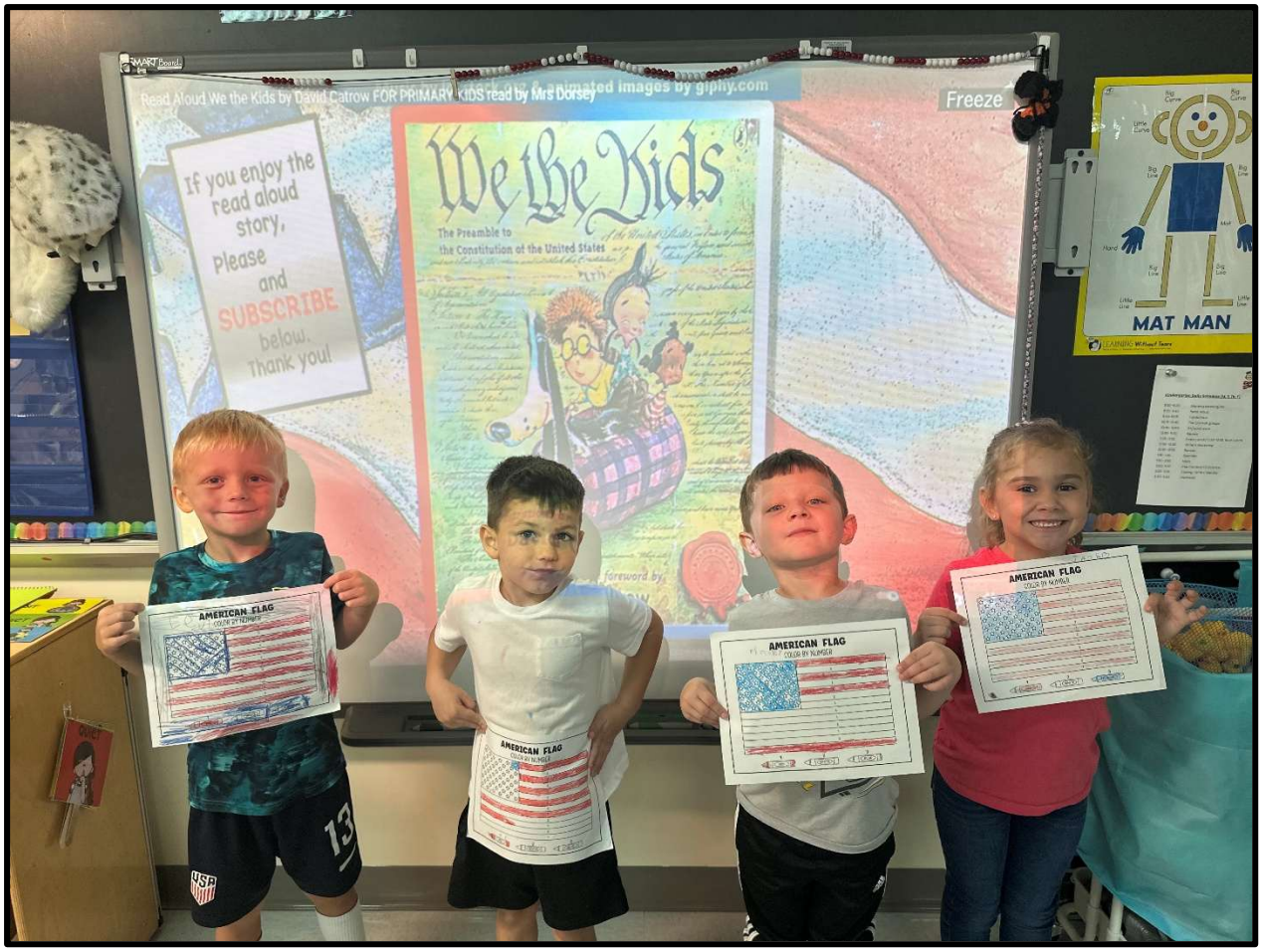
CECIL COUNTY PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

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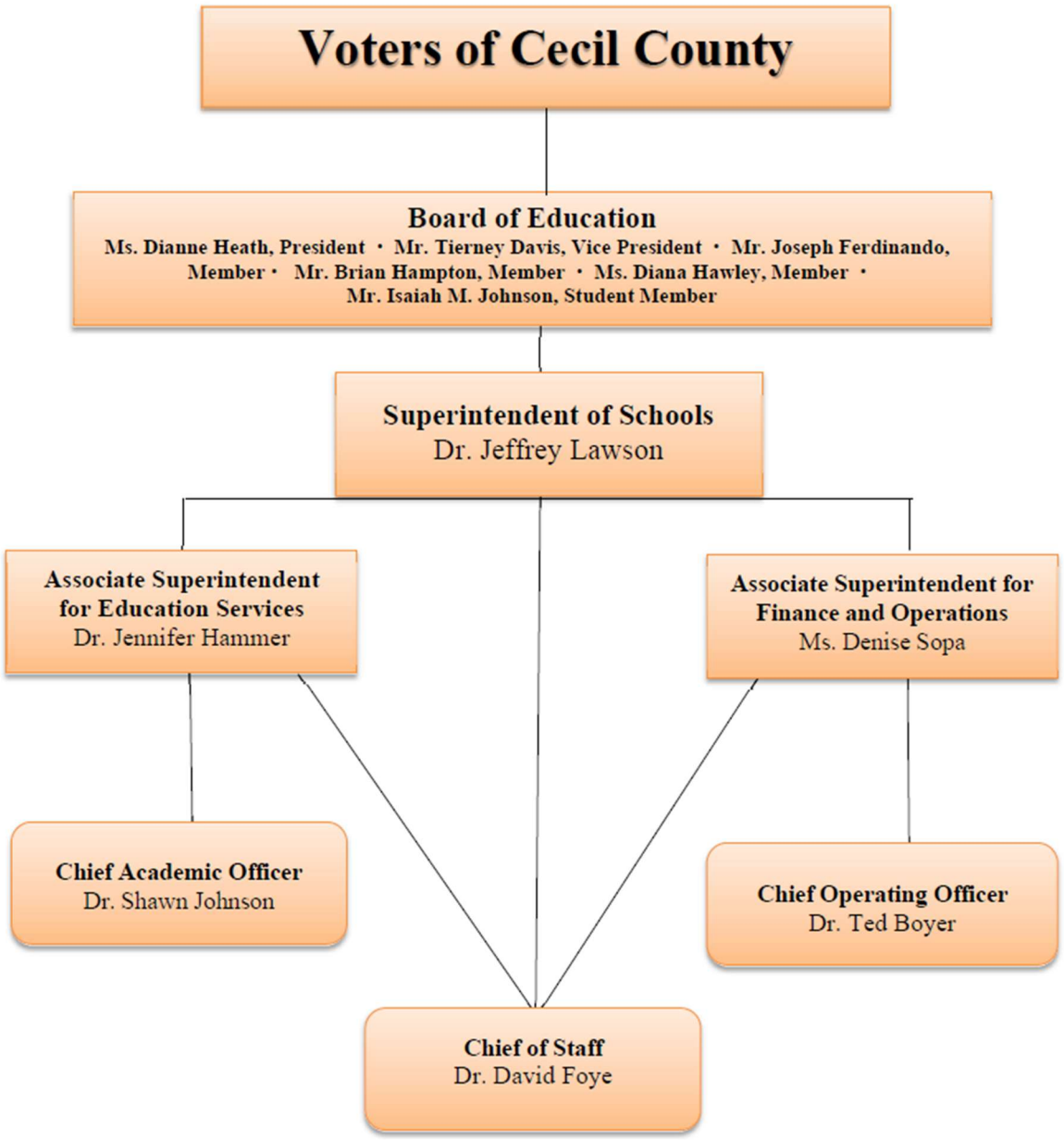
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INTRODUCTORY SECTION


Read Aloud We the Kids by David Catrow FOR PRIMARY KIDS read by Mrs Dorsey
Freeze
If you enjoy the read aloud story, Please and SUBSCRIBE below. Thank you!
We the Kids
The Preamble to the Constitution of the United States
MAT MAN
AMERICAN FLAG
AMERICAN FLAG
AMERICAN FLAG
AMERICAN FLAG

Cecil County Public Schools
Organization Chart
As of July 1, 2026



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, 2026

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
Denise M. Sopa	Associate Superintendent for Finance and Operations
David B. Foye, Ed.D.	Chief of Staff
Shawn M. Johnson, Ed.D.	Chief Academic Officer
Theodore L. Boyer, Ed.D.	Chief Operating Officer

CECIL COUNTY PUBLIC SCHOOLS

Jeffrey A. Lawson, Ed.D., *Superintendent* 201 Booth Street, Elkton, MD 21921

September 29, 2026

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, 2026 is prepared pursuant to the requirements of Section 5-109 of the Public School Laws of Maryland.

The School System is 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).

Responsibility 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 our 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. If you have questions about this report or need additional financial information, contact the Associate Superintendent for Finance and Operations, Cecil County Public Schools, George Washington Carver Education Leadership Center, 201 Booth Street, Elkton, MD 21921.

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 14,455

students in 30 schools throughout our county including 17 elementary, 6 middle, 5 high schools, a career and technology center, and an alternative school. Despite recent declining enrollment, the School System projects enrollment to increase by 2.38% by fiscal year 2036. Our fleet of buses travel 2.38 million miles annually, transporting students safely to and from school, field trips and athletic events. Cecil County Public Schools is the 15th largest of the 24 school systems in Maryland. Cecil County has no charter schools.

Approximately 2.4 million square feet of building space and 719 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 thirty-seven times; thirteen schools have received this rating more than once. Since 2008, twenty-seven 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 Chesapeake City Elementary School which was replaced in 2021. Twenty-seven of the 32 buildings have undergone renovation or modification including secure entrance upgrades. 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 $43.6 million in deferred maintenance expense, $13.3 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 replacement of the chiller at Rising Sun Middle 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 2027 totals $284,452,326, funded 39.16% by the County, 52.94% by the State, and 7.90% 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

Prior to FY2025, Federal funding was largely dependent on changes in student demographics among those receiving federally funded Free and Reduced Meals (FaRMs) and students with Individual Education Plans (IEP). However, with the inauguration of President Trump in January of 2025, the federal government's view on funding public education shifted to a philosophy of decentralizing authority and promoting school choice. In the second year of his administration, despite the attempts to change the major formula grants including Title I (for low-income

schools) and Title II (teacher development) the programs continued to be funded and overseen by the Department of Education. The administration's budget proposals sought deep cuts to K-12 public school funding and proposed consolidating traditional formula grants into broad block grants. Congress ultimately rejected these cuts and maintained flat funding levels for Title I and special education. This administration continues to increase funding to promote charter school development. As more options become available to K-12 students, the available funding for public education continues to have an uncertain future.

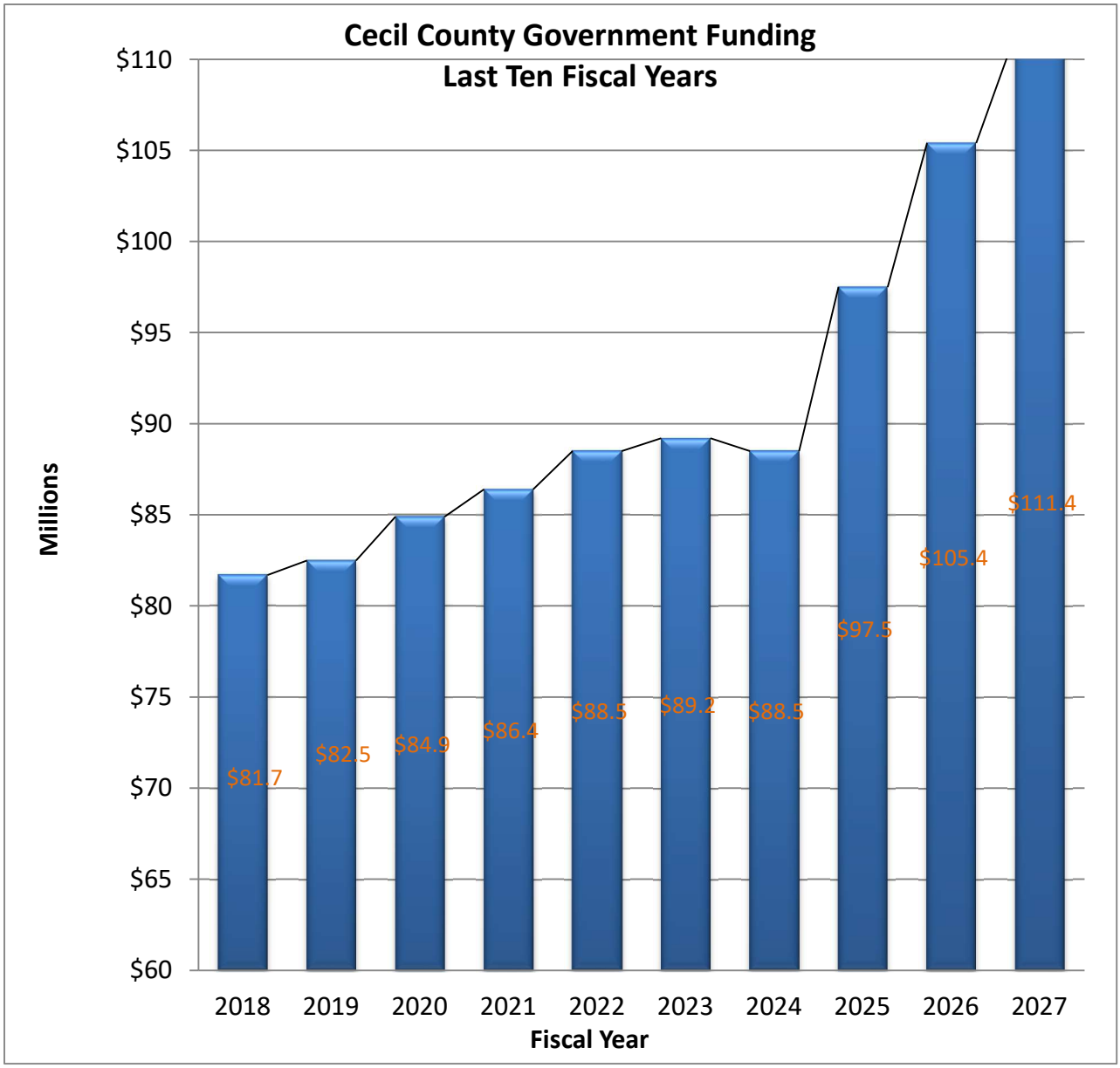
In 2016, the Maryland General Assembly created the Blueprint for Maryland's Future Act (Blueprint). The Blueprint is a product of the recommendations made by the Commission on Innovation and Excellence in Education, more commonly known as the Kirwan Commission, which met over the course of three years 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 pillars: (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; and (5) Governance and Accountability. 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, multilingual 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 five pillars of Blueprint. 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.

The implementation of the Blueprint for Maryland's Future Act changed the required minimum school funding amount by local government to be either the higher of Maintenance of Effort (MOE) or Local Share. MOE is the amount equal to, or greater than, the prior year per student appropriation. The calculation of MOE ensures equal funding relative to enrollment as that of prior years on a per student basis. Local Share is a state calculation utilizing county wealth data and school system enrollment data to determine the local government's funding responsibility versus the state share of funding. The calculation ensures that as a County increases in wealth, the local government is providing adequate funding towards education. FY2026 was only the second time the calculation of the county's local share of $99,034,345 was greater than the MOE calculation of $97,304,985. Therefore, by law, Cecil County Government was required to fund FY2026 by at least the local share amount.

CECIL COUNTY PUBLIC SCHOOLS

Jeffrey A. Lawson, Ed.D., *Superintendent* 201 Booth Street, Elkton, MD 21921

In FY2027, the School System will receive a 5.7% increase in County funding for a total regular appropriation of $111,386,031. This is an increase of $5,999,915. In addition, the FY27 budget passed by the State of Maryland requires County governments to pay a portion of the State's share of its teacher pension liability. The amount required by Cecil County Government in FY27 is $1,856,489. Cecil County Public Schools' total projected revenue for fiscal year 2027 is $279,452,326. Projected expenses of $284,452,326 will require the use of fund balance in the amount of $5,000,000.



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ECONOMIC CONDITION AND OUTLOOK

Cecil County is the sixth fastest-growing county in Maryland. The U.S. Census Bureau estimates the 2025 population at 107,131. Population is projected to grow by 2.1% between 2025 and 2030 and reach 138,440 by 2050.

As of mid-calendar year 2026, the county's civilian labor force is 51,216. Employment declined slightly, by 0.6%, over the previous year but rose 10.7% from 2020 to 2025. The June 2026 unemployment rate of 4% remains below the national rate of 4.4%. Median household income is $92,007, which is about 10% below the Maryland average and 10% above the national median.

Average annual wages in Cecil County reached $66,095 as of March 2026, rising 4.7% over the past year. Nationally, the average wage was $77,110. Utilities ($137,803), Public Administration ($104,965), and Manufacturing ($97,641) are the county's highest paying sectors. The cost of living is 6.2% above the national average and remains 8.4% lower than Maryland's state average.

Cecil County's strategic Mid-Atlantic location, positioned between Baltimore and Philadelphia and between Washington, D.C. and New York City, provides overnight access to more than 90 million consumers and one-third of U.S. buying power. This prime location, combined with robust multimodal transportation networks, makes Cecil County highly attractive for business growth. Total business establishments in the county reached 2,062 in 2025, up from 1,776 in 2023. Incentives continue to support economic growth and competitiveness. The Enterprise Zone remains a strong draw, and it is complemented by the Job Creation Tax Credit, Opportunity Zones, workforce training grants, and other tools.

Nominal GDP in the county expanded by 6.3% in 2025, following strong growth of 8.6% in 2024, reaching $6.27 billion. Public Administration contributed the largest share of GDP at $1.04 billion, followed closely by Manufacturing at $1.02 billion. Other major contributors included Health Care and Social Assistance at $646 million and Wholesale Trade at $456 million.

Manufacturing remains a cornerstone of the local economy, employing more than 5,000 workers, roughly 12% of all jobs and three times Maryland's statewide average. Key employers include W.L. Gore, Northrop Grumman, Terumo Medical, Terumo Cardiovascular, and TIM Plastics. Recent investments include Northrop Grumman's Hypersonics Center of Excellence, opened in 2023, and the new Propulsion Innovation Center. Together they are creating more than 300 skilled jobs. W.L. Gore is the county's largest employer with more than 3,000 workers in polymers, membranes, medical products, and research and development.

The logistics and transportation sector also plays a major role, supported by Amazon, IKEA, Medline, Restoration Hardware, Smithfield, and Estes. The sector grew more than 8 percent in

recent years, driven by expansions from Highline Warren, Estes, and Restoration Hardware. Average annual earnings in this sector are about $65,421.

Several transformative projects are shaping Cecil County's future. Great Wolf Lodge Perryville, the largest in the United States, opened in June 2023 with more than 700 rooms and a 126,000 square foot indoor waterpark, employing over 1,100 people. In its first year, it welcomed one million visitors, far exceeding expectations. The Elkton Commerce Center completed its first 760,000 square foot building in 2023, which is now fully occupied, and three additional buildings are planned. Redevelopment of the former Bainbridge Naval Training Center continues, with two of four Phase I buildings completed and one leased.

Despite elevated interest rates, housing demand remains strong in the county. Southfields in Elkton delivered 330 new apartments in 2025, and additional phases including single-family homes, townhomes, senior housing, a regional sports complex, and a hotel are scheduled for delivery over the next five years.

Tourism continues to be an important contributor to the local economy. In 2024, visitors spent $350.5 million in Cecil County, supporting 2,736 jobs and generating $44.4 million in state and local taxes. Agriculture also remains central to the county's identity and economy. Of the county's 222,824 acres, one third is farmland. While cash grains dominate, Cecil's varied topography also supports orchards, vineyards, nurseries, livestock operations, and vegetable production. Warwick Mushroom Farms operates the second largest single site high tech mushroom facility in the Western Hemisphere, with more than 500,000 square feet of grow space and three expansions to date. SunMed, Maryland's largest cannabis cultivation facility, is now producing edibles and beverages. Local farmers are increasingly diversifying through value added products and agritourism. Cecil County also has a premier equine sector and traditionally leads Maryland counties in the market value of horses sold. Facilities range from small private stables to Winbak Farm, the largest Standardbred farm in North America. Other major operations include the Fair Hill Training Center, Select Breeders Services, and Northview Stallion Station. The county hosts the Maryland 5 Star, a prestigious international equestrian triathlon that is one of only two events of its kind in the United States and one of seven worldwide. The event attracts more than 30,000 attendees, many from out of state. Although the event is paused for 2026, it is expected to return in 2027.

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.

CECIL COUNTY PUBLIC SCHOOLS

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Our Vision

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

STRATEGIC PLAN



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 well-being. Our current safe schools' priorities are:
    - Support implementation of students' rights and responsibilities
    - Develop a staff handbook for safety

- Continuum of services for at-risk students
- Quality infrastructure
- Secure and stabilize networks and technology applications

- **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. Our current learning opportunity priorities include:

  - Comprehensive curriculum and assessment system
  - Professional learning
  - MTSS process
  - CCR strategies
  - Continuum of services
  - Science of reading
  - AVID expansion

- **Communication and engagement**: 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 create networks of support throughout our community. We will expand and enhance mutually beneficial and purposeful partnerships, engaging our community about opportunities and decisions. Our current communication and engagement priorities include:

  - Communication plan
  - Technology strategic plan
  - Resources for families
  - Community outreach
  - Advocacy

- **Recruitment and retention of a high-quality workforce:** We will model and foster transparency throughout the organization to promote a culture of mutual respect. Internal and external communication plans will encourage dialogue and show value for everyone's voice and role in the system. Our current workforce priorities are:

  - Blueprint pillar II, Implementation of the career ladder
  - Recruitment and retention of special educators and minority educators
  - Leadership development
  - Support of a positive culture

- **Operational efficiencies**: We will streamline organizational processes to maximize productivity and minimize waste. We will analyze workflows and identify redundancies. We will support open communication and collaboration on each team to foster a culture of continuous improvement. Our current areas identified for operational efficiencies improvement include:

    - Data analysis
    - Review and revise and articulate financial protocols and procedures
    - Maintain buildings
    - Employee wellness and safety
    - Position control protocols
    - Assess software for effectiveness

In a school system with approximately 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.

The School System updates its *Strategic Plan* every October. It serves as the framework for the School System's continuous improvement efforts to achieve our Mission.

Recent Accomplishments

Cecil County Public Schools 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 2026:

CCPS has established priorities to improve our students' academic achievement and opportunities.

- Implemented initiatives in all pillars of the Blueprint for Maryland's Future: Early Childhood Education, High-Quality and Diverse Teachers and Leaders, College and Career Readiness (CCR), More Resources to Ensure that All Students are Successful, and Governance and Accountability.
- Aligned curricular programs and resources with state and national standards.
- Provided professional development for all teachers and paraprofessionals to support student engagement and create positive learning environments.
- Created common district assessments in the secondary levels to support short-cycle feedback on instruction.

- Provided differentiated instruction designed to meet the needs of all students.
- Focused on implementing literacy strategies in all content areas.
- Served the needs of students with disabilities in inclusive and least restrictive environments.
- Updated Grading and Reporting Policy and Procedures to communicate student progress in all content areas.
- Updated Teacher and Administrator evaluation handbooks to include all employees and current strategies.
- Offered Twilight School as an alternative to suspension in all secondary schools.
- Provided balanced access to technology and Chromebooks across all schools to support instruction and access to academic platforms.
- Students in the class of 2026 earned $23,188,478 in scholarships.
- Implemented the Apprenticeship of Maryland Program in which over 100 students participated.

CCPS focused our strategies on improving the learning environment of our schools.

- Continued MTSS (Multi-Tiered System of Support) for academic, behavioral, and attendance needs.
- Ensured ongoing implementation of Positive Behavior Interventions and Support (PBIS) programs in all schools.
- Engaged in active partnerships with business and community leaders through our non-profit Foundation for Cecil County Public Schools.
- Ensured appropriate implementation of our Student Code of Conduct for all students.
- Conducted regular safety reviews at each school to assess readiness to respond to incidents.
- Provided training for all schools in A.L.I.C.E. (Alert, Lockdown, Inform, Counter, Evacuate) active intruder/threat protocols.
- Provided behavioral support classrooms in several elementary and middle schools to support students' needs along the continuum of service.
- Continued the Judy Center services to support families and students ages birth to five in nine sites across Cecil County.
- Hosted Student Support Centers in all elementary and middle schools to support student behavior and refocus for learning.

CCPS focused our efforts on improving support and services for our students and staff.

- Trained administrative professionals across the district to support efficiency, best practices, and compliance.

- Continued a wellness policy through our Food and Nutrition Department to provide nutritious meals to all students.
- Continued a comprehensive wellness program for staff.
- Increased access and integration to technology through the deployment of Chromebook carts in all schools.
- Replaced the wireless infrastructure, firewalls, and network switches over the past three years to support greater bandwidth at all sites.
- Refreshed Chromebook technology across all levels of schooling, which aims to replace the oldest Chromebooks.
- Deployed 14,000 Chromebook devices which are available to students for daily instruction and support of online testing requirements.
- Provided specially designed instruction to all students with disabilities.
- Provided step increases and COLA for employees per collective bargaining arrangements aligned with legislative requirements.
- Provided AVID (Advancement Via Individual Determination) programming in various elementary, middle, and high schools to support college and career readiness.

The Future

The fiscal year 2027 budget eliminated 104 positions across the district. Additionally, central office instructional support was reduced by 30%. This consolidation has forced a resource realignment and reinforced the importance of collaborative work. As a more favorable funding forecast emerges, we will work to rebuild programs that have been reduced throughout our district. Our main priority will be reinstating several classroom teaching positions lost due to budget cuts. CCPS will continue to focus on our students' academic achievement and opportunities.

- In the 2026-2027 school year, the Division of Education Services launched an Instructional Framework to support instruction across the district. The framework centers on student achievement and focuses on implementing High-Quality Instructional Materials, using research-based High-Impact Teaching strategies, providing a comprehensive assessment system, and ensuring all staff have professional learning opportunities to build capacity to meet students' needs.
- Pilot a Lead Teacher model in three schools through the Career Ladder under the Blueprint legislation.
- Update curriculum and resources to ensure that students receive research-based programming.
- Enhance professional learning opportunities for teachers and staff to ensure all teachers use instructional strategies that meet the needs of all students.
- Ensure that class sizes decrease to help our teachers meet the needs of all students.

- Continue to offer a full range of athletic extracurricular opportunities in middle and high schools.
- Enhance the Blended Virtual Learning Program to support a continuum of services for secondary school students.
- Utilize expectations from MSDE to expand the Concentration of Poverty schools with direct support from Community School Advisors and wraparound services to students.
- Secure grant funding to expand AVID in schools and provide students with instructional strategies and opportunities to support college and career readiness.
- Expansion of Apprenticeship of Maryland Program (AMP).
- Continue to offer post-CCR Pathways to CCPS students in the areas of college preparatory courses, dual enrollment courses, and career and technical education programs.
- Implement the Read and Lead grant expectations from MSDE to expand our MTSS resources and provide instructional coaching to targeted schools.
- Train teachers and administrators on continuous improvement strategies to ensure that data drives instructional decision-making.
- Continue Chromebook refresh while navigating limited funding.
- Support and prioritize preventive maintenance work orders to save money and ensure equipment longevity.

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 ensure fiscal accountability.

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

To receive State Foundation Aid, the County must appropriate the higher of Maintenance of Effort (MOE) or Local Share. This MOE calculation ensures equal funding relative to enrollment as that of prior years on a per student basis. Whereas the local share is a state calculation utilizing county wealth data and school system enrollment data to determine the local government's funding responsibility versus the state share of funding.

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.

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

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The Board of Education selected the accounting firm UHY LLP to perform this audit under a contract awarded in fiscal year 2023, 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.

We are pleased to report that the auditor's report on the School System's basic financial statements is without modification, 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, 2025. This is the twenty-third 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, 2025. 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 twenty-third consecutive year the School System was awarded the ASBO Certificate of Excellence 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



Denise M. Sopa
Associate Superintendent for
Finance and Operations

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, 2025

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

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, 2025.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

James M. Rowan, CAE, SFO
CEO/Executive Director

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FINANCIAL SECTION


STATE CHAMPIONS
STATE CHAMPIONS
STATE CHAMPIONS
RISING SUN TIGERS
NORTH EAST INDIANS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education, Cecil County Public Schools
Cecil County, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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, 2026, 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 financial statements referred to above 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, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in FY2026, the School System adopted new accounting guidance, GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 34 to 44, the budgetary comparison schedule and the schedules of required OPEB related supplementary information on pages 93 to 98, and the schedules of required pension related supplementary information on pages 99 to 100 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026, 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 the School System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School System's internal control over financial reporting and compliance.



Columbia, Maryland
September 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction and Overview

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, 2026. The Management's Discussion and Analysis (MD&A) offers an objective, readable analysis of the financial activities of Cecil County Public Schools, with comparative information with the fiscal year ended June 30, 2025. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements that follow.

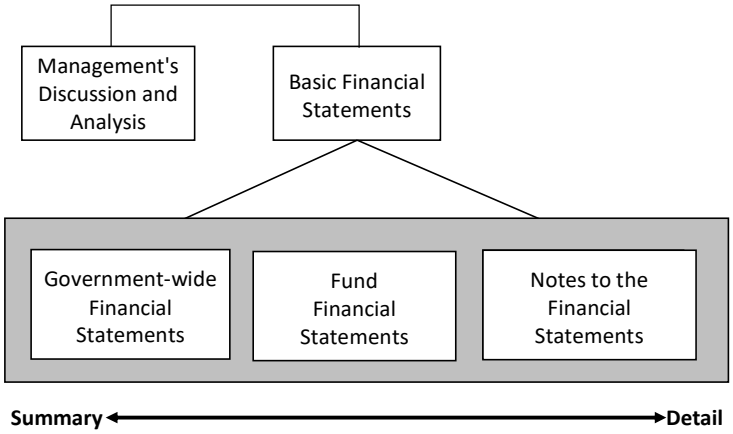
OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A 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 basic financial statements consist of three parts:

1. **Government-Wide Financial Statements:** Provide both short-term and long-term information about overall financial status using full accrual accounting.
2. **Fund Financial Statements:** Focus on individual parts of the government, reporting operations in more detail than the government-wide statements using modified accrual accounting for governmental funds.
3. **Notes to the Financial Statements:** Provide additional details and explanations necessary to fully understand the data in the financial statements.

The remaining basic financial statements present the School System's fiduciary activities. The fiduciary statements report on resources for which the School System acts as a trustee or custodian, which includes the Retiree Benefit Trust Fund. The resources do not belong to the School System and cannot be used to provide additional school support, which is why they are not included in the government-wide financial statements.

Required Components Of Cecil County Public Schools' Annual Comprehensive Financial Report



The following chart summarizes the major features of the School System's financial statements, including the portion of the 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.

Types of Information Reported in the School System's 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 deductions 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 that are applicable to future periods and will not be recognized as an inflow or outflow of resources	N/A	N/A

The School System's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. In other words, they comprehensively report all types of financial elements:

- *Assets* – resources the School System controls, from short term assets like cash to long term assets like school buildings.
- *Liabilities* – amounts the School System owes, from short term liabilities such as salaries payable to long term liabilities such as accrued vacation leave due in more than one year for current employees.
- *Deferred outflows of resources and deferred inflow of resources* - flows that occurred during the year, or in prior years, that will not be reported as expense and revenues until the future to which they are related
- *Revenues and expenses* – inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items but they do report the flows of current financial resources related to those long-term items; for example, principal and interest payments on leases and right to use subscription information technology assets.

More detail about the measurement focuses and basis of accounting can be found in the first note to the financial statements, Note 1 Summary of Significant Accounting Policies.

FINANCIAL SUMMARY

Analysis of the School System's Finances

Table A-1
Cecil County Public Schools
Net Position

	2026	2025	Increase/(Decrease)	
Assets				
Current assets	$ 61,431,256	$ 61,521,422	$ (90,166)	(0.1)%
Noncurrent assets	243,059,505	182,533,750	60,525,755	33.2%
Total assets	304,490,761	244,055,172	60,435,589	24.8%
Deferred Outflow of Resources				
OPEB related	9,390,018	11,080,487	(1,690,469)	(15.3)%
Pension related	4,990,271	5,710,281	(720,010)	(12.6)%
	14,380,289	16,790,768	(2,410,479)	(14.4)%
Liabilities				
Other liabilities	35,564,125	33,119,190	2,444,935	7.4%
Long-term liabilities	87,013,012	81,527,918	5,485,094	6.7%
Total liabilities	122,577,137	114,647,108	7,930,029	6.9%
Deferred Inflow of Resources				
OPEB related	20,917,949	20,144,846	773,103	3.8%
Pension related	477,995	733,712	(255,717)	(34.9)%
	21,395,944	20,878,558	517,386	2.5%
Net Position				
Net investment in capital assets	229,785,588	180,843,215	48,942,373	27.1%
Restricted	810,208	4,070,378	(3,260,170)	(80.1)%
Unrestricted	(55,697,827)	(59,593,319)	3,895,492	(6.5)%
Net position, end of year	$ 174,897,969	$ 125,320,274	$ 49,577,695	39.6%

Table A-1 shows that as of June 30, 2026, the School System's total net position – assets and deferred outflows minus liabilities and deferred inflows was nearly $175 million, an increase of $49.5 million or 39.6% compared with fiscal year 2025. This increase is primarily due to a $60.5 million or 33.2% increase in noncurrent assets, offset by a $7.9 million or 6.9% increase in total liabilities, specifically construction accounts payable and contractors' retainage. The increases in both areas are the result of the ongoing construction of the new North East Middle/High School, scheduled to be open to students beginning in August 2027.

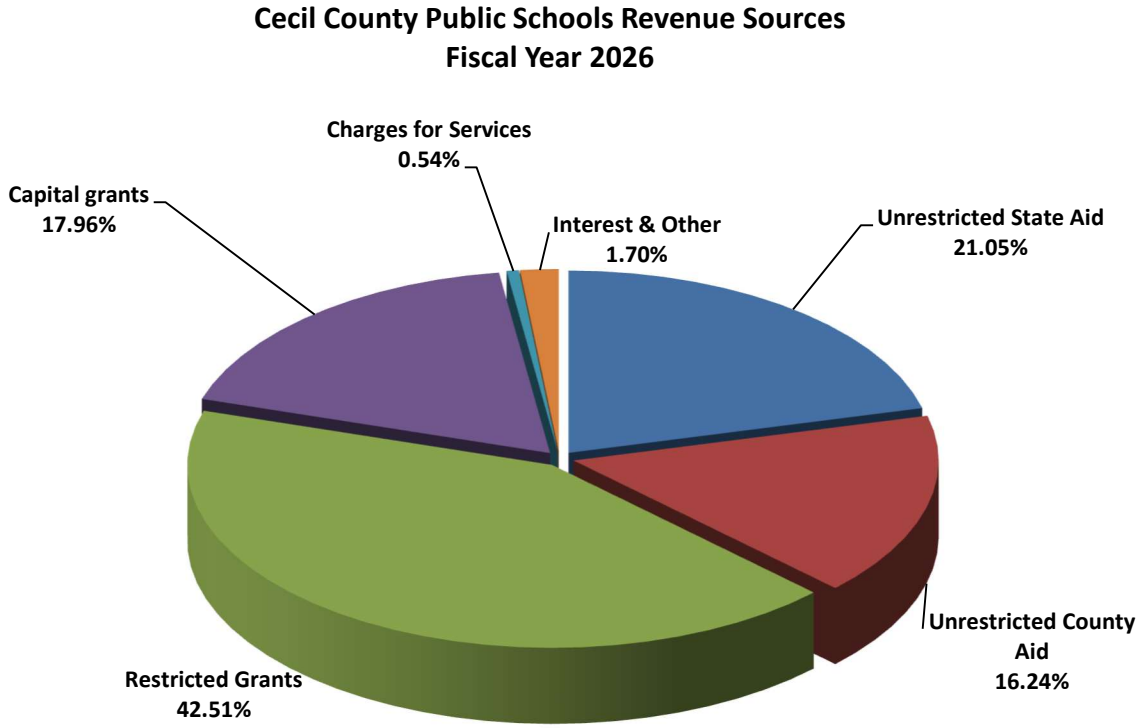
Governmental Activities

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an overall increase in net position. Various events contributed to this outcome:

- Increase in capital grants and contributions particularly related to capital assets.
- Increase in other revenue due to a collection of unanticipated revenue.
- Increase in expenses in Instructional and Special Education programs.

Table A-2
Changes in Cecil County Public Schools
Statement of Activities

	2026	2025	Increase/(Decrease)	
Revenue				
Program Revenues				
Charges for services	$ 1,974,632	$ 1,665,994	$ 308,638	18.5%
Operating grants and contributions	156,832,850	151,677,394	5,155,456	3.4%
Capital grants and contributions	66,226,253	35,336,187	30,890,066	87.4%
General Revenues				
Grants and contributions not restricted to certain programs	137,551,704	129,502,276	8,049,428	6.2%
Other	6,311,411	3,911,648	2,399,763	61.3%
Total revenue	368,896,850	322,093,499	46,803,351	14.5%
Expenses				
Administration	11,123,674	10,927,262	196,412	1.8%
Mid-level administration	26,828,652	25,505,671	1,322,981	5.2%
Instruction	163,018,502	157,886,191	5,132,311	3.3%
Special education	56,681,414	51,758,187	4,923,227	9.5%
Student personnel services	3,886,572	3,057,282	829,290	27.1%
Student health services	3,794,156	3,730,118	64,038	1.7%
Student transportation	14,838,971	14,349,223	489,748	3.4%
Operation of plant	17,965,473	16,937,673	1,027,800	6.1%
Maintenance of plant	6,515,146	5,994,784	520,362	8.7%
Food and nutrition	9,653,243	10,789,955	(1,136,712)	-10.5%
Community services	3,059,981	3,504,861	(444,880)	-12.7%
Student activities	1,806,720	1,739,224	67,496	3.9%
Interest on long-term debt	146,651	101,745	44,906	44.1%
Total expenses	319,319,155	306,282,176	13,036,979	4.3%
Change in net position	49,577,695	15,811,323	33,766,372	213.6%
Net position - beginning	125,320,274	109,508,951		
Net position - ending	$ 174,897,969	$ 125,320,274		



DETAILED ANALYSES

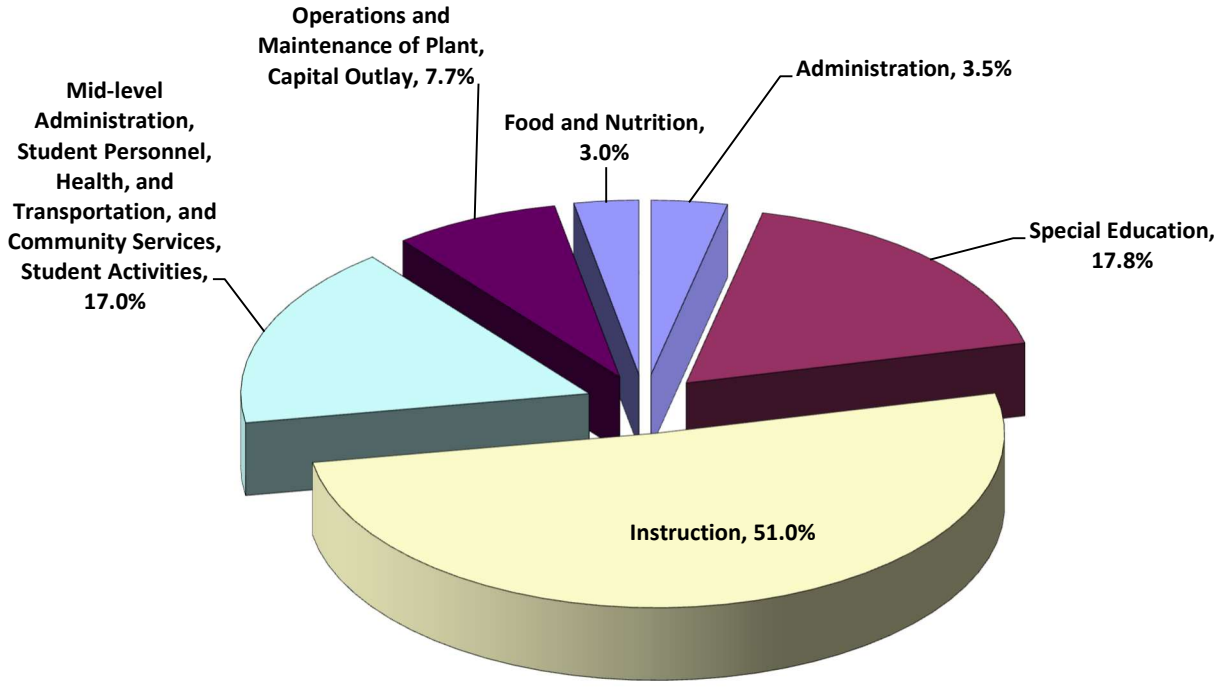
Growth in Capital Grants and Contributions

There was a notable increase in fiscal year 2026 in capital grants and contributions. Capital grants and contributions, which account for 18% of total revenues, increased over $30 million from fiscal year 2025 to 2026. Virtually the entire increase was a result of the ongoing funding from both the State and the County to support the construction of the new North East Middle/High School.

Increase in Revenues Due to Prior Year Collection

As prescription drug prices increase nationally, the School System continues to ensure that employees are receiving a fair benefit and the contracts that govern what the system pays are competitive. As part of the School Systems' due diligence, it was found there were prior year drug rebates owed to the system but not paid. Once the contractual obligations were met, the prior year rebates that totaled over $4 million were paid in fiscal year 2026.

Cecil County Public Schools Combined Expenses
Fiscal Year 2026



Increase in Expenses - Concentration of Poverty/Community Use Schools

As part of the Blueprint for Maryland's Future Education model, any public school receiving Concentration of Poverty grants, is designated as a Community School. Concentration of Poverty is defined based on the percentage of a school's enrolled students who live in low-income households. In fiscal year 2026, two additional schools, Perryville Elementary School and Elkton High School, were eligible for Concentration of Poverty grants and therefore designated as Community Schools. The additional $829,290 spent in fiscal year 2026 within the student personnel services programs was a result of additional expense for community school resources. Those community school resources mandated by the State include, hiring a community school advisor at each location, providing wraparound services, such as mental and physical health care, academic support and family resources as in efforts to remove learning barriers.

Increase in Expenses – Instruction and Special Education

Under the Blueprint for Maryland's Future (Pillar 2: High Quality and Diverse Teachers and Leaders), the state established clear standards for starting compensation, career progression and qualification requirements. All Maryland local schools are legally mandated to offer a minimum starting teacher salary of $60,000 by July 1, 2026. To achieve this level of salary, the school system initiated 3.75% COLAs for 5 years starting in fiscal year 2023. The increase in instruction

of over $5 million is a result of the cost of salary and fixed charges of not only new teachers but also to provide salary parity throughout the entire school system.

Special education support for students continued to increase as an additional $4.9 million was spent on the needs of these students. As the funding for special education students continues to increase from federal, state and local government based on the number of students, the school system continues to be challenged to employ specialized teachers and staff.

Governmental Funds

The School System reports three major funds individually in the governmental fund financial statements. Those funds are the general fund, the special revenue fund (Food & Nutrition) and the capital projects fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the School System's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. A summary of all three funds can be found in Table A-3 and the detailed discussion of significant changes is below.

Table A-3
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

	General Fund		Special Revenue Fund		Capital Projects Fund	
	2026	2025	2026	2025	2026	2025
Total Revenue	$ 291,873,005	$ 276,054,005	$ 10,805,623	$ 10,697,731	$ 66,227,046	$ 35,338,935
Total Expenditures	295,376,436	278,232,666	10,941,173	11,957,091	66,395,191	35,181,699
Excess (deficiency) of revenue over expenditures	(3,503,431)	(2,178,661)	(135,550)	(1,259,360)	(168,145)	157,236
Other financing sources (uses)						
Other debt activity	1,413,605	740,612	-	10,095	-	-
Total other financing sources (uses)	1,413,605	740,612	-	10,095	-	-
Net change in fund balance	(2,089,826)	(1,438,049)	(135,550)	(1,249,265)	(168,145)	157,236
Fund balances-beginning of year	25,394,091	26,832,140	4,060,324	5,309,589	214,927	57,691
Fund balances-end of year	$ 23,304,265	$ 25,394,091	$ 3,924,774	$ 4,060,324	$ 46,782	$ 214,927

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General Fund

The fiscal year 2026 budget was approved with the use of prior years' fund balance of $10 million to balance the shortcoming of revenues to meet the needs of the school system. The Maryland Blueprint mandated salary increases, along with the increased cost of fixed charges including health care and utilities necessitated the use fund balance. The fiscal year 2026 actual results

only required the use of a little over $2 million in prior years' fund balance to cover the fiscal year 2026 expenditures. A hiring freeze and the collection of prior year drug rebates ultimately mitigated the use of prior years' fund balance.

Special Revenue Fund

Food and Nutrition had a decrease in expenditures of $1.1 million. The system was sensitive to the increase in operating expenses for both employees, supplies, and materials. The decision was made to pause equipment replacements as critical updates were made in the prior year.

Capital Projects Fund

The new North East Middle/High School is the largest school system capital project ever built in Cecil County. The increase of over $30 million in the capital projects fund is a direct result of the major construction of the school during the fiscal year. The project timeline reflects students being in the school in August of 2027.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The School System's investment in capital assets for its governmental activities as of June 30, 2026, amounts to $229,785,588 (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 total increase in the School System's net capital assets during the year including depreciation compared to fiscal year 2025 was $48,942,3733 or 27.1% due almost solely to the construction of the new North East Middle/High School. The building of a new school is financed by both the State (IAC – Interagency Commission on School Construction) and Cecil County Government. As a result, the system does not acquire debt to construct school buildings.

During fiscal year 2026, the School System entered new leases and subscription-based information technology arrangements (SBITAs) totaling $1,413,605 for two maintenance vehicles, cybersecurity services, transportation software, remote access software, music curriculum, and board-meeting/zoom meeting streaming software. Under GASB Statements 87 and 96, these multiyear contracts are recognized over their terms, with the related obligations reported as liabilities on the Statement of Net Position.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The School System has incorporated the following constraints, which are expected to affect future finances, into next year's budget:

- Adherence to the Blueprint for Maryland's Future Act
- Declining enrollment and birth rates

- Reduced federal funding for public schools
- Providing academic/behavioral/mental health support for students
- School safety and security
- Honoring negotiated agreements for all employee groups

Blueprint for Maryland's Future Act

The Blueprint for Maryland's Future Act requires phased multi-year spending increases across key pillars: expanded full-day pre-kindergarten for low-income families, high school College and Career Readiness (CCR) pathways, and a mandated career ladder for teachers. While the school system receives categorical state aid for these initiatives, the funds are restricted in use. The system must absorb administrative overhead, local funding matches, and shifting eligibility metrics, constraining discretionary spending elsewhere in the operational budget.

Declining Enrollment and Birth Rates

Declining enrollment and lower birth rates strain the finances of the school system because Maryland aid is largely based on student counts, including aid for specialized needs. Revenue falls with enrollment, but many costs—classroom staff, facilities, maintenance, and transportation—continue to increase. The system may need to combine under-enrolled classes, selectively increase class sizes, or reduce staffing through attrition. In the future, continued enrollment declines may prompt tough redistricting or consolidation of smaller elementary schools to reduce facility costs. Declining birth rates mean fewer young children entering kindergarten, eventually leaving some elementary schools in the system underutilized. While Blueprint mandates increased support for items such as starting teacher salaries and pre-kindergarten expansion, enrollment-driven aid declines, which creates funding gaps that may require cuts to electives, extracurriculars, and central support.

Reduced Federal Funding for Public Schools

Declining federal title grant allocations and the current federal administration's support for the funding of charter schools, puts the school system in the position of being unable to rely on funding streams of the past. The fiscal year 2027 budget will have to absorb necessary positions that were once federally funded or execute service cuts to balance the budget.

Providing Necessary Support for Students

An increase in student mental health challenges, behavioral disruptions, and post-pandemic learning gaps require dedicated support staff (school psychologists, counselors, social workers, reading specialists) and specialized interventions. Costs are driven up by expanding special education requirements, hiring specialized personnel, and outsourcing private healthcare contractors for nursing and therapy services when vacancies exist. The school system struggles with a structural deficit where local special education costs significantly outpace state reimbursement.

School Safety and Security

Securing educational facilities requires infrastructure, including controlled entry, surveillance, and emergency communications, as well as School Resource Officers, and threat-assessment training. Rising contracts, technology maintenance, and compliance costs require continued operating budget funds. Although there is local County support for small capital projects to help better secure aging facilities, maintenance and operations funding is not part of the Blueprint initiative and therefore competes for funding alongside other operational needs.

Negotiated Agreements for Teachers and Staff

The school system negotiates multi-year collective bargaining agreements with local bargaining units representing teachers, administrative staff, and support personnel. Fixed obligations for step increases, cost-of-living adjustments (COLAs), healthcare benefit costs, and Blueprint-mandated minimum starting teacher salaries create substantial non-negotiable cost increases that compound annually regardless of the minimum local appropriation. The fiscal year 2027 budget will require an additional 3.75% COLA to meet the starting salary Blueprint requirement. The budget will have to cut positions to afford the increases while trying to balance class sizes and student needs with less people to do the work.

BASIC FINANCIAL STATEMENTS



CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2026

ASSETS	**Governmental Activities**
Current assets	
Cash, cash equivalents, and investments	$ 38,908,759
Due from Cecil County, Maryland	9,711,793
Due from State of Maryland	7,464,890
Due from United States Government	3,253,649
Accounts receivable	1,458,973
Prepaid items	465,888
Inventories	167,304
Total current assets	61,431,256
Noncurrent assets	
Land	7,602,489
Construction in progress	107,988,213
Buildings, net of accumulated depreciation	102,002,974
Improvements other than buildings, net of accumulated depreciation	5,071,005
Furniture, fixtures, and equipment, net of accumulated depreciation	18,727,178
Lease furniture, fixtures, and equipment, net of accumulated amortization	371,074
Subscription asset, net of accumulated amortization	1,296,572
Total noncurrent assets	243,059,505
Total assets	304,490,761
DEFERRED OUTFLOW OF RESOURCES	
OPEB related	9,390,018
Pension related	4,990,271
Total deferred outflows	14,380,289
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	31,911,400
Advances from others	1,879,726
Lease liability due within one year	175,959
Subscription liability due within one year	610,320
Compensated absences due within one year	622,411
Unearned revenue from State of Maryland	287,751
Unearned revenue from United States Government	76,558
Total current liabilities	35,564,125
Noncurrent liabilities	
Lease liability due in more than one year	213,564
Subscription liability due in more than one year	728,933
Retainage Payable due in more than one year	6,728,288
Compensated absences due in more than one year	4,152,521
Net OPEB liability	60,475,533
Net pension liability	14,714,173
Total noncurrent liabilities	87,013,012
Total liabilities	122,577,137
DEFERRED INFLOW OF RESOURCES	
OPEB related	20,917,949
Pension related	477,995
Total deferred inflows	21,395,944
NET POSITION	
Net Investment in capital assets	229,785,588
Restricted for:	
Capital projects	46,782
Food & nutrition services	763,426
Unrestricted	(55,697,827)
Total net position	$ 174,897,969

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, 2026

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
Function/programs					
Administration	$ 11,123,674	$ -	$ 1,162,699	$ -	$ (9,960,975)
Mid-level administration	26,828,652	-	2,586,681	-	(24,241,971)
Instruction salaries	138,732,835	274,266	70,979,371	-	(67,479,198)
Instruction materials and supplies	4,139,553	-	780,831	-	(3,358,722)
Instruction other costs	20,146,114	-	4,498,245	66,226,253	50,578,384
Special education	56,681,414	-	47,404,247	-	(9,277,167)
Student personnel services	3,886,572	-	3,048,815	-	(837,757)
Student health services	3,794,156	-	3,248,355	-	(545,801)
Student transportation	14,838,971	-	8,023,465	-	(6,815,506)
Operation of plant	17,965,473	-	656,253	-	(17,309,220)
Maintenance of plant	6,515,146	-	334,749	-	(6,180,397)
Food & nutrition services	9,653,243	1,476,382	9,312,007	-	1,135,146
Community services	3,059,981	223,984	3,070,442	-	234,445
Student activities	1,806,720	-	1,726,690	-	(80,030)
Interest on long-term debt	146,651	-	-	-	(146,651)
Total governmental activities	$ 319,319,155	$ 1,974,632	$ 156,832,850	$ 66,226,253	(94,285,420)
General revenues					
State aid not restricted to specific purposes					77,654,247
Local aid not restricted to specific purposes					59,897,457
Interest and investment earnings					1,357,129
Miscellaneous					4,954,282
					143,863,115
Change in net position					49,577,695
Net position - beginning					125,320,274
Net position - ending					$ 174,897,969

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

CECIL COUNTY PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	$ 38,238,144	$ 670,615	$ -	$ 38,908,759
Due from Cecil County, Maryland	-	-	9,711,793	9,711,793
Due from State of Maryland	5,990,568	318,075	1,156,247	7,464,890
Due from United States Government	2,808,298	445,351		3,253,649
Due from General fund	-	2,400,885	-	2,400,885
Due from Capital Projects fund	6,004,405	-	-	6,004,405
Accounts receivable	1,287,640	171,333	-	1,458,973
Prepaid items	465,888	-	-	465,888
Inventory	-	167,304	-	167,304
Total assets	$ 54,794,943	$ 4,173,563	$ 10,868,040	$ 69,836,546
LIABILITIES AND FUND BALANCE				
Accounts payable	$ 4,779,754	$ 89,212	$ 4,816,853	$ 9,685,819
Accrued salaries	19,817,811	4,770	-	19,822,581
Estimated claims incurred but not reported	2,403,000	-	-	2,403,000
Advances from others	1,789,961	89,765	-	1,879,726
Due to General fund	-	-	6,004,405	6,004,405
Due to Special Revenue fund	2,400,885	-	-	2,400,885
Due to Capital Projects fund	-	-	-	-
Unearned revenue from State of Maryland	287,751	-	-	287,751
Unearned revenue from United States Government	11,516	65,042	-	76,558
Total liabilities	31,490,678	248,789	10,821,258	42,560,725
Fund balances				
Non-spendable				
Inventory	-	167,304	-	167,304
Prepaid items	465,888	-	-	465,888
Restricted	-	763,426	46,782	810,208
Committed				
Budget contingency	5,588,579	-	-	5,588,579
Subsequent year's expenditures	5,000,000	-	-	5,000,000
Assigned				
Per Pupil Allotment for schools	474,971	-	-	474,971
Professional development/curriculum writing	40,000	-	-	40,000
Student activities	1,622,722	-	-	1,622,722
Student supports	632,000	-	-	632,000
Small capital projects / Deferred maintenance	1,000,000	-	-	1,000,000
Health care	3,083,000	-	-	3,083,000
Food and nutrition equipment	-	2,994,044	-	2,994,044
Unassigned	5,397,105	-	-	5,397,105
Total fund balance	23,304,265	3,924,774	46,782	27,275,821
Total liabilities and fund balance	$ 54,794,943	$ 4,173,563	$ 10,868,040	$ 69,836,546

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, 2026

Total Fund Balance for Governmental Funds (Page 49)		$ 27,275,821
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. (Note 5)		
Capital assets	$ 527,359,073	
Accumulated depreciation/amortization	(284,299,568)	243,059,505
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: (Note 6)		
Retainage payable	$ (6,728,288)	
Net OPEB liability	(60,475,533)	
Net pension liability	(14,714,173)	
Lease liability	(389,523)	
Subscription liability	(1,339,253)	
Accrued vacation leave	(4,774,932)	(88,421,702)
Deferred outflows related to pensions		4,990,271
Deferred outflows related to OPEB		9,390,018
Deferred inflows related to OPEB		(20,917,949)
Deferred inflows related to pensions		(477,995)
Net Position of Governmental Activities (Page 48)		$ 174,897,969

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

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenue				
Intergovernmental				
Cecil County, Maryland	$ 105,386,116	$ -	$ 26,938,847	$ 132,324,963
State of Maryland	164,520,298	694,087	39,090,363	204,304,748
United States Government	12,884,985	8,611,677	-	21,496,662
Other sources				
Sale of food	-	1,476,381	-	1,476,381
Investment interest	1,340,026	16,312	792	1,357,130
Other	7,741,580	7,166	197,044	7,945,790
Total revenue	291,873,005	10,805,623	66,227,046	368,905,674
Expenditures				
Current				
Administration	7,394,513	646,375	-	8,040,888
Mid-level administration	18,649,076	-	-	18,649,076
Instruction salaries	95,193,685	-	-	95,193,685
Instruction materials and supplies	4,135,964	-	430	4,136,394
Instruction other costs	9,465,058	-	66,394,761	75,859,819
Special education	42,135,163	-	-	42,135,163
Student personnel services	2,699,859	-	-	2,699,859
Student health services	2,626,876	-	-	2,626,876
Student transportation	14,287,968	-	-	14,287,968
Operation of plant	14,836,651	-	-	14,836,651
Maintenance of plant	4,149,841	-	-	4,149,841
Fixed charges	74,135,672	1,277,037	-	75,412,709
Community services	2,262,970	-	-	2,262,970
Food & nutrition services				
Salaries and wages	-	3,354,434	-	3,354,434
Food	-	4,661,317	-	4,661,317
Contracted services	-	173,807	-	173,807
Supplies and materials	-	431,813	-	431,813
Other operating cost	-	396,390	-	396,390
Student activities	1,806,720	-	-	1,806,720
Capital outlay	344,990	-	-	344,990
Debt service				
Principal	1,104,779	-	-	1,104,779
Interest	146,651	-	-	146,651
Total expenditures	295,376,436	10,941,173	66,395,191	372,712,800
Excess (deficiency) of revenue over expenditures	(3,503,431)	(135,550)	(168,145)	(3,807,126)
Other financing sources				
Leases	63,545	-	-	63,545
Subscriptions	1,350,060	-	-	1,350,060
Total other financing sources (uses)	1,413,605	-	-	1,413,605
Net change in fund balances	(2,089,826)	(135,550)	(168,145)	(2,393,521)
Fund balance, beginning of year	25,394,091	4,060,324	214,927	29,669,342
Fund balance, ending	$ 23,304,265	$ 3,924,774	$ 46,782	$ 27,275,821

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, 2026

Net Change in Fund Balance - Total Governmental Funds (Page 51)	$ (2,393,521)
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 net effect of capital outlays, depreciation/amortization, and disposals during the period. (Note 5)	
Depreciation/amortization expense	(14,747,946)
Capital outlays	75,624,105
Disposal of capital assets net of depreciation	(350,404)
Other adjustments:	
Change in retainage payable	(6,728,288)
The issuance of lease and subscription obligations provides current financial resources to governmental funds and is reported as other financing sources. In the government-wide financial statements, the issuance of these obligations results in the recognition of corresponding assets and liabilities and does not affect net position. (Note 6)	(1,413,605)
Principal payments and other reductions of lease and subscription obligations are reported as expenditures in the governmental funds but reduce the related liabilities in the government-wide financial statements. (Note 6)	1,375,364
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.	(103,154)
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.	(1,538,158)
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. (Note 6)	(146,698)
Change in Net Position of Governmental Activities (Page 48)	$ 49,577,695

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, 2026

	Retiree Benefit Trust Fund
ASSETS	
MABE - OPEB Investment Trust	$ 19,576,739
Total assets	19,576,739
NET POSITION	
Restricted for other post-employment benefits	$ 19,576,739
	$ 19,576,739

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, 2026

	Retiree Benefit Trust Fund
ADDITIONS	
Contributions:	
Contributions from retirees	$ 3,739,430
Contributions from employer	2,912,727
Total contributions	6,652,157
Investment income:	
Investment earnings (loss)	2,618,417
Investment cost	(53,885)
Total net additions	9,216,689
DEDUCTIONS	
Administration service fees	1,143
Auditing fees	3,700
Insurance expense	3,245
Benefit payments	6,652,157
Total deductions	6,660,245
Change in net position	2,556,444
Net position - beginning	17,020,295
Net position - ending	$ 19,576,739

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 it is 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, market 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, 2026, MABE held $19,576,739 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. 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:

Assets	Years
Improvements	20 - 30
Buildings	10 - 50
Equipment	5 - 20

Right-of-use lease assets are recognized at the lease commencement date and represent the school system's right to use an underlying asset for the lease term. Right-of-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 4 years.

Right-to-use subscription Information Technology (IT) assets are recognized at the subscription commencement date and represent the school system's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 5 years.

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 more than $300,000. The School System has provided an accrual for claims incurred for the current fiscal year but not reported.

Compensated Absences

Twelve-month employees earn annual leave at varying rates depending upon position and length of service. An employee's annual leave balance in excess of 50 days as of June 30 must be utilized by August 31 or be forfeited. Employees earn sick leave at varying rates of 10 to 12 days per year depending upon position. There is no limit to the accumulation of sick leave. At termination, employees are not paid for accumulated sick leave; however, at retirement up to 10 days of sick leave are paid to the employee, and the balance may be used as additional credited service under the retirement plan.

The Board recognizes a liability for compensated absences that meet the criteria outlined in GASB Statement No. 101. A liability is recognized when leave is attributable to services already rendered, accumulates and carries forward, and it is more likely than not that the leave will be used or paid in the future. The measurement of the liability is based on the employees' pay rates at the end of the reporting period.

The total compensated absence liability was $4,774,932 at June 30, 2026, classified as a long-term liability in the government-wide statements. Key factors influencing the assessment of the "more likely than not' criteria include the government's established leave policies and historical data regarding employee usage and forfeiture of leave. Expenditures in the Statement of Revenues and Expenditures for such items are the amounts accrued during the year that normally would be liquidated with expendable available financial resources.

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 programs, 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 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 the Associate Superintendent for Finance and Operations.

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 $23,304,265 fund balance is 8.3% of the fiscal year 2026 total expenditures. $465,888 is non-spendable, $6,852,693 is assigned, and $10,588,579 is committed as a reserve for contingencies for fiscal year 2027 and to satisfy the Fund Balance policy.

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Non-spendable				
Inventory	$ -	$ 167,304	$ -	$ 167,304
Prepaid expenditures	465,888	-	-	465,888
	465,888	167,304	-	633,192
Restricted				
Cost of operations food service	-	763,426	-	763,426
Cost of operations capital outlay	-	-	46,782	46,782
	-	763,426	46,782	810,208
Committed				
Subsequent year's expenditures	5,000,000	-	-	5,000,000
Budget contingency	5,588,579	-	-	5,588,579
	10,588,579	-	-	10,588,579
Assigned				
Per Pupil Allotment for schools	474,971	-	-	474,971
Professional development/curriculum writing	40,000	-	-	40,000
Student activities	1,622,722	-	-	1,622,722
Student supports	632,000	-	-	632,000
Small capital projects/deferred maintenance	1,000,000	-	-	1,000,000
Health care	3,083,000	-	-	3,083,000
Food and nutrition equipment	-	2,994,044	-	2,994,044
	6,852,693	2,994,044	-	9,846,737
Unassigned	5,397,105	-	-	5,397,105
Total fund balance, June 30, 2026	$ 23,304,265	$ 3,924,774	$ 46,782	$ 27,275,821
Total fund balance, June 30, 2025	25,394,091	4,060,324	214,927	29,669,342
Net change in fund balance	$ (2,089,826)	$ (135,550)	$ (168,145)	$ (2,393,521)

Recent Accounting Pronouncements

The School System adopted GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets, for the year ended June 30, 2026. GASB 103 changes the required structure of management's discussion and analysis, replaces special and extraordinary items with unusual or infrequent items, and presents the budgetary comparison only as required supplementary information. GASB 104 requires lease right-to-use assets and subscription-based information technology arrangement (SBITA) assets to be disclosed separately from other capital-asset classes and requires separate disclosure of capital assets held for sale. Adoption of GASB 104 affected note disclosure only; recognition and measurement of capital assets were unchanged. The School System had no capital assets held for sale at June 30, 2026.

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 no later than April 1.

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	

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 expenditures 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. A *Budget Comparison Schedule (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. This schedule along with additional explanation can be found in the Required Supplementary Information Section that immediately follows the Notes to the Basic Financial Statements.

NOTE 3 DEPOSITS 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.

Deposits

As of June 30, 2026, the carrying amount and bank balances of the School System's deposits with financial institutions totaled $22,976,404 and $23,185,336 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, 2026, 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.

Short-Term Investments

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 carrying amount and market value of such investments were $15,514,179 for the general fund and $417,113 for the special revenue fund. The School System's investment in the Maryland Local Government Investment Pool is considered level 1.
The Maryland Local Government Investment Pool is duly chartered, administered and subject to regulatory oversight by the State of Maryland. The MLGIP seeks to maintain a 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 pool, marked to market, is calculated and maintained on a weekly basis to ensure a $1.00 per unit constant value. 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.

Long-term Investments

The Retiree Benefit Trust Fund (OPEB)'s investments are invested in the Maryland Association of Boards of Educations Pooled OPEB Trust (MABE Trust). The MABE Trust is administered by the Maryland Association of Boards of Education and is a wholly-owned instrumentality of its members. The nine members who are the sole contributors to the MABE Trust are the boards of education of the following counties in Maryland: Allegany, Caroline, Cecil, Charles, Harford, Kent, Prince George's, St. Mary's, and Washington.

The investments of the MABE Trust are stated at fair value and are managed by Wells Fargo Advisors and consist of money market funds, U.S. government and agency fixed income and asset backed securities, equity securities, mutual funds and exchange traded funds, and corporate bonds and corporate asset backed securities. The School Systems' investment in the MABE Trust is valued at Net Asset Value which is calculated as the School Systems' proportionate share of the MABE Trust. As of June 30, 2026, the pooled net position of the MABE Trust was $894,386,807 in total, of which the School System's allocated investment balance was $19,576,739. The School System places no limits on the amount they may be invested with any one issuer. The School System may terminate its membership in the MABE Trust and withdraw its allocated investment balance by providing written notice six months prior to the intended date of withdrawal.

The MABE Trust is audited annually by an independent CPA firm. For the current year Cohen & Company of Hunt Valley, Maryland performed this service. The audit report is usually issued by September 1st of each year, a copy of which can be obtained by sending a request to the following address: Administrator of the MABE Pooled Investment Trust, 621 Ridgely Road, Suite 300, Annapolis, Maryland 21401-1112.

NOTE 4 INTER-FUND RECEIVABLES AND PAYABLES

The composition of inter-fund balances as of June 30, 2026, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose	Amount
Special Revenue	General	Timing of payment	$ 2,400,885
General	Capital Projects	Timing of payment	6,004,405
		Total	$ 8,405,290

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 2026:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 7,602,489	$ -	$ -	$ 7,602,489
Construction-in-progress	40,186,178	73,123,478	(5,321,443)	107,988,213
Total capital assets not being depreciated	47,788,667	73,123,478	(5,321,443)	115,590,702
Capital assets being depreciated and amortized				
Buildings	350,357,058	14,903	(141,111)	350,230,850
Improvements other than buildings	19,825,922	214,600	-	20,040,522
Furniture, equipment and vehicles	32,335,900	6,178,962	(791,034)	37,723,828
Right-to-use leased equipment	3,145,243	63,545	(2,268,116)	940,672
Right-to-use subscription assets	2,606,483	1,350,060	(1,124,043)	2,832,500
Total capital assets being depreciated and amortized	408,270,606	7,822,070	(4,324,304)	411,768,372
Less accumulated depreciation and amortization for				
Buildings	(237,570,428)	(10,798,559)	141,111	(248,227,877)
Improvements other than buildings	(14,136,742)	(832,776)	-	(14,969,518)
Furniture, equipment and vehicles	(17,722,968)	(1,997,807)	724,126	(18,996,649)
Right-to-use leased equipment	(2,539,367)	(269,500)	2,239,269	(569,598)
Right-to-use subscription assets	(1,556,018)	(849,304)	869,394	(1,535,928)
Total accumulated depreciation and amortization	(273,525,523)	(14,747,946)	3,973,900	(284,299,570)
Total capital assets, net of depreciation and amortization	$ 182,533,750	$ 66,197,602	$ (5,671,847)	$ 243,059,505

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

Governmental activities	Amount
Administration	$ 1,131,843
Mid-level administration	111
Instruction materials and supplies	2,002
Instruction other costs	12,608,360
Special education	181
Student transportation	130,971
Operation of plant	46,970
Maintenance of plant	514,242
Food and nutrition	295,961
Community services	17,305
	$ 14,747,946

B. Construction Commitments

The School System has active construction projects as of June 30, 2026. These projects are additions and renovations to school buildings. At year-end the School System's commitments with contractors are as follows:

Projects	Spent to Date	Remaining Commitments
North East Middle/High new school	$ 99,130,926	$ 25,126,496
Cecil Manor Elementary HVAC	2,356,783	2,443,217
ASC Boiler	181,554	210,007
ASC Roof Replacement	1,181,121	154,754
Cecilton Elementary Boiler	320,542	33,044
Total	$ 103,170,926	$ 27,967,518

NOTE 6 LONG-TERM OBLIGATIONS

A. Compensated Absences

Twelve-month employees earn annual leave at varying rates depending upon position and length of service. An employee's annual leave balance in excess of 50 days as of June 30 must be utilized by August 31 or be forfeited. Employees earn sick leave at varying rates of 10 to 12 days per year depending upon position. There is no limit to the accumulation of sick leave. At termination, employees are not paid for accumulated sick leave; however, at retirement up to 10 days of sick time are paid to the employee, and the balance may be used as additional credited service under the retirement plan. Annual leave pay is accrued when incurred in the government-wide statement.

B. Changes in Long-term Liabilities

Noncurrent liabilities reported in the Statement of Net Position include leases, subscriptions, and compensated absences. Compensated absences are reported as the net change for the fiscal year. A portion of the 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	Additions	Reductions	Ending Balance	Due Within One Year
Leases	$ 596,024	$ 63,545	$ (270,046)	$ 389,523	$ 175,959
SBITAs	1,094,511	1,350,060	(1,105,318)	1,339,253	610,320
Retainage payable	-	6,728,288	-	6,728,288	-
Compensated absences	4,628,234	146,698	-	4,774,932	622,411
Net OPEB liability	61,400,947	-	(925,414)	60,475,533	-
Net pension liability	15,075,312	-	(361,139)	14,714,173	-
Long-term liabilities	$ 82,795,028	$ 8,288,591	$ (2,661,917)	$ 88,421,702	$ 1,408,690

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 lease expenditures during fiscal year 2026 were $292,018, consisting of $270,046 of principal payments and $21,972 of interest. The aggregate future rental payments under these commitments are $389,523 summarized as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2027	$ 175,959	$ 17,140	$ 193,099
2028	106,348	11,996	118,344
2029	66,964	5,162	72,126
2030	27,882	1,380	29,262
2031	12,370	373	12,743
	$ 389,523	$ 36,051	$ 425,574

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

Subscription-based information technology arrangements (SBITAs) represent contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software for a defined period. The School System's SBITAs include software related to the school's Enterprise Resource Planning (ERP) system, music curriculum, assessment analytics, and online meetings. Total reductions in subscription liabilities during fiscal year 2026 were $1,105,318, consisting of $834,733 of principal payments and $270,585 related to the termination of subscription agreements. The aggregate future principal payments under these commitments are $1,339,253 and are summarized as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2027	$ 610,320	$ 61,775	$ 672,095
2028	418,874	32,662	451,536
2029	173,128	14,389	187,517
2030	124,905	4,925	129,830
2031	12,026	176	12,202
	$ 1,339,253	$ 113,927	$ 1,453,180

NOTE 9 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 $223,059,103 during the fiscal year ended June 30, 2026, were used in the designated programs and did not supplant funding for the unrestricted programs. The General and Special Revenue Funds accounted for $156,832,850 and the Capital Project Fund accounted for $66,226,253.

NOTE 10 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. Health Care Claims Incurred but Not Reported

The School System is self-insured for the core health care plan. Health care claims incurred but not reported as of June 30, 2026 are estimated to be in the amount of $2,403,000. This is included in the Statement of Net Position: Accounts payable and accrued expenses amount. This amount is $132,509 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
2024	$ 2,080,000	$ 27,716,507	$ 27,671,507	$ 2,125,000
2025	$ 2,125,000	$ 30,806,715	$ 30,661,224	$ 2,270,491
2026	$ 2,270,491	$ 33,984,335	$ 33,851,826	$ 2,403,000

C. Sick Leave

As of June 30, 2026, the amount of accumulated unused sick leave was estimated to be $35,186,384. Based on an analysis of prior experience, accumulated sick leave is substantially used to add to the employee's service record. 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.

D. Sick Leave Bank

As of June 30, 2026, the amount of accumulated unused sick leave included in the sick leave bank was estimated to be $4,667,092. 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, 2026, 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, 2025 through June 30, 2027 is a two year agreement with a restructured salary schedule that includes an annual COLA of 3.75% and step increases, for those who qualify, 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, 2027 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, 2027 is a five-year agreement with a salary schedule that includes an annual COLA of 3.75% and step increases, for those who qualify. All provisions of the agreement shall remain in effect until June 30, 2027 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, 2023 through June 30, 2028 is a five-year agreement. Effective July 1, 2025, in addition to step increases for those who qualify, the salary for all unit members, shall be improved at steps one (1) through ten (10) by a COLA of 5**%.** All provisions of the agreement shall remain in effect until June 30, 2028 with reopeners limited to wage provisions, salary schedules and up to three additional articles.

Meet and Confer discussions with the Central Office Support Services Leadership Association (COSSLA) for the period July 1, 2022 through June 30, 2027 is a five-year agreement with a salary schedule that includes a COLA of 3.75% and step increases. All provisions of the agreement shall remain in effect until June 30, 2027 with reopeners limited to salary schedules and mandatory topics of negotiations.

Meet and Confer discussions with the Central Office Professionals Leadership Association (COPLA) for the period July 1, 2026 through June 30, 2027 is a one-year agreement with a salary schedule that includes a COLA of 3.75% and step increases. All provisions of the agreement shall remain in effect until June 30, 2027 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, 2026, 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 cases. It is the opinion of management that such lawsuits and claims will not have a material, adverse impact on the School System's financial condition.

NOTE 11 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 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 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, 2026, the measurement date of the last actuarial valuation, approximately 887 retirees and their beneficiaries were receiving benefits and an estimated 2,168 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. For the fiscal year 2026, the School System made no contribution. The School System has not established a funding policy, and as a result, there is no actuarial determined contribution.

For the fiscal year 2026, retirees contributed $3,739,430 or 56.2% of the total premiums and the School System contributed $2,912,727 or 43.8% towards the total retirees benefits cost of $6,652,157. 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 directly to the Trust. The Associate Superintendent for Finance and Operations and the Director of Finance 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, 2026 using January 1, 2026 valuation data, 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, 2026, 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, 2026:

- Entry Age Normal Funding Method
- Salary growth assumption:

Years of Service	General
0	10.50%
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%
23-24	3.25%
25 and above	3.00%

- 88% of employees with coverage are assumed to elect coverage in retirement.
- A discount rate of 6.02% 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.

Mortality Decrements	Description
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 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, 2026, (see the discussion of the MABE Trust's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Rate of Return[1]	Standard Deviation
US Large Cap Equity	16.50%	8.23%	18.68%
US Mid Cap Equity	6.00%	8.93%	20.94%
US Small Cap Equity	7.50%	9.62%	23.75%
Non-US Developed Large Cap Equity	15.00%	9.05%	21.67%
Emerging Markets Equity	8.00%	9.39%	25.06%
US Real Estate - REITs	4.00%	8.75%	21.10%
US Aggregate Fixed Income	35.00%	4.88%	6.42%
US High Yield Fixed Income	5.00%	6.98%	8.37%
US Cash	3.00%	3.39%	2.21%
Total (Nominal Rate of Return)	100.00%		7.69%
Expected inflation rate	2.37%		

[1]The capital market assumptions referenced above were developed by Mercer and are as of June 2026. A detailed explanation of Mercer's methodology can be provided upon request.

The discount rate used to measure the total OPEB liability was 6.02%.

The discount rate is based on a blend of the funded and unfunded rates based on a projection of the plan's fiduciary net position. The discount rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index, which was 4.32% as of June 30, 2026, 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 Postion (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2025	$ 78,420,886	$ 17,020,295	$ 61,400,591
Changes for the year:			
Service Cost	1,892,203	-	1,892,203
Interest	4,410,332	-	4,410,332
Changes of Benefit Terms	-	-	-
Experience Losses/(Gains)	739,786	-	739,786
Trust Contribution - Employer	-	2,912,727	(2,912,727)
Net Investment Income	-	2,564,532	(2,564,532)
Changes in Assumptions	(2,498,208)	-	(2,498,208)
Benefit Payments (net of retiree contributions)	(2,912,727)	(2,912,727)	-
Administrative Expense	-	(8,088)	8,088
Net Changes	1,631,386	2,556,444	(925,058)
Balance as of June 30, 2026	$ 80,052,272	$ 19,576,739	$ 60,475,533
Funded status		24.45%	

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	5.02%	6.02%	7.02%
Total OPEB Liability	$ 90,327,299	$ 80,052,272	$ 71,490,718
Net OPEB Liability	$ 70,750,560	$ 60,475,533	$ 51,913,979

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	$ 69,944,484	$ 80,052,272	$ 92,658,796
Net OPEB Liability	$ 50,367,745	$ 60,475,533	$ 73,082,057

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, 2026, the School System recognized OPEB expense of $4,450,885. At June 30, 2026, 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	$ 657,588	$ 9,955,474
Changes in assumptions	8,732,430	9,617,580
Net difference between projected and actual earnings on OPEB plan investments	-	1,344,895
Total	$ 9,390,018	$ 20,917,949

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
2027	6/30/2027	$ (1,396,044)
2028	6/30/2028	(1,334,722)
2029	6/30/2029	(1,295,760)
2030	6/30/2030	(1,027,005)
2031	6/30/2031	(1,938,194)
Thereafter	6/30/2032 and after	(4,536,206)

NOTE 12 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 Employees' Retirement and Pension Systems is based on total System contributions and approximates 0.0572% as of the measurement date of June 30, 2025, which decreased 0.0001% from the prior measurement date of June 30, 2024.

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 2026 as stipulated by the System. For employees participating in the Employees' Retirement and Pension Systems, the School System contributed $1,975,380 to the System for fiscal 2026, 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, 2026, the State of Maryland paid $15,947,479 in pension costs, relating to employees of the School System participating in the Teachers' Retirement and Pension Systems, which equaled approximately 10.6% 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 Annual Comprehensive 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, 2025, 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 actuarially determined contributions, there were no adjustments for the year ended June 30, 2025.

3. The components of the calculation of the net pension liability for the system as of June 30, 2025, calculated in accordance with GASB Statement No. 67, are shown in the following table.

Total Pension Liability	$ 98,946,595,000
Plan Fiduciary Net Position	73,140,774,000
Net Pension Liability	$ 25,805,821,000
Plan fiduciary net position as a percentage of total pension liability	73.92%

Actuarial Assumptions

As of the measurement date of June 30, 2025:

- Valuation method – Individual entry age normal cost method
- Salary Increases – 0% to 19.50% per year (excluded wage inflation), varies by plan
- Inflation - 2.50% price, 3.00% wage
- Investment Rate of Return – 6.80%
- Discount rate – 6.80%
- Post-retirement benefit increase – 2.13% - 3.00% for service prior to July 1, 2011
  1.40% - 3.00% for service after July 1, 2011 (depending on system and provisions)
- Mortality – Pub-2010 Healthy Retiree Mortality Tables with Generational Projection Using scale MP-2018

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 actuaries. 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:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Public Equity	34%	6.0%
Private Equity	16%	8.5%
Rate Sensitive	20%	2.4%
Credit Opportunity	9%	5.4%
Real Assets	15%	5.5%
Absolute Return	6%	3.9%
Total	100%	

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, 2025.

Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability at the measurement date of June 30, 2025. A discount rate of 6.80% was used at the prior measurement date of June 30, 2024. The single discount rate was based on the expected rate of return on pension plan investments of 6.80% as of June 30, 2025. 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%):

	1% Lower - 5.80%	Current Rate - 6.80%	1% Higher - 7.80%
The System's Net Pension Liability	$ 38,219,876,000	$ 25,705,821,000	$ 15,275,295,000
The School System's Proportionate Share of Net Pension Liability for Employees' Retirement & Pension Systems	$ 21,877,286	$ 14,714,173	$ 8,743,671
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 the 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 2026, 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 the 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 that 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, 2026, the School System reported a liability of $14,714,173 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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. As of June 30, 2025, the School System's proportion was approximately 0.0572%.

In relation to these employees, for the year ended June 30, 2026, the School System recognized pension expense of $1,482,058. As of the measurement date of June 30, 2025, 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, 2025	Deferred Outflows	Deferred inflows
Change in assumptions	$ 557,420	$ -
Difference between actual and expected experience	1,970,645	192,551
Net difference between projected and actual earnings on pension plan investments	384,042	-
Change in proportion	102,784	285,444
Contributions subsequent to the measurement date	1,975,380	-
	$ 4,990,271	$ 477,995

The deferred outflow of resources of $1,975,380 relating to contributions subsequent to the measurement date of June 30, 2025 will be recognized as a reduction of the School System's net pension liability during the subsequent fiscal year. 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 2025, 2024, 2023, 2022, and 2021 are being amortized over the remaining service lives ranging from 5.45 to 5.50 years. The deferred outflows and inflow balances related to net difference in investment earnings for 2025, 2024, 2023, and 2022, 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
2027	$ 1,994,978	$ (468,453)	$ 1,526,525
2028	934,005	(374,808)	559,197
2029	595,382	(311,117)	284,265
2030	342,925	(261,013)	81,911
2031	86,678	(1,679)	84,999
	$ 3,953,968	$ (1,417,070)	$ 2,536,897

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, 2025 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	$ 56,637,632	$ 535,360,309	$ 591,997,941
Plan Fiduciary Net Position	41,923,458	396,276,430	438,199,888
Net Pension Liability	14,714,173	139,083,879	153,798,052
Plan fiduciary net position as a percentage of total pension liability	74.02%	74.02%	74.02%

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 2025 approximate 0.0572% and 0.5411% respectively, at a measurement date of June 30, 2025.

The Pension Plan Fiduciary

Plan information as well as the Annual Comprehensive Financial Report for 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 13 INSURANCE POOLS

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

The Pool and the Fund have excess loss insurance for both specific and aggregate losses. Although the Pool and the Fund maintain reserves, the School System could be assessed for its share of any future shortfalls. The School System's Other Post Employment Benefit Plan (OPEB Plan) is administered through the School System's Retiree Benefits Trust Fund as an irrevocable trust and a member trust of the Maryland Association of Boards of Education (MABE) Pooled OPEB Investment Trust (MABE Pool). Assets of the Trust fund are dedicated to providing post-retirement health insurance coverage to current and eligible future retirees.

REQUIRED SUPPLEMENTARY INFORMATION



Budgetary Comparison Schedule - Budget (non-GAAP Budgetary Basis) and Actual General Fund

	Budgeted Amounts		Variance with Original Budget over (under)		Variance with Final Budget
	Original	Final	Final Budget	Actual	Over (Under) Actual
Revenue					
Intergovernmental					
Cecil County, Maryland	$ 105,386,116	$ 105,386,116	$ -	$ 105,386,116	$ -
State of Maryland	147,613,838	149,462,961	1,849,123	148,554,055	(908,906)
United States Government	11,069,204	14,904,944	3,835,740	12,891,295	(2,013,649)
Other sources					
Investment interest	1,000,000	1,000,000	-	1,340,026	340,026
Other	10,450,000	19,504,572	9,054,572	9,155,789	(10,348,783)
Total revenue	275,519,158	290,258,593	14,739,435	277,327,281	(12,931,312)
Expenditures and encumbrances					
Current					
Administration	7,086,203	7,942,773	856,570	7,394,513	(548,260)
Mid-level administration	18,770,868	18,839,688	68,820	18,649,076	(190,612)
Instruction salaries	95,506,384	97,366,912	1,860,528	95,193,685	(2,173,227)
Instruction materials and supplies	3,633,977	4,688,136	1,054,159	4,138,877	(549,259)
Instruction other costs	7,994,556	10,601,326	2,606,770	9,469,061	(1,132,265)
Special education	41,767,820	43,162,501	1,394,681	42,135,163	(1,027,338)
Student personnel services	2,475,230	2,801,610	326,380	2,699,859	(101,751)
Student health services	2,736,201	2,775,137	38,936	2,626,876	(148,261)
Student transportation	14,890,186	14,933,073	42,887	14,287,968	(645,105)
Operation of plant	15,183,446	15,095,913	(87,533)	14,836,650	(259,263)
Maintenance of plant	4,658,122	5,623,425	965,303	5,401,270	(222,155)
Fixed charges	57,744,842	61,446,165	3,701,323	58,188,194	(3,257,971)
Community services	2,676,845	2,697,456	20,611	2,244,205	(453,251)
Capital outlay	394,478	384,478	(10,000)	344,990	(39,488)
Student activities	-	1,900,000	1,900,000	1,806,720	(93,280)
Total expenditures and encumbrances	275,519,158	290,258,593	14,739,435	279,417,107	(10,841,486)
EXCESS OF REVENUE OVER EXPENDITURES AND ENCUMBRANCES	$ -	$ -		$ (2,089,826)	$ (2,089,826)
Fund balance, beginning				$ 25,394,091	
Fund balance, ending				$ 23,304,265	

Reconciliation Between GAAP and Budgetary Basis Schedule General Fund

The differences between the GAAP and budgetary basis relating to the General Fund are shown below.

General Fund		
Fund Balance Ending, June 30, 2026 – Non-GAAP		$ 23,304,265
Maryland State Department payments to State Retirement and Pension System on behalf of the School System for eligible employees		
	Revenue	15,947,479
	Expenditures	(15,947,479)
Net encumbrances reported as expenditures for budget purposes and not in GAAP statements		
	Revenue	(11,850)
	Expenditures	11,850
New lease and subscriptions contracts reported as other financing sources for GAAP statements and not for budget purposes		
	Revenue	1,413,605
	Expenditures	(1,413,605)
Fund Balance Ending, June 30, 2026 – GAAP Basis		$ 23,304,265

Notes to Budgetary Comparison Schedule

	General Fund over (under)
BUDGETARY REVENUES	
Difference - Original budget to final	
When the performance period of a State of Maryland grant goes beyond June 30, a budget amendment has to go in front of the Board to add the unspent funds back into the budget for next year. The grants are not part of the original budget, as it is unknown at the time of the budget approval, the amount of funds that will be available to spend in the next fiscal year. In fiscal year 2026, early childhood grants and school safety grants were still active with additional funds to spend, and therefore were added to the final fiscal year 2026 budget.	$ 1,849,123
As with State grants, Federal grants that have a performance period that extends beyond June 30 must be approved by the Board to be added to the following year's budget. In early fiscal year 2026, $1.7 million in federal grant funding was approved to be added to the original budget. Budget amendments were also approved to add an additional $2.6 million in new grant funding to the original budget. Included in the new grant awards were the Read and Lead Maryland grant, funded through the Department of Education, aimed at improving literacy outcomes and close achievement gaps.	3,835,740
Throughout the year, the Board approved budget amendments to meet student needs. The "Other" revenue source reflects FY2025 committed fund balance used for unbudgeted emergent needs, including student safety maintenance projects and student activity funds carried forward into FY2026. Additionally, the Board authorized fund balance to hire 20 teachers and 12 paraprofessionals to reduce class sizes. Per standard practice, the Board also approved amendments for new leases and subscriptions once contracts were executed.	9,054,572
BUDGETARY EXPENDITURES	
Difference - Original budget to final	
The State and Federal grants that were either awarded in FY 2026 or carried forward were added to expenditures for instruction, either as salary and wages, supplies or other costs. The additional positions approved by the Board included instruction salaries and fixed charges. As the year, progressed and Board became aware of a shortfall of revenues for FY2027, the system instituted a hiring freeze. The Board decision changes throughout the year resulted in variances in the areas of instruction salaries, instruction materials and supplies, instruction other costs, special education and fixed charges.	10,617,461

BUDGETARY REVENUES

Difference - final budget to actual

The School System's year end of June 30 does not align with the end date of most federal grants. At the end of each year there is unspent budget that will carry forward into the following year. The carry forward amount is not part of the original budget. The budget not spent in FY2026 of $2,013,649 will be carried forward into fiscal year 2027.	$ (2,013,649)
The approved budgets for the FY2026 State Aid and the local share mandated by the County were insufficient to meet the planned expenditures of the school system. The Board committed $10,000,000 of prior years' fund balance to make up the deficit. The use of fund balance was necessary to meet the operational needs of the school system while complying with Blueprint funding restrictions. As the school system implemented the Blueprint model, the Board proactively instituted a midyear hiring freeze to reduce expenditures. By year-end, the planned use of fund balance was unnecessary because the system realized savings from the hiring freeze and received unanticipated drug rebates.	(10,348,783)

BUDGETARY EXPENDITURES

Difference - final budget to actual

Midway through the fiscal year, the school system announced a hiring freeze because declining enrollment and preliminary State Aid projections for the upcoming fiscal year indicated that funding would not increase enough to cover the Blueprint-mandated cost increases for FY2027. Fixed charges include employee-related costs, such as Social Security, health care, and pension expenses. Vacant positions were not filled.	$ 3,257,971
The instructional salary category was underspent due to the hiring freeze noted above.	2,173,227

Schedule of Changes in Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

Fiscal Year (no data for FY 2016 - 2017)	Fiscal Year 2018	2019	2020	2021	2022	2023	2024	2025	2026
Total OPEB liability									
Service cost	$ 1,446,260	$ 1,482,416	$ 1,519,476	$ 1,565,808	$ 2,246,097	$ 2,480,553	$ 2,461,960	$ 2,336,521	$ 1,892,203
Interest	4,053,094	4,214,871	4,381,459	4,454,434	4,417,783	3,954,655	4,134,678	3,994,285	4,410,332
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(207,879)	(2,048,898)	(359,787)	(8,368,249)	(23,395)	(6,749,822)	(290,355)	739,786
Changes of assumptions	-	-	(258,088)	12,304,337	7,621,392	(1,425,780)	(894,877)	(7,297,057)	(2,498,208)
Benefit payments	(3,017,488)	(2,979,948)	(2,484,757)	(2,967,177)	(3,288,056)	(3,324,121)	(3,242,691)	(2,975,348)	(2,912,727)
Net change in total OPEB liability	2,481,866	2,509,460	1,109,192	14,997,615	2,628,967	1,661,912	(4,290,752)	(4,231,954)	1,631,386
Total OPEB liability - beginning	61,554,580	64,036,446	66,545,906	67,655,098	82,652,713	85,281,680	86,943,592	82,652,840	78,420,886
Total OPEB liability - ending (a)	$ 64,036,446	$ 66,545,906	$ 67,655,098	$ 82,652,713	$ 85,281,680	$ 86,943,592	$ 82,652,840	$ 78,420,886	$ 80,052,272
Information for fiscal year 2017 and earlier is not available									
Plan fiduciary net position									
Contributions - employer	$ 3,895,952	$ 4,715,305	$ 2,484,757	$ (32,823)	$ 1,788,056	$ 3,324,121	$ 3,242,691	$ 2,975,348	$ 2,912,727
Net investment income	856,893	967,433	470,896	3,787,497	(2,307,155)	1,216,944	1,082,763	1,254,738	2,564,532
Benefit payments	(3,017,488)	(2,979,948)	(2,484,757)	(2,967,177)	(3,288,056)	(3,324,121)	(3,242,691)	(2,975,348)	(2,912,727)
Administrative expense	-	(7,972)	(8,405)	(8,310)	(8,188)	(8,063)	(8,446)	(8,402)	(8,088)
Net change in plan fiduciary net position	1,735,357	2,694,818	462,491	779,187	(3,815,343)	1,208,881	1,074,317	1,246,336	2,556,444
Plan fiduciary net position - beginning	11,633,904	13,369,261	16,064,070	16,526,561	17,305,748	13,490,405	14,699,286	15,773,603	17,020,295
Plan fiduciary net position - ending (b)	13,369,261	16,064,079	16,526,561	17,305,748	13,490,405	14,699,286	15,773,603	17,019,939	19,576,739
School System's net OPEB liability - ending (a) - (b)	50,667,185	50,481,827	51,128,537	65,346,965	71,791,275	72,244,306	66,879,237	61,400,947	60,475,533
Plan fiduciary net position as a percentage of the total	20.88%	24.14%	24.43%	20.94%	15.82%	16.91%	19.08%	21.70%	24.46%
OPEB Liability 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	10	10	10	9

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%	4.85%	4.93%	5.61%	6.02%

The mortality assumption was updated to the latest experience study on public sector empoyees and retirees released by the SOA

Methods and asssumptions used to determine contribution rates:
- Valuation date
- Liability cost method
- Investment rate of return
- Retirement age
- Demographic
- Rate of inflation
- Healthcare cost trend rates

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

Schedule of OPEB Board Contributions

Last 10 Fiscal Years
Information for the fiscal year 2017 and earlier not available

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Actuarially determined contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	$ 3,895,952	$ 4,715,305	$ 2,484,757	$ (32,823)	$ 1,788,056	$ 3,324,121	$ 3,242,691	$ 2,975,348	$ 2,912,727
Contributon deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll[1]									
Contribution as a percentage of covered employee payroll[1]									

N/A – The actuarially determined contributions (ADC) is N/A because it reflects that no formal ADC was calculated because the plan does not have a formal funding policy.

Schedule of OPEB Investment Returns

	Fiscal Year (Last ten fiscal years)									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Annual money-weighted rate of return, net of investment	11.24%	7.36%	7.09%	2.87%	24.11%	-13.38%	8.06%	6.56%	7.92%	15.04%

Additional Information - Schedule of Required Pension Related Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability for the Employees' Retirement and Pension System

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Proportion (%) of collective net pension liability	0.0572%	0.0573%	0.0587%	0.0594%	0.0592%	0.0545%	0.0540%	0.0518%	0.0468%	0.0489%
Proportionate share ($) of collective net pension liability	$14,714,173	$15,075,312	$13,527,442	$11,891,319	$8,879,704	$12,311,543	$11,147,349	$10,874,488	$10,110,254	$11,543,395
School System's covered payroll [1]	$15,546,236	$14,697,672	$14,034,145	$13,406,819	$12,658,117	$12,770,486	$12,698,881	$12,319,095	$12,003,972	$11,442,991
Proportionate share of collective net pension liability as a percentage of its covered payroll	94.6%	102.6%	96.4%	88.7%	70.2%	96.4%	87.8%	88.3%	82.1%	96.2%
Pension plan's fiduciary net position as a percentage of the total pension liability	74.02%	72.08%	73.81%	76.27%	76.76%	70.72%	72.34%	71.18%	69.38%	65.79%

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 the Net Pension Liability for the Teachers' Retirement and Pension System

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Proportion (%) of collective net pension liability	0.0%	0.0%	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	$ 139,083,879	$ 149,103,615	$ 120,865,615	$ 107,726,012	$ 93,020,386	$ 138,098,231	$ 133,335,709	$ 136,183,281	$ 134,727,764	$ 161,402,938
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	$ 139,083,879	$ 149,103,615	$ 120,865,615	$ 107,726,012	$ 93,020,386	$ 138,098,231	$ 133,335,709	$ 136,183,281	$ 134,727,764	$ 161,402,938
School System's covered payroll [1]	$ 149,881,852	$ 140,603,442	$ 136,829,634	$ 130,540,472	$ 126,294,968	$ 120,701,622	$ 121,121,364	$ 114,916,145	$ 110,154,901	$ 108,244,834
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%	0.0%	0.0%
Pension plan's fiduciary net position as a percentage of the total pension liability	74.02%	72.08%	73.81%	76.27%	76.76%	70.72%	72.34%	71.18%	69.38%	65.79%

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

Notes to Schedule of Employer Contributions

Valuation Date: June 30, 2025
Actuarially Valuation Date on which the Total Pension Liability (TPL) was based: June 30, 2024. The TPL was rolled forward from 2024 to 2025*

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization Period	15 years remaining
Asset Valuation Method	5-year smoothed market: 20% collar
Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%
Investment rate of return	6.80%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 Experience Study for the period 2014- 2018.
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018.

*The Total Pension Liability as of June 30, 2025 includes the impact of benefit changes (specific death benefits for Judges) and assumption changes associated with the 2025 Experience Study for the period July 1, 2018 to June 30, 2024. These changes first affected the 2025 acturial valuation which computes the employer contributions for fiscal year 2026.

Schedule of Pension Plan Contribution for the Employees' and Teachers' Retirement and Pension Systems

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Contractually required contributions	$ 9,101,024	$ 8,348,323	$ 8,047,893	$ 7,771,117	$ 6,567,404	$ 6,446,816	$ 6,171,258	$ 6,083,427	$ 5,885,564	$ 5,816,826
Actual Contributions Made:										
Employee systems	1,975,380	1,687,141	1,500,582	1,432,561	1,356,401	1,304,242	1,167,926	1,109,837	1,033,503	951,633
Teacher system	7,125,644	6,661,182	6,547,311	6,338,556	5,211,003	5,142,574	5,003,332	4,973,590	4,852,061	4,865,193
	9,101,024	8,348,323	8,047,893	7,771,117	6,567,404	6,446,816	6,171,258	6,083,427	5,885,564	5,816,826
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School System's covered payroll	$ 149,881,852	$ 140,603,442	$ 136,850,301	$ 130,590,891	$ 138,953,085	$ 133,359,739	$ 133,820,245	$ 127,235,240	$ 122,473,996	$ 120,248,806
Contributions as a percentage of covered payroll	6.07%	5.94%	5.88%	5.95%	4.73%	4.83%	4.61%	4.78%	4.81%	4.84%

STATISTICAL SECTION



Statistical Section Contents

This part of the Cecil County Public School's Annual Comprehensive 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 *These schedules contain trend information to help the reader understand how the School System's financial performance and well-being have changed over time.*	103
REVENUE AND EXPENSE *These schedules contain information to help the reader assess the School System's most significant revenue by source and expenditures by function.*	108
DEMOGRAPHIC *These schedules offer demographic indicators to help the reader understand the environment within which the School System's financial activities take place.*	116
OPERATING *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.*	121

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CECIL COUNTY PUBLIC SCHOOLS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Governmental activities										
Net Investment in capital assets	$ 229,785,588	$ 180,843,215	$ 160,037,183	$ 163,331,900	$ 169,243,404	$ 176,527,252	$ 173,044,220	$ 175,701,356	$ 179,047,057	$ 177,415,257
Restricted for capital projects	46,782	214,927	57,691	33,971	32,317	32,260	32,207	49,995	48,973	48,402
Special Revenue Fund	763,426	3,855,451	5,156,874	6,742,900	6,724,282	-	-	-	-	-
Unrestricted	(55,697,827)	(59,593,319)	(55,742,797)	(60,751,752)	(56,395,191)	(51,284,791)	(55,036,874)	(49,148,754)	(44,461,926)	4,936,382
Total governmental activities net position	$ 174,897,969	$ 125,320,274	$ 109,508,951	$ 109,357,019	$ 119,604,812	$ 125,274,721	$ 118,039,553	$ 126,602,597	$ 134,634,104	$ 182,400,041

Source: Statement of Net Position

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Expenses										
Government activities:										
Administration	$ 11,123,674	$ 10,927,262	$ 9,260,111	$ 9,103,759	$ 8,811,416	$ 7,664,519	$ 7,454,359	$ 7,755,447	$ 7,861,554	$ 7,122,734
Mid-level administration	26,828,652	25,505,671	24,486,752	23,334,840	21,961,341	20,330,749	20,651,392	20,411,961	19,604,726	18,815,470
Instruction										
Salaries	138,732,835	132,603,438	129,446,451	124,299,293	122,107,406	117,362,024	115,973,150	109,002,536	102,933,141	101,825,291
Materials and supplies	4,139,553	4,520,767	4,136,420	3,744,543	7,052,981	4,228,356	2,742,889	3,512,951	4,686,226	5,077,775
Other costs	20,146,114	20,761,986	21,562,946	20,488,625	19,943,017	19,943,116	17,598,701	20,234,977	18,836,222	18,210,011
Special education	56,681,414	51,758,187	48,352,887	44,940,082	43,090,825	40,899,373	41,489,255	39,895,528	36,783,285	36,745,712
Student personnel services	3,886,572	3,057,282	2,539,491	3,601,263	2,809,563	2,748,813	2,509,375	2,615,572	2,011,960	1,790,269
Student health services	3,794,156	3,730,118	3,482,562	3,380,815	2,927,317	2,719,452	2,576,710	2,422,898	2,323,101	2,225,308
Student transportation	14,838,971	14,349,223	14,176,152	13,437,926	12,713,177	10,225,156	11,270,075	11,312,256	11,148,667	10,411,349
Operation of plant	17,965,473	16,937,673	15,727,666	15,551,701	15,327,765	14,379,276	13,842,969	13,877,598	13,377,424	13,117,398
Maintenance of plant	6,515,146	5,994,784	5,730,196	5,630,148	5,300,701	5,091,246	5,170,793	5,465,261	5,830,453	5,391,514
Food and nutrition services	9,653,243	10,789,955	9,466,039	8,095,469	7,350,965	5,399,918	5,647,066	5,971,152	6,092,567	5,960,076
Community services	3,059,981	3,504,861	2,495,852	1,709,110	936,525	536,247	319,578	609,561	410,722	380,861
Student activities	1,806,720	1,739,224	1,889,834	1,648,357	1,296,419	602,507	-	-	-	-
Interest on long-term debt	146,651	101,745	134,073	61,708	42,635	-	-	-	-	-
Total governmental activities expenses	$ 319,319,155	$ 306,282,176	$ 292,887,432	$ 279,027,639	$ 271,672,053	$ 252,130,752	$ 247,246,312	$ 243,087,698	$ 231,900,048	$ 227,073,768
Program Revenues										
Government activities:										
Charges for services:										
Instruction salaries	$ 274,266	$ 238,927	$ 263,114	$ 294,451	$ 142,222	$ 150,108	$ 270,171	$ 134,116	$ 268,614	$ 188,538
Food and nutrition services	1,476,382	1,398,028	1,452,664	1,760,023	383,463	16,865	1,448,827	2,084,543	1,921,257	1,849,130
Community services	223,984	29,039	102,740	34,798	63,992	162,265	42,676	154,244	104,687	156,390
Student activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	156,832,850	151,677,394	117,133,795	97,008,090	106,015,133	85,040,320	74,474,290	70,359,717	65,908,362	66,297,108
Capital grants and contributions	66,226,253	35,336,187	6,864,262	6,677,282	5,732,861	16,868,525	10,129,147	12,136,008	15,491,330	10,643,736
Total governmental activities program revenue	$ 225,033,735	$ 188,679,575	$ 125,816,575	$ 105,774,644	$ 112,337,671	$ 102,238,083	$ 86,365,111	$ 84,868,628	$ 83,694,250	$ 79,134,902
Total governmental activities net expense	(94,285,420)	(117,602,601)	(167,070,857)	(173,252,995)	(159,334,382)	(149,892,669)	(160,881,201)	(158,219,070)	(148,205,798)	(147,938,866)
General Revenue and Other Changes in Net Position										
Government activities:										
State aid not restricted to specific purposes	$ 77,654,247	$ 74,604,720	$ 76,623,471	$ 72,890,895	$ 63,513,565	$ 65,736,430	$ 66,805,483	$ 66,998,019	$ 68,021,206	$ 66,919,712
Local aid not restricted to specific purposes	59,897,457	54,897,556	88,501,638	89,196,266	88,527,026	86,367,865	84,905,673	82,463,528	81,688,528	80,610,438
Interest and investment earnings	1,357,129	1,887,678	1,783,444	663,999	17,731	14,360	290,594	533,355	316,538	87,206
Miscellaneous	4,954,282	2,023,970	314,236	254,042	1,606,151	3,353,138	316,407	192,661	334,265	178,959
Total governmental activities	$ 143,863,115	$ 133,413,924	$ 167,222,789	$ 163,005,202	$ 153,664,473	$ 155,471,793	$ 152,318,157	$ 150,187,563	$ 150,360,537	$ 147,796,315
Change in Net Position	$ 49,577,695	$ 15,811,323	$ 151,932	$ (10,247,793)	$ (5,669,909)	$ 5,579,124	$ (8,563,044)	$ (8,031,507)	$ 2,154,739	$ (142,551)

Source: Statement of Activities

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
General fund:										
Non-spendable	$ 465,888	$ 468,055	$ 466,396	$ 327,269	$ 346,600	$ 301,200	$ 410,629	$ 523,678	$ 483,753	$ 484,018
Committed	10,588,579	15,267,821	11,205,839	4,874,116	4,639,071	4,275,857	6,302,758	6,625,121	5,710,472	5,888,839
Assigned	6,852,693	6,528,473	13,478,422	7,523,367	8,367,267	4,248,754	3,079,000	3,319,000	3,873,000	3,550,000
Unassigned	5,397,105	3,129,742	1,681,483	6,067,563	6,564,789	9,002,597	-	2,169,481	7,421,672	6,416,521
Total general fund	$ 23,304,265	$ 25,394,091	$ 26,832,140	$ 18,792,315	$ 19,917,727	$ 17,828,408	$ 9,792,387	$ 12,637,280	$ 17,488,897	$ 16,339,378
All other governmental funds										
Special Revenue Fund:										
Non-spendable	$ 167,304	$ 204,873	$ 152,715	$ 188,534	$ 197,395	$ 137,272	$ 192,936	$ 105,236	$ 128,645	$ 149,762
Restricted	763,426	3,855,451	5,156,874	6,742,900	6,724,282	2,817,285	1,162,336	-	-	-
Unassigned	-	-	-	-	-	-	-	1,221,023	779,106	370,487
Assigned	2,994,044	-	-	-	-	-	-	-	-	-
Capital Project Fund:										
Restricted	46,782	214,927	57,691	33,971	32,317	32,260	32,207	49,995	48,973	48,402
Total all other governmental funds	$ 3,971,556	$ 4,275,251	$ 5,367,280	$ 6,965,405	$ 6,953,994	$ 2,986,817	$ 1,387,479	$ 1,376,254	$ 956,724	$ 568,651

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)

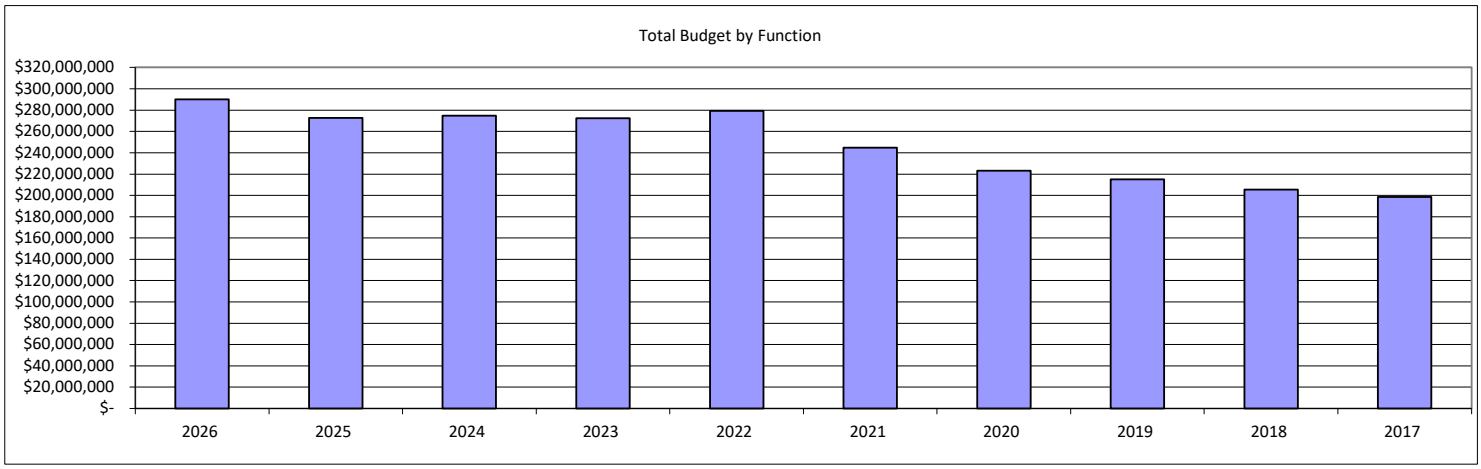
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenue										
Intergovernmental										
Cecil County	$ 132,324,963	$ 102,244,523	$ 92,050,026	$ 92,405,458	$ 92,670,119	$ 97,587,339	$ 90,378,236	$ 89,721,741	$ 89,881,090	$ 86,107,741
State of Maryland	204,304,748	184,990,502	156,703,016	135,540,764	127,967,912	131,578,402	129,955,431	125,374,800	127,274,639	124,517,950
United States Government	21,496,662	25,781,040	37,585,708	34,748,034	41,454,717	24,048,783	15,656,001	16,556,091	13,720,838	13,616,684
Other sources										
Sale of food	1,476,381	1,398,028	1,452,664	1,760,033	383,463	16,865	1,448,827	2,084,542	1,921,257	1,849,130
Investment interest	1,357,130	1,887,677	1,783,444	663,999	17,731	14,360	290,594	533,355	316,539	87,206
Other	7,945,790	5,788,901	3,478,078	3,630,832	2,008,202	1,464,127	954,178	785,662	940,424	752,506
Total revenue	$ 368,905,674	$ 322,090,671	$ 293,052,936	$ 268,749,120	$ 264,502,144	$ 254,709,876	$ 238,683,267	$ 235,056,191	$ 234,054,787	$ 226,931,217
Expenditures										
Administration	$ 8,040,888	$ 8,685,851	$ 7,714,484	$ 8,048,844	$ 6,590,338	$ 6,127,701	$ 6,017,872	$ 5,945,377	$ 5,845,485	$ 6,088,651
Mid-level administration	18,649,076	17,959,809	17,487,548	16,595,032	15,746,510	14,301,253	14,657,585	14,555,005	14,136,118	13,901,636
Instruction										
Salaries	95,193,685	90,862,038	90,658,555	86,865,734	86,194,767	81,150,735	81,039,544	76,319,344	73,105,335	72,519,546
Materials and supplies	4,136,394	4,518,765	4,134,419	3,742,541	7,050,979	4,226,354	2,760,748	3,469,427	4,728,922	5,077,775
Other costs	75,859,819	42,492,763	16,247,092	12,946,766	11,779,963	21,961,897	13,116,856	15,167,372	19,195,545	4,068,239
Special education	42,135,163	38,204,787	36,239,897	33,339,532	32,016,490	29,728,451	30,771,185	29,508,632	27,330,111	26,279,454
Student personnel services	2,699,859	2,145,059	1,825,423	2,625,810	2,074,601	1,993,721	1,877,257	1,965,536	1,499,819	1,321,324
Student health services	2,626,876	2,572,448	2,458,879	2,414,850	2,080,458	1,897,687	1,810,039	1,710,844	1,669,881	1,631,860
Student transportation	14,287,968	13,629,176	13,914,463	12,844,330	12,531,707	9,929,866	10,855,021	11,034,883	10,786,695	10,021,991
Operation of plant	14,836,651	13,925,925	12,988,992	12,989,177	12,740,137	11,801,812	11,271,550	11,398,341	11,084,642	11,114,043
Maintenance of plant	4,149,841	3,479,603	3,261,375	4,901,689	4,294,760	3,915,661	4,109,347	4,323,819	4,908,868	4,619,523
Fixed charges	75,412,709	70,564,600	63,679,126	61,129,569	56,462,937	55,155,497	55,946,057	55,815,795	50,199,827	50,077,857
Community services	2,262,970	2,661,452	2,025,860	1,385,164	791,118	533,280	266,206	534,771	317,915	358,580
Food and nutrition services										
Salaries and wages	3,354,434	3,208,579	3,011,931	2,813,376	2,526,876	2,377,849	2,536,416	2,536,100	2,423,903	2,377,355
Food	4,661,317	4,775,343	4,154,889	3,767,834	3,636,376	2,268,678	2,474,015	2,653,125	2,916,677	2,746,848
Contracted services	173,807	232,824	276,276	198,865	66,796	49,595	69,650	46,874	48,553	67,642
Supplies and materials	431,813	1,533,907	1,122,811	469,310	482,264	320,587	155,204	289,003	292,904	280,868
Other operating cost	396,390	447,947	1,415,552	1,018,169	752,953	71,675	226,509	203,695	105,413	102,955
Student Activities	1,806,720	1,739,223	1,883,919	1,648,357	1,296,419	602,507	-	-	-	-
Capital outlay	344,990	362,141	2,017,808	1,331,937	397,461	301,730	1,030,658	1,364,740	1,119,804	8,792,710
Debt service										
Principal	1,104,779	1,267,471	1,426,372	1,207,191	508,060	1,108,764	1,177,978	961,801	1,030,894	933,021
Interest	146,651	101,745	134,073	61,708	42,635	24,488	43,698	34,086	47,489	56,940
Total expenditures	$ 372,712,800	$ 325,371,456	$ 288,079,744	$ 272,345,785	$ 260,064,605	$ 249,849,788	$ 242,213,395	$ 239,838,570	$ 232,794,800	$ 222,438,818
Excess of revenues over (under) expenditures	(3,807,126)	(3,280,785)	4,973,192	(3,596,665)	4,437,539	4,860,088	(3,530,128)	(4,782,379)	1,259,987	4,492,399
Other financing sources (uses)										
Sale of capital assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Leases & subscriptions	1,413,605	750,707	1,468,508	2,482,664	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)	1,413,605	750,707	1,468,508	2,482,664	1,618,957	3,119,227	696,460	350,292	277,605	191,542
Net change in fund balances	$ (2,393,521)	$ (2,530,078)	$ 6,441,700	$ (1,114,001)	$ 6,056,496	$ 7,979,315	$ (2,833,668)	$ (4,432,087)	$ 1,537,592	$ 4,683,941
Debt Service as a percentage of noncapital expenditures*	0.42%	0.47%	0.57%	0.49%	0.22%	0.49%	0.53%	0.44%	0.50%	0.47%

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

*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

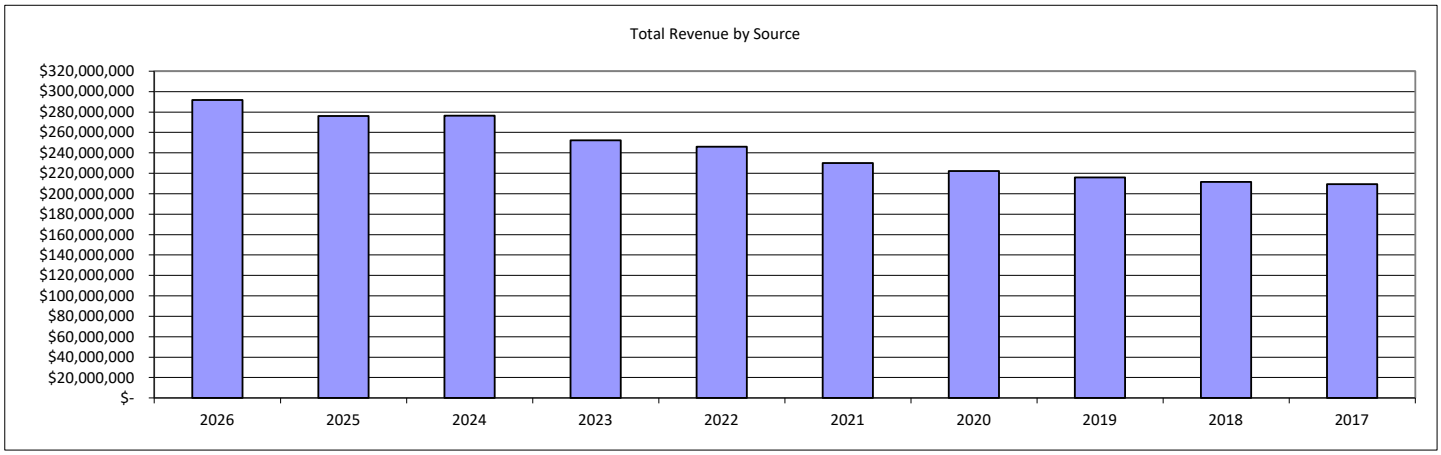
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Administration	$ 7,942,773	$ 7,473,514	$ 7,786,499	$ 9,262,389	$ 8,459,865	$ 8,329,820	$ 6,731,117	$ 5,957,180	$ 5,908,844	$ 5,351,755
Mid-level administration	18,839,688	17,894,044	17,900,234	18,433,865	18,022,396	15,084,787	14,958,576	14,686,232	14,452,246	14,201,864
Instruction salaries	97,366,912	91,858,922	95,715,908	96,133,789	100,476,505	88,480,779	82,754,595	77,043,275	73,580,097	72,863,252
Instruction supplies	4,688,136	5,195,928	6,139,370	5,271,550	11,613,694	7,626,665	6,491,532	4,191,739	5,845,823	5,367,155
Instruction other costs	10,601,326	9,950,390	11,020,656	10,546,620	12,747,407	10,171,450	6,131,342	4,674,182	4,922,099	4,165,556
Special education	43,162,501	40,182,942	38,241,085	34,770,789	38,389,739	36,119,433	31,409,476	30,229,203	27,786,201	26,941,588
Student personnel services	2,801,610	2,156,000	2,070,376	3,093,925	2,544,764	2,965,550	2,607,544	2,442,636	1,671,314	1,363,081
Student health services	2,775,137	2,618,595	2,471,634	2,673,483	2,299,617	2,047,203	1,952,045	1,726,135	1,699,653	1,639,661
Student transportation	14,933,073	14,252,715	14,420,094	13,655,993	13,555,683	12,318,529	11,144,762	11,340,369	10,911,699	10,274,308
Operation of plant	15,095,913	14,446,348	13,902,519	13,211,060	13,450,029	11,907,492	11,187,264	11,536,987	11,487,301	11,469,440
Maintenance of plant	5,623,425	5,019,676	5,043,631	6,682,122	4,970,448	4,053,639	4,159,819	4,683,803	5,022,506	4,847,291
Fixed charges	61,446,165	55,773,291	52,560,259	52,748,984	48,680,326	43,860,716	42,454,528	42,638,415	39,338,254	39,088,641
Community services	2,697,456	3,572,233	3,305,203	1,901,034	1,614,526	1,373,280	512,092	642,541	415,008	414,371
Capital outlay	384,478	378,913	2,231,205	2,211,004	966,129	447,091	679,910	3,369,972	2,288,016	485,113
Student school/activity fees	1,900,000	1,900,000	1,950,000	1,725,000	1,425,000	-	-	-	-	-
Total Budget by Function	$ 290,258,593	$ 272,673,511	$ 274,758,673	$ 272,321,607	$ 279,216,128	$ 244,786,434	$ 223,174,602	$ 215,162,669	$ 205,329,061	$ 198,473,076
Increase over prior year	$ 17,585,082	$ (2,085,162)	$ 2,437,066	$ (6,894,521)	$ 34,429,694	$ 21,611,832	$ 8,011,933	$ 9,833,608	$ 6,855,985	$ 7,835,737
	6.4%	-0.8%	0.9%	-2.5%	14.1%	9.7%	3.7%	4.8%	3.5%	4.1%



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

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

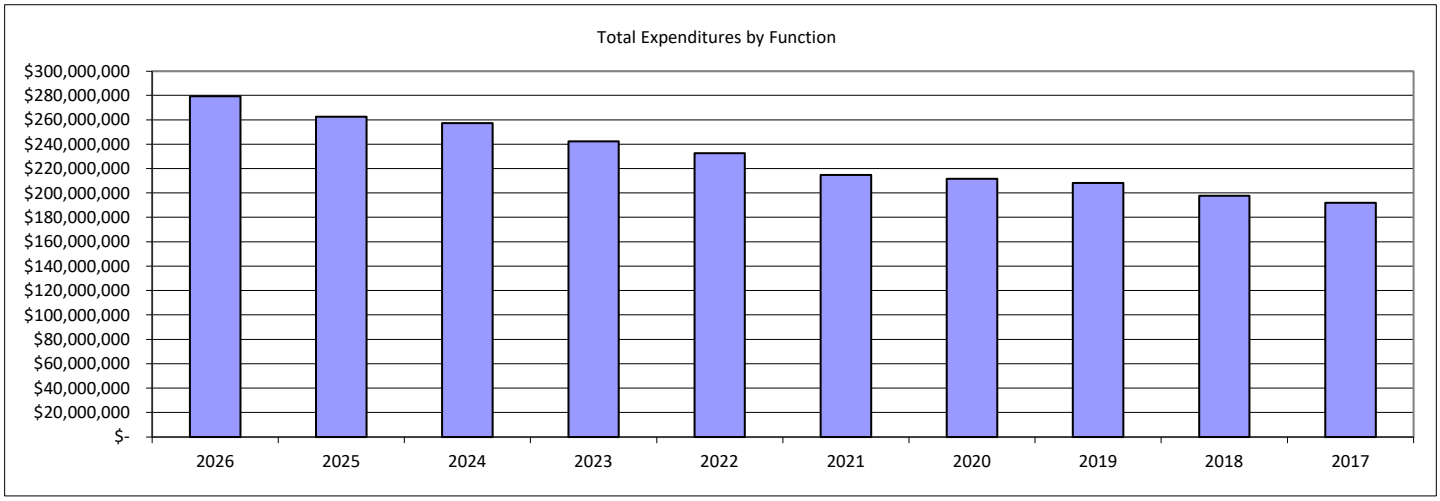
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Cecil County	$ 105,386,116	$ 97,550,830	$ 88,501,638	$ 89,196,266	$ 88,527,026	$ 86,367,865	$ 84,905,673	$ 82,463,528	$ 81,688,528	$ 80,610,438
State of Maryland	164,520,298	156,428,599	153,479,762	132,690,147	126,093,459	125,627,388	124,959,492	120,214,466	119,689,250	119,046,123
United States Government	12,884,985	15,854,347	29,631,318	27,318,778	29,550,204	16,713,333	10,986,159	11,862,236	8,881,924	9,031,345
Other sources										
Investment interest	1,340,026	1,864,700	1,760,783	650,700	17,516	14,177	289,406	531,943	315,785	86,795
Other	7,741,580	4,355,529	2,911,300	2,560,513	1,898,426	1,431,412	950,905	781,919	925,538	728,980
Total revenue by source	$ 291,873,005	$ 276,054,005	$ 276,284,801	$ 252,416,404	$ 246,086,631	$ 230,154,175	$ 222,091,635	$ 215,854,092	$ 211,501,025	$ 209,503,681
Increase/(decrease) over prior year	$ 15,819,000	$ (230,796)	$ 23,868,397	$ 6,329,773	$ 15,932,456	$ 8,062,540	$ 6,237,543	$ 4,353,067	$ 1,997,344	$ 7,354,276
	5.7%	-0.1%	9.5%	2.6%	6.9%	3.6%	2.9%	2.1%	1.0%	3.6%



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

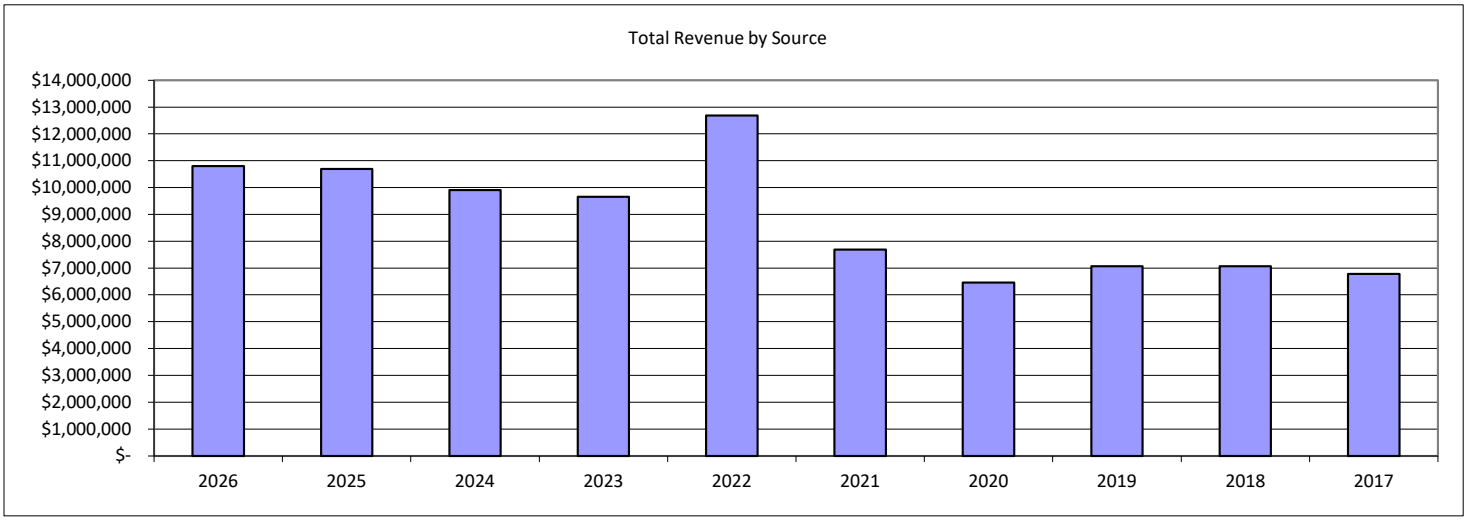
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Administration	$ 7,394,513	$ 6,596,971	$ 6,533,412	$ 4,594,945	$ 6,239,646	$ 5,824,917	$ 5,886,830	$ 5,362,639	$ 5,623,851	$ 5,150,687
Mid-level administration	18,649,076	17,878,665	17,543,696	16,700,780	15,827,260	14,301,253	14,657,585	14,555,005	14,136,118	13,901,636
Instruction										
Salaries	95,193,685	90,862,038	90,658,555	86,865,734	86,194,767	81,150,736	81,039,544	76,319,344	73,105,335	72,519,546
Materials and supplies	4,138,877	4,143,958	4,449,164	3,942,413	6,339,083	4,170,138	2,662,529	2,978,821	4,718,208	4,679,832
Other costs	9,469,061	8,534,957	9,968,277	7,444,899	6,324,283	6,670,290	3,772,646	4,433,462	4,526,454	3,735,052
Special education	42,135,163	38,073,090	36,371,594	33,361,332	31,905,760	29,860,980	30,771,185	29,504,035	27,334,708	26,279,454
Student personnel services	2,699,859	2,145,059	1,812,580	2,916,154	2,259,191	2,048,031	1,750,915	2,130,476	1,499,819	1,321,324
Student health services	2,626,876	2,572,448	2,458,879	2,414,850	2,080,458	1,897,687	1,810,039	1,710,844	1,669,881	1,631,860
Student transportation	14,287,968	13,629,176	13,914,463	12,844,330	12,561,833	9,877,749	10,888,794	11,077,824	10,745,460	10,057,070
Operation of plant	14,836,650	13,925,925	12,988,991	12,991,642	12,813,576	11,840,330	11,273,037	11,398,341	11,084,642	11,114,043
Maintenance of plant	5,401,270	4,848,819	4,821,819	5,820,969	5,490,343	3,939,441	4,032,850	4,478,228	4,906,775	4,492,271
Fixed charges	58,188,194	54,670,203	49,953,506	47,968,603	42,047,236	41,317,129	41,998,540	42,233,257	36,916,283	36,163,739
Community services	2,244,205	2,642,244	1,957,263	1,545,263	634,399	738,729	266,206	534,771	317,915	358,580
Capital outlay	344,990	362,141	2,017,808	1,331,937	541,399	418,988	679,910	1,364,740	1,119,804	421,328
Student activities	1,806,720	1,739,223	1,883,919	1,648,357	1,296,419	602,507	-	-	-	-
Total expenditures by function	$279,417,107	$262,624,917	$257,333,926	$242,392,208	$232,555,653	$214,658,905	$211,490,610	$208,081,787	$197,705,253	$191,826,422
Increase/(decrease) over prior year	$ 16,792,190	$ 5,290,991	$ 14,941,718	$ 9,836,555	$ 17,896,748	$ 3,168,295	$ 3,408,823	$ 10,376,534	$ 5,878,831	$ 5,513,195
	6.4%	2.1%	6.2%	4.2%	8.3%	1.5%	1.6%	5.2%	3.1%	3.0%



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

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

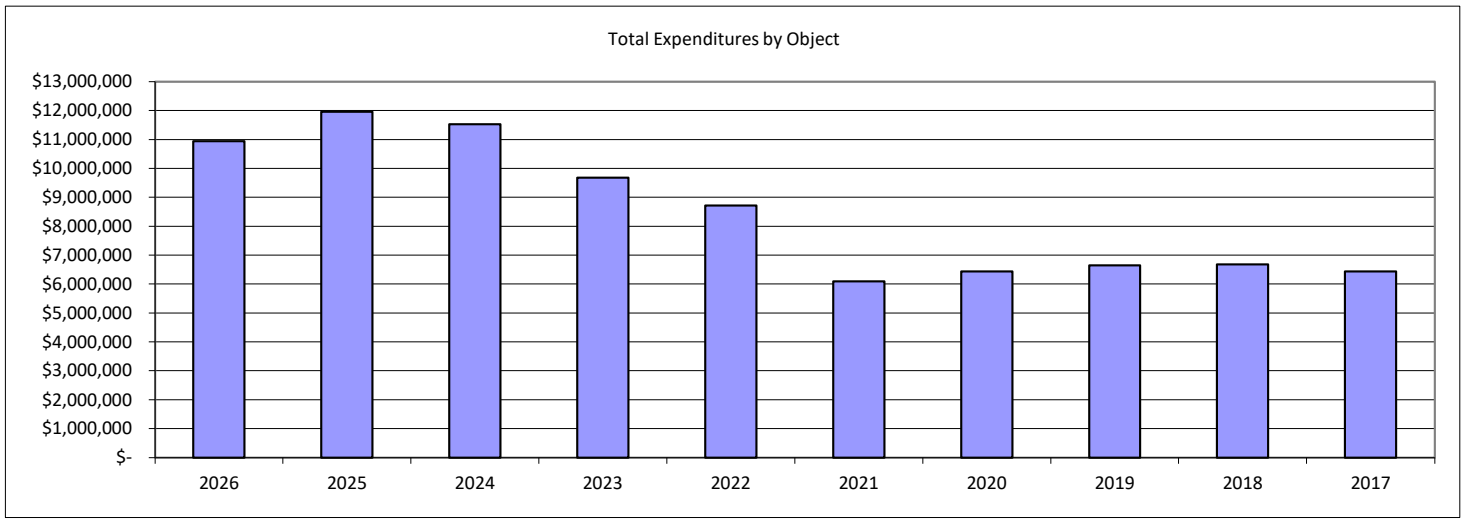
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
State of Maryland	$ 694,087	$ 661,075	$ 473,598	$ 434,425	$ 393,777	$ 301,962	$ 339,356	$ 282,539	$ 286,621	$ 325,394
United States Government	8,611,677	8,611,115	7,954,390	7,429,256	11,904,513	7,335,450	4,669,842	4,693,855	4,838,914	4,585,339
Sale of food	1,476,381	1,398,028	1,452,664	1,760,033	383,463	16,865	1,448,827	2,084,542	1,921,257	1,849,130
Investment interest	16,312	20,229	19,943	11,646	158	130	404	389	182	176
Other	7,166	7,284	559	18,420	685	32,715	3,273	3,743	14,887	23,526
Total revenue by source	$ 10,805,623	$ 10,697,731	$ 9,901,154	$ 9,653,780	$ 12,682,596	$ 7,687,122	$ 6,461,702	$ 7,065,068	$ 7,061,861	$ 6,783,565
Increase/(decrease) over prior year	$ 107,892	$ 796,577	$ 247,374	$ (3,028,816)	$ 4,995,474	$ 1,225,420	$ (603,366)	$ 3,207	$ 278,296	$ 72,708
	1.0%	8.0%	2.6%	-23.9%	65.0%	19.0%	-8.5%	0.0%	4.1%	1.1%



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

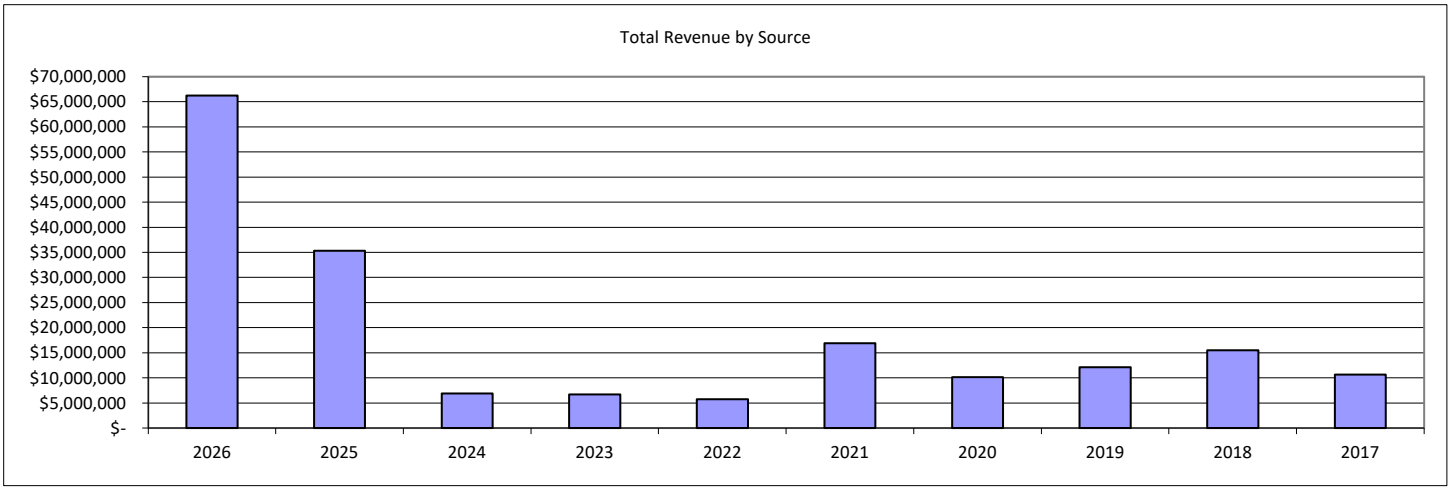
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Salaries and wages	$ 3,354,434	$ 3,208,579	$ 3,011,931	$ 2,813,376	$ 2,526,876	$ 2,377,849	$ 2,536,416	$ 2,536,100	$ 2,423,903	$ 2,377,355
Food	4,661,317	4,775,343	4,154,889	3,767,834	3,636,376	2,268,678	2,474,015	2,653,125	2,916,677	2,746,848
Contracted services	173,807	232,824	276,276	198,865	66,796	49,595	69,650	46,874	48,553	67,642
Supplies and materials	431,813	1,533,907	1,122,811	469,310	482,264	320,587	155,204	289,003	292,904	280,868
Other operating cost	2,000,944	1,822,276	1,569,105	1,533,967	1,260,374	1,008,459	1,000,103	961,945	913,666	887,047
Equipment	318,858	384,162	1,387,987	891,435	742,790	62,669	197,301	159,513	78,656	76,686
Total expenditures by object	$ 10,941,173	$ 11,957,091	$ 11,522,999	$ 9,674,787	$ 8,715,476	$ 6,087,837	$ 6,432,689	$ 6,646,560	$ 6,674,359	$ 6,436,446
Increase/(decrease) over prior year	$ (1,015,918)	$ 434,092	$ 1,848,212	$ 959,311	$ 2,627,639	$ (344,852)	$ (213,871)	$ (27,799)	$ 237,913	$ (319,616)
	-8.5%	3.8%	19.1%	11.0%	43.2%	-5.4%	-3.2%	-0.4%	3.7%	-4.7%



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

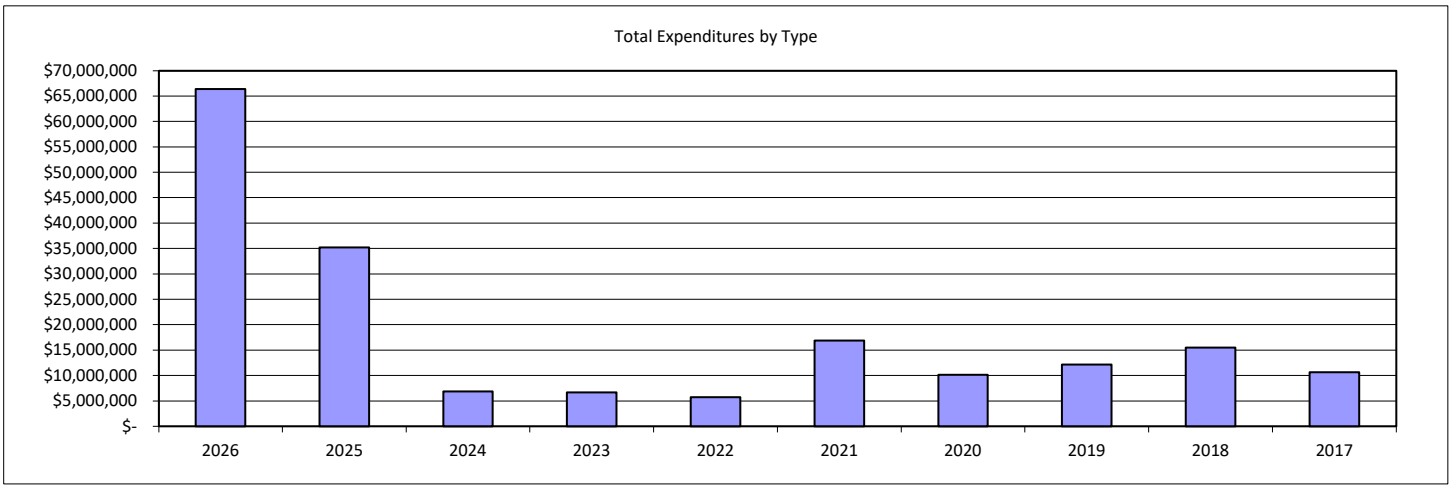
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Cecil County	$ 26,938,847	$ 4,693,693	$ 3,548,388	$ 3,209,192	$ 4,143,093	$ 11,219,474	$ 5,472,563	$ 7,258,213	$ 8,192,562	$ 5,497,303
State of Maryland	39,090,363	27,900,828	2,749,656	2,416,192	1,480,676	5,649,052	4,656,583	4,877,795	7,298,768	5,146,433
United States Government	-	1,315,578	-	-	-	-	-	-	-	-
Investment interest	792	2,748	2,718	1,653	57	53	784	1,023	571	235
Other	197,044	1,426,088	566,219	1,051,899	109,091	-	-	-	-	-
Total	$ 66,227,046	$ 35,338,935	$ 6,866,981	$ 6,678,936	$ 5,732,917	$ 16,868,579	$ 10,129,930	$ 12,137,031	$ 15,491,901	$ 10,643,971
Increase/(decrease) over prior year	$ 30,888,111	$ 28,471,954	$ 188,045	$ 946,019	$ (11,135,662)	$ 6,738,649	$ (2,007,101)	$ (3,354,870)	$ 4,847,930	$ (2,677,164)
	87.4%	414.6%	2.8%	16.5%	-66.0%	66.5%	-16.5%	-21.7%	45.5%	-20.1%



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

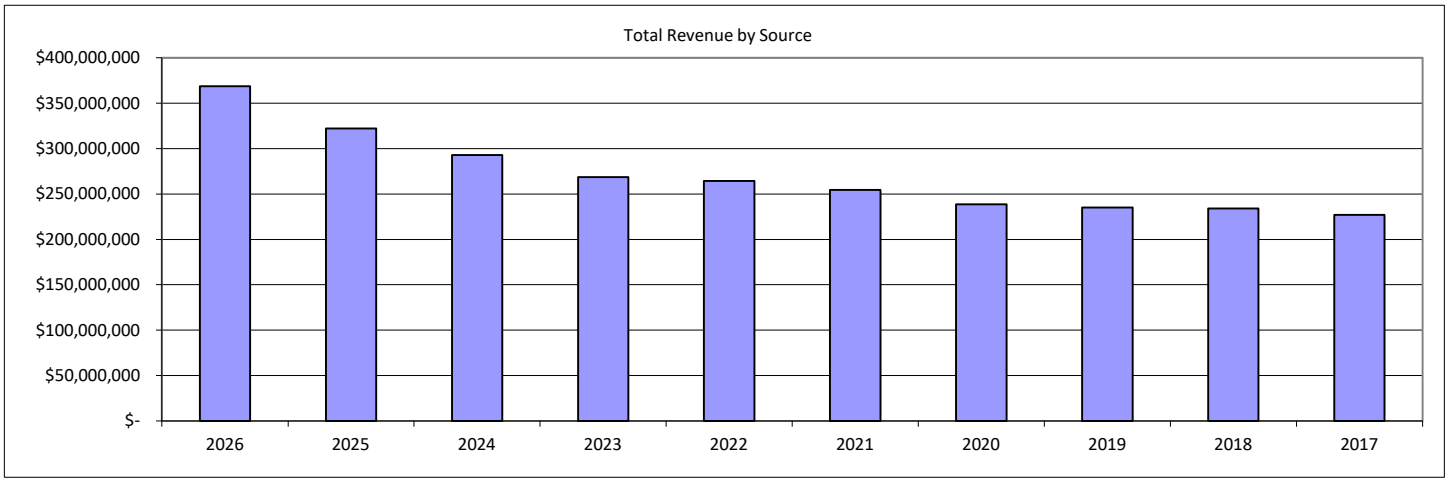
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Land	$ -	$ -	$ -	$ -	$ -	$ 1,858,733	$ -	$ 164,305	$ 18,000	$ -
Building	60,292,160	29,736,977	3,091,560	3,121,547	3,962,777	14,619,633	7,444,829	6,772,394	12,885,527	4,511,505
Site improvement	-	102,329	545,218	1,051,899	109,091	-	-	-	575,009	457,007
Remodeling	5,903,175	4,168,022	3,201,733	2,409,128	1,280,687	226,253	1,978,924	4,524,418	2,012,794	5,644,715
Equipment	199,856	1,174,371	4,750	94,708	380,305	163,907	723,966	674,891	-	25,075
Total expenditures by type	$ 66,395,191	$ 35,181,699	$ 6,843,261	$ 6,677,282	$ 5,732,860	$ 16,868,526	$ 10,147,719	$ 12,136,008	$ 15,491,330	$ 10,638,302
Increase/(decrease) over prior year	$ 31,213,492	$ 28,338,438	$ 165,979	$ 944,422	$ (11,135,666)	$ 6,720,807	$ (1,988,289)	$ (3,355,322)	$ 4,853,028	$ (2,688,055)
	88.7%	414.1%	2.5%	16.5%	-66.0%	66.2%	-16.4%	-21.7%	45.6%	-20.2%



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

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

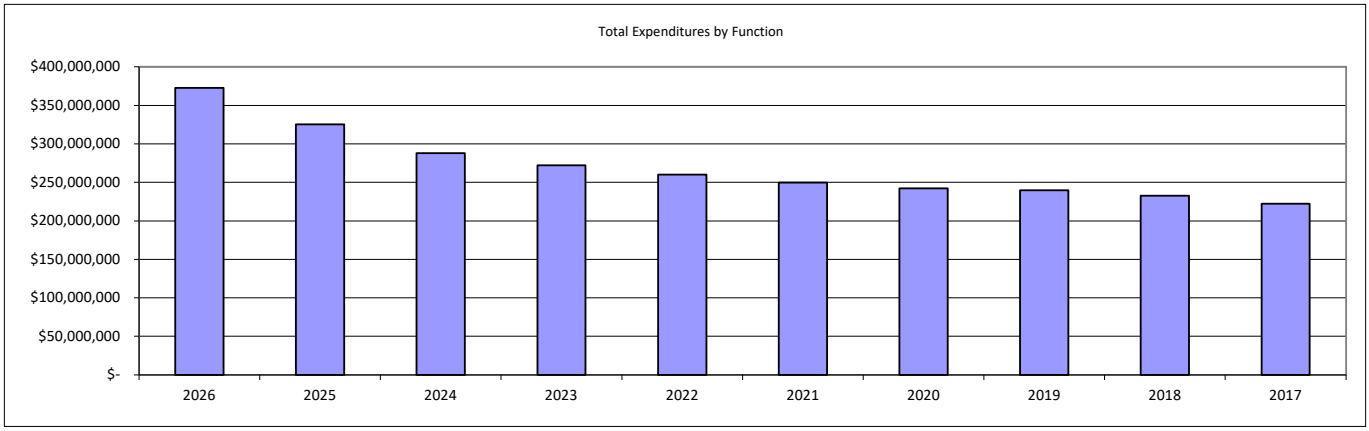
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Cecil County	$ 132,324,963	$ 102,244,523	$ 92,050,026	$ 92,405,458	$ 92,670,119	$ 97,587,339	$ 90,378,236	$ 89,721,741	$ 89,881,090	$ 86,107,741
State of Maryland	204,304,748	184,990,502	156,703,016	135,540,764	127,967,912	131,578,402	129,955,431	125,374,800	127,274,639	124,517,950
United States Government	21,496,662	25,781,040	37,585,708	34,748,034	41,454,717	24,048,783	15,656,001	16,556,091	13,720,838	13,616,684
Sale of food	1,476,381	1,398,028	1,452,664	1,760,033	383,463	16,865	1,448,827	2,084,542	1,921,257	1,849,130
Investment interest	1,357,130	1,887,677	1,783,444	663,999	17,731	14,360	290,594	533,355	316,539	87,206
Other	7,945,790	5,788,901	3,478,078	3,630,832	2,008,202	1,464,127	954,178	785,662	940,424	752,506
Total revenue by source	$ 368,905,674	$ 322,090,671	$ 293,052,936	$ 268,749,120	$ 264,502,144	$ 254,709,876	$ 238,683,267	$ 235,056,191	$ 234,054,787	$ 226,931,217
Increase/(decrease) over prior year	$ 46,815,003	$ 29,037,735	$ 24,303,816	$ 4,246,976	$ 9,792,268	$ 16,026,609	$ 3,627,076	$ 1,001,404	$ 7,123,570	$ 4,749,820
	14.5%	9.9%	9.0%	1.6%	3.8%	6.7%	1.5%	0.4%	3.1%	2.1%



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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Administration	$ 8,040,888	$ 8,685,851	$ 7,714,484	$ 8,048,844	$ 6,590,338	$ 6,127,701	$ 6,017,872	$ 5,945,377	$ 5,845,485	$ 6,088,651
Mid-level administration	18,649,076	17,959,809	17,487,548	16,595,032	15,746,510	14,301,253	14,657,585	14,555,005	14,136,118	13,901,636
Instruction										
Salaries	95,193,685	90,862,038	90,658,555	86,865,734	86,194,767	81,150,735	81,039,544	76,319,344	73,105,335	72,519,546
Materials and supplies	4,136,394	4,518,765	4,134,419	3,742,541	7,050,979	4,226,354	2,760,748	3,469,427	4,728,922	5,077,775
Other costs	75,859,819	42,492,763	16,247,092	12,946,766	11,779,963	21,961,897	13,116,856	15,167,372	19,195,545	4,068,239
Special education	42,135,163	38,204,787	36,239,897	33,339,532	32,016,490	29,728,451	30,771,185	29,508,632	27,330,111	26,279,454
Student personnel services	2,699,859	2,145,059	1,825,423	2,625,810	2,074,601	1,993,721	1,877,257	1,965,536	1,499,819	1,321,324
Student health services	2,626,876	2,572,448	2,458,879	2,414,850	2,080,458	1,897,687	1,810,039	1,710,844	1,669,881	1,631,860
Student transportation	14,287,968	13,629,176	13,914,463	12,844,330	12,531,707	9,929,866	10,855,021	11,034,883	10,786,695	10,021,991
Operation of plant	14,836,651	13,925,925	12,988,992	12,989,177	12,740,137	11,801,812	11,271,550	11,398,341	11,084,642	11,114,043
Maintenance of plant	4,149,841	3,479,603	3,261,375	4,901,689	4,294,760	3,915,661	4,109,347	4,323,819	4,908,868	4,619,523
Fixed charges	75,412,709	70,564,600	63,679,126	61,129,569	56,462,937	55,155,497	55,946,057	55,815,795	50,199,827	50,077,857
Community services	2,262,970	2,661,452	2,025,860	1,385,164	791,118	533,280	266,206	534,771	317,915	358,580
Food and nutrition services	9,017,761	10,198,600	9,981,459	8,267,554	7,465,265	5,088,384	5,461,794	5,728,797	5,787,450	5,575,668
Student activities	1,806,720	1,739,223	1,883,919	1,648,357	1,296,419	602,507	-	-	-	-
Capital outlay	344,990	362,141	2,017,808	1,331,937	397,461	301,730	1,030,658	1,364,740	1,119,804	8,792,710
Debt service	1,251,430	1,369,216	1,560,445	1,268,899	550,695	1,133,252	1,221,676	995,887	1,078,383	989,961
Total expenditures by function	$ 372,712,800	$ 325,371,456	$ 288,079,744	$ 272,345,785	$ 260,064,605	$ 249,849,788	$ 242,213,395	$ 239,838,570	$ 232,794,800	$ 222,438,818
Increase/(decrease) over prior year	$ 47,341,344	$ 37,291,712	$ 15,733,959	$ 12,281,180	$ 10,214,817	$ 7,636,393	$ 2,374,825	$ 7,043,770	$ 10,355,982	$ 3,242,125
	14.5%	12.9%	5.8%	4.7%	4.1%	3.2%	1.0%	3.0%	4.7%	1.5%



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

CECIL COUNTY PUBLIC SCHOOLS
ENROLLMENTS BY SCHOOL
LAST TEN FISCAL YEARS

	2026 Capacity	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
County Population		107,131	104,366	105,672	104,942	103,905	103,419	102,855	102,826	102,746	102,603
Elementary Schools											
Bainbridge Elementary	428	301	294	278	304	293	265	284	287	311	313
Bay View Elementary	608	610	506	490	469	443	413	464	513	542	591
Calvert Elementary	433	377	390	398	399	393	404	432	443	455	472
Cecil Manor Elementary	522	398	416	437	424	397	374	408	439	424	453
Cecilton Elementary	350	275	273	279	281	282	282	319	285	301	324
Charlestown Elementary	271	295	305	302	272	272	254	257	235	249	246
Chesapeake City Elementary	459	343	385	372	379	356	349	349	347	323	314
Conowingo Elementary	533	352	379	386	388	391	407	464	462	451	466
Elk Neck Elementary	499	469	428	436	404	409	430	443	440	443	446
Gilpin Manor Elementary	501	451	478	450	477	427	392	425	404	405	412
Holly Hall Elementary	643	399	432	446	437	410	392	430	470	512	578
Kenmore Elementary	306	293	290	267	286	287	303	305	309	317	310
Leeds Elementary	408	282	284	321	334	332	350	423	378	393	384
North East Elementary	545	446	615	592	593	542	520	542	548	561	564
Perryville Elementary	500	375	423	424	421	407	371	393	394	405	407
Rising Sun Elementary	716	586	609	610	609	625	634	681	719	703	699
Thomson Estates Elementary	614	467	456	475	481	461	453	493	509	495	527
Elementary School Total	8,336	6,719	6,963	6,963	6,958	6,727	6,593	7,112	7,182	7,290	7,506
Middle Schools											
Bohemia Manor Middle	601	472	473	442	436	421	470	495	499	494	502
Cherry Hill Middle	775	361	387	398	402	385	414	431	456	412	426
Elkton Middle	711	515	538	522	523	574	574	571	556	547	557
North East Middle	711	758	758	754	791	787	798	786	773	753	750
Perryville Middle	860	523	512	536	556	578	585	590	589	558	554
Rising Sun Middle	818	600	592	610	617	650	685	702	684	674	649
Middle School Total	4,476	3,229	3,260	3,262	3,325	3,395	3,526	3,575	3,557	3,438	3,438
High Schools											
Bohemia Manor High	643	577	591	606	626	652	632	647	670	643	650
Elkton High	1,380	1,040	1,050	1,105	1,108	1,058	1,061	1,004	983	993	982
North East High	1,009	1,008	1,057	1,097	1,074	1,028	1,020	1,016	1,029	1,098	1,083
Perryville High	860	837	858	876	859	833	810	801	764	763	802
Rising Sun High	924	1,045	1,074	1,088	1,107	1,087	1,076	1,100	1,122	1,139	1,172
High School Total	4,816	4,507	4,630	4,772	4,774	4,658	4,599	4,568	4,568	4,636	4,689
Other Schools											
Cecil County High School*	106	45	48	50	60	65	15	67	98	79	87
School of Technology*	657	936	920	945	874	750	814	796	726	744	674
Grand Total	18,391	14,455	14,853	14,997	15,057	14,780	14,718	15,255	15,307	15,364	15,633
Increase / (Decrease)		(398)	(144)	(60)	277	62	(537)	(52)	(57)	(269)	(226)
% Increase / Decrease		-2.7%	-1.0%	-0.4%	1.9%	0.4%	-3.5%	-0.3%	-0.4%	-1.7%	-1.4%
High School Graduates		1,083	1,096	1,057	1,063	1,012	1,060	1,068	1,031	1,097	1,071

Source: U.S. Census Bureau, Maryland Department of Commerce, 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

	2026			2017		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
W. L. Gore & Associates, Inc.	3,076	1	6.01%	2,405	1	4.82%
Cecil County Board of Education	2,056	2	4.01%	2,200	2	4.41%
Terumo Corporation**	1,600	3	3.12%	610	6	1.22%
ChristianaCare Union Hospital	1,235	4	2.41%	1,235	4	2.47%
Great Wolf Lodge	1,100	5		*		
Perry Point V.A. Medical Center	1,000	6	1.95%	1,500	3	3.00%
Amazon	830	7	1.62%	*		
IKEA	708	8	1.38%	580	8	1.16%
Northrop Grumman (formerly Orbital ATK, Inc.)	700	9	1.37%	465	10	0.93%
Cecil County Government	655	10	1.28%	603	7	1.21%
Cecil College	565		1.10%	515	9	1.03%
Wal-Mart Stores, Inc.	*			795	5	1.59%
Totals	12,305		21.87%	9,598		19.22%

*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

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

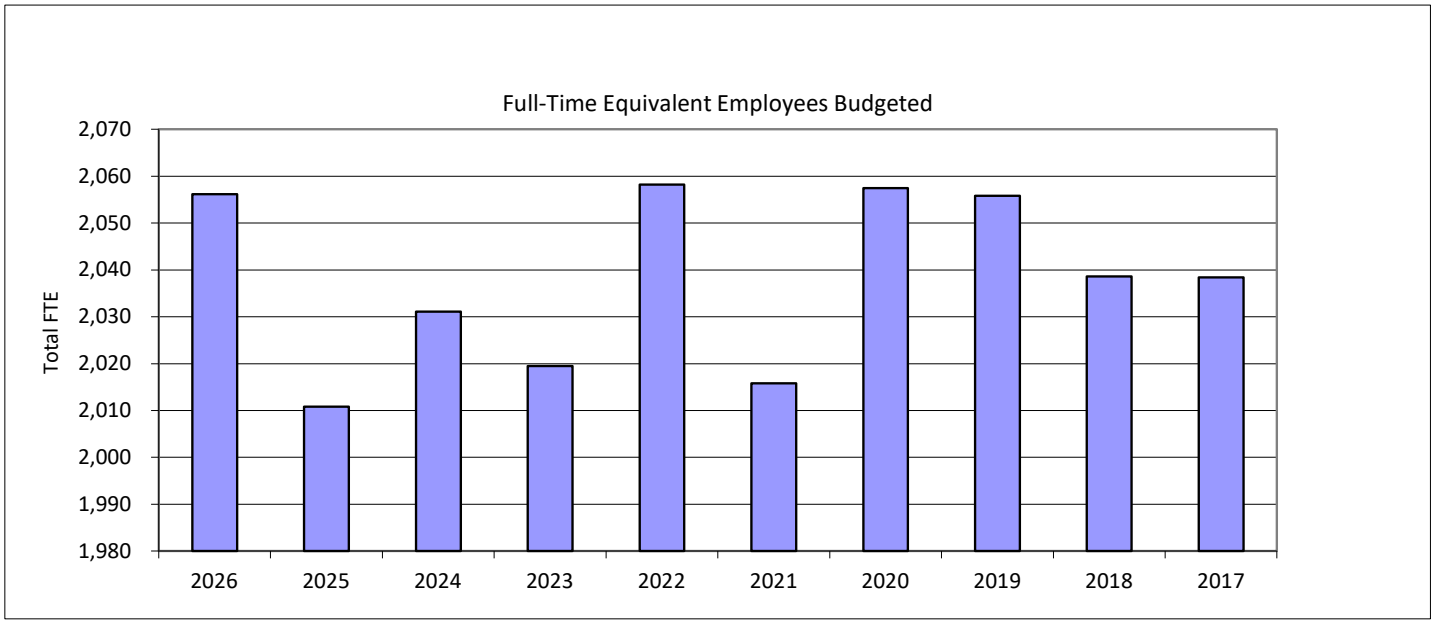
CECIL COUNTY, MARYLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Income	Employment	Unemployment Rate	Median Price of Housing Sales	School Enrollment
2025	107,131	4,633,416	$ 43,250	51,216	4.0%	$ 343,400	14,455
2024	104,366	4,441,817	42,560	50,398	3.0%	365,000	14,853
2023	105,672	4,281,829	40,520	53,591	2.2%	336,875	14,997
2022	104,942	3,929,658	37,446	51,972	3.3%	305,174	15,057
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

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

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Administration	49.00	44.50	46.00	47.30	45.50	44.50	47.50	47.50	47.50	47.00
Mid-level administration	181.00	175.50	182.00	186.00	191.50	178.00	191.00	194.60	194.60	195.10
Instruction salaries	1,078.90	1,041.10	1,084.30	1,064.80	1,120.50	1,081.00	1,104.70	1,102.40	1,099.70	1,102.40
Special education	477.60	472.60	459.50	454.10	450.40	454.40	453.90	451.90	437.40	437.50
Student personnel services	22.00	21.00	16.00	27.00	11.00	16.50	18.50	14.90	15.90	13.90
Student health services	33.00	33.00	33.00	34.00	32.00	32.00	32.00	31.00	32.00	31.00
Student transportation	24.20	24.60	23.80	22.80	19.80	20.90	21.40	23.00	23.00	23.00
Operation of plant	124.00	125.00	126.00	127.50	137.50	135.50	136.50	135.50	134.50	134.50
Maintenance of plant	43.00	43.00	43.00	41.50	46.00	47.00	48.00	48.00	48.00	48.00
Community services	21.00	28.00	14.00	10.50	-	2.00	1.00	3.00	3.00	3.00
Capital outlay	2.50	2.50	3.50	4.00	4.00	4.00	3.00	4.00	3.00	3.00
Total by function	2,056.20	2,010.80	2,031.10	2,019.50	2,058.20	2,015.80	2,057.50	2,055.80	2,038.60	2,038.40
Increase/(decrease) over prior year	45.40	-20.30	11.60	-38.70	42.40	-41.70	1.70	17.20	0.20	19.40
	2.3%	-1.0%	0.6%	-1.9%	2.1%	-2.0%	0.1%	0.8%	0.0%	1.0%



Source: Cecil County Public Schools, Approved Budget

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total student enrollment	14,455	14,853	14,997	15,057	14,780	14,718	15,255	15,307	15,364	15,633
Administration	$ 512	$ 444	$ 436	$ 305	$ 422	$ 396	$ 386	$ 350	$ 366	$ 329
Mid-level administration	1,290	1,204	1,170	1,109	1,071	972	961	951	920	889
Instruction										
Salaries	6,586	6,117	6,045	5,769	5,832	5,514	5,312	4,986	4,758	4,639
Materials and supplies	286	279	297	262	429	283	175	195	307	299
Other costs	655	575	665	494	428	453	247	290	295	239
Special education	2,915	2,563	2,425	2,216	2,159	2,029	2,017	1,927	1,779	1,681
Student personnel services	187	144	121	194	153	139	115	139	98	85
Student health services	182	173	164	160	141	129	119	112	109	104
Student transportation	988	918	928	853	850	671	714	724	699	643
Operation of plant	1,026	938	866	863	867	804	739	745	721	711
Maintenance of plant	374	326	322	387	371	268	264	293	319	287
Fixed charges	4,025	3,681	3,331	3,186	2,845	2,807	2,753	2,759	2,403	2,313
Community services	155	178	131	103	43	50	17	35	21	23
Capital outlay	24	24	135	88	37	28	45	89	73	27
Student school/activity fees	125	117	126	109	88	41	-	-	-	-
Total cost per student	$ 19,330	$ 17,681	$ 17,162	$ 16,098	$ 15,736	$ 14,584	$ 13,864	$ 13,595	$ 12,868	$ 12,269
Increase/(decrease) over prior year	$ 1,649	$ 519	$ 1,064	$ 362	$ 1,152	$ 720	$ 269	$ 727	$ 599	$ 522
	9.3%	3.0%	6.6%	2.3%	7.9%	5.2%	2.0%	5.6%	4.9%	4.4%

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

CECIL COUNTY PUBLIC SCHOOLS
OTHER OPERATING DATA
LAST TEN FISCAL YEARS

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total student enrollment	14,455	14,853	14,997	15,057	14,780	14,718	15,255	15,307	15,364	15,633
FOOD & NUTRITION SERVICES										
Number of days lunch served	176	179	176	180	224*	260**	123***	180	180	180
Average number of lunches served daily:										
Free lunch	5,587	5,815	5,737	4,578	7,548	3,991	4,148	3,964	4,186	4,041
Reduced price	335	318	305	482	-	-	608	475	429	471
Regular price	2,000	1,988	1,961	2,128	-	-	2,349	2,281	2,194	2,109
Total average number of lunches served daily	7,922	8,121	8,003	7,188	7,548	3,991	7,105	6,720	6,809	6,621
Percentage of student participation:										
Students receiving free lunch	38.7%	39.2%	38.3%	30.4%	51.1%	27.1%	27.2%	25.9%	27.2%	25.8%
Students paying reduced price	2.3%	2.1%	2.0%	3.2%	0.0%	0.0%	4.0%	3.1%	2.8%	3.0%
Students paying regular price	13.8%	13.4%	13.1%	14.1%	0.0%	0.0%	15.4%	14.9%	14.3%	13.5%
Total percentage of student participation	54.8%	54.7%	53.4%	47.7%	51.1%	27.1%	46.6%	43.9%	44.3%	42.3%
Cost per lunch to student:										
Elementary	$ 3.00	$ 2.90	$ 2.90	$ 2.90	$ -	$ -	$ 2.75	$ 2.75	$ 2.60	$ 2.60
Secondary	$ 3.00	$ 2.90	$ 2.90	$ 2.90	$ -	$ -	$ 2.75	$ 2.60	$ 2.60	$ 2.75
STUDENT TRANSPORTATION										
Number of students eligible to ride the bus	13,102	12,331	11,969	12,036	13,189	13,710	13,998	14,430	14,731	14,286
Number of school bus riders daily	11,492	11,998	12,102	11,654	7,819	11,511	11,457	10,859	10,091	10,718
Percentage of student participation	79.5%	80.8%	80.7%	77.4%	52.9%	78.2%	75.1%	70.9%	65.7%	68.6%
Number of school bus routes:										
County	7	7	7	7	7	8	8	8	8	8
Private contractor	131	131	131	131	131	139	146	144	144	235
TEACHER DATA										
Total number of budgeted teachers	1,257.60	1,268.10	1,287.20	1,269.80	1,302.60	1,278.60	1,341.60	1,336.80	1,330.60	1,328.40
Minimum salary (190 days)	$ 57,914	$ 55,821	$ 53,803	$ 51,858	$ 49,984	$ 49,245	$ 48,232	$ 46,804	$ 45,886	$ 45,208
Maximum salary **** (190 days)	$ 105,376	$ 101,516	$ 98,278	$ 95,157	$ 92,149	$ 90,963	$ 89,337	$ 86,092	$ 84,638	$ 83,563
Average annual salary	$ 87,780	$ 82,870	$ 80,093	$ 77,750	$ 74,410	$ 73,788	$ 70,406	$ 68,140	$ 65,535	$ 64,373
Increase/decrease over prior year	5.9%	3.5%	3.0%	4.5%	0.8%	4.8%	3.3%	4.0%	1.8%	2.0%
Percentage of teachers with Master's and/or APC	80.6%	82.3%	76.8%	77.6%	76.7%	78.5%	70.5%	70.7%	66.6%	66.4%
Percentage of teachers with Master's plus credits	11.8%	12.7%	9.9%	9.5%	9.4%	8.9%	7.9%	7.5%	6.2%	5.6%
Percentage of teachers with Doctorate	1.9%	1.3%	1.5%	1.3%	1.4%	1.3%	1.0%	0.9%	0.4%	0.5%
Percentage of teachers with NBC	3.3%	2.8%	2.5%	2.5%	2.5%	2.5%	2.4%	2.4%	2.3%	2.3%
Student/Teacher ratio	11.5	11.7	11.7	11.9	11.3	11.5	11.4	11.5	11.5	11.8

*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, 2026

	Square Feet	Acres	Capacity	Year Constructed	Most Recent Total Reno
Central Offices					
G.W. Carver Center	32,357	3	N/A	1953	2008
Administrative Services Center	76,700	50	N/A	1965	1965
Elementary Schools					
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	9	459	2021	-
Conowingo Elementary	44,696	19	533	1955	1993
Elk Neck Elementary	50,156	29	499	1991	1991
Gilpin Manor Elementary	65,749	9	501	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
Middle Schools					
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
High Schools					
Bohemia Manor High*	136,024	47	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
Other Schools					
Providence	16,645	9	106	1923	1994
School of Technology	167,571	90	657	1991	2015
Total:	2,386,965	719	18,391		

*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, 2026

Maryland Comprehensive Assessment Program (MCAP)
Percentage of Students Meeting Proficiency - 2026

		English/Language Arts		Math	
		CECIL COUNTY	STATE	CECIL COUNTY	STATE
Grade 3	Proficient	39.6	50.4	30.3	42.6
Grade 4	Proficient	40.4	48.6	24.6	34.8
Grade 5	Proficient	38.0	46.8	17.4	30.2
Grade 6	Proficient	44.8	50.7	18.5	23.2
Grade 7	Proficient	52.0	54.6	19.5	18.5
Grade 8	Proficient	50.2	50.2	9.2	9.6

Maryland Comprehensive Assessment Program (MCAP)
Percentage of Students Meeting Proficiency - 2026

		CECIL COUNTY	STATE
English 10	Proficient	62.3	59.7
Algebra 1	Proficient	20.0	21.3

Scholastic Assessment Test - Average Score, 2025 Annual Report Data by College Board

	CECIL COUNTY	STATE OF MARYLAND	NATION
Evidence-Based Reading and Writing	481	514	521
Math	456	488	474
Average Total	937	1,003	1,029

Source: MD Report Card, CollegeBoard

CECIL COUNTY PUBLIC SCHOOLS
RATIOS OF OUTSTANDING DEBT
LAST TEN CALENDAR YEARS
(modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Leases [1]	$ 596,024	$ 1,058,692	$ 1,759,752	$ 588,589	$ -	$ -	$ -	$ -	$ -	$ -
SBITAs [1]	$ 1,094,511	$ 1,148,607	$ 405,441	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Captal Leases	$ -	$ -	$ -	$ 301,131	$ 1,278,823	$ 1,585,281	$ 2,066,799	$ 2,678,306	$ 3,431,595	$ 4,173,074
Personal income	4,633,416,000	4,441,817,000	4,281,829,000	3,929,658,000	3,728,839,000	3,600,015,000	3,391,746,000	3,346,164,000	3,151,836,000	3,030,687,000
Percentage of personal income	0.013%	0.024%	0.041%	0.015%	0.034%	0.044%	0.061%	0.080%	0.109%	0.138%
Population	107,131	104,366	105,672	104,942	103,905	103,419	102,855	102,826	102,746	102,603
Per capita	$ 43,250	$ 42,560	$ 40,520	$ 37,446	$ 35,887	$ 34,810	$ 32,976	$ 32,542	$ 30,676	$ 29,538
Student enrollment	14,455	14,853	14,997	15,057	14,780	14,718	15,255	15,307	15,364	15,633
Ratio of Principal Balance to Student Enrollment	$ 41.23	$ 71.28	$ 117.34	$ 39.09	$ 86.52	$ 107.71	$ 135.48	$ 174.97	$ 223.35	$ 266.94

[1] Implemented GASB 87 in 2022; Implemented GASB 96 in 2023

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

CECIL COUNTY PUBLIC SCHOOLS
OUTSTANDING LEASES
AS OF JUNE 30, 2026

Fiscal year ending June 30:	Various Equipment
2027	$ 175,959
2028	106,348
2029	66,964
2030	27,882
2031	12,370
	$ 389,523

CECIL COUNTY PUBLIC SCHOOLS
OUTSTANDING SUBSCRIPTIONS
AS OF JUNE 30, 2026

Fiscal year ending June 30:	Various Equipment
2027	$ 610,320
2028	418,874
2029	173,128
2030	124,905
2031	12,026
	$ 1,339,253

Source: Notes 6 and 7 to Financial Statements